



# Adriatic Fair

Multifunctional complex:  
HOTEL, APARTMENTS, FAIR

# About Atlas Group



- Atlas Group has over 30 members operating in the area of banking, financial services, insurance, real estate, production, tourism, media, education, culture and sport.
- Our companies have offices in Montenegro, Serbia, Cyprus and Russia
- Atlas Group is organised as a modern management unit with a main objective to increase the value of all member companies by improving performance, investing in new projects and creating of synergy between the member companies.
- Atlas Group operates in line with global trends promoting sustainable development and utilization of renewable energy sources.
- Philanthropic activities conducted through the Atlas Group Foundation, which is a member of the Clinton Global Initiative.
- Atlas Bank was awarded the status of the best Bank in Montenegro, and Atlas Group as best financial group for 2009. by world economy magazine "World finance".
- In order to promote its mission Atlas Group has hosted many famous personalities from the spheres of politics, business, show business and arts.

# About Montenegro



- △ Located in Southeast Europe in the heart of Mediterranean.
- △ Extreme natural beauty and cultural – historical heritage (4 national parks, Old town Kotor under UNESCO protection).
- △ Area: 13.812 km<sup>2</sup>; population: 620.000; climate: continental, mediterranean and mountain;
- △ Capital city Podgorica with around 200.000 inhabitants.
- △ Borders with Croatia, BIH, Serbia, Albania and South part faces Adriatic Sea.
- △ Traffic connection: airports Podgorica, Tivat in Montenegro and airport in Dubrovnik, Croatia, port of Bar and Porto Montenegro, good connection of roads with international traffic.
- △ Currency: EUR
- △ Achieved political and economic stability – in the process of joining: EU, WTO and NATO
- △ Economy is largely oriented towards real estate and tourism development– stimulative investment climate (*income tax 9%, VAT 17%, customs rate 6,6%, tax on real estate transaction 3%*).
- △ World Bank in 'Doing business' report for 2012. placed Montenegro per easiness of doing business at 56th position out of 183 countries.
- △ Average income of direct foreign investments in Montenegro in past 3 years was app. 850 million EUR.
- △ Average GDP in past 3 years is app. 3,1 billion EUR (FOR 2011. increase between 1,5% and 3% is expected); Average inflation rate in past 3 years is app. 3%.



## Direct lines

From airport: Podgorica, Tivat and Dubrovnik

### TIVAT

### PODGORICA

|                |           |
|----------------|-----------|
| Belgrade       | Vienna    |
| Niš            | Ljubljana |
| Moscow         | Ancona    |
| ST. Petersburg | Bari      |
| Copenhagen     | Rome      |
| London         | Napoli    |
| Paris          | Brindizi  |
| Zurich         | Budapest  |
| Frankfurt      | Istanbul  |

### DUBROVNIK

|           |
|-----------|
| Berlin    |
| Frankfurt |
| Rim       |
| Munchen   |
| Zurigo    |
| Athens    |
| Barcelona |
| London    |



### Legenda

- Highway
- Adriatic highway
- Road mark E65
- Airport
- Port
- Marina
- Ski center



# About Budva

- ▶ Budva is Montenegrin coastal city with 15.000 inhabitants.
- ▶ Budva is one of the oldest settlements at Adriatic coast with tradition over 2.500 years.
- ▶ Budva's Riviera represents high end summer resort and center of Montenegrin tourism, known by natural sandy beaches, rich cultural historical heritage and various contents for fun and recreation.
- ▶ Theatre city Budva and numerous cultural manifestations and festivalis provide huge contribution to cultural city life.
- ▶ In previous period Budva marks constant growth of tourist arrivals and overnights, with longest duration of tourist season in Montenegrin coast.
- ▶ Large amount of investments in tourism and real estate in Montenegro is oriented towards Budva's Riviera and marks constant growth despite negative effects of global crisis.
- ▶ By Adriatic highway Budva is well connected to international road traffic, 20 km from Tivat airport, 63 km to Podgorica airport, 70 km to Dubrovnik airport.
- ▶ In direct vicinity of Old town there is modern city marina with docks for smaller vessels and yachts.
- ▶ Currently present world hotel operators in Budva's Riviera are: Aman Resort, Iberostar and following operators are announced: Hilton and Wyndham Hotels Group.

# Short market review

Real estate and Tourism in Montenegro

## RESIDENTIAL REAL ESTATE AND APARTMENTS

In the offer there is lack of attractive real estate hence why the trust of Investors for construction within exclusive zone of Montenegrin coast is present.

Prices in mentioned zone range from 3.500 to 5.000 €/m<sup>2</sup>

In demand 62% of foreign real estate buyers in Montenegro buy for their own needs; 24% buy for their own needs and renting; about 10% buy for investment purposes; 4% are those who continue to live in Montenegro after purchase. Apart from that, the presence of Russian community that creates additional demand for new commercial, social and cultural contents is rising.

In Montenegro mainly buyers come from Russia, Great Britain and Ireland. In previous period there was high level of older generation buyers from high standard countries who spend whole year in Montenegro due to suitable climate and low living costs.

Table1: Real estate prices in exclusive zone along the coast

| Project                    | Location    | Price (€/m <sup>2</sup> )      |
|----------------------------|-------------|--------------------------------|
| <i>Savina settlement</i>   | Nerceg Novi | 3.000 - 3.500                  |
| <i>President</i>           | Igalo       | 1.900 - 2.200                  |
| <i>Porto Montenegro</i>    | Tivat       | 4.000 - 5.000; penthouse 7.000 |
| <i>Island view Resort</i>  | Tivat       | 2.000                          |
| <i>TQ Plaza</i>            | Budva       | 4.200 - 4.600; penthouse 7.000 |
| <i>Tre Canne</i>           | Budva       | 3.000 - 4.000                  |
| <i>Apartments</i>          | Pržno       | 3.500 - 5.000                  |
| <i>Ave Maria Koljčević</i> | Reževići    | 4.000                          |
| <i>Apartments</i>          | Petrovac    | 2.500 - 3.500                  |
| <i>Flats/Apartments</i>    | Bar         | 2.000 - 3.000                  |

Source: Real estate market analysis in Montenegro, Century 21 Capital Real Estate/Fin Invest research

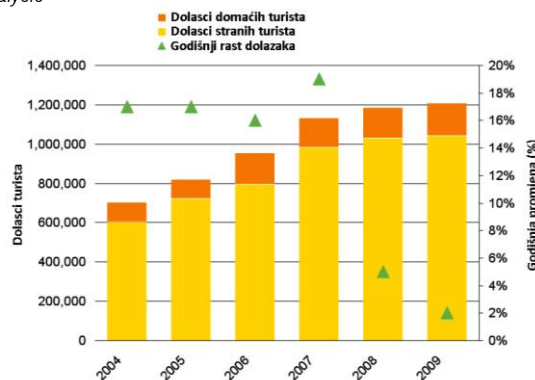




Table 2: Accommodation prices at major hotels at Montenegrin coast.

| Hotel                      | Location    | Category | Capacities<br>(rooms and<br>apartments) | Price per night<br>(per person, average<br>€/day) |
|----------------------------|-------------|----------|---|---|
| <i>Hunguest Hotels</i>     | Herceg Novi | ****     | 229                                     | 100,00  |
| <i>Club Hotel Riviera</i>  | Herceg Novi | ****     | 180                                     | 140,00  |
| <i>Aman Resort</i>         | Budva       | *****    | 58                                      | 900,00  |
| <i>Splendid</i>            | Bečići      | *****    | 341                                     | 250,00  |
| <i>Avala</i>               | Budva       | *****    | 227                                     | 200,00  |
| <i>Queen of Montenegro</i> | Bečići      | ****     | 236                                     | 120,00  |
| <i>Iberostar Bellevue</i>  | Miločer     | ****     | 578                                     | 105,00  |
| <i>Maestral</i>            | Pržno       | ****     | 214                                     | 180,00  |
| <i>Monte Casa</i>          | Petrovac    | ****     | 63                                      | 140,00  |
| <i>Hotel Princess</i>      | Bar         | ****     | 138                                     | 90,00   |
| <i>Ruža vjetrova</i>       | Bar         | ****     | 21                                      | 150,00  |

Source: Booking.com/market analysis



Source: Monstat/Savills

## TOURISM AND HOSPITALITY

In Montenegro in past 10 years there is constant rise of tourist visits and overnights. This trend continues in 2009, 2010 and 2011. despite the effects of global crisis.

Presence of tourists from region is 45%; tourists from EU members is around 37%; Russian tourists 14%;

Guests in average stay for 6 nights per visit which shows that Montenegro is good destination for relax.

There is increased interest for investments at coast in accordance with intention of state to reduce/waive communal charges for development of hotel business of high category.

Montenegro was placed among 10 most popular destinations for congress tourism by "Travel daily news" magazine in 2011.

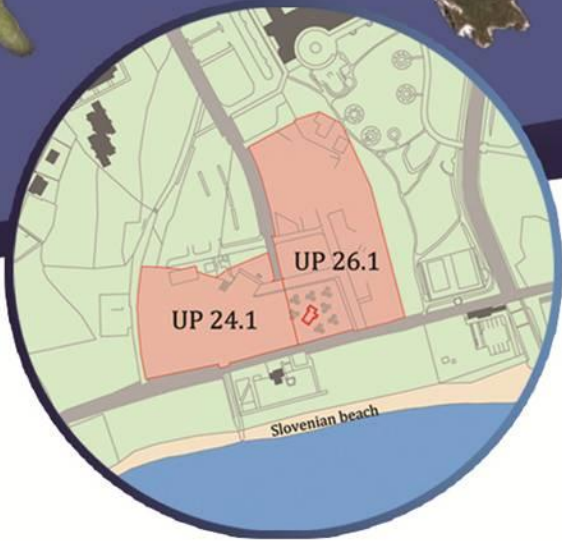
Presence of British Tour Operator "TUI UK & IRELAND" and inclusion of Montenegro into their network should mean arrival of about 35.000 new tourists which should significantly prolong the tourist season.

Also, arrival of low cost companies is announced for 2012.

In Montenegro there are following global hotel operators: Aman Resorts, Iberostar, Hunguest Hotels, Hit Gorica, Korston Hotels; and the following are announced for coming: Kemnpinski, Hilton, Four Seasons, Banyan Tree.



# Location



- Adriatic fair is located in central city zone at sea promenade.
- Directly connected to Adriatic highway, and by means of two city boulevards with other parts of Budva's Riviera.
- Location consists of 2 urban lots: UP24.1 of area app. 8.700 m<sup>2</sup> and UP26.1 of area app. 15.300 m<sup>2</sup>.
- At lot UP24.1 it is possible to construct app. 51.500 m<sup>2</sup> of hotel apartment contents and commercial catering zone with garage.
- At art of lot UP26.1 along boulevard, it is envisaged to construct new expo object of area app. 26.000 m<sup>2</sup>, and in Southern part of lot it is envisaged to construct hotel apartment complex.



# Adriatic fair

- Adriatic fair has tradition more than 40 years and it is the only Montenegrin fair.
- Adriatic fair organizes 15 specialized expo manifestations and in that way it became meeting point of most successful entrepreneurs and companies, venue of presentation of new achievements, innovations, significant business contacts.
- It is a member of international fair organizations: UFI (International Fair Union), CEFA (Central Europe Fair Alliance), EASE (SE Europe Fair Association). Adriatic Fair promotes State of Montenegro and its national economy.
- Adriatic fair disposes of app. 22.000 m<sup>2</sup> of most attractive land in Budva, at Slovenska beach. It uses 11.000m<sup>2</sup> of expo area. Covered expo area is 3.000 m<sup>2</sup>. For manifestations with such demand it is possible to arrange 8.000m<sup>2</sup> of covered expo area (fairs of tourism, furniture and construction).
- Planning document "DUP Budva Center" is passed.



# Project

## UP 24.1/apartment part

- Location has good investment potential given that it faces the coastline.
- In this area there is high demand for luxury: hotel, apartment and commercial catering contents.
- All communal connections are provided for this location with certain improvements and combination with renewable energy sources, it is possible to achieve needed capacity of communal infrastructure.
- Function of content at urban lot: hotel and apartment capacities with commercial, business and catering zone.

| Urban parameters                           | Values  |
|--|---|
| Area of urban lot UP24.1                   | 8,717.05 m <sup>2</sup>                                     |
| Maximum construction coefficient → GDCA    | 4,5 → 39,258.72 m <sup>2</sup>                              |
| Occupancy coefficient → Area under objects | 0,6 → 5.226 m <sup>2</sup>                                  |
| Maximum elevation                          | P + Mz + 9  |
| Parking                                    | Part of above and under ground levels (not counted in GDCA) |
| Free areas (terrain around objects)        | 3,490.08 m <sup>2</sup>                                     |

### Added values

- By joining the EU it is expected that real estate price in Montenegro will rise, especially near the sea.
- It is expected that communal charges for hotels of high category in exclusive zone will be waived.
- Possibility to lease the beach in front of location for the needs of content at urban lot 24.1
- Direct fair vicinity



# Project

UP 26.1 / expo part

- Location has excellent investment potential given that it is the only fair in Montenegro.
- Concept design is made that envisages object of total area 26.000 m<sup>2</sup>.
- Envisaged content: fair exhibition area, sales area, administrative part, multifunctional hall, conference areas, two leveled under ground garages and auxiliary contents: restaurants, bars, service kitchens.

| Obtained urban parameters as per concept design            | Values                          |
|--|---------------------------------|
| <i>Area of urban lot UP26.1- expo part</i>                 | 6.885 m <sup>2</sup>            |
| <i>Construction coefficient → GDCA</i>                     | 2,01 → 13,849.97 m <sup>2</sup> |
| <i>Occupancy coefficient → Area under objects</i>          | 0,55 → 3,777.77 m <sup>2</sup>  |
| <i>Maximum elevation</i>                                   | P+Mz+9                          |
| <i>Parking – under ground floors (not counted in GDCA)</i> | 12,152.43 m <sup>2</sup>        |
| <i>Free areas (terrain around objects)</i>                 | 3,107.23 m <sup>2</sup>         |

## Added value

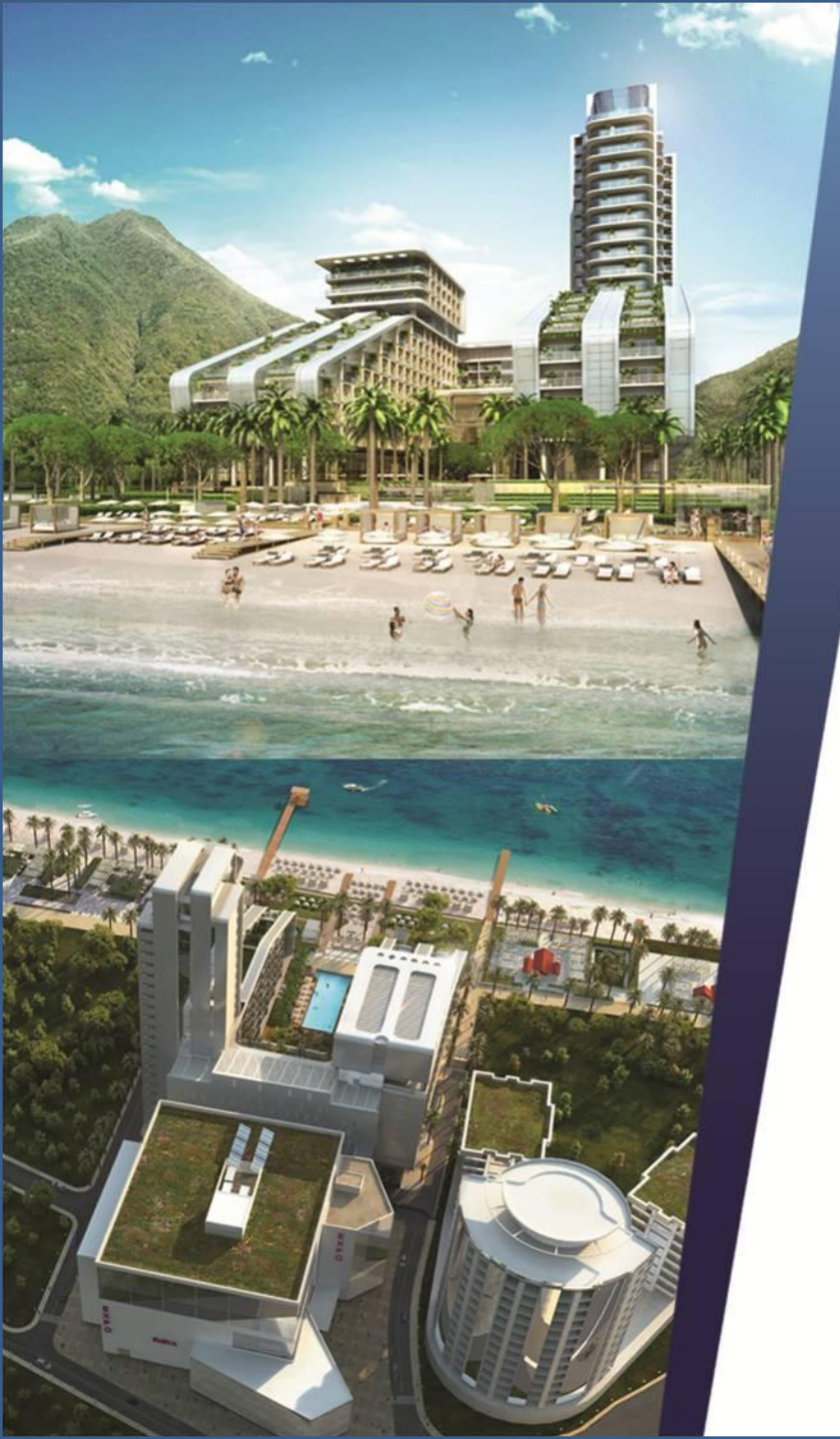
- Potential from the aspect of development and recognition of fair in the region of SE Europe.
- Montenegro among Top10 congress destinations.
- Process of EU joining and need for promotion of new products and services.
- Direct vicinity of hotel capacities.





# Project

UP 26.1 / Hotel



- In partnership with investment fund from Great Britain at Southern part of urban lot in the area of 8.435 m<sup>2</sup> it is envisaged construction of hotel complex of area app. 50.000 m<sup>2</sup>.
- Hotel complex has technical connection to expo object and they form functional unit.
- For managing hotel 4+\* category British hotel operator Wyndham hotels will be hired.

## Added value

- Montenegro among Top 10 congress destinations.
- It is expected that communal charges for high category hotel in exclusive zone will be waived.
- Possibility to lease beach in front of location for the needs of content at urban lot 26.1.
- Direct fair vicinity.

# Economic parameters

- Based on market survey and future trend projections analysis of urban parameters at lot UP 24.1 is made and following parameters are obtained:

## RETURN ANALYSIS (including project value after certain cycle)

|  |               |
|--|---------------|
| Project Budget                                   | € 89.780.933  |
| Own equity investment                            | € 24.371.732  |
| Profit (summary cash flow including own equity)  | € 105.769.119 |
| IRR  | 21%           |
| Number of increase regarding own invested equity | 4,3           |
| NPV (as per discount rate of 15%)                | € 11.280.763  |
| Repayment Period (as 0 year 2011 is taken)       | 10            |





## Atlas Investments

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