



Meljine

Medical tourist complex

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 km²; 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
- Airport
- Port
- Marina
- Ski center

About Herceg Novi

- ▶ Herceg Novi is Montenegrin coastal town with around 33.000 inhabitants.
- ▶ It is located at the entry of Bokokotorski bay and represents one of 10 most beautiful bays in the world.
- ▶ Herceg Novi has long tradition and rich cultural-historical contents, archeological sites, numerous churches and monasteries and legacies of various peoples and civilizations that ruled in this region.
- ▶ Herceg Novi is the city of festivals (film festival, festival of Mimosa, muzic festival) and it 'lives' throughout whole year.
- ▶ Herceg Novi has long tradition of health tourism.
- ▶ Herceg Novi has an excellent traffic connection given that it is in proximity of border with Croatia and BiH.
- ▶ Distance from Tivat airport is 30 km, from Dubrovnik airport 27 km and from Podgorica airport 113 km.
- ▶ Within Riviera there is city marina and Port Zelenika, and from Porto Montenegro it is 26 km away.
- ▶ Currently present foreign hotel operators in Herceg Novi Riviera are: Hunguest hotels and Israeli Club Hotel Riviera



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 €/m²

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.

Table 1: Real estate prices in exclusive zone along the coast

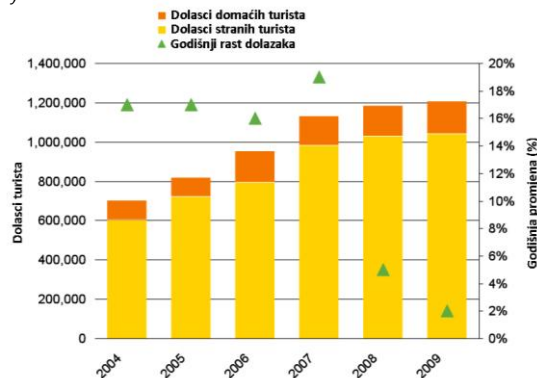
Project	Location	Price (€/m ²)
Savina settlement	Nerceg Novi	3.000 - 3.500
President	Igalo	1.900 - 2.200
Porto Montenegro	Tivat	4.000 - 5.000; penthouse 7.000
Island view Resort	Tivat	2.000
TQ Plaza	Budva	4.200 - 4.600; penthouse 7.000
Tre Canne	Budva	3.000 - 4.000
Apartments	Pržno	3.500 - 5.000
Ave Maria Koljčević	Reževići	4.000
Apartments	Petrovac	2.500 - 3.500
Flats/Apartments	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 (rooms and apartments)	Price per night (per person, average €/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: Kempinski, Hilton, Four Seasons, Banyan Tree.

MEDICAL TOURISM



It is estimated that travelling for medical purposes increases annually for 20% worldwide. For example, today around half a million foreign patients travel to India for medical reasons, in 2002. there were only 150,000.

Data for 2007. show that more than 100.000 people from Great Britain decided to be operated abroad, and spent around £375 million.

Number of medical tourists increased over 25% from 2006., and preliminary numbers for 2008. show continued growth.

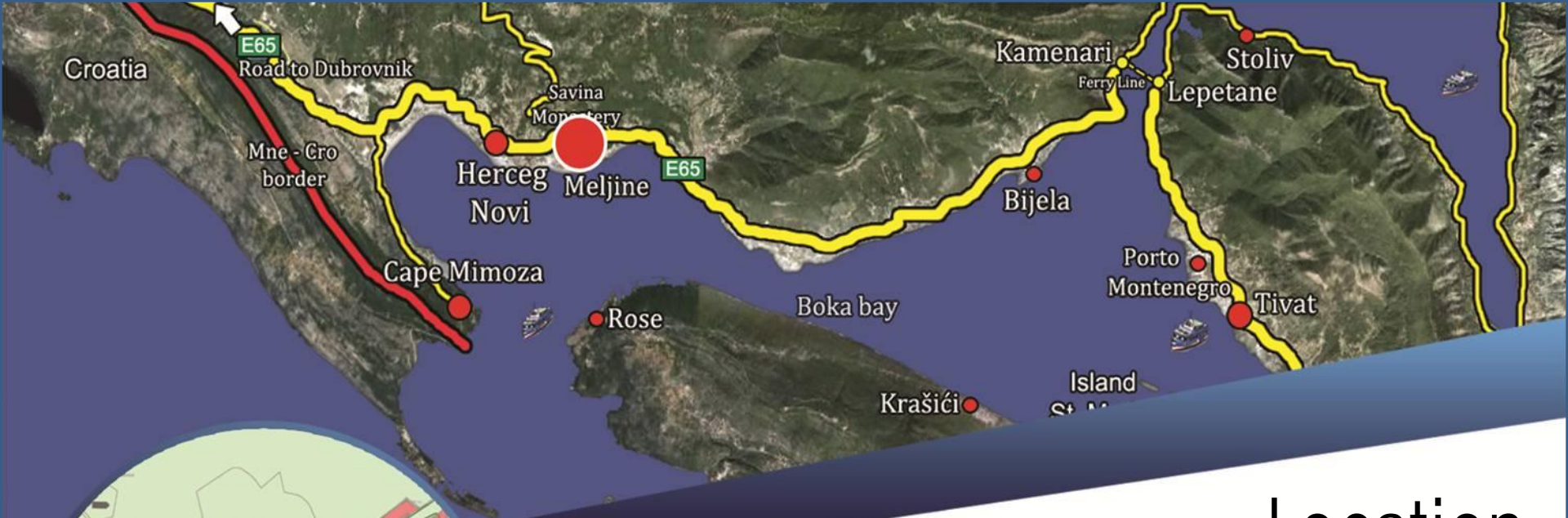
Facts that increase demand for medical tourism are:

- High medical costs in industrialized countries
- Long pending time for certain procedures
- Easy and accessible travel in international framework
- Improvement in technology and care standards in many countries worldwide.

	Accomplished	Accomplished	Accomplished	Accomplished	Prognosis	Prognosis	Prognosis
<i>IPS data</i>	2004	2005	2006	2007	2008	2009	2010
<i>Medical travels of British patients abroad</i>	25.000	59.000	77.000	100.000	126.000	150.300	174.600
<i>% growth, year after year</i>		136%	31%	30%	26%	19%	16%

Source: Market survey made by foreign Consultant for medical tourism and hospital management





Location

- ▶ Meljine fall within Herceg Novi area, in elite settlement Savina, along sea promenade.
- ▶ Location is directly connected to Adriatic highway and international road that connects Montenegro and BIH.
- ▶ Medical complex has sea access in the length of app. 500m. Via promenade „Pet Danica“, location is connected to Igalo.
- ▶ Meljine Complex leans on Southern slopes of city park-forest Savina (cypresses, pines, elms and other tree types).
- ▶ Near location there are historical monuments: Monastery Savina – III churches with rich legacy, one from XI century, church St. Ana, Lazaret (XVIII c.) – impressive building that represented main health institution for Boka Kotorska bay.

Meljine

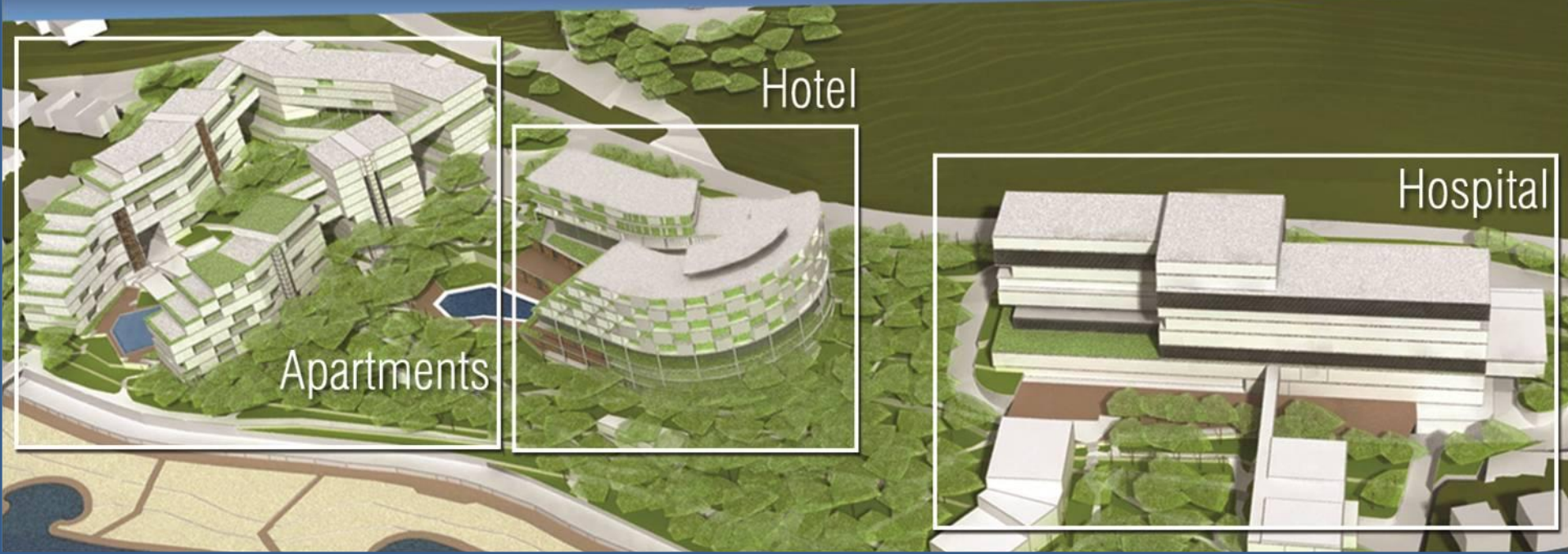
- 📍 Total location area is app. 50.000 m².
- 📍 Currently first Private medical institution is operating there – General Hospital Meljine, Atlas Group member with tradition from Austro-Hungarian period, over 100 years.
- 📍 In the function of health tourism at location a villa that belonged to Josip Broz Tito, President of SFRY, was constructed.
- 📍 Area of existing objects, that are in medical function, is around 23.800 m².
- 📍 At the location there is Botanical garden over 100 years old in the area of app. 30.000 m²



Meljine

- Project development plan envisages grouping of existing medical facilities in the part of lot UP1 in the aim of clearing area at left over part of location for construction of other contents.
- In mid December 2009. urban design “Medical tourist complex Meljine” was adopted
- Planned Health tourist complex at location consists of four urban lots of total area 49.345 m²:
 - UP 1 and UP4 (hospital) – 17.325 m²
 - UP2 (Hotel) – 14.740 m²
 - UP3 (Apartments) – 17.280 m²

- Apart from planned contents project envisages construction of sandy beach with bars and restaurants, docks for smaller vessels. Such a beach will represent unique attraction in this part of Montenegrin coast.
- In realization of project principles of sustainability and usage of renewable energy sources as prominent resource present at location will be guidelines (sea energy and similar).



Project

Meljine / Hospital

- With development of tourism in Montenegro and increase of tourist arrival there is significant need for provision of adequate medical care.
- Suitable climate and natural beauty create ideal conditions for treatment and patient rehabilitation.
- At UP1 it is envisaged to construct modern hospital with professional and quality staff from country and abroad. Area of planned object is app. 24.645 m².
- Capacity of planned hospital is 208 beds and 4 operating theatres with possibility of expansion to 254 beds and 6 operating theatres. In rehabilitation part capacity is 96 rehabilitation and medical beds. Besides central hospital object two annexes of hyperbaric chambers and rehabilitation center are planned.

Obtained urban parameters as per urban design	Values
<i>Area of urban lots UP1 and UP4</i>	16.220 m ² i 1.105 m ²
<i>Construction coefficient → GDCA</i>	1,48 → 23.862 m ²
<i>Occupancy coefficient → Area under objects</i>	0,31 → 3,777.77 m ²
<i>Maximum elevation</i>	up to Po+Su+P+7
<i>Parking (not counted in GDCA)</i>	at UP4 above and under ground floors
<i>Free areas (terrain around object)</i>	11.305 m ²

Adde values

- Qualified and professional staff in existing hospital.
- Agreement with NHS Montenegro for services to local patients.
- Unique concept 'Medical tourist complex' in whole region

Project

Meljine / Apartments

- ▶ Apartments have huge investment potential because they are located directly in front of the sea. In this zone there is high demand for luxury apartment contents.
- ▶ There is the possibility of branding the apartments by hotel operator. Apartments are planned for market sale with possibility of rent in agreement with future owners.
- ▶ Total planned area of apartment object type is 39.000 m².
- ▶ Object concept enables unobstructed sea view.
- ▶ Placement of objects within complex is planned in a manner to maximize value of existing botanical garden and be incorporated into ambiance as much as possible.

Obtained urban parameters as per urban design	Values
Area of urban lot UP3	17.280 m ²
Construction coefficient → GDCA	1,80 → 31.103 m ²
Occupancy coefficient → Area under objects	0,30 → 5.133 m ²
Maximum elevation	3Po+Su+P+6
Parking (not counted in GDCA)	Under ground floors
Free areas (terrain around object)	12.147 m ²

Added value

- Apartments as part of unique Medical tourist complex in region.
- Possibility of using services from hotel operator.
- Direct vicinity of sea and promenade. Possibility to lease the beach for longer period from the State.
- By joining the EU it is expected for real estate along the sea to have higher prices.



Project

Meljine / Hotel

- There is high demand for luxury hotel capacities at Herceg Novi Riviera and in whole Bokokotorski bay.
- Planned Hotel has direct sea access and promenade along with sea view from all rooms.
- Project envisages high class hotel with 5* of total area 24.250m² with following content: programme for visitors' relax, wellness and spa center, restaurants and all other necessary contents that offer high level comfort to guests.
- Fitting the object into surrounding will be achieved by using green facades and usage of natural materials.

Obtained urban parameters as per urban design	Values
<i>Area of urban lot UP2</i>	14.740 m ²
<i>Construction coefficient → GDCA</i>	1,09 → 15.983 m ²
<i>Occupancy coefficient → Area under objects</i>	0,22 → 3.163 m ²
<i>Maximum elevation</i>	Po+Su+P+6, P+1
<i>Parking (not counted in GDCA)</i>	Under ground floor
<i>Free areas (terrain around object)</i>	11.577 m ²

Added value

- Possibility to waive communal charges for high class hotels in exclusive zone.
- Possibility to lease the beach in front of location for hotela needs.
- Hotel as part of unique Medical tourist complex in the region.
- Currently there is no major 5* hotel in Bokokotorski bay.



Economic parameters

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

RETURN ANALYSIS (including project value after certain cycle)

Project Budget	€ 165.750.577
Own equity investment	€ 77.920.231
Profit (summary cash flow including own equity)	€ 264.375.994
IRR	20%
Number of increase regarding own invested equity	3,4
NPV (as per discount rate of 15%)	€ 26.197.498
Repayment Period (as 0 year 2011 is taken)	7,5





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