



Feasibility study of Investment in Project

LA AGUADA POLO CLUB MOTOVUN

MOTOVUN, Istria

Polo Arena Montona d.o.o.

Established: 2008

Statistic number: 2460726

MBS: 130033428

OIB: 12348804611

Activity: Wholesale of pharmaceutical goods

Management: Georg Gottfried Arthur Eduard List

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1. INTRODUCTION – EXECUTIVE SUMMARY

PROJECT CONCEPT

The investment project “Polo Arena Montona” is a luxury polo country club, currently under development, is located in the heart of the hilly green Istria in Croatia (EU), in the valley of a picturesque ancient town Motovun, and just 18 km away from the sea coast. The project is unique not only because of the 5* high class service in hotel industry but also because of the unique Polo offer in the wider area.

On the total surface of 80 hectares, the project concept offers:

- A luxury and relax 5*Hotel in Motovun, with 70 rooms is located within the old town walls partly on the lower part of town of Motovun as well as on the east side;
- 5 top professional quality polo fields and premium horse accommodation, laid out by international renowned engineer Batro supported by several stall pavilions to hold 200horses, polo clinic and pony polo field frame;
- 60 modern residential Villas, from 450m2 up to 625 m2;
- Polo and SPA Club House, ate-of-the-art spa and polo club facility on the surface of 1860 m2.

The project concept and design are undersigned by the world famous **Rockwell Europe architects group**.

LOCATION

The location of the investment is Istria, Croatia, on the area of town Motovun. It covers the total surface of 80 ha of the land in ownership or in long-term concession from the state. Perched on a hill some 227m above sea level, Motovun is the most attractive town in Istrian interior, with its elegant system of towers, walls, gates and piazzas offering world known reputation of gastronomy and wines, especially truffles specialties. It is a 20 Minutes drive to the nearest beaches, 30 minutes drive to tourist centar Umag and Poreč, a 40 minute drive to the airport In Pula.

The project has a full support from the local government as well as from the Ministry of tourism in Croatia. The zoning plan of the area is adopted, and the full project documentation is being issued.

INVESTMENT STRUCTURE

Total investment volume of the project amounts 67.062.000 EUR. The construction start is predicted for first quarter of year 2014, and will last for two years. The revenues are generated from

- partial selling of the villas
- 5* Hotel with 70 rooms management and renting villas
- several polo services, horse accommodation and training services, and from polo tournaments.

The payback period of the investment is 4 years. The internal rate of return (IRR) amounts 27% the net present value of the project is 88.388.415 EUR. Total Liabilities to Equity Ratio amounts 1,3.

The project investment analysis shows high profitability and sustainability of the project as well as low sensitivity on the market conditions because of the good diversification of the risks due to the project structure. The famous authors undersigning the project concept ensure the attention of the 5*+ guest target market, the local government is providing all the administrative assistance due to the opening of new destination perspective

KEY INVESTMENT HIGHLIGHTS

<p>Unique investment opportunity</p>	<p>The proposed Polo Arena Montona project– situated on the northern of the Istrian peninsula, in the small town of Motovun– is uniquely positioned to become a unique luxury leisure and lifestyle resort.</p> <p>The Project offers attractive returns to the investor and the possibility to develop a five star + luxury hotel, Polo and wellness clubhouse, 8 high quality polo playfields as well as residential real estate including villas with 13,500 square meters of sellable area.</p> <p>The subject land has been earmarked for the development and building permits are currently in preparation.</p> <p>Out of the total 80 hectares, 80% of the land is held leasehold while 16 hectares are held as freehold, allocated for the hotel and residential real estate. The opportunity to sell freehold real estate near the Adriatic seashore presents a strong competitive advantage against other developments in the region.</p> <p>The resort is expected to target mainly international second-home buyers and, to a lower extent, primary/week-end home buyers from Croatia.</p> <p>The opportunity of establishing a year-round operation is attractive to the European polo market, especially during the winter season when most of the polo courses are closed in Northern Europe.</p>
<p>Excellent and strategic location</p>	<p>The site for the proposed Project is located 50 kilometers away from the city of Pula, the largest city in Istria. It is situated in the hilly Istrian inland sloping down slightly towards the valley of river Mirna to the sea and offering magnificent views.</p> <p>The site provides motorway connections and easy access from mainland Croatia whilst also benefiting from proximity to other countries such as Slovenia, Italy, Austria, Switzerland and Germany. Access to the site by air is possible through two international airports, located in Pula and Rijeka.</p> <p>The high potential and strategic location of the site can be understood taking in consideration that around 110 million people live in a circle of 600 kilometers, (i.e., six-seven hours drive or a short distance flight), including the most of Italy, Switzerland, Southern Germany, Austria, Slovenia, Bosnia and Herzegovina and Western Hungary, which can be considered densely populated.</p>

Promising market	<p>The country was strongly impacted by the global financial crisis; however, prospects of EU accession in July 2013 are expected to have a positive effect on country's economic growth and FDI inflows.</p> <p>The Istrian region, where the proposed Project is located, is the top performing tourism region within Croatia. The share of tourist arrivals in Istria was 27% of the total arrivals in Croatia in 2011. With the support of the government's tourism development plan, Istria aims to become a high-end tourism destination in the future.</p> <p>In Istria, five star accommodation supply is represented by only 4 five-star properties, with only one being a part of a large international hotel chain, representing an opportunity for the new international quality, high-end resort development.</p> <p>Istria is a very infant polo/golf market and offers so far only one golf integrated residential development. This combined with a low supply of high quality second home properties in Istria, creates positive investment environment.</p>
General plan	<p>The current master plan for the overall envisioned development stretching over 80 hectares of land is to include:</p> <ul style="list-style-type: none"> ▪ Five star luxury boutique hotel with 70 rooms, extensive spa & wellness facilities, conference facilities, restaurants, bars, and a casino ▪ 60 residential units - luxury villas ▪ Polo and wellness club house ▪ 8 polo playfields and amenities.
International experts	<p>The Client has retained the services of internationally recognized advisors-ROCKWELL GROUP EUROPE, la Aguada contributing to the creation of a Project concept , and design that allows for the best utilization of the site.</p> <p>Recently performed studies include market and financial feasibility studies, project valuation, architectural concept and design plans as well as technical due diligence.</p> <p>The Polo project was designed by architects: Mr. Eduardo Novillo Astrada from the La Aguada, Mr. Diego Gronda from the Rockwell group Europe, and Mr. Alejandro M. Battro as an agronomic engineer, in coordination by Mr. Georg List as president and founder of the La Aguada Polo Lifestyle Group AG.</p>

2. THE SITE AND THE PROJECT

PROJECT BACKGROUND



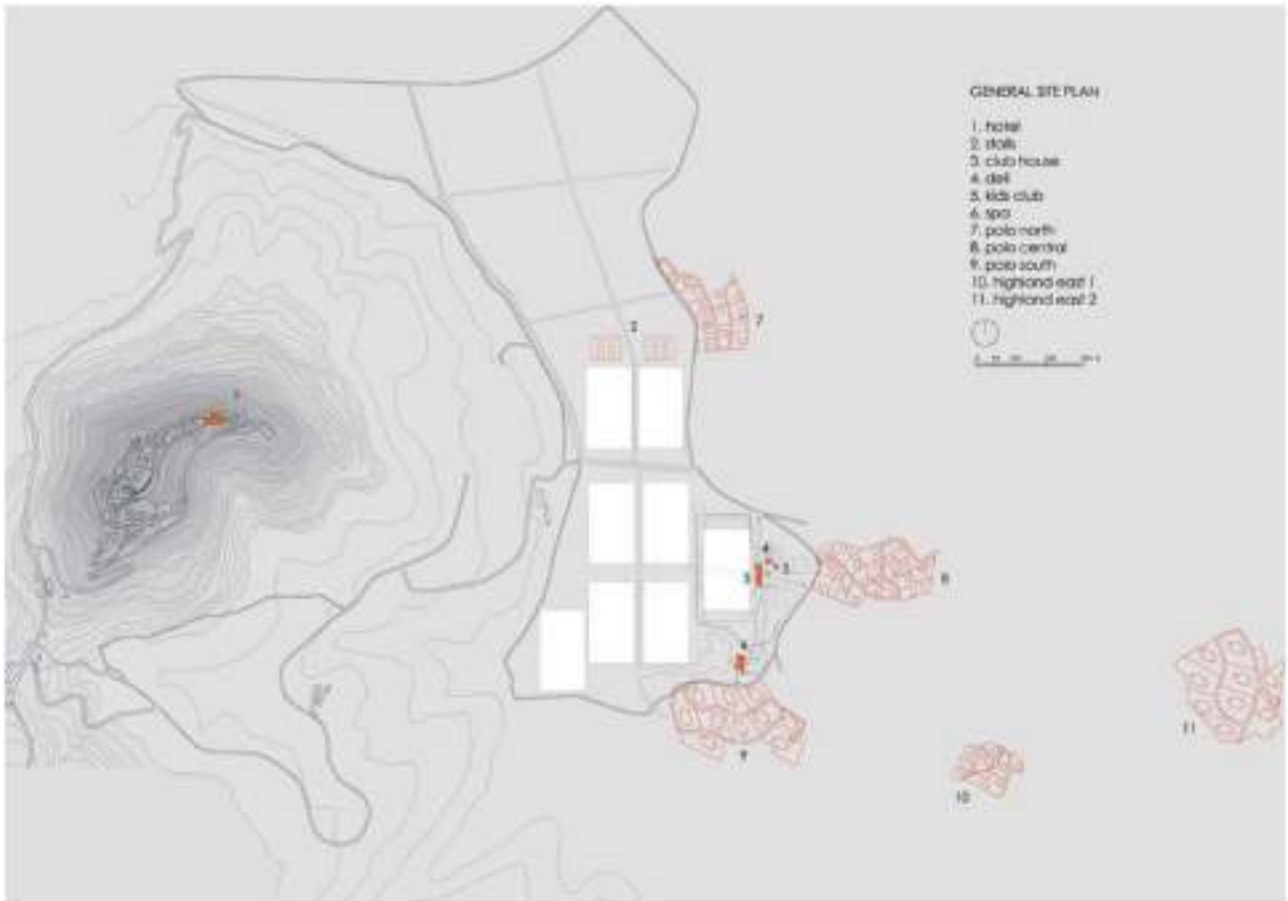
The Project site is located in the heart of the Istrian peninsula, in the Mirna Valley some 15 kilometres to the seacoast, and 50 km from Pula, the largest city in the county of Istria. The closest international airport (Pula International Airport) is reachable within 35 minutes by car. The development site is stretching over 80 hectares, offering the hilly green untouched nature combined with magical medieval architecture of Motovun and beautiful sea views.

In 2008, Global Polo Arena d.o.o. identified that the high-end segment in Croatia is lacking high quality leisure and residential communities. This gave birth to the idea of acquiring substantial land in an attractive tourism area in Croatia, with the vision for a luxury leisure and lifestyle residential resort, and thus Polo Arena acquired Rockwell Group La Aguada rights. After the purchase of more than 80 hectares of Istrian Greenfield, the site has been earmarked; Polo Arena focus over the past years has been on the acquisition and consolidation of the land plots, developing the masterplan and achieving necessary rezoning and permits. Polo Arena is working with top-tier consultants, architects and designers, many of whom have over 30 years of experience in award winning planning and design of Polo courses and resorts throughout the South America, United States, Canada and Europe:

Mr. Eduardo Novillo Astrada from the La Aguada, Mr. Diego Gronda from the Rockwell group Europe, and Mr. Alejandro M. Battro as an agronomic engineer were appointed as the Polo course architects for the Project preparing the full concept plan. La Aguada is one of the top 5 Polo playgrounds designers in the world who has designed and supervised the construction of more than 100 polo courses worldwide.

According to the vision of the owner, the intended positioning of the Project is to be a luxury leisure and lifestyle residential resort, with the following key components:

- Five star luxury hotel with 70 rooms;
- extensive spa & wellness facilities; conference facilities; restaurants, bars, and a casino
- 60 luxury villas (450-650 m²)
- 8 polo playgrounds and amenities



SITE CHARACTERISTICS

The site is stretching over 80 hectares of land, in green hilly Istrian inland, sloping down slightly towards the sea and offering magnificent sea views.

As presented in the map above, seven different areas can be identified according to their current ownership status and zoning characteristics:

- Hotel
- Stalls
- Clubhouse
- Deli
- Kids club
- SPA
- POLO north
- POLO central
- POLO south
- Highland east I
- Highland east II

Details are presented in the POLO BOOK.



SURROUNDING LAND USAGE

At the moment, the site is being used mainly for agricultural purposes concluding that the soil makes it very attractive for polo playfields development.

On the North and West it borders with land plots which are also used for agricultural cultivation.

The municipality zoned four other land plots for Polo developments, all located in the northern part of the Project site. In addition, the land east of the Project site is zoned as a tourist rural zone, as such suitable for obtaining subsidies for private investment in the area.

Analitik plus d.o.o. is not aware of any competing projects to be developed in the surrounding area in the near future.

The zoning plan for the surrounding land is presented in the POLO BOOK.

ACCESSIBILITY TO THE SITE

The Project site enjoys easy accessibility by all means of transport as presented in following paragraphs.

ROAD

The site provides connections for easy access from mainland Croatia whilst also benefiting from proximity to other countries such as Italy, Austria, Germany, Slovenia and Hungary. The Croatian highway network is part of the international road corridors and all routes to and from the neighboring countries are accessible through modern highway infrastructure.

Accessibility to the Project site is provided from the A8 or A9 motorway (known as the Istria Y). Distance to selected European cities is presented in the table below

	Trieste	Ljubljana	Graz	Munich	Vienna	Budapest
Driving distance	112 km	205km	421km	532km	577km	591 km

Catchment area analysis -In order to analyze the magnitude of the population in the direct catchment area of the site, we considered concentric circles (of 100-300-600 km) and quantified the population in the regions inside the circles. The table on the right illustrates the cumulative population in each circle.

There is a population of approximately 600,000 people living in the direct vicinity (Istria, Trieste Province, south Slovenia) of the proposed project, who can access the site within approximately one hour. However, when we consider a four hours drive, we can count more than 30 million people in the catchment area. We begin to understand the high potential and strategic location of the site when we consider that around 110 million people live in a circle of 600 kilometers, (i.e., six-seven hours drive or a short distance flight). This amount is attributed to the fact that the 600 kilometer circle includes the most of Italy, Switzerland, Southern Germany, Austria, Slovenia, Bosnia and Herzegovina and Western Hungary, which can be considered densely populated.



Catchment area of the Project site (cumulative population)			
Distance	100 km	300 km	600 km
Population	600,000	30,000,000	110,000,000

AIR

Accessibility to the site from abroad is mainly through the two international airports, located in Pula and Rijeka:

- Pula Airport is located six kilometers east of Pula and accessible within 35 minutes by car from the site. The airport handled over 350,000 passengers in 2011.
- Rijeka Airport is situated on the island of Krk within a 140 kilometers driving distance to the Project site. The airport served approximately 78,000 passengers in 2011.

The table on the right presents the seasonal routes and respective weekly flight frequencies served by Pula and Rijeka airports. In addition, the site can be accessed by air through the network of smaller sport airports, such as Vrsar and Medulin.

	Seasonal Routes*	Year round routes*
Pula Airport	Moscow (11x), Amsterdam (6x), London (5x), Oslo (4x), Cologne (3x), Krasnodar (3x), Kiev (3x), Helsinki (2x), Brussels (2x), Volgograd (2x), Manchester (2x), Belgrade (2x), Berlin (2x), Frankfurt (2x), Rostov (2x), Kazan (2x), Paris (2x), Kaliningrad (2x), St. Petersburg (2x), Toulouse (1x), Birmingham (1x), Novosibirsk (1x), Innsbruck (1x), Stockholm (1x), Samara (1x)	Zagreb (7x)
Rijeka Airport	Cologne (4x), London (4x), Berlin (2x), Stuttgart (2x), Zagreb (2x), Stockholm (2x), Innsbruck (1x), Frankfurt (1x), Barcelona (1x), Kosice (1x), Goteborg (1x), Oslo (1x), Bern (1x), Vilnius (1x)	-

Besides the airports in Istria there is a number of international airports located in the neighboring countries. The closest can be found in Portorož (Slovenia) which is approximately 15 kilometers far from the Croatian border.

RAIL

The closest train station is the Rijeka train station, located 90 minutes from the site, is connected with direct services to major cities in Croatia (Zagreb, Osijek) Ljubljana in Slovenia (two trains daily), and one train daily to Budapest (via Zagreb).

WATER

The Istria region includes seven ports with regional significance: Pula, Brijuni, Rovinj, Porec, Umag, Novigrad and Rabac. Public traffic ports with regional and local significance (26 in total) are administered by five regional port administrations (Pula, Rovinj, Poreč, Umag-Novigrad, and Rabac). The closest port is located within 20 minutes from the Project Site.

3. PROJECT CONCEPT DETAILS

Based on the market findings and site characteristics, the concept plan for Polo Arena Montona and Polo Club Motovun has been prepared by the Client, featuring the following key components: Hotel, Polo playgrounds, Polo and wellness Clubhouse and Villas.

La Aguada Polo Motovun complex is allocated in one of the most beautiful and best-preserved Istrian medieval hilltop settlements. The polo complex is located partly on the lower part of Motovun as well as on the east side Mirna valley surrounding it.

The resort consist of a five-star hotel with a fine dining restaurant and bar, a state-of-the-art spa and polo club facility with stables and eight professional polo fields. Surrounding the polo fields land, among breathtaking views of the town, twenty signature-villas blend into the lush landscape.



HOTEL

The new hotel consists of existing buildings and new buildings. It is located at the entrance of the XV century town of Motovun. The new hotel building rises within preserved existing walls in order to preserve intact the town's main street. The hotel complex will affect five existing hoses (noted 1-5) as well as two empty plots (noted A and B). The hotel building is divided into two compounds by the main road. Both sides are connected by a tunnel.



The process of new architecture and restoration of the existing structures is a strong statement towards the preservation of this heritage town.

The main entrance of the hotel welcomes guests into an contemporary space of generous height with arched windows overlooking the gardens and terraces. The reception desk is discrete and casual. On the

side of the lobby, a small existing pavilion hosts a secluded bar and lounge. The opposite side of the lobby opens up to a double height fine dining restaurant.

The outdoor dining and lounge: The main terrace slopes down the side of the hill creating intimate and perfumed gardens. The terraced grounds hold two fresh water pools, a small vineyard and an orchard. A series of reflecting pools and water features provide freshness and continuity to the estate.



THE ROOMS

Standard rooms, duplexes and suites are distributed throughout the different buildings. Eighty percent of the total keys have unobstructed views of the valley and nearly fifty percent have private terraces or balconies.

	Lower	Gr	1st	2nd	3rd	Total
Standard room			2	7		9
Standard room w/ terrace		5	8	5		18
Junior Suites		2	2	2		6
Junior Suites w/ terrace	3					3
Suites			8	7	7	22
Suites w/ terrace	2					2
Duplex				3		3
Pool VIP studios	7					7
TOTAL KEYS						70

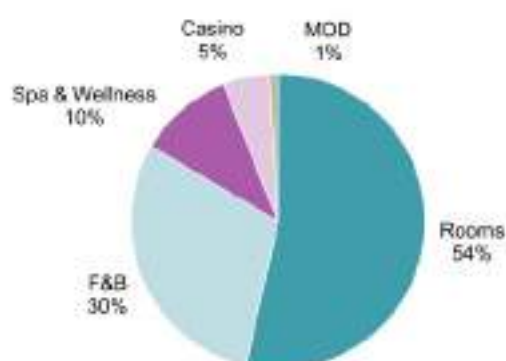
OPERATING PERFORMANCE ASSUMPTIONS - DEMAND ASSUMPTIONS AND PROJECTIONS

Key assumptions The proposed five star hotel offers magnificent views on the sea with 70 rooms including extensive spa & wellness facilities; conference facilities; restaurants, bars and a casino. Considering all the facilities to be developed we have assumed the opening to take place in April 2017, following a 21-month construction period. Based on the findings of our market research and the expected positioning of the hotel, we have considered demand to derive from foreign and domestic leisure segments. The hotel's marketing campaign will be developed around these target markets. Visitors will be attracted by the polo facilities, the spa complex, the high quality accommodation, family friendly offering and the hotel's natural surroundings. Occupancy for the hotel is forecasted to reach 47% in stabilised year 4 of operations based on our market research of achievable occupancy in the region. At stabilised operation 2020 (Year 4), the hotel is expected to register more than 40,000 roomnights, or approximately 12,000 guestnights. In assessing the appropriate price rates for the proposed hotel, we have taken into account the standard of service and facilities, the anticipated market in which the hotel will trade and its location. We have also

given consideration to the current price levels of hotels in the market of relevance and likely future pricing strategy of other properties based on expected changes in rooms supply. According to our benchmark analysis branded 5-star properties along the eastern Adriatic coast achieve an occupancy rate of 50-65% with Average Daily Rates ranging between EUR 250-450 excluding 10% VAT, breakfast charges and tourism taxes. Based on the above, we assumed that average rate is expected to reach EUR 350 in the year of stabilisation, up from EUR 450 in the first operating year. RevPAR at stabilisation is forecasted at EUR 209, at real values.

Revenues were calculated based on the assumed spend by hotel guests per day and taking into account the double occupancy factor of a room as well as the average utilisation of different services, i.e. food & beverage, spa and minor operated departments (MOD). At stabilisation (2020), revenues from rooms are expected to represent more than a half of total revenues, whereas food & beverage is estimated to account to nearly a third of total revenues. This share corresponds with the industry standard are very typical for resort hotels. According to the performance of comparable operating facilities in Croatia and taking into consideration the special characteristics of the current Project and location, we expect EBITDA margin to stabilise in 2020 at 26%.

Breakdown of revenues, 2020

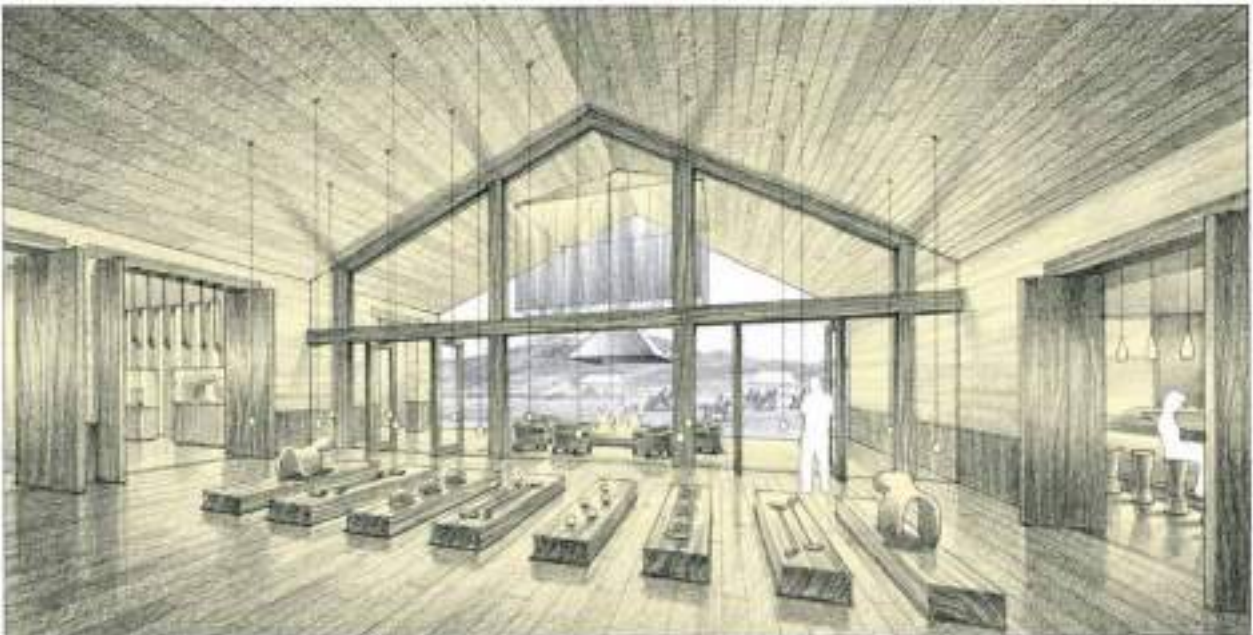


Key performance indicators – KPI - Hotel

	2015	2016	2017	2018	2019	2020
Number of beds	140	140	140	140	140	140
Number of keys	70	70	70	70	70	70
Days operations	365	365	365	365	365	365
Occupancy	40%	42%	44%	45%	46%	47%
Total roomnights	10.220	10.731	11.242	11.498	11.753	12.009
Achieved Daily Rate (Eur/night, excluding breakfast)	350,00	367,50	385,88	405,17	425,43	446,70
Revenue per available room (RevPAR)	140,00	154,35	169,79	182,33	195,70	209,95

Nominal values (TEUR)	2017*	2018	2019	2020
Total revenues	4,585	7,700	10,874	13,909
Rooms revenues	2,464	4,156	5,914	7,447
F&B revenues	1,349	2,267	3,174	4,165
Spa & Wellness revenues	496	817	1,136	1,461
Casino revenues	230	385	544	696
Minor Operated Department revenues	45	76	107	140
Departmental operating costs	3,347	5,390	7,068	6,955
Total indirect costs	1,330	1,848	2,066	1,808
Gross Operating Profit	-92	462	1,740	5,146
as % of total revenues	-2%	6%	16%	37%
Total management fees & replacement reserve	206	347	598	1,459
EBITDA	-298	116	1,142	3,678
as % of total revenues	-7%	2%	11%	26%

THE POLO CLUB EXPERIENCE



The polo complex rises at the feet of the Mirna Valley. Seven polo fields are laid out by international renowned engineer Batro. The seven fields are supported by several stall pavilions to hold 200 horses. The main polo club building is the perfect backdrop for polo field one. To the north of the polo club, a polo clinic and a pony polo field frame the arrival road. This road is surrounded by lush lavender gardens. The spa building is located to the south of the polo club. The architecture of the building blends into the

surrounding landscape by means of local stones and metal sourcing. The building holds a reception hall, a sports bar, a casual restaurant and restroom and changing room facilities for the polo players. The shape of the building and its various levels provide an amphitheatre atmosphere overlooking polo field number one. The polo club will boast a casual atmosphere. The predominant finishes will be wide plank wood floors, Venetian plasters and dignified tapestries and area rugs. Sunlight and the sweeping vistas complemented by the profile of Motovun in the distant hills will be the primary features boasted by the interior rooms. Over-scaled glass garage doors will open to the polo fields and surrounding landscape providing unobstructed views to the action. At the entrance hall a series of wood blocks display an art installation featuring polo equipment. The outdoor deck adjacent to the lobby features a fire pit with lounge seating around it.



The Polo will be operated as a semi-private facility, allowing both members and green fee players to access the course. Polo Playgrounds are covering the area of over 50 hectares. It is expected to be operated year-round and will be an attractive destination even during the winter months. With land features similar to many polo courses in Scotland, Ireland and England, the polo course will be designed respecting all ecological regulation in Croatia.

In addition to the green fee, it has a number of additional revenue centers such as the F&B section and the pro shop.

The clubhouse will have a total gross area of 1,800 square meters and will be the meeting point and social hub of the polo component, with close connection to the proposed residential units and the hotel. The clubhouse includes the following components: F&B facilities, changing rooms and small event and meeting rooms to host and attract social events such as receptions or weddings. The pro shop will offer state of the art polo equipment and accessories. The clubhouse is to play an important role as part of the Development. The facility will be a hub not only of the polo course, but also for the hotel and residential units.

The design of the clubhouse is aligned with the overall theme of the Resort as shown on the pictures above.

The main driver for number of rounds played at the polo fields of the Polo Arena Montona Club is the development of the hospitality and residential component of the Resort.

The polo playgrounds are expected to start its operations at the start of the season in Q2 2016 and stabilize in 2020. At stabilization the polo club is forecasted to exceed 100 members, more than half of which will be linked to property sales at the Resort. We assume that 33% of households will become members of the polo club at the Resort in 2020.

In 2020, the course is forecasted to achieve nearly 6 international tournaments, and over 70 rounds. Most of the revenues -90% will be generated by polo fees and horse care. Members' rounds are calculated assuming an average of 10 rounds per year per member, while green fees are forecasted based on the capture rate of polo tourists as well as local polo players.

All the prices are expected to experience a real growth of 5% during the first five years of operation, due to an improving image of the Resort and growing demand.

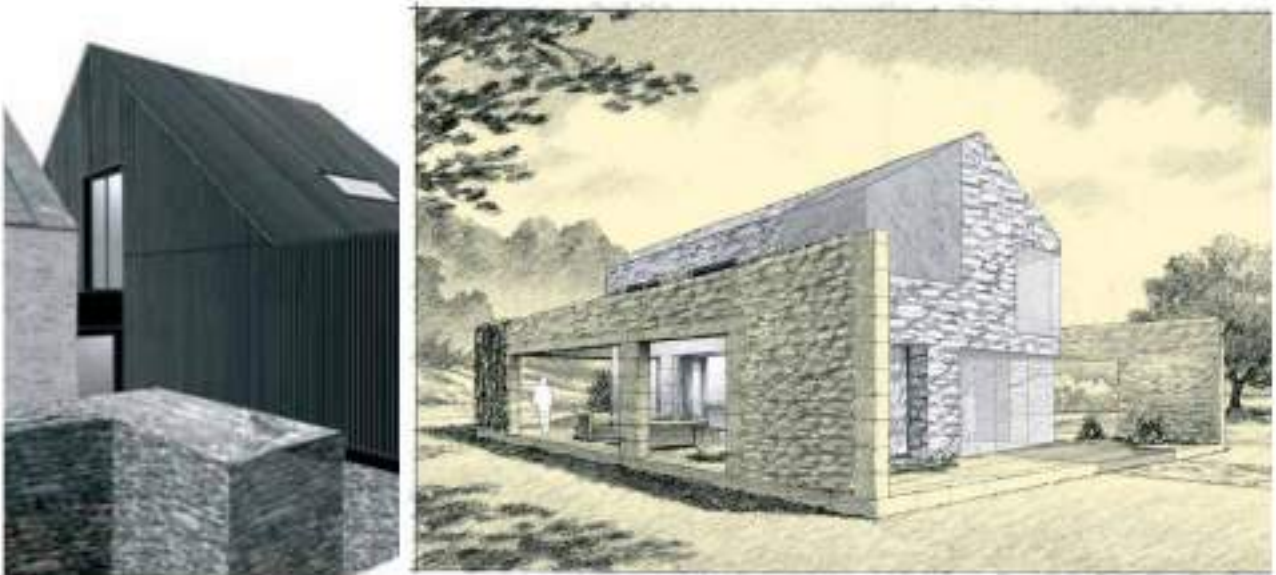
Initiation fee is set at EUR 2,000, while initially achieved yearly membership fees are expected to be EUR 500 for on-site members and EUR 1,000 for off-site members at start of operation. Achieved green fees in 2020 at stabilization are forecasted to reach EUR 60, up from EUR 50 during the first year of operations.

Food & Beverage revenues are expected to represent a significant income source, accounting for 29% of total revenues. Food & beverage facilities will not be used only by hotel guests but also to an extent by guests from outside the Resort and residents of the Resort. Pro shop and other revenues such as sponsorship, advertisement, tournament fees, etc. are estimated to account for 10% and 3% of total revenues at stabilisation, respectively. As part of the total operating costs we estimated the annual expenses for water in the region of EUR 94,000 in 2020. This is based on a EUR 0.001031 per gallon drainage and waste water cost and annual consumption of 250,000 gallon per day. Gross Operating Profit is expected to stabilise in 2020 at approximately EUR 1.2 million. Base management fee is set at 4% of total revenues, while management incentive fee is fixed at 8% of GOP, and total replacement reserve is set at 2% of overall revenues. EBITDA margin is forecasted to stabilise at approximately 27% of total revenues in 2020.

Nominal values (TEUR)	2016*	2017	2018	2019	2020
Total revenues	486	1,436	2,144	2,855	3,301
<i>Initiation fees revenues</i>	118	33	47	47	20
<i>Membership fees revenues</i>	32	53	71	89	95
<i>Green fees revenues</i>	134	586	884	1,189	1,397
<i>Equipment rental revenues</i>	11	52	78	106	124

Academy revenues	13	59	88	119	140
Pro shop revenues	36	137	205	275	322
Food & Beverage revenues	108	415	621	832	974
Other revenues	14	42	62	83	96
Total operating costs	594	1,231	1,528	1,888	2,121
Gross Operating Profit	-108	205	616	968	1,179
<i>as % of total revenues</i>	-22%	14%	29%	34%	36%
Total licence, management and replacement reserve	29	103	178	249	292
EBITDA	-137	102	438	719	887
<i>as % of total revenues</i>	-28%	7%	20%	25%	27%

VILLAS – MOTOVUN AND MIRNA TYPE



On the hilly Southern part of the Resort luxurious 60 villas are planned to be developed, representing 24% of the total supply of properties. These will represent the most exclusive units on offer at Polo Arena Montona project and target the more affluent buyers of the Resort. All units will be situated mainly overlooking the polo playgrounds and also offering stunning views on the Adriatic sea, Mirna Valley with a road access to the other Resort facilities.

The four – five bedroom villas are expected to have an average net floor area from 450-650 square meters. The villas are designed to offer the highest privacy, security and exclusivity to residents. Each villa has its own private infinity pool. The villas will be professionally decorated and furnished to the requirement of the buyers and meet highest quality standards. The construction materials will be complemented by cutting-edge technology amenities and branded furnishings.

The proposed residential mix reflects the development vision of the Client as well as market findings and site characteristics. Approximately two third of the residential properties planned will be Villas to be developed on the northern parts of the Project site. There are two types of Villas planned – smaller ones – Mirna Villas (picture above) and larger ones called Motovun Villas.



THE MIRNA VILLAS INTERIORS

These villa interiors are a blend of modernism in contrast with rough stone exterior. The different spaces being both modernism and classic were simplicity and accuracy are key. The predominant materials are concrete, stone and glass. The interiors are designed having in mind a space library as a classic feature and simplified dwelling. The living room has a "stone threshold" as its most prominent object. Wine is featured in between levels and staircases. The most important space is the potential gallery with breathtaking views of the pools, forest and the Mirna valley.



THE MOTOVUN VILLAS

These villas are separate architectural pieces. Like the "Harris Villas", these villas also take advantage of the topography. Half located in the lush forest, they are a tribute to green architecture. The "Morris Villas" have revolutionary look. The layout level is defined around a fully furnished outdoor terrace. The appeal is in the minimalist roots. This "floating" block floats above the forest's floor. It materializes as a process of organic growing, the surrounding forest.

Timing and sales velocity- Assumptions on sales velocity and sales prices are based on the findings of our market research, our experience gained in similar resort masterplanned projects and site and Project characteristics. It is also based on the assumption that a dedicated, professional and experienced marketing & sales team will be timely put in place. The construction of each property will take on average 15 months after a three month off-plan sales period. Villas are constructed partially for sell (13.000m²) and partially for rent (5.000 m²). Construction of the residential units is assumed to start in Q3 2014 with the infrastructure of that component; the first completed properties will be delivered to the buyers in of Q4 2015. The sales for residential units are assumed to start in Q3 2014 and are forecasted to last 24 months.

Payment structure, inflation and real appreciation in prices: The following payment schedule was assumed:

- 20% upon signing of the purchase agreement;
- 20% for two intermediate installments; and
- 40% upon delivery of the unit.

Inflation was aligned to forecasts for the Euro Zone, i.e. 2.2% per annum. We applied starting sales prices of EUR 6,550 and EUR 5.000 per square meter/net of VAT for villas and apartments, respectively at real values. A 5% real appreciation in sales prices year-on-year was assumed.

Key performance indicators – KPI – Villas selling						
	2015	2016	2017	2018	2019	2020
Sales velocity	40%	47%	12%			
Villas						
Total m2 sold	5.500,00	6.500,00	1.691,00			
Prices (EUR/SQM, real values adjusted with real growth)	6.550,00	5.000,00	6.550,00			
Villas						
CF Revenues (TEUR Nominal values)	36.025,00	32.500,00	11.076,05			

Total revenues from residential sales are expected to amount to approximately EUR 89 million, while total capitalised CAPEX (without considering the acquisition cost of land) is expected to be EUR 30.8 million. According to market benchmarks and our experience with similar resorts sales costs and operating expenses over the whole sales period will amount to 6.0% of total invoiced revenues. These expenses are calculated on a quarterly basis in our financial model as follows:

- Sales personnel/Commission payments are set a 2.5% of contracted revenue.
- Marketing/Communication will account for 2.0% of contracted revenue.
- Other administrative expenses are set at 1.5% of contracted revenues.

Cash flow based EBITDA for the residential component is forecasted at EUR 52.8 million excluding interests expense and taxes. The residential sales income is not allowed to be used to finance the construction of the project. Proceeds from the sales of residential units are held in an escrow account until properties are handed over. For example, at the end of 2015 the half of the Villas will be handed over and thus cash can be released. The developer is assumed to earn 2% interest on the cash held in the escrow account

Key performance indicators - KPI - renting Villas						
	2015	2016	2017	2018	2019	2020
Number of M sized villas	6	6	6	6	6	6
Number of XL sized villas	7	7	7	7	7	7
Days operations	365	365	365	365	365	365
Occupancy	60%	64%	69%	74%	79%	84%
Total nighths	2.847	1.640	1.755	1.878	2.009	2.150
Achieved average Daily Rate (Eur/night, excluding breakfast)	1.200,00	1.236,00	1.273,08	1.311,27	1.350,61	1.391,13
Revenue per available Vila (RevPAV)	720,00	793,51	874,53	963,82	1.062,22	1.170,68

4. OPERATING PERFORMANCE ASSUMPTIONS

PROJECT TIMELINE



Given the current status of the Project and the overall positioning, the preconstruction period is assumed to be one and a half years. The development of the Project will commence in Q3 2014 with the construction of the 7 playgrounds (in accordance with the agreement with the municipality), which can be expanded with additional 2 later stage. The construction is assumed to take 21 months, with operations commencing in Q2 2016.

The construction of the residential units is assumed to commence when the polo facilities construction begins, while hotel construction starts in Q2 2015.

5. CAPITAL EXPENDITURE

RESIDENTIAL COMPONENT

In this section we present a breakdown of the estimated direct construction costs for each of the main components of the Project. Following this, we will provide an overview of infrastructure and landscaping costs, soft costs and contingency costs. All costs presented at real values, unless otherwise stated. All cost estimates exclude VAT. The table below provides a breakdown of direct construction cost for the residential units. The overall costs are expected to amount to EUR 18.6 million

Infrastructure and landscaping costs for all components

Based on the Client's development schedule the infrastructure and landscaping costs were estimated to be EUR 13.7 million.

Soft costs for all components

Soft costs (including project management costs, engineering costs, planning costs, design costs) are set at 4% of the construction costs, amounting to approximately EUR 2.5 million.

Contingency costs for all components

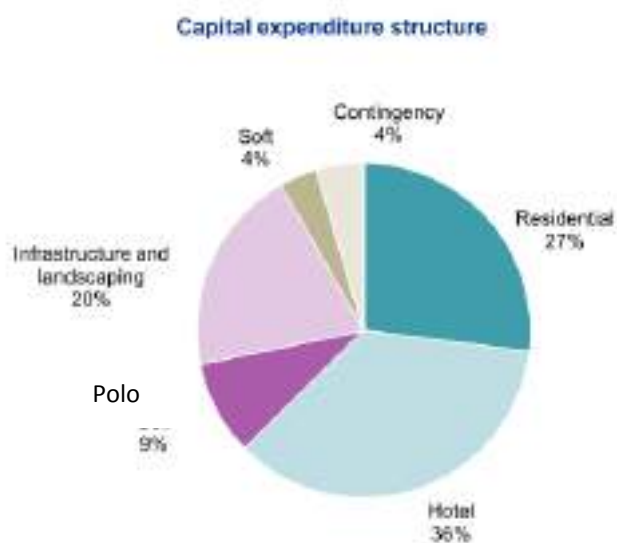
Taking into consideration the level of uncertainty in the projection of the Project costs at this stage, we assumed a 5% contingency cost, calculated as percentage of the sum of direct construction costs of the main components, infrastructure and landscaping costs. Contingency costs are set to EUR 3.2 million.

Infrastructure and landscaping costs		
Infrastructure	TEUR	7,560
Landscaping	TEUR	3,150
Other charges and costs	TEUR	3,000
Total	TEUR	13,710
Soft costs		
Project management costs (2% of construction costs)	TEUR	1,260
Engineering, planning and design costs (2% of construction costs)	TEUR	1,260
Total	TEUR	2,520
Contingency		
Engineering, planning and design costs (5% of construction costs)	TEUR	3,150
Total	TEUR	3,150

Total capital expenditure of the Project

The following graph summarizes the capital expenditures for the overall development among the different components of the Project. Direct construction costs of the three components represent 72% of all investment costs, with the hotel development being the largest amount.

The total required investment of all phases equals to EUR 67.06 million.



6. INVESTMENT PLAN

The construction of the proposed Project will take place between 2014 and 2017 as indicated in the phasing plan in this report. Below we outline the breakdown of the construction costs by components for each year, i.e. the Investment Plan.

The preparation of an investment plan is fundamental in order to estimate the overall investment requirement in nominal values (i.e. considering the effect of inflation). The total investment requirement considering the effect of inflation for the overall Project is approximately EUR 73.3 million.

FINANCIAL MODEL

Total project cost					
1	Land	8.500.000,00			8.500.000,00
2	Construction works	46.630.500,00	0,00	0,00	46.630.500,00
	Project documentation	1.530.500,00			1.530.500,00
	Construction works - hotel	12.250.000,00			12.250.000,00
	Construction works - villas	18.300.000,00			18.300.000,00
	Construction works - polo	14.500.000,00			14.500.000,00
					0,00
3.	Equipment	9.630.000,00	0,00	0,00	9.630.000,00
	Equipment hotel	3.150.000,00			3.150.000,00
	Equipment villas	3.600.000,00			3.600.000,00
	Equipment polo	2.880.000,00			2.880.000,00
					0,00
					0,00
4	Animals	600.000,00	0,00	0,00	600.000,00
	Polo tournament horses -20.000 *60	600.000,00			600.000,00
					0,00
					0,00
					0,00
5	Longterm plants	100.000,00	0,00	0,00	100.000,00
	Agricultural land - plants	100.000,00			100.000,00
					0,00
					0,00
					0,00
6	Previous investments	1.600.000,00	0,00	0,00	1.600.000,00
	Development of the project concept	1.100.000,00			1.100.000,00
	Development of the financial model and the project design	500.000,00			500.000,00
					0,00
					0,00
					0,00
7.	Short term assets				0,00
	Total project cost	67.060.500,00	0,00	0,00	67.060.500,00
Financing sources					
1.	Own sources	6.200.000,00	0,00	0,00	6.200.000,00
	Investor's own sources	6.200.000,00			6.200.000,00
					0,00
2.	Bank loans	60.862.500,00	0,00	0,00	60.862.500,00
	2.1. Kredit projekta 1	58.160.500,00			58.160.500,00
	2.2. Kredit projekta 2*	2.702.000,00			2.702.000,00
	Total	67.062.500,00	0,00	0,00	67.062.500,00

Selling projection:

Quantities:

Tablica 1. Količina prodaje														
Proizvod/Usluga	Jedinica mjere	Prethodna godina	Planirane godine											
			2013 1	2014 2	2015 3	2016 4	2017 5	2018 6	2019 7	2020 8	2021 9	2022 10	2023 11	2024 12
Hotel room rent	Day	0	0	0	12.600	15.400	15.862	16.338	16.828	17.333	17.853	18.388	18.940	19.508
Villa M size	Day	0	0	0	1.080	1.112	1.146	1.180	1.216	1.252	1.290	1.328	1.368	1.409
Villa XL size	Day	0	0	0	1.260	1.298	1.337	1.377	1.418	1.461	1.505	1.550	1.596	1.644
Selling Villas	m2	0,00	0,00	0,00	5.500,00	6.500,00	1.691,00	0,00						
Polo tourn.	Tournament	0,00	0,00	0,00	3,00	3,00	4,00	4,00	4,00	4,00	4,00	4,00	4,00	4,00
Polo services	Months				12,00	12,00	12,00	12,00	12,00	12,00	12,00	12,00	12,00	12,00

Price

Planirane godine														
Proizvod/Usluga	Jedinica mjere	Prethodna godina	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
			1	2	3	4	5	6	7	8	9	10	11	12
Hotel room rent	EUR/Day	0,00	0,00	0,00	350,00	367,50	385,88	405,17	425,43	446,70	469,03	492,49	517,11	542,96
Rent	EUR/Day	0,00	0,00	0,00	850,00	875,50	901,77	928,82	956,68	985,38	1.014,94	1.045,39	1.076,75	1.109,06
Villa XL size	EUR/Day	0,00	0,00	0,00	1.200,00	1.236,00	1.273,08	1.311,27	1.350,61	1.391,13	1.432,86	1.475,85	1.520,12	1.565,73
Selling Villas	EUR/m2			0,00	6.550,00	5.000,00	6.550,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Polo tourn.	EUR/Tourn.			0,00	200.000,00	206.000,00	212.180,00	218.545,40	225.101,76	231.854,81	238.810,46	245.974,77	253.354,02	260.954,64
Polo services	Month			0,00	350.000,00	360.500,00	371.315,00	382.454,45	393.928,08	405.745,93	417.918,30	430.455,85	443.369,53	456.670,61

Total selling value

Tablica 3. Vrijednost prodaje (HRK po godini)														
Proizvod/Usluga	Prethodna godina	Planirane godine												
		2013 1	2014 2	2015 3	2016 4	2017 5	2018 6	2019 7	2020 8	2021 9	2022 10	2023 11	2024 12	
Hotel room rent	0,00	0,00	0,00	4.410.000,00	5.659.500,00	6.120.749,25	6.619.590,31	7.159.086,92	7.742.552,51	8.373.570,54	9.056.016,54	9.794.081,88	10.592.299,56	
Villa M size	0,00	0,00	0,00	918.000,00	973.906,20	1.033.217,09	1.096.140,01	1.162.894,93	1.233.715,24	1.308.848,49	1.388.557,37	1.473.120,51	1.562.833,55	
Villa XL size	0,00	0,00	0,00	1.512.000,00	1.604.080,80	1.701.769,32	1.805.407,07	1.915.356,36	2.032.001,57	2.155.750,46	2.287.035,66	2.426.316,14	2.574.078,79	
Selling Villas	0,00	0,00	0,00	36.025.000,00	32.500.000,00	11.076.050,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	
Polo tourn.	0,00	0,00	0,00	600.000,00	618.000,00	848.720,00	874.181,60	900.407,05	927.419,26	955.241,84	983.899,09	1.013.416,07	1.043.818,55	
Polo services	0,00	0,00	0,00	4.200.000,00	4.326.000,00	4.455.780,00	4.589.453,40	4.727.137,00	4.868.951,11	5.015.019,65	5.165.470,23	5.320.434,34	5.480.047,37	
0	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	
0	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	
0	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	
0	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	
UKUPNI PRIHODI**	0,00	0,00	0,00	47.665.000,00	45.681.487,00	25.236.285,66	14.984.772,39	15.864.882,27	16.804.639,68	17.808.430,98	18.880.978,90	20.027.368,94	21.253.077,82	

Dynamic and the structure of employment

Radno mjesto	Profesionalne kvalifikacije	Broj zaposlenika		Ukupno
		Postojeći	Potrebni ⁺	
Hotel staff	SSS-VSS-VŠS	0	100	100
Villa staff	SSS-VSS	0	5	5
Polo staff	SSS-VSS	0	7	7
Assistant staff		0	5	5
Ukupno:		0	117	117

Gross salaries/ year

Struktura	Prethodna godina	Planirane godine											
		2013 1	2014 2	2015 3	2016 4	2017 5	2018 6	2019 7	2020 8	2021 9	2022 10	2023 11	2024 12
Stalni zaposlenici (broj)	0	0	0	117	117	117	117	117	117	117	117	117	117
Prosječna mjesečna bruto plaća		0,00	0,00	1.200,00	1.236,00	1.273,08	1.311,27	1.350,61	1.391,13	1.432,86	1.475,85	1.520,12	1.565,73
Broj radnih mjeseci				12	12	12	12	12	12	12	12	12	12
Ukupno (stalni zaposlenici)	0,00	0,00	0,00	1.684.800,00	1.735.344,00	1.787.404,32	1.841.026,45	1.896.257,24	1.953.144,96	2.011.739,31	2.072.091,49	2.134.254,23	2.198.281,86
Privremeni zaposlenici (broj)	0	0	0	0	0	0	0	0	0	0	0	0	0
Prosječna mjesečna bruto plaća		0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Broj radnih mjeseci		0	0	0	0	0	0	0	0	0	0	0	0
Ukupno (privremeni zaposlenici)	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
UKUPNO BRUTO PLACE	0,00	0,00	0,00	1.684.800,00	1.735.344,00	1.787.404,32	1.841.026,45	1.896.257,24	1.953.144,96	2.011.739,31	2.072.091,49	2.134.254,23	2.198.281,86

Total income projection

Struktura prihoda	Prethodn a godina	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
		1	2	3	4	5	6	7	8	9	10	11	12
<i>Hotel room rent</i>	0,00	0,00	0,00	4.410.000,00	5.659.500,00	6.120.749,25	6.619.590,31	7.159.086,92	7.742.552,51	8.373.570,54	9.056.016,54	9.794.081,88	10.592.299,56
<i>Construction subsidies</i>				1.500.000,00	1.500.000,00								
<i>Villa M size Rent</i>	0,00	0,00	0,00	918.000,00	973.906,20	1.033.217,09	1.096.140,01	1.162.894,93	1.233.715,24	1.308.848,49	1.388.557,37	1.473.120,51	1.562.833,55
<i>Construction subsidies</i>				200.000,00									
<i>Villa XL size Rent</i>	0,00	0,00	0,00	1.512.000,00	1.604.080,80	1.701.769,32	1.805.407,07	1.915.356,36	2.032.001,57	2.155.750,46	2.287.035,66	2.426.316,14	2.574.078,79
<i>Construction subsidies</i>					750.000,00								
<i>Selling Villas</i>	0,00	0,00	0,00	36.025.000,00	32.500.000,00	11.076.050,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
<i>Construction subsidies</i>					550.000,00								
<i>Polo tourn.</i>	0,00	0,00	0,00	600.000,00	618.000,00	848.720,00	874.181,60	900.407,05	927.419,26	955.241,84	983.899,09	1.013.416,07	1.043.818,55
<i>Leader subsidies</i>					550.000,00	250.000,00							
<i>Polo services</i>	0,00	0,00	0,00	4.200.000,00	4.326.000,00	4.455.780,00	4.589.453,40	4.727.137,00	4.868.951,11	5.015.019,65	5.165.470,23	5.320.434,34	5.480.047,37
<i>Event subsidies</i>					250.000,00	250.000,00	250.000,00	250.000,00	250.000,00	250.000,00	250.000,00	250.000,00	250.000,00
<i>0</i>	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
<i>Potpova 7</i>													
<i>0</i>	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
<i>Potpova 8</i>													
<i>0</i>	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
<i>Potpova 9</i>													
<i>0</i>	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
<i>Potpova 10</i>													
<i>IPARD potpora¹</i>		0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
<i>Kapitalne potpore²</i>													
<i>Ostali prihodi³</i>													
UKUPNO	0,00	0,00	0,00	49.365.000,00	49.281.487,00	25.736.285,66	15.234.772,39	16.114.882,27	17.054.639,68	18.058.430,98	19.130.978,90	20.277.368,94	21.503.077,82

Bank Loans

		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
		1	2	3	4	5	6	7	8	9	10	11	12
Kredit projekta 1	Anuitet/Rata	0	0	8.724.075	8.433.273	8.142.470	7.851.668	7.560.865	7.270.063	6.979.260	6.688.458	6.397.655	6.106.853
	Kamata	0	0	2.908.025	2.617.223	2.326.420	2.035.618	1.744.815	1.454.013	1.163.210	872.408	581.605	290.803
	Otplatni dio	0	0	5.816.050	5.816.050	5.816.050	5.816.050	5.816.050	5.816.050	5.816.050	5.816.050	5.816.050	5.816.050
	Ostatak duga	58.160.500	58.160.500	52.344.450	46.528.400	40.712.350	34.896.300	29.080.250	23.264.200	17.448.150	11.632.100	5.816.050	0
Kredit projekta 2	Anuitet/Rata	0	0	0	0	0	0	0	0	0	0	0	0
	Kamata												
	Otplatni dio												
	Ostatak duga	2.702.000	2.702.000	2.702.000	2.702.000	2.702.000	2.702.000	2.702.000	2.702.000	2.702.000	2.702.000	2.702.000	2.702.000
Ostali krediti	Anuitet/Rata	0	0	0	0	0	0	0	0	0	0	0	0
	Kamata												
	Otplatni dio												
	Ostatak duga		0	0	0	0	0	0	0	0	0	0	0
UKUPNO	ANUITET/RATA	0	0	8.724.075	8.433.273	8.142.470	7.851.668	7.560.865	7.270.063	6.979.260	6.688.458	6.397.655	6.106.853
	KAMATA	0	0	2.908.025	2.617.223	2.326.420	2.035.618	1.744.815	1.454.013	1.163.210	872.408	581.605	290.803
	OTPLATNI DIO	0	0	5.816.050	5.816.050	5.816.050	5.816.050	5.816.050	5.816.050	5.816.050	5.816.050	5.816.050	5.816.050
	OSTATAK DUGA	60.862.500	60.862.500	55.046.450	49.230.400	43.414.350	37.598.300	31.782.250	25.966.200	20.150.150	14.334.100	8.518.050	2.702.000

Financial flow

Stavka	Planirane godine											
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	1	2	3	4	5	6	7	8	9	10	11	12
I PRIMICI	75.562.500,00	0,00	49.365.000,00	49.281.487,00	25.736.285,66	15.234.772,39	16.114.882,27	17.054.639,68	18.058.430,98	19.130.978,90	20.277.368,94	32.303.077,82
1. Ukupni prihodi	0,00	0,00	49.365.000,00	49.281.487,00	25.736.285,66	15.234.772,39	16.114.882,27	17.054.639,68	18.058.430,98	19.130.978,90	20.277.368,94	21.503.077,82
2. Izvori financiranja	75.562.500,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
2.1. Prijenos postojećih izvora	8.500.000,00											
2.2. Vlastiti izvori	6.200.000,00	0,00	0,00									
2.3. Krediti	60.862.500,00	0,00	0,00									
3. Ostatak vrijednosti projekta	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	10.800.000,00
3.1. Dugotrajna imovina					0,00	0,00	0,00	0,00	0,00	0,00	0,00	10.800.000,00
3.2. Kratkotrajna imovina					0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
4. IPARD potpora	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
5. Kapitalne potpore												
II IZDACI	75.560.500,00	0,00	18.582.800,00	18.395.698,60	13.518.238,83	11.612.684,83	11.744.814,56	11.770.676,03	11.811.591,86	11.868.579,27	11.942.730,41	12.734.675,66
6. Prijenos postojeće imovine	8.500.000,00											
7. Ulaganja u dugotrajnu imovinu	67.060.500,00	0,00	0,00									
8. Ulaganja u kratkotrajnu imovinu	0,00	0,00	0,00									
9. Materijalni i nematerijalni	0,00	0,00	792.000,00	819.260,00	847.477,80	876.687,73	906.925,39	938.227,66	970.632,77	1.004.180,37	1.038.911,54	1.074.868,88
10. Troškovi osoblja	0,00	0,00	1.684.800,00	1.735.344,00	1.787.404,32	1.841.026,45	1.896.257,24	1.953.144,96	2.011.739,31	2.072.091,49	2.134.254,23	2.198.281,86
11. Porez na dobit/dohodak	0,00	0,00	7.381.925,00	7.407.822,10	7.740.886,71	8.043.303,14	8.380.766,93	8.727.240,91	9.079.959,78	9.439.849,91	9.801.909,63	10.174.672,41
12. Anuitet kredita	0,00	0,00	8.724.075,00	8.433.272,50	8.142.470,00	7.851.667,50	7.560.865,00	7.270.062,50	6.979.260,00	6.688.457,50	6.397.655,00	6.106.852,50
III NETO PRIMICI	2.000,00	0,00	30.782.200,00	30.885.788,40	12.218.046,83	3.622.087,57	4.370.067,71	5.283.963,65	6.246.839,12	7.262.399,63	8.334.638,53	19.568.402,16
IV KUMULATIV	2.000,00	2.000,00	30.784.200,00	61.669.988,40	73.888.035,23	77.510.122,80	81.880.190,51	87.164.154,16	93.410.993,28	100.673.392,91	109.008.031,44	128.576.433,60

Balance sheet projection

Stavka	Pret hodn	Planirane godine											
		2013 1	2014 2	2015 3	2016 4	2017 5	2018 6	2019 7	2020 8	2021 9	2022 10	2023 11	2024 12
AKTIVA													
1. Dugotrajna imovina		67.060.500,00	61.757.587,50	54.687.037,50	47.616.487,50	40.545.937,50	35.281.012,50	30.617.962,50	25.954.912,50	21.291.862,50	16.628.812,50	11.965.762,50	10.800.000,00
2. Kratkotrajna imovina	0,00	2.000,00	2.000,00	30.784.200,00	61.669.988,40	73.888.035,23	77.510.122,80	81.880.190,51	87.164.154,16	93.410.993,28	100.673.392,91	109.008.031,44	117.776.433,60
2.1. Zalihe		0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
2.2. Potraživanja													
2.3. Novac na računu i u blagajni		2.000,00	2.000,00	30.784.200,00	61.669.988,40	73.888.035,23	77.510.122,80	81.880.190,51	87.164.154,16	93.410.993,28	100.673.392,91	109.008.031,44	117.776.433,60
3. AKTIVA UKUPNO	0,00	67.062.500,00	61.759.587,50	85.471.237,50	109.286.475,90	114.433.972,73	112.791.135,30	112.498.153,01	113.119.066,66	114.702.855,78	117.302.205,41	120.973.793,94	128.576.433,60
PASIVA													
1. Kapital i rezerve	0,00	6.200.000,00	897.087,50	30.424.787,50	60.056.075,90	71.019.622,73	75.192.835,30	80.715.903,01	87.152.866,66	94.552.705,78	105.268.105,41	114.755.743,94	128.174.433,60
1.1. Temeljni kapital		6.200.000,00	6.200.000,00	6.200.000,00	6.200.000,00	6.200.000,00	6.200.000,00	6.200.000,00	6.200.000,00	6.200.000,00	8.500.000,00	8.500.000,00	8.500.000,00
1.2. Rezerve		0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
1.3. Gubitak/Dobit		0,00	-5.302.912,50	29.527.700,00	29.631.288,40	10.963.546,83	4.173.212,57	5.523.067,71	6.436.963,65	7.399.839,12	8.415.399,63	9.487.638,53	13.418.689,66
1.4. Zadržana dobit/Preneseni gubitak		0,00	0,00	-5.302.912,50	24.224.787,50	53.856.075,90	64.819.622,73	68.992.835,30	74.515.903,01	80.952.866,66	88.352.705,78	96.768.105,41	106.255.743,94
2. Dugoročne obveze - krediti		60.862.500,00	60.862.500,00	55.046.450,00	49.230.400,00	43.414.350,00	37.598.300,00	31.782.250,00	25.966.200,00	20.150.150,00	14.334.100,00	8.518.050,00	2.702.000,00
3. Kratkoročne obveze													
4. Odgođeno plaćanje troškova i prihod budućeg razdoblja		0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
5. PASIVA UKUPNO	0,00	67.062.500,00	61.759.587,50	85.471.237,50	109.286.475,90	114.433.972,73	112.791.135,30	112.498.153,01	113.119.066,66	114.702.855,78	119.602.205,41	123.273.793,94	130.876.433,60

Static project rating

10.1. Statička ocjena učinkovitosti projekta

Pokazatelj	Formula	Izračun			Granična vrijednost
		Brojnik	Nazivnik	Rezultat	
Koeficijent tekuće likvidnosti	kratkotrajna imovina / kratkoročne obveze	73.888.035	0	+∞	≥ 0,9
Odnos prihoda i rashoda	ukupni prihodi / ukupni rashodi	25.736.286	12.031.852	2,1	≥ 1
Omjer obveza i kapitala	ukupne obveze (dugoročne + kratkoročne obveze) / kapital i rezerve	43.414.350	71.019.623	0,6	≤ 4
	REPREZENTATIVNA GODINA:		2017		

Economic flow

10.2.1. Ekonomski tok

Stavka	Planirane godine											
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	1	2	3	4	5	6	7	8	9	10	11	12
I PRIMICI	0	0	49.365.000	49.281.487	25.736.286	15.234.772	16.114.882	17.054.640	18.058.431	19.130.979	20.277.369	32.303.078
1. Ukupni prihodi	0	0	49.365.000	49.281.487	25.736.286	15.234.772	16.114.882	17.054.640	18.058.431	19.130.979	20.277.369	21.503.078
2. Ostatak vrijednosti projekta	0	0	0	0	0	0	0	0	0	0	0	10.800.000
2.1. Dugotrajna imovina	0	0	0	0	0	0	0	0	0	0	0	10.800.000
2.2. Kratkotrajna imovina	0	0	0	0	0	0	0	0	0	0	0	0
3. IPARD potpora	0	0	0	0	0	0	0	0	0	0	0	0
4. Kapitalna potpora	0	0	0	0	0	0	0	0	0	0	0	0
II IZDACI	67.060.500	0	9.858.725	9.962.426	5.375.769	3.761.017	4.183.950	4.500.614	4.832.332	5.180.122	5.545.075	6.627.823
5. Prijenos postojeće imovine	0	0	0	0	0	0	0	0	0	0	0	0
6. Ulaganja u dugotrajnu imovinu	67.060.500	0	0	0	0	0	0	0	0	0	0	0
7. Ulaganja u kratkotrajnu imovinu	0	0	0	0	0	0	0	0	0	0	0	0
8. Materijalni i nematerijalni troškovi	0	0	792.000	819.260	847.478	876.688	906.925	938.228	970.633	1.004.180	1.038.912	1.074.869
9. Troškovi osoblja	0	0	1.684.800	1.735.344	1.787.404	1.841.026	1.896.257	1.953.145	2.011.739	2.072.091	2.134.254	2.198.282
10. Porez na dobit / dohodak	0	0	7.381.925	7.407.822	2.740.887	1.043.303	1.380.767	1.609.241	1.849.960	2.103.850	2.371.910	3.354.672
III NETO PRIMICI	-67.060.500	0	39.506.275	39.319.061	20.360.517	11.473.755	11.930.933	12.554.026	13.226.099	13.950.857	14.732.294	25.675.255
IV KUMULATIV	-67.060.500	-67.060.500	-27.554.225	11.764.836	32.125.353	43.599.108	55.530.041	68.084.067	81.310.166	95.261.023	109.993.316	135.668.571
Razdoblje povrata ulaganja:	7 godina											

Net present Value and internal rate of return

10.2.2. Neto sadašnja vrijednost i interna stopa rentabilnosti

DISKONTNA STOPA:	5%											
Diskontni faktor	1,0000	0,9524	0,9070	0,8638	0,8227	0,7835	0,7462	0,7107	0,6768	0,6446	0,6139	0,5847
Diskontirani neto primici	-67.060.500,00	0,00	35.833.356,01	33.965.283,14	16.750.647,58	8.989.987,32	8.903.045,69	8.921.912,00	8.951.944,49	8.992.846,89	9.044.350,25	15.011.789,64
ISR	26,95%											
NPV	88.304.663,03											

QUICK FACTS

Croatia counts a population of 4.5 million and is situated close to several densely populated and industrially developed European countries such as Italy, Austria and Germany.

Croatia enjoys a favorable location on the North eastern coast of Adriatic Sea. The warm Mediterranean coastal climate allows for 300 playable polo days, well above the European average.

Introduction

■ Croatia is located on the Northeastern coast of the Adriatic Sea, its land area is 56,000 square kilometers. It is bordered by Slovenia and Hungary to the North, Serbia and Bosnia & Herzegovina to the East and Montenegro to the East. The country is also located in a close proximity to the industrially developed European countries – Italy, Austria and Germany.

■ The country's population is 4.5 million people. The capital of the country is Zagreb, it is located in the Northern part of the country and has a population of 780,000 people. Croatia has 21 counties, one of them being Zagreb, a city-county.

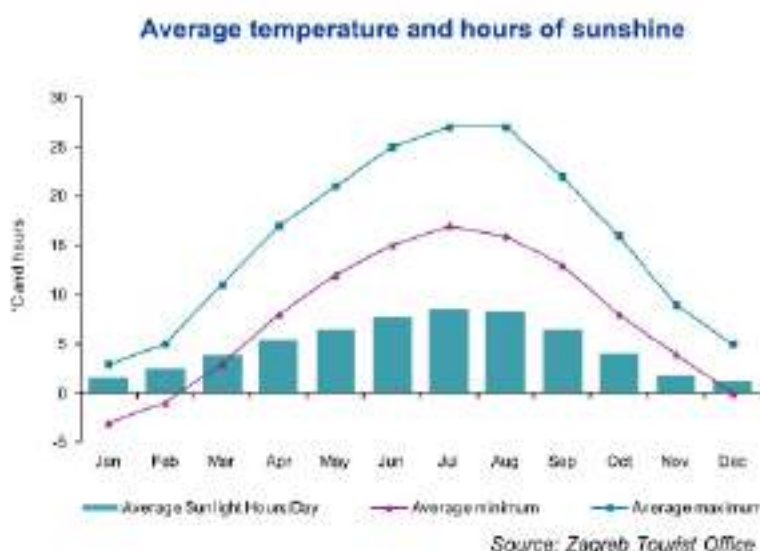
The counties are further divided on to 429 municipalities.

■ The official language is Croatian and official currency is the Croatian Kuna (HRK).

■ Croatia has applied for EU membership in 2003 and has concluded the accession negotiations on 30 June 2011, signed the Treaty of Accession on 9 December 2011 and is set to become the 28th member state of the EU on 1 July 2013.

Topography and climate

■ The country stretches in a form of an arc from the slopes of the Alps and deep into the Pannonian Valley to the banks of the Danube and Drava rivers, the other point of arc lies on the coast of the Adriatic Sea to the peninsula of bay of Kotor.



■ Croatia is divided in two main climate areas: along the coast the weather is Mediterranean while inland it is continental. Most of the country has a moderately warm, rainy climate characterised by a mean monthly temperature ranging between -3°C and +12°C in the winter, and about 22°C to 30°C in the summer.

The favorable coastal climate from May until September is the strong selling point for the Croatian tourism. It also allows for 300 playable polo days which is above European average.

CROATIA AT A GLANCE

ACCESSIBILITY

ROAD

■ The Croatian highway network is part of the international road corridors Corridor V and X) and all routes to and from neighbouring countries are accessible through modern highway infrastructure.

■ The first modern motorway to cross the mountainous region of the country is the A1 (closely followed by the A6). It the longest in the country, currently measuring 465.5 km from Zagreb (Lucko interchange) and is being extended south of Split to the Port of Ploče and the city of Dubrovnik.

■ The A6 highway is a motorway in northern Croatia. It passes through the mountainous terrain of Gorski Kotar and it has a total of 24 viaducts and 12 tunnels.

AIR

■ Croatia has seven main international and local airports: Zagreb, Split, Dubrovnik, Zadar, Pula, Osijek and Rijeka as presented on the map on the right.

■ In 2011, Croatian airports handled approximately 5.7 million passengers with international carriers including low cost carriers operating at most of the airports of Croatia.

■ The main Croatian airport is Pleso in Zagreb with the annual turnover of passengers reaching 2.3 million in 2011. Flight times to major cities in Europe and overseas to Zagreb are presented in the table on the right.

Main airports in Croatia



Flight times from Zagreb to major cities

Destination	Flight Time	Frequency flights per week)
Budapest	1h	14
Vienna	1h	35
Munich	1h 15 min	28
Rome	1h 15 min	7
Prague	1h 35 min	7
Paris	2h 05 min	21
Amsterdam	2h 05 min	7
Moscow	2h 50 min	6
London	2h 30 min	14
Stockholm	2h 50 min	2

RAILWAY

■ The Croatian railway system consists of 2,976 km of rails. The rail network connects all major Croatian cities, except Dubrovnik. There are direct lines to Slovenia, Hungary, Italy, Greece, Austria, Switzerland, Germany, Bosnia-Herzegovina and Serbia and Montenegro.

WATER

■ All major cities on the Adriatic coast and islands are connected by coastal boat lines, the majority of which are operated by the Jadrolinija shipping company. Other privately owned shipping operators exist, though they operate mostly in small regions.

MACROECONOMIC OVERVIEW

MAIN ECONOMIC INDICATORS

■ The Croatia has been considerably affected by the global financial crisis, with the real GDP decreasing by approximately 7% in 2009. The unemployment rate has been increasing constantly, standing at 17.7% as of the end of 2011. Although the inflation has been positive in all four years, it was still relative low compared to the region's inflation index with the maximum being 2.9% in 2008. Since 2008 Croatia has witnessed a drastic decrease in inward direct investment in the context of the recession, posting a 75% decrease between 2008 and 2011.

OUTLOOK

■ The real GDP contracted by 1.3% year on year in the first quarter of 2012 and by 2.2% in the second quarter as exports, domestic demand and investment tumbled. With the Euro Zone, Croatia's main export market, estimated to contract by 0.4% in 2012, the Economist Intelligence Unit estimates a recession in Croatia, with real GDP shrinking by 1.5%. However, it further forecasts a return to modest growth in 2013 (0.3%), with GDP reaching USD 61.9 billion in 2014 or 1.7% increase.

Income and market size							
	2008	2009	2010	2011	2012*	2013*	2014*
GDP (USD million)	69,583	62,188	59,477	62,493	57,909	59,366	61,885
GDP per capita (USD)	15,690	14,040	13,460	14,200	13,220	13,620	14,250
GDP growth	2.1	-6.9	-1.4	0.0	-1.5	0.3	1.7

Unemployment and inflation							
	2008	2009	2010	2011	2012*	2013*	2014*
Unemployment rate (%)	13.4	14.9	17.6	17.7	19.5	18.8	17.5
Inflation index (%)	2.9	1.9	1.8	2.1	3.0	2.8	2.7

Foreign direct Investments							
	2008	2009	2010	2011	2012*	2013*	2014*
FDI (USD million)	6,028	3,328	334	1,469	1,200	3,100	3,300
FDI as % of GDP	8.7	5.4	0.6	2.4	2.1	5.2	5.3

Source: Economist Intelligence Unit
Note: * Forecast

KEY FINDINGS RELEVANT FOR THE PROJECT

- Croatia enjoys a favourable location on the Northeastern coast of Adriatic sea, close to several densely populated and industrially developed European countries such as Italy, Austria and Germany.
- The warm Mediterranean coastal climate allows for 300 playable polo days, above the European average.
- Croatia is easily accessible from foreign countries, being relatively well served in terms of transport infrastructure.
- The country was strongly impacted by the global financial crisis and is forecasted to have a limited economic growth after 2012 due to a slow recovery of domestic demand and Euro zone demand.
- Prospects of EU accession in July 2013 are expected to have a positive effect on country's economic growth and FDI inflows.

CHARACTERISTICS OF THE TOURISM INDUSTRY IN CROATIA

SNAPSHOT OF ACCOMMODATION SUPPLY

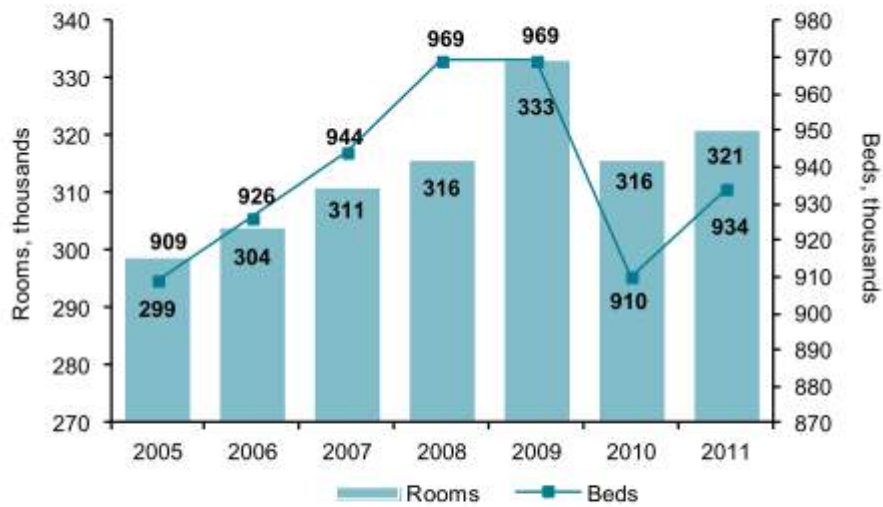
- In 2011, the total accommodation supply in Croatia included 2,189 units, representing 321 rooms or 934 beds, with nearly a half of the total bed number represented by the private accommodation.
- According to the Croatian Bureau of Statistics there were 618 hotels in the country in 2011, accounting for a quarter of overall room supply.

- The largest number of hotels are 3-star hotels, representing more than a half of the total hotel supply, 4 and 2-star hotels account for only 27% and 17% respectively. 5-star hotels account for only 4% showing the lack of high-end accommodation facilities on the market.
- The development of supply of hotel rooms and beds in Croatia is presented in the chart on the right. The room capacity has been growing at the Compounded Average Growth Rate (CAGR) of 1% between 2005 and 2011, reaching 321,000 rooms in 2011. It can be inferred from the post-crisis supply development data, that in 2011 the market has shown signs of recovery, with the supply of rooms and beds increasing by 2% and 3% respectively, when compared to 2010.

ACCOMMODATION SUPPLY IN CROATIA BY TYPE , 2011

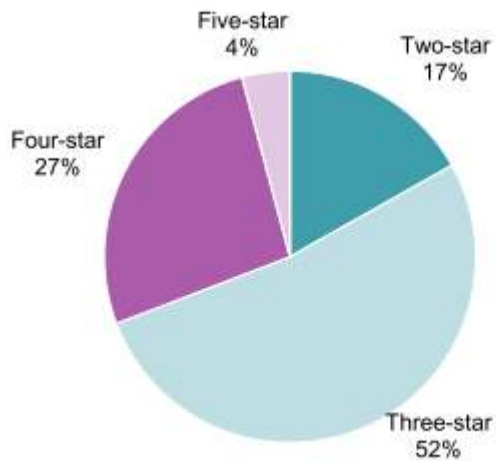
Type	Units	Rooms	Beds
Hotels	30%	27%	16%
Camping sites	10%	1%	7%
Private accommodation	-	60%	50%
Other	60%	12%	26%
TOTAL	100%	100%	100%

Hotel accommodation supply in Croatia, 2005-2011



Source: Croatian Bureau of Statistics

Hotels in Croatia by type, 2011



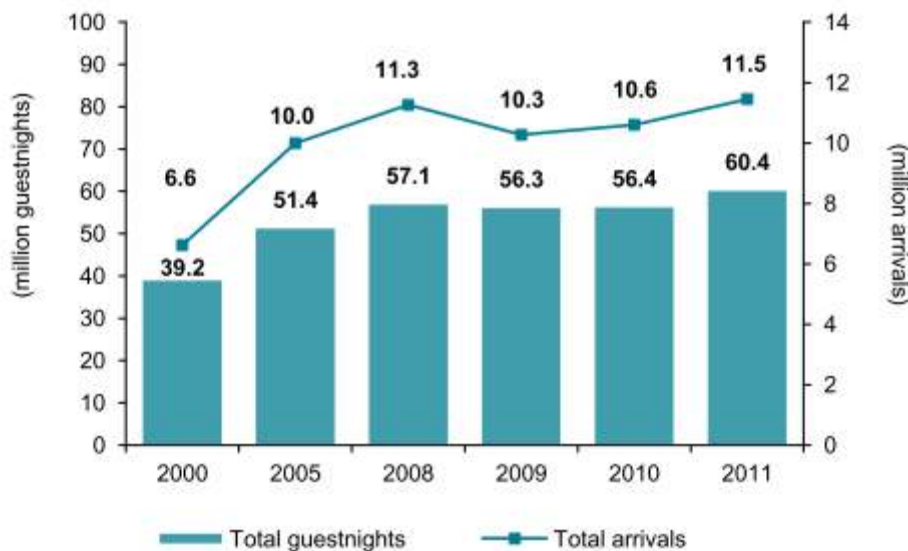
Source: Croatian Bureau of Statistics

TOURISM DEMAND

■ Tourism is one of the most important drivers of GDP growth in Croatia. As one of the most important tourist destinations in the Mediterranean, Croatia boasts a long standing tradition in tourism and shows great potential for development. The most important advantages of Croatia are preserved nature and environment, the naturally heterogeneous Croatian coast which allows for relaxation and accommodation in diverse settings, cultural and historical heritage, mild Mediterranean climate and proximity to all European markets.

■ In 2011 tourist arrivals to the country exceeded 11.5 million which represents a CAGR of approximately 6% since 2000, while guest nights exceeded 60 million (a CAGR of 4.8%). The growth both in arrivals and guestnights in 2011 indicates that the tourism sector starts recovering from the crisis.

Development of tourism demand, 2000-2011



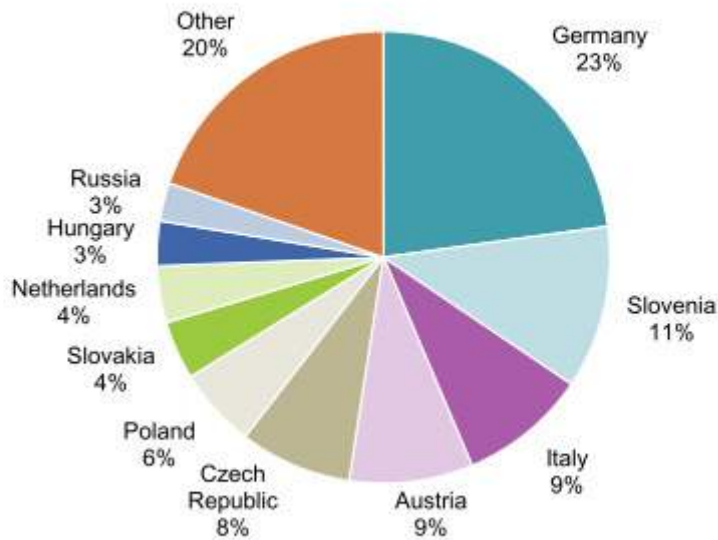
Source: Ministry of the Sea, Tourism, Transport and Development

NATIONALITY MIX

■ Croatia is favorably located to attract tourists from the key countries of Germany, Austria and Italy. Historically, Germany occupies the top position in the number of guestnights but Croatian tourism depends very much also on tourism from neighbouring countries (i.e. Italy and Slovenia). In 2011 most of the foreign guest nights were spent by tourists from Germany (23%), Slovenia (11%), Italy (9%), Austria (9%), and the Czech Republic (8%).

■ Although the guestnights registered to Russian visitors make up only 3% of all guestnights, these guestnights have increased by approximately 9% since 2010, outlining the increasing importance of the Russian market.

Nationality mix by guestnights, 2011



Source: Ministry of the Sea, Tourism, Transport and Development

REGIONAL DISTRIBUTION OF GUESTNIGHTS

- The centre of tourism in Croatia has always been the Adriatic coastal area (mainly for leisure purposes). The city of Zagreb is visited mainly for business purposes or plays only a minor role in the country's tourism.
- Istria is the top performing region in terms of tourism, with almost 2.9 million tourist arrivals and over 19 million registered guest nights in 2011, followed by the county of Primorje-Gorski Kotar where 2.4 million tourist arrivals and 11.7 million guestnights were registered. Considering that Istria has the highest supply of accommodation facilities in Croatia, it is not a surprise that it also takes the top position with the highest number of guestnights.
- In 2011, all counties managed to increase the number of guestnights registered in the region, the biggest change was witnessed in the Split-Dalmatia county as the number of guestnights rose by 9.5% in 2011.

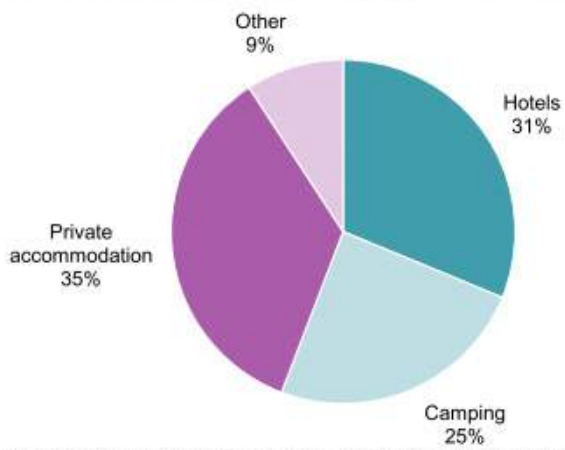
DEMAND FOR HOTEL ACCOMMODATION

- More than a third of all visitors to Croatia chose to stay at private accommodation during their visit, with more than 21 million guestnights registered in 2011.
- Hotels were selected as the accommodation option by approximately a third of country's visitors.

Distribution of guestnights by region, 2011



Distribution of guestnights by type of accommodation, 2011



Source: Ministry of the Sea, Tourism, Transport and Development

OPERATIONAL INDICATORS

- Croatian tourism is characterized by high seasonality along with a short length of the season. Tourist arrivals are highly concentrated in the summer period, reaching its peak in July and August, with June and September as shoulder months. During the peak season, occupancies are consistently high, mostly due to the foreign tourists arriving in Croatia.
- The short season is the result of a lack of diversification of tourism products. Current tourism supply offers generally “sun and sea”, with a poor range of products offered in off-season periods.
- According to interviews conducted with hotel experts, branded 5star properties along the eastern Adriatic coast achieve an occupancy rate of 40-65% and an Average Daily Rate (ADR) of EUR 110-350.