

# INVESTMENT PROPOSAL

Development in Europe  
Lithuania

  
Ažuolė





# INVESTMENT PROPOSAL

## Development in Europe Lithuania

**OBJECT:** premium class recreational residential complex in Vilnius district  
of Lithuania (hereinafter referred to as the PROJECT)

PROJECT TERRITORY is located right on the border of Vilnius, the capital of the Republic of Lithuania, in a prestigious and environmentally clean forest-park terrain. As far as around 200 years ago people used to plant oaks (AŽUOLAI in Lithuanian) here, which are traditionally considered in Lithuania to be a symbol of strength and reliability

### PROJECT BRAND

"AŽUOLĖ" - ancient, rarely found Lithuanian female name deriving from the word "oak" (registration certificate ®)

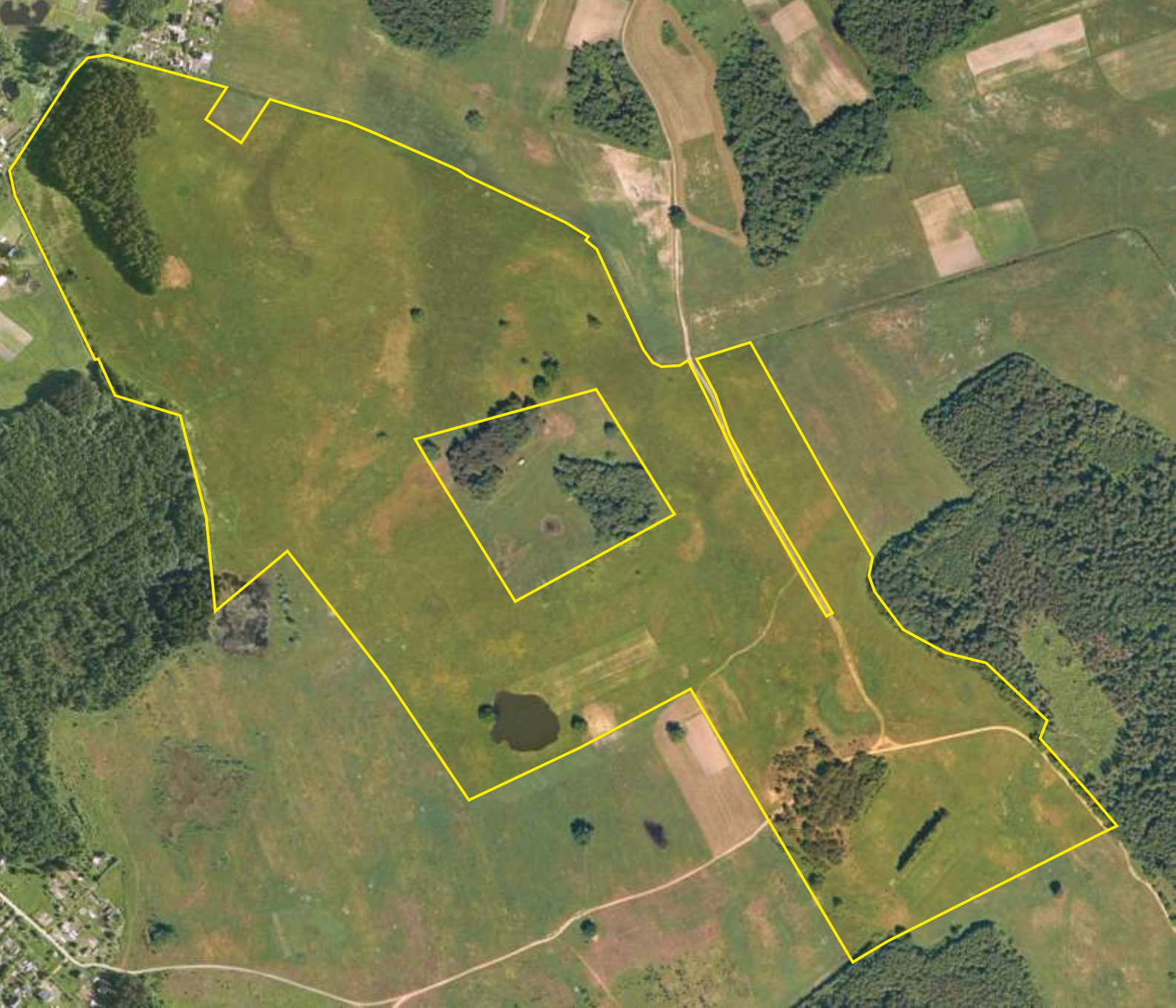


### Purpose of the PROJECT

Development of any of the following objects (at the choice of the INVESTOR):

- ❖ Spread-out low-storey hotel complex of **up to 87,000 sq. m** area
- ❖ Suburban cottage-type housing community with well-developed social infrastructure. Housing area – **up to 50,000 sq. m**, commercial area - **up to 37,000 sq. m**
- ❖ Multifunctional recreational commercial complexes (medical centers, health resorts, rehabilitation facilities, country recreation centers, suburban business centers, leisure centers, sports training facilities and etc.) with the total development area of **up to 87,000 sq. m**





### Initiators of the PROJECT

UAB "HERSTĖJA" and UAB "12 GROUP", Lithuania

- legally and economically unassociated companies established **exclusively for the purpose** of development, coordination and implementation of the PROJECT
- develop the PROJECT on the land belonging to them by right of **property ownership**
- have a creative team of **leading Lithuanian specialists** in the field of architecture, engineering design and land use planning
- have **an established team of the PROJECT managers**

The founders (of the companies) have

- extensive professional experience in the field of **construction** and **its management**
- experience in **implementation** and **management** of projects
- experience in **management** of investment projects
- business connections** in civil engineering industry and related sectors
- experience in **liaison and coordination** with state and supervising authorities

## PROJECT development results and State support

- The decision of the Municipal Council of Vilnius district of 29 December 2008 granted the PROJECT a **Priority status** for development of Vilnius district of Lithuania
- The decision of Administration of Vilnius District Municipality of 25 February 2011 **included the PROJECT territory** in a "Special plan for development of engineering infrastructure and roads of Vilnius district" and in a "Special plan for development of landscape of Vilnius district" as **an urban growth territory**
- The PROJECT has been **approved** by the Resolution No. TP1-1823 of 31 August 2011 and the official notification of 28 September 2011 by the State Construction Inspection of the **Lithuanian Ministry of Environment**
- On 8 October 2008 the PROJECT received official **support of Head of Administration** of district, on the territory of which the PROJECT is located

## Features of the PROJECT

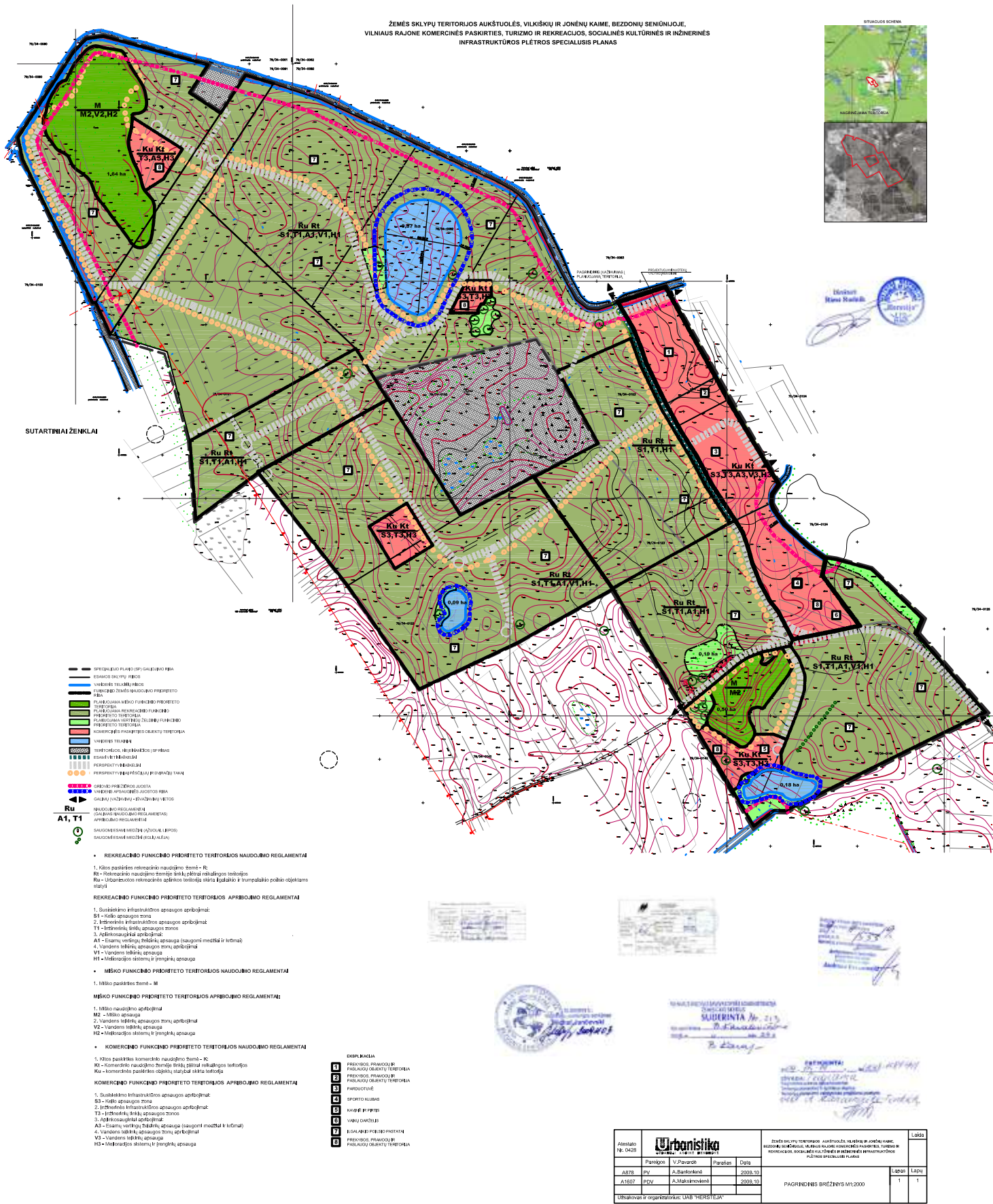
- one of the largest development objects** of real estate in Vilnius region of Lithuania
- to occupy the only **vacant niche on the Lithuanian real estate market** as a premium class object meeting **international ecological standards**
- utilization of post-crisis **reduction of construction costs** and **labour costs** in Lithuania, as well as favourable possibilities emerging in **the period of Lithuania's transition to Euro zone** coinciding with commencement of sales
- focus on enhancing **social-cultural infrastructure** and **increasing employment level** of population in Vilnius district of Lithuania

## Current status of the PROJECT

- All technical design approvals have been obtained
- Permissions to start implementation of Stage I construction work (see further) have been received
- Architectural solutions for country cottages, mini hotels, commercial and social objects have been developed
- Landscape project have been designed



Special PLAN of the PROJECT



Legal form of investments

- Purchase of block of shares of UAB "HERSTĖJA" and UAB "12 GROUP" by the Investor
- Investment in development
- Project financing (financing from incoming cash flows)

Possible additional sources of financing

Bank loan with 4-5 % interest rate from a Lithuanian bank

Composition of investment

- acquisition of shares of UAB "HERSTĖJA" and UAB "12 GROUP"
- construction of roads and utility network
- marketing of the PROJECT
- arrangement of sales
- running costs

Mode of investment

Step-by-step funding in accordance with a calendar work schedule

What the INVESTOR gets

- up to ..... % of **profit** on invested capital for a period of 4-6 years
- a block of shares** and a share in the Authorized capital of UAB "HERSTĖJA"
- a block of shares** and a share in the Authorized capital of UAB "12 GROUP"
- a possibility of conducting any kind of **commercial activity** (within the framework of the Articles of Association of the Lithuanian company's) in the **territory of Lithuania** and the **European Union**

GUARANTEES

In case of liquidation of the Project the INVESTOR will gain **rights of ownership** to the land lot, the area of which is defined by his interest share in the Authorized capital of each of the Lithuanian companies



[illegible]

The **idea** of combining an inherent need of inhabitants of Lithuania to have their own country estate or cottage with aspiration of persons accomplished in business, science or culture to choose and raise exclusive demands to social environment, level of comfort, and **habitat** lies at the bottom of the PROJECT.

- ✳ Chief Architect of the PROJECT is one of the most **renowned Lithuanian architect** (the author of the restoration project of the Presidential Palace of Lithuania and the Lithuanian largest leisure centre "Belmontas"), whose services are in high demand by the **Lithuanian elite**
- ✳ **a professional and creative team** of highly qualified pros with **extensive practical experience** in implementing **orders by the Lithuanian elite** works on the PROJECT

1. **Restricted access territory** for comfortable countryside cottage-type houses with comprehensive services run by its own administering company
2. **Free access zone** with commercial, recreational, social-cultural, leisure, etc. objects\*

\* list and designation of the objects can be modified by the INVESTOR



# Utility networks PLAN of the PROJECT



## Main specifications of the PROJECT

- Gross area:** 32 land lots with total area of **39 ha**
- Location:** Lithuania, Vilnius district,  
North-Eastbound of capital of Lithuania Vilnius (Nemenčinės Highway)  
2.5 km from Vilnius border  
18 km from Vilnius downtown
- Land title:** property ownership
- Location features:** prestige (can be compared to Rublevskoe Highway near Moscow), virgin nature, lakes nearby, surrounded by forest, high level of ecology, strategic location (natural isolation of the territory and optimal remoteness from the capital city) (See "Presentation of the PROJECT territory" CD)
- Exclusive feature of the location:** protected ancient oaks

**Land use:** recreational for residential development; recreational for parks and resting areas; commercial; forestry for forest parks; utility networks

- Number of land lots of **recreational land use for development of countryside cottages** (up to 50,000 sq. m) - 18 (total area – 23.32 ha)
- Number of land lots of **recreational land use for parks and leisure areas** – 3 (total area – 4.17 ha)
- Number of land lots of **commercial use** for development of leisure, commercial centers, administrative buildings, café, department store, SPA centre, kindergarten, etc. (up to 37,000 sq. m) - 6 (total area – 4.1 ha)
- Number of land lots of **forest parks** - 2 (total area – 2.14 ha)
- Number of land lots of **utility networks** - 3 (total area – 5.24 ha)

The PROJECT provides for all necessary **modern utility networks:**

- centralized municipal electric power supply
- local centralized water supply, sewage, wastewater treatment
- geothermal heating supply
- telecommunications
- security, fire-fighting and irrigation systems







1. Big social and cultural, sports and recreational complex and commercial centre containing: gyms, entertainment centres for youth, studies and facilities for visiting conferences and corporate meetings, cinema hall, medical office, store, etc.
2. Small recreational complex: cafe, bath and dance hall;
3. Small architectural elements;
4. Administrative building for security and service of sports, entertainment and commercial complex;
5. Suburban cottages/mini-hotels;
6. Kindergarten and children day care centre;
7. Administrative facility: technical premises, premises for administration and security, accommodations for the manager of the closed residential area;
8. Water channel;
9. Linden alley with a walking path;
10. Tennis courts, sport and rest areas;
11. Recreation building with banquet hall
12. Forest-parks
13. Spa-centre: Finnish, Russian and Turkish baths
14. Mini-parks

## General Plan of the PROJECT

Location of object



### LEGEND:

<span style="color: red;">.....</span>	Restricted area border for suburban cottages of mini hotel typ
<span style="color: purple;">.....</span>	Border of adjacent areas
	Main roads and streets with sidewalks and bicycle roads
	Sidewalks
	Current woodland
	Current areas of green planting
	Projected areas of green planting
	Projected squares
	Projected green planting
	Secured age old oaks
	Current impoundments
	Current melioration channel
	Projected impoundments
	Projected facilities (mini hotels)
	Projected facilities for commercial use
	Recreation area
	Children play ground
	Sports ground
	Parking
	Element of small architecture



# 1 Visualisation of the PROJECT



**Stage III** (2014 - 2016., project financing from construction contracts):

- ✦ Construction of countryside cottages of up to 50,000 sq. m total area
- ✦ Construction of commercial objects and social infrastructure objects of up to 37,000 sq. m total area
- ✦ Establishing Administering company for comprehensive management of households' territory and administering commercial objects and objects of social infrastructure

## STAGES of implementation of the PROJECT, requiring stage-by-stage financing (on example of development of cottage housing community with sales of land lots with construction contract)

**Stage I** (2012 - 2013, full financing):

- ✦ Construction of asphalt access road
- ✦ Reconstruction of irrigation system and equipping ponds
- ✦ Connecting to centralized municipal power grid
- ✦ Laying of power supply lines, telecommunications
- ✦ Construction of local centralized utility network
- ✦ Preparatory work for geothermal heating supply
- ✦ Landscape work (stage 1: ground work and division of land)

**Stage II** (2013 - 2014 , full financing):

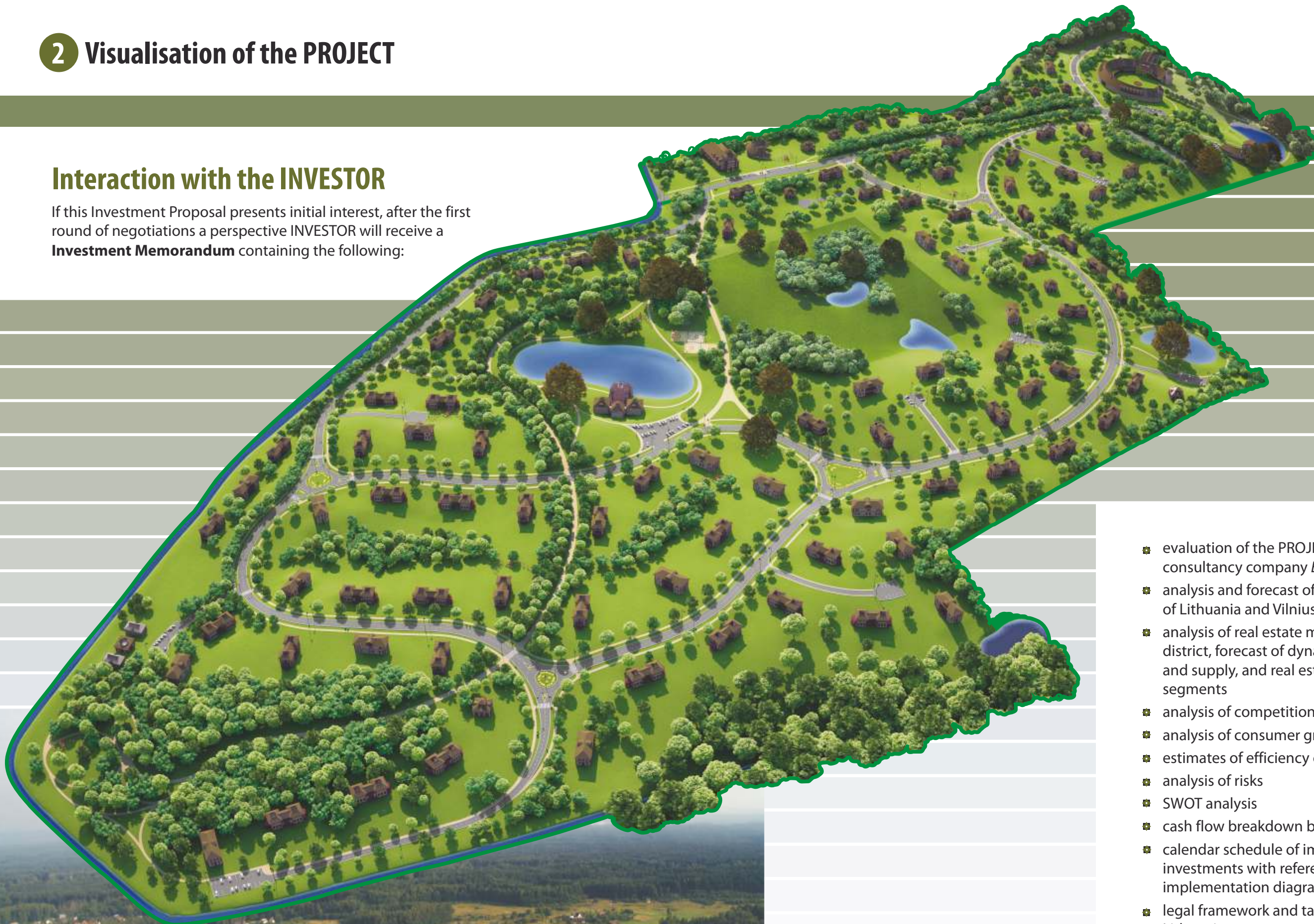
- ✦ Construction of streets and street lighting
- ✦ Landscape work (stage 2: planting trees and shrubs, landscape beautification, aesthetic lighting, etc.)
- ✦ Sales of 101 land lots with construction contracts of 23.32 ha total area for countryside households
- ✦ Sales of 6 commercial land lots with construction contracts of 4.1 ha total area



## 2 Visualisation of the PROJECT

### Interaction with the INVESTOR

If this Investment Proposal presents initial interest, after the first round of negotiations a perspective INVESTOR will receive a **Investment Memorandum** containing the following:



- ✦ evaluation of the PROJECT by international consultancy company *ERNST&YOUNG*
- ✦ analysis and forecast of economic growth of Lithuania and Vilnius district
- ✦ analysis of real estate market of Vilnius district, forecast of dynamics of demand and supply, and real estate prices in its segments
- ✦ analysis of competition environment
- ✦ analysis of consumer groups
- ✦ estimates of efficiency of investments
- ✦ analysis of risks
- ✦ SWOT analysis
- ✦ cash flow breakdown by period
- ✦ calendar schedule of implementation of investments with reference to the project implementation diagram
- ✦ legal framework and taxation system in Lithuania
- ✦ diagram of return of investments
- ✦ deal structure
- ✦ miscellaneous necessary information



## Picture gallery



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## CONTACTS

**Representative of initiators of the PROJECT:**  
The Baltic representative office of *ERNST&YOUNG*

### **PROJECT Initiators:**

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