

The Adriatic Capital Accumulation Fund LP

An opportunity to invest in a fund that has been established to exploit the investment opportunities available in the residential, logistics, warehousing and distribution property sectors within Croatia.

SPLIT



RIJEKA



25 - 30% IRR

The aim of the fund is to provide SIPP/SSAS and Private Equity investors the opportunity of investing in the process of land acquisition, planning gain uplift, development and sale of real estate assets in a market where there remains strong demand for this asset class. The fund will benefit from the support of an asset manager who has substantial experience in the development of real estate projects in Croatia and other markets.

Investment Summary

- Target IRR of 25-30% IRR per annum
- 3 stage value and capital gain process
- Initial targets identified in the Dalmatian and Istrian coastal region
- Focus on development projects for the buoyant 1st home residential market
- Portfolio diversified via multiple geographical locations, property sectors and different stage development opportunities
- To exploit the availability of high quality development sites and undersupply of quality residential property in and around Split & Rijeka

Fund Structure

- UK Tax Transparent limited partnership structure
- Available to Individual, SIPP, SSAS, Corporate, Charity & Institutional Investors
- 5 to 7 year closed ended investment fund
- Targeted \square 100 million Gross Development Value over 5 years
- Total fund raise approximately \square 25-30 million equity over the next three years
- Minimum Investment £50,000

● Market Opportunity

The Fund Project Manager believes that there remains a very good investment opportunity in real estate purchase in Croatia. Research indicates that there is still a substantial undersupply of high quality assets in certain sectors of the market which, the Fund believes, offers support for sales values despite the broader economic downturn. Reduced economic activity and a shortage of investment capital have put downward pressure on the costs of acquiring and developing such assets, thereby creating real opportunity in the region.

The Fund will invest in Projects in certain sectors of the market over the coming months where profit margins are increasing which in turn creates a window of opportunity for the delivery of real value for investors.

Although perceived as an 'emerging market', Croatia has made considerable progress in recent years in modernising its political systems and legal and economic infrastructure as part of the process of joining the EU (expected in 2011). As a result, the country offers the investment opportunities of a developing economy combined with a business environment modelled on - and culturally similar to - the countries of Western Europe.

In a number of asset classes, an imbalance of supply and demand offers attractive investment possibilities. For example, inward migration into the City of Split, together with the aspirations of the existing population to move out of legacy housing stock into more modern apartments, has created a need - according to the local authority - for substantial numbers of new homes over the next seven years.

● Fund Strategy

The Fund is managed by Emerging Market Property Limited and their associated project management teams in Croatia who are all experienced in delivering development opportunities within Croatia. The initial core business of the Fund is to create value with a number of key Projects utilising minimal capital. The management team will acquire land or development sites and take these through the various stages of the planning process in Croatia and/or by negotiating their acquisition at distressed prices below fair market value. The Fund will not invest in pure land-banking investments and will seek only land for development that already has appropriate zoning for use.

As value in Projects is created during the early, non-capital intensive stages of the development process, the Fund will reinvest this gain through retention of carried interests in ongoing Projects during their construction phase and/or through realisation of cash and re-investment in other Projects.

The Fund will move from carrying on a minimally-capitalised business in the early stages of its operation, exploiting early-stage development opportunities, to becoming a business with more substantial capital resources which will allow it to finance and develop a range of real estate investments.

When the Fund has created a mature business with substantial assets, the Fund will exit either by way of a listing on a recognised exchange, a sale of the Fund as a going concern or sale of the assets of the fund and a distribution to Fund Investors.

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The information given in this document is in summary form and no investment should be undertaken without you satisfying yourself on the merits of the individual scheme by examining the Information Memorandum. Applications will only be accepted on the Application forms attached to the Information Memorandum setting out the terms of the placing. In general investments are made available on a first come, first served basis but we reserve the right to allocate units at our absolute discretion.

The attention of prospective investors is drawn to the fact that the fund will be committing its funds to investments in property which may be of a long term and illiquid nature. Participations in the fund will not be quoted on any recognised or designated investment exchange and therefore there will not be an established or ready market in them and therefore will not be easily realisable.

YOUR ATTENTION IS DRAWN TO THE FOLLOWING:

- The price, value or income of or from securities may fall against your interests and you may get back less than you invested
- No personal recommendation is being made to you
The securities referred to may not be suitable for your circumstances and if you have any doubts, you should seek advice from your investment adviser
- Investments of this nature are not readily realisable and you may not be able to sell your stake at short notice
- Investment involves risk, in view of the long term illiquid nature of the investment it is deemed a medium to long term investment

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