

An aerial photograph of Hvar Island, Croatia, showing the town of Sućuraj and the surrounding coastline. The island is covered in dense green forest, with a small cluster of buildings and a harbor area visible. The water is a deep blue, and the sky is clear.

SANTO RESORT HVAR

Business Plan

Santo Resort,
Sućuraj, Hvar Island, Croatia

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For Pricing and Inquiries:

Matthew Rančić
+1 561 389 2704
internationallandmrgrs@gmail.com

1. SUMMARY

The idea of the Santo Resort project is the construction of luxury tourism facilities (hotel-apartment resort) on the island of Hvar. This investment will be developed in area that comprises of approximately 565.000 m² in the Martinovik Bay, Municipality Sućuraj.

The initiator of this project is Santo Cove Ltd.

COMPANY DETAILS:


COMPANY NAME: SANTO COVE Ltd
 REGISTERED OFFICE: Imotski, Ivana Raosa 3, CROATIA
 COMPANY ACTIVITY: Real estate
 LEGAL REPRESENTATIVE AND
 POSITION: Svetimir Gadže, Director

Santo Resort project is planned to consist of residential and hotel accommodation. Residential part includes villas and apartments with total of 245 units, 1.008 beds. Hotel accommodation includes hotel and aparthotel with total of 203 units, 500 beds.

The project concept targets an international market, mainly Germany, Poland, Austria, Czech Republic, Slovakia, UK and others.

Capital expenditure and financing the project

PROJECT DETAILS:

LOCATION: CROATIA – DALMATIA – ISLAND OF HVAR – MARTINOVIK BAY SECTOR
 HOTEL/APARTMENTS/VILLAS/RETAIL/TOURISM
 RESORT INVESTMENT: cca from € 240.000.000,00 to € 300.000.000,00
 LAND AREA: 56 hectares 
 BUILDABLE AREA: 18,8 hectares of buildable area (phase 1)

Construction Ends	2028
Sales Residential Begin	2024
Sales Residential Finish	2026
Exit all BU's	2029
Land Area	565.000 M2
Greenland Area	376.735 M2
Total Plot Area	188.265 M2
Total Area of all accommodation and ancillary facilities 56.400 M2	
Total gross area of all built buildings (phase 1)	150.400 M2

Capital costs for construction of resort (land costs and PD, residential, hotels and lodging, facilities, other construction, infrastructure and soft costs) are estimated to 215.000.000,00 euros(phase 1).

2. THE PROJECT LOCATION

FACTS ABOUT CROATIA

Croatia is Central European and Mediterranean Country and 28th EU member.

56.594 square kilometers, population of 4.28 million

It is a land of diversity; 1.777 mainland coast, 1.244 islands. The sea on Croatian beaches among the cleanest in Europe. Attractive culture, untouched nature, crystal clear sea, delicious food and wines, friendly people makes Croatia one of the most desirable destination.

Connections:

By road: 1200km of highways

By train: international connections to almost all European countries

By sea: ferry lines operate between Italian (Venice, Ancona, Pescara and Bari) and Croatian ports

By air: 8 international airports (Zagreb, Osijek, Pula, Krk/Rijeka, Zadar, Brač island, Split and Dubrovnik)



HVAR - THE SUNNY ISLAND

Hvar island is one of Croatian jewels, located in southern Dalmatia In vicinity of city of Split and Brač, Vis and Korčula islands.

Hvar is most popular Croatian island, known for its beautiful coast line, lavender fields, vineyards, olives and over 250 sunny days during one year. Parts of island, especially Hvar town and Paklinski otoci are widely known jet-set destinations visited every year by famous celebrities and business people making Hvar name known recognized in whole world. The island of Hvar, 77 km long and 3 km wide, is an hour and a half drive from Split and is very popular for summer tourism. It is connected to the mainland by a continuous ferry company Jadrolinija that connects the small harbor of Drvenik with the village of Sućuraj (30 minutes). In the next three years there will be also built a tunnel from Drvenik to Ravča.

Sućuraj exists more than 2300 years and through its history was many times totally destroyed and rebuilt. The first known inhabitants of Sućuraj were the Illyrians; their queen Teuta had a place here in 3rd century BC. In the 7th and 8th century the Croats who lived here till today colonized Sućuraj. Through its history Sućuraj was under many masters and different countries: Illyrians, Romans, Croats, Venice, French, Austrians, and Italians... Only in the 20th century Sućuraj was a part of 6 different countries.

The whole island of Hvar is characterized by a very natural habitat and is only lightly built, with the exception of the villages of Sućuraj, Pokrivenik, Stari Grad and Hvar (the largest town), where there are hotels and restaurants.

For the island of Hvar summer is the time of greatest influx of tourists, however the mild climate and the frequency of flights to major European cities provide an influx of tourists in the other months, mainly from northern Europe and those primarily interested in the Wellness care that has developed on the island as early as 1868.

In 1997 Traveller magazine included Hvar amongst the ten most beautiful islands in the world. Thanks to its open position, on an ancient waterway, in past centuries it became a meeting place for different cultures, which are still evident as traces and influences left by those who have lived in the past. Hvar is the Croatian name of the island; in Italy known as the island of Lesina. It is still one of the main destinations in Croatia, the longest of Dalmatia, targeted by travelers and tourists from around the globe. This is thanks to a variety of aspects that make it absolutely irresistible: first of all its mild climate and its wonderful natural beauty where one can admire unspoilt areas. To all this must be added the historical monuments located in the main town of the island and some interesting remains, such as fossils of an ancient reptile called Pontosaurus.

Immersed in the Adriatic sea, the island of Hvar is an exceptional natural site, famous for two aspects that have characterized it: the island of lavender and the island of wine. The first is linked to the presence of many lavender plants that flood the island, giving it its lovely scent. The second refers to the strong wine tradition that characterizes this area. In addition to tourism, in fact, are fishing and agriculture (mainly olive trees, rosemary, lavender and wine production) that ensure the economic livelihood of the island.

It is the completeness and natural beauty of the island that justifies its reputation. Idyllic beaches with crystal clear water, historic centres of great charm, areas of pure natural beauty, good food and lively nightlife,; these are the elements that characterize the island and make it unique.

Usually, most of the tourists reaching this haven are attracted by the sea and the endless sandy beaches of Hvar, scattered along more than 260 km of coastline. That is why the tourist crowds are greatest in the summer months, with warm temperatures that are never too muggy.

The island is almost flat, the highest point is reached at St. Nicholas, located 628 meters above sea level. The North and South of the island are very different: in the Northern part the island is dominated by rocks, while in the South the environment is almost deserted. The best way to really enjoy this fantastic island is to rent a car and tour, visiting the many interesting places. One could start a trip at the town of Jelsa, then through (Jelsa), Stari Grad (Stari Grad), Verbošća (Vrbošća) and St George (Sućuraj), to name but a few.

The origin of this island is connected to the Greeks and the Illyrians, but it did not become a tourism centre till the 1800's. It is also one of the few parts of Croatia which has sandy beaches, in contrast with the rocks and the boulders that characterize most of the seafront of this country.

The town of Hvar, known for its palazzi dating from the XIII-XVI centuries and gathered around a small and square marina, during the winter has a population of roughly three thousand people. In summer receives a flow of 30 000 visitors per day. The historic town of Hvar, which is also the nightlife centre, retains a Spanish fortress from the sixteenth century, a beautiful cobbled square with St. Stephen's Cathedral, the Clock Tower and a 16th arsenal, now transformed into an exhibition centre, a neo-baroque 400 year old theatre. A harmonious whole to which are now added artworks of a contemporary nature, such as the concept store Made in Hvar which sells jewellery of a new inspiration, on the main square in Hvar.

On the island there are no accommodation facilities similar to those being implemented by the applicant.

MRTINOVİK BAY

Located in an enchanting setting of a wild and unspoiled landscape, a characteristic of the island of Hvar, we find the basic elements of the property. These extend over a total of 56 hectares, harmoniously blending Mediterranean scrub into this beautiful Mrtinovik bay.

Dirt roads unravel through the property together with paths winding through several kilometers. Here there is plenty of to make the most of and to explore, where there is a plan for the construction of luxury resort of 18,8 hectares.

Mrtinovik bay is situated on the southeast side of near town of Sućuraj providing endless possibilities for developing all kinds of tourism-based projects.

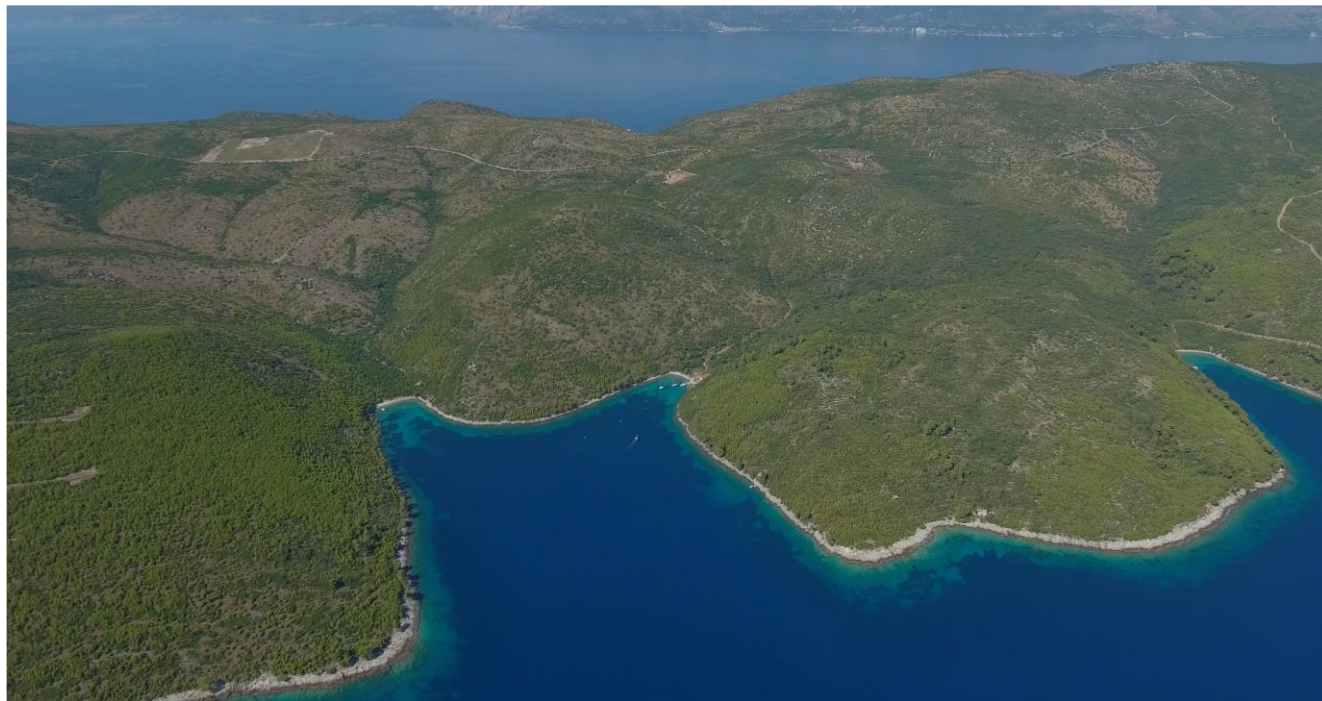
565 000m2 seafront land

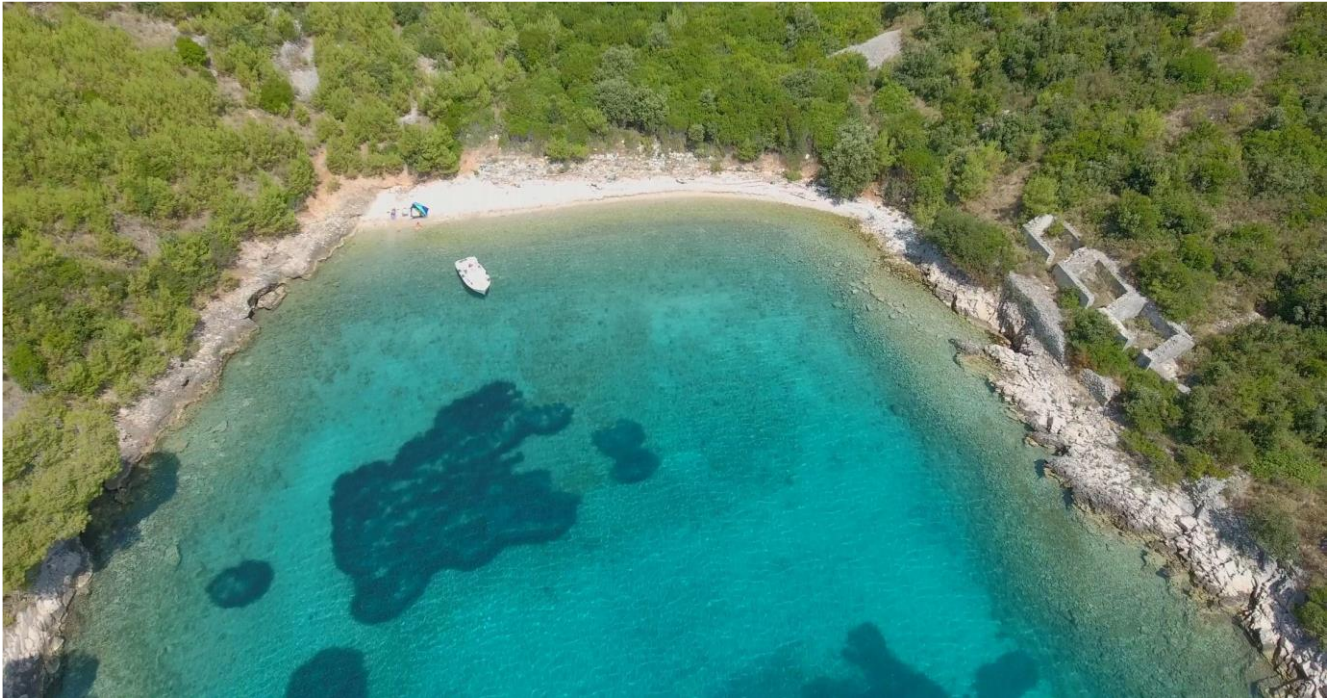
760 m of shoreline

188 400 m2 building area (T1 i T2 zone) – phase1

Beach facilities

Marina and mooring





3. MARKETING PLAN

OBJECTIVES AND STRUCTURE OF THE MARKETING PLAN

The main objective of the project is to transform the Santo Resort concept into a commercial & sales success. The structure and objectives are as follow:

- Marketing objectives and strategies: Business goal definition, market segmentation (demographic, lifestyle, geo-markets, buyer typologies) and selection of most relevant (targeting), positioning
- Tactics and actions: Sales objectives per year, financial goals and sales strategy. Value proposition four elements review: Branding and naming, RE and services, experiences and feeling, Resort Management Agency (RMA).

BUSINESS OBJECTIVE

Providing quality, lifestyle time and experiences in a natural, unspoilt and authentic environment to sophisticated, successful and innovative people through a well managed and natural, locally integrated luxury resort.

In order to achieve objective, we hold on our four guiding principles:

1. We want to feel luxury playing with nature. The true essence of luxury is in nature.
2. We want to enjoy life to the fullest. You only live once.
3. We don't imitate. We do innovate. Dreams cannot be copied.
4. We live... style. Our lifestyle is a life in style.

MARKETING OBJECTIVES & SOURCE OF VOLUME

MARKETING OBJECTIVE			
		Retention	Acquisition
SOURCE OF VOLUME	Stimulate demand	Increase consumption among current users	Attract new “category buyers”
	Steal share	Increase consumption among multibrand users	Attract new “Santo Resort buyers”

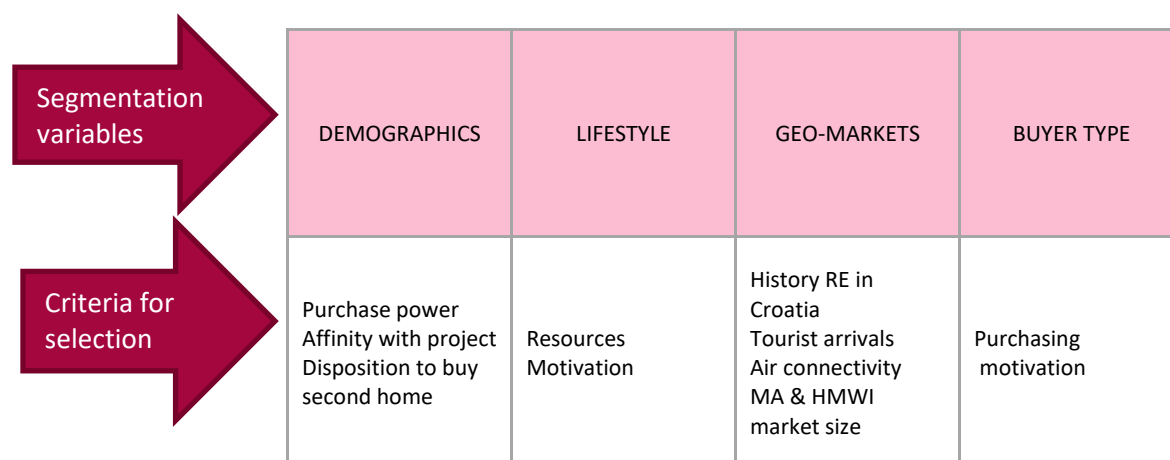
Santo Resort focuses in acquiring potential buyers looking for a second home in Croatia.

SEGMENTATION AND TARGETING

The project concept and objective regards the construction of luxury tourism facilities targeted at an international market, mainly UK, Germany, Italy, Poland, Czech Republic, and others as we presented in our Marketing plan.

Basing itself on demographic studies, the lifestyle of the customer type and geographic markets, we have created a resort project aimed carefully at his target client; a resort that respond in the best possible way to this market, taking into account two types of buyers: those who primarily want a holiday home and those who are primarily looking for a sound investment.

The resort address the expectations of the customers by understanding their values and their consumer profile.



Considering things said above, families and seniors are the most attractive targets from a demographic perspective while secondary targets are young professionals and young singles.

Our focus in term of lifestyle are achievers motivated by the desire for achievement, goal-oriented, well-educated people and innovators successful, sophisticated with high self-esteem, very receptive to new ideas & technologies.

Five key elements for selecting target markets are

1. GDP (per capita)
2. Distance from Hvar, Croatia
3. Second home affinity
4. Air connectivity
5. Living standard

Matthew Rančić
 +1 561 389 2704
internationallandmrgs@gmail.com

TARGETED GEO-MARKETS

GOLD 60%	SILVER 30%	BRONZE 10%
GERMANY	OTHER OLD EU	CHINA
POLAND	AUSTRALIA	NEW EU
AUTRIA	SCANDINAVIA	CROATIA
CEZCH REPUBLIC	RUSSIA	UAE
SLOVAKIA	USA	
UK		

Four different buyer typologies are:

1. Second residence buyer (Private residence, Exclusive holiday experience)
2. Fractional ownership (2-4 owners on shared ownership)
3. Investor (Real estate investor, likely buying off plan, rent management likely required)
4. Destinations clubs (looking for exclusive assets for their portfolio, buying multiple assets)

SALES OBJECTIVES

A total of residential units (villas, apartments and aparthotel) are planned to be pre-sold during the early stages of construction, in part through this aforementioned base of investors present amongst the members. The current strategy will be developed in more detail in the future.

Total demand of high end and luxury market ranges between 725 and 1550 average units/year depending on the market conditions.

Foreign demand for second homes in Croatia:

Optimistic scenario: 20.000units/year

Conservative scenario: 15.000 units/year

Pessimistic Scenario: 12.000units/year

To determine the potential demand of the Santo Resort we have analyzed seven different competitors as follows;

Private homes, The Residence at le Meridien, Sun Gardens Dubrovnik, Novi Spa & Hotel resort, Punta Skala, Croatian dream and Golf Park Dubrovnik based on following eight variables:

Price, proximity to airport, luxury level, service provided, variety of residences, landscaping, brand, number of properties.

POTENTIAL DEMAND

MARKET SHARE	
Private Homes	52%
Santo Resort	11-13%
Golf Park Dubrovnik	11-13%
Croatian Dream	11-13%
Sun Garden Dubrovnik	4-6%
Novi Spa & Hotel Resort	4-6%
Punta Skala	4-6%
Le Meridien	1-2%



SANTO RESORT POTENTIAL DEMAND	
Scenario	units/year
Optimistic	250
Conservative	200
Pessimistic	150

Analysis shows that the potential demand of the Santo Resort is approximately 200 units sold/year.

The management of the hotel and tourism facilities will be contractually assigned to an high-profile operator who, as well as taking responsibility for the management of the entire assembly of resort facilities, will also take responsibility for the management of that complex of buildings (villas, houses and apartments) outside the facilities, the rental aspects and servicing of which will be entirely their obligation.

DESIGN VALUE; BRANDING AND NAMING

Introduction to Santo Resort	<p>Santo Resort is a luxury and sophisticated mixed-used resort situated in Hvar Island –Croatia- which aim is to provide quality, lifestyle time and experiences in a natural,unspoilt and authentic environment to sophisticated, successful and innovative people through well managed and natural, locally integrated luxury resort</p> <p>Santo Resort offers a new, unique, different concept of resort, inspired by the splendorous, virgin nature that surrounds us. It is the pillar for a vibrant, energetic and exclusive lifestyle. The essence of our resort is luxury. This is the keystone that supports our activities. That is why our attraction is natural and enduring. Santo Resort is composed by 1500 luxury beds in 4* or 5* hotels, villas and apartments, and multiple recreational issues as spas, gyms, rests, etc.</p> <p>Santo Resort has developed an exclusive and intense portfolio of experiences that will be delivered throughout the resort</p>			
Brand objective	Santo Resort brand (name, logotype, isotype, claim) must show the character, the lifestyle and the soul of the resort			
Positioning adjectives for the Resort	Nature Lifestyle Community Energy	Vibrant Style Experience Personalization	Sandy beach Relax Balance People	Fresh New Cutting-edge Unmemorable

RESORT AND REAL ESTATE

VILLAS

The most prestigious product scattered over the resort



Privileged location spread throughout the resort, far from noise-generation areas.

3-5 bedrooms all with in-suite bathrooms, spacious living areas with multiple dining areas (in/outdoor).

Exclusive private facilities upon request.

Exterior facilities including a heated infinity outdoor pool, sun decks, terraces, garden, barbecue, children's play area.

Unit type	#Units	#Bedrooms	Total Beds	%	Unit size m2
Superior M	20	3	120	35%	362
Superior L	38	4	304	32%	451
Superior De Luxe	30	4	240	22%	538
Santo Standard	12	5	96	8%	797
	100		760		

THE APARTMENTS

Smaller but very sophisticated spaces



Located right on the heart of the resort.

Breathtaking views to the sea, the bays and the hills.

2-3 bedrooms apartments, living/dining area, full kitchen facilities and bathroom with jacuzzi and hydromassage tub.

Private shared pool and kids playground area.

Terrace or balcony. Parking space.

Unit type	#Units	#Bedrooms	Total Beds	%	Unit size m2
Superior M	25	1	50	9.4%	84
Superior L	20	2	80	15.1%	115
Superior De Luxe	60	2	240	45.3%	156
Santo Standard	40	2	160	30.2%	236
	145		530		

HOTEL

Luxury by Santo



Located right in the heart of the resort.

Breathtaking views to the sea, the bays and the hills.

Private shared pool and kids playground area.

Terrace or balcony.

Parking space.

Unit type	#Units	#Bedrooms	Total Beds	%	Unit size m2
Superior S	36	1	36	9.6%	25
Superior L	42	1	64	21.9%	36
Superior De Luxe	70	1	100	38.4%	47
Santo Standard	55	1	100	30.1%	75
	203		300		

HEALTH AND WELLNESS CENTRE

Sea, salt, herbs and ... more



Luxury health and wellness facilities

State of the art equipment

Prevention programs

Therapies

Anti-stress programs

16000m2 for health and wellness facilities

Possible joint venture with well known brands

in health tourism industry

All above mentioned units have a luxury positioning and could be sold at around 3.500-4.000€/m2.

Medium-sized villas in European top destinations are at about 4.000-7.500/ m2. Prices in Croatia are slightly lower in today's market but are expected to increase up to comparable European prices.

BEACH FACILITIES AND MARINA

The management of the hotel and tourism facilities will be contractually assigned to an high-profile operator who will be responsible for rental facilities.

Through UPU (Mrtinovik) is also defined marina area and mooring for this project.

TODAY PRICES IN CROATIA

The Residences at Le Meridien Lav: €4.000-5.500 / m²

Sun Gardens Dubrovnik: €4.000-5.500 / m²

Novi Hotel and Spa Resort: €3.500-6.500 / m²

PRICES IN OTHER RESIDENTIAL RESORTS WORLDWIDE

Aphrodite Hills (Cyprus): €3.000-7.500/ m²

Sotogrande (Spain): €3.700/ m²

Abama Resort (Spain): €4.500/ m²

Six Senses (Thailand): \$6.500/ m²

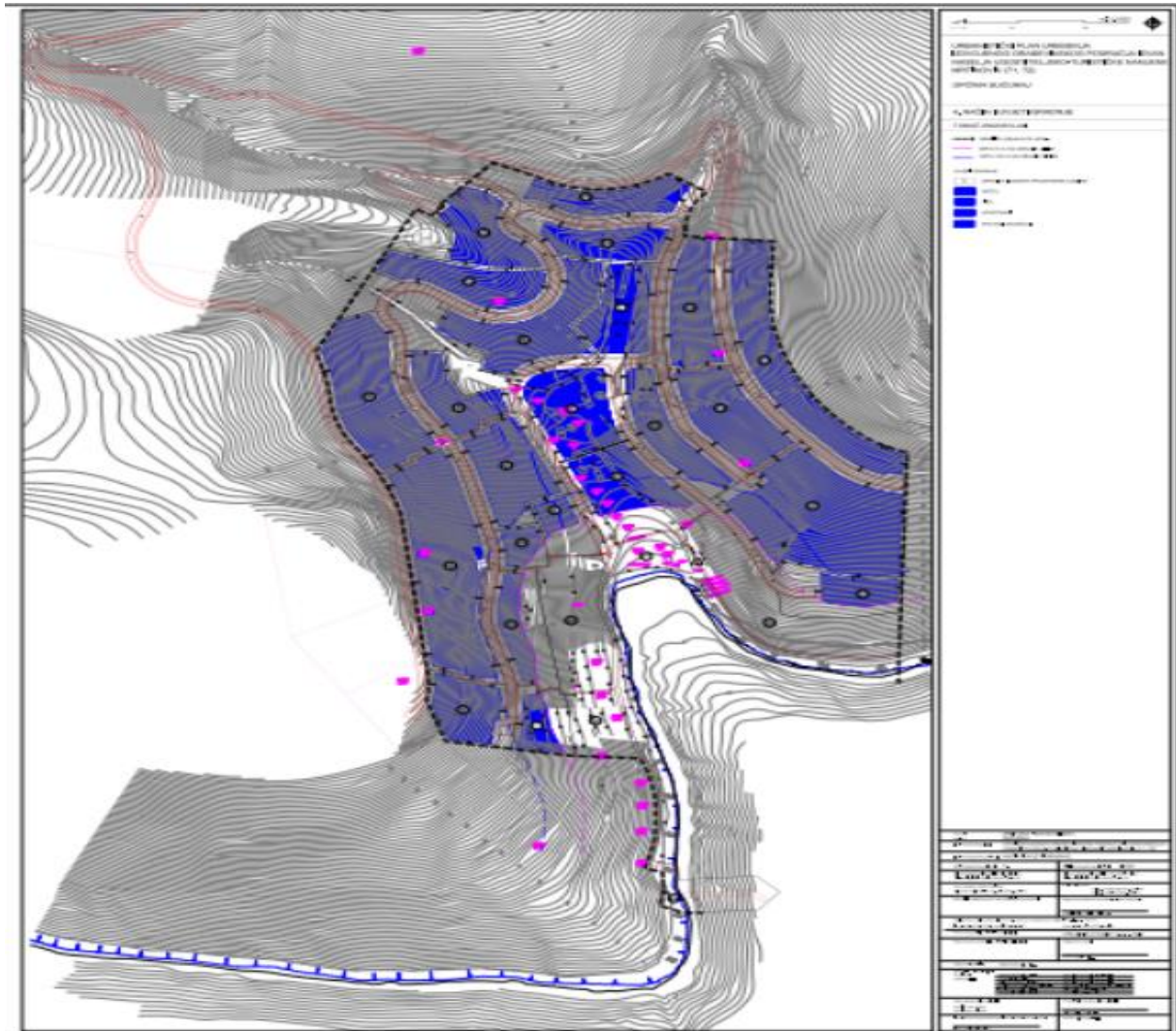
3 YEARS CASH FLOW ANALYSIS

Inflows hypothesis	Outflows hypothesis
<p>Real Estate sales payments</p> <p>Units sold are taken from sales objectives analysis. Each unit has an average of 163,28m². m² price is 3500-4000€</p> <p>Sales have this quarterly distribution</p> <ul style="list-style-type: none"> – Q1: 15% – Q2: 35% – Q3: 40% – Q4: 10% <p>Payment policy has been considered as follow:</p> <ul style="list-style-type: none"> –1st payment (deposit): 10% - made when sale are agreed –2nd payment (contract signed): 20% - quarterly after the deposit is paid –3rd payment (foundations are completed): considered in 2024 1Q. Afterwards, 1 month after deposit payment – 4th and 5th payments (constructions completed and hand over). 	<p>Value creation</p> <p>Materials developed for market test are useful for future uses as brochures, illustrations, and sales materials</p> <p>Value communication</p> <p>Payments on fairs and magazines are distributed depending on publication data or event data</p> <p>Direct marketing, marketing online, publicity and online marketing agency payments are distributed through the year as sales are generated</p> <p>Value delivery</p> <p>Commissions distribution</p> <ul style="list-style-type: none"> –RE Agents (45%) – 3% commission paid when payments from clients are received –Own sales force (45%) – bonus 2% over sales. Paid 50% when deposit is received, 50% when sale isn finished –Direct sales (19%) - bonus 4% over sales. Paid 50% when deposit is received, 50% when first pay is made

4EXPLANATION

1. In view of the coverage of the mainland part from the UPU "Mrtinovik", which is 18.80 ha and the construction coefficient (KIG) of the zone is 30%, it results that the total area of all accommodation and ancillary facilities is 56,400 m².
2. According to the UPU "Mrtinovik" regulations, the maximum number of floors of villas is basement + ground floor + 1 floor, hotels basement + ground floor + 5 floors. The height of the accompanying facilities for gastronomy and sport is 4 m. One or more basement floors can be built under the accommodation (villas, apartments, hotels) in total area of 150,400 m² (phase 1).
3. Since the planning of tourist zones is the responsibility of the regional plan of the Split-Dalmatia County, the legal possibility of enlarging these zones, if they are developed more than 80%, refers to the total area of these zones, which are planned in the regional plan, but not on every single one of the zones.
4. Any possibility of further enlargement of the area is always related to the procedure for amending the county plan. Each municipality can, by reasoned argument, propose a reduction in an individual tourist zone with the aim of increasing the area of another tourist zone in the same municipality or city, or the abolition of certain tourist zones whose areas are within the scope of this plan in the areas of other municipal self-government units can be planned to enlarge the existing ones or to plan new tourist zones. This is the only way to enlarge the tourist zone, because the total area of the tourist zones cannot be increased in the PPZ (regional plan of the county) and because the legal requirements in terms of their entire development are not met. The urban development plan of the tourist zone "Mrtinovik" was drawn up on the basis of the now no longer valid "Law on Spatial Planning and Construction", which, with regard to the planning of tourist zones (T1 and T2), required that part of the accommodation be Hotel facilities had to be planned. In T1 zones there was an obligation that at least 70% of the accommodation capacities had to be planned as hotel facilities, and in T2 zones at least 30% of the accommodation capacities had to be planned as hotel facilities. Such a provision, which was considered restrictive in the planning of tourist areas, is not prescribed (repealed) in the "Spatial Planning Act", and according to the law, these provisions will be repealed by new amendments to the Split-Dalmatia County Spatial Plan. This implies that in the future planning of tourist zones, the investor can freely decide on the type of number of accommodation facilities in accordance with his program for the development of tourist zones, according to the specific accommodation capacities of the zone. With regard to the further development in the objectives of the implementation of projects for the construction of the tourist zone "Mrtinovik", it should be examined whether the investment program for the development of the zone can be implemented by the provisions of the current UPU "Mrtinovik", which requires the construction of important hotel accommodations (2 hotels), or through amendments to the UPU "Mrtinovik", deletion of the

corresponding provisions, **which**, as stated above, leave the investor the free choice to determine the **type and number of accommodation facilities**.



For Pricing and Inquiries:
Matthew Rančić
+1 561 389 2704
internationalandmgrs@gmail.com

