

INVESTMENT POTENTIAL 2007

Obelisk[®]

SLOVAKIAN PROPERTY MARKET

A World of Opportunities[™]

Full due diligence is carried out on all prospective and selected projects in whichever way is deemed appropriate. This may include extensive research and analysis, market comparisons and onsite inspections, and ensures all projects presented to investors have undergone a robust selection process. A thorough assessment is made both on the developments chosen as well as on the developer who is responsible for the construction and delivery of the projects. Due diligence in this area can include site inspections of both current projects in progress and previous work completed by developers.

Obelisk has a policy of recommending only those projects where they are prepared to invest themselves. This investment by the company is just one of the ways Obelisk demonstrates their commitment to the quality of their selected projects.

DISCLAIMER AND NOTICE

The material contained within this document has been prepared for information purposes only. Information contained herein is not to be relied upon as a basis of any contract or commitment. The information is not to be construed as an offer, invitation or solicitation to invest and opinions expressed are subject to change without prior notice. Information contained herein is believed to be correct, but cannot be guaranteed. In case of queries or doubt you should consult an independent investment adviser. No personal recommendation is being made to you and the past is not necessarily a guide to the future.

The magazine in its entirety – text, images, marks, graphics, logos, buttons, combinations of colours, and the structure, selection, ordering and presentation of its content – is protected by the legislation on intellectual and industrial property, it being forbidden to reproduce, distribute, publicly disseminate or transform it, except for personal private use. It is also forbidden to reproduce, relay, copy, assign or broadcast, in whole or in part, the information contained in this magazine, for whatever purpose and by whatever means.

SLOVAKIA INVESTMENT POTENTIAL 2007

Slovakia has one of the fastest-growing economies in Central Europe.

— Slovakia has one of the fastest-growing economies in Central Europe. With a huge shortage of properties, the real estate market is rapidly growing with soaring property values. Slovakia's capital, Bratislava, offers attractive investment potential in the old town, with strong rental returns, while rural properties are still keenly priced. Construction of new apartments is taking place at a pace never seen before, with over 15,000 apartments having begun construction in 2006 alone, according to Property Advice Support Services.

Since independence in 1993, tourism in Slovakia has seen significant growth, despite the country's relatively underdeveloped tourist industry in comparison with its neighbours. The government's strategic development plan 'Tourism Development Strategy of the Slovak Republic until 2013' highlights its commitment both to addressing the structural problems within the industry and to developing a sustainable tourism industry (Source: Mintel International, August 2006). According to the Statistical Office of the Republic of Slovakia, the first four months of 2007 recorded 659,298 tourist arrivals and 2,036,717 overnight stays, representing a solid 8% increase, when compared to the same period in 2006.

Slovakia's entry into the EU in 2004, has presented the country with huge potential for growth in its tourism industry, greatly improving access to the vital EU marketplace.

— Slovakia's entry into the EU in 2004, has presented the country with huge potential for growth in its tourism industry, greatly improving access to the vital EU marketplace, with relaxed border controls, easier access for EU citizens, and financial support from European Union funds for development of the tourism sector (Source: Mintel International, August 2006). At the same time, the country has benefited from increased availability of budget flights to all parts of Europe. Air connections to Slovakia have almost doubled year-on-year, with international connections to Bratislava airport from cities throughout western and Eastern Europe, as well as the Middle East. There are also regular scheduled flights to the Tatras Mountains, Kosice and central Slovakia.

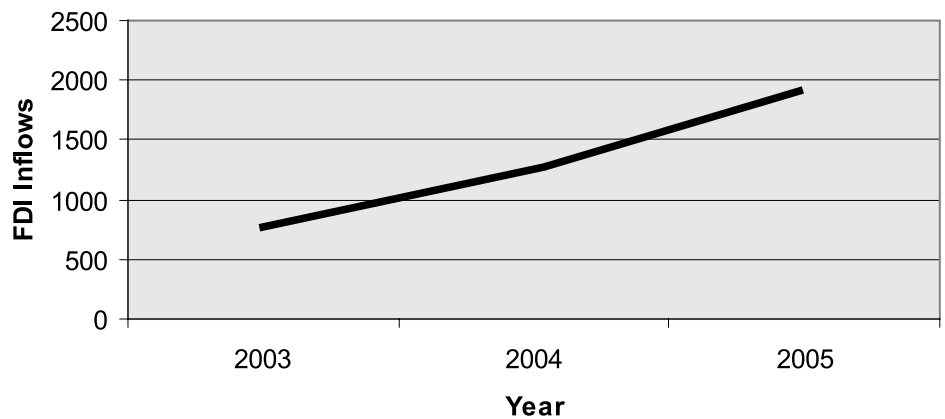
Tourist visits to Slovakia have increased markedly, with more than 500,000 visitors a year by the late 1990s. Despite a lack of overseas promotion of Slovakia's tourist attractions, the country has demonstrated a latent potential by attracting increasing numbers of both foreign and domestic travellers, with revenues increasing 6% in 2005, against a 5% increase the previous year. According to the World Travel and Tourism Council, Slovakia's travel and tourism is expected to grow by 3.8% in 2007 and is on target to generate a solid average of around 5% per annum between 2008 and 2017.

Slovakia has attracted substantial inward investment, since joining the European Union.

The sector is predicted to contribute 14.9% of GDP in 2007, with a total of 309,000 jobs in the sector equating to 13.1% of total employment. The Slovak government aims to create favourable conditions for the development of the hotel industry, and the tourism sector as a whole, with the objective of increasing the sector's contribution to the nation's GDP.

Slovakia has attracted substantial inward investment, since joining the European Union. Multinationals keen to invest in the central European region are drawn to Slovakia for its low labour costs, low taxation and political stability. Inward foreign investment reached €2.2 billion in 2005, representing an astounding 100% increase on 2004's figures. In 2006, the World Bank described Slovakia as the fastest transforming business environment in the world, with comparisons already being drawn to Ireland's economic transformation in the 1990s. In the same year, the government applied a flat 19% tax rate, which has substantially increased its attractiveness to international investors.

FDI inflows

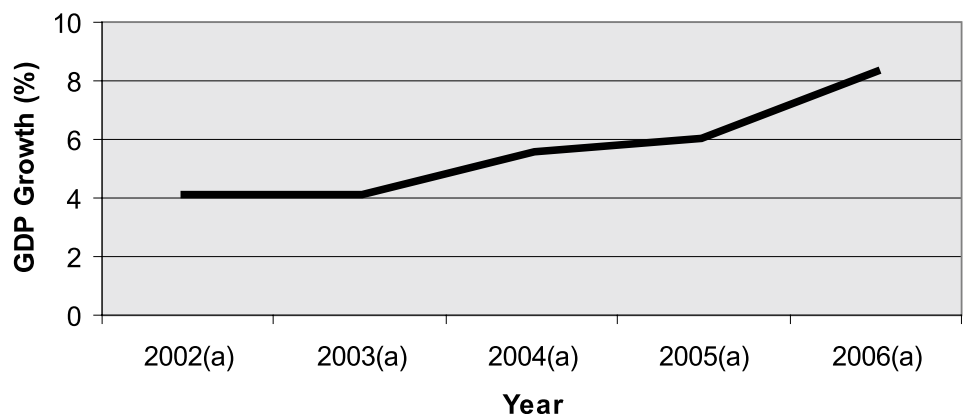


Source: United Nations Conference On Trade And Development

The Economist has noted accelerated economic growth, with an 11% increase in average disposable income in 2005. Purchasing power is still relatively low, at 51% of the EU average, but is higher in the Bratislava region (Source: Slovak Spectator).

The National Bank of Slovakia has predicted an average growth rate of 5% per annum for the Slovak economy over the medium term. The country has been one of the region's strongest economic performers over the last few years, with the government focusing on prudent economic policies, and the adoption of the Euro in January 2009, firmly in its sights. This commitment to strong economic management has secured investor confidence, and should see the country continue to perform strongly. The May 2001 economic program established by the Slovak authorities in conjunction with the International Monetary Fund, projects GDP growth to rise to 8.75% in 2007, and to level out at 7% by 2009. The Ministry of Finance, meanwhile, is expecting economic expansion to outpace the assumptions in the 2007–2009 budget framework, while investment is buoyed by foreign direct investment financed projects.

GDP Growth in Slovakia



Source: Economist.com

Property prices in Bratislava increased significantly just before Slovakia's entry into the EU, in May 2004, with many properties recording value increases of over 50%.

Along with economic expansion, the property market has also seen substantial growth. The Global Property Guide has declared Slovakia to be a good opportunity for overseas property investors, with low rental income tax and no capital gains tax on long-term property holdings. Slovakia is one of Europe's most attractive real estate investment propositions.

Property prices in Bratislava increased significantly just before Slovakia's entry into the EU, in May 2004, with many properties recording value increases of over 50%. Prices in Bratislava are still keen when compared with Prague or Budapest, and offer excellent potential for capital appreciation in the medium to long term, according to CB Richard Ellis. The Global Property Guide estimates average rental yields across the country at 10.06%, with central Bratislava apartments yielding between 10% and 11% with slightly lower yields for new houses in the suburbs at 8% – 9.2%.

The Slovak real estate market as a whole has achieved 15% growth for several consecutive years with some developments recording an impressive 30% rise in value from 2005 - 2006.

The Slovak real estate market as a whole has achieved 15% growth for several consecutive years with some developments recording an impressive 30% rise in value from 2005 - 2006, and with similar growth predicted for the longer term. The combination of comparatively low property prices (when compared to Western Europe and its immediate neighbours) and the country's central location - Bratislava only 30 miles from Vienna and two hours drive away from Budapest - make it highly attractive to investors. The country's rapid economic growth, with the low risk, high transparency and predictability of the real estate market make it likely that property prices will rise more rapidly than forecast.

Governmental reforms have created a strongly pro-investment economic and legal framework. Multinationals, encouraged by governmental policies and by the country's strong economic performance overall, have relocated offices to Slovakia, further driving the property market, particularly in Bratislava and other cities. The growth of both domestic and foreign tourism has seen increased property prices in the key ski and spa resorts, with a burgeoning holiday property rental market underpinning future returns to property investors in these key locations.

PURCHASE PROCESS

Below is the standard property purchase process in Slovakia, with issues that may affect the purchase:

- The buyer is expected to pay 10% of the purchase price as deposit to secure the property, and to commence the legal processes. At this time, the pre-purchase agreement is signed between the parties
- The Cadastral Register ("kataster nehnuteľnosti") discloses the property owner, and indicates the extent to which the land is encumbered with mortgages and other forms of legal encumbrances. All Slovak estate agencies require the seller to provide a Kataster paper that contains the legal state of the property before selling.
- The Kataster paper cannot be older than three months, to safeguard the buyer from any legal disputes. It is advisable that the buyer requests a copy of this paper before paying the rest of the balance. The title deeds are then transferred to the buyer's name after a period of four weeks.

The cost of a standard property purchase in Slovakia includes the following:

- Slovakia levies a real estate tax on companies and individuals owning land, buildings, flats or apartments, and non-residential premises in residential buildings, such as blocks of flats or apartments.
- In general, the tax liability depends on the area of ground occupied by the real estate in square metres, the number of floors, the nature and purpose of the building and its geographical location.
- Corporate owners of real estate are subject to corporate tax on profits realised on the sale of real estate at the normal corporate income tax rate of 19%.
- There is no specific capital gains tax.
- Real estate transfer tax has been fully abolished for transactions taking place on or after 1 January 2005.

THE OBELISK ADVANTAGE

As Obelisk approaches its projects purely from an investment perspective, its priority is to deliver each real estate product with an emphasis on simplicity and transparency throughout the purchase process. Therefore, Obelisk has already identified the purchase procedure for its clients as a simple, four step process:

- 1) The client chooses and reserves the unit that best suits their investment requirements, and Obelisk takes the client through a compliance procedure.
- 2) An independent lawyer, sourced and appointed for the client by Obelisk, will have already carried out full due diligence on the real estate product. They will issue all purchase contracts and paperwork to the client.
- 3) On receipt of this contract, the client will sign and make the first payment. The lawyer will notify the client of all further payments when required.
- 4) The appointed lawyer will also represent the client in all aspects legally required within the country of purchase, ensuring that clients of Obelisk enjoy the benefits of simple and hassle-free real estate investment.



CONTACT OBELISK

Find out more about how Obelisk's team of trained professionals can help you make the most out of your investments and introduce the most exciting and cutting edge opportunities available in the real estate investment market today.

Simply call from anywhere in the world and a Consultant will be available to discuss your personal investment needs.

Whether you are an individual, smaller investor looking to start creating your real estate portfolio, or a seasoned group of investors looking for a new and cutting edge strategy in real estate investment, Obelisk can help you realise your investment goals.

CALL US FREE

Free from UK:
Tel. 0808 160 0670
Fax. 0808 160 0671

Free from Ireland:
Tel. 1800 932 514
Fax. 1800 932 515

For International Enquiries:
Tel. +44 808 160 0670

Office in Spain
marbella@obeliskinternational.com
Ricardo Soriano 19. Marbella
Málaga, 29600