



# angel investor

A S S O C I A T I O N

SUPPORTED BY:



*Your gateway to private financing in the Czech Republic*



**investor's brief**

ISSUE 7, JUNE 2007

## welcome

We welcome you and invite you to review the 7<sup>th</sup> issue of the Investor's Brief.

The Angel Investor Association is pleased to be presenting six new and updated projects this time, together with a selection of six ongoing projects, spread across a variety of industries and locations. Feel free to contact us for detailed information about the projects and introduction to the entrepreneurs.

The highlight of this issue is the EASY Investment Forum in Helsinki held on June 5-7, where 170 European investors viewed 22 entrepreneurs from 11 EU countries presenting their companies. The star of the event was AIA entrepreneur Jeffrey Martin of 360cities.net, who received the highest number of expressions of interest from investors. You can read more below in section 4.0.

If you are not a member of AIA, but would like to join our network, please register by [clicking here](#) to receive updates on the latest projects.

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The Angel Investor Association (AIA) was founded to facilitate the match of private investment with the ideas of entrepreneurs.

We aim to become a tool to bridge the gap between the financing needs of entrepreneurs and investment requirements of angel investors.

A vast network of partners provides a full spectrum of services to assist investors through the investment process, making it easier and more secure.

AIA is a member of European Business Angel Network (EBAN). AIA is a non-profit association registered in the Czech Republic (no. 26986884)

AIA is associated with:



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## 2.0 news, events, and updates

### 2.1 Helsinki EASY INTRO Investment Forum



The Angel Investor Association is a partner of the European [Early Stage Investors Action for Growth of Innovating Business](#) (EASY) project. Part of this initiative are meetings between private investors and selected entrepreneurs, and the most recent one – the [INTRO Investment Forum](#) – was held on June 5-7 in Helsinki, Finland.

AIA is glad to announce that its entrepreneur Jeffrey Martin of 360cities.net was among only 22 entrepreneurs selected by the SITRA and GLE committee to present their projects to the 170 investors. You can find his project [below](#) on page 6, under reference number 50038.

Jeffrey Martin received the largest number of expressions of interest from investors (44), and is currently negotiating with several of them on the terms of the investment. In the next weeks there will be a short window of opportunity for you to join the group of shareholders, so if you are interested in co-investing, don't hesitate to contact us as soon as possible.

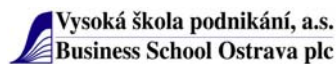
### 2.2 Harvard Entrepreneurship Colloquium

Every summer, [Harvard Business School](#) holds the week-long European Entrepreneurship Colloquium on Participant-Centered Learning (EECPCL), sponsored by Bert Twaalfhoven's [European Foundation for Entrepreneurship Research](#) (EFER), in order to update the knowledge and skills of European entrepreneurship staff with the recent developments in the field. The Angel Investor Association has closely worked in recent months with EFER on the goal of achieving the presence of the best Czech university staff from the field of entrepreneurship at this year's colloquium, through a promotional and educational effort. This joint AIA-EFER effort resulted in the candidacy of several outstanding Czech entrepreneurship staff, among whom the following were selected by HBS:

- Lukáš Durda, Vysoká škola podnikání/Business School, Ostrava;
- Radovan Kačín, Vysoká škola ekonomická/School of Economics, Prague;
- Helena Kopalová, Vysoká škola ekonomická/School of Economics, Prague;

They will be attending the EECPCL in July 22-28 at Harvard Business School in Cambridge, Massachusetts, and touring European universities next year to share their experiences with other entrepreneurship staff. If you're interested in applying for next year, please contact us.

### 2.3 AIA VŠP Business School, Ostrava



Wednesday May 16<sup>th</sup> AIA held a presentation on angel and venture capital financing at [Vysoká škola podnikání/Business School](#) in Ostrava, Czech Republic. Present were Michal Kohoutek (AIA), Martin Beník (Companies.cz, successful recipient of angel investment), and Silke Horáková (AIA investor).

Topics covered included:

- Financing through business angels in the Czech Republic
- The difference between angel investment and venture capital
- Case studies

A lively debate ensued, and several possible cooperation schemes between AIA and VŠP are set to spring from this event. If you're interested in receiving the Power Point presentation used or in hosting an AIA workshop at your school, don't hesitate to contact us.

## 3.0 entrepreneurial projects

### 3.1 Project Overview

| REF N°                | INVEST. SIZE (€) | TYPE                | INDUSTRY         | OPYs* | LOCATED | STATUS         |
|-----------------------|------------------|---------------------|------------------|-------|---------|----------------|
| <a href="#">50015</a> | 400,000          | Funding Needed      | Media            | 3     | EST CZK | <b>UPDATED</b> |
| <a href="#">50053</a> | 45,000           | Funding Needed      | Health Care      | N/A   | CZK     | <b>NEW</b>     |
| <a href="#">50055</a> | 650,000          | Funding Needed      | Construction     | 4     | CZK     | <b>NEW</b>     |
| <a href="#">50038</a> | 250,000          | Funding Needed      | Internet/Tourism | 3     | CZK     | <b>UPDATED</b> |
| <a href="#">50057</a> | 5,500,000        | Funding Needed      | Hospitality      | N/A   | CZK     | <b>NEW</b>     |
| <a href="#">50017</a> | 660,000          | Funding Needed      | Textiles         | 4     | CZK     | <b>UPDATED</b> |
| <a href="#">50056</a> | 750,000          | Funding Needed      | Entertainment    | N/A   | CZK     | <b>NEW</b>     |
| <a href="#">50043</a> | To be determined | Funding Needed      | Packaging        | N/A   | RUS     | <b>ONGOING</b> |
| <a href="#">50041</a> | 400,000          | Funding Needed      | Real Estate      | 3     | CZK     | <b>ONGOING</b> |
| <a href="#">50021</a> | 5,300,000        | Funding Needed      | Software/Telco   | 3     | CZK USA | <b>ONGOING</b> |
| <a href="#">50042</a> | 135,000          | Funding Needed      | Software         | 2     | CZK     | <b>ONGOING</b> |
| <a href="#">50020</a> | 1,800,000        | Fund units for sale | Tourism / Hotels | 3     | CZK     | <b>ONGOING</b> |
| <a href="#">50025</a> | 3,000,000        | Funding Needed      | Real Estate      | N/A   | CZK     | <b>ONGOING</b> |

OPYs\* - Years in operation

### 3.2 Details- New/updated Projects

|  |                |  |  |          |              |
|--|----------------|--|--|----------|--------------|
| TYPE OF OPPORTUNITY  | Funding needed | TURNOVER   | 40,000   | REF. NO  | <b>50015</b> |
| INVESTMENT SIZE (€)  | 400,000        | NET PROFIT   | Breaking Even  | INDUSTRY | Media        |
| SHARE PROPOSAL   | 30%            | Ys IN BUSINESS   | 3  | SPECIFY  | Magazine     |
| COUNTRY  | CZ, Estonia    | FOR MORE DETAILS PLEASE CONTACT US AT <a href="mailto:INFO@AIA.CZ">INFO@AIA.CZ</a> |  |          |              |
| PROJECT OUTLINE  |                |  | INVESTMENT PROPOSAL  |          |              |
| <p>The magazine, Eastern Europe's trendy fashion/attitude glossy has been one of the New Europe's more successful start-ups. Founded on just \$10,000 2 ½ years ago, and with no office to speak of, it has managed to create a distribution network across Europe, and attract brand-name advertisers like Absolut, Puma, MINI, Toni &amp; Guy, and others. With its participation in high-profile events like Barcelona's Bread &amp; Butter, Luxembourg's Colophon 2007, and Moscow Fashion Week, B EAST is set to expand and become the region's most talked-about magazine.</p> <p>The founder – a former editor-in-chief of Russian Playboy – seeks to turn the website into a hip portal for the region, and also to open an office in Riga, Latvia with four full-time staff so that B EAST can get to the next level and attract all the big brands, from Diesel, Replay, Adidas to Smart Car, Heineken, Staropramen, Russkie Standard, and others.</p> |                |  | <p>The publisher is seeking €400,000 towards opening an office and spending money on marketing to raise the profile of B EAST Magazine both in Europe, and in Russia, which is becoming one of our key markets. There are also thoughts to create a bilingual English-Russian edition for the Russian market. Investors will be given a 30% stake in the company, with the option for that stake to be bought back by the founder.</p> |          |              |

|  |                |  |  |          |                     |
|--|----------------|--|--|----------|---------------------|
| TYPE OF OPPORTUNITY  | Funding needed | TURNOVER   | N/A  | REF. NO  | <b>50053</b>        |
| INVESTMENT SIZE (€)  | 45,000         | NET PROFIT   | N/A  | INDUSTRY | Health Care         |
| SHARE PROPOSAL   | 20%            | Ys IN BUSINESS   | N/A  | SPECIFY  | Quit Smoking Clinic |
| COUNTRY  | CZ             | FOR MORE DETAILS PLEASE CONTACT US AT <a href="mailto:INFO@AIA.CZ">INFO@AIA.CZ</a> |  |          |                     |
| PROJECT OUTLINE  |                |  | INVESTMENT PROPOSAL  |          |                     |
| <p>The entrepreneurs are planning to open a quit smoking clinic the first of its kind in the Czech Republic. The treatment used to help smokers is the only one of its kind and has a success rate of 85% (compared to all other methods which have a 30% to 35% success rate) which makes it the most successful way in the market.</p> |                |  | <p>The entrepreneurs are seeking €45,000 towards the initial start-up investment, in return for 20% interest with the total investment paid back in 12 months followed by an additional 10% of the net profits for the first 6 months of the 2nd year.</p> |          |                     |

|  |                |  |  |          |                            |
|--|----------------|--|--|----------|----------------------------|
| TYPE OF OPPORTUNITY  | Funding needed | TURNOVER   | N/A  | REF. NO  | <b>50055</b>               |
| INVESTMENT SIZE (€)  | 650,000        | NET PROFIT   | N/A  | INDUSTRY | Building facilities        |
| SHARE PROPOSAL   | 60%            | Ys IN BUSINESS   | 4  | SPECIFY  | Building maintenance units |
| COUNTRY  | CZ             | FOR MORE DETAILS PLEASE CONTACT US AT <a href="mailto:INFO@AIA.CZ">INFO@AIA.CZ</a> |  |          |                            |
| PROJECT OUTLINE  |                |  | INVESTMENT PROPOSAL  |          |                            |
| <p>The entrepreneur, offering installation of all kinds of permanently-installed building maintenance units (BMU), including unique products so far unavailable in Central and Eastern Europe, is planning to expand his activities in this area. These activities will include marketing and installing complete BMU installations and re-selling BMU products in Central and Eastern Europe. Future construction projects in former Czechoslovakia alone might require installations of building maintenance units worth up to €6.7mil between 2007-2011. With growing construction activities in Central and Eastern Europe, the entrepreneur believes that there is an opportunity for a company offering, unlike other BMU companies, all kinds of façade access systems.</p> |                |  | <p>The entrepreneur is seeking €64,000 towards the initial seed and start-up investment and €588,000 towards the financing of future orders within a four-year period – in return for a 60% share in a new company, which the entrepreneur(s) would have the future right to re-buy.</p> |          |                            |

|  |                  |  |   |          |                  |
|--|------------------|--|---|----------|------------------|
| TYPE OF OPPORTUNITY  | Funding needed   | TURNOVER   | N/A   | REF. NO  | <b>50038</b>     |
| INVESTMENT SIZE (€)  | 250,000          | NET PROFIT   | N/A   | INDUSTRY | Internet/Tourism |
| SHARE PROPOSAL   | Convertible loan | Ys IN BUSINESS   | 3   | SPECIFY  | Travel Guide     |
| COUNTRY  | CZ               | FOR MORE DETAILS PLEASE CONTACT US AT <a href="mailto:INFO@AIA.CZ">INFO@AIA.CZ</a> |   |          |                  |
| PROJECT OUTLINE  |                  |  | INVESTMENT PROPOSAL   |          |                  |
| <p>The sole owner of a virtual reality visualization firm seeks an investment of €250,000 in order to realize early stage growth by creating a new city site each quarter for the next 18 months and exploiting the many revenue channels generated by these sites. This investment may be in the form of either a direct equity investment or a convertible loan.</p> <p>With the site actively viewed by up to 20,000 unique visitors per month and already generating revenues, the nascent potential of this business model is proven. The market for web advertising in the tourism, real estate, and hospitality industries has been strong in recent years and is poised for accelerated growth in the coming years thanks to advances in mapping, virtual reality, 360 imagery, and mobile technologies.</p> <p>The entrepreneur essentially created this virtual reality segment in 2004, and has successfully mastered the technologies necessary to implement engaging visual content more quickly than any of its known competitors. With the addition of experienced sales, marketing, and site managers to the team, 360Cities.net will seize the tremendous opportunity presented by this rapidly expanding market.</p> |                  |  | <p>€250,000 in order to increase the number of dynamic virtual reality panoramic websites of European cities and to grow the sales and business development teams to seize the financial opportunities presented by these websites.</p> |          |                  |

|  |                  |  |   |          |                 |
|--|------------------|--|---|----------|-----------------|
| TYPE OF OPPORTUNITY  | Funding needed   | TURNOVER   | N/A   | REF. NO  | <b>50057</b>    |
| INVESTMENT SIZE (€)  | 5,500,000        | NET PROFIT   | N/A   | INDUSTRY | Hospitality     |
| SHARE PROPOSAL   | To be negotiated | Ys IN BUSINESS   | N/A   | SPECIFY  | Hotel & brewery |
| COUNTRY  | CZ               | FOR MORE DETAILS PLEASE CONTACT US AT <a href="mailto:INFO@AIA.CZ">INFO@AIA.CZ</a> |   |          |                 |
| PROJECT OUTLINE  |                  |  | INVESTMENT PROPOSAL   |          |                 |
| <p>The owner is planning to rebuild the former count Kinsky brewery in Česká Kamenice – a small historical town in the north of the Czech Republic close to the border with Germany – into an accommodation and catering facility, for congress, schooling and other social purposes and into a micro brewery. The proposal of the accommodation, catering and social facility counts on returning the historical look of the premises as much as possible, into the historical look which is known. There is big potential for this kind of facility – for example: labour force, absence of similar facilities in the region, proximity of the natural park Bohemian Switzerland (growing tourism) and other. The local municipality is interested in this project and wants to support it</p> |                  |  | <p>The owner is seeking €5mil for reconstruction of the building and its area. Forecast costs of the micro brewery facilities are €500,000. Other equipment of the building is not included in the costs. There is a possibility of co-financing of the renovation by the EU-funding (60 % rebuild costs of the brewery in the years 2007-2008). We are open to discussion about feasible forms of cooperation with the investor. Investors with knowledge from the brewery branch are welcome.</p> |          |                 |

|  |           |  |  |          |                 |
|--|-----------|--|--|----------|-----------------|
| TYPE OF OPPORTUNITY  | Expansion | TURNOVER   | 250-500k   | REF. NO  | <b>50017</b>    |
| INVESTMENT SIZE (€)  | 660,000   | NET PROFIT   | 50-100 k   | INDUSTRY | Import / Export |
| SHARE PROPOSAL   | > 50%     | Ys IN BUSINESS   | 3  | SPECIFY  | Textiles        |
| COUNTRY  | CZ        | FOR MORE DETAILS PLEASE CONTACT US AT <a href="mailto:INFO@AIA.CZ">INFO@AIA.CZ</a> |  |          |                 |
| PROJECT OUTLINE  |           |  | INVESTMENT PROPOSAL  |          |                 |
| <p>A successful exclusive importer of branded sportswear is looking for an investment to open new locations and expand to new markets in CEE region. The brand is strongly represented in Denmark, Sweden, Finland, Germany, Switzerland, Benelux, Australia &amp; Canada. 3-year presence of the brand on CZ &amp; SK markets proved that it meets local customer expectations and convert into customer liability. The profit margin of 40% in wholesale and 100% in retail is realized and ensures a stable stream of revenues. Capital is being sought to accelerate further expansion regionally.</p> |           |  | <p>The estimated amount of investment required to open new locations is €660,000. A smaller amount would slow down the execution of the plans. Bigger would enable to expand to Polish and Hungarian markets. Majority stake is offered.</p> |          |                 |

|  |                |  |   |          |                        |
|--|----------------|--|---|----------|------------------------|
| TYPE OF OPPORTUNITY  | Funding needed | TURNOVER   | €1mil   | REF. NO  | <b>50056</b>           |
| INVESTMENT SIZE (€)  | 750,000        | NET PROFIT   | €500k   | INDUSTRY | Entertainment          |
| SHARE PROPOSAL   | 51%            | Ys IN BUSINESS   | N/A   | SPECIFY  | Climbing, teambuilding |
| COUNTRY  | CZ             | FOR MORE DETAILS PLEASE CONTACT US AT <a href="mailto:INFO@AIA.CZ">INFO@AIA.CZ</a> |   |          |                        |
| PROJECT OUTLINE  |                |  | INVESTMENT PROPOSAL   |          |                        |
| <p>Our team intends to build an entertainment and teambuilding Bastion, with 35 chambers and a climbing ice wall sized 10x25m (10m high) in the premises of one of Prague's most popular shopping centres. This centre is currently being visited at a rate of 5000 people/day. Our area will cater to individuals who wish to find entertainment and to firms for the purposes of teambuilding as well. Risks are very well diversified between the Bastion (with its 35 chambers for entertainment and educational purposes it will be the only one of its kind in the Czech Republic) and the ice and plain climbing walls, which will cater in the first place to beginning climbers. Adjacent to the regular climbing wall will also be placed an ice climbing wall, currently found only in England in the whole of Europe. There will also be snack bars and boutiques. The Bastion will serve as the first point of a future franchising chain in Central Europe. The planned opening is in autumn 2007.</p> |                |  | <p>The entrepreneurs are seeking €750,000 towards the initial start-up investment in return for a 51% share, which the entrepreneurs would have the future right to re-buy. The investors would be given exclusive membership on a supervisory board with co-decision rights for bigger investments. The Bohemian-Moravian Guarantee and Development Bank (ČMZRB) has offered a guarantee for a loan equivalent to the sought investment.</p> |          |                        |

### 3.3 Details- Selected Ongoing Projects

|   |                |  |     |  |              |
|---|----------------|--|-----|--|--------------|
| TYPE OF OPPORTUNITY   | Funding needed | TURNOVER   | N/A | REF. NO  | <b>50043</b> |
| INVESTMENT SIZE (€)   | N/A            | NET PROFIT   | N/A | INDUSTRY   | Packaging    |
| SHARE PROPOSAL  | N/A            | Ys IN BUSINESS   | N/A | SPECIFY  | Warm-up      |
| COUNTRY   | RU             | FOR MORE DETAILS PLEASE CONTACT US AT <a href="mailto:INFO@AIA.CZ">INFO@AIA.CZ</a> |     |  |              |
| PROJECT OUTLINE   |                |  |     | INVESTMENT PROPOSAL  |              |
| <p>The task of the company consists in the commercialization of intellectual property rights in regard to self heating packaging. This special warm-up packaging would provide a large variety of potential uses, customers and sectors, for example heating food or drink for the needs of the military or humanitarian agencies as well as for convenience by everyday consumers. A competitive advantage should exist in the property of an innovative, quality product. Most income will come from the self-heating package project but there is also currently being developed a self-cooling package project and various other innovative projects.</p> |                |  |     | <p>The company owned patents as security documents; it seeks investment for co-production of the product and is ready to negotiate on offers of cooperation.</p> |              |

|   |                |  |     |  |              |
|---|----------------|--|-----|--|--------------|
| TYPE OF OPPORTUNITY   | Funding needed | TURNOVER   | N/A | REF. NO  | <b>50041</b> |
| INVESTMENT SIZE (€)   | 400,000        | NET PROFIT   | N/A | INDUSTRY   | Real Estate  |
| SHARE PROPOSAL  | N/A            | Ys IN BUSINESS   | 3   | SPECIFY  | Network      |
| COUNTRY   | CZ             | FOR MORE DETAILS PLEASE CONTACT US AT <a href="mailto:INFO@AIA.CZ">INFO@AIA.CZ</a> |     |  |              |
| PROJECT OUTLINE   |                |  |     | INVESTMENT PROPOSAL  |              |
| <p>The company, a real estate broker, aims to become a master franchisor with the introduction of the TECNOCASA brand in the Czech Republic and already has the contract to do so. Tecnocasa is now the third biggest real estate broker network in the world and the biggest in Europe; in the Czech Republic it has only one international competitor. The added value of the project will be first the brand name, within which are included marketing, communication, training and a security guarantee for the customer. Net margin will be 20% in a fixed fee for affiliates wishing to use the brand and all its advantages. To support this business the company will create a new brand for a global credit mediation network of independently owned and operated franchised broker offices. It will support the chain TECNOCASA by offering the financial assistance for their client selling them bank products. IRR is planned for 23%.</p> |                |  |     | <p>The project requires investors understanding the potential of a chain of affiliates' offices in the real estate market to give the financial support for 80/90% of the requirements. The investors will take the majority share in the company and have a way out after 3/4/5 years. The revenues will provide an annual return, defined by a fixed percentage of revenues.</p> |              |

|  |                |  |           |   |                    |
|--|----------------|--|-----------|---|--------------------|
| TYPE OF OPPORTUNITY  | Funding needed | TURNOVER   | < 0,5 mil | REF. NO   | <b>50021</b>       |
| INVESTMENT SIZE (€)  | 5,300,000      | NET PROFIT   | < 0       | INDUSTRY  | Software           |
| SHARE PROPOSAL   | N/A            | Ys IN BUSINESS   | 3         | SPECIFY   | Mobile application |
| COUNTRY  | CZ, USA        | FOR MORE DETAILS PLEASE CONTACT US AT <a href="mailto:INFO@AIA.CZ">INFO@AIA.CZ</a> |           |   |                    |
| PROJECT OUTLINE  |                |  |           | INVESTMENT PROPOSAL   |                    |
| <p>Founded in 2001, this entity is a mobile application software developer that has developed a complete mobile media delivery platform, which seamlessly manages the delivery of multimedia content to mobile handsets (including but not limited to: text, audio, images, video, wallpapers and ringtones). Over past 3 y, the company has completed the technical development and secured major contracts with international operators and TV stations globally. Deployment with operators has shown that it is accepted within the stringent operators' requirements for software solutions. Now the company will focus heavily on developing sales and distribution channels over 2006. An excellent management team comprises of some top level professionals with extensive experience in the field of mobile multimedia and telecommunication. Upon the first round of financing (over €3mil), the company is now raising the second round and offers some excellent opportunities for prospective partners.</p> |                |  |           | <p>The company is seeking up to €5.3mil. A strategic investor who can provide non-monetary benefits to the company will be preferable. A stake offered will be open to negotiations. At present the company is undergoing an evaluation with a 3rd Party Evaluation Company, which should be available upon request of prospective partners .</p> |                    |

|   |                |  |   |          |                |
|---|----------------|--|---|----------|----------------|
| TYPE OF OPPORTUNITY   | Funding needed | TURNOVER   | N/A   | REF. NO  | <b>50042</b>   |
| INVESTMENT SIZE (€)   | 135,000        | NET PROFIT   | N/A   | INDUSTRY | Software       |
| SHARE PROPOSAL  | NA             | Ys IN BUSINESS   | 2   | SPECIFY  | PDA/Smartphone |
| COUNTRY   | CZ             | FOR MORE DETAILS PLEASE CONTACT US AT <a href="mailto:INFO@AIA.CZ">INFO@AIA.CZ</a> |   |          |                |
| PROJECT OUTLINE   |                |  | INVESTMENT PROPOSAL   |          |                |
| <p>The company aims to expand from a non-profitable company supporting young Czech developers into a professional publishing game software business for handheld platforms such as Smartphones and PDAs. The current team is experienced in developing games for traditional consoles and views parallels in the market for handheld platform games for which they require investment for expansion in this market. The market is likely to increase in size with increasing Smartphone usage and there is currently little competition in specialist developers for handheld platforms. There will be various revenue sources: small games that can be profitable in packages and which provide contact with developers and enable one to test the customers/market; the development of medium to large scale games; development of technological solutions for games to sell licenses to developers who lack available technology for PDA/Smartphone software publishing. A project for a technological solution and the innovation of the first major multiplayer game for handheld platforms exist and only need investment. A goal is to reach the market of games for handheld consoles Nintendo DS and Sony PSP. The assets of the company will also be the technology and games licenses.</p> |                |  | <p>The company is seeking €135,000 with a detailed budget for the development costs of the different projects and is open for a direct involvement from an investor in field of finance and/or high-level contacts with cell phone providers. Expected rate of return by investment should be 120-300%.</p> |          |                |

|   |                     |  |  |          |              |
|---|---------------------|--|--|----------|--------------|
| TYPE OF OPPORTUNITY   | Fund units for sale | TURNOVER   | N/A  | REF. NO  | <b>50020</b> |
| INVESTMENT SIZE (€)   | 1,800,000           | NET PROFIT   | N/A  | INDUSTRY | Tourism      |
| SHARE PROPOSAL  | NA                  | Ys IN BUSINESS   | 3  | SPECIFY  | Hotels       |
| COUNTRY   | CZ                  | FOR MORE DETAILS PLEASE CONTACT US AT <a href="mailto:INFO@AIA.CZ">INFO@AIA.CZ</a> |  |          |              |
| PROJECT OUTLINE T   |                     |  | INVESTMENT PROPOSAL  |          |              |
| <p>An opportunity to purchase fund participation units and realize a return on investment from lease and exploitation of attractive hotel resort. Eventually the sale of real estate in approx. 10 year period is foreseen. The total investment excluding emission fees values €3.3mil - €1.5mil (45%) is borrowed and the remaining €1.8mil is fund participation values. The expected gross lease values at starting date is €246,000. The expected return on investment calculated at normal occupancy rate of 28.8% amounts to 22.5%. The management team is headed by senior representatives with several professional bodies outsourced.</p> |                     |  | <p>Out of € 1.8mil sought to raise the fund, 32 units are offered at rate - €50,000. The investment of 10 years is targeted.</p> |          |              |

|  |                |  |   |          |              |
|--|----------------|--|---|----------|--------------|
| TYPE OF OPPORTUNITY  | Funding needed | TURNOVER   | NA  | REF. NO  | <b>50025</b> |
| INVESTMENT SIZE (€)  | 3,000,000      | NET PROFIT   | NA  | INDUSTRY | Real Estate  |
| SHARE PROPOSAL   | TBD            | Ys IN BUSINESS   | NA  | SPECIFY  | Hospitality  |
| COUNTRY  | CZ             | FOR MORE DETAILS PLEASE CONTACT US AT <a href="mailto:INFO@AIA.CZ">INFO@AIA.CZ</a> |   |          |              |
| PROJECT OUTLINE  |                |  | INVESTMENT PROPOSAL   |          |              |
| <p>The project foresees the reconstruction of a baroque style castle - historical monument dating from 1739- and turning it into a hotel / resort / conference center with approx. 60 rooms (200 beds) and numerous, comfort-, leisure- and sports facilities. The castle is located at a lake, close to the German border and quickly and easy to reach by German, Belgian, Dutch and Danish visitors (50km from international airport). Surrounded by beautiful nature, forest, springs, Czech national park, golf field, the nearest skiing resort, national walking and cycling trail it makes a desired destination for tourists as well as conference participants, year-round. The property rights (building and grounds) as well as permission form monumental care has been acquired. The cost of the preparation of the project (building permit and subsidy application) is estimated at €250,000. The total cost of reconstruction is €5.7mil out of which 50% is eligible for refund from EU funds.</p> |                |  | <p>If investor and hotel exploiter are the same entity, the combined IRR is 24%. In separate case the investor will realise his return with an IRR (yield) of 19% while the hotel will have an IRR of 41% over 10 years.<br/>If subsidy is granted the exploitation and repayment period can be reduced to 5 years.</p> |          |              |

## 4.0 article

### “Angel Investing Takes Foot in Czech Republic”

by Michal Kohoutek, AIA Project Coordinator

In the following article, a general overview of the institution of angel investment is presented, together with a vivid example from the Czech Republic: Jeffrey Martin of 360cities.net, who's had a very positive experience with angel investment so far. Feel free to post this article on your website or to publicize it in other form.

What do you do when you have a great business idea and you don't have enough money to realize it, nor do your friends or your family? In the United States and in Britain, you would look for a so-called “business angel,” a wealthy individual who wants to invest his or her own money in a bright and promising idea. In Europe, and especially in the Czech Republic, if you have a business idea – however bright it might be – you usually give up, because you have no idea (no pun intended) how you could finance it.

You might think of a bank. But you'll soon discover no bank is willing to risk its money by lending it to somebody who can in no way guarantee he'll pay the money back. Unless you have a house, an expensive car or already a business with a proven track record that will serve as a guarantee, the bank will at most give you a personal loan, around €7,000. No good to start a business. And you give up again.

But business angels do exist in Europe, and in the Czech Republic as well – you only have to look for them. Although there have been several attempts at creating a functioning business angel network which would match investment-seeking entrepreneurs with angels, only one has really taken off. The official start of Czech angel investing has been last year, when in April the Angel Investor Association, a Prague-based non-profit, hosted the annual conference of the whole European Business Angel Network. That event put Czech private investment on the European map.

Yet the mindset of Czechs fancying about setting up their own business hasn't been transformed yet. “It is too hard. Where would I get the money? What if I fail?” – people will say in the end. It is the way of thinking about failure, says sociology professor Ronald S. Burt of the University of Chicago, that sets the American entrepreneurial mentality apart from the European “job-security” one. Mr Burt, who was a teacher of AIA board member Richard Seewald, claims that risk-averseness is what keeps potential European entrepreneurs from stepping into the perilous waters of self-made business and ultimately succeeding. Americans, he says, love challenges, they see risk as an opportunity to prove themselves. If they fail, they stand up again and try another time. Not so for most Europeans – failure is seen as an ultimate judgment of their inner worth. And they hate it.

AIA project: **360cities**  
Deal size: **€250,000**



360cities is a virtual reality portal. Our goal is to show you the most interesting places in the world from the most interesting perspectives. Whether you are planning a trip, looking for ideas, or simply enjoying traveling, there is no better place for Virtual Travelers with 360cities. From seeking the signs and landmarks, to looking for an hotel, restaurant, or a nightlife destination, we have it all you need.

To start exploring, click one of the cities below. Be sure to check back often, as we are constantly adding new destinations!

360cities was started by Jeffrey Martin in 2004 as a local Prague virtual reality guide. It has since evolved into a collection of seven city portals available in eight languages, with other twenty cities ready to be launched in the near future. It's revolutionary in that it seamlessly merges internet-based map localization with panoramic, 360-degree interactive visualizations. 360cities was featured, among others, on Google Code, BoingBoing, and the Prague Post.

Further details about this project are available from the Angel Investors Association.

Somebody who might challenge this perception is Jeffrey Martin, an American-born and Prague-based entrepreneur, who two years ago started his own business from personal resources, and has been looking for an angel since. Mr Martin heard at the beginning of this year that AIA was involved in a European entrepreneurship project, and that one selected entrepreneur would be able to present his business idea to almost 200 investors at a forum in Helsinki in June. He decided this was the opportunity he'd been waiting for. He joined the association, and submitted his project, 360cities.net. At that time, it consisted of a Prague site alone, where visitors could preview local bars, restaurants and hotels in an impressive "360 degree-format", which means that by clicking on a picture and dragging your mouse, you can see every corner of a room, as if you were standing there and moving your head around. You have to see it yourself to understand it.

Mr Martin believed in his project, no matter what others were saying, and he was chosen. At the beginning of June he flew to Helsinki along with 21 other entrepreneurs from all around Europe. Overcoming his nervousness in front of more than one hundred experienced investors, he delivered his pitch with a historical voice – convinced he was presenting to them something that would revolutionize the way things are viewed on the internet. This attitude paid off. Mr Martin won.

Investors voted at the end of each presentation, and he received the highest number of expressions of interest from them. The day after, inside an upscale hotel meeting room, he sat with ten of them negotiating the terms of the investment. His dream was coming true.

There may be many other Mr Martins in the near future, as the angel investor milieu takes off in the Czech Republic. But that will not happen until the risk-averse mentality of Czech people changes to embrace risk as a challenge and as an opportunity. But when people are faced with more and more entrepreneurs like Jeffrey Martin who succeed in the face of risk and danger, this might change. And then Europe will be able to catch up with the American dream.

## 5.0 contact details

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