

Black Sea Property AS

Org. No. 914 892 902



Aheloy Beach Resort

April 2018

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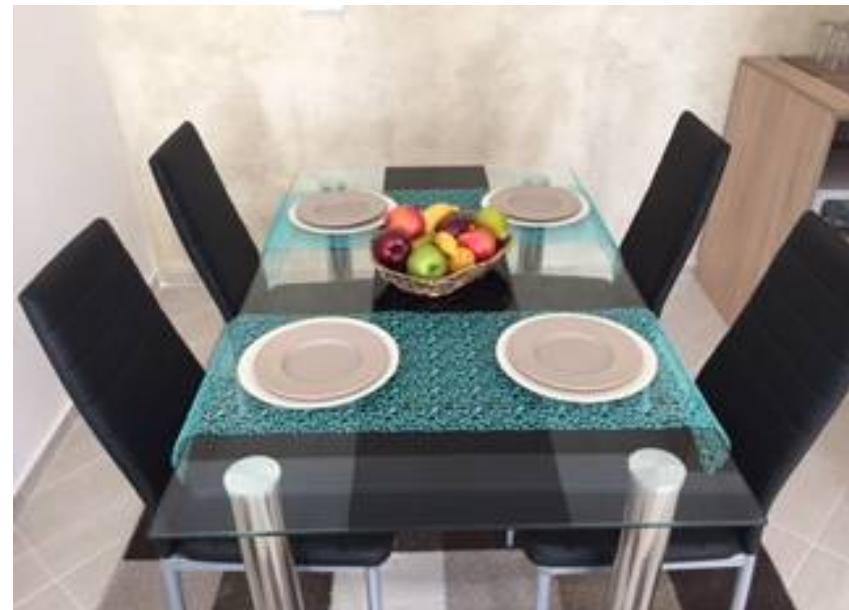
The Development

Building	Number of Units	Resort square meters	Average unit size	Other owners	Doba 1 units	EPOA owned units	EPOA sq. m estimate
N	175	13 237	75,64			175	13 237
M	183	12 834	70,13			183	12 834
P	244	16 553	67,84	109	50	85	5 766
L	306	18 800	61,44	8		312	19 169
K *	100	6 300	63,00			100	6 300
Total	1 008	67 724		117	50	855	57 306
* Reduction according to new plans projected				167		855	
				1 022			

- Previously concluded on 100 apartments in building K
 - Could be increased up to 300 apartments if deemed commercially beneficial



Recent Pictures



The Development – Resort Facilities Improvement



The Development – Resort Facilities Improvement



Achievements

- BSP has received a credit committee approved term sheet for a construction loan in the amount of EUR 3,000,000, with an interest rate of 3M EURIBOR + 3,5%
 - The loan falls due in December 2024, and shall be repaid with one downpayment in December each year
 - Disbursement of the loan is subject to entry into final agreements, establishment of mortgages, deposit of EUR 1,500,000 upfront, positive equity, reporting requirements and certain other conditions
- “EPO Aheloy” has successfully acquired ownership control over all assets in the now insolvent “Aheloy Residence”.
- Signed Contract with Thomas Cook for 600 to 990 beds for the Summer season 2018.
 - Due to uncertainty connected to opening date of the resort, 1st year will be based on last minute sales

Achievements

- BSP has control and has made good progress in securing on time the utility connections.
 - Technical parameters of the infrastructure, zoning, approvals and passage parcel plan execution are underway to obtain building permit.
- The legal disputes are now considered under control.
- “EPO Aheloy” is increasing its registered capital, meaning the loans provided by its shareholders are to be converted into equity, increasing the equity with BGN 20.9m.

W&S plans

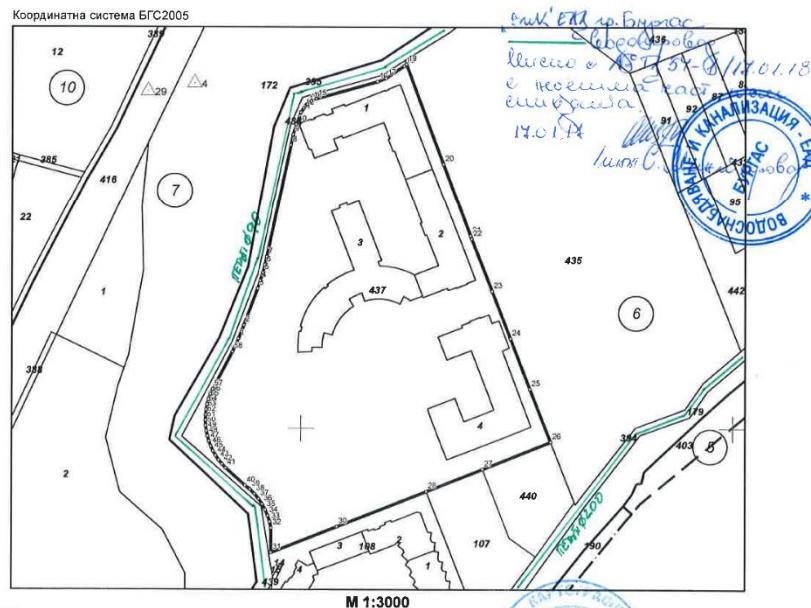


СКИЦА НА ПОЗЕМЛЕН ИМОТ
№ 15-516116-19.10.2017 г.

Поземлен имот с идентификатор 00833.6.437

Гр. **Ахелой**, общ. **Поморие**, обл. **Бургас**
По кадастралната карта и кадастралните регистри, одобрени със **Заповед РД-18-60/15.09.2006 г.**
на ИЗПЪЛНИТЕЛНИЯ ДИРЕКТОР НА АК
Последно изменение със заповед: **КД-14-02-778/01.07.2009 г.** на **НАЧАЛНИК НА СТКГ - БУРГАС**
Адрес на поземления имот: **гр.Ахелой, м. "БАБАТА", местност БАБАТА**
Площ: **47063 кв.м**

Трайно предназначение на територията: **Урбанизирана**
Начин на трайно ползване: **За друг курортно-рекреационен обект**



Номер по предходен план: **парцел: II**
Съседи: **00833.6.108, 00833.6.107, 00833.6.440, 00833.6.435, 00833.6.438**

Скица № 15-516116-19.10.2017 г. издадена въз основа на
документ с входящ № 01-324724-18.10.2017 г.

инж. Светла Кутлева

Status Building Works

- All apartments (358) in buildings "N" and "M" are fully complete, with furniture and appliances installation in place.
- Finishing of Landscape works carried out as planned, including facade of buildings "L" and "K"
- The construction works at the Resort are closely followed up and based on having necessary funding in place all necessary construction work will be in place till opening of the resort. This include commercial space and additional facilities needed (kids club space, amphitheater and new reception building).
- Building "P" is well conserved with repaired roof, drainage lines, terraces, insulation and internal unrepairable damaged elements removed and prepared for inside construction works to begin.
 - This building is owned by EPO Aheloy together with certain other investors, we intend to reach an agreement with the external investors on their respective funding before starting actual construction works.

Pre - opening Budget

Expenses		
Landscape construction	€	132 000
Building P construction cost	€	672 000
Architect, Planning, Engineers, Lawyers	€	170 000
Obtaining Assets	€	30 000
Remaining features N building	€	31 000
Sewage and fresh water connection	€	270 000
EVN Electricity	€	400 000
Interest UniCredit Bulbank Loan	€	120 293
Furniture, appliances and usability features M	€	52 000
Furniture, appliances and usability features P	€	266 447
Additional improvements furniture (M&N)	€	5 000
Reception	€	130 000
Finishing on the outside L&K	€	500 000
Pool II and sunbeds area	€	250 000
Management company initial cost	€	350 000
Amphiteather	€	100 000
Commercial areas	€	662 000
Restaurants, commercial improvements	€	203 000
Other unforeseen	€	200 000
Total	€	4 543 740

* Some of the expenses will occur post initial opening of the Resort

Hotel Operations Profit / EBIT

P M N, target after 3 years operation

Discretionary Assumptions		Number	SQM					
Apartment units								
Building N		175	13 237					
Building M		183	12 834					
Building P		135	9158					
Building P (other owners)		109	7395					
Total		602						
Operating N, M and P				Profit Euro	3 530 081			
Open days	days	127		per key	5 864			
Available apartments	appartments	493		Income per key	11 094			
At 80% occupancy nights sold	nights	50 089						
Average Daily Rate	euro	88						
Costs including Food & Beverage	%	44						
Supplementary services profit	euro	1 061 705						
Net Profit Margin of operating and managing other owners, included in supplementary services profit		460 639						
				May	June	July	August	September
Operating Days		17		30	31	31	18	127
Price per key		77		87	93	102	81	88

Hotel Operations Profit / EBIT

P M N L K target after 3 years operation

Discretionary Assumptions					
Appartment units	Number	SQM			
Building N	175	13 237			
Building M	183	12 834			
Building P	135	9158			
Building P (other owners) /excluded/	109	7395			
Building L	298	18 800			
Building K (reduced from original planning)	100	6 590			
Total	1000				
 Operating N, M and P					
Open days	days	127			
Available appartments	appartments	891			
At 80% occupancy nights sold	nights	90 526			
Average Daily Rate	euro	88			
Costs including Food & Beverage	%	44			
Suplementary services profit	euro	1 546 946			
Net Profit Margin of operating and managing other owners, included in suplementary services profit		460 639			
	May	June	July	August	September
Operating Days	17	30	31	31	18
Price per key	77	87	93	102	81

BSP's Forward Focus

- The resort is planned for opening to tourists in July 2018 for summer 2018 season with total 358 apartments in N & M, and the respective commercial areas and landscape.
- Securing financing. Monitoring liquidity, activity time schedule and budget.
- Completing construction according to budget and timeline.
- Focused on Water & Sewage and Electrical connections.
 - Detailed technical projects are to be received in very near future, parcel plan to be approved by municipality prior to obtaining a building permit.
 - Signing EVN contract with specified power availability and given connection point expected to completed in very near future.
- Securing access to public beach in the area.
- Setting up a management company activities and securing tourists.
- Acquiring permits for use of the buildings, categorization of the rooms and commercial licenses.
- Start of construction works in on building “P”.
- Construction and equipment of the commercial space

Tourism & Property Highlights H2 2018

- The popularity of Bulgaria as a destination is constantly increasing and every year it is visited by more and more foreign tourists.
- The tourism sector data from the statistics for 2017, according to which foreign tourist visits exceeded 8,882 million and increased by 7,6% compared to a year earlier.
- An even higher growth of 9.3% is recorded in the revenues from international tourism. In 2017 total revenues from the sector amounted to BGN 6.895 billion, according to BNB data.
- In the last 2 years the average annual growth of tourist visits in the country is 12%, while data for the same period for the European Union is about 7%.
- The cheapest holiday destination for 2018, According to the Post Office's annual survey of on-the-ground costs, it's Bulgaria. After comparing prices in 42 destinations, for typical travel purchases such as drinks in local bars and restaurant meals, the Black Sea resort of Sunny Beach supplanted the Algarve as the top option for budget breaks.
- Sunny Beach ranked 6th by Realtor.com for most affordable international beach towns for expats.

Thank you for you attention.

