

Black Sea Property A/S

Org. No. 914 892 902



Sunrise Gardens

January 2018

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The Development





Achievements and Progress Update

- The Aheloy based resort is to be renamed to “Sunrise Gardens”.
- The Resort is expected to open this summer with planned opening the 27th of May. To minimize the risks in connection to opening, focus will be towards opening only block N and M, giving an estimated 1,5 MEUR profit for summer 2019. Apartments in block P will only be opened if this is possible without increasing the risks in connection to opening.
- Agreement with the power distribution company operating EVN has been signed and the building permit is in place. The Resort is to be connected to the national power grid in early 2019.
- The approval for Water & Sewage connection is granted with partial passage plan approved. The documentation for building permission submitted with expectation for a permit to be issued within 14 working days.
- BSP is working over last steps prior to utilizing the new EUR 3m construction loan connected to finalizing the mortgage security requirements by the Bank.
- The 13th of September 2018, a new hearing took place with respect to a claim Zlatarsko has brought forward against Aheloy Commercial. The case was once again resolved in EPO Aheloy's favour. The case has now been appealed to the supreme court. The company believes that there are low further risk in connection to this case.

Status Building Works

- The construction works at the Resort are progressing forward, however at slower pace due to late utilization of the construction loan.
- We have finished construction and furnishing of totally 358 units in building “N” and “M.” The landscaping works are well advanced and carried out as planned, and in the concept of the future envisioned improvements. Final touches to be made closer to the opening of the Resort.
- The planning and construction works for the Resort's commercial areas are underway, including the construction works of the new Reception building and Second Pool where excavation work has been executed. Building permits for second pool and reception are pending shortly, as a simplified notification procedure will be implemented based on the already prepared structural construction and architecture plans.
- The outside appearance of building “L” facade, windows, roofing and terraces is close to 100% completed. Architect and structural engineer have been engaged to redesign building “K” with concealment works planned to transform the pre-opening appearance of the Resort.
- Building "P" construction works are well advanced, due to BSP's efforts the building now stands with repaired roof, drainage lines, terraces, tiling in apartments and common space repaired, bathroom shower space optimized, central hot water piping, fire notification cabling, interior doors, repaired walls and new interior paint. This building is owned by EPO Aheloy together with certain other investors, where EPO Aheloy is focusing on completing its 85 units owned and the building's common areas. The Company intend to reach an agreement, through EPO Aheloy, with the external investors as soon as possible on their respective funding contribution before resuming the active construction works.

Financing of EPO Aheloy

- Instead of funding with own equity of EUR 1.5m in combination with building loan of EUR 3m as previously outlined, the company has since November 2017 used towards the project almost EUR 2.0m, with construction loan still not used.
- Due to late utilization of the construction loan the building process has progressed slower than anticipated and therefore it has been difficult to obtain prepayments from tour-operators.
- The pre-opening capital need is in line with the already approved building loan.
- Private Placement of NOK 8.65 million initiated by BSP to fund downpayment to UniCredit Bulbank due 25 January 2019.

Preopening Financial Need EUR 2.9m

Investment Expenses	Amount EUR ex VAT
CIW building N	26 000
CIW building M and furniture	47 000
CIW building L & Terraces	12 209
CIW Landscape	232 000
CIW Commercial Areas & Restaurants	620 742
CIW Second Pool	237 062
CIW Onsite Sewage Piping	63 911
CIW Reception	291 257
CIW Pumping Station	30 882
CIW Sewage Network	258 650
CIW building P and common areas	268 335
Planning	39 199
Architect & structure part plans	63 059
Construction Supervision	38 347
Legal	15 339
Acquisition & Administrative fees	15 339
Insurance	5 113
Aheloy residence acquisition	40 903
CIW Existing pool repair	48 677
CIW Kids club, outside seating	102 258
CIW "K" cover up	30 678
CIW Amphitheater	102 258
Resort management, operations, materials initial cost	357 904
Security	25 156
Unforeseen	255 646
Operational VAT	-342 000
Total	2 885 925

Hotel Operations 2019 Profit / EBIT (358 units)

Discretionary Assumptions

	Number	SQM
Appartment units		
Building N	175	13 237
Building M	183	12 834
Total	358	

Operating N, M			Profit Euro	1 583 265
Open days	days	110	Profit per key	4 423
Available appartments	appartments	358	Income per key	9 042
At 80% occupancy nights sold	nights	31 504		
Average Daily Rate	euro	91		
Costs including Food & Beverage	%	44		
Supplementary services profit	euro	378 048		
Adjustment for start up challenges year 1	euro	395 816		

	June	July	August	September	Season
Operating Days	30	31	31	18	110
Price per key	87	93	102	81	91

The number presented on this page are projections made by BSP and actual numbers may differ. There has been an adjustement of first year estimated profit with EUR 396 816 to account for start up challenges

BSP's Forward Focus

- In addition to the already established relations with Thomas Cook, other major tour-operators' in the Central European, German, British and Russian markets are introduced to the Resort and invited to collaborate in occupancy filling. Final agreements will be on hold until full certainty of opening date is in place – thus to avoid risk in connection to claims from Tour-Operators. This puts pressure on the Company's pre-opening cash flow position as it cannot rely on tour operator prepayments at this moment.
- Securing CIW financing. Monitoring liquidity, activity time schedule and budget.
- Securing beach access. Exploring options to use better neighboring beach sites.
- Management company activities and to secure tourist pre-bookings. Staff employment.
- Acquiring permits for use of the buildings, categorization of the rooms and commercial licenses.
- Evaluate future possibilities of financing to complete the resort at a faster pace than what is possible with existing loans
- Cushman & Wakefield will be engaged to prepare for new valuation report of the resort

Bulgarian Economy H2 2018

- The Bulgarian economy experienced a recession in 2009 during the Financial Crisis, but the economy is now growing once again. Growth momentum is expected to remain strong, mainly thanks to solid domestic demand, with private consumption supported by real wage growth. Real GDP growth is expected to reach 3.5% in 2018.
- Investment is set to contribute further to the economy's growth, as more projects co-financed by the EU get underway or progress. Overall, headline inflation has further increased and is projected to reach 2.6% on average in 2018. The unemployment rate came close to its pre-crisis low of 6%.
- Revenues are expected to increase significantly as transfers from EU funds accelerate and tax collection improves thanks to both macroeconomic conditions and tax compliance measures. Strong GDP growth and higher wages in the economy are expected to boost tax revenue and balance the expected current expenditure increases. At the same time, EU funds are set to continue finance a large part of public investment growth.
- The Bulgarian economy relies heavily on the Travel & Tourism sector. The direct contribution of Travel & Tourism to GDP was BGN 3,035m, 3.1% of total GDP in 2017 and supported 90,000 jobs (2.9% of total employment). Travel & Tourism investment in 2017 was BGN 1,453 m, 7.4% of total investment.

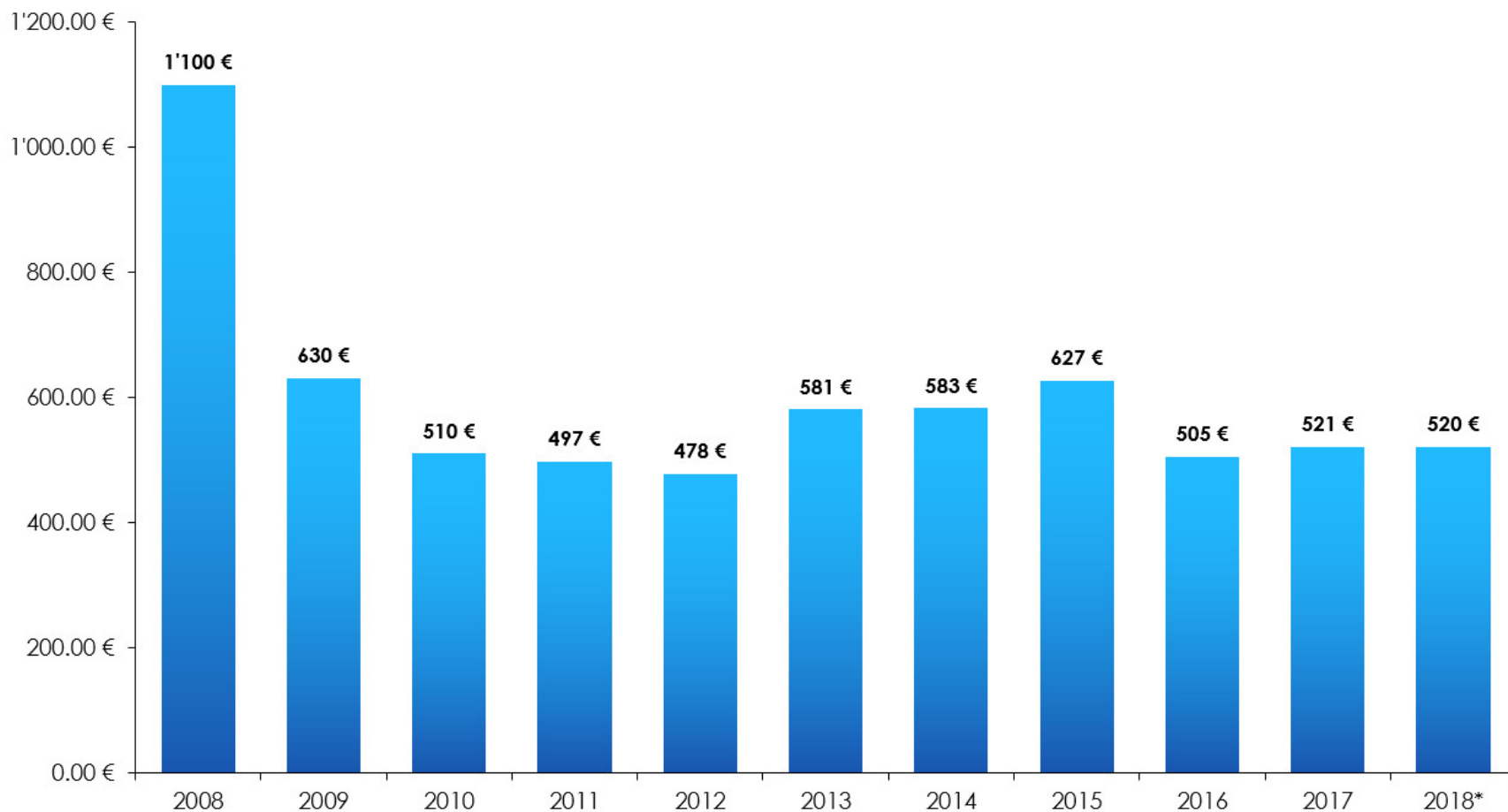
Tourism H2 2018

- The popularity of Bulgaria as a destination is constantly increasing and every year it is visited by more and more foreign tourists.
- Burgas Airport has served a record 40'000 passengers in one day. The airport served a total of 122 flights on the day in question. The summer season is usually strong for Burgas airport, which takes an average of 84 take-off and landing planes per day. Passenger traffic continues to increase - the airport has served 1 557 000 passengers last summer, up 13% over the same period in 2017.
- The year was successful for the Bulgarian tourism. Foreign tourists in Bulgaria grew by 11.1% on an annual basis, reaching 2 436 394 in the period January - May 2018. Most tourists arrive from the neighboring countries - Romania, Greece, Turkey, Macedonia and Serbia. Immediately after them are the visitors from Germany and the UK.
- One traditionally large group of tourists - Russia is only 9th, with tourists dropping 9.7% annually. The explanation for this is simple - the Russians are returning to the holidays in their favorite Turkey and Egypt, instead of Bulgaria. However, more and more Ukrainians come in their place (14.3% more for the period).
- A positive trend is the increase of visitors from 9 out of the 10 strongest market for Bulgarian tourism. The only exception is the Russians. Revenues from international tourists for Bulgaria also increased by 10.8%.

Property Highlights H2 2018

Average Annual Prices of the Properties in Sunny Beach, Bulgaria, Euro/sq.m.

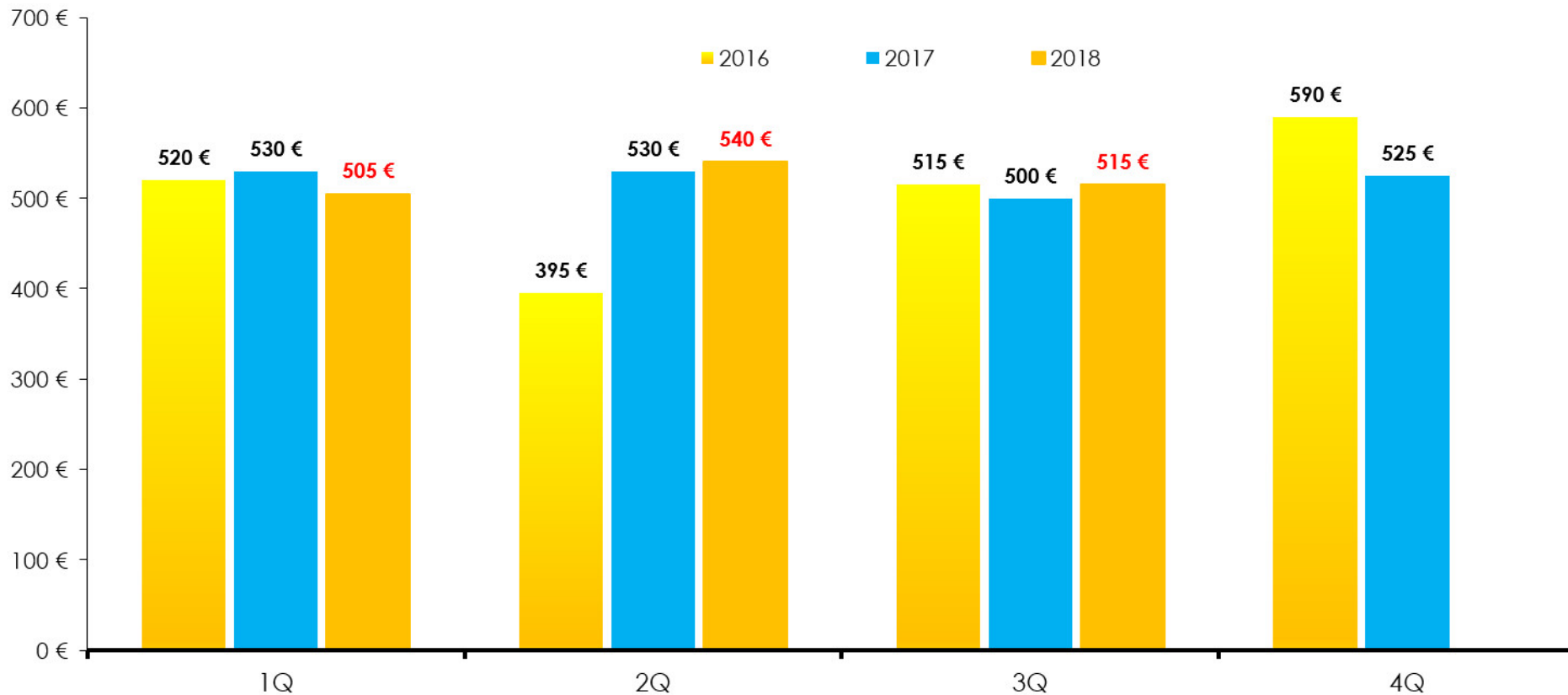
Source: BULGARIAN PROPERTIES



Property Highlights H2 2018

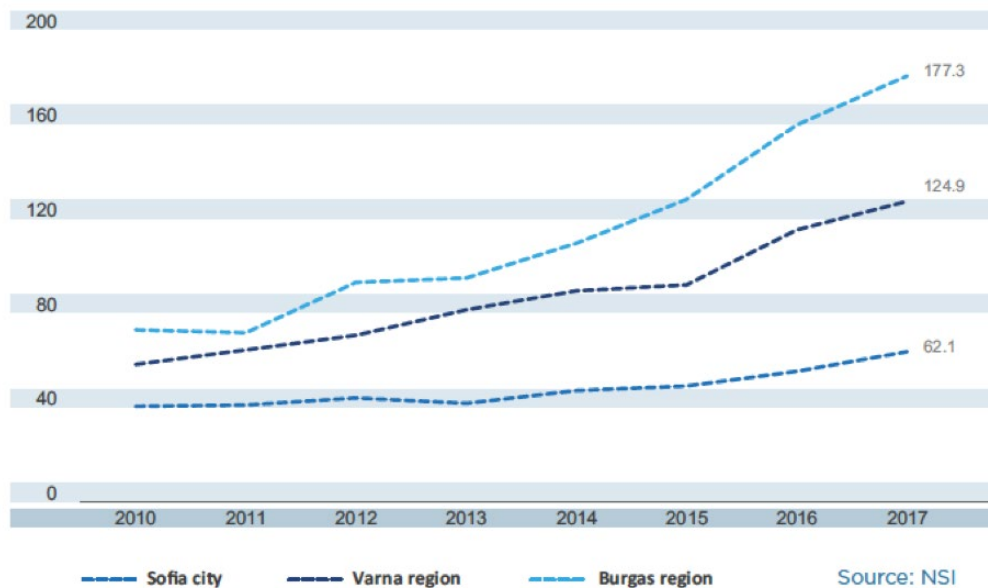
Average Quarterly Prices of Sunny Beach Apartments, Euros/sq.m.

Source: BULGARIAN PROPERTIES

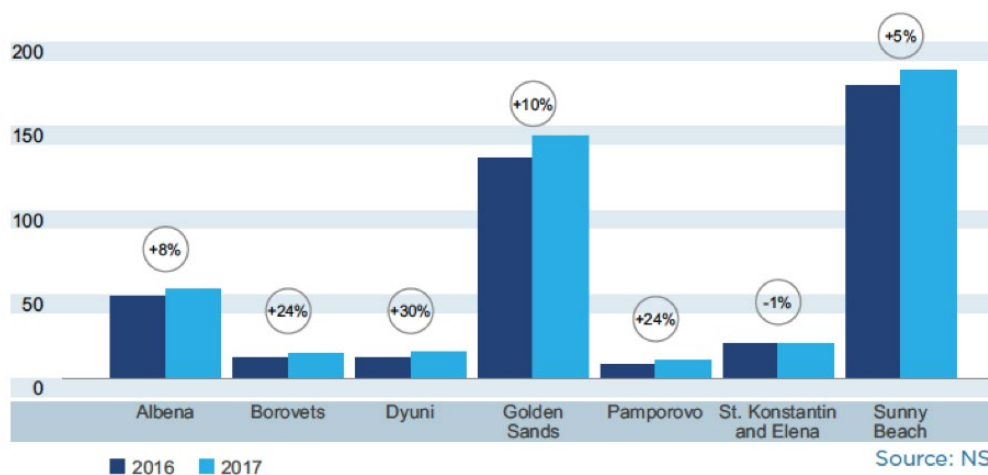


Tourism & Property Highlights H2 2018

REVENUES FROM OVERNIGHTS (ONLY FOR 4* & 5* HOTELS, MILLION €)



REVENUES IN BULGARIAN RESORTS PER YEAR
(INCL. FOREIGN VISITORS), € MILLION



Thank you for your attention.

