

Hotel project in Bansko/Bulgaria

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 **FILOKALI INVEST S.R.L.**



Bansko Sport Hotel



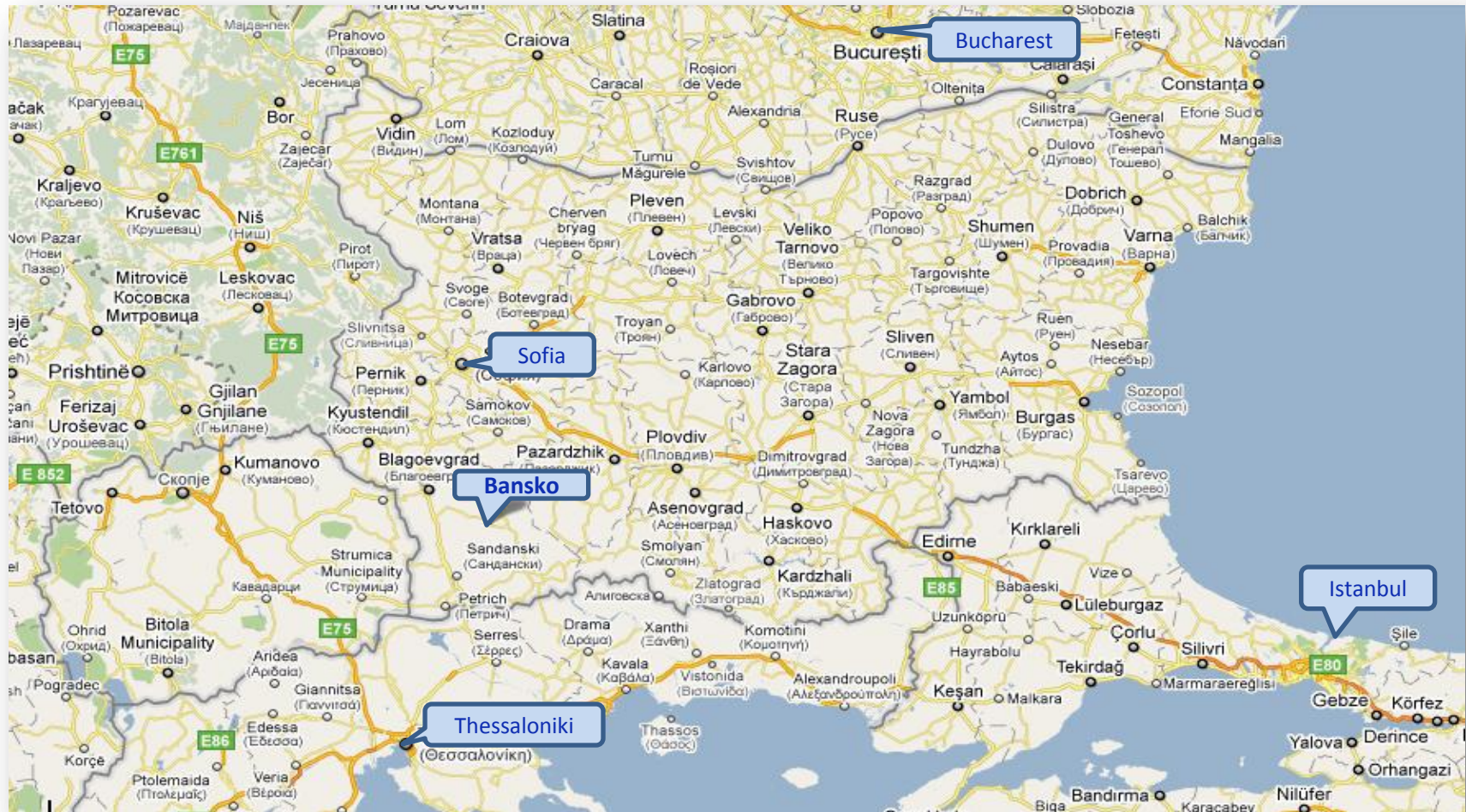
This project is located in the new part of Bansko. Distance to the Gondola is only 920m. Built in harmony with the surrounding nature one can enjoy the impressive views of the Rila and Pirin mountains from all sides of the entire complex.

Bansko Town

- ❑ The town of Bansko is situated nearby the river Glazane (left feeder of Mesta River) in the north- eastern foot of **Pirin**, right bellow the highest and most beautiful part of the mountain. Its name comes from the old Bulgarian word “ban”, which means “master”. It is just 149 kilometers away from Sofia and 6 kilometers from Razlog. Bansko has developed into a favourite ski & snowboard destination, thanks to the excellent ski facilities combined with the unique architecture and history.
- ❑ The town of Bansko is located on 925 m above sea level, and its skiing area is on 2000-2600 m.
- ❑ The Pirin mountain has a predominantly Alpine character and highest peak in the area is Vihren with 2914 m.



Location map Bansko

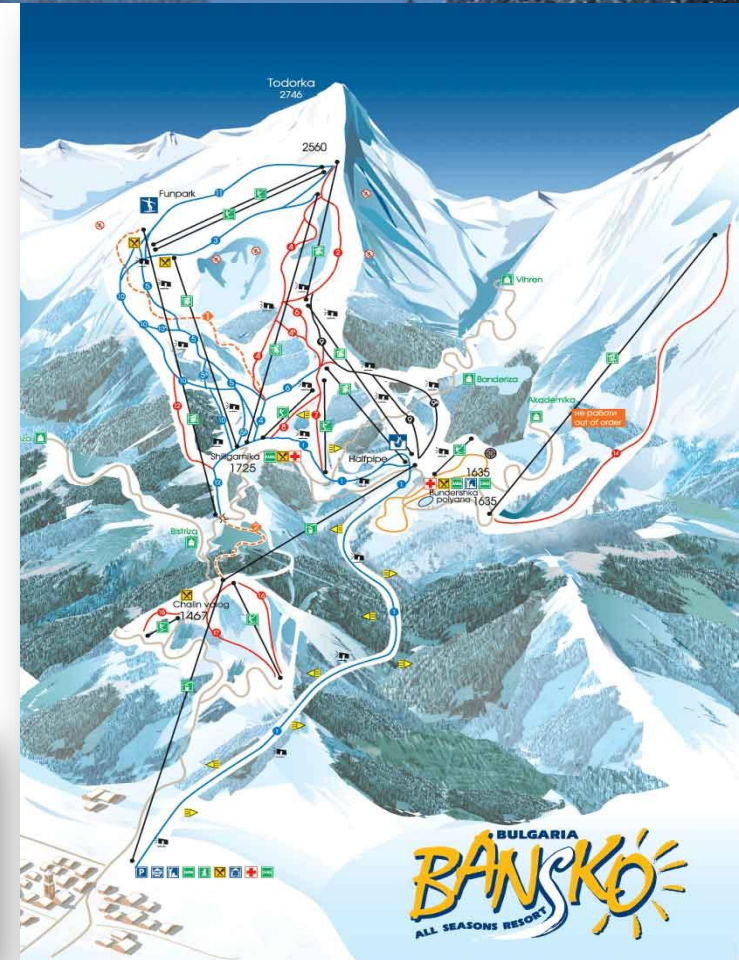


Driving distances from & to Bansko

Distances from & to Bansko	Street km	Driving time
Sofia, Bulgaria	149 km	2 hours 30 mins
Thessaloniki, Greece	225 km	3 hours 40 mins
Tirana, Albania	533 km	7 hours 10 mins
Bucharest, Romania	538 km	7 hours 40 mins
Istanbul, Turkey	602 km	8 hours 30 mins
Belgrade, Central Serbia	604 km	7 hours 00 mins
Athens, Greece	724 km	8 hours 50 mins

Winter sports in Bansko

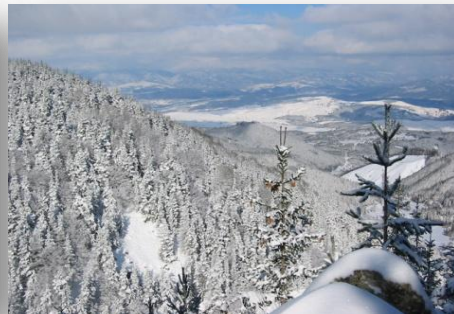
- ❑ **Bansko** is Bulgaria's 1st ski resort, having the best and most modern ski centre of all Bulgarian ski resorts. During the recent years a multi-million Euros investment in a brand new skiing area has been made by Yulen, the company which has the license to run the skiing area of the resort. Bansko has the best snow record and the longest ski season (15 Dec - 15 May) of all Bulgarian ski resorts.
- ❑ Although the resort is famous for not more than 10 years it has a lot to offer to its guests. The resort has excellent snow conditions with great snow cover from December until May.
- ❑ 44 Technoalpine snow cannons cover most of the slopes and make the ski season last longer. The maximum pleasure from the various ski-slopes is guaranteed by 12 Kässbohrer slope maintenance vehicles.



Winter sports in Bansko continued...

- ❑ Thus the slopes offer runs and tracks for all types of skiers and will suit both beginners and experts.
- ❑ Bansko will host four FIS World Cup ski races in 2012, enjoying high global publicity.
- ❑ The Men Giant Slalom & Slalom World Cup in Bansko will be on February 18th & 19th and the Ladies Downhill & Super Giant Slalom will be on February 25th & 27th, 2012.
- ❑ More than 1000 people will be employed during the weekend to facilitate the event, while a stand with 5000 capacity – the biggest ever in Bulgaria – will be built at Bunderishka Polyana for the fans.

- ❑ Total ski runs: 70km
- ❑ Longest run: 16km
- ❑ Off-piste skiing: Yes
- ❑ Slopes exposure: North
- ❑ Highest ski point: 2560m
- ❑ Max vertical drop: 1630m
- ❑ Height of resort: 930m
- ❑ Slopes: 16
- ❑ Chairlifts: 6
- ❑ Gondolas: 1
- ❑ Artificial snow: 100% coverage
- ❑ Night skiing: Yes
- ❑ Snowboarding: Yes
- ❑ Ski-Doo: Yes
- ❑ Season starts: middle Dec.
- ❑ Season ends: middle April



Summer activities in Bansko

❑ Pirin Golf Club

This 18 holes Professional Golf course is just 2.2 km from the hotel and a second one is under development. Pirin Golf Resort is gradually coming to life . One can play now 18 holes on the Ian Woosnam golf and 5 on the amazing new Pine course. The Golf Academy provides top class facilities for improvement of your swing..

❑ Relaxing & Adventure

Bansko, Summer resort, boasting world heritage forest's, rare plants, and endangered wildlife, a wonderful place for walks, hiking, cycling & more

❑ Meetings & Events

Bansko is as well the perfect place for Meetings, Incentives & Events for Corporate companies and clients.



Hotel description

Location	Bansko Mountain & Ski Resort
Project status - Conversion to 4star hotel	expected completion by summer/fall 2012
Guest rooms & Suites	104 (25 m2 to 55 m2)
Main Restaurant (Austrian Resort Type)	68 seats
Café / Lounge with Fire place	24 seats
Hotel Lobby	250 m2
Pool , Gym, Sauna, Massage	450 m2
1 x Play / game room	45 m2
1 x Meeting room	115 m2
1 x Hotel shop	20 m2
Ski & Snow board storage	35 m2
Landscaped Garden	1200 m2
Parking	32 cars

Guest room description

Standard Guest rooms	71
Handy-cap rooms	2
Family rooms	24
Suites	7
Total guest rooms	104
In house cable TV	40 channels (Languages: German, English, Bulgarian, Romanian, Turkish, Hebrew, Greek, Arabic)
TV - LCD and DVD player	32" LCD for standard rooms 42" LCD for Suites & Executive rooms
65 x Kingsize bedrooms	1 bed - 180cm x 200 cm
37 x Twin Bedrooms	2 beds - 120cm x 200cm
Bathrooms	60% of rooms, with oversized rain showers & luxury appointed

Project Overview - Bansko

Total plot area	2,806 m2
Gross build up area	6,153 m2
Project status (Construction suspended at final stage)	
Value of the land	€154,489
Actual construction / building value (without land)	€3,553,738
Total current value (as per valuation report from July 2011)	€3,708,227
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Sales price in current state (Initial Investment)	€1,500,000
Construction's finalization & conversions	€1,200,000
FF&E, Rooms, Restaurants, Café, Spa etc..	€1,100,000
Professional fees	€75,000
Pre-opening expenses / working capital	€175,000
Total Investment	€4,050,000
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Final market value (as per valuation report from July 2011)	€6,950,360

10 Years Financial Forecast Statement

	2014		2015		2016		2017		2018		2019		2020		2021		2022	
	Y 1	Y 2	Y 3	Y 4	Y 5	Y 6	Y 7	Y 8	Y 9	Y 10								
Days Operating	365	365	365	365	365	365	365	365	365	365	365	365	365	365	365	365	365	365
Number of Rooms																		
Standard Rooms																		73
Family Rooms	24																	
Suites	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7
Available Rooms		37,960	37,960	37,960	37,960	37,960	37,960	37,960	37,960	37,960	37,960	37,960	37,960	37,960	37,960	37,960	37,960	37,960
Occupied Rooms																		
Occupancy		58.5%									68.5%		68.5%				68.5%	
ADR					65.31						72.52							
RevPar	31.43	34.66	38.21	42.12	44.95	47.96	49.64	51.38	53.18	55.04								
RevPar Growth vs previous year		10.25%	10.25%	10.25%	6.70%	6.71%	3.50%	3.50%	3.50%	3.50%								
Revenue																		
Rooms	1,193,240	1,315,547	1,450,390	1,599,055	1,706,266	1,820,729	1,884,455	1,950,411	2,018,675	2,089,329								
F&B	636,618	683,199	732,963	786,131	834,060	877,814	908,674	940,573	973,547	1,007,630								
Spa	47,380	51,142	55,203	59,586	63,100	66,824	68,695	70,618	72,596	74,628								
Parking	0	0	0	0	0	0	0	0	0	0								
Rent	9,600	9,878	10,165	10,460	10,763	10,763	10,763	10,763	10,763	10,763								
Other Operated	27,650	29,980	32,535	35,337	37,419	39,633	40,966	42,344	43,769	45,242								
Total Revenue	1,914,488	2,089,747	2,281,255	2,490,568	2,651,608	2,815,764	2,913,553	3,014,710	3,119,530	3,227,592								
Growth vs previous year		9.2%	9.2%	9.2%	6.5%	6.2%	3.5%	3.5%	3.5%	3.5%								
Departmental Expenses																		
Rooms	221,311	233,579	246,896	261,383	274,642	288,779	301,104	314,009	327,523	341,678								
F&B	490,137	517,499	546,480	577,182	605,864	633,156	655,137	677,861	701,355	725,642								
Spa	29,041	29,906	30,797	31,715	32,660	33,634	34,638	35,671	36,736	37,832								
Parking	0	0	0	0	0	0	0	0	0	0								
Rent	0	0	0	0	0	0	0	0	0	0								
Other Operated	8,605	9,235	9,922	10,672	11,244	11,851	12,239	12,639	13,053	13,480								
Total Departmental Expenses	749,093	790,219	834,095	880,952	924,411	967,421	1,003,117	1,040,180	1,078,666	1,118,632								
Growth vs previous year		5.5%	5.6%	5.6%	4.9%	4.7%	3.7%	3.7%	3.7%	3.7%								
Departmental Profit																		
Rooms	971,928	1,081,968	1,203,494	1,337,672	1,431,624	1,531,950	1,583,351	1,636,402	1,691,152	1,747,651								
F&B	146,482	165,700	186,483	208,949	228,196	244,658	253,537	262,712	272,193	281,988								
Spa	18,339	21,236	24,406	27,871	30,440	33,189	34,057	34,947	35,860	36,796								
Parking	0	0	0	0	0	0	0	0	0	0								
Rent	9,600	9,878	10,165	10,460	10,763	10,763	10,763	10,763	10,763	10,763								
Other Operated	19,046	20,746	22,613	24,664	26,174	27,782	28,728	29,705	30,716	31,762								
Total Departmental Profit	1,165,395	1,299,528	1,447,161	1,609,616	1,727,197	1,848,343	1,910,435	1,974,529	2,040,684	2,108,960								
Growth vs previous year		11.5%	11.4%	11.2%	7.3%	7.0%	3.4%	3.4%	3.4%	3.3%								
Overhead Expenses																		
Admin & General	272,726	281,998	291,586	301,500	311,751	322,351	333,311	344,643	356,361	368,477								
Sales & Marketing (excl. Int. S&M Fee)	79,171	88,576	94,599	101,110	106,456	107,822	109,234	110,694	112,204	113,765								
Repair & Maintenance	109,358	112,969	116,699	120,553	124,534	128,646	132,895	137,284	141,818	146,526								
Utilities	80,409	82,660	84,974	87,354	89,800	92,314	94,899	97,556	100,288	103,096								
Contingency	19,145	20,897	22,813	24,906	26,516	28,116	29,716	31,316	32,916	34,516								
Total Overhead Expenses	560,808	587,101	610,672	635,422	659,057	677,649	696,854	716,693	737,186	758,800								
Growth vs previous year		4.7%	4.0%	4.1%	3.7%	2.8%	2.8%	2.8%	2.9%	2.8%								
House Profit	604,587	712,427	836,489	974,194	1,068,141	1,170,694	1,213,581	1,257,836	1,303,498	1,350,880								
Operators Int. S&M Fee	19,145	20,897	22,813	24,906	26,516	28,116	29,716	31,316	32,916	34,516								
Base Management Fee	47,862	52,244	57,031	62,264	66,290	70,394	72,839	75,368	77,984	80,690								
GOP	537,579	639,286	756,645	887,024	975,334	1,072,142	1,111,607	1,152,322	1,194,321	1,237,915								
Fixed Charges																		
Property Tax & Insurance	28,700	29,274	29,859	30,457	31,066	31,687	32,321	32,967	33,627	34,299								
Management Incentive Fee (of GOP)	34,943	41,554	49,182	57,657	63,397	69,689	72,254	74,901	77,631	80,464								
Reserve for Replacement	19,145	41,795	68,438	99,623	106,064	112,631	116,542	120,588	124,774	129,104								
Total Fixed Charges	82,788	112,623	147,479	187,736	200,527	214,007	221,117	228,457	236,031	243,867								
NOI (Net Operating Income)	454,792	526,663	609,166	699,288	774,807	858,135	890,489	923,865	958,289	994,047								
Growth vs previous year		15.8%	15.7%	14.8%	10.8%	10.8%	3.8%	3.7%	3.7%	3.7%								
Total Investment: EUR 4,050,000																		
ROI (Return on investment)	10.7%	12.4%	14.3%	16.5%	18.2%	20.2%	21.0%	21.7%	22.5%	23.4%								

Notes:

Departmental Expenses & Departmental Profits are expressed as percentage of Departmental revenues.

Hotel Operators fees in this financial forecast are based on best possible arrangements: "Int. S&M Fee 1%" and "Base Management Fee 2.5% from total Revenue" & " Management Incentive Fee 6.5% from House profit". However this fees can be varying between different Hotel operators. Also FF&E reserve for replacement can vary between various hotel operators.

This financial forecast represents estimates based upon current available information and evaluations. As in any forecast of future operations, a number of factors must be based upon estimates, such as the actual levels of occupancy and variable operating exp nses, all of which could be affected by matters beyond the control of Management including general economic conditions, governmental, tax or regulatory policies, union negotiations, competitive conditions and unforeseen or unanticipated conditions or events, like or unlike any of the foregoing. Accordingly, neither Management nor any of its subsidiary affiliates, officers, agents or employees represent that any of the results set forth herein will be attained, nor shall any such entities or persons assume or incur liability based upon, or arising out of, the submission of such budgets and forecasts, or any reliance thereon.

Current Exterior status



Current Interior status



Indoor - Pool

Current Status



Architects / Rendering



Conclusions

- ❑ Acquisition of a high present value asset with a substantial discount.
- ❑ Business opportunity for creating an 104 rooms four star hotel with significant low total budget which hides remarkable added values.
- ❑ Satisfactory return on equity.
- ❑ The initial investment and as well the other building finalization costs, will be registered as shareholders loan, which will create a tax benefit for the new owner/s. (No dividend taxation up to the amount of the total investment).
- ❑ The pre-opening expenses can be compensated by the return of VAT within the first year of operation of the hotel.
- ❑ High possibilities of a very successful deal in case of exit decision in the future.

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