REPORT AND VALUATION OF

MUSACHEVO MIXED-USED PROJECT

MUSACHEVO, BULGARIA

PREPARED FOR

Bulgaria Development Holdings Limited.

AS AT JANUARY 22ND 2015

CUSHMAN & WAKEFIELD®

TABLE OF CONTENTS

EXECUTIVE SUMMARY

MUSACHEVO MIXED-USED PROJECT– MUSACHEVO, BULGARIA	
DATE OF REPORT	22nd January 2015
VALUATION DATE:	22nd January 2015
LOCATION:	The Property is located in Musachevo in Bulgaria, 16 kilometers from the capital Sofia. Musachevo is accessible by plane and by car as the Resort benefits from the Sofia international airport located within a distance of 30 minutes. We understand that there is an agreement with the Bulgarian government to build a new highway between the airport and the Resort in order to reduce the travel time.
DESCRIPTION:	The Resort in Musachevo aims to be a unique casino destination in Europe with the idea to recreate a Las Vegas or Macau styled resort on the continent. The project will be implemented in three phases. At this moment the first phase of development includes a 3,000 guestrooms 5 star, a 1,000 guestrooms 4 star hotel, casino, shopping mall, an exhibition centre, indoor game centre, indoor water park, theatre, arena and other facilities. Phase two and three will also include several additional mixed used units with a total GFA of c. 933,100 sq m, which will include additional hotel rooms and shopping mall, exhibition centre, as well as casinos. This valuation report considers only the first phase of the project. We have assumed that the construction of the Resort (Phase one) will take a total of three years from the date of valuation. Considering that the project has taken a bit longer than plan to come out of ground, we have not adjusted the development timing from our last valuation. The main difference between this revaluation and our previous valuation is that the investor has been granted the "preferential investor certificate (PIPC)", starting the sale of the governmental land to the investor at a discounted price and the fact that the government will also invest into a highway connecting the Resort to the airport and city center. This was an assumption in our previous valuation and therefore does not have implication in our valuation.
ACCOMMODATION:	The phase one of the project includes two large hotels and 2,400 residential units. The 4 star hotel will offer approximately 1,000 guestrooms and the 5 star hotel 3,000. Both hotels will feature themes restaurants and bars. Furthermore, the Resort will include 2,400 residential units accounting for c. 720,000 m^2 of GBA. We were not provided with detailed information about the facilities and quality of the hotel elements and as such have not commented upon them. However, as informed by you we have assumed that the final product will be similar to large developments such as the Venetian Macau.

MUSACHEVO MIXED-USED PROJECT– MUSACHEVO, BULGARIA

TENURE & TENANCIES:	We understand that the project will be located on 10 land plots which extend to total area of 1,455,908 sq m. All plots are found within the Municipality of Elin Pelin, as 9 of them are situated within the area of Musachevo and 1 of them is situated within the area of Ravno Pole. We understand that the freehold title of the majority of the land plots is owned by the state, and the acquisition procedure has just started. As informed by you, we have considered that the hotel will be managed directly by the owner/developer. Most retail units will be leased to third party tenants. All other elements are to be operated by the developer.
SPECIAL ASSUMPTION	We assumed at the date of valuation that: • You are the owner of the land; • The infrastructure around the land (i.e. access from the airport) is improved and costs covered by the government; • The zoning of the land allows for the development of the Resort; • Planning and building permits are issued to fulfill the development of the Resort; • All licenses to operate the different elements of the Resort are issued without any restrictions.

NET PRESENT VALUE BY ELEMENT	4 Star Hotel	**Euro 55,900,000**
	5 Star Hotel	**Euro 126,380,000**
	Residential units	**Euro 550,070,000**
	Casino	**Euro 793,090,000**
	Shopping mall	**Euro 74,100,000**
	Conference centre	**Euro – 20,560,000**
	Aqua park	**Euro – 10,460,000**
	Arena	**Euro 6,520,000**
	Theatre	**Euro 1,840,000**
	Retail Including Ancillary Facilities	**Euro 20,540,000**
	Indoor Game Centre	**Euro 1,850,000**
	Other elements (Green House, Chapel and lakeside food outlets)	**Euro 870,000**
	Office, Staff Quarter and Training Facilities	**Euro – 1,460,000**
	Parking	**Euro 2,660,000**
	Total Musachevo Resort	**Euro 1,601,340,000**

MUSACHEVO MIXED-USED PROJECT– MUSACHEVO, BULGARIA	
INVESTMENT VALUE	The Investment Value of the Musachevo Resort and Residential Development, including land, is: **EUR 1,601,340,000** **ONE BILLION SIX HUNDRED AND ONE MILLION THREE HUNDRED AND FORTY THOUSAND EURO**
RESERVE	This report states the Investment Value of the Resort as instructed by you. This report is for your internal reference, for corporate planning. The main purpose of our report is to express our independent expert opinion and review the reasonableness of the assumptions and accuracy of the financial models prepared by you. This report can be shown to the Financial Supervision Committee of Republic of Bulgaria but our responsibility/liability remains solely with the Addressee of this report and the investor (BDHL) is responsible for all the preliminary information provided
TOWN PLANNING:	So far as we are aware, there are no material conditions attaching to existing planning consents/agreements. We recommend that this should be confirmed by acting solicitors.
TITLE:	So far as we are aware, there are no title issues requiring further investigation but we recommend that this should be confirmed by acting solicitors.
CAPITAL EXPENDITURE:	When needed, we have considered the required investments for developing the various elements of the scheme. We have also considered sinking funds for replacement and renovation in our valuation.

A. INTRODUCTION AND VALUATION

To:

SOFIA
Pozitano 3
1000 Sofia
Bulgaria
Bulgaria Development Holdings Limited
For the attention of Ms. Josie Lock

22nd January 2015

Dear Ms. Lock,

The Property:	**Musachevo, Bulgaria**
Date of Valuation:	**22nd January 2015**

We have pleasure in reporting you as follows:

1. INSTRUCTIONS

In accordance with our proposal, dated 20th January 2015 and signed on 21st January 2015, and the attached Principal Terms and Conditions of Appointment as Valuers (attached at Section D of this Report), we have made all necessary enquiries to provide you with our opinion of the Investment Value of the Property, as a fully operational entity with regard to the future trading potential.

This report is a re-valuation of the valuation prepared by Forton Bulgaria and Cushman & Wakefield Hospitality in June 2014. Forton did prepare the valuations for the shopping center, arena, theatre, Indoor gaming centre, green house, chapel, retail and other ancillary units, office, staff quarters, training facilities, car parking and the residential element. Cushman & Wakefield Hospitality did perform the valuation for the casino, 4 star hotel, 5 star hotel, aqua park and conference center (including ballroom).

The effective date of the valuation is as of the day of the report or 22nd January 2015.

2. CONFLICTS OF INTEREST

We are not aware of any conflicts of interest that could result from our acceptance of this assignment on behalf of the Client. We confirm that we will not benefit (other than from receipt of the valuation fee) from this valuation instruction.

3. CONFIRMATION OF INSURANCE COVER

With regard to Cushman & Wakefield's liability please refer to paragraph 12 of our "Principal Terms and Conditions of Appointment of Cushman & Wakefield as Valuers" (see Section D).

The terms of our Professional Indemnity Policy do not allow us to disclose the level of our cover. We can obtain confirmation of cover from our brokers on your behalf if required. For the avoidance of doubt, we reproduce below clause 12.8 of our "Principal Terms and Conditions of Appointment of Cushman & Wakefield as Valuers".

"To cover any liability that might be incurred by us, we confirm that we will maintain professional indemnity insurance through the Lloyds and company insurance market, so long as such insurance is available at commercially acceptable rates and terms, with insurers of good standing and repute of not less than £10 million on an each and every claim basis."

4. INSPECTIONS

The land was inspected, when areas where made available, on 30th June 2014, by Plamen Bachev MRICS and Lyubomir Doychev of Forton Bulgaria and Dushyant Nath from Cushman & Wakefield Hospitality.

The land was not measured.

5. BASIS OF VALUATION

The valuation has been prepared in accordance with the latest version of RICS Valuation Standards ("the Red Book") published by The Royal Institution of Chartered Surveyors. The valuation has been prepared by a valuer who conforms to the requirements as set out in the Red Book, acting in the capacity of an external valuer.

As instructed and in accordance with the requirements of the Red Book we have prepared our valuations on the basis of Investment Value, therein defined as:

"The value of a property to a particular investor, or a class of investors, for identified investment objectives. This subjective concept relates specific property to a specific investor, group of investors, or entity with identifiable investment or operational objectives and/or criteria."

For the avoidance of doubt, we are <u>not</u> reporting a Market Value.

According to the red book under some circumstances, "*an estimate of worth is likely to use assumptions or criteria that differ from those that would be made in an assessment of the market value of the same property. A typical example would be the use of a rate of return specified by the client rather than one determined from the* *market. Such "entity specific" criteria should be highlighted by the valuer in the report, along with the fact that the value reported is not Market Value".*

The Red Book's Guidance Notes refer to the fact that certain types of property, change hands at prices based directly on trading potential for a strictly limited use. Hotels, casinos, aqua parks are specific examples and they are usually sold as a full operational business including trade fixtures, fittings, furniture, furnishings and equipment. It is assumed that existing licenses, consents, permits, franchises etc can be transferred or renewed as appropriate.

We have excluded loose stock and perishables, trade debtors and creditors, and any additional value attributable to any antique furniture within the property.

With regards to the subject Property we have prepared our valuation on the basis of the Investment Value of a Trade Related Property, as defined above, as a fully equipped operational entity having regard to trading potential.

Finally, please note that although the valuation of a trade related property as a fully equipped operational entity involves the assessment of its trading potential, defined as the future profit that a reasonably efficient operator would expect to be able to realize from occupation of the property, the investment value of the property is not to be intended as the value of the going concern nor of the companies which owns the property.

6. SPECIAL ASSUMPTIONS

We have made the following special assumption within this valuation exercise:

- You are the owner of the land;
- The infrastructure around the land (i.e. access from the airport) is improved and costs covered by the government;
- The zoning of the land allows for the development of the Resort;
- Planning and building permits are issued to fulfill the development of the Resort;
- All licenses to operate the different elements of the Resort are issued without any restrictions.

7. GENERAL COMMENT

Our opinion of value is derived from the analysis of market transactions, to the extent these may be available, together with our market knowledge derived from the Firm's agency coverage. In the case of hotels, casinos, aqua parks, arenas , a greater degree of judgment is usually required than may be the case for more conventional property let on leases and for which there is a much greater degree of market based evidence. Nevertheless, it should be noted that a development of such a scale is uncommon and only a few similar projects exist around the world. As such, our opinion of Investment Value is based on a wider geographical sample than for a typical commercial valuation of offices or retail.

Our valuation has been carried out in accordance with the Instructions and previously agreed with you.

A valuation is a prediction of price, not a guarantee, and different valuers can properly arrive at a different opinion of value. Historically it has generally been considered that valuers can be within a range of possible values.

We have made subjective judgments during our valuation approach in arriving at our opinion and whilst we consider these to be both logical and appropriate they are not necessarily the same as would be made by a purchaser.

A valuation of a Resort is, by usual valuation practice, calculated by reference to the trading potential of the various operating elements in question and inevitably includes a valuation of the businesses. Therefore, although these are themselves tangible fixed assets, the inclusion in any valuation of the business carried out at that property necessarily introduces an intangible element into the valuation.

As a result resort valuations are extremely sensitive to the following very subjective factors:

A. Judgments have to be made as to the future trading performance of the resort elements, which are likely to be susceptible to economic trends and can change dramatically in a very short period of time. These judgments are necessarily subjective and, having a significant future element, may reasonably vary significantly from valuer to valuer.
B. Relatively modest changes in either the exit yield used or the discount rate can produce a significant difference in the resultant valuation.
C. Comparable transactions may be of little assistance in the case of hotels, casinos aqua parks and similar elements because of the very great differences in location, size, and facilities and the impact of these on trading performance. In addition, any comparable transaction itself depends upon the level of maintainable profits assumed at the comparable property which is seldom known to any third party valuer.

In accordance with our standard requirement our consent is required before our Valuation Report or any reference thereto is referred to in any document, circular or statement. If the valuation of a hotel , casino or aqua park is to be incorporated into a company balance sheet, such consent will not be given unless the bases and assumptions on which the valuation has been calculated are to be adequately stated in the accounts.

In the case of this Resort, our valuation has been supported by a 10-year cash flow (with an additional three years of construction) for all the components incorporating projections of future income and expenditure. The residential component has been considered to be sold over a period of 4 years with sales starting 1 year before the completion of the Resort. These are not predictions, but our best estimate of current market thinking on likely future cash flow. These estimates constitute our judgment today and may be subject to change in the future. We make no warranty or representation that these projections of cash flow will materialize. You should not rely on this report unless any reference, in particular, to trading, planning, tenure, tenancies and legal title has been verified as correct by your legal advisers.

8. SOURCES OF INFORMATION

We have based our valuations on our inspection of the property and information supplied to us by the Addressee and the results of our other enquiries.

We have listed these in Section E of this report.

9. VALUATION CERTAINTY

Where uncertainty could have a material effect on an opinion of value, the Red Book requires a valuer to draw attention to this, indicating the cause of the uncertainty and the degree to which this is reflected in the valuation reported.

In general, there is scant evidence of similar real estate transactions that have been agreed upon and completed due to the current market conditions. For the above reasons, we have to highlight that our opinion required a greater degree of judgment than is usually necessary in more active and stable market conditions.

Furthermore and as stated above our opinion of value is based on an Investment Value and not a Market Value. As such, a lot of our inputs are based upon the judgment, conditions and opinions of the investor. These may differ significantly from the market conditions as well as assessments of other potential purchasers.

10. VALUATION

Subject to the contents of this Report and based on current values, we are of the opinion that the Net Present Value of the Resort may be fairly estimated at:

4 Star Hotel	**Euro 55,900,000**
5 Star Hotel	**Euro 126,380,000**
Residential units	**Euro 550,070,000**
Casino	**Euro 793,090,000**
Shopping mall	**Euro 74,100,000**
Conference centre	**Euro – 20,560,000**
Aqua park	**Euro – 10,460,000**
Arena	**Euro 6,520,000**
Theatre	**Euro 1,840,000**
Retail Including Ancillary Facilities	**Euro 20,540,000**
Indoor Game Centre	**Euro 1,850,000**
Other elements (Green House, Chapel and lakeside food outlets)	**Euro 870,000**
Office, Staff Quarter and Training Facilities	**Euro – 1,460,000**
Parking	**Euro 2,660,000**
Total Musachevo Resort	**Euro 1,601,340,000**

EUR 1,601,340,000

ONE BILLION SIX HUNDRED AND ONE MILLION THREE HUNDRED AND FORTY THOUSAND EURO

11. CONFIDENTIALITY AND RELIANCE

The contents of this Valuation Report are intended to be confidential to the addressees and for the specific purpose stated. Consequently, and in accordance with current practice, no responsibility is accepted to any other party in respect of the whole or any part of its contents. Before the Valuation Report or any part of its contents are reproduced or referred to in any document, circular or statement or disclosed orally to a third party, our written approval as to the form and context of such publication or disclosure must first be obtained. For avoidance of doubt, such approval is required whether or not this firm is referred to by name and whether or not our Valuation Report is combined with others. This report can be shown to Financial Supervision Committee of Republic of Bulgaria but our responsibility/ liability remains solely with the Addressee of this report

12. VERIFICATION

We recommend that before any financial transaction is entered into based upon this valuation, you obtain verification of the information contained within our report and the validity of the assumptions we have adopted.

13. RELIANCE

This report is for the use only of the party to whom it is addressed for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents.

Yours faithfully,

For and on behalf of Cushman & Wakefield

Frederic Le Fichoux MRICS
Partner, Head of Hospitality - CEE

Jonathan Hallett MRICS
Managing Partner – Central Europe

For and on behalf of Forton

Michaela Lashova MRICS
Managing Partner

Plamen Bachev MRICS
Head of Consultancy & Valuations

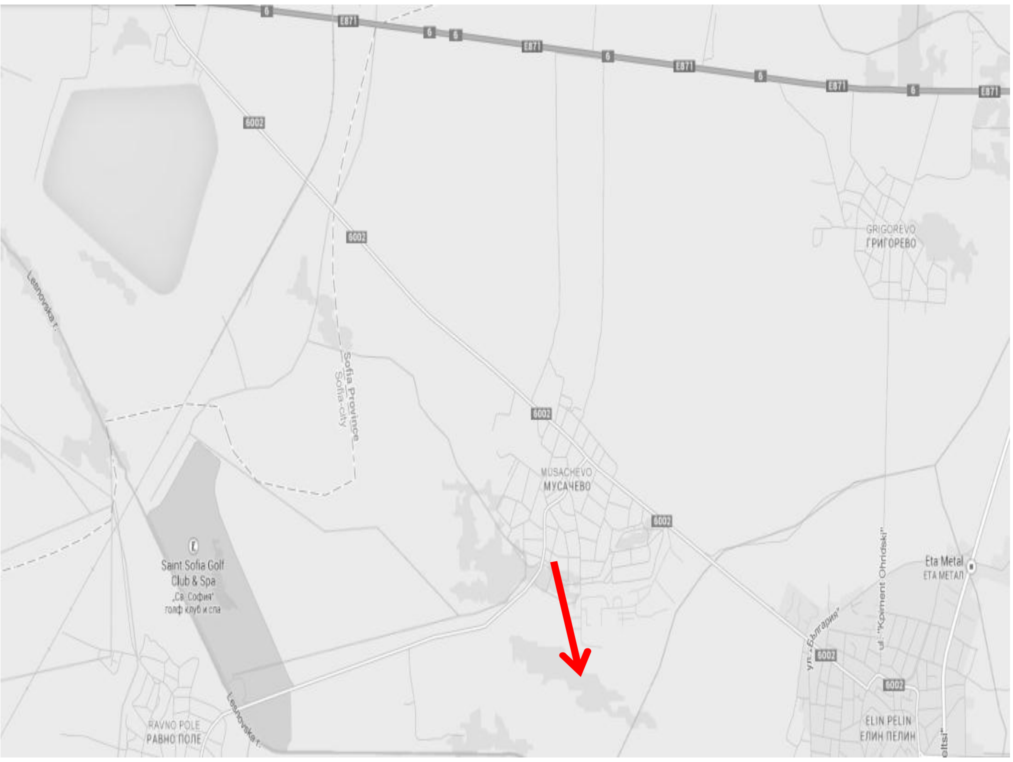
B. PROPERTY SCHEDULE

I. LOCATION

I.I. GENERAL

The land plots upon which the project will be constructed (highlighted in red below) are located in the Region of Sofia, Municipality of Elin Pelin, Village of Musachevo. They are situated ca. 3 minute drive time from the centre of Musachevo and ca. 5 minute drive from St. Sofia Golf Club & Spa (the only golf course in the region of Sofia).

SITE LOCATION MAP



Source: Maps.google.com

The village of Musachevo is a small village located approximately 21 km to the east of Sofia and Sofia Airport and with total land area of 13 777 sq km. It is strategically located just 3 km away from the town of Elin Pelin which is the centre of the local municipality and between the two major highways in Bulgaria (7 km to the south of Hemus Highway and 9 km to the north of Trakia Highway). Due to its location the area is preferred by large industrial and logistic companies which normally establish their business in the region. As per the latest information of GRAO as of 15.05.2014 there are 21,759 people by permanent address and 23,213 people by current address in the Municipality of Elin Pelin.

1.2. ACCESSIBILITY

At present the Property is relatively well-accessible by car via the main two line asphalt roads which connect the village of Ravno Pole and the village of Musachevo. However, the road is relatively narrow and poorly maintained. The future project will require substantial investments in order to improve the existing infrastructure.

We have been informed by the Client that as part of the land acquisition deal for the development of the project, the state/municipality will construct a separate asphalt road which will exclusively connect the future project and Sofia Airport. We are of the opinion that such road infrastructure is a must for the successful realization of the project. However, during the preparation of the present report we have not been provided by the Client with any evidences which prove the above specified engagement on behalf of the state/municipality.

1.3. SITE

The project is intended to be developed on 10 land plots with total area of 1,455,908 sq m, which at the valuation date have not been acquired by the Investor. Most of the land plots are situated at the territory of the village of Musachevo (1,375,054 sq m), while the others are found at the territory of the nearby village of Ravno Pole (80,854 sq m and next to St. Sofia Golf Club & Spa).

As of the property inspection date, part of the land plots represent 5th Category agricultural land with no obvious displacement, covered mainly by grass and low-growing vegetation. Part of the properties includes old military camps which are expected to be demolished upon the start of the construction works of the future project.

2. DESCRIPTION

2.1. GENERAL

At this stage of the project, no master plan has been realized for the resort yet. Therefore, we have limited information regarding the features of the different facilities and we will provide a general description of the infrastructures.

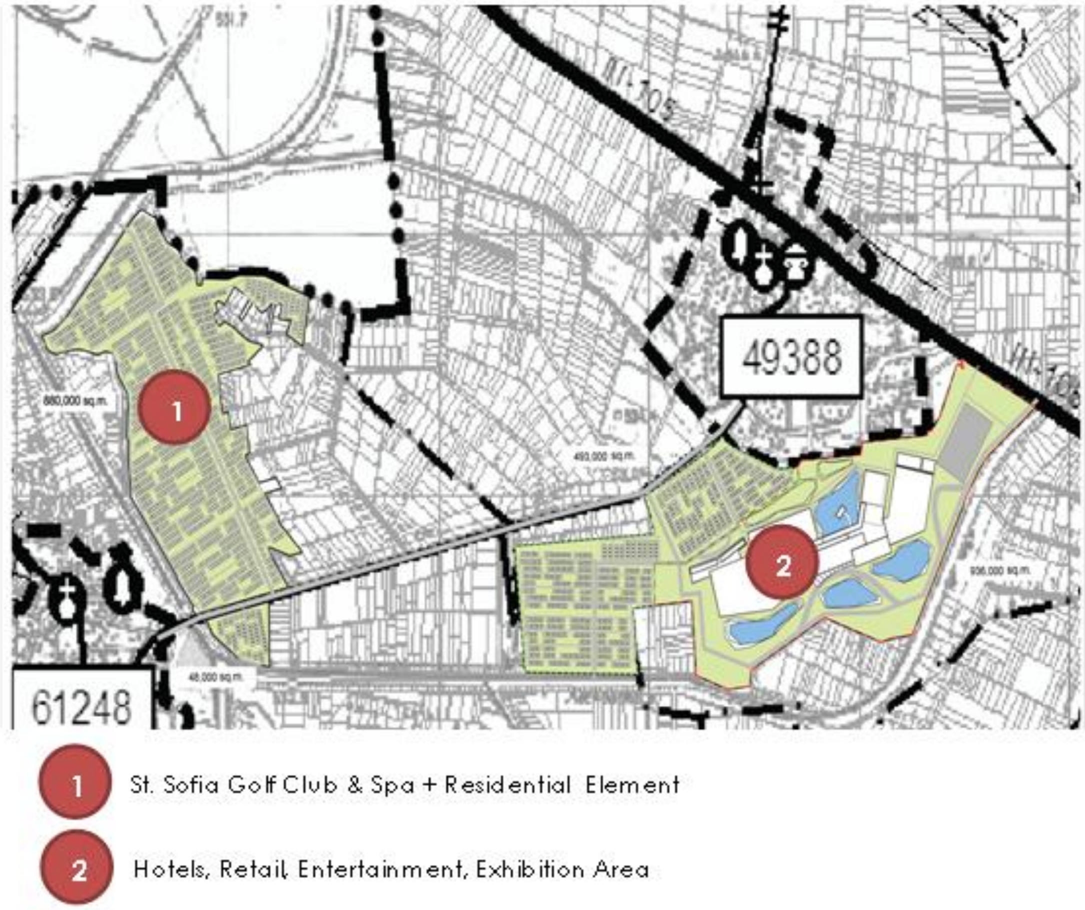
The Resort in Musachevo aims to be a unique casino destination in Europe. These types of resorts are predominantly developed in Las Vegas and Macau and are found to be very successful. The property aims to be very similar to the casino resort the Venetian Macau and will offer world class entertainment, a large gaming area, a shopping mall and luxury facilities.

The Resort is composed of the following main components:

- A 5 star and 4 star hotel
- Residential units
- Casino
- Shopping mall

- Conference centre
- Aqua Park
- Arena
- Theatre
- Retail outlets
- Indoor Game Centre
- Green house and Chapel
- Offices

SITE LOCATION MAP



Source: Master Layout Plan

The Musachevo project is currently a phased project, which is planned to be developed in three phases. This valuation and report concerns only phase one.

MAIN COMPONENTS OF THE PROJECT			
Facilities	Phase 1	Phase 2	Phase 3
Hotel rooms (unit)	4,000	3,500	2,600
Residential apartments (sqm)	2,400	-	-
Casino (sqm)	30,000	86,000	58,000
Shopping Mall (sqm)	100,000	38,000	21,500
Exhibition Centre (sqm)	48,000	14,300	12,000
Indoor aqua park (sqm)	30,000	-	-

Source: Bulgaria Development Holdings Limited.

2.2. AREA DISTRIBUTION

We understand that the project will have the following area distribution:

AREA DISTRIBUTION			
PROPERTY	GFA IN SQM	FLOORS	DETAILS
5-Star Hotel			
Hotel 1	160,000	30	1 600 guest rooms
Hotel 2	140,000	30	1 400 guest rooms
Supporting Facilities	60,000	-	-
Sub-Total	360,000	-	-
4-Star Hotel			
Tower 1	21,500	30	500 guest rooms
Tower 2	21,500	30	500 guest rooms
Supporting Facilities	16,000	-	-
Sub-Total	59,000	-	-
Residential			
Houses	720,000	-	2 400 Deluxe Houses
Sub-Total	720,000	-	-
Shopping Mall	100,000	-	-
Sub-Total	100,000	-	-
Entertainment			
Casino	30,000	-	-
Arena	12,000	-	-
Theatre	6,000	-	-
Indoor Game Center	10,000	2	-
Indoor Water Paradise	30,000	-	-
Green House and Chapel	4,000	-	-
Sub-Total	92,000	-	-
Convention/Exhibition			
Convention/Exhibition Center	48,000	-	-
Ballroom and Supporting Facilities	2,500	-	-
Sub-Total	50,500	-	-
Outlet Shopping Village			
Retail and Supporting Facilities	40,000	-	-
Sub-Total	40,000	-	-
Ancillary			
Office, Staff Quarter and Training	50,000	-	-
Car Parking	80,000	-	-
Sub-Total	130,000	-	-
Total	**1,551,500**	-	-

2.3. HOTELS

The Resort Musachevo plan for phase I is to build two hotels: one 5 star hotel with approximately 3,000 rooms and one 4 star hotel with 1,000 rooms. The two hotels aim to be very spacious and luxurious. Their styles will be very comparable to existing hotels such as the Venetian Macau or the Venetian Las Vegas. These casino properties are destinations themselves and are equipped to offer great entertainment inside the hotels. We understand that the two hotels of the project will have very similar features such as retail shops, outdoor pools, several theme food and beverage outlets and meeting rooms. Regarding the management structure, it has been decided that both of the hotels will be operated by the owners.

The two hotels will support the demand that is generated by the entertainment, such as the casino and the performances, and by the attractions like the aqua park.

2.4. RESIDENTIAL UNITS

The project plans include the construction of 2400 residential units. These will be luxurious houses with a GFA of 300 sq m each. The total GFA of all units will be 720 000 sq m. The residential units will be offered for sale.

2.5. THE CASINO

The casino aims to be the largest casino of Europe and will reach a gross floor area of 174,000 sq m in phase 3. Phase I we assume the casino will have one slot machine per 20 sq m and 150 game tables on a gross surface of 30,000 sq m. Like the hotels, the casino will draw its inspiration from the Venetian Macau in terms of high product quality.

2.6. THE SHOPPING MALL

The Resort plans to include a shopping mall with GFA of 100,000 sq m which in comparison with the latest developments on the local market will represent a mid-size scheme. It is expected to have a classical retail section and as well as entertainment section with food-court and restaurants.

2.7. THE CONFERENCE CENTRE

The initial project will include an exhibition centre of 48,000 sq m and a 2,500 sq m ballroom. This surface is expected to be extended to 74,300 sq m in phase 3. The convention centre will not only be the largest centre in Bulgaria but one of the largest centres in Europe as well.

2.8. THE AQUA PARK

The Resort plans include an indoor aqua park of 30,000 sq m, which will be one of the largest water parks in Europe. It has been decided that the Edmonton Water Park, situated in Canada, will be used as a model for the concept and the infrastructures. Therefore, the park should feature several water slides, wave pools, hot tubs and tropical temperatures.

2.9. THE ARENA

The Arena will host concerts, sport competitions, fairs and exhibitions and other numerous-audience events. It will occupy an area of 12,000 sq m. Fit-out and equipment including multimedia, sound, management, access, will be fully consistent with the type of event. The arena will be the second one in Bulgaria and as such it is expected to attract interest from event and PR companies.

2.10. THE THEATER

The Resort will include a 6,000 sq m theatre which will host musical, theatres and other cultural events. It will have all necessary equipment for other kinds of stage performances.

2.11. THE RETAILS (INCLUDING ANCILLARY FACILITIES)

The Resort includes ancillary facilities which will serve all types of properties within the complex. They will be used as storage place, staff relax and accommodation premises, technical premises. In addition, there will be a retail area which except for the shopping mall will also offer retail diversity. In total, the retail area and the ancillary facilities will occupy an area of 40,000 sq m.

2.12. THE INDOOR GAME CENTRE

The project includes 10,000 sq m indoor game center which will offer gaming installations, facilities, children playground and attractions. It is intended to operate all-year-round and establish itself as a major entertainment spot for children of different ages not only from the Resort but also from outside the project.

2.13. OTHER ELEMENTS (GREEN HOUSE, CHAPEL AND LAKESIDE FOOD OUTLETS)

The project includes greenhouse, chapel and food outlets development which will be situated on an area of 4,000 sq m. The greenhouse will include plants with fruits and vegetables which are intended to secure food consumption of the casino, hotel, water park bars and other food & beverage facilities. Part of the crop will be sold in the lakeside food outlets. The chapel will be rented for events, mainly weddings. It will operate only in peak seasons and upon request.

2.14. THE OFFICE, STAFF QUARTER AND TRAINING FACILITIES

The project includes office, staff quarter and training facilities with a GFA of 50,000 sq m. Part of the office space will be used for the management and administration of the Resort, whereas the remaining areas will be leased to tenants. The office premises are planned to be developed as a class A offices.

2.15. THE PARKING

The Resort includes car parking space with GFA of 80,000 sq m. The parking space will be divided into a few large underground parking lots. The total number of parking places will be 2,857.

3. STRUCTURAL CONDITION AND REPAIR

As the development currently only includes land parcels, we have not carried out any technical surveys on the property, or examined any technical plants and equipment. Moreover, we have not carried out an inspection of any works in the property that were covered, unexposed or inaccessible. In absence of any relevant information, our Valuation will be based on the assumption that the property is free from any defects.

However, the value reflects the general state of repair of the land as seen during our inspection, without any guarantee from our part on the condition of the buildings, foundations, ground and technical plants. Our Report is not to be assumed or interpreted as an expression of opinion or as a guarantee on the structural condition or state of maintenance of the land, nor may this assumption be deduced.

4. ENVIRONMENTAL CONSIDERATIONS

We have not carried out any physical investigations or tests, nor have been supplied with any information from the owner or from any relevant expert that determines the presence or otherwise of pollution or contaminative substances in the Property or any other land or property (including any ground water).

In the light of the above, you may consider it prudent to make further investigations in this regard to ensure that the Property is free from significant risks, an assumption upon which our valuations are based.

Should it be established that contamination exists at the Property, or on any adjoining land, or that the premises have been, or are being put to any contaminative use, this might reduce the values now reported.

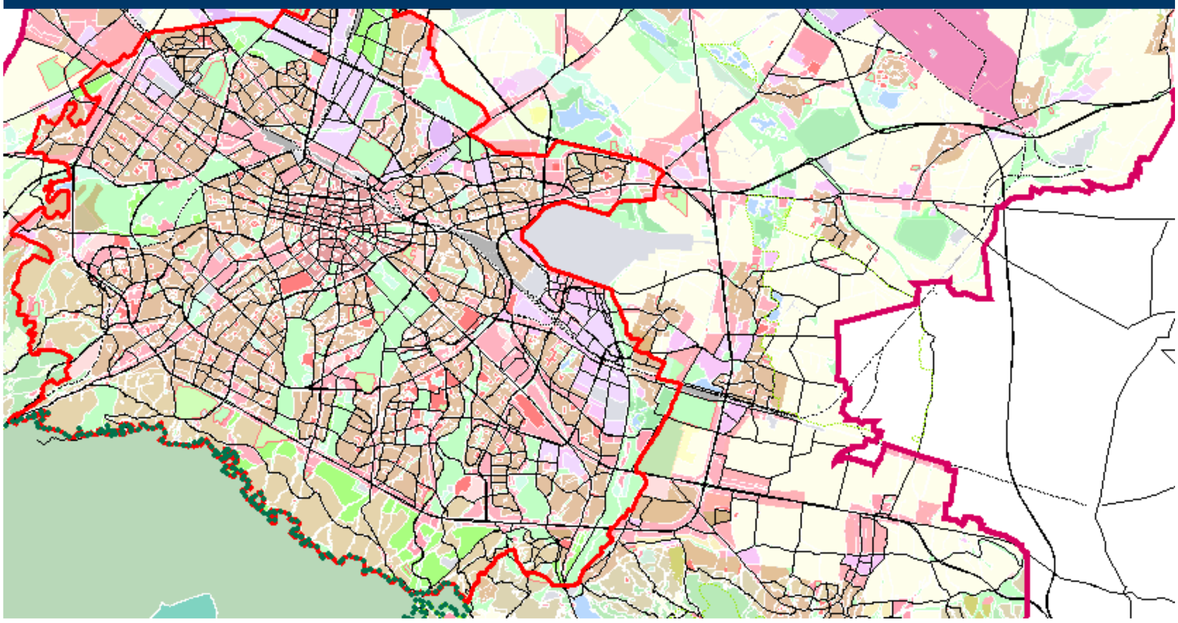
5. TOWN PLANNING & STATUTORY CONSIDERATIONS

We have not been provided with a detailed master plan or project papers for the envisaged large scale development. The area of the village of Musachevo and Ravno Pole fall outside of the General Master Plan of Sofia as indicated on the pictures below.

GENERAL LOCATION

Source: Wikimapia

GENERAL MASTER PLAN OF SOFIA AND SOFIA REGION



Source Sofproect (General Master Plan)

Thus we are not aware of the construction parameters of the land upon which the project will be constructed. The latter need to be approved by the relevant planning authorities prior commencement of the project.

6. TENURE

We understand that the project will be located on 10 land plots which extend to total area of 1,455,908 sq m. All plots are found within the Municipality of Elin Pelin, as 9 of them are situated within the area of Musachevo and one of them is situated within the area of Ravno Pole.

We understand that the freehold title of the majority of the land plots is owned by the state, as the acquisition procedure has just started since the Investor has recently received the special investment certificate from the state. This allows the investor to acquire the land which is currently agricultural at much lower price level. In addition we were advised that the government will support the project with investment in the supporting infrastructure up to the boundaries of the project.

All the available details of the land plots are summarized in the table below.

DETAILS OF THE LAND PLOTS						
PLOT NUMBER	AREA IN SQM	CADASTRAL AREA	OWNER	LAND CATEGORY	SKETCH	NUMBER OF OWNERSHIP
000077	105,670	Village of Musachevo	State-owned	5	K01177/ 07.01.2014	1121/12.02.2009
000078	38,865	Village of Musachevo	No owner specified	5	K01177/ 07.01.2014	01171
000079	26,799	Village of Musachevo	State-owned	5	K01177/ 07.01.2014	000695324
000082	559,364	Village of Musachevo	State-owned	5	K01177/ 07.01.2014	000695324
000098	244,181	Village of Musachevo	No owner specified	5	K01177/ 07.01.2014	01171
000103	57,623	Village of Musachevo	National Security Agency	5	K01177/ 07.01.2014	4172/14.09.2010
000107	21,539	Village of Musachevo	No owner specified	5	K01177/ 07.01.2014	01171
000108	5,668	Village of Musachevo	No owner specified	5	K01177/ 07.01.2014	01171
000110	315,345	Village of Musachevo	State-owned	5	K01177/ 07.01.2014	000695324
000110	80,854	Village of Musachevo	-	-	K05154/ 30.10.2012	-
Total	**1,455,908**	-	-	-		

7. TENANCIES

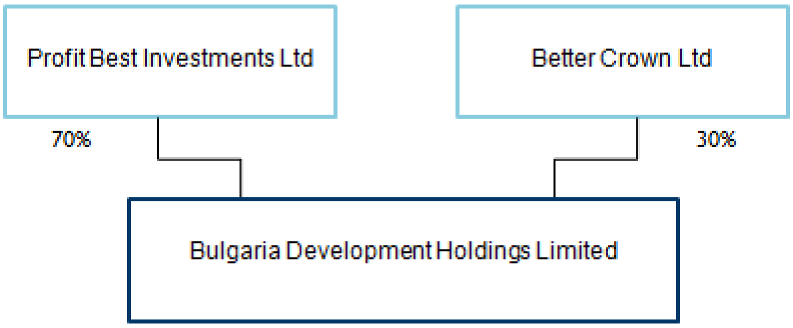
7.1. GENERAL

We understand from the client that the majority of the facilities will be managed by the owners. At this stage of the project no franchises or affiliations have been chosen to manage the different properties.

However, the client does not exclude to call upon industry specialists to help manage the different features of the Resort. Therefore, in this valuation report we have considered all elements to be own operated.

8. OWNERSHIP STRUCTURE

We understand from the Client that the process of the share transfer of BDH is incomplete but that once the transfer is completed Profit Best Investments Limited will hold 70% of BDH's shares and Better Crown Limited will hold 30% shares.



C. MARKET ANALYSIS

I. NATIONAL ECONOMIC INDICATORS

Bulgaria, with a population of 7,245,677 as at 31 December 2013 according to the NSI and a land area of 110,912 sq km, is the 17th largest country in Europe. Situated in the south-east of the Balkan Peninsula, it is bordered by the River Danube and Romania to the north, the Black Sea to the east, Turkey and Greece to the south and Serbia and Macedonia to the west. Although the position is peripheral of Central and Eastern Europe, Bulgaria is referred to as a bridge between Europe and Asia, and a cross-road between Europe, Asia and Africa. Bulgaria joined NATO in 2004 and has been a member of the European Union since 1 January 2007.

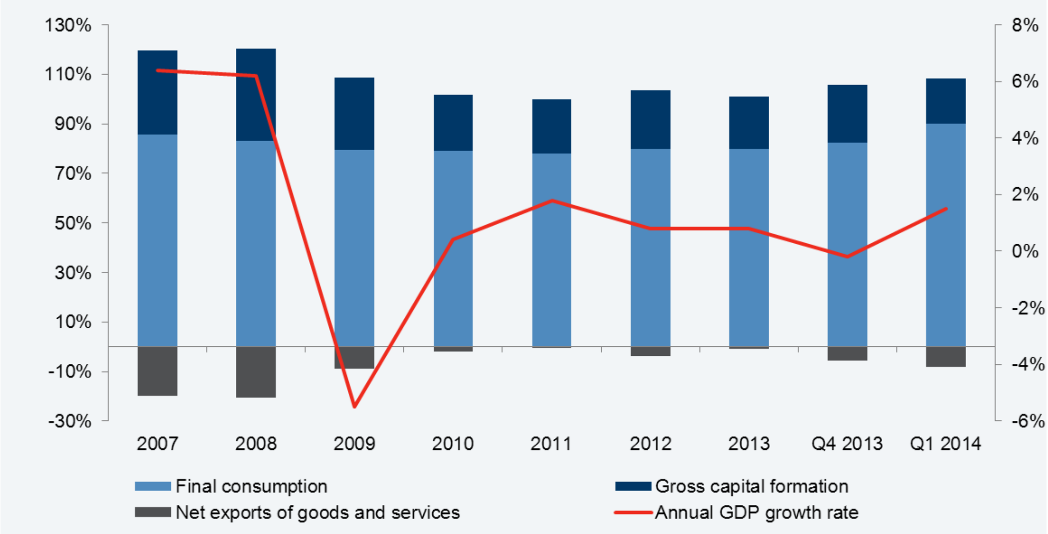
BULGARIAN REGIONAL MAP

Source: Forton

In 2013 economic recovery in Bulgaria's major trading partners of the euro area and the other EU Member States was observed, affecting favourably Bulgarian economic activity. Net exports had the main contribution to GDP growth in 2013, with exports of goods and services growing faster in real terms than imports of goods and services. Against the background of high unemployment, slightly declining employment and no significant improvement in overall consumer confidence, households retained their high savings rate, while household consumption fell. As a result of the weak domestic demand and the lack of more favourable expectations about future economic activity, firms retained their conservative policies with respect to investment spending and gross fixed capital formation posted a decline in 2013. Government consumption grew in real terms mainly due to the rise in operating expenditure driven by the higher EU funds absorption and, to a lesser extent, to the increased wages in the public sector.

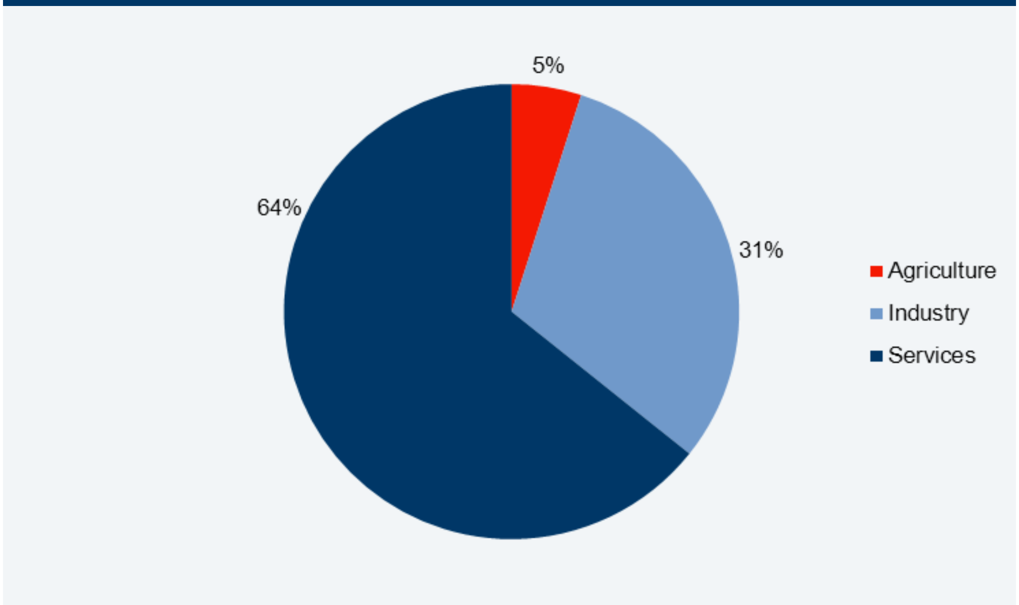
Even though growth is still modest, Bulgaria has avoided a second dip in the recession and recorded a 0.9% growth for the year 2013, and is expected to grow further 1.8% for 2014.

GDP GROWTH AND COMPONENTS



Bulgarian economy still remains dominated by the services industry as evident from the chart below:

GROSS VALUE ADDED, 2013

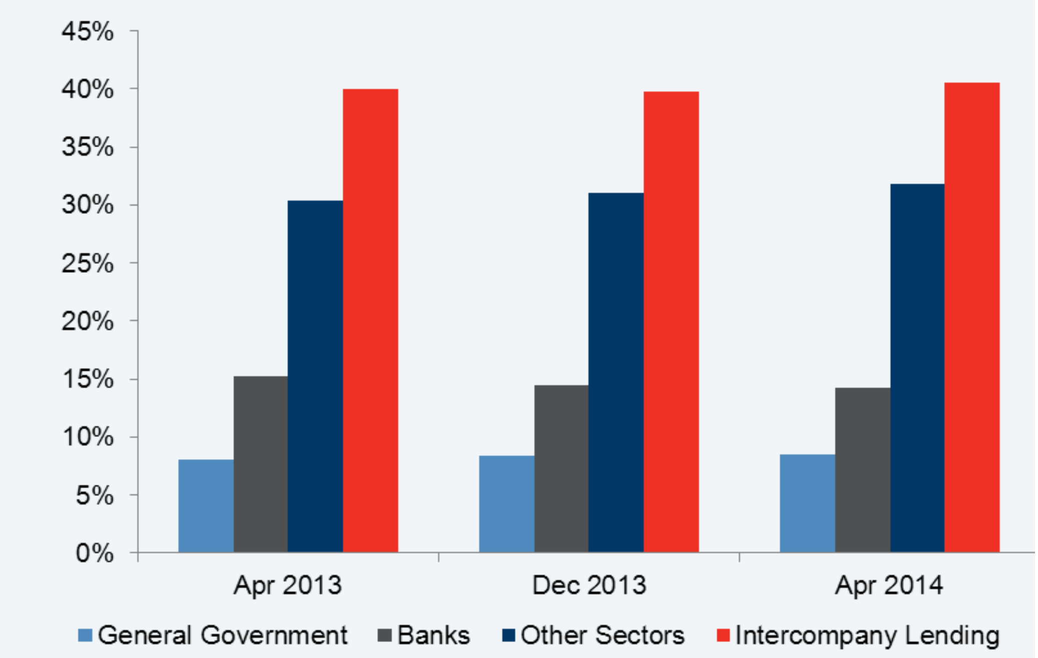


Source: National Statistical Institute

Gross external debt amounted to EUR 37,841.4 million at end-April 2014, increasing by EUR 502.5 million (1.35%) from end-2013. As a percentage of GDP it equalled 95.1%, increasing by 1.6 percentage points from end-2013 (93.5% of GDP). In comparison with end-April 2013 the gross external debt increased by 0.6%.

General government debt amounted to EUR 3,364.3 million (8.46% of GDP), increasing by EUR 32.6 million (0.1%) from end-2013.

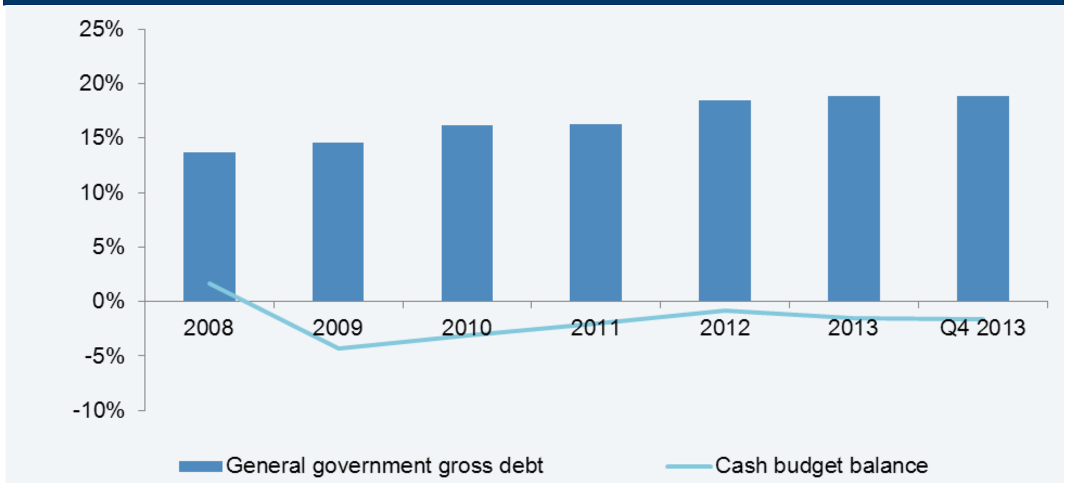
GROSS EXTERNAL DEBT AS % OF GDP



Source: Bulgarian National Bank

The country has one of the lowest public debts in the EU. The cash budget balance is slightly negative for the year 2013.

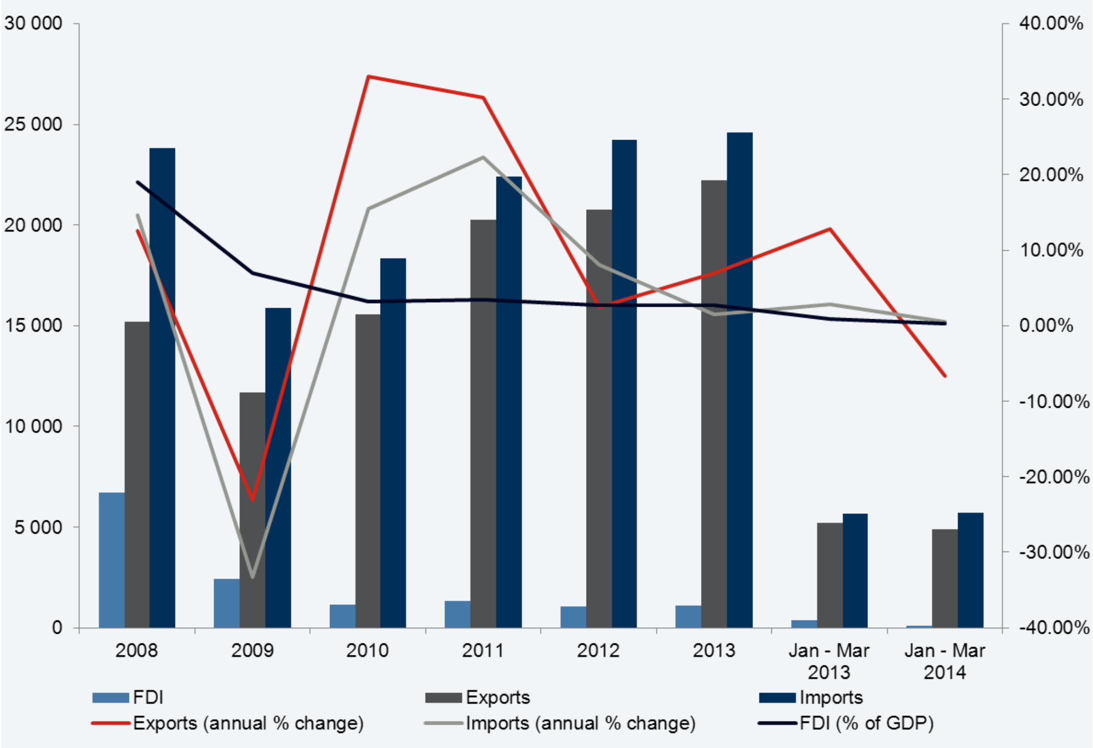
PUBLIC FINANCES AS % OF GDP



Source: Bulgarian National Bank

Bulgarian economy has consistently followed an upward trajectory despite a change in gears from debt-fuelled pre-2008 to export led growth after the 2009 recession. As a result the current account has seen huge improvement from deficit of 23.1% of GDP in 2008 to 1.9% surplus in 2013.

EXTERNAL SECTOR INDICATORS

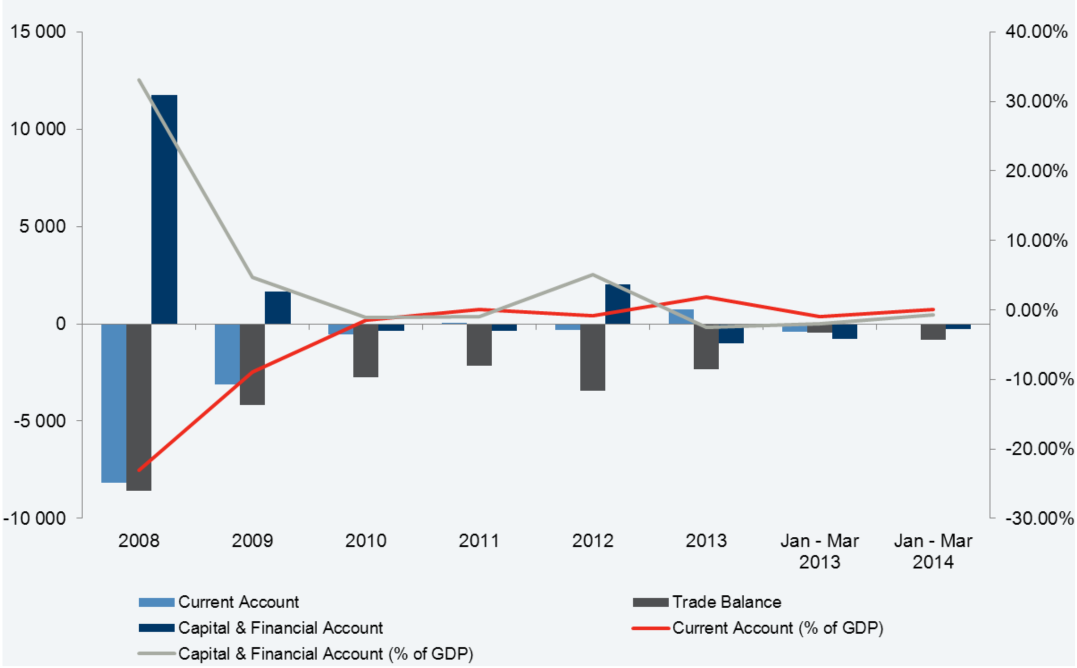


Source: Bulgarian National Bank

Between January and March 2014 the overall current and capital account balance reported a small surplus, with the main contribution of the capital account mainly due to capital transfers from EU funds. The balance of the current account reported neither surplus, nor deficit. In the first quarter of 2014 income balance and current transfers improved, while trade balance recorded higher deficit due to decrease in exports and increase in imports compared to the corresponding period in 2013.

The overall capital and financial account recorded a deficit, mainly due to the negative balance of the financial account. In 2013 banks continued to increase their assets in the form of an outflow from the financial account.

BALANCE OF PAYMENTS



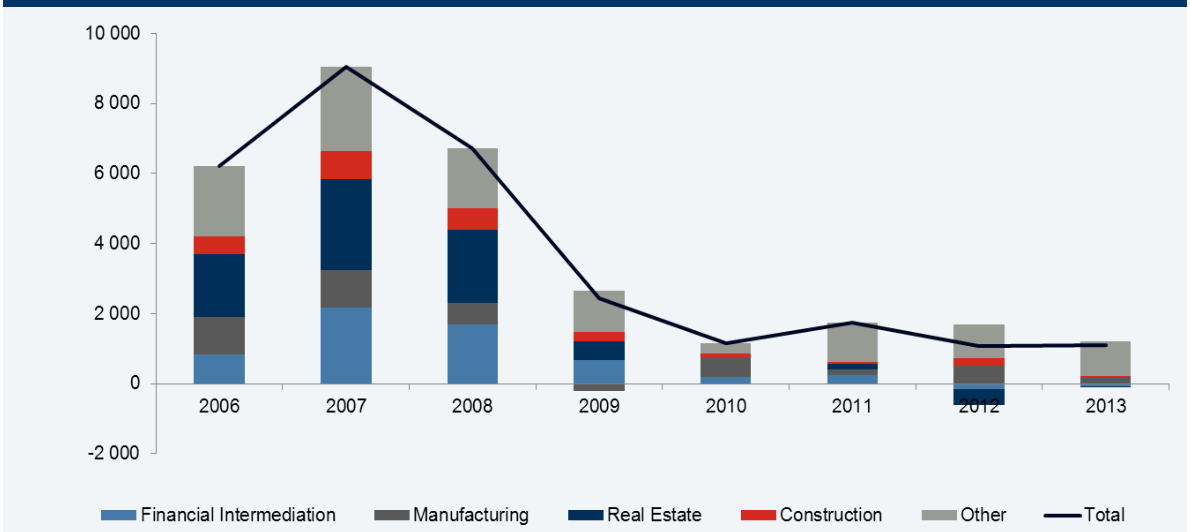
Source: Bulgarian National Bank

Based on the balance of payments preliminary data FDI inflows in Bulgaria in 2013 almost matched that of 2012. By the end of 2013 and in early 2014 this trend was sustained. In the second and third quarters of 2014 FDI inflows are expected to remain at a level around 2.5 per cent of GDP.

By country, the largest direct investments in Bulgaria in 2013 were those from the Netherlands and Germany, and the largest net negative flows for the period were towards UK.

By sector, the largest investments for 2013 were in Transport, storage and communication, Wholesale and retail trade and, repair, Manufacturing, and Financial intermediation.

FDI BY SECTORS



The downward trend in annual HICP observed since the second half of 2013 intensified in the first two months of 2014. By February the annual decline in HICP came to -2.1 per cent, and the average annual inflation was negative (-0.3 per cent compared with 0.4 per cent in 2013).

Realised lower than expected inflation in early 2014 reflects the impact of both domestic and external factors. The on-going decrease in oil prices on international markets together with the slight appreciation of the euro which led to a fall in fuel prices played a decisive role for stronger consumer price deflation in the first two months of the year.

In early 2014, as well as in 2013, the downward dynamics of international food prices continued to push down domestic food prices which are heavily dependent on the international market situation. Meanwhile, the weak dynamics of household consumption and competition in the trade sector further affected the firms' behaviour with regard to cost restraints amid stabilisation or a slight decline in prices.

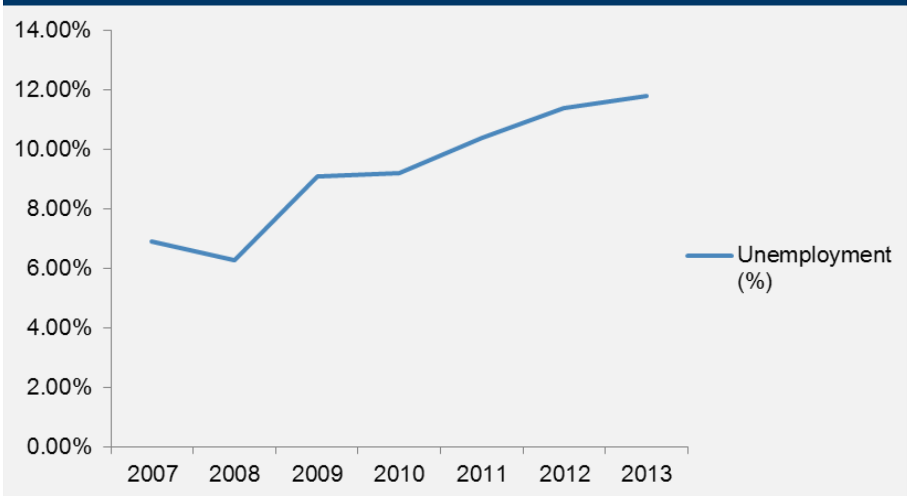
As of February 2014 almost all major commodity and services groups in the consumer basket reported price declines on an annual basis, with administratively controlled prices, transport fuels and non-foods (excluding fuels) reporting the most sizeable decrease.

INFLATION

Source: Bulgarian National Bank

The Labour Force Survey indicators, by which household labour supply may be assessed, suggest that labour supply was weaker in the second half of 2013. Even though, economic activity rate rose in the fourth quarter, it was reflecting the decrease in the number of working-age persons. On the other hand, the decline observed in the number of discouraged persons was not accompanied by a rise in the labour force. The changes of these indicators suggest that in the period of still weak labour demand by corporations the future increase in labour supply is likely to be limited.

UNEMPLOYMENT



Source: National Statistical Institute

Interest rates on both consumer loans and home mortgages were relatively flat until October 2013. In early 2014 interest rates applied by banks to finance non-financial corporation remained highly volatile on a monthly basis. Interest rate levels attained in the fourth quarter of the previous year were largely sustained, with a year-on-year decrease reported on new Bulgarian lev (BGN) loans and a slight increase on new loans denominated in euro.

AVERAGE INTEREST RATES ON LOANS IN EUR (%)

Source: Bulgarian National Bank

2. HOTEL MARKET

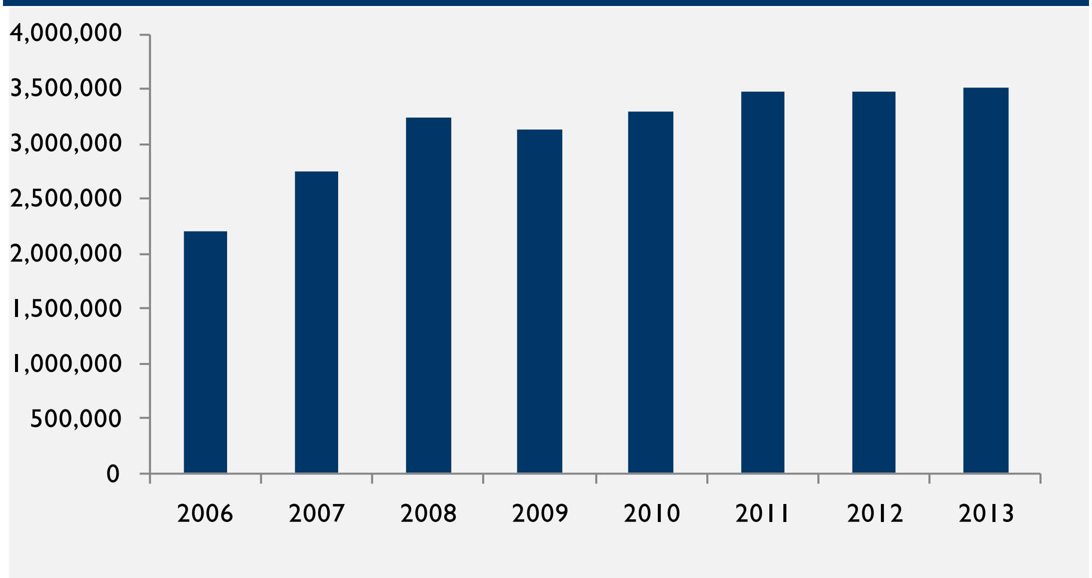
2.1. HOTEL DEMAND OVERVIEW

2.1.1 Overview

The international airport of Sofia was opened in 1937 and the existing concrete runway was completed in 1939. In 2000, Sofia Airport Terminal 1 was entirely renovated. The departure hall was extended, which allowed the airport to extend its capacity to 1.8 million passengers a year. Three years after, significant investments were made in other to build a new passenger terminal and runaway system. In 2006, construction work finished and the Terminal 2 opened to passengers. The aircraft movements reach 20 per hour and the airport was able to welcome 2.6 million passengers a year. The capacity of the airport is expected to increase in the end of 2014 with an additional capacity of 200,000 passengers.

Before the recent economical crisis, passengers at Sofia Airport have considerably increased. However, the downturn has impacted passengers travelling to Bulgaria and leads to a decrease of 3.0% in 2009. Since then, the situation has reversed and, over the period from 2010 to 2013, passenger movements at Sofia airport have increased by 1.5% per annum.

NUMBER OF PASSENGERS AT SOFIA AIRPORT

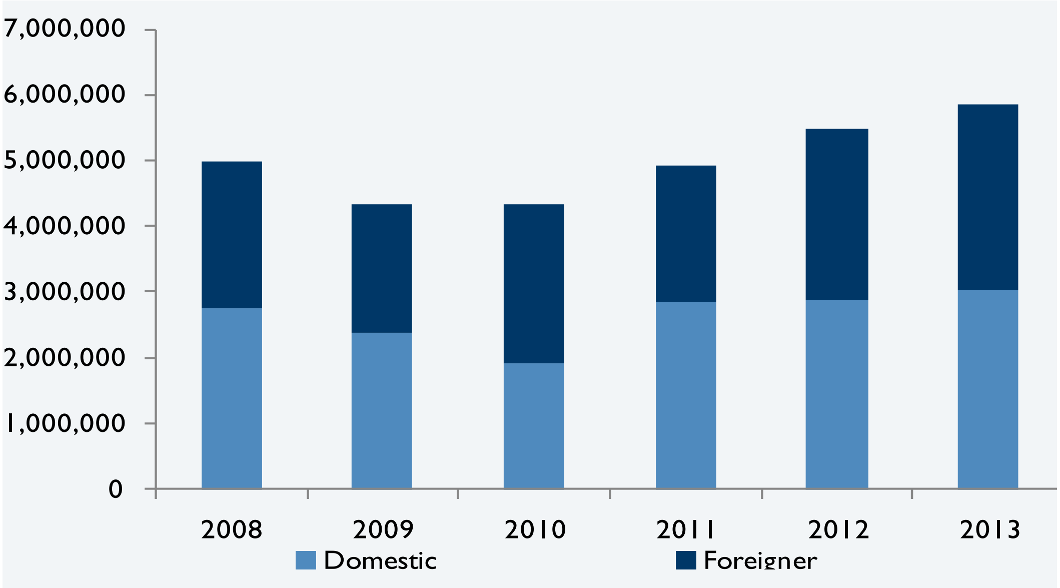


Source: Cushman and Wakefield based on the Bulgarian Statistical Office

From 2003 to 2008, Bulgaria's Travel & Tourism activity has seen significant demand growth. However, as a result of the global economic downturn, demand drop of 12.7% in 2009. Since then, demand in Bulgaria has rebounded strongly and steadily with 2012 arrivals exceeding pre-crisis level. In 2011, the number of arrivals increased by 13.6%, compared to the previous year and the increase in 2012 was 11.3% compared to 2011. This trend has continued in 2013 with a year on year increase of 6.4%. This growth illustrates that the tourism industry in Bulgaria is recovering and further growth is expected, once the economy of the majority of the countries worldwide is stabilized.

When analyzing the international demand, we observe that, over the period from 2003 to 2013, international arrivals in Bulgaria increased by 4% per annum. This trend strongly accelerates recently in 2012 and 2013 with an increase of respectively 26.3% and 11.3%. On the other hand, domestic demand has boomed in 2011 by 48.4% and follows the same trend with an increase of 0.3% in 2012 and 5.8% in 2013.

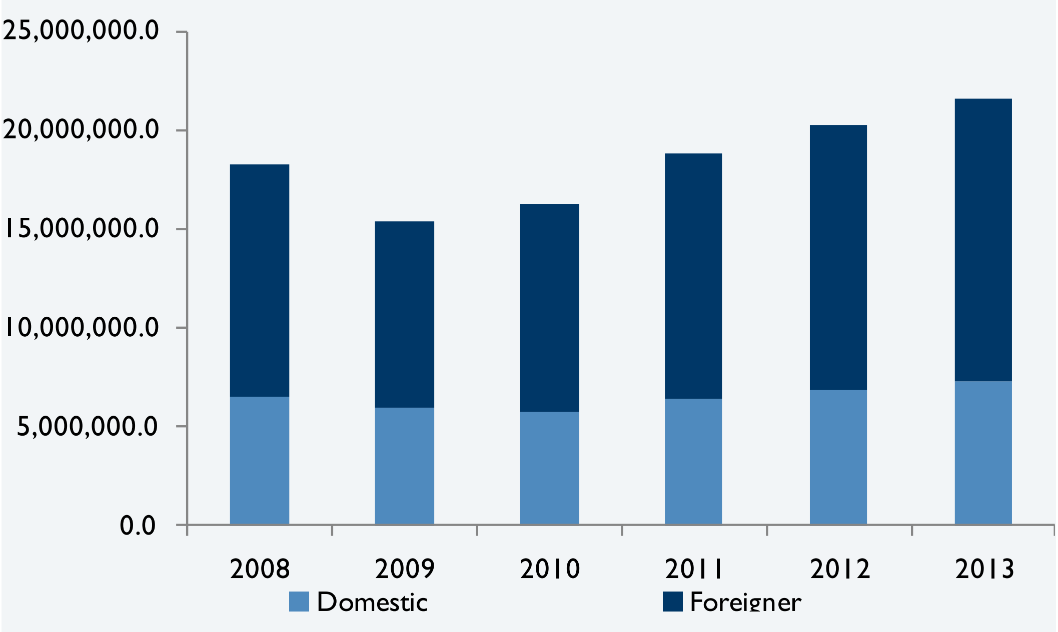
TOURIST ARRIVALS TO BULGARIA IN ACCOMMODATION ESTABLISHMENTS



Source: Cushman and Wakefield based on the Bulgarian Statistical Office

Following the trend of the arrivals to Bulgaria, overnight stays fell in 2009 by 16.0% before increasing in 2011 and 2012 by 16.0% and 7.4% respectively. In 2013, overnight stays recorded a positive growth of 6.7% which confirms that the demand is recovering and that overnight stays should continue to increase in the near future.

OVERNIGHT STAYS IN BULGARIA IN ACCOMMODATION ESTABLISHMENTS

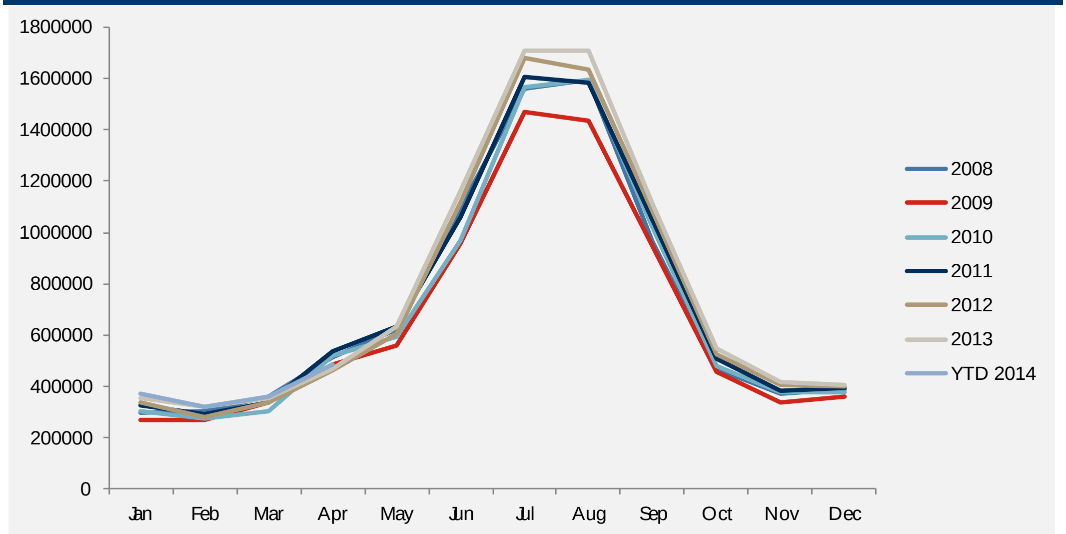


Source: Cushman and Wakefield based on the Bulgarian Statistical Office

2.1.2 Seasonality

As it is the case for most CEE countries, Bulgaria is a seasonal market with most of international arrivals between June and August. The summer season is relatively short and spans from June until September. The winter season is very poor in term of tourism demand, mainly due to relatively cold temperatures.

BULGARIA SEASONALITY - ARRIVALS OF FOREIGNER VISITORS

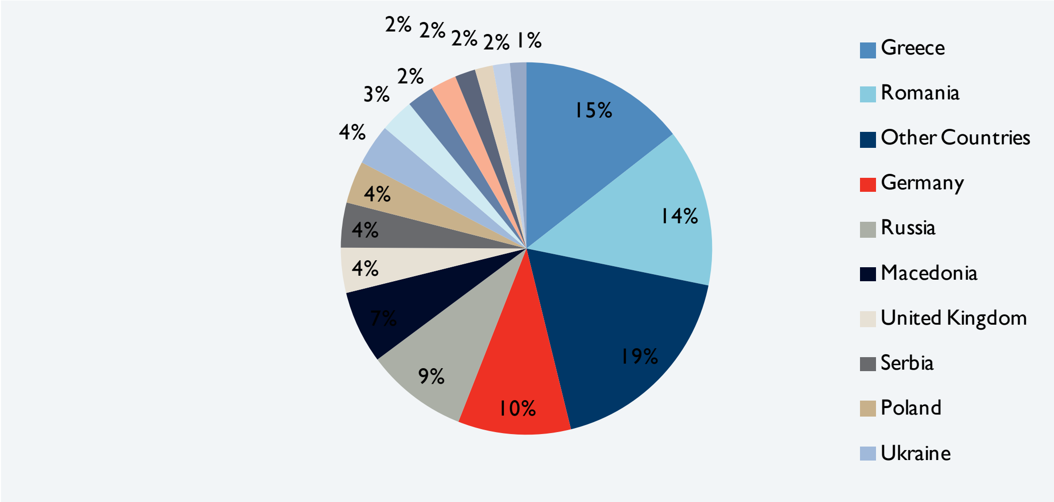


Source: Cushman & Wakefield based on the Bulgarian Statistical Office

2.1.3 Nationality mix

In terms of country of origin, the majority of 2012 foreign arrivals were recorded by neighbor countries (Greece, Romania, Macedonia and Russia) at 45.4%. Other countries in Northern Europe (Germany and United Kingdom) form close to 14.3% of the total arrivals.

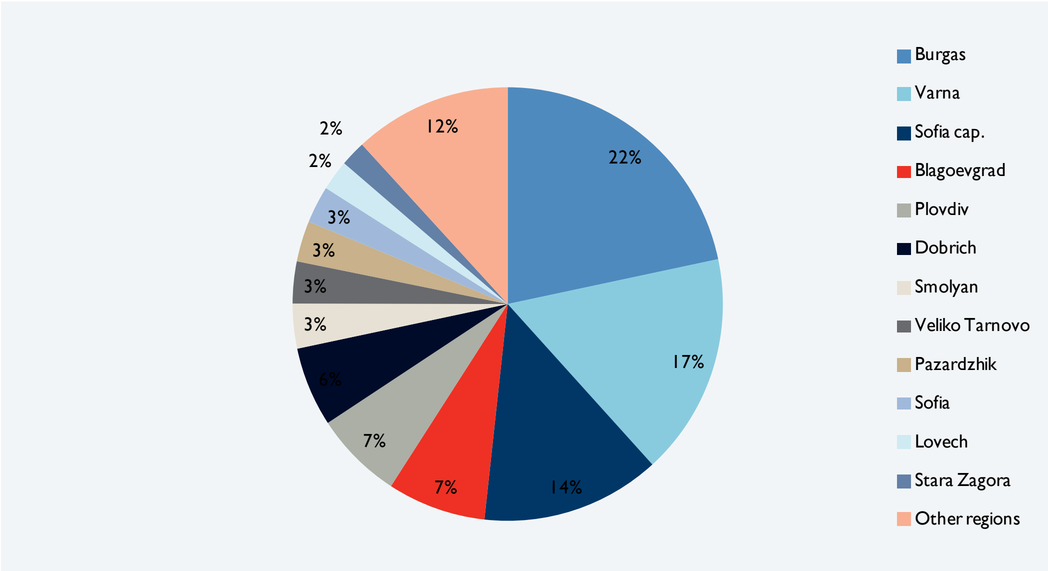
NATIONALITY SPLIT



Source: Cushman & Wakefield based on Euromonitor, 2014

Beach resort, such as Burgas and Varna, are the main attractions for tourists cumulating 39% of the arrivals. Although mountain resorts attract few tourists, Bulgaria has the possibility to become an all-year destination for international tourists. The lack in ski resorts demand is mainly caused by inconsistent quality of products and services. When considering a 12-month period from January 2013 to December 2013, the winter months from October to March generated only 28.1% share of arrivals while the main season from June to September generated 71.9% of arrivals in summer 2013. However the ski resorts are improving and more foreign visitors should come during the current low season in a near future.

ARRIVALS TO DESTINATIONS



Source: Euromonitor International

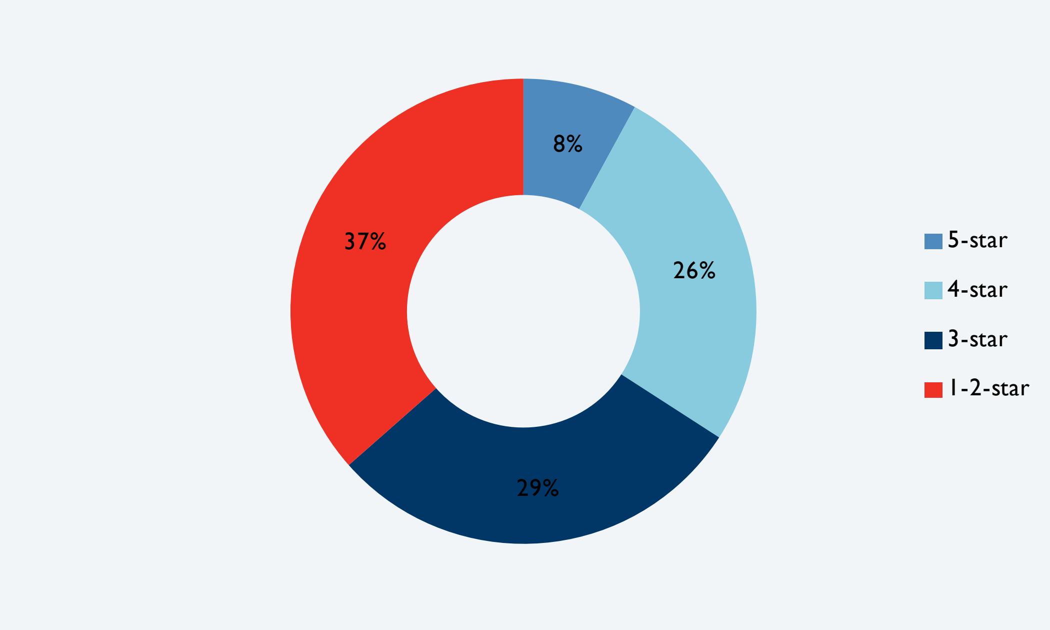
2.2. HOTEL SUPPLY OVERVIEW

The hotel market in Sofia is relatively limited with only 126 hotels and a total of 11,679 rooms. The supply has experienced important changes over the past decade; however, the market is still very limited when considering quality establishments. As can be seen in the graph below, the proportion of hotels in lower categories represent a large majority of 37% of the supply compared with a small proportion of luxury hotels, which correspond to 8% of the supply.

According to local classifications there are currently ten 5 star hotels, accounting for 1,324 rooms and thirty-three 4 star hotels, accounting for 6,022 rooms, in Sofia.

The market is dominated by five internationally branded hotels, though these hotels are either located in a secondary location or are lacking the capital investment required to fulfill the requirements of international clients. However, new luxury brands, such as the Design Hotel in 2013, are penetrating the market.

CATEGORIES OF ACCOMMODATION IN SOFIA IN APRIL 2014

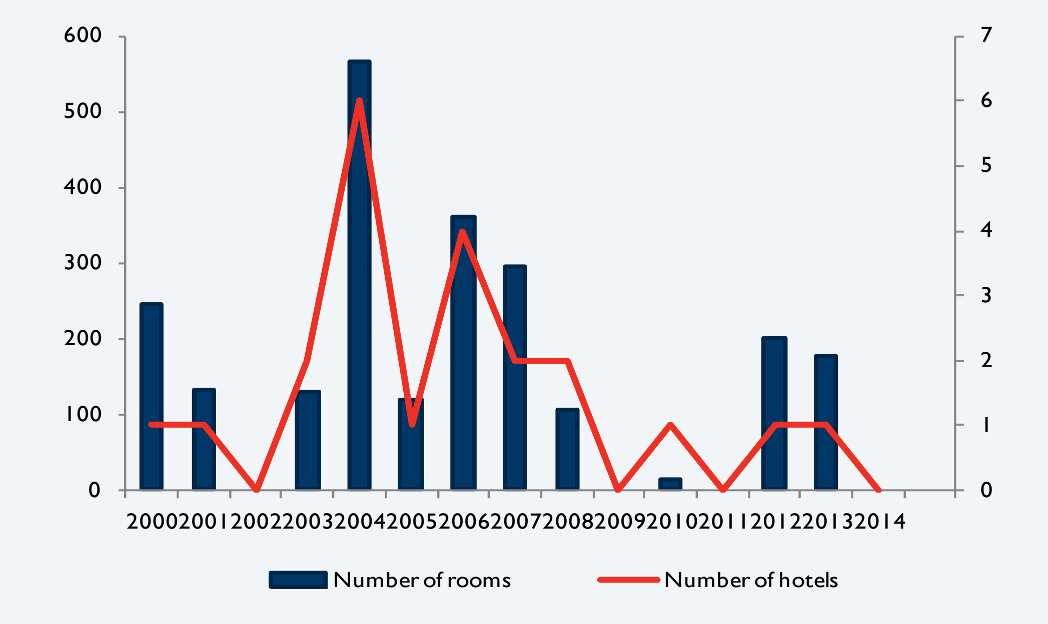


Source: Cushman & Wakefield Hospitality

2.3. HOTEL DEVELOPMENT OVERVIEW

Between 2004 and 2007, Sofia has seen a strong increase in new hotels openings. During that time, hotels investments were considered very attractive as arrivals kept increasing and taxation and cost of labour were low. However, as seen on the graph below, developments have slowed down as a result of the subprime crisis.

SOFIA NEW OPENINGS



Source: Cushman & Wakefield 2013

When analyzing the pipeline, we see that there are officially three hotel projects under construction in Sofia. Two of them are 4 star hotels and are located close to the airport. One of these projects is currently on hold due to financing issues. The third one is located south of the city centre, in the suburbs.

HOTEL PIPELINE – YTD SOFIA

PROPERTY	CATEGORY	ROOMS	LOCATION	STAGE	OPENING DATE
Megapark hotel	Upscale (4-star)	250	Main boulevard	under construction	TBC
Millenium Center - Hotel Tower	Upscale	250	Triaditsa	under construction	2014
Hilton Garden Inn Sofia Airport	Upscale	200	Airport suburbs	on hold	TBC

Source: Cushman & Wakefield 2013

2.4. HOTEL PERFORMANCES BENCHMARK

Sofia is a typical corporate market that achieves high occupancy during week days but low occupancy during weekends. It is therefore difficult for hotels to achieve high yearly occupancy. However, this project is very different from the current hotels in Sofia as it will focus on a different market with more leisure visitors. We believe that the key performance indicators of Sofia hotel market are little relevant to use for the Resort. Consequently, in this section, we have decided to analyze the hotel performance in Las Vegas, in order to evaluate the hotel performance in a casino resort, and the top global casino hotels performance. Various indicators can be used to measure performance in the hotel sector. The most common of these are occupancy, the measure of % of rooms sold on average over a given period of time (generally 1 year);

and Average Daily Rate (ADR), the average charge per room over a given period of time (generally 1 year). These two figures, when multiplied, equate to Revenue per Available Room (RevPar). The RevPar figure is essential when comparing individual hotels as well as different hotel markets and can also be calculated using ADR multiplied with occupancy.

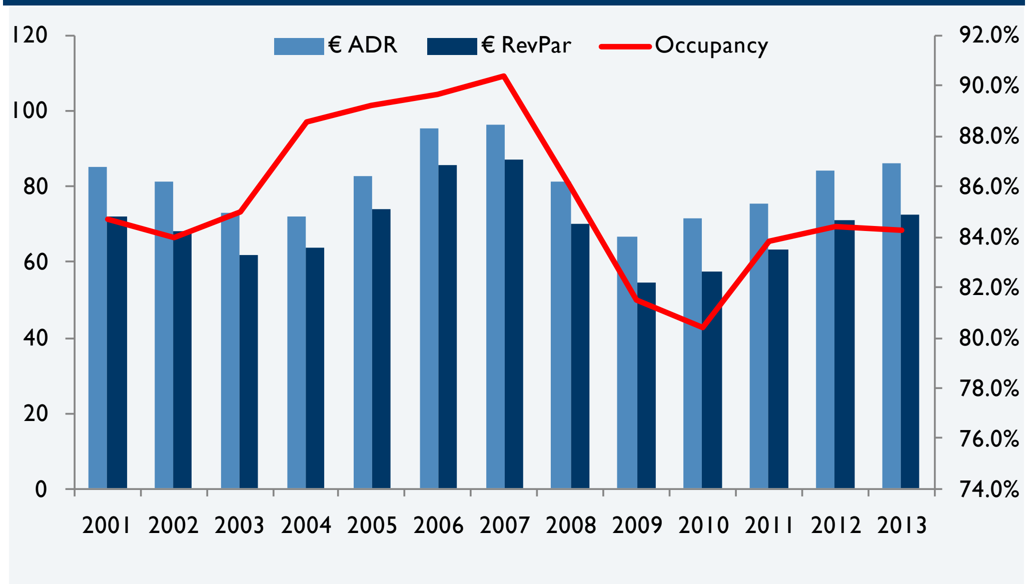
2.4.1 Las Vegas

Historically, Las Vegas has enjoyed occupancy well above the U.S average. Casino operators have used attractive prices to fill their rooms, generating supply for their gaming activities. Usually, the discounts offered for hotel night's counts as a gaming/marketing expense.

- Las Vegas hotel market

The top performance of the Las Vegas hotel market was reached in 2007, with peak levels in occupancy, ADR and RevPar at respectively 90.4%, € 96.51 and € 87.24. As a result of the economic downturn, the hotel performances in 2008 and 2009 have dramatically suffered with RevPar year on year decrease of 20% and 22% respectively. In 2009, the Las Vegas hotel market has reversed the negative trend and has recorded increasing occupancies and ADR. Considerable growth can especially be seen in year 2011, with a growth of 5.3% in occupancy and a growth of 10.7% in ADR since previous year. In 2012, the occupancy has started to recover to the pre-crisis period and has shown further improvement in performance as RevPar increased (+12%) not only through growth in occupancy (+1%) but strongly through ADR (+11%). In 2013, we can see a slight decrease in occupancy of 0.6% since the previous year 2012. However, ADR is increasing at the stable pace of 2.4%. This positive trend is expected to continue as the market is performing better in YTD April 2014 with a growth of 4.0% in occupancy in comparison to last year's performance, and a growth of 7.5% in ADR since previous year. This indicates a positive outlook and a recovering market.

LAS VEGAS HOTEL MARKET KEY PERFORMANCE INDICATORS (EUR)

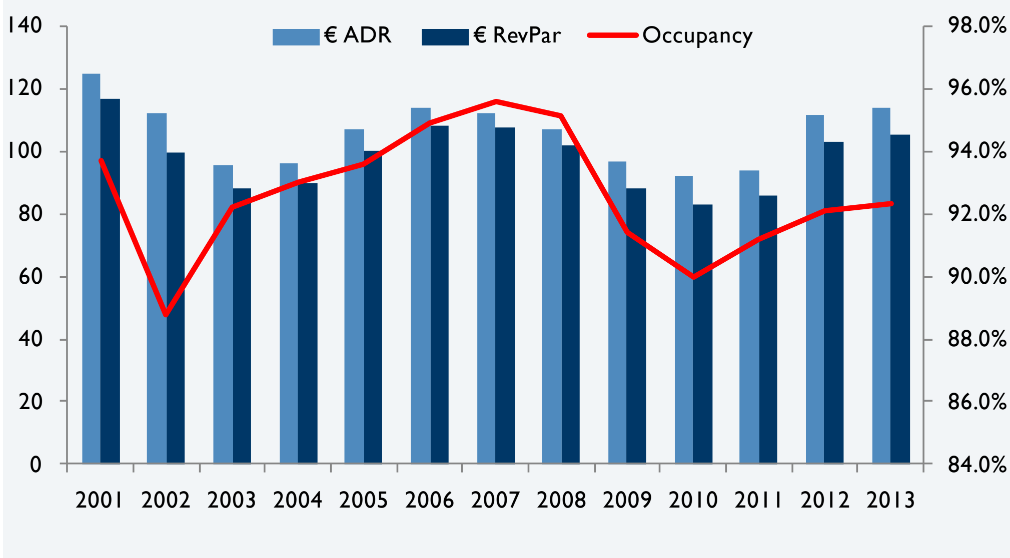


Source: Cushman & Wakefield based on the Las Vegas Convention and Visitors Authority

- Las Vegas "Strip" - Hotel Casino Market

Las Vegas Strip is the gaming area; this means on average a better performance as there is a higher and more stable demand for gaming, thus the hotel rooms that are supplied with discounts. Overall, Las Vegas Strip has suffered less from the crisis of 2009, and has maintained decent levels in terms of occupancies, ADRs and RevPar's. 2007 was the top performing year, with occupancy of 95.6%, an ADR of € 112.25 and a RevPar of € 107.31. In 2009, the market recorded decreases of 4% and 13.2 % respectively for the occupancy and the ADR. However, the lowest performance was in 2010 reaching an all-time low of 90% for the occupancy and € 82.95 for the ADR. Since 2010, the market has been recovering and this trend seems to keep at a stable pace with a year on year growth in occupancy of 0.6% in ADR of 1.9% in 2013.

LAS VEGAS STRIP CASINO HOTEL MARKET KEY PERFORMANCE INDICATORS (EUR)

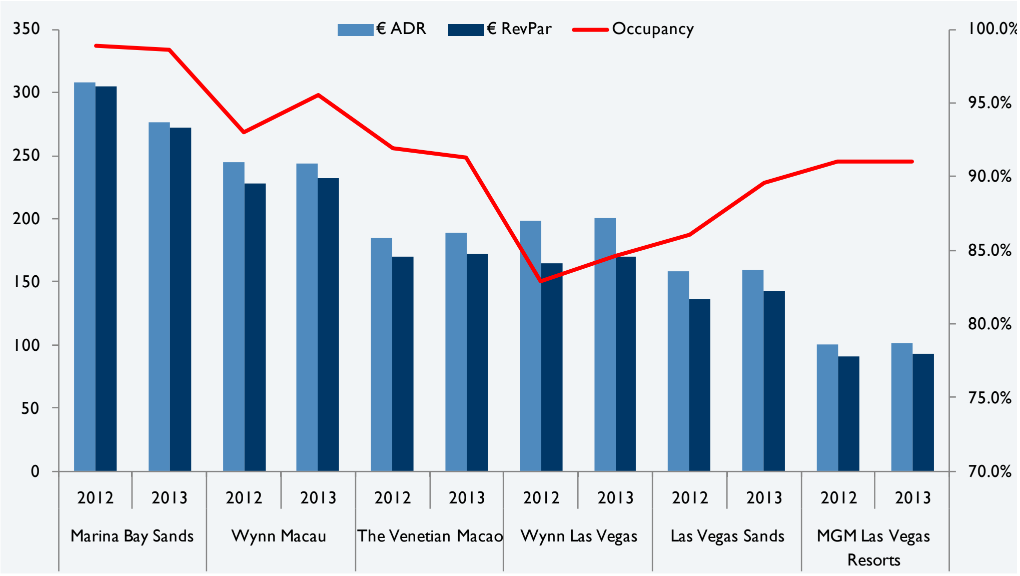


Source: Cushman & Wakefield based on the Las Vegas Convention and Visitors Authority

2.4.2 Top global casino hotels

The chart below shows the hotel performance for the top global casino hotels in the world. Firstly, we can see that the most performing casino hotels, in terms of RevPar, are all located in Asia. Secondly, we observe that the ADR and the occupancy of the Marina Bay Sands, located in Singapore, are much higher than the other casino hotels in the world. We believe that this is mainly due to its monopoly position and therefore higher prices as there is little competition. Overall, key performance indicators are higher for the casino hotels in Asia than the US. Finally, each top casino hotels, except the Marina Bay Sands, has performed better in 2013 compared with 2012 in terms of RevPar.

TOP GLOBAL CASINO HOTEL KEY PERFORMANCE INDICATORS (EUR)



Source: Cushman & Wakefield based

2.5. HOTELS INVESTEMENT OVERVIEW

The hotel transaction market in the CEE region has followed the same trend as recorded in Western Europe. While a number of investors were very active especially in Prague and Budapest between 2005 and 2007, owners of hotels were holding their assets as the y-o-y income return was high and increasing.

The sub-prime crisis, followed by the global economic meltdown, pushed away investors that were historically interested in buying hotels in the region. During the years following 2008, limited amount of capital and mainly debt was available impacting negatively transactions, which dramatically slowed down. The price expectation gap between buyers and vendors somewhat narrowed, though it is still high and the drops in performances in 2008 and 2009 were not pushing investors to propose aggressive offers.

Nevertheless, this trend is gradually reversing as RevPar has shown continuous growth since late 2010. More importantly, improvement in RevPar is finally also driven by ADR rather than just occupancy. In 2013, the CEE has seen a few numbers of sales, representing the first large sales for three years. Moreover, the EMEA has seen its volume of total transactions up by 17%. These are essential signals for investors that the market is recovering. Investor's confidence has improved and more opportunities are seen for 2014. In eastern European cities, such as Warsaw and Prague, where hotel supply is not saturated and where hotels' performance strengthens, trading expectations are very optimistic.

We have recorded the following transactions that closed during the past 3.5 years in the CEE region:

HOTEL TRANSACTIONS IN CEE 2011-2014 (EUR)

YEAR	PROPERTY	CITY	OPERATOR	ROOMS	STARS	PRICE PER	YIELD
2011	Grand Hotel Kempinski High Tatras	Strbske Pleso	Kempinski	98	5	231,327	
2011	Intercontinental Budapest	Budapest	IHG	398	5	125,972	
2011	NH Vienna Airport (Part of Portfolio Deal)	Vienna	NH	458	4	147,800	
2011	NH Salzburg (Part of Portfolio Deal)	Salzburg	NH	140	4	147,800	
2011	Mandarin Oriental	Prague	Mandarin Oriental	99	5	393,939	
2011	Falkensteiner Palace	Vienna	Falkensteiner	144	5	138,000	
2011	Bristol Hotel	Vienna	Starwood	140	5	500,000	4.0%
2011	Jan III Sobieski	Warsaw	Vienna International	435	4	90,536	7.8%
2011	Le Meridien Bristol (former Bristol)	Warsaw	Starwood	205	5	95,122	
2011	Radisson Blu	Tallinn	Rezidor	280	4	NA	
2011	Four Seasons Budapest	Budapest	Four Seasons	179	5	418,994	3.7%
2011	Radisson Blu	Warsaw	Rezidor	435	5	120,690	
2012	Intercontinental Vienna (Part of Portfolio Deal)	Vienna	IHG	458	5	109,170	
2012	Le Meridien Budapest	Budapest	Starwood	218	5	265,138	2.6%
2012	Intercontinental Hotel	Warsaw	IHG	414	5	248,792	
2012	Radisson Blu Grand Hotel Sofia	Sofia	Rezidor	142	5	204,225	
2012	Park Inn	Bratislava	Rezidor	265	4	62,264	7.3%
2013	Austria Hotels International (12 hotels)	Prague, Brno, Vienna, Baden	Austria Hotels International	1,392	3, 4 & 5	Confidential	
2013	Palace Hotel	Prague	Vienna International	124	5	161,290	
2013	Hilton Vienna	Vienna	Hilton	367	5	132,153	
2013	Hotel Am Konzerthaus - M Gallery Collection	Vienna	Accor	211	4	107,697	
2013	Hilton Sofia	Sofia	Hilton	245	5	97,959	7.5%
2013	Abba Hotel	Bratislava	Abba Hotels	125	4		
2013	Sheraton Krakow	Krakow	Starwood	232	5	163,793	8.8%
2013	Diune Hotel & Resort	Kolobrzek		200	5		
2013	Qubus Hotel Prestige	Katowice	Qubus	150	4	72,159	
2013	Rimske Terme (3 hotel resort)	Rimske Toplice		187	4	42,781	
2013	Le Bristol	Warsaw	Starwood	206	5	291,262	
2013	U Hajku (Grandior and Elefant)	Prague		318	5	76,195	
2013	JW Marriott Bucharest (35% share)	Bucharest	Marriott	402	5	85,323	
2013	New Montana Hotel	Sinaia		175	4	69,314	
2013	Hotel Kempinski Zografski	Sofia	Kempinski	421	5	95,012	
2013	Le Palais	Prague	Vienna International	72	5	131,944	
2013	Dedeman Antalya	Antalya	Dedeman hotels	540	4	109,444	
2013	Kempinski	Prague	Kempinski	75	5	200,000	3.5%
2013	Intercontinental Prague	Prague	Westmont Hospitality	372	5	309,140	6.0%
2014	987 Hotel	Prague	987	80	4		
2014	Four Seasons Prague	Prague	Four Seasons	161	5		
2014	Grand Hotel Pomorie	Pomorie	Independent	175	4	48,000	
2014	Rodina Hotel	Sofia	Independent	506	4	22,925	
2014	JW Marriott (50% interest)	Bucharest	Marriott	423	5	87,707	

Source: Cushman & Wakefield 2014

2.6. YIELDS

Hotel yields have moved out during the crisis along with other asset classes and arguably this trend was enhanced by the fact that most international hotels are based on management agreements rather than leases with contracted rental income. That said, it is clear that hotel investors recognise the strong trading fundamentals of prime globally branded properties. We anticipate that hotel yields will remain quite similar to the past three years or slightly decrease as a result of healthy transaction market, the low cost of capital and the global better economic situation.

We have recast in the table below the hotel yields in a variety of cities across CEE.

HOTEL YIELD IN CEE

CITY	2005	2006	2007	2008	2009	2010	2011	2012	2013
Prague	8.00%	7.25%	6.40%	7.40%	8.20%	8.00%	7.75%	7.75%	7.50%
Budapest	8.50%	7.75%	7.00%	7.75%	8.50%	8.25%	8.15%	8.15%	8.15%
Warsaw	8.00%	7.75%	6.50%	7.50%	8.25%	8.00%	7.60%	7.50%	7.50%
Sofia	10.50%	10.00%	8.50%	10.00%	10.50%	10.50%	10.30%	10.30%	10.00%
Bucharest	10.25%	9.45%	8.25%	9.25%	9.75%	10.00%	9.75%	9.75%	9.75%
Bratislava	8.50%	8.00%	7.00%	8.00%	9.30%	9.80%	10.00%	10.00%	9.75%

Source: Cushman and Wakefield 2014

3. RESIDENTIAL PROPERTY MARKET

3.1. GENERAL

Currently, there is no supply of newly developed residential houses, suites and any type of luxurious houses in Musachevo. Therefore, exhibits of luxurious residential units include houses located to the southeast of Sofia in close proximity to Musachevo, particularly in the areas of "Kambanite" park, residential complexes in the area along Sofia South ring, Pancharevo, Lozen and German. Average sale price per sqm for the presented properties equals approximately € 1,500 per sq m. The Project includes 2,400 luxury houses. Each has GFA of 300 sq m. Average sale price amounts to € 1,851/ sq m. The target sale price could be reached in case all of the following criteria are met: use of high quality construction materials, luxurious layout, additional amenities (retail area – shops, supermarket, fitness, and kindergarten), and property and facility management services.

LUXURIOUS RESIDENTIAL PROPERTIES IN SOFIA AND NEAR SOFIA					
№	Location and Property Description	TBA (sqm)	Price (EUR) excl. VAT	Price (EUR/sqm) VAT excl.	Picture
1	Newly-built furnished house located in Bistritsa. The house has 3 bedrooms, 3 bathrooms, CCTV, green planted yard, BBQ, garage, irrigation system, boiler premise (boiler capacity 300l). Size of land plot amounts to 465 sqm.	380	495,000	1,303	
2	House located in proximity to Pancharevo lake and the English-American school. The house has pellet boiler, sauna, storage space, hobby room with cinema and cigar bar, djakuzzi and warm-armchair, two-face fireplace, air condition, 3 bedrooms 3 bathrooms, 2 parking places. Luxury Italian furniture. Size of land plot amounts to 750 sqm.	450	600,000	1,333	
3	House located in "Byala cherkva" gated complex in proximity to Kambanite Business park, Residential Park Sofia and the English-American school. The complex has TBA of 15 000 sqm. The house is partly furnished, it also has 3 bedrooms, 2 parking places, luxury layout, fireplace and air conditions, CCTV, live security. In addition, there are fitness, retail area and kinder garden within the complex.	210	350,000	1,667	
4	House located in Belle Valley gated complex in immediate proximity to Kambanite Monument. The house has 3 floors and accomodates 4 bedrooms, 4 bathrooms, garage with 2 parking places, 2 terraces,fitness and boiler premises, service facilities. It is unfurnished. The complex has sewage. Size of yard amounts to 2000 sqm.	600	735,000	1,225	
5	House located in Pancharevo with view to Pancharevo as well view to the mountain. The house has only one level which accomodates 4 bedrooms, aboveground garage for 8 cars. The property has displacement which allows variable ways for vertical planning solutions. The house is fully furnished, heating is ensured through heat pump, bolier and sun collectors. There is a biological cleaning station. Built-up area amounts to 602 sqm, whereas size of land plot respectively 2 378 sqm.	874	2,100,000	2,403	

LUXURIOUS RESIDENTIAL PROPERTIES IN SOFIA AND NEAR SOFIA					
№	Location and Property Description	TBA (sqm)	Price (EUR) VAT excl.	Price (EUR/sqm) VAT excl.	Picture
6	House located in Pancharevo with view to Pancharevo lake. The house has 2 floors and accomodates 3 bedrooms, 3 bathrooms. In addition, the property has garage and parking space, fireplace, terrace. Kitchen is fully furnished, heating is ensured through heat pump installation. The other premises are not furnished. Size of land plot amounts to 813 sqm.	450	600,000	1,333	
7	House located in "Byala Cherkva" gated complex near Kambanite monument in proximity to English-American school and Business Park Sofia. The house has two bedrooms with own bathrooms, full kitchen equipment and furniture, boiler and storage premises, 2 outdoor parking places, luxury layout, cabling, air conditions, sound system, CCTV. The complex has 24/7 live security, kinder garden, retail area, fitness.	213	290,000	1,362	
8	House located in Shtarkelovo gnezdo in Iskar vila zone with view to Iskar dam, first line. The house has an outdoor pool with water slide, BBQ and a few relax zones. Heating is ensured from three sources as follows electricity, air conditions, naphta. The house has 3 bedrooms, 2 terraces, fireplace. Infrastructure is developed whereas there is an asphalt road to the property. Distance from Sofia is 30 km. Size of land plot amounts to 2 500 sqm.	290	570,000	1,966	
9	House situated in gated complex in Lozen, Region Sofia in close proximity to Tsarigradsko shose and Trakia Highway. It accomodates 3 bedrooms and 3 bathrooms, detached apartment on the ground level, terraces, garage for 2 cars. The complex has sewage and good transport options including both public lines passing close to the property as well as developed infrastructure. Size of yard amounts to 900 sqm.	242	245,000	1,012	
10	One-family house located in Gorublyane District with view to Vitosha and Lozenska mountains. Access is ensured through number of public transport lines including metro station located in proximity. The house will have 2 floors acomodating 3 bedrooms, 3 bathrooms, 2 parking places. Heating is ensured through convector radiators. Size of the land plot amounts to 430 sqm, no displacement. The house is expected for completion by the end of 2014.	220	220,000	1,000	

Source: Forton

4. CASINO MARKET

4.1. CASINO INDUSTRY OVERVIEW

The global gaming industry is a well-consolidated market where a few key destinations share the global revenue. When it comes to the casino industry, Las Vegas is the most iconic gaming and entertainment destination in the world. Located in the middle of the Nevadan desert, the city holds first-class entertainment and welcomes the biggest trade shows, conferences, meetings and conventions. With seventy-five casinos, Las Vegas used to be the only world-leading destination of its kind until around ten years ago, when more worldwide gambling options arose. Although tourism is the main source of economy for Clark County, the gaming capital has been forced to refurbish its facilities and deepen market penetration. This re-vamping has recently become critical as new market leaders are stealing a greater share of global gaming demand.

Asia is, indeed, the fastest growing region for casino gaming spending. As an example, Macau's gaming revenue has been greater than Las Vegas' revenue since 2007. The success of Macau as a gaming destination is mainly due to its strategic location. Mainland China has long forbidden casinos in the country but as Macau benefits from legal autonomy, the city was allowed to build casinos. Therefore, it is the nearest destination for over a billion potential players. Macau or the "Asian Las Vegas" as it is called, counts today thirty-five casinos hotels and continues to see its gambling revenues rise ever year. Recently, in 2010, Singapore also became a gambling destination when the government introduced two casino-integrated resorts, The Marina Bay Sands and The Resort World Sentosa, in order to bolster tourism to the city-state. Singapore has already become a major casino destination and has remained the only real regional competitor of Macau. There are new potential Asian markets being developed such as expanding casino operations in Cambodia by Nagacorp and plans for a number of casino developments in Manila in Philippines, though these are not yet approaching the scale of Macau.

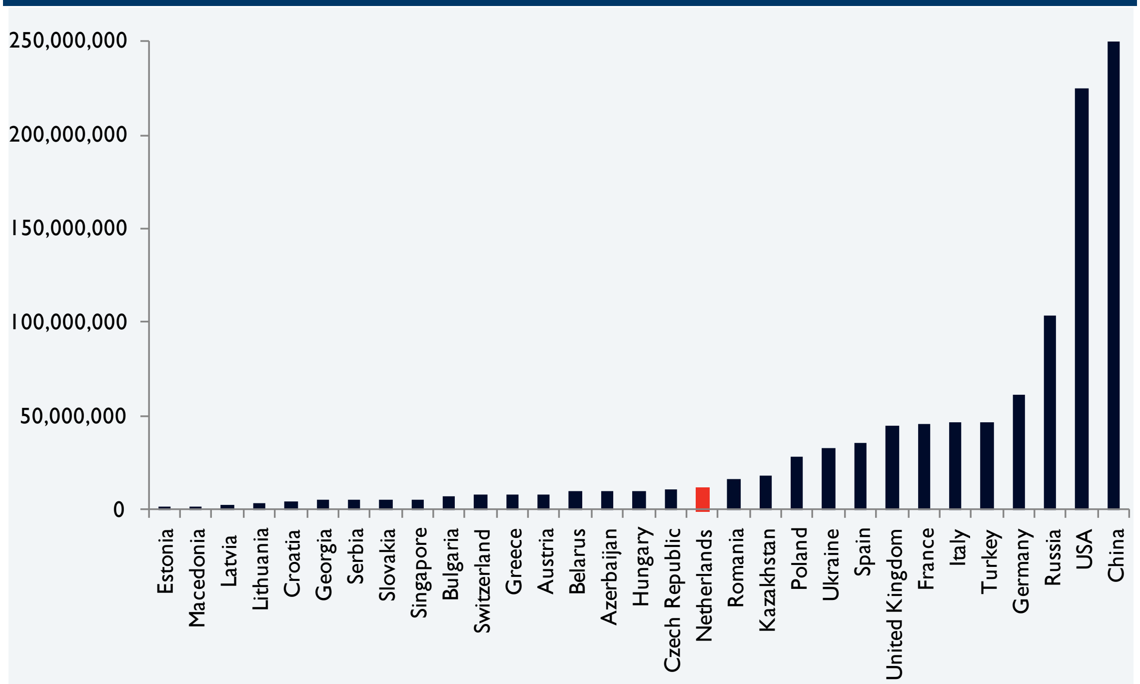
When analyzing the situation in Europe, we observe that the market is very different as there are a lot of casinos but none are considered as a real gambling destination. However, there are still a few locations that are famous for their casinos. Perhaps the most well-known is Monaco, which holds the traditional Casino de Monte-Carlo. The establishment is popular as a tourist site in its own right as much as it is as a gambling destination. Therefore, this destination does not attract the same type of visitors and does not generate the same profit as Macau, Singapore or Las Vegas. Secondly, Italy, Portugal and Spain are to be considered as it is in these countries that a significant number of casinos are located. The Campione d'Italia is the largest one with a floor space of more than 55,000 square meters and more than 500 slot machines. Being located near the affluent Milanese market, it attracts both domestic visitors from Italy and foreign visitors from China and Russia. In Portugal, Estoril Sol, which operates Casino Estoril, Casino da Póvoa and Casino Lisboa, controlled 64 % of the Portuguese casino market in 2012. Finally, Spain is an important market with forty-three licensed casinos and has recently been the object of discussion for two future two billion euro casino resorts in Madrid and Barcelona. The mooted projects have ambitions to create casinos on the scale of Las Vegas in Europe. As of today, we understand that the investor Sheldon Adelson has cancelled his project in Madrid but that the project in Barcelona is still in process.

4.2. CASINO DEMAND

4.2.1 Adult Population of main source markets

The graph below shows the total adult population (above 25 years of age) of the major source markets currently to Bulgaria based on the national statistical institute of the country. In addition, the data also shows the population of major Western European markets as well as the USA and China. It should be noted that for illustration purposes the graph does not take into account the entire Chinese population which is at a much higher level of c. 1.3 billion.

SOURCE MARKET POPULATION



Source: CIA World Factbook

4.2.2 Visitors to Casinos

The table provides an indication to the total number of casino visitors with the majority of data focused towards European countries in addition to the USA and Russia. Although a recent addition to the casino industry, Singapore is showing the greatest growth in visitation with a CAGR of 4.50% between 2010 and 2012. Unconfirmed, online sources have also indicated that this trend is likely to continue across 2013 and 2014. Several Western European markets have experienced a fall in visitation with the largest decrease reported in France, the UK and the Netherlands. Due to changes in recent laws and closure of several casinos, Russia shows the highest decline in terms of CAGR at c. 39%. Such data for Macao was not sourced and as such could not be used for comparable purposes.

VISITORS TO CASINOS

COUNTRY	VISITORS TO CASINOS						
N/A* - Casinos illegal	2007	2008	2009	2010	2011	2012	CAGR (%)
Macedonia	No Data	No Data	No Data	No Data	No Data	No Data	
Serbia	No Data	No Data	No Data	No Data	No Data	No Data	
Singapore	N/A*	N/A	N/A	6,000,000	6,300,000	6,552,000	4.50%
Bulgaria	21,900	23,100	20,400	21,500	22,900	24,800	2.52%
Greece	3,408,000	3,237,600	3,293,700	3,046,700	2,924,800	2,769,800	-4.06%
Netherlands	7,208,200	6,912,000	6,189,000	5,651,000	5,570,200	5,414,200	-5.56%
Romania	1,791,900	2,034,500	1,640,500	1,770,300	1,694,600	1,717,300	-0.85%
Poland	1,611,000	1,748,100	1,678,200	1,602,700	1,626,700	1,657,600	0.57%
Ukraine	No Data	No Data	No Data	No Data	No Data	No Data	
Spain	3,361,300	3,236,300	2,953,500	2,843,300	2,615,800	2,445,800	-6.16%
United Kingdom	15,103,600	16,213,500	16,598,400	16,897,100	17,150,600	17,356,400	2.82%
France	86,141,100	74,942,000	64,450,100	59,423,000	55,560,500	55,710,500	-8.35%
Italy	1,895,800	1,827,900	1,762,000	1,798,600	1,883,600	1,897,500	0.02%
Turkey	N/A	N/A	N/A	N/A	N/A	N/A	
Germany	6,084,700	5,823,700	5,641,300	5,359,200	5,252,100	5,173,300	-3.19%
Russia	645,000	680,000	349,000	35,000	41,100	52,600	-39.43%
USA	480,400,000	475,600,000	528,800,000	570,100,000	589,400,000	591,600,000	4.25%
China (Not including Macao)	N/A	N/A	N/A	N/A	N/A	N/A	

Source: Euromonitor International

4.2.3 Revenues to Casinos

The trend for Casino revenues follows a similar path to that of visitation. Singapore shows impressive growth with a CAGR of c.20% in Singapore dollars. Russia and Western European economies showed the greatest decrease in revenues a reality that directly corresponds to visitation.

REVENUES TO CASINOS

COUNTRY	REVENUES TO CASINOS (In Local Currency)						
N/A* - Casinos	2007	2008	2009	2010	2011	2012	CAGR (%)
Macedonia	No Data	No Data	No Data	No Data	No Data	No Data	
Serbia	No Data	No Data	No Data	No Data	No Data	No Data	
Singapore	N/A	N/A	N/A	2,510,329,800	4,025,395,140	3,591,426,280	19.61%
Bulgaria	21,900	23,100	20,400	21,500	22,900	24,800	2.52%
Greece	3,408,000	3,237,600	3,293,700	3,046,700	2,924,800	2,769,800	-4.06%
Netherlands	7,208,200	6,912,000	6,189,000	5,651,000	5,570,200	5,414,200	-5.56%
Romania	1,791,900	2,034,500	1,640,500	1,770,300	1,694,600	1,717,300	-0.85%
Poland	1,611,000	1,748,100	1,678,200	1,602,700	1,626,700	1,657,600	0.57%
Ukraine	No Data	No Data	No Data	No Data	No Data	No Data	
Spain	3,361,300	3,236,300	2,953,500	2,843,300	2,615,800	2,445,800	-6.16%
United Kingdom	15,103,600	16,213,500	16,598,400	16,897,100	17,150,600	17,356,400	2.82%
France	86,141,100	74,942,000	64,450,100	59,423,000	55,560,500	55,710,500	-8.35%
Italy	1,895,800	1,827,900	1,762,000	1,798,600	1,883,600	1,897,500	0.02%
Turkey	N/A	N/A	N/A	N/A	N/A	N/A	
Germany	6,084,700	5,823,700	5,641,300	5,359,200	5,252,100	5,173,300	-3.19%
Russia	645,000	680,000	349,000	35,000	41,100	52,600	-39.43%
USA	480,400,000	475,600,000	528,800,000	570,100,000	589,400,000	591,600,000	4.25%
China (Not including Macao)	N/A	N/A	N/A	N/A	N/A	N/A	

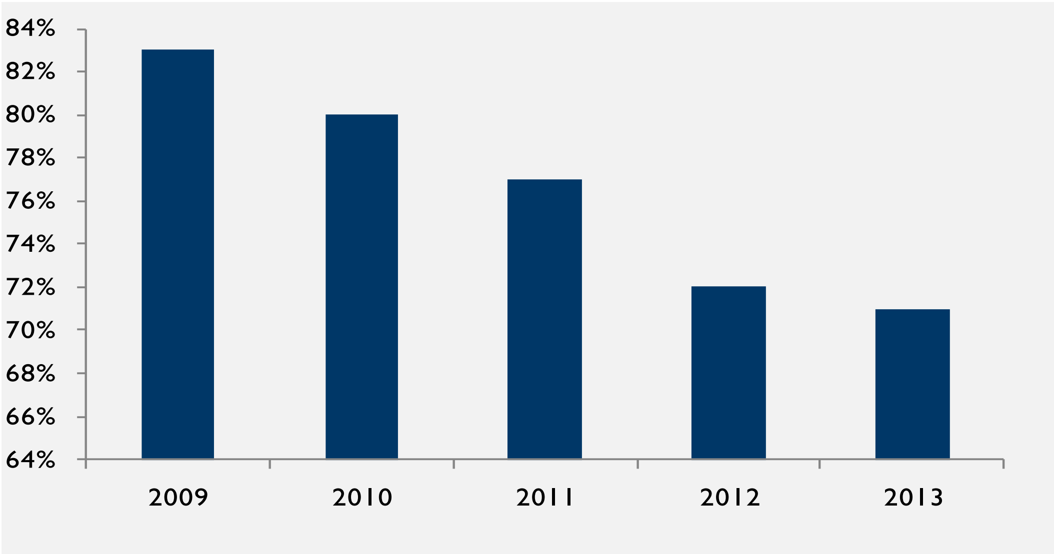
Source: Euromonitor International

4.3. CASINO VISITOR PROFILE

4.3.1 Las Vegas

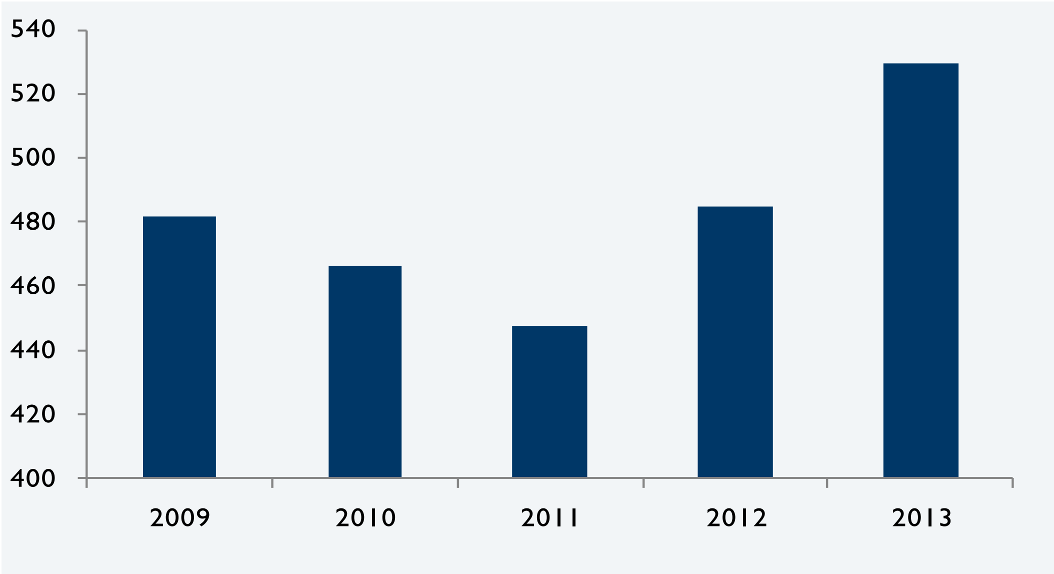
Based on visitors surveyed by the Las Vegas Convention and Visitors Authority and the synthesized results published in the Las Vegas visitor profile Report 2013, 80% of Las Vegas visitors are from the United States of America, while the remaining 20% are from international origins. The survey shows that the proportion of foreigner has increased by 7.4% per annum every year for the five past years. On average, 99.8% of the visitors stayed overnight in the city and the average length of stay was 3.3 nights in 2013. Although, 71% of the visitors gambled during their stay, only 15% of them came primary for it, showing that guests are also very interested in the entertainment activities. Despite a year-over-year increase in the total number of visitors from 2010 to 2012, the proportion of visitors who gamble while visiting Las Vegas has declined every year. However, when analyzing the gambling behavior of the visitors, the survey shows that the average hours of gambling per day have increased by 12% and that the average budget has reached $529.27 in 2013, which is higher than the four past years. We believe that this is mainly due to the improvement of the economic situation in the United States. One other important consideration is that average number of visits in past five years was 6.4, proving that the visitors in Las Vegas are frequent visitor and that they are keen on coming more than one time a year.

PROPORTION OF VISITORS WHO GAMBLE WHILE STAYING IN LAS VEGAS



Source: Cushman and Wakefield based on the Vegas Convention and Visitors Authority

AVERAGE GAMBLING BUDGET IN LAS VEGAS (USD)

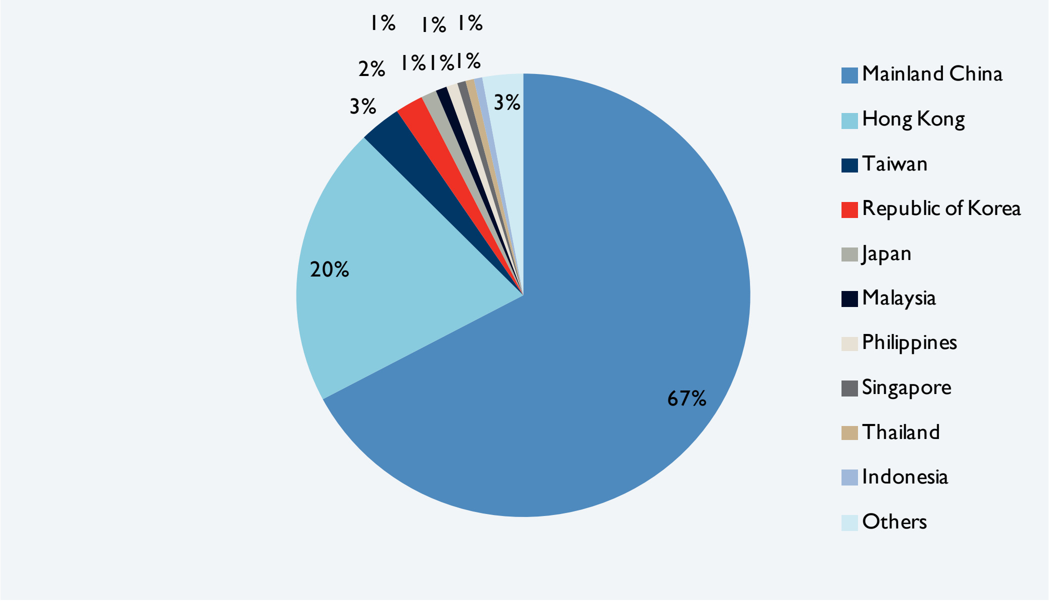


Source: Cushman and Wakefield based on the Vegas Convention and Visitors Authority

4.3.2 Macau

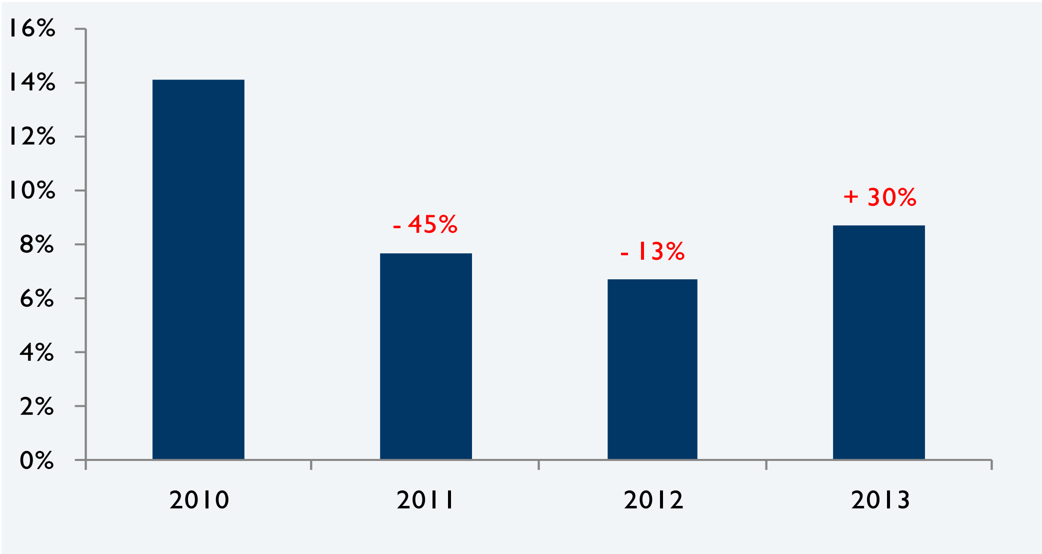
According to the visitor's survey by the Macau Government Tourist Office, Mainland China is the main market source for Macau and represents 67% of the total visitors in 2013. Chinese were the highest casino spenders by far which had led Macau's average gaming revenue per visitor to reach $1,540 per visitors in 2013. This was mainly due to the growth in Chinese high rollers and VIP travellers to Macau. As can be seen of the graph below, the remaining visitors mainly came from the nearby countries. As a result, the average length of stay was relatively short (one night on average has been recorded in March 2014) and a minority of visitors decided to stay overnight with an average of 46.9% overnight stays between January and March 2014. Based on Chinese visitors surveyed by the Gaming & Hospitality Management University of Macau, half of the visitors came between one and five times a year and 45% of the trip budget is allocated to gambling. Finally, according to the IFT Tourism Research Centre, who published the Macao Visitor Profile Survey (VPS), shopping remains the main purpose of visits with 26.1% of visitors coming to Macau to shop. However, gambling as the main purpose of visit has regained importance in 2013 with a year on year increase of 30%.

NATIONALITY MIX IN MACAU



Source: Cushman & Wakefield based on the Macau Government Tourist Office

PROPORTION OF VISITORS WHO VISIT PRIMARY TO GAMBLE



Source: Cushman & Wakefield based on the IFT Tourism Research Centre

4.3.3 Singapore

In 2013, the two integrated resorts in Singapore attracted 30% of locals and 70% of foreigners according to the statistics of the Singapore Tourism Board. Few reasons may explain the nationality split. First of all, Singapore citizens and permanent residents have to pay a casino entry tax of $100 for 24 hours. Second of all, no form of casino advertising is allowed in the city-state. When analyzing the gambling behavior, we observe that, on average, foreigners have spent more than locals in 2013. Indeed, the average budget for locals represented $349 compared with the foreigner budget, which reached $381 in 2013. Singapore has the highest gaming spend per adult, mainly as a result of having two large integrated resorts in a densely populated city-state. We understand that the majority of visitors coming to Singapore are gamblers with higher average than other gambling destination as the cost of the accommodation and living are not cheap.

4.4. CASINO SUPPLY

4.4.1 Las Vegas

Las Vegas has established itself as an iconic city for gaming; the state of Nevada is currently generating c. 20% of the US gaming revenue with world known casinos such as the MGM Grand, Caesar's Palace and the Bellagio. There are currently 151 casinos operating in Las Vegas, Clark County. These casinos occupy a total gaming surface of 530,408 sq m. There are a total of 122,800 slot machines and 3,896 gaming tables.

4.4.2 Macau

Macau is considered the largest gambling centre in Asia. Gambling in Macau makes up about 50% of the economy. There are currently 80 casinos, out of which 36 are located within hotels. The gaming surface amounts to a total of 398,884 sq m. There are a total of 18'545 slot machines and 6'191 gaming tables. The largest casino is the Venetian Casino Resort Macau, with 39,020 sq m of gaming surface, 2'200 slot machines and 660 gaming tables.

4.4.3 Singapore

In Singapore there are two casinos, the Resorts World Sentosa and the recently opened Marina Bay Sands. The Resorts World Sentosa has several hotels, offering a total of 1'500 rooms. There are 14,958 sq m of gaming surface, with over 2'400 slot machines and gaming tables. The Marina Bay Sands has opened in April 2010 and is the largest casino in Singapore. It has 2'600 rooms, 14,865 sq m of gaming surface, 2'400 slot machines and 650 gaming tables.

4.4.4 Europe

The casino industry in Europe is mostly developed in the following three regions: Campione (an Italian exclave within the Swiss canton of Ticino), Lisboa (Portugal) and Monte Carlo (Monaco).

Casino di Campione, Italy

The largest casino in Europe, with 55,000 sq m gross floor area, is located near the Canton of Ticino in Switzerland. It has 650 slot machines and 60 gaming tables.

Monte Carlo, Monaco

In Monte Carlo, the main four casinos are operated by SBM, and include the famous Casino de Monte Carlo. The Casino de Monte Carlo is located in the centre of the town by the seaside, and has 700 slot machines, which represents roughly one third of the total slot machine supply in Monte Carlo.

Portugal

The Grupo Estoril III owns three casinos in Portugal: Casino Lisboa, Casino Estoril and Casino Povoa. Together they occupy 64% of the casino revenue stream in Portugal.

Casino Lisboa

The largest casino of the group located in Lisbon. It has a total gaming surface of 15,330 sq m with 1'100 slot machines and 22 gaming tables.

Casino Estoril

Located in Estoril, Casino Estoril has a gaming surface of 2.500 sq. feet with 1'000 slot machines and 36 gaming tables.

Casino Povoat

It is the smallest casino of the group, with 600 slot machines and 15 gaming tables.

The table below indicated the number of slot machines and gambling table for the top casino companies in the world.

TOP GLOBAL CASINOS SUPPLY

Top global company	Casino space (sqm)	# Gambling table	# Slot machine	Machine to table ratio
Galaxy	128,016	626	1,500	2.4
MGM China Holdings Ltd	25,523	201	1,272	6.3
Sands China Ltd	95,410	964	5,078	5.3
Wynn Macau	83,820	205	988	4.8
Wynn Resorts Ltd	17,280	240	2,195	9.1

Source: Cushman & Wakefield based on Annual Reports of Respective Resorts

4.5. CASINO PERFORMANCE

In this section, we analyze the three most important gaming industries. Various indicators can be used to measure performance in the casino sector. The most common of these are win per visitors, the measure of revenue win by casinos by visitors over a given period of time (generally 1 year); or the win per units per day, the measure of revenue win by slots machines and table games of the casino or city.

4.5.1 Las Vegas

The Las Vegas gaming market has recorded revenue records during 2004 and 2007 with more than $10 billion UDS in 2007. The economic downturn has impacted the casinos performance very strongly with a drop in win revenue of 9.9% and 9.8% in 2008 and 2009 respectively. However, Las Vegas has shown a sign of recovery as the decline in gaming revenue has reversed in 2010 with positive growth both in revenue and visitors. Although the situation is improving, the gamblers win has not regained pre-crisis levels as gaming win per visitor has declined from 277$ to 244$ in 2013. Although 2013 is an encouraging year, when analyzing the revenue per visitor, we can see that since the crisis the win per visitor tends to decrease and the number of visitors tend to increase. This indicates that Las Vegas attracts more mass visitors who are less profitable for the casinos.

The historical gaming win, number of visitors, and gaming win per visitor for Last Vegas for 2000 to 2013 are shown in the table below.

TOTAL VISITORS, REVENUE, AND WIN PER VISITOR: CLARK COUNTY, NEVADA (USD)						
Year	Total Visitors	Change	Total Revenue (Win)	Change	Total Revenue (Win) per Visitor	Change
2001	35,017,317	-2.3%	7,632,021,543	-0.5%	218	1.8%
2002	35,071,504	0.2%	7,630,272,759	0.0%	218	0.0%
2003	35,540,126	1.3%	7,830,675,556	2.6%	220	0.9%
2004	37,388,781	5.2%	8,711,243,614	11.2%	233	5.9%
2005	38,566,717	3.2%	9,716,860,486	11.5%	252	8.2%
2006	38,914,889	0.9%	10,630,387,000	9.4%	273	8.3%
2007	39,196,761	0.7%	10,868,029,000	2.2%	277	1.5%
2008	37,481,552	-4.4%	9,796,970,000	-9.9%	261	-5.8%
2009	36,351,469	-3.0%	8,833,902,000	-9.8%	243	-6.9%
2010	37,335,436	2.7%	8,908,698,000	0.8%	239	-1.6%
2011	38,928,708	4.3%	9,222,906,000	3.5%	237	-0.8%
2012	39,727,022	2.1%	9,399,882,000	1.9%	237	0.0%
2013	39,668,221	-0.1%	9,676,458,000	2.9%	244	3.0%
Annual % change 2000 - 2013		**1.0%**		**1.8%**		**0.9%**

Source: Cushman and Wakefield based on Nevada Gaming Control Board, Las Vegas Convention & Visitors Authority

Similar trend is observed in the WPUPD indicator with high levels in 2006 and 2007 and sharp decrease during the crisis. Over the period from 2000 to 2013, the slot machines WPUPD has increased by 4.5% compared with the table games WPUPD, which has increased by 3%. This is mainly due by the number of slots machines decreasing and the table games increasing.

SLOT WIN PER UNIT PER DAY (WPUPD)						
Year	Win (US$ '000)	Change	Units	Change	WPUPD (US$)	Change
2000	2,107,673	9.3%	50,203	4.7%	115	4.4%
2001	2,055,412	-2.5%	47,175	-6.0%	119	3.5%
2002	2,111,912	2.7%	47,181	0.0%	123	3.4%
2003	2,160,261	2.3%	43,787	-7.2%	135	9.8%
2004	2,535,568	17.4%	44,989	2.7%	154	14.1%
2005	2,789,933	10.0%	43,377	-3.6%	176	14.3%
2006	3,059,256	9.7%	41,746	-3.8%	201	14.2%
2007	3,142,884	2.7%	40,050	-4.1%	215	7.0%
2008	2,886,892	-8.1%	40,543	1.2%	195	-9.3%
2009	2,471,788	-14.4%	38,660	-4.6%	175	-10.3%
2010	2,397,238	-3.0%	37,090	-4.1%	177	1.1%
2011	2,507,853	4.6%	37,304	0.6%	184	4.0%
2012	2,553,266	1.8%	35,453	-5.0%	197	7.1%
2013	2,593,182	1.6%	34,598	-2.4%	205	4.1%
Annual % change 2000 - 2013:		**1.6%**		**-2.8%**		**4.5%**

Source: Cushman and Wakefield based on Nevada Gaming Control Board, Las Vegas Convention & Visitors Authority

TABLE GAMES PER UNIT PER DAY (WPUPD)						
Year	Win (US$ '000)	Change	Units	Change	WPUPD (US$)	Change
2000	2,134,219	7.5%	2,173	8.2%	2,691	0.6%
2001	2,032,847	-4.7%	2,103	-3.2%	2,648	-1.6%
2002	1,944,706	-4.3%	2,060	-2.0%	2,586	-2.3%
2003	1,893,165	-2.7%	2,028	-1.6%	2,558	-1.1%
2004	2,170,121	14.6%	2,126	4.8%	2,797	9.3%
2005	2,508,218	15.6%	2,193	3.2%	3,134	12.0%
2006	2,860,963	14.1%	2,223	1.4%	3,526	12.5%
2007	2,964,579	3.6%	2,243	0.9%	3,621	2.7%
2008	2,596,219	-12.4%	2,289	2.1%	3,107	-14.2%
2009	2,408,137	-7.2%	2,236	-2.3%	2,951	-5.0%
2010	2,656,197	10.3%	2,215	-0.9%	3,285	11.3%
2011	2,884,700	8.6%	2,295	3.6%	3,444	4.8%
2012	2,986,086	3.5%	2,269	-1.1%	3,606	4.7%
2013	3,297,987	10.4%	2,291	1.0%	3,944	9.4%
Annual % change 2000 - 2013:		**3.4%**		**0.4%**		**3.0%**

Source: Cushman and Wakefield based on Nevada Gaming Control Board, Las Vegas Convention & Visitors Authority

4.5.2 Macau

The Macau gaming market has recorded huge growth since its beginning. Casinos have not been impacted by the crisis and have recorded exceptional results in 2010 with a year to year increase of 58%. This trend is likely to continue as analysts have predicted that the gaming revenue is expected to double to $91 billion in 2018. The win per visitors is much higher than Las Vegas with $1,586 in 2013. We believe that this is mainly due to a larger presence of high rollers in Macau than Las Vegas.

The historical gaming win, number of visitors, and gaming win per visitor for Macau for 2008 to 2013 are shown in the table below.

TOTAL VISITORS, REVENUE, AND WIN PER VISITOR: MACAU (USD)						
Year	Total Visitors	Change	Total Revenue (Win)	Change	Total Revenue	Change
2008	22,929,914	na	14,020,710,800	na	611	na
2009	21,752,751	-5%	15,386,664,100	10%	707	16%
2010	24,965,411	15%	24,277,412,700	58%	972	37%
2011	27,725,198	11%	34,528,056,300	42%	1,245	28%
2012	28,082,292	1%	39,203,517,100	14%	1,396	12%
2013	29,324,822	4%	46,500,546,100	19%	1,586	14%

Source: Cushman & Wakefield based on the Gaming Inspection and Coordination Bureau of Macau

4.5.3 Singapore

The two integrated resorts of casino have recorded a stunning start with a 61.1% growth in gambling revenue the year after the 2010 opening. However, the casinos have stopped growing due in part to the government opposition to let them expand. The win per visitor has kept decreasing as the revenue follows a negative trend. This indicator needs to be analyzed carefully as Singapore is a very different market than other gambling destination and does not position itself as a casino paradise. The majority of the arrivals do not gamble in the two casinos when visiting Singapore in opposition with the arrivals to Macau and Las Vegas and the win per visitors is therefore smaller. However, statistics has shown that tourism has been boosted by the opening of the two casinos as the arrivals went up by 15% the year after their openings. Even if the city attracts more high rollers, spending on average $63,592 per visit, Singapore gaming revenue is not expected to grow sharply in the future.

TOTAL VISITORS, REVENUE, AND WIN PER VISITOR: SINGAPORE (USD)

Year	Total Visitors	Change	Total Revenue (Win)	Change	Total Revenue	Change
2010	11,638,663	na	2,799,726,209	na	241	na
2011	13,171,303	13.2%	4,509,265,082	61.1%	342	42.3%
2012	14,496,091	10.1%	4,170,327,400	-7.5%	288	-16.0%
2013	15,567,923	7.4%	4,111,234,400	-1.4%	264	-8.2%

Source: Cushman & Wakefield based on the Casino Regulatory Authority Singapore Government

To conclude, the main consideration to take into account is that the three markets presented above are growing very differently. Las Vegas is expected to remain a dominant market but the revenue gaming revenue is increasing slowly. In fact, if the city wants to maintain its competitive edge, refurbishment, better market penetration and better entertainment is needed. On the other hand, Singapore did not perform well the last two year because of a weaker Chinese economy and stricter registration from the government. Although, the two casinos generate half of the revenue of Las Vegas, the gaming revenue should remain very similar in the future. As per Macau, the growth in gambling is expecting to keep growing as more and more Chinese gamble and the middle class keeps growing.

4.6. CASINO DEVELOPMENT

The casino industry continues to grow sharply and investors show strong interest in creating new casino resorts. As described below, several major developments are currently under construction in Europe, Asia and the US.

4.6.1 Europe

C.4.6.1.1 Barcelona World

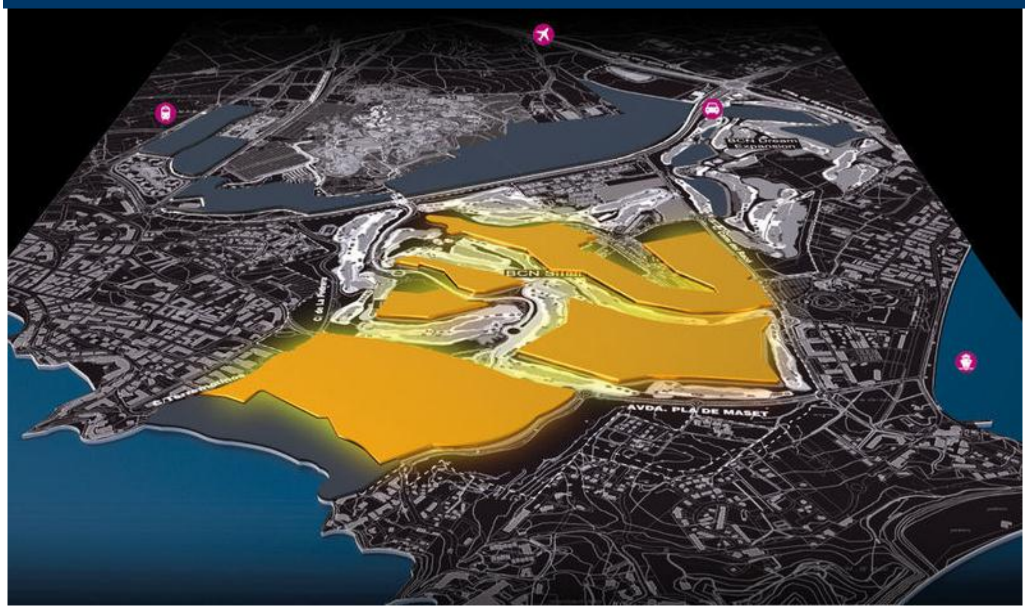
Some of the world's largest casino operators are now looking to invest in integrated casino resorts in Europe as indebted euro zone countries turn to the industry for a much-needed boost to tourism and employment. Therefore, we see few European countries negotiating gaming tax to attract new project and therefore more visitors. The concept of integrated resorts has proved to be a successful demand generator, the best proof being Singapore where arrivals and hotel stays have considerably after the construction of its two integrated resorts.

Spain has recently been chosen for two different casino resort projects. First, following the success of the Marina Bay Sands, Sheldon Adelson had plans for an ambitious multi-billion euro casino complex in Madrid. Called the Euro Vegas, the resort would have revolutionized the way casinos are perceived in Europe. However, the giant complex casino has recently collapsed after disagreements on several restrictions between the developer and the government.

The second project, planned for 2016, is a similar complex and aims to be the largest leisure centre in Europe. One of the main investors is the company Melco-Crown, very experienced in the leisure and entertainment domain. Located next to the attractions park Port Aventura, the Resort is composed of the following main components:

- Six theme casinos
- 12,000 hotel rooms
- Port Aventura attraction park
- Golf course
- Shopping Mall

BARCELONA WORLD DEVELOPMENT SCHEME



Source: Park and Attraction Community

C.4.6.1.2 Euro Vegas Hungary

In 2006, investors received a license to operate a big casino in Hungary. It was originally expected to open in 2010, but construction was delayed due to the financial and economic crisis. Located in Bezenye, Hard rock International had signed an agreement with Euro Vegas Hungary owners to develop a Hard Rock Hotel as part of the resort. Recently, there have been rumours that the long-delayed construction of the € 300 million Euro Vegas could begin after the recent addition of two new investors to the project. So far, we have heard that if the resort opens, it will have the following facilities:

- Three casinos
- Hard rock Hotel with more than 600 rooms
- Food and beverage outlets
- Spa centre
- Convention centre
- Retail outlets

EUROVEGAS HUNGARY DEVELOPMENT SCHEME

Source: Euro Vegas Hungary

4.6.2 The USA

The real estate market in Las Vegas is recovering as both the local economy and the number of visitors have improved. Therefore, new development and attractions are under construction.

C.4.6.2.1 Resorts World Las Vegas

In March 2013, Genting Bdh has bought the Echelon project for $ 350 million. Echelon was suspended as a result of the financial crisis. Thanks to Genting Bdh's new investment, the construction of the resort, now called Resort world Las Vegas, has restarted is expected to open in 2016. The initial phase will cost $4 billion and should be followed by several phases which may include additional hotels, convention centres and more restaurants. The initial project should feature the following facilities:

- 3,000 room hotel
- 16,300 sq m casino
- 4,000 seat theatre
- Retail, dining and convention space
- Rooftop sky park and observation deck
- Aquarium
- Movie Theatres
- Indoor Water Park (proposed)
- Panda exhibit (proposed)

RESORTS WORLD LAS VEGAS DEVELOPMENT SCHEME

Source: Review Journal

4.6.3 Asia

Few regions in Asia are considering relaxing their laws banning at casinos. Therefore, countries with aggressive government plan to develop resort are moving up the rank. One to watch is the Philippines as several giant resorts are under construction.

C.4.6.3.1 City of Dreams Manila

Melco Crown Resorts Corporation, a subsidiary of the Melco Crown Company, is currently developing City of Dreams Manila, a casino, hotel, retail and entertainment integrated resort in Manila. The aim of this project is to create a new entertainment destination in Asia with world class performances, upscale shopping and casinos.

The resort is composed of the following main components:

- One casino
- Six hotel towers (one Nobu hotel and one Hyatt)
- Theme restaurants and bars
- Arena

CITY OF DREAM MANILA DEVELOPMENT SCHEME

Source: Melco Crown Entertainment

The projects presented above only represent a selection of the major developments in the world. There are more resorts to be planned in several regions. This is a positive sign that investor confidence strengthens in the market. Moreover, this indicates that the investors see a strong existing demand and huge potential for casino resorts.

5. RETAIL MARKET

5.1. GENERAL

Supply remained unchanged. Panorama Mall in Pleven is about to lift the total country stock by 17,500 sq m. Sofia Ring, Mega Mall and Plaza West in the capital city are adding 122,000 sq m combined by the end of the year. New projects and extensions remained tentative.

Some of the unsuccessful schemes are now effectively out of the market. We will monitor their development in the following quarters to decide whether or not to drop them out of the stock. Currently the leasable area of effectively operational shopping centers totals 688,000 s qm.

In some of the markets retailers will face limited opportunities. Pleven is one such example where Panorama Mall is scheduled to open on April 12 with 79% leased. Stabilized projects in Sofia and other big cities are attractive for new occupiers, either gradually filling up existing vacancies or successfully replacing tenants who opt out.

5.2. DEMAND

Retailers focused on the larger and dominating projects in Sofia and other big cities. Paradise Center fine-tuned its mix with the fashion brands Versace Collection, Cop Copine and Conte of Florence. Spanish retailer Grupo Cortefiel entered the market at the Mall with lingerie brand Women's Secret and Springfield and Cortefiel expected to follow suit soon. Sofia Ring is also making strides towards its opening scheduled for September, having secured Notos Galleries, the Greek-originated department store concept on 6,000 sq m, as well as H&M.

Meanwhile, H&M and Sport Vision spearheaded the expansion in the fashion and sports segments throughout the country. The former joined Panorama Mall in Pleven while the second brand targeted Varna, the third biggest city.

Thanks to tourism season traffic sales in coastal cities rebounded prompting stronger interest in well-located and professionally managed schemes. Grand Mall in Varna is the next location for Pepina M while Galleria Burgas attracted Inditex's upscale brand Massimo Dutti, shoe retailer Roberto Botticelli and kids fashion store Original Marines, among others. Overall retailers have been taking advantage of availability in stronger markets.

On the big box front Decathlon replaced one closed Piccadilly store in Varna and Carrefour took another one in Retail Park Plovdiv. Further optimization and space rationalization is on the cards with the departures of Delhaize in the food and Praktiker in the DIY segments from Bulgaria. Both the Piccadilly and Praktiker operations are expected to be taken over by local players.

5.3. SUPPLY

Supply remained unchanged. Panorama Mall in Pleven is about to lift the total country stock by 17,500 sq m. Sofia Ring, Mega Mall and Plaza West in the capital city are adding 122,000 sq m combined by the end of the year. New projects and extensions remained tentative.

Some of the unsuccessful schemes are now effectively out of the market. We will monitor their development in the following quarters to decide whether or not to drop them out of the stock. Currently the leasable area of effectively operational shopping centers totals 688,000 sq m.

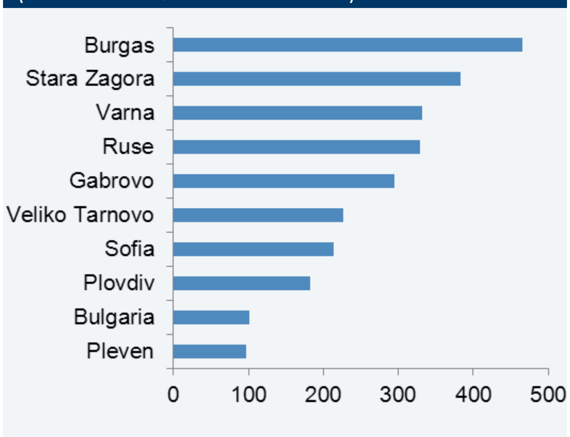
In some of the markets retailers will face limited opportunities. Pleven is one such example where Panorama Mall is scheduled to open on April 12 with 79 per cent leased. Stabilized projects in Sofia and other big cities are attractive for new occupiers, either gradually filling up existing vacancies or successfully replacing tenants who opt out.

BULGARIAN SHOPPING CENTER STOCK VERSUS OPENINGS (SQM)

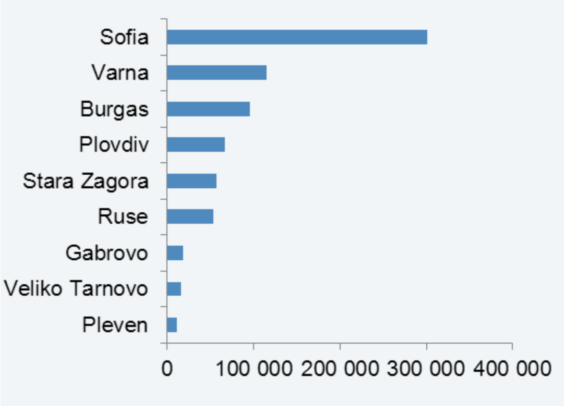
BULGARIAN RETAIL MARKET HIGHLIGHTS

Stock in sqm	735,000
Pipeline in sqm	139,500
Prime rent (sqm/month)	21.5

SHOPPING CENTER STOCK PER CAPITA (SQM PER 1,000 RESIDENTS)



SHOPPING CENTER STOCK PER CITY (SQM)



Source: Forton

5.4. RENTS

Shopping center rents remained under pressure, especially in Sofia. Nevertheless the scope for further reductions is limited, which is why they were seen stable at €21.5 per sq m monthly rate in Sofia. It is more likely that occupiers choose to pass some of the business risks to the landlords via turnover rents or conditional break clauses, given their upside potential. Prime rents have also stabilized in second- and third-tier cities in the €12-16-per-sq m range.

5.5. INVESTMENTS FOCUS

The big box segment has come under pressure in the most recent months as internationals in the DIY and food segments take the exit. This development implies some pressure on rents, especially in overcrowded or smaller markets. From investment point of view though it also suggests an opportunity if the projects are well positioned to capture the existing demand in the market from sports, home goods or electrical appliance stores.

Competition is increasing the strain on shopping center performance, Park Mall in Stara Zagora the latest in the growing ranks of casualties. Local opportunistic players are circling distressed assets that need capital and professional management to recover.

On the other side of the risk spectrum the large, established and professionally managed projects have the potential to draw interest from institutional investors but only after the market settles once the current wave of development is exhausted.

Source: Forton

5.6. TRENDS & FORECAST

- Real estate development remains limited although the market fundamentals are favourable.
- Manufacturing investment is once and again the predominant type of development outside the capital city.
- Occupiers, facing limited options in the rental market, will continue to opt for built-to-suit or owner-occupied solutions.

5.7. EXHIBITS

The following table summarizes the main characteristics of the retail centres in Sofia, Bulgaria:

SHOPPING CENTERS IN SOFIA

№	Name	Location	Key Characteristics	Description	Picture
1	MALL OF SOFIA	Sofia, 101 Alexander Stamboliyski Blvd.	GLA (sqm) 23 600 Completed Q2 2006 Average rent: €20/sqm/month	The complex comprises three levels above ground with retail shops and underground parking lot. There is also a food court and a cinema at the top floor, as well as an office section with approximately 10 000 sq.m. GLA above the mall. Due to its location in the CBD and the fact that it is among the first modern high-class shopping centers to open in Bulgaria, Mall Sofia is almost 100% let, has little problems with tenants and is among the most successful retail schemes in the country.	
2	CITY CENTER SOFIA	Sofia, 2 Arsenalski Blvd.	GLA (sqm) 22 000 Completed Q2 2006 Average rent: N/A	The shopping centre borders the National Palace of Culture in the heart of the city. It has convenient vehicular access, public transport and steady pedestrian flow but extensive subway construction works right in front of the scheme complicated traffic significantly and made the crossroad of Arsenalski Blvd. and Cherni Vrah Blvd. one of the most avoided zones of the city, dealing a heavy blow to CCS. The shopping center had vacancy levels of about 8% in 2010, but currently they are much higher.	
3	SOFIA OUTLET CENTER	Sofia, 92A Tsarigradsko Shose Blvd.	GLA (sqm) 15 500 Completed Q1 2010 Average rent: N/A	The complex is located on Tsarigradsko Shose Blvd. next to Technomarket and Metro. The development has 15,500 sq.m. retail area situated at two levels above ground, as well as a subterranean car parking. The complex includes boutiques, restaurants, and sport and entertainment areas.	
4	SERDIKA CENTER MALL	Sofia, 48 Sitnyakovo Blvd.	GLA (sqm) 51 000 Completed Q1 2010 Average rent: €20/sqm/month	The development is located on Sitniakovo Blvd. in Oborishte district. The total built-up area of the complex is approximately 180 000 sq.m. of which 51 000 sq.m. is the shopping mall with 210 retail units. The retail zone has been designed at two above-ground floors and one underground level. In addition there is 35 000 sq.m. of office space.	
5	THE MALL	Sofia, 115 Tsarigradsko Shose Blvd.	GLA (sqm) 66 000 Completed Q2 2010 Average rent: €22/sqm/month	The Mall is located in the eastern part of the capital, on the busiest boulevard in the city – Tsarigradsko Shose, approx. 6-7 minutes drive-time from the CBD. The Shopping Mall comprises a modern facility totalling approx. 66 000 sq.m. of retail space in over 200 units. Mall concept is designed at 3 overground levels: two levels with retail units; a mixed retail and entertainment zone on third level (including restaurants, food courts and a cinema complex).	

SHOPPING CENTERS IN SOFIA					
№	Name	Location	Key Characteristics	Description	Picture
6	BULGARIA MALL	Sofia, 69 Bulgaria Blvd.	GLA (sqm) 33 000 Completed Q4 2012 Average rent: €12/sqm/month	Bulgaria Mall is a development project of London Sofia Properties and Salamanca Capital Investments. It is located on Bulgaria Blvd. in Manastirski Livadi district. The total built-up area is 80 000 sqm. Retail space is estimated at 33 000 sqm. The project includes 25,000 sqm. office space as well. It is the first shopping center in Sofia and Bulgaria positioned as an upper scale mall, focusing on the combination of medium to premium international brands. The shopping center includes four underground (parking and a hypermarket of approx. 5,600 m²) and four above ground levels with retail and entertainment.	
7	PARADISE CENTER	Sofia, 100 Cherni Vrah Blvd.	GLA (sqm) 80 000 Completed Q1 2013 Average rent: €16/sqm/month	Paradise Center is the first lifestyle center in Sofia, the most sizable project in Bulgaria and among the unique ones in Europe. Paradise Center is the most modern place for shopping, meetings, sport and entertainment in one of the oldest European capitals – Sofia. Paradise Center enjoys a perfect location in one of the prestigious areas – Lozenets, in immediate proximity to South Park and the Zoo. The project comprises more than 240 shops, supermarket, cinema, children's playground and many restaurants	
8	SOFIA SOUTH RING MALL		GLA (sqm) 72 000 Expected completion Q3 2014 Average rent: N/A	Sofia Ring Mall is being developed in the southern part of the capital, on the Ring Road, and will neighbour the site of IKEA. The shopping center is designed at three levels with approximately 200 shops, food court, restaurants, entertainment and leisure facilities. It will have 2500 open-air parking places at disposal of its customers.	
9	MEGA MALL		GLA (sqm) 25 255 Expected completion Q3 2014 Average rent: N/A	The shopping center is being constructed in the west of the Bulgarian Capital in the densely populated district Lyulin. Mega Mall will provide around 24,000 m² of rental space on four floors and more than 100 shops, cafés, and restaurants. The parking will include around 550 parking places. The mall has direct access to "Zapaden park" metro station which is its greatest advantage.	
10	PLAZA WEST		GLA (sqm) 26 050 Expected completion Q4 2014 Average rent: N/A	Plaza West is a user-friendly shopping concept, anchored by a Carrefour hypermarket. The project is located on the developing suburb to the West of the city. The shopping mall will consist of three commercial floors, and provide an entertainment and leisure activities as well as parking for more than 750 cars.	

6. CONFERENCE CENTRE MARKET

6.1. GENERAL

In this section we analyze the current conference market in Sofia and the main markets in Europe as the business centre of the Resort will have the capacity to compete with other large scale convention and congress centers in Europe and to generate demand in Sofia.

6.2. CONFERENCE MARKET IN EUROPE

6.2.1 Demand for Association Meetings

We refer to the International Congress and Convention Association (ICCA) data to quantify and understand the conference demand in Europe. However, these statistics are not completely reliable as the only consider conferences with the following criteria:

- Annual or biannual meetings
- Meetings with more than 50 participants
- Meetings that occur in at least three different countries

Therefore, it is important to indicate that the following data do not consider corporate and government conferences and focus more on medical and scientific meetings. Nevertheless, these statistics in the table below provide a global picture of where large scale conferences tend to be held in the world.

TOP CITY FOR MEETINGS IN 2012		
Global Rank	**Country**	**# Meetings 2012**
1	Vienna	195
2	Paris	181
3	Berlin	172
4	Madrid	164
5	Barcelona	154
6	London	150
7	Singapore	150
8	Copenhagen	137
9	Istanbul	128
10	Amsterdam	122
11	Prague	112
12	Stockholm	110
13	Beijing	109
14	Brussels	107
15	Lisbon	106
16	Bangkok	105
17	Helsinki	100
18	Seoul	100
19	Buenos Aires	99
20	Budapest, Rome	98
117	Las Vegas, NV	19
168	Sofia	14
263	Macao	8

Source: International Congress and Convention Association (ICCA)

The table indicates that the cities holding the most convention meetings in the world are predominately located in Europe. Indeed, only three cities out on the top 20 are located outside Europe. Therefore, we understand that there is a strong business demand in those cities. In 2012, Sofia was ranked 168 and attracted 14 convention meetings with the ICCA criteria.

When analyzing uniquely the data from the ICCA, it seems that Macau and Las Vegas have very few meetings, which is not correct as they are very popular cities to hold conferences. Precise figure are provided in the next section.

6.2.2 Pricing for meeting facilities in Europe

The data below gives a comprehensive overview of the pricing for events between 500 – 1,000 people. Although the data is from 2011 it does give an indication into the price variation across Europe. The data also shows that apart from certain centers of Milan, Lake Como and Lisbon, any change in price is minimal and is generally in line with inflation. It must be noted that it is not clear whether these prices include F&B services as well as IT and other conferencing costs in addition to the rental.

CONFERENCE CENTER PRICING						
Conference Center price quotation, EUR						
	Event for 1,000 people			Event for 500 people		
Exhibition Centre	2011	2010	% change	2011	2011	% change
Palazzo dei Congressi Rome	58,326			32,000		
Palais des Congres de Paris	56,900	55,962	1.68%	31,680	31,480	0.64%
Palacio de Congresos de Madrid	55,730	55,330	0.72%	31,210	31,525	-1.00%
bcc Berliner Congress Center	54,858	50,550	8.52%	29,538	29,049	1.68%
Convenciones y Congresos IFEMA-Feria de Madrid	54,787	55,390	-1.09%	28,776	29,280	-1.72%
Cnit Paris la Defense	53,125	52,246	1.68%	28,175	27,667	1.84%
Austria Center Vienna	52,242	48,898	6.84%	27,722	27,264	1.68%
Istanbul Lutfi Kirdar Convention & Exhibition	52,061	49,315	5.57%	27,514	25,560	7.64%
World Trade Center Moscow	51,500	45,600	12.94%	27,450	18,000	52.50%
MIC Milano Convention Center	49,940	33,585	48.70%	26,825	26,825	0.00%
Villa Erba Conference Centre, Lake Como	49,200	37,300	31.90%	26,000	20,700	25.60%
Amsterdam, RAI	47,616	46,101	3.29%	25,000	22,500	11.11%
Convention Centre, Dublin	45,670	45,670	0.00%	24,780	23,995	3.27%
Helsinki Exhibition & Convention Centre	45,000	44,400	1.35%	24,091	24,091	0.00%
Centro Cultural de Belem, Lisbon	44,375	43,367	2.32%	24,000	23,500	2.13%
Disneyland Resort Paris	42,100	42,100	0.00%	23,000	22,350	2.91%
Prague Congress Centre	41,260	42,160	-2.13%	18,877	18,877	0.00%
Lisboa Congress Centre	33,625	22,178	51.61%	18,212	17,466	4.27%
Sava Centre, Belgrade	20,625	22,200	-7.09%	10,855	11,330	-4.19%

Source: European Convention Center Survey

6.2.3 Pricing For Conference Centers in CEE - 2014

In order to get a more recent understanding of the conference center pricing levels we conducted primary research by contacting various conference centers in the Central and Eastern European region. The following data shows the price of meeting space including IT but not F&B on a per square meter basis for a 1,000 people. It must be noted however, that these costs are initial offers and may differ greatly from the final contracted price for any conference following negotiation.

CONFERENCE CENTER PRICING	
EURO	c. EUR /m^2
Prague congress center	4.31
Austria Center Vienna	6.54
Warsaw International Expo Center	4.30
Incheba Bratislava	7.31
Athens conference ceter	12.92

Source: Cushman & Wakefield based on primary data collection from above centers

6.2.1 Europe Conference Centers Space Rented

Large Western European economies, Turkey and Poland command the highest demand for exhibitions with Germany leading in terms of total net space rented. The data is clearly aligned to show that the demand for meeting space is significantly lower for SEE counties such as Bulgaria, Romania and Montenegro. We consider currently this may be due to the fact that these countries may lack the needed facilities and or the tourism visitation commanded by countries such as France, Italy and Turkey.

CONFERENCE CENTER SPACE RENTED 2013

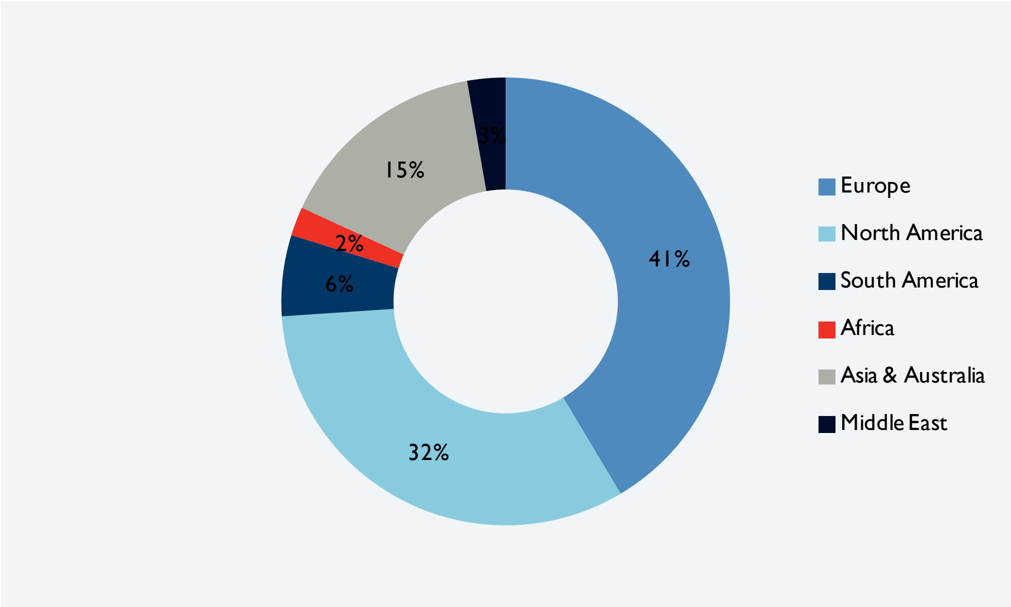
	Euro Fair Statistics sample		International exhibitions	
Country	Number of exhibitions	Total net space rented (m^2)	Number of exhibitions	Total net space rented (in m^2)
France	796	5,632,187	253	3,325,691
Turkey	409	2,811,103	190	1,657,871
Germany	294	10,008,622	209	9,149,739
Poland	233	803,022	36	229,503
Italy	225	4,656,073	175	3,943,499
Spain	214	2,071,213	91	1,234,716
Finland	109	565,999		
Russia	89	764,906	76	716,041
Sweden	77	1,052,282		
Belgium	64	658,657	23	171,427
Czech Republic	56	302,570	38	208,967
The Netherlands	53	626,116	32	415,013
Portugal	34	194,702	12	100,205
Austria	30	402,959	28	381,443
Ukraine	30	114,510	15	78,308
Croatia	29	126,184	1	10,263
Hungary	7	16,020	6	11,584
Bulgaria	6	46,333	5	45,426
Romania	6	33,574		
Luxembourg	5	47,477		
Moldova	1	6,178	1	6,178
Slovenia	1	6,648		
Montenegro	1	1,239		

Source: UFI – 2014, the global association for the Exhibition Industry

6.2.2 Supply

The global conference market is relatively consolidated in Europe and in North USA. In 2011, the regional exhibition space available in Europe accounted for 41% of the world supply. In addition, we can see in the table below that the largest convention centers are also predominately located in Europe.

REGIONAL EXHIBITION SPACE AVAILABLE SHARE IN 2011



REGIONAL EXHIBITION SPACE AVAILABLE IN 2011

Venue Size	Europe	North America	South America	Africa	Asia & Australia	Middle East
> 100,000 sqm	36	6			12	1
50,000-99,999 sqm	37	26	5	1	28	3
20,000-49,999 sqm	119	65	17	9	70	10
5,000-19,999 sqm	304	292	48	15	74	19
Total	**496**	**389**	**70**	**25**	**184**	**33**

Source: UFI, Dec 2011

When analyzing and comparing these data, we understand that the main beneficiaries of the convention demand in Europe, in terms of attendees and numbers of meetings held, are the followings:

TOP CONVENTION CENTERS IN EUROPE

VENUE	SIZE	MAX ATTENDEES IN ONE ROOM	BALLROOMS	MEETING ROOMS
Austria Centre Vienna	22,000 sqm	4,320	17	180
Palais des Congres de Paris	32,000 sqm	3,700	4	85
Palacio de Congresos de Madrid	40,000 sqm	4,000	2	30
ICC Berlin	30,000 sqm	9,100	2	80

Source: Cushman & Wakefield

6.3. CONFERENCE MARKET IN BULGARIA

6.3.1 Demand

Sofia is predominantly a corporate and MICE market as the leisure demand is limited and mainly represented by cultural tourism and transit tourism that travels to neighbouring ski and spa destinations. Therefore, the business demand is stronger in the city than other regions. According to the ICCA Statistics, the capital has welcomed more international fairs in 2012 than 2011.

SOFIA CONGRESS & CONVENTION STATISTICS		
Year	Rank	Number of international congresses
2010	146	12
2011	186	11
2012	168	14

Source: International Congress and Convention Association (ICCA).

6.3.2 Supply

Sofia offers very suitable conditions for the meeting industry. Regarding the large scale meetings, the National Palace of Culture, the largest multifunctional conference and exhibition centre in South-Eastern Europe, can accommodate more than 4,500 attendees and the Inter Expo & Congress Center Sofia more than 1,500 attendees.

CONGRESS AND CONVENTION CENTERS IN SOFIA				
NAME	SIZE	MAX SEATS CAPACITY	MEETING ROOMS	LOCATION
The National Palace of Culture	123,000 sqm	4,868	54	City Centre
The Inter Expo & Congress Center Sofia	42,000 sqm	1,500	13	Sofia Airport

Source: Cushman & Wakefield

As per the supply for smaller meetings, most of the 5 star hotels have significant meeting facilities. We understand that the Sheraton Luxury Collection is currently the preferred hotel for most government events/conferences and while the Hilton and Kempinski also have significant facilities, their location does not allow them to be the preferred choice for event planners.

5 STAR HOTEL MEETING CAPACITY IN SOFIA

NAME	SIZE	MAX SEATS CAPACITY	MEETING ROOMS	LOCATION
Radisson Blu Hotel	700 sqm	400	6	City Centre
Hilton Hotel Sofia	no data	650	8	City Centre
Kempinski Zografski Hotel Sofia	2,145 sqm	1,200	15	4 km from city centre
Grand Hotel Sofia	no data	560	5	City Centre
Sheraton Sofia Hotel Balkan	no data	650	5	City Centre
Sense Hotel	no data	100	4	City Centre

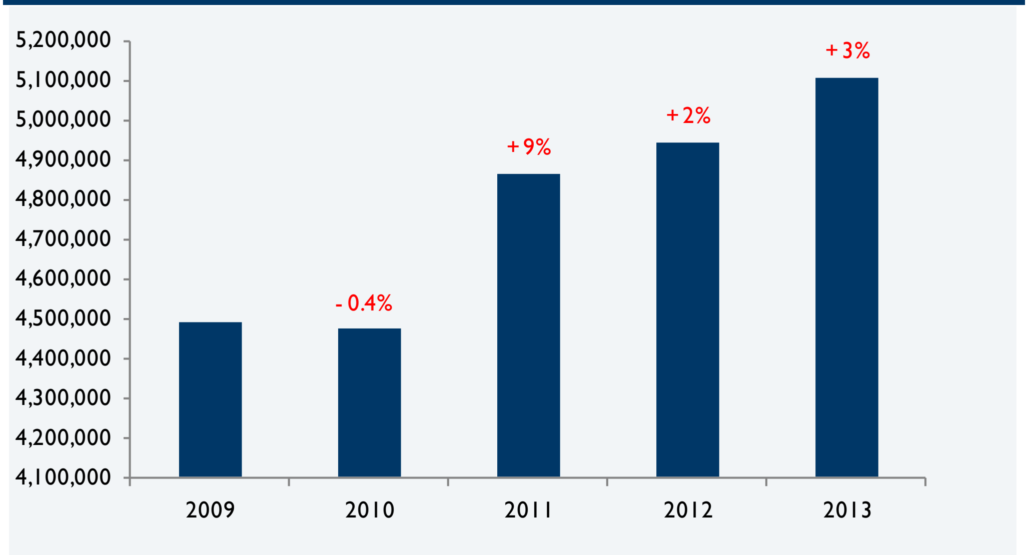
Source: Cushman & Wakefield

6.4. CONFERENCE MARKET IN LAS VEGAS

The Las Vegas visitor profile Report 2013 realized by the Las Vegas Convention and Visitors Authority provides us with great information on the convention demand in a casino destination like Las Vegas. Although we cannot assume that the demand for the Resort would be similar than Las Vegas, we can understand certain patterns in the convention demand that may apply for Sofia.

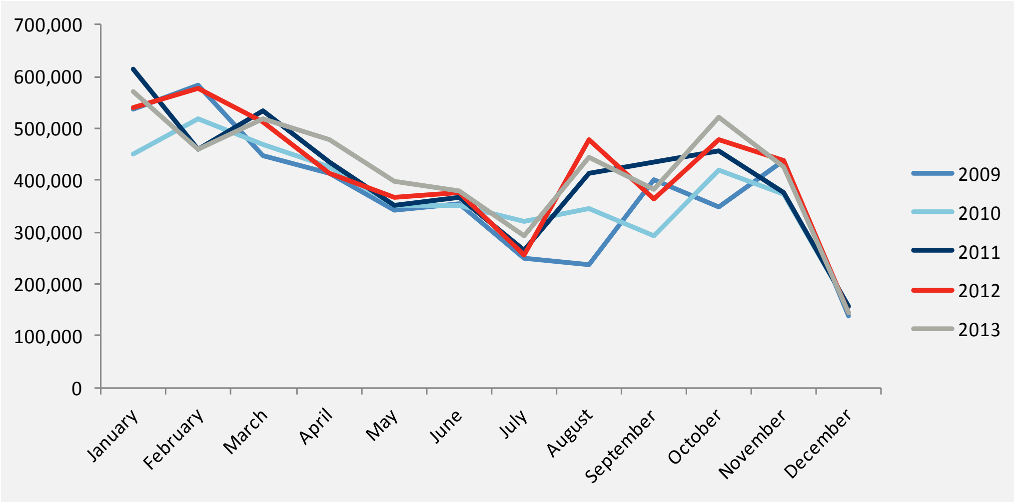
According to the Las Vegas Convention and Visitors authority, visitors who attend meetings, conferences and conventions are a significant mid-week generator for the city. The total numbers of meetings in Las Vegas has reached 22,057 in 2013 compared with 21,615, which represents a year on year increase of 2%. The convention demand is strongly dependant on the economic situation and the convention market in Las Vegas has suffered from the financial crisis. However, the market is recovering as the number of attendees has followed a positive trend and, in 2013, was at its highest since 2008 reaching $ 5, 1 million.

CONVENTION ATTENDANCE IN LAS VEGAS



As it is the case for most the cities attracting convention demand, Las Vegas is a seasonal market with most of the delegates coming between January and March and between September and November. The summer season is relatively calm as the companies do not tend to organize meetings at this time of the year.

LAS VEGAS SEASONALITY – CONVENTION ATTENDANCE



Source: Las Vegas Convention & Visitors Authority

7. AQUA PARK MARKET

7.1. GENERAL

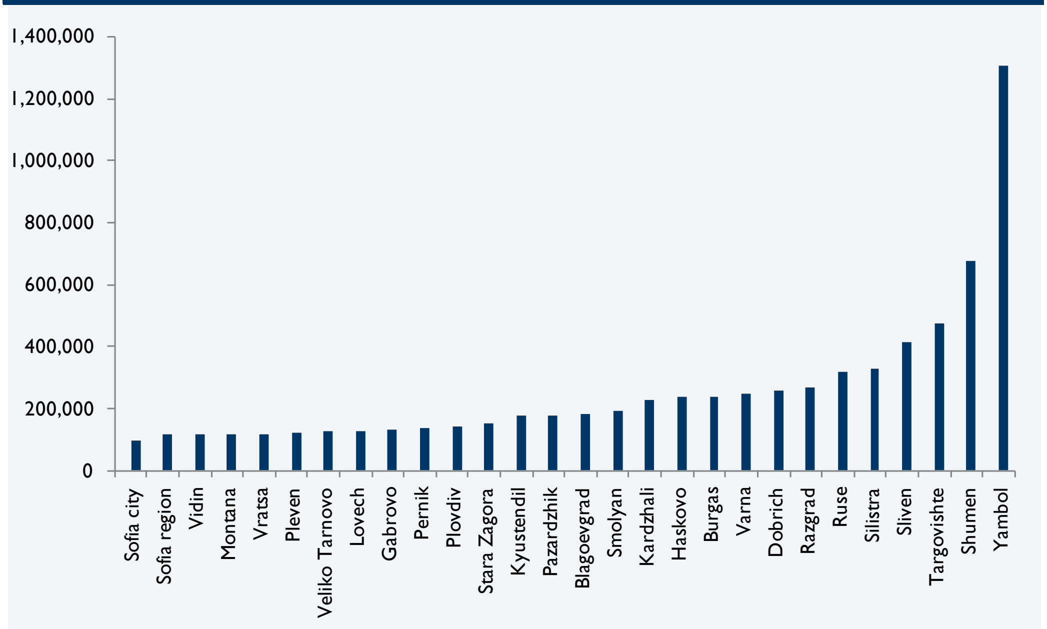
The Resort aims to develop one of the largest aqua parks in Europe and uses the Edmonton world water Park, located in Canada, as a benchmark for the infrastructures and the size of the park.

7.2. AQUA PARK DEMAND

To date, there are not precise quantitative data on water park demand though several surveys provide qualitative information that helps estimate it. We learnt from these studies an average frequency of visit and that the majority of the water park demand is local. Therefore, to calculate the local water park demand of the Resort, we have first estimated a % of the population of Bulgaria that would visit aqua parks and projected a market share that would visit the water park of the Resort.

The graph below shows the total population of Bulgaria per region based on the national statistical institute of the country and the table below the potential sources of demand for the water park.

2012 BULGARIA POPULATION BY REGION



Source: Cushman & Wakefield based on the Bulgarian Statistical Office

SOURCES OF DEMAND							
REGION	POPULATION	ACTIVATION RATIO	NO. OF AQUAPARK VISITORS	FREQUENCY	POTENTIAL AQUAPARK VISITS	PROJECT MARKET SHARE	NO. OF VISITS
	Count	%	Count	Count p.a.	Count p.a.	%	Count p.a.
Sofia city	1,309,634	15%	196,445	1.5	294,668	70.0%	206,267
Sofia region	240,877	15%	36,132	1.5	54,197	70.0%	37,938
Vidin	95,467	5%	4,773	0.5	2,387	25.0%	597
Montana	141,596	5%	7,080	0.5	3,540	30.0%	1,062
Vratsa	178,395	5%	8,920	0.5	4,460	35.0%	1,561
Pleven	259,363	5%	12,968	0.5	6,484	30.0%	1,945
Veliko Tarnovo	251,126	5%	12,556	0.5	6,278	5.0%	314
Lovech	135,580	5%	6,779	0.5	3,390	35.0%	1,186
Gabrovo	118,271	5%	5,914	0.5	2,957	10.0%	296
Pernik	128,696	5%	6,435	0.5	3,217	35.0%	1,126
Plovdiv	678,197	15%	101,730	1.0	101,730	35.0%	35,605
Stara Zagora	328,104	5%	16,405	0.5	8,203	10.0%	820
Kyustendil	130,301	5%	6,515	0.5	3,258	35.0%	1,140
Pazardzhik	269,287	5%	13,464	0.5	6,732	35.0%	2,356
Blagoevgrad	318,110	5%	15,906	0.5	7,953	35.0%	2,783
Smolyan	116,218	5%	5,811	0.5	2,905	25.0%	726
Kardzhali	150,605	5%	7,530	0.5	3,765	10.0%	377
Haskovo	239,312	5%	11,966	0.5	5,983	10.0%	598
Burgas	414,485	15%	62,173	1.0	62,173	5.0%	3,109
Varna	474,076	15%	71,111	1.0	71,111	5.0%	3,556
Dobrich	184,680	15%	27,702	1.0	27,702	5.0%	1,385
Razgrad	120,594	5%	6,030	0.5	3,015	5.0%	151
Ruse	229,784	5%	11,489	0.5	5,745	5.0%	287
Silistra	116,038	5%	5,802	0.5	2,901	5.0%	145
Sliven	193,925	5%	9,696	0.5	4,848	5.0%	242
Targovishte	117,719	5%	5,886	0.5	2,943	5.0%	147
Shumen	178,061	5%	8,903	0.5	4,452	5.0%	223
Yambol	127,176	5%	6,359	0.5	3,179	5.0%	159
Project total	7,245,677		692,479		710,174		306,102

Source: Cushman & Wakefield

7.3. AQUA PARK SUPPLY

In order to provide a global analysis, we analyze the current local supply in Bulgaria and we also provide information on the water park supply in Europe.

7.3.1 European water park supply

The large scale water parks market in Europe is less developed than the American market and there are few places similar to Edmonton World Water Park in terms of size and facilities. Currently, we account seven indoor water parks in Europe that are comparable to the Edmonton World Water Park:

EUROPE LARGEST INDOOR WATER PARK SUPPLY

PARK	LOCATION	OPENING DATE	SIZE (sqm)	DAILY CAPACITY	ATTRACTIONS	AVERAGE PRICE (EUR)
Edmonton World Waterpark	West Edmonton, Canada	1986	20,000	4,000	Features a thunder wave pool, 23 water slides and a big pools	24.00
Tropical Island	Brandenburg, Germany	2005	66'000	6'000	Many attractions such as the African Jungle lift and the 18-hole mini-golf course	32.25
Sandcastle Aquapark	Blackpool, UK	1986	TBC	3,000	Features 18 water attractions, and the longest indoor waterslide attraction in the world	16.40
Lalandia Aquadome	Denmark	2009	10,000	2,000	Features 4 diffrent pools, islands, mini gold course, bowling center and a fitness centre	23.50
Aqualand	Tenerife, Spain	2007	55,000	no data	Features many attractions such as the twister racer, super slalom, crazy race and kamikazes. Also dedicated attractions for children	16.15
Alpamare	Zurich, Switzerland	1977	25,000	1,500	One of the longest water slides. Bio-sauna, fitness areas	35.20
Aqua World Budapest	Budapest, Hungary	2008	54,000	no data	Features 11 water attractions, saunas, adventure park, playhouses	14.50
Theme Erding	Erding, Germany	2009	145,000 (outside and inside)	6000	Owes the largest spa in the world and the biggest indoor waterslide in the world,	27.50

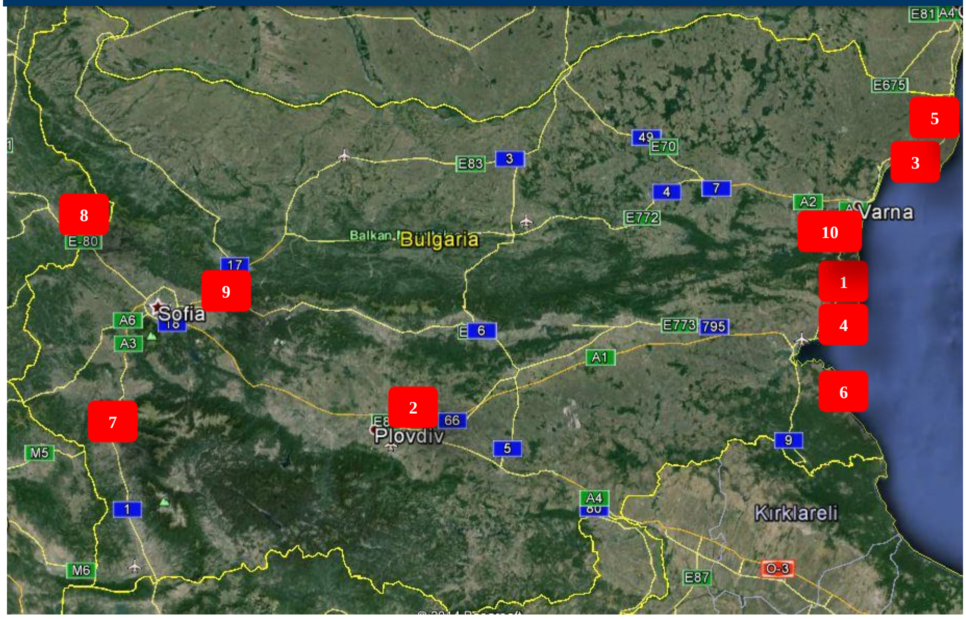
Source: Cushman & Wakefield

7.3.2 Local supply

There are 8 water parks in Bulgaria which fully comply with the thorough concept of an aqua park. The others represent a mixed concept between Attraction Park, waterpark and gaming facility. Some of the water parks in the exhibits below are part of hotels and hotel complexes which allow the latter to achieve synergy and improve cross-sales. The number of water park facilities operating in Bulgaria is approximately 30.

In general, water park market is not fully exploited market. According to local investors, aqua park development in each city with population of over 300,000 is considered a reasonable investment. The time frame to achieve return on investment is between 7 -10 years. In general water park footfall per sq m is higher compared to a swimming pool. The climate is favorable for such activities and prices are relatively low in comparison to other water parks in Western and Southern Europe. In Bulgaria, first Aquapark investments are in the interval € 5 – € 10 mln, while in Europe investments vary between € 20 – € 30 mln. The scale of investments depends on the project size, diversity of attractions and seasonality. In addition, except from external demand, the project should take into account key characteristics of local demand and customer type. In particular, structure and purchasing power of focus groups, share of leisure activities and entertainment costs in the overall spending per household should be among the main considerations for water park development.

BULGARIA & REGIONS MAP



1 Action Aquapark, Sunny beach Resort

2 Aqualand, Plovdiv

3 Aquapolis, Golden Sands Resort

4 Aqua Paradise, Nessebar

5 Aquamania, Albena Resort

6 Aqua Planet, Primorsko Resort

7 Aqua Park, Blagoevgrad

8 Konza, Breznik

9 Hydropark Wind mills, Gorna malina

10 Park Happy Land

AQUA PARKS IN BULGARIA

№	Name	Location	Description	Ticket per day (EUR)	Picture
1	Action Aquapark	Sunny Beach Resort, Burgas	Action Aquapark is situated on the main road artery connecting Varna and Burgas/Ring road of Sunny beach resort in immediate proximity to the centre of the resort. The area of the park amounts to 36 000 sqm. There are 30 water attractions, thematic bars and restaurants. Capacity: 3000 people. The project has been completed in 2001. The main concept has been developed by Action Park Multiforma Grupo, S.L., Spain	Adults € 20 Children € 10 Half day: Adults € 14 Children € 7 Weekly pass: Adults € 43	
2	Aqualand	Plovdiv	Aqualand Plovdiv is a complex including hotel, casino, bowling, fitness & SPA andrestaurant. It is situated in Trakiya Residential District in the southeastern part of Plovdiv. The aquapark has 16 waterslides, 7 water pools with different size.	Adults/Children Mon-Fri € 6 Sat-Sun € 8 Hotel Guests € 2,50	
3	Aquapolis	Golden Sands Resort, Varna	Aquapolis is situated in the northwestern part of Golden sands resort in proximity to the main road connecting Riviera and Albena resorts. It occupies area of 40 000 sqm. Capacity: 3000 people. Parking space capacity: parking spaces - cars 100 places, buses 10 places, special segment for people with disabilities. The concept has been developed by Action Park Multiforma Gruppo, Valencia, Spain. Aquapolis aquapark has been completed in 2003.	Adults (over 120cm) € 17 Children (up to 120cm) € 8 Children up to 90cm Free of charge Half day	
4	Aqua Paradise	Nessebar, Burgas	Extension and renovation - 2009, 20 new attractions	Adult: € 19 € 14 (after 15:00) Children: € 9,50 € 7 (after 15:00)	
5	Aquamania	Albena Resort, Varna	Aquamania will be the newest water park in Bulgaria. Expected completion date is 1st August 2014. The occupied area amounts to approximately 40 000 sqm. Mamut waterslide 183m lenght, Tantrum 191m, Pro Racer 156m and Free Fall 76m. The river is partly natural whereas the other part is artificial. The concept has been developed by a Canadian Project company, thematic bar restaurant. Ticket price is included in all inclusive services for "Ralitsa Superior" and "Vita Park" hotels. Project Investment amounts to € 5 mln. Developer "Albena" AD.	-	

AQUA PARKS IN BULGARIA					
6	Aqua Planet	Primorsko, Burgas	Aqua Planet is situated in Primorsko resort, Burgas region. The aquapark is relatively small as of size, The sport arena has 600 places whereas the capacity could be extended to 1000. Equipment includes audio-visual system, multimedia, conference center for different events. The arena occupies area ofrestaurant, outdoor tennis court.	€ 6	
7	Aqua Park Blagoevgrad	Blagoevgrad	Aqua Park Blagoevgrad is situated in immediate proximity to the park area close to the so called Health alley relatively small of size occupying 10 000 sqm. Capacity: 1000 people.There are V-Lounge bar and small-area children playground. The complex includes outdoor and indoor swimming pools, 500 chaise-lounges and water attractions.	Adult/Children: € 2,5	
8	Konza	Breznik, Pernik Region	The complex includes fishing dam, ATV and UTV tracks, Paintball, Cart track, Restaurant, Paraplaner, Shooting ground and attractions for children	€ 3/Adult € 3/ Children Free of charge/ Children - height under 0.90m	
9	Hydro Park Vyatarnite Melnitsi	Gorna Malina	Hydropark "Vyatarnite Melnitsi" is situated in the village of Gorna malina approximately 25 km from Sofia. The complex has restaurant, alehouse, 3 swimming pools with bar whereas the biggest one has TBA of 650 sqm, zoo nooks, horse riding, water-walking-ball, table tennis, helicopter walk (advance booking), children animation, archery, paintball ground, volleyball ground. The complex has a hospitality area which includes boutique houses formed like windmills. The sport fishing lake is planted with fish and is also among the biggest attractions in the complex occupying an area of over 30 000 sqm.	Prices for each attraction vary.	
10	Park Happy Land	Shkorpilovtsi/ Kamchia, Varna	Park Happy Land opened 1st June 2014. It is situated 23 km away from Varna in proximity to Kamchia Touristic Complex and Shkorpilovtsi resort on the main road connecting Varna and Burgas. The park occupies area of 30 000 sqm. It includes artificial lake (800 sqm), Bulgaria Sights Map (600 sqm), Dino World (2000 sqm), Pirate Island "Tortuga" (2000 sqm), fast food facilities, BBQ, 8000 parking places etc.	Adults/Children € 11	

Source: Forton

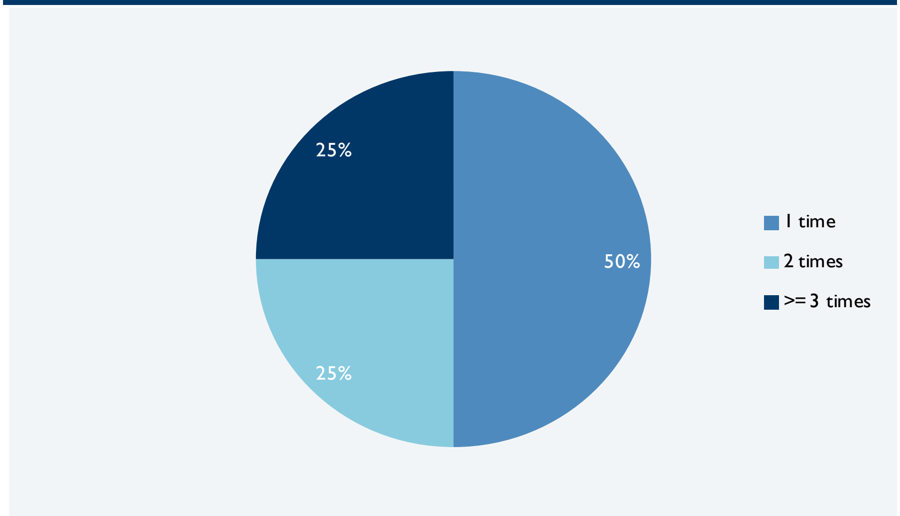
7.4. AQUA PARK VISITOR PROFILE

The IAAPA Water Park Benchmark Study realized by the International Association of Amusement Parks and Attractions provides data on the water park industry. The responses are generated from industry contacts such as owners, general managers, directors of water parks. Although the majority of the respondents come from the USA, the survey provides us with great information on the behaviour of water park visitors.

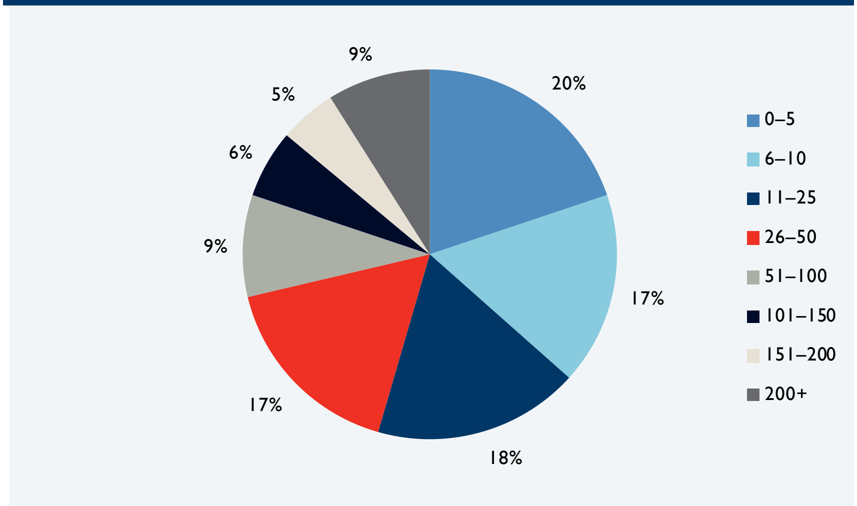
We learn from the IAAPA statistics that 53% of the visitors are parents in the age of 25-49 coming with their kids of the age 3-11 and 19% are teenagers in the ages of 12-17, these might come with their parents or alone. The majority of the visitors are coming independently and represent 46% of the mix, whereas visitors part of a group represent 15% of the visitors. The survey indicates that 16% have a seasonal pass, which means they are returning visitors. Regarding the facilities, we find out from the survey that the most popular attractions are the surfing simulator, family raft slide and wave pool.

When analyzing the frequency of visit, we see that the majority of the visitors come one time a year. Finally, regarding the purchase behaviour, it is important to consider the distances the visitors are travelling to visit the park. We understand from the graph below that the park attracts predominately local visitors who come from within a few miles.

FREQUENCY OF VISIT



% OF GUESTS VISIT ACCORDING TO THEIR DISTANCES AWAY FROM THE WATER PARK

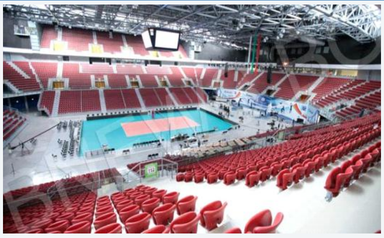


Source: International Association of Amusement Parks and Attractions (IAAPA)

8. ARENA MARKET

Arenas and large-area sports halls and facilities host concerts, competitions, festivals and other public events. Arena Armeec is considered the most relevant comparable of the envisaged arena in the project. It is situated in proximity to Tsarigradsko shose Blvd. which is one of the main road arteries ensuring entry and exit to and from Sofia. It is the newest and the only covered facility with capacity in excess of 10,000 people. The exhibit presented below illustrates key characteristics of the arena. Except for Arena Armeec, events that can accommodate above 10,000 visitors are usually held at stadiums.

ARENA IN BULGARIA

№	Name	Location	Description	Picture
1	Arena Armeec	Sofia	The arena is located in immediate proximity to Tsarigradsko Shosse blvd. It is suitable for hosting concerts, sport competitions of over 25 sports, exhibitions, fairs, large-scale conference and seminars and other public events. Capacity 18 000 people.	

9. THEATRE MARKET

There are more than 90 theaters on the territory of Bulgaria. In Sofia they are over 25 varying by size and capacity whereas most of them are concentrated in the center of the city. Average price per ticket equals € 8 – € 10.

10. INDOOR GAME CENTRE

Attraction park and indoor gaming center market are not developed in Bulgaria. Modern shopping centers offer playground places and fun games. However, currently there is no large indoor gaming center with GBA in excess of 5,000 sq m.

The local brand Playground is the major provider of children playgrounds, indoor gaming installations and facilities. The concept includes bowling, billiard, SEGA, PS3, 4D cinema, 65-inch screens, gaming installations, children corner, disco-bar. Currently Playground has 4 locations in Bulgaria, two of which in Sofia (Paradise Center, The Mall), one in Varna (Mall Varna) and one in Burgas (Mall Galleria). In general, Playground occupies not less than 1,000 sq m whereas maximum area amounts to 4,000-4,500 sq m. The other brand which operates on the market is another local brand Playpark, owned and managed by Bulgaria mall shopping center.

Sofia Land, one of the first mixed-use concepts including outdoor attraction park and indoor gaming space, developed and managed by Complete Entertainment Ltd., opened in 2002. It used to operate for 4 years and in 2006 Sofia Land was closed due to loan issues. It occupies approximately 35,000 sq m and is currently non-operating.

The project envisages Indoor Gaming Centre situated on an area of 10,000 sq m which allows for diversity of attractions, gaming installations, food & beverage.

INDOOR GAMING CENTERS IN BULGARIA				
№	Name	Location	Description	Picture
1	Playground	Sofia/Varna/Burgas	Playground has 5 locations in Bulgaria - 2 in Sofia, 1 in Varna and 1 in Burgas. Occupied area varies between 1000 and 3500 sqm. The concept Includes gaming facilities, bowling, billiard, bar-café, 4D cinema and other chidren attractions.	

11. OFFICE, STAFF QUARTER AND TRAINING FACILITIES

11.1. GENERAL

The office leasing market retained its momentum from the close of 2013. Bulgaria Mall's office element was the only major opening but with nearly half of the almost 20,000-sqm project preleased, supply is unlikely to offset persistently high demand for high quality space. On the investment side, the acquisition of Building 1B in Business Park Sofia has firmed our opinion for yields. As of the end of the first quarter they started moving downward based on the more optimistic projections for investment this year.

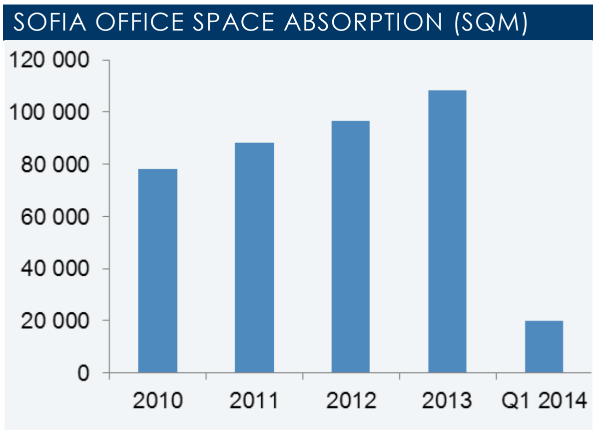
11.2. DEMAND

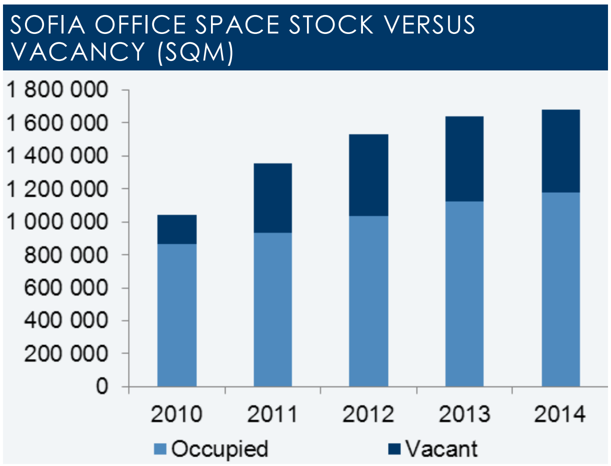
Absorption remained on track in general supported by several large closings with IT and outsourcing companies. Expansions of existing offices are taking a more substantial share. The latest examples include Ingram Micro in MHQ, IBM Global Delivery Center in the A.02 building of Sofia Airport Center and Experian in Megapark.

Sofia continues to draw on the advantages of economic stability, low inflation, and competitive labor market and office availability. For the first time Eastern-European IT companies entered the market, namely LuxSoft and SoftServe.

A number of relocations of existing businesses and owner-occupier handovers thus rounded total absorption at 20,000 sq m.

The market has turned a corner as demand picked up already in 2013 and continued in 2014. Our Top 10 vacancy index declined to 7.5% from 10.9% in the previous three months as existing tenants expanded and new ones took up available space.





Source: Forton

11.3. SUPPLY

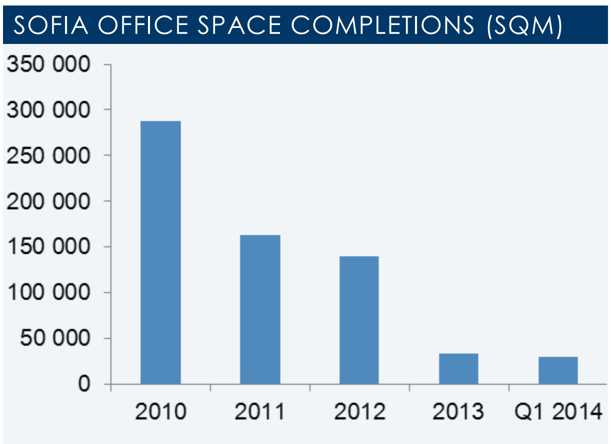
With Bulgaria Mall's offices the only significant completion in the first quarter of the year total stock barely budged 1.8% to 1.68 million sq m.

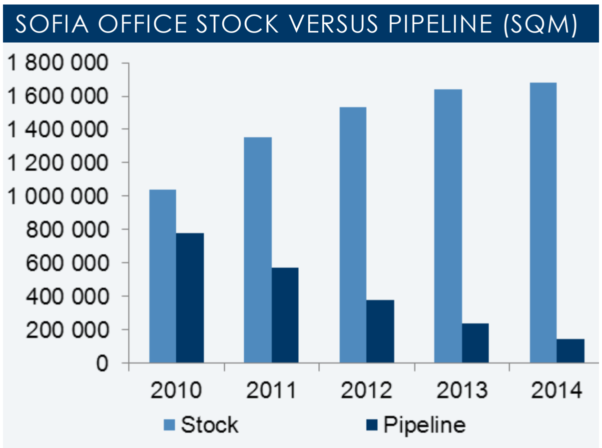
The pipeline contracted further to 143,000 sq m as works remain stalled on most of the developments. However, chances are rising that some of them move forward as demand encourages developers.

In the meantime, the relatively high vacancy at 30 per cent across all class A and B buildings implies some reserves, more so in the sub-A segments of the market. A number of buildings have bled tenants in favor of newer and better positioned projects and have not been actively marketed thereafter.

SOFIA OFFICE REAL ESTATE MARKET HIGHLIGHTS

Stock in sqm	1,683,000
Pipeline in sqm	143,000
Prime rent (sqm/month)	12.5





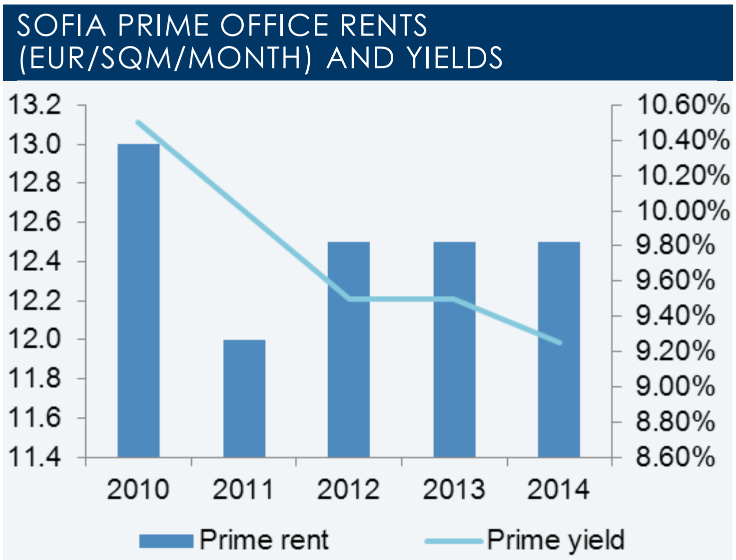
Source: Forton

11.4. RENTS

Prime rents were unchanged from the previous three months at €12.5 per square meter for the central business district with the medium to large-scale transactions ending up in off-CBD locations: either on the major Eastern and Southern thoroughfares or in residential neighborhoods at headline rates of between €10 and €12.

The gap between the CBD and non-CBD locations has narrowed in the end of 2013 and rental growth is expected in the coming months for buildings with high occupancy rates in the best locations.

Besides that, the gap between headline and net effective rates (including discounts like rent-free or step-rent periods) is slowly closing as the market balance gradually changes in favor of landlords.



Source: Forton

11.5. INVESTMENT FOCUS

The market in the most recent year has been characterized by small-size investment transactions, predominantly with class B projects in the 1,000-5,000 sq m range. The appetite of local players for secondary assets in established locations is seen as evidence for improvement of sentiment. In Q1 2014 Bulgarian Real Estate Fund REIT acquired the Business Park Sofia 1B building for €2.5 million at reported initial yield of 9% and 75% occupancy, the second deal of such scale for the last six months. Going forward, this trend should encourage trading as vendors see improved liquidity and international investors in Central and Eastern Europe move up the risk curve and start buying again in Bulgaria.

11.6. TRENDS & FORECASTS

- Real estate development is rebounding from the historic lows of 2013, yet it is so far matched by demand.
- The gap between prime headline and net effective rents is gradually closing as market conditions turn to the advantage of landlords in the class A segment.
- Recent investments point to turnaround in sentiment and now yield expectations are tightening.

11.7. EXHIBITS

The following table summarizes the main characteristics of the major office projects in Sofia, Bulgaria:

OFFICE BUILDINGS IN SOFIA					
№	Name	Location	Key Characteristics	Description	Picture
1	TAO	Sofia, 109 Todor Alexandrov Blvd.	GLA (sqm) 6 444 Completed Q2 2012 Asking rent: €9/sqm/month	Todor Alexandrov Offices (TAO) is a modern Class A office building, situated in close proximity to the very center of Sofia, on the corner of Todor Alexandrov Blvd. and Bulgarska Morava Str. The building has 3 underground (parking and warehouse) and 10 aboveground (office) levels with TBA of 9 984 sqm. At present 35 % of the office space is vacant.	
2	INFINITY TOWER	Sofia, 69 Bulgaria Blvd.	GLA (sqm) 20 463 Completed Q1 2014 Asking rent: €10/sqm/month	Infinity Tower (part of Bulgaria Mall) is a modern Class A building, situated on the corner of Bulgaria Blvd. and Todor Kableshkov Blvd. The project has underground parking levels (within the parking of the shopping center), 1 ground level (reception), 1 aboveground (technical) level and 18 aboveground (office) levels. At present the project is completely finished with use permit and is in the process of attracting tenants.	
3	VERTIGO BUSINESS TOWER	Sofia, 109 Bulgaria Blvd.	GLA (sqm) 13 100 Completed Q4 2011 Asking rent: €10/sqm/month	Vertigo Business Tower is a modern Class A office project, situated on Bulgaria Blvd. close to the south part of the Sofia Ring Road. It represents two functionally linked buildings (vertical and horizontal) with a total TBA of 35 000 sqm. The complex has 2 underground (parking) levels (350 parking lots) and 17 aboveground (office) levels. At present 80% of the office space is vacant.	
4	EXPO 2000	Sofia, 55 Nikola Vaptsarov Blvd.	GLA (sqm) 10 560 Completed Q4 2007 Asking rent: €10/sqm/month	Expo 2000 Business park is a modern Class A project, situated within the business park on Nikola Vaptsarov Blvd. The project has 1 underground (parking) level, 1 ground (reception + office) level and 3 aboveground (office) levels with TBA of 10 560 sqm. At present 10% of the office space is vacant.	
5	SERDIKA MALL OFFICE SECTION	Sofia, 48 Sitnyakovo Blvd.	GLA (sqm) 28 000 Completed Q1 2011 Asking rent: €12/sqm/month	Serdika Mall Office Section is a modern Class A project, situated on top of the Serdika Mall Shopping Center (Total retail floor area 52 000 sqm). The project has 3 underground (parking) levels (400 parking lots) and 8 aboveground (office) levels with a TBA of 28 000 sqm. At present 5% of the office space is vacant.	
6	SOFARMA BUSINESS TOWERS	Sofia, 5 Lachezar Stanchev Str.	GLA (sqm) 17 000 Completed Q4 2011 Asking rent: €10/sqm/month	Sopharma Business Towers is a modern Class A project, situated in a close proximity to Dragan Tsankov Blvd. (one of the main artery roads in Sofia) with TBA of 52 000 sqm. The project has underground and aboveground parking (472 parking lots), while office premises are situated in two towers, respectively on 19 and 22 levels. The complex has also a shopping center on the 1st and 2nd aboveground levels with TBA of 11 000 sqm. At present 100 % of the office space is leased.	

OFFICE BUILDINGS IN SOFIA

№	Name	Location	Key Characteristics	Description	Picture
7	MEGAPARK	Sofia, 115G Tsarigradsko Shose Blvd.	GLA (sqm) 44 615 Completed Q4 2010 Asking rent: €10/sqm/month	Megapark is a modern Class A office project, situated on Tsarigradsko Shose Blvd. (one of the main artery roads in Sofia). The Project has underground and aboveground parking (745 parking lots), 1 ground (reception) level and 16 aboveground (office) levels with a TBA of 69 065 sqm. At present 20% of the office space is vacant.	
8	EUROPEAN TRADE CENTER	Sofia, 115K Tsarigradsko Shose Blvd.	GLA (sqm) 57 000 Completed Q2 2010 Asking rent: €11/sqm/month	ETC is the largest single-building Class A office project in Bulgaria, situated on Tsarigradsko Shose Blvd. and in close proximity to The Mall Shopping Center. The project consists of 5 office buildings and has 3 underground (parking) levels (720 own parking lots + 2 080 additional in The Mall). The office buildings have 1 ground (reception) level and between 8 and 16 aboveground (office) levels. Currently 5% of the office space is vacant.	
9	BUSINESS PARK SOFIA	Sofia, Alexander Malinov Blvd.	GLA (sqm) 222 000 Completed Q3 2005 Asking rent: €10/sqm/month	Business Park Sofia is a modern Class A business complex, situated on Alexander Malinov Blvd. (Mladost District), close to the south part of the Sofia Ring Road. The complex consists of 14 buildings with a TBA of 300 000 sqm (including 74 000 sqm retail space). At present 3% of the office space is vacant.	
10	MHQ	Sofia, 115H Tsarigradsko Shose Blvd.	GLA (sqm) 7 400 Completed Q4 2012 Asking rent: €10/sqm/month	MHQ is a modern Class A project, situated on Tsarigradsko Shose Blvd. The building has 2 underground (parking) levels (80 parking lots), 7 aboveground (hotel) levels and 7 aboveground (office) levels with a TBA of 17 700 sqm. The hotel section of the project functions as Hotel Novotel managed by Accor. At present 20% of the office space is vacant.	
11	CAPITAL FORT	Sofia, 7th-11th km Tsarigradsko Shose Blvd.	GLA (sqm) 42 300 Expected completion Q1 2015 Asking rent: N/A	Capital Fort is a modern Class A retail and office project situated on Tsarigradsko Shose Blvd. (one of the main artery roads in Sofia) in close proximity to Metro Cash & Carry, Technomarket and Sofia Outlet Center. The project represents 2 functionally linked buildings (a tall one and a short one) where the tall one is the tallest building in Sofia (126 meters). At present the rough construction is completed and the facade is being installed.	
12	MILLENNIUM CENTER	Sofia, Vitosha Blvd.	GLA (sqm) 25 000 Expected completion to be confirmed Asking rent: N/A	Millennium Center is a modern Class A office project, situated close to the very center of Sofia (the corner of Vitosha Blvd. and Bulgaria Blvd.). The property represents a commercial, office and residential complex with a hotel section (5 stars, 350 rooms) and 5 underground (parking) levels. At present the rough construction is being finished.	

Source: Forton

D. VALUATION

1. INTRODUCTON

In preparing our opinion of value we have adopted the following valuation methods for the Resort:

- Hotels — Income approach through Discounted Cash Flow Method
- Residential Units — Income approach through Discounted Cash Flow Method
- Casino — Income approach through Discounted Cash Flow Method
- Shopping mall — Income approach through Discounted Cash Flow Method
- The Conference centre — Income approach through Discounted Cash Flow Method
- The Aqua Park — Income approach through Discounted Cash Flow Method
- The Arena — Income approach through Discounted Cash Flow Method
- The Theatre — Income approach through Discounted Cash Flow Method
- Retails — Income approach through Discounted Cash Flow Method
- Indoor Game Centre — Income approach through Discounted Cash Flow Method
- Green House & Chapel — Income approach through Discounted Cash Flow Method
- The Office — Income approach through Discounted Cash Flow Method
- The Parking — Income approach through Discounted Cash Flow Method

It should be noted that our forecasts represent indicative assessments of possibilities rather than certain projections. Whilst our forecasts have been conscientiously prepared on the basis of information provided to us by the Owner and our knowledge of the Bulgarian, European and Global travel and casino market, we do not guarantee their fulfillment. It also must be stressed that we have provided our opinion of Investment Value which reflects a greater degree of subjective calculations tailored towards a specific investor and does not represent a Market Value.

Except where indicated, all projections are stabilized in year 4.

2. DEMAND ANALYSIS

Careful analysis of demand of the different elements of the Resort is essential in determining the value of the proposed property. Based on the market analysis and our thorough knowledge of the property and lodging market, we have created demand models that estimate the number of visitors and revenues for all elements except residential. An individual demand model for each of the above elements has been created to project future visitation and revenues. All demand forecasts and analysis consider figures in the year of stabilization. In addition, we have also considered that there will be considerable cross sales between some of the above elements and as such have also created a latent demand model as shown in the section below.

2.1. LATENT/CROSS SELL DEMAND ANALYSIS

We have assumed a cross-selling % to estimate the total latent demand that is driven from the other functions of the Resort. In the model, only the latent demand of the main demand generators (Casino, Conference Centre, Aqua Park, Shopping Mall and the Residential) has been quantified as the other facilities (Office, Theatre, Chapel and Arena) only generate a negligible number of latent visitors.

Precise demand analysis per element is provided in the following sections.

LATENT DEMAND STRUCTURE - ON ANNUAL BASIS

PRIMARY DRIVER		CASINO	CONF. CENTRE	AQUAPARK	HOTELS	SHOPPING MALL	RESIDENTIAL		
		Visitors	Visits	Visits	Overnights	Visits	Population		
TOTAL		**747,909**	**400,897**	**306,102**	**0**	**2,591,766**	**4,800**		
BENEFACTOR									
CASINO	%	N/A	10.0%	5.0%	0.0%	1.0%	5.0%		
CONF. CENTRE	%	0.0%	N/A	0.0%	0.0%	0.0%	0.0%		
AQUAPARK	%	10.0%	10.0%	N/A	0.0%	0.0%	30.0%		
HOTEL	%	85.0%	80.0%	30.0%	N/A	0.0%	0.0%		
SHOPPING MALL	%	5.0%	5.0%	5.0%	0.0%	N/A	90.0%		
RESIDENTIAL	%	0.0%	0.0%	0.0%	0.0%	0.0%	N/A		
CASINO	annual frequency	N/A	1.0	1.0	N/A	1.0	4.0		
CONF. CENTRE	annual frequency	N/A	N/A	N/A	N/A	N/A	N/A		
AQUAPARK	number of visits	1.0	1.0	N/A	N/A	N/A	2.0		
HOTELS	length of stay	2.5	2.0	1.0	N/A	N/A	N/A		
HOTELS	*Double Occupancy*	*50.0%*	*50.0%*	*50.0%*	*N/A*	*N/A*	*N/A*		
SHOPPING MALL	number of visits	1.00	1.00	1.00	N/A	N/A	30		
RESIDENTIAL	number of visits	N/A	N/A	N/A	N/A	N/A	N/A		
								TOTAL, p.a.	**TOTAL, per day**
CASINO	visits	N/A	40,090	15,305	N/A	25,918	960	**82,272**	**225**
CONF. CENTRE	visits	N/A	N/A	N/A	N/A	N/A	N/A	**0**	**0**
AQUAPARK	visitors	74,791	40,090	N/A	N/A	N/A	2,880	**117,761**	**323**
HOTELS	overnights	794,653	320,718	45,915	N/A	N/A	N/A	**1,161,286**	**3,182**
SHOPPING MALL	Visits	37,395	20,045	15,305	N/A	N/A	129,600	**202,345**	**554**
RESIDENTIAL	Visits	N/A	N/A	N/A	N/A	N/A	N/A	**0**	**0**

Source: Cushman & Wakefield

As seen on the table above, we consider that a large proportion of casino visitors will choose to stay within the hotel during their visit (85%). We also believe that small proportions will visit the aqua park (10%) and the shopping mall (5%). For the conference centre we have also considered that a significant portion of visitors (80%) will choose to stay at the hotels while small amounts of 10% and 5% will visit the Aqua Park and shopping mall respectively. Within our Aqua park demand forecast, we consider that a large portion of visitors will be sourced locally and therefore consider that c. 30% will be staying overnight at the hotels while another 5% each will visit the casino and the shopping centre. Our forecasts also consider that the residential population will have a large influence on the visitation of the shopping centre (90%) and the Aqua Park (30%).

3. 4 STAR HOTEL

3.1. DEMAND ANALYSIS

For projecting hotel demand, we have assumed that all overnight stays will be generated from the other elements. We consider that with very little natural sites or monuments that a minimal amount of visitors will come primary to stay in the hotels. Therefore, the total demand for the hotel is the total number of visitors staying overnight after using the other functions (casino, entertainment and convention).

HOTEL DEMAND				
	Year	Year	Year	Year
	1	2	3	4
Days Open	365	365	365	365
Progress to Stabilization	70%	80%	90%	100%
Hotel Overnight Stays	812,900	929,029	1,045,157	1,161,286
Hotel Rooms 5 Star	3,000	3,000	3,000	3,000
Hotel Rooms 4 Star	1,000	1,000	1,000	1,000
Total Hotel Rooms	4,000	4,000	4,000	4,000
Projected Occupancy	55.7%	63.6%	71.6%	79.5%

Source: Cushman & Wakefield

3.2. BASIS OF VALUATION AND METHODOLOGY

We have had regard to the following methods to assess the value.

3.2.1 Income method – discounted cash flow

Under the DCF method, the projected net earnings for the hotel over 13 years are discounted back to present day values using an appropriate discount rate, the exit value of the hotel, derived from capitalising the projected earnings in the 13th year, is also brought back to a present value. Capital expenditure is built into the cash flow if appropriate.

We therefore prepared an income and expenditure forecast for the hotel, which represents what we believe a potential purchaser would consider as being realistic estimates of the hotel's future income potential.

Whilst the forecast is prepared for a ten-year period, the net cash flow in the stabilised year of operation (in this case taken as Year 4) is used as a basis for future income flows and inflated at an appropriate rate, having regard to the hotel’s prospects and the anticipated level of inflation. We have allowed for inflation of 2.5% per annum.

3.2.2 Profit method

This method involves capitalising the projected net earnings for the hotel in a stabilised trading year and making allowances for the income shortfall up to stabilisation.

3.3. PROJECTIONS

Based on our assessment of the operating characteristics of the 4 star hotel, our knowledge on the market and the hospitality industry in general, we have prepared projections as to what we believe the 4 star hotel will be able to achieve in terms of performance for the next years (up to stabilization in Year 4). Our calculations are set out in full in the appendix but we have recast the most important figures in the table below (In Present Value).

4 STAR HOTEL	Year 1		Year 2		Year 3		Stabilised Year 4	
Occ (%)	55.7%		63.6%		71.6%		79.5%	
ADR	75.0		77.5		80.0		82.5	
	EUR '000	%	EUR '000	%	EUR '000	%	EUR '000	%
Rooms Rev.	15,247.9	70.0%	17,990.9	67.5%	20,907.2	65.0%	23,939.4	62.5%
F&B Rev.	5,445.7	25.0%	7,329.6	27.5%	9,649.5	30.0%	12,448.5	32.5%
Other Rev.	1,089.1	5.0%	1,332.7	5.0%	1,608.2	5.0%	1,915.2	5.0%
Total Rev.	21,782.7	100.0%	26,653.1	100.0%	32,164.9	100.0%	38,303.1	100.0%
Total Dept. Costs	8,549.7	39.3%	10,151.5	38.1%	11,868.9	36.9%	13,908.8	36.3%
IBFC	8,114.0	37.3%	10,504.7	39.4%	13,380.6	41.6%	16,159.1	42.2%
EBIDTA	6,698.2	30.8%	8,772.2	32.9%	11,289.9	35.1%	13,669.4	35.7%

We detail below the primary points we have considered in the preparation of our operating projections:

- The occupancy is completely dependent and driven from the Resort visitors and based up on overnight stays generated majorly from the casino, Aqua Park and conference units. We have built up the occupancy over a four year period in our projections in order to reflect the fact the Resort is new and will need time before it can run at its full potential. Therefore, we expect relatively low occupancy starting at 55.7% at the opening. It is usual that on opening hotels report lower levels of occupancy, before the market gets acquainted with the hotel and occupancy levels stabilize at some level, at 79.5% in Year 4 in this case. For a Resort of such a scale the occupancy is highly dependent on the number of visitors to the other elements and the amount of these visitors that choose to stay overnight. Our projections are based upon our best estimates and experience in the gaming and leisure market. However, we must stress that depending on market conditions the reality of the achieved levels of occupancy may greatly differ.
- We are of the opinion that the ADR in present values (excluding inflation) is built up from EUR 75 in year 1 to EUR 82.5 in the stabilised Year 4. Our ADR build up is directly related to the business establishing itself. We understand that these rates would be significantly higher than the existing 4 star hotels in Sofia but we believe that the premium is justified for a hotel of such high quality.
- Revenue Profile – The revenue breakdown of casino hotels differ from standard luxury hotels in that they have a higher proportion of F&B revenue and a smaller proportion of rooms revenue. This is explained by the fact that casino operators use attractive prices to fill their rooms, generating supply for the gaming activities and F&B outlets. Usually, the discounts offered for hotel night's counts as a gaming/marketing expense. As such, on stabilization we have projected a revenues breakdown of 62.5% for rooms, 32.5% for food & beverage and 5% for other income. In other income, we have considered the income generated by the ancillary revenues (telephone, pay TV, commissions, etc).

- Cost Profile – We have assumed, from the year 4, that 25% of room revenue is recorded as room cost (room cost include Salaries and Wages and other costs associated with operating the hotel units), 57.5% from food & beverages, and 40% from other income. The cost from the room and F&B departments decreases slightly over time, when recorded as a % of the revenues, as we consider that these departments are improving efficiency levels.
- Undistributed Operating Expenses – These costs include weighted costs that are not directly linked to the operation of specific departments. We are of the opinion that these costs, in % figure will only slightly reduce and stabilize at different points of the projected period. As such, A&G costs and utility cost have stabilized in year 1 at the level of 6.5% and 5% respectively while S&M and maintenance costs are both stabilized in year 3 at the level of 5%.
- Reserve for Renewals – The reserve for renewals and replacement for Fixtures, Fittings and Equipment is considered to be 4% from the 1st year of operation. Periodic replacement of FF&E is essential to maintain the quality, image, brand standards and income potential of a hotel. As such, a 'sinking' fund is set aside to accumulate capital for the periodic replacement of FF&E and is typically a % of gross revenue.
- Taxes & Insurance - We have made standard deductions for property taxes and insurances in line with the existing local legislation valid as of the day of the valuation.
- No other costs or fees have been considered as the hotel is to be owner-operated. We have not made allowance for transaction costs.

3.4. NET PRESENT VALUE

We calculated the operating margin (EBITDA) and an NOI after investment costs, representing the gross cash flow for the owner, assuming a sale without disrupting business. Our projections discount the cash flows generated for 13 years.

Based on the above, we have adopted a discount rate of 11.25% and a terminal capitalization rate/exit yield of 8.75%, which we believe appropriate with reference to our projections. The discount rate is selected by reference to comparable hotels, yield evidence of other forms of commercial property, market factors and location and condition of the Resort. It is the average annual rate of return considered necessary to attract capital based upon the overall investment characteristics. The bases of our assumptions for the discount rate are explained below:

We have not included any allowance for maintenance of extraordinary capital expenditures.

The Net Present Value of the 4 star hotel of the Resort, including the fixed and mobile facilities necessary to support the activities of the hotel, the systems and services of the property, the fact that it is a fully equipped operating entity, and accounting for its marketing potential, is reasonably estimated to be:

EUR 55,900,000

(FIFTY FIVE MILLION NINE HUNDRED THOUSAND EURO)

3.5. DEVELOPMENT COST

The costs have been broken down by different areas based on our best assumptions. We would advise the Addressee to get the costs reviewed by a professional developer in order to get a more accurate understanding of the structure.

3.5.1 Hard costs

Based on the information received and our estimation of other costs, we have established the hard cost for the development of the 4 star hotel to be at the level of EUR 850 per sq m. This cost excludes FF&E costs.

3.5.2 Contingency

We have also applied construction contingency of 5% on the main hard costs of construction to reflect any unforeseen costs in constructing the facility.

3.5.3 FF&E Costs

We have estimated that overall FF&E costs would be EUR 15,000 per room. These costs are typical for 4 star international hotels but could vary significantly, depending on the finishing and equipment requirements of the Addressee. The FF&E cost represents the cost to turn the building into an operational hotel and includes cost for all the movable elements of the hotel.

3.5.4 Soft construction costs

In addition to main hard costs of construction, we have considered overhead costs such as advisory, contractor preliminaries costs, project management, hotel agency fees, etc. This would represent c. 12 % of the hard costs.

Specific costs need to be considered when developing a hotel, to account for pre opening costs that cover for costs such as the general manager's pre opening salary, staff training costs, pre-opening services, marketing & sales costs, etc. All these costs are necessary to set the hotel business and will start to kick in 12 months prior the opening date. We have considered a total pre-opening cost to be EUR 2,2 mil, which represents 25% on the departmental cost of the first operation year.

CONSTRUCTION COSTS ESTIMATE (EUR)

HOTEL 4 STAR	COSTS
Area	59,000
Room Count	1,000
Hard Construction Costs (m^2)	600
Total Hard Costs	35,400,000
FF&E Costs/Room (15,000)	15,000,000
Soft Costs (12.0%)	4,248,000
Pre opening costs (25% of departemental costs Y1)	2,173,400
Contingency (5.0%)	1,770,000
Total Development Costs	58,591,400

Source: Cushman & Wakefield

4. 5 STAR HOTEL

4.1. DEMAND ANALYSIS

In the model, we have assumed that the hotel demand will spring from the other demand generators. We believe that no visitors will come primary to stay in the hotels. Therefore, the total demand for the hotel is the total number of visitors staying overnight after using the other functions (casino, entertainment and convention). The % of visitors staying overnight is an assumption but has been determined according to the demand analysis of similar resorts.

HOTEL DEMAND				
	Year	Year	Year	Year
	1	2	3	4
Days Open	365	365	365	365
Progress to Stabilization	70%	80%	90%	100%
Hotel Overnight Stays	812,900	929,029	1,045,157	1,161,286
Hotel Rooms 5 Star	3,000	3,000	3,000	3,000
Hotel Rooms 4 Star	1,000	1,000	1,000	1,000
Total Hotel Rooms	4,000	4,000	4,000	4,000
Projected Occupancy	55.7%	63.6%	71.6%	79.5%

Source: Cushman & Wakefield

4.2. BASIS OF VALUATION AND METHODOLOGY

We have had regard to the following methods to assess the value.

4.2.1 Income method – discounted cash flow

Under the DCF method, the projected net earnings for the hotel over 13 years are discounted back to present day values using an appropriate discount rate, the exit value of the hotel, derived from capitalising the projected earnings in the 13th year, is also brought back to a present value. Capital expenditure is built into the cash flow if appropriate.

We therefore prepared an income and expenditure forecast for the hotel, which represents what we believe a potential purchaser would consider as being realistic estimates of the hotel's future income potential.

Whilst the forecast is prepared for a ten-year period, the net cash flow in the stabilised year of operation (in this case taken as Year 4) is used as a basis for future income flows and inflated at an appropriate rate, having regard to the hotel’s prospects and the anticipated level of inflation. We have allowed for inflation of 2.5% per annum.

4.2.2 Profit method

This method involves capitalising the projected net earnings for the hotel in a stabilised trading year and making allowances for the income shortfall up to stabilisation.

4.3. PROJECTIONS

Based on our assessment of the operating characteristics of the 5 star hotel, our knowledge of the Sofia market and the hospitality industry in general, we have prepared projections as to what we believe the Hotel will be able to achieve in terms of performance for the next years (up to stabilization in Year 4). Our calculations are set out in full in the appendix but we have recast the most important figures in the table below.

5 STAR HOTEL	Year 1		Year 2		Year 3		Stabilised Year 4	
Occ (%)	55.7%		63.6%		71.6%		79.5%	
ADR	132.0		134.0		136.0		138.0	
	EUR '000	%	EUR '000	%	EUR '000	%	EUR '000	%
Rooms Rev.	80,508.8	70.0%	93,320.3	67.5%	106,626.7	65.0%	120,132.5	65.0%
F&B Rev.	28,753.1	25.0%	38,019.4	27.5%	49,212.3	30.0%	55,445.7	30.0%
Other Rev.	5,750.6	5.0%	6,912.6	5.0%	8,202.1	5.0%	9,241.0	5.0%
Total Rev.	115,012.5	100.0%	138,252.3	100.0%	164,041.1	100.0%	184,819.2	100.0%
Total Dept. Costs	48,880.3	42.5%	58,359.7	42.2%	68,897.3	42.0%	77,346.8	41.9%
IBFC	37,379.1	32.5%	46,712.0	33.8%	57,414.4	35.0%	64,963.9	35.2%
EBIDTA	29,903.3	26.0%	37,725.6	27.3%	46,751.7	28.5%	52,950.7	28.7%

We detail below the primary points we have considered in the preparation of our operating projections:

- As in the case of the 4 – star hotel, the occupancy is completely dependent and driven from the Resort visitors as it based on the other functions visitors staying overnight. We have built up the occupancy over a four year period in our projections in order to reflect the fact the Resort is new and will need time before it can run at its full potential. Therefore, we expect relatively low occupancy with an occupancy rate of 55.7% at the opening. It is usual that on opening hotels report lower levels of occupancy, before the market gets acquainted with the hotel and occupancy levels stabilize at some level, at 79.5% in Year 4 in this case. We have also considered the quality of the hotel and the fact that the premium will be achieved in terms of rate rather than occupancy. We do not consider any reason for a difference in occupancy between the 4 and 5 star hotel.
- We are of the opinion that the ADR in present values (excluding inflation) is built up from EUR 132 in year 1 to EUR 138 in the stabilised Year 4. Our ADR build up is directly related to the business establishing itself. We understand that these rates would be significantly higher than the existing 5 star hotels but this takes under consideration the concept and the quality of the proposed product compared to the other hotels in Bulgaria. The 5 star hotel is aimed to be marketed at the top of the market and become an icon in Sofia hotel market; therefore we believe that a price strategy reflecting above average rates is coherent and achievable for the hotel. Furthermore, it would also be much more difficult to achieve a positive return on investment for an ADR level below the stabilized level.
- Revenue Profile – The revenue breakdown of casino hotels differ from standard luxury hotels in that they have a higher proportion of F&B revenue and a smaller proportion of rooms revenue. This is explained by the fact that casino operators use attractive prices to fill their rooms, generating supply for the gaming activities and F&B outlets. Usually, the discounts offered for hotel night's counts as a gaming/marketing expense. As such, on stabilization we have projected a revenues breakdown of 65%

for rooms, 30% for food & beverage and 5% for other income. In other income, we have considered the income generated by the ancillary revenues (telephone, pay TV, commissions, etc). We believe that the proportion of room's revenue will be higher for the 5 star hotel than the 4 star hotel as the high ADR boost rooms revenue more than the average restaurant ticket boosts the F&B revenue.

- Cost Profile – We have assumed, from the year 4, that 30% of room revenue is recorded as room cost (room cost include Salaries and Wages and other costs associated with operating the hotel units), 67% from food & beverages, and 45% from other income. The cost from the room and F&B departments decreases slightly over time, when recorded as a % of the revenues, as we consider that these departments are improving efficiency levels.
- Undistributed Operating Expenses – These costs include weighted costs that are not directly linked to the operation of specific departments. We are of the opinion that these costs, in % figure will only slightly reduce and stabilize at different points of the projected period. As such, A&G costs and utility cost have stabilized in year 1 at the level of 7.5% and 5% respectively while S&M and maintenance costs are both stabilized in year 3 at the level of 5.5% and 5% respectively.
- Reserve for Renewals – The reserve for renewals and replacement for Fixtures, Fittings and Equipment is considered to be 4% from the 1st year of operation. Periodic replacement of FF&E is essential to maintain the quality, image, brand standards and income potential of a hotel. As such, a 'sinking' fund is set aside to accumulate capital for the periodic replacement of FF&E and is typically a % of gross revenue.
- Taxes & Insurance - We have made standard deductions for property taxes and insurances in line with the existing local legislation valid as of the day of the valuation.
- No other costs or fees have been considered. We have not made allowance for transaction costs.

4.4. NET PRESENT VALUE

We calculated the operating margin (EBITDA) and an NOI after investment costs, representing the gross cash flow for the owner, assuming a sale without disrupting business. Our projections discount the cash flows generated for 13 years.

Based on the above, we have adopted a discount rate of 10.75% and a terminal capitalization rate of 8.25%, which we believe appropriate with reference to our projections. The discount rate is selected by reference to comparable hotels, yield evidence of other forms of commercial property, market factors and location and condition of the Resort. It is the average annual rate of return considered necessary to attract capital based upon the overall investment characteristics. The bases of our assumptions for the discount rate are explained below:

We have not included any allowance for maintenance of extraordinary capital expenditures.

The Net Present Value of the 5 star hotel of the Resort, including the fixed and mobile facilities necessary to support the activities of the hotel, the systems and services of the property, the fact that it is a fully equipped operating entity, and accounting for its marketing potential, is reasonably estimated to be:

EUR 126,380,000

(ONE HUNDRED TWENTY SIX MILLION THREE HUNDRED AND EIGHTY THOUSAND EURO)

4.5. DEVELOPMENT COST

The costs have been broken down by different areas based on our best assumptions. We would advise the Addressee to get the costs reviewed by a professional developer in order to get a more accurate understanding of the structure.

4.5.1 Hard costs

Based on the information received and our estimation of other costs, we have established the hard cost for the development of the 5 star hotel to be at the level of EUR 950 per sq m. This cost excludes FF&E costs.

4.5.2 Contingency

We have also applied construction contingency of 5% on the main hard costs of construction to reflect any unforeseen costs in constructing the facility.

4.5.3 FF&E Costs

We have estimated that overall FF&E costs would be EUR 25,000 per room. These costs are typical for 5 star international hotels but could vary significantly, depending on the finishing and equipment requirements of the Addressee. The FF&E cost represents the cost to turn the building into an operational hotel and includes cost for all the movable elements of the hotel.

4.5.4 Soft construction costs

In addition to main hard costs of construction, we have considered overhead costs such as advisory, contractor preliminaries costs, project management, hotel agency fees, etc. This would represent c. 12 % of the hard costs.

Specific costs need to be considered when developing a hotel, to account for pre opening costs that cover for costs such as the general manager's pre opening salary, staff training costs, pre-opening services, marketing & sales costs, etc. All these costs are necessary to set the hotel business and will start to kick in 12 months prior the opening date. We have considered a total pre-opening cost to be EUR 12, 2 mil, which represents 25% on the departmental cost of the first operation year.

CONSTRUCTION COSTS ESTIMATE (EUR)	
HOTEL 5 STAR	COSTS
Area	360,000
Room Count	3,000
Hard Construction Costs (m^2)	700
Total Hard Costs	252,000,000
FF&E Costs/Room (25,000)	75,000,000
Soft Costs (12.0%)	30,240,000
Pre opening costs (25% of departemental costs Y1)	12,220,100.0
Contingency (5.0%)	12,600,000
Total Development Costs	382,060,100

Source: Cushman and Wakefield

5. RESIDENTIAL UNITS

5.1. DEMAND ANALYSIS

Our extensive knowledge and experience on the real estate market in Bulgaria has given us the basis for our demand analysis. We have analyzed the location of the property and its attractiveness. Based on that analysis we projected sale price levels and realization rate for the residential units.

5.2. BASIS OF VALUATION AND METHODOLOGY

We came to our opinion of value using the discounted cash flow approach.

In the model we implemented both sale income from the residential units over the designated period and construction costs to arrive at a net present value.

We therefore prepared an income and expenditure forecast for the residential units, which represents what we believe as realistic estimates of the residential units' future sale income potential.

5.3. ASSUMPTIONS

Based on our knowledge on the residential market and the real estate industry in general, we have prepared our assumptions as to what we believe the residential units will be able to achieve. Our calculations are set out in full in the appendix.

We detail below the primary points we have considered in the preparation of our operating projections:

- We have assumed that the residential units will be constructed in 3 years and will be completely sold out within 4 years afterwards.
- We are of the opinion that the market price per sqm per unit is EUR 1,851.
- We have assumed 3% sale fee on the residential units.

5.4. NET PRESENT VALUE

We have not included any allowance for maintenance of extraordinary capital expenditures.

The Net Present Value of the residential units is reasonably estimated to be:

EUR 550,070,000 (ROUNDED)

FIVE HUNDRED FIFTY MILLION AND SEVENTY THOUSAND EURO

5.5. DEVELOPMENT COSTS

The costs have been broken down by different areas based on our best assumptions. We would advise the Addressee to get the costs reviewed by a professional developer in order to get a more accurate understanding of the structure.

1.1.1. Hard costs

Based on the information received and our estimation of the other costs, we have established the hard cost for the development of the residential units to be at the level of EUR 500 per sqm.

1.1.2. Contingency

We have also applied construction contingency of 5% on the main hard costs of construction to reflect any unforeseen costs in constructing the facility.

1.1.3. Soft construction costs

In addition to main hard costs of construction, we have considered overhead costs such as advisory, contractor preliminaries costs, project management, etc. This would represent c. 12% of the main hard costs.

RESIDENTIAL COSTS ESTIMATE (EUR)	
RESIDENTIAL UNITS	COSTS
Area	720,000
Hard Construction Costs/m²	500
Total Hard Costs	360,000,000
Soft Costs (12%)	43,200,000
Contingency (5%)	18,000,000
Total Development Costs	**421,200,000**

Source Cushman & Wakefield

6. CASINO

6.1. DEMAND ANALYSIS

The casino demand is the main demand generator of the Resort. The first step of the calculation was to analyse which countries are more likely to visit Bulgaria and gather information, such as the status of the casino market (developing market, limited tourist visitors, mass local visitors and mass foreign visitors), the number of casino visitors and the total casino spend, about these countries. This information has allowed us to calculate the revenue per visitors, the % of gamblers and the % of casino spend according to the GDP in each of the main international source markets for Bulgaria. Thanks to these key indicators, we were able to conclude averages of the revenue per visitors, the % of gamblers in the adult population and the casino spend as a % of GDP per type of casino market. These averages were then used to estimate the potential gambling visitors and the potential gambling market in EUR according to the type of casino market. Finally, the demand for the Resort has been determined with a projected a market share that the Resort would catch from the potential market and the added latent demand the springs from the other functions. The full casino demand analysis is available within the appendices.

CASINO DEMAND SUMMARY					
COUNTRY	COUNTRY TYPE	PROJECT'S SHARE	PROJECT'S SHARE	PROJECT'S SHARE	PROJECT'S SHARE
		Visitors, %	Visitors, count	Spend per visitor, EUR	EUR
Bulgaria	Developing market	75.0%	18,600	90	1,674,000
Russia	Developing market	50.0%	26,300	200	5,260,000
Turkey	Developing market	25.0%	275,988	160	44,158,058
Spain	Dev. - lim. loc.	0.0%	0	0	0
Italy	Dev. - lim. loc.	0.0%	0	0	0
France	Dev. - mass loc.	0.0%	0	0	0
Germany	Dev. - lim. loc.	0.0%	0	0	0
United Kingdom	Dev. - mass loc.	0.0%	0	0	0
Netherlands	Dev. - mass loc.	0.0%	0	0	0
USA	Dev. - mass loc.	0.0%	0	0	0
China	Developing market	0.0%	0	0	0
Greece	Dev. - mass loc.	5.0%	138,490	200	27,698,000
Romania	Developing market	10.0%	171,730	160	27,476,800
Poland	Developing market	5.0%	82,880	200	16,576,000
Singapore	Dev. - foreign	0.0%	0	0	0
Macedonia	Developing market	7.5%	2,505	160	400,800
Serbia	Developing market	10.0%	12,393	160	1,982,834
Ukraine	Developing market	5.0%	38,586	200	7,717,161
Kazakhstan	Developing market	5.0%	21,074	160	3,371,785
Georgia	Developing market	5.0%	5,795	100	579,520
Azerbaijan	Developing market	5.0%	11,373	100	1,137,255
Croatia	Developing market	5.0%	22,525	160	3,604,000
Hungary	Developing market	2.5%	590	160	94,400
Slovakia	Developing market	2.5%	3,196	160	511,304
Czech Republic	Dev. - lim. loc.	2.5%	330	160	52,800
Belarus	Developing market	0.0%	0	0	0
Lithuania	Developing market	0.0%	0	0	0
Latvia	Developing market	0.0%	0	0	0
Estonia	Developing market	0.0%	0	0	0
Austria	Dev. - lim. loc.	0.0%	0	200	0
Switzerland	Dev. - lim. loc.	0.0%	0	200	0
PROJECT TOTAL			**832,353**	**171**	**142,294,718**

Source: Cushman & Wakefield

6.2. BASIS OF VALUATION AND METHODOLOGY

We came to our opinion of value using the discounted cash flow approach.

Under the DCF method, the projected net earnings for the casino over 13 years are discounted back to present day values using an appropriate discount rate, the exit value of the casino, derived from capitalising the projected earnings in the 13th year, is also brought back to a present value. Capital expenditure is built into the cash flow if appropriate.

We therefore prepared an income and expenditure forecast for the casino, which represents what we believe a potential purchaser would consider as being realistic estimates of the casino's future income potential.

Whilst the forecast is prepared for a ten-year period, the net cash flow in the stabilised year of operation (in this case taken as Year 4) is used as a basis for future income flows and inflated at an appropriate rate, having regard to the casino's prospects and the anticipated level of inflation. We have allowed for inflation of 2.5% per annum.

6.3. PROJECTIONS

Based on our assessment of the operating characteristics of the casino, our knowledge on the market and the casino industry in general, we have prepared projections as to what we believe the casino will be able to achieve in terms of performance for the next years (up to stabilization in Year 4). Our calculations are set out in full in the appendix but we have recast the most important figures in the table below.

CASINO		Year 1	Year 2	Year 3	Year 4
REVENUES					
Inflation	%	2.5%	2.5%	2.5%	2.5%
No. of attracted visitors	count	582,647	665,883	749,118	832,353
Average spend per visitor	count	120	137	154	171
No. of visitors from other functions	count	57,591	65,818	74,045	82,272
Average spend per visitor	count	120	137	154	171
Total revenues	EUR	76,616,198	100,070,136	126,651,266	156,359,587
Positions - slot machines	Count	1,500	1,500	1,500	1,500
Positions - tables	Count	900	900	900	900
Positions - total	Count	2,400	2,400	2,400	2,400
WPUPD	EUR	87	114	145	178
OPERATING EXPENSE					
No. of employees	count	889	889	889	889
Labour costs	EUR	-8,072,533	-8,274,347	-8,481,205	-8,693,235
Utility consumption	%	3.5%	3.5%	3.5%	3.5%
Utility consumption	EUR	-2,681,567	-3,502,455	-4,432,794	-5,472,586
Other costs (Administation, Maintainence & Other)	% of revenues	15.0%	12.5%	10.3%	8.5%
Other costs (Administation, Maintainence & Other)	EUR	-11,492,430	-12,508,767	-12,981,755	-13,290,565
Reserve for renewals	% of revenues	4.0%	4.0%	4.0%	4.0%
Reserve for renewals	EUR	-3,064,648	-4,002,805	-5,066,051	-6,254,383
EBITDA					
EBITDA	EUR	51,305,020	71,781,762	95,689,461	122,648,818
EBITDA margin	%	67.0%	71.7%	75.6%	78.4%
Development Costs	EUR				
Cash Flows	EUR	51,305,020	71,781,762	95,689,461	122,648,818
Exit Yield (%)	9%				
Discount Rate (%)	11.5%				
Net Present Value (EUR)	793,091,210				
Say	793,090,000				

We detail below the primary points we have considered in the preparation of our operating projections:

- We have built up the number of visitors over a four year period in our projections in order to reflect the fact that the casino is new and will need time before it can run at its full potential. We believe the number of visitors will stabilize in year 4 with 832,353 per annum. It is usual that such attraction records lower visits at the opening as it takes a few years to become a known tourist attraction.

- We are of the opinion that the average spend per visitors in present values (excluding inflation) is built up from EUR 120 in year 1 to EUR 171 in the stabilised Year 4. The average spend per visitor is build up is directly related to the business establishing itself and is based upon our calculations in the demand analysis. We understand that the average spend per visitor is lower than other casino destination such as Las Vegas or Macau as this takes under consideration the purchase power and the average casino spend of the main international source markets which are inferior than the source market of Las Vegas and Macau.
- Revenue Profile – The revenue is not broken down as we have calculated the total revenue of the casino assuming that the average spends per visitors includes gaming spend and F&B spend.
- Operating Expenses Profile – These costs include weighted costs that are directly linked to the operation of the casino (labor, utility, administration and maintenance costs). We are in the opinion that some of the costs, in % figure will only slightly reduce and stabilize at different points of the projected period as we consider that these departments are improving efficiency levels. As such, we have assumed, from the first operating year, that the casino will require 889 employees (2.7 employees per position – one machine is considered as one position and one table as six positions) with hourly salary of EUR 4.30 (adjusted from average Bulgarian Salary) and that, therefore, the labor cost will account for 6% of the total revenue. While we believe that utility costs will also stabilized in year 1 at 3.5% of the total revenue, we expect the % of other costs (Administration, maintenance & other) to decrease and to stabilize in year 4 at 8.5% as a result of the efficiency improvements.
- Reserve for Renewals – The reserve for renewals and replacement for Fixtures, Fittings and Equipment is considered to be 4% from the 1st year of operation. Periodic replacement of FF&E is essential to maintain the quality, image, brand standards and income potential of a casino. As such, a 'sinking' fund is set aside to accumulate capital for the periodic replacement of FF&E and is typically a % of gross revenue.

6.4. NET PRESENT VALUE

We calculated the operating margin (EBITDA) and an NOI after investment costs, representing the gross cash flow for the owner, assuming a sale without disrupting business. Our projections discount the cash flows generated for 13 years.

Based on the above, we have adopted a discount rate of 11.5% and a terminal capitalization rate of 9%, which we believe appropriate with reference to our projections. The discount rate is selected by reference to comparable casinos, yield evidence of other forms of commercial property, market factors and location and condition of the Resort. It is the average annual rate of return considered necessary to attract capital based upon the overall investment characteristics. The bases of our assumptions for the discount rate are explained below:

We have not included any allowance for maintenance of extraordinary capital expenditures.

The Net Present Value of the casino of the Resort, including the fixed and mobile facilities necessary to support the activities of the casino, the systems and services of the property, the fact that it is a fully equipped operating entity, and accounting for its marketing potential, is reasonably estimated to be:

EUR 793,090,000

SEVEN HUNDRED AND NINETY THREE MILLION NINETY THOUSAND EURO

6.5. DEVELOPMENT COST

The costs have been broken down by different areas based on our best assumptions. We would advise the Addressee to get the costs reviewed by a professional developer in order to get a more accurate understanding of the structure.

6.5.1 Hard costs

Based on the information received and our estimation of the other costs, we have established the hard cost for the development of the casino to be at the level of EUR 700 per sq m. This cost excludes FF&E costs.

6.5.2 Contingency

We have also applied construction contingency of 5% on the main hard costs of construction to reflect any unforeseen costs in constructing the facility.

6.5.3 FF&E Costs

We have estimated that overall the machines will cost EUR 8,000 and that the other FF&E would be included in this figure. These costs are typical for casinos but could vary significantly, depending on the finishing and equipment requirements of the Addressee. The FF&E cost represents the cost to turn the building into an operational casino and includes cost for all the movable elements of the casino.

6.5.4 Soft construction costs

In addition to main hard costs of construction, we have considered overhead costs such as advisory, contractor preliminaries costs, project management, etc. This would represent c. 12% of the main hard costs.

CONSTRUCTION COSTS ESTIMATE (EUR)	
CASINO	COSTS
Area	30,000
Hard Construction Costs/m^2	700
Total Hard Costs	21,000,000
FF&E Costs (EUR 8,000/machine)	12,000,000
Soft Costs (12.0%)	2,520,000
Pre opening costs (25% of departemental costs Y1)	2,018,133
Contingency (5.0%)	1,050,000
Total Development Costs	38,588,133

Source Cushman & Wakefield

7. SHOPPING MALL

7.1. DEMAND ANALYSIS

The shopping mall represents one of the largest properties in the Resort which is expected to generate significant part of the footfall and the revenues. The first step of the calculation was to analyze the current status of the local retail space market and especially the shopping mall segment and to forecast its development in the coming years. Based on our extensive market experience with some of the largest shopping malls in Bulgaria and Sofia, we have calculated the expected number of the daily visitors as well as the average daily spending in both the retail section and the F&B section of the shopping mall. Thanks to these key initial indicators, we were able to calculate the expected annual revenues from the shopping mall and to incorporate them in the financial model.

7.2. BASIS OF VALUATION AND METHODOLOGY

We came to our opinion of value using the discounted cash flow approach.

Under the DCF method, the projected construction costs over 3 years and the projected net earnings for the shopping mall over 10 years afterwards are discounted back to present day values using an appropriate discount rate, the exit value of the shopping mall, derived from capitalising the projected earnings in the 13th year, is also brought back to a present value.

We therefore prepared an income and expenditure forecast for the shopping mall, which represents what we believe a potential purchaser would consider as being realistic estimates of the shopping mall's future income potential.

Whilst the forecast is prepared for a thirteen-year period, the net cash flow in the first year of operation (in this case taken as Year 4) is used as a basis for future income flows. We have applied annual indexation of 5% for the number of the daily visitors in Year 5 and subsequent indexation of 2% for the remaining years. We have applied also a constant 2.5% annual indexation of the average daily spending amount in the shopping mall which reflects the inflation level.

7.3. PROJECTIONS

Based on our assessment of the operating characteristics of the shopping mall, our knowledge on the market and the shopping mall industry in general, we have prepared projections as to what we believe the shopping mall will be able to achieve in terms of performance for a period of ten years after its full completion. Our calculations are set out in full in the appendix.

SHOPPING CENTRE		1	2	3	4	5	6	Stabilized Year 7
REVENUES								
Daily visitors	count				6 500	6 825	6 962	7 101
Average daily spending in shopping Center	EUR				30	30.75	31.52	32.31
Average daily spending in F&B (EUR)	EUR				10	10.25	10.51	10.77
Turnover - shopping	EUR				71 175 000	76 602 094	80 087 489	83 731 470
Turnover - F&B	EUR				23 725 000	25 534 031	26 695 830	27 910 490
Total Turnover	EUR				94 900 000	102 136 125	106 783 319	111 641 960
Turnover rent%	%				15.0%	15.0%	15.0%	15.0%
Turnover rent	EUR				14 235 000	15 320 419	16 017 498	16 746 294
Investment sale	EUR							
COSTS	EUR							
Total capital expenses	EUR	27 300 000	27 300 000	27 300 000	-			
Cash Flows	EUR	-27 300 000	-27 300 000	-27 300 000	14 235 000	15 320 419	16 017 498	16 746 294
Yield (%)	8.5%							
Discount Rate (%)	11.0%							
Net Present Value (EUR)	74 097 216							

We detail below the primary points we have considered in the preparation of our operating projections:

- We have built up the number of the daily visitors in a relatively conservative way in the first year of operation (Year 1) in order to reflect the fact that the shopping mall is new and will need time before it can run at its full potential. We are of the opinion that the number of the daily visitors in Year 1 will be at about 6,500 people per day. We believe the number of the visitors will gradually increase by 5% in Year 2 and by 2% in the subsequent years.
- We are of the opinion that the average spend per visitor in present values (excluding inflation) in Year 1 will be at EUR 30 per visitor per day in the retail section of the shopping mall and EUR 10 per visitor per day in the F&B section of the shopping mall.
- Revenue Profile: The revenue is broken down as average spending in the retail section of the shopping mall and average spending in the F&B section.
- Operating Expenses Profile: We have assumed that all the operating expenses will be borne by the tenants in the shopping mall.

7.4. NET PRESENT VALUE

Our projections discount the cash flows generated for 10 years after the 3 years construction period.

Based on the above, we have adopted a discount rate of 11% and a terminal capitalization rate of 8.5%, which we believe appropriate with reference to our projections. The discount rate is selected by reference to comparable shopping malls, yield evidence of other forms of commercial property, market factors and location and condition of the Resort. It is the average annual rate of return considered necessary to attract capital based upon the overall investment characteristics.

The Net Present Value of the shopping mall of the Resort, including the fixed and mobile facilities necessary to support the activities of the shopping mall, the systems and services of the property, the fact that it is a fully equipped operating entity, and accounting for its marketing potential, is reasonably estimated to be:

EUR 74,100,000 (ROUNDED)

SEVENTY FOUR MILLION ONE HUNDRED THOUSAND EURO

7.5. DEVELOPMENT COSTS

The costs have been broken down by different areas based on our best assumptions. We would advise the Addressee to get the costs reviewed by a professional developer in order to get a more accurate understanding of the structure.

7.5.1 Hard costs

Based on the information received and our estimation of the other costs, we have established the hard cost for the development of the shopping mall to be at the level of EUR 700 per sq m.

7.5.2 Contingency

We have also applied construction contingency of 5% on the main hard costs of construction to reflect any unforeseen costs in constructing the facility.

7.5.3 Soft construction costs

In addition to main hard costs of construction, we have considered overhead costs such as advisory, contractor preliminaries costs, project management, etc. This would represent c. 12 % of the main hard cost.

SHOPPING MALL COSTS ESTIMATE (EUR)	
SHOPPING MALL	COSTS
Area	100,000
Hard Construction Costs/m²	700
Total Hard Costs	70,000,000
Soft Costs (12%)	8,400,000
Contingency (5%)	3,500,000
Total Development Costs	**81,900,000**

Source: Cushman & Wakefield

8. CONFERENCE CENTRE

8.1. DEMAND ANALYSIS

The conference demand has been forecasted by breaking down three different types of conferences. Firstly we obtained data of the total number of conferences across major cities under the definition of the ICCA (International Congress and Conventions Association). This estimate only provides an indication to a certain proportion of meetings and mainly tracks medical and scientific conferences. In our model, we estimated a capture rate as to what we believe the Resort will be able to pick up in terms of demand from other large European Players. Secondly, and in order to consider all other meeting types such as government and corporate we applied a utilization factor of 3% to the total yearly meeting and ballroom space of 50,500 sq m as well as a price/sq m of EUR 2.50.

CONFERENCE AND BALLROOM REVENUES (EUR)

City	Number of Meetings (ICCA definition*)	Type of Market	Average Meeting capture rate (%)	Total meetings for Musachevo Conference Center	Revenues for Musachevo Center (EUR)
Vienna	195	High Demand, Non regional	1.00%	2	57,254
Paris	181	High Demand, Non regional	1.00%	2	53,143
Berlin	172	High Demand, Non regional	1.00%	2	50,501
Madrid	164	High Demand, Non regional	1.00%	2	48,152
Barcelona	154	High Demand, Non regional	1.00%	2	45,216
London	150	High Demand, Non regional	1.00%	2	44,041
Copenhagen	137	High Demand, Non regional	1.00%	1	40,224
Istanbul	128	High Demand, regional	2.00%	3	75,164
Amsterdam	122	High Demand, Non regional	1.00%	1	35,820
Prague	112	High Demand, regional	2.00%	2	65,768
Stockholm	110	Medium Demand, Non regional	1.00%	1	32,297
Brussels	107	Medium Demand, Non regional	1.00%	1	31,416
Lisbon	106	Medium Demand, Non regional	1.00%	1	31,122
Helsinki	100	Medium Demand, Non regional	1.00%	1	29,361
Budapest	98	Medium Demand, Regional	2.00%	2	57,547
ICCA Conference Total				24	697,025

Source: ICCA

Thirdly, and in order to account for exhibitions we sourced data from UFI (The Global Association of the Exhibition Industry) and attributed a capture rate as to what we consider the Resort to be able to win from other European destinations. Our analysis is shown on the table below.

EXHIBITION REVENUE (EUR)

Country	Number of Exhibitions	Type of Market	Number of m^2 rented	Capture Rate for Musachevo Center (%) Stabilized	Number of m^2 rented for Musachevo	Revenues for Musachevo (EUR)
France	796	High Demand, Non regional	5,632,187	0.00%	0	0
Turkey	409	High Demand, Regional	2,811,103	2.50%	70,278	182,722
Germany	294	High Demand, Non regional	10,008,622	0.00%	0	0
Poland	233	High Demand, Regional	803,022	2.50%	20,076	52,196
Italy	225	High Demand, Non regional	4,656,073	0.00%	0	0
Spain	214	High Demand, Non regional	2,071,213	0.00%	0	0
Finland	109	High Demand, Non regional	565,999	0.00%	0	0
Russia	89	High Demand, Regional	764,906	2.50%	19,123	49,719
Sweden	77	High Demand, Non regional	1,052,282	0.00%	0	0
Belgium	64	High Demand, Non regional	658,657	0.00%	0	0
Czech Republic	56	Medium Demand, Regional	302,570	2.50%	7,564	19,667
The Netherlands	53	Medium Demand, Non Regional	626,116	0.00%	0	0
Portugal	34	Medium Demand, Non Regional	194,702	0.00%	0	0
Austria	30	Medium Demand, Non Regional	402,959	0.00%	0	0
Ukraine	30	Medium Demand, Regional	114,510	5.00%	5,726	14,886
Croatia	29	Medium Demand, Regional	126,184	5.00%	6,309	16,404
Hungary	7	Low Demand, Regional	16,020	1.50%	240	625
Bulgaria	6	Low Demand, Regional	46,333	30.00%	13,900	36,140
Romania	6	Low Demand, Regional	33,574	1.50%	504	1,309
Luxembourg	5	Low Demand, Non Regional	47,477	0.00%	0	0
Moldova	1	Low Demand, Regional	6,178	5.00%	309	803
Slovenia	1	Low Demand, Regional	6,648	5.00%	332	864
Montenegro	1	Low Demand, Regional	1,239	5.00%	62	161
PROJECT TOTAL					144,422	375,497

Source: UFI

8.2. BASIS OF VALUATION AND METHODOLOGY

We came to our opinion of value using the discounted cash flow approach.

Under the DCF method, the projected net earnings for the conference centre over 13 years are discounted back to present day values using an appropriate discount rate, the exit value of the conference centre, derived from capitalising the projected earnings in the 13th year, is also brought back to a present value. Capital expenditure is built into the cash flow if appropriate.

We therefore prepared an income and expenditure forecast for the conference centre, which represents what we believe a potential purchaser would consider as being realistic estimates of the conference centre's future income potential.

Whilst the forecast is prepared for a ten-year period, the net cash flow in the stabilised year of operation (in this case taken as Year 4) is used as a basis for future income flows and inflated at an appropriate rate, having regard to the conference centre’s prospects and the anticipated level of inflation. We have allowed for inflation of 2.5% per annum.

8.3. PROJECTIONS

Based on our assessment of the operating characteristics of the conference centre and our knowledge on the market , in general, we have prepared projections as to what we believe the conference centre will be able to achieve in terms of performance for the next 5 fiscal years (up to stabilization in Year 4). Our calculations are set out in full in the appendix but we have recast the most important figures in the table below.

CONFERENCE CENTER		Year 1	Year 2	Year 3	Year 4
REVENUES					
Inflation	%	2.5%	2.5%	2.5%	2.5%
Visitors (ICCA Definition)	Count	12,464	14,244	16,025	17,805
Price level (per person)	EUR	39.15	40.13	41.13	42.16
Other Conferences visitors	Count	258,055	294,920	331,785	368,650
Other Conferences Sold	m^2	387,083	442,380	497,678	552,975
Price level/m^2	EUR	2.50	2.56	2.63	2.69
Exhibition visitors	Count	10,110	11,554	12,998	14,442
Exhibition space sold	m^2	101,095	115,537	129,980	144,422
Price level/m^2	EUR	2.60	2.67	2.73	2.80
Total Revenues	EUR	1,718,500	2,013,100	2,321,356	2,643,766
Total Visitors	Count	280,628	320,718	360,807	400,897
OPERATING EXPENSE					
No. of employees	count	120	120	120	120
Labour costs	EUR	-1,089,792	-1,117,037	-1,144,963	-1,173,587
Utility consumption	kWh	6,000,000	6,000,000	6,000,000	6,000,000
Utility consumption	EUR	-600,000	-615,000	-630,375	-646,134
Other costs	% of revenues	15.0%	12.5%	10.3%	8.5%
Other costs	EUR	-257,775	-251,637	-237,939	-224,720
Reserve for renewals	% of revenues	4.0%	4.0%	4.0%	4.0%
Reserve for renewals	EUR	-68,740	-80,524	-92,854	-105,751
EBITDA					
EBITDA	EUR	-297,807	-51,098	215,225	493,574
EBITDA margin	%	-17.3%	-2.5%	9.3%	18.7%
Development Costs	EUR				
Cash Flows	EUR	-297,807	-51,098	215,225	493,574
Exit Yield (%)	9.5%				
Discount Rate (%)	12.0%				
Net Present Value (EUR)	- 20,559,623				
Say	- 20,560,000				

We detail below the primary points we have considered in the preparation of our operating projections:

- We have built up the number of attendees over a four year period in our projections in order to reflect the fact that the conference centre is new and will need time before it can run at its full potential. We believe that the conference centre will capture more and more attendees from the European conference demand and will then stabilize in year 4 with 400,897 per annum. This demand includes attendees from our projections that includes both conferencing and exhibition visitors.
- We are of the opinion that the price level per person and per sq m will remain the same than the first operating year but will be amended by the assumed inflation rate of 2.5%.
- We have assumed that the revenue for the conference centre is generated through the ICCA conferences, other conferences and exhibitions. The stabilized revenue for each in year 4 is 28.4%, 56.3% and 15.3 % respectively.
- Operating Expenses Profile – These costs include weighted costs that are directly linked to the operation of the conference centre (labor, utility, administration and maintenance costs). We are in the opinion that some of the costs, in % figure will only slightly reduce and stabilize at different points of the projected

period as we consider that these departments are improving efficiency levels. As such, we have assumed, from the first operating year, that conference centre will require 120 employees with hourly salary of EUR 4.30 and that, therefore, the labor cost will account for 45% of the total revenue. While we believe that utility costs will also stabilized in year 1 at 24% of the total revenue, we expect the % of other costs (Administration, maintenance & other) to decrease and to stabilize in year 4 at 8.5% as a result of the efficiency improvements.

- Reserve for Renewals – The reserve for renewals and replacement for Fixtures, Fittings and Equipment is considered to be 4% from the 1st year of operation. Periodic replacement of FF&E is essential to maintain the quality, image, brand standards and income potential of a conference centre. As such, a 'sinking' fund is set aside to accumulate capital for the periodic replacement of FF&E and is typically a % of gross revenue.

8.4. NET PRESENT VALUE

We calculated the operating margin (EBITDA) and an NOI after investment costs, representing the gross cash flow for the owner, assuming a sale without disrupting business. Our projections discount the cash flows generated for 13 years.

Based on the above, we have adopted a discount rate of 12.0% and a terminal capitalization rate of 9.5%, which we believe appropriate with reference to our projections. The discount rate is selected by reference to comparable conference centers, yield evidence of other forms of commercial property, market factors and location and condition of the Resort. It is the average annual rate of return considered necessary to attract capital based upon the overall investment characteristics. The bases of our assumptions for the discount rate are explained below:

We have not included any allowance for maintenance of extraordinary capital expenditures.

The Net Value of the conference centre of the Resort, including the fixed and mobile facilities necessary to support the activities of the conference centre, the systems and services of the property, the fact that it is a fully equipped operating entity, and accounting for its marketing potential, is reasonably estimated to be:

EUR - 20,560,000

NEGATIVE TWENTY MILLION FIVE HUNDRED AND SIXTY THOUSAND EURO

8.5. DEVELOPMENT COST

The costs have been broken down by different areas based on our best assumptions. We would advise the Addressee to get the costs reviewed by a professional developer in order to get a more accurate understanding of the structure.

8.5.1 Hard costs

Based on the information received and our estimation of the other costs, we have established the hard cost for the development of the conference centre to be at the level of EUR 358 per sq m, which represents a 10% increase of the sq m price of warehouse in Sofia. This cost excludes FF&E costs.

8.5.2 Contingency

We have also applied construction contingency of 5% on the main hard costs of construction to reflect any unforeseen costs in constructing the facility.

8.5.3 FF&E Costs

We have estimated that overall FF&E costs would be EUR 150 per sq m. These costs are typical for conferences centre of this size but could vary significantly, depending on the finishing and equipment requirements of the Addressee. The FF&E cost represents the cost to turn the building into an operational conference centre and includes cost for all the movable elements of the conference centre.

8.5.4 Soft construction costs

In addition to main hard costs of construction, we have considered overhead costs such as advisory, contractor preliminaries costs, project management, etc. This would represent c. 12 % of the hard costs.

CONSTRUCTION COSTS ESTIMATE (EUR)	
CONFERENCE CENTER	COSTS
Area	50,500
Warehouse Construction Sofia	325
10%	32.5
Hard Construction Costs/m^2	358
Total Hard Costs	18,053,750
FF&E + Technology Costs (150/m^2)	7,575,000
Soft costs (12.0%)	2,256,719
Contingency (5.0%)	902,688
Total Development Costs	28,788,156

Source: Cushman & Wakefield

9. AQUA PARK

9.1. DEMAND ANALYSIS

The demand for the aqua park has been calculated from two difference sources: the local demand and the cross-selling demand. For the local demand, we have estimated an activation ratio of the total population that visit aqua parks. The ratio varies according to the economy and the demographic of the Bulgarian regions. With the analysis of the water park market, we have evaluated a market share that the Resort could capture from the potential market. To this number, we have added the latent demand to obtain the total number of visitors.

SOURCE OF DEMAND

REGION	POPULATION	ACTIVATION RATIO	NO. OF AQUAPARK VISITORS	FREQUENCY	POTENTIAL AQUAPARK VISITS	PROJECT MARKET SHARE	NO. OF VISITS
	Count	%	Count	Count p.a.	Count p.a.	%	Count p.a.
Sofia city	1,309,634	15%	196,445	1.5	294,668	70.0%	206,267
Sofia region	240,877	15%	36,132	1.5	54,197	70.0%	37,938
Vidin	95,467	5%	4,773	0.5	2,387	25.0%	597
Montana	141,596	5%	7,080	0.5	3,540	30.0%	1,062
Vratsa	178,395	5%	8,920	0.5	4,460	35.0%	1,561
Pleven	259,363	5%	12,968	0.5	6,484	30.0%	1,945
Veliko Tarnovo	251,126	5%	12,556	0.5	6,278	5.0%	314
Lovech	135,580	5%	6,779	0.5	3,390	35.0%	1,186
Gabrovo	118,271	5%	5,914	0.5	2,957	10.0%	296
Pernik	128,696	5%	6,435	0.5	3,217	35.0%	1,126
Plovdiv	678,197	15%	101,730	1.0	101,730	35.0%	35,605
Stara Zagora	328,104	5%	16,405	0.5	8,203	10.0%	820
Kyustendil	130,301	5%	6,515	0.5	3,258	35.0%	1,140
Pazardzhik	269,287	5%	13,464	0.5	6,732	35.0%	2,356
Blagoevgrad	318,110	5%	15,906	0.5	7,953	35.0%	2,783
Smolyan	116,218	5%	5,811	0.5	2,905	25.0%	726
Kardzhali	150,605	5%	7,530	0.5	3,765	10.0%	377
Haskovo	239,312	5%	11,966	0.5	5,983	10.0%	598
Burgas	414,485	15%	62,173	1.0	62,173	5.0%	3,109
Varna	474,076	15%	71,111	1.0	71,111	5.0%	3,556
Dobrich	184,680	15%	27,702	1.0	27,702	5.0%	1,385
Razgrad	120,594	5%	6,030	0.5	3,015	5.0%	151
Ruse	229,784	5%	11,489	0.5	5,745	5.0%	287
Silistra	116,038	5%	5,802	0.5	2,901	5.0%	145
Sliven	193,925	5%	9,696	0.5	4,848	5.0%	242
Targovishte	117,719	5%	5,886	0.5	2,943	5.0%	147
Shumen	178,061	5%	8,903	0.5	4,452	5.0%	223
Yambol	127,176	5%	6,359	0.5	3,179	5.0%	159
Project total	**7,245,677**		**692,479**		**710,174**		**306,102**

Source: Cushman & Wakefield

9.2. BASIS OF VALUATION AND METHODOLOGY

We came to our opinion of value using the discounted cash flow approach.

Under the DCF method, the projected net earnings for the aqua park over 13 years are discounted back to present day values using an appropriate discount rate, the exit value of the aqua park, derived from capitalising the projected earnings in the 13th year, is also brought back to a present value. Capital expenditure is built into the cash flow if appropriate.

We therefore prepared an income and expenditure forecast for the aqua park, which represents what we believe a potential purchaser would consider as being realistic estimates of the conference centre's future income potential.

Whilst the forecast is prepared for a ten-year period, the net cash flow in the stabilised year of operation (in this case taken as Year 4) is used as a basis for future income flows and inflated at an appropriate rate, having regard to the conference centre’s prospects and the anticipated level of inflation. We have allowed for inflation of 2.5% per annum.

9.3. PROJECTIONS

Based on our assessment of the operating characteristics of the aqua park and our knowledge on the market, in general, we have prepared projections as to what we believe the aqua park will be able to achieve in terms of performance for the next years (up to stabilization in Year 4). Our calculations are set out in full in the appendix but we have recast the most important figures in the table below.

		1	2	3	4
AQUAPARK		Year 1	Year 2	Year 3	Year 4
REVENUES					
Inflation	%	2.5%	2.5%	2.5%	2.5%
Local visits	count	214,272	244,882	275,492	306,102
Average admission rate	EUR	12.5	12.8	13.1	13.5
No. of visits from other functions	count	82,432	94,208	105,985	117,761
Average admission rate	EUR	12.5	12.8	13.1	13.5
Total admission revenues	EUR	3,708,800	4,344,595	5,009,861	5,705,675
F&B revenues	% of admission revenues	20.0%	20.0%	20.0%	20.0%
F&B revenues	EUR	741,760	868,919	1,001,972	1,141,135
Other revenues	% of admission revenues	10.0%	10.0%	10.0%	10.0%
Other revenues	EUR	370,880	434,459	500,986	570,567
Total revenues	EUR	4,821,441	5,647,973	6,512,819	7,417,377
OPERATING EXPENSE					
No. of employees	count	250	250	250	250
Labour costs	EUR	-2,270,400	-2,327,160	-2,385,339	-2,444,972
Utility consumption	kwh	9,000,000	9,000,000	9,000,000	9,000,000
Utility consumption	EUR	-900,000	-922,500	-945,563	-969,202
Other costs	% of revenues	15.0%	12.5%	10.3%	8.5%
Other costs	EUR	-556,320	-543,074	-513,511	-484,982
Reserve for renewals	% of revenues	4.0%	4.0%	4.0%	4.0%
Reserve for renewals	EUR	-148,352	-173,784	-200,394	-228,227
EBITDA					
EBITDA	EUR	-166,272	378,077	965,054	1,578,292
EBITDA margin	%	-4.5%	8.7%	19.3%	27.7%
Development Costs	EUR				
Cash Flows	EUR	-166,272	378,077	965,054	1,578,292
Exit Yield (%)	9.5%				
Discount Rate (%)	12.0%				
Net Present Value (EUR)	- 10,461,598				
Say	- 10,460,000				

We detail below the primary points we have considered in the preparation of our operating projections:

- We have built up the number of visitors over a four year period in our projections in order to reflect the fact that the aqua park is new and will need time before it can run at its full potential. We believe the number of visitors will stabilize in year 4 with 423,863 visitors per annum. It is usual that such attraction records lower visits at the opening as it takes a few years to become a knowledgeable tourist attraction.
- We are of the opinion that the admission rate will remain the same as the first operating year but will be amended by the assumed inflation rate of 2.5%.
- Revenue Profile – Most of the revenue for the aqua park is generated through the admissions to the aqua park and the F&B outlets. The stabilized revenue for these departments in year 4 is 76.9% and 15.4% respectively. A smaller portion of revenues is derived from other revenues (7.7%).
- Operating Expenses Profile – These costs include weighted costs that are directly linked to the operation of the conference centre (labor, utility, administration and maintenance costs). We are in the opinion that some of the costs, in % figure will only slightly reduce and stabilize at different points of the projected period as we consider that these departments are improving efficiency levels. As such, we have assumed that in the stabilized year the aqua park will require 250 employees with hourly salary of EUR 4.30 and that, therefore, the labor cost will account for 33.0% of the total revenue. We have considered utility costs at a level of 300 KWH per square meter while other costs (administration, maintenance & other) is expected to stabilize in year 4 at 8.5% of revenues.
- Reserve for Renewals – The reserve for renewals and replacement for Fixtures, Fittings and Equipment is considered to be 4% from the 1st year of operation. Periodic replacement of FF&E is essential to maintain the quality, image, brand standards and income potential of a water park. As such, a 'sinking' fund is set aside to accumulate capital for the periodic replacement of FF&E and is typically a % of gross revenue.

9.4. NET PRESENT VALUE

We calculated the operating margin (EBITDA) and an NOI after investment costs, representing the gross cash flow for the owner, assuming a sale without disrupting business. Our projections discount the cash flows generated for 13 years.

Based on the above, we have adopted a discount rate of 12.0% and a terminal capitalization rate of 9.5%, which we believe appropriate with reference to our projections. The discount rate is selected by reference to comparable aqua parks, yield evidence of other forms of commercial property, market factors and location and condition of the Resort. It is the average annual rate of return considered necessary to attract capital based upon the overall investment characteristics. The bases of our assumptions for the discount rate are explained below:

We have not included any allowance for maintenance of extraordinary capital expenditures.

The Net Present Value of the aqua park of the Resort, including the fixed and mobile facilities necessary to support the activities of the conference centre, the systems and services of the property, the fact that it is a fully equipped operating entity, and accounting for its marketing potential, is reasonably estimated to be:

EUR - 10,460,000

NEGATIVE TEN MILLION FOUR HUNDRED AND SIXTY THOUSAND EURO

9.5. DEVELOPMENT COST

The costs have been broken down by different areas based on our best assumptions. We would advise the Addressee to get the costs reviewed by a professional developer in order to get a more accurate understanding of the structure.

9.5.1 Hard costs

Based on the information received and our estimation of the other costs, we have established the hard cost for the development of the aqua park to be at the level of EUR 390 per sq m, which represents a 20% increase of the sq m price of warehouse in Sofia. This cost excludes FF&E costs.

9.5.2 Contingency

We have also applied construction contingency of 5% on the main hard costs of construction to reflect any unforeseen costs in constructing the facility.

9.5.3 FF&E Costs

We have estimated that overall FF&E costs would be EUR 350 per sq m. These costs are typical for an aqua park of this size but could vary significantly, depending on the finishing and equipment requirements of the Addressee. The FF&E cost represents the cost to turn the building into an operational conference centre and includes cost for all the movable elements of the aqua park.

9.5.4 Soft construction costs

In addition to main hard costs of construction, we have considered overhead costs such as advisory, contractor preliminaries costs, project management, etc. . This would represent c. 12 % of the hard costs.

CONSTRUCTION COSTS ESTIMATE (EUR)

AQUAPARK	COSTS
Area	30,000
Warehouse Construction Sofia (EUR)	325
20%	65.0
Hard Construction Costs/m^2	390
Total Hard Costs	11,700,000
FF&E + Technology Costs (350/m^2)	10,500,000
Soft costs (12%)	1,404,000
Contingency (5.0%)	585,000
Total Development Costs	24,189,000

Source: Cushman and Wakefield

10. ARENA

10.1. DEMAND ANALYSIS

The first step of the calculation was to analyze the current status of the local entertainment market and especially the arena segment and to forecast its development in the coming years. Based on our market experience and after a detailed market research on the operating arenas in the country, we have calculated the expected number of the daily visitors as well as the average daily spending in the arena. Thanks to these key initial indicators, we were able to calculate the expected annual revenues from the arena and to incorporate them in the financial model.

10.2. BASIS OF VALUATION AND METHODOLOGY

We came to our opinion of value using the discounted cash flow approach.

Under the DCF method, the projected construction costs for 3 years and the projected net earnings for the arena over 10 years afterwards are discounted back to present day values using an appropriate discount rate, the exit value of the arena, derived from capitalising the projected earnings in the 13th year, is also brought back to a present value.

We therefore prepared an income and expenditure forecast for the arena, which represents what we believe a potential purchaser would consider as being realistic estimates of the arena's future income potential.

Whilst the forecast is prepared for a thirteen -year period, the net cash flow in the first year of operation (in this case taken as Year 4) is used as a basis for future income flows. We have applied annual indexation of 2% for the number of the daily visitors in Year 5 and Year 6 and stabilized number of the daily visitors as from Year 7. We have applied also a constant 2.5% annual indexation of the average daily spending amount in the arena which reflects the inflation level.

10.3. PROJECTIONS

Based on our assessment of the operating characteristics of the arena, our knowledge on the market and the entertainment industry in general, we have prepared projections as to what we believe the arena will be able to achieve in terms of performance for a period of ten years after its full completion. Our calculations are set out in full in the appendix.

ARENA		1	2	3	4	5	6	Stabilized Year 7
REVENUES								
Capacity	count				3 000	3 000	3 000	3 000
Occupancy	%				30%	32.00%	34.00%	34.00%
Daily visitors	count				900	960	1 020	1 020
Average daily spending in Arena	EUR				20	20.50	21.01	21.54
Average daily spending in F&B	EUR				7	7.18	7.35	7.54
Turnover - shopping	EUR				6 570 000	7 183 200	7 822 954	8 018 528
Turnover - F&B	EUR				2 299 500	2 514 120	2 738 034	2 806 485
Total Turnover	EUR				8 869 500	9 697 320	10 560 988	10 825 012
Turnover rent %	%				15.0%	15.0%	15.0%	15.0%
Turnover rent	EUR				1 330 425	1 454 598	1 584 148	1 623 752
Investment sale	EUR							
COSTS								
Total capital expenses	EUR	1 872 000	1 872 000	1 872 000	-			
Cash Flows	EUR	-1 872 000	-1 872 000	-1 872 000	1 330 425	1 454 598	1 584 148	1 623 752
Yield (%)	9.5%							
Discount Rate (%)	12.0%							
Net Present Value (EUR)	6 523 075							

We detail below the primary points we have considered in the preparation of our operating projections:

- We have calculated the total capacity of the arena assuming 4 sqm. of the GFA per visitor which is a standard in the contemporary properties of such type.
- We have built up the number of the daily visitors in a relatively conservative way in the first year of operation (Year 4) in order to reflect the fact that the arena is new and will need time before it can run at its full potential. We are of the opinion that 30% of the total capacity of the arena will be occupied in Year 4. We believe the attendance of the arena will gradually increase by 2% per year until Year 6 when it will stabilize.
- We are of the opinion that the average spend per visitor in present values (excluding inflation) in Year 4 will be at EUR 20 per visitor per day plus additional EUR 7 per visitor per day in the F&B section of the arena.
- Revenue Profile: The revenue is broken down as average spending in the arena and average spending in the F&B section.
- Operating Expenses Profile: We have assumed that all the operating expenses will be borne by the operator of the arena.

10.4. NET PRESENT VALUE

Our projections discount the cash flows generated for 10 years after the 3 years construction period.

Based on the above, we have adopted a discount rate of 12% and a terminal capitalization rate of 9.5%, which we believe appropriate with reference to our projections. The discount rate is selected by reference to comparable properties, yield evidence of other forms of commercial property, market factors and location and condition of the Resort. It is the average annual rate of return considered necessary to attract capital based upon the overall investment characteristics.

The Net Present Value of the arena of the Resort, including the fixed and mobile facilities necessary to support the activities of the arena, the systems and services of the property, the fact that it is a fully equipped operating entity, and accounting for its marketing potential, is reasonably estimated to be:

EUR 6,520,000 (ROUNDED)

SIX MILLION FIVE HUNDRED TWENTY THOUSAND EURO

10.5. DEVELOPMENT COSTS

The costs have been broken down by different areas based on our best assumptions. We would advise the Addressee to get the costs reviewed by a professional developer in order to get a more accurate understanding of the structure.

10.5.1 Hard costs

Based on the information received and our estimation of the other costs, we have established the hard cost for the development of the arena to be at the level of EUR 400 per sq m.

10.5.2 Contingency

We have also applied construction contingency of 5% on the main hard costs of construction to reflect any unforeseen costs in constructing the facility.

10.5.3 Soft construction costs

In addition to main hard costs of construction, we have considered overhead costs such as advisory, contractor preliminaries costs, project management, etc. This would represent c. 12% of the main hard cost.

ARENA COSTS ESTIMATE (EUR)	
ARENA	COSTS
Area	12,000
Hard Construction Costs/m²	400
Total Hard Costs	4,800,000
Soft Costs (12%)	576,000
Contingency (5%)	240,000
Total Development Costs	**5,616,000**

Source Cushman & Wakefield

11. THEATER

11.1. DEMAND ANALYSIS

The first step of the calculation was to analyze the current status of the local entertainment market and to forecast its development in the coming years. Based on our market experience and after a detailed market research of similar properties, we have calculated the expected number of the daily visitors as well as the average daily spending in the theatre. Thanks to these key initial indicators, we were able to calculate the expected annual revenues from the theatre and to incorporate them in the financial model.

11.2. BASIS OF VALUATION AND METHODOLOGY

We came to our opinion of value using the discounted cash flow approach.

Under the DCF method, the projected construction costs for 3 years and the projected net earnings for the theatre over 10 years afterwards are discounted back to present day values using an appropriate discount rate, the exit value of the theatre, derived from capitalising the projected earnings in the 13th year, is also brought back to a present value.

We therefore prepared an income and expenditure forecast for the theatre, which represents what we believe a potential purchaser would consider as being realistic estimates of the theatre's future income potential.

Whilst the forecast is prepared for a thirteen-year period, the net cash flow in the first year of operation (in this case taken as Year 4) is used as a basis for future income flows. We have applied annual indexation of 2% for the number of the daily visitors in Year 5 and Year 6 and stabilized number of the daily visitors as from Year 7. We have applied also a constant 2.5% annual indexation of the average daily spending amount in the theatre which reflects the inflation level.

11.3. PROJECTIONS

Based on our assessment of the operating characteristics of the theatre, our knowledge on the market and the entertainment industry in general, we have prepared projections as to what we believe the theatre will be able to achieve in terms of performance for a period of ten years after its full completion. Our calculations are set out in full in the appendix.

THEATRE		1	2	3	4	5	6	Stabilized Year 7
REVENUES								
Capacity	count				1500	1500	1500	150
Occupancy	%				25%	27.00%	29.00%	29%
Daily visitors	count				375	405	435	43
Average daily spending in	EUR				18	18.45	18.91	19.3
Average daily spending in F&B	EUR				7	7.18	7.35	7.5
Turnover - theatre	EUR				2 463 750	2 727 371	3 002 634	3 077 70
Turnover - F&B	EUR				958 125	1 060 644	1 167 691	1 196 88
Total Turnover	EUR				3 421 875	3 788 016	4 170 325	4 274 58
Turnover rent %	%				15.0%	15.0%	15.0%	15.0%
Turnover rent	EUR				513 281	568 202	625 549	641 18
Investment sale	EUR							
COSTS								
Total capital expenses	EUR	936 000	936 000	936 000	-			
Cash Flows	EUR	-936 000	-936 000	-936 000	513 281	568 202	625 549	641 18
Yield (%)	10%							
Discount Rate (%)	12.5%							
Net Present Value (EUR)	1 837 958							

We detail below the primary points we have considered in the preparation of our operating projections:

- We have calculated the total capacity of the theatre assuming 4 sqm. of the GFA per visitor which is a standard in the contemporary properties of such type.
- We have built up the number of the daily visitors in a relatively conservative way in the first year of operation (Year 4) in order to reflect the fact that the theatre is new and will need time before it can run at its full potential. We are of the opinion that 25% of the total capacity of the theatre will be occupied in Year 4. We believe the attendance of the theatre will gradually increase by 2% per year until Year 6 when it will stabilize.
- We are of the opinion that the average spend per visitor in present values (excluding inflation) in Year 4 will be at EUR 18 per visitor per day plus additional EUR 7 per visitor per day in the F&B section of the theatre.
- Revenue Profile: The revenue is broken down as average spending in the theatre and average spending in the F&B section.
- Operating Expenses Profile: We have assumed that all the operating expenses will be borne by the operator of the theatre.

11.4. NET PRESENT VALUE

Our projections discount the cash flows generated for 10 years after the 3 years construction period.

Based on the above, we have adopted a discount rate of 12.5% and a terminal capitalization rate of 10%, which we believe appropriate with reference to our projections. The discount rate is selected by reference to comparable properties, yield evidence of other forms of commercial property, market factors and location and condition of the Resort. It is the average annual rate of return considered necessary to attract capital based upon the overall investment characteristics.

The Net Present Value of the theatre of the Resort, including the fixed and mobile facilities necessary to support the activities of the theatre, the systems and services of the property, the fact that it is a fully equipped operating entity, and accounting for its marketing potential, is reasonably estimated to be:

EUR 1,840,000 (ROUNDED)

ONE MILLION EIGHT HUNDRED FORTY THOUSAND EURO

11.5. DEVELOPMENT COST

The costs have been broken down by different areas based on our best assumptions. We would advise the Addressee to get the costs reviewed by a professional developer in order to get a more accurate understanding of the structure.

11.5.1 Hard costs

Based on the information received and our estimation of the other costs, we have established the hard cost for the development of the theatre to be at the level of EUR 400 per sq m.

11.5.2 Contingency

We have also applied construction contingency of 5% on the main hard costs of construction to reflect any unforeseen costs in constructing the facility.

11.5.3 Soft construction costs

In addition to main hard costs of construction, we have considered overhead costs such as advisory, contractor preliminaries costs, project management, etc. This would represent c. 12 % of the main hard costs.

THEATRE COSTS ESTIMATE (EUR)	
THEATRE	COSTS
Area	6,000
Hard Construction Costs/m²	400
Total Hard Costs	2,400,000
Soft Costs (12%)	288,000
Contingency (5%)	120,000
Total Development Costs	**2,808,000**

Source Cushman & Wakefield

12. RETAIL INCLUDING ANCILLARY FACILITIES

12.1. DEMAND ANALYSIS

The ancillary facilities have a rather supporting role. Therefore demand could not be well defined. The retail area is expected to generate revenues but still the main income generating retail unit is the shopping centre. Detailed information regarding market characteristics, new projects, trends, etc. is included in the retail market analysis of the current report.

12.2. BASIS OF VALUATION AND METHODOLOGY

We came to our opinion of value using the discounted cash flow approach.

Under the DCF method, the projected construction costs over 3 years and the projected net earnings for the indoor game centre over 10 years afterwards are discounted back to present day values using an appropriate discount rate, the exit value of the indoor game centre, derived from capitalising the projected earnings in the 13th year, is also brought back to a present value.

We therefore prepared an income and expenditure forecast for the indoor game centre, which represents what we believe a potential purchaser would consider as being realistic estimates of the indoor game centre's future income potential.

Whilst the forecast is prepared for a thirteen-year period, the net cash flow is used as a basis for future income flows and inflated at an appropriate rate, having regard to the indoor game centre's prospects and the anticipated level of inflation. We have allowed for inflation of 2.5% per annum.

12.3. PROJECTIONS

Based on our assessment of the properties characteristics and the market situation we have prepared projections as to what we believe the ancillary facilities and the retail area will be able to achieve in terms of performance for the 10-year period after its full completion. Our calculations are set out in full in the appendix.

RETAIL INCL. ANCILLARY FACILITIES		1	2	3	4	5	6	Stabilized Year 7
REVENUES								
Daily visitors	count				2 600	2 730	2 785	2 840
Average daily spending	EUR				25	25.63	26.27	26.92
Average daily spending in F&B (E	EUR				8	8.20	8.41	8.62
Turnover - shopping	EUR				23 725 000	25 534 031	26 695 830	27 910 490
Turnover - F&B	EUR				7 592 000	8 170 890	8 542 665	8 931 357
Total Turnover	EUR				31 317 000	33 704 921	35 238 495	36 841 847
Turnover rent %	%				15.0%	15.0%	15.0%	15.0%
Turnover rent	EUR				4 697 550	5 055 738	5 285 774	5 526 277
Investment sale	EUR							
COSTS								
Total capital expenses	EUR	9 360 000	9 360 000	9 360 000	-			
Cash Flows	EUR	-9 360 000	-9 360 000	-9 360 000	4 697 550	5 055 738	5 285 774	5 526 277

Yield (%)	9.0%
Discount Rate (%)	11.5%
Net Present Value (EUR)	20 535 578

We detail below the primary points we have considered in the preparation of our operating projections:

- We believe the number of visitors will grow from 2,600 in year 4 by 2%-4% each year reaching approximately 3,200 people in year 13.
- We are of the opinion that the average spend per visitors in present values is approximately EUR 8.
- Revenue Profile – The revenue represent the shopping turnover which grows steadily as a result of the increasing footfall.

12.4. NET PRESENT VALUE

We calculated the operating margin (EBITDA) and NOI after investment costs, representing the gross cash flow for the owner, assuming a sale without disrupting business. Our projections discount the cash flows generated for 13 years.

Based on the above, we have adopted a discount rate of 11.5% and a terminal capitalization rate of 9%, which we believe appropriate with reference to our projections. The discount rate is selected by reference to comparable forms of commercial property, market factors and location and condition of the Resort. It is the average annual rate of return considered necessary to attract capital based upon the overall investment characteristics. We have not included any allowance for maintenance of extraordinary capital expenditures.

The Net Present Value of the ancillary facilities and the retail area, excluding FF&E costs, is reasonably estimated to be:

EUR 20,540,000 (ROUNDED)

TWENTY MILLION FIVE HUNDRED FORTY THOUSAND EURO

12.5. DEVELOPMENT COST

The costs have been broken down by different areas based on our best assumptions. We would advise the Addressee to get the costs reviewed by a professional developer in order to get a more accurate understanding of the structure.

12.5.1 Hard costs

Based on the information received and our estimation of the other costs, we have established the hard cost for the development of the retail and ancillary facilities to be at the level of EUR 600 per sqm. This cost excludes FF&E costs.

12.5.2 Contingency

We have also applied construction contingency of 5% on the main hard costs of construction to reflect any unforeseen costs in constructing the facility.

12.5.3 FF&E Costs

We have not included any FF & E costs in total costs.

12.5.4 Soft construction costs

In addition to main hard costs of construction, we have considered overhead costs such as advisory, contractor preliminaries costs, project management, etc. This would represent c. 12 % of the main hard costs.

ANCILLARY COSTS ESTIMATE (EUR)	
RETAIL INCL. ANCILLARY FACILITIES	COSTS
Area	40,000
Hard Construction Costs/m²	600
Total Hard Costs	24,000,000
Soft Costs (12%)	2,880,000
Contingency (5%)	1,200,000
Total Development Costs	**28,080,000**

Source Cushman & Wakefield

13. INDOOR GAME CENTRE

13.1. DEMAND ANALYSIS

The indoor game centre demand is one of the supporting demand generators for the project. It depends on the location and diversity of attractions within the gaming centre. In addition, it will not be affected by seasonality as it is an indoor facility.

13.2. BASIS OF VALUATION AND METHODOLOGY

We came to our opinion of value using the discounted cash flow approach.

Under the DCF method, the projected construction costs over 3 years and the projected net earnings for the indoor game centre over 10 years are discounted back to present day values using an appropriate discount rate, the exit value of the indoor game centre, derived from capitalising the projected earnings in the 13th year, is also brought back to a present value.

We therefore prepared an income and expenditure forecast for the indoor game centre, which represents what we believe a potential purchaser would consider as being realistic estimates of the indoor game centre's future income potential.

Whilst the forecast is prepared for a thirteen-year period, the net cash flow in the stabilised year of operation (in this case taken as Year 7) is used as a basis for future income flows and inflated at an appropriate rate, having regard to the indoor game centre's prospects and the anticipated level of inflation. We have allowed for inflation of 2.5% per annum.

13.3. PROJECTIONS

Based on our research and assessment of the operating characteristics of the indoor gaming centre, we have prepared projections as to what we believe it will be able to achieve in terms of performance for the time of the projected cash flow. Our calculations are set out in full in the appendix.

INDOOR GAME CENTRE		1	2	3	4	5	6	Stabilized Year 7
REVENUES								
Capacity	count				2 500	2 500	2 500	2 500
Occupancy	%				25%	27%	29%	30%
Daily visitors	count				625	675	725	750
Average daily spending	EUR				20	20.50	21.01	21.54
Turnover	EUR				4 562 500	5 050 688	5 560 433	5 895 976
Turnover rent %	EUR				15.0%	15.0%	15.0%	15.0%
Turnover rent	EUR				684 375	757 603	834 065	884 396
Investment sale	EUR							
COSTS								
Total capital expenses	EUR	1 560 000	1 560 000	1 560 000				
Cash Flows	EUR	-1 560 000	-1 560 000	-1 560 000	684 375	757 603	834 065	884 396
Yield (%)	10.0%							
Discount Rate (%)	12.5%							
Net Present Value (EUR)	1 851 198							

We detail below the primary points we have considered in the preparation of our operating projections:

- We have built up the number of visitors over a four year period (since operation) in our projections in order to reflect the fact that the game centre is new and will need time before it can run at its full potential. We believe the number of visitors will stabilize in year 7 with 750 per annum. It is usual that such attraction records lower visits at the opening as it takes a few years to become a known leisure spot.
- We are of the opinion that the average spend per visitors in present values (excluding inflation) is built up from EUR 20 in year 4 to EUR 24,98 in year 13.
- Revenue Profile – The revenue is not broken down as we have calculated the total revenue of the indoor game centre assuming that the average spend per visitor will grow constantly by 2-3% reaching stable occupancy level of 30% in year 7.

13.4. NET PRESENT VALUE

We calculated the operating margin (EBITDA) and an NOI after investment costs, representing the gross cash flow for the owner, assuming a sale without disrupting business. Our projections discount the cash flows generated for 13 years.

Based on the above, we have adopted a discount rate of 12.5% and a terminal capitalization rate of 10%, which we believe appropriate with reference to our projections. The discount rate is selected by reference to yield evidence of other forms of commercial property, market factors and location and condition of the Resort. It is the average annual rate of return considered necessary to attract capital based upon the overall investment characteristics. We have not included any allowance for maintenance of extraordinary capital expenditures.

The Net Present Value of the indoor game centre of the Resort, excluding equipment and gaming installations and facilities and accounting for its marketing potential, is reasonably estimated to be:

EUR 1,850,000 (ROUNDED)

ONE MILLION EIGHT HUNDRED FIFTY THOUSAND EURO

13.5. DEVELOPMENT COST

The costs have been broken down by different areas based on our best assumptions. We would advise the Addressee to get the costs reviewed by a professional developer in order to get a more accurate understanding of the structure.

1.1.4. Hard costs

Based on the information received and our estimation of the other costs, we have established the hard cost for the development of the indoor gaming centre to be at the level of EUR 400 per sqm. This cost excludes FF&E costs.

1.1.5. Contingency

We have also applied construction contingency of 5% on the main hard costs of construction to reflect any unforeseen costs in constructing the facility.

1.1.6. FF&E Costs

We have not included any FF&E costs in total costs.

1.1.7. Soft construction costs

In addition to main hard costs of construction, we have considered overhead costs such as advisory, contractor preliminaries costs, project management, etc. This would represent c. 12 % of the main hard costs.

GAME CENTRE COSTS ESTIMATE (EUR)	
INDOOR GAME CENTRE	COSTS
Area	10,000
Hard Construction Costs/m²	400
Total Hard Costs	4,000,000
Soft Costs (12%)	480,000
Contingency (5%)	200,000
Total Development Costs	**4,680,000**

Source Cushman & Wakefield

14. OTHER ELEMENTS (GREEN HOUSE, CHAPEL AND LAKESIDE FOOD OUTLETS)

14.1. DEMAND ANALYSIS

The Green house, Chapel and lakeside food outlets represent additional services which complete the overall view of the project. The chapel will be rented for events, in particular weddings. Demand for church and chapels is significantly higher in the period May – October. Therefore we assume that the peak season is five months. Average number of events per month equals 10. The green house and the lakeside food outlets are expected to mark relatively stable demand.

14.2. BASIS OF VALUATION AND METHODOLOGY

We came to our opinion of value using the discounted cash flow approach.

Under the DCF method, the projected construction costs over 3 years period and the projected net earnings over 10 years are discounted back to present day values using an appropriate discount rate, the exit value of the properties, derived from capitalising the projected earnings in the 13th year, is also brought back to a present value.

Whilst the forecast is prepared for a thirteen-year period, the net cash flow is used as a basis for future income flows and inflated at an appropriate rate, having regard to the prospects of slightly increased spending and the anticipated level of inflation. We have allowed for inflation of 2.5% per annum.

14.3. PROJECTIONS

Based on our assessment of the operating characteristics of the green house, chapel and the outlets, we have prepared projections as to what we believe these properties will be able to achieve in terms of performance for the 10-year period after construction is fully completed. Our calculations are set out in full in the appendix.

GREEN HOUSE, CHAPEL, ETC.		1	2	3	4	5	6	Stabilized Year 7
REVENUES								
GFA Green house, Chapel & food outlets	m2				-	-	-	-
Annual Number of Chapel	count				50	50	50	50
Rent of Chapel per Event	EUR				€ 400	€ 410	€ 420	€ 431
Indexation	%				2.5%	2.5%	2.5%	2.5%
Annual turnover Chapel	EUR				20 000	20 500	21 013	21 538
Food outlets	m2							
Daily visitors	count				100	100	100	100
Average daily spending in food outlets	EUR				8	8	8	9
Turnover - food outlets	EUR				292 000	299 300	306 783	314 452
Total Turnover rent (chapel & food outlets) %	%				12%	12%	12%	12%
Total Turnover	EUR				€ 312 000	€ 319 800	€ 327 795	€ 335 990
Investment sale	EUR							
COSTS								
Total capital expenses	EUR	€ 546 000	€ 546 000	€ 546 000				
Cash Flows	EUR	-546 000	-546 000	-546 000	312 000	319 800	327 795	335 990
Yield (%)	10.0%							
Discount Rate (%)	12.5%							
Gross Development Value	869 994							

We detail below the primary points we have considered in the preparation of our operating projections:

- The number of events is stable in all projected years after construction. We assume that the chapel will be rented for approximately 50 events per year varying in the interval of +/- 5-10%. Demand is mainly generated by weddings.
- We are of the opinion that the rent for the chapel in present values (excluding inflation) is built up from EUR 400 in year 4 to EUR 500 in Year 13. The average spending in the food outlet is expected to mark positive growth trend increasing slightly from EUR 8 to EUR 10 by EUR 1 each three years.
- Revenue Profile – The revenue is broken down between revenues from the chapel generated through rent per event and spending per visitors in the lakeside food outlets.

14.4. NET PRESENT VALUE

We calculated the operating margin (EBITDA) and NOI after investment costs, representing the gross cash flow for the owner, assuming a sale without disrupting business. Our projections discount the cash flows generated for 13 years.

Based on the above, we have adopted a discount rate of 12.5% and a terminal capitalization rate of 10%, which we believe appropriate with reference to our projections. The discount rate is selected by accumulating yield evidence of other forms of commercial property, market factors and location and condition of the Resort. The Net Present Value of the Green House, Chapel and Lakeside Food Outlets is reasonably estimated to be:

EUR 870,000 (ROUNDED)

EIGHT HUNDRED SEVENTY THOUSAND EURO

14.5. DEVELOPMENT COST

The costs have been broken down by different areas based on our best assumptions. We would advise the Addressee to get the costs reviewed by a professional developer in order to get a more accurate understanding of the structure.

14.5.1 Hard costs

Based on the information received and our estimation of the other costs, we have established the hard cost for the development of the green house, chapel and lakeside food outlets to be at the level of EUR 350 per sq m. This cost excludes FF&E costs.

14.5.2 Contingency

We have also applied construction contingency of 5% on the main hard costs of construction to reflect any unforeseen costs in constructing the facility.

14.5.3 Soft construction costs

In addition to main hard costs of construction, we have considered overhead costs such as advisory, contractor preliminaries costs, project management, etc. This would represent 12 % of the main hard costs.

GREEN HOUSE, CHAPEL COSTS ESTIMATE (EUR)	
GREEN HOUSE, CHAPEL AND FOOD OUTLETS	COSTS
Area	4,000
Hard Construction Costs/m²	350
Total Hard Costs	1,400,000
Soft Costs (12%)	168,000
Contingency (5%)	70,000
Total Development Costs	**1,638,000**

Source Cushman & Wakefield

15. OFFICE, STAFF QUARTER AND TRAINING FACILITIES

15.1. DEMAND ANALYSIS

Our extensive knowledge and day-to-day experience on the office market in Bulgaria has given us the basis for our demand analysis. We have analyzed the location of the property and its attractiveness. Based on that analysis we projected rent levels and occupancy levels.

15.2. BASIS OF VALUATION AND METHODOLOGY

We came to our opinion of value using the discounted cash flow approach.

Under the DCF method, the projected construction costs over 3 years and the projected net earnings for the office facilities over 10 years are discounted back to present day values using an appropriate discount rate, the exit value of the office facilities, derived from capitalising the projected earnings in the 13th year, is also brought back to a present value.

We therefore prepared an income and expenditure forecast for the office facilities, which represents what we believe a potential purchaser would consider as being realistic estimates of the office facilities' future income potential.

Whilst the forecast is prepared for a thirteen-year period, the net cash flow in the stabilised year of operation (in this case taken as Year 9) is used as a basis for future income flows and inflated at an appropriate rate, having regard to the office facilities' prospects and the anticipated level of inflation. We have allowed for inflation of 2.5% per annum.

15.3. PROJECTIONS

Based on our knowledge on the office market, we have prepared projections as to what we believe the office facilities will be able to achieve in terms of performance for the next 9 fiscal years (stabilization in Year 9). Our calculations are set out in full in the appendix.

OFFICE, STAFF AND TRAINING FACILITIES		1	2	3	4	5	6	7	8	Stabilized Year 9
REVENUES										
GLA	m2				42 500	42 500	42 500	42 500	42 500	42 500
Occupancy	%				15%	25%	35%	45%	55%	60%
Monthly Rent	EUR				€ 9.00	€ 9.23	€ 9.46	€ 9.69	€ 9.93	€ 10.18
Indexation	%				2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Total Revenues	EUR				€ 688 500	€ 1 176 188	€ 1 687 829	€ 2 224 318	€ 2 786 576	€ 3 115 898
Investment sale	EUR									
COSTS										
Total capital expenses	EUR	€ 8 775 000	€ 8 775 000	€ 8 775 000						
Cash Flows	EUR	-€ 8 775 000	-€ 8 775 000	-€ 8 775 000	€ 688 500	€ 1 176 188	€ 1 687 829	€ 2 224 318	€ 2 786 576	€ 3 115 898
Yield (%)	8.5%									
Discount Rate (%)	11.0%									
Net Present Value (EUR)	- 1 462 918									

We detail below the primary points we have considered in the preparation of our operating projections:

- We have built up the occupancy level of the office facilities over a period of six years (after construction is fully completed) in our projections in order to reflect the fact that the location of the project is not within the city. We believe that the occupancy level will stabilize in year 9 at 60%.
- We are of the opinion that the average monthly rent per sqm in present values (excluding inflation) is built up from EUR 9 in year 1 to EUR 10.18 in the stabilised Year 9.
- Operating Expenses Profile – These costs include maintenance costs, utility costs, property taxes and garbage fees for the office facilities. In our valuation we have assumed that all office facilities are leased at a 'triple net lease', i.e. all operating costs are covered by the tenants in the form of service charge in line with the practice in Bulgaria.

15.4. NET PRESENT VALUE

We calculated the operating margin (EBITDA) and NOI after investment costs, representing the gross cash flow for the owner, assuming a sale without disrupting business. Our projections discount the cash flows generated for 13 years.

Based on the above, we have adopted a discount rate of 11% and a terminal capitalization rate of 8.5%, which we believe appropriate with reference to our projections. The discount rate is selected by reference to comparable office facilities, yield evidence of other forms of commercial property, market factors and location and condition of the project. It is the average annual rate of return considered necessary to attract capital based upon the overall investment characteristics. The bases of our assumptions for the discount rate are explained below:

We have not included any allowance for maintenance of extraordinary capital expenditures.

The Net Present Value of the office, staff quarter and training facilities of the Resort is reasonably estimated to be:

EUR - 1,460,000 (ROUNDED)

NEGATIVE ONE MILLION FOUR HUNDRED SIXTY THOUSAND EURO

15.5. DEVELOPMENT COST

The costs have been broken down by different areas based on our best assumptions. We would advise the Addressee to get the costs reviewed by a professional developer in order to get a more accurate understanding of the structure.

15.5.1 Hard costs

Based on the information received and our estimation of the other costs, we have established the hard cost for the development of the office facilities to be at the level of EUR 450 per sqm. This cost excludes FF&E costs.

15.5.2 Contingency

We have also applied construction contingency of 5% on the main hard costs of construction to reflect any unforeseen costs in constructing the facility.

15.5.3 Soft construction costs

In addition to main hard costs of construction, we have considered overhead costs such as advisory, contractor preliminaries costs, project management, etc. This would represent 12 % of the main hard costs.

OFFICE, STAFF QUARTER COSTS ESTIMATE (EUR)	
OFFICE, STAFF QUARTER AND TRAINING FACILITIES	COSTS
Area	50,000
Hard Construction Costs/m²	450
Total Hard Costs	22,500,000
Soft Costs (12%)	2,700,000
Contingency (5%)	1,125,000
Total Development Costs	**26,325,000**

Source Cushman & Wakefield

16. PARKING

16.1. DEMAND ANALYSIS

The demand for a sufficient car parking space for any mixed-use project is undeniable, especially for one of such scale as Musachevo project. Based on our experience and analysis we were able to project revenues and occupancy levels of the parking spaces.

16.2. BASIS OF VALUATION AND METHODOLOGY

We came to our opinion of value using the discounted cash flow approach.

Under the DCF method, the projected construction costs over 3 years and the projected net earnings for the car parking space over 10 years are discounted back to present day values using an appropriate discount rate, the exit value of the car parking space, derived from capitalising the projected earnings in the 13th year, is also brought back to a present value.

We therefore prepared an income and expenditure forecast for the car parking space, which represents what we believe a potential purchaser would consider as being realistic estimates of the car parking's future income potential.

Whilst the forecast is prepared for a thirteen-year period, the net cash flow in the stabilised year of operation (in this case taken as Year 7) is used as a basis for future income flows and inflated at an appropriate rate, having regard to the car parking's prospects and the anticipated level of inflation. We have allowed for inflation of 2.5% per annum.

16.3. PROJECTIONS

Based on our assessment of the operating characteristics of the car parking and our knowledge on the market, we have prepared projections as to what we believe the car parking will be able to achieve in terms of performance for the next 7 fiscal years (up to stabilization in Year 7). Our calculations are set out in full in the appendix.

PARKING			1	2	3	4	5	6	Stabilized Year 7
REVENUES									
GFA	m2					80 000	80 000	80 000	80 000
Number of Parking Spaces						2 857	2 857	2 857	2 857
Occupancy	%					45%	60%	75%	85%
Monthly Rent per parking space	EUR					€ 65.00	€ 66.63	€ 68.29	€ 70.00
Indexation	%					2.5%	2.5%	2.5%	2.5%
Total Revenues	EUR					€ 1 002 857	€ 1 370 571	€ 1 756 045	€ 2 039 939
Investment sale	EUR								
COSTS									
Total capital expenses	EUR		€ 4 680 000	€ 4 680 000	€ 4 680 000				
Cash Flows		EUR	-€ 4 680 000	-€ 4 680 000	-€ 4 680 000	€ 1 002 857	€ 1 370 571	€ 1 756 045	€ 2 039 939
Yield (%)		9.0%							
Discount Rate (%)		11.5%							
Net Present Value (EUR)		2 656 277							

We detail below the primary points we have considered in the preparation of our operating projections:

- We have built up the occupancy level of the car parking space over a seven year period in our projections in order to reflect the fact that the project is new and will need time before it can run at its full potential. We believe the number of visitors will stabilize in year 7 (4 years since operation), while for tenants (for office premises) and residents (of the residential units) it will take longer. Thus, for simplicity, we have assumed that the occupancy level of the car parking will stabilize in year 7 at 85%.
- We are of the opinion that the average monthly rent per parking space in present values (excluding inflation) is built up from EUR 65 in year 1 to EUR 70 in the stabilised Year 7.
- Operating Expenses Profile – Operating expenses are relatively low for car parking space and thus we have not considered operating expenses in our valuation.

16.4. NET PRESENT VALUE

We calculated the operating margin (EBITDA) and NOI after investment costs, representing the gross cash flow for the owner, assuming a sale without disrupting business. Our projections discount the cash flows generated for 13 years.

Based on the above, we have adopted a discount rate of 11.5% and a terminal capitalization rate of 9%, which we believe appropriate with reference to our projections. The discount rate is selected by reference to comparable premises, yield evidence of other forms of commercial property, market factors and location and condition of the Resort. It is the average annual rate of return considered necessary to attract capital based upon the overall investment characteristics. The bases of our assumptions for the discount rate are explained below:

We have not included any allowance for maintenance of extraordinary capital expenditures.

The Net Present Value of the car parking space of the Resort is reasonably estimated to be:

EUR 2,660,000 (ROUNDED)

TWO MILLION SIX HUNDRED SIXTY THOUSAND EURO

16.5. DEVELOPMENT COST

The costs have been broken down by different areas based on our best assumptions. We would advise the Addressee to get the costs reviewed by a professional developer in order to get a more accurate understanding of the structure.

16.5.1 Hard costs

Based on the information received and our estimation of the other costs, we have established the hard cost for the development of the car parking space to be at the level of EUR 150 per sq m.

16.5.2 Contingency

We have also applied construction contingency of 5% on the main hard costs of construction to reflect any unforeseen costs in constructing the facility.

16.5.3 Soft construction costs

In addition to main hard costs of construction, we have considered overhead costs such as advisory, contractor preliminaries costs, project management, etc. This would represent 12 % of the main hard costs.

CAR PARKING COSTS ESTIMATE (EUR)	
CAR PARKING SPACE	COSTS
Area	80,000
Hard Construction Costs/m²	150
Total Hard Costs	12,000,000
Soft Costs (12%)	1,440,000
Contingency (5%)	600,000
Total Development Costs	**14,040,000**

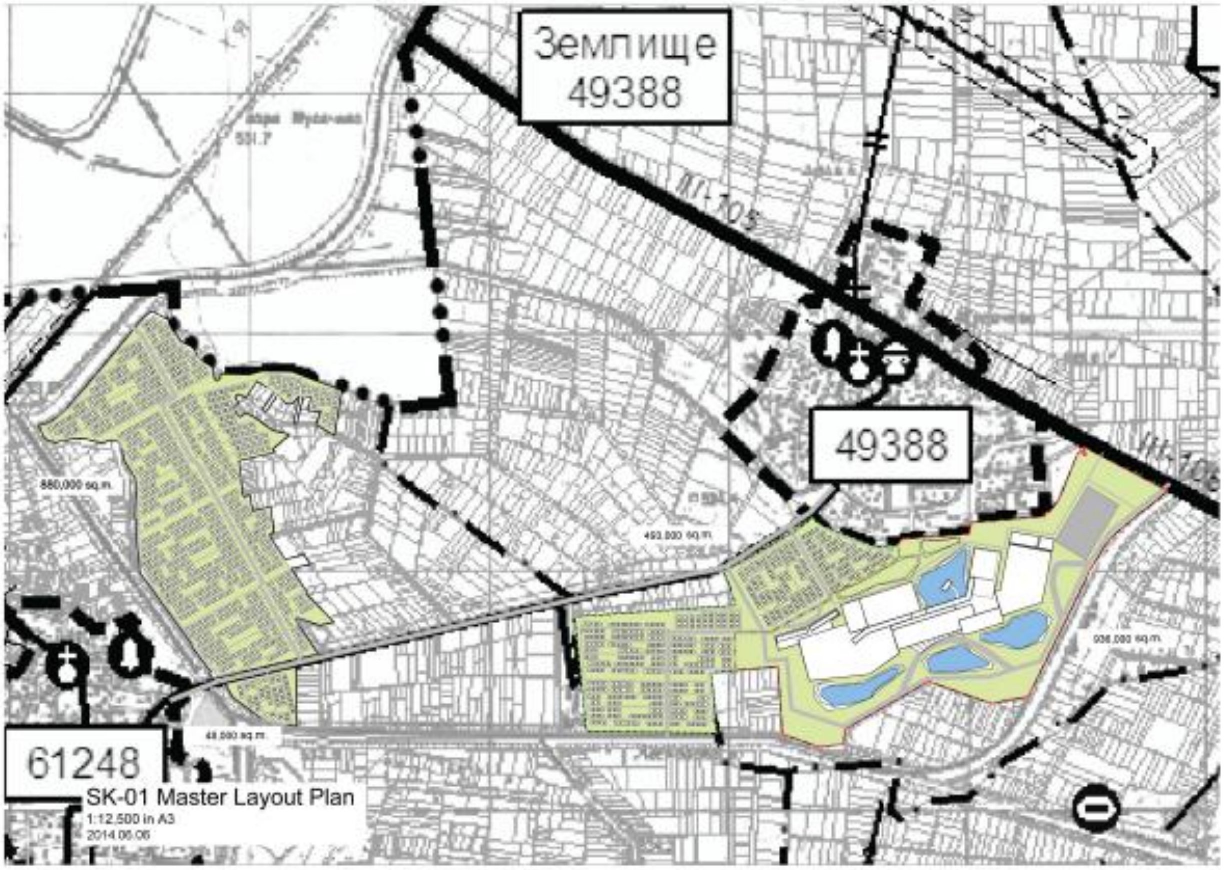
Source Cushman & Wakefield

E. APPENDICES

We have appended the following information:

Information	Source
1. Copy of Cadastral Data	Bulgaria Dev. Holding
2. Schedule of Photography	Cushman & Wakefield
3. Cash Flow Projections and Valuation For Hotel 4 Star	Cushman & Wakefield
4. Cash Flow Projections and Valuation For Hotel 5 Star	Cushman & Wakefield
5. Cash Flow Projections and Valuation For Residential Units	Cushman & Wakefield
6. Cash Flow Projections and Valuation For Casino Units	Cushman & Wakefield
7. Cash Flow Projections and Valuation For Shopping Mall	Cushman & Wakefield
8. Cash Flow Projections and Valuation For Conference Centre	Cushman & Wakefield
9. Cash Flow Projections and Valuation For Aqua Park	Cushman & Wakefield
10. Cash Flow Projections and Valuation For Arena	Cushman & Wakefield
11. Cash Flow Projections and Valuation For Theatre	Cushman & Wakefield
12. Cash Flow Projections and Valuation For Retail, Ancillary units	Cushman & Wakefield
13. Cash Flow Projections and Valuation For Indoor Gaming Centre	Cushman & Wakefield
14. Cash Flow Projections and Valuation For Greenhouse, Chapel	Cushman & Wakefield
15. Cash Flow Projections and Valuation For Office, staff quarter, training	Cushman & Wakefield
16. Cash Flow Projections and Valuation For Car Parking	Cushman & Wakefield
17. Investment Value Summary	Cushman & Wakefield
18. Principal Terms & Conditions as Valuers	Cushman & Wakefield

Copy of Cadastral Data



Schedule of Photography

MUSACHEVO MIXED-USED PROJECT

DRAFT VALUATION AS AT JANUARY 22ND 2015

Cash Flow Projections and Valuation For Hotel 4 Star

HOTEL 4 STAR		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13
REVENUES														
EBITDA														
EBITDA	EUR				6 698 174	8 991 510	11 861 439	14 720 469	15 088 481	15 465 693	15 852 335	16 248 643	16 654 859	17 071 231
EBITDA margin	%				30.8%	32.9%	35.1%	35.7%	35.7%	35.7%	35.7%	35.7%	35.7%	35.7%
Development Costs	EUR	19 530 467	19 530 467	19 530 467										
Cash Flows	EUR	-19 530 467	-19 530 467	-19 530 467	6 698 174	8 991 510	11 861 439	14 720 469	15 088 481	15 465 693	15 852 335	16 248 643	16 654 859	212 171 014
Exit Yield (%)	8.8%													
Discount Rate (%)	11.3%													
Net Present Value	55 904 519													
Say	55 900 000													

Cash Flow Projections and Valuation For Hotel 5 Star

HOTEL 5 STAR		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13
REVENUES														
EBITDA														
EBITDA	EUR				29 903 261	38 668 727	49 118 521	57 022 099	58 447 652	59 908 843	61 406 564	62 941 728	64 515 271	66 128 153
EBITDA margin	%				26.0%	27.3%	28.5%	28.7%	28.7%	28.7%	28.7%	28.7%	28.7%	28.7%
Development Costs	EUR	127 353 367	127 353 367	127 353 367										
Cash Flows	EUR	-127 353 367	-127 353 367	-127 353 367	29 903 261	38 668 727	49 118 521	57 022 099	58 447 652	59 908 843	61 406 564	62 941 728	64 515 271	867 681 522
Exit Yield (%)	8.25%													
Discount Rate (%)	10.8%													
Investment Residual	126 380 731													
Say	126 380 000													

Cash Flow Projections and Valuation For Residential Units

RESIDENTIAL UNITS			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13
Area		720 000	720 000	720 000	720 000	720 000	720 000	720 000	720 000	720 000	720 000	720 000	720 000	720 000	720 000
Sales %		0%	0%	0%	0%	35%	35%	15%	15%	0%	0%	0%	0%	0%	0%
Price €/sqm	EUR	1 677	1 719	1 762	1 806	1 851	1 897	1 945	1 993	2 043	2 094	2 147	2 200	2 255	2 312
Indexation			2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Sale Income	EUR	0	0	0	0	478 137 636	490 091 077	215 290 009	220 672 259	0	0	0	0	0	0
Residential Sale Fee (3%)	EUR		0	0	0	14 344 129	14 702 732	6 458 700	6 620 168	0	0	0	0	0	0
Capital expenses financed with equity	EUR		140 400 000	140 400 000	140 400 000										
Cash Flow	EUR		-140 400 000	-140 400 000	-140 400 000	463 793 507	475 388 345	208 831 309	214 052 091	0	0	0	0	0	0

Discount Rate (%)	8.25%
Net Present Value	550 066 070
Say	550 070 000

Cash Flow Projections and Valuation For Casino Units

CASINO		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13
REVENUES														
Inflation	%				2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
No. of attracted visitors	count				582 647	665 883	749 118	832 353	832 353	832 353	832 353	832 353	832 353	832 353
Average spend per visitor	count				120	137	154	171	175	180	184	189	193	198
No. of visitors from other functions	count				57 591	65 818	74 045	82 272	82 272	82 272	82 272	82 272	82 272	82 272
Average spend per visitor	count				120	137	154	171	175	180	184	189	193	198
Total revenues	EUR				76 616 198	100 070 136	126 651 266	156 359 587	160 268 577	164 275 291	168 382 174	172 591 728	176 906 521	181 329 184
Positions - slot machines	Count				1 500	1 500	1 500	1 500	1 500	1 500	1 500	1 500	1 500	1 500
Positions - tables	Count				900	900	900	900	900	900	900	900	900	900
Positions - total	Count				2 400	2 400	2 400	2 400	2 400	2 400	2 400	2 400	2 400	2 400
WPUPD	EUR				87	114	145	178	183	188	192	197	202	207
OPERATING EXPENSE														
No. of employees	count				889	889	889	889	889	889	889	889	889	889
Labour costs	EUR				-8 072 533	-8 274 347	-8 481 205	-8 693 235	-8 910 566	-9 133 331	-9 361 664	-9 595 705	-9 835 598	-10 081 488
Utility consumption	%				3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Utility consumption	EUR				-2 681 567	-3 502 455	-4 432 794	-5 472 586	-5 609 400	-5 749 635	-5 893 376	-6 040 710	-6 191 728	-6 346 521
Other costs (Administation, Maintainence & Other)	% of revenues				15.0%	12.5%	10.3%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Other costs (Administation, Maintainence & Other)	EUR				-11 492 430	-12 508 767	-12 981 755	-13 290 565	-13 622 829	-13 963 400	-14 312 485	-14 670 297	-15 037 054	-15 412 981
Reserve for renewals	% of revenues				4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Reserve for renewals	EUR				-3 064 648	-4 002 805	-5 066 051	-6 254 383	-6 410 743	-6 571 012	-6 735 287	-6 903 669	-7 076 261	-7 253 167
EBITDA														
EBITDA	EUR				51 305 020	71 781 762	95 689 461	122 648 818	125 715 038	128 857 914	132 079 362	135 381 346	138 765 880	142 235 027
EBITDA margin	%				67.0%	71.7%	75.6%	78.4%	78.4%	78.4%	78.4%	78.4%	78.4%	78.4%
Development Costs	EUR	12 862 711	12 862 711	12 862 711										
Cash Flows	EUR	-12 862 711	-12 862 711	-12 862 711	51 305 020	71 781 762	95 689 461	122 648 818	125 715 038	128 857 914	132 079 362	135 381 346	138 765 880	1 722 624 213
Exit Yield (%)	9%													
Discount Rate (%)	11.5%													
Net Present Value (EUR)	793 091 210													
Say	793 090 000													

Cash Flow Projections and Valuation For Shopping Mall

SHOPPING CENTRE		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13
REVENUES														
Daily visitors	count				6 500	6 825	6 962	7 101	7 243	7 388	7 535	7 686	7 840	7 997
Average daily spending in shopping Center	EUR				30	30.75	31.52	32.31	33.11	33.94	34.79	35.66	36.55	37.47
Average daily spending in F&B (EUR)	EUR				10	10.25	10.51	10.77	11.04	11.31	11.60	11.89	12.18	12.49
Turnover - shopping	EUR				71 175 000	76 602 094	80 087 489	83 731 470	87 541 252	91 524 379	95 688 738	100 042 575	104 594 513	109 353 563
Turnover - F&B	EUR				23 725 000	25 534 031	26 695 830	27 910 490	29 180 417	30 508 126	31 896 246	33 347 525	34 864 838	36 451 188
Total Turnover	EUR				94 900 000	102 136 125	106 783 319	111 641 960	116 721 669	122 032 505	127 584 984	133 390 101	139 459 350	145 804 751
Turnover rent %	%				15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Turnover rent	EUR				14 235 000	15 320 419	16 017 498	16 746 294	17 508 250	18 304 876	19 137 748	20 008 515	20 918 903	21 870 713
Investment sale	EUR													257 302 501
COSTS	EUR													
Total capital expenses	EUR	27 300 000	27 300 000	27 300 000	-									
Cash Flows	EUR	-27 300 000	-27 300 000	-27 300 000	14 235 000	15 320 419	16 017 498	16 746 294	17 508 250	18 304 876	19 137 748	20 008 515	20 918 903	279 173 213
Yield (%)	8.5%													
Discount Rate (%)	11.0%													
Net Present Value (EUR)	74 097 216													
Say	74 100 000													

MUSACHEVO MIXED-USED PROJECT

VALUATION AS AT JANUARY 22ND 2015

Cash Flow Projections and Valuation For Conference Centre

CONFERENCE CENTRE		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13
REVENUES														
Inflation	%				2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Visitors (ICCA Definition)	Count				12 464	14 244	16 025	17 805	17 805	17 805	17 805	17 805	17 805	17 805
Price level (per person)	EUR				39.15	40.13	41.13	42.16	43.21	44.29	45.40	46.54	47.70	48.89
Other Conferences visitors	Count				258 055	294 920	331 785	368 650	368 650	368 650	368 650	368 650	368 650	368 650
Other Conferences Sold	m^2				387 083	442 380	497 678	552 975	552 975	552 975	552 975	552 975	552 975	552 975
Price level/m^2	EUR				2.50	2.56	2.63	2.69	2.76	2.83	2.90	2.97	3.05	3.12
Exhibition visitors	Count				10 110	11 554	12 998	14 442	14 442	14 442	14 442	14 442	14 442	14 442
Exhibition space sold	m^2				101 095	115 537	129 980	144 422	144 422	144 422	144 422	144 422	144 422	144 422
Price level/m^2	EUR				2.60	2.67	2.73	2.80	2.87	2.94	3.02	3.09	3.17	3.25
Total Revenues	EUR				1 718 500	2 013 100	2 321 356	2 643 766	2 709 861	2 777 607	2 847 047	2 918 223	2 991 179	3 065 958
Total Visitors	Count				280 628	320 718	360 807	400 897	400 897	400 897	400 897	400 897	400 897	400 897
OPERATING EXPENSE														
No. of employees	count				120	120	120	120	120	120	120	120	120	120
Labour costs	EUR				-1 089 792	-1 117 037	-1 144 963	-1 173 587	-1 202 926	-1 233 000	-1 263 825	-1 295 420	-1 327 806	-1 361 001
Utility consumption	kWh				6 000 000	6 000 000	6 000 000	6 000 000	6 000 000	6 000 000	6 000 000	6 000 000	6 000 000	6 000 000
Utility consumption	EUR				-600 000	-615 000	-630 375	-646 134	-662 288	-678 845	-695 816	-713 211	-731 042	-749 318
Other costs	% of revenues				15.0%	12.5%	10.3%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Other costs	EUR				-257 775	-251 637	-237 939	-224 720	-230 338	-236 097	-241 999	-248 049	-254 250	-260 606
Reserve for renewals	% of revenues				4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Reserve for renewals	EUR				-68 740	-80 524	-92 854	-105 751	-108 394	-111 104	-113 882	-116 729	-119 647	-122 638
EBITDA														
EBITDA	EUR				-297 807	-51 098	215 225	493 574	505 914	518 562	531 526	544 814	558 434	572 395
EBITDA margin	%				-17.3%	-2.5%	9.3%	18.7%	18.7%	18.7%	18.7%	18.7%	18.7%	18.7%
Development Costs	EUR	9 596 052	9 596 052	9 596 052										
Cash Flows	EUR	-9 596 052	-9 596 052	-9 596 052	-297 807	-51 098	215 225	493 574	505 914	518 562	531 526	544 814	558 434	6 597 605
Exit Yield (%)	9.5%													
Discount Rate (%)	12.0%													
Net Present Value (EUR)	- 20 559 623													
Say	- 20 560 000													

Cash Flow Projections and Valuation For Aqua Park

MUSACHEVO MIXED-USED PROJECT

VALUATION AS AT JANUARY 22ND 2015

AQUA PARK		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13
REVENUES														
Inflation	%				2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Local visits	count				214 272	244 882	275 492	306 102	306 102	306 102	306 102	306 102	306 102	306 102
Average admission rate	EUR				12.5	12.8	13.1	13.5	13.8	14.1	14.5	14.9	15.2	15.6
No. of visits from other functions	count				82 432	94 208	105 985	117 761	117 761	117 761	117 761	117 761	117 761	117 761
Average admission rate	EUR				12.5	12.8	13.1	13.5	13.8	14.1	14.5	14.9	15.2	15.6
Total admission revenues	EUR				3 708 800	4 344 595	5 009 861	5 705 675	5 848 317	5 994 525	6 144 388	6 297 998	6 455 448	6 616 834
F&B revenues	% of admission revenues				20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
F&B revenues	EUR				741 760	868 919	1 001 972	1 141 135	1 169 663	1 198 905	1 228 878	1 259 600	1 291 090	1 323 367
Other revenues	% of admission revenues				10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Other revenues	EUR				370 880	434 459	500 986	570 567	584 832	599 452	614 439	629 800	645 545	661 683
Total revenues	EUR				4 821 441	5 647 973	6 512 819	7 417 377	7 602 812	7 792 882	7 987 704	8 187 397	8 392 082	8 601 884
OPERATING EXPENSE														
No. of employees	count				250	250	250	250	250	250	250	250	250	250
Labour costs	EUR				-2 270 400	-2 327 160	-2 385 339	-2 444 972	-2 506 097	-2 568 749	-2 632 968	-2 698 792	-2 766 262	-2 835 418
Utility consumption	kwh				9 000 000	9 000 000	9 000 000	9 000 000	9 000 000	9 000 000	9 000 000	9 000 000	9 000 000	9 000 000
Utility consumption	EUR				-900 000	-922 500	-945 563	-969 202	-993 432	-1 018 267	-1 043 724	-1 069 817	-1 096 563	-1 123 977
Other costs	% of revenues				15.0%	12.5%	10.3%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Other costs	EUR				-556 320	-543 074	-513 511	-484 982	-497 107	-509 535	-522 273	-535 330	-548 713	-562 431
Reserve for renewals	% of revenues				4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Reserve for renewals	EUR				-148 352	-173 784	-200 394	-228 227	-233 933	-239 781	-245 776	-251 920	-258 218	-264 673
EBITDA														
EBITDA	EUR				-166 272	378 077	965 054	1 578 292	1 617 749	1 658 193	1 699 647	1 742 139	1 785 692	1 830 334
EBITDA margin	%				-4.5%	8.7%	19.3%	27.7%	27.7%	27.7%	27.7%	27.7%	27.7%	27.7%
Development Costs	EUR	8 063 000	8 063 000	8 063 000										
Cash Flows	EUR	-8 063 000	-8 063 000	-8 063 000	-166 272	378 077	965 054	1 578 292	1 617 749	1 658 193	1 699 647	1 742 139	1 785 692	21 097 011
Exit Yield (%)	9.5%													
Discount Rate (%)	12.0%													
Net Present Value (EUR)	- 10 461 598													
Say	- 10 460 000													

Cash Flow Projections and Valuation For Arena

MUSACHEVO MIXED-USED PROJECT

VALUATION AS AT JANUARY 22ND 2015

ARENA		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13
REVENUES														
Capacity	count				3 000	3 000	3 000	3 000	3 000	3 000	3 000	3 000	3 000	3 000
Occupancy	%				30%	32.00%	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%
Daily visitors	count				900	960	1 020	1 020	1 020	1 020	1 020	1 020	1 020	1 020
Average daily spending in Arena	EUR				20	20.50	21.01	21.54	22.08	22.63	23.19	23.77	24.37	24.98
Average daily spending in F&B	EUR				7	7.18	7.35	7.54	7.73	7.92	8.12	8.32	8.53	8.74
Turnover - shopping	EUR				6 570 000	7 183 200	7 822 954	8 018 528	8 218 991	8 424 466	8 635 077	8 850 954	9 072 228	9 299 034
Turnover - F&B	EUR				2 299 500	2 514 120	2 738 034	2 806 485	2 876 647	2 948 563	3 022 277	3 097 834	3 175 280	3 254 662
Total Turnover	EUR				8 869 500	9 697 320	10 560 988	10 825 012	11 095 638	11 373 028	11 657 354	11 948 788	12 247 508	12 553 695
Turnover rent %	%				15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Turnover rent	EUR				1 330 425	1 454 598	1 584 148	1 623 752	1 664 346	1 705 954	1 748 603	1 792 318	1 837 126	1 883 054
Investment sale	EUR													19 821 624
COSTS														
Total capital expenses	EUR	1 872 000	1 872 000	1 872 000	-									
Cash Flows	EUR	-1 872 000	-1 872 000	-1 872 000	1 330 425	1 454 598	1 584 148	1 623 752	1 664 346	1 705 954	1 748 603	1 792 318	1 837 126	21 704 679

Yield (%)	9.5%
Discount Rate (%)	12.0%
Net Present Value (EUR)	6 523 075
Say	6 520 000

Cash Flow Projections and Valuation For Theatre

THEATRE		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13
REVENUES														
Capacity	count				1500	1500	1500	1500	1500	1500	1500	1500	1500	1500
Occupancy	%				25%	27.00%	29.00%	29%	29%	29%	29%	29%	29%	29%
Daily visitors	count				375	405	435	435	435	435	435	435	435	435
Average daily spending in Theatre	EUR				18	18.45	18.91	19.38	19.87	20.37	20.87	21.40	21.93	22.48
Average daily spending in F&B	EUR				7	7.18	7.35	7.54	7.73	7.92	8.12	8.32	8.53	8.74
Turnover - theatre	EUR				2 463 750	2 727 371	3 002 634	3 077 700	3 154 642	3 233 508	3 314 346	3 397 204	3 482 135	3 569 188
Turnover - F&B	EUR				958 125	1 060 644	1 167 691	1 196 883	1 226 805	1 257 475	1 288 912	1 321 135	1 354 163	1 388 018
Total Turnover	EUR				3 421 875	3 788 016	4 170 325	4 274 583	4 381 447	4 490 983	4 603 258	4 718 340	4 836 298	4 957 205
Turnover rent %	%				15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Turnover rent	EUR				513 281	568 202	625 549	641 187	657 217	673 648	690 489	707 751	725 445	743 581
Investment sale	EUR													7 435 808
COSTS														
Total capital expenses	EUR	936 000	936 000	936 000	-									
Cash Flows	EUR	-936 000	-936 000	-936 000	513 281	568 202	625 549	641 187	657 217	673 648	690 489	707 751	725 445	8 179 389
Yield (%)	10%													
Discount Rate (%)	12.5%													
Net Present Value (EUR)	1 837 958													
Say	1 840 000													

Cash Flow Projections and Valuation For Retail, Ancillary units

RETAIL INCL. ANCILLARY SERVICES	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13

REVENUES														
Daily visitors	count				2 600	2 730	2 785	2 840	2 897	2 955	3 014	3 074	3 136	3 199
Average daily spending	EUR				25	25.63	26.27	26.92	27.60	28.29	28.99	29.72	30.46	31.22
Average daily spending in F&B (EUR)	EUR				8	8.20	8.41	8.62	8.83	9.05	9.28	9.51	9.75	9.99
Turnover - shopping	EUR				23 725 000	25 534 031	26 695 830	27 910 490	29 180 417	30 508 126	31 896 246	33 347 525	34 864 838	36 451 188
Turnover - F&B	EUR				7 592 000	8 170 890	8 542 665	8 931 357	9 337 734	9 762 600	10 206 799	10 671 208	11 156 748	11 664 380
Total Turnover	EUR				31 317 000	33 704 921	35 238 495	36 841 847	38 518 151	40 270 727	42 103 045	44 018 733	46 021 586	48 115 568
Turnover rent %	%				15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Turnover rent	EUR				4 697 550	5 055 738	5 285 774	5 526 277	5 777 723	6 040 609	6 315 457	6 602 810	6 903 238	7 217 335
Investment sale	EUR													80 192 613
COSTS														
Total capital expenses	EUR	9 360 000	9 360 000	9 360 000	-									
Cash Flows	EUR	-9 360 000	-9 360 000	-9 360 000	4 697 550	5 055 738	5 285 774	5 526 277	5 777 723	6 040 609	6 315 457	6 602 810	6 903 238	87 409 948
Yield (%)	9.0%													
Discount Rate (%)	11.5%													
Net Present Value (EUR)	20 535 578													
Say	20 540 000													

Cash Flow Projections and Valuation For Indoor Gaming Centre

INDOOR GAMING CENTRE		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13
REVENUES														
Capacity	count				2 500	2 500	2 500	2 500	2 500	2 500	2 500	2 500	2 500	2 500
Occupancy	%				25%	27%	29%	30%	30%	30%	30%	30%	30%	30%
Daily visitors	count				625	675	725	750	750	750	750	750	750	750
Average daily spending	EUR				20	20.50	21.01	21.54	22.08	22.63	23.19	23.77	24.37	24.98
Turnover	EUR				4 562 500	5 050 688	5 560 433	5 895 976	6 043 376	6 194 460	6 349 321	6 508 055	6 670 756	6 837 525
Turnover rent %	EUR				15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Turnover rent	EUR				684 375	757 603	834 065	884 396	906 506	929 169	952 398	976 208	1 000 613	1 025 629
Investment sale	EUR													10 256 287
COSTS														
Total capital expenses	EUR	1 560 000	1 560 000	1 560 000										
Cash Flows	EUR	-1 560 000	-1 560 000	-1 560 000	684 375	757 603	834 065	884 396	906 506	929 169	952 398	976 208	1 000 613	11 281 916
Yield (%)	10.0%													
Discount Rate (%)	12.5%													
Net Present Value (EUR)	1 851 198													
Say	1 850 000													

Cash Flow Projections and Valuation For Greenhouse, Chapel, Lakeside Food Outlets

GREEN HOUSE, CHAPEL AND LAKESIDE FOOD OUTLETS		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13
REVENUES														
GFA Green house, Chapel & food outlets	m2				-	-	-	-	-	-	-	-	-	-
Annual Number of Chapel Events	count				50	50	50	50	50	50	50	50	50	50
Rent of Chapel per Event	EUR				400	410	420	431	442	453	464	475	487	500
Indexation	%				2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Annual turnover Chapel	EUR				20 000	20 500	21 013	21 538	22 076	22 628	23 194	23 774	24 368	24 977
Food outlets	m2													
Daily visitors	count				100	100	100	100	100	100	100	100	100	100
Average daily spending in food outlets	EUR				8	8	8	9	9	9	9	10	10	10
Turnover - food outlets	EUR				292 000	299 300	306 783	314 452	322 313	330 371	338 630	347 096	355 774	364 668
Total Turnover rent (chapel & food outlets) %	%				12%	12%	12%	12%	12%	12%	12%	12%	12%	12%
Total Turnover	EUR				312 000	319 800	327 795	335 990	344 390	352 999	361 824	370 870	380 142	389 645
Investment sale	EUR													3 896 452
COSTS														
Total capital expenses	EUR	546 000	546 000	546 000										
Cash Flows	EUR	-546 000	-546 000	-546 000	312 000	319 800	327 795	335 990	344 390	352 999	361 824	370 870	380 142	4 286 098
Yield (%)	10.0%													
Discount Rate (%)	12.5%													
Gross Development Value (EUR)	869 994													
Say	870 000													

MUSACHEVO MIXED-USED PROJECT

VALUATION AS AT JANUARY 22ND 2015

Cash Flow Projections and Valuation For Office, staff quarter, training facilities

OFFICE, STAFF QUARTER AND TRAINING FACILITIES		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13
REVENUES														
GLA	m2				42 500	42 500	42 500	42 500	42 500	42 500	42 500	42 500	42 500	42 500
Occupancy	%				15%	25%	35%	45%	55%	60%	60%	60%	60%	60%
Monthly Rent	EUR				9.00	9.23	9.46	9.69	9.93	10.18	10.44	10.70	10.97	11.24
Indexation	%				2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Total Revenues	EUR				688 500	1 176 188	1 687 829	2 224 318	2 786 576	3 115 898	3 193 796	3 273 641	3 355 482	3 439 369
Investment sale	EUR													40 463 160
COSTS														
Total capital expenses	EUR	8 775 000	8 775 000	8 775 000										
Cash Flows	EUR	-8 775 000	-8 775 000	-8 775 000	688 500	1 176 188	1 687 829	2 224 318	2 786 576	3 115 898	3 193 796	3 273 641	3 355 482	43 902 529
Yield (%)	8.5%													
Discount Rate (%)	11.0%													
Net Present Value (EUR)	- 1 462 918													
Say	- 1 460 000													

Cash Flow Projections and Valuation For Car Parking

CAR PARKING		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13
REVENUES														
GFA	m2				80 000	80 000	80 000	80 000	80 000	80 000	80 000	80 000	80 000	80 000
Number of Parking Spaces					2 857	2 857	2 857	2 857	2 857	2 857	2 857	2 857	2 857	2 857
Occupancy	%				45%	60%	75%	85%	85%	85%	85%	85%	85%	85%
Monthly Rent per parking space	EUR				65.00	66.63	68.29	70.00	71.75	73.54	75.38	77.26	79.20	81.18
Indexation	%				2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Total Revenues	EUR				1 002 857	1 370 571	1 756 045	2 039 939	2 090 937	2 143 210	2 196 791	2 251 710	2 308 003	2 365 703
Investment sale	EUR													26 285 592
COSTS														
Total capital expenses	EUR	4 680 000	4 680 000	4 680 000										
Cash Flows	EUR	-4 680 000	-4 680 000	-4 680 000	1 002 857	1 370 571	1 756 045	2 039 939	2 090 937	2 143 210	2 196 791	2 251 710	2 308 003	28 651 295
Yield (%)	9.0%													
Discount Rate (%)	11.5%													
Net Present Value (EUR)	2 656 277													
Say	2 660 000													

Investment Value Summary

INVESTMENT VALUE SUMMARY									
N	Property	GFA (sq m)	Total Construction Costs (hard & soft costs), EUR	Total Construction costs (EUR/m2)	Initial Daily Visitors	Yield	Discount Rate	Net Present Value (EUR)	Net Present Value (EUR) /m2
1	Shopping Mall	100 000	81 900 000	819	6 500	8.5%	11.0%	74 100 000	741
2	Arena	12 000	5 616 000	468	900	9.5%	12.0%	6 520 000	543
3	Theatre	6 000	2 808 000	468	375	10.0%	12.5%	1 840 000	307
4	Indoor Game Centre	10 000	4 680 000	468	4 110	10.0%	12.5%	1 850 000	185
5	Green House, Chapel and lakeside food outlets	4 000	1 638 000	410	100	10.0%	12.5%	870 000	218
6	Retail including ancillary facilities	40 000	28 080 000	702	2 600	9.0%	11.5%	20 540 000	514
7	Office, Staff Quarter and Training Facilities	50 000	26 325 000	527		8.5%	11.0%	-1 460 000	-29
8	Carparking space	80 000	14 040 000	176		9.0%	11.5%	2 660 000	33
9	Residential	720 000	421 200 000	585			8.3%	550 070 000	764
10	Casino	30 000	38 588 133	1 286		9.0%	11.5%	793 090 000	26 436
11	Hotel 4 Star	59 000	58 591 400	993		8.8%	11.3%	55 900 000	947
12	Hotel 5 Star	360 000	382 060 100	1 061		8.3%	10.8%	126 380 000	351
13	AquaPark	30 000	24 189 000	806		9.5%	12.0%	-10 460 000	-349
14	Conference Center	50 500	28 788 156	570		9.5%	12.0%	-20 560 000	-407
	Total	**1 551 500**	**1 118 503 790**					**1 601 340 000**	

Principal Terms & Conditions as Valuers