



Chamkoria Chalets | Borovets | Bulgaria



Investment Summary

- **Exclusive location in Super Borovets project**
- **Luxury boutique style development**
- **108% Projected Return on Investment in 5 Years**
- **Low initial investment levels – from €16,511**
- **Estimated Net Rental Yield of 6% p.a. with just 50% occupancy**
- **60% Financing available direct from the developer**
- **Resale and Rental Strategies**

Our Investment Approach

At Concept Bulgaria we have many years of experience in overseas property investment. We know that the purchase of your chalet or apartment is just the start of your property investment in Bulgaria. The real success of your investment only comes when it is backed up by a professional range of after sales services. We believe it is important that not only do we deliver you a superbly finished property but also we are firmly committed to maximising the future return on your investment. For this reason there are three distinct parts to the Concept Bulgaria investment approach

- A. **Quality Properties** – All our properties are built to the best of European design and finished to a luxury specification. In addition we only develop our properties in areas where there is strong capital growth and rental returns. In this way you can be sure that your property will perform for you in the future. We will explain later in this report how Borovets fits these criteria.
- B. **Efficient Management** - We are committed to the long term future of our developments and committed to supporting you to maximise your return on investment. To do this we provide a full range of rental and property services which ensures you are fully in control of your property and have all the tools necessary to manage and maintain it.
- C. **Re-Sale Strategy** - Foreign buyers can often find it difficult when they come to sell because they are not familiar with the local real estate process or the costs involved in selling an overseas property. For this reason we provide a full re-sale service for all our properties. If you would like to re-sell your completed property we would be happy to arrange this for you.

By making this three point commitment to all our customers we are confident that you will have a successful and profitable venture with Concept Bulgaria whether you are buying a holiday home or an investment property.



Property & Rental Management

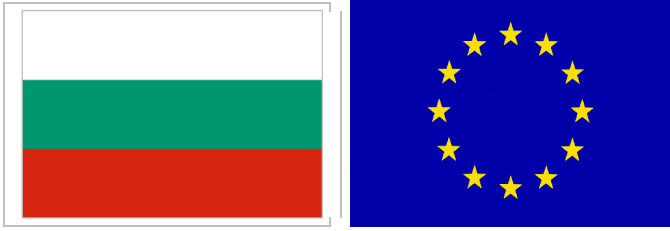
Property and rental management in Bulgaria is still at a very early stage of development and standards are often inconsistent. For this reason at Concept Bulgaria we have decided to provide all our management services in house. In this way we can ensure that we always offer the best service and standards that set the benchmark for Bulgarian property management companies.

Providing top quality service to your rental customers not only improves your rental return but also increases the profile and reputation of your property so that when you come to resell your property it is recognised as one of the best property investments in Bulgaria.

All of our developments are designed to operate as boutique hotels. Each development is branded individually and marketed to both local and international tourists. By using this approach we can maximise the rental return for owners.



Investing in Bulgaria



Following its accession to the EU in January 2007, Bulgaria's trade barriers have been removed and the country opened up to the European market place. As a result the economy continues to surge; unemployment remains low, interest rates have been dropping and GDP is continuing to grow.

The country receives significant & growing levels of foreign direct investment due to the competitive nature of its economy and workforce. Many multinational companies such as Google, Microsoft, Nestle, Nokia and Hewlett Packard have already taken advantage of the country's positive economic environment, motivated educated labour pool and attractive flat tax of 10% by re-locating to the country. Its flat tax rate of just 10% - introduced in January 2008 - makes Bulgaria one of the most competitive tax locations in the EU and is set to increase FDI even further in future years.

Bulgaria is currently receiving large amounts of EU Structural Funds and by 2015 expects to receive €11bn in EU funding, resulting in a huge improvement to the country's infrastructure.

The Bulgaria real estate market has seen dramatic changes over the last 10 years. In the run-up to joining the EU in 2007 Bulgaria real estate became very popular as an overseas property investment. This resulted in increasing prices and led to significant over development in certain areas, most notably along the Black Sea coastline and in the Bansko ski resort. When the global financial crisis hit in 2009 Bulgaria real estate prices dropped due to the lack of credit and the oversupply of poor quality properties in these locations.

Now in 2011 prices for Bulgaria real estate have settled and both local and international investors are again focusing on Bulgaria property investment. They are being enticed by prices that in some cases are up to 50% below peak values and in a lot of cases Bulgarian real estate can now be purchased at close to the actual cost of construction. This makes Bulgaria real estate a great medium to long term investment as the cost of construction is continuously rising due to wage and commodity inflation. Over the last 10 years there has never been a better time to invest in Bulgaria real estate.

- EU membership in January 2007 has resulted in significantly increased economic growth rates
- Bulgaria is on track to join the Schengen Travel Zone by 2012 further boosting trade links
- Very competitive tax regime - 10% corporate and income tax rates
- Bulgaria has one of the lowest debt to GDP ratios in the EU
- Strong inflows of foreign direct investment driven by lowest tax rates in the EU
- Well educated, highly trained English speaking workforce
- Strategic geographic location on the trans-European transport corridor
- Over €11 billion of EU structural funding to be invested in the Bulgarian infrastructure until 2015
- The Bulgarian currency, the Leva is pegged to the euro - significantly reducing currency risk
- On track to join euro currency zone before 2015 - this is expected to result in significant further increases in foreign investment and increase the GDP of the country. All previous countries have seen significant real estate increases after joining the eurozone
- Property prices remain amongst the lowest in Europe and are expected to increase significantly in future years. Bulgaria real estate prices are 50% below peak values and in many cases are selling for close to the cost of construction.
- The Bulgarian tourism market is currently growing by 22% per year

Borovets Mountain Resort | Bulgaria

Borovets is the oldest and most famous mountain resort in Bulgaria. Situated on the northern slopes of the Rila Mountain at an altitude of 1390 metres, the resort enjoys a breathtaking location huddled amongst age-old pine forests right at the foot of Mount Musala (2925 m), the highest peak on the Balkans.

Located just 50 minutes from the capital Sofia, Borovets is one of the most accessible ski resorts in Europe. Established at the end of the 19th century as a hunting place for the Bulgarian kings, Borovets has developed into an attractive all season mountain resort.

With snow cover from December through until April and a long summer season, Borovets is a popular destination all year round.



Winter

Borovets is a magical place during the winter months. The picturesque forests and spectacular snow clad peaks will take your breath away. Mountain lovers from all over Europe converge on the resort to partake in skiing, snowboarding, cross-country skiing, ski jumps, biathlon, iceskating and night-skiing.

Groomed pistes weave their way through the stunning scenery of the Rila Mountains offering ski runs that cater for all levels. Borovets regularly hosts various winter sports competitions and has twice hosted World Cup competitions in Alpine skiing. Its biathlon track is recognised as one of the best in Europe.

For the more adventurous skier, the internationally acclaimed ski schools offer ski touring, free-riding, ice climbing, and paragliding.



Summer

Summer in Borovets offers beautiful scenery and a warm and pleasant climate. It is a popular location for walking, climbing, mountain biking, horse riding and adventure sports. The beautiful and impressive Lake Iskar is close by offering excellent boating, water sports and fishing activities.

The Borovets area is set to become a haven for golfers. The first Nicklaus Design golf course in Southeast Europe is already under construction. Two further courses will follow, including the prestigious "Five Mountains Golf Course" that will be set high in the Rila Mountain with breathtaking views over five mountain peaks.





Key Reasons to invest in Borovets

- The Super Borovets project is set to transform the Borovets resort over the next 5-10 years. Over 500 million euros is being invested. The resort and facilities will be significantly increased with the ski pistes extended to over 100km, 2 new ski gondolas, 5 ski lifts and 2 golf courses created.
- Borovets has the best transport links of any Bulgarian ski resort. Currently just 1 hour from Sofia airport, Borovets will be just 40 minutes when the new Rila motorway is completed. It is also just 90 minutes from Plovdiv airport.
- Ski resorts like Borovets offer winter and summer rentals. Occupancy levels are very high in winter. During summer the mountains attract hill walkers, climbers and nature enthusiasts. This gives ski resorts a significant advantage with regard to rental income. We estimate up to 8% rental yield is achievable on our Borovets properties.
- Lake Iskar, the largest inland lake in Bulgaria is just 15km from Borovets and is very popular with water sport enthusiasts and fishermen.
- An international championship golf course is currently being designed by Nicklaus Golf at Dolna Banya just 30 minutes from Borovets and will open shortly. 2 further courses are included in the Super Borovets project. This will significantly enhance the summer rental opportunities in the area. One of these courses is located in the new Bialata Poliana 1310 village and just meters from Chamkoria Chalets.
- Borovets location close to the capital which is the main wealth centre in Bulgaria guarantees a strong rental and resale market from the rapidly expanding Bulgarian middle class.
- Borovets is already a very popular weekend resort for people from Sofia who come here during the summer months to experience the beautiful flora and fauna and the clean air.
- Further new ski resorts are planned for Govedartsı village and Malyovitsa which are 20km from Borovets. These projects will take longer to materialize as they are at the early design phase but they show the ambition the Borovets area has to become a massive integrated ski domain.

About Super Borovets

The Bulgarian government has announced plans for a major expansion of Borovets that will turn it into a world class mountain resort. The project is called Super Borovets and its aim is to expand the current ski resort of Borovets and turn it into an all year round mountain resort. The project has been carefully planned to comply with ecological and strategic objectives and ensure protection for the beautiful forests and surrounding national park. The existing facilities will be improved and vastly expanded. Currently Borovets has 58 km of pistes. This will be extended by 100km creating a huge ski domain. Over 500 million Euros is to be invested and the project has been given a class A investor status by the Bulgarian government.

The majority shareholders in the project are Equest Balkan plc (a UK listed investment fund) and the State Fund of Oman. These high profile investors bring with them significant funding and excellent international experience managing large scale investment projects. No other resort in Bulgaria has so far had such a project or received such extensive investment. As a result, the Super Borovets project ensures that the Borovets area and Borovets property is a top place to invest in - probably one of the best places in the whole of Bulgaria. Borovets property prices are still relatively low but this area is set to boom in the coming years.



The overall master plan for the project has already been approved. Two new villages will be created under the plans and linked via gondolas to the overall Borovets ski domain.

Zone I – Lower Borovets

A new tourist village will be created just outside Samokov town. This area is 12km from Borovets and located at 950m. It will be connected by a new ski gondola to the Yastrebets and Markudijik ski areas. This is zoned primarily for apartments and will cater for tourists who cannot afford to stay in the higher parts of the mountain. Tourist centres and leisure facilities will also be created at this level.

Zone II – Upper Borovets – Luxury Zone (this is where Chamkoria Chalets is located)

In the areas Shumnatitsa/Bialata Poliana (1400m) and Gvardeiska Poliana/Mecha Glava (1600m) new luxury hotels and ski chalets will be built. In these areas, village and eco tourism will be encouraged. Folklore restaurants, model farms, riverside parks and a horse riding centre are all part of the plan. In the Bialata Poliana area there will be a spectacular 18-hole mountain golf course overlooking the beautiful Rila mountains and a ski gondola linking the area to the Borovets ski domain. As this area is high in the mountains every effort will be made to ensure the development is eco-friendly and sustainable. This area is zoned primarily for luxury chalets and will attract tourists looking for an exclusive location.



Unique Features of Chamkoria Chalets

The Chamkoria Chalets development is located in the Super Borovets Bialata Poliana 1310 zone and right beside the planned mountain golf course and ski gondola. This is the highest and most exclusive village in the Super Borovets plan. This part of the project is zoned primarily for luxury chalets. When completed this part of Borovets will be the location of choice for discerning tourists and property owners. Some of the outstanding features of the Chamkoria Chalets development area;

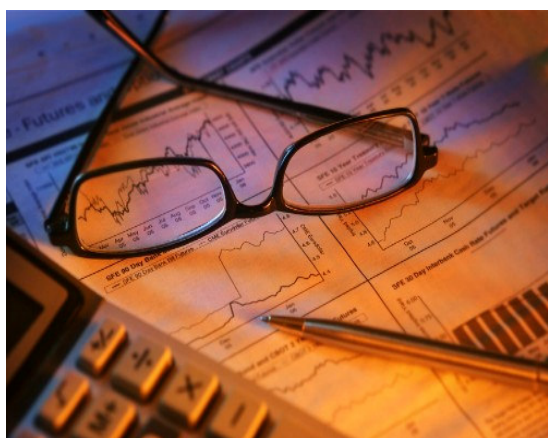
- Luxury village style development offering a range of properties from studios to 4 bedroom chalets.
- Boutique hotel style facilities including swimming pool, sauna, Jacuzzi, massage, bistro, mini-market and reception
- Located just metres from the planned ski gondola and the Five Mountains golf course
- All properties have magical views of the surrounding mountains and pine forests
- Genuine all season investment due to skiing, golf, trekking, mountain biking and fishing
- Huge capital gains due to new infrastructure -108% projected return on investment over 5 years
- Up to 8% estimated annual rental return
- 60% financing available allowing you to invest from just €16,551
- Full rental and property maintenance services backed by the Concept Bulgaria commitment to maximise your return on investment
- Optional furnishing packs are available in a range of styles to cater for all tastes and budgets.
- Secure investment location just metres from the land holdings of the Sultan of Oman and with all building permits in place
- 3 new golf courses are planned in the local area – one just metres from Chamkoria Chalets
- The complex is located in a secluded meadow surrounded by forests at a height of 1310m. It is important to understand that 95% of the Borovets area is protected forest which means there is limited development land. This means that a property like this will always increase in value and also ensures that Borovets can never become over developed.
- The very limited supply of apartment and chalet accommodation in Borovets guarantees strong rental and resale markets in the future.
- All finishing is to a luxury standard and to the very best of European design. Three choices of kitchen units and bathroom ceramics will be available.
- There is a clearly defined master plan for the Borovets area and very controlled development
- Prices are at the lowest level for 10 years and in many cases properties are available close to the cost of construction.

Return on Investment - Scenario One - CASH PURCHASE

To help you understand the returns that can be expected from investing at Chamkoria Chalets we have completed an investment scenario on this page.

For this investment scenario the following has been assumed:

- The property is held for the next 5 years to benefit from maximum capital growth and an attractive estimated net rental yield of 6% per annum. We have assumed just 50% occupancy so there is potential for even higher rental yield if occupancy is maximised.
- The property is completed with one of our specially designed furniture packages, enabling the apartment to be completely furnished, ready to live in and rent out
- After 5 years and considering a 15% capital appreciation, the investor will be able to sell the apartment with a projected return on investment of 108% (€56,899).
- This scenario is based upon an average one bedroom apartment in Chamkoria Apartments and may be subject to some modifications. For variations to this scenario, or to discuss other investment options please contact us.



INVESTMENT SCENARIO	
Total Purchase Price	€45,000
Funds Invested	100%
Investment Period (years)	5

RENTAL (after completion)	
Estimated Weekly Rental - peak season	€445
Occupancy - Weeks	9
Estimated Weekly Rental - off-peak	€230
Occupancy - Weeks	4
Total Annual Rental income	€4,925
Letting Costs 30%	€1,478
Annual Property Maintenance Fee	€780
Estimated Net Annual Income	€2,668
Estimated Net Annual Yield	5.93%
Total Net Income Over 5 Years	€13,338

INVESTOR COSTS	
Average Purchase Price	€45,000
Legal Fees	€600
Applicable Taxes & Fees*	€1,350
Total Property Purchase	€46,950
Furniture Package	€5,500
Total Investment	€52,450

Capital growth rate	10%	15%	20%
Potential value after 5 years	€72,473	€90,511	€111,974
Extras added to the property	€5,500	€5,500	€5,500
Additional income (rental)	€13,338	€13,338	€13,338
Total Income	€91,310	€109,349	€130,812

Return on Investment (Total Income minus Total investment)	€38,860 74%	€56,899 108%	€78,362 149%
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Disclaimer: The total purchase price is based upon an average property price in the development and does not correspond to a specific property. It is stated purely to give the investor an idea of estimated costs and returns. * Taxes & Fees are indicative only.

Return on Investment - Scenario Two - DEVELOPER FINANCE

Financing for 60% of the purchase price is available direct from the developer. This means that it is possible to leverage your investment so that you generate an increased return. To help you understand the returns that can be expected if you use developer financing to purchase at Chamkoria Chalets we have completed a financed investment scenario on this page.

For this investment scenario the following has been assumed:

- Developer financing at a rate of 8% is arranged for 70% of the purchase price.
- The property is to be held for the next 5 years to benefit from maximum capital growth and an attractive estimated rental yield of 6% per annum. We have assumed just 50% occupancy so there is potential for even higher rental yield if occupancy is maximised.
- The property is completed with one of our specially designed furniture packages, enabling the apartment to be completely furnished, ready to live in and rent out.
- After 5 years and considering a 15% capital appreciation, the investor will be able to sell the apartment with a projected return on investment of 192% (€71,869).
- This scenario is based upon an average one bedroom apartment price in Chamkoria Chalets and may be subject to some modifications. For variations to this scenario, or to discuss other investment approaches please contact us.
- If you would like to discuss financing options in more detail please contact us.

INVESTMENT SCENARIO

Total Purchase Price	€45,000
Financed Amount	60%
Interest Rate	8.0%
Investment Period (years)	5

RENTAL (after completion)

Estimated Weekly Rental - peak season	€445
Occupancy - Weeks	9
Estimated Weekly Rental - off-peak	€230
Occupancy - Weeks	4
Total Annual Rental income	€4,925
Letting Costs 30%	€1,478
Annual Property Maintenance Fee	€780
Estimated Net Annual Income	€2,668
Estimated Net Annual Yield	5.93%
Total Net Income Over 5 Years	€13,338

INVESTOR COSTS

Average Purchase Price	€45,000
Legal Fees	€600
Applicable Taxes & Fees*	€1,350
Total Property Purchase	€46,950
Furniture Package	€5,500
Financed Capital	€27,000
Non Financed Capital	€18,000
Interest during investment period	€10,800
Bank Fees	€1,230

Total Investment - incl finance costs €37,480

Capital growth rate	10%	15%	20%
Potential value after 5 years	€72,473	€90,511	€111,974
Extras added to the property	€5,500	€5,500	€5,500
Additional income (rental)	€13,338	€13,338	€13,338
Total Income	€91,310	€109,349	€130,812

Return on Investment	€53,830	€71,869	€93,332
(Total Income minus Total investment)	144%	192%	249%

Disclaimer: The total purchase price is based upon an average property price in the development and does not correspond to a specific property. It is stated purely to give the investor an idea of estimated costs and returns. * Taxes & Fees are indicative only.



Secure Exit Strategy - Resale & Rentals

Every property investment should have a concrete exit strategy clearly defined from the outset. At Concept Bulgaria one of the commitments we make to our clients is that we will help you to resell your property in the future. For this reason it is equally important to us that there is a well defined exit strategy. Chamkoria Chalets comes with a clear and viable exit strategy both for resale and rental.

- For rental the complex will be marketed as a boutique hotel targeting the more discerning tourist. The Concept Bulgaria commitment to rental and property management is expected to deliver a rental return of around 6%. This is based on just 50% occupancy so there is potential for even better returns. This high rental return will also attract future investors looking for a secure asset with a strong yield.
- Property prices in Borovets are currently at their lowest level in almost 10 years. Prices have dropped over 50% from their peak values and in many cases property is now available close to the cost of construction. This is a great time to invest as construction prices are continuously increasing due to wage inflation and increased material costs. Buying property is a great way to benefit from future inflation rises.
- Once complete Super Borovets will rival the best European resorts where property prices are currently 3 to 4 times higher. The huge expansion of the ski pistes and infrastructure will make Borovets the premier ski resort in Bulgaria and attract many holiday home and investment buyers from abroad. Concept Bulgaria is happy to help you market your property to these buyers.
- Certain segments of the international buying market – in particular the Russian and Greek buyers who are now a strong force in Bulgaria – do not like to purchase off plan properties. They instead prefer to purchase when the development is completed and they are happy to pay a premium for completed properties which are well finished. Again this is a strong resale market for your completed property.
- When it comes to selling your property we expect the growing middle classes from Sofia to be a strong purchasing group. The main wealth of Bulgaria is centred in Sofia and this means there is strong local demand for properties in Borovets. Borovets is an ideal holiday home for wealthy Sofia people. This combined with the limited supply of land in Borovets combines to create a very strong resale market.
- One of the key goals of the Super Borovets project is to attract more tourists from the Middle East. Remember that the Sultan of Oman is the largest investor in the project and Borovets is the closest European ski resort to the Middle East. When the new pistes and infrastructure are completed these buyers will be a significant new market for your property.



About Concept Bulgaria OOD

Concept Bulgaria provides investors with opportunities to invest in high return properties in Bulgaria. Currently we recommend the Borovets area because we believe that this has the best potential for investment returns in Bulgaria.

Concept Bulgaria's commitment to investors is based upon three main principles:

1. **QUALITY PROPERTIES:** Luxury properties at highly competitive market prices in high growth areas.
2. **EFFICIENT MANAGEMENT:** All our projects offer full property and rental management and we are committed to maximising your return on investment.
3. **RESALE STRATEGY:** Each project has a defined exit strategy and we will assist in the resale of your property.

If you would like any further information about our projects or would like to discuss the details of a specific property please contact us on;

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