

Proposal for an investment in an operating 4-star SPA hotel

Bulgaria, village Dobrinishte
Bansko region

August, 2023



Round-year family type hotel

✓ Fully opened in 2017, Ruskovets Resort consists of the main hotel building with 33 suites and 42 villas

✓ There are also two restaurants, spa center with mineral water, swimming pool and kids club

✓ During the pandemic, the Resort met all the requirements for opening and was popular due its large number of villas, which allowed guests to relax in privacy



3.75%

An average ROI
since hotel
opening

✓ The combination of services, spa treatment with mineral water and the close proximity of the resort to Bansko (the largest ski zone in Southeastern Europe) allows for year-round use and ensure a competitive advantage of Ruskovets resort

Executive summary.
Ownership structure of the Resort

The structure is transparent

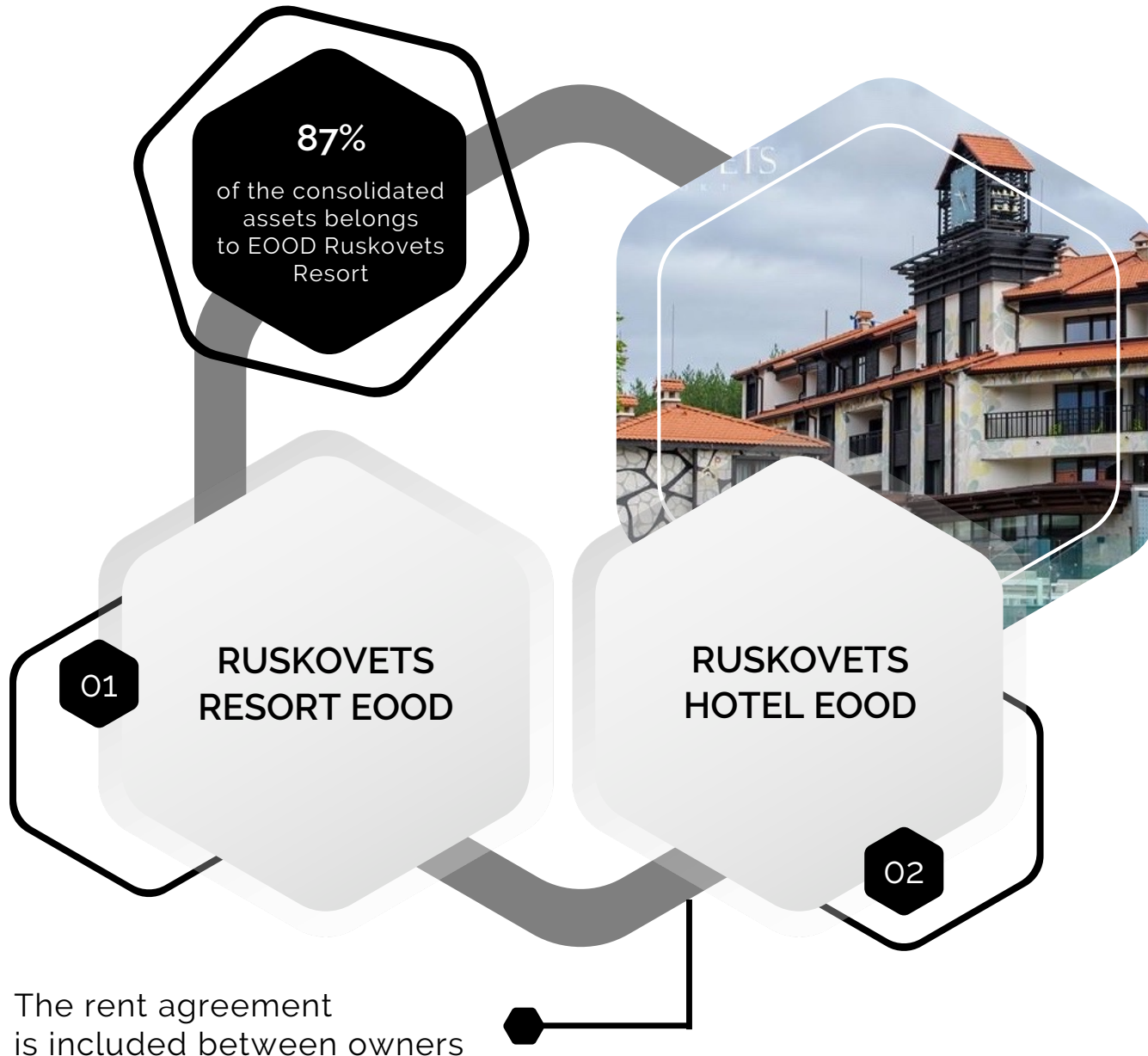
01. Ruskovets Resort EOOD

Owner of major resort assets (land plot and buildings) with a total capital equal to EUR 11 mn

02. Ruskovets Hotel EOOD

Owner of all operating licenses for hospitality.

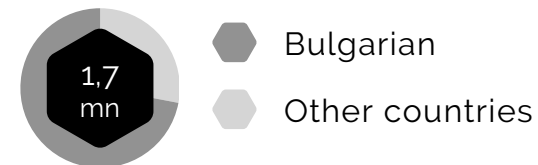
Performs operational management and support of the hotel facilities (apartments and villas, SPA and pool, restaurants) and human resource management



Close proximity to a ski zone provides with high income during the winter season

The 2022/2023 Bulgarian winter season result achieved the pre-pandemic revenue of 328 mn Euro. The growth compared to 2021/2022 season is higher by 24% and is the strongest within the last 4 winter seasons*

Number of registered tourists

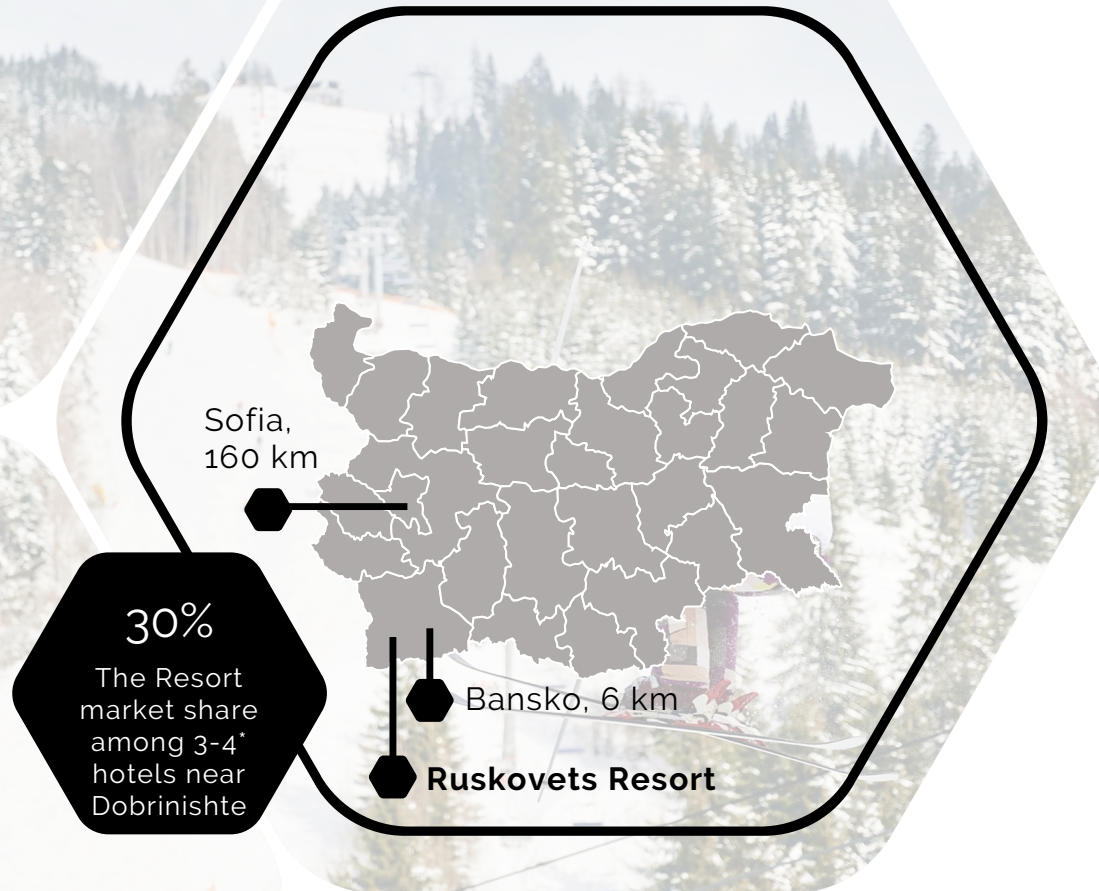


Bansko is one of the most famous winter destinations in Eastern Europe, having the largest ski zone (approx. 75 km) in South-Eastern Europe.

Bansko has established itself as a preferred location for top international winter sports events. Since the 2007/08 season Bansko has already hosted 8 events in different ski disciplines from the FIS World Cup calendar, as well as 2 FIS World Cup snowboard events.



Bansko is Number#1 Ski resort in Bulgaria



The sources:

*Unified Tourist Information System

**<https://www.bansko-worldcup.com>

Introduction. The Resort location

The Resort uses local hot mineral spring

Bulgaria established itself

on the world tourism map as a preferred and year-round European destination, with experience and traditions in balneology and spa tourism

The combination of a favorable climate

and unique natural features offers great opportunities for human health. In Bulgaria, natural mineral springs that are scattered throughout the country.

Dobrinishte is famous

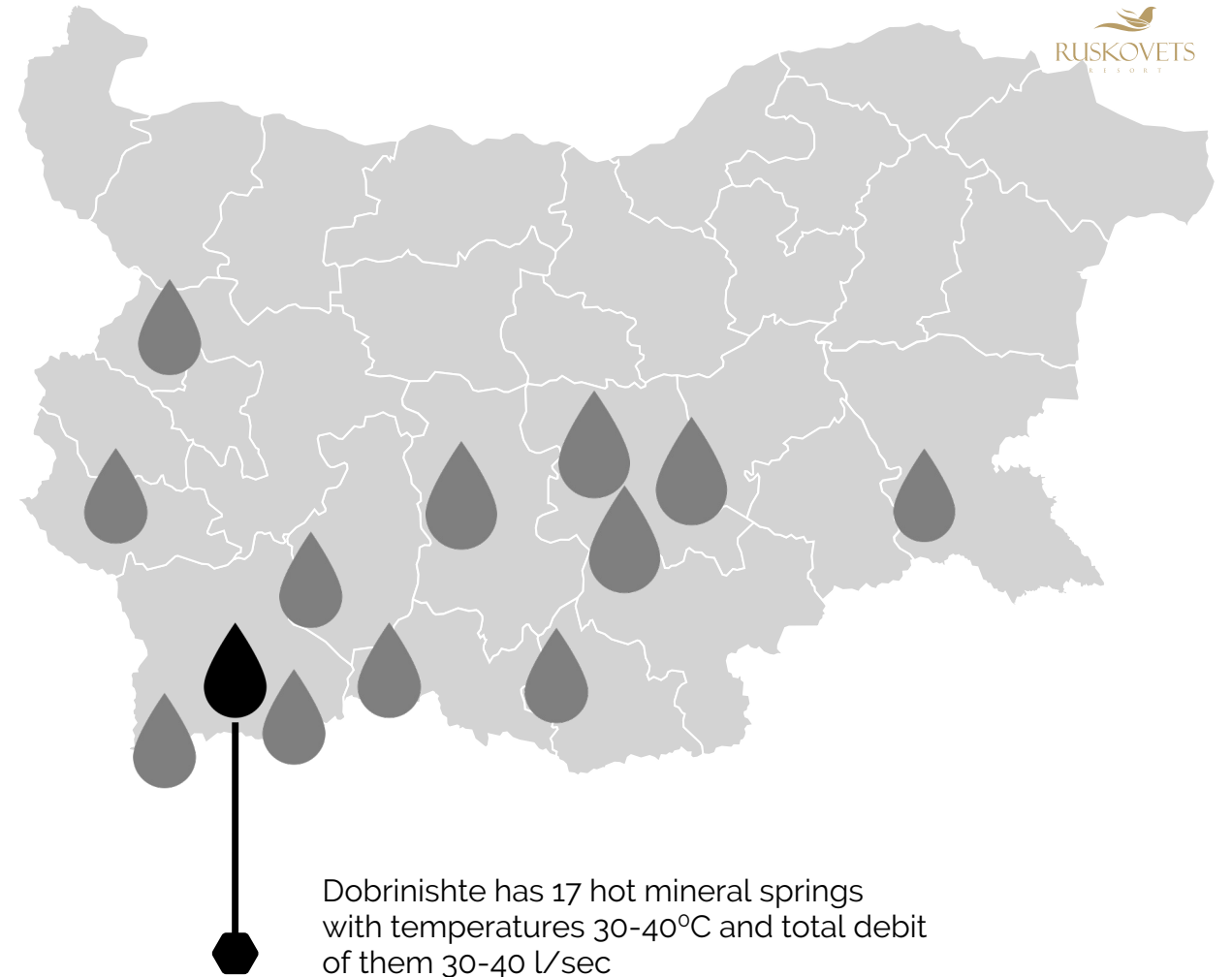
for its healing mineral springs since ancient times. Mineral waters from these springs are used for the treatment and prevention of various diseases of the musculoskeletal system, respiratory tract, nervous disorders, skin diseases, etc



Bulgaria is 2nd in Eastern Europe in terms of natural mineral and spring water resources*

The sources:

*<https://bgtourism.bg> <https://www.moew.government.bg>



Dobrinishte has 17 hot mineral springs with temperatures 30-40°C and total debit of them 30-40 l/sec

For the moment, the Resort uses 15 000 m³ of available 60 000 m³ of its licensed water debit

The revenue from accommodation and dining provides 95% of income

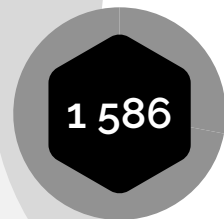
FY 2022 demonstrates 25% increase of revenue which is equal to EUR 160k

The revenue growth was due to a significant increase in income from accommodation:

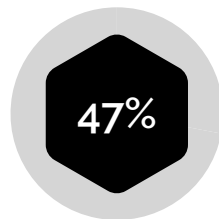
- average length of stay raised from 2 to 3 day
- ADR raised by 22% from 78 to 94 EUR
- occupancy rate increased from 40% to 47%

Main resort KPIs

2023



Total revenue,
000'Euro



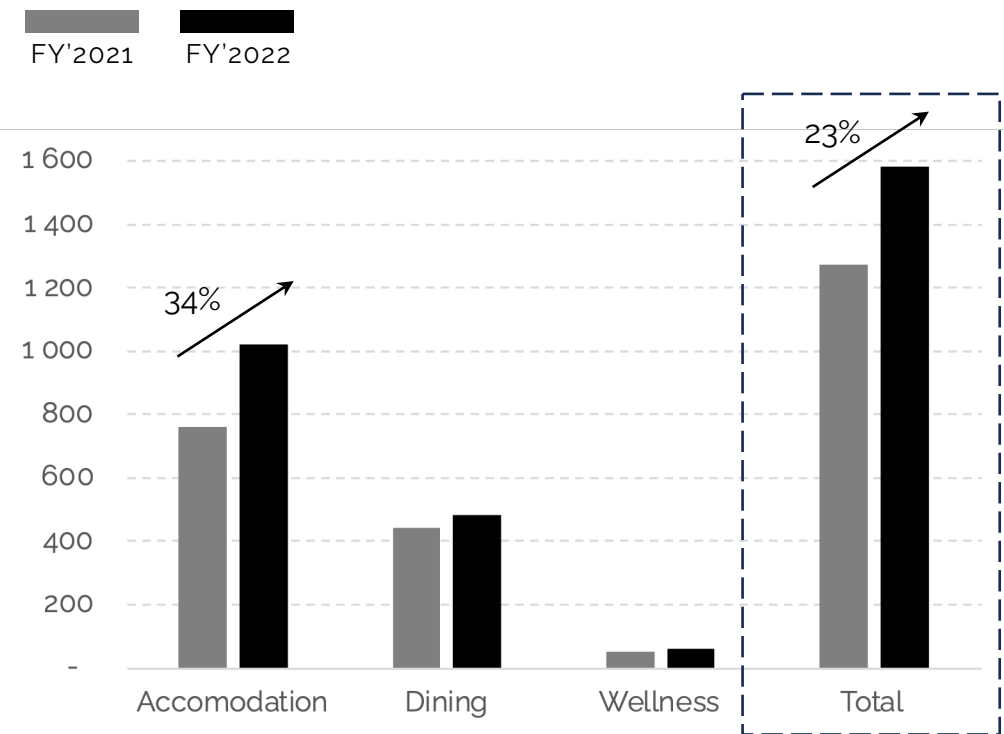
Occupancy
rate, %



RevPAR*

*Notice: Revenue per Available Room measures the revenue generated by each available room at the Resort. $\text{RevPAR} = \text{Occupancy Rate} \times \text{ADR}$

The Resort revenue by main source of income, 000'EUR



Financials.

Detailed analysis of the seasonality

In FY'22 compared to FY'21, ADR and RevPAR raised by 27% and 44% respectively

Traditionally for hotels located near ski resorts, the winter months are extremely profitable.

in summer, August is the most preferable as the locals prefer short weekend-trips to catch fresh mountain air.

In FY'23, the Resort's management forecasts the same tendency in revenue seasonality.

The construction of an outdoor pool will be able to overcome seasonality in the summer months.

Seasonality throughout the year could be overcome by expanding the room stock (more suites in a smaller area) and building a conference room to attract couples and corporate clients.

FY'21 (average)

€74

ADR

€31

RevPAR

FY'22 (average)

€93

ADR

€44

RevPAR

FY'23 (In January)

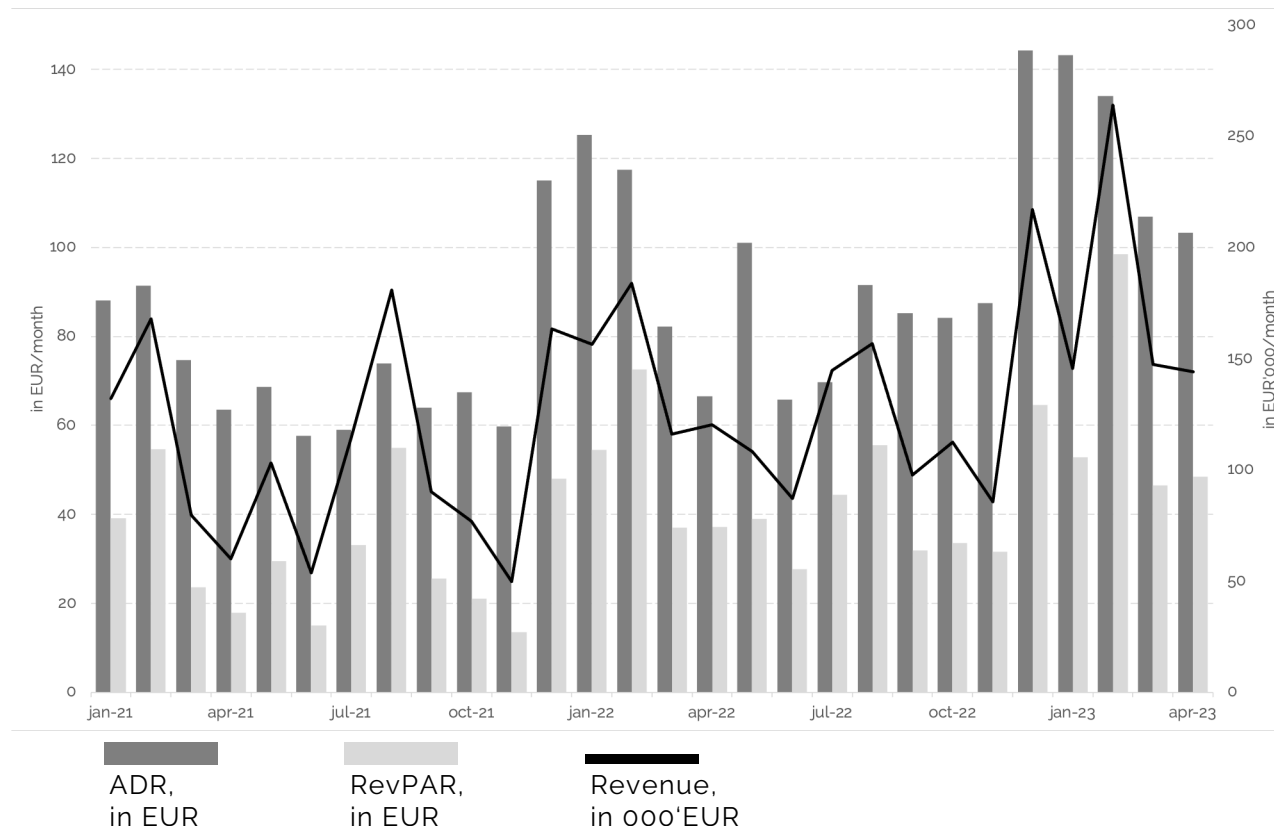
€143

ADR

€53

RevPAR

ADR, RevPAR and Revenue by months, January'2021-April'2023



The use of hot thermal water allows the Resort to save 20% of costs annually*

The structure

operating expenses of the Resort's is stable since its opening

Administrative costs

mainly include the salaries of the staff involved in serving the Resort's guests

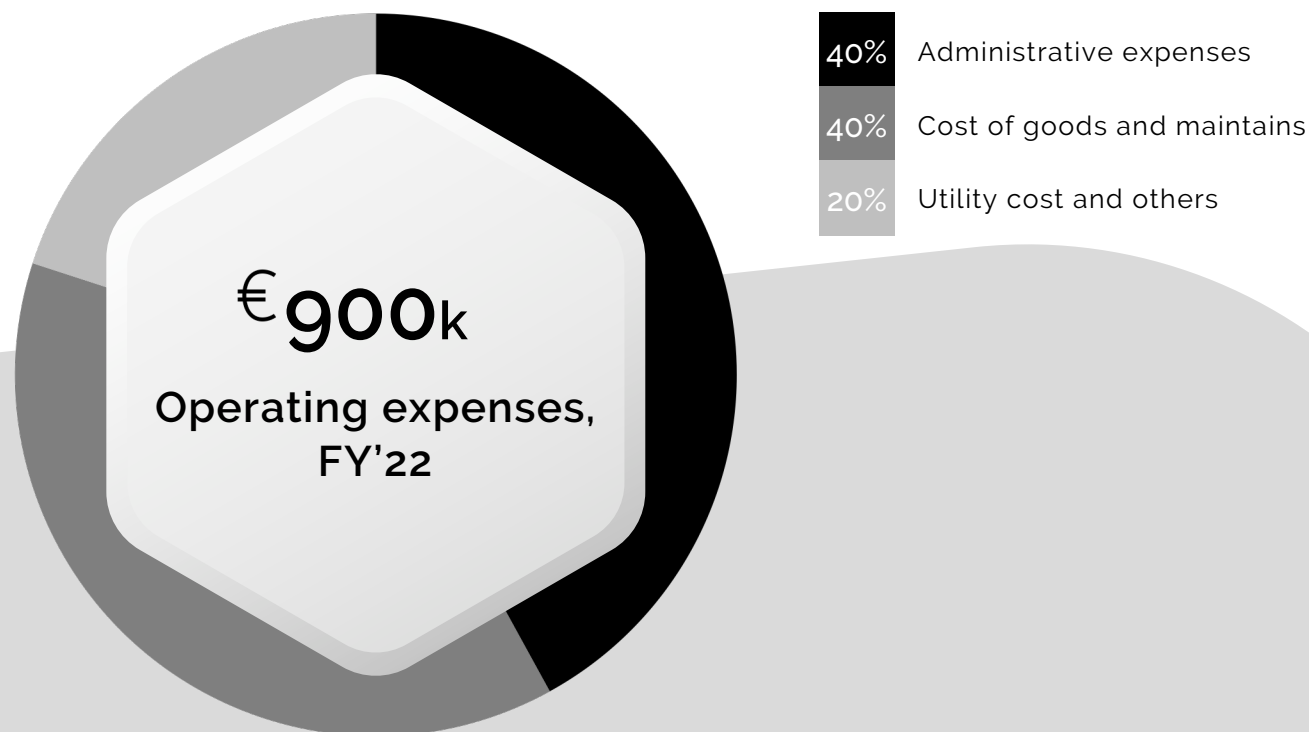
Cost of goods

incorporates the expenses for food and beverage department and maintains of the Resort's infrastructure

Utility cost

In FY22, total operating costs rose due to a significant increase in electricity costs (600%). As a result, the Resort had to raise the cost of accommodation, but not more than the 10% stipulated by the law.

The Resort was able to offset the electricity price increase by timely management decisions and by continuing to use hot thermal water for its needs

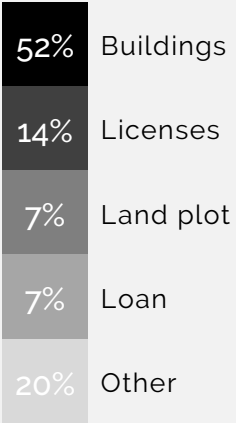


*According to the management's estimation

In FY'22, the market value of the Resort became equal to the share capital of EOOD Ruskovets Resort

The Resort has undergone an annual evaluation by an independent consultancy since it opened. The last appraisal performed in May 2023 stated the increased consolidated evaluation of the Resort.

in 2022, the hotel sold 7 villas on the amount of EUR 700k, which is equal to 10% of the net asset value. Those villas were excluded from the appraisal. However, 12% increase in estimation of EOOD Ruskovets Resort (the owner of major assets of the Resort) was recorded



Liquidation value vs Market value



Appraisal outcome





RUSKOVETS
RESORT



CoastInvests
The real invest