

Summary

- Project: purchase and redevelopment of concrete frame building in Metaxourgio district Athens
- Project size: 7 floors, 2869 m², 60 rooms
- Purchase price: €3M
- Closing costs and due diligence: €150k
- Budget for the completion and finishing: €3M
- Redevelopment budget can be funded via rooms presales to retail investors (rooms stay under the hotel property management)
- Hotel operator: Marriott Autograph Collection
- General contractor: Grekodom Development
- Timeline: 3 months for closing, 15 months for redevelopment, 1 year rent stabilization and sale
- Stabilized EBITDA: €840k
- Project yield to costs: 13.7%
- Exit cap rate and sale price: 7.0% / €12M
- Capital structure: 20% General Partner, investors are invited to participate in LP capital (up to 80% of budget)
- Target cash yield after rent stabilization: 11% net for LP
- Target return for LP investors: 30% Net IRR
- General Partner Commission:
 - 30% of the rent in excess of 7% of the cash return to LP investors
 - Success fee: 30% of profit over 10% IRR LP





Investment theses of the strategy

- Unique timing investment at the beginning of the growth cycle of real estate market in Athens
- Economic growth and restart of mortgage lending from banks in Greece will significantly accelerate real estate prices
- 15% annual increase in tourist traffic over the past five years in the targeted market stimulates demand for short-term rent
- Purchase Price €1000/m² lower than replacement costs
- High net cash return in euro (11%+) to LP investors. GP takes care of all the process, LP investor receives passive income
- Asset sale with 100% profit to invested capital after rent stabilization
- Redevelopment budget can be funded by apartments/rooms presales to retail clients (Golden Visa applicants) – that leads to significant increase of returns to invested capital
- Partnership with experienced companies in the industry, having our own local team in Greece with a successful track record to control and optimize the investment process



Macroeconomics stabilization in Greece

Greek economy is at a turning point of the economic cycle and showing signs of recovery

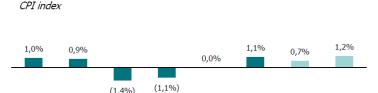


Since the beginning of the crisis, Greece's GDP has fallen by more than 25% but has returned to positive trajectory in 2017

Real GDP growth (%)



Inflation is expected to come back in positive area



2012 2013 2014 2015 2016 2017 2018E 2019E

Disposable income is expected to grow in the next years

Personal disposable income growth (%)



Sovereign Greece 10yr bond yield are stabilizing



Source: IMF World Economic Outlook Database October 2018, IMF World Economic Outlook Database October 2017, Eurostat, Oxford Economics, Hellenic Statistical Authority, National Statistical Service of Greece, www.investing.com



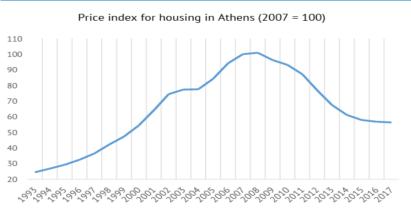
High growth of real estate prices from a low base is projected

Lowest real estate prices in Europe



Source: Numbeo

Purchase at the market bottom



Source: Bank of Greece

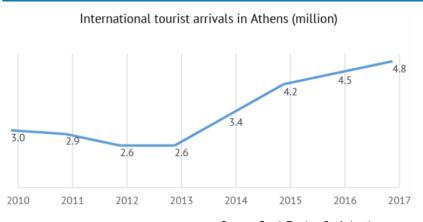
Unemployment decrease and economy growth

Unemployment rate in Greece (%)



Sources: IMF, Focus Economics, Trading Economics

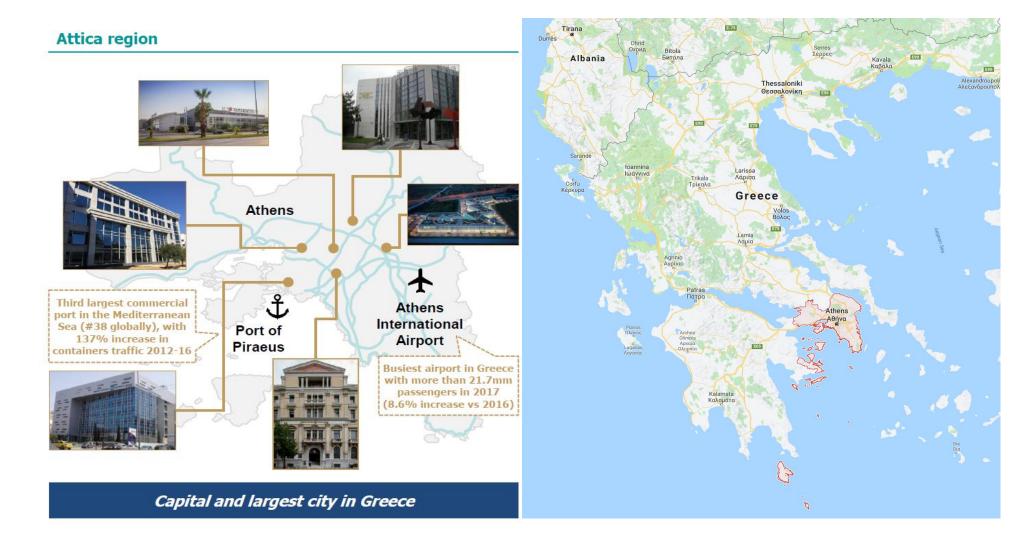
Tourist arrivals increased 2x times



Source: Greek Tourism Confederation

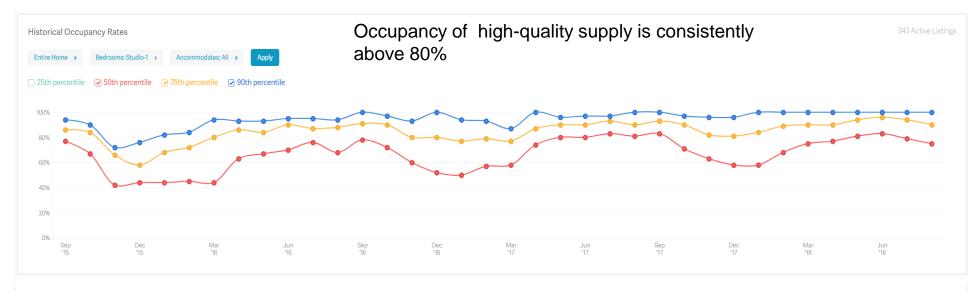


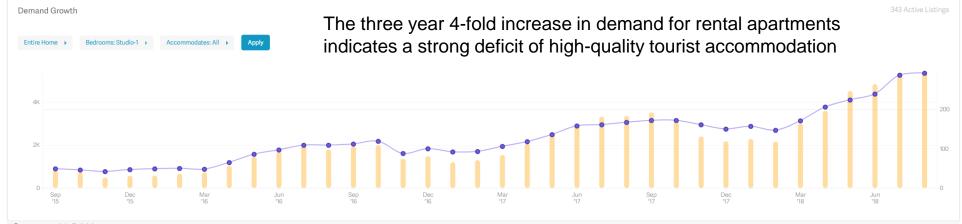
Target market - residential real estate in Attica (Athens and suburbs)





Occupancy of high-quality apartments/rooms is over 80%

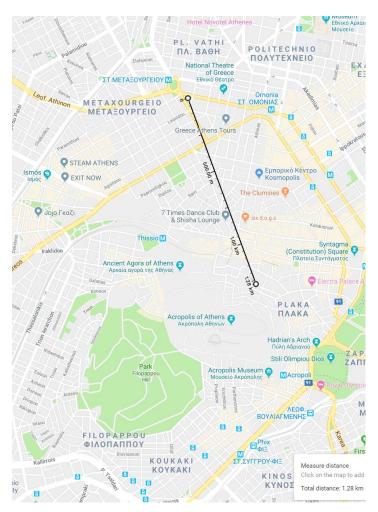


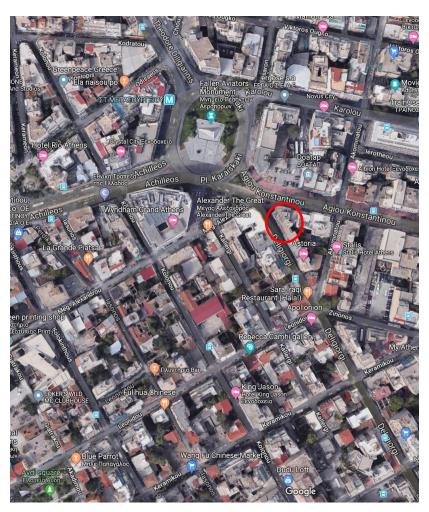


Source: AirDNA



Unique location in the city centre close to Acropolis





The property is located on Karaiskaki square 50 meters from the Metaxourgio metro station and 1.28 km from the Acropolis



Photos











Stacking plan

	1	BASEMENT	Additional space in the basement floor	84,47	
		GROUND FLOOR		84,47	
		1st FLOOR	Space for Hotel usage	187,06	-
		2nd FLOOR	Space for Hotel usage	187,06	-
1	BUILDING 1	3rd FLOOR	Space for Hotel usage	187,42	1
	BUILDING	4th FLOOR	Space for Hotel usage	187,66	+
		5th FLOOR	Space for Hotel usage		
		6th FLOOR	Space for Hotel usage	187,66	
			Space for Hotel usage	187,66	
	1	7th FLOOR	and the same of th	170,32	
_		ROOF	Roof garden - bar - outdoor space	170,32	
			BUILDING 1 TOTAL SQ.M.	1.634,10	
	220		BUILDING 2 (DELIGIORGI 36)		
	1	BASEMENT	Conference room & space for common use	218,60	
			Entrance	49,00	
		GROUND FLOOR	Commercial space	80,20	
			Outdoor space	11,70	
		State Company of the Company	Apartments & space for common use	180,72	
2	BUILDING 2	1st FLOOR	Outdoor space	7,90	
		2-4 FLOOD	Apartments & space for common use	185,12	
		2nd FLOOR	Outdoor space	3,50	
		2-451000	Apartments & space for common use	180,72	
		3rd FLOOR	Outdoor space	7,90	
		4th FLOOR	Apartments & space for common use	150,96	
		4th FLOOR	Outdoor space	7,98	
		ROOF	Roof garden - bar - outdoor space	150,96	
	1		BUILDING 2 TOTAL SQ.M.	1.235,26	
			BUILDING 1 & 2 TOTAL SQ.M.		2.869,36



Rooms NSA

GBA 1634 sqm

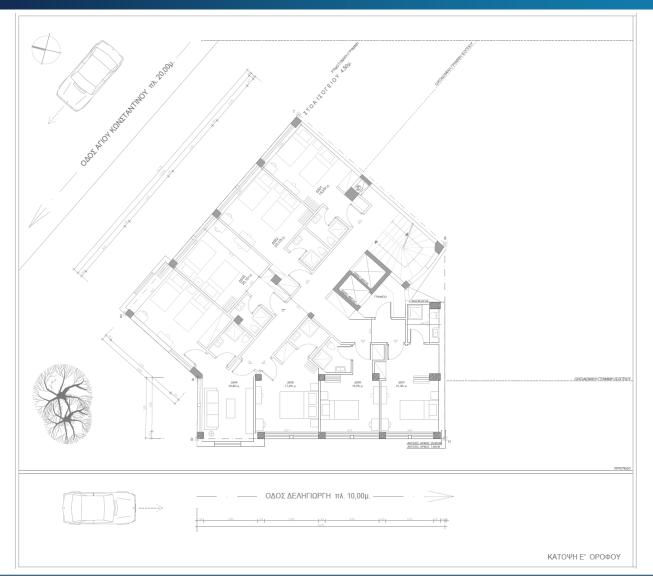
Bld 1		Rooms, sqm						
Basement								
Ground floor								
1 floor	20	20	32					72
2 floor	19	20	20	34	17	16	17	144
3 floor	19	20	20	34	17	16	17	144
4 floor	19	20	20	34	17	16	17	144
5 floor	19	20	20	34	17	16	21	148
6 floor	19	20	20	34	17	16	21	148
7 floor	29	20	20	34	17	16		137
Roof garden								
Total sqm	146	141	153	203	105	98	94	939

GBA 1235 sqm

02:: ==00 04:						
Bld 2		Ro	Total			
Basement						
Ground floor						
1 floor	38	33	34	31		136
2 floor	38	33	34	31		136
3 floor	38	33	34	31		136
4 floor	32	32	31	23		118
Roof garden						
Total, sqm	147	130	132	117	 -	525



Bld 1 typical floor plan (5th floor)





Building Renders







Example of rooms finishing









Budget (1/3)

		Measurement					Unit	
S/N	Works description	unit	Building A	I	Building B	Quantity	price (€)	Total (€)
A	CONSTRUCTION WORKS			\perp				
A.1	Building works - Plastering							
1	External Masonry with isolation	sqm	1.000,00		1.000,00	2.000,00	36,00	72.000,00
2	Concrete zoning	μμ	500,00		500,00	1.000,00	25,00	25.000,00
3	Roughcast	sqm	2.000,00		2.000,00	4.000,00	15,00	60.000,00
4	Sills 2cm	μμ	315		175	490	25,00	12.250,00
A.2	Plasterboard Works							
1	External Masonry 2+2 with isolation 10 cm	sqm	2.160,00		900	3.060,00	32,00	97.920,00
2	Ceilings in the landings and apartments - WC	sqm	1.480,00		900	2.380,00	19,00	45.220,00
3	Balcony fascia I	m	900		350	1.250,00	14,00	17.500,00
A.3	Flooring and Investments works							
1	Supply and installation of laminate flooring inside the apartments	sqm	1.040,00		600	1.640,00	22,00	36.080,00
2	Smoothing cement mortar	sqm	1.500,00		900	2.400,00	8,50	20.400,00
3	Supply and installation of tiles (10e / m2 purchase)	sqm	500		220	720	35,00	25.200,00
4	Supply and installation of tiles in the baths	sqm	1.092,00		500	1.592,00	35,00	55.720,00
5	Stair marble	μμ	250		125	375	40,00	15.000,00
A.4	Paintings							
1	Painting (troweling (masonry and apartment ceilings, masonry and landings ceilings)	sqm	4.000,00		2.500,00	6.500,00	7,00	45.500,00
2	Acrylic paints (without scaffolding)	sqm	1.350,00		1.000,00	2.350,00	6,00	14.100,00
3	Scaffold - occupation of a pavement	sqm	1,4		0,6	2	4.000,00	8.000,00
A.5	Carpentry works							
1	Double rail wardrobes	pes	50		20	70	400,00	28.000,00
2	Indoor laminate doors	pes	85		20	105	220,00	23.100,00



Budget (2/3)

3	External security doors	pes	50	$oxed{oxed}$	20	70	350,00	24.500,00
4	Kitchens				20	20	500,00	10.000,00
	Miscellaneous							
1	Roof insulation: water vapor barrier, 5 cm thermal insulation, lightweight concrete, asphalt 5 kg / m2 SBS-20 180gr reinforcement, cement mortar reinforced.	sqm	180		185	365	45	16.425,00
	Rails	mm	55		65	120	60	7.200,00
	ALUMINUM OF BUILDING	*****	600		300	900	218,00	196.000,00
	The Market of Belliphyo					,,,,	2.0,00	
	Machinery							
В	Hydraulic works (water supply - drainage)							
1	Water supply and drainage works in the bathrooms including the hydraulic pipes (hot-cold) in washbasins and showers, the hydraulic piping of the basin and drainage pipes in washbasins, basins and showers. Four new vertical drainage columns are included	pes	52		20	72	950,00	68.400,00
2	Supply of sanitary items (includes a basin Duravit, a washbasin with a column, a built-in shower for each bathroom, a washbasin mixer, a shower mixer and accessories)	pes	52		20	72	500,00	36.000,00
3	Installation of sanitary items	pes	52		20	72	150,00	10.800,00
		•						,
Γ	ELECTRICAL WORKS							
1	The works to be done in the building are as follows:							
	In each room will be placed:							
	6 Schuko							
	2 switches aller retour, 1 switch commutateur,							
	2 simple switches							
	1 telephone socket							
	1 network socket							
	1 TV socket							
	5 lighting points							
	1 wall electric panel		53		20	73	1.315,00	95.995,00
	One lighting line 3χ1,5 with 10A safety							
	One line for sockets 3χ2,5 with 16A safety							
	One line 3\(\chi_2\),5 for the air conditioner with 16A safety							
	One line 3x4 for the electric heater 20A safety							
	One line 3χ6 for an electric cooker with 25A safety							
	One Utp cat 6e line for the telephone socket							
	Installation of intercoms		1					



Budget (3/3)

	Installation for lighting in the stairwell with a push-button on each floor and a lighting spot							
	The central supply will be NYY 3x10	pes						
2	Switches and sockets legrand valena	pes	53		23	76	100,00	7.600,00
3	Intercom etc	pes	1		1	2	2.500,00	5.000,00
	BASEMENTS - GROUND FLOOR							
	Electrical installation (three-phase panel, wiring, switches and sockets)	pes	1		1	2	1.200,00	2.400,00
Δ.1	ROOMS EQUIPMENT, FURNITURE, ELECTRICAL APPLIANCES							300.000,00
Δ.2	STRENGTHENING OF BEARING CONSTRUCTION OF BUILDING							350.000,00
	Country to the state of the country							
Δ.3	Somfy electrically operated somfy systems with German fabric and pergola fabric	pcs						40.000,00
Δ.4	LIGHTING SYSTEM OF FACADES AND ROOMS							88.000,00
Δ.5	Ventilation - Air Conditioning							
1	Ventilation motor per we with control by switch	pes	50		23	73	100,00	7.300,00
2	Supply and installation of air conditioners 9000 btu for pipe of 3 metres	pes	52		23	75	500,00	37.500,00
E	HOT WATER							
1	Integrated hot water production and distribution system with solar panels and heat pump 3way valves, automatic operation. It includes the central columns with collectors, recirculation in the collectors, and distribution in the rooms, pipework for pipe passage, remedial cement mortar and panel and heat pump boiler 3way valves etc. complete system in operation.	pes	1,3		0,7	2	35.000,00	70.000,00
ΣΤ.1	ELEVATOR	pes	2		2		80.000,00	80.000,00
ΣT.2	ISSUANCE OF BUILDING PERMIT							114.000,00
ΣT.3	PURCHASE AND INSTALLATION OF WATER AND ENERGY COUNTE	RS						25.000,00
ΣΤ.4	INSURANCE CONTRIBUTIONS							22.000,00
Z .1	ROOF GARDEN,RESEPTION,RESTAURANT							120.000,00
	TOTAL							2.335.110,00
	GENERAL COSTS AND FEE OF CONTRACTOR							88.000,00
<u> </u>	TOTAL			Щ_				2.423.110,00
	VAT 24%							581.546,40
	GENERAL TOTAL							3.004.656,40



Project economics

- Gross rental income: €70 ADR* per 20 m² (€3.5/m²), occupancy after stabilization 75%, total NSA 1464m² 3.5 x 1464 x 75% x 365 = €1.4M annually (net of VAT and excluding other revenue from food and services)
- Operating expenses for accommodation: 40% of rental revenue (food and services provided separately at cost)
- EBITDA: ~€840k per year
- Investment budget: €6.150M
 - Purchase €3M
 - Due diligence and closing costs €150k
 - Redevelopment €3M (can be funded through rooms presales)
- Development yield: €840k / €6.15M = **13.7%**
- Sale after stabilization at 7% exit cap rate: €12M
- Profit before asset management fees: €12M €6.15M
 = €5.85M (97% profit for 2x years ex presales)
- Rooms presales increase IRR on invested capital

^{*} Newly built Stanley Hotel 4* 100m away to the project charges €60 per day at low season and €120 at high season for 20m² rooms





Taxation in Greece

Purchase of real estate for an individual/family:

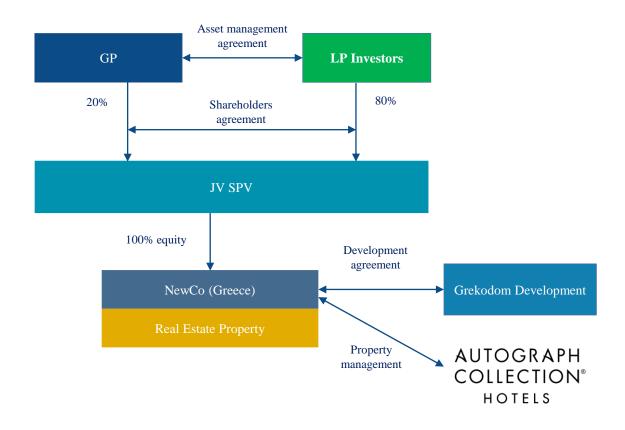
- 1) Rent income tax:
 - €0 €12k: 15%
 - €12k €35k: 35%
 - €35k+: 45%
- 2) Capital gain tax 0%
- 3) Property tax: 2-12 €/m2 per year
- 4) Transfer tax 3.09% from the cadastral valuation in the sale, paid by the buyer

Purchase for a company (Holding company in Cyprus, a subsidiary of SPV in Greece)

- 1) Income tax:
 - Rate: 26% from January 1st, 2019
 - Thin capitalization: 3/1
 - Deductible interest: 5% in the case of a loan, 10% in the case of issuing bonds. Other options for optimizing income tax are also possible.
- 2) Tax on the sale of real estate 26% (capital gain tax = income tax), zero tax on sale via company shares
- 3) Dividend tax not applicable between companies within the EU
- 4) Property tax: 2-12 €/m2 per year
- 5) Transfer tax 3.09% from the cadastral valuation at sale, paid by the buyer
- 6) 6.5% VAT on accommodation and 13% VAT on food and services



Transaction structure (TBD)





About the company

Alphatek Advisors is an alternative investment platform. Our team is represented by professionals and entrepreneurs with 12 years of experience in the field of business creation and development, asset management and building complex IT systems.

We offer wealthy investors (HNWI) a wide range of investment strategies and opportunities in both the global financial market and the direct investment market with a range of targeted returns from 5% to 25% per annum (depending on asset class, currency and risk level).

The proposed investment strategies, such as Smart Beta, Pure Alpha, P2P loan portfolio are based on years of research and development of our team, have a long track record and outstanding risk-return characteristics, and presented for the first time in the Russian market for retail clients.

In the area of direct investment in existing business or new projects, investors are invited to participate in the GP / LP capital structure (General / Limited Partner) as LP partners with the ability to receive priority on the distribution of profits from the project. We participate as a General Partner and provide operational management of the project, as well as investing our own capital in the amount of 5-20% of assets, which guarantees compliance with the interests of the management team and investors.

The company also provides services in the field of investment consulting, structuring investments, optimizing taxation, obtaining investment citizenship and a residence permit.

For the owners of the existing business or entrepreneurs with greenfield projects, we provide services for operational management, attracting GP-LP capital, selling a business or assets.



