



Apart Hotels Athens

June 2019

Summary

- Strategy: value-add investments in residential real estate in Attica (Greece, Athens and the suburbs) below replacement cost with further renovation and creation of a network of apartment hotels
- Current project: purchase of an unfinished boutique hotel in the center of Athens for 18 rooms
- Size and cost of the property: 984 m2, €800k
- Closing costs and due diligence: €50k
- Budget for the completion and finishing: €750k (can be funded through apartments presales)
- Timeline: 3 months for the purchase and approval of the project, 9 months for redevelopment, 1 year rent stabilization and sale
- Capital structure: 20% General Partner (Alphatek Advisors), investors are invited to participate in LP capital (up to 80% of the total budget)
- Target cash yield after rent stabilization: 12% net for LP investors
- 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: 40% of profit over 10% IRR LP
- General contractor and property manager: Grekodom Development



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 will significantly accelerate prices for residential real estate
- 15% annual increase in tourist traffic over the past five years in the targeted market stimulates demand for short-term rental
- Attractive real estate prices lower than the replacement cost in central Athens
- High cash return in euro (12%+) to investors net after property management fees and utilities. We take care of all the process, an investor receives passive income
- Asset sale with a 80% profit to invested capital after rent stabilization in 1 year after redevelopment completion
- Redevelopment budget can be funded by apartments presales to retail clients – that leads to significant increase of returns to invested capital
- Residence permit for investors over €250k (Golden Visa)
- Low risks of losses, diversification of the investment portfolio by exchange rate risks
- 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
- Investors passively receives high return over 30% Net IRR, we take care of all investment and operational process on our own

Macroeconomics stabilization in Greece

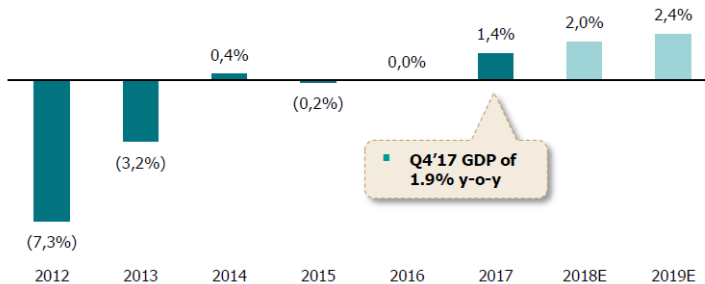
Greek economy is at a turning point of the economic cycle and showing signs of recovery



NBG PANGAEA

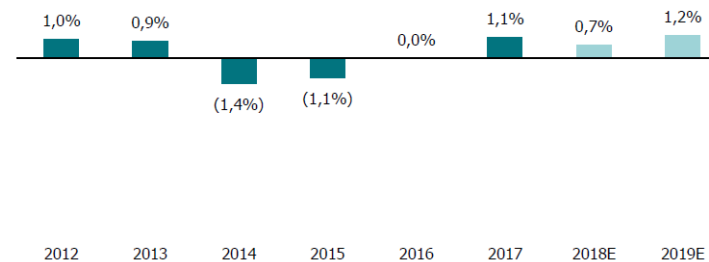
Since the beginning of the crisis, Greece's GDP has fallen by more than 25% but has returned to positive trajectory in 2017

Real GDP growth (%)



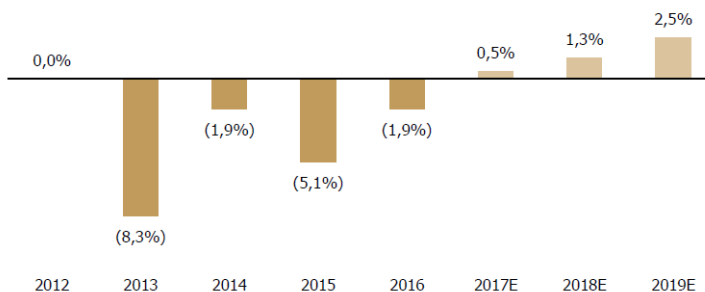
Inflation is expected to come back in positive area

CPI index



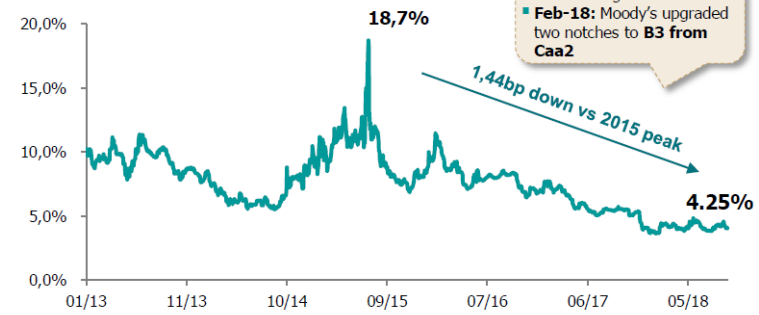
Disposable income is expected to grow in the next years

Personal disposable income growth (%)



Sovereign Greece 10yr bond yield are stabilizing

Greece 10 year sovereign bond YTM

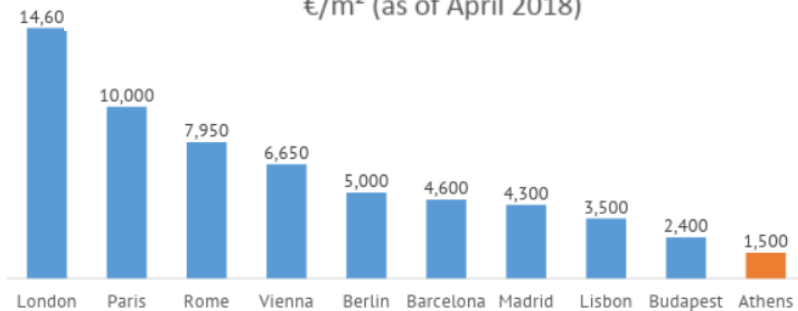


Source: IMF World Economic Outlook Database October 2018, IMF World Economic Outlook Database October 2017, Eurostat, Oxford Economics, Hellenic Statistical Authority, National Statistical Service of Greece, www.investing.com

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

Lowest real estate prices in Europe

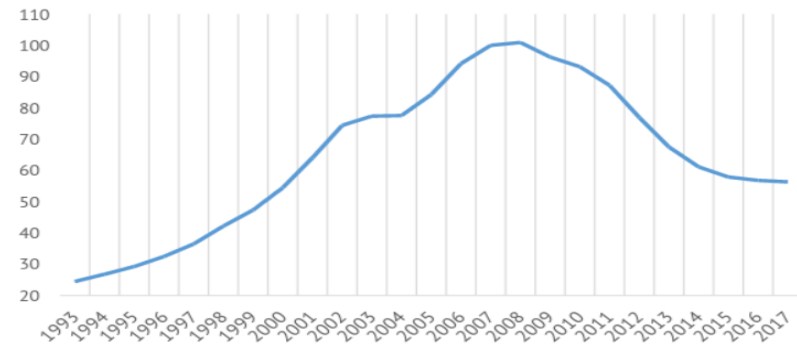
Average price of housing in prime locations in European capitals, €/m² (as of April 2018)



Source: Numbeo

Purchase at the market bottom

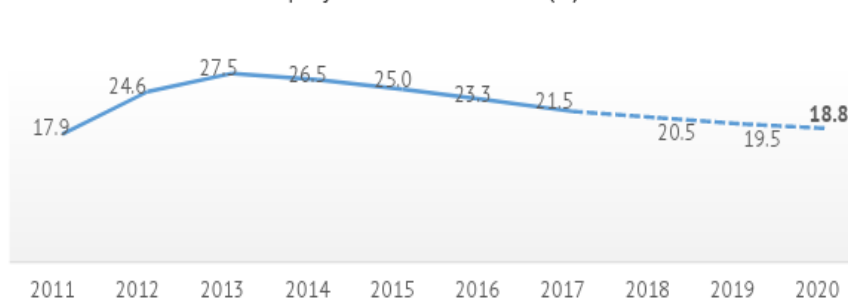
Price index for housing in Athens (2007 = 100)



Source: Bank of Greece

Unemployment decrease and economy growth

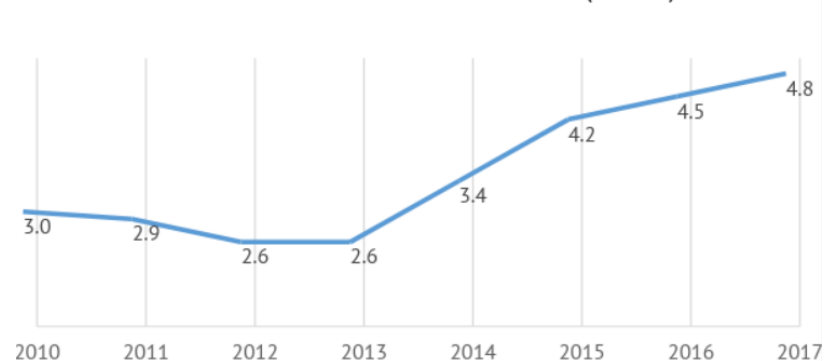
Unemployment rate in Greece (%)



Sources: IMF, Focus Economics, Trading Economics

Tourist arrivals increased 2x times

International tourist arrivals in Athens (million)



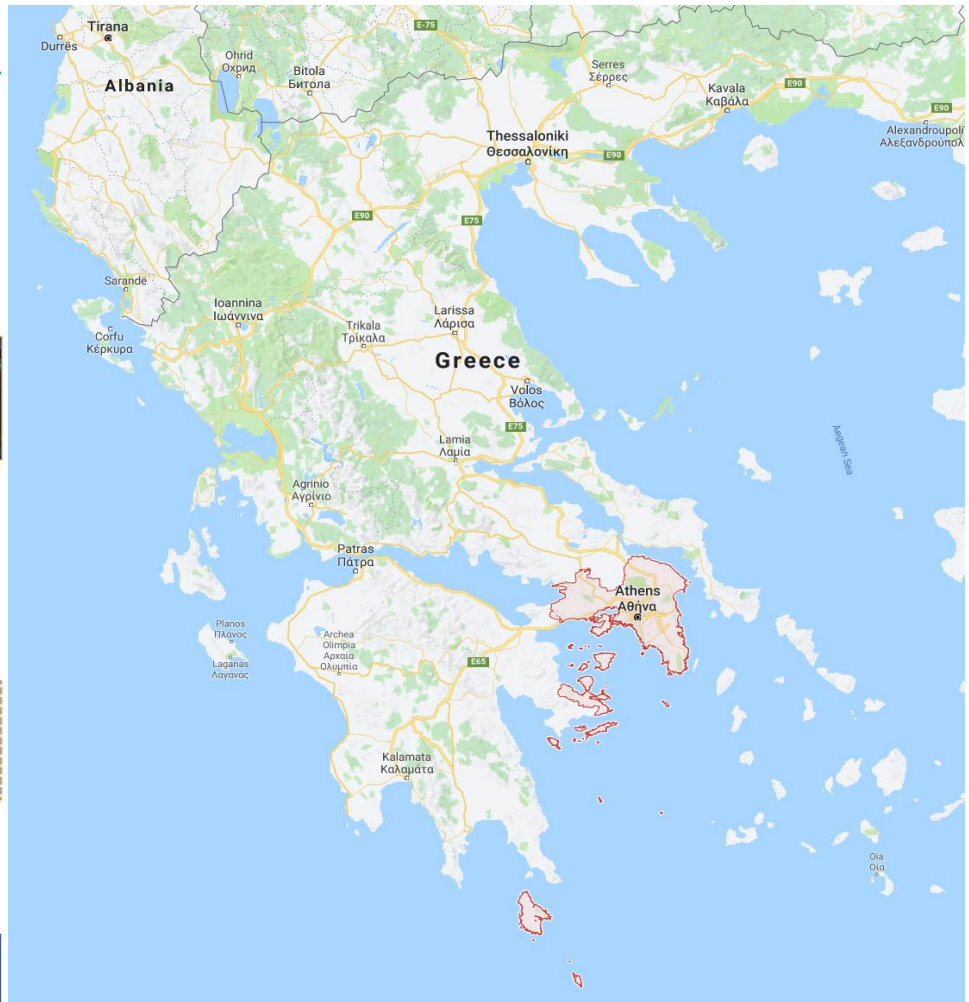
Source: Greek Tourism Confederation

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

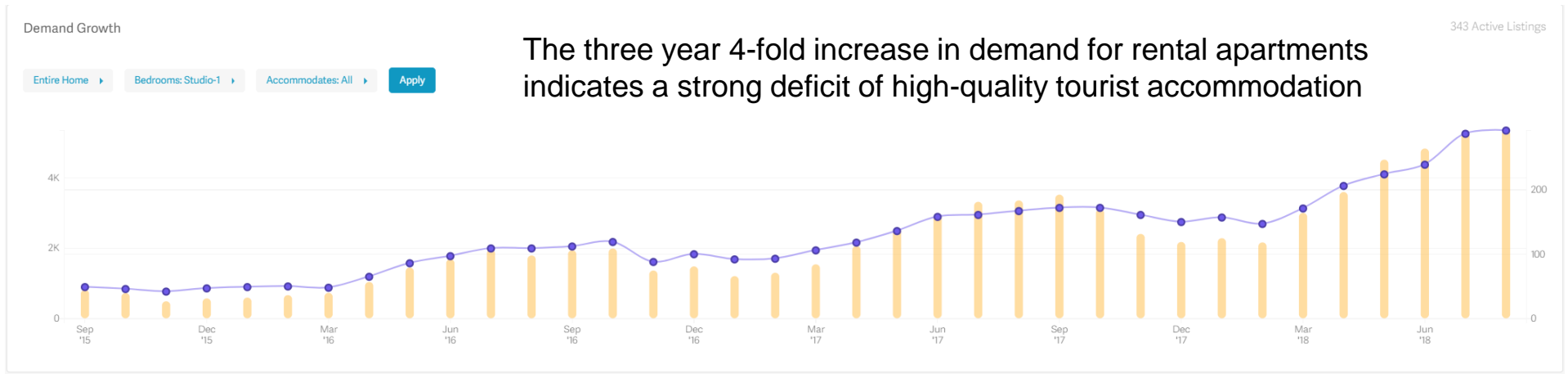
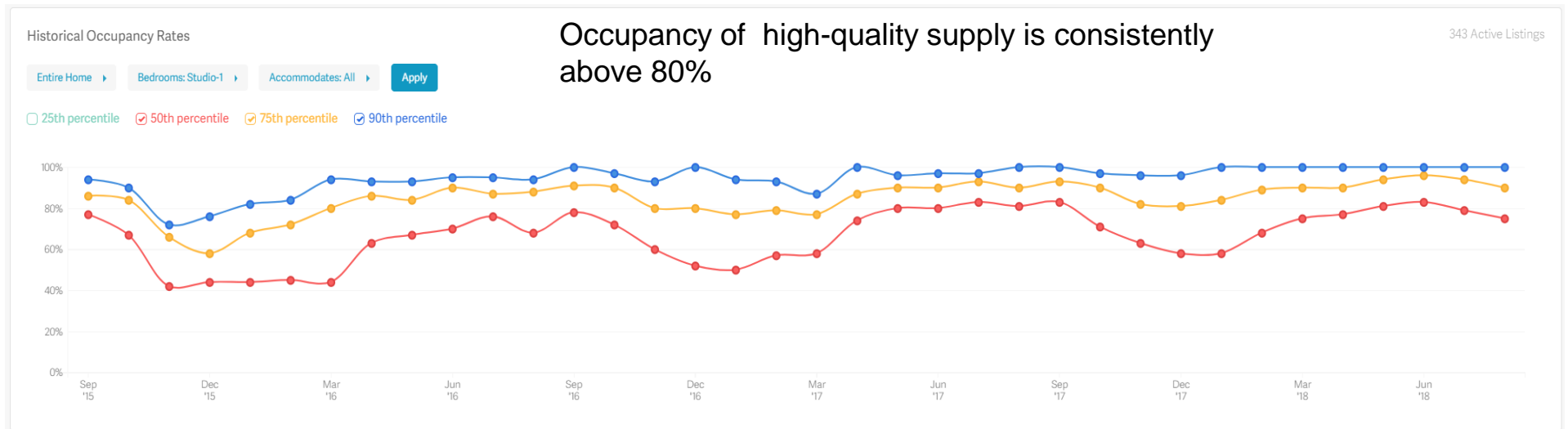
Attica region



Capital and largest city in Greece

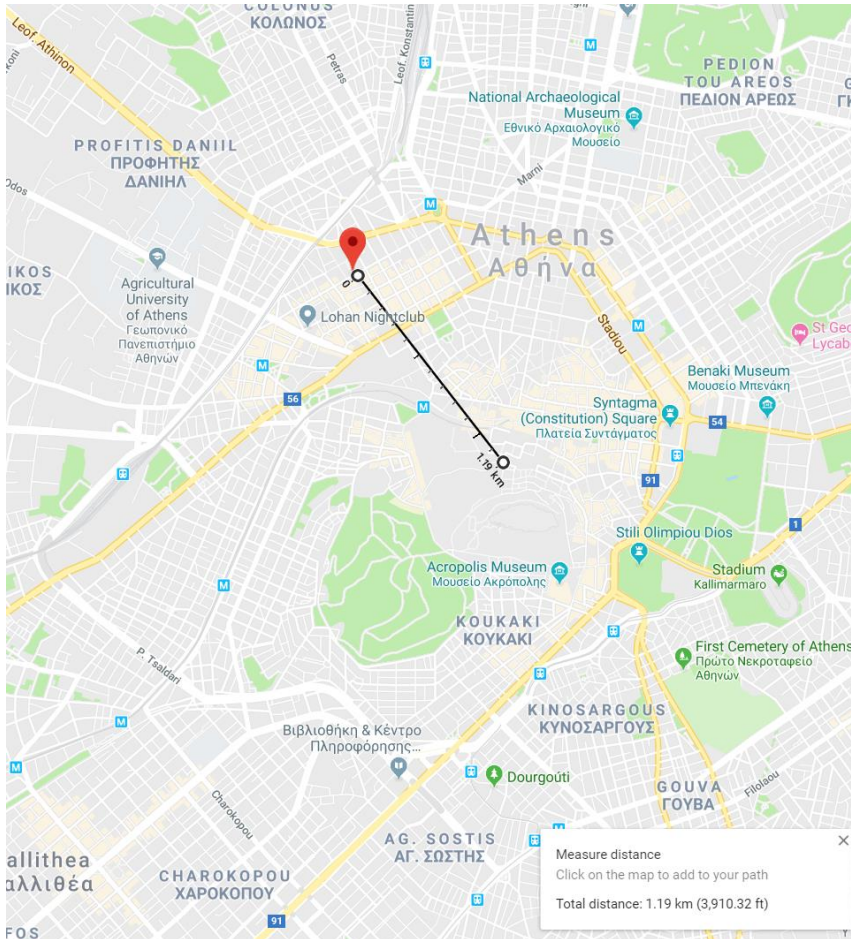


Occupancy of high-quality apartments is over 80%



Source: AirDNA

Current project - unique location of the property



The property is located 500m from the metro station Metaxourgio and 1.2 km from the Acropolis

Project parameters

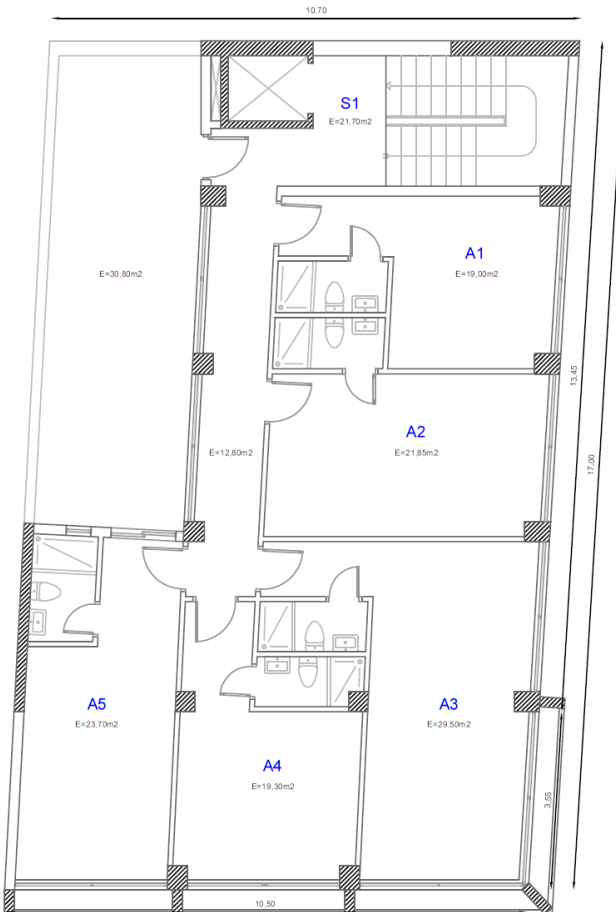
| Area | 984 m² |
|------------------|--------------------------|
| Ground floor - 2 | : 83 m ² |
| Ground floor - 1 | : 142 m ² |
| First floor | : 120 m ² |
| Mezzanine | : 83 m ² |
| Second floor | : 148 m ² |
| Third floor | : 148 m ² |
| Forth floor | : 148 m ² |
| Fifth floor | : 111 m ² |



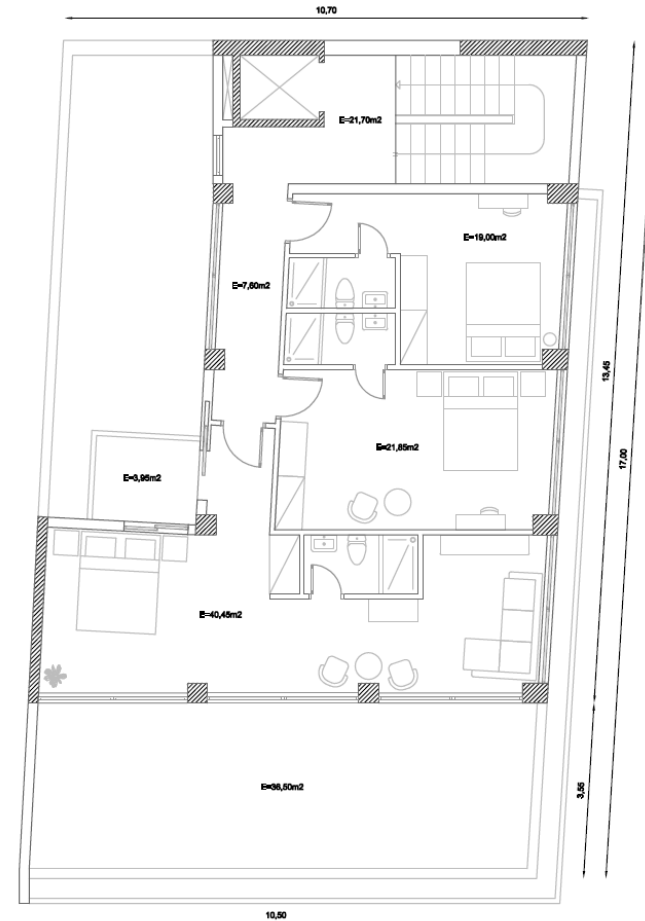
Floor plans

M.ALEXANDROU 84 1st FLOOR

A1= 19,00m²
 A2= 21,85m²
 A3= 29,50m²
 A4= 19,30m²
 A5= 23,70m²
 S1= 21,70m²
 S2= 12,80m²
 Total= 147,85m²



4th floor



2 underground floors, 1 ground floor for retail, 4 floors with 18 rooms

Building Renders



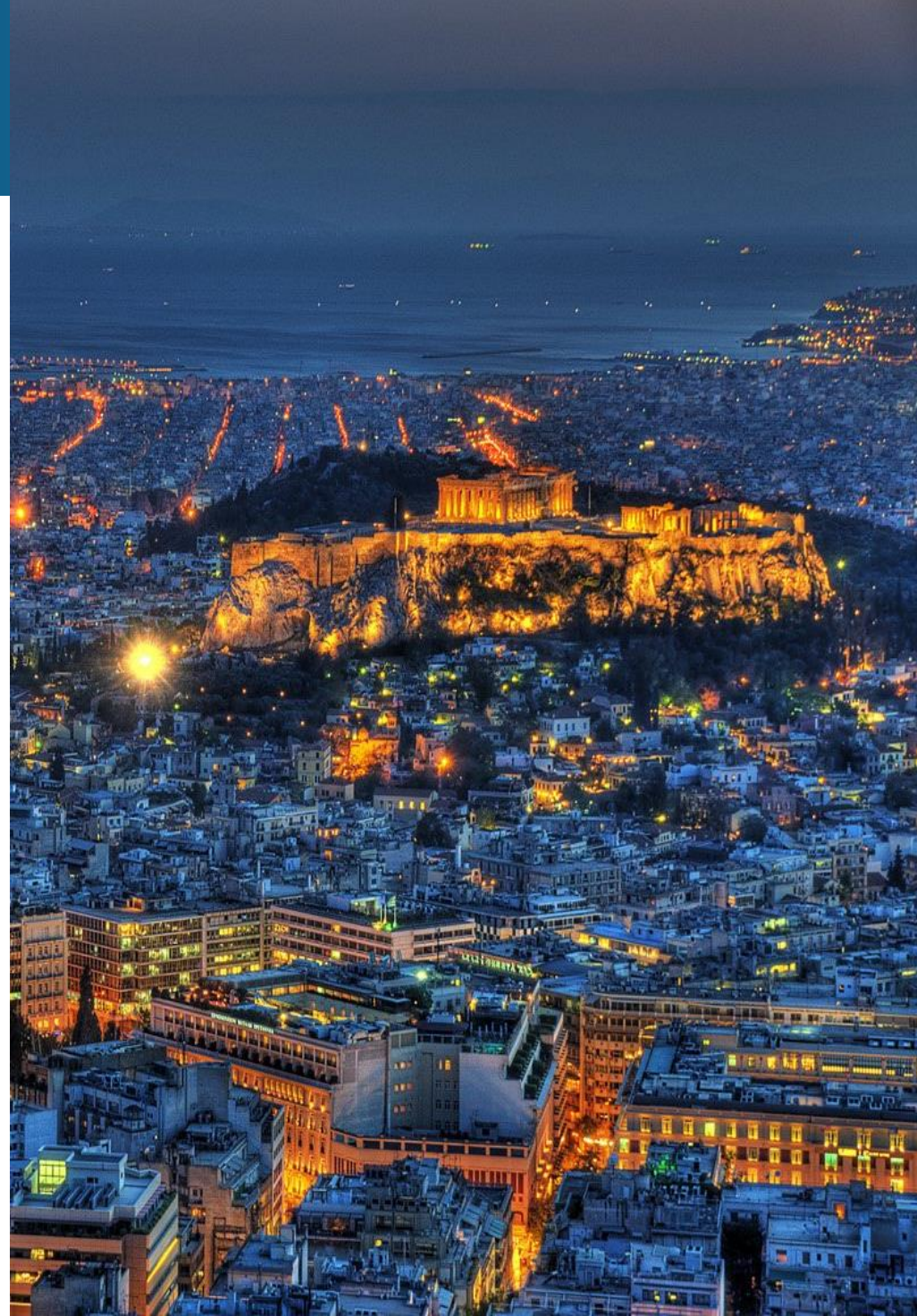
Example of rooms finishing




Project economics

- Gross income: $\text{€70 ADR}^* \times 75\% \text{ Occupancy} \times 365 \text{ days} = \text{€19.16k per room per year} \times 18 \text{ rooms} = \text{€345k per year gross rent}$
- Operating expenses: cleaning - €5 per day per room, property management - 15% of rent, maintenance and repair – 5% of rent, utilities – €50 per room per month. Total expenses before tax **€95k per year.**
- EBITDA: **~€250k per year**
- Investment budget: **€1600k**
 - Purchase **€800k**
 - Due diligence and closing costs **€50k**
 - Redevelopment **€750k** (can be funded through rooms presales)
- Gross yield before income tax: $\text{€250k} / \text{€1700k} = \textbf{15\%}$
- Income tax 26%: $(\text{€250k} - \text{deductible expenses}) \times 26\% = \text{€50k}$
- FCFE: **€200k**
- Sale after stabilization at 7% exit cap rate: **€2.9M**
- Profit before asset management fees: **€2.9M - €1.6M = €1.3M (80% profit for 1.5-2x year ex presales)**

* Newly built Stanley Hotel 4* close to the project charges €60 per day at low season and €120 at high season for 20m² rooms




Example of the price for a finished hotel - € 2.8M



КомпанияНедвижимостьПоискКонтакты

Код объектаПоиск



3 / 16

Информация

| | |
|----------------|-------|
| Код объекта: | 12949 |
| Кол-во спален: | 21 |
| Гостиная: | 1 |
| Кухня: | 1 |

Гостиница, 1000 m2

€ 2.800.000

Athens - Centre, Neos Kosmos

Описание

Неос Космос ПРОДАЁТСЯ Гостиница 21 Помещения, 1 Гостиная 1 Кухня 21 Ванная Площадь: 1000 m2, , Отличное состояние, Лифт, Вид, А/С, Окна и Двери, Меблированная, Шкаф, Широкий обзор, Светлая, Код. 12949, 2.800.000 €

Добавить в избранное: ❤️


Меня интересует

Интересуюсь недвижимостью с кодом 12949. Пожалуйста, свяжитесь со мной.

Имя

Телефон

E-mail

☐ Я не робот 

Отправить

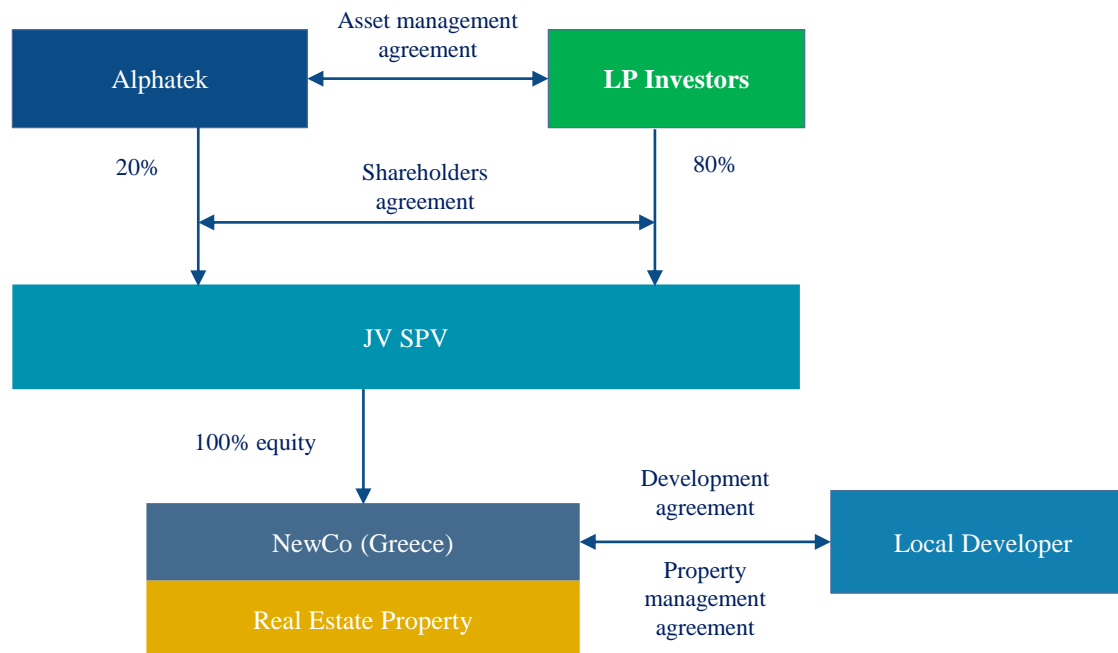
Вам нужна помощь?

Свяжитесь с нами

(+30) 210 80 26 132

<http://www.grecahouse.com/property/6390/%D0%9F%D1%80%D0%BE%D0%B4%D0%B0%D0%B6%D0%B0-%D0%93%D0%BE%D1%81%D1%82%D0%B8%D0%BD%D0%B8%D1%86%D0%B0-Neos%20Kosmos-1000-m2/>

Transaction structure



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 – missing 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) There is no VAT, unless additional services are provided specific for a full service hotel.

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.

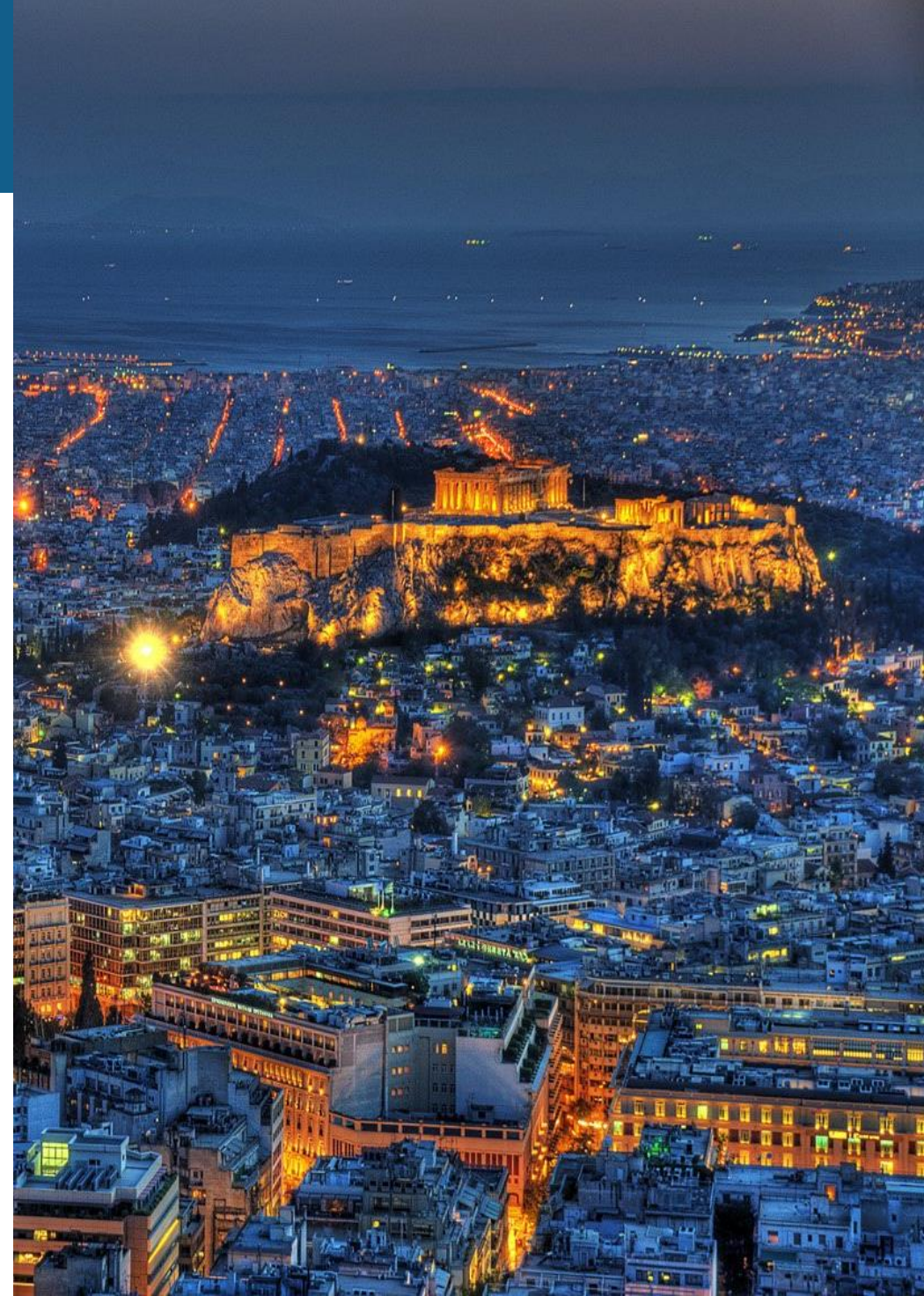
We offer wealthy investors (HNWI) a wide range of investment strategies and opportunities in both the global financial market and the direct investment market with a range of targeted returns from 5% to 25% per annum (depending on asset class, currency and risk level).

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.

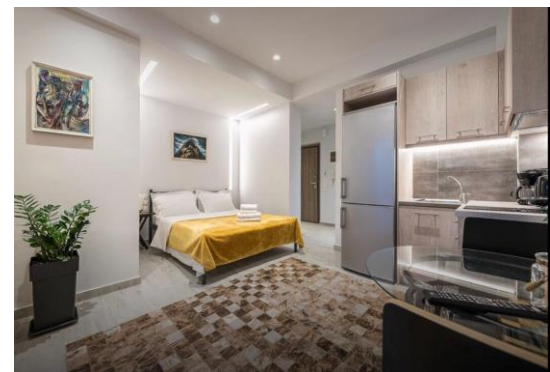
In the area of direct investment in existing business or new projects, investors are invited to participate in the GP / LP capital structure (General / Limited Partner) as LP partners with the ability to receive priority on the distribution of profits from the project. We participate as a General Partner 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.



Alphatek Greece track record: more than 20 realized projects



Examples of realized projects (1/2)

| N | Location | Area, m2 | Purchase Price, €k / Date of purchase | Renovation Budget, €k | Net rent average daily ex platform fee | Status | Net yield to cost | Comments / links |
|----|----------------------------------|-----------------------------|---------------------------------------|---------------------------|--|--|-------------------|--|
| 1 | Zinonos street (Omonia district) | 31m2 6 th floor | €23k bought in 2017 | €11k | Long term rent at €400 net monthly | Operating | 12% | https://drive.google.com/open?id=1mQTmGb9D93S4i8wRcb5ztFSn5aLR9z4q |
| 2 | Nea Smyrni | 36 m2 1 st floor | €27k bought in 2018 | €13k | Long term rent at €400 net monthly | Operating | 10% | https://drive.google.com/open?id=1PRPBHxKjifNrPmZg1KXPHvk4cmYXgCM |
| 3 | Michael Voda 24 | 65 m2 1 st floor | €37k bought in 2017 | €4k | Long term rent at €650 net monthly | Sold for €65k in 2018 | 14% | Sold with €24k profit |
| 4 | Metaxourgio | 38 m2 1 st floor | €23k bought in 2016 | €14k | €30 low season €50 high season | Sold for €56k in 2018 | 16% | Sold with €19k profit https://www.booking.com/hotel/gr/vip-apartment-near-metro-metaxourgio.ru.html?label=gen173nr-1 |
| 5 | Palaio Faliro 200m to the beach | 27 m2 ground floor | €27k bought in 2016 | €14k | €30 low season €60 high season | Sold for €65k in 2018 | 15% | Sold with €24k profit https://drive.google.com/open?id=1xC2nI6NDVabiJY5Qg_RpFfF1LOU3v_nx |
| 6 | Kypseli | 27 m2 4 th floor | €15k bought in 2017 | €18k | €25 low season €45 high season | Sold for €50k in 2018 | 15% | Sold with €17k profit https://drive.google.com/open?id=1FtUeMwUnZ4cuoGsJ3kgPrk2HbAdKbIND |
| 7 | Palaio Faliro 50m to the beach | 25 m2 ground floor | €46k bought in 2018 | No additional investments | €25 low season €60 high season | Sold for €60k in six months after purchase | 15% | Sold with €14k profit |
| 8 | Michael Voda 34 | 62 m2 4 th floor | €17k bought in 2017 | €18k | €45 daily average annual rate | Operating €100k bid price (we hold) | 14% | https://abnb.me/BjdOvb2FeT |
| 9 | Michael Voda 41 | 55 m2 5 th floor | €28k bought in 2018 | €15k | €40 daily average annual rate | Operating €100k bid price (we hold) | 14% | https://abnb.me/ZzHthtML6P |
| 10 | Kallithea, Socratus 133 | 67 m2 5 th floor | €31k bought in 2016 | €17k | €35 low season €55 high season | Operating €90k bid price (we hold) | 12% | https://abnb.me/v0h0QUFh4P |
| 11 | Neos Cosmos Singrou | 27 m2 4 th floor | €16k bought in 2016 | €12k | €30 low season €45 high season | Operating €75k bid price (we hold) | 16% | https://abnb.me/pewdzcmfgT |

Examples of realized projects (2/2)

| N | Location | Area, m2 | Purchase Price, €k / Date of purchase | Renovation Budget, €k | Net rent average daily ex platform fee | Status | Net yield to cost | Comments / links |
|----|---|--------------------------------|---------------------------------------|------------------------------|---|--|-------------------|---|
| 12 | Larisis station | 55 m2 5 th floor | €17k bought in 2017 | €24k split to two apartments | €12k net annual rent | Operating €100k bid price (we hold) | 22% | https://abnb.me/gvPlx4bfgT https://abnb.me/rgUBXG2egT |
| 13 | Larissis station, Alkaviadu 7 | 53 m2 1 th floor | €28k bought in 2018 | €17k | Just finished fit-out, estimated rent: €30 low season €40 high season | Operating €80k bid price (we hold) | 13% | https://drive.google.com/open?id=1HS-2Wmo4X01dzHsnarkH6acPAfRsoiv |
| 14 | Palaio Faliro Amfitritis 14, 50m to the beach | 30 m2 4 th floor | €45k bought in 2017 | €5k | €35 low season €60 high season | Sold for €85k in 2019 | 14% | https://www.booking.com/hotel/gr/sweet-home-50-m-from-sea-beach.ru.html?label=gen173nr-1 |
| 15 | Kallithea, Thiseos 319 | 50 m2 4 th floor | €38k bought in 2018 | €20k | Just finished renovation | To be sold for €120k in 2019 | NA | https://www.xe.gr/property/poliseis%7Ckatoikies%7Ctitzifies%7C579242268.html |
| 16 | Palaio Faliro Ivis Athanasiadou 102 | 49 m2 1 th floor | €60k bought in 2018 | €20k | Just finished renovation | To be sold for €140k in 2019 | NA | https://drive.google.com/open?id=1QZ9MxeJ7srlCRoE3EsqiwU39snsWGoNb |
| 17 | Kallithea, Socratus 133 | 65 m2 6 th floor | €30k bought in 2016 | €18k | €40 low season €60 high season | Operating €130k bid price (we hold) | 10% | https://www.booking.com/hotel/gr/modern-apartment-near-the-sea-and-acropolis.ru.html?label=gen173nr-1 |
| 18 | Kiprou | 50 m2 ground floor | €26k bought in 2018 | €18k | €20 low season €40 high season | Renovation in progress | NA | Estimated net yield to cost 10-12% |
| 19 | Chiou | 30 m2 1 th floor | €25k bought in 2018 | €13k | €20 low season €40 high season | Renovation in progress | NA | Estimated net yield to cost 10-12% |
| 20 | Nefitou Metaxa | 30 m2 1 th floor | €25k bought in 2018 | €13k | €20 low season €40 high season | Renovation in progress | NA | Estimated net yield to cost 10-12% |
| 21 | Michael Voda | 38 m2 1 th floor | €33k bought in 2019 | €13k | €20 low season €40 high season | Renovation in progress | NA | Estimated net yield to cost 10-12% |
| 22 | Metaxourgio | 52 m2 2 th floor | €75k bought in 2019 | €18k | €35 low season €70 high season | Renovation in progress | NA | Estimated net yield to cost 10-12% |
| 23 | Pankrati | 80 m2 2 th floor | €60k bought in 2019 | €30k | To be split into two | Renovation in progress | NA | Estimated net yield to cost 10-12% |

Highest scores in the platforms (№10 in the track record table)

Apartment Info & Price

Facilities

House Rules

Guest Reviews (8)

Apartment

Modern apartment near the sea and Acropolis

Airport shuttle

[Reserve your apartment stay](#)

We Price Match

133 Sokratous 5 floor, Kallithea, Athens, 17673, Greece – [Excellent location – show map](#)

Wonderful
8 reviews

9.2

Facilities

Cleanliness

Comfort

Value for money

Location

Free WiFi

Total

10

9.4

8.8

9.1

9.1

9.4

10.0

9.2

Whole apartment

× 4 Capacity

67 m²
Size

Kitchen

City view

+43
photos

Our key differences and advantages

- I. Foreign real estate brokers are interested to sell any object as expensive as possible and get a commission (usually, hidden from a buyer - % from a seller), we are motivated to buy as cheap as possible, since we participate in further project development and under the terms of the asset management contract we receive our reward from the final investor's profit, so our client never overpays on entry.
- II. Real estate agencies, brokers and realtors are mainly engaged in expensive overseas real estate in the premium segment (where it is impossible for an investor to earn a good return), and it's economically unprofitable for brokers to work with our objects.
- III. In contrast to the standard brokerage business model, we provide a full range of asset management services in real estate to achieve a maximized risk adjusted return:
 - Market timing - we dynamically analyze macroeconomics and market segments for the most efficient market entry and asset sales.
 - Asset selection - we make a complete analysis of the object for inclusion in the portfolio and draw up a report with the financial model (at the same time we specialize in cheap objects below the replacement cost to achieve maximum profitability).
 - Value add - we make a purchase with the possibility of remote registration, design the project in accordance with the overall concept of the portfolio, repair and fill the apartments, manage the rent to achieve 10% of net yield to cost, sell the apartments in the portfolio as a ready to go rental business (or leave it and make Residence Permit).
- IV. Confirmed track record of our team, fully developed business processes from the purchase stage to the sale of a portfolio, the presence of our own local team in Greece, partnership with professional designers, repair contractors and property management company, the presence of investors from Asia for the purchase of yielding portfolios for a residence permit with required capitalization rate of 5-7%.
- V. Co-invest our own GP capital in a case of large projects with the creation of a GP / LP legal structure.
- VI. High net rental yield in stable currency - 10%+ cash-on-cash in euro, 30-70% revaluation when sold compared to 5-7% average investors yield at the same risk level.



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