KPMG

Eden City Cyprus Peninsula Resort

Calculation of KPIs

9 February 2018

KPMG

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Board of Directors
Atum Developments Limited
20B Stasikratous, Krambis Building
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9 February 2018,

Dear Sirs,

Calculation of financial Key performance indicators

This report is given in accordance with our agreed written terms of engagement with Atum Developments Limited ("**the Client**"**/** "**the Company**") dated 30 November 2017. The scope of our work is to prepare a report on expected financial performance for the "**Peninsula Resort**" component of The Eden City ("**the Project**"), a high quality, integrated mixed-use resort development ("**the Report**").

In this Report, we are not providing investment advice, nor should we be deemed to be providing investment advice. This engagement is not an assurance engagement conducted in accordance with any generally accepted assurance standards and consequently no assurance opinion is expressed.

We would like to draw your attention to the fact that the assumptions used to prepare the financial analysis is based on information provided to KPMG by the Client.
It is not our responsibility to verify the accuracy and correctness of the provided development costs and income streams of the proposed Project components and related infrastructures.

The terms of reference for this Report have been agreed by you and we will not accept responsibility to any other party to whom the Report may be shown or who may acquire a copy of the Report.

We remain at your disposal for any clarifications or enquiries required by you that may arise from this Report.

Yours faithfully,

Christophoros P. Anayiotos
Board Member

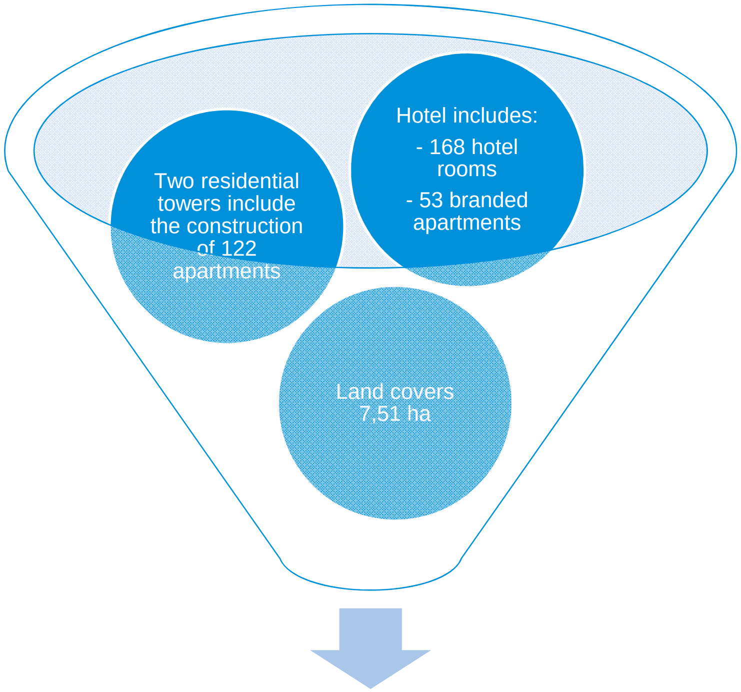
Glossary

ADR	Average Daily Rate
CAPEX	Capital expenditure
Client/Company	Atum Developments Limited
COS	Cost of Sales
FF&E	Furniture Fixtures and Equipment
F&B	Food and Beverage
GDP	Gross Domestic Product
GFA	Gross Floor Area
GOP	Gross Operating Profit
ha	Hectares
KPI	Key Performance Indicator
KPMG	KPMG Limited
Management	Management of the Company
MENA	Middle East and North Africa
MICE	Meetings, Incentives, Conventions and Exhibitions tourism segment
mln	Million
MOD	Minor Operating Division
M&E	Mechanical and Electrical
NOP	Net Operating Profit
NPV	Net Present Value
PAT	Profit After Tax
Q	Quarter
Report	This Report which is delivered accordance with our engagement letter dated 30 November 2017 and which is prepared to show the financial performance for the "**Peninsula**" component of The Eden City project
RevPAR	Revenue per available room
RICS	Royal Institution of Chartered Surveyors
ROI	Return on Investment
sqm	Square metre
VAT	Value Added Tax
€/EUR	Euro

Contents

Executive summary

Overview of the Peninsula Resort



Peninsula Resort

Overview

- Eden City is a development project consisting of:
    - A beachfront hospitality and residential complex (“**Peninsula Resort**”);
    - A man made island with luxury beach villa community and holiday resorts (“**Divina Island**”), and
    - A district dedicated to business, culture and education (“**Garden of Eden**”)
- Phase I is the Peninsula Resort which comprises a five star hotel and a residential complex
- The land for the Peninsula Resort covers a total area of 7,51 hectares. The land is separated in two parts:
    - The land for the development of the hotel complex which will be subject to a lease agreement from the Holy Archbishopric of Cyprus for a long term period of 125 years, and
    - The land for the development of the residential complex for which the Management has a purchase option to buy the land for €21 million

Development and sales timeline

Penisula	Year 1 (Q1–Q4), Year 2 (Q1–Q4), Year 3 (Q1–Q4), Year 4, Year 5
Residential Complex Construction (cost)	€88 million
Hotel Construction (cost)	€89 million
Total Costs	€178 million
Residential units sold (gross revenue)	€143 million
Hotel Components sold* (gross revenue)	€149 million
Total gross revenue	€292 million

*Hotel operation, branded apartments and Hotel exit

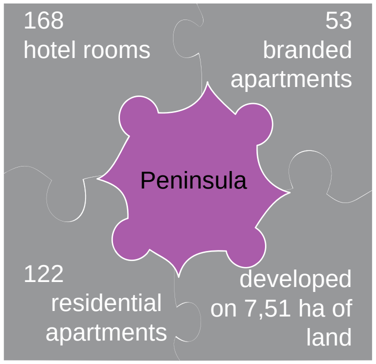
Peninsula - Revenue and development cost per component

The development entails the construction of:

Residential

— Two residential towers with a total of 122 apartments

— Total construction cost of residential development is expected to be €67 mln and the purchase of the land for the residential development costs €21 mln



Hotel

— 168 hotel rooms, with an average cost per room estimated at €328.000 (€3.127 per sqm)

— The hotel is expected to start operation in Year 3

— 53 branded apartments, with the average cost per branded apartment estimated at €657.000 (€2.759 per sqm)

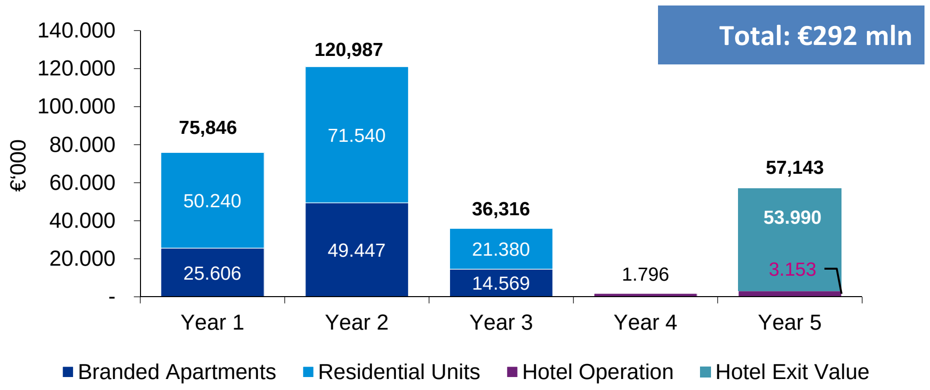
— Hotel development cost is expected to reach €89 mln

— The lease for the land was agreed at €900.000 for a period of three years (the development period) and €1 mln per annum from Year 4 and onwards, for a total lease duration of 125 years

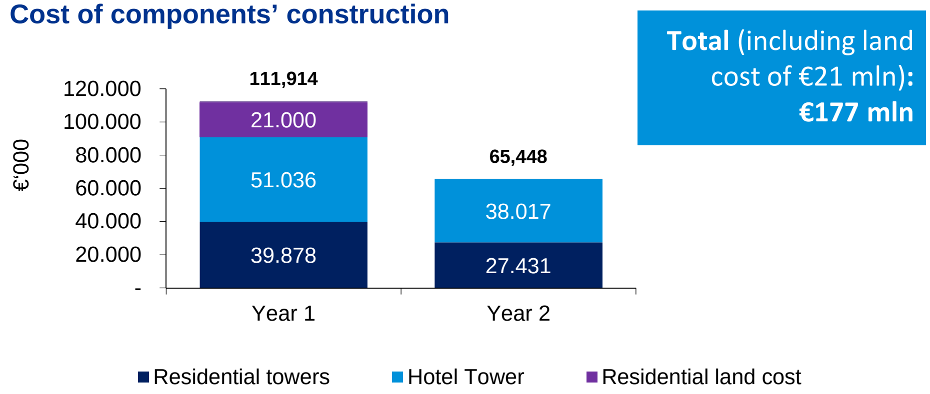
Revenue

Total gross revenue for both components is expected to reach €290 mln by the end of Year 5

Contracted gross revenue from components



Cost of components' construction



Residential Development

Residential Units - P&L	Year 1 €'000	Year 2 €'000	Year 3 €'000	Total €'000
Contracted Gross revenue	50.240	71.540	21.380	143.160
Less sales commission and other costs	(5.024)	(7.154)	(2.138)	(14.316)
Net Income	**45.216**	**64,386**	**19,242**	**128.844**

Source: Business model

Investment Details – Project	
Capital Investment	€88 mln
Investment Period	11 quarters
Average ROI per annum %	16,62%
NPV	€27-€29 mln

Source: Business model

Residential Development NPV ('000s)		
	WACC	
9,5%	*10,5%*	*11,5%*
29,079	28,050	27,051

Source: Business model

Financial performance

- The residential development is considered a core element of the Peninsula Resort
- Total revenues from residential sales are estimated to approximately €143 mln. Based on the sales plan, it is expected that €95 mln out of the €143 million will be received by the time the residential development is completed (Year 2-Q2)
- The residential development is positioned as prime real estate, high quality beachfront apartments offered on freehold basis to local and international first and second home buyer market
- The average sales price for a two bedroom residential apartment assumed by the Management at the time of completion stands at €7.000 per sqm
- In regards to the residential development it is estimated that a capital investment of €88 mln is required over 11 quarters (including €21 mln land cost)
- The residential development is estimated to achieve a 16,6% average return on investment per annum and assuming a WACC in the range of 9,5%-11,5%, the residential development's Net Present Value ("**NPV**") ranges between €27-€29 mln.

Residential Benchmark

According to the data provided by the Management, comparable unit prices for high rise buildings (Appendix III) located in Limassol range between €9.000 per sqm - €14.000 per sqm. To be noted though, that Paphos residential market is not considered as prime residential market or mature as Limassol in regards to developments of such high end luxury developments.

Hotel Operation Profit and Loss

Net operating income	Year 3 €'000	%	Year 4 €'000	%	Year 5 €'000	%	Year 6 €'000	%
Total revenue	**9.573**		**11.608**		**14.559**		**15.989**	
RevPar	35		43		53		59	
Total other revenue	1.395		1.966		2.182		2.291	
Total departmental profits	**5.493**	*50%*	**7.277**	*54%*	**9.424**	*56%*	**10.486**	*57%*
Total deductions	(3.667)	*38%*	(3.807)	*33%*	(4.280)	*29%*	(4.365)	*27%*
GOP	**1.826**	*19%*	**3.470**	*30%*	**5.143**	*35%*	**6.121**	*38%*
Total other deductions	(460)	*5%*	(673)	*6%*	(990)	*7%*	(1.071)	*7%*
Land Lease cost	**(1.000)**		**(1.000)**		**(1.000)**		**(1.000)**	
NOP	**367**	*4%*	**1.796**	*16%*	**3.153**	*22%*	**4.049**	*25%*

Source: Business model

Hotel

— The hotel operations are expected to stabilise in Year 6. Average annual room occupancy is expected to reach 63%, resulting in a 38% Gross Operating Profit ("GOP") margin from the hotel operations. GOP is expected to surpass €6 mln in the fourth year of operations (Year 6), Net Operating Profit ("**NOP**") surpassing €4 mln for the same year, with a NOP margin of greater than 25%

— Given the economies of scale inherent in hotel operations, indirect costs as a proportion of total revenue is expected to reduce from 38% in Year 1 to 27% in Year 4, and expected to stabilise thereafter

— Majority of other deductions is due to land lease payable to the Holy Archbishopric of Cyprus in the amount of €1 mln per annum after the completion of the buildings by the Company as a fixed rent over the 125 years term of the lease contract

Hotel's Profit and Loss

Profit and Loss	Year 1 €'000	Year 2 €'000	Year 3 €'000	Year 4 €'000	Year 5 €'000	Total €'000
Branded Apartments' Net Income	**11.523**	**56.025**	**13.112**			**80.660**
Hotel NOP	-	-	**367**	**1.796**	**3.153**	**5.316**
Total Income	**11.523**	**56.025**	**13.479**	**1.796**	**3.153**	**85.976**

Source: Business model

Consolidated Hotel Performance	Total €'000
Net sale of Branded Apartments	80.660
Hotel NOP (Year 3 – Year 5)	5.317
Hotel Exit in Year 5 (yield = 7,5%)	53.990
Net Revenues	**139.967**
Hard Construction Cost	(77.750)
Soft Construction Cost	(11.303)
Hotel Lease Cost	(900)
Total Construction Cost	**(89.953)**
Net Project Result	**50.013**

Source: Business model

Investment Details	
Capital Investment	€90 mln
Investment Period	19 quarters
Average ROI per annum %	11,79%
NPV	€22-€25 mln

Source: Business model

Branded apartments

— The sales plan for branded apartments assumes that sales will start in Year 1 Q2 and be completed by the end of Year 3

— It is expected that 40 units will be sold until completion at the end of Year 2 (75% of total units)

— The average sales price for a two bedroom residential apartment assumed by the Management at the time of completion is €14.000 per sqm

Consolidated Hotel Performance

— Net revenues from hotel performance (including branded apartments and hotel exit) amounts to €140 mln with a net hotel development profit of €50 million over an investment period of 19 quarters

— Management assumes an exit strategy in Year 5. Management assumes hotel exit value will be paid considering next year operations (Year 6). At the time, the hotel will be fully operational, with stabilized occupancy rates, GOP and NOP. The yield for a fully operational 5* hotel is assumed to be 7,5%.

— The development of the hotel is estimated to achieve a 11,8% average return on investment per annum and assuming a WACC in the range of 9,5%-11,5%, the hotel development's NPV ranges between €22-€25 mln

Hotel Benchmark

According to the data provided by the Management, comparable unit prices for branded apartments (Appendix IV) located in Limassol range between €8.500 per sqm - €20.000 per sqm

Hotel Development NPV ('000s)		
	WACC	
9,5%	*10,5%*	*11,5%*
25,368	23,442	21,615

Consolidated Profit and Loss and Investment KPI's

Consolidated Profits	Total	Year 1	Year 2	Year 3	Year 4	Year 5
	€' 000	€' 000	€' 000	€' 000	€' 000	€' 000
Net Cash Income						
Branded Apartments	80.660	11.523	56.025	13.112	-	-
Residential Units	128.844	22.608	86.994	19.242	-	-
Hotel Operation	5.316	-	-	367	1.796	3.153
Hotel Exit Value	53.990	-	-	-	-	53.990
Total Income	**268.810**	**34.131**	**143.019**	**32.721**	**1.796**	**57.143**
Total Costs						
Construction Cost	(156.361)	(77.184)	(79.177)	-	-	-
Residential land cost	(21.000)	(21.000)	-	-	-	-
Hotel lease cost	(900)	(550)	(350)	-	-	-
Total Costs	**(178.261)**	**(98.734)**	**(79.527)**	**-**	**-**	**-**
Net Profit	**90.549**	**(64.603)**	**63.492**	**32.721**	**1.796**	**57.143**

Source: Business Model

Project KPI schedule	
Capital Investment	€178 mln
Investment Period	19 quarters
Average ROI per annum %	10,74%
NPV	€49-€54 mln

- Total consolidated net revenue from unit sales, hotel operation and hotel exit is expected to surpass €260 mln by the end of Year 5
- The majority of the revenue is assumed to be realised in the year of completion of the residential buildings. According to the sale plan 98 units are estimated to be sold by Year 2-Q2
- Total revenue from branded apartments is expected to be fully realised by Year 3 with the remaining contribution thereafter derived only from hotel operations and hotel exit value
- The Project NPV ranges between €49-€54 mln applying a WACC in the range of 9,5%-11,5%.

Key assumptions

Key assumptions

Residential Development - Overview

The 122 apartments of the Peninsula Resort will be constructed between Year 1-Q1 and Year 2-Q4.

Apartment sizes will be ranging between 40-170 sqm and will be sold at a list price of €0,3 - €2 mln depending on size.

The development involves the construction of:

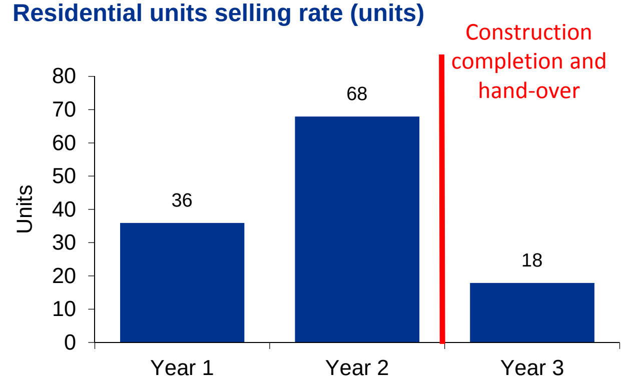
— Peninsula Resort consisting of two towers with a total of 122 apartment units

— The average size of apartments will vary from 40 sqm for a studio apartment to 170 sqm for a 3 bedroom unit

— Apartment sales price ranges from €0,3 mln for a studio apartment to €2,0 mln for a 3 bedroom unit

— Development will commence in Year 1-Q1 and will be completed by Year 2-Q4. It is expected that demand for the residential units will be driven by foreign buyers

Residential units selling rate (units)



Source: Business model

<table>
<tr><th colspan="8">Residential Development timeline</th></tr>
<tr><td></td><td colspan="4">Year 1</td><td colspan="3">Year 2</td></tr>
<tr><td>Peninsula</td><td>Q1</td><td>Q2</td><td>Q3</td><td>Q4</td><td>Q1</td><td>Q2</td><td>Q3</td></tr>
<tr><td>Predevelopment and preparation costs</td><td colspan="3">€4,0 million</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Foundation and underground w orks</td><td colspan="3">€6,4 million</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Structural w orks and façade</td><td colspan="5">€14,0 million</td><td></td><td></td></tr>
<tr><td>Finishing (including M&E, finishing, elevation, FF&E)</td><td></td><td></td><td colspan="5">€25,1 million</td></tr>
<tr><td>Utilities and landscaping</td><td></td><td></td><td colspan="5">€3,7 million</td></tr>
<tr><td>Contingency</td><td></td><td colspan="6">€5,6 million</td></tr>
<tr><td>Total Hard Costs</td><td colspan="7">€58,9 million</td></tr>
<tr><td>Total Soft Costs</td><td colspan="7">€8,4 million</td></tr>
</table>

Key assumptions

Residential Development – Price Adjustments

The base list price at the time of completion (Year 2-Q4) of apartments is set at €7.000 per sqm with an adjustment by level, type and timing of sale.

Management price lists are subject to change depending on demand, however at the end an average sales price of €7.000 per sqm should be achieved with a total revenue of €143 million.

It is market practice that price adjustments are given due to level, type and timing of sales of the units. Management has set a base list price of €7.000 and has priced in the following way:

Price adjustments due to floor level

The model apartment, on which the base list price was fixed, is situated on the 5th floor. The price adjustments with reference to the model apartment are:

- 3% discount below the 5th level
- 5% increase for each upper level

Price adjustment due to apartment type

The model apartment is a two bedroom apartment with the following adjustments:

- Type of apartment as the development will comprise of studios, one, two and three bedroom apartments and penthouses
- 50% and 25% of the covered and uncovered veranda is considered in the sales price, respectively while 5% is adjusted due to common area

Price adjustment due to timing

Sales will start upon approval of planning permission and offered at a discount to completion list price.

Price adjustment due to Type

Type	Size	Adjustment
Penthouse	560	+15%
3 Bedroom	171	+5%
2 Bedroom	116	0%
1 Bedroom	70	+5%
Studio	41	+5%
Covered Terrace sale		50%
Uncovered Terrace sale		25%

Source: Business model

Price adjustment due to Level

Level	Adjustment
1	-12%
2	-9%
3	-6%
4	-3%
5	0%
6	5%
7	10%
8	15%
9	20%
10	20%
11 - Penthouse	30%

Source: Business model

Price adjustment due to Timing

Type of Sales	Adjustment
Year 1	-5%
Year 2	0%
Year 3	+10%
Year 4	+12%
Year 5	+15%

Source: Business model

Price adjustment due to Location

Location	Adjustment
Front	+5%
Middle	+2%
Back	-2%

Source: Business model

Residential Development - Construction Costs and Sales Velocity

Hard costs for the residential apartments amount to €1.575/GFA sqm whilst soft costs amount to 15% of the total hard construction cost.

Current real estate market conditions suggest that 75% of sales can be achieved before the hand-over of the residential units.

Total cost is €2.323 per sqm

Cost Assumptions – Residential Development	
Hard cost: Apartments (€/GFA sqm)	1.575
Hard cost: Basement area (€/GFA sqm)	660
Hard cost: ground floor area (€/GFA sqm)	1.250
Terraces (€ per sqm)	440,0
External works (as % of hard cost)	12,0%
Basement parking (€/unit)	20.000
Ground floor parking (€/unit)	250
Concrete roof (€/unit)	400
Main utilities / Plants (as % of total CAPEX)	7,5%
Landscaping (€ per sqm)	200

Source: Business Model

Sales Velocity

	Year 1	Year 2	Year 3
% of units sold	30%	55%	15%
Area sold (sqm)	5.212	9.555	2.606
Gross Contracted Revenue (€' 000)	50.240	71.540	21.380

Source: Business Model

Payment Structure

	Rate	Cumulative
Deposit	20%	20%
Completion of structure	30%	50%
Completion of facade and M&E	20%	70%
Hand-over	30%	100%

Source: Business model

Construction cost

The cost of construction is categorised into hard and soft costs.

— Hard costs: includes the works from the preparation of the development, foundations to the finishing of the construction

— Soft costs: includes planning, legal, regulatory and marketing costs

Hard costs for the residential apartments amounts to €1.575/GFA sqm whilst soft costs amount to 15% of the total hard construction cost. The total average cost (hard and soft) per sqm, including basement, ground floor and upper levels areas, is €2.323 per sqm.

Sales velocity

Management has assumes a sales velocity of 11 quarters, assuming an s-curve evolution of the sales. Specifically, current real estate market conditions suggest that 75% of sales can be achieved before the delivery of the residential units i.e. 7 quarters will be completed with the delivery of the two towers and a further 25% to be sold in the following 4 quarters. It should be noted that this sales velocity takes into consideration the pertaining market conditions and the status of the citizenship by investment program.

The payment structure represents a 20% down payment, 30% upon finishing the structure, additional 20% when facade and mechanical and electrical systems are ready while the remaining 30% at handover.

Key assumptions

Hotel Development - Hotel Vision and Performance

Management intends to build a 5-star luxury hotel with 168 hotel rooms to be situated next to the Residential development.

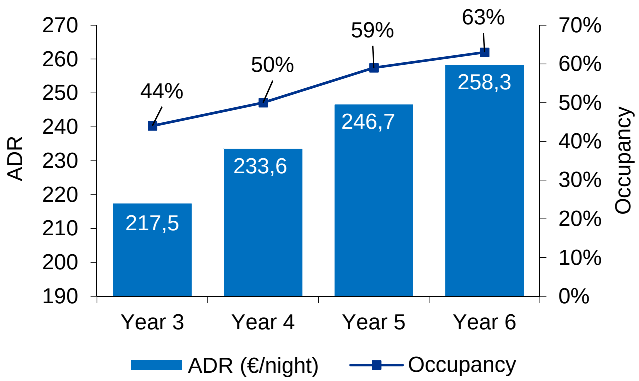
The hotel Project will be supported by ancillary recreational and sport facilities including gym, beach club, water sports, spa & wellness. The proposed event centre next to the hotel building will have a capacity of 500 seats.

Occupancy is expected to stabilise at 63% by Year 6 achieving an average room rate of €258.

Key data - Hotel	
Number of rooms	168
Stabilised Occupancy (4th year of operation)	63%
Exit Yield	7,5%
Average daily rate, Net of VAT (4th year of operation)	€258

Source: Business model

Hotel occupancy assumptions



Source: Business model

Hotel Assumptions in Year 4	Revenue Mix	Gross Profit Margin
Room	62,4%	77,0%
Restaurant	22,4%	28,0%
Banquet	9,3%	15,0%
Spa	3,2%	35,0%
Other income	2,6%	100,0%
Rent and Commission	0,1%	50,0%
Total revenue	**100%**	**57,4%**

Source: Business model

Hotel Positioning

- Management intends to position the hotel and the entire Peninsula Resort Project, as the new go-to tourism destination on the island. In addition, given the involvement of new brands and entertainment concepts, it has been assumed that the hotel will attract a new clientele from emerging tourist markets such as the Middle East and will penetrate the MICE and wedding tourism segments
- Management intends to build an international 5-star luxury hotel with 168 hotel rooms to be situated next to the residential towers
- The luxury hotel will supply spa and wellness services, as well as the meeting and event space

Hotel Performance

- Occupancy is expected to stabilise at 63% by Year 6 achieving an average daily room rate of €258. At this point, room revenue is expected to account for 63% of the total hotel revenue. As at the starting year the average daily room rate is expected to be €218, which is in line with market rates for the hotel’s location
- Management is forecasting that the hotel will achieve an above average share of existing leisure and business demand as well as absorbing demand from guests currently not visiting the Island
- Marketing efforts will focus on countries to which Cyprus already has good flight connectivity’s such as Northern Europe, Russia, Ukraine, Middle East, Egypt and possibly China as new direct flights are operating

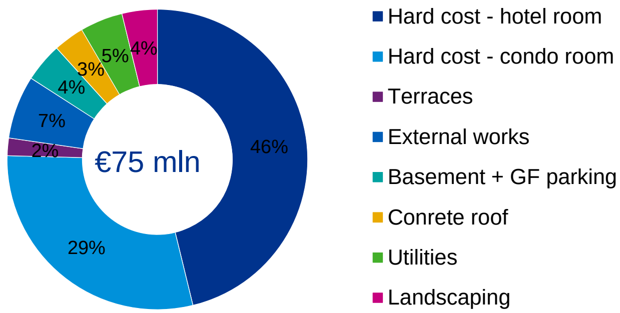
Key assumptions

Hotel Concept and Costs

The 3,35 hectares of land for the construction of the development is currently under a long term lease from the Holy Archbishopric of Cyprus .

Total building area amounts to 36.200 sqm. Development includes the construction of 168 hotel rooms and 53 branded apartments with a total construction cost of €89 million.

Composition of Hard Cost (%)



Hotel Development Data Summary		
Plot	3,35	Ha
Room Keys	168	Rooms
Branded Apartments	53	Units
Hotel Building GFA	36.200	Sqm
Underground	6.750	Sqm
Construction Cost / Total GFA Built	2.490	€ per Sqm

Source: Business Model

Construction costs

	Hotel rooms	Branded Apartments
Rooms/Units	168	53
Total hard costs €'000	46.200	29.150
Cost (Hard + Soft) per unit €'000	328	657
Cost per sqm €	2.619	2.311
Total costs (Hard and Soft) €'000	53.130	33.523
Total costs €'000 (including lease costs and predevelopment costs)	55.153	34.799

Source: Business Model

Business concept

— 125 year lease agreement currently in force with the Holy Archbishopric of Cyprus for 3,35 ha

— Total building area of 36.200 sqm on 13 levels above ground floor

— 168 hotel keys, 53 branded apartments

Hotel costs

— Costs are based on Marriott Group assumptions provided by Management

— Average hard construction cost of a hotel room is expected to be €275.000

— Soft cost is assumed to be 15% which includes planning, licensing, legal charges and marketing

Land Lease

— The lease for the land was agreed at €900.000 for a period of three years (the development period) and €1 mln per annum from Year 4 and onwards, for a total lease duration of 125 years

Key assumptions

Hotel Development - Branded Apartments

The owners of the 53 branded apartments will be able to take advantage of the hotel amenities and services.

Pricing of apartments will depend upon orientation, layout and floor location. It is expected that sales will be driven by demand for the Cypriot citizenship.

Management has identified Russia/CIS and MENA as the biggest customer target group.

Key data – Branded Apartments	
Number of units	53
Hand-over	Year 2-Q4
List Price (€ per sqm)	14.000
Cost of Sales	10% on sales income

Source: Business model

Sales Velocity – Branded Apartments	Year 1	Year 2	Year 3
Number of units sold	11	29	13
Average price (€ per sqm)	13.300	14.000	15.400
Area sold (sqm)	1.261	3.469	1.577
Gross Revenue (€'000)	25.606	49.447	14.569

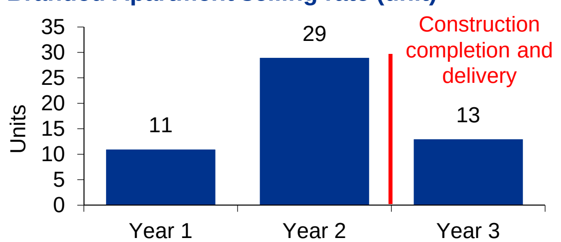
Source: Business Model

Branded Apartments Price adjustment due to Timing

Timing of Sales	Adjustment
Year 1	-5%
Year 2	-
Year 3	+10%

Source: Business model

Branded Apartment selling rate (unit)



Source: Business model

Branded apartments

The 53 proposed branded apartments that are situated in the hotel building will be offered for sale to property buyers looking to purchase a branded luxury unit in Cyprus with the option of taking advantage of hotel services.

The design will be based on the specification of "Marriott Branded Residences" and will be positioned as luxury units with high quality finishing.

Pricing strategy

Pricing is based on the orientation, layout and floor level similar to that of the residential development. The size and pricing of these units will be geared to attract this type of clientele looking to obtain Cyprus citizenship. The branded apartments will be sold under a 125 year term leasehold.

The sales strategy builds in a sales price appreciation of 10% per year. All unit prices are given in sqm of internal area

Sales price is expected to be €14.000 per sqm + VAT at completion. Currently VAT is not applicable for leased properties but regulation is currently changing so it can happen to be applied. Selling price will be subject to discounts for sales prior to construction and to increases for sales in the post construction period. Pricing assumptions by the Management are rather conservative as compared to similar developments situated in the Limassol area (please see Appendix IV) as there are no other direct comparables located in the Paphos area.

Sales and marketing strategy

Management has identified Russia/CIS and MENA as the biggest customer group for such branded apartment sales. The Management assumptions about the buyer markets are based on research on the real estate market, tourism statistics, interviews with local real estate agents and information on future macroeconomic outlook of the feeder countries.

Project KPI's

Project KPI's

Residential Development

Residential units are expected to generate gross revenue of €143 mln in residential sales over the investment period.

Year 2 represents the year with the highest gross revenue amounting to 40% of total revenue.

Capital investment required for the Project has been estimated by Management at €88 mln.

The residential component's NPV ranges between €27-€29 mln.

Investment Details – Project	
Capital Investment	€88 mln
Investment Period	11 quarters
Average ROI per annum %	16,62%
NPV	€27-€29 mln

Source: Business model

Residential Development NPV ('000s)		
WACC		
9,5%	*10,5%*	*11,5%*
29,079	28,050	27,051

Residential Units - P&L	Year 1 €'000	Year 2 €'000	Year 3 €'000	Total €'000
Contracted Gross revenue	50.240	71.540	21.380	143.160
Less sales commission and other costs	(5.024)	(7.154)	(2.138)	(14.316)
Net Income	**45.216**	**64,386**	**19,242**	**128.844**

Source: Business model

- In regards to the Residential Development it is estimated that a capital investment of €88 mln is required over 11 quarters
- The Residential Development is estimated to achieve a 16,62% average return on investment per annum and assuming a WACC in the range of 9,5%-11,5%, the residential development's NPV ranges between €27-€29 mln

Financial performance

- The residential apartments are considered a core component of the Peninsula Resort
- Total revenues from residential sales are expected to amount to approximately €143 mln. Based on the sales plan, it is expected that €95 mln out of the €143 mln will be sold off-plan until completion in Year 2-Q3
- The residential real estate is positioned as high quality, beachfront apartments offered freehold to the local and international first and second home buyer market
- Management has set a base list price of €7.000 per sqm for a two bedroom residential apartment at the time of completion of the development

Primary group of buyers

- It is expected that demand for the residential units will be mainly driven by foreign buyers. Pafos has traditionally been popular with the British, German and Scandinavian second home buyers. Lately, there is particular interest for Cyprus as a whole from the rising Russian and Kazakh middle-class as well as Chinese
- Foreign buyers will be able to take advantage of the citizenship by investment scheme offered by the Republic of Cyprus
- Citizenship by investment scheme allows investors to gain the Cypriot Citizenship considering to meet certain criteria

Project KPI's

Hotel KPI's and Operations

Room, restaurant and banquet revenue account for 94% of total hotel revenues.

Gross Operating Profit margin is expected to reach 38% by Year 6 operations.

Net operating profit margin is expected to increase by 4% during the four year operation period reaching 25% by the end of Year 6.

Hotel Profit and Loss

	Year 3 €'000	Year 4 €'000	Year 5 €'000	Year 6 €'000
Revenue Breakdown				
Room	5.868	7.162	8.924	9.977
Restaurant and Banquet	3.083	3.726	4.761	5.069
Spa	335	383	466	512
Other income	268	313	379	416
Rent and other	1.414	1.990	2.197	2.307
Total Revenue	**10.968**	**13.574**	**16.740**	**18.280**
Total Gross Profit	**5.493**	**7.277**	**9.424**	**10.486**
% of Revenue	*50%*	*54%*	*56%*	*57%*
Indirect costs	**3.667**	**3.807**	**4.280**	**4.365**
% of Revenue	*38%*	*33%*	*29%*	*27,3%*
Gross Operating Profit (GOP)	**1.826**	**3.470**	**5.143**	**6.121**
% of Revenue	*19%*	*30%*	*35%*	*38,3%*
Total other deductions	**460**	**673**	**990**	**1.071**
% of Revenue	*5%*	*6%*	*7%*	*7%*
Hotel Lease cost	**1.000**	**1.000**	**1.000**	**1.000**
Net Operating Profit (NOP)	**367**	**1.796**	**3.153**	**4.049**
as % of Revenue	*4%*	*16%*	*22%*	*25%*

Source: Business model

— Based on Management assumptions on occupancy, room rate, F&B utilisation and average spending, revenues are assumed to grow from €11 million in Year 1 to €18,3 million by Year 6

Gross Operating Profit (GOP)

— GOP is expected to reach €3,5 million in the second year of operation and reach a 30% gross operating margin. Revenue is further expected to grow in line with increasing demand and improved operational efficiency

— Rent and other revenue assumption include the profit realized on running the multifunctional event centre next to the hotel by the hotel operator and also the service fee charged to the owners of the branded apartments

— Indirect costs include administrative expenses, utility fees, credit card commission, repair, maintenance, sales and marketing costs

— "Other deductions" include land lease which is payable to the Holy Archbishopric of Cyprus in the amount of €1 mln per annum by the company as a fixed rent over the 125 years term of the lease contract

Project KPI's

Branded Apartments

Branded apartments sales are expected to generate a net revenue of €80,7 mln in the three year period.

64% of total cash income will be received in Year 1 by branded apartments sales.

Key Data – Branded Apartments	
Number of units	53
Hand-over	Q4/Year 2
Average size	120 sqm

Source: Business model

Branded Apartments – Profit and Loss	Year 1 €'000	Year 2 €'000	Year 3 €'000	Total €'000
Contracted Gross Income	16.777	48.564	24.282	89.622
Cost of Sales	(1.678)	(4.856)	(2.428)	(8.962)
Net Income	**15.099**	**43.708**	**21.854**	**80.660**

Source: Business model

Financial Performance

- A total of 53 branded apartments are expected to be sold fully furnished in a similar style as the hotel
- In the Management's assessment of the appropriate sales prices and the standard of facilities, the anticipated rental pool interest from emerging markets were considered. The average sales price per sqm for a branded apartment at current prices is set at:
  - Year 1: €13.300 per sqm
  - Year 2: €14.000 per sqm
  - Year 3: €15.400 per sqm
- There are a few comparables in the Limassol area the pricing of which apartments supports the Management's assumptions around pricing, for further benchmark data please refer to Appendix IV.
- The sales plan of branded apartment units assumes that sales will start in Year 1-Q2 and by the end of Year 3 all units are expected to be sold. Based on this plan, it is expected that 40 units will be sold off-plan until completion at the end of Year 2
- Cost of sales is expected to be a maximum of 10% of gross revenue which includes:
  - third party agent commission
  - office costs
  - marketing costs (internal and international costs)
  - legal fees

Project KPI's

Hotel Development Cost

Capital investment required for the hotel development it is estimated at €90mln over a 19 quarter period with an NPV in the range of €22-€25 mln.

Phases Duration and Cost		
Phase	**Duration (quarters)**	**Cost €'000**
Hotel Land Lease Cost*	-	900
Hard Construction Cost and Soft Planning	7	77.750
Soft Cost	-	11.303
Total	**7**	**89.953**

Source: Business model

* Hotel Land Lease Cost represents only the cost throughout the development period (through to Year 3).
Land lease cost from Year 3 and thereafter is included in the hotel's operating expenses.

- In regards to the hotel development it is estimated that a capital investment of €90 mln is required of 7 quarters for construction
- Total Investment period it is estimated to 19 quarters (including construction period)
- The development of the hotel is estimated to achieve an average ROI per annum of 11,79% and assuming a WACC in the range of 9,5%-11,5%, the hotel development's NPV ranges between €22-€25 mln

Investment Details	
Capital Investment	€90 mln
Investment Period	19 quarters
Average ROI per annum %	11,79%
NPV	€22-€25 mln

Source: Business model

Hotel Development NPV ('000s)		
WACC		
9,5%	*10,5%*	*11,5%*
25,368	23,442	21,615

Project KPI's

Consolidated Cash Flow

Total costs for the Project are expected to reach €178 mln, with the hotel construction accounting for approximately 50% of total investing cash flow.

The Project is expected to yield positive cash flow from operating and investing activities by Year 2.

Residential units are expected to generate €128 mln over the 3 year period and account for 50% of total revenue.

Consolidated Profits	Total €' 000	Year 1 €' 000	Year 2 €' 000	Year 3 €' 000	Year 4 €' 000	Year 5 €' 000
Net Cash Income						
Branded Apartments	80.660	11.523	56.025	13.112	-	-
Residential Units	128.844	22.608	86.994	19.242	-	-
Hotel Operation	5.316	-	-	367	1.796	3.153
Hotel Exit Value	53.990	-	-	-	-	53.990
Total Income	**268.810**	**34.131**	**143.019**	**32.721**	**1.796**	**57.143**
Total Costs						
Construction Cost	(156.361)	(77.184)	(79.177)	-	-	-
Residential land cost	(21.000)	(21.000)	-	-	-	-
Hotel lease cost	(900)	(550)	(350)	-	-	-
Total Costs	**(178.261)**	**(98.734)**	**(79.527)**	**-**	**-**	**-**
Net Profit	**90.549**	**(64.603)**	**63.492**	**32.721**	**1.796**	**57.143**

Source: Business Model

Investing cash flow

— The residential development will end 6 months prior to the hotel development

— It is assumed that the land purchase, to convert the residential development into a freehold structure, will take place during Q1-Year 1

Operating cash flow

— For the consolidated cash flow Management assumes that by Year 4 all the operating assets will be sold

— Management assumes an exit strategy in Year 5. Management assumes hotel exit value will be paid on Year's 6 operation. At the time, the hotel will be fully operational, with stabilized occupancy rates, GOP and NOP. The exit yield for the fully operational 5* hotel is expected to be 7,5% on net operating profit of Year 6.

The funding requirement of the proposed development depends on uses and sources of funds in the initial years until the off plan sales cover the expenses of construction. In this respect the current financial model only considers investment and operational cash flow and excludes any assumptions with regard to financing activity.

Appendix

Appendix I

Residential Development

Residential Development Cash Flow												
	Year Q1	Year Q2	Year Q3	Year Q4	Year Q1	Year Q2	Year Q3	Year Q4	Year Q1	Year Q2	Year Q3	Total
	€'000	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
Land Purchase	(21.000)											(21.000)
Construction												-
Hard Construction Cost	(7.448)	(5.786)	(10.006)	(10.728)	(8.506)	(8.562)	(7.831)					(58.868)
Soft Cost	(1.500)	(1.782)	(1.782)	(844)	(844)	(844)	(844)					(8.440)
Total cost	**29.949**	**7.568**	**11.788**	**11.572**	**9.350**	**9.406**	**8.675**					88.308
Income												
Sales Velocity	5%	5%	10%	10%	15%	15%	15%	10%	8%	5%	3%	100%
Contracted Sales income	6.380	6.530	13.060	13.060	19.590	18.076	18.076	12.051	9.038	18.093	9.047	143.000
Cost of Sales	(638)	(653)	(1.306)	(1.306)	(1.959)	(1.808)	(1.808)	(1.205)	(904)	(1.809)	(905)	(14.300)
Net Income	5.742	5.877	11.754	11.754	17.631	16.268	16.268	10.845	8.134	16.284	8.142	128.700
Net Profit	**(24.207)**	**(1.691)**	**(34)**	**182**	**8.281**	**6.862**	**7.594**	**10.845**	**8.134**	**16.284**	**8.142**	**40.392**

Source: Business model

Appendix II

Development Timeline

	Year 1 Q1	Q2	Q3	Q4	Year 2 Q1	Q2	Q3	Q4	Year 3 Q1
RESIDENTIAL									
Land Purchase Building	€21.000								
Construction									
Pre-development cost, planning and permitting									
Earth work and Foundation works									
Structural works									
Facade									
M&E Finishing									
Elevation									
Luxury FF&E									
Utilities									
Landscape									
Total Hard Cost	**€7.448**	**€5.786**	**€10.006**	**€10.728**	**€8.506**	**€8.562**	**€7.831**		
Soft cost	€1.500	€1.782	€1 .782	€844	€844	€844	€844		
TOTAL COST	**€29.949**	**€7.568**	**€11.788**	**€11.572**	**€9.350**	**€9.406**	**€8.675**		
HOTEL									
Building Construction									
Pre-development cost, planning & permitting									
Earth work & Foundation works									
Structural works									
Facade									
M&E									
Finishing									
Elevation									
Luxury FF&E									
Utilities									
Landscape									
Total Hard Cost		**€9.668**	**€7.268**	**€12.656**	**€12.832**	**€10.157**	**€13.008**	**€12.160**	
Soft cost		€2.404	€2.655	€2.655	€897	€897	€897	€897	
Hotel lease cost		€250	€300	€0	€0	€0	€350	€0	
TOTAL COST		**€12.322**	**€10.223**	**€15.312**	**€13.729**	**€11.054**	**€14.255**	**€13.057**	
Development Cost in €000			**€99.000**				**€79.000**		

Land purchase for the Residential towers

Completion of Residential units by Year 2-Q3

Hotel hand-over by the end of Year 2

Document Classification: KPMG Confidential

Appendix III

Benchmark Data for Residential Development

Benchmark data provided by the Management shows the asking prices of high end buildings located in Limassol and Paphos.

Limassol Area- Asking Pirces	
	€/m²
Mean	9.718
Median	9.510
Range	6.654-25.265

Paphos Area- Asking Pirces	
	€/m²
Mean	7.764
Median	7.764
Range	6.875-8.654

Del Mar

Apt No.	No. of Bedrooms	Area	Price (€)	€ per sqm
B704	3	191	2.449.500	12.825
C505	3	206	2.350.000	11.408
C705	3	206	2.550.000	12.379
C1304	3	215	3.085.000	14.348

The One

Area	Beds	Price (€)	€ per sqm
165	2	2.150.000	13.030
283	4	7.150.000	25.265

Sky Tower

Area	Beds	Price (€)	€ per sqm
114	2	861.000	7.553
163	3	1.136.000	6.969
222	4	3.500.000	15.766
221	3	2.980.000	13.484

Eden Roc Residences

Area	Beds	Price (€)	€ per sqm
109	2	790.000	7.248
148	3	1.033.000	6.980
231	4	1.619.000	7.009
153	3	1.540.000	10.065
233	4	2.537.000	10.888
160	3	1.192.000	7.450
263	4	1.750.000	6.654

Trilogy

Apt No.	No. of Bedrooms	Area	Price (€)	€ per sqm
2001	3	177	1.600.000	9.040
2004	2	130	1.200.000	9.231
2005	3	177	1.500.000	8.475
2101	3	177	1.630.000	9.209
2104	2	133	1.230.000	9.248
2105	3	177	1.530.000	8.644
2201	3	177	1.660.000	9.379
2204	2	133	1.260.000	9.474
2205	3	177	1.560.000	8.814
2301	3	177	1.690.000	9.548
2303	2	167	1.690.000	10.120
2304	2	133	1.290.000	9.699
2305	3	177	1.590.000	8.983
2401	3	177	1.720.000	9.718
2403	2	160	1.720.000	10.750
2404	2	133	1.320.000	9.925
2405	3	177	1.620.000	9.153
2501	3	178	1.800.000	10.112
2502	3	257	2.600.000	10.117
2503	2	133	1.400.000	10.526
2504	3	176	1.650.000	9.375
2601	3	178	1.830.000	10.281
2602	3	250	2.630.000	10.520
2603	2	133	1.430.000	10.752
2604	3	176	1.680.000	9.545

The Suites - Minthis Hills

Area	Beds	Price (€)	€ per sqm
104	2	715000	6.875
104	2	900000	8.654

Appendix IV

Benchmark Data for Branded Apartments

Benchmark data provided by the Management shows the asking prices of branded apartments with full 5* hotel facilities offered. The branded apartments are located in Limassol.

	€/m²
Mean	15.540
Median	15.850
Range	8.333-20.000

Mediterranean Residences

Area	Beds	Price (€)	€ per sqm
215	2	3.200.000	14.884
235	2	3.300.000	14.043
300	3	5.500.000	18.333
350	3	6.000.000	17.143

The tower - St Raphael

Area	No. of Bedrooms	Price (€)	€ per sqm
120	2	1.680.000	14.000
120	2	1.650.000	13.750
120	2	1.770.000	14.750
120	2	1.830.000	15.250
240	2	2.040.000	8.500
240	2	2.000.000	8.333
240	2	4.200.000	17.500
240	2	4.322.270	18.009
240	2	4.415.376	18.397
480	2	9.600.000	20.000

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