

**“In just this past year, prices have risen by 48 percent in Bulgaria,”.**

The Wall Street Journal, June 2005

## **1) Why Choose Bulgaria?**

Bulgaria has emerged as a major hotbed in the European property market in recent years. A combination of very low pricing, beautiful scenery, Mediterranean summers and a fast developing holiday market have started a trend that is set to continue.

- Bulgaria is experiencing a property boom: property prices rose by 50% in the last two year
- This is set to continue, with some analysts predicting property prices are likely to increase by 100% between now and EU accession in 2007
- Bulgaria's almost certain entry into the EU in 2007 can be expected to have a significant positive impact on property values. Consider the effect EU membership had on property prices in other members such as Ireland, Spain, and Cyprus.
- With an impressive 370 km of Black Sea Coast, Bulgaria boasts some of the finest sandy beaches in Europe, a fact reflected by the award of the coveted Blue Flag. With a summer stretching from April through to October and with temperatures reaching into the 40's, there is plenty of opportunity to relax and enjoy this beautiful coastline. Additionally, The Black Sea itself, is warmer in summer than the Mediterranean.
- The Association of British Travel Agents has identified Bulgaria as the fastest growing holiday destination for 2004.
- Bulgaria is also the fastest developing tourist destination in Europe. (Source: Sofia Morning News, 4 March 2004)
- With a flight time of only 2½ - 3 hours from the UK Bulgaria has three international airports, two of which are located on the Black Sea coast.

	<ul style="list-style-type: none"><li>● In terms of tourism growth, The World Tourism Organisation placed Bulgaria near the top: 23% in 2003 compared to 2002</li><li>● Incredibly low cost of living. Bulgaria enjoys one of the lowest costs of living in Europe, with a pint of lager costing just 50p and a three course meal and wine for two rarely exceeding £7</li><li>● The country has a rich, diverse history and large number of architectural treasures</li><li>● The EU has earmarked the sum of 2.4 billion euros for investment in Bulgaria and its infrastructure over the next few years.</li><li>● The Bulgarian national currency, the Lev, is stable and pegged to the Euro.</li><li>● Bulgaria is a politically and economically stable country with a low crime rate</li><li>● Bulgaria's magnificent mountain ranges make it one of Europe's top skiing destinations.</li><li>● Bulgaria has applied to host the 2014 Winter Olympics.</li><li>● Skiing holidays are extremely popular, as evidenced by the development of the ski facilities at Bansko, Pamporovo and Borovets. Beginners, intermediate and accomplished skiers are well catered for, as are the growing number of snowboarders.</li></ul>
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In short, there are dozens of reasons why Bulgaria, we feel, offers an unrivalled opportunity for investment and capital growth over the coming few years.

<p><b>Sunny Beach</b></p>	<p style="text-align: center;"><b>2) Property Hotspots</b></p> <p>Sunny Beach is a town on the <u>Black Sea</u> coast of <u>Bulgaria</u>, located approximately 35 km north of <u>Bourgas</u>.</p> <p>It is Bulgaria's biggest and most popular holiday <u>resort</u>. The local authorities intend this to be the case for some time and have invested millions of Euros into the area.</p> <p>Property prices in the area (although they have risen substantially in recent months) are still proportionately low with other areas in Europe. In addition, the prominence of the local tourist market makes this an ideal place to buy an investment product or a holiday home.</p> <p>The main strip of hotels backing onto the beach is several kilometres long and extends along a wide <u>bay</u> between <u>Sveti Vlas</u> and <u>Nessebar</u>.</p> <p>The climate of the area is <u>Mediterranean</u>, largely explaining Sunny Beach's popularity with tourists.</p> <p>Traditionally, the resort's popularity has been with German, <u>Bulgarian</u> and <u>Russian</u> visitors. More recently, Sunny Beach has begun to attract the attention of <u>British</u> and <u>Scandinavian</u> tourists, for whom it is a more affordable alternative to the established <u>Mediterranean</u> resorts.</p> <p>Attractions for tourists include the <u>beach</u> itself, <u>watersports</u>, <u>nightlife</u>, and the proximity to historical sites such as <u>Nessebar</u>. Sunny Beach is popular with both families and young people.</p>
<p><b>Nessebar</b></p>	<p>The town of Nessebar (with around 10,000 inhabitants) is situated on a small peninsula 37 km northeast of Bourgas. Its beach is considered the best along the Black Sea coast.</p> <p>Originally, a Greek fishing village, it is one of the most picturesque areas of the coastline.</p> <p>The dune-filled sandy strip of land between the town and the village of Ravda is covered with extremely fine and clean golden sand. The green copses by the sandy strips provide a cool breath of air during the hot days.</p>

<b>Bansko</b>	<p>Nessebar is an eclectic mix of Bulgaria's ancient historical past and, thanks to its re-invention as a resort location, a modern town.</p> <p>It is one of the oldest towns in Europe, and a UNESCO World Heritage site. The architecture and facades of its buildings reflect the diversity of its history.</p> <p>The town is a real living museum showing Bulgarian tradition, with over 20 places of interest. Valuable monuments from all the ages of its thousand-year-old existence have been preserved.</p> <p>Nowadays Nessebar, with its unique ancient atmosphere, provides an unmissable opportunity for sight-seeing and recreation in the area.</p> <p>Bansko ski resort is situated in South-Western Bulgaria at the foot hills of one of the beautiful Bulgarian mountain ranges, The Pirin.</p> <p>Transfer times to Bansko make it a very accessible resort as Sofia airport is just 160 km away. This takes approximately 2 hours by car.</p> <p>Bansko has the best snow record and the longest ski season of all Bulgarian ski resorts. Running from December 15th to May 15th.</p> <p>The town of Bansko itself is located 925 m above sea level. Its ski area is 2600m above sea level. The Pirin mountain range has an Alpine character and the highest peak in the area is Vihren at 2914 m.</p> <p>The total length of the marked pistes is 65 kilometers.</p> <p>Bansko maintains a very comprehensive infrastructure. There is an 8-seat Gondola, five 4-seat lifts and one 3-seat lift. In addition, there are 7 drag lifts and 10 baby drags. The total length of the wire equipment in the resort is 26 kilometres. All ski equipment can be used by a single SkiData chip-card pass.</p> <p>Bansko is the youngest and the best-developed ski resort in Bulgaria. The skiing conditions are excellent. The slopes offer runs and tracks for all types of skiers, from starters to experts, and the ski runs are maintained to an excellent standard.</p> <p>Bulgaria has bid for the 2014 Winter Olympics and, irrespective of the success of the bid; millions of pounds have already been invested into the ski facilities at Bansko. This has led to an almost unbelievable 300% increase in prices to date.</p>
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**Average  
Property  
Prices**

Bansko is also a great place to visit during the warmer months from May through October. The Pirin National Park combines breath-taking views with excellent opportunities for hiking and sightseeing, including a plethora of lakes, waterfalls, caves and historical sights.

The town of Bansko attracts visitors with its 120 cultural monuments. It is famous for its fortified and artistically decorated houses and museums.

Bansko has attracted exceptional tourist and investor interest in the last three years. Among the most notable developments are the expansion and modernizing of the ski runs and equipment, as well as the construction of new hotels and residential developments. Regardless of the increased capacity, Bansko is generally fully booked during the winter months with Bulgarian, Macedonian, Greek and British tourists making up the bulk of the visitors.

With its year-round activities, rich history and traditions, and mineral water springs, Bansko represents not only an attractive tourist destination, but also a great investment opportunity.

<b>Hotspot</b>	<b>Studio</b>	<b>1 Bed</b>	<b>2 Bed</b>	<b>3 Bed</b>
Sunny Beach	£35,000	£55,000	£78,000	£90,000
Nessebar	£30,000	£45,000	£60,000	£85,000
St Vlas	£35,000	£45,000	£55,000	£75,000
Bansko	£35,000	£50,000	£70,000	£90,000

<p><b>Investment Overview</b></p>	<p style="text-align: center;"><b>3) Investment</b></p> <p>The recent property explosion in Bulgaria has seen early adopters already make a significant return on their investment.</p> <p>On May 20, 2005 'The Times' wrote that last year, on average Bulgarian property prices rose by about 35 per cent, and in the lead-up to EU accession in 2007 annual rises of 25 per cent are predicted.</p> <p>Independent research will demonstrate that most forecasters expect prices will continue to increase 20%-30% annually, at least until EU accession in 2007.</p> <p>The impending entry to the EU has seen an improvement in many areas of Bulgarian life. Improvements to the infrastructure and an increase in the importance of Sofia as a European capital will have a compound effect on Bulgarian property prices.</p> <p>Bulgaria's tourism sector is well established and the country has become one of the fastest growing tourist destinations in Europe. The number of tourists visiting Bulgaria is expected to reach 4.4m in 2005 and as tourism continues to grow exponentially, rental opportunities for the right property are high.</p> <p>One other distinct advantage to the UK based investor is the fact that prices will rise as access becomes easier. More and more low cost flight operators are set to enter the market and the frequency, range of departure airports and quality of flight will improve, in line with this.</p>
<p><b>Rental Yield</b></p>	<p>Rental yields vary from property to property, and depend on many factors including location, size, view and amenities.</p> <p>The standard of finish and the condition of the property can also determine the market quite radically.</p> <p>To appeal to the western European market, and to command the highest rents, a property must be well finished and appointed, and be in tip-top condition.</p> <p>Most analysts suggest an annual return of up to 6% of the property value. We can suggest various agencies on the Black Sea Coast which provide competitive rates and more importantly a professional service.</p>

**Average  
Rental Yields**

Generally, rental yields on the coast through the summer season are similar to those available in the ski resorts through winter. However, there will also be around four months additional yield during the summer in mountain resorts

These rates should increase gradually, as the Government programmes to make the ski towns more popular for summer holidays make their mark.

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**The Times'** recently published an article, supporting this: "Rental yields tend to be better for ski properties than those on the coast because of the longer ski season. You could expect about 12 per cent gross yield for a good ski apartment and about half that on the coast."

Average Weekly Rentals (based on high season rentals)

Hotspot	Studio	1 Bed	2 Bed	3 Bed
Sunny Beach	£195	£267	£340	£413
Nessebar	£170	£218	£291	£340
St. Vlas	£170	£218	£291	£340
Bansko	£180	£210	£300	£460

The above figures have not had any management fees deducted (up to 25%)

**Management  
Costs**

In most new developments there will be a charge of around £350 a year as a contribution to managing the shared facilities including the communal gardens and pool. This charge will of course depend upon what services/facilities you choose to buy.

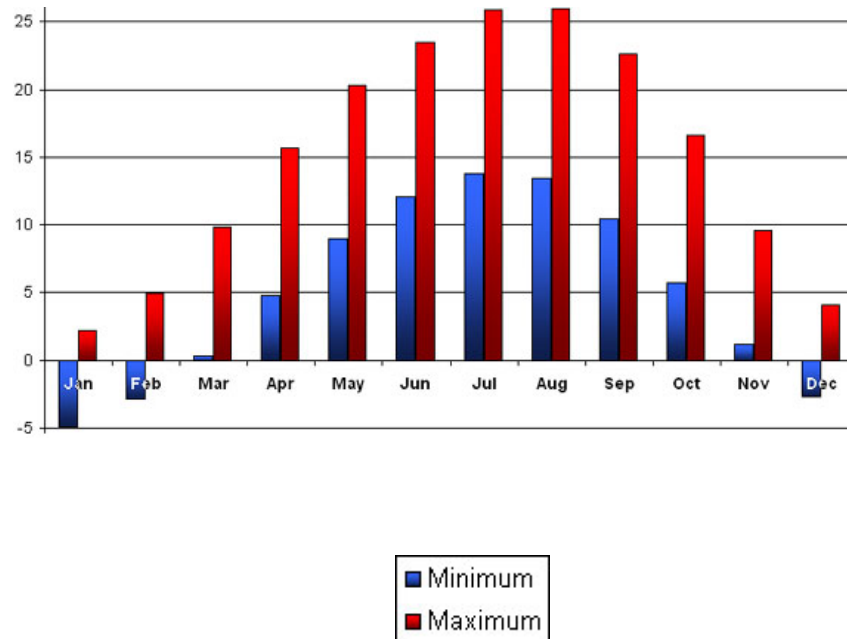
The main energy utility is electricity which is priced similarly to those in the UK.

Bulgaria also has a council tax which is very reasonable at approx £100 per annum, depending on the location – rural being cheaper. Water charges are around £5 per month with Cable TV at £5 per month also.

	<p>If you wish to let out your property, and choose to deal with a Rental Management Company to facilitate this, expect to pay them up to 25% of the rental yield.</p> <p>They will manage the property for you in your absence, working with local professionals to manage all elements including cleaning the property, airing it, making the beds, doing the laundry, linen and even toilet paper replacement. Agencies can service properties prior to arrival and perform an inventory check after departure.</p> <p>Many developments in Bulgaria offer guaranteed rental schemes. These are usually underwritten by organizations such as tour operators who have the infrastructure to ensure regular bookings.</p> <p>A good scheme will let the purchaser pay off any finance that they take out to acquire the property through the monthly yield, for the duration of the guarantee period.</p> <p>Furniture packages are available from many developers, or from 3<sup>rd</sup> party suppliers in the area. We can also spend time with a client should they wish to take a more bespoke approach to furnishing a property.</p>
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<b>4) Country Profile</b>	
<b>Background</b>	<p>Became member of NATO in 2004 and due to join the EU in 2007.</p> <p>Located in the heart of the Balkan Peninsula, Bulgaria borders Romania, Turkey, Greece, Yugoslavia and Macedonia</p> <p>Population 7.7 million, 1.2 million reside in the capital Sofia. The country is very sparsely populated; the area is roughly the size of England and Wales at 110,000 square kilometres (70,000 square miles).</p> <p>Beautiful scenery, bursting with ancient monasteries, churches, mosques and ruins, retaining a mixture of old world charm and new facilities</p> <p>Over 50% of Bulgaria is hilly or mountainous making it a spectacularly beautiful country</p> <p>More information on Bulgaria is available at the official tourist office website, <a href="http://www.bulgariatravel.org/">http://www.bulgariatravel.org/</a></p>
<b>Language</b>	<p>Bulgarian is the national language: English is also spoken in most major cities, larger towns, ski resorts and beach resorts</p>
<b>Currency</b>	<p>Unit of currency is the lev (leva) and is divided into 100 stotinki</p> <p>The lev is linked to the euro at a fixed rate and house prices are often quoted in euros.</p>
<b>Climate</b>	<p>Temperate climate: chilly, damp winters and reliable hot summers. Springs are mild and pleasant. Skiers enjoy a season from mid December until May.</p>

## The Cost of Living



*Temperatures measured in °C*

The cost of living is remarkably low when compared to Western Europe

A three-course meal for two with a bottle of good local wine can be enjoyed for as little as £8.

Commodity	Price
Pint of lager	50p
Tea	20p
Coffee	25p
Lunch (simple 2 course meal)	£2.50
Soft drink	30p
Bottle of wine	£2.50
McDonalds Burger from	30p
Ice cream	40p
Sandwich	50p
Bottle of beer	50p
Electricity (per year)	£143
Water (per year)	£26

## Flights

Flights to Bulgaria:

- Sofia (capital and Ski resorts)
- Burgas/Varna (for coastal destinations and beach resorts)

The summer season (for the Black Sea coast) enjoys good quality flights from May to October

Fly From UK Airport	Fly To Bulgaria Airport	Departure Day	Airline
London Heathrow	Varna Bourgas Sofia	Monday Tuesday, Wednesday Thursday, Saturday, Sunday	Malev, BA
London Gatwick	Varna Sofia	Monday Wednesday Friday	BG Air
Bristol	Bourgas	Tuesdays Thursdays, Saturdays	First Choice
Manchester	Bourgas Sofia	Monday, Tuesday, Thursday, Friday, Saturday, Sunday	Cosmos, Balkan Holidays, Eclipse Direct, First Choice, Sunstart, Unijet, Airtours, Portland Direct, Thomas Cook, Skytours.
Birmingham	Burgas Varna	Thursday, Friday, Saturday	Balkan Holidays, Portland Direct, Sytours, Sunstart, Unijet, Eclipse Direct, Thomson Holidays First Choice

Construction is due to begin soon on a new toll road that will reduce the drive from Sofia/the ski resorts to the Black Sea coast from 6 hours to 2.

Return airfares from the UK to Bulgaria start from as little as £120, and with interest being shown from budget airlines these prices should hopefully fall.

We have seen in other countries such as Spain where you can get a flight now for as little as £49, property prices increase dramatically because accessibility is better.

<p><b>The Food</b></p>	<p>Bulgarian food is close to traditional European cuisine with a Bulgarian menu including bread, yogurt and fresh milk, cheese, tomatoes, paprika, potatoes, onions, beans and fruits, brandy and red or white wine.</p> <p>Bulgarians also love salads – a salad and Rakia (Bulgarian spirit/schnapps, usually made from grapes) are the obligatory start to the meal.</p> <p>Some typical Bulgarian specialties and meals:</p> <ul style="list-style-type: none"> <li>• Shopska salad - prepared from diced tomatoes, fresh cucumbers, green peppers, topped with feta cheese and seasoned with olive oil and parsley</li> <li>• Mlechna salad - prepared from strained yogurt seasoned with olives, crashed walnuts, finely diced garlic and parsley</li> <li>• Tarator - cold served soup from yogurt, fresh cucumbers, seasoned with walnuts, garlic and dill</li> <li>• Sirene po Shopski - feta cheese, diced tomatoes and onion topped with egg and cooked in pottery</li> <li>• Kebapche - minced meat rolls seasoned with traditional spices and fine herbs and barbequed</li> <li>• Kuyfte - minced meat balls seasoned with traditional spices and fine herbs and barbequed</li> <li>• Shish Kebab - grilled skewered meat, onion and paprika</li> <li>• Banitsa - baked pumpkin pastry filled with cheese or meet</li> <li>• Creme Caramel - delicious dessert prepared from fresh milk,</li> <li>• Eggs and caramelized sugar, similar to the classic French creme brulee</li> <li>• Restaurants: Wide variety of cuisines is offered. Along with traditional Bulgarian dishes, many restaurants offer Italian, French, Greek, Chinese, German, Arabian, Hungarian, Latin American, Indian and Russian food.</li> </ul>
<p><b>The Health Service</b></p>	<p>Most Bulgarian hospitals are very basic compared to those in the UK, however in most of the tourist resorts you will find a polyclinic where tourists can receive medical attention. There is a charge for these services which varies from resort to resort, but costs are generally low. Please, keep all receipts for insurance claims, but be aware that most policies have an excess. You must always contact your Insurance company immediately to inform them of any accidents or claims</p>

## Buying Overview

### 5) The Buying Process

Buying a property in Bulgaria is straightforward.

If a client chooses to buy a property through us, we can verbally reserve a property for up to a week, without obligation, allowing a prospective purchaser to decide without pressure if they wish to proceed with a purchase.

Within one week of a verbal reservation developers usually expect a reservation fee of around €1000. From here your preliminary contracts can be drawn up.

In order to prepare the preliminary contract for the purchase, clients are asked to provide the following information at their earliest convenience, together with a photocopy of their passport. Should the purchase be made in more than one name, the client has to provide these details for each party concerned.

- Full Name
- Full Address
- Contact telephone numbers
- Email addresses
- Date of Birth
- Passport number
- Passport issue date
- Passport issuing authority

In the preliminary contract, the stage payments are noted, and the client required to pay the amount on the dates specified.

Upon completion of the purchase, the client is required to sign the Notary Act. This is the title deed for the property.

We also have an aftersales care team dedicated to keeping clients informed of any updates on the purchase, when a stage payment is due and when the property will be finished. We pride ourselves on making the process as simple and stress free as possible.

In addition, we work with many currency brokers who offer more favourable exchange rates than most high street operators. An example of a reputable company is [www.moneycorp.com](http://www.moneycorp.com)

An organisation such as this would enable you to pre-order currency at a favourable rate, if it was expected that a change in price would adversely affect a client's purchase in the future.

<p><b>Legalities</b></p>	<p>With respect to the legal elements of a purchase, we recommend that a legal practitioner specialising in Bulgarian law is engaged in order to ensure a clients best interests are served. We can, of course provide details of reputable local lawyers if required.</p> <p>The fee for the lawyer will be in the region of €600, and there is usually a payment schedule of 50% at contract (i.e. €300/ £208approx) and the other 50% when ownership is taken.</p> <p>Land Ownership: Under the Bulgarian act on Foreign Ownership, foreigners are not allowed to own land but may own buildings. Foreigners however can take ownership of land by setting up a Bulgarian company to hold the property for them. The lawyer normally undertakes this simple and inexpensive process. This is a quirk of Bulgarian law, which is likely to change as Bulgaria gets closer to its EU membership.</p>
<p><b>The Costs</b></p>	<p>Taxes for each property depend on its price. As a guideline however, the combined state and local taxes will usually equate to around 3.5% of the purchase price. Based on a property price of £50,000, the following approximate costs will apply:</p> <p>Legal fees £400</p> <p>Country Tax (Stamp Duty) £1,000</p> <p>Notary Fees and translation fees £250</p>
<p><b>Taxation</b></p>	<p>We recommend that you seek specialist advice from a qualified taxation practitioner before making any decisions with regard to an overseas property. However, there is a basic overview here for information.</p> <ul style="list-style-type: none"> <li>• The UK has a double taxation treaty with Bulgaria, preventing an individual resident in the UK who owns property in Bulgaria paying tax in both locations</li> <li>• There is no CGT payable in Bulgaria if the property is owned for at least 5 years.</li> <li>• Income of an individual is subject to a progressive tax. Currently a rate of 10% - 24%, depending on income.</li> <li>• The standard rate corporation tax is 15%, although there are some exemptions based on company structure and industry.</li> <li>• A foreign resident who is employed in Bulgaria pays tax only on his income in Bulgaria.</li> <li>• To be considered as a Bulgarian resident, an individual generally must reside in the country for at least 183 days in any calendar year.</li> </ul>

<p><b>Opening a bank account</b></p>	<ul style="list-style-type: none"> <li>• In Bulgaria, capital gains tax is paid by an individual on the sale of real estate on the difference between the sale price and the market price of the asset sold</li> <li>• Capital gains tax for companies in Bulgaria is added to the regular income.</li> </ul> <p>The opening of a bank account in Bulgaria is a simple process. In normal circumstances, your passport will act as proof of identity and is all that is required to open an account. Property purchasers are frequently offered the option of opening an account in a choice of currency denominations i.e. Lev, Euro, Dollar or Sterling. Although it is necessary to have a Lev account to facilitate the payment of bills etc it is often useful to combine this with a foreign currency account and/or credit card facility.</p>
<p><b>Mortgage Finance / Payment Terms</b></p>	<p>Mortgage finance is not always a realistic option for UK nationals. A UK bank is unlikely to provide a mortgage secured against a property in Bulgaria and most of the domestic Bulgarian banks will not offer favorable terms to a UK client. However, the details of one of the largest banks operating in Bulgaria are given below.</p> <p>This negative point is partially offset by the excellent terms that many developers are offering, even including a final payment (interest free) up to a year after the development is complete! An example of this is given below.</p> <p>1000 euro reservation  20% payment due at the signing of the Preliminary Contract.  20% payment due at roof completion  40% payment due upon completion of the complex (not just your individual apartment)  Final 20% payable, interest free, up to one year after completion.</p> <p>It is also worth remembering, that if better finance were available, property prices would be higher.</p> <p>However, loans of up to 70%LTV over 5-20 year terms are available to eligible UK and Irish citizens. Rates or around 7% variable are common, and the offer usually has a minimum property price of 40,000 euros.</p> <p>Piraeus Bank, one of the largest commercial banks in South-Eastern Europe, was established in Greece in 1916.</p>

<b>Visas / Residency</b>	<p>In 2004, over 5,000 people decided to relocate to Bulgaria</p> <p>For clients holding a full 10-year British passport entering Bulgaria on pre-booked arrangements and staying one month or less, it is not necessary to obtain a visa.</p> <p>If a client holds travel documents or passports for other nationalities, they should check with the respective consulates whether a visa is required.</p> <p>Individual restrictions and visa requirements can be checked on the Bulgarian Embassy website at</p> <p>The Bulgarian Embassy in London <a href="#">LINK</a></p> <p>A UK resident will automatically receive one-month stay. This period can then be extended locally. Visa control has recently been relaxed between Bulgaria and the UK following their request to join the EU and existing restrictions are likely to be more relaxed making longer stays simpler to arrange.</p> <p>More information is available from the Bulgarian Embassy;</p> <p>Embassy of the Republic of Bulgaria 186-188 Queen's Gate London SW7 5HL</p> <p>phone: 0870 060 2350, 0870 0602351,</p> <p>fax: 020 7584 4948</p> <p>Opening hours: Monday-Friday 09.00 - 18.00</p>
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In conclusion, Bulgaria is a country dealt a generous hand by nature with incredibly beautiful coastlines, spectacular mountains and lush countryside. The people are some of the friendliest locals to be found anywhere and the country enjoys one of the lowest costs of living in Europe, Bulgaria is fast becoming the tourist destination of choice. This, combined with the fantastic investment opportunities available, makes Bulgaria one of the most exciting real estate prospects in recent years.