

25th May 2017

Dear Investor

Re – Ramada Resort, Akbuk, Turkey

We previously informed you that a subsequent update would be available during May 2017, a time in the early part of the holiday season for Ramada Resort Akbuk in Turkey. This latest update reports on Turkish tourism, the hotel and a way forward including details of a recently established investor assistance group.

Turkish Tourism

The situation in Turkey has calmed following the July 2016 attempted military coup. The security environment, however, remains potentially volatile, impacting directly on Turkey's tourism industry.

Despite this vast country having welcoming people, a rich heritage, wonderful cuisine and superb beaches, first quarter foreign arrivals continue to lessen. Turkey actually entertained over 42 million foreign tourists in 2014, ranking as the 6th most visited tourist destination in the world. This number weakened to around 36 million in 2015, further dropping to around 25 million in 2016 and even further still in 2017, due to regional uncertainties, political tension with Russia, terrorist attacks and the unfavourable current presidential government regime image observed abroad.

The Constitutional Referendum took place in April 2017 and was a success for the long serving President Erdogan. Although in the long term this may well have a stabilising effect, in the shorter term a sharp drop in European tourist bookings has been recorded, in the main being those tourists from Germany.

It will without doubt take time for Turkish tourism to make progress and draw foreigners in again, however, government and industry strategies in place are projected to restore the tourism sector to its former glory and expand growth beyond previous recorded highs, provided there are no major setbacks.

A recently aired BBC two-part documentary sees the journalist Simon Reeves visit Turkey. We recommend viewing as episode one covers present Tourism in Turkey. Below is a link to BBC iPlayer.

<http://www.bbc.co.uk/programmes/b08156ws>

Alternatively, a transcript can be found below

<http://www.radiotimes.com/news/2017-03-26/simon-reeve-in-many-ways-turkey-is-the-most-important-country-in-the-world>

The Lifetime SIPP Company Ltd 8th Floor, 25 Marsh Street, Bristol, BS1 4AQ

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Ramada Resort Akbuk Hotel

The resort commenced its fourth holiday season on the 28th April 2017 with a largely scaled down operation. It is reasonably early in the season and although occupancy is relatively low it is set to steadily increase through May, into June and beyond.

Reservation bookings from tour operators generating guests from the UK, continental Europe and Russia is limited, equally there exists decreased flight availability from destinations previously flying to Turkish regions. Investors who have enjoyed direct flights to Bodrum from almost every airport in the UK have seen how access is now greatly restricted with tour operators preferring destinations considered to be "lower risk". There is also added competition which is not just constrained to the region but across all tourist destinations in Turkey competing for the same guests, giving rise to a pressure on room pricing.

Due to a large decline in tour operator activity the resort has implemented alternative methods of procuring guests. One of which is a newly established in resort call-centre which is focussed on achieving direct guest sales, both in the domestic and external markets. Despite not being able to balance previous tour operator levels the signs are indeed positive and cost effective without the high tour operator expense.

Notwithstanding the challenges encountered and in the absence of any further obstacles the resort is totally focused on its 2017 objective of not only covering its costs but realising a marginal overall profit.

Moving Forward

Despite the unprecedented political and security events in Turkey, and subsequent concerns regarding the impact on your hotel investment, please be assured that your hotel room interest is operational and secure.

While we anticipate the situation to improve, the group continues to pursue alternative methods of operational revenue generation, sales and support.

The Vacation Club Concept, a hybrid relation to timeshare, will soon be piloted at the resort. Due to European buyers not considering Turkey at present this will be guided towards the internal domestic Turkish market. While on an initial small scale, it will provide information to ascertain whether or not an appetite exists.

We remain reasonably positive of a return to profit for the hotel and continue to be committed to finding ways to support you during what is undoubtedly a challenging phase for everyone. With this in mind and in the absence of our previous UK operation an assistance group has been created, namely **Aegean Investor Assistance (AIA)**.

Information and feedback on your investment is of paramount importance. Owing to Akbuk Resort Group no longer having an operation within the UK, the initial purpose of the assistance group is to provide an effective channel for the exchange of information with Akbuk Resort Group investors.

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The group has been set up and funded by a not-for-profit organisation, AGAI, who have extensive experience of helping investors to identify the key issues and consider viable options. You may have already been contacted by them, if not you will no doubt be contacted very shortly, The feedback reported so far is extremely positive and it will certainly be a helpful and useful resource for you as an investor.

To access information investor's need to sign up to become a member. This is a simple process and there are no costs involved.

If you have not been contacted yet you can, in the interim, find out more about the benefits of joining the AIA by contacting them directly by sending an email to aia@agai.org.uk or calling 0330 22 33 261 and simply stating your name and that you are an Investor in **Ramada Resort Akbuk in Turkey**.

The next update is intended towards the end of the holiday season in October 2017. AIA in the meantime, will be in touch to provide any interim information that may be useful. Queries can continue to be forwarded to info@akbukresortgroup.com and importantly please refer to your **Questions and Answers** sheet which we have re-attached which will answer most questions.

Regards

Akbuk Resort Group

W: www.akbukresortgroup.com



Yours faithfully

Angela Cox-Martin
Compliance Manager, 25.05.17

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