

Bulgaria's Newest Mobile Operator

Competitive prepaid services for individual customers and post-paid offers for business clients marked the November 5 launch of Bulgaria's third GSM operator, Vivatel. Vivatel is a subsidiary of the Bulgarian Telecommunication Company (BTC), which was privatised in 2004 by Austrian-based consortium Viva Ventures, led by US investment fund Advent International.

The new operator's starting package costs 20 leva, and offers a SIM card and call minutes for the same amount of money. The tariff is 0.37 leva without VAT, or 0.444 leva with VAT, a minute. The minimum charged time is 30 seconds. The price is uniformed for calling every other network in the country, including BTC's and other fixed networks, as well as the competitive GSM operators, MobilTel and GloBul. The cost of an SMS (short message) is 0.16 leva (without VAT). For comparison, MobilTel and GloBul, the main competitors on the mobile market so far, charge between 0.39 and 0.49 leva (VAT excluded) a minute on their prepaid

calls. Vivatel also announced the launch of a promotional campaign, under which, on 7th January 2006, customers will be refunded every minute of calls they have made up until that date.

The company is said to be the first on the Bulgarian mobile market to launch several services, including prepaid roaming and GPRS, prepaid business packages, as well as free content to download logos, melodies and screensavers. Vivatel also started its first subscription campaign, or post-paid services, but only for business subscribers.

Initially two tariff plans are offered. One is with a subscription fee of 12 leva (with VAT) and has 50 minutes free of calls included. The second is with 18 leva fee and has 100 free minutes. After exhausting their free minutes, subscribers will pay 0.18 leva (without VAT) for a minute under the first tariff inside the Vivatel network and when calling fixed lines, and 0.39 leva (without VAT) when calling other operators. For the second package, the corresponding prices are 0.15 leva and 0.35 leva (without VAT). Post-paid packages for individual customers will be available soon. It appears with any luck and a following wind that for the first time, Bulgarian subscribers will be offered prices close to those on the Western European mobile markets.

Exchange rates = approximately 2.5 leva to the pound.

Property Investments

In the context of the most powerful factors adding to the new higher level of Bulgaria's property market there are two meaningful forces: positive perceptions and expectations cause by Bulgaria's EU accession. The major investment incentives extracted from the general pattern are:

1. Bulgaria is seeking EU membership in 2007. According to the reports, the country has already met 26 of the 34 points required for the accession, in particularly the fields relating to the economical and political stability and synchronization of the constitution in line with the EU.
2. Bulgaria is a member of the North Atlantic Treaty Organization (NATO) since 29 May 2004.
3. Bulgaria enjoys one of the lowest operating costs in the European market economy.
4. The country has adopted a policy of encouraging foreign investment. The most obvious results are being marked in the terms of tourism. In 2005, the country expects more than 4.6 million tourists and generated revenue of 2.5 billion EUR, according to the Ministry of Finance. In the past three years developers have invested more than 300 million EUR in Black Sea Coast resorts. In 2004, 4.6 million foreigners spent their holiday in Bulgaria and the accumulated revenue totaled over 1.75 billion EUR. A 5% increase in their number is expected this year.
5. Geographic location. Given the country's proximity to Europe, as well as to Africa and Asia via the Middle East, Bulgaria ensures enormous trade perspectives.

6. Excellent climate, natural resources, food and hospitality.
7. Bulgarian lev is fixed to the peg currency EUR (1BGN=0.51 EUR).
8. Infrastructure subsidy for investment projects over 50 million EUR.
9. Bulgaria is a party to 55 treaties for avoiding double taxation and 52 agreements on mutual protection of foreign investments.
10. Reduction of the corporate tax of 19.5% in 2004 to 15% in 2005 and 0% in areas of high unemployment.
11. Opportunity to buy land through a company registered in Bulgaria with up to 100% foreign ownership.
12. The most stable and predictable business and political environment in South-East Europe.
13. Government's reform program emphasizing on public administration services, whose strategy is to boost economic growth and reduce poverty. The World Bank supports the country's preparation for full membership of the EU in 2007, through its financial assistance for implementation of a series of projects.

However, there is one feature of the Bulgarian property market, namely the huge availability of off-plan properties which opens a window for investors with little spare cash. They are able to choose between different schemes of staged payments stretching from 6 to 18 months, giving investors with these lower levels of funding an opportunity to enter the market place.

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