



RESORT PROJECT IERAPETRA

date

Q4/2015

location

**IERAPETRA, CRETE,
GREECE**

project promoters

Development of an integrated Sea Side Resort with Hotel, Residential Units & Retail Space in the rural area of Ierapetra, Crete.

CRETE 2015

IERAPETRA RESORT PROJECT

Ierapetra, Crete, Greece

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Executive Summary

The Vision

Engulfed by azure waters and protected coves, and in close proximity to ancient sites of cultural and archaeological interest and picturesque islands, the **Ierapetra Marina Resort Project** will be an exclusive destination that is in harmony with its surroundings, providing a unique holiday experience for second home owners and visitors alike. It will be one of the largest resorts of its kind in Europe, creating a year-round holiday and leisure destination for discerning visitors from across the world. The scheme comprises **one Luxury Hotel with Spa, Shopping Mall & Cinemas, Villas, Townhouses and Apartments, all with access to extensive sports, entertainment, restaurant and retail amenities.**

Project Team

The project managers have assembled a team comprising Architects, Engineers, Surveyors, Designers, Ecologist, and other specialists to supplement their own skill and expertise, to deliver a project that is conceptualized, built and operated to the highest international standards.

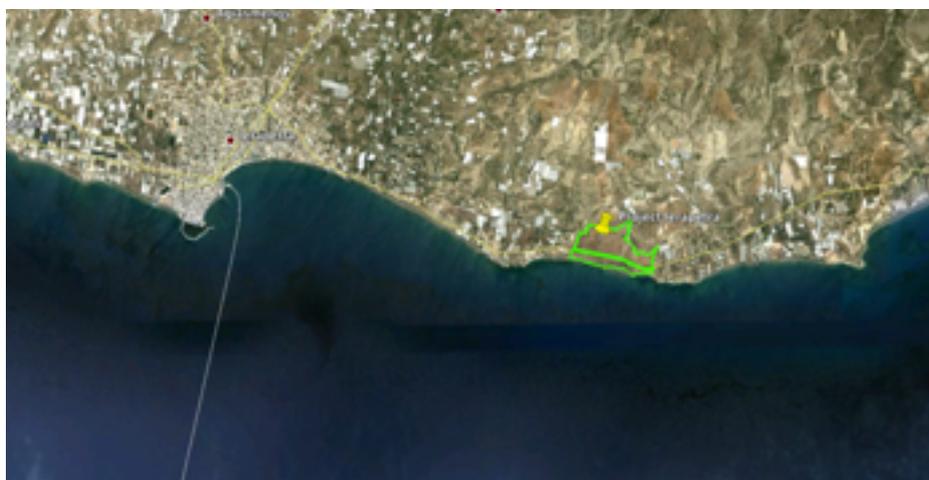
Key Facts

Project	Ierapetra Marina Resort
Location	Ierapetra, Crete, Greece
Project Type	Integrated Touristic Resort
Project Development	Joint Venture
Project Development Cost	110.000.000 Euros
Project Development Time	3-4 years
Total Built Area	90.000 m ²
Hotel	250 Rooms + (residential Units) (14.000m ²)
Residential Units	400-700 (If average 100m ² per residential unit, 68.000 total Built Area)
Residential Units Price	2.500 Euros per m ²
Total Residential Units Sales Revenue	170.000.000 Euros (2.500Euros * 68.000m ²)
Hotel Value	50.000.000 Euros
Hotel Turnover	8.000.000 Euros
Residents Permit (Visa)	5 years + renewals (Total purchase 250.000 euros and over real estate)

The Location

Ierapetra

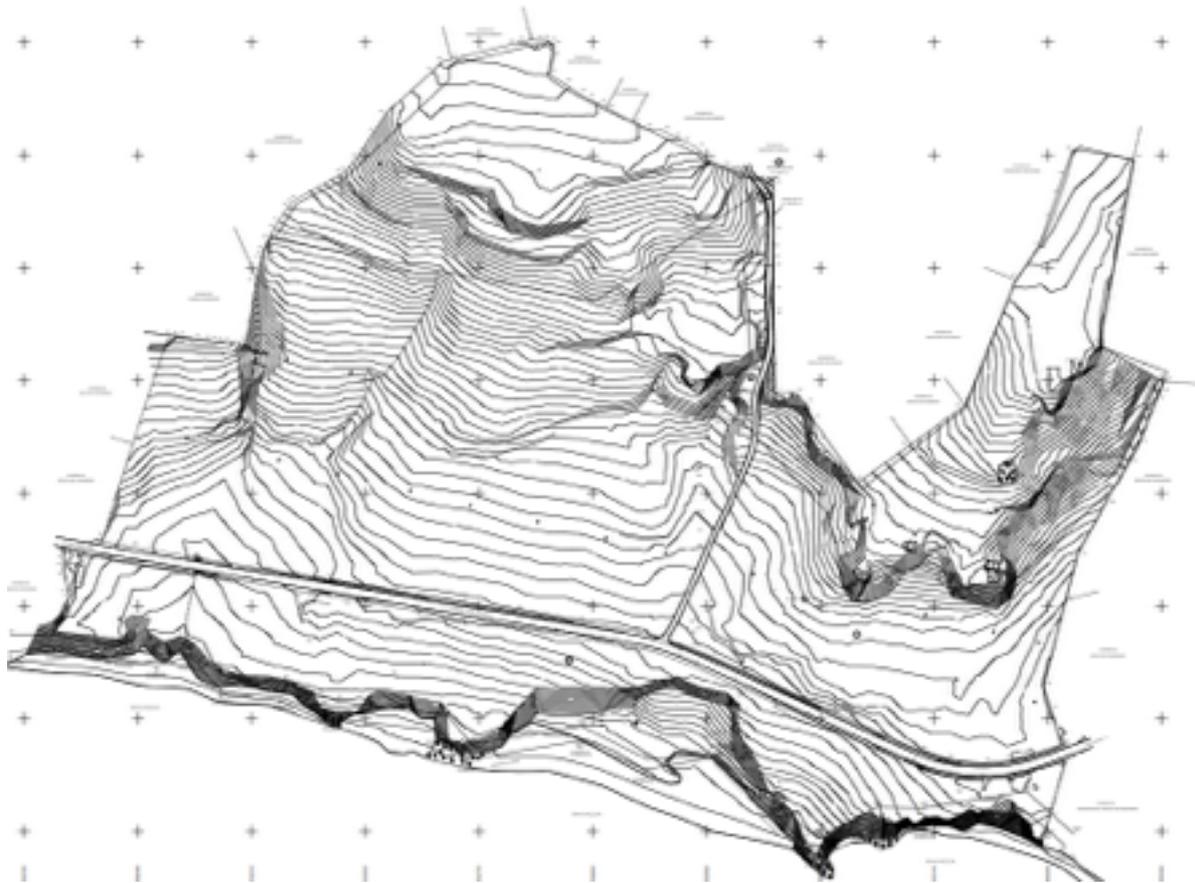
The property is located in a beautiful natural setting **in the South West area of Crete in the outskirts of Ierapetra city**. Ierapetra belongs to Lasithi region and it is an attractive holiday destination, with many resorts. Opposite Ierapetra lies the famous island Hrisi with beautiful sandy beaches. Visits to Hrisi island are served daily by ferry cruises from Ierapetra in a distance of 7n.m. Near Ierapetra, in Gournia village there is an archeological site dating back to 2.500 years B.C. Additionally nearby is Kavoussi village, famous for its thermal springs. The property is located only 5min drive from Ierapetra city center and the distance from the international airport of Sitia is 45min drive.



The Plot

Plot

The property covers an **area of 390.000 sq.m.** with a coastal frontline of 900 meters with four natural sandy beaches. The main road to Ierapetra divides the property in two parts. The southern part 77.000 sq.m. is relatively flat with four beautiful sandy beaches. The Northern part of 313.000 sq.m. has smooth grades with magnificent sea view. Depending on the chosen uses, the property **can build up to 90.000 sq.m.** The majority of the plot is inside a P.E.R.P.O. Zone (Area suitable for Private Urban Planning) according to the general directions for PERPO Ierapetra. Therefore, the area is suitable for private urban planning. The urban planning coefficient will be about 0,4 for the residential use of the land, taking into account that the private urban planning requires at least 40% of the area under urban planning to be given for public places (sidewalks, parks, etc.). In terms of a rational development of the area, the total constructed surface, which will occur, is characterized as a mild form of development retaining the beauty of the natural environment. The area has already been approved for development by the National Forest authority. The majority of the area does not fall under any limitations of any archeological zone. Taking into account the current legal status quo and the uses of land already developed in the surrounding area, the **suggested area is suitable and mature** for the development of commercial, touristic, thematic, recreational and residential uses.



Land Photos





Master Plan

Master Plan Analysis

The scheme comprises one Luxury Hotel with Spa, Shopping Mall & Cinemas, Villas, Townhouses and Apartments, all with access to extensive sports, entertainment, restaurant and retail amenities.

Description	Built Area
5* Hotel & SPA	14.000 m2
Shopping Mall & Cinemas	8.000 m2
Residential Units	68.000 m2
TOTAL	90.000 m2



Development Analysis

5* Hotel

The Ierapetra Collection Hotel & Spa will be a brand new luxury resort (**14.000 square meters**) nestled on a hillside overlooking its 4 private tranquil bays on the South-East part of Crete. Located right on the waterfront with 4 private sandy beaches, masterfully blending the surrounding landscape together with its unique private bays and direct access to the crystalline waters.

The first of its kind in Crete, this spectacular Ierapetra Collection 5* boutique hotel will combine the flexibility of à la carte hotel services with the amazing possibilities of an international health resort. A feast for your senses, Ierapetra Collection Hotel & Spa will offer endless opportunities in a stunning setting.

Ierapetra Collection Hotel & Spa will enchant you with its exquisite design and matchless ocean views. In a serene atmosphere of casual elegance, visitors will relax in a lavish suite, float in one of the sparkling pools, savor award-winning cuisine and discover unsurpassed spa, fitness and wellness services. From morning walks on the beach and the thrill of the two-story indoor rock-climbing wall to health experts to advise and inspire every visitor, you'll find endless ways to reawaken your spirit and refresh your soul in the resort.

The design of Ierapetra Collection Hotel & Spa will represent the perfect integration between architecture and design with the surrounding environment. It will evoke the intimate charm of the traditional villages found throughout the Greek isles, expressed in an elegant, contemporary aesthetic. In this dramatic setting of incomparable beauty, Ierapetra Collection Hotel & Spa will deliver a bold new statement on the nature of hospitality.

The whole experience will be felt in every nuance of Ierapetra Collection Hotel & Spa and its magnificent accommodation. Visitors can choose from rooms, suites and villas designed by the prestigious Architects, including Deluxe Ocean View Rooms, and Luxury Master Suites and Villas. All boasting spectacular views of turquoise sea waters and most feature private heated swimming pools. The needs of more discerning guests are surpassed in every way with the exclusive accommodation.



Residential Units

The Resort will have various styles of 400-700 Residential Units (**68.000 square meters**) by offering options in size, location, view and ambiance to provide owners & guests with the highest level of comfort and service. Each unit will be designed with unique and refreshing décor, to reflect the beauty and charm of a **traditional Cretan Village**. **The residential units could be rented through the Hotel and provide an extra income to the owner.**



Shopping Center

Brand name commercial chains, restaurants and cafes, innovative movie theatres and entertainment for the entire family will be carefully planned to the shopping center. With modern architecture and innovative auxiliary services the shopping center will offer its visitors a comfortable, pleasurable and safe shopping experience.

Located in the outskirts of Ierapetra, the shopping center will be the largest shopping and leisure center in Eastern Crete in total surface of **8.000 square meters**.

Designed as a Lifestyle centre for Ierapetra, it will represent the modern vision of development of commercial centers including a unique combination, of commercial and recreational opportunities.

Movie theatres, trendy brand chain restaurants and cafes, amusement and relaxation spaces, unique shops, and comfortable indoor parking in 2 levels. The shopping mall will offer its visitors unique experiences, combining successfully entertainment, recreation, and shopping.



Sport Facilities - Golf

Ierapetra Marina Hotel & Spa as a world-class five-star resort will offer a range of leisure facilities including a private **9-hole par-3 golf course (50.000 square meters)**. The resort's recreational facilities will offer a complete range of watersports, a multiple purpose sports court, gyms, a PADI-certified scuba diving center, canoes, pedaloes, windsurfing equipment, AstroTurf tennis courts, a small pitch & put golf course, as well as a room for board games.

The GOLF CLUB will host a Golf Academy with a PGA professional team, offering the opportunity of either learning to play golf during one's holiday, or of boosting one's golf techniques. Especially for beginners, classes will be arranged in such a way as to maximize the knowledge acquired, even during a short stay at the resort. The Pro-Shop, will be situated in the shopping center of the hotel, will provide all the necessary equipment and souvenirs.



Financial Analysis

Project Cost

Description	Built Area	Cost (Euros)
5* Hotel & SPA	14.000 m2	21,000,000
Shopping Mall & Cinemas	8.000 m2	6,000,000
Residential Units	68.000 m2	68,000,000
Golf (9-hole par-3)		1,000,000
Infrastructure Works, Water Facilities, Energy Facilities		3,000,000
Building Licenses, Planning Permissions		2,000,000
Contingency		9,000,000
TOTAL	90.000 m2	110,000,000

Project Development Financial Analysis

Ierapetra Marina Project will be developed in **3 years**. The year 0 (Quarter 1,2) is for the issuing of the final designs and building licenses. At the end of the first year the Hotel & SPA will be fully operational. The Shopping Mall will also be fully operational the 1st quarter of the 2nd year. The residential units will be developed in 3 years. There will be around **680 residential units** (100m2 per unit) sold at **250.000 Euros each**, so there will be 20-30 units released every month. The project will start when there will be a minimum commitment to buy 10% (at least 68) of the residential units and it can provide the project Developer with a deposit at least of 10.000.000 Euros to start the project. Depending from the deposit there will be needed **1-10 million Euros in equity** for the beginning. If the sales continue to grow to **20 units per month** for this 3 years then in the following cash flow analysis you will find the financial results and the profitability of the project. After the 1st year, there will be also revenues from the Hotel and the Shopping Mall. There can be an extra income for the hotel from the sublease of the residential units. **The owners of the residential units will have an extra income from the rentals!**

Cash Flow Analysis

	Year 0				Year 1				Year 2				Year 3				TOTAL	
	Quarter	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3		Quarter 4
Project Outflows																		
3* Hotel & SPA		2,000,000	5,000,000	5,000,000	5,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	21,000,000
Shipping Vial & Containers		1,000,000	2,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	6,000,000
Residential Units		2,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	40,000,000
Garage (20 lots per 10)						500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	1,000,000
Infrastructure Works,																		
Water Facilities, Energy		1,000,000	1,000,000	1,000,000	1,000,000													3,000,000
Permit Licenses,																		
Planning Permissions		500,000	1,000,000	500,000														2,000,000
Contingency		500,000	2,000,000	2,000,000	2,000,000	13,500,000	1,000,000	7,000,000	7,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	110,000,000
TOTAL OUTFLOWS																		
Project Inflows																		
Security Investment		3,000,000																
Private Sales			10,000,000	15,000,000	15,000,000	20,000,000	20,000,000	20,000,000	20,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	150,000,000
Hotel Profit						1,000,000	1,100,000	1,210,000	1,321,000	1,434,000	1,549,000	1,675,000	1,803,000	1,933,000	2,065,000	2,200,000	2,338,000	11,430,000
Residential Profit						15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	120,000,000
TOTAL INFLOWS		3,000,000	10,000,000	15,000,000	15,000,000	35,000,000	31,100,000	31,210,000	31,321,000	31,434,000	31,549,000	31,675,000	31,803,000	31,933,000	32,065,000	32,200,000	32,338,000	180,000,000
Project Profit per Quarter																		
(=Inflows - Outflows)		2,500,000	-2,000,000	1,000,000	1,000,000	12,000,000	14,150,000	14,270,000	14,350,000	14,550,000	14,550,000	14,550,000	14,550,000	14,550,000	14,550,000	14,550,000	14,550,000	72,000,000
Cash Flow		3,500,000	500,000	4,000,000	5,000,000	31,000,000	35,200,000	49,470,000	57,870,000	66,410,000	70,001,000	73,861,000	78,001,000	82,411,000	87,001,000	91,801,000	96,801,000	350,000,000

Employment Prospects

Employment

Description	People
Hotels and Accommodation Staff	200
SPA	10
Shopping Mall (Retail Space)	40
Convention Center - Events Venue	4
Residential Units	10
Marina	5
Water & Theme Park	30
Golf (9-hole par-3)	5
TOTAL	304

Social Impact

- Average employment during construction of 600 jobs
- Personnel needs to be met from local recruitment whenever possible
- Over 1000 additional indirect jobs in the region
- Reduction of Unemployment
- Reduction of seasonal employment
- Enhancement of economic activity and employment
- Population Increase due to the return of the youth to their home place
- Restructuring of the economic activity, emphasis paid on the service sector

Investments' Framework

Tourism

Greece is one of the top tourism destinations in the world. The number of tourism visits over the last decade has shown a steady increase. From 14.2 million international visitors in 2004, more than 17 million people visited Greece in 2008, and it reached 20 million in 2014, almost twice the country's population. Global interest in Greece has investors focused on integrated resorts, golf courses, spas, theme parks, marinas, and a wide variety of agrotourism and alternative tourism. In addition, Greece is becoming a favourite destination for conferences and congresses, where delegates and their families are able to enjoy add-on holidays throughout the year.

Real Estate

The Greek real estate market has undergone profound changes in the past decade, with building activity fueled by an expanding economy and the development of second home and leisure home markets. In urban areas, developers are finding success with new large-scale integrated shopping centers and office space. Of particular interest is the potential to build extensive residential real estate projects (governed by new legislation) for both domestic and foreign buyers, on the mainland and islands, in highly attractive locations. Likewise, there is a demand for large, upscale integrated resort projects and small, boutique projects that focus on niche markets. Greece favours the development of eco-friendly real estate; developers with expertise in green building will find a welcome environment.

Human Resources

Because Greece, a country of 11 million inhabitants, hosts more than 20 million visitors, education and training in tourism services is paramount. The workforce is multilingual, well versed in the tourism sector, and willing to respond to new challenges. From management to catering, human resources for tourism enterprises is a Greek strength.

A Global Brand, Global Marketing Support

Greece as a tourism destination enjoys an extensive, multilingual, global marketing campaign in all media. In addition, Greece is fully represented at all key tourism trade shows and is promoted by major travel and tour operators worldwide.

Residence Permits

Residence permits for real estate owners

The government of Greece instated a procedure to obtain permanent residence permits, which can be renewed every five years, for owners of real estate by third-country citizens, the value of which exceeds €250.000, adopting a friendlier stance towards those who wish to own real estate property in Greece.

A residence permit for real estate owners is a new type of residence permit, for third country citizens who have received a type D Visa for the same purpose. Beneficiaries of the right of entry and residence, for a period of five years, are:

- third country citizens who either own, or intend to own (supported by the relevant documentation), real estate property in Greece, provided its minimum value is €250.000;
- third country citizens who have signed a lease – for a minimum of 10 years – for hotel accommodations or furnished tourist residences in integrated tourist resorts, provided the minimum cost of the lease is €250.000;
- family members of the third country citizens described above.

Residence permits Traveling Details

The scheme has clear attractions. Residency permits act as a form of visa to all the Schengen Area's 26 countries (Austria, Belgium, France, Germany, Denmark, Greece, Estonia, Spain, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Hungary, Poland, Portugal, Slovakia, Slovenia, Sweden, Czech Republic, Finland), including all of Western Europe except the UK. The permits require only token residency in the country where the property is located, meaning that buyers can use it as a springboard to live (but not work—that requires another permit) elsewhere in Europe.

Renewal of residence permits for owners of real estate - Duration and Preconditions.

The residence permit can be renewed. More specifically, the residence permits may be renewed for the same duration and for as many times as the applicant requests. To renew the residence permit, the following conditions must be met:

- The real estate property must remain in the ownership and possession of the applicant.
- The relevant leases must be ongoing.
- Absences from the country do not impede the renewal of the residence permit.

Investment Incentives

Investment Incentives Law

Greece's Investment Incentives Law governs the terms and conditions of direct investment in Greece and provides for the incentives available to domestic and foreign investors. The incentives on offer are among the most competitive in the European Union. Investment incentives are applicable to primary, secondary, and tertiary sectors and cover a wide variety of business activities. For the purpose of promoting investment in outlying and less developed regions of Greece, the country is divided into three zones, A, B, and C, with A being the most industrialized areas of Greece, including the prefectures of Attica and Thessaloniki, and zone C being the most remote and less developed. Investors may take advantage of: cash grants or leasing subsidies, wage subsidies for employment created by the investment, or tax benefit of up to 60 percent of the overall investment cost.

Investment Incentives

For investment projects that fall under the provisions of the law, the following incentives are available:

Cash Grant, that covers part of the expenses for the investment project by the State; and /or

Leasing Subsidy, that covers part of the payable installments by the State relating to a lease that has been entered into for the use of new mechanical or other equipment; or

Wage Subsidy, provided for employment created by the investment; or

Tax Allowance, that allows income tax exemption on non-distributed gains. The allowance is effective upon completion of the investment for the first ten years of operation and is created through a tax-exempt reserve.

A summary of the Investment Incentives Law is available on the Invest in Greece website:

www.investingreece.gov.gr



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