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REAL ESTATE

THE VILLAS FOR DIVERS PROJECT - AMALIAPOLIS GREECE

Amaliapolis is a small idillic seafront village built on a hill slope that ends to a small harbour, situated in central Greece 18 km from the town of Almiros , 60 km driving distance from the city of Volos through the highway or 47 km through the old national road and approximately 17.5 km from the airport of Nea Anchialos. From Athens the driving distance is 275 km (approx 2 and a half hours) and another 250 km from Thessaloniki.
Amaliapolis possesses 2 major assets from a touristic point of view: That visitors have the unique opportunity to access : The **National Marine Park** of Alonissos and the **Diver's Park** right in front of Amaliapolis.
The Diver's Park is a protected by the Greek State diving area of 3.5 km2 (an official **Divers Park characterised as Marine Archaeological Territory**) right in front of the small Kikinthos island which is only 800 m from the Amaliapolis harbour, in which scuba-divers can explore ancient shipwrecks, ruins of ancient temples.
The **National Marine Park** of Alonissos (2.3 Km^2) is the habitat of the monk seal (monachus-monachus), dolphins, wales, rare plants, sea birds etc. During the summer time Amaliapolis also serves as a departure seaport for small ferries and yachts that carry tourists on daily cruises around Sporades Islands (Skiathos, Skopelos, Alonissos and Skyros).

The project refers to the **development of 8 small individual villas with individual pools in 2 adjacent land plots** 150 m from Amaliapolis on a hill slope planted with olive trees with amazing views to the sea, to Kikinthos island, to Volos and Mount Pilion to the far north horizon. The plot's orientation is northwestern enjoying the sun almost all day while avoiding it enface.One of the 2 plots is 10.420 m^2 and the other is 2.570 m^2. The picturesque Amaliapolis with its little shops, cafes , restaurants, beach and harbour is within walking distance from the plot. A private road separates the two plots and leads to luxurious stand alone summer villas on the adjacent hills owned mostly from foreigners such as Italians and Swiss nationals.
As the area is well protected with respect to nature, licensing is not an easy to execute process**.** Both plots in this project have all legally requested building licenses **already issued** a major advantage of this project .

The project is now FOR SALE either as a land plot with its building licenses and architectural studies ready or developed by means of 8 small independent villas all with their own private swimming pool.

The villas will be rented to divers all year round or sold. The client groups for this project are:

a) **Divers** because of the Diver Park right in front of Amaliapolis that hosts ancients shipwrecks, monuments under the sea, ancient temples and the Mediterranean sea bottom habitat (see &1.6 below)
b) **Non EU citizens who can acquire an official Residence Permit in Greece** for 5 years **renewable** for them and their family members, if they purchase property in Greece with value above 250.000 euros.
c) N**ature lovers** because this area is still virgin, picturesque, discrete but not isolated. An ideal place for trekking, mountain bike, nature watching.

d) **Western European Pensioners** who can either rent on a seasonal basis or buy a summer estate in Greece in a value for money transaction. Such a villa costs much less in Greece than in Spain, South France or Italy plus it provides far better landscape and safety.

e) **Visitors of the National Marine Park** where they can observe the environment and the natural habitat of the unique in Europe seals Monachus Monachus , dolphins , sea turtles, wales, sea birds, rare plants etc.

Ownership Status

All ownership titles are at the disposal of the investor for a due diligence. The titles are officially registered to the pertinent land registry office. This is a very strong asset for protected areas like this. The ownership status of the plot (contracts and titles), the architectural drawing, the foundation studies, the building permits were all finished after a long period of careful examination and approvals. Thus the investor or the plot buyer can start unhindered to build the very next day upon purchasing contracts signature. This is another major asset of these two small plots because it provides real time evaluation of the investment.

There is a building permit, one for each plot, with full architectural drawings approved. These permits are:

For the bigger plot (10.420 m^2) building permit 18/2010 for 5 independent villas with individual pools. This plot is called Aristotelion I

For the smaller plot (2.570 $m^{2)}$ building permit 22/2012 for 3 independent villas with individual pools. This plot is called Aristotelion II

There are no mortgages or bank loans on the land. It is ready for contracts.

There are no claims on the land from no-one (if there were no building permit wouldn't have been issued).

Description

In Aristotelion **I** each villa was licensed 61 m2 + 22.5 closed parking or other auxiliary use and 2.000 m2 individual garden / villa). Each villa will have an individual pool of 17 m2

In Aristotelion II , 3 individual villas (66 m2 each) with a private garden of 600 m2/villa will be built. Parking for 10 cars will be common in this plot. Each villa will have an individual pool of 17 m2. Each villa will have a full diving equipment for 2 persons.

As both plots are located on a hill slope, all residencies have very nice view of the Amaliapolis gulf.

Investment Data-Scenarios

It is a matter of business decision whether an investor will follow the existing approvals or strive for a new one. If there is demand for larger houses then he should go for it. **Our predictions is that these houses will be sold or rented to foreigners mostly divers or pensioners coming mostly from Central and Northern Europe or to Non EU Residents giving them an official 5 years Residence Permit for Greece renewable.** These people will visit Greece mostly in the summer months or few times per year even in the low season. They don't need larger houses expensive to maintain, additionally if the investor considers to sell the villas it will be much easier to sell small premises than larger ones. **Therefore we recommend that the investor keeps the approved permits as they are especially for the smaller plot**

Scenario 1(Investor buys the land and develops the plots according to the existing permits)

The price for the plot (including the building permits) is 400.000 euros. A 3% transfer tax must be paid by the buyer. The buyer has the option either to develop and exploit the 8 licensed villas or build a villa for his own use in the smaller plot and keep the 5 villas for exploitation in the larger plot. For such projects there are official EU grants that sponsor the development (especially for touristic alternative uses such as Diving Tourism) up to 60% , an average of 40% should be taken for granted into calculations. The development cost of the 8 villas (including the subsidy) will be around 825.000 for all 8 villas with pools and landscaping.
It must be mentioned that subsidised projects cannot be sold during the first 5 years after subsidy approval. They can be rented only for the first 5 years.
An average ROI of 49% is expected in this scenario.

Additional to this scheme the developer can rent on a long term lease the 8 villas to a hotelier who will rent and operate the villas. The annual yield will depend on the capacity of the project , rental prices, level of services and operational time. For such project the average operation will not be 4-5 months only as it addresses to divers mostly therefore a year round operation should be expected. The annual yield in this case will be smaller than the case where the buyer - developer operated the villas by himself.

Scenario 2 (Investor buys from the land owner the project finished)

Under this scenario the investor doesn't imply him self in the construction and development of the plots. He assigns the development to the land lord and buys from him the villas actually tailor made according to his preferences. This scenario can be easier also for taxation reasons as VAT will be involved in the project. Therefore the investor will buy the villas through a company in order to set off (counterbalance) the VAT of 24%.

The investor decides the level of construction according to his target client group and defines the specs according to the issued building permits. In case he wants a different strategy i.e build fewer thus larger and more luxurious villas then the existing permits must be altered. This is a typical procedure, it is estimated around 2-3 months. Then the investor and the land lord agree the selling price of the villas ready made , the specs, and the time schedule of construction and delivery.
The payment will be gradual upon the phases of the construction. Upon completion there will be a delivery protocol signed by both parties that will justify for the construction specs in detail.
The investor will receive in a period of 18-24 months 8 villas (or the ones he wants) ready for exploitation or for selling them.

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Scenario 3: Long Term Land Lease from the Land owner

In this scenario the investor will lease the 2 land plots from the land owner for a minimum of 15 years period with a minimum rent 12.000 euros/year. He then develops the land and exploits the villas for 15 years. Upon completion of the 15 years the villas will be returned to the land owner. In this scenario the land cost and the engineering costs are both waived, therefore the only cash investment is the construction cost , part of which can be subsidised (up to 40%) by the EU development programs now on the run in Greece.
This kind of agreement is common between foreign investors and land owners who seek long term results. Important: In this scenario the buildings are depreciated both by the investor and the land owner on different rates.The lease is valid no matter if the land owner sells his land in the meantime. In this case the villas will be delivered to the new land owner. The investor will have a first option right in purchasing the land stated clearly in the lease contract.

The investor has the following advantages:
- The amount of the investment is much lower as it doesn't include the land cost and the engineering costs
- He controls the construction from the beginning
- He can afford even 100% private equity financing instead of bank loans
- The investor can give to the development his own desired identity of operation.
- A net annual yield over 15% is expected for the investor.

The land owner :
- Receives in a longer period of time his land fully developed
- He doesn't lose added future values as he doesn't sell now where land prices are down
- Receives a fully developed touristic enterprise
- Has the option to sell the land to the developer at a latter stage

Our company can provide to a seriously interested investor upon letter of intent a full description of the project, drawings, titles, and projected income /scenario.

Sincerely

George Tolis, CEO
IHOR Real Estate