



elounda peninsula  
DIAMOND RESIDENCES

**ELOUNDA, CRETE**

## **FAQ / Buyers' Guide**

**ELOUNDA PENINSULA DIAMOND RESIDENCES**

**ELOUNDA, CRETE**

**MARCH 2011**

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**e**lounda<sup>SA</sup>  
HOTELS & RESORTS

## **INDEX**

<b>1. INTRODUCTION (WHO IS WHO)</b>	<b>(page 3 )</b>
<b>2. EPDR PROJECT</b>	<b>(page 3)</b>
<b>3. MANAGEMENT, OPERATION &amp; MAINTENANCE</b>	<b>(page 4)</b>
<b>4. THE LEGAL FRAMEWORK (CONTRACTS / CLOSING)</b>	<b>(page 8)</b>
<b>5. THE PROCEDURE TO PURCHASE A RESIDENCE</b>	<b>(page 9)</b>
<b>6. TAXES AND FINANCING</b>	<b>(page 11)</b>
<b>7 .RIGHTS RELATED WITH A RESIDENCE / COMPARISON</b>	<b>(page 12)</b>

## 1. INTRODUCTION

### **Q: Who is Elounda S.A.:**

**A:** Elounda S.A. is a private, family-owned Greek company, based in Elounda, Crete, Greece, focused on tourism resort and residential lifestyle developments. Among other properties, it has developed, owns and now operates three resort hotel properties in Elounda: “elounda mare, Relais & Chateaux”, “porto elounda DE LUXE RESORT Preferred Hotels and Resorts” and “elounda peninsula ALL SUITE HOTEL”, known widely as Greece’s finest luxury resorts. Elounda S.A. has been operating since the 1960’s, and is recognized as an industry leader not just in Greece but in the Mediterranean and beyond. As a hotel manager/operator, the Company is supervised by, and complies with the rules and regulations of, the Greek National Tourism Organization (GNTO).

### **Q: What/Where is the Resort?**

**A:** The Resort is defined as the waterfront property complex containing two hotels, the “porto elounda DE LUXE RESORT” and the “elounda peninsula ALL SUITE HOTEL”. This is approximately 70 kilometers east of Heraklion airport, Greece’s second busiest international airport, situated on the northeastern part of the island of Crete. The Resort encompasses these two hotels plus all related facilities and amenities, including the Six Senses Spa, Children’s Ark, 9-Hole golf course and beaches/watersports installations.

## 2. EPDR PROJECT

### **Q: What is the EPDR (also referred to as the Diamond Residences) Project?**

**A:** The project involves the construction of certain fully appointed luxurious waterfront Residences in the Resort bearing the name “Elounda Peninsula Diamond Residences” (or EPDR) according to the master plan prepared by the Architect. These Residences are being offered for ownership to prospective buyers who will have the ability to enjoy their private residence on the water with their private beach and club facilities, while enjoying the facilities, maintenance, services, amenities and security of the Resort complex. The Project includes Residences of various sizes and prices, but all enjoying the same privileged status within the Resort.

### **Q: Who is the Developer of Diamond Residences Project?**

**A:** The Developer is Elounda S.A. and is managing all aspects of the Project.

### **Q: Who is the Architect?**

**A:** The principal architect for the Residences is Spyros Kokotos, the original developer of the Elounda region almost 50 years ago, creator of all Elounda S.A. Hotels & Resorts and architect of over 40 other hotels in Greece. Interior design for each Residence can be selected by each owner to be either Traditional Style, to be realized by Spyros Kokotos personally, or is provided in Contemporary Style by “SYNTAX GROUP” from the U.K, a company specialized in interior design.

### **Q: What is the current status of construction of the EPDR Project?**

**A:** Exterior works on the Residences have been completed on all Residences as of Spring 2011, including landscaping, foundations, walls and openings. Major electro/mechanical and plumbing works have also been completed. On those units already sold, all interior works have been completed and those Residences are being occupied and enjoyed by their owners. On the remaining units, interior fit-out and furnishing has been left unfinished awaiting contracts to be signed by prospective owners.

### **Q: Who are Residences’ Owners? Can foreign persons buy a Residence (EPDR)?**

**A:** Owners are persons and legal entities that enter into the relevant agreements with Elounda S.A. as the owner of the Resort. And YES, foreign persons can buy a Residence. Non-EU residents must obtain “border land ownership clearance” to execute the Final Lease Deed Agreement.

### **3. MANAGEMENT, OPERATION & MAINTENANCE**

#### **Q: Who is the manager of the Residences?**

**A:** The Residences are managed by the Manager, currently Elounda S.A. The Manager is an experienced operator of hotel properties in Greece, widely recognized as an industry leader in Greece and abroad, and well known for the quality of its resort properties. For decades, Elounda S.A.'s properties have enjoyed the reputation of the finest luxury resorts in Greece.

The Manager provides the Residences owners with maintenance and security services, as well as "Hotel" services, in addition to giving access to the rest of the Resort's facilities, amenities and services.

#### **Q: How are Residences going to operate?**

**A:** On completion of the new Residences and their facilities, these Residences will operate as part of the Resort, within which they are located; the Residences will include access to restaurants, bars, swimming pools, tennis courts, Six Senses Spa, sea sports, fitness centre, whenever those are operational. Additionally the Residences are seamlessly integrated with all other facilities of the renowned Elounda Resort including the 9 Hole, par-3, Elounda Golf Course that adjoins the Residences.

#### **Q: What will life be like as a Diamond Residence Owner or Guest? What extra / special privileges do the Residence owners have?**

**A.** The Elounda S.A. experience is aimed at providing guests and owners with a romantic lifestyle experience with a focus on the finer details, to provide a unique and unforgettable holiday experience. Residence owners and guests will notice that this resort is different to other resorts in Greece from the time of arrival.

- Prior to arrival, you can make any advance arrangements and preparations, including food, snacks, drinks or any other supplies you specify. You can send in the form to stock your Residence via fax or email.
- Your Residence can be fully prepared for your arrival by Resort housekeeping.
- The Resort's private and secure car park will be available to you for your vehicle.
- A staff member will welcome you and invite you to relax with a beverage in the Diamond Lounge or hotel lobby and absorb the stunning views.
- Dedicated staff will escort you to your Residence and assist with all arrival matters.
- Each Residence will have free use of its own golf cart for owners and their guests to travel around the Resort.
- An EPDR concierge will be available to cater to any needs you may have within the resort or make any travel arrangements or other excursion plans you may desire.
- You will have exclusive access to the Diamond Lounge, a waterfront lounge and bar area created for Residence owners, to relax in privacy and luxury.
- You will have exclusive access to the Diamond private beach, with your own spot reserved, including beach service.
- As a member of the Elounda Diamond Club, you will enjoy discount pricing and complimentary upgrades when available for your guests staying at any Elounda S.A. hotel.
- Should you wish to emerge from the seclusion of your Residence or the Diamond Lounge and private beach, you are always welcome to enjoy any of the facilities and amenities of the Resort.

#### **Q: What is included in the Resort facilities?**

**A:** The extensive facilities of the Resort include:

- Lobby lounge
- Concierge Service
- Business center services
- Restaurants and Bars:
  - Peninsula
    - Calypso Restaurant, award-winning cuisine
    - Admirals lobby bar
    - Serene's waterfront bar
  - Porto
    - Nafsika Restaurant
    - Elies Restaurant
    - Odysseas Tavern on the water
    - Kirki lobby bar

- Beach bar
- Elounda Mare
  - Deck Restaurant
  - Old Mill Restaurant
  - Yacht Club Bar / Restaurant
  - Lobby Bar
- Multiple Indoor and Outdoor Pools (seasonal)
- Private serviced beaches
- Sea Sports (seasonal)
- Poolside Pavilion
- 9 hole par-3 Golf Course
- Six Senses Spa™
- Children’s Ark – Supervised children’s activities center
- Baby sitting facilities
- Fitness Centers
- Tennis Courts
- Home theatre with 45 people capacity
- Wine Cellar
- Shopping Arcades
- Chapels
- State-of-the-art Conference/Reception Hall with modular capacity of up to 1000 people events indoors

**Q: Are there any rules regarding every-day use of my Residence?**

**A:** Under the Greek Government Hotel regulation Residence Owners shall respect the personal life and peaceful holiday atmosphere of the property.

Owners should also not house inflammable materials in their Residence.

No unsupervised barbeques are allowed in external areas of the Residence.

By regulation night swimming is not allowed.

Owners should be aware that the Greek Hotel legislation does not normally allow pets to be accommodated within the Resort boundary.

**Q: Do I pay to use my Residence?**

**A:** You pay Maintenance Fees, Occupancy Fees and Optional Housekeeping fees.

**Maintenance Fees** are charged on annual basis, payable in advance, and cover pool and Jacuzzi maintenance, gardening, external villa painting and varnishing, equipment maintenance, security, common spaces maintenance and resort general insurance.

**Occupancy Fees** are charged for each day of occupancy by the owner or guests and cover pool and Jacuzzi twice daily service, garden “manicuring”, common spaces usage and lighting, beach services, shuttle service between hotels, concierge services and administration.

**Optional Housekeeping Charges** are based on an “a-la-carte menu” of services, depending on the frequency of service, linens, kitchen cleaning, ironing etc. and are based on usage of such services.

All above charges are annually reviewed and the calculation is based at actual costs incurred by the Manager plus an overhead allocation.

**Q. What are my additional Operating and Usage costs?**

**A:** Costs payable by Residence Owners, in addition to the Maintenance, Occupancy and Housekeeping, are:

1. Telephony
2. Power, water and gas, by individual meter,
3. Pool heating by individual meter,
4. Contents’ insurance policies for any supplementary items additional to the interior decoration listed in the final agreement.
5. Any major maintenance and renovation not covered under the normal maintenance agreement and any spare parts.

**Q: Who will maintain my Residence when I am away?**

**A:** The Residences will be maintained by Elounda S.A.

This program consists of the following items: Maintenance including day-to-day maintenance of the Residence and of the resort, of which the Residence is an integral part, according to the high standards of the resort, comprising outdoor maintenance (e.g. *painting, varnishing, gardening, servicing of all the mechanical equipment including Residences' and main resort pools*).

**Q: Can I let others use my Residence ?**

**A:** YES. All family members, business associates and friends can be nominated by you to enjoy all or part of your usage entitlements. This must however be strictly on a personal basis and you (or an agent) will not be allowed to derive any direct or indirect returns or benefits from this. All commercial accommodation rights are strictly reserved for management by Elounda S.A., on the Owner's behalf (see Diamond Residence Rental Program). The above persons will be charged Occupancy Fees and Optional Housekeeping Fees as appropriate.

**Q: Will my Residence have adequate security?**

**A:** As a gated Resort Community, access to all residential areas can only be given to owners and guests of the Resort.

**Q: Is there any insurance for these Residences ?**

**A:** During the completion of the Residences, insurance will be the responsibility of Elounda S.A. There is no risk to the purchaser, and payment for insurance for Residences is not required until satisfactory completion of the Residences. The vendor has undertaken to maintain adequate insurance to cover all reasonable risks during the construction phase.

Once the completed Residence has been handed over to the Purchaser, it is the responsibility of the Manager to arrange insurance for the Residence; therefore maintenance expenses shall include the relevant insurance rates. The Manager must arrange insurance to meet the Resort's Insurance Requirements. If an Owner wishes to add equipment and/or works of art in a Residence, or increase the insurance coverage beyond what the resort provides, an additional policy shall be required, at the Owner's cost.

**Q: Can I use all of Resort facilities?**

**A:** Yes. Access to the facilities is part of the purchase price for your Residence. Various charges will, of course, apply, at discounted rates compared to rates for all hotel guests, for many of the facilities used (*i.e. Six Senses SPA, par- 3 Golf course, water sports, restaurants, etc.*)

**Q. Can I make any external or interior improvements or additions to my Residence?**

**A:** Residence Owners may not build any unauthorized external improvements or additions to a Residence. Any interior and exterior changes to the construction or fittings and furniture must be firstly discussed and approved by Elounda S.A., to ensure the luxury standards of the Residences are maintained to ensure Owner capability to sub-lease the Residence.

An Owner who wishes to sub-lease his Residence, following previous undergone interior modifications (*even if approved*) may apply to do so, however it is at Elounda S.A.'s discretion to accept such Residences, or ask for its further modification, according to the existing initial standards or other Residences under sub-lease.

**Q: Can I have room service to my Residence?**

**A:** Yes. A room service option will be available to Owners and their guests, at the prevailing cost at that time.

**Q: Can I use my Residence for personal use and still let it through the on-site management?**

**A:** Yes. You can personally use your Residence for the periods of time you choose each year and, if you so choose, you can place your Residence, by entering into the sub-lease agreement with Elounda S.A., to be sublet by Elounda S.A. to its prospective hotel guests. See Diamond Residence Rental Program.

**Q: Can I generate income from my unit?**

**A:** Yes. For those Residence owners wishing to rent out their units for income generation, the Manager gives access to its own global and domestic sales and marketing network which includes

- Exposure to up to 70,000 unique visitors per month via their website
- Search engine optimization of Elounda S.A.'s website

- Inclusion in Elounda S.A Group. brochure with worldwide distribution through SABRE, GALILEO, WORLDSPAN & AMADEUS
- E-Marketing to Elounda S.A. database of over 50,000 past leisure guests and 16,000 corporate contacts
- Elounda S.A. public relations – Editorial coverage in premium national and international newspapers, magazines, TV and radio media
- Direct marketing – Mail outs to Elounda S.A. past guest database and inclusion in Elounda S.A. Hotels & Resorts annual magazine, named “porto e mare”.
- Web Marketing – advertising via search engines such as Google and Yahoo
- Alliance marketing – promotion to relevant target audiences via a range of corporate partners such as travel agents, tour operators and specialty marketing groups.
- Benefit from Elounda S.A.’s very high brand awareness and positive brand perceptions globally

**Q: What’s the procedure if I wish to sub-lease my Residence ?**

**A: Owners wishing to place their EPDR under a sublease arrangement must declare the latest by 31<sup>st</sup> December of each calendar year, the dates they wish to make available for sub-lease. This declaration is valid only for the following calendar year. Obviously the remaining time will be blocked for your use. Owners sign the Sub-Lease Agreement once their unit has been approved for inclusion in the Rental Pool by Elounda S.A. See Diamond Residence Rental Program.**

#### **4. THE LEGAL FRAMEWORK (CONTRACTS / CLOSING)**

**Q: What type of Land Tenure am I buying?**

**A:** Owners will acquire: an initial 60 years' lease for the exclusive use of the Residence with unilateral right of (a) automatic extension of the initial 60years' term for another 60 years following signing of a notarial agreement and (b) optional conversion of the initial agreement into "freehold title" according to the future legislation regarding holiday residences in Greece.

All future expenses (*governmental, notarial, land registry's transfer taxes due to ownership, stamp duties etc*) (and including tax-costs against Elounda S.A.) shall be paid by the owner, when, as and if future agreements shall be signed (*either freehold or extension agreements*).

**Q: Why is my Residence lease initially for a 60 year period with a right to an extension?**

**A:** Greek laws dictate currently that hotel construction and operation permits are granted without the option of freehold subdivision and sale. A law permitting is being discussed but not yet implemented in Greece.

Elounda S.A. gives the option to each Residence owner to convert their leasehold tenure to a freehold tenure whenever they want, assuming the laws allow for it, at no extra benefit to Elounda S.A..

**Q: What kind of contracts must be signed in order to achieve a closing?**

**A:** After an initial Private Agreement has been signed summarizing the key terms of the purchase and a deposit has been paid, the following contracts shall be signed to buy a Residence:

(a) An initial pre-agreement (PA) of 60years' term

(b) Upon delivery of the Residence, the final 60years' lease agreement for the exclusive use, including the unilateral extension for another 60 years and the option to convert to freehold when and if allowed.

**Q: Can I sell my Residence at any time?**

**A:** Once you have settled your purchase, the Residence is yours to sell at any time. Assignment of your lease rights will be subject to any conditions outlined in the Purchase Agreement. In addition, under the terms of the Sub-Lease Agreement, if signed, Owners must ensure that any purchaser shall honor bookings already confirmed. Annulment of the Sub-Lease Agreement requires termination of its current term and duration.



## 5. THE PROCEDURE TO PURCHASE A RESIDENCE

### **Q. What's the Procedure in order to achieve a closing?**

**A.** Decide on the person or legal entity that is going to purchase / enter into the final Agreement.

- Form a legal entity (*if you wish*).
- Obtain a Greek Tax Registration Number (TRN/AFM) for the intended Owner, if you don't have one already Elounda S.A. can assist with this.
- Ensure your bank can wire transfer the relevant funds to Elounda S.A.'s bank account in Greece, or arrange alternate payment method (in any case, arrange with Elounda S.A. intended method of payment)
- We recommend retention of a Greek lawyer to assist and guide throughout the process. If necessary, Elounda S.A.'s lawyer Mr. Michael Sergakis (+30 6944 187444 / sergakis-mlaw@ath.forthnet.gr) can assist.
- Either arrange to be present in Elounda at an agreed time to sign notarial Pre-Agreement in person, (if legal entity, ensure you have required authorizing documents) or arrange for the issuance of the necessary notarial proxies. Proxies are required for the person signing each contract in your stead as well as for other procedures including bank instructions/check issuance, contract registration with tax authorities). These proxies must be validated abroad either by the Greek consul in each city, or by a local notary public (in that case, the Greek Government requires these documents to be apostil led according to the convention of Hague, and also be officially translated into Greek by relevant department of Greek Ministry of Foreign Affairs). If necessary, Elounda S.A.'s lawyer Mr. Michael Sergakis (+30 6944 187444 / sergakis-mlaw@ath.forthnet.gr) can assist.

### **Q: Prices & Deposits in order to purchase a Residence ?**

**A:** All Residences s will be priced and sold in Euros.

All prices are subject to change from time to time at the discretion of Elounda S.A..

The price for each Residence is expressed as a total price and is respectively the price stated in the Residence pre-agreement. Residence Price includes all Furniture, Fittings and Equipment.

First, a Private Agreement (reservation) is executed between the parties, summarizing the key terms of the purchase, and a deposit paid. This deposit can be returned in kind (i.e. as credit for future hotel bills) if the buyer decides not to proceed with the purchase (signing of of a pre-agreement) within 60 days. The pre-agreement is notarial and fixes the rights and leasehold deed. Once a Pre-Agreement has been signed and accepted by Elounda S.A., this price will remain fixed and will not be subject to any increase.

The proposed scheme of amount payable for each Residence for the execution of each pre-agreement is:

- an initial deposit upon signing the Private Agreement
- the majority of the Residence price, upon signing of the notarial pre-agreement, subtracting initial deposit
- the remaining amount of the Residence price upon delivery or the Residence completed & appointed with fixtures, fittings and furniture

Prices are based on the above payment schedule. Other payment schemes may be discussed following submission of counter proposals.

Each payment shall be held in Elounda S.A. accounts against the relevant contracts.

### **Q: Are there any Additional Fees for closing?**

**A:** In summary, the following additional amounts & fees are payable in connection with the acquisition of exclusive use rights (*initially 60yrs, with later rights to further 60yr periods*) of a Residence:

- Legal fees and duties
- Notary Public Fees

**Notarial & Legal Fees** on the value of the Purchase Agreement and the Final Agreement, Notary Public Fees & Buyer's Legal Fees are imposed.

**Land Registry Fees** and in case of Mortgage, mortgage Registration Fees are imposed on the value of the asset in question. All these fees are to be paid by the Owner.

Purchase price includes Municipal Tax and VAT related with the use of Residence payable by Elounda S.A.

## **6. TAXES AND FINANCING**

### **Q: Are there any Tax Implications for Owners?**

**A:** Firstly the owner should obtain a tax registration number (TRN-AFM) from the Greek Taxation office, prior entering into the final Agreement, to be signed upon each Residence's completion.

When a non-resident acquires property in Greece and that property is used to earn rental income then the owner may have certain Greek Taxation obligations.

For each financial year that the property is used to earn rental income a Greek Tax Declaration is required to be filed.

Capital gain tax on a profitable sale of a Residence may be applicable.

We recommend that you seek Greek and Local taxation advice specific to your circumstances.

### **Q: Are there any Financing Options?**

**A:** Elounda S.A. has made arrangements with a Greek Bank to provide finance packages to purchasers, subject to the purchaser's meeting the banks normal credit criteria.

While details of these financing packages are available from Elounda S.A., Elounda S.A. does not guarantee to prospective purchasers that such bank will lend to prospective purchaser the finance amounts required and/or at any particular interest rate.

If you are borrowing any monies in connection with the acquisition, then there may be costs and duties connected with your loan.

If you intend to finance your purchase through the facility arranged by Elounda S.A. for this project, then Elounda S.A., can assist and get you in touch with relevant persons at the Bank.

## 7. RIGHTS RELATED WITH A RESIDENCE

	UNDER TITLE OF FREEHOLD	UNDER OUR PROJECT
<b>RIGHT</b>	TITLE OF FREEHOLD	TRANSFER OF THE RIGHT OF EXCLUSIVE USE FOR 120 YEARS -LEASE
<b>TERM OF RIGHT</b>	INDEFINITE DURATION	60 YEARS INITIAL TERM + 60 YEARS BY UNILATERAL EXTENSION OF INIT.TERM
<b>DAY USE PER ANNUM</b>	365	365 (15 DAYS FOR THE ANNUAL MAINTENANCE OF THE RESORT)
<b>RIGHT OF FURTHER LEASE</b>	AT THE OWNER's DISCRETION	AT THE LESEE's DISCRETION
<b>DEMOLISHING</b>	FOLLOWING A LICENSE ISSUED BY THE TOWN PLANNING OFFICE +ITS ARCHITECTS' COMMITTEE CONSENT	FOLLOWING A LICENSE ISSUED BY THE TOWN PLANNING OFFICE <b>AND ELOUNDA ACCEPTANCE</b>
<b>RECONSTRUCTION</b>	FOLLOWING CONSTR. LICENSE BY TOWN PLANNING OFFICE +ITS ARCHITECTS' COMMITTEE CONSENT	FOLLOWING CONSTR. LICENSE BY TOWN PLANNING OFFICE <b>AND ELOUNDA's</b> CONSENT ABOUT EXTERNAL FORM OF BUILDING
<b>MAINTENANCE</b>	AT THE OWNER's DISCRETION	OBLIGATORY EFFECTED BY ELOUNDA S.A, AT "REAL COST" BASIS
<b>HOTEL SERVICES</b>	NOT PROVIDED	YES. AT "REAL COST" BASIS
<b>RULES FOR USE</b>	THE BUILDING's REGULATIONS	THE RESORT's REGULATIONS
<b>MAXIMUM BEDS</b>	THE BUILDING's REGULATIONS "OTHERWISE NO LIMIT)	THE RESORT's REGULATIONS APPROVED BY G.N.T.O (GREEK TOURIST ORGANIZ.) BEING: (BEDROOMS x 2) +1max.in Lounge Area
<b>FURNITURE</b>	AT THE OWNER's DISCRETION	AT THE LESEE's DISCRETION <u>OPTIONAL:</u> YES, TO BE ACCEPTED BY ELOUNDA SA IN CASE OF SUBLEASE
<b>FURTHER TRANSFER/ RESALE</b>	FREE/ AT OWNER's DISCRETION	FREE/ AT LESSEE's DISCRETION
<b>TRANSFER TAX &amp; DUTIES</b>	APPROX.12% OF THE PRICE	NONE
<b>TRANSCRIPTION</b>	COMPULSORY FILING & TITLE	COMPULSORY FILING & TITLE
<b>HERITAGE</b>	YES – OWNER LEGISLATION VALUE OF PROPERTY	YES – LESSEE LEGISLATION VALUE OF YEARS FOR USE
<b>PROPERTY TAXES</b>	YES – CURRENTLY ..., ANNOUNCED TO BE INCREASED	NONE FOR THE LESSEE