

Business Plan



THE GROVE

CRETE

The hotel that powers itself, and empowers you.

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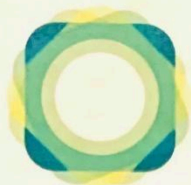
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GreenTecLab

Certificate of Excellence
Αριστείο

Awarded to
Απονέμεται στ...

Serhat Ünalci



for excellence in the GreenTecLab Entrepreneurship Pitches and in the
Greece organized by the German-Hellenic Chamber of Commerce and Industry
and the Technical Institute of Heraklion Chamber of Commerce and Industry
took place on the 12th of May 2022.

για τη διάκριση στον Διαγωνισμό Πράσινης Επιχειρηματικότητας στην Κρήτη στο πλαίσιο του έργου
GreenTecLab που διοργανώθηκαν από το Ελληνογερμανικό Εμπορικό και Βιομηχανικό Επιμελητήριο και
το ΚΕΚ Τεχνικές Σχολές του Επιμελητηρίου Ηρακλείου και πραγματοποιήθηκε στις 12.05.2022.

Prof. Dr. -Ing. Athanasios Kelemis
General Manager & BoM Member
German-Hellenic Chamber of
Commerce & Industry

Grigoris Avraam
BoM Member of Heraklion Chamber of
Commerce and Industry & Vice President
of Technical Institute of Heraklion Chamber

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CONTENTS

INTERNAL ANALYSIS

1.	Company	1
2.	Background	4
3.	Business Philosophy	12
4.	Objective	15
5.	Investment Plan	21
6.	Sustainability	24
7.	Customer Analysis	29
8.	Strategy	32
9.	Services	34
10.	Organization	41
11.	Marketing	43
12.	Timetable	45

EXTERNAL ANALYSIS

13.	Market Environment	49
14.	Area Data	53
15.	SWOT Analysis	56
16.	Competition	56
17.	Risk-Management	62
18.	Expected Results	67
	FINANCIAL PLAN	68
	Offer to Investors	80

Dr. Serhat Ünalı
Hamza Houssaini

Eco Hotel THE GROVE CRETE

www.TheGroveCrete.com

INTERNAL ANALYSIS

1. Company

This business plan pertains to the company THE GROVE OE, General Commercial Registry (Γ.Ε.ΜΗ.) number 159088150000, sales tax identification number: 801557140. THE GROVE OE has been established with the objective of launching and operating sustainable tourism businesses in Greece and offering Hospitality Services.

Goal of the company:

THE GROVE CRETE is envisioned as an eco-tourism destination at the heart of a holistic, sustainable tourism experience in Crete. Aligned with Greece's national strategy to foster high-quality, innovative tourism, THE GROVE embraces eco-friendly, community-driven, culture-sensitive, year-round, and small-scale principles.

This unique accommodation will be the first in Greece to be certified as a near-zero-energy hotel by the Hellenic Passive House Institute (ΕΙΠΑΚ). By tapping into the rich potential of local resources, THE GROVE CRETE will partner with local producers, artists, and craftspeople to develop its services, ensuring that all food, beverages, interior design elements, and merchandise are sourced exclusively from Crete.

Energy needs will be met entirely off-grid through a pioneering partnership with SunOyster, a German company leading the way with innovative solar technology. THE GROVE CRETE will be the first hotel in Greece to implement this cutting-edge energy solution.

Once THE GROVE CRETE has established itself as a successful model of sustainable tourism, the brand plans to expand its concept to other parts of Greece and the Mediterranean, bringing THE GROVE's eco-conscious philosophy to new destinations. This expansion will focus on creating additional boutique hotels that adhere to the same principles of sustainability, local sourcing, and cultural sensitivity, ensuring each new location remains true to its surroundings while promoting responsible tourism.

In addition to the hotel expansion, THE GROVE brand will also develop a range of branded products, reflecting its commitment to sustainability and local craftsmanship. These products—ranging from eco-friendly lifestyle items to locally sourced and designed merchandise—will be available both at THE GROVE locations and through select retail channels, allowing guests to bring a piece of their experience home while supporting regional artisans and producers.

Members of the company:

Both founding members bring extensive experience in hospitality and hotel management, currently serving as on-site managers for holiday resorts, luxury mansions, and villas along Crete's South Coast. Their proven track record is reflected in outstanding guest satisfaction, with a 99% full-star rating from for their services rendered in 2023 and 2024 seasons, and a 100% full-star rating from clients. A detailed list of guest reviews, representing a strong potential customer base for THE GROVE CRETE, is available upon request. The property management division of the company THE GROVE OE achieved a remarkable threefold increase in gross revenue in 2024 compared to the previous year.

As both founding members continue their Greek language studies, they remain committed to fully integrating into the local community.

Their combined corporate experience and practical skill sets make them uniquely qualified to run an eco-boutique hotel. They possess deep knowledge of organizational structures, promotion strategies, operational needs, and customer satisfaction processes. Together, their personal and professional backgrounds provide a strong competitive advantage, positioning THE GROVE CRETE for success. Their business, founded on a sound strategic, philosophical, and financial basis, is designed to capitalize on these strengths.

A. Hamza Houssaini:

Hamza is an engineering graduate with a degree in Facility Management from the HTW Berlin - University of Applied Sciences, which included a strong foundation in business administration. He is fluent in English, German, Arabic, and French. He has Tunisian and German citizenship.

Before relocating to Crete, Hamza worked as an engineer for the Berlin state government, where he was responsible for overseeing the construction and maintenance of critical infrastructure, including bridges and tunnels. In previous roles, he gained extensive experience across various facility management departments. His responsibilities included:

- Building management and maintenance oversight
- Technical management of water and energy systems
- Security system maintenance for indoor and outdoor office spaces
- Contract evaluation and handling

Having grown up in rural Tunisia, Hamza has a deep understanding of traditional agriculture, including olive cultivation, as well as animal care. His diverse skill set extends to hospitality and gastronomy, having worked in various restaurants as service staff.

Hamza's academic background, practical experience in building management, and agricultural expertise bring a distinct competitive advantage to THE GROVE CRETE. He has also developed the sustainability concept for THE GROVE CRETE, with a focus on renewable energy solutions and the use of organic, sustainable products throughout the property.

B. Dr. Serhat Ünaldi:

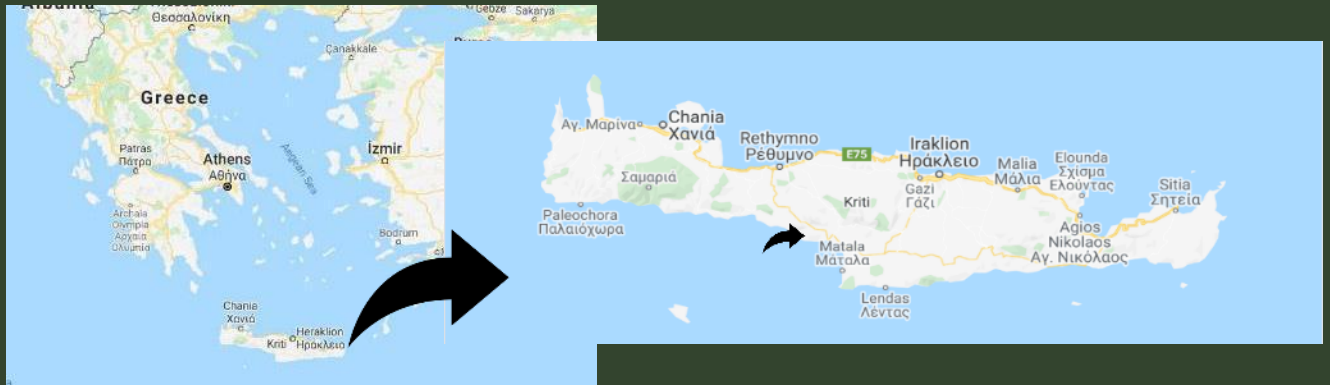
With a PhD in Area Studies, Serhat specializes in the intercultural transfer of knowledge about countries, people, and cultures—an expertise highly relevant to curating a unique and immersive guest experience at an eco-boutique hotel like THE GROVE CRETE. Fluent in German, English, and French, Serhat's linguistic skills will enhance communication with an international clientele, ensuring seamless guest interactions and personalized services.

As a trained journalist with a background in public relations, Serhat brings expertise in marketing, media outreach, and guest relations. His experience in creating and managing websites will be key in developing and maintaining THE GROVE's online presence, helping to position the hotel as a leading sustainable tourism destination. In addition to handling digital marketing and PR efforts, he will leverage his network and social media skills to promote the hotel, attracting guests through engaging storytelling and authentic content.

In his previous role as a manager for the Federation of German Industry, Serhat organized international conferences, gaining firsthand experience in meeting the highest standards of hospitality. His skill set of event- and project management, combined with his past work as a tour guide in Borneo, Malaysia, will be instrumental in developing bespoke tours, events, and activities for THE GROVE CRETE's guests. His deep knowledge of ancient Greek mythology and history will also enhance the cultural programming offered to visitors.

Serhat's passion for hotels and services, shaped by his extensive global travels, has provided him with keen insights into what customers expect from a high-end, boutique establishment. This understanding, coupled with his operational expertise, ensures that THE GROVE CRETE will deliver exceptional service and memorable experiences.

2. Background



Cretan landscape. Picture credits: private

Crete is the cradle of the **first advanced civilization** in Europe, the Minoans (3000 BC to c. 1450 BC). With its expansive trading links in the Mediterranean, the Minoans shaped the cultural and economic development in the region for one and a half Millennia. During the Bronze Age, they laid the foundations for what would turn into the dominance of Greece over not only the Mediterranean, but Southern Europe itself. As testament to their prowess, ruins of vast palaces still cover Crete today. In fact, the famous **Palace of Knossos** is so huge that it inspired the myth of the labyrinth that housed the man-eating **Minotaur**. The creature – half bull, half human – was the offspring of Pasiphaë, wife of King Minos, and a white bull that she had fallen madly in love with due to a spell the sea god Poseidon had cast on her. The child of this unholy union between woman and beast, the Minotaur, was kept away in a **labyrinth designed by Daedalus**, the most gifted engineer of that time. To cement the dominance of the Minoans over their neighbors, Athens had to send 14 tributes of young men and women every nine years to be sacrificed in the labyrinth to the hungry Minotaur, who was eventually killed by the **heroic Theseus**, who would later become the very founder of the idea of democracy. Daedalos' eventual escape from Crete with self-made wings, together with his son **Icarus**, is the stuff one of humankind's greatest legends is made of.



Palace of Knossos (left) and Queen's chambers (right). Picture credits: private

As can be discerned from the wealth of mythology associated with Crete, the island was one of the focal points around which **Ancient Greece** developed – and, in extension, European culture itself. The morals contained in the Cretan myths became part of the Greek DNA, orally transmitted across the centuries. Consequently, historian Will Durant called the Minoans "the first link in the European chain". Europe itself got its name from the namesake Princess who Zeus abducted in the form of a bull, bringing her to the shores of Southern Crete and making **Europa** the Minoan's first queen, mother of King Minos. Minos' father **Zeus** was intimately familiar with the island, having spent his early childhood hidden in the **Psychro Cave** to protect him from his bloodthirsty father, Cronos.



"The Abduction of Europa" by Rembrandt (left) and Psychro Cave (right). Picture credits: public domain, private

Zeus' childhood home is steeped in **mythology and culture**, harmoniously intertwined with the island's **natural beauty**. The fertile soils of Crete have yielded abundant harvests for millennia, and ancient, gnarled olive trees can be found throughout the landscape. From the steep slopes of the snow-capped mountains to the pristine beaches, Crete is adorned with vast **olive groves**. Their fruits have nourished the Greeks since ancient times, with the wealth generated from the olive oil trade playing a crucial role in the advancement of civilization. After all, only when the body is nourished can the mind truly flourish.



Olives in Central Crete (left) and a Cretan landscape dominated by olive trees. Picture credits: private

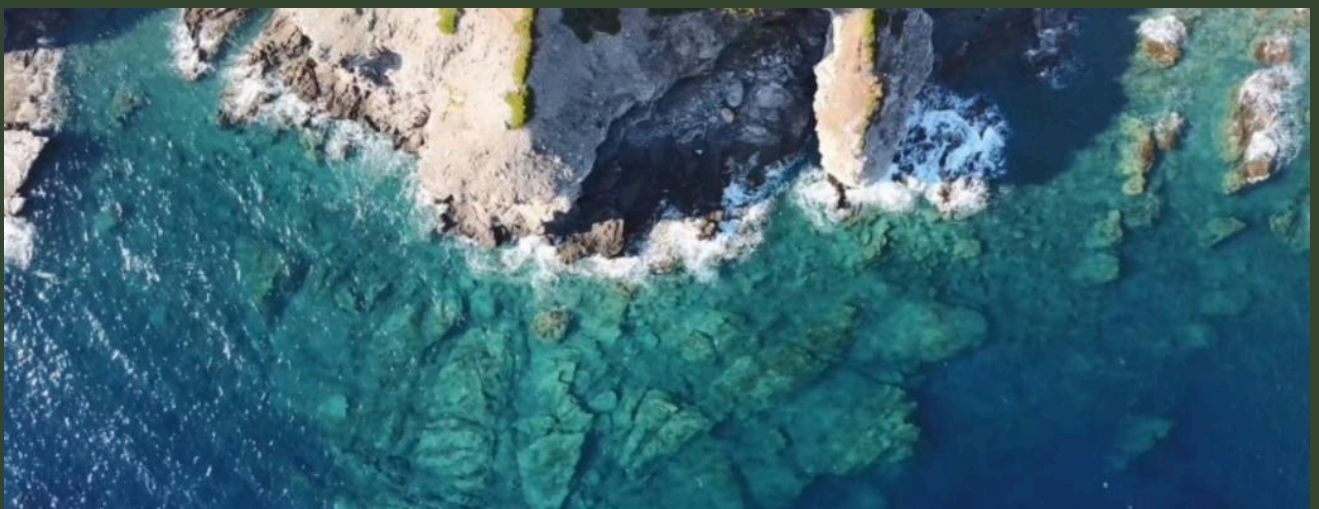
Throughout history, agriculture has shaped the visual landscape of Crete. To this day, flocks of sheep and goats traverse the rocky hills and graze beneath the olive trees, accompanied by vigilant shepherd dogs and their watchful owners. The sound of bells around the animals' necks harmonizes with the barking of dogs and the gentle breezes that carry the aromas of wild herbs, citrus fruits, and the ocean. **Herbalists** regard Crete as a treasure trove of natural medicine, as its climate delivers the perfect balance of winter rains and summer sunshine, enabling plants to produce their valuable essential oils.

Gourmets celebrate the **distinct flavors** of the island's meat products, which are enriched by the diverse herbs and nutrients found in the local soil. It's no surprise that Cretan agricultural produce is renowned for its unparalleled quality and is highly sought after by connoisseurs worldwide. Fresh goat cheese, yogurt, olives, and olive oil, along with artisan bread and wine, form the cornerstone of Cretan cuisine, complemented by the abundant seafood sourced from the surrounding waters.



Sheep in the Cretan mountainside (left) and chilled Cretan white wine (right). Picture credit: private

Crete has long benefited from its position at the southernmost edge of Europe, making it the **sunniest destination** in the Mediterranean. The island features a stunning coastline, where historic cities reflect a rich tapestry of Minoan, Greek, Venetian, and Turkish influences, alongside picturesque sandy beaches and charming pebble coves that are characteristic of this region. The surrounding turquoise waters are warm and inviting, perfect for swimmers, divers, and water sports enthusiasts. Swimming is even possible in December, though it may not be for the faint of heart. Tourists enjoy a safe environment, largely undisturbed by the crises affecting neighboring countries, and situated far from the refugee routes that affect islands like Kos and Lesbos. In fact, Crete's safety is so well regarded that many locals often forgo door locks.



Crete's coastline of 1.046 km harbours beaches and coves for everyone. Picture credits: private

Crete's stunning beauty caught the attention of **mass tourism** early on. The northern coast, traditionally more developed than the southern regions, is lined with hundreds of resort hotels that cater primarily to package tourists. Unfortunately, the architecture of these hotels tends to be as generic as the services they provide, emphasizing quantity over quality. Some current offerings detract from the island's remarkable natural beauty, rich culture, and warm hospitality. Many tourists could easily find themselves on a Spanish coast or at a Turkish seaside resort without noticing much difference. A description of the tourist aesthetics on Crete's north coast from the 1990s remains relevant today:

We need not dwell on the uglification of Crete by hundreds of hotels, in a foreign style of architecture, neither beautiful nor functional, which makes no concession to its surroundings. Some of the more recent architecture is better, but hotels still appear at random, often in the most inappropriate situations... Some have walled sea-fronts, which destroy (by marine erosion) the very beach on which their livelihood depends.¹

As this account illustrates, nature is often overlooked in the face of mass tourism. During the peak season, thousands of holidaymakers traverse the island's roads in rental cars, all powered by combustion engines, contributing to air pollution. Waste disposal systems are inadequately organized outside the larger cities of Heraklion and Chania, struggling to cope with the influx of waste generated by the tourism industry. Meanwhile, the shift toward renewable energy sources for electricity consumption is progressing, albeit slowly.

The unchecked development of mass tourism on the north coast of Crete has led to several negative impacts on the environment and the local population, including:

- Water pollution and scarcity,
- Air pollution,
- Noise pollution,
- Visual pollution,
- Population pressure and infrastructure congestion,
- Land use problems,
- Landslides,
- Flooding and sedimentation of rivers,
- Damage to historical and archaeological sites,

¹ Rackham, Oliver and Jennifer Moody (1996): *The Making of the Cretan Landscape*, Manchester University Press, Manchester, p. 210.

- Improper waste disposal,
- Economic dependence on tourism and the volatility of demand,
- Potentially flattening tourism demand due to pollution,
- Loss of productive agricultural land,
- Exacerbation of regional disparities between the north and south coast and between the coast and the hinterland,
- Loss of traditional values as well as commercialisation / "disneyfication" of culture through economic focus on mass tourism,
- Loss of employment in the agricultural and craft sectors,
- Increased perception of foreign guests as "goods" instead of visitors,
- Loss of local control over the development of Crete

However, the same studies also show that tourism can have positive effects in terms of sustainability in Crete:

- Conservation of important natural sites,
- Improving the quality of the environment as an incentive to attract sensitive tourist,
- Conservation of important historical sites,
- Preservation of local customs,
- Improvement of the infrastructure,
- Greater independence of family members through individual income from tourism (dissolution of paternalistic structures) and social mobility.

The proposed eco-hotel on the less developed south coast of Crete aims to maximize positive impacts while minimizing negative ones. The hotel's construction and operations will serve as a model for sustainable development, fostering a new type of tourism on the island and beyond. Given the anticipated increase in tourist numbers in the coming years, proactive measures are essential to safeguard Crete's ecological and cultural heritage. Research indicates that small and medium-sized tourism enterprises in Crete are more likely to adopt sustainable business practices when they observe the success of their competitors who have implemented environmentally friendly initiatives. This project

aspires to inspire a collective shift toward sustainability in the region's tourism industry.² In this respect, it can be assumed that an innovative and successful eco-hotel concept such as THE GROVE CRETE will have a positive influence on tourism in Crete and beyond.

The promotion of "smart, sustainable and inclusive growth" is also the objective of the "Regional Operation Programme" for Crete under the umbrella of the Partnership Agreement ESPA between Greece and the European Union, which is largely financed by the European Structural and Investment Fund. The central objective is, according to the ESPA website:

To contribute to revitalising the Greek economy through the recovery and upgrading of the productive and social fabric of Greece and the creation and maintenance of sustainable jobs, spearheaded by outward looking, innovative and competitive entrepreneurship and on the basis of reinforcing social cohesion and the principles of sustainable development.

In this context, our plans for THE GROVE CRETE align seamlessly with both global initiatives to promote sustainability and combat climate change, as well as local efforts to strengthen human capital, boost the economy, and protect the environment.

Despite the challenges mentioned earlier, Crete has largely managed to preserve its unique charm, especially when compared to some Spanish and Italian coastal regions. Travelers to Crete often engage in conversations with local islanders who proudly extol the virtues of their home, many unable to envision living anywhere else.

Crete is where Europe's history began, and it has retained its rich cultural heritage and natural treasures. The island deserves to be explored by conscientious travelers from around the globe, but it also demands respect for its environment and culture.

While the northern coast of Crete offers some beautiful and tranquil getaway spots, it is the southern region that remains **largely untouched by mass tourism**. This area has no reason to shy away from its more famous northern neighbor. The southern coast boasts equally stunning scenery, a more traditional and unspoiled atmosphere, and a rich cultural and historical heritage. Notably, the ancient Minoan Palace of **Phaistos** is just a short drive from THE GROVE CRETE, as is the Mycenaean Acropolis of Orne, the largest acropolis on the island, located near Melambes village.

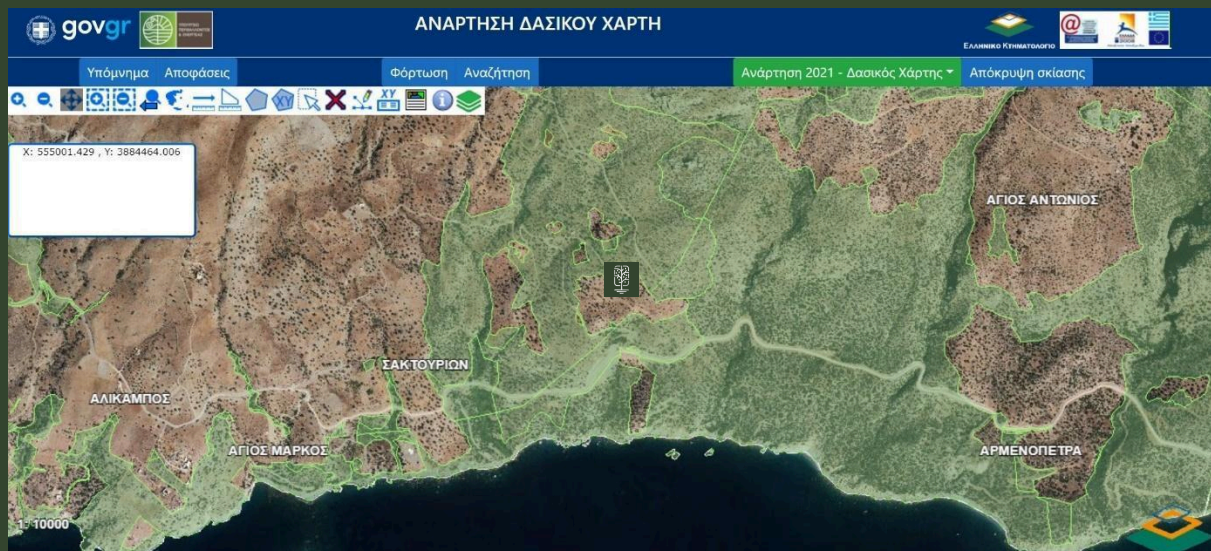
Southern Crete exudes a sense of authenticity, yet it is becoming increasingly accessible thanks to recent infrastructure improvements, such as the newly completed main road from Heraklion and ongoing upgrades to the north-south route from Rethymno, along with

² Kornilaki, Marianna, Rhodri Thomas & Xavier Font (2019): The sustainability behaviour of small firms in tourism: the role of self-efficacy and contextual constraints, *Journal of Sustainable Tourism*, 27:1, pp. 97-117.

enhancements to coastal roads. Visionary hotel developers will discover that this part of the island offers a wealth of opportunities just waiting to be explored.

There is immense potential to **effectively harness** tourist development in Crete, particularly by tapping into the rapidly **growing eco-tourism market**. From a business standpoint, now is the time to act. Seafront plots in Southern Crete have seen dramatic increases in value, especially in the area between Matala and Rodakino, including Agia Galini, where large portions of the coastline have been designated as **protected zones**, prohibiting new construction.

As a result, the number of plots with approved building permits—such as the one designated for THE GROVE CRETE—is limited, **driving prices higher**. Even plots located further inland but offering spectacular views have experienced price hikes of 150% and more. With the current **scarcity** of high-end villas in the region and limited availability in the future, **a significant appreciation in investment value is highly likely.**



An official map showing protected forest areas and the location of THE GROVE in the middle of a limited area of buildable plots. Picture credits: Hellenic Land Registry (<https://gis.ktimanet.gr/gis/forestsuspension>)

3. Business Philosophy

THE GROVE CRETE will provide a unique Bed & Breakfast experience on the island, offering a sustainable Mediterranean getaway for guests seeking not only to escape their daily routines but also to immerse themselves in Crete's rich array of attractions.

While eco-tourism in Crete is still in its early stages, the growing number of responsible travelers increasingly seeks out accommodations that align with their values. According to the latest Booking.com Sustainable Travel Data Report 2024, 75% of global travelers say that they want to travel more sustainably over the next 12 months, and (43%) would feel guilty when they make less sustainable travel choices. These guests prefer smaller hotels that cater to individual needs while respecting the resources of their destination. Tourism in Crete should extend its benefits beyond resort hotels, actively supporting local artists, herbalists, craftsmen and women, beekeepers, shepherds, and traditional tavernas.

The core philosophy behind THE GROVE CRETE is that hotel businesses can gain a competitive advantage by adapting to shifts in the business environment and differentiating their offerings to meet evolving customer preferences—all while honoring the local environment. The hotel will demonstrate that luxurious accommodations in Crete can be built sustainably using locally sourced materials and technologies, without straining budgets to an unsustainable level.

The three dimensions of this holistic business approach to sustainability are:

1) the environmental objectives:

- conservation of resources,
- lowest possible impact on landscape by building small-scale and integrating architecture with its surroundings as much as possible,
- conservation of biodiversity,
- minimum energy and water consumption in production and operation (reduction of emissions and pollutants through resource efficiency)

2) the economic objectives:

- Substantial profit for owners and investors,
- Economic efficiency of hotel operations and various other products and services,
- Balance between construction costs and building use costs,
- Long-term: franchise brand THE GROVE for sustainable eco-tourism and -products in the Mediterranean

3) the cultural and social objectives:

- respect for user needs and functionality,
- anchoring the building and the company in local culture and communities

South Crete is the perfect location for this innovative hotel concept, thanks to its stunning natural landscape that remains largely untouched by mass tourism, preserved by the traditional lifestyles of local villagers.

Guests at THE GROVE CRETE will benefit from the management's passion for the island and the intimate setting of the accommodation, allowing for personalized service tailored to individual needs. Additionally, the hotel will foster a "community economy" by collaborating closely with local producers, strengthening the connection between management, guests, and the Cretan community. This approach not only contributes to local employment but also boosts the revenue of local artists, craftsmen, and producers.

As part of its commitment to sustainable tourism, and in accordance with laws No. 4276/2014 (A 155) and 4887/2022, THE GROVE CRETE will offer the following unique facilities and experiences:

- **Educational Nature Trail:** A guided path through the olive grove, fruit orchard, and herbal garden, featuring informative signs about local plants and their uses.
- **Multifunctional Open-Air Platform:** Located in the heart of the garden, this space will host regular music workshops, yoga and meditation classes, as well as massages and other therapies provided by local professionals.
- **Organic Breakfast:** Guests will enjoy breakfast made with organic ingredients sourced from THE GROVE's garden and local producers, including beekeepers, shepherds, and meat and cheese artisans.
- **Cretan Olive Soap Workshops:** Hands-on sessions teaching guests how to create traditional Cretan olive soaps.

THE GROVE CRETE will collaborate with local producers and artisans through formal memorandums of understanding, promoting local employment and production. Guests will have the opportunity to engage in unique tours and experiences in partnership with:

- **Local Mountain Guide:** Based in Spili, they will lead guests on scenic hiking tours.
- **Health Product Producer:** An expert who will educate guests about the quality of Cretan herbs, with their products available for purchase at the hotel.
- **Pottery Workshop:** A local pottery studio in Spili offering lessons for guests interested in creating their own pieces.
- **Organic Fashion Designer:** A Rethymno-based artisan creating exclusive clothing for THE GROVE CRETE, with products available for sale at the hotel.
- **Local Artists:** A couple from Spili who will display their art in the hotel rooms, offer art and music workshops, and facilitate self-exploration sessions for guests.
- **Cooking Workshops:** Led by a farmer from Krousonas, providing insights into traditional Cretan cuisine.

- **Mixologist:** A local expert crafting signature cocktails inspired by Crete for the poolside bar.
- **Beekeeper:** A local who will share their knowledge of Cretan honey with guests.
- **Shepherding Expert:** A shepherd from Saktouria teaching guests about traditional sheep farming and products made from sheep milk and wool.
- **Cretan Dance Instructor:** Offering lessons in traditional Cretan dance for guests interested in local culture.
- **Traditional Tile Maker:** A local craftsman whose tiles will adorn THE GROVE CRETE, providing tours of his workshop.
- **Local Historical Society:** Based in Melambes, this group will teach guests about Cretan history and folk traditions.
- **Cretan Taverna:** Offering an immersive experience of Cretan folklore nights for guests.
- **Local Vineyard:** Educating guests about Cretan wine production.
- **Diving Instructor:** Providing diving lessons for guests at THE GROVE CRETE.
- **Local Fisherman:** Offering fishing trips to guests for an authentic experience of Cretan coastal life.

In summary, the philosophy of THE GROVE CRETE centers on people and their environment, demonstrating respect for local customs, needs, and the natural surroundings. The hotel aims to provide traditional services while offering a high-end alternative for accommodation and leisure, creating a unique blend of luxury and authenticity.

4. Investment Objective



Visualization of THE GROVE CRETE. Picture credits: Action Constructing

THE GROVE OE holds a building license for a charming boutique eco-resort spanning approximately 280 square meters. This resort will feature four elegantly appointed double rooms, one of which can accommodate up to four guests. The property is situated near the coast, outside the village boundaries of Saktouria, in the municipal district of Lampi, within the municipality of Agios Vasilios, Rethymno prefecture, Crete.

The architectural plans have been approved, and the building license was issued in July 2023. The project will be executed on a 4,105.79 square meter plot owned outright by the company, free from any encumbrances or claims, as confirmed by the company's lawyer prior to the purchase. Nestled on a mountainside, the site is conveniently located near beautiful beaches.

The overall design will comprise a single structure housing the four rooms, a welcoming reception area, an indoor seating and dining space, a cozy fireplace, bathrooms, and a fully equipped kitchen. A striking olive tree will be integrated into the indoor space, emphasizing the harmonious relationship between nature and architecture. This olive tree also inspired the hotel's logo and will serve as a distinctive landmark feature, easily recognizable from a distance and sure to be featured in guests' Instagram posts.

The expansive outdoor spaces at THE GROVE CRETE will be a major attraction, featuring a sprawling olive grove, educational vegetable gardens, and orchards. Guests will enjoy an infinity pool with a lounge area, as well as designated spots for breakfast and barbecue gatherings. Additionally, an outdoor fitness and yoga area will be available, which can

also be transformed into an event space for weddings and other special occasions. This area will be positioned on the plot's highest elevation, providing stunning views, with an ancient olive tree gracefully set in front of a dramatic rock formation at its center.

Based on a feasibility study, we plan to keep chickens and goats on-site to supply fresh products for breakfast, while a pair of peacocks will roam gracefully through the grove.



The view from the property. Picture credits: private

The four guest units are located on the lower level of the building, each featuring en-suite bathrooms, private verandas, and secluded gardens with inviting private pools, which are placed in a way as to naturally cool the rooms. The design of each unit is thoughtfully inspired by Greek nature deities, enhancing the connection to the island's rich mythology and natural beauty.

- **Pan** embodies the earthy tones of brown and wood, reflecting the lush landscapes of Crete and fostering a warm, rustic ambiance.

- **Persephone** showcases a vibrant palette of green and gold, evoking the lush flora of the island and symbolizing rebirth and abundance.
- **Artemis** is adorned in elegant silver tones, capturing the moonlit beauty of nature and promoting a sense of serenity.
- **Apollo** features a pristine white scheme, embodying purity and the radiant energy of the sun.

Each room incorporates subtle design elements crafted from local materials and artworks, creating a harmonious blend of comfort and authenticity. Guests will enjoy the serenity of their private spaces while being surrounded by the natural beauty of Crete, making for a truly enchanting stay at THE GROVE CRETE.



Visualization of one of the rooms. Picture credits: Action Constructing



A birds-eye view of the plot. Picture credits: private

The construction of THE GROVE will honor traditional building practices by utilizing the existing stone walls on the plot and the stones excavated from the site. This approach beautifully blends modern, high-end design with a genuine local aesthetic. The clean lines and simple volumes of the building will respect the area's natural topography, enhancing the stunning sea views while allowing the surrounding environment to breathe and reflect the site's serene atmosphere.

Renowned local architecture and construction firm **Action Constructing**, based in Rethymno, has designed the hotel, with **Giorgos Velivasakis** as the lead architect. This Cretan family business has an excellent track record of successfully completing numerous luxury projects, including boutique hotels and upscale villas. The owners of THE GROVE OE visited several of Action Constructing's finished projects to experience the quality of their craftsmanship firsthand.

In designing THE GROVE CRETE, Giorgos is pioneering the first certified Passive House hotel in Greece in collaboration with a certified Passive House architect, Giorgos Inglezakis of Zerapixel Architects, Chania. The choice of Action Constructing aligns perfectly with the vision of the company owners, as their aesthetic and ethical approach resonates with THE GROVE's commitment to sustainability and local engagement. This collaboration emphasizes the philosophy of leveraging Cretan expertise and sourcing materials and services locally. The selection of a general contractor to manage and oversee the construction will take place based on various competitive proposals received.

Details

Technical Report:

The technical plans will be made available upon request.

Morphology:

The placing of the building considers the shape and the size of the plot, the beautiful view, the natural flow of winds and the cycle of the sun to minimize the need for artificial cooling and heating, as well as relevant legislation.

Infrastructure:

The plot is connected by an existing public road to the South. The road connects to a soon-to-be paved road that leads to a paved coastal road connecting Agia Galini with Agios Pavlos and to a network of roads leading up the mountain to the village of Saktouria. The rural roads have a width of more than 4 meters along their entire length. The plot is in close proximity to the settlements of Agia Galini, Agios Pavlos, Agios Georgios, Melambes and Saktouria.

Distances from the plot to various points:

- Centre of the settlement of Saktouria: 3,800 m
- Centre of the settlement of Agios Pavlos: 6,400 m
- Centre of the settlement of Agia Galini: 11.000 m
- Lampi (Capital of the Municipality, Health Centre, Banks etc): 28,000 m
- Beach Agiou Markou: 1.200 m; Prasonisi Beach: 2.600 m

The unit can be easily connected to the farm water supply network, which is usable for all purposes after filtering. Almost all the adjacent agricultural plots are irrigated with water that is also used for water supply. A large cistern for rainwater catchment will be installed as well (see below). The plot can easily be connected to existing networks of OTE (telecommunications). THE GROVE CRETE will get its Wifi access via Starlink to provide digital nomads with the fastest internet connection possible. Connection to the electricity grid will not be necessary as the unit will be operated off-grid, using an innovative solar technology (SunOyster, see below) and battery storage.

Basic materials:

The intention of the engineer and the management is to harmonize the building with the natural environment by fitting it smoothly onto the plot without making major changes to

its natural terrain and to take full advantage of the beautiful view. Existing dry walls and stone formations on the plot will be functionally integrated into the design. At the same time, the unit will not lose its high-end appeal and functionality for the daily use of the building by its occupants.

The finishing of the façade will aesthetically resemble exposed concrete, although exposed concrete will not be used for reasons of maintenance and because of the excessive wall thickness it would require. The final materials will be determined in close collaboration with the architect.

Costs and Funding:

The total cost of the investment is estimated at 1.559.200 Euro Euro (incl. VAT), or 1.354.085 Euro (after the reimbursement by the tax authorities of VAT paid on the construction, and including contingencies), and includes the construction, furniture, equipment, energy saving measures, the cost of promotion and certification (see below for the detailed financial plan).

The plot has already been purchased by the company. The architectural design for the project has already been paid for as well.

Funding will be ensured through investors and banks, with potential government grants as additional security.

5. Investment Plan

The decision for the implementation of the project is the result of an already completed realistic study that analyzed

- the costs and benefits
- the market prospects and risks
- the financial balance

The corresponding calculations by analysts have deemed the investment sustainable and of low risk.

The investment plan was developed by evaluating:

- a) current demand and supply within Crete's tourism sector
- b) quantitative and qualitative dimensions of the project
- c) costs and benefits
- d) return on investment

The expenses are categorized as follows:

1. Buildings, Facilities, and Surrounding Areas: These expenses cover the architectural design, construction, and configuration of both indoor and outdoor spaces.
2. Machinery and Equipment: This includes costs related to providing the hotel with essential resources, such as electrical and technological equipment.
3. Environmental Protection and Energy Efficiency Systems: This category focuses on reducing the hotel's environmental footprint through energy-saving measures and sustainable practices.
4. Marketing and Promotion: These expenses are allocated to advertising and promoting the hotel's services to attract customers.
5. Quality Assurance Certification: To optimize operations and results, the business will implement management systems certified under EN ISO 9001:2015.

The expenses outlined in the investment plan will help achieve the following goals:

- High-quality building infrastructure
- Small environmental footprint
- Functional equipment
- Organized systems and procedures

Combined, these investments will lay the foundation for the efficient operation of the unit.

Objectives of the Investment Plan:

1. Building a People- and Environment-Centered Business: The goal is to create a company that prioritizes service excellence while respecting local traditions, flora, and fauna. The focus will be on sustainability, fostering a balance between environmental stewardship and guest satisfaction.
2. Enhancing Greek Tourism and Brand Identity: In addition to expanding capacity and improving the quality of Greece's tourism sector, this business will enrich Greek tourism branding by offering innovative products and high-end, reliable services that set new industry standards.
3. Creating a Profitable Investment Opportunity: The company will develop a portfolio of high-quality infrastructure and services, positioning itself to offer a competitive and upgraded range of offerings compared to industry peers, ensuring strong market positioning and profitability.
4. Maximizing Destination Appeal: By combining the hotel's infrastructure, superior service quality, and an exceptional guest experience, the goal is to offer outstanding value for money. The focus is on enhancing the overall perception of the destination, supported by international tourism best practices. The GROVE CRETE is designed to attract high-income tourists by leveraging strategic partnerships, an optimal location, and premium infrastructure, ensuring the business achieves its core objectives.
5. Creating Memorable Guest and Stakeholder Experiences: The business aims to foster meaningful connections, ensuring a satisfying and memorable experience for guests, external service providers, and owners alike, ultimately bringing people together through exceptional hospitality.

Strategic Steps Toward Financial Sustainability:

1. Increasing Revenue Year-on-Year: Implementing strategies to consistently grow the business's income over time.
2. Boosting Occupancy Rates: Achieving higher occupancy rates year-on-year to drive consistent growth.
3. Developing a Competitive Advantage: Focusing on unique offerings and high-quality service to stand out in the market.
4. Extending the Tourist Season: Promoting diverse forms of tourism beyond the typical "sun and sea" model to showcase Crete's year-round appeal and create balanced tourism growth.
5. Strengthening Negotiation Power with Tour Operators: Enhancing the company's bargaining position with tour operators and travel agencies to secure better pricing and maximize profitability.
6. Supporting the Local Economy: Generating income for the wider region, thereby contributing to the economic development of the local community.

7. Creating Jobs: Providing both direct and indirect employment opportunities through the company's operations.
8. Sharing Knowledge with the Industry: Offering insights into successes and challenges to refine and expand the business model, potentially providing consulting or case studies to support new market entrants.
9. Scalability by Exploring Franchise and Regional Expansion: The business will assess the potential for growth through franchising or expanding to other regions of Greece and the broader Mediterranean. This approach aims to replicate the successful business model, leveraging the brand's reputation to enter new markets and capitalize on the growing demand for sustainable and high-quality tourism services.

6. Sustainability Measures

Environmental protection measures:

The operation of **THE GROVE CRETE** will prioritize sustainability through comprehensive green practices in energy and waste management. These measures include:

1. Near Zero-Energy Certification: The hotel will be certified as a near-zero energy building, achieving the Passive House Certification, which ensures high energy efficiency and minimal environmental impact.
2. Off-Grid Renewable Energy: The hotel will be powered autonomously using renewable energy sources, eliminating reliance on external energy grids and minimizing its carbon footprint.
3. Low-Carbon Construction Materials: The construction and operation of the hotel will use low-carbon materials and building techniques. Whenever possible, materials will be sourced locally, reducing the "grey energy" associated with transportation. Supply chains will follow a prioritized hierarchy: Cretan first, Greek second, and European third.
4. Carbon Sink Landscaping: The hotel will establish eco-gardens designed as "carbon sinks" to absorb CO₂, further mitigating its environmental impact.
5. Circular Economy Initiatives: Circular economy principles will be applied, such as repurposing olive wood waste into pellets for the fireplace and converting food waste into compost or animal feed.
6. Recycling System: A comprehensive recycling system will be implemented, with the installation of specialized bins for material separation (plastic, glass, paper) in both indoor and outdoor designated areas.
7. Sustainable Paints: The building will be painted using anti-allergic, antimicrobial, and anti-asthmatic paints to improve air quality and reduce potential health risks for guests.
8. Eco-Friendly Transport: Guests will have the option to rent electric and hybrid vehicles, reducing the carbon footprint of transportation. Guests who avoid traveling to Crete by airplane will get a 10% discount on their stay. Those arriving by airplane will have the option to donate trees to a local reforestation project in Crete.

Water saving measures:

South Crete is commonly known as a dry region, despite the high average water availability on the island as a whole. Water scarcity events can occur, particularly in the east of the south part of the island, driven by local climatic conditions and seasonal or geographical mismatches between water availability and demand. Agriculture is by far the greatest user of water (78% of total water use), followed by domestic use, including tourism (21%). Even though environmentalists may have reservations about hotel pools, it is important to keep in mind that tourism's contribution to water shortages in Crete is

minimal when compared to the agricultural sector. The root causes for incidents of water scarcity have been summarized as follows:

(a) the labyrinthine legislation, (b) the confusing competences of the public services, (c) the delayed planning at national and regional level, and (d) the lack of modern perception on water management (particularly in the agricultural sector). The lack of a strategy on the use of non-conventional water sources, particularly in agriculture, or for aquifer recharge is a characteristic example of the latter.³

Despite being located in a region known for limited water supply, the area surrounding THE GROVE CRETE offers significant untapped water resources. An unexplored karst system that feeds the nearby Kourtaliotis spring has the potential to meet the freshwater needs of central southern Crete. Studies suggest that during the irrigation season (May–September), an additional 1,600 L/s (equivalent to approximately 21 million cubic meters) could be sustainably drawn from this aquifer.

Recognizing the importance of water conservation, THE GROVE CRETE is committed to implementing a variety of measures to ensure its operations do not contribute to water scarcity. Through efficient water use in hotel operations, as well as its gardening and farming activities, the hotel aims to set an example for neighboring businesses. Key water conservation practices will include:

1. Year-Round Pool Usage: The pool will remain filled throughout the year, eliminating the need to drain and refill it during the low season, thus conserving water.
2. Pool Cover to Prevent Evaporation: A pool cover will be used to minimize water loss through evaporation, especially during hotter months.
3. Saltwater Pool System: The use of a saltwater pool will reduce the need for chemical additives, promoting cleaner and more sustainable water usage.
4. Greywater Recycling: Greywater from showers and sinks will be treated and reused for irrigation, reducing the demand for freshwater in landscaping.
5. Rainwater Harvesting: A cistern will collect and store rainwater for use in garden irrigation and other non-potable applications.
6. Water-Efficient Fixtures: The hotel will install high-efficiency shower heads, dual-flush toilets, and flow limiters on pool showers to reduce water consumption in guest areas.
7. Water-Saving Kitchen and Cleaning Equipment: The kitchen will be equipped with water-efficient appliances, while cleaning practices will employ tools that use minimal water.
8. Environmentally Friendly Products: The hotel will exclusively use environmentally friendly detergents, cleaners, and other products to minimize the impact on water systems.

³ Tzanakakis, V.A.; Angelakis, A.N.; Paranychianakis, N.V.; Dialynas, Y.G.; Tchobanoglous, G. (2020). Challenges and Opportunities for Sustainable Management of Water Resources in the Island of Crete. *Water* 2020, 12, p. 1538.

Through these measures, THE GROVE CRETE aims to not only reduce its water footprint but also inspire other businesses in the region to adopt similar sustainable practices. The hotel's commitment to water conservation will contribute to the long-term preservation of local water resources and enhance its role as a leader in sustainable tourism.

Energy saving measures:

- Electricity generation through solar collectors / European solar modules / battery / and a combined heat and power unit that can be adapted for green hydrogen use
- Heat pump, e. g. for underfloor heating
- Architectural measures, such as a water surface in front of the room for natural cooling
- Installation of ceiling fans and inverter type air conditioning systems to save energy
- Thermal Insulation
- Energy saving electrical appliances
- Certified energy windows and glazing

Technological innovations:

SunOyster

In addition to solar panels, THE GROVE CRETE will use the innovative SunOyster 8 (SO 8). The SO 8 is a patented concentrating solar collector with roughly 7 m² gross mirror surface. It tracks the sun bi-axially to generate heat and electricity. The SO 8 hybrid generates in its receiver both up to 2 kW of electricity and 3.5 kW of heat, whereas the heat can be converted into cold with thermal chillers.

Whereas traditional photovoltaic solutions waste approx. 80% of the solar radiation, SunOyster converts almost 80% of the solar radiation into heat and power

The advantages the SunOyster 8 offers are that it is

- **Compact:** The rail base has a diameter of 2.25 m so that it can be installed e.g. on a single garage.
- **Light:** The weight is below 400 kg.
- **Easy:** All individual parts can be transported in a van, fit in a standard elevator or can be carried through the stairway. The installation can be done by just one person in one day.
- **Flexible:** The SO 8 can be installed not only on flat roofs, but also on slanted roofs up to 30°. It searches for the sun automatically and commissions itself.

- **Robust:** The unique flat Oystering position combined with a central torque tube resists high wind speeds and also decent snow loads. The coated aluminum profiles are highly corrosion resistant for a life time of at least 20 years.
- **Digital:** Performance tracking by a mobile phone app.
- **Stylish:** Sophisticated design with rounded mirror edges and smooth bodywork shapes the basic Model White which consist of powder coated metal parts.

The SunOyster company already agreed to implement the use of their technology at THE GROVE CRETE as a pilot project, meaning the provision of the equipment including batteries “at cost” as well as additional advertisement for the hotel as well as the manufacturer through a joint advertisement campaign.

Energy analytics platform "Smartwatt"

The **WATT+VOLT Energy Analytics** platform is an innovative energy management and analysis service for enterprises and organizations. It is based on cloud computing systems. The platform allows users to monitor Key Performance Indicators (KPI) in real-time.

At the same time, the smartwatt application turns a simple building into a smart building and gives users full control over the smart devices in their space through a single application in their mobile phone. Users can check the lights or the temperature, detect movements or leaks within their homes or remotely. The most important benefit is that the rational use of smartwatt enables users to save up to 17% in energy.

Smart devices communicate wirelessly via the Zigbee protocol with a central Gateway that connects directly to the network router in a simple and fast process. The application gives commands to the Gateway and this transfers them to "smart devices"

The possibilities it provides are:

A) Energy management:

- Remote control capability with all devices
- Set the thermostat to the desired temperature
- Adjust the lights to different shades
- Measure the energy consumption of different facilities

B) Security and Control

- Instructs to turn on the room lights if motion is detected.
- "Leak and humidity sensors" alert for increased humidity or flooding

Duve Hotel Experience Platform

One of the key tools we will employ is the **Duve hotel experience platform**. Duve is a comprehensive digital platform that streamlines communication between the hotel and its guests, from pre-arrival to post-departure, creating a more seamless and personalized stay.

Advantages:

- **Enhanced Guest Experience:** Duve allows personalized communication, offering guests tailored recommendations, special offers, and real-time assistance throughout their stay.
- **Contactless Check-In:** Guests can complete the check-in process digitally, reducing wait times at reception and enabling a smoother arrival experience.
- **Increased Operational Efficiency:** The platform automates many routine tasks, freeing staff to focus on higher-value interactions and improving overall hotel operations.
- **Revenue Optimization:** Duve enables upselling opportunities, such as room upgrades, additional services, and experiences, helping increase revenue per guest.
- **Sustainability:** By reducing the need for printed materials (e.g., paper menus, brochures), Duve supports the hotel's sustainability efforts.
- **Real-Time Feedback:** Guests can provide instant feedback on their stay, allowing the hotel to address issues promptly and enhance satisfaction.
- **Multi-Language Support:** Duve supports multiple languages, ensuring that international guests receive the same high level of service and information.

By integrating Duve, THE GROVE CRETE will offer an exceptional, tech-forward hospitality experience that combines efficiency, personalization, and sustainability.

7. Customer Analysis

THE GROVE CRETE is designed to attract visitors who value tranquility, high-end design and architecture, sustainable products, and immersive local experiences. Guests will have the opportunity to engage in agricultural activities, explore traditional villages in remote locations, and gain insights into Cretan traditions and craftsmanship.

In 2023, Crete saw a robust influx of international visitors, welcoming approximately 5.5 million tourists. The main countries contributing to this figure include Germany, France, and the UK, which are among the top markets for the island. Tourism from Germany is particularly strong, as in previous years, with over a million German tourists visiting Crete annually. British and French tourists also represent a substantial proportion of the island's visitors. These three countries will also be key target markets for **THE GROVE CRETE**, particularly as the management team is fluent in all three languages. However, marketing efforts will extend beyond these regions to attract a diverse range of international guests.

In the medium term, once the new airport opens in 2027 (see below), the Middle East will become a significant fourth target market, tapping into new opportunities for growth and diversification. Our fluency in Arabic will contribute to tapping this new opportunity market.

A study on tourist preferences in Crete revealed that 50% of British and 70% of German visitors are highly interested in the local flora and fauna. Additionally, 20% of British and 23% of German tourists expressed a desire to participate in agricultural activities but struggled to find suitable options. Similarly, 33% of British and 38% of German visitors wished to attend local events and festivals but found limited opportunities. Based on these findings, it is estimated that around one-fourth of Crete's total visitors could be inclined toward eco-tourism. With 43% of visitors traveling with a partner, the provision of such activities is likely to enhance their satisfaction and increase the likelihood of repeat visits.

The researcher concluded that "the provision of facilities for such types of activities may increase these tourists' overall satisfaction and their frequency of visitation", adding that

[t]o increase off-season visitation programmes for the attraction of new markets, specialised types of tourism, for example nautical, sport, cultural, agro-tourism, eco-tourism, mountain and trekking tourism, are required.⁴

Differentiating Crete's tourism offerings from other Mediterranean destinations is key to strengthening the island's competitive market position. Strategies under consideration include fostering partnerships between tourism and non-tourism businesses on the island and promoting smaller hotel enterprises that prioritize quality over quantity and

⁴ Andriotis, Konstantinos, George Myron Agiomirgianakis and Athanasios Mihiotis (2007): Tourist vacation preferences – the case of mass tourists to Crete, in: *Tourism Analysis*, 12(1/2), pp. 51–63

high-profit margins. Additionally, incorporating Crete's informal hospitality—such as personal, spontaneous interactions between tourists and locals—into the tourism experience will further distinguish the island's appeal.

Since the 1990s, there has been a push to develop alternative tourism models across the Greek islands. However, in Crete, the implementation of these models—focused on sustainable and cultural tourism—has been slow. Emphasizing local traditions, ecological practices, and genuine cultural exchanges can serve as the foundation for a more distinctive and sustainable tourism strategy, offering a unique experience compared to mass-market destinations. One researcher describes the necessity to move forward with these plans, also recognized by the local population,

to find new models of growth in the coastal and insular regions which would be integrated into the local socioeconomic and environmental realities; and, on the other side, the need for this particular model to be upgraded with concrete measures and interventions.⁵

The construction of an eco-hotel aligns not only with the global movement towards ecological sustainability but also with Crete's strategic goals for tourism development. By offering year-round experiences that go beyond traditional beach and mass tourism, THE GROVE CRETE taps into the growing demand for more diverse and sustainable travel options on the island.

In the tourism industry, it is well known that younger, affluent, and highly educated tourists without children tend to be more mobile and seek out a variety of activities during their travels. As a result, THE GROVE CRETE will primarily target young, urban professional couples and friend groups. The hotel will not be exclusively for adult guests, though, in order to be as inclusive as possible. As eco-consciousness and personalized travel continue to grow in importance, the potential customer base is expected to expand organically.

To reach full occupancy, **THE GROVE** would need to attract approximately 240 guests annually, or 120 couples, based on a projected operating period of 303 days per year. With studies showing an average stay of ten days for tourists in Crete, the hotel's target occupancy reflects a realistic, achievable goal that balances high-quality service with sustainable growth.

⁵ Tsartas, Paris (2003): Tourism Development in Greek Insular and Coastal Areas: Sociocultural Changes and Crucial Policy Issues, in: *Journal of Sustainable Tourism*, 11(2-3), p. 125.

The target customers of THE GROVE CRETE therefore are:

- Greeks and foreigners (core markets Britain, France and Germany)
- Young couples with disposable income who care about the environment or seek social distinction / self-actualization through sustainable travel experiences

Visitors' desired reaction:

- Guests at THE GROVE CRETE will be highly satisfied with their stay, thanks to its exceptional service and outstanding value for money.
- The hotel will be recognized as a forward-thinking, eco-conscious destination that prioritizes both customer experience and local sustainability.
- By offering luxurious, eco-friendly holidays with a minimal environmental impact, THE GROVE CRETE sets itself apart from other destinations.
- Visitors will leave with the impression of having found a "home away from home," having enjoyed distinctive experiences and feeling warmly welcomed by both the management and local community. This personalized approach creates lasting bonds, encouraging guests to return and recommend THE GROVE CRETE to friends and family.

8. Strategy

The strategy outlines the overall direction the business will take, including how it will integrate into the local environment and adapt to prevailing conditions to ensure its success. This strategy is composed of three key elements:

1. **Long-Term Goals:** These are the overarching objectives that guide the business's growth and development. They focus on sustainability, community engagement, and achieving a significant market presence in the region:
 - ✓ Leading eco hotel in Crete, inspiring others in the regional service industry
 - ✓ Known in Europe and beyond as an exemplary business through media coverage
 - ✓ 90 percent occupancy rate from April to October
 - ✓ Established as a popular winter get-away for Central Europeans
 - ✓ Potential expansion through franchises in the region
- ✓ **Scope:** This refers to the range of services and experiences the business will offer, targeting specific market segments such as eco-conscious travelers and local tourists. It also encompasses the geographic area in which the hotel will operate and engage with the community:
 - ✓ Mediterranean in general and South Crete in particular
 - ✓ Customer base see chapter 7
 - ✓ Services see chapter 9
2. **Competitive Advantages:** These are the unique qualities and offerings that set the hotel apart from competitors. This includes the use of sustainable practices, high-quality services, and an authentic local experience that resonates with guests.

Implementation of Strategy:

The specific strategy for THE GROVE CRETE has been structured along the following actions:

- ✓ Market research
- ✓ Supply and demand analysis
- ✓ Current and future competition analysis
- ✓ Barriers to entering existing and new markets
- ✓ Market sectoring
- ✓ Need categorization
- ✓ Customer satisfaction processes

- Marketing
 - ✓ Strategic communication planning, sales organization and marketing
 - ✓ Implementation of the communication and marketing plan to attract customers
 - ✓ Targeted approach of customers as well as selected partners
 - ✓ Public relations with a unified and effective communication policy and corporate design
 - ✓ Preparation and monitoring of a media plan (magazines, publications, internet)
 - ✓ Planning and organizing events
 - ✓ Design, creation and publication of brochures and catalogs
 - ✓ Design of digital communication strategy (newsletter and website)
 - ✓ Establishment of a network of social media influencers
 - ✓ Social media marketing through Instagram and Facebook ads

- Supply Organization and Management to determine:
 - ✓ cooperation and coordination with suppliers
 - ✓ cost reduction through inventory management

- Development of action plans:
 - ✓ Service policy
 - ✓ Organizational functions
 - ✓ Development of operating procedures
 - ✓ Economic management
 - ✓ Check results

- Development of a Quality Management System EN ISO 9001:2015 to:
 - ✓ improve operating procedures
 - ✓ develop measurement and quality improvement mechanisms

9. Services

The company will offer a diverse portfolio of premium, high-value services. THE GROVE CRETE is more than just a hotel—it will be positioned as a sustainable brand, strategically marketable across multiple channels. Its competitive edge will stem from a carefully designed operational structure and service offerings, built on organizational and operational processes that are defined by:

- **Sustainability:** Prioritize environmentally responsible practices that minimize ecological impact, promote biodiversity, and enhance the local ecosystem, ensuring the hotel's long-term viability and appeal to eco-conscious travelers.
- **Quality Consciousness:** Maintain a commitment to high standards in all aspects of service, from guest experiences to facility management. This focus on quality ensures customer satisfaction and fosters loyalty.
- **Effective Programming:** Design and implement well-structured programs and activities that engage guests and showcase local culture, enhancing their overall experience and increasing the hotel's attractiveness as a destination.
- **Effective Monitoring:** Establish a robust system for tracking performance metrics and guest feedback. Continuous assessment allows for timely adjustments and improvements, ensuring the hotel consistently meets its operational and strategic goals.
- **Rational Management:** Employ a strategic management approach that emphasizes data-driven decision-making, resource optimization, and proactive problem-solving to enhance operational efficiency.
- **Cost Reduction:** Identify opportunities to minimize expenses without compromising quality, utilizing energy-efficient practices and sustainable resources. This not only improves profitability but also aligns with the hotel's commitment to sustainability.
- **Achievement of Expected Results:** Set clear, measurable objectives to gauge success. Regular evaluation against these targets allows the hotel to stay focused on its strategic goals and make informed adjustments to enhance performance.

Differentiated Services – Facilities:

As previously mentioned, a significant number of tourists seek authentic experiences that highlight Cretan culture and nature. By offering facilities and activities that cater to these interests, **THE GROVE CRETE** can significantly enhance overall visitor satisfaction and

encourage off-season travel. This approach also promotes specialized forms of tourism, including maritime, sports, cultural, agricultural, ecological, and hiking tourism.

Crete is renowned for its stunning natural beauty and warm hospitality; however, it currently lacks high-end accommodations that reflect the island's unique character and connection to nature. Most hotels and resorts predominantly serve the generic mass tourism market.

In contrast, THE GROVE CRETE will create a welcoming space for guests who value individualized travel experiences. Embracing a “small is beautiful” philosophy, the hotel will:

- **Provide Innovative Design:** Implement unique design solutions that address climate change challenges while maintaining aesthetic appeal.
- **Offer Differentiated Products:** Focus on sustainability and quality to stand out in the market.
- **Support Local Economies:** Actively engage with local communities to enhance their economic well-being.
- **Promote Cultural Heritage:** Showcase Cretan customs, traditions, and cuisine to enrich guests' experiences.
- **Collaborate with Local Producers:** Partner with local farmers and artisans to highlight authentic Cretan products.
- **Employ Local Workforce:** Prioritize hiring from the surrounding community to strengthen local ties and create job opportunities.

To ensure the delivery of exceptional services, **THE GROVE CRETE** has already established connections with local providers. A comprehensive list of these partners can be provided upon request. Additionally, the hotel is collaborating with neighboring accommodations to extend its tour offerings to their guests, further enhancing the overall visitor experience.

The following products will be essential elements of the management's approach to service:

Breakfast with Organic and Local Products:

Unlike most smaller scale accommodations in South Crete, which either serve as holiday rentals or lack regular catering services, THE GROVE CRETE will offer guests a unique culinary experience that showcases the island's rich gastronomic heritage. This is especially beneficial for accommodations located away from tourist hubs, where the nearest supermarket may be a long drive. At THE GROVE CRETE, guests will enjoy the diverse flavors of Crete, rooted in the Mediterranean Diet—a UNESCO-recognized “intangible cultural heritage of mankind.” The daily breakfast will feature high-nutritional-value products, sourced from the estate's own organic gardens and local producers. Guests can savor traditional Cretan items such as homemade cheeses, olive

oil, eggs, bread, honey, fresh goat milk, vegetables, and fruits, with slight variations offered each morning. Many ingredients will carry PDO or PGI certifications, ensuring their authenticity and quality.

THE GROVE also provides a unique opportunity for guests to observe and participate in traditional food-making processes, like producing goat cheese or olive oil, fostering a deeper connection with Cretan culinary traditions. Additionally, the Poolside Bar will serve signature drinks designed by a Chania-base mixologist and healthy snacks throughout the day, while dinners, available upon request at an additional cost, will expand guests' culinary experiences. Vegetarian, vegan, and allergy-conscious meals will be readily accommodated, ensuring everyone can indulge in the flavors of Crete.

Organic Garden and Exploration Trail:

The expansive organic garden on the 4,100 square-meter property will offer guests fresh, delicious, and authentic food while maintaining harmony with the environment and respecting the natural ecosystem. THE GROVE CRETE's organic farming practices will blend traditional local knowledge with sustainable methods, minimizing human intervention to allow the agricultural system to operate as naturally as possible, with limited use of pesticides, fertilizers, or antibiotics. Guests can also enjoy an exploration trail through the garden, where they'll learn about the various plants and their health benefits.

Signature Service: "From Olive to Oil" Experience:

For €100 per person, guests can take part in a hands-on experience, learning the traditional process of olive oil production. This eight-hour tour includes one liter of freshly pressed olive oil for each participant and provides a unique blend of education, tourism, and sustenance.

Leisure Activities Focused on Nature and Cultural Heritage:

THE GROVE CRETE will offer a variety of excursions that leverage the natural beauty and cultural richness of Crete. These include visits to renowned and hidden gems such as stunning beaches, gorges, and archeological sites.

- **"Climbing Crete" Tour:** A 10-hour adventure for €100
- **"Therapeutic Crete" Tour (botanical theme):** A five-hour exploration for €60
- **"Soap-Making Workshop:"** A 90-minute session for €40

Free informational materials, including maps and a hotel app, will guide guests through nature walks to nearby villages and hidden beaches, contributing to the promotion of eco-tourism across Rethymno and Crete.

Cultural Excursions and Experiences:

THE GROVE CRETE will offer culturally immersive tours, allowing guests to explore the island's rich heritage:

1. **“Cultural Crete” Tour:** An 8-hour guided exploration of traditional bakeries, cheese dairies, olive mills, pottery, weaving, and lyra workshops. Guests will also visit archeological sites, monasteries, and historical locations for €80 per person.
2. **“Culinary Crete” Excursion:** A 6-hour Cretan cooking class where participants visit a traditional farm, engage in the preparation process, and learn the secrets of local cuisine for €80 per person.
3. **“Mythical Crete” Exploration:** A captivating full-day excursion takes guests on a journey through the island's ancient sites, steeped in rich mythology. For €90 per person, participants will explore landmarks tied to some of the most famous myths of Greek antiquity, immersing themselves in the stories that have shaped Crete's cultural identity.

Stargazing Experience:

A truly magical offering at THE GROVE CRETE will be the stargazing experience, where guests can gaze at the starry Cretan skies under the guidance of a professional astronomer. One of the owners, an expert in Greek mythology, will enrich the experience by weaving tales of how the constellations and stars relate to ancient myths. This unique blend of astronomy and mythology will provide guests with an unforgettable journey through time and space, connecting the celestial wonders with the rich cultural heritage of Greece.

Throughout the seasons, management will plan additional visits to traditional events (pilgrimages, festivals, weddings, etc.). In addition, the business will collaborate with folklore, music and dance associations in Melambes village. Visitors will be given the opportunity to learn traditional dances, an activity that is in great demand by foreign visitors. This will help to spread the wealth of Cretan musical tradition to an audience whose only association with Crete may be the Sirtaki from Alexis Sorbas.

Last but not least, guests of THE GROVE CRETE will offer bicycle and scooter rentals for guests to explore the natural and cultural capital of South Crete and the prefecture of Rethymno, such as the Monasteries of Arkadi and Preveli, the Gorge of Agios Antonios, the lake Kournas, the Museum of Eleftherna or Melidoni.

Wellness, Leisure and Additional Services:

Guests will be provided with various leisure opportunities and additional services within the accommodation:

- An infinity pool of 50 square meters with unobstructed views towards the Libyan Sea, Paximadia islands and the stunning coastline of Agia Galini, Rethymno
- Private terraces / balconies overlooking the sea with private pools and gardens
- An outdoor bar, lounge and breakfast area by the pool
- An outdoor fitness and yoga area
- A multifunctional outdoor area for special events such as weddings (couples will be married under an old olive tree in THE GROVE)
- A large fireplace in the common area to offer a place of relaxation during winter, as THE GROVE strives to open guests' eyes to the off-season beauty of the island
- Own branded products homemade from local materials to increase income for the hotel, guest identification with the concept and the brand of the hotel and to promote the hotel in their home countries. Fashion will be developed together with the Cretan fashion studio KLOTHÓ, which will also provide the in-room textiles.
 - o Branded T-Shirt (organic wool): 25,00 Euro
 - o Branded Hoodie (organic wool): 60,00 Euro
 - o Branded linen bag (organic): 12,90 Euro
 - o Branded self-made olive soap: 7,00 Euro
 - o Branded olive oil: 20,00 Euro / litre
- Electric motorbike rental: 40 Euro / day
- "Aphrodite's Treat" Massage: 60 Euros (external partner)
- Yoga class: 30 Euro per person (1 hour, external partner)
- Musical healing: 50 Euro per person (external partner)
- Some elements of the interior design are placed in the rooms on consignment – meaning arts, crafts and products from local producers will be used to decorate the rooms, yet these items are for purchase by the guests. A commission of 50 percent will be retained by us for each sale, which can easily be made via the in-room tablet directly with the producer. This service is an integral part of THE GROVE's "community economy" approach.

Medical Care:

As part of customer care, management will enter into private cooperation agreements with a dentist and a general practitioner to provide emergency medical care, 24 hours a day.

Other Services:

The company will provide its customers with a range of additional services to maximize the level of satisfaction. The following list provides an overview of all services:

- Breakfast included
- Free wireless internet
- Direct sea view
- Terrace with private pool and garden
- Food basket with local delights
- Organic beauty products
- Hair dryer
- Slippers
- Bathrobes
- Safe
- Coffee/tea maker
- Fridge with freezer
- In-room art for sale
- Local furniture
- Daily water bottle for each guest
- Eco Air Conditioning (just in case)
- Sunbeds
- Parasols for beach visits
- Beach towels
- Stationary and pre-stamped postcards
- Iron and ironing board
- Laundry services

Additional services that will be available are:

- Airport pick-up
- Daily beach shuttle
- Welcome drink
- Welcome snacks in the room
- On demand honeymoon room preparation
- Information material
- Outdoor pool and bar
- Outdoor yoga and fitness area
- Educational nature trail
- Indoor fireplace and common area
- Dinner on-demand
- Electric Scooter rental

- Free laptop concession
- Free parking
- Laundry Service
- Tours (individual and groups)
- Events

10. Organization

The company will ensure and strengthen its competitive advantage through policies and procedures that include the services outlined above as well as optimized organization, planning, control, and operational processes, thus creating conditions for dynamic market penetration.

Quality Management System Development EN ISO 9001:2015:

ISO 9001:2015 specifies requirements for a quality management system when an organization:

- a) needs to demonstrate its ability to consistently provide products and services that meet customer and applicable statutory and regulatory requirements, and
- b) aims to enhance customer satisfaction through the effective application of the system, including processes for improvement of the system and the assurance of conformity to customer and applicable statutory and regulatory requirements.

It will be applied at THE GROVE CRETE with the aim to:

- Organize and implement procedures in the company, standardize operations and increase productivity
- Define clear competences and responsibilities to avoid double actions and to save time
- Establishing processes for continuous monitoring and improvement of the provided products and services
- Write the basic administrative procedures (Quality Manual and Quality Procedures)
- Organize the quality control circuit
- Comply with current European and national legislation
- Follow a systematic and preventive approach to risk identification and to the development and implementation of control tools
- Communicate with suppliers, customers, government authorities and other stakeholders effectively
- Optimize resource management
- Improve reputation and reliability

- Increase competitiveness

Collection and payment system:

Scheduling inputs and outputs, determining the time of collection of receivables and the time of repayment of liabilities through:

- Revenue – expenditure budgets
- Methods of collection – payments
- Estimation of working capital
- Risk analysis – risk assessment
- Exposure management
- Credit risk assessment

This will ensure:

- ☒ efficient control and planning of cash flows
- ☒ financial cost reduction
- ☒ sufficient liquidity

Raw materials supply and management system:

Organization of orders based on:

- the capacity of safe storage areas
- the purchase cost
- transportation costs
- needs and time
- forecasting price developments

This will ensure:

- ☒ cost and energy savings (maintenance costs) by reducing inventory retention time.
- ☒ higher returns due to organized orders, at better prices.

11. Marketing

Travel agencies:

THE GROVE CRETE will enter into memorandums of understanding with travel agencies that aim to cooperate with the business by recommending their clients a stay at THE GROVE CRETE.

Specialized search engines:

The business will enter into cooperation agreements with hotel search engines, through which a considerable number of reservations will be made. It will be featured on leading search engines like booking.com and tripadvisor.com as well as on specialized websites such as Further Afield, catering to guests who value inclusivity.

Reservations through hotel website:

The company already maintains the website www.TheGroveCrete.com, which is easily found on Google due to the implemented search engine optimization measures. It is one of the first Google entries when typing in "sustainable hotel, Crete". The website will be the primary tool for attracting guests to avoid fees levied by travel platforms. A reservation tool will enable guests to book directly through the website. The aesthetics of the site match the high-end aspiration of THE GROVE CRETE and put the natural beauty of South Crete front and centre to highlight the hotel's sustainability approach. A blog with anecdotes about THE GROVE CRETE will make customers feel as if they are part of the hotel's story, as will regular posts on the existing Instagram, Youtube, LinkedIn and Facebook channels. To attract people to stay at THE GROVE CRETE and make them aware of off-season offers (to increase the annual occupancy rate), a regular newsletter will be sent. Subscription is possible on the website or upon check-out at the hotel reception on the guest questionnaire form.

The website will:

- increase direct reservations via online booking and increase the total turnover
- increase the sale of branded merchandise products via an integrated online shop
- present the hotel to customers, reflecting the design and feel of the property
- create an engaging story around THE GROVE CRETE which visitors will want to follow

As mentioned, the website will allow bookings through an easy-to-use online platform. For example, the Exely booking engine with automated upselling and cross-selling tactics maximizes per stay revenue while offering the best possible experience for the customer. It includes:

- Management of all detailed information
- Availability management
- Real Time and On-Request Bookings
- Price management and individual offers
- Online sales using a credit card

Social media marketing:

Both members of the management are experienced in the use of **social media and photography**. They also own a drone to use for the creation of highly engaging visual content for social media. The main outlets Youtube, Instagram, LinkedIn and Facebook are already being used to promote THE GROVE CRETE, its website and relevant articles and posts about the hotel. Aesthetically pleasing photos and videos of the hotel's premises and of tours and other events will draw attention to the entire scope of services. The existing hashtag **#thegrovecrete** will be particularly promoted during the construction phase of the project to create **suspense** among future guests. The indoor olive tree planned for THE GROVE is particularly suitable as an "instagrammable landmark" and has been designed as such. The strong aesthetics and the recognizable logo of the hotel will lead to **a powerful social media presence**.

12. Timetable

The project is estimated to be completed within 15 months after the building license is issued. It will be implemented under the supervision of the owners of THE GROVE CRETE by a general constructor.

Commencement of works: January 2025

Completion of works: March 2026

Project management:

The project implementation phase will be managed by the owners, who will be on site on a daily basis, in a systematic and controlled manner to achieve the following:

- Delivery of the project within schedule
- Execution of the project without exceeding the budget
- Achieving the quality characteristics of the project

Project management will be oriented along the following procedures:

- Project Completion Management
- Physical Object Management of the Project
- Project Schedule Management
- Project Cost Management
- Project Quality Management
- Project Human Resources Management
- Project Communications Management
- Project Risk Management
- Project Procurement Management

Scheduling:

The implementation schedule of the project is as follows:

A) Establishment of the company

The company was registered on 21 April 2021 as THE GROVE IKE, commercial registry number: 159088150000, sales tax ID: 801557140. Its legal form changed to OE on 29 December 2023.

B) Licensing

The company has the necessary building license to carry out the project.

Through the construction firm Action Constructing, it submitted an application in the fourth quarter of 2021 for the issuance of a building permit, issued on 7 July 2023, to the Building Service of the Technical Services Department of the Municipality of Rethymno, in accordance with the provisions of the bill of the Ministry of Environment "control and protection of the built environment" with the following supporting documents and studies, according to current legislation:

1. Application of the owner with the statements of assignments - withdrawals
2. Approvals of other services and administrative bodies, where required. Approval of the Architecture Council and certificate of non-submission of objections
3. Title deeds, recent certificate of ownership of the property
4. Evidence of legality of any existing buildings
5. Architectural study, which includes the study of passive fire protection and the study of accessibility for people with disabilities
6. Static study
7. Studies of electromechanical installations
8. Building energy efficiency study
9. Study schedule for project execution
10. Study of plumbing and sewers
11. Active fire protection study, in accordance with the provisions for fire protection
12. Safety and health plan and file of the project, according to the provisions of p.d. 305/1996 (A '212)
13. Waste management plan (WMA) according to JM 36259/2010 (Government Gazette 1312 / B)
14. Notarized statement of the provided parking spaces, according to article 1 of law 1221/1981 (A '292), and a certificate of its transfer to the mortgage office
15. Explanatory report of par. 1 of article 3 of law 1577/1985 (A' 210)
16. Proof of deposit of the required contributions of the project owner in favor of the State, EFKA and the municipality
17. Copy of service receipt or invoice regarding the payment of the agreed fee of the engineering designers, as well as its FEM

C) Sequence of tasks

In January of 2025, the construction works will commence in the following order:

1st Stage: General excavation and foundation excavation work. The duration will be 30 days. Earthmoving machines will be used. No other work can be done during this time.

2nd Stage: Construction of the reinforced concrete frame of the building which will include the sandals, the columns and the slabs of the constructed floors. The duration is estimated at 120 days. Skilled formwork and scaffolding technicians and skilled workers will be used.

3rd Stage: Buildings will be constructed based on the approved plans and the casings of the frames will be installed as well as the wiring of the electrical and plumbing installations. This stage will last for 60 days.

4th Stage: Works of the coatings, the beginning of the marble works (window aprons, balcony doors, basements) as well as the beginning of the painting will take place. The casings of the frames will be grounded and all external surfaces that are going to be covered with lime will be whitewashed before the plasterer takes down the scaffolding. The completion time of these works will be 60 days.

5th Stage: Railings of the balconies and stairs and the iron glazing will be constructed, and the wiring of the electrical installations will be done. The floors of verandas, reception area, kitchen, bathrooms and corridors will also be laid, and sinks, bathtubs and washbasins will be installed and the walls of bathrooms and kitchens will be tiled. Electrical panels and switches and sockets will be installed. The painting will continue with the preparation of the walls that will be troweled and the ceilings painted. The completion time of these works is estimated at 60 days.

6th Stage: The final works will be done. Installation of wooden frames and cabinets, painting of these and other areas, installation of basins, boilers and bathroom accessories, installation of windows, knobs and locks and finally the floor and all surfaces will be scrubbed and cleaned. The time is estimated at 60 days.

7th Stage: In this stage supply and installation of equipment will take place. The time is estimated at 60 days.

In parallel with these works, the preparation for the issuance of the required licenses and operating approvals (fire safety, fire protection) will be made, as well as the operation license E.O.T. with an estimated release date of 01/01/2025. In addition, the suppliers will be selected through a detailed evaluation of the offers. Management will have secured cooperation agreements in order for the operations of THE GROVE CRETE to start without delays.

TASK TIMETABLE																
PROJECT DURATION IN MONTHS																
	Activities	Jan 25	Feb 25	Ma 25	Apr 25	May 25	Jun 25	Jul 25	Aug 25	Sep 25	Oct 25	Nov 25	Dec 25	Jan 26	Feb 26	Ma 26
1	1 st stage: General excavation works on foundations															
2	2 nd stage: Construction of the reinforced concrete frame of the building															
3	3 rd stage: Buildings, casings of the frames will be set up as well as the piping of the electrical and plumbing installation.															
4	4 th stage: Coating works, start of marble works as well as paintings.															
5	5 th stage: Railings of balconies and stairs, wiring, floors, sinks and washbasins and tiled linings. Electrical panels will also be installed.															
6	6 th stage: Installation of frames and cabinets, painting them as well as other spaces, installing basins, flushers and bath accessories.															
7	7 th stage: Supply and installation of equipment.															

EXTERNAL ANALYSIS

13. Market Environment

Tourism is one of the most vibrant sectors of the Greek economy, playing a crucial role in driving sustainable economic and social development and attracting significant investment. Despite the economic challenges Greece has faced over the past decade, the tourism industry has shown impressive resilience and continued positive growth, with the exception of the temporary downturn caused by the global COVID-19 pandemic. As a central pillar of the Greek economy, tourism has the potential to shape the country's development prospects, create sustainable employment opportunities, boost other sectors of local economies, and generate substantial financial inflows for both tourist regions and the nation as a whole.

In 2023, tourist arrivals in Greece (excluding cruise visitors) surpassed 32 million, according to the Greek Tourism Confederation (SETE). Tourism directly contributes 10% to 12% to Greece's GDP, with its total direct and indirect impact estimated to be between 20% and 25%. For every euro generated by tourism, an additional €1.20 to €1.65 of economic activity is created, highlighting the sector's wide-reaching benefits across the economy. In Crete, the South Aegean, and the Ionian islands, tourism is an even more critical driver of economic activity, accounting for over 73% of regional GDP.

Tourism has also led to significant improvements in living standards in these regions, contributing directly to 16% of employment, and between 35% and 43% when factoring in indirect employment. With Greece ranking 10th globally for tourist arrivals and 4th among Mediterranean nations, the sector continues to play a pivotal role in the country's economic health.

Crete, one of Greece's most sought-after destinations, attracts millions of visitors annually. Heraklion International Airport, the second busiest in Greece, handled over eight million passengers in recent years. To accommodate the rising number of tourists, the new Kastelli International Airport is under construction, set to open in 2027. Positioned to become a major hub in the Eastern Mediterranean, the new airport will offer quick access to key locations, with less than four hours to reach major cities in Western Europe, the Middle East, and North Africa. This development supports Crete's transformation into a year-round tourist destination, aligning with the government's "Tourism 365 Days a Year" initiative, which aims to extend the tourist season, starting with Crete and Rhodes.

Crete was listed among the "Destinations to Watch in 2024" by ABTA, a major UK travel association. ABTA praised Crete for its cultural richness, natural beauty, and welcoming atmosphere, encouraging travelers to explore its historic towns like Heraklion, Rethymno, and Ierapetra. Additionally, Crete earned a high spot in the *Conde Nast Traveller* 2024

Readers' Choice Awards, ranking as the 4th best island in Europe. This solidifies its status as a premier destination, attracting visitors with its diverse landscapes and rich history.

These accolades, along with significant growth in tourism to the island in 2024, underline Crete's strong appeal as a vacation spot. It continues to draw travelers seeking a blend of culture, adventure, and scenic beauty.

The average occupancy rate in Crete was about 60% in 2022. Owing to its popularity, arrivals in Crete exceeded 5.5 million in 2023, with more than 30 million overnight stays, resulting in a historical record and revenues of 5.2 billion Euro. The largest markets are Germany with 1.2 million visitors (in 2023), the United Kingdom (832.000 visitors), and France (670.000 visitors). These will be the three target markets that THE GROVE will cater to as the management speaks all three languages. Of course, management will expand its marketing efforts to other countries. In the medium term, as soon as the new airport opens, young open-minded Arab visitors will be a fourth target group.

The South Coast of Crete is much less inhabited and, consequently, less developed in terms of tourism. The apparent disadvantage, i.e. comparably long transfer times of about one and a half hours from both airports on the island, is more than offset by the advantages:

- No large-scale resorts as the South has escaped the extreme development of the North Coast
- Genuine Cretan experiences in mountainous and fishing villages and on isolated beaches
- Many opportunities for ecotourism and sustainable holiday experiences
- The weather on the south coast also tends to be drier, significantly extending the holiday season.

However, the competitiveness of Crete's tourism industry faces significant challenges, stemming from both its structural characteristics and inherent weaknesses, such as low-to medium-budget travelers, alongside intense international competition. To sustain and enhance Crete's appeal as a top destination, it is crucial to focus on several strategic objectives. These include enriching and upgrading the tourism product, improving the quality of services, exploring new markets, and attracting diverse customer segments in existing markets. Moreover, extending the tourist season through appropriate initiatives, diversifying the tourism offerings, and tailoring specific destinations to unique visitor experiences are essential. Equally important is the targeted promotion of Crete's distinct competitive advantages as a premier tourist destination.

THE GROVE CRETE aims to actively contribute to the national effort of elevating Greek tourism. It aspires to become a "lighthouse project" whose success will inspire long-term improvements and transformation across the sector.

Characteristics of the Greek market

The distinguishing characteristics of the Greek tourist market are:

- The seasonality of the demand, since 50% of the visitors come to Greece during July to September. The concentration of arrivals during the peak season becomes even clearer if one considers the period May to September with about 70% of annual visitors. Greece remains a summer tourist destination in the mind of most people.
- Forms of tourism, such as agri-tourism or conference tourism have not yet gained large market shares, thus exacerbating the problem of seasonality. Most tourists come to Greece exclusively for summer vacations.
- More than 80% of tourists travel to Greece by air, 14% by road and about 5% by boat.
- Most tourists are from Germany with 13.1% market share in total, Britain with 13.1%, France with 5.5%, and the United States with 3.7%.
- The offer of the tourist product is geographically distributed as follows: South Aegean 25% of the beds, Crete 21%, Central Macedonia 13%, Ionian Islands 12%, and Attica 10%, Peloponnese 9%, Thessaly and Epirus 5% and other regions 5%.
- The Greek tourist product depends to a large extent on mass tourism, which is almost completely controlled by foreign tour operators. Taking advantage of their great bargaining power, tour operators are pushing for price reductions but also for more and better services, thus hampering the profitable operation of Greek tourism companies.

Tourism and sustainability

As outlined in the presentation of our business philosophy, sustainable products in the field of tourism should be evaluated based on three parameters:

- ☒ respect for the environment and the natural resources of the country,
- ☒ integration into society and avoidance of creating tourist ghettos.
- ☒ economic viability, i.e. profitability through added value

Environmental criteria:

A fundamental principle for environmental protection is the triptych **Reduce – Reuse – Recycle**. This approach emphasizes minimizing resource use and carbon emissions, maximizing resource reuse, and promoting recycling efforts. THE GROVE CRETE is committed to adhering to this principle at every stage of its construction and operation, with the goal of significantly reducing its ecological footprint.

Socio-cultural criteria:

A crucial aspect of tourism, and a societal expectation, is the equitable distribution of its benefits across communities. A significant challenge in Greek tourism is its pronounced seasonality, which results in unemployment and inactivity for many workers in tourist areas outside peak seasons. Culturally and socially sustainable tourism should aim to provide year-round attractions and engage with local communities to leverage local knowledge, crafts, and traditions. This approach allows visitors to learn about local culture while also generating income for these communities through the monetization of traditional crafts. THE GROVE CRETE strives to support employment in traditional communities, counteracting the trend that drives villagers to leave their hometowns for jobs in large coastal resorts. Additionally, we will offer off-season activities, such as winter olive-picking, and organize tours that showcase local arts and crafts in collaboration with local villages and artists. This initiative will operate independently of large tour operators to mitigate the negative effects of mass tourism.

Economic criteria:

The viability of an economic activity and its added value increase under the following conditions:

- 1) a highly developed market,
- 2) strong profitability within the sector,
- 3) low competition, and
- 4) minimal barriers to growth.

According to the strategic plan of the Association of Greek Tourism Enterprises (SETE), the European market sizes for key tourism products are as follows:

Sun & Sea: €102.2 billion, **City Break:** €46.4 billion, **Culture & Religion:** €59.0 billion, **MICE (Meetings, Incentives, Conferences, and Exhibitions):** €25.9 billion, **Athletic & Wellness:** €9.1 billion, **Marine:** €7.0 billion, **Medical:** €2.6 billion.

These figures indicate a substantial market and high demand for the unique services offered by THE GROVE CRETE. Notably, there is minimal competition in the region regarding holistic sustainable tourism services, which positions the business favorably in terms of competitiveness.

14. Area Data

Advantages of Crete:



1. The largest tourist destination in Greece.
2. The largest island in Greece in size and population.
3. The largest island coastline in Greece.
4. One of the largest clusters of archaeological, historical and religious monuments, with Knossos being the second most visited archeological site in Greece, after the Acropolis of Athens.
5. Some of the most important natural monuments, such as the Samaria Gorge.
6. Very large variety of flora and fauna, many of them unique to the island.
7. Extremely temperate and favorable climate for the development of tourism, with the largest microclimatic differences in Greece.
8. Unique cultural and historical tradition and contribution to world history and culture.
9. Rich folk and folklore tradition.
10. Two of the largest international airports and ports in the country.
11. Dense road network which includes the Northern Road Axis which is part of the Trans-European Road Network.
12. High tourist satisfaction rate (85%).
13. High customer loyalty, with 41% of tourists having visited the island before in the past, 3.5 times the average.
14. High percentage of fulfillment of tourists' expectations (86%), high intention for repeating visit in the future (83%), intention to visit next year 22%, recommending Crete to friends and acquaintances 76%.
15. Relatively high percentage considers Crete the best place for vacations (23%) compared to other destinations in Greece (11%) and compared to other Mediterranean destinations.

Advantages of Rethymno:

The Prefecture of Rethymno is a stunning region located between Chania to the west and Heraklion to the east, bordered by the Cretan Sea to the north and the Libyan Sea to the south. This area boasts a captivating landscape where rugged mountain slopes blend seamlessly with fertile valleys, and rocky shores give way to pristine sandy beaches.

Rethymno is widely regarded as one of Greece's premier tourist destinations, offering numerous advantages:

- ✓ **Established Infrastructure:** The region features a well-developed infrastructure, including modern leisure facilities, restaurants, and accommodation options, catering to a diverse range of visitors.
- ✓ **Rich Historical and Cultural Heritage:** Rethymno is home to numerous attractions of significant historical and cultural importance. Key sites include the Monastery of Arkadi, the Archaeological Museum of Eleftherna, the cave of Melidoni, and the scenic dam of Potamon.
- ✓ **Beautiful Beaches:** The prefecture boasts clean and picturesque beaches, some well-organized with amenities, while others remain untouched, set against the dramatic backdrop of the mountainous hinterland.
- ✓ **Accessibility:** Rethymno enjoys easy access from the island's two main airports and ports in Chania and Heraklion, making it convenient for travelers.
- ✓ **Diverse Attractions:** Visitors can explore unique landmarks such as the ports of Panormos and Agia Galini, the Kolpos settlements, the Ideon Andros cave in Psiloritis, and the tranquil springs of Argyroupoli.
- ✓ **Charming Old Town:** The old town of Rethymno is a beautifully preserved Renaissance area that showcases a blend of Venetian and Ottoman architectural styles. Strolling through its narrow alleys feels like a journey back in time. Notable sights include the Venetian port, the Venetian Loggia, the Rimondi Fountain, and several historic churches, such as the Church of St. Frangiskos and the Nerantze Mosque.
- ✓ **Fortetza Fortress:** A prominent symbol of the city, the fortress offers panoramic views and insights into Rethymno's rich past.
- ✓ **Vibrant Local Culture:** Rethymno is known for its lively atmosphere, especially during local festivals and cultural events that celebrate Cretan traditions, food, and music.

In summary, the Prefecture of Rethymno stands out as a multifaceted destination, blending natural beauty, historical significance, and vibrant culture, making it an ideal location for THE GROVE CRETE to thrive.

Advantages of Lampi:

The municipality where THE GROVE CRETE will be located possesses significant tourist potential, evidenced by an occupancy rate exceeding 75% in nearby Agia Galini. This area enjoys high demand and convenient access to the entire island, making it an attractive destination for visitors.

Lampi offers an array of organized and unorganized beaches, each with its own unique charm. Notable among these are the long, sandy stretches of Agios Pavlos, the serene Paralia Aniforas with its emerald green waters, and the tranquil Agios Georgios beach. Many of these beaches remain hidden gems, providing peaceful retreats even during the peak tourist season. Each beach captivates visitors with its stunning natural beauty and pristine surroundings.

Additional advantages of Lampi include:

- ✓ **Modern Infrastructure:** The recent completion of a modern highway connecting Agia Galini to Rethymno has significantly reduced travel time to just 60 minutes, enhancing accessibility for both tourists and locals.
- ✓ **Improved Coastal Roads:** Ongoing improvements to coastal roads are set to enhance travel experiences, particularly as plans are underway to upgrade sections that are currently pebble-covered. This development will facilitate easier access to the region's stunning coastline.
- ✓ **Rich Cultural Heritage:** Lampi is steeped in Cretan history and culture, providing tourists with opportunities to engage in local traditions, cuisine, and festivities. Visitors can explore nearby historical sites and enjoy authentic Cretan experiences.
- ✓ **Natural Attractions:** The surrounding landscape features diverse natural beauty, from rugged mountains to lush valleys, offering numerous outdoor activities such as hiking, cycling, and nature walks.
- ✓ **Local Gastronomy:** The region is known for its delicious Cretan cuisine, with many local taverns and restaurants serving fresh, traditional dishes made from locally sourced ingredients. This culinary aspect enhances the overall tourist experience.
- ✓ **Vibrant Local Community:** The friendly and welcoming local community adds to the charm of Lampi, ensuring visitors feel at home while also contributing to the local economy.

In summary, Lampi presents a compelling combination of beautiful natural landscapes, modern infrastructure, rich cultural experiences, and high-quality beach destinations, making it an ideal location for THE GROVE CRETE.

15. SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • Excellent climate all year round • Strong geographical location • Abundant natural and man-made sights • Positive image • Secure position in the global tourism market • Good support infrastructure • Stable social structure and longstanding hospitality tradition • Excellent local value chains • Relatively low cost level • Good conditions for sustainable tourism due to natural sustainable lifestyles in mountain villages 	<ul style="list-style-type: none"> • Seasonality of established tourist services • Dependence on decisions, choices and policies of major travel agencies abroad • Fragmented and individual development initiatives in the field of tourism in spite of existing government frameworks • Lack of sustainable building techniques • Lack of alternative modes of transport (arrival via plane, domestic travel by individual car)
Opportunities	Threats
<ul style="list-style-type: none"> • Government promotion of the development of eco-tourism and alternative tourism • Government promotion of food and gastronomy as a tourist resource • Growth trends of tourism (e. g. new airport) • Growing demand for eco-tourism • Completion of infrastructure projects • Few competitors in the field of eco-tourism (first-mover advantage) • Climate allows for extension of season all-year round • Increasing importance and penetration of new technologies in tourism • Interconnection and interdependence of production sectors • Motivation of local service providers to get involved in alternative tourism 	<ul style="list-style-type: none"> • Decline of manufacturing and the agricultural sector • Loss of natural diversity • Tertiarization of the economy • Relaxation of social fabric, morals and traditional patterns • Seasonality of employment • Massification of ecotourism • Climate change • Global crises (COVID 19), local crises (conflict with Turkey)

16. Competition Analysis – Porter Model:

In the hotel industry, understanding the intensity of competition is crucial. This intensity is shaped by five key forces:

1. Barriers to Entry for New Businesses

Several factors can create barriers for new entrants in the hotel market:

- **Initial Capital Requirements:** New hotels need significant funds for construction, marketing, and operations.
- **Differentiation:** If existing hotels have strong brand loyalty, new entrants may face high costs to shift customer preferences. However, unmet customer needs can lower these barriers, which is definitely the case for sustainable tourism offers in Crete.
- **Access to Distribution Networks:** Limited availability of distribution channels can hinder new hotels from entering the market.
- **Government Policy:** Regulations, licensing requirements, and support for established businesses can restrict new entries. In our case, the main barrier is the relatively high initial costs associated with sustainability measures and a government funding policy that favors large tourist enterprises over boutique hotels.

2. Vendor Bargaining Power

Suppliers are vital partners in the hotel business, and their bargaining power can be significant under certain conditions:

- When there are few suppliers for essential products.
- When alternatives are limited, allowing suppliers to set higher prices.
- When suppliers impose additional costs, impacting profitability.

For THE GROVE CRETE, the risk from supplier bargaining power is minimal, as there is a wide range of suppliers available for necessary partnerships and direct-to-consumer channels have already been established (website, social media).

3. Buyer Bargaining Power

The hotel industry is characterized by numerous options for consumers, leading to significant buyer power:

- Individual customers and tour operators can negotiate terms, especially as many hotel services, particularly accommodation, are similar.

- With the proliferation of online platforms, customers can easily compare prices, exerting pressure on hotels to remain competitive.

In this context, buyers have varying levels of bargaining power. Individual customers generally have low bargaining power and are a primary target for most hotels. However, travel agencies, which book a higher volume of tourists, have much greater influence. Larger hotels often rely on these agencies to optimize occupancy and maximize customer spending within their facilities.

For THE GROVE CRETE, we plan to focus primarily on attracting individual tourists rather than relying on large travel operators and online booking agencies. While we will utilize booking platforms, our goal is to drive direct bookings through our website, using agencies mainly for last-minute fill-ins.

4. Competition Among Hotel Businesses

The intensity of competition is a critical factor for hotels when developing strategies. Key elements influencing competition include:

- The hotel's location and the number of visitors the area attracts.
- The duration of the tourist season and the size of the hotel.
- The hotel's star category and its agreements with travel agencies.
- The degree of differentiation from competitors.

Success in this competitive landscape relies on maintaining competitive advantages, which can be achieved through four main factors: efficiency, quality, innovation, and customer-centric services.

- **Efficiency:** Measured by the costs of inputs relative to outputs, influenced by recruitment, supply chain policies, and technological utilization.
- **Quality:** Encompasses the reliability of services and the overall condition of the hotel, including product offerings and facility standards.
- **Innovation:** Refers to novel approaches in hotel operations and service delivery.
- **Customer-Centric Policy:** Understanding and meeting customer needs is crucial. Hotels must identify market trends and tailor their offerings accordingly.

These factors are integral to creating a competitive advantage for THE GROVE CRETE. Our management's expertise, partnerships with local suppliers, and investments in sustainable practices will drive efficiency. Quality will be ensured through aesthetically pleasing designs, comprehensive guest services, and organic products. Our commitment to innovation will be demonstrated through sustainable building techniques that set us apart

from competitors. Finally, our customer-centric approach will be informed by thorough market analysis focused on sustainable tourism trends.

5. Main Competitors

The average daily rate for hotel rooms in Crete is around €115. While THE GROVE CRETE will offer rooms at a higher price, this price point is still competitive within the high-end market segment, where approximately 50% of hotels fall into the 4- or 5-star category. Many competitors charge rates significantly higher than ours, indicating that there is room for price adjustments if necessary.

In summary, while there are several established competitors in the region, none specifically target the upper middle class to affluent eco-tourist segment that THE GROVE CRETE aims to attract. This strategic positioning enhances our potential for success in the marketplace.

The following competitor analysis has been omitted from the online version of this Business Plan.

17. RISK-MANAGEMENT

In this table, the risk factors for the investment are examined.

RISK REGISTER					
Category	Index	Localization	Possibility	Effect	Gravity
Strategic	101	Emergence of competition	Possible	High	10
	102	Reduced performance compared to specifications	Negligible	High	
	103	Reduced project management efficiency	Negligible	High	
	104	Bankruptcy of customers	Negligible	Very High	
	105	Insolvency of funding sources	Negligible	Very High	
	106	Market fluctuations	Least Possible	Medium	
	107	Lack of availability of investment incentives	Least Possible	Medium	
	108	fraud - cutting - sabotage	Negligible	Medium	
Economic - Market	201	Monetary instability	Negligible	Medium	10
	202	Interest rate volatility	Negligible	High	
	203	Inflation	Negligible	Medium	
	204	Lack of working capital	Least Possible	Very High	
	205	Adverse market developments	Least Possible	Medium	
Legal - Regulatory	301	Unable to secure approvals	Least Possible	Very High	10
	302	Delayed approvals	Possible	Very High	
	303	Legislation amendment	Least Possible	Low	
	304	Licensing requirements	Least Possible	Very High	
	305	Monitoring	Least Possible	High	
Organizational and Administrative	401	Inability to manage	Negligible	High	25
	402	Insufficient corporate policy	Negligible	High	
	403	Insufficient leadership	Negligible	High	
	404	Insufficient staffing	Least Possible	High	
	405	Insufficient staff selection	Least Possible	Medium	

	406	Ambiguity of roles - responsibilities	Least Possible	Medium	
	407	Failure to make decisions	Least Possible	High	
	408	Lack of operational support	Negligible	High	
	409	Inaccurate information	Least Possible	Medium	
	410	Safety restrictions	Least Possible	High	
Political	501	Change of government policy	Negligible	Very Low	5
	502	Government change	Possible	Very Low	
	503	Riots	Negligible	Very Low	
	504	Adverse public opinion	Negligible	Very Low	
Environmental	601	Natural disasters	Negligible	Very Low	15
	602	Pollution incidents	Negligible	Very Low	
	603	Ecosystem disruption	Negligible	Very Low	
Technical – Operational	701	Insufficient design	Negligible	High	25
	702	Professional negligence – inconsistency	Negligible	Medium	
	703	Damage to infrastructure	Least Possible	High	
	704	Increasing costs	Least Possible	Medium	
	705	Security breaches	Least Possible	Medium	

3.1 Risk Evaluation

RISK EVALUATION						
	Category	Contingency	Possibility	Effect	Gravity	Weighting
1	Strategic	Negligible	10%	High	10	1,00
2	Economic – Market	Negligible	5%	High	10	0,50
3	Legal – Regulatory	Negligible	15%	High	10	1,50
4	Organizational – Management	Negligible	5%	Very High	25	1,25
5	Political	Least Possible	20%	Medium	5	1,00
6	Environmental	Negligible	5%	Very High	15	0,75
7	Technical – Operational	Negligible	5%	Very High	25	1,25
						7,25

Overall Risk Assessment: 7.25 (LOW)

The investment environment does not create uncertainty or make a deviation from the schedule likely.

Glossary			
Contingency	%	Effect	Result
Negligible	0-10	Low	No delay
Least Possible	11-25	Medium	slight delay within the schedule
Possible	26-50	High	delay possible schedule diversion
Very Possible	51-80	Very High	certain schedule deviation, possible project postponement
Certain	81-100	Disastrous	Project cancellation

Operational Risk Management Plan:

A standardized approach is employed to assess operational risks and implement procedures that focus on identifying, controlling, managing, evaluating, and reporting risks. The following methods support and facilitate these procedures:

1. **Risk & Control Self Assessment (RCSA):** This technique aims to identify, evaluate, and mitigate operational risks. The RCSA is conducted annually, with more frequent assessments in response to significant changes in the operating environment.
2. **Operational Risk Indicators (ORIs):** Based on historical data from specific measurable activities, ORIs quantify exposure to operational risks. These indicators are expressed as percentages or ratios, providing a clear picture of risk levels.
3. **Operational Risk Events Recording:** Identified operational risk events are logged into an internal database to generate reports. These events are classified according to the responsible unit, underlying causes, risk categories, impacts, and related business activities.
4. **Scenario Analysis:** This method outlines how scenarios for risk analysis and measurement are defined, documented, and selected.

Residual Risk Management Plan:

- **Prediction:** Forecast potential risks.
- **Localization:** Identify where risks may occur.
- **Recording and Analysis:** Document and analyze risks thoroughly.
- **Assessment:** Utilize both qualitative and quantitative methods, such as customer questionnaires.
- **Preventive Actions:** Develop strategies to mitigate risks.

- **Links and Partnerships:** Establish relationships to aid in risk management.
- **Solution Selection:** Identify the best risk mitigation strategies.
- **Alternatives:** Consider various options for risk response.
- **Prevention, Transfer, and Acceptance:** Choose among prevention, transferring risk, or accepting it as necessary.

Procedure and Implementation:

- **Management Plan:** Develop a comprehensive strategy for risk management.
- **Communication Plan:** Ensure all stakeholders are informed about risk management efforts.
- **Management-Information Utilization:** Use relevant information for effective decision-making.

Systems and Procedures:

- **Task Assignment System:** Clearly define responsibilities.
- **Control Progress System:** Monitor ongoing tasks.
- **Evaluation System:** Assess effectiveness and efficiency.
- **Task Delivery System:** Ensure timely completion of tasks.
- **Monitoring System:** Continuously observe operations.
- **Performance Measurement System:** Evaluate outcomes against established metrics.

Success Factors:

Achieving success necessitates constant monitoring and decision-making at all levels regarding customer satisfaction, resource utilization, scheduling, budgeting, and technical challenges. Identifying key issues—strategic and operational—regularly is essential for prioritizing critical pain points, which may vary depending on the project's current phase.

Project Goals:

Establishing clear objectives is crucial for effective planning and execution. Understanding performance and evaluation metrics ensures good coordination. Consequently, all stakeholders will be informed of project objectives from the beginning.

Project Planning:

Translating goals and performance metrics into a practical plan bridges the gap between theoretical design and operational execution. A detailed plan encompassing technical, financial, organizational, communication, control, and scheduling aspects serves as the foundation for implementation. Scheduling remains dynamic, as ongoing adjustments may be necessary throughout the execution phase.

Technical Considerations:

Staff technical training and adherence to technical specifications are vital; without them, successful project completion is unlikely.

Project Monitoring:

Maintaining a constant flow of information regarding actual progress and utilizing feedback mechanisms are essential for effectively managing uncertainty. By comparing actual outcomes with current plans, it becomes possible to identify deviations and implement necessary corrections promptly.

Communication:

Effective coordination among participants at each phase of the project relies on consistent information exchange. Organizing communication with clearly defined channels and specifying the types of information that need to be shared enhances this process. Additionally, guidelines should outline how frequently this information should be generated and communicated. Both formal communication lines and informal interactions among team members contribute significantly to the project's success.

18. EXPECTED RESULTS

This investment plays a vital role in promoting quality entrepreneurship and enhancing domestic value creation. It significantly strengthens the tourism sector, one of Greece's key productive and competitive industries. By integrating the country's rich natural and cultural resources with its human capital, this initiative aims to create a holistic and sustainable tourism product. Ultimately, this strategy will help combat ecological degradation and climate change, foster positive social development, create sustainable employment opportunities, extend the tourist season, and increase revenue per visitor—areas where Greece currently falls short compared to its competitors.

Expected Business Benefits

The outlook for financial and operational viability is very promising. We anticipate a steady increase in both revenue and profit, bolstering our competitiveness and solidifying our position in the tourism sector in Crete. There's potential for expansion through franchising, allowing us to share the philosophy of THE GROVE CRETE across other regions of Greece and the Mediterranean.

Implementing this investment plan will lead to:

- **Enhanced Market Position:** We will modernize and expand the range of services offered in Crete, all while adhering to our guiding philosophy of sustainability and the aesthetic appeal of the hotel itself.
- **Loyal Customer Base:** By providing exceptional experiences, we aim to cultivate a loyal clientele that returns year after year.
- **Added Value Creation:** This will stem from developing innovative tourism services and activities, personalizing the tourist experience, leveraging local resources (a "community economy"), and differentiating our offerings from conventional mass tourism. This approach not only improves competitiveness but also elevates public awareness of our brand. The success will be reflected in our financial performance.
- **Service Optimization and Financial Health:** We will diversify our services to meet the demands of a rapidly growing market, guided by innovative building techniques, branded merchandise, consultancy services, and the integration of ICT. Most importantly, we will adopt environmentally friendly practices focusing on water conservation and energy efficiency.

Financial Results

The financial analysis presented in the subsequent viability study underscores the high degree of financial sustainability for this venture. We expect to achieve economies of scale and effective financial leverage, ensuring a reliable and sustainable return on investment.

Financial Plan



THE GROVE
CRETE

1. FIXED INVESTMENT:

1.1 Construction Costs: 1.000.000,00

1.2 Furniture and other equipment: 70.000,00

1.3 Off-grid renewable energy production: 118.000,00

1.4 Hybrid car: 45.000,00

1.5 Electric motorcycles: 30.000,00

1.6 ISO EN 9001:2015: 2.500,00

The planned investment encompasses expenses related to the construction of the hotel and its facilities, along with the procurement of high-quality, aesthetically pleasing, sustainable, and functional equipment. The financial breakdown is as follows:

- **Total Investment Plan Budget:** €1,559,200 (including VAT)
- **Total Investment Plan Budget (post-VAT reimbursement and including contingencies):** €1,354,085

EXPENDITURE BUDGET (in thousand €)								
TYPE OF EXPENDITURE		INVESTMENT COST	% cost	Year 1			Year 2	
				Year 1	first half	Second half	Year 2	First half
A. FIXED								
1.	Premises	1.000.000,00	79.02%	950.039,20	570.023,52	380.015,68	49.960,80	49.960,80
2.	Other equipment	70.000,00	5.53%				70.000,00	70.000,00
3.	Energy equipment	118.000,00	9,32%				118.000,00	118.000,00
3.	Car	45.000,00	3,56%				45.000,00	45.000,00
4.	Electric Motorcycles	30.000,00	2,37%				30.000,00	30.000,00
5.	EN ISO 9001:2015	2.500,00	0,20%				2.500,00	2.500,00
	TOTAL COST	1.265.500,00	100,00%	950.039,20	570.023,52	380.015,68	315.460,80	315.460,80
6.	(Estimation of contingencies)	88.585,00	7,00%	66.502,74	39.901,65	26.601,09	22.082,26	22.082,20
	TOTAL FIXED COSTS	1.354.085.00		1.016.541.94	609.925.17	406.616.77	337.543.06	337.543.10

2. OPERATIONS' CYCLE

Revenue predictions are realistic, based on a conservative development scenario and the following assumptions:

- ☒ Occupancy predictions according to average occupancy in the region and the demand for similar tourist products.
- ☒ Market prices according to the season (low & high season) and the region.
- ☒ Pricing policy of the company to ensure financial viability and success.
- ☒ Market outlook and assessment.
- ☒ Success of promotion and market penetration.

Prices used to calculate overnight revenue are reduced by 10% in order to ensure a margin of safety.

The company will prioritize partners with high solvency ratios.

The comparative advantages, such as

- ☒ Sustainability concept
- ☒ Differentiation through personalized services,
- ☒ High aesthetics and design,
- ☒ Usability,
- ☒ Modern, high-quality and durable construction
- ☒ Competitive prices,

create conditions for dynamic market penetration.

2.1 OCCUPANCY

Of the 2.5 million annual visitors from our core markets in West and Central Europe, we estimate a potential customer base of around 800,000 visitors. This number is based on a study of tourist preferences in Crete. The findings showed that about 50 percent of British visitors and 70 percent of German visitors to Crete show a strong interest in observing the local flora and fauna, while 20 percent and 23 percent respectively would like to participate in agricultural activities, but found it difficult to find respective services. The same goes for 33 percent and 38 percent of British and German tourists respectively, who wanted to attend local events and festivals, but found such offers desirable. This leads us to a conservative estimate of tourists who are interested in the ecotourism of a third of all visitors.

- The hotel is estimated to start operating in April 2026
- Annual operating Period 11 March to 7 January
- Operating Days 303
- The total capacity of the unit is 1,212 nights (303 days * 4 rooms).
- Overnight is defined as the daily rent of each room.

The increase in occupancy, calculated with a fixed period of 303 days, is predicted due to a) the increasing market penetration, b) the quality of the product, c) the increased demand for accommodation in Crete, d) the competitive advantages of the area, e) the competitive advantage of the sustainability concept which will increase in importance, and f) the communication and promotional policy that will be followed by management.

2.1.1. Average Occupancy ⁶

Based on the above data, the assessment for occupancy is:

AVERAGE MONTHLY OCCUPANCY					
Month	Years of operation				
	Year 1	Year 2	Year 3	Year 4	Year 5
January (1 to 7)	0,00%	50,00%	50,00%	50,00%	50,00%
February	0,00%	0,00%	0,00%	0,00%	0,00%
March	40,00%	45,00%	45,00%	50,00%	50,00%
April	60,00%	65,00%	70,00%	70,00%	70,00%
May	70,00%	75,00%	85,00%	85,00%	85,00%
June	80,00%	90,00%	90,00%	90,00%	95,00%
July	85,00%	90,00%	90,00%	90,00%	90,00%
August	85,00%	90,00%	90,00%	95,00%	95,00%
September	80,00%	80,00%	85,00%	85,00%	85,00%
October	60,00%	75,00%	75,00%	75,00%	75,00%
November	35,00%	50,00%	50,00%	50,00%	50,00%
December	35,00%	50,00%	50,00%	50,00%	50,00%

⁶ The occupancy rates are based on market research and conversations with owners of small boutique hotels in Crete. Average room occupancy rates for the island of Crete published by research institutes do not serve as valid indicators since they refer mostly to mass tourism where different market conditions apply. For what it's worth, the total occupancy rate in August 2017 in Crete was 91,9% and 66,8% annually – the highest in all Greece.

Source:

<https://www.pwc.com/gr/en/publications/greek-thought-leadership/the-next-day-of-greek-tourism-en-long.pdf>

2.1.2. Nights

NUMBER OF NIGHTS					
Month	Years of Operation				
	Year 1	Year 2	Year 3	Year 4	Year 5
January (1 to 7)	0,00	14,00	14,00	14,00	14,00
February	0,00	0,00	0,00	0,00	0,00
March	49,60	55,80	55,80	62,00	62,00
April	72,00	78,00	84,00	84,00	84,00
May	86,80	93,00	105,40	105,40	105,40
June	96,00	108,00	108,00	108,00	114,00
July	105,40	111,60	111,60	111,60	111,60
August	105,40	111,60	111,60	117,80	117,80
September	96,00	96,00	102,00	102,00	102,00
October	74,40	93,00	93,00	93,00	93,00
November	42,00	60,00	60,00	60,00	60,00
December	43,40	62,00	62,00	62,00	62,00
Total nights	771,00	883,00	907,60	919,80	926,00
Average annual occupancy: (Total Average Monthly occupancy / Months of operation of the unit per year)	63,6%	72,9%	74,9%	75,9%	76,4%

2.2 REVENUE: Calculated at constant selling prices, for reasons of forecast security.

2.2.1 Overnight Revenue

2.2.1.1 Prices per room⁷

PRICE / ROOM / NIGHT (IN €)					
	Room 1 "Pan"	Room 2 "Persephone"	Room 3 "Artemis"	Room 4 "Apollo"	AVERAGE PERIOD VALUE
ROOMS	1	1	1	1	4
16/12-7/1	198,00 €	212,00 €	240,00 €	252,00 €	225,50 €
11/3 -30/4	210,00 €	222,00 €	253,00 €	274,00 €	239,75 €
1/5-19/5	231,00 €	245,00 €	273,00 €	289,00 €	259,50 €
20/5-19/6	255,00 €	267,00 €	289,00 €	302,00 €	278,25 €
20/6-13/7	265,00 €	281,00 €	298,00 €	314,00 €	289,50 €
14/7-19/8	304,00 €	310,00 €	325,00 €	343,00 €	320,50 €
20/8-30/8	301,00 €	308,00 €	319,00 €	338,00 €	316,50 €
31/8-22/9	289,00 €	302,00 €	313,00 €	330,00 €	308,50 €
23/9-10/10	240,00 €	255,00 €	286,00 €	299,00 €	270,00 €
11/10-15/12	165,00 €	178,00 €	194,00 €	209,00 €	186,50 €

⁷ As outlined in chapter 16, the following rates are based on a conservative approach to pricing. The room rates are well below average for the high-end hotel segment and can be increased if the targeted revenue is not met.

2.2.1.2 Overnight Revenue

Month	INCOME FROM NIGHTS (IN €)				
	Year 1	Year 2	Year 3	Year 4	Year 5
January	-	3.157,00	3.157,00	3.157,00	3.157,00
February	-	-	-	-	
March	11.891,60	13.378,05	13.378,05	14.864,50	14.864,50
April	17.262,00	18.700,50	20.139,00	20.139,00	20.139,00
May	23.154,60	24.808,50	28.116,30	28.116,30	28.116,30
June	27.108,00	30.496,50	30.496,50	30.496,50	32.190,75
July	32.410,50	34.317,00	34.317,00	34.317,00	34.317,00
August	33.617,50	35.595,00	35.595,00	37.572,50	37.572,50
September	28.630,40	28.630,40	30.419,80	30.419,80	30.419,80
October	15.879,60	19.849,50	19.849,50	19.849,50	19.849,50
November	7.833,00	11.190,00	11.190,00	11.190,00	11.190,00
December	8.967,70	12.811,00	12.811,00	12.811,00	12.811,00
Total Income from Nights / Year	206.754,90	232.933,40	239.469,20	242.933,10	244.727,40

2.2.2 Other Income

2.2.2.1 Event Revenues

The company will be able to organize weddings and other social events in the surrounding area. We calculate 3,000 Euro per wedding and we estimate:

Year 1: 3 weddings

Year 2: 4 weddings

Year 3: 4 weddings

Year 4: 5 weddings

Year 5: 5 weddings

2.2.2.2 Revenue from the sale of goods

The company will sell traditional Cretan products, such as olive oil, soap and cosmetics, herbs, wine, own branded clothing etc., as well as items of traditional folk art that will be exhibited in the rooms and are in particular demand among foreign visitors. We estimate sales of 20 Euro / night.

2.2.2.3 Revenue from excursions

The company will organize excursions of natural, cultural and folklore interest for the guests of the accommodation, as described in the business plan. We calculate:

Year 1: 30 excursions, average price: 80 Euro / excursion, number of people: 6

Year 2: 50 excursions, average price: 80 Euro / excursion, number of people: 6

Year 3: 60 excursions, average price: 80 Euro / excursion, number of people: 6

Year 4: 65 excursions, average price: 80 Euro / excursion, number of people: 6

Year 5: 70 excursions, average price: 80 Euro / excursion, number of people: 6

2.2.2.4 Revenues from electric motorcycles rentals

The company will rent to the visitors the electric motorcycles that it will acquire for a sustainable tourist experience and additional income at the same time. We estimate:

Year 1: 110 days, price: 40 Euro, number of rentals: 8

Year 2: 120 days, price: 40 Euro, number of rentals: 8

Year 3: 125 days, price: 40 Euro, number of rentals: 8

Year 4: 130 days, price: 40 Euro, number of rentals: 8

Year 5: 130 days, price: 40 Euro, number of rentals: 8

2.2.2.5 Total other Revenue

	OTHER REVENUE (IN €)				
Category	Year 1	Year 2	Year 3	Year 4	Year 5
Revenues from events 10	9.000,00	12.000,00	12.000,00	15.000,00	15.000,00
Revenues from excursions 20	14.400,00	24.000,00	28.800,00	31.200,00	33.600,00
Revenues from motorcycle rentals 15	35.200,00	38.400,00	40.000,00	41.600,00	41.600,00
Revenue from sales of goods 15	15.420,00	17.660,00	18.152,00	18.396,00	18.520,00
TOTAL OTHER REVENUE	74.020,00	92.060,00	98.952,00	106.196,00	108.720,00
OTHER REVENUE PER NIGHT	96,00	104,25	109,03	115,46	117,41

2.2.2.6 TOTAL REVENUE

	TOTAL REVENUE (IN €)				
CATEGORY	Year 1	Year 2	Year 3	Year 4	Year 5
REVENUE FROM OVERNIGHT STAYS	206.754,90	232.933,40	239.469,20	242.933,10	244.727,40
OTHER REVENUE	74.020,00	92.060,00	98.952,00	106.196,00	108.720,00
TOTAL REVENUE / YEAR	280.774,90	324.993,40	338.421,20	349.129,10	353.447,40

2.2.2.7 Revenue per room

YEAR	ROOMS	DAYS	OCCUPANCY	RENTAL DAYS	ANNUAL REVENUE	REVENUE / ROOM
Year 1	4	303	63,6%	192,75	280.774,90	70.193,73
Year 2	4	303	72,9%	220,75	324.993,40	81.248,35
Year 3	4	303	74,9%	226,90	338.421,20	84.605,3
Year 4	4	303	75,9%	229,95	349.129,10	78.282,28
Year 5	4	303	76,4%	231,50	353.447,40	88.361,85

3. EXPENSES

The calculation of expenses follows the criteria

- ☒ rational cost management,
- ☒ operational needs,
- ☒ cost and sales policy,
- ☒ the supply-payment management system. They are adjusted according to the development of the turnover.

3.1 Management and staff cost

The remuneration for the management and the salary of the employees provided for the operation of the unit is calculated.

- Management fee: 50,000 Euro
- 1 full-time cleaning employee with a monthly salary (salary + insurance contributions) of 1,000.00 Euro per month for 10 months.

3.2 Sales cost

3.2.1 Cost of goods: 15%

3.2.2 Event costs: 10%

3.2.3 Excursion costs: 20%

3.2.4 Vehicle rental costs: 15%

3.3. Communication expenses:

3.3.1 Telephone – internet 70 Euro per month for 12 months.

An annual adjustment of 3% is calculated.

3.3.2 Water supply–sewerage 4 bills * 150 Euro. An annual adjustment of 3% is calculated.

3.4 Cleaning cost

Cost of cleaning clothing, towels and bedding is estimated at three Euros per night.

3.5 Sales costs

Disposal costs relate to agencies as well as search and booking engines and account for 10 percent of overnight sales.

3.6 Third party fees

Accounting support costs for a General Partnership (O.E.), single-entry accounting books, including the financial statements (300 Euro * 12 months).

3.7 Premiums

The insurance premiums for the security of the facilities are reflected in the expenses with 1,000 Euro in the first year and an adjustment of 3% p. a.

3.8 Advertising–Promotion costs

Promotion costs are estimated at 5% of the overnight turnover, including expenses for maintaining the hotel website, the design and printing of advertising material, the placement in printed and electronic tourist guides, participation in exhibitions etc.

3.9 Maintenance costs

Maintenance costs and renewal of fixed assets.

3.10 Miscellaneous unforeseen expenses

Unforeseen expenses as well as stationery, inks, etc. are calculated at a cost of 0,375 Euro per night for the first two years of operation and 0,45 Euro per night for the following years.

3.11 Depreciation

Depreciation according to the depreciation rates (buildings 6%, equipment 15%).

3.12 Taxes

Taxes are estimated at a rate of 22% on net profit.

Reimbursement of expenses will be made either immediately or within 30 days of their implementation, therefore they are charged within the year of the reference season.

Expenses table

	Year 1	Year 2	Year 3	Year 4	Year 5
Administrative expenses	50.000,00	50.000,00	50.000,00	50.000,00	50.000,00
Water supply - Sewerage	600,00	618,00	636,54	655,64	675,31
Telecommunication costs – internet	840,00	865,20	891,16	917,89	945,43
Employee remuneration	10.000,00	10.000,00	10.000,00	10.000,00	10.000,00
Cost of services	11.373,00	14.409,00	15.682,80	16.739,40	17.238,00
Cleaning - clothing costs	2.313,20	2.649,00	2.722,80	2.759,40	2.778,00
Operating costs (1)	75.126,20	78.541,20	79.933,30	81.072,33	81.636,74
Selling expenses	20.675,49	23.293,34	23.946,92	24.293,31	24.472,74
Promotion costs	10.337,75	11.646,67	11.973,46	12.146,66	12.236,37
Third party fees	3.600,00	3.600,00	3.600,00	3.600,00	3.600,00
Fixed maintenance costs & fixed purchases	1.000,00	1.300,00	1.500,00	1.700,00	2.000,00
Other expenses	289,13	331,13	408,42	413,91	416,70
Premiums	1.000,00	1.030,00	1.060,90	1.092,73	1.125,51
Total (2)	36.902,37	41.201,14	42.489,70	43.246,61	43.851,32
TOTAL EXPENSES (1+2)	112.028,57	119.742,34	122.423,00	124.318,94	125.488,10

4. RESULTS

OPERATING ACCOUNT					
	Year 1	Year 2	Year 3	Year 4	Year 5
Operations' Circle	280.774,90	324.993,40	338.421,20	349.129,10	353.447,40
Cost of Sales	75.126,20	78.541,20	79.933,30	81.072,33	81.636,74
Gross Exploitation	205.648,70	246.452,20	258.487,90	268.056,80	271.810,66
Administrative expenses	-	-	-	-	-
Disposal costs	31.013,24	34.940,01	35.920,38	36.439,97	36.709,11
Operating result	174.635,46	211.512,19	222.567,52	231.616,83	238.101,55
Other expenses	5.889,13	6.261,13	6.569,32	6.806,64	7.142,21
Results before depreciation, interest and taxes	168.746,33	205.251,06	215.998,20	224.810,19	230.959,34
Less: Depreciation (total)	105.000,00	105.000,00	105.000,00	105.000,00	105.000,00
Profit before tax	63.746,33	100.251,06	110.998,20	119.810,19	125.959,30
Taxes	14.024,19	22.055,23	24.419,60	26.358,24	27.711,05
Net profit	49.722,14	78.195,83	86.578,60	93.451,95	98.248,25

5. PERFORMANCE

5.1 Cash flow

	Year 1	Year 2	Year 3	Year 4	Year 5	
Cash flows ⁸	154.722,14	183.195,83	191.578,60	198.451,95	203.248,29	
CURRENT VALUE OF CASH FLOWS	147.264,53	170.115,65	173.551,05	175.391,83	175.261,00	i≈2,5%
CURRENT VALUE CUMULATIVE	147.264,53	317.380,18	490.931,23	666.323,06	840.584,06	

⁸ In addition, the company generates cash flows through its property management operations with a threefold revenue increase year-on-year (calendar year 2024: 65.000 Euro, expected in 2025: 180.000 Euro revenue).

- Sufficient liquidity is ensured, covering the required working capital to service consistently the obligations of the company, without the need for short-term borrowing.
- The time to recover the investment of €1,354,085 is estimated at 8 years.
- As security in case unexpected costs or lower occupancy rates are registered during the first years of operations, the company's own means, grants from ESPA, the National Development Law or other available sources of funding will be used to offset the discrepancy in cash flows.

5.2 Performance Indicators

	Year 1	Year 2	Year 3	Year 4	Year 5	
Gross profit margin	62,20%	65,08%	65,77%	66,34%	67,37%	65,35%
Net profit margin	17,71%	24,01%	25,58%	26,77%	27,79%	24,37%
ROI (example: 350.000 Euro for equity of 15% + preferred return on investment of 10% annually + buyback option after 10 years 1.5 x multiple)	42.458,32	46.729,37	47.986,79	49.017,79	49.737,24	€47.186

- The company generates strong financial value from its equity while benefiting from economies of scale.
- This approach enhances the company's capital through the creation of goodwill, ensures high operational efficiency, and maximizes the use of financial leverage for optimal returns.
- The expected return on investment for the investor after 10 years is 996.860 Euro (cumulative ROI: 184.82%, annualized ROI: 11.09%), not yet factoring in additional revenue from new hotel branches in Greece and beyond, and revenue from the property management arm of the company.

Investment Proposal — Greece's First Passive House Hotel

About: Interested parties are offered the opportunity to invest in the first certified Passive House Hotel in Greece. The Passive House is the only internationally recognised, performance-based energy standard in construction, resulting in ultra-low energy buildings. The plans have been co-developed with an architect certified by the Hellenic Passive House Institute (EIPAK).

The small-scale luxury boutique resort with a capacity of up to ten guests will be built off-grid on the South Coast of Crete. Its energy supply will be secured through a combination of parabolic reflectors, solar panels, a heat pump and a combined heat and power plant. Guests will be served produce from the hotel gardens and will be offered tours conducted in, and rentals of, electric vehicles. The hotel will operate all year round.

The project's holistic sustainability approach is in line with Greek government plans for the development of the hospitality industry. It will set a benchmark for sustainable tourism in Greece. Future growth through expansion to neighbouring plots and franchises elsewhere in the Mediterranean is envisioned.

Project volume (total): 1.35 million Euro; already spent by owners: 120.000 Euro (plot, plans, permit and other expenses)

Current phase of the project: The building permit has been issued in July 2023. The construction work can start immediately after the investment is made.

Investment amount sought:

- Minimum of 350.000 Euro as equity for a bank loan with favourable interest (due to Greek banks' cooperation with the Entrepreneurship Fund II of the Hellenic Fund for Entrepreneurship and with the EIB).
- Further funding will be sought via public funding schemes under Greece's National Development Law (maximum of 400.000 Euro)

Conditions for four investment scenarios:

We propose the following comprehensive investment package that combines equity, a preferred return, profit-sharing, and a clear exit strategy. We believe this package aligns the interests of the current owners and of the investor, offering all parties security and upside potential. However, the owners remain open to discussing and adjusting the specifics to ensure this partnership meets the investment goals:

- Equity Stake: 15% in the company
- Preferred Return: 10% on the investment annually
- Profit-sharing: 15% of net profits annually
- Exit Strategy: buyback at 1.5x multiple after 10 years, or sale facilitation

Sources of income:

- Overnight stays
- Sustainable line of merchandise under the hotel brand, in cooperation with local craftspeople.
- Eco-tours and cultural experiences
- Events, weddings, retreats

- Electric scooter rentals
- Consultancy work for sustainable tourism operators

Awards and recognitions:

- The project was awarded a Certificate of Excellence in the GreenTecLab competition for the best sustainable startups in Crete. The prize was supported by the German Federal Ministry for Economic Affairs and Climate Action and the European Climate Initiative (EUKI).
- High-placed officials in the EOT and Ministries expressed their support. Meetings with the Development Ministry at GenSec level indicate strong government support for the promotion and funding of the project.
- The project was vetted, and is featured, on the InvestEU Portal, the matchmaking portal of the European Union.
- Company has generated dozens of five-star reviews, reflecting the owner's expertise.
- Former guests at properties managed by the owners form a strong potential customer base.
- The project has garnered a social media following of about 1.000 (Instagram) so far.
- Investment in an already profitable company, having increased year-on-year revenue by 150% from hospitality services from 2023 to 2024