Cotton
LIFESTYLE GROUP

COTTON ZAKYNTHOS

North

Introducing Cotton Cabañas, part of our new Cotton establishment: an existing cliff-top hotel in the north of the island, acquired and reborn above a boutique yacht port now under development.

INVESTMENT CONCEPT

Private & confidential

01 / THE PROPOSITION

The island proves the rate. Nobody holds this position.

Around 1.5 million people arrive on Zakynthos each year, by air and by sea. The island already supports luxury hotels, and they are all resorts, all in the south and east. None is a club, and none is in the north. We are buying the site that is both.

The asset is a built, licensed, trading hotel on a cliff above the sea in the north of the island. Everything that normally makes Greek development slow and expensive is already in place: the road, the water, the power, the terracing, the pool, the rooms, the permissions. What is missing is the only thing we bring anyway, which is an operator who knows exactly what this should be.

Cotton has spent more than a decade building that answer in Ibiza. Cotton Beach Club opened at Cala Tarida in 2014 and now sits forty metres above the water as one of the most recognised addresses on the island. The proposition here is not a new idea. It is the same idea, in a place where nobody has arrived yet, on an asset priced for the market it currently serves rather than the one it will serve.

Below the site, a boutique yacht port is planned within the next two years. Above it, we will hold the only cliff-top address in the north of the Ionian with rooms, a pool, a restaurant and a bar under a single European lifestyle brand. That combination does not exist anywhere on this coast today, and once it is built it cannot easily be built again beside us.

ISLAND ARRIVALS	RATE PROVEN AT	YACHT PORT
≈1.5m	**€520+**	**2 years**
Roughly 1.1 million arriving by air, from a record 2.28 million airport passenger movements in 2025, plus close to half a million by sea on the Kyllini crossing.	Lesante Cape, a Leading Hotels of the World member on the east coast, from €520 and above €600 in peak. The island pays these rates already.	A boutique marina planned directly below the property.

In one line: we are acquiring a functioning hotel at package market pricing and re-rating it into a premium house under an established brand, on a site whose value rises again the day the port opens.an established brand, on a site whose value rises again the day the port opens.

02 / THE COMPETITIVE SET

Stated honestly.

Zakynthos has genuine five star hotels. That is good news twice over: it proves the island sustains premium rates, and it tells us precisely where the competition is not.

EAST COAST

Lesante Cape

Akrotiri. A member of The Leading Hotels of the World, resort format, rates from around €520 and above €600 in peak.

NORTH EAST

Olea

Above Tsilivi. All suite resort, with further properties in the Lesante group across the same side of the island.

THE NORTH

Nobody

No comparable house on this coastline, and none positioned above the new port.

Every one of them is a resort: built around its own grounds, self contained, on the south and east of the island, selling a room and a sun lounger to the guest who has booked it. None is a club. None has a day operation that the island itself comes to, a members' table, a kitchen with its own following, or a reason to be there if you are not staying the night.

That is the difference, and it is the whole business. Cotton does not compete with Lesante for the same guest on the same terms. It sits forty five minutes north of them, on a cliff, above a marina that does not exist yet, doing something none of them does. We are not claiming to be the first luxury hotel on Zakynthos. We are claiming the one position nobody else can occupy.

Why this strengthens the model

Our August rate assumption of 550 is not a leap of faith on an untested island. It sits below what an established five star property on the east coast already achieves in peak, on a site with a better position and a product these resorts do not offer.

03 / THE SITE

North Zakynthos. Cliff, not beach.

The north of the island is a different country from the south. The package resorts, the noise and the crowded bays are forty five minutes away and belong to a market we have no interest in. Up here the coastline is high limestone, the water is dark blue and clear, the sunsets face open sea toward Kefalonia, and the road is quiet. It is the part of Zakynthos that people fall in love with and then cannot find anywhere to stay.

Sitting on a cliff rather than a beach is a commercial advantage, not a compromise. There is no foreshore concession to renew each year, no sunbed licence to lose, no protected turtle zone to negotiate, and no public access cutting through the middle of the guest experience. The pool, the terrace and the view are held privately, in freehold, and the day club we build on them cannot be competed away by whoever leases the sand next season.

POSITION	Elevated cliff site, north Zakynthos, open sea aspect
ASSET	Existing hotel, built, licensed and trading
SHORELINE	Freehold cliff. No beach concession dependency
BY BOAT	Navagio, the Shipwreck, and the Blue Caves at fifteen minutes; Porto Vromi and the secluded beaches beyond
BELOW THE SITE	Boutique yacht port planned within two years
ACCESS	Coastal road; Agios Nikolaos port and the Kefalonia ferry nearby
SEASON	Four to five months, May to early October

The demand is already proven, quietly

Nobelos, a small organic restaurant a few minutes from the site, has run for years at the top of the island's pricing with almost no marketing and is consistently full. It is the clearest evidence available that the northern audience will pay premium prices in this exact stretch of coast. It is also very small. The demand it turns away every evening is the demand we are building for.

What is around the corner

The most photographed coastline in Greece begins fifteen minutes from the property, by boat, from water that almost nobody is staying on.

BY BOAT	ONWARD	TO THE SOUTH
15 min	**Porto Vromi**	**45 min**
Navagio, the Shipwreck, and the Blue Caves. The image that sells the island, on our doorstep.	And a run of secluded beaches reachable only from the water.	The package resorts, and Cotton Club, our own operation on the island.

This matters commercially, not just scenically. Every visitor to Zakynthos wants to see the Shipwreck and the Blue Caves, and almost all of them are bussed up from the south, put on a crowded boat and driven back the same day. We are on the right side of that journey. A guest of the house steps onto a tender in the morning and is at the caves before the day trippers arrive, back on the terrace for lunch, and at Porto Vromi in the afternoon.

It is also the argument for the yacht port beneath us. This stretch of coast is the reason boats come north in the first place. Once there is somewhere to berth them, the house above becomes the natural place to eat, drink and stay.

We would rather hold capital for a year than sign the wrong lease in the right city.

This is the site that ends the wait.

COTTON LIFESTYLE GROUP

04 / THE CONCEPT

One house, four reasons to be there.

Cotton Cabañas is a small hotel with a serious kitchen, a pool that trades all day, and a members' priority for the villa owners of the north coast. Each part carries a different hour of the day and a different week of the season.

The rooms

The existing bungalow stock is reconfigured rather than extended. We expect to reduce the key count and enlarge what remains, trading volume for rate and turning tour-operator rooms into rooms that photograph, sell direct and hold their price into September. The rooms are what fill the restaurant on a Tuesday in June, which is precisely when villa owners are not there.

The pool and the terrace

A day club in the Cotton manner: sunbeds, service, music that stays in the background until it does not, and a long lunch that runs into the evening. Cream and pale blue, stripes on the seating and never on the table, brass and teak, everything engraved rather than printed. Guests, day visitors and boat arrivals from the port below.

The table

Cotton brings a complete restaurant operation to the site: the concept, the kitchen team, the suppliers, the systems and the standards, already proven at volume in Ibiza. This is the single largest piece of value transferred into the venture on day one and the reason the asset re-rates quickly rather than over several seasons of trial and error.

The club

Fifty members, no more. The villa owners of northern Zakynthos are the year-round spine of the house: their own locker, priority on sunbeds and on the best tables in the restaurant, yoga classes and free use of the fitness and wellness facilities, and first call on events. Membership is 5,000 a year, taken as a minimum spend rather than a fee: paid in full in spring, redeemable against everything in the house, and forfeited if unspent at year end. Members buy priority and recognition, never a lower price. They set the tone, and the hotel guests the yachts and the island's premium visitors provide the depth

05 / THE HOUSE RULE

One price level, for everybody in the room.

The cabañas, the day passes and the restaurant are priced at the same level as the villa owner expects to pay. This is the most important commercial decision in the project.

A house only works socially when the people in it have arrived on the same terms. The moment a day pass is sold cheaply to fill sunbeds, the room divides: the villa owner stops coming, the tone drops, and within two seasons the property is competing on price with everything else on the island. It is the single most common way a beautiful site is spent. We have watched it happen in Ibiza to venues that had everything they needed.

So the price is the door policy. There is no cheap entry, no discounted membership rate, no off-peak dumping of beds into third party channels. A guest staying in a cabaña, a couple arriving for lunch, a family taking the pool for the day and a villa owner walking down for a drink at seven all pay the same level, and therefore all belong in the same room. The crowd selects itself, and the mix that results is the actual product. Nobody can copy it by building a nicer pool.

What this means for the mode

• Revenue is built on spend per head, not on headcount. Fewer people, each worth considerably more.

• Day capacity is capped deliberately, which protects the guest experience and the rate at the same time.

• Membership is priority and recognition, never a discount. The value is access on a full Saturday, not a lower bill.

• No inventory is sold into discount channels at any point in the season, including the shoulders.

Holding this line costs volume in the first season and returns it in every season after, because the room becomes the reason people come. That is what Cotton has been selling in Ibiza for a decade. It was never the pool.

06 / THE VALUE THESIS

Bought on today's earnings. Sold on tomorrow's.

A trading hotel is priced off the income it produces now. This one produces the income of a mid-market bungalow property in a market that does not know what else to do with it. Our entry is therefore set by the vendor's numbers, and our return is created by the distance between those numbers and what the same walls, the same pool and the same view earn under a premium brand with a real kitchen and a direct booking channel.

That gap is captured through operation, not construction. There is no planning risk, no build programme to overrun, and no season lost waiting for a permit. It is the cleanest form of value creation available in hospitality, and it is the form Cotton has done before.

Three sources of return, stacked

• **Operating re-rating.** Rate per key, food and beverage spend per guest, and day-club revenue that the asset does not currently earn at all.

• **Land and asset value.** The only freehold cliff position of this kind in the north of the island, re-rated by the refurbishment itself.

• **The port.** Free optionality. The base case is underwritten without it. If it opens on schedule, the address changes category and the freehold moves again.

What sets the numbers

Pricing will be built from the vendor's five-year record of occupancy, achieved rate and source markets, together with the permit set checked against what is physically built. Those two documents set the entry price and the refurbishment budget. Everything else in this paper is already known.

07 / STRUCTURE

Property and operation, held apart.

The freehold is acquired by an investor group. The hotel and food and beverage business is operated by a separate company controlled by Cotton. Keeping the two apart means each side is paid for what it actually contributes, and neither is arguing with itself at the end of the season.

PROPERTY COMPANY	Investor group acquires the freehold. Cotton takes an ownership interest earned against agreed operating and delivery milestones.
OPERATING COMPANY	Cotton 51 per cent, freehold investor 49 per cent. Cotton holds day to day control of hotel and food and beverage.
RENT	A modest base rent with a turnover element, so the property side shares directly in the upside it is helping to create.
COTTON‘S CONTRIBUTION	A complete operating restaurant platform, the brand, the team and the commercial systems, valued and recognised at contribution.
BRAND	Cotton intellectual property remains at group level and is licensed to the venture on arm’s length terms.

Alignment, in plain terms

Cotton earns its position in the property by performing, not by promising. The milestones are written to be settled by numbers rather than opinion: delivery on time and on budget, gross operating margin, achieved rate against a named comparable set, and guest satisfaction. If Cotton does not deliver them, Cotton does not earn. That is the deal we are proposing, and we are comfortable proposing it because we have run this business before.

08 / SEQUENCE

Trade first. Build from cash.

A four to five month season rewards operators who open early and prove the demand before they spend the second tranche. We phase accordingly.

I
Acquire and open the terrace

Complete the purchase, refit the pool, terrace, restaurant and bar, and open the day club and kitchen for a full season. Low capital, immediate revenue, and a real trading record on the island before another euro is committed.

II
Reconfigure the rooms

Rebuild the bungalow stock into fewer, larger keys with the season one numbers in hand. Direct booking, published rates, and a rooms product priced off demonstrated demand rather than a projection.

III
Open the club, meet the port

Launch the villa owners' membership and the arrival experience from the water, timed to the opening of the yacht port below. Press and brand launch held for this moment, when there is something finished to photograph and somewhere for the reader to book.

The name

The property trades today under a name built for a different market. It is retired at completion.
The house opens as Cotton.

09 / THE ECONOMICS

Who puts in what, and who ends up owning it.

Two companies, two seats of contributions, one waterfll. The percentages below are the proposed shape. They are finalised against the agreed purchase price and refurbishment budget.

The property company

Investors subscribe the full equity and fund the purchase price, the refurbishment, the acquisition costs and a working reserve. Cotton contributes no cash to the freehold and earns into it instead, against milestones that are settled by numbers rather than judgement.

INVESTOR POSITION	100 per cent of property equity at completion, diluting to 80 per cent if Cotton earns in full.
COTTON EARN IN	Up to 20 per cent, vesting in three tranches: 5 per cent on opening delivered on time and on budget, 7.5 per cent on the stabilised operating margin hurdle in the second full season, 7.5 per cent on realisation above an agreed value hurdle.
INVESTOR PRIORITY	Return of capital plus a cumulative preferred return of 8 per cent per annum, paid in full before Cotton's earned equity shares in any proceeds.
RENT	A modest base rent, sized so the operation survives a poor season, plus a turnover element that pays the property side directly as revenue grows.
COTTON	51 per cent. Contributes the restaurant operation, brand, senior team.

The operating company

Cotton holds 51 per cent and control of the hotel and food and beverage business. That majority is paid for, not granted. Cotton contributes the complete operating platform at an independently assessed contribution value; the investor contributes pre-opening costs and working capital in cash. Both are recognised as paid in capital so that the split reflects real value on both sides.

What each side is left holding.

The investor group

- The freehold, at 80 to 100 per cent, on the only cliff position of its kind in the north of the island.
- Capital returned with an 8 per cent cumulative preferred return, ahead of any Cotton participation.
- Rental income from the operation, rising directly with turnover.
- 49 per cent of the operating profits of a business run by an operator with a decade of proven trading behind it.
- The uplift when the yacht port opens beneath the site, captured entirely in the freehold they own.

Cotton

- Control of the operation, at 51 per cent, with the brand and the standards it depends on held outside the venture.
- Brand licence and management fees, paid from revenue rather than from profit, from the first season.
- An incentive fee earned only on performance above target.
- Up to 20 per cent of the freehold, earned by delivering, realised on sale.

The principle behind the numbers

The investor is paid first, in cash, on a defined priority. Cotton is paid last, in equity, and only for outcomes that can be measured. Nobody is asked to trust a promise, and the operator carries the performance risk of the operator. That is the whole of the alignment, and it is why we are comfortable putting it in writing before the first conversation rather than after it.

Two documents complete this page: the vendor's five year trading record, and the permit set measured against what is physically built. Those set the purchase price and the refurbishment budget, and with them the percentages above stop being a proposal and become a term sheet.

10 / CAPITAL AND REVENUE

Two million in.
Four and a half million a season.

The building is standing, licensed and trading. This is a re furbishment and a repositioning, not a construction project, and the numbers behave accordingly.

The refurbishment

Rooms, 36 keys at 20,000 each	720,000
Building services, electrical and waterproofing	390,000
Yoga and fitness deck, pool, restaurant decking and interior	135,000
Professional fees, permits, compliance and technology	170,000
Relocation of kitchen, bar and furniture from Cotton Club, south Zakynthos	40,000
Contingency at 10 per cent	157,000
Greek VAT at 24 per cent	386,880
Total refurbishment	**1,998,880**

The kitchen, the bar equipment and the furniture transfer from Cotton Club in the south of the island. A commercial fit out of that specification would normally carry three to four hundred thousand of capital. Here it costs the price of moving it, which is the kind of advantage only an operator already trading on the island can bring.

The season, month by month.

The building is standing, licensed and trading. This is a re furbishment and a repositioning, not a construction project, and the numbers behave accordingly.

MONTH	ROOMS	DAY BEDS	RESTAURANT	TOTAL
May	206,460	52,080	260,400	518,940
June	340,200	79,200	384,000	803,400
July	521,730	111,600	496,000	1,129,330
August	552,420	119,040	496,000	1,167,460
September	340,200	79,200	252,000	671,400
October	185,814	52,080	217,000	454,894
Season	**2,146,824**	**493,200**	**2,105,400**	**4,745,424**
Weddings and events, 15 buyouts at 30,000 minimum spend				450,000
Adjustments: day bed and cover overlap, shoulder month volume, event displacement				(743,220)
Membership, unspent minimums retained at year end, 15 per cent of 250,000 committed				37,500

Base case season revenue ***4,489,704***

The gross model runs to 5.2 million. Three deductions come off before anyone else sees it: a bed guest's minimum spend is food and drink and is not counted twice as a cover, shoulder month covers are cut by thirty per cent, and event days are netted down because a buyout earns no day passes.

Fifty memberships at 5,000 add 250,000 of committed spend, but a member's five thousand is spent on rooms, lunches and sunbeds and is already inside the lines above. Only the unspent portion is additional. The club's real value is 250,000 of the season sold before the doors open and collected in spring, funding the working capital of the opening months. A joining fee is introduced only once there is a waiting list.

The assumption everything rests on

An average rate of 550 in August is the whole thesis in one figure, and it sits below what an established five star house on the east coast already achieves. Occupancy assumptions are ours and are replaced by the vendor's five year record the day diligence opens.

What it costs to run it properly.

The house runs with fifty eight people through the season, of whom two are retained all year: the property managing director, and an event manager who sells the following summer's events pipeline between November and March. Payroll below is fully loaded, including employer social contributions at 22.29 per cent and statutory seasonal bonuses.

Food and beverage cost of sales, 25 per cent of food and beverage revenue	576,345
Payroll, fully loaded, 58 people including contributions and bonuses	1,089,876
Rooms consumables, linen and laundry	171,746
Energy and water	170,000
Distribution, commissions and payment fees	128,809
Seasonal staff accommodation	110,000
Music, entertainment and programming	60,000
Repairs and maintenance, 3.5 per cent of revenue	160,000
Marketing and brand activity, 3.4 per cent of revenue	152,650
Legal, accounting and company administration	45,000
Operating supplies, cleaning and uniforms	40,000
Insurance	35,000
Licences, waste, telecoms and software	30,000
Island logistics and transport	25,000
Total operating costs	***4,489,704***
Base case season revenue	25,000
Total operating costs	25,000
Gross operating profit	***1,695,278***

11 / WHY COTTON, WHY HERE

We are not arriving on this island. We are already on it.

Cotton Lifestyle Group operates across hospitality, retail and marine, with Cotton Beach Club in Ibiza as its flagship since 2014. The group builds places people travel for and returns to them year after year, which is a different discipline from opening one.

Zakynthos is not a market we researched. Cotton has traded on this island for four years, at Cotton Club in the south, with the licences, the suppliers, the trades and the seasonal staffing already in place and already tested. We know the roads, the notaries and the rhythm of the season, and the team that will run the north is the team that has run Greece for us before. The most common reason a project like this fails is a group parachuting into an island it read about in a report. That risk is not present here.

What is on the table is a rare combination: a finished asset, a position no competitor holds, a brand that already means something to the audience we are selling to, and an infrastructure event arriving underneath us within two years. Assets like this appear once in a cycle on a given coast, and they are usually bought by the operator who was already standing there.

Where the conversation goes next

We are opening this to a small group of investors rather than a wide process, and we would rather discuss it than present it. The immediate work is the vendor's trading record, the permit set against what is built, and the shape of the property and operating companies. We are happy to walk any of it through in detail, on the island for preference, with lunch at the site.

Cotton
LIFESTYLE GROUP

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