

## **AGROS DEVELOPMENT COMPANY “PROODOS” PUBLIC LIMITED**

To: Cyprus Stock Exchange  
Nicosia

### **ANNOUNCEMENT**

The Agros Development Company “Proodos” Public Limited (the “Company”), owner of “Rodon” Hotel in Agros, informs you that the reasons for the decision and announcement of the suspension of the operation of the above Hotel from 16 September 2016, are mentioned in the announcements of the Company dated 25 April 2016 and 6 April 2017, which were sent to the Cyprus Stock Exchange and the Cyprus Securities and Exchange Commission.

Since the suspension of the Hotel's operations, the Board of Directors has taken the following actions to examine whether it can operate again as a viable unit. We take all the necessary actions to achieve that result, and in particular:

1. Efforts to extend the tourist season so that the unit becomes viable and thus competitive. To this end, contacts have been made with both travel agencies and organizations, so to attract medical and other tourism to examine the likelihood of an upwards trend in tourism all year round.
2. The Board of Directors has proceeded with the preparation of plans and the granting of the relevant permits (City Planning and Building Permit), as well as with the invitation of tenders, for electrical, mechanical and construction works evaluated by the Company's specialized Consultants.
3. The Board of Directors, after the examination and evaluation of the tenders together with its Consultants, proceeded with the selection of the successful Contractor, to whom they sent on 23 June 2017 a letter of intent to renovate the Hotel with a timetable for the completion of the Project by 28 February 2018, with a minimum Contract of €1,200,000, and with the Company's right to extend the Contract up to the amount of €2,200,000. The extension of the Contract will depend on the amount of the subsidy that will be approved for the Company, based on the Tourism Subsidy Plan of CTO. The Contractor, in a letter dated 6 July

2017, accepted to undertake the renovation work, under the terms and conditions set by the Company's Board of Directors.

The total costs of the project are estimated to be €2 million. For this purpose, a new loan amounting to €1.5 million has been secured. The remaining balance is expected to be covered by subsidies.

4. After examining the issue of the loan restructuring of the Company, the Board of Directors has consulted with banking organizations and has secured from a Credit Institution financing on very favorable terms and reduction in interest rate, which will result to a significant reduction in the total financing costs. The construction and other works are expected to be completed by the end of February 2018 and the Hotel will be again operational before the summer of 2018. This funding is aimed at renovating all the hotel spaces and upgrading all the services that the unit will offer.

In connection with the above, the announcement of the Tourism Subsidy Plan of the CTO is expected, so that it can be counted towards the Funding. The subsidy plan will play an important role in any further decisions made by the Board of Directors.

Nicosia, 21 July 2017

BY ORDER OF THE BOARD OF DIRECTORS

Notice: Cyprus Securities & Exchange Commission