

# Claridge Public Limited

*Office of the Secretary*

P.O. Box 50012, 3600 Limassol, Cyprus  
Tel.:00357 25871600, Facsimile 00357 25362001  
e-mail: [pmc@pkdlaw.com](mailto:pmc@pkdlaw.com)

## **Interim Management Statement**

Claridge Public Limited («the Company») presents the Interim Management Statement of the Group for the period from the 1<sup>st</sup> of July 2013 up to the 18<sup>th</sup> of November 2013, which has been prepared pursuant to the provisions of Article 11 of the Transparency Requirements Law of 2007 (N. 190(I)/2007).

### **Nature of activities of the Group**

The main activities of the Group have not changed in comparison with the six months period which was ended on the 30<sup>th</sup> of June 2012 and remain the provision of hotel services as well as the selling of properties through its subsidiary company, Amathus Vacation Ownership Ltd.

### **General review of the financial status of the hotels sector for the period July -October 2013**

The turnover of the Amathus Beach Hotel Paphos for the period July - October 2013 decreased by €346.628 (5,60%), compared to the corresponding last year period. The decrease is attributed mainly to the reduced occupancy of the hotel from the British and Russian market.

The hotel profit before tax, for the period under consideration, has been increased by €39.717, compared to the corresponding last year period, despite the decrease of turnover. This is attributed to the savings of operating expenses of the hotel mainly from payroll and electricity cost.

### **General review of the financial status for the development and disposal of immovable property sector for the period July - October 2013**

As regards the wholly subsidiary company, which is engaged with the development and disposal of immovable property, Amathus Vacation Ownership Ltd, has completed one (1) sale during the period under reference, while during the respective period of last year two (2) sales were sold. The company generated a loss during the period under reference due to high cost of financing expenses. The loss of the period under review was slightly improved due the decrease of repairs and maintenance of the unsold residential units.

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### **Main risks and uncertainties**

The principal risks and uncertainties faced by the Claridge Group have not changed from those described in the Annual Report 2012.

### **Significant facts and transactions**

(1) Claridge Public Limited announced that on 26/07/2013 has signed a Shareholders Agreement with Kanika Olympic Limited for setting up and operating a company under the name Olympic Lagoon Hotels Limited. This company will be engaged with the management and administration of hotels that primarily will be included in the category of Premium All Inclusive hotels and shall operate under the hotel chain "Olympic Lagoon".

More specifically the Shareholders Agreement included, among other, the following:

- (a) Kanika Olympic Limited will acquire 55% of the share capital of Olympic Lagoon Hotels Limited while Claridge Public Limited 45% of it.
- (b) Kanika Olympic Limited in the first instance will sign contracts to manage Olympic Lagoon Resort Ayia Napa, owned by the Kanika Group of Companies, and Amathus Beach Hotel Paphos owned by Claridge Public Limited, which will be renamed to Olympic Lagoon Resort Paphos. The general terms of the management contracts have been agreed.
- (c) The proprietary status of the hotels Olympic Lagoon Resort Ayia Napa and Amathus Beach Hotel Paphos will not change and shall continue as it is.
- (d) Beyond the management and administration of the two hotels owned by its shareholders in Cyprus, the new company has as an objective to expand in the hotels' management and administration abroad and mainly in Greece, which is expected to significantly improve its profitability.

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- (e) The agreement is subject to securing the necessary funds needed to convert the Amathus Beach Hotel Paphos to Olympic Lagoon, with a flexibility to extend renovations for 3 years.
- (f) Amathus Beach Hotel Paphos, provided that the necessary financing will be secured as stated above, will terminate its operation on September 2014 as a hotel of the "Amathus" and "Leading Hotels of the World" chains of hotels and shall undergo extensive renovations to become an "Olympic Lagoon" hotel, when it will also change its name to Olympic Lagoon Resort Paphos. It is expected that the hotel will re-open its doors fully operative in June 2015. The cost of the renovations is estimated to be around €13.000.000, part of which will be secured through loans and part through advance payments of the tour operators.
- (g) According to the forecasts and the assumptions taken into account, which were based on the performance of the Olympic Lagoon Resort Ayia Napa, Claridge Public Ltd expects as from 2016 (being the first full year of operation under the name Olympic Lagoon) to improve significantly its revenue and cashflow, which will help to overcome the difficult economic situation.

(2) The hotel of the Company will remain closed during the current winter period, from 02.12.2013 to 09.03.2014. A final decision to this effect will be taken at the next meeting of the directors of the Company, which will be announced in due course.

There were no other significant facts and transactions other than the ordinary activities of the Group, which took place during the period under examination.

### **Estimate on the results of the Group for the year 2013**

The management taking into consideration the above and all available data up to now, estimates that the expected results of the Group for 2013 shall continue to be loss making.

Limassol, 18 November 2013