

ANNOUNCEMENT

The Board of Directors of C.C.C. Tourist Enterprises Public Company Ltd ("CCCT"), holder of the 50% of the issued shares of L' Union Nationale (Tourism and Sea Resorts) Ltd ("L' Union") owner of Le Meridien Limassol Spa & Resort, announces that it has signed a Memorandum of Understanding (MOU) with Emerald Coast Properties Ltd ("Emerald"), shareholder of the remaining 50% of the issued shares of L' Union.

According to the Memorandum of Understanding:

- The issued share capital of L' Union will increase approximately by €52,5 million through the issue of new shares to Emerald (and simultaneous waiver of all and any pre-emption rights of CCCT). The number and class of shares will depend on several factors which will be assessed according to the Financial status of L' Union and particular its assets and liabilities (the "Share Capital Restructuring").
- Upon completion of the Share Capital Restructuring, Emerald should end up holding at least 75% plus one share of the issued share capital of L' Union.
- The Proceeds will be used exclusively for the re-payment of bank debts of L'Union to the Bank of Cyprus Public Company Ltd.
- CCCT will maintain one director at the Board of Directors of L' Union.
- CCCT will have a "call" option to compel L'UNION to issue solely and exclusively to CCCT shares which together with the L'UNION shares held by CCCT will constitute 50% of the issued L'UNION shares at the material time, exercisable after 3 years and before the lapse of 6 years from the Share Capital Restructuring.
- Increased needs for capital expenditure for the hotel Le Meridien Limassol Spa & Resort renovation will be financed by Emerald.
- With the commencement of the hotel renovation the Bank debts will be fully settled.

The rationale for the Memorandum of Understanding is based mainly on the following factors:

1. The ascertainment from the Board of L' Union that in order for the hotel to being one of the most prestigious and competitive in Eastern Mediterranean, the budget for the renovation should be significantly increased from that originally set by the Agreement concluded on 31 January 2014, and
2. The need to eliminate bank debt, because of the negative effect on the results of the hotel, and the straining of cash flow due to the long term commitment of funds for capital repayment of debt.

The Board of Directors of CCCT believes that the agreement will have a significant benefit to the CCCT and its shareholders since:

- i. The value of the investment in L' Union (despite the reduction in the percentage of the holding) will increase since the new share capital will be issued at a significantly higher price.
- ii. The prospect of profitability will be enhanced drastically due to (a) the increase in the scale of hotel renovation which will make the hotel highly competitive, and (b) the elimination of the finance costs.
- iii. The prospect of dividend payment due to the expected increase of profitability and the absence of capital payments against debt will improve both in terms of timing as well as in absolute figures.

From this transaction, CCCT expects an accounting profit of approximately €3,0 million (the exact amount will be calculated after the completion of the Agreement). The completion of the Share Capital Restructuring, which is subject to certain conditions and Banks approvals, has been agreed to be finalised within a period of 90 days from the signing of the Memorandum of Understanding.

Limassol, 10th June 2014