

Paralimni, 22 October 2009

SNK Statement of Facts by Giovanis Kouzalis

It all begun almost 3 years ago;

Three of our office clients bought houses from S.N.K Developers early months of 2007. At the beginning all went well! Even at the event of the developers changing their plans for one of the project, our clients got 50% extra land which was more than fair for them! That was their attitude towards our clients and it took us by surprise when he realized that the company has stopped all their activities.

At that stage we have tried to contact them and it took us some time to have a decent communication with somebody from the company. At that point we must admit that the only communication we had was through Terri, Debi and Marina. All three girls provided us with any assistance we wanted in order to help our clients. They have answered to all our questions and guided us (and I want to put this down for the record) without any payment with them spending valuable time of their own...at the time they have lost their work as well. Their goal was and is the same with ours. Assist the clients. All three girls felt for the clients and did their best to support them in order not to loose their investment.

I also want to put in writing for the record that we got no support from some company officials and at a specific point it took one of them 6.5 months to answer to our emails, faxes, registered letters, and dozens of phone calls. When we realized what was about to happen then we started liaising with the banks – mainly Bank of Cyprus, Electricity Authority and technically any authority or any body....who could help us and our clients.

At that stage we had some success with the electricity – must admit that is one of the very few governmental bodies that really supports the clients. The District officer supported us and we managed to provide electricity to two couples in one of the projects...what a relief!

At the same time we tried to support the first administration without any success. Mr. Yiannis Aristodimou common answer... “Let me get approval from Costas and Spyros” which really annoyed us as he was the administrator. We have offered him many solutions but he was always slow and always wanted to get the approval of somebody else. He also advised us that he was going to use other engineers which we didn’t approve as that could have never worked.

Finally Yiannis realized that he couldn’t work like that and had to resign. At that stage we started to have a closer relationship with mostly all parties. We found out that there was a meeting for a second administrator to be appointed. We forced our selves on that meeting.

At that meeting we managed to get appointed as administrators. That meeting took place at Spyros' solicitor's office in Nicosia on the 07/06/2009 at the presence of solicitor of Spyros Mr. Papacharalambous, Mr. George Vasiliou, (solicitor of S.N.K. and Costas), Spyros and his wife Demetra and our representative Mr. Giovanis Kouzalis.

Costas was not present and we have asked his solicitor why he wasn't there and he answered that Costas didn't want to meet with Spyros and that Mr. Vasiliou was representing Costas. Mr. Minas Mina (The Architect of all projects) was present as well.

The meeting was a success. We got the honor to be appointed as administrators to do the following:

1. Finalize all houses and give delivery to the rightful owners.
2. Sell some plots in order to make sure the company doesn't go down.
3. Recruit all necessary staff to achieve the above.
4. Mr. Minas (the architect) to be appointed the supervising manager of the projects!

Since that day we have worked on the agreement – specific provisions – and the power of attorney to be given to us to act. Until everything was finalized we have met with the banks – all of them now which mean, Marfin Popular Bank, National Bank of Greece as well. Later on we have found out that there is a small amount owed to Local Co-op bank as well.

At the Bank of Cyprus – where we had most of our meetings and where most of the land is mortgaged to we have agreed with Michalis Stylianou and Antonis Prodromou the following:

1. With every delivery of a house/villa/flat – generally Property – the Bank will provide us with a waiver giving the client free of (bank) mortgage in order to have some luck...with Title Deeds.
2. For every contract the ability to change the stage payments in order to be able to use cash flow for the benefit of the administration dividing the last payment into three different payments of equal shares, i.e 1/3 each payment.
3. 50.000 Euros allowance on the first two plot sales so the administration can move faster.
4. Generally all support possible to manage to deliver all houses ASAP.
5. Both Parties agreed that we should move fast ...very fast.
6. Two plots to be immediately sold in order to provide some initial cash flow.

Marfin Popular Bank agreed to support us in our task. We need to provide them with a payment around 60,000 Euros before the end of the year in order to keep providing that support.

National Bank of Greece the issues were easier. Just to pay for the cars and we are done. On that issue we have already managed to sell four out of the five cars and paid the bank in full. Also note that we have sold the Office furniture. At the same time



we have evacuated the office – it took us two weeks to do so – and by doing that we have saved a law action and money paid on monthly basis for no apparent reason.

A very important issue is that all engineers are owed a considerable amount of money. Most of them they have taken an action in court and that create a huge issue. Our task is to employee all those people giving them the jobs they already lost and create a new trusty relationship in order for them to freeze their actions. Giving an example how this can work out.

House NO 55. (Imaginary house and numbers for the purposes of this exercise)

- Work already done 100,000 Euros,
- Money owed to engineers 65,000
- Client owes 100,000 Euros for completion.
- New price for completion 50,000 (without water, electricity, roads, sewage...etc)
- Water, electricity, road, sewage, title deeds procedures...etc amount not known.

At this deal here everybody must understand that the new price for finalizing the house is agreed with us and the architect. Then the client pays 30% of that amount with immediate effect. That amount is going to be used to prepay the engineers. When engineers provide certificate of work – some of it could have been done some months ago under previous employment then we must pay another amount towards construction.

BARE IN MIND that some of the work might be done again as this work has been done a year ago and tiles, might need to be reassembled, rendering and painting to be done again, etc. so expected price for work to finish is expected to be more than the original one. At the same time prices of today are expected to be less than quotes given a year ago.

At the same time it is important for the client to understand that not only their house must be ready, but also the communal amenities. Also that the client when he/she is going to pay the amount of 100,000 we don't only have to pay the engineers for the work they will do from today...i.e. the 50,000 but also the money owed to engineers which is 65,000 plus....we must provide them with electricity, water, sewage...practically all amenities necessary for the proper functioning of the property. (This amount can be something between 8,000 Euros – 15,000 Euros per house) What is seem to be unfair here is that the client at this point must pay 100% of what he/she owes but this is to secure that:

- a. They will get a roof on top of their heads.
- b. Make sure that all amenities are ok for the title deeds!
- c. Engineers are paid in full to avoid inconvenience and make sure title deeds are free of charge as the engineers can make a charge at this point and that means we wont be able to move



At the same time we cannot provide the clients with a guarantee as to compensation. However, when all projects are finished and when all land is sold we feel comfortable to state that we expect the company to be at profit. (this is without prejudice as the market can really deteriorate and no profit to be left at all....or still lose money) at that stage the clients will be eligible for compensation which every single client is more than fair to get. Unfortunately there is no other way. Well there is another way but that means our clients might and could lose even all their investments.

We need all your support you can give us. Already many clients contributed 30% of their payments due through the Administration!

We are now dealing with solicitors (taking actions against SNK) and it is very important to prove to them that we have the ability to immediate start construction. Your funds must reach our clients account as soon as possible.

At this stage now we have decided to terminate our business with the SNK architect Mr. Minas as he did not provide us with any support and did not manage to full fill his promises to time frame. We are now to nominate another architect and G. Kouzalis has already seen and he is liaising with another candidate.

We are also trying to sell two plots in Xylofagou and expect the support of Bank of Cyprus as they have been promising us since the beginning. This is the time to see the real intention of Bank of Cyprus which we hope is going to be as promised!

Will keep you updated.

G. Kouzalis LLC,
Administrator for SNK

