

GOLD

ISSUE 53
AUGUST 14 -
SEPTEMBER 13,
2015
PRICE €4.95

THE BUSINESS MAGAZINE OF CYPRUS

40+

23
DIFFERENT
NATIONALITIES!

FOREIGN CEOS IN CYPRUS



PRIVATISATION
Transport Minister
Marios Demetriades
on Limassol Port

INTERVIEWS
Bruno Pepermans
Jameel Ahmad
Bert Pijls

INSEAD
'The Business School
for the World' now
has an alumni club

WHAT'S ON
Opera, Film,
Dance, Art,
Music & More



"I BELIEVE THAT CYPRUS IS NOW BECOMING A 'WOW' DESTINATION"
Roman Nikitin



"THE 2013 BAIL-IN ACTUALLY HAPPENED DURING THE NEGOTIATIONS BUT THERE WAS NEVER ANY QUESTION OF PULLING BACK"
Alexis Tsielepis



"THERE ARE STILL MANY THINGS TO BE DONE, SUCH AS THE NEED TO COMBAT CORRUPTION AND UNNECESSARY BUREAUCRACY"
Constantinos Adamides

DREAM TEAM

Roman Nikitin, Alexis Tsielepis and Constantinos Adamides speak about the purchase by the CIPA International Investment Award winner Emerald Coast Properties of Le Meridien Limassol Spa and Resort, Cyprus, its rebranding as a business and leisure destination, and what can be done to attract and facilitate more foreign investment.

By John Vickers

What started as a summer holiday 16 years ago eventually brought Roman Nikitin, Alexis Tsielepis and Constantinos Adamides together, creating the 'dream team' that was to orchestrate one of the biggest tourism and real estate investments in Cyprus' history: the acquisition of a controlling stake in Le Meridien Limassol Spa and Resort and its ongoing transformation into something – so they say – that the world has never seen.

Nikitin, a Russian national turned Cypriot, represents Emerald Coast Properties Ltd, the company that acquired control of the hotel in 2013-2014. Tsielepis is the Director and Head of Taxation of Limassol auditors and business consultants, Costas Tsielepis & Co Ltd, and Adamides is a Partner in the law firm, Scordis, Papapetrou & Co LLC.

Nikitin brought to the team the vision and financial brawn, Tsielepis the business sense and handling of the logistics and Adamides the technical excellence in handling the deal's painstaking legal work.

Roman Nikitin first visited Cyprus in 1999 with his family as a 17-year-old. They stayed at Le Meridien and, over the years, became repeat guests. The Nikitin family's friendship with the owners of Le Meridien quickly evolved into a business one and initial thoughts of a joint venture of sorts to develop land next to the hotel ultimately evolved into the multi-million euro acquisition of the hotel itself, with its current ren-

ovation, literally from the ground up, being currently one of the largest construction projects on the island.

"In the beginning, I felt Cyprus was 'kind of good'. Over time, though, it grew on me and I eventually fell in love with both the island and Le Meridien. I believe that Cyprus is now becoming a 'wow' destination," Nikitin says.

The hotel will become like nothing anyone has ever seen on a beach, he says, revealing that, when finished, it will likely take on a premium luxury status, with an expected opening date set for early 2017.

"Guests will be coming to Cyprus, not because of Cyprus but because of the hotel which, by the way, will be open to the public at large to visit and enjoy," Nikitin adds.

Tsielepis adds: "It's almost an experiment on a global scale. People would expect to see this in the centre of a metropolis, not on the beach. It will be truly unique, spectacular."

On the history of the deal, Roman Nikitin explains that his family's – and his own – involvement in Le Meridien was an emotional decision at first. Then, when numbers were brought into play, they were considered unrealistic. In 2013, the financial crisis hit the island and the figures became more reasonable. In a sense, the crisis did not discourage their plans but, on the contrary, actually helped materialize them.

"So, emotional factors and attractive numbers were the ingredients that made

this cake really tasty indeed and I dug into it," Nikitin says.

Alexis Tsielepis steps in: "The 2013 bail-in actually happened during the negotiations but there was never any question of pulling back. Talks continued even as the banks in Cyprus were closed," he says, adding that when it became evident that the hotel's business was going to be impaired by everything that was happening, "for Roman, the cake remained tasty."

"At a time when even the Cypriots started losing faith in their own country, here comes Roman, more Cypriot than the Cypriots," he adds with a smile.

Asked why very few of a large number of announced foreign investments have materialized, especially over the last past couple of years, Tsielepis says, "I think there is a willingness to invest in Cyprus but I think the problem is more from the Cypriot side."

He then explains: "There seems to be a general feeling in Cyprus that it's all about getting rich quick. Cypriots almost believe it is their prerogative to become rich quickly and effortlessly."

Roman Nikitin agrees with a sigh, recalling how, when he tried to buy a plot of land in the mountains, he discovered that the price mentioned to him was actually triple the one that was being advertised to Cypriots.

To add insult to injury, he adds, there is also what he calls "a false sense of worth" on the part of some people and in some sectors.

"There is popular belief that the quality of construction and the standard of workmanship on the island is high. Not true!" he stresses.

When required to produce something out of the ordinary, most contractors and other related professionals in Cyprus are stumped, he says, adding, "Construction companies need to keep up with the latest trends in high quality and luxury that demanding visitors come to expect."

Tsielepis continues in the same vein, noting that unrealistic price demands and surprise renegotiations ward off serious investors. He adds that if people here were more in touch with what is happening around them, there would be more investment.

Constantinos Adamides joins the discussion, noting that "The private services sector is not without blame. It's about time that we

all remembered what the situation was 30-40 years ago when everybody was diligently and honestly working for the common good."

Tsielepis takes this as his cue to touch on the subject of how the public sector has frequently hindered foreign investment rather than facilitating it.

"The private sector, if left alone, can work wonders," he says.

There are a lot of logistics involved with orchestrating and completing an investment such as permits, licences, certificates, etc., a lot of red tape involved, "and for that we naturally need the public sector, but it is tremendously inefficient on the whole," Tsielepis points out, and adds:

"What the private sector needs from the public sector and the Government is support. Not weight. We don't want to carry them on our backs like stones. We need them to give us wings."

Constantinos Adamides is more diplomatic. There should be a collaboration between the private and the public sectors, he says. "While the state should formulate the relevant policies to facilitate, recognize and protect foreign investments, the private sector should be asked and be ready to assist in the formulation of such policies."

He goes on to point out that, even though some government departments are indeed improving, "there are still many things to be done such as the need to combat corruption and unnecessary bureaucracy while, at the same time, simplifying certain formalities and procedures."

Alexis Tsielepis notes the problem of interventions in the running of the civil service from within, from political parties and even local authorities.

"These manifest in a 'trade off' mentality: we understand that you need something from us, and as chance has it, we also need from you certain things you might provide," he says. He does not stop there.

"A person's mission is to work and create, with wealth being a by-product. Yet others, whom I call 'looters', want a part of this wealth for nothing, otherwise they will punish the visionary, hardworking and clever ones for being just that."

Adamides is equally critical, albeit in a more subdued fashion:

"The absence of legally acceptable flexibil-

ity by some officials and some government departments hinders foreign investment," he assesses. "Sometimes they can't see the wood for the trees," he says, and goes on to suggest the establishment of a "one-stop shop" for foreign investment similar to the Maltese model.

"The co-existence under one roof of at least a unit from the Cyprus Registrar of Companies, an international tax unit from the Inland Revenue Department, one from the Ministry of Interior specializing in immigration and other related matters and a unit from the Cyprus Securities and Exchange Commission to cover regulated financial and fiduciary activities would bring about better and faster results."

He adds optimistically, that, "with the anticipated return to growth, more investments in and via Cyprus can be expected in the near future."

On that note, Roman Nikitin is asked to comment on whether he would be interested in securing the licence for a casino in Cyprus.

He states unhesitatingly that he is not interested but adds he would be more than willing to cooperate with the successful bidder on the accommodation side.

Constantinos Adamides explains that his personal vision of the casino goes against the politics behind the recently approved law. Rather than providing for a main casino resort and four "satellite" casino units, he says, "I would instead envision the development of a Las Vegas-style mini strip, called the Strip of the Mediterranean."

Roman Nikitin ends our conversation by telling **GOLD** about his best and worst experiences in Cyprus.

The best, he says, was working with his dream team, headed by Alexis and Constantinos, in materialising his vision.

"Professionally done, with a high level of expertise. I am really proud of this team," he says. His worst experience, he says, was announcing to the staff of Le Meridien that the hotel would be closed for almost two years.

"There were people that have worked there for 15, 20, 30 years. It was heart-breaking," he says.

"But when the hotel reopens I'll be waiting for them. It would be great to see the same faces working there again." **G**