

7 December 2017

Clear Leisure Plc

("Clear Leisure", "the Group" or "the Company")

Business Update

Recent Events

The past two months have been especially challenging for the Company's management; as they must have been frustrating for shareholders.

On 10 October 2017, through no fault of the Company, the Company's then nominated adviser, ZAI Corporate Finance Limited had its status as a Nominated Advisor removed. As the Company had not confirmed a replacement nominated adviser by 19 October 2017, AIM temporarily suspended trading in the Company's shares.

On the same day, the Ivrea Court in Turin, announced on its website, that it had found in favour of a petition by the Court Prosecutor to wind up Clear Leisure's Italian subsidiary, Mediapolis srl. Despite the original claim against Mediapolis, which triggered the petition having been settled by the Company, the Court, surprisingly, elected not only to continue with the petition but also found in favour of the prosecutor. Following this, on 21 November 2017, the Company announced that having received and carefully studied the formal judgment, the Company and Mediapolis jointly appealed the Court's decision.

On 17 November 2017, the Company was very pleased to announce that it had appointed SP Angel as nominated adviser and joint broker, as a consequence of which, trading in the Company's ordinary shares recommenced on the same day.

Investment Portfolio

GeoSim Systems Ltd ("GeoSim")

Clear Leisure has a 4.53% shareholding in GeoSim, a company which develops very sophisticated 3D modeling software. The value of this investment was written-off in the 2014 annual accounts. Clear Leisure has now been advised that the most recent round of fundraising by GeoSim took place at a pre-money valuation in excess of US\$11 million, corresponding to a valuation for Clear Leisure's stake of US\$667,487 (or approximately £500,000).

Currently GeoSim has management and R&D teams based in Tel Aviv, Israel, where it has 15 employees. In Vancouver, Canada it has a team of three people. The production centers are in India & Poland employing a further 15 people.

It is currently undergoing a round of funding as follows: an internal fund raising with existing shareholders is being completed at a valuation of US\$15 million pre-money and a roadshow to attract new investors is at a valuation of over US\$20 million pre-money.

Geosim's new 3D model of city of Vancouver has been released and a short demo can be found at: <http://new.geosimmovies.com>.

Mediapolis

On 24 November 2017, subsequent to the winding up ruling by the Ivrea Court and the tabling of the joint appeal by Clear Leisure and Mediapolis, a Court hearing took place to determine the process for the auction of the land over which Clear Leisure holds a first charge.

The receiver challenged some of the Company's claims on the technical nature of the first charge, however the receiver did not dispute the first charge itself. The receiver therefore agreed to proceed with an auction without restarting the auction procedure, which could have delayed the disposal of the land by more than 12 months.

The Court ruled in favour of the receiver's request, a decision which the Company and its legal advisors support because, notwithstanding a successful appeal against the winding up decision, it makes more imminent the recovery of the asset or the €3.86 million valuation of the Court appointed surveyor.

Ondaland

The Company continues to pursue a solution with the management of T.L.T S.a.s, owner of the Ondaland waterpark in Northern Italy, which recognises the substantial investment made by Clear Leisure's subsidiary, Sipiem SpA, in T.L.T.

The Company remains optimistic of reaching a mutually beneficial solution which will result in Clear Leisure securing a substantial stake in T.L.T.

The waterpark is a popular summer destination for Italians living in north east Italy and there are plans to create an all year family oriented theme park facility, using the existing empty building comprising of 7,500 square meters of space erected in 2012.

For the fiscal year ended 31 October 2017, which includes the peak summer season, T.L.T recorded revenues of €2.9 million (£2.5 million) generating an EBITDA of nearly 30% (approximately £750,000). No dividend has been declared as T.L.T's debt position is such that the balance sheet will require substantial restructuring.

Debt Reduction

During the past 18 months, the Company has reduced Group debt by approx. €10 million (£8.8 million) at a cost to the Group of under €2 million (approximately £1.75 million) including securing a prior charge over Mediapolis. This has been achieved through negotiating discounts with various Italian banks and creditors on the face value of debt averaging 80%. It is the Company's intention to continue with this policy which has resulted in a considerable improvement in the Group balance sheet and reduction in debt servicing payments.

Most recently, the Company began discussions with two Clear Leisure bondholders on discounted advance payment for cash and shares on nearly €2 million of bonds outstanding, with maturity of 15 December 2018. While there is no guarantee on a successful outcome of the negotiations, the climate of the negotiations is positive.

Legal Claims being made by the Company

Since its appointment just over two years' ago, the Board has undertaken a major and ongoing investigation into the status of the Company's investments. While priorities had to be assigned on investments which required immediate action, in depth analyses on recovered documents for other investments continued and now the Company is in a position to file two legal claims for an approximate combined value of £2.5 million. The Company, as advised by its lawyers, is currently unable to disclose the names of the defendants at this stage. For the sake of clarity, no former director of Clear Leisure is involved in these two claims.

The first claim relates to an investment into an Italian subsidiary regarding serious misrepresentations about the company's accounts, which were used as the primary basis for the investment, and on the day-by-day management of the investment itself by the former owner, then a manager of the subsidiary. A complaint for criminal offences has been filed with the prosecutor of the relevant Italian jurisdiction and a claim for damages will be approved by Clear Leisure, the controlling shareholder, at the subsidiary shareholders meeting, in the next few weeks. The amount of the claim is estimated in the region of €1.7million (£1.5 million).

The second claim relates to rights owned by Clear Leisure on the sharing of the final upside on exit by the buyer of a formerly disposed UK based portfolio investment. A Letter before Action has been served to the defendant, for a settlement of £700,000 against a total claim in the region of £1.2 million. No settlement has been reached to date, hence the Company's intention to start legal procedures as soon as practical.

The outcome of the two aforementioned claims is not guaranteed and, even if the legal action is successful, there is no guarantee that the defendants will have funds to meet the financial demands which will follow.

The Company advises that there are further potential claims relating to other Italian investments, in particular ORH S.p.A. (trading as Ora Hotel Group), which remains under investigation.

Eufingest SA

Clear Leisure's largest shareholder, Eufingest SA ("Eufingest"), which has been the dominant provider of financial support to the Company during the challenging last few years, has confirmed to the Company its continued support for the Board and its intention to maintain its shareholding in the Company at just below 30%, by converting into shares part of its €2.4 million convertible loan each time a new share issue takes place.

Eufingest, as the largest shareholder, remains fully supportive of the Board's efforts to realise value from its investments.

Loan Facility

The Board is pleased to announce that the Company has entered into an unsecured convertible loan facility agreement (the Facility") with Eufingest.

Under the Facility, Eufingest provides €50,000 at an interest rate of 2.5 per cent per annum. The Facility is repayable on 31 December 2017 and the proceeds will be used for working capital purposes.

The Company may repay the Facility early at any time without penalty. At any time before 31 December 2017, Eufingest may convert the outstanding balance of the Facility into Shares at the rate of 1 pence per Share.

Eufingest is the beneficial holder of more than 10 per cent of the ordinary share capital of the Company. Eufingest is therefore a "related party" for the purposes of the AIM Rules.

The Directors of the Company (each of whom is independent from Eufingest), having consulted with the Company's Nomad, consider the terms of the transaction to be fair and reasonable insofar as shareholders are concerned.

Future Funding

Notwithstanding the possibility of generating funds from asset disposals or successful debt recovery, the Company remains reliant on debt and equity placements in order to sustain its day to day activities, including acquisition of subsidiary debt at discount, funding of litigations and development of existing investments.

Francesco Gardin, CEO and Executive Chairman of Clear Leisure, commented,

"Since mid-May, following the winding up demand on Mediapolis by the Ivrea Court Prosecutor and more recently the loss of the licence by our former Nomad, with the urgent need to select and appoint a new Nomad, the Company's Board has been forced to focus on a number of unexpected events. While this has inevitably consumed substantial time allocation and prioritisation on these matters, all other business has been carried out in parallel.

“We wish to thank our shareholders for their continuing patience and look forward to reporting further, positive results in 2018.”

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About Clear Leisure Plc

Clear Leisure plc (AIM: CLP) is an AIM listed investment company with a portfolio of companies primarily encompassing the leisure and real estate sectors mainly in Italy. The focus of management is to pursue the monetisation of all of the Company’s existing assets, through selected realisations, court-led recoveries of misappropriated assets and substantial debt-recovery processes. For further information, please visit, www.clearleisure.co.uk