

## Related Party Transactions

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Arricano Real Estate PLC  
30 May 2014

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("Arricano" or the "Company" or, together with its subsidiaries, the "Group")

Related Party Transactions

Arricano (AIM:ARO), a leading retail real estate developer and operator in Ukraine, announces that the Company has entered into two transactions as detailed below.

Amendment of Terms of Wayfield's Deferred Consideration with Vunderbuilt S.A. ("Vunderbuilt")

The Company at the time of its Admission to AIM entered into an agreement with Vunderbuilt, a company controlled by Hillar Teder, to purchase the share capital of Wayfield Limited. Details of the transaction were disclosed in the Company's Admission Document. Under the terms of the agreement the Company had agreed to pay Vunderbuilt (or Bytemem Limited, an affiliate of Vunderbuilt) deferred consideration of US\$20,000,000 by 30 April 2014.

The Company has now entered into a Deed of Amendment with Vunderbuilt to extend the payment date for the deferred consideration, referred to above, to 30 April 2015.

This transaction has the benefit of enhancing the Company's working capital resources over the period before the deferred consideration becomes payable in April 2015.

Loan agreement with Bytenem Limited ("Bytenem")

On 5 July 2013 International Baltic Investments Ltd ("**IBI**"), Bytenem, the Company and UBS AG ("**UBS**") entered into number of agreements, whereunder the Company has received through IBI a loan in amount of US\$28,500,000 (the "**IBI Loan**") and guaranteed repayment of a loan in amount of US\$28,800,000 by IBI to UBS under a respective facility agreement. These arrangements were disclosed in the Company's Admission Document.

On 14 March 2014 and 17 March 2014 the Company, IBI, Bytenem, and UBS entered into a number of agreements and deeds, necessitated as a consequence of the crisis in Ukraine, whereunder, among other things, the amount of the IBI Loan was reduced to US\$15,300,000 following partial repayment by the Company of the loan amounts under the IBI Loan. Under these arrangements the Company repaid UBS directly US\$3,456,723 of the original loan and Bytenem repaid UBS US\$10,043,276 of the original loan on behalf of the Company.

The Company has now entered into a loan agreement with Bytenem in order to compensate Bytenem for the loan repayment to UBS on its behalf. In addition, the loan agreement incorporates a US\$2,000,000 facility to enhance the working capital resources of the Company. The key terms of the proposed loan are set out below:

· Loan amount: US\$13,051,275 (includes the principal amount repaid to UBS by Bytenem together with fees and interest thereon);

- The loan is repayable on 14 March 2015 or earlier if agreed by both parties;
- The loan carries an annual interest rate of 12%; and
- The loan is unsecured.

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Both Bytenem and Vunderbuilt are ultimately controlled by Hillar Teder. Consequently, each of the transactions described above and the transactions collectively are considered to be a Related party Transaction under the AIM Rule 13. The independent directors of Arricano (Rupert Cottrell, Philip Scales and Michael Zampelas) consider, having consulted with Smith & Williamson Corporate Finance Limited in its capacity as the Company's nominated adviser, that the terms of the transactions as described above, individually and in aggregate, are fair and reasonable insofar as the shareholders of Arricano are concerned.

Commenting on these transactions, Acting Chief Executive Officer Yarema Kovaliv, said: "Both of these agreements will enhance the financial position of the business, increasing the cash within the business by extending the deferred payments terms on Wayfield and switching some of our borrowings to a new lender well known to the business. During this period of political uncertainty, it was agreed that the Company should adopt a cautious approach and retain a strong financial position, these actions reflect this strategy.

Overall, trading at our four shopping and entertainments centres remains broadly in line with our internal expectations."

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