

## Related party transaction

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Arricano Real Estate PLC  
23 July 2014

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Arricano Real Estate plc

("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, has agreed the commercial terms of two separate transactions (the "**Transactions**"). The first transaction is between Arricano and Bytenem Co Limited ("**Bytenem**"). The second transaction is between LLC Mezokred Holding ("**Mezokred**") and Gingerfin Holdings Limited ("**Gingerfin**"). Mezokred is a wholly owned subsidiary of Gelida Holding Limited which is a wholly owned subsidiary of Arricano. The details of the Transactions are set out below.

#### Loan agreement with Bytenem

The Company has agreed an extension to the commercial terms of the existing US\$13,051,275 loan facility provided by Bytenem to the Company on 29 May 2014 (the "Original Facility").

Bytenem has agreed to provide the Company with an additional US\$3,000,000 loan (the "New Facility") on the same terms as the Original Facility by way of an amendment to the Original Facility agreement. The purpose of the New Facility is to enhance the Group's working capital resources.

The key terms of the New Facility are set out below:

- Loan amount: US\$3,000,000
- 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.

#### Loan agreement with Gingerfin

Gingerfin and Mezokred have entered into a loan agreement whereunder Gingerfin has agreed to provide Mezokred with a loan of US\$7,000,000. This loan facility is to be used by Mezokred for the financing of contracted design works in relation to the Petrovka development project.

The key terms of the loan are set out below:

- Loan amount: US\$7,000,000;
- The loan is repayable in instalments or in one payment by 31 December 2015;

- The loan carries an annual interest rate of 10%; and
- Interest is charged on a monthly basis.

#### Related Party Transactions

Both Bytenem and Gingerfin are ultimately controlled by Hillar Teder who as well as being a director of the Company is also the Company's majority shareholder and, therefore, is a "Related Party" under the AIM Rules. Consequently, each of the Transactions 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, 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: "Operating in our current environment it is a significant commercial advantage for Arricano to have the long term financial support of our major shareholders, enabling us to continue to invest in the future of the business. Critically, we are as a result able to maintain our programme of the new developments where others are less able to do so, placing us in a strong position going forwards."

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