

12 September 2013

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

First day of dealings on AIM

Placing raising gross proceeds of US\$24 million
Acquisition for development property portfolio
Market capitalisation at placing price of approximately US\$241 million

Arricano (AIM:ARO), one of the leading real estate developers in Ukraine specialising in operating shopping centres, is pleased to announce the admission today of its ordinary shares to trading on the AIM market of the London Stock Exchange and the commencement of dealings in its Ordinary Shares under the ticker ARO.L.

As part of the admission process, the Company raised gross proceeds of US\$24 million through private placing of 10,300,423 new Ordinary Shares, at a placing price of US\$2.33 per Ordinary Share (the "**Placing Price**").

In addition, the Company has acquired four development properties, through the purchase of shares in the SPVs that own them, in consideration for the issue of 28,350,214 Ordinary Shares (with a value of approximately US\$66 million at the Placing Price) and, in relation to one property, deferred consideration of not more than US\$20 million in cash. In addition, the vendor has agreed to assign the benefit of certain loans made to the SPVs to Arricano.

On Admission, the Company will have a market capitalisation of approximately US\$241 million at the Placing Price.

Overview:

- Arricano is one of the leading real estate developers in Ukraine and specialises in operating shopping centres. The Group has a strong management team, which consists of local as well as international experts with long standing track records in real estate.
- Arricano's key strengths are:
 - Strong market position with a modern, flexible and diversified portfolio;
 - The Company's ability to secure debt financing;
 - Strategic and geographically diverse network of shopping centres;
 - Established network of core international and domestic tenants;
 - Experienced management team;
 - Strong corporate governance; and
 - Strong relationships in the real estate sector.
- The Group currently owns and operates (or, in the case of Sky Mall, has an interest in) five shopping centres in Ukraine with approximately 160,000 sq. m GLA. The properties are located in the capital Kyiv (Sky Mall and M26/RayON), Kryvyi Rih (SEC Sun Gallery), Zaporizhzhia (SC City Mall) and Simferopol (SC South Gallery).
- All of these properties were developed and put into operation by the Group and, with the exception of the Sky Mall property that is co-owned with a joint venture partner, all of the properties are managed by the Group's property management team.
- Its business is anchored by an existing cash-producing core business of operating portfolio properties with, in the Directors' opinion, relatively low-level downside risks for occupancy and rent levels.
- The Company has acquired four development properties: Prospect/Krasnotkatsha (Kyiv), Petrivka (Kyiv), Rozumovska (Odesa) and Lukianivka (Kyiv).
- The net proceeds of the Placing will be used to continue the development of Arricano's existing portfolio of operating assets, as well as the development properties being acquired, and to fund future short term working capital requirements.

Smith & Williamson is nominated adviser and joint broker to the Company. The Company is also pleased to announce the appointment of Whitman Howard Limited as joint broker to the Company with immediate effect.

Emil Budilovsky, CEO of Arricano, commented: "The Directors believe that the Group is well positioned to capitalise on the under developed retail real estate market in Ukraine. It has been one of the very few developers in Ukraine capable of completing sizeable retail schemes during the financial crisis of 2008-2009. Its management has a combination of local and international expertise and Arricano

is one of the few enterprises able to offer a platform to both international and local retailers. The group combines stable operating cash flow from existing properties with good growth prospects in relation to its proposed development portfolio and its ability to obtain bank financing.

The Group intends to remain focused on Ukraine for the foreseeable future. Over the next three and half years, the Group intends to extend its portfolio to approximately nine properties."

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BACKGROUND INFORMATION

The Company was incorporated in 2008 with the main objective of developing and operating shopping centres in Ukraine. The Company's various subsidiaries have been active in the Ukrainian market since 2005 as subsidiaries of the current majority shareholder, Retail Real Estate S.A.

The Group is one of the leading real estate developers in Ukraine and specialises in operating shopping centres. The Group has a strong management team, which consists of local as well as international experts with long standing track records in real estate.

The Group currently owns and operates (or, in the case of Sky Mall, has an interest in) five shopping centres in Ukraine with a total GLA of approximately 160,000 sq. m. The properties are located in the capital Kyiv (Sky Mall and M26/RayON), Kryvyi Rih (SEC Sun Gallery), Zaporizhzhia (SC City Mall) and Simferopol (SC South Gallery). All of these properties have been developed and put into operation by the Group and, with the exception of the Sky Mall property that is co-owned with a joint venture partner, all of the properties are managed by the Group's property management team.

The Group has approximately 117 employees in various capacities, who are responsible for the development and management of the Group's assets. In addition, external service providers are engaged in the day-to-day servicing of the Group's assets, such as cleaning, security and maintenance activities.

The Company is engaged in the full cycle of retail real estate development, from the acquisition of land plots for development to the delivery and operation of shopping centres.

Summary Financial Information

	Audited	Audited	Audited	Unaudited
	<i>For the year ended</i>	<i>For the year ended</i>	<i>For the year ended</i>	<i>For the six months ended</i>
	31 December	31 December	31 December	30 June
Year end 31 December	2010	2011	2012	2013
	US \$'000	US \$'000	US \$'000	US\$'000
Revenue	14,466	16,356	16,421	12,151
Revaluation gains/(losses)	54,491	12,943	26,893	(1,689)
Gain/(loss) from operating activities	59,244	19,085	22,573	(62)
Net profit/(loss)	43,009	7,988	19,823	(3,514)
Total assets	414,171	210,786	250,083	264,582
Total liabilities	(285,138)	(96,097)	(115,515)	(133,531)
Net assets	129,033	114,689	134,568	131,051

Placing Statistics

Placing Price per Ordinary Share	US\$2.33
Number of Ordinary Shares in issue before the Placing	64,620,000
Number of Placing Shares	10,300,423
Number of Acquisition Shares	28,350,214
Number of Ordinary Shares in issue following the Placing and the Acquisition	103,270,637
Gross proceeds of the Placing	US\$24 million
Estimated expenses of Admission payable by the Company	US\$1 million
Market capitalisation of the Company at the Placing Price on Admission (approx.)	US\$241 million
Placing Shares expressed as a percentage of the Increased Issued Share Capital	9.97%

The Opportunity

The Group's business is anchored by an existing cash-producing core business of operating portfolio properties with, in the Directors' opinion, low-level downside risks for occupancy and rent levels.

The Directors believe that the Group is well positioned for future growth through the further development and extension of its existing projects and the acquisition of an attractive pipeline of projects for development in Kyiv and Odesa. In addition, the Group has strong banking relationships with many financial institutions active in the Ukrainian market.

Despite the overall uncertainty in the current global economic environment, the Directors believe that there is still potential for growth in the emerging markets of Eastern Europe, particularly in those sectors in which the markets remain structurally undersupplied. Industry experts such as Colliers International, DTZ and CBRE consider Ukraine to have a relatively low saturation of retail space (based on perceived demand versus supply for quality retail space) compared to other European countries generally.

Key strengths

Strong market position with a modern, flexible and diversified portfolio

The Group has demonstrated a consistent and successful track record operating in Ukraine, unlike many international participants that have entered the Ukrainian market and domestic competitors. The Group has commissioned a project every year since 2007, despite the economic slowdown that has affected the global economy since 2008, and has acquired the four additional Development Properties.

The Group has projects in several large Ukrainian cities, all of which are modern properties that, in the Directors' opinion, provide an international retail experience for both tenants and consumers. Many of the Group's competitors' projects across the country are relatively dated, stand-alone projects and potentially suffer from a lack of flexibility with regard to expansion and upgrades. South Gallery is being expanded and Sky Mall has potential for further expansion.

The Group's retail tenants represent many of the international brands that are present in the Ukrainian market, whether through direct ownership or regional franchises, as well as leading national brands. International retailers include LPP (a.o. Reserved), Inditex Group, Fiba (Marks and Spencer), New Yorker, Benetton and Topshop. Leading national brand tenants include Brocard, Comfy, Intertop and Sportmaster. A key driver in each of the Group's projects has been securing strong anchor tenants. At present Auchan, a leading international hypermarket brand, is the anchor tenant in three out of the Group's five projects. Furshet, a leading Ukrainian supermarket chain of which Auchan is a shareholder, is the anchor tenant at the fourth project and the RayON shopping centre in Kyiv is anchored by a supermarket, Silpo, the main brand of leading Ukrainian retailer Fozzy Group.

The Company's ability to obtain debt financing

Since 2008, it has been difficult to obtain financing due to the global economic crisis especially due to the freezing of credit markets and the unavailability of financing to support transactions. However, the Company has been successful in attracting the necessary debt financing to progress its development. For example, the Group recently secured a US\$28.8 million term loan facility.

Strategic and geographically diverse network of shopping centres

Arriano is one of the few developers of shopping and entertainment centres in Ukraine that operates a network of projects. The Company anticipates that its expanding network of shopping centres will help secure its long-term profitability as the Ukrainian retail market matures. This network will allow the Company to act as a platform for international retailers entering the market who wish to gain a wide geographical exposure in Ukraine in key, well populated areas.

Established network of core international and domestic tenants

Ukraine has a large population, which is concentrated in urban centres and certain regions. The tenant market is not exclusively dominated by any one player in any given sector. As a result, the Company has some scope to select the most appropriate mix of tenants for each of its projects. The Group attempts to use this to optimise its tenant mix, relative to its catchment area. For instance, Sky Mall offers a premium retail experience to the relatively affluent citizens of Kyiv, whereas Sun Gallery aims to provide a more economical offering.

Experienced management team

The Group's senior management team combines extensive industry and market experience (of both private and publicly listed companies) with financial and management expertise, and its members have been involved with the real estate industry for, on average, more than 10 years. The Group's experienced in-house management team is dedicated to managing all of the internal processes of the Group and the whole process of setting up and running a centre from the initial selection and acquisition of sites to the operation of completed projects. The Group has developed, and continues to refine, a management structure that is focused on enhancing accountability and decision making processes. The team consists of local Ukrainian and international managers, all with significant experience and familiarity with Ukrainian and international real estate markets.

Strong corporate governance

The Group intends to maintain high standards of corporate governance and transparency throughout all of its activities and communications. The Company has assembled a strong Board comprised of individuals who together have relevant sector experience as well as prior experience on boards of publicly listed companies. The Board is responsible for key decisions relating to the Group's activities,

including approval of the Group's long-term business strategy and annual business plans. The Board comprises of seven Directors details of whom are set out below.

Strong relationships in the real estate sector

Given the relationship driven nature of business in the commercial real estate market, the Group makes efforts to maintain positive relationships with all the relevant key players in this market, including planning authorities, architects and engineers, contractors, commercial brokerage and consultancy agencies, banks, financial institutions and retailers. This is important in helping the Group to obtain all relevant permits and approvals promptly and to complete projects within budget, on time, with a good tenant mix and with high rates of occupancy.

Portfolio of Operating Properties

Sun Gallery (Kryvyi Rih)

One of the biggest shopping malls in Kryvyi Rih, with a total GLA of approximately 35,000 sq. m., spanning two levels with approximately 80 gallery tenants, a children's entertainment zone, a food court with restaurants and cafes, the electronics store Comfy and the hypermarket Auchan as anchor tenants.

City Mall (Zaporizhzhia)

One of the biggest shopping centres in Zaporizhzhia, with a total GLA of approximately 21,400 sq. m. on a single level, comprising a gallery with approximately 80 international and local tenants, a food court with 10 restaurants, a children's entertainment zone, and parking (which is shared with DIY superstore Epicenter).

South Gallery (Simferopol)

The property consists of the South Gallery shopping centre (Phases I and II) with a total estimated GLA of approximately 32,800 sq. m. (after completion of Phase II) which stands on a land plot with a total area of 10.2 ha. Phase I (with a GLA of approximately 13,000 sq. m) of the shopping centre has been completed and is currently in operation. The completion of Phase II is designed to turn the mall into a regional destination shopping centre.

M26/RayON (Kyiv)

Opened to the public in August 2012, with a GLA of approximately 24,100 sq. m. on two levels. The concept for RayON is a district shopping centre, which focuses on food, clothing and convenience products.

Investment Property

Sky Mall (Kyiv)

One of the largest shopping centres in Kyiv with a total GLA (Phases I and II) of approximately 68,000 sq. m., spanning three levels with a cinema, children's and entertainment zone, food court, hypermarket and gallery shops. The Company currently owns only 49.97 per cent. of the holding company of the asset and continues to investigate the possibility of acquiring the remaining interests from the current co-owner. It is anticipated that a third phase, which may be developed provided such development will be feasible at the time, would add a further GLA of approximately 46,000 sq. m.

Portfolio of Development Properties

The Company has acquired the following Development Properties:

- Prospect/Krasnotkatska (Kyiv);
- Petrivka (Kyiv);
- Rozumovska (Odesa) and;
- Lukianivka (Kyiv).

The Directors believe that the acquisition of these Development Properties is crucial to the Company's expansion plans. The Development Properties are in various stages of development, with the Prospect/Krasnotkatska development property project being the most advanced (the framework of this project has reached the first floor).

Board of Directors

Rupert Cottrell (68), Independent Non-executive Chairman

Rupert has developed an extensive network of relationships in CEE as a result of a number of board positions that he has held. Rupert is the former chairman of the supervisory board of A.S. Magnum Medical, a pan-Baltic pharmaceutical group; a former director of New European Investments Limited, a closed private investment fund targeting Eastern European companies; and was a former Chairman of Carpathian plc, an AIM listed Eastern European commercial property fund, a subsidiary of which built The Galleria Shopping Mall in Riga. He was previously a non-executive director of The PFI Infrastructure Company plc, an AIM listed infrastructure fund that was taken private in 2007, and was non-executive chairman of Infrastructure India plc, an AIM-listed infrastructure fund focused on India (before Guggenheim acquired a majority stake) and Diamond Circle Capital plc, listed on the Main Market of the London Stock Exchange. Rupert's background in financial services includes executive director positions at a number of London investment management firms and four years as a director of the Financial Intermediaries, Managers and Brokers Regulatory Association (FIMBRA), a financial regulator that is

now part of the FCA. Rupert is a Fellow of the Chartered Securities Institute.

Emil Budilovsky (44), Chief Executive Officer

Emil joined Arricano as Chief Financial Officer in August 2012 and was appointed acting Chief Executive Officer in October 2012. He has an established track record in the real estate industry in the United States and CIS, with significant experience in deal creation and real estate transactions. He was previously Chief Financial Officer and executive director of AIM-listed MirLand Development Corporation plc, one of Russia's leading residential and commercial property developers. Prior to that, he was Chief Financial Officer at Adama Ukraine Limited, a subsidiary of Adama Public Holding Ltd, an international real estate developer. In addition, Emil has extensive experience in real estate investing and lending in two private equity funds operating in the US market. Emil also has experience of corporate finance and M&A with an Israeli investment boutique and Deloitte & Touche. Emil has a BA in economics and accounting, as well as an MBA from Tel Aviv University and an LL.B from the College of Management Studies (Tel Aviv). He is a member of the New York Bar.

Philip Scales (63), Independent Non-executive Director

Philip is managing director of IOMA Fund and Investment Management Limited ("IOMA"), part of the IOMA Group. IOMA specialises in the provision of third-party fund administration and investment management services. Prior to this, Philip spent 18 years as managing director of Northern Trust International Fund Administration Services (Isle of Man) Limited (formerly Barings (Isle of Man) Limited). He has over 35 years' experience working offshore, primarily in corporate and mutual fund administration, and currently holds a number of directorships of listed companies. IOMA provides secretarial and administrative services to 13 listed companies, including East Balkan Properties Plc, Metro Baltic Horizons Plc and Unitech Corporate Parks Plc. Philip is a Fellow of the Institute of Chartered Secretaries and Administrators.

Michael Zampelas (75), Independent Non-executive Director

Michael, together with his associates, established Coopers & Lybrand in Cyprus and Athens in 1970. He served the firm as its Chairman and Chief Executive Officer from its establishment in 1970 until 2001 (latterly as PricewaterhouseCoopers) and as a Non-executive Chairman from 2002 until 2005. He also served as an elected member of the board of the European Organisation of Coopers & Lybrand Europe from 1991 to 1999. Michael served as chairman of the board of a number of local government authorities and companies. Currently, he is the independent non-executive Vice Chairman of Eurobank Cyprus Limited and the independent Non-Executive Chairman of the Russian transport company, Globaltrans Investment Plc, listed on the Main Market of the London Stock Exchange. He was Mayor of Nicosia from 2002 to 2006.

Since 1997, he has been the Honorary Consul General of Estonia in Cyprus, contributing to the development of the commercial and cultural relations between the two countries. He has played a significant role in the promotion of education, culture, community affairs and business in Cyprus. He is a Fellow of the Institute of Chartered Accountants in England and Wales.

Hillar Teder (50), Non-executive Director

Arricano was founded by Estonian entrepreneur Hillar Teder. Hillar has an extensive track record in building successful businesses. In 1995, he co-founded the Russian juice producer Multon that was sold to Coca-Cola in 2005. In 1997, he developed the Rocca Al Mare shopping centre in Tallinn, Estonia (32,000 sq. m) and which he sold to Citycon (Finland) in 2005. In 2000, he co-founded the Russian hypermarket operator and retail real estate developer, O'Key Group SA, which was listed on the Main Market of the London Stock Exchange in 2010. Since 2006 he has been active in real estate development in Ukraine.

Volodymyr Tymochko (32), Non-executive Director

Volodymyr is a director at Dragon Asset Management ("Dragon AM"), an investment managing company for DUPD, and his responsibilities include deal sourcing and the management of DUPD's real estate projects. Prior to joining Dragon AM, Volodymyr was an Associate Director for Consulting and Investment Services at Colliers International. He is also a director at J Comfort Neruhomist, a developer of Green Hills gated community and Korona Development.

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