

**RNS Number : 7461Q**

**Arricano Real Estate PLC**

**1 December 2016**

**Arricano Real Estate Plc**

("Arricano" or the "Company")

**EBRD Loan Facility**

Arricano (AIM: ARO), a leading real estate developer and shopping mall operator in Ukraine, provides the following update relating to its current loan facilities with the European Bank for Reconstruction and Development (the "EBRD").

As detailed in the Company's interim results announced on 27 September 2016, the Group and the EBRD have agreed indicative terms for the restructuring of certain loans payable to the EBRD. The Group indicated at the time of the interims that amended loan agreements had not yet been signed but were expected by management to be executed in the coming months.

Ukrpangroup PrJSC, a subsidiary of the Company which owns and operates the Kryvyi Rih Shopping Center "Sun Gallery" ("Kryvyi Rih") and Grandinvest PrJSC, a subsidiary of the Company which owns and operates Simferopol Shopping Center "South Gallery" ("Simferopol"), have now entered into an amendment and restatement deed (the "Amendment Deed") relating to the loan agreement dated 27 March 2008 as amended and restated thereafter (the "Loan Agreement") and a transfer agreement (the "Transfer Agreement") with the EBRD to release Simferopol from its loan of US\$3.7 million by transferring the loan to Kryvyi Rih and to restructure the repayment terms of the Kryvyi Rih loan.

These amendments have been agreed as a result of the situation in Crimea where Simferopol is located and reflects the EU/United States sanctions and payment restrictions. The Amendment Deed and Transfer Agreement will result in:

- The transfer of Simferopol's existing loan from the EBRD of US\$3.7 million to Kryvyi Rih. Following this transfer the total outstanding amount owed to the EBRD by Kryvyi Rih will be US\$8.8 million.
- Increasing the interest rate margin applicable to the loan from 6.5% to 8% per annum.
- Arricano will execute the respective deed of guarantee and indemnity in order to guarantee the repayment of the loan by Kryvyi Rih in addition to existing guarantees and security issued by other parties.

The Transfer Agreement will take effect and the Loan Agreement shall be amended and restated in a form as set out in the schedule to the Amendment Deed from the effective date which will be the date that the EBRD notifies Ukrpangroup PrJSC and Grandinvest PrJSC provided that conditions precedent specified in the Amendment Deed have been satisfied or waived, in whole or in part, to the satisfaction of the EBRD (the "Effective Date"). The Effective Date must occur by the earlier of 60 calendar days after the registration of the Amendment Deed with the National Bank of Ukraine or the date falling 100

calendar days after the date of the Amendment Deed or by such later date as the EBRD may agree in writing.

A further announcement will be made when appropriate.

Mykhailo Merkulov, CEO of Arricano, said, "This transfer between subsidiaries was necessary due to the changes in Crimea and will make future loan servicing more straightforward. It also continues our long-standing partnership with the EBRD and we are confident that it is an agreement that benefits all parties.

Overall, this is an encouraging period for Arricano, as our recent interim results demonstrated recording a significant rise in profitability helped by an improving backdrop across the Ukraine with GDP in 2016 forecast to increase by 1.5% reversing a negative trend in previous years."

For further information, please contact:

**Arricano Real Estate plc**

Mykhailo Merkulov

Tel: +380 44 569 6708

Nominated Adviser and Joint Broker

**Smith & Williamson Corporate Finance Limited**

Azhic Basirov

Tel: +44 (0)20 7131 4000

Joint Broker

**Whitman Howard Limited**

Ranald McGregor-Smith

Tel: +44 (0)20 7659 1234

Financial PR

**Novella**

Tim Robertson/Toby Andrews

Tel: +44(0)20 3151 7008