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Material change of the Financial State/ Capital Structure /Co-operations/ Acquisitions/
Mergers (Buy/ Sell of Major Assets/ Borrowing burdens etc)

Ermes Department Stores PLC

ERME

ANNOUNCEMENT (en)

Please find attached the below announcement
(en)

Attachment:

1. **ANNOUNCEMENT**

Regulated

Publication Date: 16/07/2014



**DISPOSAL BY WOOLWORTH (CYPRUS) PROPERTIES PLC TO
ERMES DEPARTMENT STORES PLC OF 45% OF THE SHARE CAPITAL OF
ITTL TRADE TOURIST AND LEISURE PARK PLC**

The public companies Woolworth (Cyprus) Properties Plc (“Woolworth”) and Ermes Department Stores Plc (“Ermes”), members of the Shacolas Group and subsidiary companies of Cyprus Trading Corporation Plc (“CTC”), would like to inform their shareholders and investment public that on 15 July 2014 they have reached on agreement for the sale from Woolworth (Cyprus) Properties Plc to Ermes Department Stores Plc of the 45% of the share capital (45.000.000 shares) of ITTL Trade Tourist and Leisure Park Plc (“ITTL”) for a consideration of €42.750.000 (i.e €0,95 per share) payable in cash.

The transaction is executed on a purely commercial basis (at arm’s length) after taking into consideration a recent valuation of an independent firm of accountants and is based on the book value of the properties of ITTL as these were valued by an independent property valuer at 31 December 2013.

The consideration of €0,95 per share is at a small premium of about 6% of the adjusted net book value per share as at 31 December 2013 which is €0,896 per share. The adjusted net book value does not include the provision for deferred taxation of €16,4 mil. which is not expected to be materialized. It is noted that the net book value per share of ITTL at 31 December 2013, was €0,732 per share, with net assets at €73,235 mil. and total assets of €181,089 mil.

For this transaction Woolworth will show a profit of €9,9 mil. which will be reported in the financial statement of 2014.

Ermes decision to proceed with this purchase aims to utilize part of the proceeds received from the recent sale of its stake in CTC-Ari (Airports) Limited and its replacement with a safe high quality investment with good prospects, securing at the same time its rights at the Mall of Cyprus, owned by ITTL, as in the Mall of Cyprus several companies of Ermes Group operate such as Debenhams, Next and others, with total area of about 7.300 sq.m. (about 30% of the commercial areas of The Mall of Cyprus).

Despite this disposal, Woolworth remains the major shareholder in ITTL with a share of 54,7% in the share capital of ITTL. With this partial disposal, Woolworth Group will be in position to proceed soon with its investment plan (Mall extensions, Limni Bay project, etc.) and at the same time reduce its obligations and improve its balance sheet, which will contribute further to facing the current difficult economic situation in Cyprus.

ITTL is the owner of Shacolas Emporium Park which consists of The Mall of Cyprus, the well-known Swedish furniture store IKEA, Annexes 3 & 4, green areas, children playground, open amphitheater and the Mother Square. The Shacolas Emporium Park consists of 55.000 sq.m. of commercial areas and over 2.500 parking spaces. It is the most successful retail destination and attracts over 6,5 mil. visitors annually. Soon, the Company will proceed with the extension of The Mall of Cyprus by about 8.000 sq.m. to cover the increased demand for shops in the Mall.

Woolworth (Cyprus) Properties Plc
Ermes Department Stores Plc

Nicosia, 16 July 2014