

ANNOUNCEMENT

30 April 2020

Re: Acquisition of Right to Lease Immovable Property

Petrolina (Holdings) Public Ltd (“PHL”) announces the conclusion of an agreement with Weatherford Global Products Limited (“WGP”) for the acquisition of the right to lease immovable property owned by the Republic of Cyprus in Larnaka. The agreement was signed on 29/04/2020 as part of the Company’s strategic planning and development of operations and improved management of its assets due to the relocation of all its facilities from the Larnaka coastline.

More specifically, under the agreement, PHL acquires the lease of industrial plots in the Industrial and Commercial Zone of Aradippou (former Larnaka Free Trade Zone) of a total area of 22,938 m², including two industrial buildings of a total area of 8,100 m². The first period of validity of the lease agreement expires on 31/01/2034 with a right of renewal for another two periods of 33 years each (remaining period: 80 years). The annual lease is fixed at €23,590, to be recognised in accordance with IFRS 16 as right of use as well as lease liability.

The transaction was made on an arm’s length basis following the conduct of an independent valuation. The total consideration of the right of lease has been agreed at €2,000,000 plus VAT (total of €2,380,000) and is payable in cash as follows: €100,000 was paid upon the signing of the agreement and the remainder of €2,280,000 will be paid upon completion of all necessary procedures, including the transfer and registration of the lease in the name of PHL, by 30/06/2020 at the latest. The consideration of the right of lease will be classified under “right of use of asset” and will be depreciated using the straight-line method during its expected useful life.

The acquisition will be financed by a combination of own resources and existing banking facilities.

The Company considers that the above transaction will positively contribute to the more efficient conduct of its operations after the relocation of all its storage facilities in the Vassiliko area, but is not expected to have a significant impact on its financial results.

Panayiotis Eracleous
Compliance Officer