

## **ANNOUNCEMENT OF PUBLIC COMPANIES**

### **CYPRUS TRADING CORPORATION PLC ERMES DEPARTMENT STORES PLC WOOLWORTH (CYPRUS) PROPERTIES PLC**

Further to our previous announcement dated 22 July 2020 and having stated that we would come back with more details in order to satisfy both our shareholders and investors, we set out below the following:

1. LBSP Limassol Beach & Seaview Properties Ltd, subsidiary of public company Woolworth (Cyprus) Properties Plc, disposed and transferred on 15 July 2020 its immovable property located at 369, October 28<sup>th</sup> coastal avenue in Limassol currently operated by Ermes Department Stores Plc as ERA Olympia (former Debenhams), to a subsidiary investment company belonging to the Bank of Cyprus for the total amount of €93m for development purposes.

The accounting profit arising from the aforesaid disposal, based on the estimated value in the Company's books on the date of the sale, amounts to €30.3m. The actual profit compared to the initial cost of the investment amounts to €78.7m.

It is well-known that this property operates as a department store since 1993 by Ermes Department Stores Plc –a public company- following an agreement of right of use. With the disposal of the property, Ermes is obliged to terminate the operation of the department store around March 2021. Both public companies have, therefore, agreed that Woolworth (Cyprus) Properties Plc pays Ermes Department Stores Plc, the amount of €12.5m as compensation and Ermes does not pay any rights of use from January 2020 to March 2021, i.e. for a period of 15 months. As a consequence, the net accounting profit of Woolworth Group from this transaction is calculated at €17.8m.

From the disposal of the above immovable property, the income of Woolworth Group from the rights of use will decrease by €1.8m per annum.

2. The above immovable properties were disposed and transferred on 15 July 2020 to subsidiary investment companies belonging to the Hellenic Bank.
  - i. Public company Woolworth (Cyprus) Properties Plc disposed and transferred the immovable property, which is used and operated by Ermes Department Stores Plc as ERA Central department store (former Debenhams) located at the Corner of Arch. Makarios III Avenue & 13, Kritis Str. in Nicosia, for the amount of €16.3m.

From the disposal of the immovable property, an accounting loss of €1.4m arises based on the estimated value in the Company's books on the date of the sale, while the actual profit compared to the initial cost of the investment amounts to €8.8m. The loss of income of Woolworth (Cyprus) Properties Plc from this disposal amounts to approximately €100,000 per annum.

With the disposal of the immovable property, the operation of the department store will terminate around the end of February 2021.

- ii. ZAKO Ltd, a subsidiary of public company Woolworth (Cyprus) Properties Plc, which holds a share of 54.43% of the old ZAKO building at Koumantarias Str. in Limassol, disposed and transferred the said property for the amount of €2.3m.

The resulting accounting profit from this disposal amounts to approximately €123,000 while the actual profit compared to the initial cost of the investment amounts to approximately €2m.

In order to determine the values of the above, the services of Consultants, Independent Valuers and other Experts were used.

- 3. Further to the above transactions and from additional own funds disposed by the Companies amounting to €7.4m, the total amount of the reduction of bank liabilities, including Loans and Current Accounts, of the Group's Companies amount to €119m:

- i. CTC Group reduced its bank liabilities by €93.4m;
- ii. Woolworth Group reduced its bank liabilities by €14m;
- iii. Ermes Group reduced its bank liabilities by €11.6m.

This reduction of borrowing will have a positive impact on the liquidity of CTC Group due to the significant reduction of the annual bank instalments as well as the reduction of the annual finance cost by approximately €4m per annum.

The above actions fall within the CTC Group strategy to reduce borrowing, enhance its liquidity and soundness, which will allow it to respond with ease to all its obligations and enable the Group to continue to evaluate and take advantage of any opportunities, which may arise.

Furthermore, they will help the Group generate improved results for further progress in the difficult times that our island is going through and further enhance CTC Group Companies, such as Argosy Trading Co. Ltd, which is one of the biggest commercial companies for the import, supply and distribution of foodstuffs in Cyprus, Cassandra Trading Ltd, which are the importers and distributors of Philip Morris tobacco products for the Cyprus market, Superhome Center (D.I.Y.) Ltd with big stores in all cities, Ermes Department Stores Plc with ERA department stores and other stores nationwide, CTC Automotive Ltd, which markets the world-renowned products of Caterpillar, Scania, Iveco, Volvo, Hyundai, Philips modern lamps, Hilti professional tools, Caterpillar photovoltaics and, of course, the participation of CTC Group - as the largest Cypriot shareholder - in Hermes Airports Ltd, which has created the two airports of Larnaca and Pafos, which it will manage for many years to come.

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6 August 2020