

## **ERMES reorganizes for a new era**

### **A refurbishment plan of €10m for the ERA department stores**

Ermes Department Stores Plc, a listed company, together with Cyprus Trading Corporation Plc and Woolworth (Cyprus) Properties Plc, also listed, recently announced that they have succeeded in concluding transactions with Bank of Cyprus and Hellenic Bank, which resulted in further reduction of their bank obligations by an additional amount of €119 million. This was achieved through the disposal of immovable property at satisfactory prices. More details on these transactions are given in a separate announcement today by the three companies to the Cyprus Stock Exchange. The above transactions fall within the deleveraging strategy of the CTC Group, implemented during the past few years, which assist to the maximum possible extent in the Group's reduction of its bank liabilities, as a result of the 2013 financial crisis.

According to the above agreements, a contractual obligation is created for the handing over of the buildings, which currently house OLYMPIA department store in Limassol and CENTRAL department store in Nicosia to the new owners. For this reason, ERMES is obliged to terminate the operation of these two department stores in February and March 2021 respectively.

At the same time, ERMES proceeds with reorganizing and upgrading its operations. This is also a result of the above transactions, which help the Group obtain the funds required to support and expand its operations and especially the renovation programme for the new concept of ERA department stores. Therefore, with a total expenditure of €10m, all department stores will be transformed into pioneering retail destinations and into an environment of unique experience for the visitor.

In this context and following the refurbishment of ERA department store at the Mall of Cyprus, which will be completed soon, APOLLON department store will be expanded and fully renovated to form the flagship of the Group in Limassol following the closing of OLYMPIA. It will be ready in March next year. The renovation of ZENON department store in Larnaca and KOROIVOS in Pafos will follow. According to the new plan, as of 2021, ERMES Group will operate at least one department store in each city. Specifically, in Limassol the company is currently in search of the appropriate location to operate a second department store which will replace OLYMPIA.

ERA department stores aim to become the leader in fashion and lifestyle in Cyprus and associate their name with international trends and the most interesting blend of products through the offer of multiple brands satisfying different tastes. They also adopt a new way in marketing and communication with more personal interactions and introduce innovative methods in the stores' operation by taking advantage of technology.

ERMES, the biggest retail organisation in Cyprus currently operates 71 stores, 6 of which in Greece, with more than 67,000 square meters of retail space. Specifically, besides ERA department stores, it operates stand-alone fashion franchise stores, i.e. Armani Exchange, Next, OVS, Peacocks, Navy & Green, Women'secret, ZAKO shops, Glow with cosmetics and perfumes, Artopolis bakeries and coffee shops, Venue Café, Coffee & More, Ergon To Go.

Superhome Center DIY stores continue their excellent performance and plan to operate three new stores in a year or two to reach a total of eight stores nationwide. In addition, SPAR supermarkets are in search of new locations in Nicosia and Limassol to replace as of March 2021 the supermarkets, which currently operate within OLYMPIA and CENTRAL department stores. At the same time, they are planning a dynamic expansion of their network through franchising. ERMES will also reopen its well-known branded stores at the Mall of Engomi after the completion of its renovation in February 2021.

ERMES Group is entering a new era filled with optimism.

Nicosia, 6 August 2020