

ARGO Group Limited
14 February 2020

Argo Group Limited ("AGL" or "the Company")

Re: Loan to Argo Real Estate Limited Partnership ("ARE LP")

Argo Group Limited, the independent alternative investment manager focused on global emerging markets, announces a EUR 10.2m loan ("the Loan") to ARE LP, an Irish Limited Partnership. ARE LP owns an 85% shareholding in Argo Real Estate Opportunities Fund Limited ("AREOF") whose key asset is Riviera Shopping City ("RSC") - an 85,000 sqm retail park in Odessa, Ukraine.

The Loan carries an interest rate of 9% with a final maturity of July 2027. The proceeds of the Loan have been onward lent by ARE LP to Novi Biznes Poglyady LLC ("NBP"), the asset holding company in Ukraine which directly controls the RSC, at similar terms and in accordance with the established norms of the National Bank of Ukraine. This loan will enable NBP to refinance the EUR 48.7m senior debt facility from Bank of Cyprus ("BoC") which currently supports the RSC development.

The Loan will rank junior to the EUR 40m facility being advanced by the European Bank for Reconstruction and Development ("EBRD"). In addition to the EUR 40m facility, the EBRD has also undertaken to provide a further EUR 12m loan to be used to build a 25,000 sqm extension of the RSC asset. This development, which is subject to the granting of planning consent from the local authorities, has the potential to significantly enhance the value of RSC. The refinancing from the EBRD is at a lower interest rate when compared to the BoC facility and matures in 10 years, as opposed to a final maturity of November 2022 for the BoC facility.

The Loan will rank senior to all other borrowings of NBP and the loan to value ratio of the financing covers the range between 52% and 67%. As an additional benefit from the Loan, AGL will possibly benefit from a better recovery on the outstanding EUR 8 m of unpaid fees due from AREOF. Currently, these fees due to AGL are carried at zero value. The Company believes the recovery of outstanding fees is greatly enhanced by the EBRD refinancing and the offered return is attractive compared to other alternatives.

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