

The Co-operative Bank plc

Disposal of Illius Properties Limited

The Co-operative Bank plc (the “**Bank**”) today announces that it has completed the sale of its wholly owned subsidiary, Illius Properties Limited (“**Illius**”), to Salmon Real Estate Limited (“**Salmon**”) for £157,500,000 in cash.

The main activity of Illius has been to purchase repossessed properties on an arms-length basis, with the aim of making a controlled disposal of the property at the appropriate time.

The consideration is comprised of: (i) a payment by Salmon to the Bank of £9,815,316 in cash in respect of the purchase of the shares of Illius (“**Equity Consideration**”), and (ii) Salmon repaying to the Bank in cash (on behalf of Illius) upon completion an inter-company loan of £147,166,299 owed by Illius to the Bank and (iii) a target working capital adjustment of £518,385. The Equity Consideration is subject to a post-completion adjustment based on the net debt and working capital levels of Illius at completion.

The disposal of Illius is in line with the Bank’s previously stated strategy to dispose of its non-core assets. The Equity Consideration will be used by the Bank for general corporate purposes. Illius was loss making and the disposal was broadly neutral from a profit and loss perspective.

For more information contact:

Media:

David Masters
Lansons
Phone: 07825 427514

Tony Langham
Lansons
Phone: 07979 692287

Notes to Editors:

Illius was established by Britannia Building Society with the aim of mitigating losses on properties which were at risk of repossession and for which Britannia Building Society had provided a mortgage. The main activity of Illius has been to purchase repossessed properties on an arms-length basis where mortgagors have defaulted on their loan repayments. Illius acquires such properties and lets such properties to tenants with the aim of making a controlled disposal at the appropriate time.

In the twelve month period to 4 January 2014, Illius recorded revenue of £8.90 million and a loss (before taxation) of £5.91 million. Illius’ total non-current assets were £162.26 million as at 4 January 2014.