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## **Home Retail Group plc Investment in new development opportunities**

Home Retail Group plc, the UK's leading home and general merchandise retailer, today announces it is investing in two new development opportunities.

The company has today signed heads of terms to develop the Argos retail format in India through a franchise arrangement with a joint venture company owned by leading Indian retailers Shopper's Stop Ltd and Hypercity Retail India Private Ltd.

The company also announces it has signed heads of terms to subscribe for a 33% stake in Irish homewares retailer, 'Home Store + More', subject to clearance from the relevant competition authorities.

Terry Duddy, Chief Executive Officer, commented:

"I am delighted to be able to announce today's strategic developments. The heads of terms with Shopper's Stop and Hypercity, both pioneers in the Indian retail market, gives Argos an initial foothold in what is a rapidly expanding market. Meanwhile, our investment in Home Store + More will strengthen our position in the highly fragmented homewares market through the roll-out of its format in Ireland.

These two ventures provide an exciting but cost-effective opportunity to leverage our skills, sourcing scale and capabilities over time. However, our core focus continues to be driving the organic growth opportunities within Argos and Homebase."

### **Argos franchise development in India**

Home Retail Group will franchise the Argos concept to the joint venture company and under the terms of the arrangement, Argos will be providing its brand, catalogue and multi-channel expertise and IT support. The business will be launched towards the end of the year under the 'HyperCITY-Argos' brand name, initially in the Mumbai region. At this stage, it is envisaged that the offer will be based largely on the existing Argos multi-channel proposition.

### **Strategic investment in Home Store + More**

Home Retail Group has signed heads of terms to subscribe for a 33% stake in the Home Store + More business, subject to clearance from the relevant competition authorities. Home Store + More is an out-of-town homewares retailer, currently with two stores in the Dublin area.

Home Retail Group's investment of around £7m (Euro 10m) will be used to fund an agreed plan to expand the out-of-town homewares chain in Ireland. Separate from this investment, the management team of Home Store + More will also support Home Retail Group in our own development of a homewares format in the UK in due course.

## **Enquiries**

### **Home Retail Group**

Richard Ashton	Finance Director	01908 600 291
Stuart Ford	Head of Investor Relations	
Kim Warren	Investor Relations Executive	

### **Finsbury**

Rollo Head	020 7251 3801
Alice Macandrew	

## **Notes to editors**

### *About Shopper's Stop Ltd*

Shopper's Stop is a leader in the Indian retail sector and a pioneer in setting up a large format department store chain in India. With a presence in eleven Indian cities, Shopper's Stop operates 22 department stores and has numerous other retail formats. Shopper's Stop has a proven capability of working with international partners, for example it operates a franchise agreement with Mothercare plc that has so far seen the launch of 11 stores in India with plans to open more than 40 in the next five years.

Shopper's Stop operates over one million square feet of retail space in India with more than 200 international and Indian brands sold through their stores. The company was established by K. Raheja Corp, one of the leading real estate developers in India, with interests in commercial, residential, retail and hospitality. Shopper's Stop was partially floated in India two years ago and K. Raheja Corp retains a 67% stake.

### *About Hypercity Retail India Private Ltd*

Hypercity Retail India Private Ltd is also backed by the K. Raheja Corp. The first Hypercity store opened in May 2006 with over 120,000 square feet of trading space in Mumbai. It stocks a large range of groceries, fresh foods, home products, clothing and consumer durables and offers its customers convenience, variety and value for money. Hypercity is progressing with plans for a roll out of the format in India. Shopper's Stop worked with K. Raheja Corp to develop this business and has an option to acquire 51% of the business in 2008.

### *About the Indian Franchisee Joint Venture Company*

The joint venture company will be jointly owned by Shopper's Stop Ltd and Hypercity Retail India Private Ltd. This company, will be a franchisee of Home Retail Group and will develop and operate the multi-channel offering under the HyperCITY-Argos brand name.

### *About Home Store + More*

Home Store + More is an out-of-town retailer that provides a one-stop shop for customer's homeware needs. Its stores are 20,000 square feet and sell over 15,000 homeware products offering large ranges of great value bedding, towelling, tableware, cookware, kitchenware, household electrical appliances and other home accessories.

### *About Home Retail Group*

Home Retail Group is the UK's leading home and general merchandise retailer with sales of over £5.5 billion in the last financial year. It sells products under two distinctive and complementary retail brands, Argos and Homebase, which are household names in the UK. Argos is a unique multi-channel retailer recognised for choice, value and convenience and is the UK's leading seller of general merchandise. Homebase is the UK's second largest home improvement retailer and is recognised for choice, style and customer service across the wider home enhancement market. Home Retail Group employs approximately 51,000 people, has almost 1,000 stores throughout the UK and Republic of Ireland and serves over 200 million customers a year.