

EQUITES PROPERTY FUND LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 2013/080877/06)
JSE share code: EQU ISIN: ZAE000188843
Alpha code: EQUI
(Approved as a REIT by the JSE)
(“Equites”)



DISPOSAL OF EQUITES NEWLANDS GROUP LIMITED DEVELOPMENT PLATFORM

Equites has concluded a transaction to exit from the Equites Newlands Group Limited development platform (“**Development Platform**”). This exit will occur in a series of steps:

- i) the outright sale of the special purpose vehicles (“**SPVs**”) that own interests in the sites known as Cambridge, Rushden, Junction 16 and Junction 24 (“**Initial Sale Companies**”) to a joint venture (“**Buyer**”) between Newlands UK Management Limited (“**Newlands**”) and Forum Partners;
- ii) the granting of an option to the Buyer to purchase all of the shares in the SPV which owns an interest in the site known as Thrapston upon receipt of satisfactory planning permission (“**Thrapston Option**”);
- iii) the sale of the SPVs that own interests in the sites known as Peterborough West, Egham and Goldthorpe (“**Subsequent Sale Companies**”), conditional only upon the satisfactory removal of guarantees issued by Equites;
- iv) the sites in Newport Pagnell, Basingstoke and Coton Park (“**Excluded Sites**”) are excluded from the transaction and will remain under joint control with Newlands.

This transaction is a significant step in achieving Equites’ strategic decision to reduce its capital allocation to developments in the UK considering the increased interest rate environment and the challenging return profile of developments in the region.

The transaction reduces Equites exposure to land holdings, improves the quality of its earnings and enhances its focus on investment opportunities which generate positive returns to its shareholders. The proceeds from the transaction will be utilised primarily to repay interest-bearing debt.

The total consideration is based on the net asset value of the Initial Sale Companies and the Subsequent Sale Companies, adjusted for certain risk parameters. The total consideration amounts to £10 million payable in three tranches:

- i) the first £4.5 million was paid upon conclusion of the legal agreements and sale of SPVs owning the Initial Sale Companies;
- ii) £1.5 million on the earlier of the full release of Equites guarantees in respect of the Subsequent Sale Companies or 30 June 2025, whichever occurs first. Interest will accrue on the outstanding amount at the Bank of England rate plus 4%;
- iii) the final £4 million to be deducted from the profits due to Newlands on the conclusion of the development or sale of the Excluded Sites, and from an increase of up to £1.5 million on the Thrapston Option exercise price; and
- iv) the Buyer will reimburse Equites for all expenditure paid by:
 - a. the Subsequent Sale Companies from 1 July 2024 until the earlier of the purchase of the Subsequent Sale Companies by the Buyer or 30 June 2025; and
 - b. Thrapston from the effective date of this transaction until the exercise of the Thrapston Option by the Buyer.

Interest will accrue on the outstanding amount at the Bank of England base rate plus 4%.

The carrying value of the sites included in the Development Platform amounts to £17.3 million at July 2024. Whilst the transaction will result in a loss on disposal of the Development Platform, Equites expects to recover significant profits on the Newport Pagnell development (as detailed in the SENS announcement published on 15 August 2023) and to generate profits through unlocking the remainder of the sites which remain under its control.

The Thrapston Option exercise price is £3.25 million. If the Buyer does not exercise its option, the Thrapston site will be sold on the open market.

The transaction, effective 18 July 2024, is unconditional.

As the disposal is not categorisable in terms of the JSE Listings Requirements, this is a voluntary announcement.

25 July 2024

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