

Growthpoint Properties Limited

Approved as a REIT by the JSE
(Incorporated in the Republic of South Africa)
(Registration number 1987/004988/06)
Share code: GRT
ISIN ZAE000179420
("Growthpoint")

PROPOSED CONDITIONAL DISPOSAL OF CAPITAL & REGIONAL PLC ("CAPITAL & REGIONAL") TO NEWRIVER REIT PLC ("NEWRIVER")

Capitalised terms not defined in this announcement have the meanings attributed to them in the Rule 2.4 and Rule 2.7 Announcements published by NewRiver and Capital & Regional on 18 September 2024 and 24 September 2024, respectively.

1. INTRODUCTION AND BACKGROUND

- 1.1. Shareholders are advised that Growthpoint has conditionally agreed to dispose of its entire shareholding in Capital & Regional, comprising 160,648,081 Capital & Regional shares (the "**Disposal**"), which represents approximately 69 per cent of Capital & Regional's issued ordinary share capital as of 23 September 2024 being the last Business Day immediately prior to the date of the Rule 2.7 Announcement (the "**Last Practicable Date**").
- 1.2. Capital & Regional is a United Kingdom ("**UK**") focused retail REIT, with a primary listing on the Main Market of the London Stock Exchange ("**LSE**") and a secondary listing on the Main Board of the stock exchange operated by JSE Limited ("**JSE**"), specialising in community shopping centres that provide needs-based, non-discretionary and value-oriented goods and services to their local communities.
- 1.3. The Disposal forms part of a broader transaction whereby NewRiver intends to make an offer for all the issued and to be issued ordinary share capital of Capital & Regional for a total consideration of GBP147 million, comprised of a combination of cash and new NewRiver shares ("**Purchase Consideration**") (the "**Transaction**"). Under the terms of the Transaction, Capital & Regional Scheme Shareholders will be entitled to receive for each Capital & Regional share:
 - 31.25 pence in cash; and
 - 0.41946 new NewRiver shares

implying an offer price of 62.5 pence per Capital & Regional ordinary share (the "**Offer Price**") on the basis of the Closing Price per NewRiver share of 74.5 pence on 22 May 2024 (being the last Business Day before the Offer Period commenced (the "**Offer Period Last Practicable Date**")).

- 1.4. Growthpoint has irrevocably undertaken to vote, or procure the vote, in favour of the Scheme at the Court Meeting and of the Capital & Regional Resolution(s) to be proposed at the Capital & Regional General Meeting (or, in the event that any Combination would be implemented by way of a Takeover Offer, to accept, or procure the acceptance of, such Takeover Offer). The obligations

of Growthpoint under its irrevocable undertaking shall lapse and cease to have effect in certain customary circumstances.

- 1.5. Growthpoint will receive approximately 69 per cent of the Purchase Consideration, being approximately GBP101.4 million (approximately GBP50.7 million in cash and 67.4 million new NewRiver shares, representing an approximately 14 per cent interest in the issued share capital of NewRiver (as enlarged by the acquisition of Capital & Regional) (the “**Combined Group**”), (the “**Combination**”). Following the completion of the Transaction, Capital & Regional will be delisted from the LSE and the JSE.
- 1.6. Given that the Purchase Consideration includes a share portion, Growthpoint is expected to hold approximately 14 per cent of the issued ordinary share capital of the Combined Group on implementation of the Transaction. Growthpoint has undertaken not to sell any new NewRiver Shares which may be issued to it under the Transaction: (i) for a period of five months following the Combination becoming effective without the prior written consent of NewRiver and other than through NewRiver's financial advisor; and (ii) for a further period of four months thereafter, without first giving NewRiver reasonable written notice of any such sale, in both cases subject to certain customary exceptions.

2. RATIONALE FOR THE DISPOSAL

- 2.1. Growthpoint undertook a detailed, group-wide strategic and capital allocation review with the aim of simplifying its business, identifying assets that are deemed to be non-core and directing its focus to its core assets. Whilst Growthpoint maintains its belief that Capital & Regional is an attractive platform with a high-quality portfolio of assets and strong prospects, Capital & Regional was identified by Growthpoint as a non-core asset. This is in line with Growthpoint's recently communicated strategy to simplify its business, including optimising its international investments.
- 2.2. Following the receipt of certain unsolicited expressions of interest by Growthpoint and Capital & Regional by parties interested in exploring possible offers for the shares in Capital & Regional, the Growthpoint board of directors decided to pursue the potential disposal of Growthpoint's stake in Capital & Regional.
- 2.3. The Purchase Consideration offered by NewRiver under the terms of the Transaction represents a favourable premium to Capital & Regional's closing price on the Offer Period Last Practicable Date, as detailed in paragraph 4.2 below.
- 2.4. The cash proceeds from the Disposal will be used by Growthpoint to strengthen its current balance sheet position and/or pursue select investment opportunities in line with its communicated strategy.

3. DESCRIPTION OF CAPITAL & REGIONAL

- 3.1. Capital & Regional is a UK-focused retail property REIT, owning a portfolio of tailored and centrally located community shopping centres in Edinburgh, Hemel Hempstead, Ilford, Maidstone, Walthamstow and Wood Green. Additionally, Capital & Regional owns 100 per cent of Snozone

Limited, Europe's largest indoor ski slope operator. Further details of Capital & Regional's property portfolio are provided in paragraph 8 below.

4. PURCHASE CONSIDERATION

4.1. As part of the Transaction, NewRiver will make an offer for 100 per cent of Capital & Regional's issued and to be issued ordinary shares for the Purchase Consideration, comprising:

- 31.25 pence per share in cash; and
- 0.41946 newly issued NewRiver ordinary shares

per Capital & Regional ordinary share, implying an Offer Price of 62.5 pence per Capital & Regional ordinary share based on the undisturbed share price of a NewRiver ordinary share of 74.5 pence as at the Offer Period Last Practicable Date.

4.2. The Transaction values the fully diluted ordinary share capital of Capital & Regional at approximately GBP147 million. This represents a premium of approximately:

4.2.1. 21 per cent to the undisturbed closing price of a Capital & Regional share of 51.5 pence on the Offer Period Last Practicable Date;

4.2.2. 21 per cent to the three-month volume weighted average price ("VWAP") of 51.7 pence per Capital & Regional share on the Offer Period Last Practicable Date; and

4.2.3. 18 per cent to the six-month VWAP of 53.0 pence per Capital & Regional share on the Offer Period Last Practicable Date.

4.3. Under the terms of the Transaction, Capital & Regional shareholders will, in aggregate, receive approximately 98,527,475 new NewRiver shares and, immediately following completion of the Transaction, will own approximately 21 per cent of the issued ordinary share capital of the Combined Group (based on the existing issued ordinary share capital of NewRiver and the issued ordinary share capital of Capital & Regional as at the Last Practicable Date).

4.4. The Transaction will result in Growthpoint receiving approximately GBP50.7 million in cash together with a 14 per cent interest in the issued share capital of the Combined Group.

4.5. The cash consideration payable by NewRiver pursuant to the terms of the Transaction will be funded from NewRiver's existing cash resources, including the net proceeds of the Placing (as announced on 18 September 2024, pursuant to which NewRiver raised net proceeds of GBP48.6 million, in aggregate). The cash consideration is priced in pounds sterling.

4.6. In addition, pursuant to the terms of the Transaction:

4.6.1. Capital & Regional shareholders will be entitled to receive and retain an interim dividend declared by Capital & Regional in respect of the six-month period to 30 June 2024 of 2.85 pence per Capital & Regional Share, which is expected to be paid on 27 September 2024; and

- 4.6.2. Capital & Regional shareholders will, once they have become NewRiver shareholders following completion of the Transaction, be entitled to receive an interim dividend to be declared by NewRiver in respect of the six-month period to 30 September 2024 of no less than 3.0 pence per NewRiver share, which is equivalent to 1.3 pence per Capital & Regional share. In the event that NewRiver's dividend record date falls before the effective date of the Transaction, Capital and Regional will be entitled to declare and pay a further interim dividend of 1.3 pence per Capital & Regional share without any reduction being made to the Offer Price.

5. INTENTIONS FOR RESIDUAL STAKE IN NEWRIVER

- 5.1. Growthpoint has undertaken not to sell any new NewRiver shares which may be issued to it under the Transaction (i) for a period of five months following any Combination becoming effective without the prior written consent of NewRiver and other than through NewRiver's financial adviser; and (ii) for a further period of four months thereafter, without first giving NewRiver reasonable written notice of any such sale, in both cases subject to certain customary exceptions.
- 5.2. Following the expiry of the above period, Growthpoint may look to sell down its residual stake, in line with its communicated strategy to simplify its business and optimise its international investments.

6. CONDITIONS PRECEDENT TO THE TRANSACTION

- 6.1. The Combination will be subject to the Conditions and the further terms referred to in Appendix 1 of the Rule 2.7 Announcement and the full terms and conditions to be set out in the Scheme Document, and will only become effective if, among other things, the following events occur on or before the Long Stop Date 30 April 2025 (or such later date as NewRiver and Capital & Regional may, with the consent of the Panel, agree and, if required, the Court may allow):
- 6.1.1. The receipt of approval from the Financial Conduct Authority (“FCA”) to the proposed change of control of a regulated entity within the Capital & Regional Group;
- 6.1.2. A resolution to approve the Scheme is passed by a majority in number of the Scheme Shareholders present and voting (and entitled to vote) at the Court Meeting (or at any adjournment thereof), whether in person or by proxy, representing 75 per cent or more in value of each class of the Scheme Shares held by those Scheme Shareholders;
- 6.1.3. The Capital & Regional Resolution(s) are passed at the Capital & Regional General Meeting by the requisite majorities, whether in person or by proxy;
- 6.1.4. The NewRiver Combination Resolution(s) is or are passed at the NewRiver General Meeting by simple majority votes cast, whether in person or by proxy;
- 6.1.5. The FCA having acknowledged to NewRiver or its agent (and such acknowledgement not having been withdrawn) that the application for the admission of the new NewRiver shares to the Equity Shares (Commercial Companies) category of the Official List has been approved and (after satisfaction of any conditions to which such approval is expressed to

be subject) will become effective as soon as a dealing notice has been issued by the FCA and any listing conditions having been satisfied;

6.1.6. The LSE having acknowledged to NewRiver or its agent (and such acknowledgement not having been withdrawn) that the new NewRiver shares will be admitted to trading on the Main Market of the LSE;

6.1.7. Following the Capital & Regional Meetings and the NewRiver General Meeting, the Scheme is sanctioned by the Court (without modification, or with modification on terms agreed by NewRiver and Capital & Regional with the consent of the Panel); and

6.1.8. Following such sanction, a copy of the Scheme Court Order is delivered to the Registrar of Companies.

7. EFFECTIVE DATE OF THE DISPOSAL

7.1. The Combination and Disposal will become effective following the satisfaction or waiver (as applicable) of the conditions precedent referred to above on or before the Long Stop Date. It is expected that the Combination will become effective in early 2025.

8. IMMOVABLE PROPERTIES

Details of Capital & Regional's Immovable Properties are as follows:

Property name	Location	Effective date of acquisition	Gross lettable area (m ²)	Gross rental (annum/m ²) (GBP)	Property value as at 30 June 2024 ⁽¹⁾ (GBP'm)
Hemel Hempstead	London	05 February 2016	31 587	90.56	9.8
Ilford	London	07 March 2017	28 800	158.76	62.3
Maidstone	London	14 July 2014	39 948	97.55	31.3
Gyle	Edinburgh	06 September 2023	38 462	143.42	42.0
Walthamstow	London	14 July 2014	26 942	172.41	77.0
Wood Green	London	14 July 2014	58 529	185.35	152.5
Total			224 268	145.73	374.9

1. Property values are as per Capital & Regional's June 2024 annual financial results. As part of the Transaction, Independent Valuations were performed by Knight Frank and CBRE, which each valued the properties in the portfolio. The total Capital & Regional portfolio valuation derived by CBRE was GBP374.9 million.

9. FINANCIAL INFORMATION

- 9.1. As at 30 June 2024, being the date of the last published interim financial results of Capital & Regional, prepared in accordance with International Financial Reporting Standards (“IFRS”), the value of the net assets and profit after tax attributable to Capital & Regional was GBP204 million and GBP4.5 million, respectively.
- 9.2. As at 30 June 2024, 100 per cent of the consolidated total property assets of Capital & Regional, as reflected in Growthpoint’s annual financial statements, was ZAR9.2 billion, accounted for according to International Accounting Standards (“IAS”) 21 The Effects of Changes in Foreign Exchange Rates. The statement of financial position includes 100 per cent of the assets and liabilities of Capital & Regional, converted at the closing exchange rate of ZAR23.01:GBP1 at 30 June 2024 (Growthpoint’s financial year end).
- 9.3. As at 30 June 2024, Growthpoint’s distributable income attributable to its investment in Capital & Regional of ZAR173.9 million (ZAR103.6 million at 30 June 2023), included a dividend from Capital & Regional of 5.8 pence per share (5.5 pence per share for 30 June 2023).

10. CATEGORISATION OF THE DISPOSAL

- 10.1. The Disposal constitutes a Category 2 transaction for Growthpoint in accordance with the JSE Limited Listings Requirements, and no related parties are involved in the Disposal. Accordingly, it does not require the approval of Growthpoint shareholders.

Sandton

25 September 2024

Lead Financial Advisor and Transaction Sponsor to Growthpoint
Rand Merchant Bank, a division of FirstRand Bank Limited

Joint Financial Advisor to Growthpoint
Dial Partners LLP