

7 February 2024

Palace Capital plc
("Palace Capital" or the "Company")

DISPOSALS AND DEBT UPDATE

Palace Capital (LSE: PCA) announces an update on disposals and its debt position since the Company last reported on 15 November 2023.

FY24 Disposals

- The Company has unconditionally exchanged or completed on the sale of three investment properties for £15.2 million which, after adjusting for rent incentives, is 2.3% below the March 2023 valuation. The sales comprised: Bridge Park, East Grinstead for £7.2 million; High Street, Sutton for £3.6 million; and Lendal & Museum Street, York for £4.4 million.
- Several properties are currently under offer which, if they all complete in the next few months, will provide the Company with various options for returning capital to shareholders, including a tender offer.
- Sales activity at Hudson Quarter continues with two apartments totalling £1.4 million under offer, leaving 16 units remaining.

Balance Sheet and Debt

- The Company utilised part of the sale proceeds to fully repay its floating rate £5.6 million loan with Barclays, on which the most recent interest rate was at 7.1%. Consequently, the Company only has the Scottish Widows debt facility of £8.3 million outstanding, which is at a fixed interest rate of 2.9% until July 2026.
- Only one asset is secured against the Scottish Widows loan, therefore every other investment property and all residential apartments are unencumbered, thus enabling the Company to have complete control over the timing of future disposals.
- As at 6 February 2024, gross debt was £8.3 million and cash reserves totalled £5.6 million, resulting in net debt of £2.7 million and a proforma LTV of 2.5%.

Commenting on today's update, Steven Owen, Executive Chairman said:

"Against the backdrop of challenging property and financial markets, we have continued to progress our disposal and debt reduction strategy with the result that the Company is in a strong financial position with the entire portfolio virtually unencumbered. It is expected that further progress regarding disposals and options for returning capital to shareholders, including a tender offer, will be announced in the coming months."

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