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Palace Capital PLC
18 April 2024

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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 announced on 7 February 2024.

Disposals

- The Company has unconditionally exchanged or completed on the sale of five investment properties for £15.3 million which, after adjusting for rent incentives, is 5.7% and 3.7% below the March and September 2023 valuations respectively. The sales comprised:
    - Kiln Farm, Milton Keynes for £6.5 million;
    - Sandringham House, Harlow for £3.3 million;
    - Unit 5, Harnham Business Park, Salisbury for £3.2 million;
    - Kings Park House, Southampton for £2.1 million;
    - and a small car park in Northampton for £0.2 million.
- The completion of these sales now provides the Company with various options for returning capital to shareholders, including a tender offer. Further properties are currently under offer which, if they all complete in the next few months, will provide additional cash for returning to shareholders.
- Sales activity at Hudson Quarter continues with one apartment completed for £0.6 million and five apartments totalling £2.7 million under offer, leaving 12 units remaining. Assuming these sales complete the proceeds together with the apartment completed for £0.6 million will be 2.1% and 1.5% below the March and September 2023 valuations respectively.
- Since 1 April 2023, the Company has unconditionally exchanged or completed on the sale of 23 investment properties for £103.4 million which is 3.1% ahead of the 31 March 2023 valuation.

Balance Sheet and Debt

- Since 1 April 2023, the Company has repaid £56.0 million of floating rate debt and now has only one debt facility remaining, which is at a fixed interest rate of 2.9% until July 2026.
- The effect of these latest sales is to put the Company into a net cash position and as at 17 April 2024, gross debt was £8.3 million and proforma cash reserves totalled £29.2 million, resulting in net cash of £20.9 million and £19.5 million after the payment of the interim dividend of 3.75 pence per share on 19 April 2024, as previously announced.
- Since the start of the share buyback programme in July 2022, the Company has returned £21.9 million to shareholders by purchasing c.8.8 million shares at an average price of 248 pence per share.

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

"Notwithstanding challenging property and financial markets, we have continued to progress our disposal strategy with the result that the Company is now in a substantial net cash position. We expect to announce a significant return of capital to shareholders, likely through a tender offer, in due course and ahead of the Company's preliminary results for the year ended 31 March 2024 which are scheduled to be reported in June."

Palace Capital plc
Steven Owen, Executive Chairman
info@palacecapitalplc.com

Financial PR
FTI Consulting
Dido Laurimore / Giles Barrie
Tel: +44 (0)20 3727 1000
palacecapital@fticonsulting.com

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