

24 July 2024

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

DISPOSALS AND CASH UPDATE

Palace Capital (LSE: PCA) announces a disposals and cash update ahead of its Annual General Meeting ("AGM") being held later today and following the announcement of its FY24 preliminary results on 6 June 2024.

Disposals

- The Company has unconditionally exchanged or completed on the sale of two investment properties for £12.3 million which, after adjusting for rent incentives and promoter costs, is 2.9% below the March 2024 valuation. The blended net running yield after deducting void costs is 1.7%. The sales comprised:
 - Boulton House, Manchester for £8.8 million, completed 22 July 2024
 - Nicholson Gate, Fareham for £3.5 million, completion due mid January 2025
- We announced in the FY24 preliminary results that we had conditionally exchanged on a self-contained office unit at 3B St James' Gate, Newcastle to an owner occupier for £0.7 million, 69% above the value as at 31 March 2024 and are under offer to sell Copperfields, Dartford. Both of these sales are expected to complete in the next few weeks.
- Sales activity at Hudson Quarter continues with three apartments completed for £1.6 million and one exchanged for £0.4 million, leaving 13 units remaining. Upon completion the proceeds for the four apartments sold will be 3.4% ahead of the March 2024 valuation.
- As previously announced, an additional tender offer is likely to take place later in the year as further property sales are completed. The Company is also seeking authority at today's AGM to buy back up to 5.6m shares which represents c.19.5% of the issued share capital following the tender offer noted below.

Cash

- On 13 June 2024, the Company announced a tender offer to purchase up to 8,667,760 shares at a price of 250 pence per share for a maximum aggregate cash consideration of up to £21.67 million. On 11 July 2024 it was announced that the tender offer was oversubscribed and therefore the Company would be returning the maximum amount of £21.67 million cash to those shareholders who had tendered their shares. This represented approximately 23% of the Company's then issued share capital.
- Since the change in strategy was announced in July 2022, cash returned to shareholders from the tender offer and the share buyback programmes totals over £43.5 million.
- The Company has been in a net cash position since April 2024 and as at 22 July 2024, gross debt was £8.2 million and proforma cash assuming all exchanged properties complete was £20.5 million, resulting in net cash of £12.3 million. Subject to shareholder approval at today's AGM of the final fourth quarter dividend of 3.75 pence per share, payable on 23 August 2024, proforma net cash is £11.2 million.

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

"Since the announcement of our annual results in June, we have continued to progress our disposal and return of capital strategy and have recently delivered a successful tender offer to support this process. Since July 2022, we have returned over £43 million of cash to shareholders and expect to announce a second tender offer later in the year.

"At an operational level, the Company continues to make good progress with its asset management activities and will report further on these in due course.

"Given its strong cash position, the Company remains well placed in terms of flexibility and optionality regarding the timing of its disposal programme and other strategic initiatives."

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