

Caffyns plc ("Caffyns")

Sale of freehold property at Brooks Road, Lewes

Caffyns announces that it has entered into an agreement (the "**SPA**") with Lidl Great Britain Limited (the "**Purchaser**") for the sale of its freehold premises at Brooks Road, Lewes (the "**Premises**") (the "**Disposal**"). Consideration for the Disposal is £4.65 million (the "**Consideration**") to be paid in cash by the Purchaser on completion of the SPA ("**Completion**"). Completion is subject solely to the successful outcome of ground surveys on the Premises, to be conducted by the Purchaser. Completion of the agreement for sale is required within a four-month period.

Caffyns has operated its Lotus Sussex franchised dealership ("**Lotus Sussex**") from a showroom building at the Premises since 2021, when it regained possession of the Premises following the expiry of lease arrangements entered into with Harwoods Limited for the operation of the Jaguar Land Rover franchised dealership sold to Harwoods Limited by Caffyns in 2016. Since 2021, part of the Premises has been sublet to third party tenants on short leases.

As a term of the Disposal, Caffyns has been granted an occupational lease at a peppercorn rent to enable it to continue to operate Lotus Sussex from the Premises from Completion until the end of October 2025, ahead of its relocation.

As at 31 March 2024, the gross asset value of the Premises in Caffyns' audited accounts was £4.65 million. In the year ended 31 March 2024, the Premises generated a rental income before tax of £0.08 million. Further financial information is shown at Appendix 1 to this announcement.

The directors of Caffyns (the "**Directors**") consider the Premises to be surplus to the Company's long-term operational needs and that, in the directors' opinion, the Disposal is in the best interests of Caffyns' shareholders as a whole.

The Caffyns Pension Fund (the "**Fund**"), which, as at the date of this announcement, is in a deficit position, holds a security charge over the Premises. To maintain the financial position of the Fund post Completion, the Fund will receive £2.40 million of the Consideration and new security charges over other freehold property owned by Caffyns with a value of at least £2.25 million (the "**Security**"). Once the Security is in place, the remaining £2.25 million of the Consideration will be released to Caffyns and will be used to reduce its bank borrowing levels and facilitate additional working capital.

After allowing for costs, the Disposal is not expected to produce any meaningful profit or loss and, therefore, is not expected to impact materially upon Caffyns' net asset position. Interest savings from utilising part of the Consideration to reduce Caffyns' bank borrowings is expected to offset the loss of rental income from the Premises, with no meaningful net impact on Caffyns' future earnings.

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29 October 2024

Appendix 1 - Financial information

A pro-forma unaudited balance sheet for Caffyns is shown below to illustrate the expected effect of the freehold property disposal. The balance sheet has been extracted from the audited financial statements for the year ended 31 March 2024.

	Pre-sale of property at 31 March 2024 £'000	Freehold property sale £'000	Post-sale of property at 31 March 2024 £'000
Non-current assets			
Right-of-use assets	2,343	-	2,343
Property, plant and equipment	38,714	-	38,714
Investment properties	7,216	(4,650)	2,566
Interest in lease	65	-	65
Goodwill	286	-	286
Deferred tax asset	568	-	568
	49,192	(4,650)	44,542
Current assets			
Inventories	42,251	-	42,251

Trade and other receivables	7,310	-	7,310
Interest in lease	160	-	160
Current tax recoverable	190	-	190
Cash and cash equivalents	438	2,250	2,688
	50,349	2,250	52,599
Total assets	99,541	(2,400)	97,141
Current liabilities			
Interest-bearing bank overdrafts and loans	1,445	-	1,445
Trade and other payables	45,597	-	45,597
Lease liabilities	501	-	501
	47,543	-	47,543
Net current assets	2,806	2,250	5,056
Non-current liabilities			
Interest-bearing bank loans	10,308	-	10,308
Lease liabilities	2,106	-	2,106
Preference shares	812	-	812
Retirement benefit obligations	10,036	(2,400)	7,636
	23,262	(2,400)	20,862
Total liabilities	70,805	(2,400)	68,405
Net assets	28,736	-	28,736
Capital and reserves			
Share capital	1,439	-	1,439
Share premium account	272	-	272
Capital redemption reserve	707	-	707
Non-distributable reserve	1,724	-	1,724
Retained earnings	24,594	-	24,594
Total equity attributable to shareholders	28,736	-	28,736

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