

The information contained within this announcement is deemed by the Company to constitute inside information pursuant to Article 7 of EU Regulation 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 as amended. Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

24 April 2025

Lords Group Trading plc
(‘Lords’, the ‘Company’ or the ‘Group’)

Property Transaction

Lords, a leading distributor of building materials in the UK, announces that it has exchanged binding agreements with Gempoint 2000 Limited for the sale and leaseback by the Group of four of Lords’ freehold properties (the ‘Properties’) for an aggregate cash consideration on disposal of £13.1 million (the ‘Sale’). The Properties, all within the Merchandising division, are locations from which the Group’s businesses operate in Tamworth, Dewsbury, Luton and Ilkeston and will be leased back to the Group on fifteen-year leases (the ‘Leaseback’ and together with the ‘Sale’, the ‘Transaction’).

The net proceeds from the Sale will be applied towards reducing Group borrowings, and in doing so will provide additional liquidity headroom capable of supporting the Group’s organic growth strategy as well as selective acquisitive growth opportunities in the future.

Pursuant to the Leaseback, the aggregate initial rent across the Properties will be £917,082 per annum and the rent on each property will be subject to five yearly upward only rent review at the higher of RPI (of not less than 1% and capped at 4%) compounded annually.

Following the Sale proceeds being applied to reducing Group’s borrowings, the ongoing cash flow impact of the Transaction is expected to be broadly neutral as the additional rent payable will be offset by reduced interest payments. The balance sheet will be impacted in the current year by a right of use asset of approximately £4.4 million and an IFRS 16 lease liability of £9.0 million. At 31 December 2024, the Properties had an unaudited aggregate book value of £6.5 million and a property gain of approximately £2.0 million is expected to result from the Transaction.

The Transaction follows a competitive marketing process using a property agent, Knight Frank, and the Board has considered alternative offers received from independent third parties.

Shanker Patel, the Group’s CEO, is majority owner and a director of Gempoint 2000 Limited. As a result, Gempoint 2000 Limited is a related party of the Company, and the Transaction is therefore a related party transaction for the purposes of Rule 13 of the AIM Rules for Companies.

The independent directors of the Company (being Gary O’Brien, Stuart Kilpatrick, Sheena Mackay and Andrew Harrison) consider, having consulted with Lords’ nominated adviser, that the terms of the Transaction are fair and reasonable insofar as the Company’s shareholders are concerned.

Commenting on the transaction, Stuart Kilpatrick, Chief Financial Officer of Lords, said:

"We are pleased to announce this transaction which will not only significantly enhance the Group’s balance sheet but also support our strategy of scaling the business through organic growth, as evidenced by the recent branch openings in Maidstone, Mansfield and Bicester, as well as through selective acquisition opportunities that exist in the fragmented markets in which we operate."

- Ends -

FOR FURTHER ENQUIRIES:

Lords Group Trading plc
Stuart Kilpatrick, Chief Financial Officer

Via Burson Buchanan
Tel: +44 (0) 20 7466 5000

Cavendish Capital Markets Limited
(Nominated Adviser and Joint Broker)
Ben Jeynes / Dan Hodkinson (Corporate Finance)
Julian Morse / Henry Nicol / Charlie Combe (Sales and ECM)

Tel: +44 (0)20 7220 0500

Berenberg (Joint Broker)
Matthew Armitt / Harry Nicholas / Detlir Elezi

Tel: +44 (0)20 3207 7800

Burson Buchanan
Henry Harrison-Topham / Stephanie Whitmore / Abby Gilchrist

Tel: +44 (0) 20 7466 5000
LGT@buchanan.uk.com

Notes to editors:

Lords is a specialist distributor of building, plumbing, heating and DIY goods. The Group principally sells small to medium sized plumbing and heating merchants, construction companies and retails directly to the general public.

The Group operates through the following two divisions:

Merchanting: supplies building materials and DIY goods through its network of merchant businesses and online platform capabilities. It operates both in the 'light side' (building materials and timber) and 'heavy side' (civils and landscaping), through 31 locations in the UK.

Plumbing and Heating: a specialist distributor in the UK of plumbing and heating products to a UK network of independent merchants, installers and the general public. The division offers its customers an attractive proposition through a multi-channel offering. The division operates at over 16 locations enabling nationwide next day delivery service.

Lords was established over 35 years ago as a family business with its first retail unit in Gerrards Cross, Buckinghamshire. Since then, the Group has grown into a business operating from 47 sites.

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