

# ACQUISITION OF CATHEDRAL GROUP (HOLDINGS) LIMITED

## 14 May 2014

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# Acquisition overview

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- Acquisition of Cathedral Group (Holdings) Limited – a privately owned Greater London and South East of England mixed-use regeneration developer with a focus on public-private partnerships

## **Acquisition adds nine residential-led, mixed-use developments to current portfolio - enhances project pipeline and potential for increased trading gains from FY 2015 (see slide 4)**

- Includes seven projects totalling over 4.5 million sq. ft. namely:
  - Telegraph Works in Greenwich
  - Morden Wharf in Greenwich\*
  - The Deptford Project in Deptford
  - St. Mark's Square in Bromley
  - The Old Vinyl Factory in Hayes\*
  - Circus Street in Brighton
  - Spirit of Sittingbourne in Kent
- In addition, two development opportunities totalling 582,700 sq. ft., where the acquisition of the sites is at an advanced stage of negotiation:
  - The Albany in Deptford
  - Preston Barracks in Brighton

## **Acquisition strengthens senior management and project delivery teams**

- Board strengthened with two new members – Richard Upton set to join as Executive Director, Barry Bennett set to join as Non Executive Director
- 25 other Cathedral employees to join the Group, enhancing its capacity to undertake more projects at any one time

\*an existing 50:50 JV project with Cathedral

## Consideration structure and financing effects

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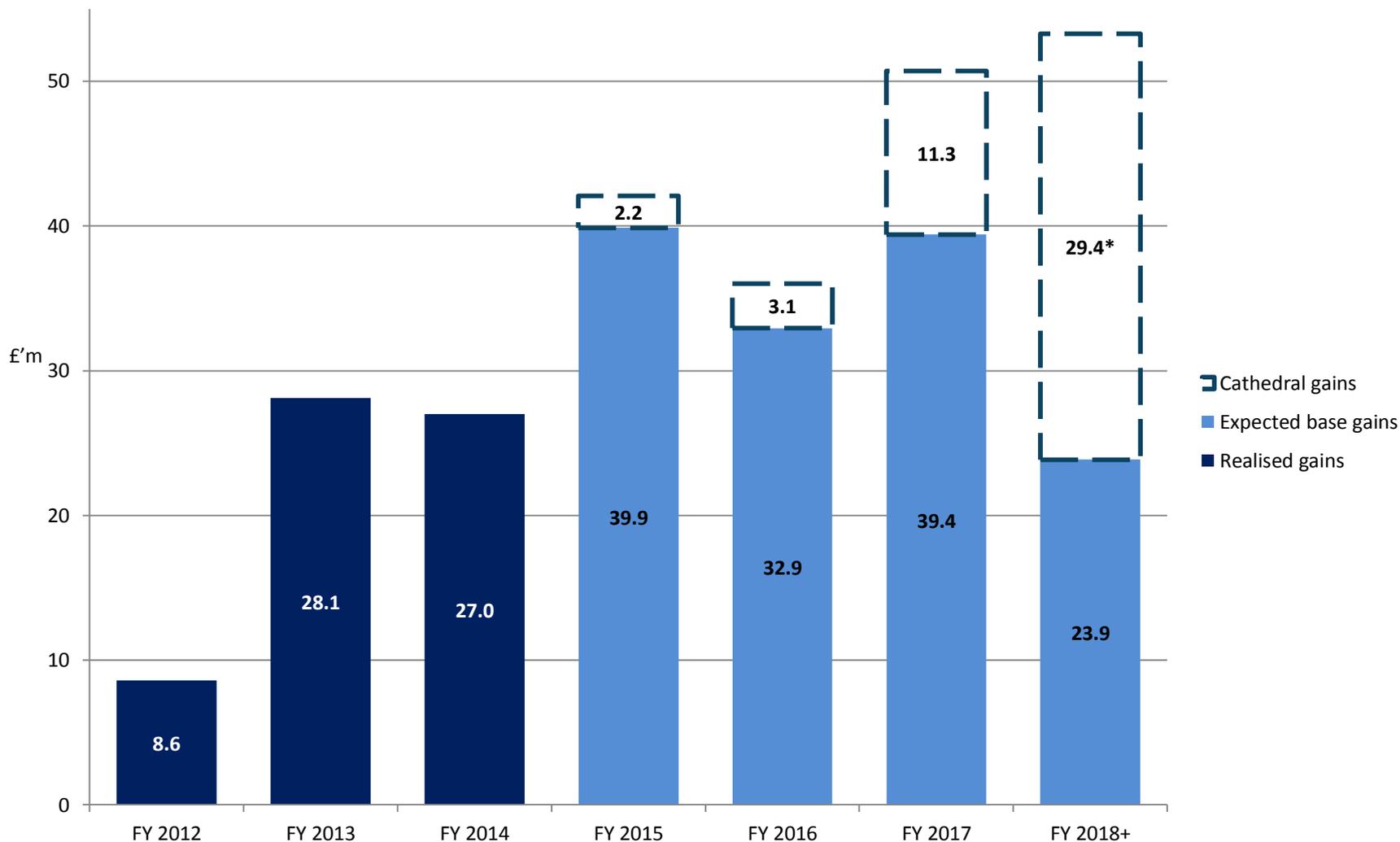
- The consideration payable comprises a number of elements:
  - Initial consideration of £20.9 million comprising:
    - £17.5 million – initial consideration payable upon completion in:
      - £11.5 million of cash from existing resources
      - £6.0 million in new ordinary shares at 233.5 pence per share\*, equating to 2.6 million shares. The shares will be locked up for a 42-month period (subject to limited customary exceptions) following completion
    - £3.4 million – deferred consideration payable in instalments of £1.2 million in May 2015 and £2.2 million in May 2016
  - £2.5 million – deferred consideration payable upon completing the acquisition of one of the development opportunities
  - c.£4.0 million\*\* – contingent consideration payable in respect of Preston Barracks and Morden Wharf based on the performance of these projects and the overall performance of the acquired portfolio
- Transaction expected to have a minimal impact on earning per share in FY 2015 with enhanced earnings flowing as development projects are delivered over the coming years

\*representing the average of the middle market quotations for the Company's shares for the ten business days preceding this announcement

\*\*based on current business plan assumptions for individual assets

# Potential for enhanced gains over the medium-term

*Current expectations of gains to be released across development and trading portfolio including Cathedral*



\*includes gains from Preston Barracks where acquisition of site is in advanced stages of negotiation

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