

ACQUISITION OF CATHEDRAL GROUP (HOLDINGS) LIMITED

14 May 2014

Acquisition overview

- 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

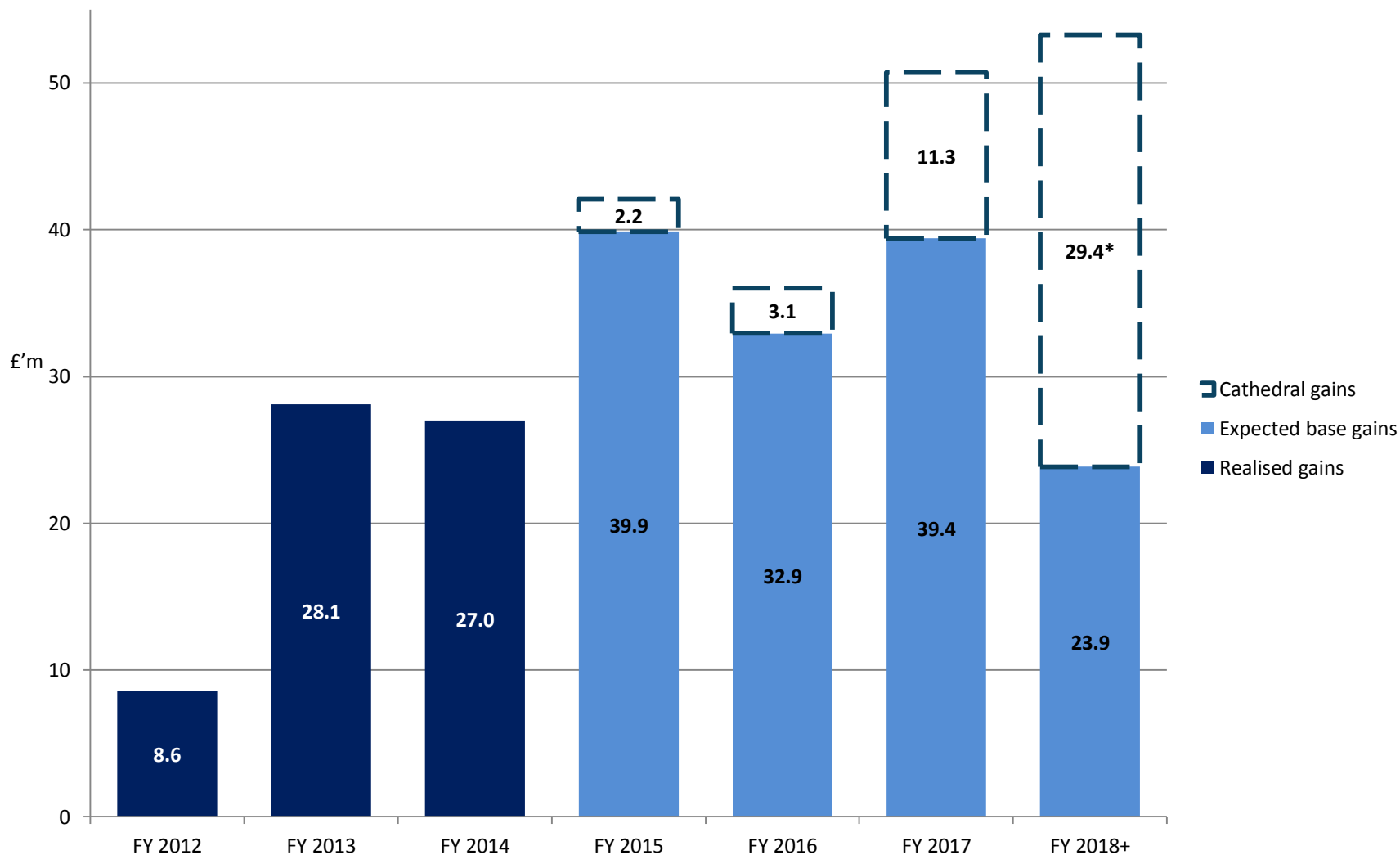
- The consideration payable comprises a number of elements:
 - Initial consideration of £20.9 million comprising:
 - £17.5 million – initial consideration payable upon completion in:
 - £11.5 million of cash from existing resources
 - £6.0 million in new ordinary shares at 233.5 pence per share*, equating 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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