



ARBUTHNOT BANKING GROUP PLC

20 July 2022

Arbuthnot Banking Group PLC

Sale of long leasehold property

Arbuthnot Banking Group PLC ("Arbuthnot" or the "Group") today announces that its subsidiary, Arbuthnot Latham & Co., Ltd (the "Bank"), has reached a conditional agreement with Glory Development UK Property Holding Co Limited, to sell its long leasehold West End office property known as 20 King Street.

The completion is conditional on receiving consent from the Crown Estate who are the owners of the freehold.

This is part of the previously announced plan to exit non-core assets to focus the Group on achieving its capital efficient "Future State" plan (see the Annual Report & Accounts).

The offer for the building is initially valued at £60m or a yield of 3.75% being settled in cash. Given that the building is in the process of being let out, following an extensive refurbishment and upgrade, there are two subsequent purchase price adjustments.

Firstly, any tenant incentives that are outstanding at the time of completion will be deducted from the proceeds. Secondly, an adjustment will be made for the void period required to find the remaining tenants to fill the building. This will be made via an escrow account and will be limited to up to 12 months of the expected rental income for each vacant floor.

Currently a tenancy agreement in place for the ground and the fourth floor is expected to be finalised before completion takes place. Negotiations are ongoing with interested parties for the remaining first, second and third floors.

The building is recorded on the balance sheet at £60.6m. The deduction for unexpired incentives is expected to be £2.4m and the void period deduction is anticipated to be £0.96m with an average of 6 months to complete the letting process.

The cash consideration will form part of the normal funding resources of the bank with its surplus liquidity being held at the Bank of England ("BoE"), which is currently earning 1.25% being the BoE base rate. The transaction will also release £8.4m of capital that will be allocated according to the "Future State" plan, which has been previously announced by the Group and sets out the optimal usage of capital for the development of the businesses.

Enquiries:

Arbuthnot Banking Group

020 7012 2400

Sir Henry Angest, Chairman and Chief Executive
Andrew Salmon, Group Chief Operating Officer
James Cobb, Group Finance Director

**Grant Thornton UK LLP (Nominated Adviser and
AQSE Exchange Corporate Adviser)**

020 7383 5100

Colin Aaronson
Samantha Harrison
George Grainger
Ciara Donnelly

Shore Capital (Sole Broker)

020 7408 4090

Daniel Bush
David Coaten
Tom Knibbs

Maitland/AMO (Financial PR)

020 7379 5151

Sam Cartwright