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NS Disposal

SALE OF MQE AND SETTLEMENT OF LEGAL PROCEEDINGS

ANNINGTON FUNDING PLC

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ANNINGTON FUNDING PLC
(incorporated with limited liability in England and Wales)

17 DECEMBER 2024

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF THE MARKET ABUSE REGULATION (EU) 596/2014 AS IT FORMS PART OF DOMESTIC LAW OF THE UNITED KINGDOM BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018, AS AMENDED ("EUWA") ("UK MAR").

SALE OF MQE UNITS TO MOD

Annington is pleased to announce that it has agreed the sale of its interests in the Married Quarters Estate ("MQE") to the Ministry of Defence ("MOD"). The MQE comprises approximately 36,000 properties located in England and Wales, together with adjoining land. Exchange of contracts in relation to the sale occurred on 16 December 2024, and the transaction will close on 9 January 2025.

The terms of the sale are as follows:

- Save in relation to units identified below, Annington will surrender its 999-year lease of all the remaining MQE units to the MOD.
- In consideration for the surrender of the lease of these units, MOD will pay to Annington £5,994,500,000. This amount will be paid upon the transaction closing.
- MOD will continue to pay rent on the MQE until closing and, including rent for the quarter in advance on closing, such rent is anticipated to be c.£10.3-10.5 mln.
- To the extent not already surrendered, the MOD will surrender its leasehold interest in 159 units, which have already been identified to Annington within c. 4 months of closing, and Annington will acquire the freehold of those units thereafter. MOD served notices to terminate the leases of these units prior to exchange, in accordance with the terms of its prior arrangements with Annington.
- The MOD will transfer to Annington additional property with an aggregate value of £55 mln following closing. The MOD will identify these within 12 months of closing and Annington will acquire the freehold of these units thereafter.
- Annington and the MOD will continue to work together following closing to secure the separation of the units handed back to Annington by the MOD which utilise utilities supplied by the MOD within 3 years of the date of exchange, subject to an extension of more than 5 years.
- All other contractual arrangements between Annington and the MOD relating to the MQE will be terminated on closing.
- All actual or potential claims between the parties in connection with the MQE will be settled, (save for leases where there have been hand backs that have been completed or instigated), including the existing proceedings in relation to the MOD's attempts to enfranchise the MQE.

Following the transaction, Annington will have a portfolio of non-MQE assets and will continue to be a property investment company with a long-term business plan to invest in UK residential real estate assets.

Stephen Leung
Chief Financial Officer

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This notice is released by Annington Funding plc and contains information that qualified or may have qualified as inside information for the purposes of Article 7 of UK MAR. For the purposes of UK MAR and Article 2 of Commission Implementing Regulation (EU) 2016/1055 as it forms part of domestic law of the United Kingdom by virtue of the EUWA, this announcement is made by Stephen Leung, Chief Financial Officer of Annington Limited.

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