

RNS

## Agreement reached in relation to MQE Site Review

### ANNINGTON FUNDING PLC

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## **ANNINGTON FUNDING PLC**

*(incorporated with limited liability in England and Wales)*

### **Agreement reached between Annington and the MOD in relation to the Married Quarters Estate Site Review process.**

We are pleased to announce that Annington and the Ministry of Defence (MOD) have reached a settlement of the Site Review process relating to the rent payable by the MOD in relation to the Married Quarters Estate (MQE). This settlement applies the awards given by the arbitral panel chaired by Lord Neuberger PC to date across the MQE as a whole. Reaching this settlement now avoids the need to complete the remaining site review/arbitration process, which was expected to run into the middle of 2023, and results in a material saving in both time and cost for both parties.

Under the settlement, the MOD will continue to pay rent at the current prevailing downward adjustment of 58.0% from open market rental levels until the dates on which the new rents become payable, which fall between 2021 and 2024. Upon these dates the MOD will pay rent with a downward adjustment of 49.6% from open market rental levels until the next Site Review. This downward adjustment will be applied equally to all sites in the MQE.

Annington and the MOD have also agreed that at the next Site Review in 15 years, the same agreed downward adjustment of 49.6% will be applied. This will avoid the need for a full Site Review at that time, and mean that the next full Site Review will take place between 2051 and 2054. This provides both sides with greater certainty and allows the parties to avoid a further costly and lengthy process in 15 years' time.

Annington and the MOD have also agreed to a number of terms that strengthen their relationship and provide benefits to both parties. This is part of the mutual goal of working closer together on the broader MQE.

#### Appendix

In addition to the overall rental adjustment, Annington and the MOD have agreed to a number of other terms, including:

- As part of the 2019 Agreement, the MOD agreed to release a minimum of 500 properties per annum for an initial period of seven years, whilst in return Annington agreed to waive up to £7,000 of dilapidations for each property released. As part of this settlement the parties have agreed to reduce the minimum number of properties released in each year to 375, commencing in the year to 31 March 2022. The 375 releases is calculated on a 2-year average within a 3-year period, with the MOD also agreeing to release a minimum of 250 properties per annum.
- In addition to this, Annington have agreed to the handback by the MOD of certain properties with a waiver of all associated dilapidations in relation to the properties. This consist of 87 units at a site in Brize Norton and 85 units at a site in Uxbridge.

For further information, please contact:

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