

Marshall Monteagle PLC
(Incorporated in Jersey)
(Registration No. 102785)
(External Registration No. 2010/024031/10)
JSE CODE: MMP ISIN: JE00B5N88T08
("Marshall's" or "the Company")



DISPOSAL OF IMMOVABLE PROPERTY IN CALIFORNIA, UNITED STATES OF AMERICA AND THE RENTAL ENTERPRISE CONDUCTED THEREON

1. INTRODUCTION

Marshall's shareholders ("**Shareholders**") are advised that on 27 December 2023 (the "**Signature Date**") the Company via its wholly owned subsidiary, Stromesa Court LLC (the "**Seller**"), concluded the commercial terms of a purchase and sale agreement with escrow instructions (the "**Disposal Agreement**") in terms of which it will, subject to the fulfilment of certain suspensive conditions, dispose of its investment property, consisting of the immovable property known as 7949 Stromesa Court Industrial Park, in San Diego, California, United States of America ("the **Property**") to Birtcher Anderson & Davis Inc, a California corporation ("the **Purchaser**"). In terms of the Disposal Agreement the Seller shall assign all its rights and title to the lease agreements in respect of the Property ("the **Leases**") and thereby dispose of the rental enterprise conducted thereon ("the **Rental Enterprise**") to the **Purchaser** (collectively the "**Disposal**"). The consideration for the Disposal is an amount of US\$26.5 million ("the **Consideration**"), which is payable in cash as detailed in paragraph 4.2 below.

The Purchaser is a Californian property investment corporation and is not a related party of the Company. The beneficial owners of the Purchaser are Mr AB Birtcher, Mr RM Anderson, Mr R Thiergartner and Mr D Karcher.

2. RATIONALE AND BACKGROUND TO THE DISPOSAL

Marshall's is an investment company but does not meet the definition of an "investment entity" under International Financial Reporting Standards ("**IFRS**"). It is listed on the JSE Limited ("**JSE**") and has a wide and diversified range of investments. The Company and its subsidiaries is a multinational enterprise that, as well as investments in industrial and commercial properties and listed equities, provides procurement, logistics and trading in various hard and soft commodities, industrial raw materials, consumer food and non-food products which fall broadly into the following categories:

- a portfolio of stock market investments in blue chip international listed companies;
- financing and trading operations on an international basis; and
- a portfolio of industrial properties in the United States of America and South Africa.

The Company's objective is to invest for the long term and to generate reliable profits, cash flow and dividends for its shareholders, thereby achieving capital growth for the benefit of all stakeholders. The performance of the investments is monitored and regularly reviewed by the board of directors of the Company ("the **Board**").

The Property is Marshall's only investment property outside South Africa and is owned by the Seller, a wholly owned subsidiary of Monteagle Inc (USA), which is a wholly owned subsidiary of Monteagle Properties (UK) Limited, a wholly owned subsidiary of the Company and has a separate management structure. The Board has resolved to simplify the structure of the Marshalls group by means of the Disposal thereby releasing funds for reinvestment. In the near term such reinvestment will be directed to the Marshall group's portfolio of blue chip international listed companies.

3. SUBJECT MATTER OF THE DISPOSAL

The subject matter of the Disposal is the Property, which comprises a multi-tenanted light industrial property in California, located on a 5,35 acre site, centrally located in the Miramar Area of San Diego, California, the zoning of which allows for a mix of light industrial and office use. The Property consists of a single storey building with a floor area of 107,624 square foot, split into 22 units and 113 parking spaces. The Property is currently fully let to 12 small business tenants in terms of the Leases that typically are for 3 or 5 years and often renewed. All leases are triple net Leases where Tenants pay their pro-rated share of the Property's operating expenses, such as real estate taxes, monthly insurance and building maintenance, on a monthly basis. Income generated by the Rental Enterprise conducted on the Property, excluding common area expenses and recharges, is US\$119,000 per month.

4. TERMS OF THE DISPOSAL

The Purchaser will acquire the Property and the Rental Enterprise from the Seller on the terms and conditions set out below:

4.1 *Suspensive Conditions*

The Disposal is subject to the fulfilment, *inter alia*, the following outstanding suspensive conditions:

- 4.1.1 In terms of the Disposal Agreement the Purchaser shall have 45 calendar days from Signature Date to conduct a due diligence exercise in respect of the Property and Rental Enterprise ("**Due Diligence**");
- 4.1.2. In terms of the Disposal Agreement the Disposal shall be subject to the escrow arrangement, detailed in paragraph 4.2 below, which is usual in property transactions of this nature in terms of the laws of California; and
- 4.1.3 Marshalls shall have obtained the approval of Shareholders at a general meeting of Shareholders convened for that purpose of the Disposal as required pursuant to section 9 of Listings Requirements of the JSE.

4.2 *The Consideration , Effective Date and Application of Proceeds*

The aggregate purchase price payable by the Purchaser to the Seller for the Property will be US\$26.5 million Rand (R492 438 900) (the "**Consideration**"). The Consideration is payable, as follows:

- 4.2.1 the parties have appointed Chicago Title Company, California as the escrow holder ("**Escrow Holder**"), for the purpose of opening an escrow account ("**Escrow**") to complete the Disposal.
- 4.2.2 a deposit of US\$530 000 (R9 848 778) is payable in cash within 3 business days from the Signature Date into Escrow ("the **Deposit**");
- 4.2.3 upon satisfactory completion of the Due Diligence and the submission to the Escrow Holder of all documentation required in terms of the laws of California, which shall include, *inter alia*, the following:
- 4.2.3.1 an executed preliminary change in ownership status;
- 4.2.3.2 an executed agreement for the assignment of the Leases in preparation for the transfer of the Rental Enterprise;
- 4.2.3.3 an executed grant deed in preparation for the transfer of the Property; and
- 4.2.3.4 confirmation that the suspensive condition detailed in paragraph 4.1.3 above has been fulfilled,

the effective date of the Disposal shall occur.

In terms of the Disposal Agreement the effective date shall occur 30 calendar days after conclusion of the 45 day Due Diligence period (the **Effective Date**"). The Effective Date of the Disposal shall be the date on which:-

- the Escrow Holder shall cause the transfer of the Property and Rental Enterprise to be registered;
- the Purchaser shall pay the balance of the Consideration in cash into Escrow; and
- the Escrow Holder shall pay the full Consideration to the Seller.

The Consideration will be applied by the Company to repayment of the mortgage bond registered over the Property in the amount of US\$5, 341 million, as at 30 September 2023, and to assist in funding its further investments as detailed in paragraph 1 above.

4.3 Additional Significant Terms of the Disposal Agreement

In terms of the Disposal Agreement for the period between the satisfactory conclusion of the Due Diligence and the Effective Date the Seller shall not execute any new leases with respect to the Property or amend any of the existing Leases affecting the Property or execute any maintenance contracts or other agreements with respect to the Property which shall be binding on Purchaser after the Effective Date without the Purchaser's prior written consent.

4.4 Profit / Losses and net asset value attributable to the Property

The audited after-tax profit of the subject matter of the Disposal, for the year ended 31 March 2023, was US\$758,000 while the audited net asset value at 31 March 2023 was US\$19,825,000.

The unaudited after-tax profit of the subject matter of the Disposal, for the six months ended 30 September 2023, was US\$361,000 while the unaudited net asset value at 30 September 2023 was US\$19,825,000.

These figures have been extracted from the Company's latest annual and interim financial statements and have been prepared in accordance with International Financial Reporting Standards.

4.5 Warranties and indemnities

The Purchaser and the Seller have given each other such warranties and indemnities as are usual in transactions of this nature.

5. CATEGORISATION OF THE DISPOSAL

The Disposal is classified as a category 1 transaction in terms of the Listings Requirements of the JSE and requires the approval of Shareholders in a general meeting. A circular incorporating a notice convening the general meeting and setting out information regarding the Disposal, including the valuation of the Property by independent professional valuers and such financial information on the subject of the Disposal as is required by the JSE Listings Requirements, will be despatched to Shareholders in due course.

United Kingdom
2 January 2024

JSE Sponsor to the Company



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