

## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

The definitions and interpretations commencing on page 5 of this Circular apply *mutatis mutandis* throughout this Circular, including this cover page.

### ACTION REQUIRED BY MARSHALLS SHAREHOLDERS

- This entire Circular is important and should be read with particular attention to the section titled “*Action Required by Marshalls Shareholders*”, which commences on page 2 of this Circular.
- If you are in any doubt as to what action you should take, you should consult your CSDP, Broker, banker, legal advisor, accountant or other professional advisor immediately.
- If you have disposed of all of your Shares, please forward this Circular together with the attached form of proxy, to the purchaser of such Shares or the Broker or other agent through whom you disposed of such Shares.
- **Marshalls does not accept responsibility and will not be held liable for any failure on the part of the CSDP or Broker of any holder of Dematerialised Shares to notify such Dematerialised Shareholder of the Disposal and actions set out in this Circular.**

The General Meeting convened in terms of this Circular will be held at its registered office at 2nd Floor, Gaspé House, 66-72 Esplanade, St Helier, Jersey, JE1 1GH on Tuesday 19 March 2024 at 11:00 UK time and 13:00 SA time.



(Incorporated in Jersey)  
(Registration number: 102785)  
(External registration number: 2010/024031/10)  
JSE Code: MMP ISIN: JE00B5N88T08  
("Marshalls" or "the Company")

## CIRCULAR TO MARSHALLS SHAREHOLDERS

Regarding:

the proposed disposal of the immovable property known as 7949 Stromesa Court Industrial Park, in San Diego, California, United States of America and the leases in respect thereof to Birtcher Anderson & Davis Inc, a California corporation for US\$26.5 million payable in cash, which disposal constitutes a category 1 transaction in terms of the Listings Requirements of the JSE Limited and requires shareholder approval;

and incorporating:

- a notice convening the General Meeting; and
- a form of proxy in respect of the General Meeting (for use by Certificated Shareholders and Dematerialised Own-Name Shareholders only)

TRANSACTION SPONSOR



INDEPENDENT REPORTING ACCOUNTANT  
and AUDITOR



REPORTING ACCOUNTANT SPECIALIST



Date of Issue: **Tuesday, 20 February 2024**

This Circular is available in English only. Copies of this Circular may be obtained during normal business hours from the registered offices of Marshalls, the Transaction Sponsor and the Transfer Secretaries at their respective addresses set out in the “Corporate Information and Advisors” section of this Circular, from the date of issue hereof until the date of the General Meeting. An electronic copy of this Circular will be available on the Company’s website [www.citygroup.com/marshall-monteagle-plc/](http://www.citygroup.com/marshall-monteagle-plc/) from the date of distribution of this Circular.

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## CORPORATE INFORMATION AND ADVISORS

### REGISTERED OFFICE OF MARSHALLS

2<sup>nd</sup> Floor, 66-72 Esplanade  
Gaspé House  
St Helier  
Jersey, JE1 1 GH

11 Sunbury Park  
La Lucia Ridge Office Estate  
La Lucia, 4051  
(PO Box 4126, The Square 4021)  
South Africa

### Date and place of incorporation of Marshalls

2010, Jersey

### COMPANY SECRETARY

City Group PLC  
Suite 1.01, Central Court  
25 Southampton Buildings  
London  
WC2A 1AL  
United Kingdom

### TRANSFER SECRETARIES

#### Jersey

Computershare Investor Services (Jersey) Limited  
(Registration number 75005)  
13 Castle Street  
St. Helier  
Jersey, JE1 1ES

#### South Africa

Computershare Investor Services Proprietary Limited  
(Registration number 2004/003647/07)  
Rosebank Towers, 15 Biermann Avenue  
Rosebank, Johannesburg, 2196  
(Private Bag X9000, Saxonwold, 2132)

### TRANSACTION SPONSOR AND JSE SPONSOR

Questco Proprietary Limited  
(Registration number 2002/005616/07)  
Ground Floor, Block C, Investment Place  
10th Road,  
Hyde Park, 2196

### AUDITORS AND INDEPENDENT REPORTING ACCOUNTANTS

Grant Thornton Limited  
(Registration number 98924)  
St James Place  
St James Street  
St Peter Port  
Guernsey, GY1 2NZ

### REPORTING ACCOUNTANT SPECIALIST

SizweNtsalubaGobodo Grant Thornton Inc  
(Registration number: 2005/034639/21)  
Building 4, Summit Place Office Park  
221 Garstfontein Road  
Menlyn, 0081  
(Private Bag X2008, Menlyn, 0063)

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## ACTION REQUIRED BY MARSHALLS SHAREHOLDERS

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*The definitions and interpretations commencing on page 5 of this Circular apply mutatis mutandis to the following section on action required by Marshalls Shareholders.*

Please take careful note of the following provisions regarding the action required by Marshalls Shareholders.

- The General Meeting, convened in terms of the Notice incorporated in this Circular, will be held at the Company's registered office at 2nd Floor, Gaspé House, 66-72 Esplanade, St Helier, Jersey, JE1 1GH, on Tuesday, 19 March 2024 commencing at 11:00 UK time and 13:00 SA time, to consider and, if deemed fit, to pass, with or without modification, the Resolutions set out in the Notice.
- This Circular contains information relating to the Disposal. You should carefully read this Circular and decide how you wish to vote on the Resolutions to be proposed at the General Meeting.
- If you have disposed of all of your Shares, this Circular should be handed to the purchaser of such Shares or the CSDP, Broker, banker, attorney or other agent who disposed of your Shares for you.
- If you are in any doubt as to what action to take, please consult your CSDP, Broker, banker, attorney, accountant or other professional advisor immediately.

### 1. DEMATERIALIZED SHAREHOLDERS

You are entitled to attend in person, or be represented by proxy, at the General Meeting. You must **not** however, complete the attached form of proxy. You must advise your CSDP or Broker timeously if you wish to attend or be represented at the General Meeting. If your CSDP or Broker does not contact you, you are advised to contact your CSDP or Broker and provide them with your voting instructions. If your CSDP or Broker does not obtain instructions from you, they will be obliged to act in terms of your mandate furnished to them. If you do wish to attend or be represented at the General Meeting, your CSDP or Broker will be required to issue the necessary letter of representation to you to enable you to attend or to be represented at the General Meeting.

***Marshalls does not accept responsibility and will not be held liable for any failure on the part of the CSDP of a Dematerialised Shareholder to notify such Shareholder of the General Meeting or any business to be conducted thereat.***

### 2. CERTIFICATED SHAREHOLDERS AND DEMATERIALIZED OWN NAME SHAREHOLDERS

You are entitled to attend, or be represented by proxy, at the General Meeting. If you are unable to attend the General Meeting, but wish to be represented thereat, you must complete and return the attached form of proxy, in accordance with the instructions contained therein, to be received by the Transfer Secretaries, Computershare Jersey, at e-mail address:

[#UKCSBRS.ExternalProxyQueries@computershare.co.uk](mailto:#UKCSBRS.ExternalProxyQueries@computershare.co.uk), or by post to: c/o the Pavilions, Bridgwater Road, Bristol, BS99 6ZY or Computershare SA at e-mail address: [proxy@computershare.co.za](mailto:proxy@computershare.co.za) or by post to: Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 (Private Bag X9000, Saxonwold, 2132) , and for administrative purposes only to be received by no later than 11:00 UK Time and 13:00 SA time on Friday, 15 March 2024. Any form of proxy not delivered by this time may be delivered to the Transfer Secretaries at the General Meeting prior to its commencement, or at any time prior to voting on any of the Resolutions proposed at the General Meeting.

### 3. FORM OF PROXY

A Form of Proxy as attached to this Circular for those Shareholders who wish to be represented at the General Meeting. Kindly complete the Form of Proxy in accordance with the instructions therein, following which, the completed and signed Form of Proxy must be delivered to the Transfer Secretaries. If you are a Certificated or own-name Dematerialised Shareholder, you are requested to complete and return the proxy form whether or not you intend to attend the General Meeting.

Shareholders are encouraged to appoint the Chairman or some other person who will be attending the General Meeting as their proxy (by submitting their Form of Proxy by post or by email to Computershare Jersey at [UKCSBRS.ExternalProxyQueries@computershare.co.uk](mailto:UKCSBRS.ExternalProxyQueries@computershare.co.uk) for shareholders on the Jersey register and to Computershare SA at [Proxy@Computershare.co.za](mailto:Proxy@Computershare.co.za) for shareholders on the South African register as soon as possible.

To be effective, the proxy form, duly completed, must arrive at the registered office of the Company not less than forty-eight hours before the time fixed for the meeting, being 11:00 UK time and 13:00 SA time on Friday, 15 March 2024. Proxy forms sent to the office of the

Transfer Secretaries for forwarding to the Company, at shareholders' risk, must be received by the Transfer Secretaries not less than forty-eight hours before the time fixed for the meeting, being 11:00 UK time 13:00 SA time on Friday, 15 March 2024 at the following respective addresses:

**Jersey/United Kingdom Shareholders:**

Computershare Investor Services (Jersey) Limited  
c/o the Pavilions  
Bridgwater Road  
Bristol, BS99 6ZY

**South African Shareholders:**

Computershare Investor Services (Proprietary) Limited  
15 Biermann Avenue  
Rosebank  
2196 South Africa  
Private Bag X9000, Saxonwold, 2132

**4. VOTING PROCEDURE AND QUORUM FOR THE GENERAL MEETING**

The quorum requirement for the General Meeting to begin and for any matter to be decided at the General Meeting is that at least three Shareholders shall be present in person or represented by proxy and entitled to vote at the General Meeting on matters to be decided by Shareholders.

Voting will be performed by way of a poll so that each Shareholder present or represented by way of proxy will be entitled to vote the number of Shares held or represented by him or her.

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## SALIENT DATES AND TIMES

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**2024**

Record Date for Shareholders to be recorded in the Register in order to receive this Circular	Friday, 9 February
Circular containing the Notice convening the General Meeting posted to Shareholders on	Tuesday, 20 February
Notice convening the General Meeting published on SENS on	Tuesday, 20 February
Last Day to Trade in Shares in order to be recorded in the Register to vote at the General Meeting on (see note 3 below)	Tuesday, 5 March
Record Date for Shareholders to be recorded in the Register in order to be eligible to vote at the General Meeting	Friday, 8 March
Forms of proxy for the General Meeting, if lodged with the Transfer Secretaries, to be received by 11:00 UK Time and 13:00 SA Time on (see note 4 below)	Friday, 15 March
General Meeting held at 11:00 UK Time and 13:00 SA Time on	Tuesday, 19 March
Results of the General Meeting published on SENS on	Tuesday, 19 March

### Notes:

1. The definitions and interpretations commencing on page 5 of this Circular apply, *mutatis mutandis*, to this information on important dates and times.
2. The above dates and times are subject to amendment. Any amendment to the dates and times will be published on SENS.
3. Shareholders should note that as transactions in Shares are settled in the electronic settlement system used by Strate, settlement of trades in South Africa takes place three Business Days after such trade. Persons who acquire Shares after the Last Day to Trade will therefore not be eligible to vote at the General Meeting.
4. A Shareholder may submit a form of proxy at any time before the commencement of the General Meeting (or adjourned or postponed General Meeting)
5. If the General Meeting is adjourned or postponed, forms of proxy submitted for the initial General Meeting will remain valid in respect of any adjournment or postponement of the General Meeting.

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## DEFINITIONS AND INTERPRETATIONS

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In this Circular, and the annexures hereto, unless otherwise stated or the context otherwise clearly indicates, the words in the first column shall have the meaning stated opposite them in the second column. Words in the singular shall include the plural and *vice versa*, words signifying any one gender shall include the other genders and references to natural persons shall include juristic persons and associations of persons:

“Acres”	a unit of area utilised in the USA customary measurement systems, where one acre is equivalent to 4047 square meters;
“Annual Financial Statements”	the audited consolidated financial statements of Marshalls for the year ended 31 March 2023, published on SENS on 21 June 2023;
“Articles of Association”	the memorandum and articles of association of Marshalls, or as the context may require, any or all of its Subsidiaries;
“Board” or “Directors”	the current board of directors of Marshalls whose names are set out on page 10 of this Circular;
“CAM”	common area expenses as applied to the Property;
“Cents”	South African cents;
“Certificated Shares”	Shares represented by share certificates or other physical Documents of Title, which have not been surrendered for Dematerialisation in terms of the requirements of Strate;
“Certificated Shareholders”	Shareholders who hold Certificated Shares in Marshalls;
“Circular”	this bound document distributed to Shareholders, dated Tuesday, 20 February 2024, including its annexures, the Notice and the form of proxy;
“Companies (Jersey) Law”	the Companies Law of Jersey, Law 30 of 1991, as amended;
“Computershare SA”	Computershare Investor Services Proprietary Limited (Registration number 2004/003647/06), a private company duly incorporated in accordance with the laws of South Africa, the South African transfer secretary of the Company;
“Computershare Jersey”	Computershare Investor Services (Jersey) Limited (Registration number 75005), a company with limited liability duly incorporated in accordance with the Companies (Jersey) Laws, the Jersey registrar of Marshalls;
“CSDP”	a Central Securities Depository Participant that holds in custody and administers securities or an interest in securities and that has been registered as a participant by a licensed central securities depository in terms of the Financial Markets Act;
“Dematerialised” or Dematerialisation”	the process by which Certificated Shares are converted to, or held in an electronic form as uncertificated Shares and are recorded in the sub-register of Shareholders maintained by a CSDP;
“Dematerialised Shares”	Shares which have been incorporated into the Strate system and which are no longer evidenced by certificates or other physical Documents of Title;

“Dematerialised Shareholders”	Shareholders who hold Shares which have been Dematerialised in terms of the requirements of Strate;
“Dematerialised Own-Name Shareholders”	Dematerialised Shareholders who have instructed their CSDP to hold their Shares in their own name on the sub-register;
“Disposal”	the proposed disposal, subject to the Suspensive Conditions, of the Property by the Seller to the Purchaser for the Disposal Consideration, on the terms and conditions of the Disposal Agreement as detailed in this Circular;
‘Disposal Agreement’	the sale and purchase agreement with Escrow instructions between the Seller and the Purchaser containing the terms and conditions of the Disposal and including the assignment of the Leases, dated 27 December 2023;
“Disposal Consideration”	the amount of US\$ 26.5 million payable by the Purchaser to the Seller in terms of the Disposal Agreement as detailed in paragraph 3.2 of this Circular, being the aggregate purchase price payable for the Property and the Leases;
“Documents of Title”	share certificates, certified transfer deeds, balance receipts or any other physical documents of title pertaining to the Marshalls Shares in question acceptable to the Board;
“Effective Date”	the effective date of the Disposal, being the date of registration of transfer of the Property to the Purchaser and receipt of the Disposal Consideration by the Seller as detailed in paragraph 3.2 of this Circular;
“EGI”	effective gross income, being the potential gross income of a property, plus other forms of income generated by that property and minus vacancy and credit costs relating to that property;
“EPS”	Earnings Per Share;
“Escrow”	the escrow arrangement contained in the Disposal Agreement and as detailed in paragraph 3.2 of the Circular;
“Escrow Agent”	Chicago Title Company, located at 4911 Birch Street, Newport Beach, California 92660, USA;
“GBA”	gross building area, being the total floor area of a building, measured in SF;
“General Meeting”	the general meeting of Shareholders to be held at 11:00 UK Time and 13:00 SA Time on Tuesday, 19 March 2024, to consider and if deemed fit, to approve, with or without modification, the Resolutions proposed in the Notice of General Meeting;
“Group” or “Marshalls Group”	Marshalls and its Subsidiaries from time to time;
“HEPS”	Headline Earnings Per Share;
“Historical Financial Information”	the report of historical financial information on the subject matter of the Disposal, being the Property, represented by the carve-out financial statements of the Property for the periods ended 30 September 2021, 31 March 2022 and 31 March 2023, and the six months to 30 September 2023, which are annexed to this Circular as Annexure 4;
“IFRS”	International Financial Reporting Standards as issued by the board of the

	International Accounting Standards Committee, from time to time;
“Independent Reporting Accountant” or “Grant Thornton”	Grant Thornton Limited, a company duly incorporated in accordance with the laws of Guernsey, the auditor of Marshalls and the independent reporting accountant in respect of the <i>pro forma</i> financial information the Historical Financial Information contained in the Circular and Annexure 3 and 5 thereto;
“Independent Valuer”	Shawn Horn of Bluewater Appraisal Services Inc., a California State Certified General Appraiser, with certification number AG036030, California, of 721 Manzita Street, Carlsbad, California 92011, USA, the independent registered property valuer, whose summary valuation report is annexed to this Circular as Annexure 1;
“JSE”	JSE Limited (Registration number 2005/022939/06), a public company duly incorporated in accordance with the laws of South Africa, licensed as an exchange under the Financial Markets Act;
“JSE Listings Requirements” or “Listings Requirements”	the Listings Requirements of the JSE, as amended from time to time;
“Last Day to Trade”	Tuesday, 5 March 2024, being the last day to trade in the Shares in order to be reflected in the Register on the Record Date;
“Last Practicable Date”	the last practicable date prior to the finalisation of the Circular, being Tuesday, 13 February 2024;
“Leases”	the lease agreements in respect of the Property between the Seller and the tenants of the Property, all of the rights and title in respect of which will be assigned to the Purchaser in terms of the Disposal Agreement and the details of which are set out in paragraph 2.2.2 of this Circular;
“Marshalls” or “the Company” or “the Group”	Marshall Monteagle PLC (Registration number 102785 and External registration number: 2010/024031/10), a public company duly incorporated and registered in Jersey, Channel Islands, with limited liability under the Companies (Jersey) Law, the ordinary Shares of which are listed on the main board of the JSE;
“Marshalls Shareholders” or “Shareholders”	registered holders of Marshalls Shares;
“Marshalls Shares” or “Ordinary Shares” or “Shares”	ordinary shares in the capital of Marshalls with a par value of one cent each;
“NAV”	Net Asset Value;
“Notice”	the notice of General Meeting forming part of this Circular in terms of which the General Meeting is convened;
“NNN” or “Triple Net”	“leases where Tenants pay their pro-rated share of the Property’s operating expenses, such as utilities, real estate taxes, monthly insurance, and common area expenses and interior building maintenance, on a monthly basis”
“NRA”	net rentable area, being the total area of a property that can be leased to a tenant, measure in SF, equivalent to gross lettable area in South Africa;
“NTAV”	Net Tangible Asset Value;
“Own-Name Registration”	the registration of Shareholders who hold Dematerialised Shares and are recorded by the CSDP on the sub-register kept by that CSDP in the name of such Shareholder;

“Parties”	the Seller and the Purchaser;
“Pro Forma Financial Information”	the consolidated <i>pro forma</i> statement of financial position and the consolidated <i>pro forma</i> statement of profit or loss and other comprehensive income of Marshalls reflecting the <i>pro forma</i> effects of the Disposal as set out in paragraph 5 and Annexure 2 of this Circular;
“Property”	the immovable property known as 7949 Stromesa Court Industrial Park, in San Diego, California, United States of America, and the Leases in respect thereof, the further details of which are set out in paragraph 2.2.1 of this Circular.
“Purchaser”	Birtcher Anderson & Davis Associates Inc, a Californian Corporation incorporated in accordance with the laws of California, USA, a property investment corporation, the beneficial owners of which are Mr AB Birtcher, Mr RM Anderson, Mr R Thiergartner and Mr D Karcher;
“Rand” or “R”	Rand, the legal currency of South Africa;
“Reporting Accountant Specialist”	SizweNtsalubaGobodo Grant Thornton (Registration number 2005/034639/21), a company duly incorporated in accordance with the laws of South Africa, the reporting accountant specialist in respect of the <i>pro forma</i> financial information and the Historical Financial Information contained in the Circular and Annexure 3 and Annexure 5 thereto;
“Record Date”	Friday, 8 March 2024, being the date on which Shareholders must be recorded in the Register in order to vote at the General Meeting;
“Register”	the securities registers of Marshalls maintained by the Transfer Secretaries in South Africa and Jersey including Marshalls’ uncertificated securities register;
“Resolutions”	the ordinary resolutions contained in the Notice, which will be tabled at the General Meeting and in terms whereof Shareholders will, subject to the passing thereof, approve the Disposal, as is required in terms of the JSE Listings Requirements;
“SAICA Guide”	the Revised Guide on <i>Pro Forma</i> Financial Information issued by the South African Institute of Chartered Accountants;
“SA Time”	South African Standard Time;
“Seller” or “Stromesa”	Stromesa Court LLC, a limited liability company incorporated in accordance with the laws of California, USA, a wholly owned Subsidiary of Monteagle Inc (USA), which is a wholly owned Subsidiary of Monteagle Properties (UK) Limited, which is a wholly owned Subsidiary of Marshalls;
“SENS”	the Stock Exchange News Service of the JSE;
“SF”	square foot, the unit of area utilised in the USA customary measurement systems, where one square foot is equivalent to 0.09290304 square meters;
“Signature Date”	the date of signature of the Disposal Agreement, being Tuesday, 27 December 2023;
“SOCl”	consolidated statement of profit and loss and comprehensive income;
“SOFP”	consolidated statement of financial position;

“South Africa”	the Republic of South Africa;
“Strate”	Strate Proprietary Limited (Registration number 1998/022242/07), a private company duly incorporated in accordance with the company laws of South Africa and a registered central securities depository which operates the electronic settlement for transactions that take place on the exchange operated by JSE and off-market transactions;
“Subsidiary”	a subsidiary as defined in Article 2 of the Companies (Jersey) Law;
“Suspensive Conditions”	certain outstanding suspensive conditions to the Disposal, as detailed in paragraph 3.1 of this Circular;
“Transaction”	the proposed Disposal of the Property by the Seller to the Purchaser on the terms and conditions detailed in this Circular;
“Transfer Secretaries”	Computershare Jersey and Computershare SA, referred to collectively or individually, as the context may indicate;
“UK Time”	Greenwich Mean Time;
“USA”	the United States of America;
“US\$” or “US Dollar”	US Dollars, the legal currency of the USA; and
“VAT”	Value Added Tax in terms of the Value Added Tax Act, 1991 (Act 89 of 1991), as amended.



Marshall Monteagle PLC  
(Incorporated in Jersey)  
(Registration number: 102785)  
(External registration number: 2010/024031/10)  
JSE Code: MMP ISIN: JE00B5N88T08  
("Marshalls" or "the Company")

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## DIRECTORS

### INDEPENDENT NON-EXECUTIVE:

RC Kerr (Chairman)  
BCB Newman  
DJ Douglas

### NON-EXECUTIVE:

DC Marshall

### EXECUTIVE:

WH Marshall (*Chief Executive Officer*)  
EJ Beale (*Group Financial Director*)

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## CIRCULAR TO MARSHALLS SHAREHOLDERS

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### 1. INTRODUCTION AND PURPOSE OF THIS CIRCULAR

#### 1.1 Introduction

Shareholders are referred to the announcement published on SENS on 2 January 2024, wherein they were advised that Marshalls had, via its wholly owned Subsidiary, Stromesa, concluded the Disposal Agreement with the Purchaser, to dispose of the Property for the aggregate Disposal Consideration of US\$ 26.5 million, to be settled in cash as detailed in paragraph 3.2 of this Circular. In terms of the Disposal Agreement the Seller shall assign all its right and title in the Leases to the Purchaser.

The Disposal is subject to certain suspensive conditions and constitutes a category 1 transaction in terms of the Listings Requirements and accordingly must be approved by a majority of Shareholders by way of an ordinary resolution.

## 1.2 Purpose of this Circular

The purpose of this Circular is to provide Shareholders with the requisite information in accordance with the JSE Listings Requirements regarding the Disposal and to enable Shareholders to make an informed decision as to how they will vote in respect of the Resolutions set out in the Notice of General Meeting incorporated in this Circular.

## 2. THE DISPOSAL

### 2.1 Background, Rationale and Strategy

Marshalls is an investment company but does not meet the definition of an “investment entity” under International Financial Reporting Standards. The Company is incorporated as a public limited company in Jersey, Channel Islands. It operates in accordance with the Companies (Jersey) Law and its Articles of Association.

Its activities in Jersey comprise the central supervision and control of the Group’s investments in its operating subsidiaries and the supervision of property investments and a general investment portfolio. The US dollar is the currency used for investment decision making and the monitoring of the performance of investments.

Marshalls is listed on the main board of the 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.

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.

The Purchaser is a Californian property investment corporation and is not a related party of Marshalls.

2.2 Subject Matter of the Disposal

2.2.1 The Property

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, with all improvements thereon, all personal property located thereon or used in connection therewith, which is owned by the Seller and all intangible property used in connection therewith, which is owned by the Seller. The Property consists of a single storey building with a floor area of 107,604 square foot, split into 22 units, currently utilised as 12 suites with an average unit size of 8,967 SF and 113 parking spaces. The details of the Property are summarised as follows:

Site, Improvements and Condition:

*Building Data*

Property Type:	Industrial/Distribution
Building Size:	107,604 SF
Year Built:	1980
Present Condition:	Average
Remaining economic life:	30 Years
Number of buildings:	One
Number of stories:	One

*Site Data*

Lot Size:	5.35 Acres; 232,640 SF
Topography:	Level; at street grade
Shape:	Generally Rectangular
Zoning:	IL-2-1 (Light Industrial)

<i>Space Type</i>	<i>1st Floor</i>	<i>2nd Floor</i>	<i>Totals</i>
Office/Showroom Build-out	10,760	N/A	10,760 (10%)
Warehouse	96,484	N/A	96,484 (90%)
Total SF (Gross Building Area)	107,604	N/A	107,604 (100%)

2.2.2 The Leases

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. Eight of the 12 units are leased on a longer-term basis with more than 36 months remaining on their lease terms. All leases are Triple Net Leases where Tenants pay their pro-rated share of the Property’s operating expenses, such as utilities, real estate taxes, monthly insurance, and common area expenses and interior building maintenance, on a monthly basis. Income generated by the Leases, excluding common area expenses and recharges, is US\$119,342 per month. In terms of the Disposal Agreement the Seller will assign all of its rights and title in the Leases to the Purchaser. The Leases are summarised as follows:

Unit Designator	Tenant Name	Unit SF (GBA/NRA)	% NRA	Lease Term		Mo. Rem.	Current Rent/Mo.		CAM Reim.	
				Start	End		Total	\$/SF	/Mo.	/SF
A-E	EI&C Solutions, dba: Rapid Packout, Inc	10,080	9.4%	1/1/2020	12/31/2024	13	\$10,325	\$1.02	\$3,024	\$0.30
B-N	D.A.M. Bindery, Inc., dba: The Bindery	9,400	8.7%	12/1/2008	11/30/2024	12	\$8,907	\$0.95	\$2,820	\$0.30
C,D,P,R,S	Action Powder Coating, Inc.	23,500	21.8%	1/1/2018	12/31/2027	49	\$23,500	\$1.00	\$7,050	\$0.30
F-T	Finch Realty	9,400	8.7%	2/1/2019	12/31/2026	37	\$11,750	\$1.25	\$2,820	\$0.30
G,H,U,V	Right Manufacturing, LLC	18,800	17.5%	6/1/2001	6/30/2024	7	\$18,702	\$0.99	\$5,640	\$0.30
J	C&O Stoneworks and A&O Stoneworks	4,700	4.4%	6/1/2018	5/31/2027	42	\$5,405	\$1.15	\$1,410	\$0.30
K	Daily's Workshop, LLC	4,700	4.4%	4/1/2022	12/31/2026	37	\$4,841	\$1.03	\$1,410	\$0.30
L	GD Tile and Stone Co.	4,700	4.4%	4/1/2018	6/30/2028	55	\$5,640	\$1.20	\$1,410	\$0.30
M	Rainbow Imports, Inc.	8,224	7.6%	9/1/2018	8/31/2028	57	\$9,458	\$1.15	\$2,467	\$0.30
W	Northwest Surfacing Specialist, LLC dba SYNLaw	4,700	4.4%	10/1/2020	9/30/2024	10	\$5,875	\$1.25	\$1,410	\$0.30
X	Daily's Workshop, LLC	4,700	4.4%	1/1/2024	12/31/2026	37	\$5,640	\$1.20	\$1,410	\$0.30
Y	Little Miss Brewing, LLC	4,700	4.4%	9/1/2015	3/31/2030	76	\$4,585	\$0.98	\$1,410	\$0.30
Subtotal - Occupied Industrial Space		<b>107,604</b>	<b>100%</b>				<b>\$114,628</b>	<b>\$1.07</b>	<b>\$32,281</b>	<b>\$0.30</b>
<b>Cell Tower</b>										
Crown Castle - CCTMO, LLC (Cell Tower)		0	0.00%	6/4/2004	6/3/2024	6	\$4,714	-		
<b>TOTALS - ENTIRE BUILDING</b>		<b>107,604</b>	<b>100.0%</b>			<b>32</b>	<b>\$119,342</b>	-	<b>\$32,281</b>	-
Average Unit Size		8,967				(Avg.)		-		-

### 2.2.3 Property Valuation

The Property has been valued by the Independent Valuer in California, USA. A summary of the Independent Valuer's report, containing all the details of the Property and Leases is set out in Annexure 1 to this Circular. The detailed valuation report on the Property, including the Leases is available for inspection as detailed in paragraph 21 below. The effective date of the valuation is 8 January 2024. The market value of the Property in terms of the valuation report is US\$24 020 000. The Disposal Consideration of US\$26 500 000 is greater than the valuation as determined by the Independent Valuer. The difference between the market value and the Disposal Consideration is attributable to arms-length negotiations between the Seller and the Purchaser.

## 3. TERMS OF THE DISPOSAL AGREEMENTS

### 3.1 *Suspensive Conditions*

The Disposal is subject to the fulfilment or waiver, where applicable, of the following Suspensive Conditions: -

- 3.1.1 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 Leases;
- 3.1.2 In terms of the Disposal Agreement the Disposal shall be subject to an Escrow arrangement, as detailed in paragraph 3.2 below, which is usual in property transactions of this nature in terms of the laws of California; and
- 3.1.3 Marshalls shall have obtained the approval of Shareholders of the Disposal Agreement at the General Meeting convened for that purpose pursuant to section 9 of Listings Requirements of the JSE.

### 3.2 *Disposal Consideration, Effective Date and Payment*

The aggregate purchase price payable by the Purchaser to the Seller for the Property will be US\$26.5 million. The Disposal Consideration is payable, in cash, as follows:

- 3.2.1 the parties have appointed the Escrow Holder for the purpose of opening an Escrow account to implement the Disposal.

- 3.2.2 a deposit of US\$530 000 was payable in cash within 3 business days from the Signature Date into Escrow and has been so paid;
- 3.2.3 upon satisfactory completion of the due diligence exercise, referred to in 3.1.1 above, 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:
- 3.2.3.1 an executed preliminary change in ownership status;
- 3.2.3.2 an executed agreement for the assignment of the Leases to the Purchaser;
- 3.2.3.3 an executed grant deed in preparation for the transfer of the Property to the Purchaser; and
- 3.2.3.4 confirmation that the suspensive condition of Shareholder approval, detailed in paragraph 3.1.3 above, has been fulfilled,

the Effective Date of the Disposal shall occur.

The Effective Date of the Disposal shall be the date on which:-

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

In terms of the Disposal Agreement the Effective Date shall occur 30 calendar days after conclusion of the 45 day due diligence exercise.

### **3.3 Application of Proceeds**

The Disposal 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 2.1 above.

### **3.4 Additional Significant Terms of the Disposal Agreement**

In terms of the Disposal Agreement for the period between the satisfactory conclusion of the due diligence exercise 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.

### **3.5 Warranties and Indemnities**

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

#### 4. JSE CATEGORISATION

In terms of section 9 of the JSE Listings Requirements, the Disposal constitutes a category 1 transaction and requires the approval of a majority of Marshalls Shareholders at the General Meeting.

#### 5. FINANCIAL INFORMATION

##### 5.1 Summarised *Pro Forma* Financial Information on the Disposal

The *Pro Forma* Financial Information of Marshalls is set out in Annexure 2 to this Circular.

- 5.1.1 The consolidated *pro forma* statement of financial position and the consolidated *pro forma* statement of profit or loss and other comprehensive income of Marshalls reflecting the *pro forma* effects of the Disposal (collectively referred to as the “*Pro Forma* Financial Information”) is based on Marshalls unaudited condensed consolidated interim results for the six months ended 30 September 2023 and is set out in Annexure 2 of the Circular.
- 5.1.2 The *Pro Forma* Financial Information has been provided for illustrative purposes only, to provide information on how the Disposal may have affected the results and financial position of Marshalls, assuming it was implemented on 30 September 2023 for statement of financial position purposes and implemented on 1 April 2023 for statement of comprehensive income purposes. Due to its nature, the *Pro Forma* Financial Information may not fairly present the Company’s financial position, changes in equity, comprehensive income or results of cash flows post the implementation of the Disposal.
- 5.1.3 The *Pro Forma* Financial Information, including the assumptions on which it is based and the financial information from which it has been prepared, as set out below, is the responsibility of the Board. The *Pro Forma* Financial Information has been prepared in accordance with the JSE Listings Requirements, the Guide on *Pro Forma* Financial Information issued by SAICA and the Company’s accounting policies, which are compliant with IFRS.
- 5.1.4 The *Pro Forma* Financial Information should be read in conjunction with the Independent Reporting Accountant’s assurance report, as contained in Annexure 3 of this Circular.

Extracts from the *pro forma* financial information of the Company are set out below.

	Unaudited as at 30 September 2023	<i>Pro forma</i> after the Disposal	Change (%)
Basic earnings per share (cents)	US\$2.2c	US\$14.1c	547%
Headline earnings per share (cents)	US\$2.2c	US\$14.1c	547%
NAV per share	US\$2.36	US\$2.47	5%
TNAV per share	US\$2.35	US\$2.47	5%
Number of Shares in issue	35,857,512	35,857,512	-
Weighted average number of Shares in issue	35,857,512	35,857,512	-

The notes to the *Pro Forma* Financial Information and the assumptions thereto are set out in Annexure 2 to this Circular.

## 5.2 Historical Financial Information on the Subject Matter of the Disposal

A report of historical financial information, showing the carve-out financial statements of the Property which was extracted from the audited financial statements of the Company for the periods and financial periods ended 30 September 2021, 31 March 2022 and 31 March 2023, as well as the unaudited condensed consolidated interim results of the Company for the six months ended 30 September 2023, have been set out in Annexure 4 of this Circular.

The Historical Financial Information is presented in accordance with, and complies with IFRS, issued by the International Accounting Standards Board, the interpretations issued by the International Financial Reporting Interpretations Committee, the SAICA Financial Reporting Guides as issued by the Financial Reporting Standards Council and the Financial Pronouncements as issued by the Financial Reporting Council, the JSE Listings Requirements and in accordance with Article 105 of the Companies (Jersey) Law.

The Historical Financial Information is the responsibility of the Directors.

The independent reporting accountants' report on the Historical Financial Information, comprising the carve-out financial statements of the Property is presented in Annexure 5.

## 6. DIRECTORS

### 6.1 Directors' interest in Shares

As at the Last Practicable Date, the beneficial and non-beneficial interests of the Directors (including any associates of the Directors) in the share capital of the Company are reflected below:

Director	Beneficial	Non beneficial	Percentage <sup>1</sup>	Total
DC Marshall		17,230,846 <sup>2</sup>	48.05	17,230,846
RC Kerr	20,000		0.05	20,000
WH Marshall <sup>2,3</sup>	6,181,134		17.24	6,181,134
<b>Total</b>	<b>6,201,134</b>	<b>17,230,846</b>	<b>65.34</b>	<b>23,431,980</b>

#### Notes:

1. Based on 35 857 512 Shares in issue on the Last Practicable Date.
2. In terms of Companies (Jersey) Law non-beneficial holdings arise, wholly or partly, because the Director concerned was also a director or trustee of entities that hold Shares in the Company. Mr DC Marshall and Mr WH Marshall hold Shares in the Company via Tennyson Dollar Investments Limited for and on behalf of The Tennyson Continuation Settlement Trust, of which Mr DC Marshall is a Trustee and a beneficiary and Mr WH Marshall is a trustee. These shares are held by Lynchwood Nominees Limited on behalf of these Directors as detailed in paragraph 7 of this Circular and are only reflected for Mr DC Marshall in the table above.
3. WH Marshall was appointed as Chief Executive Officer of Marshalls with effect from 1 January 2024.
4. None of the Directors have resigned in the last 18 months.

There will be no change in the number of Shares held by Directors as disclosed in the above table as a consequence of the Disposal.

There were no changes to the interests in Shares of those Directors who were appointed prior to publication of the Company's 2023 Integrated Annual Report between the Company's year-end on 31 March 2023 and the Last Practicable Date. Subsequent to the Company's year-end Mr WH Marshall was appointed as the Chief Executive Officer of Marshalls with effect from 1 January 2024. Mr WH Marshall held 5,181,134 Shares as at 1 January 2024, acquired 480,000 Shares on 15 January 2024, as announced on SENS on 16 January 2024, and acquired a further 520,000 Shares on 25 January 2024 as announced on SENS on 29 January 2024.

## 6.2 Directors' interest in transactions

Save in respect of the Directors' interests in Shares, as set out in paragraph 6.1, none of the Directors has or had any direct or indirect beneficial interests in any transactions entered into by Marshalls in the current or immediately preceding financial year, or in any transactions during an earlier financial year, that remain outstanding or unperformed.

## 6.3 Directors' emoluments

There will be no variation to the remuneration of the Directors as a result of the Disposal.

There are no fees paid or accrued as payable to a third party *in lieu* of directors' fees as a result of the Disposal.

The emoluments of the Directors for the year ended 31 March 2023 are detailed on page 44 of the Company's Integrated Annual Report for the year ended 31 March 2023, which is incorporated by reference in terms of paragraph 11.61 of the Listings Requirements as detailed in paragraph 22 of this Circular. Mr WH Marshall was appointed as Chief Executive Officer with effect from 1 January 2024 and in terms of his service contract will receive emoluments of US\$800 000 per annum.

## 6.4 Directors' service contracts

The executive Directors of Marshalls have previously concluded service contracts with terms and conditions that are appropriate for such appointments and are governed by the Articles of Association of the Company, the Companies (Jersey) Law and the Listings Requirements. These service contracts are available for inspection in terms of paragraph 21 of this Circular.

## 7. MAJOR SHAREHOLDERS

Insofar as it is known to the Company, the following Shareholders beneficially held, directly or indirectly, an interest of 5% or more of the issued share capital of Marshalls as at the Last Practicable Date:

Major shareholders holding more than 5% of the issued share capital	Number of Shares	Percentage <sup>1</sup>
Lynchwood Nominees Limited <sup>2</sup>	23,411,980	65.26
Corwil Investments Holdings (Proprietary) Limited	2 056 724	5.7
<b>Total</b>	<b>25,468,704</b>	<b>70.96</b>

### Notes:

1. Based on 35 857 512 Shares in issue on the Last Practicable Date.
2. The Shares registered in the name of Lynchwood Nominees Limited represent the Shares held by Tennyson Dollar Investments Limited for and on behalf of The Tennyson Continuation Settlement Trust and those held by Mr WH

Marshall, as detailed in paragraph 6.1 of this Circular.

## **8. CHANGE IN CONTROL**

Marshalls does not have a controlling Shareholder in terms of the Companies (Jersey) Law and there has been no change in controlling shareholder nor in the trading objects of Marshalls during the previous five years.

## **9. LITIGATION STATEMENT**

Following the conclusion of litigation between certain of Marshalls' subsidiaries and its former employees and consultants with no liability arising for Marshalls and the receipt of an amount of R25million in settlement of a dispute with a customer of the Group, the Company is not aware of any legal or arbitration proceedings (including any such proceedings which are pending or threatened) involving the Group or the Seller or the Property which may have or may have had in the 12 months preceding the Last Practicable Date, a material effect on the Group's financial position.

## **10. MATERIAL LOANS**

Details of all material loans made to Marshalls and / or to its Subsidiaries, including the Seller, that remain outstanding as at the Last Practicable Date, are set out in Annexure 6.

## **11. WORKING CAPITAL STATEMENT**

11.1 The Directors have considered the working capital requirements of the Company and are of the opinion that, subsequent to the Disposal, the working capital available to the Group is sufficient for the Group's present requirements, that is, for at least the next 12 months from the date of issue of this Circular.

11.2 The Disposal is subject to the provisions of the Articles of Association, the Companies (Jersey) Law and the Listings Requirements, where applicable. The Directors are of the opinion that, after considering the effect of the Disposal:

11.2.1 the Company and Group will be able in the ordinary course of business to pay its debts for a period of 12 (twelve) months after the date of approval of this Circular;

11.2.2 assets of the Company and the Group will be in excess of the liabilities of the Company and the Group for a period of 12 (twelve) months after the date of approval of this Circular, where for this purpose, the assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited consolidated Annual Financial Statements;

11.2.3 share capital and reserves of the Company and the Group will be adequate for ordinary business purposes for a period of 12 (twelve) months after the date of approval of this Circular; and

11.2.4 working capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 (twelve) months after the date of approval of this Circular.

## **12 MATERIAL RISKS**

All material risks specific to Marshalls are detailed on page 36 to 37 of the Company's Integrated Annual Report for the year ended 31 March 2023, which has been incorporated by reference in terms of paragraph 11.61 of the Listings Requirements

and is available on the Company’s website at the link set out in paragraph 22 of this Circular. There have been no changes in the material risks of the Company from the date of its publication on 21 June 2023, up until the date of this Circular.

### 13 MATERIAL CHANGES

There have been no material changes in the financial or trading position of Marshalls and its Subsidiaries, including the Seller, between the publication of its interim results for the six months ended 30 September 2023, and the Last Practicable Date.

### 14 MATERIAL CONTRACTS

Other than the Disposal Agreement there are no material contracts entered into by Marshalls or its Subsidiaries, including the Seller, being restrictive funding arrangements and/or a contract entered into otherwise than in the ordinary course of business carried on, or proposed to be carried on, during the two years preceding the date of this Circular, or entered into at any time and that contains an obligation or settlement that is material to the Company or its Subsidiaries at the date of this Circular.

### 15 OPINIONS, RECOMMENDATIONS, UNDERTAKINGS

The Board has considered the terms and conditions of the Disposal and is of the opinion that the Disposal is in the best interests of the Company and its Shareholders and recommends that Shareholders vote in favour of the Disposal at the General Meeting. All the Directors who own Shares in their personal capacity intend voting in favour of the Disposal.

### 16. EXPERTS’ CONSENTS

The advisors referred to in the “*Corporate Information and Advisors*” section of this Circular have each provided their written consent to the inclusion of their names and, where applicable, their reports in the form and context in which they appear in this Circular and have not withdrawn their consent prior to the publication of this Circular.

### 17. VOTING RIGHTS

The Disposal is subject to the approval of the Shareholders of Marshalls by way of ordinary resolutions passed at a general meeting. The ordinary resolutions will be subject to a simple majority of the votes of the Shareholders of Marshalls, being cast in favour of the ordinary resolutions, as required in terms of the JSE Listings Requirements. All issued Shares rank *pari passu* with each other and at the General Meeting, every Shareholder present or represented by proxy shall have one vote for every Share held.

### 18. EXPENSES

It is estimated that the total expenses relating to the Disposal will amount to approximately US\$714 090 (approximately R13,5 million at an exchange rate of R1 =US\$ 0.054)(costs are inclusive of VAT where applicable) and includes the following categories of expenses, and parties to which they will be paid:

	R’000	USD’	TOTAL USD’
• External Estate Agent Commission – Kidder Matthews	-	397 500	397 500
• Internal Agent Commission - Stromesa		116 950	116 950
• Legal costs	-	72 557	72 557
• Other – management costs	-	10 063	10 063
<b>Total costs of transaction</b>			<b>597 070</b>

• Independent Reporting Accountant – Grant Thornton (Jersey)		50 000	50 000
• Independent Valuer – S Horn		2 750	2 750
• Transaction Sponsor - Questco	550		29 700
• Company Secretarial – City Group		10 000	10 000
• JSE documentation fee – Cat 1 Transaction	105	-	5 670
• Printing	100	-	5 400
• Contingency	250	14	13 500
<b>Total costs of circular</b>			<b>117 020</b>
<b>TOTAL EXPENSES USD</b>			<b>714 090</b>

## 19. NOTICE OF GENERAL MEETING

The General Meeting of Shareholders to consider, and if deemed fit, to approve with or without modification, the Resolutions set out in the Notice of General Meeting and required to implement the Disposal will be held at its registered office at 2nd Floor, Gaspé House, 66-72 Esplanade, St Helier, Jersey, JE1 1GH, as provided for in the Company’s Articles of Association, on Tuesday, 19 March 2024 commencing at 11:00 UK Time and 13:00 SA Time. The Notice convening the General Meeting is attached hereto and forms part of this Circular.

Shareholders are referred to the Notice of General Meeting for detail on the Resolutions to be proposed at the General Meeting and to the “*Action required by Shareholders*” section of this Circular for information on the procedure to be followed by Shareholders in order to participate and to exercise their votes at the General Meeting

### Approval required

In terms of the Listings Requirements, the Disposal is a category 1 transaction and therefore requires approval by ordinary resolution of more than 50% of Shareholders, present or represented at the General Meeting.

### Irrevocable undertakings

Of the total votes of Shareholders exercisable at the General Meeting, being 35 857 512 Marshalls has received irrevocable undertakings to vote in favour of the Disposal as follows:

Name	Capacity	Number	%
Tennyson Dollar Investments Limited for and on behalf of The Tennyson Continuation Settlement Trust	Beneficial Shareholder	17,230,846	48.05
W H Marshall	Beneficial Shareholder	6,181,134	17.24
Rory Kerr	Shareholder	20,000	0.05
<b>Total</b>		<b>23,431,980</b>	<b>65.34</b>

## 20. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names appear on page 10 of this Circular collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief that there are no facts that have been omitted which make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the Circular contains all information required by law and the JSE Listings Requirements.

## 21. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents or copies thereof, where applicable, relating to Marshalls and the Disposal, are available for inspection at no charge during normal business hours at the registered offices of the Company in Jersey and South Africa, or can be inspected electronically by sending a request to the Company Secretary at [mail@city-group.com](mailto:mail@city-group.com) from the date of this Circular up to and including the date of the General Meeting:

- a signed copy of this Circular, the Notice of General Meeting and the Form of Proxy;
- the memorandum and Articles of Association of Marshalls and its major Subsidiaries;
- the Disposal Agreement;
- the consent letters received from the advisors referred to in paragraph 16 ;
- the summary valuation report of the Independent Valuer, set out in Annexure 1;
- the detailed valuation report of the Independent Valuer;
- the Independent Reporting Accountant's reasonable assurance report on the *pro forma* consolidated financial information set out in Annexure 3;
- the Independent Reporting Accountant's report on the Historical Financial Information of the Property, which is set out in Annexure 5;
- the service contracts of the executive Directors of Marshalls;
- the minutes of the meeting of the Board held on 2 February 2024, approving and authorising signature of this Circular;
- the Integrated Annual Report of Marshalls for the year ended 31 March 2023, dated 21 June 2023; and
- the Annual Financial Statements of Marshalls for the period and financial periods ended 30 September 2021, 31 March 2022 and 31 March 2023.

## 22. DOCUMENTS INCORPORATED BY REFERENCE

The following information has been incorporated by reference and is available for viewing on the Company's website at [www.city-group.com/marshall-monteagle-plc/](http://www.city-group.com/marshall-monteagle-plc/)

- The Integrated Annual Report of the Company for the year ended 31 March 2023, with reference to the material risks of the Company and the Directors' emoluments, at <https://www.city-group.com/wp-content/uploads/2023/06/MMP-2023-Accounts.pdf>

**SIGNED ON BEHALF OF ALL OF THE DIRECTORS OF MARSHALLS IN TERMS OF A RESOLUTION TAKEN AT A MEETING OF THE BOARD HELD IN JERSEY ON 2 FEBRUARY 2024**

**Edward Beale**

**Director**

who warrants that he is duly authorised thereto.

United Kingdom

20 February 2024

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**SUMMARY OF INDEPENDENT VALUATION REPORT ON THE PROPERTY**

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14 February 2024

The Issuer Regulation Division,  
JSE Limited  
One Exchange Square  
Gwen Lane  
Sandown

Sirs/Madams,

**VALUATION OF PROPERTY KNOWN AS STROMESA COURT**

Made on account of Stromesa Court LLC, a wholly owned subsidiary of Monteagle Inc (USA), which is a wholly owned subsidiary of Monteagle Property (UK) Limited, a wholly owned subsidiary of Marshall Monteagle Plc ("**Marshalls**"), in relation to the property known as Stromesa Court, San Diego, California 92126, Thomas Map No.: 1209-B7, San Diego County, United States of America ("**the Property**").

**1. INTRODUCTION**

I, Shawn T Horn, a California State Certified General Appraiser, with certification number AG036030, California, ("**the Independent Valuer**"), of Bluewater Appraisal Services Inc. of 721 Manzita Street, Carlsbad, California 92011, United States of America do hereby certify that to the best of my knowledge, I have appraised the Property, as detailed below.

The appraisal of the Property has been carried out by myself. I inspected the Property on 27 December 2023 and have delivered a detailed valuation report on the Property, which has been given to the management of Marshalls.

This appraisal report has been prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) and the Appraisal Institute (USA).

The appraisal of the above-referenced real Property is for the purpose of formulating and expressing my opinion of its "As-Is" market value as of December 27, 2023. Based on my inspection of the subject Property and surrounding neighborhood, analysis of relevant data, and the preparation of the most applicable approaches to value, it is my opinion that the retrospective value of the *leased fee interest* in the subject Property, as of December 27, 2023, is:

**"As-Is" Market Value (100% Occupied) as December 27, 2023: US\$ 24 020 000 (TWENTY-FOUR MILLION TWENTY THOUSAND US DOLLARS)**

The analysis and conclusions within this report are subject to this report's Contingencies and Limiting Conditions. The Sales Comparison and Income Approaches to value were utilized in this report of the subject Property and provide a credible estimate of the subject's as-is market value.

The appraisal thus indicates the as-is market value of the Property, which is detailed in the detailed report and the important aspects of the detailed appraisal, including the Property as-is market value, are summarised below.

## 2. BASIS OF VALUATION AND DEFINITIONS

The detailed appraisal report has been prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) and the Appraisal Institute (USA). ***The intended user(s) of the detailed appraisal is the management of Marshalls.*** The analysis and conclusions within this summary report are subject to this detailed report's Contingencies and Limiting Conditions. The Sales Comparison and Income Approaches to value were utilized in the detailed report of the subject Property and provide a credible estimate of the subject Property's as-is market value.

### 2.1 "As-Is" Date of Value/Property Inspection

The date of value is December 27, 2023. The date of this summary report is February 14, 2024. There have been no material changes in circumstances, since the effective date of the appraisal, December 27, 2023, that would affect the valuation.

### 2.2 Purpose of Appraisal

The purpose of the appraisal is to estimate the *as is* market value and hypothetical value assuming stabilized occupancy (at market rent) of the leased fee interest in the subject Property. The subject Property is currently 100% tenant occupied.

### 2.3 Function of Appraisal

The function of this document is to provide Marshalls with an appraisal report. The appraisal is prepared using proper principles and techniques to derive a final value conclusion for the subject Property.

### 2.4 Intended Use/Users of Appraisal

The intended use of this appraisal is for asset valuation purposes. ***The intended user(s) of this appraisal is Marshalls.*** This report may not be used for any purpose, by any party, other than the stated intended users without the written consent of the appraiser and the appraiser specifically disclaims any liability to such unauthorized third parties. The appraiser has given its consent for the inclusion of this summary valuation in the Circular to its Shareholders by Marshalls.

### 2.5 Property Rights Appraised

The interest appraised is the *leased fee interest* in the Property.

### 2.6 Definition of Market Value<sup>3</sup>

Market Value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of sale as of specified date and the passing of title from seller to buyer under conditions whereby:

2.6.1 Buyer and seller are typically motivated;

2.6.2 Both parties are well informed or well advised and each acting in what they consider their own best interests;

2.6.3 A reasonable time is allowed for exposure in the open market;

2.6.4 Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and

2.6.5 The price represents the normal consideration for the property sold unaffected by special or creative financing or sales commissions granted by anyone associated with the sale.

<sup>3</sup>*Definitions found in this appraisal report are compatible with definitions from the Office of the USA Comptroller of the Currency: 12 Code of Federal Regulations, Part 34, Real Estate Lending and Appraisals.*

### 2.7 Definition of As Is Market Value

As Is Market Value – means an as is value of the Property on the appraisal date. This is an estimate of the value of the Property in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions or qualifications as of the date the appraisal is prepared.

## 2.8 Definition of Stabilized Occupancy

Stabilized occupancy is defined as the optimum range of long-term occupancy, which an income-producing real estate project is expected to achieve under competent management after exposure for leasing in the open market for a reasonable period at terms and conditions comparable to competitive offerings. My concluded stabilized occupancy for the subject is 95%. Presently, the subject Property is currently 100% tenant occupied however at below market rent.

## 2.9 Hypothetical Condition

Referencing the Uniform Standards of Professional Appraisal Practice, a *hypothetical condition is that which is contrary to what exists but is supposed for the purpose of analysis*. The “Stabilized Value” is based on the hypothetical condition that the Property is operating as stabilized 95% occupancy) and income (below market) on the effective date of value, December 27, 2023. The use of these hypothetical conditions may have impacted the results of this appraisal.

## 2.10 Definition of Cash Equivalency

Cash Equivalency is a price expressed in terms of cash, as distinguished from a price expressed totally or partly in terms of the face amounts of notes or other securities that cannot be sold at their face amounts.

## 2.11 Definition of Fee Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

## 2.12 Definition of Leased Fee Estate

An ownership interest held by a landlord with the right of use and occupancy conveyed to a tenant by a lease.

## 2.13 Scope of Work

This appraisal report is intended to be an “appraisal assignment” as defined in the Uniform Standards of Professional Practice as published by the Appraisal Standards Board (ASB) of The Appraisal Foundation (USA). It is the intent that the appraisal assignment be performed in such a manner that the results of the analysis, opinions, and conclusions be credible. It is the intent that all appropriate data deemed pertinent to the solution of the appraisal problem be collected, confirmed, and reported in conformity with the Uniform Standards of Professional Practice (USPAP), adopted by the Appraisal Standards Board of the Appraisal Foundation and the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.

This appraisal of the subject has been presented in the form of an Appraisal Report, which is intended to comply with the minimum reporting requirements set forth under Standards Rule 2-2(a) of the USPAP. Furthermore, this appraisal is intended to be appropriate in relation to the significance of the appraisal problem. As agreed, upon with the client, only the most applicable approaches – in this report’s case the Income and Sales Comparison Approaches – are utilized in the valuation of the subject Property and provide a credible estimate of the subject’s market value(s). Support for the approach(s) used is discussed in the Valuation Section.

The appraiser has the appropriate knowledge, education, and experience to complete this assignment competently. Appraiser qualifications are attached to the detailed appraisal report. Other activities undertaken by Shawn T. Horn during this appraisal are as follows:

- An inspection of the subject and surrounding neighborhood on **December 27, 2023**.
- An inspection of the exterior of the comparable properties.
- Research and investigation of current market conditions relative to the property type being appraised, as well as the market sector with which the subject is identified.
- Interviews with brokers, appraisers, property owners and/or managers, as well as relevant public agencies or governing bodies.
- Collection, verification and analysis of market data and any other pertinent information necessary to the valuation process.

- Compilation of the descriptions, reasoning and explanations, leading to final value conclusions, within this report.
- No other person(s) provided assistance in the preparation of this appraisal report.
- I have not performed services, as an appraiser, regarding the Property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

**Furniture, Fixtures and Equipment**

The furniture, fixtures and equipment (FF&E) items are *not* valued within this report.

**Property History**

The current ownership purchased the subject back in 1996 for an undisclosed price (document number 0657256). No full value (arm’s length) transfers of the subject title are known to have occurred during the past three years. Ownership reports that the subject Property was listed for sale with no list price (accepted offers).

**Assessed Valuation and Taxes**

The subject parcel is in Tax Rate Area 08139, with a 2023-2024 tax rate of 1.22509% plus direct or special assessment charges.

Assessed values and taxes are summarized as follows:

Assessors Parcel Number	Assessed Values			Property Taxes		
	Land	Improvements	Total	Base	Direct/Special	Total
341-160-11-00	\$2,987,217	\$5,354,064	\$8,341,281	\$102,188.19	\$223.41	\$102,411.60
343-082-52-00	\$0	\$0	\$0	\$0.00	\$0.00	\$0.00
<b>Total</b>	<b>\$2,987,217</b>	<b>\$5,354,064</b>	<b>\$8,341,281</b>	<b>\$102,188.19</b>	<b>\$223.41</b>	<b>\$102,411.60</b>

The assessment of market value is limited to a maximum increase of two percent per year, unless the property is transferred or there is substantial new construction. The People’s Initiative to Limit Taxation -California Proposition 13 typically requires reassessment of real property upon a change of ownership. In either event, the property is re-appraised to current market value, usually as evidenced by the sale price or the construction costs. Assessed value is generally not considered an accurate reflection of market value, as it is not particularly sensitive to economic fluctuations affecting the property. If the estimate of market value is higher than the sale price, then California Proposition 8 provides for the reassessment of real property due to a decline in market value. A property owner must petition for a reassessment in order to lower property taxes or receive a tax refund. If the owner disputes the reassessed value, an appeals procedure is in place for a more detailed reassessment of market value in accordance with California Proposition 8.

According to the San Diego County Treasurer-Tax Collector’s Office the subject’s payments were current as of the retrospective date of value.

I herewith confirm that the information set out below complies with all particulars of section 13.23 of the JSE Listings Requirements, as they have been explained to me.

**3. DESCRIPTION OF PROPERTY**

**3.1 Brief description of location, site, improvements and condition and existing use**

**Location:**

Property/Location:

**EXISTING INDUSTRIAL BUILDING**

7949 Stromesa Court, San Diego, California 92126, United States of America

Assessor's Parcel No.: 341-160-11-00 and 343-082-52-00  
 Census Tract No.: 0083.50  
 Thomas Map No.: 1209-B7  
 Owner of Record: Monteagle, Inc. c/o George L Damoose  
 Property's Last Transfer: Date of Transfer: Non-Arm's Length Transfer in 2006  
 Sale Price: Document Number 2006.814764  
 Present Contract: Listed for Sale for Negotiable Price

The subject Property is located in the Mira Mesa / Miramar Industrial Submarket in San Diego City, San Diego County in the broad Southern California area, defined by most analysts, to include Los Angeles, Orange, San Bernardino, San Diego, Riverside and Ventura counties.

**Site, Improvements and Condition:**

<b>Building Data</b>		<b>Site Data</b>	
Property Type:	Industrial/Distribution	Lot Size:	5.35 Acres; 232,640 SF
Building Size:	107,604 SF1	Topography:	Level; at street grade
Year Built:	1980	Shape:	Generally Rectangular
Present Condition:	Average	Zoning:	IL-2-1 (Light Industrial)
Remain. Econ. Life:	30 Years	Subject Use:	Legal and non-conforming

**Improvements and condition**

**Property description**

Property Type: Industrial  
 Year Built: 1980  
 No. Buildings: One  
 No. Stories: One  
 Quality / Condition: Average

<b>Space Type</b>	<b>1st Floor</b>	<b>2nd Floor</b>	<b>Totals</b>
Office/Showroom Build-out	10,760	N/A	10,760 (10%)
Warehouse	96,484	N/A	96,484 (90%)
<b>Total SF (Gross Building Area)</b>	<b>107,604</b>	<b>N/A</b>	<b>107,604 (100%)</b>

Floor Area Ratio: 0.46  
 Design and Layout: The building totals 107,604 SF and is concrete tilt up construction configured for multiple-tenant industrial use (12 tenants). The improvements feature a mix of front office space and include rear warehouse space with 22-foot clear height and a minimum of (1) 10 x 12' dock high roll up door in each unit. Each suite includes at least (1) two fixture restroom. Improvements include both vinyl tiled and commercial grade carpet floors; painted drywall interior; drop tile ceiling with fluorescent lighting; and tinted storefront windows and doors. The buildings are demised into 12 units.  
 Parking: The subject Property currently has 113 spaces of parking.

**Construction Details**

Construction Type: Concrete  
 Foundation: Concrete foundation/footings  
 Exterior Walls: Concrete tilt-up  
 Roof: Built-up roofing  
 Interior Walls: Painted drywall

Floors/Covering:	The office portion features commercial grade carpet and colored and sealed concrete throughout common areas including the restroom areas. The warehouse features sealed concrete.
Ceilings:	Painted drywall and exposed framework ceilings in office area; exposed metal beams over steel truss supports in the warehouse area.
Lighting:	Florescent lighting in the office, with metal halide lights and skylights throughout the warehouse.
Doors / Windows:	Metal-framed tinted glass storefront windows and doors along the front for both floors, with solid wood interior doors in the office and metal plated doors in the warehouse.
Heating and Air Conditioning:	Roof-mounted HVAC units for office areas
Loading Doors:	At least one 10' x 12' ground level roll up metal door per suite (11 dock high and 11 grade-level roll-up doors).
Fire Sprinklers:	No
Electric Power:	120/208 (3 phase, 4 wire)
Clear Height:	22' (warehouse) and 9' (office)
Restrooms:	At least one two fixture existing restroom in each suite
Yard Improvements:	Asphalt-paved parking area; concrete curbs/gutters
Economic Life:	The subject was built in 1980 and is in average condition, with an estimated remaining economic life of 30 years. The economic life of the subject is 55 years with the effective age estimated at 25 years.
ADA Compliance:	The subject Property is appraised without a specific compliance survey having been conducted to determine if the Property is or is not in conformance with the requirements of the Americans with Disabilities Act. However, a premise of this appraisal report is that the design allowances comply with requirements of the Americans with Disabilities Act. The presence of barriers structural in nature that would restrict access by disabled individuals may adversely affect the Property's value, marketability/utility. This analysis assumes any aspects of ADA do not impact the subject. Subject to confirmation by an appropriately licensed entity, this assumption is incorporated into various estimates of this report.
Conclusion:	The improvements are in average overall condition.

**Existing use**

The subject is 100% tenant occupied. The subject is divided into 12 suites with an average unit size of 8,967 SF. 8 of the 12 units are leased on a longer-term basis with more than 36 months remaining on their lease terms. Each of the leases is written on a triple net lease basis with the tenants responsible for their own utilities, interior maintenance and common area expenses (CAMs). A summary of the subject’s occupancy is shown below.

Unit Designator	Tenant Name	Unit SF (GBA/NRA)	% NRA	Lease Term		Mo. Rem.	Current Rent/Mo.		CAM Reim.	
				Start	End		Total	\$/SF	/Mo.	/SF
A-E	El&C Solutions, dba: Rapid Packout, Inc	10,080	9.4%	1/1/2020	12/31/2024	13	\$10,325	\$1.02	\$3,024	\$0.30
B-N	D.A.M. Bindery, Inc., dba: The Bindery	9,400	8.7%	12/1/2008	11/30/2024	12	\$8,907	\$0.95	\$2,820	\$0.30
C,D,P,R,S	Action Powder Coating, Inc.	23,500	21.8%	1/1/2018	12/31/2027	49	\$23,500	\$1.00	\$7,050	\$0.30
F-T	Finch Realty	9,400	8.7%	2/1/2019	12/31/2026	37	\$11,750	\$1.25	\$2,820	\$0.30
G,H,U,V	Right Manufacturing, LLC	18,800	17.5%	6/1/2001	6/30/2024	7	\$18,702	\$0.99	\$5,640	\$0.30
N	C&O Stoneworks and A&O Stoneworks	4,700	4.4%	6/1/2018	5/31/2027	42	\$5,405	\$1.15	\$1,410	\$0.30
O	Daily's Workshop, LLC	4,700	4.4%	4/1/2022	12/31/2026	37	\$4,841	\$1.03	\$1,410	\$0.30
P	GD Tile and Stone Co.	4,700	4.4%	4/1/2018	6/30/2028	55	\$5,640	\$1.20	\$1,410	\$0.30
Q	Rainbow Imports, Inc.	8,224	7.6%	9/1/2018	8/31/2028	57	\$9,458	\$1.15	\$2,467	\$0.30
W	Northwest Surfacing Specialist, LLC dba SYNLaw	4,700	4.4%	10/1/2020	9/30/2024	10	\$5,875	\$1.25	\$1,410	\$0.30
Z	Daily's Workshop, LLC	4,700	4.4%	1/1/2024	12/31/2026	37	\$5,640	\$1.20	\$1,410	\$0.30
AA	Little Miss Brewing, LLC	4,700	4.4%	9/1/2015	3/31/2030	76	\$4,585	\$0.98	\$1,410	\$0.30
Subtotal - Occupied Industrial Space		<b>107,604</b>	<b>100%</b>				<b>\$114,628</b>	<b>\$1.07</b>	<b>\$32,281</b>	<b>\$0.30</b>
<b>Cell Tower</b>										
	Crown Castle - CCTMO, LLC (Cell Tower)	0	0.00%	6/4/2004	6/3/2024	6	\$4,714	-		
<b>TOTALS - ENTIRE BUILDING</b>		<b>107,604</b>	<b>100.0%</b>			<b>32</b>	<b>\$119,342</b>	<b>-</b>	<b>\$32,281</b>	<b>-</b>
	Average Unit Size	8,967				(Avg.)		-		-

### 3.2 Restrictions and conditions:

Legal restrictions as they apply to the subject Property are of two types: private restrictions (deed restrictions and easements) and public restrictions (zoning). Current information regarding private restrictions was provided in this assignment. There appears to be no deed or easement restrictions on the Property that could affect development. The land is not encumbered by a restriction of a long-term ground lease. Therefore, legal restrictions as they apply to the subject Property are primarily the public restriction of zoning. The appraised Property is zoned IL-2-1 (Light Industrial). This zone primarily permits various types of heavy commercial uses but also allows for industrial or office uses. Such uses conform to surrounding properties with the same zoning.

### 4. Valuation methodology

The detailed appraisal report is intended to be an "appraisal assignment" as defined in the Uniform Standards of Professional Practice as published by the Appraisal Standards Board (ASB) of The Appraisal Foundation. It is the intent that the appraisal assignment be performed in such a manner that the results of the analysis, opinions, and conclusions be credible. It is the intent that all appropriate data deemed pertinent to the solution of the appraisal problem be collected, confirmed, and reported in conformity with the Uniform Standards of Professional Practice (USPAP), adopted by the Appraisal Standards Board of the Appraisal Foundation and the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.

Typically, the process of appraising real property consists of compiling and analyzing data from three different perspectives; these approaches to value are:

- In the *Cost Approach*, the value of a property is derived by adding the estimated value of the land to the current cost of constructing a reproduction or replacement for the improvements and then subtracting the amount of depreciation (i.e., deterioration and obsolescence) in the structures from all causes. Profit for coordination by the entrepreneur is included in the value indication. This approach is particularly useful in valuing new or nearly new improvements and properties that are not frequently exchanged in the market. The current costs to construct the improvements can be obtained from cost estimators, cost estimating publications, builders and contractors. Depreciation is measured through market research and the application of specific valuation procedures. Land value is estimated separately in the cost approach. This approach is based on the theory of substitution that implies that a knowledgeable buyer will pay no more for the real property than the cost of producing a comparable property of similar utility.
- The *Income Approach* is based upon the principle that the value of an income producing property is the present worth of anticipated future benefits, which are comprised of The Annual Income Stream (Cash Flow or Net Income) and the Reversion Benefits (Resale Value). The specific data that an appraiser investigates for this approach might include the property's gross income expectancy, the expected reduction in gross income caused by vacancy and collection loss, the anticipated annual operating expenses, the pattern and duration of the property's income stream, and the anticipated resale value or the value of other real property interest reversions. After income and expenses are estimated, the income stream or streams are capitalized by applying an appropriate rate or factor or converted into present value through discounting. In the discounted cash flow analysis, the quantity, variability, timing, and duration of a set of periodic incomes and the quantity and timing of the reversion are specified and discounted to a present value at a specified yield rate. The rates used for capitalization or discounting are derived from acceptable rates of return for similar properties.
- The *Sales Comparison Approach* is a method of comparing recent sales of similar properties to the subject property. This approach is based on the principle of substitution in that a prudent investor would pay no more for the real property than the cost of acquiring a satisfactory alternative property that possesses physical, economic and financial comparability. The value of a particular property tends to coincide to the value indicated by the actions of informed buyers and sellers in the marketplace for similar properties.

The Cost Approach to value is excluded. Based on my analysis of the subject's area, market participants are generally not buying or selling with reliance placed on the methodology of the Cost Approach to establish value - particularly given the lack of recent land sales, difficulty in obtaining construction financing, and the difficulty in deriving the specific amount of depreciation that should be attributed to the subject's dated improvements originally built in 1980. Additionally, this approach is further weakened by the fact

that buyers and sellers are not currently utilizing the Cost Approach as a basis for valuing income producing multiple tenant industrial properties like the subject.

In the case of the subject appraisal, we have utilized the Income and Sales Comparison approaches in valuing the subject Property.

#### **A: INCOME APPROACH**

The Income Approach is a method of converting the anticipated economic benefits of owning a property into a value estimate through capitalization. The principle of “anticipation” underlies this approach in that investors recognize the relationship between an asset’s income and its value. In order to value the anticipated economic benefits of a particular property, potential income and expense must be estimated, and the most appropriate capitalization method must be selected. The two most common methods of converting net income into value are direct capitalization and discounted cash flow analysis. In direct capitalization, net operating income is divided by an overall rate extracted from the market sales to indicate a value. In the discounted cash flow method, anticipated future net income streams and a reversionary value are discounted to an estimate of net present value at a chosen yield rate. In our opinion, the direct capitalization method is appropriate for the subject Property. This approach contains the following sections:

- *Net Operating Income Estimate*
- *Capitalization Rate Estimate*
- *Indicated Value from the Income Approach*

#### **Net Operating Income Estimate**

The subject is 100% tenant occupied. The subject is divided into 12 suites with an average unit size of 8,967 SF. 8 of the 12 units are leased on a longer-term basis with more than 36 months remaining on their lease terms. Each of the leases is written on a triple net lease basis with the tenants responsible for their own utilities, interior maintenance and common area expenses (CAMs). A summary of the subject’s occupancy is shown above in paragraph 3.1 – Existing Use.

#### *Market Rent Estimate*

An investigation was undertaken to locate recent leases of similar properties in the subject’s market area that could be used to provide an indication of the subject’s market rent. Of the data available, five properties were the most indicative of the subject’s market rent. The comparables utilized in my analysis are summarized and compared to the subject on the following page.

Summary of Comparable Rental Properties

Item	Subject	Comparable Industrial Properties				
		1	2	3	4	5
Address	7949 Stromesa Court San Diego (Miramar)	9455 Cabot Drive San Diego (Miramar)	8960 Carroll Way San Diego (Miramar)	8969 Kenamar Drive San Diego (Miramar)	9369 Dowdy Drive San Diego (Miramar) 1	9040 Carroll Way San Diego (Miramar)
City						
Proximity to Subject		0.3 Miles East	0.7 Miles Southwest	0.6 Miles Southwest	Block East	0.7 Miles Southwest
Year Built Occupancy	- 1980	1976	1977	1990	1971	1984
Total Building SF (NRA)	100%	100%	100%	100%	100%	100%
	107,604	99,403	59,631	46,045	40,870	25,356
<b>LEASE DATA</b>						
Verification	Leases / Rent Roll	Broker/CoStar	Broker/CoStar 7/1/2023	Broker/CoStar	Broker/CoStar	Broker/CoStar
Source Lease	Various-See Rent	8/10/2023 3 Yrs	3 Yrs	4/6/2023 2.5 Yrs	10/18/2022 3 Yrs	9/22/2022 4 Yrs
Date/Term Lease	Roll Triple Net	NNN	NNN	NNN	NNN	Industrial Gross
Type	8,967 SF (Average)	15,840	23,243	4,907	5,093	5,746
Size of Space Leased (SF)						
<b>Monthly Rent/SF:</b>	<b>\$1.20 (Most Recent)</b>	<b>\$1.25</b>	<b>\$1.20</b>	<b>\$1.55</b>	<b>\$1.40</b>	<b>\$1.50</b>
Expenses paid by Tenant	Triple Net	All NNN Expenses	All NNN Expenses	All NNN Expenses	All NNN Expenses	Utilities & Interior
Adjustment for Expenses	-	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.20)
<b>Adj. Rent \$/SF:</b>	<b>\$1.20 (Most Recent)</b>	<b>\$1.25</b>	<b>\$1.20</b>	<b>\$1.55</b>	<b>\$1.40</b>	<b>\$1.30</b>
Concessions/Listing Adjust.	-	0.0%	0.0%	0.0%	0.0%	0.0%
Time Adjustment	-	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Adjusted Rent \$/SF:</b>	<b>\$1.20 (Most Recent)</b>	<b>\$1.25</b>	<b>\$1.20</b>	<b>\$1.55</b>	<b>\$1.40</b>	<b>\$1.30</b>
<b>RENT/SF ADJUSTMENTS</b>						
Size of Space Leased (SF) Unit	8,967 SF(Average)	15,840	23,243 2%	4,907 -4%	5,093 -4%	5,746 -3%
Accessibility	Average	E	E	E	E	E
Construction Quality	Average	E	E	E	E	E
Design/Appeal	Average	E	E	E	E	E
Condition	Average	E	E	SS -4%	E	E
% Office Build-out Clear Height	10%	10%	8%	20% -3%	11%	15%
Parking Ratio Space per 1,000	22'	22'	27' -4%	22'	20'	16' 4%
Project Street/Exposure	1.1:1	0.8:1	0.9:1	3.7:1 -4%	1.0:1	1.6:1 -2%
District Desirability/Surroundings	Average	E	E	E	E	E
	Good	E	E	E	E	E

TOTAL ADJUSTMENT:	--	0%	-2%	-15%	-4%	-1%
INDICATED SUBJECT	--	\$1.25	\$1.18	\$1.32	\$1.34	\$1.29

All five comparables are located within a 0.7 mile radius of the subject in the Miramar area of San Diego. The comparables leased or listed at unadjusted monthly rental rates ranging from \$1.20/SF to \$1.55/SF (triple net or equivalent). Time adjustments were not applied to the comparables due to relatively stabilized rent levels over the 15 months in the San Diego submarket.

After adjustments, the comparables indicate a rental range of \$1.18/SF to \$1.34/SF, with an average of \$1.28/SF. Nos. 1 and 2 are larger leased space in the subject market and equate to a market rate of **\$1.20/SF/Month NNN** which is applied to the subject's tenant occupied space exceeding 10,000 SF. Comparables 3, 4 and 5 are applied to the subject's sub 10,000 SF industrial suites. Based on my findings, a concluded subject market rental rate of **\$1.30/SF/Month NNN** is considered reasonable, within market parameters, and well supported by the comparable rental properties. The subject's actual average rent is noted at only \$1.07/SF, which is well below market rent. A prudent value add investor would raise the rents to market and factor in lease up costs and rent loss over the short term to reach stabilization. These factors will be addressed in the as-is value section later in the appraisal report.

#### **6. *Vacancy and Collection Loss***

Based on our findings, a concluded vacancy and collection allowance of **5.0%** over a stabilized operation (7- to 10-year holding period) is considered to be reasonable for the subject. Also refer to the *Market Study* section of this appraisal report. This vacancy and collection allowance assumes that the subject space is openly and actively marketed.

#### **7. *Operating Expense Estimate***

Market evidence, existing rent roll and my broker survey indicate that most similar properties are leased on a triple net basis whereby the tenant pays for their utilities and interior maintenance. The landlord is responsible for property taxes, insurance, common area utilities which are reimbursed by the tenants through a CAM reimbursement. The owner is directly responsible for management fees and reserves for the replacement of structural items. The expense projections are based on an analysis of comparable data, management company surveys, and a review of the Institute of Real Estate Management expense reports. Following is a discussion of our projected subject operating expenses.

**SUMMARY OF INCOME & EXPENSE / NET OPERATING INCOME ESTIMATE**

Description of Items	APPRAISER PROJECTIONS (ANNUAL)	
	Comments on Conclusions	Conclusion
<b>REVENUE/INCOME</b>	<b>PROJECTED GROSS INCOME</b>	
Market Rent (Small Industrial Space)	55,224 SF x \$1.30/SF NNN	\$861,494
Market Rent (Large Industrial Space)	52,380 SF x \$1.20/SF NNN	\$754,272
Cell Phone Tower (Actual Rent)	\$4,714 Per Month (Actual)	\$56,568
Misc CAM Reim.	<b>Other Income (CAM)</b>	\$441,358
	<b>TOTAL GROSS INCOME:</b>	\$2,113,692
	Less: Vacancy & Collection Allowance 5.0%	-\$105,685
<b>Total Income</b>	<b>EFFECTIVE GROSS INCOME:</b>	<b>\$2,008,007</b>
<b>OPERATING EXPENSES (APPRAISER</b>	<b>PROJECTED OPERATING EXPENSES</b>	
Base Property Taxes	Assumes a sale (Tax Rate x Indicated Value)	\$301,250
Direct Assessments	Fixed/Direct Assessments:	\$223
Insurance	Concluded \$/SF GBA: \$0.25	\$26,901
General Maintenance/Repairs	Concluded \$/SF GBA: \$0.75	\$80,703
Common Area Utilities	Concluded \$/SF GBA: \$0.30	\$32,281
Management/Administrative	Concluded % of EGI: 6.0%	\$120,480
Reserves/Capital Expenditures	Concluded \$/SF GBA: \$0.30	\$32,281
<b>Total Operating Expenses:</b>	<b>Total Operating Expenses:</b>	<b>\$594,119</b>
<b>Total Operating Expenses (Appraiser Allocated)</b>	<b>LESS: PROJECTED OPERATING EXPENSES</b>	<b>\$594,119</b>
	<b>% of EGI:</b> 29.6%	
	<b>\$/SF GBA:</b> \$5.52	
	<b>CONCLUDED NET OPERATING INCOME:</b>	<b>\$1,413,888</b>

**Property Taxes:** Assumes a sale and is based on the subject's base tax rate multiplied by the value indicated in the Income Approach (includes special assessments).

**Direct/Special Tax Assessment:** Fixed annual special tax assessments or direct assessments.

**Property Insurance:** Based on an analysis of comparable data, management company surveys, and a review of published studies. Industry standards revealed insurance rates for properties like the subject typically range from \$0.10 to \$0.25/SF. The concluded Insurance expense of \$0.25/SF is based primarily on the actual expense which is supported by industry standards and comparable industrial properties previously appraised.

**Unit Utilities:** Paid directly by the tenant.

**Maintenance and Repairs (Exterior):** This estimate is based on an analysis of comparable data, management company surveys, and a review of the Institute of Real Estate Management expense reports. Typical proforma and expense provisions allocate this expense from \$0.25 to \$1.00/SF of gross building for an industrial building like the subject and takes into consideration the tenant is responsible for interior repairs. A concluded repairs expense of \$0.75/SF is considered appropriate.

**Common Area Utilities:** My survey and industry standards indicate this expense ranges from \$0.25/SF to \$0.50/SF for a property like the subject. This factors in that each tenant is responsible for their owner individual suite utilities and the owner is responsible for the common area utilities including water. I have concluded an expense of \$0.30/SF which is within the range of the expense comparables.

**Management Fees:** This category includes off-site property management and bookkeeping costs. This expense is typically expressed as a percentage of effective gross income. Typical fees for managing a comparable facility range between 4% and 7% for industrial properties like the subject which contains five or more tenants (subject at 12). Based on the subject’s multiple-tenant occupancy and size, a management expense conclusion of 6.0% of the effective gross income is appropriate.

**Replacement Reserves:** It is customary and prudent to deduct an annual sum from gross revenues to establish a reserve for replacement of long-term items throughout the property that also covers maintenance of long-term elements of the building. Typical proforma and expense provisions allocate this expense from \$0.15 to \$0.35/SF of building area. Given the subject’s overall average quality and above average condition, a projected Reserve expense of \$0.30/SF is considered reasonable. It should be noted that this conclusion results in a total reserves expense that equates to 1.6% EGI, which is also within market parameters (1% to 3% of EGI).

**Capitalization Rate Estimate**

The subject’s concluded capitalization rate (“cap rate”) is based on the following:

- The five comparables utilized in the Sales Comparison Approach indicate cap rates that range from 5.06% to 5.95%, with an average of 5.48%. These investor properties are summarized in the following table.

Sale Date	Address	City	Bldg. Size (SF)	Year Built	Sale Price	Net Operating Income	Cap Rate
04/06/23	4205-4241 Ponderosa Ave.	San Diego (Kearny Mesa)	156,079	1980 Rehab 2005	\$46,500,000	\$2,669,100	5.74%
03/06/23	13651-13771 Danielson St.	Poway	147,907	1998	\$38,250,000	\$2,023,425	5.29%
10/20/22	13100 Danielson Street	Poway	129,910	1998	\$35,100,000	\$1,776,060	5.06%
05/17/22	9431 Dowdy Drive	San Diego (Miramar)	57,895	1978	\$17,354,545	\$1,032,595	5.95%
05/10/22	9225-9285 Dowdy Dr.	San Diego (Miramar)	64,301	1973	\$16,500,000	\$886,050	5.37%
					<b>Average:</b>	<b>5.48%</b>	

- Local brokers were interviewed from brokerage and development firms active in the subject’s market area. The consensus opinion of brokers interviewed was that a capitalization rate in the low to high-5% range would be appropriate for the subject.

- A Band of Investment analysis is based on typical market financing terms and an equity dividend rate is based on rates extracted from investor-acquired sales. Equity dividend rates extracted from sales generally range from approximately 1.0% to 3.0%. The indicated overall rate derived from the Band of Investment Analysis is 5.89% (based on a 65% loan-to-value ratio @ 7.00%, 30-year amortization with a 2.0% equity dividend rate).

Band of Investments				
Mortgage:	65%	xRm	0.0798000	0.051870
Equity:	35%	xRe	2.0%	0.007000
<b>Total:</b>	<b>100%</b>			<b>5.8870%</b>

Given our research and with consideration of the subject physical, locational, and non-credit occupancy, characteristics, and age (built in 1980), a concluded capitalization rate of 5.75% for the subject is considered appropriate and consistent with market levels.

Indicated Value from Income Approach

\$1,413,888 Net Operating Income Capitalized @ 5.75%	\$24,589,356
<b>Indicated Value from the Income Approach - Stabilized.....</b>	<b>\$24,590,000</b>

**B: SALES COMPARISON APPROACH**

An investigation was undertaken to locate sales and listings of similar investor purchased industrial properties exceeding 50,000 SF in size. There has been adequate activity within the subject submarket area of San Diego with five comparables selected within an 8.0-mile radius. My survey focused primarily on properties most comparable to the subject Property in terms of location, size, and age. Of the comparables analyzed, five were indicative of the subject's market value. Each comparable property was visited, and attempts were made to verify the sales information with one or more of the parties to the transaction.

In the case of the subject, the most appropriate unit of comparison is the price per square foot of the building area. The following table summarizes the five comparable properties selected.

Summary of Comparable Building Sales

Item	Subject	1	2	3	4	5
<b>Location/Address:</b>	7949 Stromesa Court San Diego (Miramar)	4205-4241 Ponderosa Ave. San Diego (Kearny Mesa)	13651-13771 Danielson St. Poway	13100 Danielson Street Poway	9431 Dowdy Drive San Diego (Miramar)	9225-9285 Dowdy Dr. San Diego (Miramar)
Assessor's Parcel No.	341-160-11, 343-082-52	369-170-20	317-280-37, 77 and 78	317-281-29	341-160-42	343-082-40 and 41
Proximity to Subject	-	5.2 Miles South	7.3 Miles Northeast	7.0 Miles Northeast	1 Block Northeast	1 Block Southeast
Building SF (GBA)	107,604	156,079	147,907	129,910	57,895	64,301
Land (SF)	232,640	412,079	427,071	314,503	245,678	170,228
Year Built	1980	1980 Rehab 2005	1998	1998	1979 Rehab	1988
Occupancy	Assumed Stabilized	97% Tenant Occupied	99% Tenant Occupied	100% Tenant Occupied	100% Tenant Occupied	100% Tenant Occupied
<b>SALE DATA</b>						
<b>Sale Date:</b>	-	6-Apr-23	6-Mar-23	20-Oct-22	17-May-22	10-May-22
Document No.	-	0090312	0053765	0407061	0210626	0205820
Source	Inspection/Owner	CoStar/Broker/ Pub.Rec.	CoStar/Broker/ Pub.Rec.	CoStar/Broker/ Pub.Rec.	CoStar/Broker/Pub.Rec.	CoStar/Broker/ Pub.Rec.
Interest Transferred/Appraised	Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee
<b>Sale Price:</b>						
Actual Price	-	\$46,500,000	\$38,250,000	\$35,100,000	\$17,354,545	\$13,900,000
Cash-Equivalent	-	\$46,500,000	\$38,250,000	\$35,100,000	\$17,354,545	\$16,417,500
<b>Cash-Equivalent \$/SF:</b>	-	<b>\$297.93</b>	<b>\$258.61</b>	<b>\$270.19</b>	<b>\$299.76</b>	<b>\$216.17</b>
Time Adjustment	-	0.0%	0.0%	0.0%	0.0%	0.0%
Listing/Other Adjustment	-	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Time/Conditions Adj. \$/SF:</b>	-	<b>\$297.93</b>	<b>\$258.61</b>	<b>\$270.19</b>	<b>\$299.76</b>	<b>\$216.17</b>
<b>Capitalization Rate:</b>	-	<b>5.74%</b>	<b>5.29%</b>	<b>5.06%</b>	<b>5.95%</b>	<b>5.37%</b>
<b>Net Operating Income per SF:</b>	<b>\$13.14</b>	<b>\$17.10</b>	<b>\$13.68</b>	<b>\$13.67</b>	<b>\$17.84</b>	<b>\$13.78</b>
<b>Financing:</b>						
Cash Down	-	All Cash Sale	\$16,820,000	\$14,040,000	\$6,941,818	\$4,865,000
1st Trust Deed	-	-	\$21,430,000	\$21,060,000	\$10,412,727	\$9,035,000
1st T.D. Terms	-	-	Conv. Loan	Conv. Loan	Conv. Loan	Conv. Loan

<b>PRICE/SF ADJUSTMENTS</b>										
Accessibility/Utility	Average-Cul-De-Sac	E		E		E		S-Corner	-4%	E
Building Size (SF)	107,604	156,079		147,907		129,910		57,895	-4%	64,301 -3%
Construction Quality	Average	E		E		E		E		E
Design/Appeal	Average	SS	-4%	E		E		E		E
Condition	Average	S	-8%	SS	-4%	SS	-4%	S	-8%	Def. 12% Maint.
% Office Build-out*	10%	30%	-3%	15%	-1%	12%		20%	-2%	10%
Average Clear Height	22'	16'	3%	25'	-2%	26'	-3%	20'		14' 4%
Parking Ratio	1.1:1	2.0:1	-4%	2.0:1	-4%	1.0:1		2.2:1	-4%	1.8:1 -3%
Occupancy	Assumed Stabilized	97%		99%		100%		94%		100%
District	Good	E		SI	4%	SI	4%	E		E
Desirability/Surroundings										
Street Location / Exposure	Average	E		SS	-4%	SS	-4%	E		E
<b>TOTAL ADJUSTMENT:</b>	-	<b>-16%</b>		<b>-11%</b>		<b>-7%</b>		<b>-22%</b>		<b>10%</b>
<b>INDICATED SUBJECT Per SF:</b>	-	<b>\$250.26</b>		<b>\$230.16</b>		<b>\$251.28</b>		<b>\$233.81</b>		<b>\$237.79</b>

\*No time adjustments are warranted to Nos 1-5 as the sold since May 2022 during a relatively flat market.

\*\*Office build-out adjusted @ \$45/SF

The comparables are each investor purchased industrial properties located in Central San Diego and have unadjusted cash-equivalent sale prices ranging from \$216.17 to \$299.76/SF. It is estimated that sales activity that took place since mid-2022 have been relatively stable and required no adjustments.

Noting the variance in unadjusted price per unit indicators, it is important to adjust each sale for comparison to the subject with respect to several different, yet interrelated influences on value such as quality, appeal, condition, accessibility, tenant improvement build-out, parking ratio, street exposure, and neighborhood desirability. Such adjustments, while relying on the experience and judgment of the appraiser, tend to be subjective and difficult to support in the market using “paired” data sales. However, this was supplemented by interviews with real estate professionals familiar with industrial properties like the subject and the market in which the Property is located. Each comparable is further discussed as follows.

After adjustments, the comparables indicate subject values ranging from \$230.16 to \$251.28/SF, with an average of \$240.66/SF. Based on these findings, a concluded subject value of **\$235.00/SF** is considered reasonable, consistent with current market levels and well supported by the comparable sale properties.

**Indicated Value from the Sales Comparison Approach**

\$235.00/SF x 107,604 SF NRA, rounded	\$25,286,940
<b>Indicated Value from the Sales Comparison Approach .....</b>	<b>\$25,290,000</b>

***Valuation Approaches Utilized – “Hypothetical Value Assuming Stabilized Occupancy – At Market Rent”***

<b>Income Approach:</b>	<b>Indicated Value:</b>	<b>\$24,590,000</b>
	Projected Gross Income:	\$2,113,692
	Vacancy & Collection Allowance:	5.0%
	Expense Ratio (% of EGI):	29.6%
	Expense Ratio (\$/SF):	\$5.52
	Net Operating Income:	\$1,413,888
	Going-In Capitalization Rate:	5.75%

<b>Sales Comparison Approach:</b>	<b>Indicated Value:</b>	<b>\$25,290,000</b>
	No. of Comparables Used:	Five
	Unadjusted \$/SF Bldg. Range:	\$216.17 - \$299.76
	Adjusted \$/SF Bldg. Range:	\$230.16 - \$251.28
	Average \$/SF Value:	\$240.66
	Final \$/SF Value Selected:	<b>\$235.00</b>

**Reconciliation**

Indicated values from the Income and Sales Comparison approaches are summarized as follows:

Income Approach:	\$24,590,000
Sales Comparison Approach:	\$25,290,000

The Income Approach is the most applicable method of valuation for leased fee investment properties and is less meaningful for properties that are predominately purchased by owner-users and owned in the fee simple estate. The Income Approach is the most applicable method of valuation for investment properties like the subject. This approach is based on a thorough rental survey of the most comparable properties in the market area, and well-supported expense and capitalization rate estimates derived from market area data and industry norms. Investors rely on the income and expense characteristics to determine the value of a multiple tenant leased investment property like the subject.

The Sales Comparison Approach provides another approach to value the subject. The Sales Comparison Approach is based on recent comparable sales of similar investment properties located in the subject's market area. The Sales Comparison Approach to value, however, is the typical method of valuation for a predominantly or entirely owner-occupied property and a less reliable approach to an investment property like the subject. However, given that the six comparables utilized in our analysis were investor purchased industrial buildings; consideration should be also given to the Sales Comparison Approach.

In my final evaluation, greatest weight is given to the Income Approach with secondary support provided by the Sales Comparison Approach.

**Final valuation – “as stabilized”**

Based on our inspection of the subject Property and surrounding neighborhood, our analysis of relevant data, and the preparation of the most applicable approaches to value, it is our opinion that the *Hypothetical Value Assuming Stabilized Occupancy* for the subject Property as of December 27, 2023, is:

TWENTY-FOUR MILLION SIX HUNDRED THOUSAND DOLLARS -       **\$24,600,000**

**Final valuation – “Retrospective Value”**

The previously concluded subject value of \$24,600,000 is the *Value Assuming Stabilized Occupancy and Income*. *The subject is 100% occupied, however its average contract rent of \$1.07/SF is nearly 17% below market.* I would expect a value-add investor to purchase the property and raise rents to market with minimal overall turnover given the limited inventory of space at or below the market rent. This analysis values the subject in its current *income* level and requires rent loss being deducted.

**Estimate of Rent Loss**

As previously discussed, the leases for the remaining term are below the estimated market rent. The overall impact of this rent loss is demonstrated in the table below. The present worth of the subject's rent loss is based on a safe rate of 5% (minimal risk of tenant vacating at current rate). See the following table for calculations pertaining to rent loss/gain.

PRESENT WORTH OF RENT LOSS ( BELOW MARKET LEASES)							
Tenant	Unit Size (SF)	Lease Expiration	Rent/SF/Month		Rent Diff. /Month	Mos. Remain.	PW Rent Loss (5% Disc.Rate)
			Contract	Market			
El&C Solutions, dba: Rapid Packout, Inc	10,080 SF	12/31/2024	\$1.02	\$1.20	\$1,814	13	\$22,908
D.A.M. Bindery, Inc., dba: The Bindery	9,400 SF	11/30/2024	\$0.95	\$1.30	\$3,290	12	\$38,431
Action Powder Coating, Inc.	23,500 SF	12/31/2027	\$1.00	\$1.20	\$4,700	49	\$207,922
Finch Realty	9,400 SF	12/31/2026	\$1.25	\$1.30	\$470	37	\$16,085
Right Manufacturing, LLC	18,800 SF	6/30/2024	\$0.99	\$1.20	\$3,948	7	\$27,181
C&O Stoneworks and A&O Stoneworks	4,700 SF	5/31/2027	\$1.15	\$1.30	\$705	42	\$27,112
Daily's Workshop, LLC	4,700 SF	12/31/2026	\$1.03	\$1.30	\$1,269	37	\$43,429
GD Tile and Stone Co.	4,700 SF	6/30/2028	\$1.20	\$1.30	\$470	55	\$23,059
Rainbow Imports, Inc.	8,224 SF	8/31/2028	\$1.15	\$1.30	\$1,234	57	\$62,494
Northwest Surfacing Specialist, LLC dba SYNLa	4,700 SF	9/30/2024	\$1.25	\$1.30	\$235	10	\$2,297
Daily's Workshop, LLC	4,700 SF	12/31/2026	\$1.20	\$1.30	\$470	37	\$16,085
Little Miss Brewing, LLC	4,700 SF	3/31/2030	\$0.98	\$1.30	\$1,504	76	\$97,801
<b>Subtotal: Present Worth of Rent Loss (Below-Market Leases)</b>							<b>\$584,804</b>
<b>TOTAL PRESENT WORTH OF RENT LOSS:</b>							<b>\$584,804</b>
<b>Rounded to.....</b>							<b>\$580,000</b>

The subject's "As-Is" Market Value (At Contract Rent) is calculated as follows:

Concluded Value Assuming Stabilized @ Market Rent	\$24,600,000
Less: Rent Loss/Lease-up Costs to Stabilized Occupancy	-580,000
<b>Concluded "As Is" Value (At Contract Rent)</b>	<b>\$24,020,000</b>

### Value Conclusions

	<i>Hypothetical Value Assuming Stabilized Occupancy (100% - At Market Rent) as of December 27, 2023</i>	<i>"As Is" Value (100% Occupancy-Contract Rent) as of December 27, 2023</i>
Cost Approach	N/A	N/A
Income Approach	\$24,590,000	N/A
Sales Comparison Approach	\$25,290,000	N/A
<b>Final Estimate of Value:</b>		
Real Estate:	<b>\$24,600,000</b>	<b>\$24,020,000<sup>2</sup></b>

## 5 General Assumptions

### ASSUMPTIONS AND LIMITING CONDITIONS

This report is made expressly subject to the conditions and stipulations following:

#### Specific

5.1 A preliminary title report was not provided for review. Public utility easements are assumed to be present and typical of the area. I have reviewed neither legal opinions nor engineering reports concerning the aforementioned. I assume the subject Property to be free of any easements, covenants, or restrictions, which would have a negative impact on the value of the Property. Any existing easements, covenants or restrictions are assumed necessary for the highest and best use of the site. These assumptions are formally incorporated into various estimates of this report.

5.2 I have not received a soils report in connection with this appraisal assignment. In the absence of a soils report, we assume soil conditions to be adequate to support the existing improvements into the future. This assumption is incorporated into this report.

5.3 A geologic report covering the subject Property was not provided. In the absence of a geologic report, we assume geologic conditions to be stable enough to support the existing improvements into the future. In addition, we assume that no geologic conditions exist which would adversely affect the value of the site or prevent the development of the site to its highest and best use. These assumptions are formally incorporated into various estimates of this report.

5.4 The subject Property is appraised without a specific compliance survey having been conducted to determine if the Property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the Property's value, marketability, or utility. The analysis contained herein assumes the subject is not impacted by any aspects of the Americans with Disabilities Act and that there are no known non-compliance items subject to confirmation by an appropriately licensed entity, this assumption is incorporated into various estimates of this report.

#### **General**

5.5 No responsibility is assumed by us for matters which are legal in nature.

5.6 The appraisal covers the Property described only.

5.7 Sources of information are believed to be correct and, where feasible, have been verified.

5.8 That the date of value to which the conclusions and opinions expressed in this report apply, is set forth in the letter of transmittal. Further, that the dollar amount of any value opinion herein rendered is based upon the purchasing power of the American dollar on that date.

5.9 That the appraiser assumes no responsibility for economic or physical factors, which may affect the opinions herein stated occurring at some date after the date of value.

#### **6 Sources of Information**

- Management
- Other market sources

#### **7 Options or benefit or detriment of contractual arrangements**

I confirm that to the best of my knowledge and belief there:

- are currently no options held by any third parties to purchase any of the Property.
- have been no material changes between the date of the appraisal and the Last Practical Date in any circumstances relating to the Property, which would affect the valuation thereof.

#### **8 Intra-group or related party leases**

There are no intra-group or related party leases.

9 **Valuation qualifications**

Our valuation is dependent on the information supplied by the owner's management being correct in all material aspects.

10 **Current state of development**

There is no part of the Property which is currently being developed.

11. **External Property**

The Property is an external property, situated in California, United States of America outside the Republic of South Africa.

12. **Other general matters - CERTIFICATION OF APPRAISAL**

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the Property that is the subject of this report and no personal interest with respect to the parties involved.
4. I have not performed services, as an appraiser, regarding the Property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. I have no bias with respect to the Property that is the subject of this report or to the parties involved with this assignment.
6. The appraisal process and the reporting of the appraisal process did not use or rely on unsupported conclusions relating to characteristics such as race, color, religion, national origin, gender, marital status, familial status, age, receipt of public assistance income, disability, or an unsupported conclusion that homogeneity of such characteristics is necessary to maximize value.
7. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
8. The appraisal was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
9. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
10. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
11. Shawn T. Horn has inspected the property and prepared the analyses, conclusions, and opinions concerning real estate that are set forth in this appraisal report. No change of any item of the appraisal report shall be made by anyone other than Shawn T. Horn, who shall have no responsibility for any such unauthorized change.

12. No one provided significant real property appraisal assistance to the person signing this certification.

13. I have adequate education and have previously appraised many properties like this type of property, and we are familiar with the area. I am competent to appraise the subject Property. Please see the qualifications section of the detailed report for additional information.

14. Neither all nor any part of the contents of this summary report (especially any conclusions as to value, the identity of the appraiser or the firm with which they are connected, or any reference to the Certified General certification) shall be disseminated to the public through advertising media, public relations media, sales media or any other public means of communication without the prior written consent and approval of the authors. It is hereby recorded that the author has consented in writing to the publication of this summary report in the Circular to Marshalls Shareholders to which it is annexed.

15. Despite its publication in the Circular to Marshalls Shareholders, possession of this summary report, or a copy of it, will not carry with it the right of publication. The summary report may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser and the appraiser specifically disclaims any liability to such unauthorized third parties. In any event, only the detailed appraisal report may be used and only with proper written qualifications and only in its entirety for its stated purpose.

The full appraisal report on the Property detailing the Property, our appraisal methodology, our research and commentary and other details is available for inspection as detailed in the Circular to which this summary is attached.

Yours faithfully

SIGNED BY

SHAWN T HORN

Bluewater Appraisal Services Inc.



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**PRO FORMA FINANCIAL INFORMATION OF MARSHALLS**

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The *Pro Forma* Financial Information of Marshalls as set out below consists of the *pro forma* consolidated statement of financial position as at 30 September 2023 and the *pro forma* consolidated statement of comprehensive income for the six month period then ended (the “*Pro Forma* Financial Information”).

The *Pro Forma* Financial Information of Marshalls has been prepared for illustrative purposes only, to provide information on how the Disposal may affect its consolidated statement of financial position and consolidated statement of comprehensive income and, because of its nature, may not fairly present Marshalls financial position, changes in equity, results of operations or cash flows in subsequent periods.

The *Pro Forma* Financial Information of Marshalls is based on Marshalls unaudited results for the six months to 30 September 2023, released on SENS on 12 December 2023.

The *Pro Forma* Financial Information of Marshalls has been prepared in a manner consistent in all respects with IFRS, the accounting policies adopted by Marshalls as at 31 March 2023, the Revised SAICA Guide on *Pro Forma* Financial Information, the requirements of the Companies (Jersey) Law and the JSE Listings Requirements.

The *Pro Forma* Financial Information assumes the Disposal occurred on 1 April 2023 for purposes of the *pro forma* statement of comprehensive income for the six months ended 30 September 2023 and assumes the Disposal occurred on 30 September 2023 for purposes of the *pro forma* statement of financial position as at 30 September 2023.

The Marshalls Directors are responsible for the compilation, contents, accuracy and presentation of the *Pro Forma* Financial Information of the Company, and for the financial information from which it has been prepared.

The *Pro Forma* Financial Information after the Disposal is set out below and should be read in conjunction with the Independent Reporting Accountants’ report on the *Pro Forma* Financial Information set out in Annexure 3 to this Circular.

CONSOLIDATED *PRO FORMA* STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

	Unadjusted 6 months to 30-Sep 2023 Unaudited <sup>1</sup> US\$000	Adjustments for the Disposal <sup>2</sup> US\$000	Transaction costs US\$000	Pro-forma after the Disposal US\$000
<b>Continuing operations</b>				
Group revenue	61,757	(889)	-	<b>60,868</b>
Other income	2,545	6,977 <sup>4</sup>	-	<b>9,522</b>
	64,302	6,088	-	<b>70,390</b>
Change in inventories of finished goods and work in progress	(42)	-	-	<b>(42)</b>
Finished goods, raw materials and consumables	(50,575)	-	-	<b>(50,575)</b>
Employee benefit expense	(3,193)	-	-	<b>(3,193)</b>
Depreciation and amortisation expense	(217)	-	-	<b>(217)</b>
Other expenses	(8,427)	(170) <sup>5</sup>	(117)	<b>(8,714)</b>
Finance expense	(938)	66	-	<b>(872)</b>
(Loss)/Profit before taxation	910	5,985	(117)	<b>6,778</b>
Taxation	(236)	(1,587)	-	<b>(1,823)</b>
	674	4,398	(117)	<b>4,955</b>
<b>Profit/(Loss) for the period</b>				
Profit/(Loss) attributable to owners of the parent	780	4,398	(117)	<b>5,061</b>
Loss attributable to non-controlling interests	(106)	-	-	<b>(106)</b>
Basic and fully diluted earnings/(loss) per share on continuing operations (US\$ cents) <sup>6,7</sup>	2.20	-	-	<b>14.11</b>
Headline earnings per share (US\$cents) <sup>6,7</sup>	2.20			<b>14.11</b>
<b>Other Comprehensive (Expense)/Income on continuing operations:</b>				
<i>Items that will not be reclassified subsequently to profit and loss:</i>				
Commercial property fair value adjustments	-	-	-	-
Less applicable tax	-	-	-	-
	-	-	-	-

*Items that may be reclassified subsequently to profit and loss:*

Exchange differences on translation into US dollars of the financial statements of foreign entities	(1,252)			<b>(1,252)</b>
Realised exchange differences on translation into US dollars of the financial statements of disposed foreign entities	-	-	-	-
	<u>(1,252)</u>	<u>-</u>	<u>-</u>	<u><b>(1,252)</b></u>
<b>Total Other Comprehensive Loss</b>	<b>(1,252)</b>	<b>-</b>	<b>-</b>	<b>(1,252)</b>
<b>Total Comprehensive Income/(Loss)</b>	<b>(578)</b>	<b>4,398<sup>3</sup></b>	<b>(117)</b>	<b>3,703</b>
<b>Total Comprehensive Income/(Loss) attributable to owners of the parent</b>	<b>(241)</b>	<b>4,398</b>	<b>(117)</b>	<b>4,040</b>
<b>Total Comprehensive Loss attributable to non-controlling interests</b>	<b>(337)</b>	<b>-</b>	<b>-</b>	<b>(337)</b>
Interim dividend per share (US\$ cents)	2	-	-	-

The *pro forma* consolidated statement of profit or loss and other comprehensive income for the six months ended 30 September 2023 has been prepared to show the impact of the Transaction as if it was effective at 1 April 2023.

## Notes and assumptions

1. The “Unadjusted six months to 30 September 2023 unaudited” column has been extracted from the unaudited condensed consolidated interim results of the Company for the six months ended 30 September 2023, as published on SENS on 12 December 2023.
2. The “Adjustments for the Disposal” column represents the pro forma impact of the intended Disposal as extracted from the Historical Financial Information, being the carve-out historical information of the Property for the periods ended 30 September 2021, 31 March 2022 and 31 March 2023, and the six months to 30 September 2023, which are annexed to this Circular as Annexure 4 and assumes a Disposal date of 1 April 2023 and such other adjustments as required by section 8 of the Listings Requirements.
3. The adjustment to total comprehensive income includes the reversal of rental income, property, administration, finance and taxation expenses accrued over the six months ended 30 September 2023.  
In addition it includes the fair value adjustment to the investment property in line with the Disposal Consideration agreed, the Transaction costs, being costs associated with the sale of the Property as set out in note 5, notional interest income on the net Disposal proceeds for the 6 months from 1 April 2023 and additional tax provisions in relation to these adjustments.
4. The adjustment to “Other income” is a combination of (i) reversal of Other income relating to the Property of US\$30,000 as disclosed in the Historical Financial Information, (ii) an increase in the fair value of the investment property by US\$6,675,000 to take into account the Disposal Consideration of US\$26,500,000 (Excl. VAT), and (iii) including notional income on the net sale proceeds of US\$332,000 for the six months ended on 30 September 2023.
5. The Transaction costs associated with the Disposal have been recognised as an adjustment in the Pro Forma Statements of Profit or Loss and Other Comprehensive Income – other expenses. These costs, detailed in paragraph 18 of the Circular, are based on quotes received from the vendors. A contingency of US\$13,500 has been included to cater for any increased expenses.  
The adjustment to “Other expenses” includes the reversal of Other expenses relating to the Property of US\$427,000 as disclosed in the Historical Financial Information less the Transaction costs of US\$597,000.
6. The total number of shares in issue over the period is 35,857,512. There are no other classes of share or any treasury Shares in issue.
7. The earnings per share and headline earnings per share have been calculated based on the weighted average number of shares in issue over the reporting period. There are no rights or options that may result in the issue of Shares and therefore there are no dilutionary instruments in issue.
8. The income tax rate is assumed to be a blended rate of 28%.  
The adjustment to taxation includes \$1,706,000 tax provision related to the Disposal and reversal of the \$119,000 tax costs relating to the Property as disclosed in the Historical Financial Information.
9. All adjustments are of a continuing effect with the exception of the Transaction costs.

CONSOLIDATED *PRO FORMA* STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023

	Unadjusted 30-Sep 2023 Unaudited <sup>1</sup> US\$000	Adjustments for the disposal US\$000	Transaction of costs US\$000	Pro-forma after disposal US\$000
<b>Non-current assets</b>				
Investment property	28,484	(19,825)	-	8,659
Property, plant and equipment	5,304	-	-	5,304
Right of use assets	447	-	-	447
Accounts receivable	98	-	-	98
Deferred taxation	164	-	-	164
General investment portfolio	24,683	-	-	24,683
	<u>59,180</u>	<u>(19,825)</u>	<u>-</u>	<u>39,355</u>
<b>Current assets</b>				
Inventories	15,891	-	-	15,891
Accounts receivable	30,887	(87)	-	30,800
Other financial assets	83	-	-	83
Other current assets	404	(221)	-	183
Tax recoverable	240	-	-	240
Cash and cash equivalents	22,501	20,491 <sup>2,3,4</sup>	-	42,992
	<u>70,006</u>	<u>20,183</u>	<u>-</u>	<u>90,189</u>
<b>Total assets</b>	<u>129,186</u>	<u>358</u>	<u>-</u>	<u>129,544</u>
<b>Current liabilities</b>				
Bank overdrafts	(5,977)	-	-	(5,977)
Accounts payable	(21,642)	357 <sup>6</sup>	(117)	(21,402)
Lease liabilities	(78)	-	-	(78)
Other financial liabilities	-	-	-	-
Tax payable	(170)	(6,477) <sup>5</sup>	-	(6,647)
	<u>(27,867)</u>	<u>(6,120)</u>	<u>(117)</u>	<u>(34,104)</u>
<b>Net current assets</b>	<u>42,139</u>	<u>14,063</u>	<u>(117)</u>	<u>56,085</u>
<b>Non-current liabilities</b>				
Financial liabilities	(6,025)	5,190	-	(835)
Lease liabilities	(366)	-	-	(366)
Deferred taxation	(6,839)	4,930	-	(1,910)
<b>Total non-current liabilities</b>	<u>(13,230)</u>	<u>10,120</u>	<u>-</u>	<u>(3,110)</u>
<b>Net assets</b>	<u>88,089</u>	<u>4,358</u>	<u>(117)</u>	<u>92,330</u>
<b>Capital and reserves</b>				
Called up share capital	8,964	-	-	8,964
Share premium account	23,606	-	-	23,606
Other reserves	(12,404)	-	-	(12,404)
Retained earnings	64,282	4,358 <sup>6</sup>	(117)	68,523
<b>Equity attributable to owners of the parent</b>	<u>84,448</u>	<u>4,358</u>	<u>(117)</u>	<u>88,689</u>
<b>Non-controlling interests</b>	<u>3,641</u>	<u>-</u>	<u>-</u>	<u>3,641</u>
	<u>88,089</u>	<u>4,358</u>	<u>(117)</u>	<u>92,330</u>

### Notes and assumptions

1. The “Unadjusted 30 September 2023 unaudited” column has been extracted from the unaudited condensed consolidated interim results of the Company for the six months ended 30 September 2023, as published on SENS on 12 December 2023.
2. The “Adjustments for the Disposal” column represents the pro forma impact of the intended Disposal of the Property as extracted from the Historical Financial Information, being the carve-out historical financial information of the Property for the periods ended 30 September 2021, 31 March 2022 and 31 March 2023, and the six months to 30 September 2023, which are annexed to this Circular as Annexure 4 and assumes a Disposal date of 30 September 2023.
3. Net proceeds from the Disposal after Transaction costs of \$597,000 have been included in Cash and cash equivalents on the assumption that the Disposal Consideration will be applied by the Company to repay the mortgage bond registered over the Property in the amount of US\$5,341million, as at 30 September 2023, and the balance will be utilised to fund further investments by the Group.
4. The mortgage bond associated with the Property of US\$5.341million and the total net debtors of US\$71,000 are deemed settled and also included in Cash and cash equivalents.
5. The estimated Income tax associated with the Disposal is included in Tax payable.
6. The costs of the Transaction have been recognised as an adjustment in retained earnings and an increase of trade payables. These costs are based on quotes received from the vendors as detailed in paragraph 18 of the Circular. A contingency has been included to cater for any increased expenses.
7. The total number of Shares in issue are 35,857,512. There are no dilutionary instruments in issue.

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**INDEPENDENT REPORTING ACCOUNTANT’S REASONABLE ASSURANCE REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION**

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The Directors  
Marshall Monteagle PLC  
2<sup>nd</sup> Floor, 66-72 Esplanade  
Gaspé House  
St Helier  
Jersey, JE1 1 GH

14 February 2024

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS’ ASSURANCE REPORT ON THE COMPILATION OF THE *PRO FORMA* FINANCIAL INFORMATION OF MARSHALLSLIMITED (“THE COMPANY”) AND ITS SUBSIDIARIES (“THE GROUP”)

**The Directors of Marshall Monteagle PLC****Introduction**

The definitions and interpretations commencing on page 5 of this Circular apply *mutatis mutandis* to this independent reporting accountant’s assurance report on the compilation of the pro forma financial information of the Marshall Monteagle PLC (the “Company”) and its subsidiaries (together the “Group”). The pro forma financial information, as set out in Annexure 2 of this Circular, consists of the pro forma consolidated statement of financial position as at 30 September 2023 and the pro forma consolidated statement of comprehensive income for the six month period then ended (the “Pro Forma Financial Information”) of the Group for the purposes of this report.

We have completed our assurance engagement to report on the compilation of the Pro Forma Financial Information of the Group by the Directors of The Company. The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information is specified in the Listings Requirements of the JSE Limited (“JSE Listings Requirements”) and described in Annexure 2 of the Circular.

The purpose of the Pro Forma Financial Information is solely to illustrate the impact of the disposal of the immovable property known as 7949 Stromesa Court Industrial Park, in San Diego, California, United States of America (the “Property”) and the leases in respect thereof to Birtcher Anderson & Davis Inc., a California corporation for US\$26.5 million payable in cash, which disposal constitutes a category 1 transaction in terms of the Listings Requirements of the JSE (the ‘Proposed Transaction’), further details of which are set out in paragraph 2.2.1 of the Circular, on the unadjusted unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2023 and is set out in Annexure 2 of the Circular. Accordingly, we do not provide any assurance that the actual outcome of the Proposed Transaction, subsequent to its implementation, will be as presented in the Pro Forma Financial Information of the Group.

**Directors’ Responsibility for the Pro Forma Financial Information of the Group**

The Directors of the Company are responsible for compiling the Pro Forma Financial Information on the basis of the applicable criteria specified in the JSE Listings Requirements and as described in the basis of preparation paragraph of Annexure 2 of the Circular (“Applicable Criteria”).

## **Independence and Quality Management**

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Guernsey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our firm applies International Standard on Quality Management (ISQM) 1, Quality Management for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Service Engagements, and accordingly, maintains a comprehensive system of quality controls including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

## **Independent Reporting Accountant's Responsibilities**

Our responsibility is to express an opinion, based on our procedures performed, about whether the Pro Forma Financial Information of the Group has been compiled, in all material respects, by the Directors of the Company on the basis of the Applicable Criteria.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Circular*, which is applicable to an engagement of this nature, issued by the International Auditing and Assurance Standards Board (IAASB). This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Pro Forma Financial Information of the Group has been compiled, in all material respects, on the basis of the Applicable Criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information of the Group, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in this Circular is solely to illustrate how the Proposed Transaction may have affected the results and financial position of Marshalls, assuming it was implemented on 30 September 2023 for statement of financial position purposes and implemented on 1 April 2023 for statement of comprehensive income purposes. Due to its nature, the Pro Forma Financial Information may not fairly present the Company's financial position, changes in equity, comprehensive income or results of cash flows post the implementation of the Proposed Transaction. Accordingly, we do not provide any assurance that the actual outcome of the Proposed Transaction, subsequent to its implementation, will be as presented in the Pro Forma Financial Information.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the Directors in the compilation of the Pro Forma Financial Information of the Group provides a reasonable basis for presenting the significant effects directly attributable to the Proposed Transaction and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to the Applicable Criteria; and
- The Pro Forma Financial Information reflects the proper application of those pro forma adjustments to the unadjusted unaudited financial information as at 30 September 2023.

The procedures we performed depend on our judgement, taking into regard our understanding of the nature of the Group, the Proposed Transaction in respect of which the Pro Forma Financial Information has been compiled and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion, the Pro Forma Financial Information of the Group has been compiled, in all material respects, on the basis of the Applicable Criteria.

### **Restriction on use**

This Report has been prepared for the purpose of satisfying the requirements of the JSE Listings Requirements, and for no other purpose.



**Grant Thornton Limited**

Chartered Accountants  
St Peter Port, Guernsey

Date: 14 February 2024

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**REPORT ON THE HISTORICAL FINANCIAL INFORMATION, COMPRISING THE CARVE-OUT FINANCIAL STATEMENTS OF THE PROPERTY**

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The Historical Financial Information of the Company has been extracted from the audited financial statements of Marshall Monteagle PLC for the following periods: Year ended 30 September 2020, 18 months ended 31 March 2022, Year ended 31 March 2023, as well as the unaudited interim financial statements of Marshall Monteagle PLC for the six months ended 30 September 2023.

The net asset statement of the Company as at 30 September 2020, 31 March 2022, 31 March 2023 and 30 September 2023 and the statement of direct income and expenses for the six months ended 30 September 2023 and for the periods ended 30 September 2020, 31 March 2022 and 31 March 2023 and the related accounting policies and notes have been compiled, in accordance with the special purpose framework set out below. The carve-out Historical Financial Information has been prepared on a carve-out basis from the accounting records of the Company.

The accounting policies are consistent with those applied in the interim financial period statements for the six months ended 30 September 2023.

In terms of the Disposal Agreement only the Property will be disposed of to the Purchaser and the Company is not disposing of a legal entity or its subsidiary.

Therefore, the directors have decided to exclude equity movements in the form of a statement of changes in equity and a cash flow statement in the presentation of carve-out financial statements.

Similarly, the Directors have decided not to allocate a portion of the other operating expenses of the Company, which are not directly attributable or linked to the Property.

The Directors are responsible for the preparation and presentation of the carve-out financial information, comprising the net asset statements as at 30 September 2023, 31 March 2023, 31 March 2022 and 30 September 2020 and the statements of direct income and expenses for the period ended and the periods then ended, the related notes and accounting policies (“Financial Information”), in accordance with the basis of accounting described in note 1.3 to the Financial Information.

The Financial Information has been prepared for the purposes of providing financial information to satisfy the requirements of section 8 of the JSE Listings Requirements and for no other purpose. In addition, the Directors are responsible for preparing the Directors’ commentary included in the Financial Information. The directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

## CARVE OUT HISTORICAL FINANCIAL INFORMATION

<b>Net Asset Statement</b>	Notes	<b>30 Sept 2023 Reviewed US\$000</b>	31 Mar 2023 Audited US\$000	31 Mar 2022 Audited US\$000	30 Sept 2020 Audited US\$000
<b>Non-current assets</b>					
Investment property	2	<u>19,825</u>	<u>19,825</u>	<u>18,401</u>	<u>14,316</u>
		<b>19,825</b>	<b>19,825</b>	<b>18,401</b>	<b>14,316</b>
<b>Current assets</b>					
Accounts receivable	3	<b>87</b>	120	197	27
Other current assets	3	<b>221</b>	175	197	248
		<u>308</u>	<u>295</u>	<u>394</u>	<u>275</u>
<b>Total assets</b>		<b><u>20,133</u></b>	<b><u>20,120</u></b>	<b><u>18,795</u></b>	<b><u>14,591</u></b>
<b>Current liabilities</b>					
Accounts payable	4	<b>(206)</b>	(241)	(192)	(226)
Other financial liabilities	4	<b>(151)</b>	(151)	(145)	(143)
Tax payable		<b>(154)</b>	(35)	(42)	(28)
		<u>(511)</u>	<u>(427)</u>	<u>(379)</u>	<u>(397)</u>
<b>Non-current liabilities</b>					
Financial liabilities	4	<b>(5,190)</b>	(5,223)	(5,360)	(5,550)
Deferred taxation	5	<b>(4,930)</b>	(4,930)	(5,122)	(3,982)
<b>Total non-current liabilities</b>		<b><u>(10,120)</u></b>	<b><u>(10,153)</u></b>	<b><u>(10,483)</u></b>	<b><u>(9,532)</u></b>
<b>Net assets</b>		<b><u>9,502</u></b>	<b><u>9,540</u></b>	<b><u>7,934</u></b>	<b><u>4,662</u></b>

<b>Statement of direct income and expenses</b>	<b>6 months to 30 Sept 2023 Reviewed US\$000</b>	12 months to 31 Mar 2023 Audited US\$000	18 months to 31 Mar 2022 Audited US\$000	12 months to 30 Sept 2020 Audited US\$000
<b>Continuing operations</b>				
Group revenue- rental income	<b>889</b>	1,662	2,373	1,492
Other income	<b>30</b>	1,424	4,078	913
	<u>919</u>	<u>3,085</u>	<u>6,451</u>	<u>2,405</u>
Other expenses	<b>(427)</b>	(451)	(728)	(466)
Finance expense	<b>(66)</b>	(201)	(311)	(213)
Profit/(Loss) before taxation	<b>426</b>	2,434	5,413	1,726
Taxation	<b>(119)</b>	(41)	(1,428)	(505)
<b>Profit/(Loss) for the period</b>	<b><u>306</u></b>	<b><u>2,393</u></b>	<b><u>3,984</u></b>	<b><u>1,220</u></b>
Profit/(Loss) attributable to owners of the parent	<b>306</b>	2,393	3,984	1,220
Loss attributable to non-controlling interests	-	-	-	-

## **1. Significant Accounting Policies**

### **1.1 Reporting Entity**

The Financial Information is obtained from Marshall Monteagle PLC which is domiciled in Jersey, Channel Islands. The Financial Information is prepared on the going-concern basis and the accounting policies set out below have been applied consistently to all periods presented.

### **1.2. Nature of the business**

Marshall Monteagle PLC (“the Company”) 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.

### **1.3. Basis of preparation**

Basis of accounting for the reviewed net asset statement as at 30 Sept 2023 and the audited net asset statements for the periods ended 31 Mar 2023, 31 Mar 2022 and 30 Sept 2020; and the reviewed statement of direct income and expenses for the period ended 30 Sept 2023 and audited statements of direct income and expenses for the periods ended 31 Mar 2023, 31 Mar 2022 and 30 Sept 2020.

The Financial Information has been prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), the SAICA Financial Reporting Guides as issued by the Financial Reporting Standards Council and the Financial Pronouncements as issued by the Financial Reporting Council, JSE Listings Requirements and in accordance with Article 105 of the Companies (Jersey) Law, 1991.

This reviewed and audited Financial Information is intended for the sole use of providing financial information to meet the requirements of section 8 of the JSE Listings Requirements. The Financial Information relates to the Stromesa Court Industrial Park Property. Section 8 of the JSE Listings Requirements require that the Financial Information of the Disposal be presented in respect of the subject matter of that disposal, namely, the freehold rights to the Stromesa Court Industrial Park and associated leases. The Financial Information includes net asset statements and statements of profit or loss and other comprehensive income which contain financial information relating only to the freehold rights to the Stromesa Court Industrial Park. This Financial Information is therefore referred to as “carve-out” Financial Information.

The Financial Information is presented in United States Dollars (“US\$”), which is the Company’s functional currency.

### **1.4. Investment properties**

Investment properties are those held to earn rental income and for capital growth. These properties are initially recognised at cost and subsequently measured at fair value. These properties are independently valued on an open market basis at regular intervals. Open market value is defined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. Open market value is considered to approximate to fair value. Changes in fair value are recorded in profit and loss. All maintenance and running costs are charged in operating costs in the period that they occur.

### **1.5. Revenue**

Rental income on properties is recognised on a straight-line basis over the lease term (note 1.6)

### **1.6. Leases**

Leases are classified as operating leases when they do not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

The Group as a lessor of investment properties recognises operating lease income on a straight-line basis, based on a pattern reflecting a constant periodic rate of return on the net investment in the lease. Operating lease receivables are recognised in the Statement of Financial Position at the undiscounted cost of the cash flows due under the lease.

## 1.7. Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in Other Comprehensive Income or directly in equity in which case it is recognised in Other Comprehensive Income or directly in equity, respectively.

### *Current Income Tax*

Current tax is the expected tax payable on taxable income for the period, using tax rates enacted or substantively enacted at the reporting date in the countries where the Company and its subsidiaries and associates operate and generate taxable income, and any adjustment to tax payable in respect of previous periods. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

### *Deferred Tax*

Deferred tax is recognised using the liability method, providing for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements for financial reporting purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of an asset or liability; a transaction (other than a business combination) that at the time of the transaction affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply to temporary differences when they reverse.

A deferred tax asset is recognised for unused tax losses arising on deductible temporary differences only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

## 1.8. Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks, and investments in money market instruments net of bank overdrafts. Where a right of offset exists, account balances are aggregated.

Cash and cash equivalents are initially recorded at fair value and subsequently held at amortised cost; accounts receivable, excluding operating lease receivables, are initially valued at fair value and subsequently held at amortised cost, using the effective interest method less any adjustments required as a result of impairment.

## 1.9. Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

### *Financial Assets*

The principal financial assets are cash and cash equivalents, and accounts receivable.

The carrying amounts of trade receivables, that do not have a significant financing component, are reviewed under the expected credit loss model and the simplified approach is used.

### *Financial Liabilities*

Financial liabilities and Other financial liabilities are classified according to the substance of the contractual agreements entered into. The principal financial liabilities are bank loans and accounts payable, which are initially valued at fair value, and subsequently

measured at amortised cost, using the effective interest method. The value of non-current financial liabilities is calculated by discounting their future cash flows at the market rate that reflects current interest rates. Where the effects of discounting are immaterial, no discounting is applied.

### 1.10. Estimates and judgements

The Group is required, in conformity with IFRS, to make estimates and judgements that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. The resulting accounting estimates will, by definition, seldom equal the related results. The estimates, judgements and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and in future periods if applicable.

The critical judgements that the directors have made in the process of applying the Group's accounting policies mainly also involve estimations.

The most significant estimates relate to the valuation of properties (note 1.4).

## 2. Investment Properties

	<b>30 Sept 2023 Reviewed US\$000</b>	31 Mar 2023 Audited US\$000	31 Mar 2022 Audited US\$000	30 Sept 2020 Audited US\$000
<b>Brought forward</b>				
At Fair value	<b>19,825</b>	18,401	14,316	13,402
Fair value adjustments	-	1,424	4,077	914
Improvement expenditure	-		8	-
Balance carried forward – at fair value	<b>19,825</b>	<b>19,825</b>	<b>18,401</b>	<b>14,316</b>
Rental Income	<b>889</b>	1,662	2,373	1,492
Fair value recognised in other income	-	1,424	4,077	914

## 3. Accounts receivables and other current assets

	<b>30 Sept 2023 Reviewed US\$000</b>	31 Mar 2023 Audited US\$000	31 Mar 2022 Audited US\$000	30 Sept 2020 Audited US\$000
<b>Accounts receivables</b>				
Trade receivables	<b>57</b>	60	110	13
Other receivables	<b>30</b>	60	87	14
	<b>87</b>	120	197	27
<b>Other current assets</b>				
Lease receivables	<b>154</b>	154	143	153
Deferred lease costs	<b>67</b>	21	54	95
	<b>221</b>	175	197	248

#### 4.Accounts payable and other financial liabilities

	<b>30 Sept 2023 Reviewed US\$000</b>	31 Mar 2023 Audited US\$000	31 Mar 2022 Audited US\$000	30 Sept 2020 Audited US\$000
<b>Current</b>				
Accounts payable	(206)	(241)	(192)	(226)
Short-term portions of secured loans	(151)	(151)	(145)	(143)
<b>Non- Current</b>				
Secured loans	(5,190)	(5,223)	(5,360)	(5,550)

#### 5.Deferred Tax

	<b>30 Sept 2023 Reviewed US\$000</b>	31 Mar 2023 Audited US\$000	31 Mar 2022 Audited US\$000	30 Sept 2020 Audited US\$000
<b>Deferred tax asset</b>				
Timing differences arising from				
Accelerated allowances	1	1	70	73
Other	60	60	31	16
	<b>61</b>	61	101	89
<b>Deferred tax liabilities</b>				
Timing differences arising from				
Investment property valuations	(4,911)	(4,911)	(5,183)	(3,962)
Tangible assets	(34)	(34)	-	-
Lease receivables	(46)	(46)	(40)	(43)
Other	-	-	-	(66)
	<b>(4,991)</b>	(4,991)	(5,223)	(4,071)
Disclosed as asset	-	-	-	-
Disclosed as liability	<b>(4,930)</b>	(4,930)	(5,122)	(3,982)
<b>Reconciliation of movement</b>				
Disclosed as asset	-	-	-	-
Disclosed as liability	(4,930)	(5,122)	(3,982)	(3,646)
Balance brought forward	(4,930)	(5,122)	(3,982)	(3,646)
Deferred taxation charged to profit or loss	-	193	(1,139)	(336)
Deferred taxation charged to Profit or Loss arises from:	-			
Revaluation of Investment properties	-	272	(1,221)	(311)
Accelerated allowances	-	(103)	79	(3)
Lease receivable	-	(6)	3	(20)
Other	-	30	-	(2)

## 6. Investment properties valuation inputs

In determining the valuations, the valuer referred to current market conditions, recent sales and rental transactions of similar properties in similar geographical locations. In estimating the fair value of the properties, the highest and best use of the property is their current use.

### *Investment properties*

The Group considers the valuation of all of its investment properties to fall within Level 3 of the fair value hierarchy, as defined by IFRS13. All properties are completed investment properties, none are under development. The investment properties were valued at 31 March 2023; in the United States by D. Asaro, Senior Vice President of Kidder Mathews, in San Diego. They are suitably independent valuers, experienced in the location and category of the property being valued, at current market values, on an open market basis. In determining the valuations as at 31 March 2023, the approach used in the properties in USA is based on the projected net annual income after deducting a 10% vacancy and reserve factor. The adjusted net operating income is then capitalised at a capital rate of 6%.

Unobservable input rates	Range of inputs (probability weighted average)				Effect on fair value of an increase in the unobservable input rate
	2023 Reviewed	2023 Audited	2022 Audited	2020 Audited	
<b>Investment properties</b>					
Vacancy rate %	10.0	10.0	10.0	10.0	Decrease
Capitalisation rate %	6.0	6.0	6.0	6.7	Decrease

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THE INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION, COMPRISING THE  
CARVE-OUT FINANCIAL STATEMENTS OF THE PROPERTY

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The Directors  
Marshall Monteagle PLC  
2<sup>nd</sup> Floor, 66-72 Esplanade  
Gaspé House  
St Helier  
Jersey, JE1 1 GH

14 February 2024

Dear Sirs

**INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE CARVE-OUT HISTORICAL FINANCIAL INFORMATION OF MARSHALL MONTEAGLE PLC (THE "COMPANY") EXTRACTED FROM THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES (TOGETHER THE "GROUP")**

At your request, we present our Independent Reporting Accountant's and Auditor's Review Report on the carve-out historical financial information of the Company that comprises information extracted from the unaudited consolidated interim financial statements of the Group for the six months ended 30 September 2023 and its audited consolidated financial statements for periods as at and ending 31 March 2023, 31 March 2022 and 30 September 2020 (hereafter referred to as the "Carve-Out Historical Financial Information"), pertaining to the immovable property known as 7949 Stromesa Court Industrial Park, in San Diego, California, United States of America (the "Property").

This report is required for the purposes of complying with Section 8.48(a) of the JSE Listings Requirements and is given for the purpose of complying with those requirements and for no other purpose. We are the Independent Reporting Accountant and the Independent Auditor of the Company.

To the fullest extent permitted by law, we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with the JSE Listings Requirements and consenting to its inclusion in the Circular.

**ANNEXURE 5A – REVIEW REPORT**

**INDEPENDENT REPORTING ACCOUNTANT'S AND AUDITOR'S REVIEW REPORT ON THE CARVE-OUT HISTORICAL FINANCIAL INFORMATION OF THE COMPANY AS AT AND FOR SIX MONTHS ENDED 30 SEPTEMBER 2023**

We have reviewed the Carve-Out Historical Financial Information, which comprises the carve-out Net Asset Statement as at 30 September 2023 and carve-out Statement of Direct Income and Expenses, including a summary of significant accounting policies and the notes thereto applicable to the Property as presented in Annexure 4 of the Circular.

The Carve-Out Historical Financial Information has been prepared solely for the purpose of fulfilling the Company's financial reporting responsibilities in order to comply with the respective JSE Listings Requirements. As a result, the Carve-out Historical Financial Information may not be suitable or relied on for any other purpose.

**Responsibilities of the Directors for the Carve-Out Historical Financial Information**

The Directors are responsible for the compilation, contents and preparation of the Circular in accordance with the JSE Listings Requirements. The Directors are also responsible for the preparation of the Carve-Out Historical Financial

Information, in accordance with the JSE Listings Requirements, as set out in the basis of preparation paragraph included in Annexure 4 to the Circular, and for determining that the basis of preparation is acceptable in the circumstances. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation and presentation of the Carve-Out Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Those charged with governance at the Company are responsible for overseeing the process to compile the Carve-Out Historical Financial Information.

### **Reporting Accountant's and Auditor's Responsibilities for the Carve-out Historical Financial Information**

Our responsibility is to express a review conclusion on the Carve-Out Historical Financial Information based on our review in accordance with ISRE 2410: *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the Carve-Out Historical Financial Information, taken as a whole, is not prepared in all material respects in accordance with the basis of preparation. ISRE 2410 also requires us to comply with relevant ethical requirements.

A review of the Carve-Out Historical Financial Information in accordance with ISRE 2410 is a limited assurance engagement in terms of which we perform procedures, primarily consisting of making enquiries of management and others within the entity, as appropriate, and applying analytical procedures and evaluating the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing ("ISAs"). Accordingly, we do not express an audit opinion on the Carve-Out Historical Financial Information.

### **Conclusion**

Based on our reviews, nothing has come to our attention that causes us to believe that the Carve-Out Historical Financial Information of the Company, as set out in Annexure 4 to the Circular, is not prepared, in all material respects, in accordance with the basis of preparation paragraphs included in Annexure 4 to the Circular and the JSE Listings Requirements.

### **Emphasis of matter – Basis of Accounting, and Restriction on Distribution and Use**

We draw attention to the basis of preparation paragraphs to the Carve-Out Historical Financial Information which describes the basis of preparation and presentation of the Carve-Out Historical Financial Information, including the approach to and the purpose for preparing the financial information. Consequently, the Carve-Out Historical Financial Information may not necessarily be indicative of the financial performance that would have been achieved if the business had operated as an independent group, nor may it be indicative of the results of operations of the business for any future period.

The Carve-Out Historical Financial Information has been prepared solely for the purpose of fulfilling management's financial reporting responsibilities in order to comply with the respective JSE Listings Requirements. As a result, the Carve-Out Historical Financial Information may not be suitable or relied on for another purpose. Our conclusion is not modified in respect of this matter.



**Grant Thornton Limited**

Chartered Accountants

St Peter Port, Guernsey

Date: 14 February 2024

## ANNEXURE 5B – REASONABLE ASSURANCE REPORT

### INDEPENDENT REPORTING ACCOUNTANT'S REPORT AND AUDITOR'S AUDIT REPORT ON THE CARVE-OUT HISTORICAL FINANCIAL INFORMATION OF THE COMPANY FOR THE YEAR ENDED 30 SEPTEMBER 2020, PERIOD ENDED 31 MARCH 2022 AND YEAR ENDED MARCH 2023

#### Opinion

We have audited the Carve-Out Historical Financial Information of the Company, which comprises the net asset statement as at 31 March 2023, 31 March 2022 and 30 September 2020 and the statement of direct income and expenses for the periods ended 31 March 2023, 31 March 2022 and 30 September 2020 and the related accounting policies and notes thereto, applicable to the Property thereto as presented in Annexure 4 to the Circular.

In our opinion, the Carve-Out Historical Financial Information, as presented in Annexure 4 to the Circular, is prepared, in all material respects, in accordance with the basis of preparation paragraphs as set out in Annexure 4 of the Carve-Out Historical Financial Information and the JSE Listings Requirements.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Carve-Out Historical Financial Information* section of our report.

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Guernsey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of matter - basis of accounting and restriction on use

We draw attention to the basis of preparation paragraph included in Annexure 4 to the Carve-Out Historical Financial Information, which describes the basis of preparation and presentation of the Carve-Out Historical Financial Information, including the approach to and the purpose for preparing the financial information. The Carve-Out Historical Financial Information has been prepared solely for the purpose of fulfilling directors' financial reporting responsibilities in order to comply with the respective JSE Listings Requirements. As a result, the Carve-Out Historical Financial Information may not be suitable or relied on for another purpose. Our opinion is not modified in respect of this matter.

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Carve-Out Historical Financial Information for the periods ended 31 March 2023, 31 March 2022 and 30 September 2020. These matters were addressed in the context of our audit of the Carve-Out Historical Financial Information as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

<b>Principles applied in preparing the Carve-Out Historical Financial Information</b>	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<b>Revenue recognition (excluding other income)</b> <b>US\$ 1.66 million for 31 March 2023; US\$ 2.37 million for 31 March 2022; and US\$ 1.49 million for 30 September 2020</b>  Under ISA 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.	<b>Audit procedures performed:</b>  Carve-out revenue is generated by and recognised within subsidiaries of the Company. Our audit testing was centred around directing and reviewing the audit work performed by the component auditors. Working with the component auditors we ensured that they: <ul style="list-style-type: none"><li>• Updated our understanding of management's processes, policies, methodologies and controls in relation to the recognition of revenue and confirmed their understanding by</li></ul>

<b>Principles applied in preparing the Carve-Out Historical Financial Information</b>	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>Revenue is a material area of the Carve-Out Historical Financial Information. Revenue is a key factor in determining the performance of the Company and includes consideration received for the rental income.</p> <p>As a result of our audit risk assessment, including our review of the business and control environment, we identified revenue recognition as a significant risk and a key audit matter and designed and implemented appropriate responses to address this risk.</p> <p><i>Refer to Annexure 4 of the Circular.</i></p>	<p>performing walkthrough tests on the design and implementation of key controls;</p> <ul style="list-style-type: none"> <li>• Compared the revenue recognition policies adopted, to ensure they were in line with the financial reporting framework; and</li> <li>• Undertook sufficient and appropriate audit testing to address the completeness, accuracy and occurrence of revenue recorded.</li> </ul> <p><b>Key observations</b></p> <p>We have not identified any significant matters to report to those charged with governance in relation to the recognition of revenue.</p>
<p><b>Valuation of commercial property held at fair value under a revaluation policy</b></p> <p><b>US\$ 19.83 million for 31 March 2023; US\$ 18.40 million for 31 March 2022; and US\$ 14.32 million for 30 September 2020</b></p> <p>The Company owns a multi-tenanted light industrial property in San Diego, California. The properties owned by the Company are held at fair value, which requires specialist expertise and the use of significant estimates and judgements giving rise to a higher risk of misstatement.</p> <p>Furthermore, the Company is exposed to risks resulting from major changes in property valuations. If the valuation of property is used to secure borrowing facilities, a fall in price may prevent further borrowing facilities from being secured.</p> <p><i>Refer to Annexure 4 of the Circular.</i></p>	<p><b>Audit procedures performed:</b></p> <p>As the commercial properties are held within subsidiaries of the Company, our audit testing focused on directing and reviewing the audit work performed by the component auditors. Working with the component auditors we ensured that they:</p> <ul style="list-style-type: none"> <li>• Updated our understanding of management’s processes, policies, methodologies, and controls in relation to the valuation and measurement of investment and commercial properties and confirmed their understanding by performing walkthrough tests on the design and implementation of key controls;</li> <li>• Performed sufficient and appropriate audit testing to address the risk that the valuation of the properties could be misstated; and</li> <li>• Assessed and challenged the key inputs, estimates and judgements made by management in deriving the estimated property valuations.</li> </ul> <p>In addition to our review of the work performed by the component auditors, we performed the following procedures:</p> <ul style="list-style-type: none"> <li>• We assessed Management’s valuation of the investment property that is disclosed as property, plant and equipment within the respective subsidiary’s individual financial statements (prepared under US GAAP at cost less impairments) and reclassified to investment property at Group level, in accordance with IAS 40 using the fair value model, within the Circular;</li> <li>• We obtained the valuation report prepared by managements valuation expert and challenged the key inputs and assumptions by comparing them to publicly available information to ensure that they are reasonable; and</li> <li>• We ensured that the valuation method used by the valuation expert was in line with the requirements of IFRS 13.</li> </ul>

<b>Principles applied in preparing the Carve-Out Historical Financial Information</b>	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
	<p><b>Key observations</b></p> <p>We have not identified any significant matters to report to those charged with governance in relation to the fair value measurement of the commercial property.</p>

### **Other information**

The Directors are responsible for the other information contained in this Circular. The other information comprises the information included in the document titled "Marshall Monteagle PLC Category 1 Disposal Circular". The other information does not include the Carve-Out Historical Financial Information and our report thereon.

Our opinion on the Carve-Out Historical Financial Information does not cover the other information contained in this Circular and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Carve-Out Historical Financial Information, our responsibility is to read the other information contained in this Circular and, in doing so, consider whether the other information is materially inconsistent with the Carve-Out Historical Financial Information, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the Directors for the Carve-Out Historical Financial Information**

The Directors are responsible for the compilation, contents and preparation of the Circular in accordance with the JSE Listings Requirements. The Directors are also responsible for the preparation of the Carve-Out Historical Financial Information, in accordance with the JSE Listings Requirements, as set out in the basis of preparation paragraph included in Annexure 4 to the Circular, and for determining that the basis of preparation is acceptable in the circumstances. The Directors are also responsible for such internal control as management determines is necessary to enable the preparation and presentation of the Carve-Out Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Those charged with governance at the Company are responsible for overseeing the process to compile the Carve-Out Historical Financial Information.

### **Reporting accountant's and auditor's responsibilities for the Carve-Out Historical Financial Information**

Our objectives are to obtain reasonable assurance about whether the Carve-Out Historical Financial Information as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Carve-Out Historical Financial Information.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Carve-Out Historical Financial Information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Carve-Out Historical Financial Information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Carve-Out Historical Financial Information, including the disclosures, and whether the Carve-Out Historical Financial Information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the Carve-Out Historical Financial Information for the periods ended 31 March 2023, 31 March 2022 and 30 September 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



**Grant Thornton Limited**  
Chartered Accountants  
St Peter Port  
Guernsey

Date: 14 February 2024

## MATERIAL LOANS

Set out below are the material borrowings or funding obligations of Marshalls and its Subsidiaries and the Seller.

Lender	Borrower/ issuer	Description and Origin	Capital amount outstanding	Interest rate/funding rate	Capital repayments	Security	Maturity date
First National Bank	Monteagle Consumer Group Limited*	Overdraft Facility	ZAR 74 991 900	11,75%	Interest is paid monthly. The facility is in place for 12m and is repayable on demand	Debtors, General Notarial Bond ("GNB") on Stock	Payable on demand #
First National Bank	L&G Tool and Machinery Distributors Limited ("L&G Tools")^	Overdraft Facility	ZAR 10 027 527	11,75%	Interest is paid monthly. Overdraft limit of R15m will be renewed	GNB on Inventory	31 Mar 2024 #
First National Bank	L&G Tools^	Debtor Finance	ZAR 50 299 629	11,75%	Interest is paid monthly. Facility will be renewed on maturity date	Debtors Book cession	31 Mar 2024 #
Grindrod Bank	L&G Tools^	Mortgage Bond	ZAR 12 645 225	11,25%	Interest is paid monthly. Facility will be renewed on maturity date	Bond on Building	01 May 2026
Grindrod Bank	L&G Tools^	Overdraft Facility	ZAR 8 273 029	11,75%	Interest is paid monthly. Facility will be renewed on maturity date	Bond on Building	31 Oct 2024 #
eCapital Finance Inc. - USA	L&G Tools^	Trade Finance	ZAR 58 646 239	10,75%	Interest and capital are paid every 6 months. Facility will be repaid on maturity date	GNB on Inventory and Revenue cession on Debtors	30 Apr 2024 #
John Hancock Life Insurance Company (U.S.A.)	Stromesa Court, LLC	Mortgage Bond with origination date of 2 May 2016	\$5,190,000	3.66%	Monthly payments of US\$28,855.48 covering interest and capital.	Mortgage bond over the Property	1-Jun-2026

#All repayments that are due within the 12 months from the date of this Circular will be financed using cash generated by the operating activities of the Group.

\* a wholly owned subsidiary in the Marshalls Group

^ a 50% subsidiary of the Marshalls Group

There are no conversion or redemption rights in respect of the material borrowings or funding obligations of Marshalls and its Subsidiaries as at the Last Practicable Date.



**MARSHALL MONTEAGLE PLC**  
(Incorporated in Jersey)  
(Registration number: 102785)  
(External registration number: 2010/024031/10)  
JSE Code: MMP ISIN: JE00B5N88T08

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## NOTICE OF GENERAL MEETING OF MARSHALLS SHAREHOLDERS

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Where appropriate and applicable, the terms defined in this Circular to which this Notice is attached and forms part, bear the same meanings in this Notice, and in particular in the Resolutions set out below.

**NOTICE IS HEREBY GIVEN** that the General Meeting will be held at the Company's registered office at 2nd Floor, Gaspé House, 66-72 Esplanade, St Helier, Jersey, JE1 1GH, as provided for in the Company's Articles of Association, on Tuesday, 19 March 2024 commencing at 11:00 UK Time and 13:00 SA Time, to consider and, if deemed fit, to pass, with or without modification, the Resolutions set out in this Notice below.

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### IMPORTANT DATES TO NOTE

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	<b>2024</b>
Last day to trade in order to be eligible to vote at the General Meeting	Tuesday, 5 March
Record Date to be able to vote at the General Meeting	Friday, 8 March
Forms of proxy, if delivered to transfer secretaries, to be received by no later than 11:00 UK Time and 13:00 SA Time on	Friday, 15 March
General Meeting to be held at 11:00 UK Time and 13:00 SA Time on	Tuesday, 19 March
Results of the General Meeting published on SENS on	Tuesday, 19 March

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- a Shareholder who is entitled to attend and vote at the General Meeting is entitled to appoint a proxy, or two or more proxies, to attend and participate in and vote at the General Meeting in the place of the Shareholder, by completing the form of proxy in accordance with the instructions set out therein;
- a proxy need not be a Shareholder; any company being a shareholder of the Company may execute a proxy form under the hand of a duly authorised officer; and
- all Shareholders are required to provide reasonably satisfactory identification before being entitled to participate and vote in the General Meeting. Forms of identification include valid identity documents, driver's licences and passports.

## ORDINARY RESOLUTION NUMBER 1 – APPROVAL OF THE DISPOSAL

*"RESOLVED THAT the terms of the Disposal Agreement, as set out in the Circular to Marshalls Shareholders dated Tuesday, 20 February 2024 of which this Notice of General Meeting forms part, be and is hereby approved by the Marshalls Shareholders in accordance with the provisions of paragraph 9.20 of the JSE Listings Requirements*

The percentage of voting rights that will be required for this Ordinary Resolution Number 1 to be adopted is more than 50% of the voting rights exercised on the resolution.

## ORDINARY RESOLUTION NUMBER 2

*"RESOLVED THAT any director of Marshalls or the company secretary be and are hereby authorised to do all such things and to sign all such documents as may be necessary to give effect to ordinary resolution number 1."*

The percentage of voting rights that will be required for this Ordinary Resolutions Number 2 to be adopted is more than 50% of the voting rights exercised on the resolutions.

## QUORUM AND VOTING PROCEDURE

The General Meeting may not begin until a quorum of at least three Shareholders present in person or represented by proxy and entitled to vote at the General Meeting on matters to be decided by Shareholders, are represented thereat.

Voting will be performed by way of a poll so that each shareholder present or represented by way of proxy will be entitled to vote the number of shares held or represented by him or her.

### Dematerialised Shareholders

You are entitled to attend in person, or be represented by proxy, at the General Meeting. You must **not** however, complete the attached form of proxy. You must advise your CSDP or Broker timeously if you wish to attend or be represented at the General Meeting. If your CSDP or Broker does not contact you, you are advised to contact your CSDP or Broker and provide them with your voting instructions. If your CSDP or Broker does not obtain instructions from you, they will be obliged to act in terms of your mandate furnished to them. If you do wish to attend or be represented at the General Meeting, your CSDP or Broker will be required to issue the necessary letter of representation to you to enable you to attend or to be represented at the General Meeting.

***Marshalls does not accept responsibility and will not be held liable for any failure on the part of the CSDP of a Dematerialised Shareholder to notify such Shareholder of the General Meeting or any business to be conducted thereat.***

### Certificated Shareholders and Dematerialised Own Name Shareholders

You are entitled to attend, or be represented by proxy, at the General Meeting. If you are unable to attend the General Meeting, but wish to be represented thereat, you must complete and return the attached form of proxy, in accordance with the instructions contained therein, to be received by the Transfer Secretaries, Computershare Jersey at [UKCSBRS.ExternalProxyQueries@computershare.co.uk](mailto:UKCSBRS.ExternalProxyQueries@computershare.co.uk) for shareholders on the Jersey register and Computershare SA at

[Proxy@Computershare.co.za](mailto:Proxy@Computershare.co.za) for shareholders on the South African register as soon as possible, and for administrative purposes only to be received by no later than 11:00 UK Time and 13:00 SA Time on Friday, 15 March 2024.

To be effective, the proxy form, duly completed, must arrive at the registered office of the Company not less than forty-eight hours before the time fixed for the meeting, being 11:00 UK time and 13:00 SA time on Friday, 15 March 2024. Proxy forms sent to the offices of the Transfer Secretaries for forwarding to the Company, at shareholders' risk, must be received by the Transfer Secretaries not less than forty-eight hours before the time fixed for the meeting, being 11:00 UK time 13:00 SA time on Friday, 15 March 2024 at the following respective addresses:

**Jersey/United Kingdom Shareholders:**

Computershare Investor Services (Jersey) Limited  
c/o the Pavilions  
Bridgwater Road  
Bristol, BS99 6ZY

**South African Shareholders:**

Computershare Investor Services (Proprietary) Limited  
15 Biermann Avenue  
Rosebank  
2196 South Africa  
Private Bag X9000, Saxonwold, 2132

Any form of proxy not delivered by this time may be delivered electronically to the Transfer Secretaries at the General Meeting prior to its commencement, or at any time prior to voting on any of the Resolutions proposed at the General Meeting.

**FORM OF PROXY**

A form of proxy is attached for the convenience of Certificated Shareholders who cannot attend the General Meeting and who wish to be represented thereat. Forms of proxy may also be obtained on request from Marshalls registered office. Shareholders who have already Dematerialised their Shares through a Broker or CSDP and who wish to attend the General Meeting must instruct their Broker or CSDP to issue them with the necessary letter of representation to attend.

Dematerialised Shareholders who have elected "own name" registration in the Register through a Broker or CSDP and who are unable to attend but who wish to vote at the General Meeting must complete and return the attached relevant form of proxy.

Any shareholder having queries regarding the General Meeting or the above information may contact the Company Secretary, on Tel: **+44(0)20 3709 8741** or **mail@city-group.com**

*By order of the Board*

20 February 2024

# MARSHALL MONTEAGLE PLC

Registered Office:  
 2<sup>nd</sup>Floor, Gaspé House, 66-72 Esplanade, St Helier, Jersey JE1 1GH  
 (Registered no. 102785)  
 (the “Company”)

## Proxy Form for General Meeting

Proxy form for the General Meeting of shareholders to be held at the Company’s registered office at 2nd Floor, Gaspé House, 66-72 Esplanade, St Helier, Jersey JE1 1GH on Tuesday, 19 March at 11:00am (UK time) 13:00 pm (SA time) and at any adjournment thereof.

The undersigned being the holder of \_\_\_\_\_ shares in the Company hereby appoints as their proxy at the above mentioned meeting \_\_\_\_\_ or the chairman of the meeting to whom they give all powers to represent them at the said meeting, to take part in all deliberations and to vote in their name according to the instructions set out below and to perform all acts necessary to give effect to the resolutions contained in the agenda as follows:-

No.	Resolution	For	Against	Abstention
1.	To Approve the Disposal Agreement			
2.	To allow a director and company secretary to do all such things and to sign all such documents as may be necessary to implement the resolution set out above			

Name of registered shareholder

.....

Address .....

Signature .....

**Notes**

- (i) A shareholder may appoint a proxy who need not be a shareholder of the Company. Any corporation being a shareholder of the Company may execute the proxy form under the hand of a duly authorised officer or attorney.
- (ii) To be effective, the proxy form, duly completed, must arrive at the registered office of the Company at 2<sup>nd</sup> Floor, Gaspé House, 66-72 Esplanade, St Helier, Jersey JE1 1GH not less than forty-eight hours before the time fixed for the meeting being 11:00am (UK time) 13:00 pm (SA time) on 15 March 2024. Proxy forms sent to the office of a transfer agent for forwarding to the Company at shareholders' risk must be received by the transfer agent not less than forty-eight hours before the time fixed for the meeting being 11:00am (UK time) 13:00 pm (SA time) on 15 March 2024, at the following respective addresses:

Jersey/United Kingdom Shareholders: Computershare Investor Services (Jersey) Limited:	South African Shareholders: Computershare Investor Services (Proprietary) Limited
c/o the Pavilions Bridgwater Road Bristol, BS99 6ZY	15 Biermann Avenue Rosebank 2196 South Africa Private Bag X9000, Saxonwold, 2132

- (iii) Shareholders should indicate with a cross (X) in the space provided above how they wish their votes to be cast. In the absence of specific instructions their proxy may vote as he thinks fit.
- (iv) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority is determined by the order in which the names stand in the Register of Members in respect of joint holdings.
- (v) Shareholders who have dematerialised their ordinary shares through a Central Securities Depository Participant (“CSDP”) or broker, other than own-name registered dematerialised shareholders, and who wish to attend the General Meeting must ask their CSDP or broker to issue them with a Letter of Representation. Alternatively, dematerialised shareholders other than own name registered dematerialised shareholders, who wish to be represented, must provide their CSDP or broker with their voting instructions in terms of the custody agreement between them and their CSDP or broker in the manner and within the timeframe stipulated by their CSDP or broker.
- (vi) Any shareholder of the Company may authorise any person to act as its representative at the General Meeting by a properly executed Letter of Representation to be produced at the General Meeting.