

DELANCEY/APG EXCHANGE CONTRACTS ON £425M EARLS COURT BUY

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**Sale brings to an end years of wrangling over the development of the site**

- **What** Capco has exchanged contracts on the sale of its interests in the Earls Court project to Delancey and APG
- **Why** Sale follows years of turmoil over the development of the site
- **What next** Completion of the deal is expected to take place before the end of this month

Capital & Counties has exchanged contracts on the sale of its interests in the Earls Court projects, excluding Lillie Square, to Delancey and Dutch pension fund giant APG for £425m. Completion of the deal is expected to take place before the end of November 2019 and payments will be made to Capco on a phased basis, with 45% payable on completion and the balance over two years.

Delancey and APG were granted an exclusivity period to buy Capital & Counties' Earls Court project in west London in October. The deal for the 7,500 flat project would bring to a conclusion years of turmoil over the development of the site, which has been bogged down by infighting between stakeholders and a plummeting London residential market.

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Net proceeds from the initial payment are expected to be £156m and the balance of £211m will be payable in two equal instalments, 12 months and 24 months after completion.

Following the disposal, Capco's loan to value will be reduced from 19% to 15% with cash and undrawn facilities of over £900m. Net proceeds will be used to repay the company's debt where appropriate.

Capco said the disposal positioned it as a prime central London property investment business, centred around Covent Garden, "with a continued focus on driving rental growth and securing income".

Ian Hawsworth, chief executive of Capco, said: "Having prepared Earls Court for future development, we are now pleased to have agreed terms for the sale of our interests to APG and Delancey (on behalf of its client fund), an experienced real estate investment partnership which, with the support of TfL will take forward this important scheme for London.

"Following the disposal, Capco will be a strongly-capitalised property investment business centred around our landmark Covent Garden estate. The business is well-positioned to generate attractive long-term returns for shareholders. Backed by a strong balance sheet and with a significant investment pipeline, our access to substantial liquidity will enable us to capitalise on opportunities."