

## Greene King plc Agrees Sale of 275 Non-core Tenanted and Leased Pubs

Thursday 1 May, 2014

Greene King plc announces that it has agreed the sale of 275 non-core tenanted and leased pubs to Hawthorn Leisure Limited, backed by Avenue Capital Group and May Capital LLP, for a total consideration of £75.6m.

These pubs, located across the UK, generated EBITDA in the last year of £12.4m, implying a disposal multiple of 6.1x. The book value of these pubs was £93.8m and we expect to complete the deal by early June.

Greene King and Hawthorn Leisure have also agreed a three-year beer supply deal for these pubs, securing continued and valuable nationwide distribution for our industry-leading ale brand portfolio.

This transaction is consistent with our stated strategic direction and delivers three important benefits: -

1. Increases the company's exposure to the faster-growing Retail sector;
2. Further improves the quality and outlook of Pub Partners' earnings;
3. Further strengthens the balance sheet providing an opportunity to selectively accelerate retail investment and expansion

Rooney Anand, Greene King chief executive officer, comments:

"We are pleased to have agreed this transaction with Hawthorn Leisure. Our strategic plan, announced in July 2010, was to reduce our tenanted and leased estate to 1,200 sites. We believe that a smaller estate than originally envisaged is now more appropriate going forward as we move increasingly to higher growth areas in our markets and to improve the customer offer.

"The retained Pub Partners estate represents a high quality, cash generative business, although it is likely to become smaller still as we transfer some sites back to retail and seek to dispose of additional sites in the estate to improve both yield and returns. We now expect to reduce the estate to around 750 sites.

"It is a sign of the strength of the business and our balance sheet that we have several options for the funds raised through this sale. Depending on site availability and attractive valuations, our first priority will be to seek to further accelerate our retail expansion plans. In the absence of increased investment opportunities, we would also retain the option of using the funds to reduce our overall longer-term gearing position."

### NOTES TO EDITORS:

- Greene King was founded in 1799 and is headquartered in Bury St. Edmunds, Suffolk. It currently employs 23,000 people across its main trading divisions: Retail, Pub Partners and Brewing & Brands.
- It operates c. 2,200 pubs, restaurants and hotels across England, Wales and Scotland, of which c. 1,000 are retail pubs, restaurants and hotels. Its leading retail brands are Hungry Horse, Old English Inns and Loch Fyne Restaurants.
- Greene King is also the UK's leading cask ale brewer and premium ale brewer. Its core ale brands are Greene King IPA, Old Speckled Hen, the no.1 premium ale in the UK, Abbot Ale, the no.1 premium cask ale in the UK and Belhaven Best, the no.1 ale brand in Scotland.

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