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The Rank Group Plc announces agreement to sell Universal Studios Escape

The Rank Group Plc announces that it has agreed terms for the disposal of its 50% interest in Universal Studios Escape (USE) to Blackstone Capital Partners III L.P (Blackstone) for $275m (£185m) in cash on closing. There is also a contingent payment of up to $75m (£50m) depending upon Blackstone achieving a defined level of return on its investment, measured at the time of their exit.

Universal Studios Escape is a leading tourist attraction in Orlando, Florida jointly owned with Universal Studios consisting of two theme parks (Universal Studios Florida and Islands of Adventure) and Universal Studios CityWalk, a dining and entertainment centre. The transaction does not include the Group's interest in the three hotels adjacent to USE or the Group's investment in Universal Studios Japan.

The sale is conditional upon consents from certain third parties and obtaining certain amendments from the lenders under USE's syndicated debt facility.

In the year to 31 December 1999, Rank recorded a net loss after interest of £2m from USE. The net book value of USE at 31 December 1999 was £332m.

The proceeds from the sale will be used to reduce Group indebtedness.

Mike Smith, Rank's Chief Executive, commented:

We are pleased to have reached this initial agreement with Blackstone, secured with the co-operation of our partners. However, there are a number of conditions yet to be met which means that we still need to temper our expectations at this stage. We hope that the remaining conditions can be satisfied within three months.

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