Rank Group

News Release

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The Rank Group Plc

The Rank Group agrees sale & leaseback and transfer of surplus leasehold properties

The Rank Group Plc ('Rank') has agreed a net £172m transaction with Earth Estates Limited and Solarus Estates Limited ('Earth-Solarus') for the sale and leaseback of 43 of Rank's UK properties and the transfer of liabilities relating to a further 44 surplus leasehold properties.

The agreement includes the £211m sale and leaseback of a portfolio of 40 Mecca bingo clubs and four Grosvenor casinos (one property comprises both a casino and a bingo club). Rank will lease back the properties over 15 years at an initial rate of £11.2m per annum. This represents an initial yield of 5.3% on the freehold portfolio. The book value of the properties was £137m.

In addition, Rank will transfer to Earth-Solarus liabilities relating to 44 surplus leasehold properties. The leasehold liability transfer price is £39m.

There will be a pre-tax net book gain on the transaction of approximately £53m. It is not anticipated that the transaction will attract any capital gains tax.

The proceeds of the transaction will be used to pay down debt.

Both Earth Estates Limited and Solarus Estates Limited are joint venture companies between William Pears and the Khalastchi family.