

WOOLWORTHS LIMITED

8 September 2014

ALH Group sale and leaseback of \$603 million property portfolio

Woolworths Limited (Woolworths) today announced the sale and leaseback by ALH Group Pty Ltd and a number of its wholly-owned subsidiaries (ALH Group) of a portfolio of 54 freehold properties to a Charter Hall Group led consortium for \$603 million, reflecting a capitalisation rate of 6.8%.

The ALH Group is 75% owned by Woolworths and 25% by the Bruce Mathieson Hotel Group and operates 329 venues and 545 retail liquor outlets across Australia.

Following expected completion of the transaction in October 2014, the ALH Group will continue to retain ongoing operational control of the hotels and co-located retail liquor stores comprising the portfolio through long-term leasehold arrangements.

This is one of the largest hotel portfolio sales in Australia's history. They are strong performing hotels spread across Australia and include iconic hotels such as the Croxton Park Hotel and Manhattan Hotel in Victoria, the Villa Noosa Hotel and Parkwood Tavern in Queensland, the Hyde Park Hotel in Western Australia and the Norwood Hotel in South Australia.

Woolworths will consider the most appropriate usage for the net sale proceeds, which may include a reduction in debt.

Woolworths CEO, Grant O'Brien, said; "The transaction is consistent with Woolworths' Strategic Priority to act on our portfolio to maximise shareholder value. Woolworths' and ALH's preference is to enter into long term leases over its premises rather than holding property assets. Following completion of this transaction, Woolworths will have divested over \$2.8 billion of property assets since 1 July 2010, including the creation of the Shopping Centres Australasia Property Group in December 2012.