

MALCOLM WALKER BUYS BACK ICELAND

The management of Iceland Foods Group Limited (“Iceland”), led by Chief Executive Malcolm Walker, together with co-investors Brait S.A., Lord Kirkham and The Landmark Group, have completed the acquisition of Iceland from the liquidators of Landsbanki Islands hf (“Landsbanki”) and Glitnir hf (“Glitnir”). As previously announced, the management entered exclusive talks to acquire the banks’ 77 per cent shareholding in Iceland on 16 February 2012. The transaction values the business at an enterprise value of £1.45 billion.

The Iceland senior management team, comprising Malcolm Walker, Tarsem Dhaliwal (Finance Director), Nigel Broadhurst (Buying Director) and Nick Canning (Executive Director for People and Customers) will together own 43 per cent of the equity in Iceland, and will have operational and Board control. The three new equity co-investors will own the remaining 57 per cent. Andy Pritchard, formerly Managing Director of Iceland, has decided to retire from the company and is not participating in the buyout.

The buyout is backed by an £860 million all-senior debt package funded by Credit Suisse, Deutsche Bank, HSBC, Nomura and RBS, as well as a £250 million vendor loan note.

Malcolm Walker, who becomes Chairman and Chief Executive of Iceland, said: “I am utterly delighted that we have been able to conclude a deal that ensures a secure, independent future for this great British company. I know that this will be warmly welcomed by our 23,000 staff, whose responses to the recent Best Companies survey gave us the supreme accolade of Best Big Company to Work For in the UK in 2012. It is also great news for our suppliers and our five million customers, who will continue to benefit from our commitment to bringing them continuous, genuine product innovation, outstanding value and the best service on the high street, together with our unique home delivery service.

“Our new equity partners in the business are like-minded entrepreneurs who share our belief in doing the right thing in the long term interests of our people and customers. We all look forward to working with them to build on the outstanding

success that Iceland has achieved as one of the UK's best performing food retailers since the current senior management team returned to the company in 2005."

Enquiries:

Malcolm Walker, Chairman & Chief Executive 01244 842221 / 07836 552200
Keith Hann, PR adviser 01244 842228 / 07831 521870

Notes to editors:

The new investors

Brait S.A., based in South Africa, is a listed investment company that makes long term capital investments in privately held businesses; Lord (Graham) Kirkham is the founder of sofa retailer DFS; The Landmark Group has successfully grown into one of the largest and most successful retail organisations in the Middle East and India.

Debt structure

The £860 million all-senior debt package comprises a £300 million six year senior secured term loan, £200 million seven year senior secured term loan, and a £360 million (€ equivalent) seven year senior secured term loan.

Advisers

The Iceland management was advised in the transaction by Rothschild. Deutsche Bank, HSBC and Nomura also provided financial advisory services in connection with the transaction. Legal advice to the management was provided by Allen & Overy.