



2 August 2023

GOOD SPIRITS HOSPITALITY AGREES SALE OF ITS BUSINESS TO BREW ON QUAY LIMITED

AUCKLAND 2 August 2023: Good Spirits Hospitality Limited (NZX: GSH) – leading hospitality operator in the Auckland pub market and owner of iconic venues including The Cav and Danny Doolans – has entered into a conditional agreement to sell its business and assets for \$20,701,400 plus GST (if any).

As previously announced, following a strategic review conducted by transaction advisor Tonnant Partners, the Board of GSH decided to pursue a sale of the assets of GSH and its subsidiaries. On 5 July 2023 GSH advised that it had received final bids from potential purchasers and was working through these offers with its lender, Pacific Dawn Limited ("Pacific Dawn").

After a lengthy competitive sales process run by a committee of the independent directors of GSH and Tonnant Partners, GSH is pleased to advise that it and its wholly owned subsidiaries, Good Spirits Hospitality No.1 Limited and Good Spirits Hospitality No.3 Limited (the "Vendors") have entered into a conditional agreement to sell the business and assets of all nine operating venues to Brew on Quay Limited ("Transaction").

Brew on Quay Limited ("BOQ") is or will be owned by Richard Sigley, Geoff Tuttle (CEO of GSH) and Jaime Dutton, who are well known in the hospitality industry, together with Matt Adams (who is a director of GSH). The BOQ group currently owns and operates three well known venues in Auckland and Waiheke Island.

The committee of the independent directors of GSH and Tonnant Partners identified the Transaction with BOQ as offering the best outcome for all GSH stakeholders. The negotiation of the Transaction was conducted at arm's length, with both GSH and BOQ acting in their own interests.

The Chairman of GSH's Independent Transaction Committee John Seton said that "the Transaction will ensure a stable future for the Good Spirits Hospitality venues. The BOQ team have a long, successful history of growing and operating some of New Zealand's best performing establishments. We are excited by the prospect of them working together with our staff and operating the Good Spirits Hospitality venues.

Investor Enquiries

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"The management team at GSH has worked exceptionally hard to create a hospitality business that sets itself apart from the competition. It has been a tremendous pleasure owning the GSH venues and we would like to thank our customers for their loyalty and continued support.

The process we ran was independent, robust and conducted with the cooperation of lender, Pacific Dawn. The price achieved is at the upper end of our expectations. We are satisfied that it is the best outcome for all our stakeholders."

Richard Sigley, Director of BOQ said that "this is an extremely exciting time for the BOQ team. We are delighted to be given the opportunity to own and grow such an iconic Auckland based hospitality business.

"We believe that the Transaction will provide customers, suppliers and employees with familiar faces and fresh ideas. The team at BOQ has a strong relationship with GSH's customers, suppliers and employees, which has been built up by many years of working together. We are excited to continue strengthening these relationships but with a BOQ twist."

TRANSACTION TERMS

The Vendors will sell all their assets and business relating to their nine operating venues to BOQ (or its subsidiaries) for \$20,701,400 plus GST (if any). Following the sale, the Vendors will have no operating business and GSH therefore intends to seek a delisting subject to usual NZX conditions.

The Transaction is subject to usual post-Completion adjustments for a business sale such as inventory valuation and transferring employee benefits and is also subject to several conditions, including:

1. GSH's shareholder approvals, which will be sought at a shareholders special meeting anticipated to be held in the fourth quarter of 2023; and
2. Key supplier approvals from Lion NZ Limited and DB Breweries Limited for assignment of their pourage agreements.

GSH's financier, Pacific Dawn, which also owns 24.99% of the shares, has confirmed it is supportive of the Transaction.

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Subject to satisfaction of the conditions, GSH expects completion to occur in the fourth quarter of 2023. A notice of special meeting and an independent appraisal report to assist GSH shareholders in understanding and voting on the proposed sale and related corporate matters are expected to be sent to shareholders in September 2023.

As previously announced, any proceeds received from the Transaction (after deducting transaction costs) will be used to part repay existing loans to Pacific Dawn.

ENDS

For further information, contact:

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About Good Spirits Hospitality Limited: Good Spirits Hospitality is a NZX Main Board-listed investment company focusing in the Hospitality sector (NZX: GSH). Good Spirits Hospitality Limited owns and operates hospitality venues in New Zealand's North Island, providing places to connect with others and world class standards to provide lasting and memorable experiences to our guests and customers.

Good People * Good Times * Good Spirits

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