

## **Minority investment in Admiral Taverns ("Admiral")**

**Dublin, London | 4 September 2017:** C&C Group plc ("C&C"), announces that in partnership with Proprium Capital Partners & Admiral management, it has agreed to acquire the entire issued share capital of Admiral.

The equity investment by C&C is £37m representing 47% of the issued capital of Admiral. The investment will be funded from existing C&C facilities and Admiral will be accounted for as an associate of C&C.

### **Investment highlights**

C&C believes that the investment will deliver significant economic and route-to-market benefit to its GB businesses through:

- collaboration with a highly experienced and skilled management team;
- participation in a resilient and growing earnings stream from a quality, tenanted pub estate;
- direct access to 845 pubs<sup>1</sup> mainly across England and Wales, through a procurement and supply agreement;
- mid-single digit earnings accretion and attractive returns on equity in the first full financial year following completion; and
- a long term commitment from our partners to develop the business.

### **The Admiral business**

Admiral currently owns and operates 845 pubs, mainly in England and Wales, with a broad geographic distribution. The pubs are 95% freehold or long leasehold, in predominantly suburban or city locations and are operated as a tenanted estate.

The management team at Admiral will remain invested and continue to lead the business. They are well regarded within the industry and Admiral has won multiple industry awards and has received consistent recognition from its tenants for its forward looking, operational approach.

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<sup>1</sup> As at 1 September 2017

In Admiral's latest audited accounts for the 52 weeks ended 28 May 2016, the group had underlying EBITDA of £25.2 million and an underlying EBITDA margin of 36.2%. As at 28 May 2016, the gross assets of the Admiral business were £231.8m and the gross property assets were valued at £244.3m.

## **Financing**

C&C is investing £37m, representing 47% of the issued capital of Admiral. The remaining equity is provided by Proprium Capital Partners and Admiral management. Debt funding for the acquisition is non-recourse to C&C.

The investment will be funded from existing C&C facilities. C&C will equity account for its investment in Admiral.

The transaction is subject to FCA approval only and is expected to complete by the end of November 2017.

## **Commenting on the investment, Stephen Glancey, C&C CEO, said:**

*"The local pub remains at the heart of many suburban and city communities – often the hub of local activity and their economic and social contribution is immeasurable. C&C has a long and successful track-record of supplying and providing financial support to local pubs within the independent free-trade in Scotland and Ireland.*

*In the UK, the tenanted pub model is a key component of the pub industry. When well invested, and with the right operator and product range, it can provide excellent sustainable returns to all participants.*

*Admiral management has a proven track record in balancing these returns with the needs of their tenants and consumers. Today's new arrangements will enhance choice for both tenants and consumers and provide a platform for further growth at Admiral.*

*For C&C, this is an attractive opportunity to create a new long term investment in the important on-trade channel, without taking significant financial and operational risk. The investment will provide our brands with improved distribution in some of the best community pubs across the UK, with an opportunity to enhance on-trade penetration further over time."*

## **About C&C Group plc**

*C&C Group plc is a premium drinks company which owns, manufactures, markets and distributes branded beer, cider, wine, soft drinks and bottled water. C&C Group brands include: Bulmers the leading Irish cider brand; Tennent's, the leading Scottish beer brand; Magners the premium international cider brand; as well as a range of niche and super premium ciders and beers, such as Menabrea, Heverlee, Chaplin & Corks and the recently acquired craft cider - Orchard Pig. C&C Group also owns and manufactures Woodchuck, a leading craft cider brand in the United States and manufactures and distributes a number of 3rd party international beer brands in Scotland and Ireland. C&C is also a leading drinks wholesaler in Scotland and Ireland, where it operates under the Tennent's and C&C Gleeson brands respectively. C&C Group is headquartered in Dublin with manufacturing operations in Co. Tipperary, Ireland; Glasgow, Scotland; and Vermont, USA. C&C Group plc is listed on the Irish and London Stock Exchanges.*

## **About Proprium Capital Partners**

*Proprium Capital Partners is a privately-held, real estate focused, principal investing firm, advising funds which have a combined net asset value of approximately \$2 billion. Proprium's investment philosophy is to partner with leading local, real estate related companies seeking to create long-term, sustainable growth. With offices in the New York area, London, Mumbai, Hong Kong, Sydney and Atlanta, the Proprium team has managed investments in over 15 countries.*

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*This announcement contains inside information.*

*HSBC Bank plc ("HSBC"), which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority (the "FCA") and the Prudential Regulation Authority in the United Kingdom, is acting for C&C and no one else in connection with the investment and will not be responsible to anyone other than C&C for providing the protections afforded to clients of HSBC, or for giving advice in connection with the investment or any other matter referred to herein.*

***Note regarding forward-looking statements***

*This announcement includes forward-looking statements, including statements concerning current expectations about future financial performance and economic and market conditions which C&C believes are reasonable. However, these statements are neither promises nor guarantees, but are subject to risks and uncertainties, including those factors discussed on page 22 of the Group's FY2017 Preliminary Results Announcement that could cause actual results to differ materially from those anticipated.*