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PRESS RELEASE

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KIRKBI, BLACKSTONE AND CPPIB AGREE TERMS OF A RECOMMENDED OFFER FOR MERLIN ENTERTAINMENTS PLC

- Recommended offer price of 455 pence per share values Merlin at £4.77 billion, representing a 37 per cent premium to the closing price of 22 May 2019.
- The Consortium comprising KIRKBI Invest A/S, Blackstone and CPPIB has received irrevocable commitments from ValueAct Capital and the directors of Merlin.
- The Consortium recognises that Merlin requires significant, long-term investment for the next phase of growth. The Consortium is a unique group of investors equipped with the appropriate long-term investment horizon, expertise and willingness to increase capital investment to deliver this.

London, 28 June 2019 – A consortium of long-term investors comprising KIRKBI Invest A/S (“KIRKBI”), a wholly-owned subsidiary of KIRKBI A/S, the ultimate owner of the LEGO® brand, funds managed as part of Blackstone’s long-dated “Core” private equity strategy (“Blackstone”), and Canada Pension Plan Investment Board (“CPPIB”; together, the “Consortium”¹) is pleased to announce that it has agreed the terms of a recommended offer for Merlin Entertainments plc (“Merlin” or the “Company”).

The recommended offer is made by the Consortium at a price of 455 pence per share in cash, for the entire issued and to be issued share capital of Merlin, other than those Merlin shares already owned by KIRKBI, which is an existing 29.58 per cent shareholder in the Company. KIRKBI has agreed to work exclusively with the other members of the Consortium in relation to the offer.

The offer will be made by a newly incorporated company which has been formed on behalf of the members of the Consortium, with each of KIRKBI and the Blackstone/CPPIB group owning 50 per cent upon completion.

The recommended offer values Merlin at approximately £4.77 billion², providing Merlin’s shareholders with the certainty of cash at a 37 per cent premium to the closing price of 333 pence per Merlin share on 22 May 2019 (being the last business day before the publication of ValueAct Capital’s letter to the board of Merlin which suggested that Merlin should be taken private).

¹ The Consortium represents a newly formed company owned by joint offerors (i) KIRKBI Invest A/S and (ii) investment funds advised by Blackstone and CPPIB as a co-investor

² On the basis of 1,047,557,115 issued shares and to be issued shares (on a fully diluted basis)



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This is a multiple of 12.0x 2018A EBITDA³ and equates to a 31 per cent premium to the six-month VWAP⁴ to 22 May 2019.

The recommended offer has received irrevocable commitments in respect of an aggregate 10.0 per cent of the existing issued ordinary share capital of Merlin, and 14.2 per cent of Merlin shares being eligible to vote in favour of the recommended offer, including from ValueAct Capital.

Background to the acquisition

KIRKBI has maintained a significant strategic shareholding in Merlin since the sale of LEGOLAND® Parks to the Company in 2005.

KIRKBI and Blackstone private equity funds jointly controlled Merlin in the 8 years prior to the 2013 public listing, during which time the Company became the second largest visitors attraction business globally and the partner of choice for the world's leading brands to deliver immersive experiences to guests.

The Consortium recognises that significant, long-term investment is required to ensure the longevity of the existing assets and to drive continued growth for the Company and its stakeholders.

As Merlin's largest shareholder and a key intellectual property partner, KIRKBI recognises the significant benefits of a shareholder group with a similar long-term investment horizon and shared commitment to increased investment in the business. Private ownership, in partnership with Blackstone through its long-dated Core private equity strategy and CPPIB, will better enable the management team to focus on and execute their strategic vision for the business.

This unique group of investors is equipped with the appropriate long-term investment horizon, expertise and capital required to realise the Company's potential to grow all branded experiences across its Midway Attractions, LEGOLAND® Parks and Resort Theme Parks.

Blackstone has longstanding experience investing in location-based entertainment businesses like Merlin as well as the wider hospitality, travel and leisure sectors.

The Consortium greatly values the skills, knowledge and expertise of Merlin's existing management and employees. It does not expect to make any material change to the continued employment of the employees and management, nor to initiate any material headcount reductions within the current Merlin organisation beyond the existing management's publicly announced efficiency programmes, as stated in the 2018 Merlin Annual Report and those described in the Rule 2.7 Announcement.

³ the Underlying EBITDA multiple is based on Enterprise Value, which is defined as Equity Value on a fully diluted basis plus net debt, equity investments, tax adjusted net pension deficit and minority interests, in each case as extracted from 2018 Merlin Annual Report

⁴ Volume Weighted Average Price ("VWAP")



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Upon completion, the existing contractual and statutory employment rights, including in relation to pensions, of all Merlin management and employees will be fully safeguarded. The Consortium currently has no intention to make any changes to the benefits provided by Merlin's Defined Benefit Pension Scheme. It also has no intentions to change the location of Merlin's headquarters, and no changes are envisaged to the redeployment of Merlin's operations and places of business across 25 countries. It expects to keep all existing Merlin attractions in the UK open, and is not intending to dispose of any material part of the business.

Søren Thorup Sørensen, Chief Executive Officer, KIRKBI A/S, said: "As the long-term owner of the LEGO® brand and as a strategic shareholder in Merlin since 2005, we have great pride and passion for this amazing company, its management team and its employees. With a shared understanding of the business and its culture, we believe that this group of investors has the unique collective resources necessary to equip Merlin, including the LEGOLAND® Parks and LEGOLAND® Discovery Centres, for their next phase of growth. We are committed to ensuring LEGOLAND® and the other activities in Merlin reach their full potential, which we believe is best pursued under private ownership, in order to deliver fantastic experiences to visitors of all ages around the world."

Joe Baratta, Global Head of Private Equity, Blackstone, said: "We are pleased to partner with KIRKBI and CPPIB to acquire a business we know very well. We are prepared to commit the substantial resources required to support the long-term objectives of Merlin, which will require significant investment to ensure its long-term success. We believe we are uniquely placed through our Core private equity strategy to make this investment alongside our partners at KIRKBI and CPPIB. We look forward to backing Nick Varney and his strong management team in driving Merlin into the future."

Ryan Selwood, Managing Director, Head of Direct Private Equity, CPPIB, said: "Merlin has established itself as a globally diversified, world-class operator of themed attractions and entertainment. Its ability to partner with a number of leading global brands to deliver high-quality family entertainment has been key to Merlin's success. Through close collaboration with our partners, we look forward to promoting the steady growth, long-term capitalisation and continued international expansion of this business, which aligns well with CPPIB's long-horizon investment strategy."

It is intended that the Acquisition will be implemented by way of a court sanctioned scheme of arrangement under Part 26 of the Companies Act 2006. Following completion of the Acquisition, and subject to customary regulatory approvals and other conditions being met – including the approval of the scheme of arrangement by Merlin shareholders – the Consortium expects the transaction to complete by the end of 2019.

It is expected Merlin's shares will de-list from the London Stock Exchange upon completion of the transaction.

This press release should be read in conjunction with the Rule 2.7 announcement available on Merlin's website at www.merlinentertainments.biz/recommended-offer.



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Enquiries:

FTI Consulting (PR adviser to the Consortium)

Neil Doyle: +44 (0)20 3727 1141
Ed Bridges: +44 (0)20 3727 1067
Louisa Feltes: +44 (0)20 3727 1166

Blackstone

Ramesh Chhabra: +44 (0)2074514053/ +44(0)7810501027

CPPIB

Darryl Konyonenbelt: +1 416 972 8389
Steve McCool: T: +44 203 947 3002

KIRKBI A/S

Ulla Lundhus +45 5319 4767

Further information:

About Merlin Entertainments plc

Merlin is a global leader in location-based, family entertainment. As Europe's number one and the second largest visitors attraction business globally, Merlin now operates over 130 attractions, 19 hotels and seven holiday villages in 25 countries and across four continents. Merlin's purpose is to deliver memorable experiences to its 67 million guests around the world, through its iconic brands and multiple attraction formats, and the commitment and passion of its c.28,000 employees (peak season).

About KIRKBI A/S

KIRKBI is the holding and investment company of the Kirk Kristiansen family. As a long-term strategic shareholder in Merlin Entertainments plc, KIRKBI's interest remains in ensuring a sustainable future for the LEGO® brand and its branded activities such that it delivers superior experiences for all visitors worldwide. For more information on KIRKBI, please refer to its factsheet, available to download online via www.KIRKBI.com/en-gb/press.

About Blackstone

Blackstone is one of the world's leading investment firms. Blackstone seeks to create positive economic impact and long-term value for our investors, the companies in



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which it invests, and the communities in which it works. It does this by using extraordinary people and flexible capital to help companies solve problems. Blackstone's asset management businesses, with \$512 billion in assets under management as at 31 March 2019, include investment vehicles focused on private equity, real estate, public debt and equity, non-investment grade credit, real assets and secondary funds, all on a global basis. Blackstone has longstanding experience investing in theme park businesses like Merlin, as well as the wider hospitality, travel and leisure sectors. Further information is available at www.blackstone.com.

About Canada Pension Plan Investment Board

Canada Pension Plan Investment Board (CPPIB) is a professional investment management organization that invests the funds not needed by the Canada Pension Plan (CPP) to pay current benefits in the best interests of 20 million contributors and beneficiaries. In order to build a diversified portfolio, CPPIB invests in public equities, private equities, real estate, infrastructure and fixed income instruments. Headquartered in Toronto, with offices in Hong Kong, London, Luxembourg, Mumbai, New York City, São Paulo and Sydney, CPPIB is governed and managed independently of the Canada Pension Plan and at arm's length from governments. At March 31, 2019, the CPP Fund totalled C\$392.0 billion. For more information about CPPIB, please visit www.cppiib.com or follow us on [LinkedIn](#), [Facebook](#) or [Twitter](#).