

Capco sells Olympia to German consortium and Yoo for £296m

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Capco has sold Venues, its exhibition business, comprising Olympia London and related property assets, for £296m to a consortium of German institutional investors advised by investment firm Deutsche Finance International and Yoo Capital, as UK co-investor.

The consortium includes Bayerische Versorgungskammer (Germany's largest manager of public pension schemes investing through a fund managed by Universal-Investment) as the single largest shareholder, the Versicherungskammer Bayern Group (Germany's largest public insurer) and DFI European Value Add Fund.

The disposal is for a total gross consideration of £296m (before net debt and working capital adjustments). After repayment of debt, working capital adjustments and transaction-related costs, net proceeds are approximately £229m, in line with the net asset value of Venues.

Capco said the disposal provides an opportunity to realise significant cash proceeds which will be used initially to repay bank debt and subsequent to this, for deployment in its core central London estates, as well as to take advantage of opportunities as they arise.

Following the disposal, Capco's pro-forma LTV as at 31 December 2016 decreases from 23% to 17%. Ian Hawksworth, chief executive of Capco, said: "We are pleased to announce the sale of Olympia London to the Consortium. Following the successful transition of shows from the former Earls Court exhibition centres and our strategic investment in recent years, Olympia London is now established as the preferred central London venue for premium shows. Now that the period of transition is complete, it is the right time for Capco to exit its ownership of the venue. It has been our privilege to be part of the rich history of this historic venue, and we wish the business and management team great success under its new ownership.

"The completion of this transaction delivers value for our shareholders and will position Capco to concentrate effort and resources on our two exceptional central London estates at Covent Garden and Earls Court, as well as further enhance our financial flexibility to take advantage of opportunities as they arise."

Gavin Neilan, co-managing partner of DFI, said: "We are delighted to have completed the Olympia London transaction. We see tremendous long term potential in the 14 acre estate and an opportunity to grow Olympia's status as a world-class exhibition and events venue working with the existing management team and our partners to enhance the customer experience through expansion of the retail, leisure and hotel offerings. We would like to acknowledge and thank the outstanding support we received from our lender Legal & General and all our advisers."

Frank RoccoGrande, fellow co-managing partner added: "We are privileged and thrilled to have advised and partnered with leading global institutional investors BVK and VKB. This opportunity allows us to build on the successful foundation laid by Capco and take a long term, holistic approach in managing, growing and re-generating parts of the estate to build value for our investors."

Yoo chairman and global property entrepreneur John Hitchcox said: "We are delighted to partner on such an exciting investment. We will work closely with Olympia management to ensure Olympia continues to represent the very best in world-class exhibition space for Central London and the UK. We plan to provide a detailed update on our plans and work with local stakeholders in the second half of 2017."

Lloyd Lee, Yoo Capital Managing Partner added: "We are extremely excited to be working with major global investment firm Deutsche Finance and their blue-chip investors and look forward to focusing on Olympia and exploring future opportunities together."

Yoo Capital will “work closely with Deutsche Finance to support the tremendously talented management team, while bringing forward the long-term opportunities for complementary hospitality, leisure and residences available on the estate,” said Yoo Capital MD Andrew Thorpe.

Capco has been advised by Rothschild and CBRE. The Consortium was advised by Norton Rose Fulbright, Deloitte, Langham Hall and Jones Lang LaSalle.

Venues is an exhibition business, comprising Olympia London together with certain related property assets.

Capco acquired full control of the Earls Court & Olympia London venues and operating business in 2009. Earls Court and Olympia London were run as one business until the permanent closure of Earls Court at the end of 2014. In the run-up to the closure of Earls Court, Capco moved over 80% of shows from Earls Court to Olympia London. In addition, Capco invested £30m in Olympia London. Venues generated an EBITDA of £19m and profit after tax of £11.8 million for the year ended 31 December 2016. Venues had gross assets of £313.0 million as at 31 December 2016. The disposal has been effected by way of a sale of the entire issued share capital of Olympia Exhibitions Group Limited.

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