

## **M&G INVESTMENTS PROVIDES £30 MILLION OF DEBT FINANCE AS PART OF A BROADER REFINANCING OF CAFFÈ NERO**

- **Flexible debt package provided by M&G fund backed by the UK  
Government and Prudential**

**London, 7 January 2014** – M&G Investments has continued its programme of providing long term finance to UK mid-sized firms with £30 million of new debt finance for Caffè Nero, Europe's largest independent coffee shop group.

This finance is repayable after five years and comes from M&G UK Companies Financing Fund 2, a direct lending fund for mid-sized UK companies that is backed by the UK Government through the Business Finance Partnership, Prudential plc and UK pension funds.

M&G's investment is part of a broader refinancing by Caffè Nero with a 'club' of bank and non-bank lenders, across senior and mezzanine debt. The refinancing will help to support the domestic and international growth ambitions of Caffè Nero, by providing increased flexibility to the Group at the same time as helping to diversify its source of finance.

**James Pearce, Head of Direct Lending, M&G Investments, says:** "M&G has provided a package of debt that is both cost effective and highly flexible to this well known privately owned UK business in order to support its growth ambitions. The deal also brings considerable benefits to the M&G clients that ultimately provided the capital – including the UK Government, Prudential and UK pension funds.

"M&G is the only non-bank lender participating in the senior debt of this financing deal with a mid-sized firm on a 'club' basis. We would expect the deals that we strike over the next year or so to be a blend of bilateral and club deals. Both bring their own benefits and we and our investors are happy to be flexible."

**Gerry Ford, Chairman and Founder of Caffè Nero, says:** "I am pleased to be working with M&G Investments, and this new debt package will enable us to move into some exciting new areas and to continue with our strong store growth both in the UK and abroad."

M&G has long provided bank replacement finance to UK companies. Most recently, it made £930m of loans to UK mid-cap firms, via the first M&G UK Companies Financing Fund, and has made around £5bn of private corporate loans and private placements since 1997.

**-ENDS-**

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**Notes to Editors**

**About M&G**

M&G is an international active asset manager, investing on behalf of individuals and institutions for over 80 years. At 30 September 2013 the firm manages over £242 billion of assets through a wide range of investment strategies across equities, bonds, property and multi asset.

Headquartered in London, M&G employs over 1,500 people worldwide operating from offices across Europe and Asia.

M&G's history is a story of investment firsts, from the UK's first mutual fund in 1931 to the Inflation Linked Corporate Bond Fund in 2010.

**About M&G UK Companies Financing**

Since the height of the financial crisis in 2008, far fewer long-term, commercial bank loans have been available, leaving creditworthy companies and, indeed, entire sectors in need of alternative sources of finance.

M&G UK Companies Financing 2 (UKCFF2) is a £500m fund that seeks to provide long-term financing to mid-sized UK businesses, defined broadly as companies with turnover between £25m and £500m.

The Fund targets companies who have traditionally only utilised bank lending, but who are now looking to diversity their lending sources. The Fund typically lends in the £10m to £50m range.

In 2009, M&G launched M&G UK Companies Financing Fund, the first fund of its type, set up to directly lend to UK companies. UKCCF2 is the second UK Companies Financing initiative, which has secured investment from HM Treasury via the Business Finance Partnership and M&G's parent company Prudential plc.

**About Caffè Nero**

Caffè Nero is Europe's largest independent coffee house group with more than 600 stores across five countries (UK, Poland, Cyprus, Turkey and the UAE). It is a family owned business started in 1997 by Gerry Ford, and now employs 4500 skilled baristas across 200 cities. Ever since opening the first

café in 1997, Caffè Nero has been dedicated to two things: creating the very finest handcrafted Italian coffee and providing a warm and relaxing atmosphere in which to enjoy it.

Caffè Nero has a strong reputation for growth and quality. Since its formation Caffè Nero has had 67 of 68 quarters of positive like-for-like sales and EBITDA growth, a record virtually unrivalled by any UK retailer. It has also consistently won awards and accolades for its coffee quality, most recently being voted the best tasting coffee on the high street by Independent Consumer Magazine Which?.

[www.caffenero.com](http://www.caffenero.com)

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