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Restaurant Brands Sells Starbucks Coffee Business in New Zealand

Restaurant Brands New Zealand Limited (**Restaurant Brands**) wishes to announce that it will not be renewing its licence agreement with Starbucks Coffee International, Inc. (**SCI**) when it expires in October this year. Starbucks Coffee has been a respected part of the Restaurant Brands stable of brands since the company opened its first Starbucks store in Parnell, Auckland in 1998.

Restaurant Brands has embarked on a growth strategy with a much stronger emphasis on its core quick service restaurant brands and has therefore (with the approval of SCI) sold the fixed assets and stock of its Starbucks business to Tahua Capital Limited, a New Zealand-owned company for a total price of up to \$4.4 million (subject to settlement adjustments for, among other things, the value of stock on hand at completion).

Tahua was established specifically for the purpose of acquiring the assets of Starbucks New Zealand. Its owners are very experienced in retail and multi-site hospitality businesses.

The new owners will enter into a new licence agreement with SCI and commit to a substantial store refurbishment and store opening programme. Tahua will seek to secure assignment of the leases for the 22 stores currently in the network and will also seek to employ all 300 existing Starbucks partners (employees) on the same terms and conditions as they currently enjoy as Restaurant Brands' employees.

The transaction is expected to settle in late October 2018.

Tahua Capital's CEO, Charles Belcher said that they were excited to work with the great team at Starbucks NZ to build on Starbucks' legacy. "Both Tahua and Starbucks share similar values about high-quality coffee, engaged partners (employees) and a passion to create positive change in the communities they serve. We are very positive about a bright future for Starbucks Coffee in New Zealand."

Restaurant Brands has agreed to provide interim support to Tahua Capital with stock management and information technology services for up to a 12-month period.

Starbucks Coffee currently contributes less than 4% of Restaurant Brands' total sales and concept EBITDA. The sale of the business will therefore have a minor adverse impact on the current year net profit (excluding non-trading items) result of approximately \$1.3 million.

Restaurant Brands Chairman, Ted van Arkel said that while the Starbucks business had provided a steady contribution to the group over a number of years, it was becoming less relevant to the company's overall direction as it looked to further expand its core quick service restaurant brands in New Zealand and overseas. He welcomed the continuation of the iconic Starbucks Coffee brand in New Zealand under new local ownership.

For further information, please contact:

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