

**NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY IN OR INTO ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OR REGULATIONS OF SUCH JURISDICTION**

**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION**

**For immediate release**

**18 JULY 2019**

**RECOMMENDED CASH ACQUISITION**

**of**

**EI GROUP PLC**

**by**

**STONEGATE PUB COMPANY BIDCO LIMITED**

**to be effected by means of a Scheme of Arrangement  
under Part 26 of the Companies Act 2006**

**Summary**

- The boards of directors of Ei Group plc ("**EIG**") and Stonegate Pub Company Bidco Limited ("**Bidco**"), a wholly-owned subsidiary of Stonegate Pub Company Limited ("**Stonegate**"), are pleased to announce that they have reached agreement on the terms and conditions of a recommended all-cash acquisition of the entire issued, and to be issued, ordinary share capital of EIG.
- Under the terms of the Acquisition, each EIG Shareholder will be entitled to receive:  

**for each Scheme Share: 285 pence in cash**
- The price per Scheme Share represents a premium of approximately:
  - 38.5 per cent. to the closing price of 205.8 pence per EIG Share on 17 July 2019 (being the last Business Day before the date of this Announcement);
  - 26.8 per cent. to the highest closing price over the last 10 years prior to the date of this announcement of 224.8 pence per EIG Share on 15 May 2019; and
  - 37.7 per cent. to the volume-weighted average price of 206.9 pence per EIG Share for the six-month period ended 17 July 2019 (being the last Business Day before the date of this Announcement).

## Transaction Highlights

- All-cash acquisition of EIG by Bidco, intended to be unanimously recommended by the EIG Board.
- The Acquisition values EIG's entire issued, and to be issued, ordinary share capital at approximately £1,272.7 million. The terms of the Acquisition imply an enterprise value of £2,969.7 million and a multiple of approximately 11.4 times EIG's underlying EBITDA of £261 million for the financial year ended 30 September 2018, adjusted for the disposal of 370 commercial properties.
- EIG and Stonegate both believe that there are strong strategic reasons for combining the two groups with their complementary portfolios and skills, and that this combination has the potential to deliver benefits to customers, tenants, employees and other stakeholders.
- EIG is the largest owner of pubs in the UK with over 4,000 properties across England and Wales. EIG has three business units - Publican Partnerships, Managed Pubs and Commercial Properties.
- Stonegate is a managed pub company and has a national estate of over 765 operating outlets. Stonegate began trading in November 2010 following the acquisition by Stonegate of 333 pubs from Mitchells & Butlers and has since grown in size and scale through a series of strategic acquisitions.
  - Stonegate is an experienced managed house operator with a track record of investing in its pub portfolio and driving strong financial results. Stonegate has invested more than £350 million into its estate since 2010, including £71 million in 2018.
  - In 2018, Stonegate won a record five awards at the Publican Awards, including as Best Pub Employer, Best Managed Pub Company and Best Community Pub Operator.
  - Stonegate has a proven track record for successfully implementing and integrating strategic acquisitions. Today, Stonegate has a highly diversified offering within the UK pubs sector, with a multi format strategy serving a wide range of customer demographics and consumer trends.
- Stonegate recognises the significant work undertaken by the EIG management team to refine and enhance the EIG pub portfolio, including the important strategic move to develop a managed pub model alongside EIG's core tenanted pub business and the formation of a free-of-tie Commercial Properties portfolio. The Stonegate senior management team have extensive experience of running managed and tenanted pubs and would seek to continue EIG's existing strategy, which it believes would be enhanced by Stonegate's nationwide managed house infrastructure and portfolio of complementary formats.
- Stonegate recognises the importance of EIG's tenants and partners to the success of the business and looks forward to working with those tenants and partners to continue the successful development of the EIG estate. Stonegate expects to continue to invest in the estate and ensure that the rights of tenants and partners are fully safeguarded and that tenants have the necessary support to provide the best possible consumer proposition to customers.

- With greater scale and diversification, Stonegate believes that the combined group will be better positioned to compete effectively in what is expected to be a challenging operating environment for the foreseeable future, which would be to the benefit of all stakeholders including tenants, employees, customers and local communities.

### **EIG recommendation**

- In May 2015, EIG embarked on a new strategy to develop optionality across its estate, strengthen its balance sheet through deleveraging, and efficiently reinvest disposal proceeds in order to support the core estate and optimise value for EIG Shareholders. This strategy has delivered a significant increase in value during this period.
- Stonegate is an industry leading pub company with a proven track record for successfully implementing and integrating strategic acquisitions. The EIG Board acknowledges that there are strong strategic reasons for combining the two groups which would create the opportunity to generate incremental benefits as a combined business that would not be available to EIG on its own.
- EIG believes that the strategic value of the combination is reflected in this offer to EIG Shareholders, at a 38.5 per cent. premium to the closing price of 205.8 pence per EIG Share on 17 July 2019 (being the last Business Day before the date of this Announcement), and has the potential to unlock this additional upside and to deliver benefits to customers, tenants and employees of both the Stonegate Group and the EIG Group.
- The EIG Directors, who have been so advised by Deutsche Bank and Rothschild & Co as to the financial terms of the Acquisition, consider the terms of the Acquisition to be fair and reasonable. In providing their advice, Deutsche Bank and Rothschild & Co have taken into account the commercial assessments of the EIG Directors. Deutsche Bank and Rothschild & Co are providing independent financial advice to the EIG Directors for the purposes of Rule 3 of the Code.
- Accordingly, the EIG Directors confirm that they intend to recommend unanimously that, in the case of the Court Meeting, the Scheme Shareholders and, in the case of the General Meeting, the EIG Shareholders, vote in favour of the resolutions relating to the Acquisition at the Meetings as they have irrevocably undertaken to do in respect of their own beneficial holdings of, in aggregate, 2,542,000 EIG Shares representing approximately 0.58 per cent. of the issued ordinary share capital of EIG on 17 July 2019 (being the last Business Day before the date of this Announcement).
- Further details of these irrevocable undertakings, including the circumstances in which they cease to be binding are set out in Appendix 3 to this Announcement.

### **General**

- It is intended that the Acquisition will be implemented by means of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act.
- The Acquisition will be on the terms and subject to the Conditions set out in Appendix 1 to this Announcement. Full details of the Acquisition will be set out in the Scheme Document. It is expected that the Scheme Document, containing further information about the Acquisition and notices of the Court Meeting and General Meeting, together with the Forms

of Proxy, will be published as soon as practicable and, in any event, within 28 days of this Announcement (unless the Panel agrees otherwise). An expected timetable of principal events will be included in the Scheme Document.

- If after the date of this Announcement and prior to the Effective Date, any dividend and/or other distribution and/or other return of value is declared, made or paid in respect of EIG Shares, Bidco shall be entitled to reduce the amount of consideration payable for such EIG Shares under the terms of the Acquisition by an amount equivalent to such dividend, other distribution or return of value.
- The terms of the Acquisition will be put to the Scheme Shareholders at the Court Meeting and EIG Shareholders at the General Meeting (which is expected to commence immediately following the Court Meeting). The Court Meeting and the General Meeting are required to enable the Scheme Shareholders and the EIG Shareholders (as applicable) to consider and, if thought fit, vote in favour of the Scheme and the resolutions to approve the Scheme and its implementation (as applicable). In order to become Effective, the Scheme must be approved by a majority in number of Scheme Shareholders, present and voting at the Court Meeting, whether in person or by proxy, representing 75 per cent. or more in value of the Scheme Shares held by those Scheme Shareholders.
- The cash consideration payable to Scheme Shareholders under the terms of the Acquisition will be financed by a combination of equity to be invested by Stonegate and the TDR Funds, committed financing from the AlbaCore Funds and committed financing from Barclays Bank PLC, Goldman Sachs Bank USA and Nomura International plc.
- The Acquisition will be conditional, among other things, on: (i) approval by the requisite majorities of the Scheme Shareholders at the Court Meeting and of EIG Shareholders at the General Meeting; (ii) the requisite European Commission and/or CMA anti-trust clearances being obtained; and (iii) the receipt of regulatory clearances from the FCA.
- The Acquisition is expected to become Effective in the first quarter of 2020, subject to satisfaction (or, where applicable, waiver) of the Conditions and further terms set out in Appendix 1 to this Announcement.

Robert Walker, the Chairman of EIG, said:

*"In 2015 we set out a new strategy. During the past four years we have made great progress in its execution and have delivered a significant increase in value for our shareholders. The management team have done an outstanding job and the Acquisition, at a significant premium, is only possible because of the work that they have done and what has been achieved. The Acquisition delivers the future value of the strategy for our shareholders and secures an exciting future for our tenants and employees by creating the leading managed and tenanted pub company in the industry."*

*"The commercial benefits of combining the companies are compelling. Stonegate is committed to continuing to invest in the business for the future benefit of the combined business, tenants and employees. The EIG Board believes that this is a combination it can recommend with confidence to shareholders and stakeholders alike."*

Ian Payne, the Chairman of Stonegate, said:

*“It is an exciting prospect to bring EIG and Stonegate together to create a diversified pubs group with significant industry expertise.”*

*“At Stonegate, we have an established track record of running successful pubs throughout the UK - with over £350 million having been spent on capital expenditure at Stonegate since it began trading in November 2010. We plan to leverage our existing managed house infrastructure, portfolio of formats and access to capital and invest in the combined estate for the benefit of all stakeholders.”*

*“We look forward to working with EIG and its publicans to support future growth and create stronger pubs at the heart of communities across the UK.”*

**This summary should be read in conjunction with, and is subject to, the full text of this Announcement (including its Appendices). The Acquisition will be subject to the Conditions and certain further terms set out in Appendix 1 to this Announcement and to the full terms and conditions to be set out in the Scheme Document. Appendix 2 to this Announcement contains the sources and bases of certain information contained in this summary and the following Announcement. Appendix 3 to this Announcement contains details of the irrevocable undertakings received by Stonegate. Appendix 4 contains the definitions of certain terms used in this Announcement.**

#### **Enquiries**

**Stonegate Pub Company Limited**  
Simon Longbottom  
Ian Payne  
Daniel Wilkinson

Tel: +44 (0) 1582 957160

**Nomura International plc (Financial Adviser to Stonegate and Bidco)**  
Adrian Fisk  
Henry Phillips  
Christopher Fincken

Tel: +44 (0)20 7102 1000

**Goldman Sachs International (Financial Adviser to Stonegate and Bidco)**  
Anthony Gutman  
Nick Harper  
James Brodie

Tel: +44 (0)20 7774 1000

**Barclays (Financial Adviser to Stonegate and Bidco)**  
Derek Shakespeare  
Andrew Richards  
Neal West

Tel: +44 (0)20 7623 2323

**Tulchan Communications (PR Adviser to Stonegate and TDR)** Tel: + 44 (0)20 7353 4200

Jonathan Sibun  
Suniti Chauhan  
Will Smith

**Instinctif Partners (PR Adviser to Stonegate)** Tel: + 44 (0)20 7457 2020

Justine Warren  
Andy Low

**Ei Group Plc**

Simon Townsend, Chief Executive Officer Tel: +44 (0)121 272 5000  
Neil Smith, Chief Financial Officer

**Deutsche Bank AG, London Branch (Lead Financial Adviser and Corporate Broker to EIG)**

Charles Wilkinson Tel: +44 (0)20 7545 8000  
Chris Raff  
Gillan Wilson

**Rothschild & Co (Joint Financial Adviser to EIG)** Tel: +44 (0)20 7280 5000

Alex Midgen  
Edward Duckett  
Sam Green

**Tulchan Communications (PR Adviser to EIG)** Tel: + 44 (0)20 7353 4200

Jessica Reid  
Andrew Grant

*Kirkland & Ellis International LLP is retained as legal adviser to Stonegate. CMS Cameron McKenna Nabarro Olswang LLP is retained as legal adviser to EIG.*

**Further information**

*This Announcement is for information purposes only and is not intended to and does not constitute, or form part of, an offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of any securities, or the solicitation of any vote or approval in any jurisdiction, pursuant to the Acquisition or otherwise, nor shall there be any sale, issuance or transfer of securities of EIG in any jurisdiction in contravention of applicable law. The Acquisition will be implemented solely by means of the Scheme Document, which will contain the full terms and conditions of the Acquisition including details of how to vote in respect of the Scheme. Any vote in respect of the Scheme or other response in relation to the Acquisition should be made only on the basis of the information contained in the Scheme Document.*

*Nomura International plc, which is authorised by the Prudential Regulation Authority (“PRA”) and regulated by the PRA and the Financial Conduct Authority (“FCA”) in the United Kingdom, is acting as financial adviser to Bidco and Stonegate, and no one else in connection with the matters set out in this Announcement and Nomura International plc, its affiliates and its respective officers, employees, agents, representatives and/or associates will*

*not regard any other person as their client, nor will they be responsible to anyone other than Bidco and Stonegate for providing the protections afforded to clients of Nomura International plc nor for giving advice in relation to any matter or arrangement referred to in this Announcement. Neither Nomura International plc nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Nomura International plc in connection with this Announcement or any matter referred to herein.*

*Goldman Sachs International, which is authorised by the PRA and regulated by the FCA and the PRA in the United Kingdom, is acting as financial adviser to Bidco and Stonegate and no one else in connection with the matters described in this Announcement and will not be responsible to anyone other than Bidco and Stonegate for providing the protections afforded to clients of Goldman Sachs International, or for giving advice in connection with the matters described in this Announcement or any matter referred to herein. Neither Goldman Sachs International nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Goldman Sachs International in connection with this Announcement or any matter referred to herein.*

*Barclays Bank PLC, acting through its Investment Bank (“Barclays”), which is authorised by the PRA and regulated by the FCA and the PRA in the United Kingdom, is acting as financial adviser to Bidco and Stonegate and no one else in connection with the matters described in this Announcement and will not be responsible to anyone other than Bidco and Stonegate for providing the protections afforded to clients of Barclays, or for giving advice in connection with the matters described in this Announcement or any matter referred to herein. Neither Barclays nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Barclays in connection with this Announcement or any matter referred to herein. In accordance with the Code, normal United Kingdom market practice and Rule 14e-5(b) of the Exchange Act, Barclays and its affiliates will continue to act as exempt principal trader in EIG securities on the London Stock Exchange. These purchases and activities by exempt principal traders which are required to be made public in the United Kingdom pursuant to the Code will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at [www.londonstockexchange.com](http://www.londonstockexchange.com). This information will also be publicly disclosed in the United States to the extent that such information is made public in the United Kingdom.*

*Deutsche Bank AG is authorised under German Banking Law (competent authority: European Central Bank) and, in the United Kingdom, by the Prudential Regulation Authority (the “PRA”). It is subject to supervision by the European Central Bank and by BaFin, Germany's Federal Financial Supervisory Authority, and is subject to limited regulation in the United Kingdom by the PRA and the Financial Conduct Authority (the “FCA”). Details about the extent of its authorisation and regulation by the PRA, and regulation by the FCA, are available on request. Deutsche Bank, acting through its London branch (“Deutsche Bank”), is acting as corporate broker and financial adviser to EIG and no other person in connection with the contents of this Announcement. Neither Deutsche Bank, nor any of its subsidiaries, branches or affiliates will be responsible to any person other than EIG for providing any of the protections afforded to clients of Deutsche Bank nor for providing advice in relation to any matters referred to in this Announcement. Neither Deutsche Bank, nor any of its subsidiaries,*

*branches or affiliates, nor any of its or their respective directors, officers or employees owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Deutsche Bank in connection with this Announcement, any statement contained herein, or otherwise.*

*N.M. Rothschild and Sons Limited (“Rothschild & Co”), which is authorised and regulated by the FCA in the United Kingdom, is acting as financial adviser to EIG and no one else in connection with the matters described in this Announcement and will not be responsible to anyone other than EIG for providing the protections afforded to clients of Rothschild & Co nor for providing advice in connection with any matter referred to herein. Neither Rothschild & Co nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Rothschild & Co in connection with this Announcement, any statement contained herein, the Acquisition or otherwise.*

### **Overseas jurisdictions**

*The availability of the Acquisition to EIG Shareholders who are not resident in and citizens of the UK may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not resident in the UK should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdictions. Further details in relation to overseas shareholders will be contained in the Scheme Document.*

*The release, publication or distribution of this Announcement in or into jurisdictions other than the UK may be restricted by law and therefore any persons who are subject to the law of any jurisdiction other than the UK should inform themselves of, and observe, any applicable requirements. In particular, the ability of persons who are not resident in the United Kingdom to vote their Scheme Shares with respect to the Scheme at the Court Meeting or to appoint another person as proxy to vote at the Court Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person. This Announcement has been prepared for the purposes of complying with the laws of England and Wales, the rules of the London Stock Exchange, the Market Abuse Regulation, the Disclosure Guidance and Transparency Rules and the Code and the information disclosed may not be the same as that which would have been disclosed if this Announcement had been prepared in accordance with the laws of jurisdictions outside of England.*

*Copies of this Announcement and any formal documentation relating to the Scheme and the Acquisition will not be and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from any Restricted Jurisdiction or any jurisdiction where to do so would violate the laws of that jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction. If the Acquisition is implemented by way of Offer (unless otherwise permitted by applicable law or regulation), the Offer must not be made, directly or indirectly, in or into or by use of the mails or any other means or instrumentality (including, without limitation, facsimile, email or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of any Restricted Jurisdiction and the Offer will not be capable of*

acceptance by any such use, means, instrumentality or facilities or from within any Restricted Jurisdiction.

### **US Holders**

*US Holders should note that the Acquisition relates to the securities of an English company, is subject to UK disclosure requirements and practices (which are different from those of the US) and is proposed to be implemented under a scheme of arrangement under English company law. A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules under the US Exchange Act, and the proxy solicitation rules under the US Exchange Act will not apply to the Acquisition. The Scheme will be subject to UK disclosure requirements and practices, which are different from the disclosure requirements of the US tender offer and proxy solicitation rules. The financial information included in this Announcement and the Scheme Document has been or will have been prepared in accordance with IFRS, and thus may not be comparable to financial information of companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US. However, if Bidco were to exercise its right to implement the Acquisition of the EIG Shares by way of an Offer, such Offer will be made in compliance with applicable US tender offer and securities laws and regulations. Such an Offer would be made by Bidco.*

*The receipt of cash pursuant to the Acquisition by a US Holder as consideration for the transfer of its Scheme Shares pursuant to the Scheme may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other, tax laws. Each EIG Shareholder is urged to consult his independent professional adviser immediately regarding the tax consequences of the Acquisition applicable to him.*

*It may be difficult for US Holders to enforce their rights and claims arising out of the US federal securities laws, since Bidco and EIG are located in countries other than the US, and some or all of their officers and directors may be residents of countries other than the US. US Holders may not be able to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.*

*In accordance with normal UK practice and pursuant to Rule 14e-5(b) of the US Exchange Act, Bidco or its nominees, or their brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, EIG Shares outside of the US, other than pursuant to the Acquisition, until the date on which the Acquisition becomes Effective, lapses or is otherwise withdrawn. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be disclosed as required in the UK, will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at [www.londonstockexchange.com](http://www.londonstockexchange.com).*

### **Forward-looking statements**

*This Announcement (including information incorporated by reference in this Announcement), oral statements made regarding the Acquisition, and other information published by Stonegate, Bidco and EIG contain statements which are, or may be deemed to be, "forward-looking statements". Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management of Stonegate, Bidco and EIG about future events, and are therefore subject to risks and*

*uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements.*

*The forward-looking statements contained in this Announcement include statements relating to the expected effects of the Acquisition on Stonegate, Bidco and EIG, the expected timing and scope of the Acquisition and other statements other than historical facts. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "plans", "expects" or "does not expect", "is expected", "is subject to", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Although Stonegate, Bidco and EIG believe that the expectations reflected in such forward-looking statements are reasonable, Stonegate, Bidco and EIG can give no assurance that such expectations will prove to be correct. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements.*

*These factors include, but are not limited to: the ability to complete the Acquisition; the ability to obtain requisite regulatory and shareholder approvals and the satisfaction of other Conditions; future market conditions, changes in general economic and business conditions, the behaviour of other market participants, the anticipated benefits from the proposed transaction not being realised as a result of changes in general economic and market conditions, weak, volatile or illiquid capital and/or credit markets, changes in tax rates, interest rate and currency value fluctuations, the degree of competition in the geographic and business areas in which Stonegate, Bidco and EIG operate and changes in laws or in supervisory expectations or requirements. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements. Such forward-looking statements should therefore be construed in the light of such factors. Neither Stonegate, Bidco, nor EIG, nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Announcement will actually occur. You are cautioned not to place any reliance on these forward-looking statements. Other than in accordance with their legal or regulatory obligations, neither Stonegate, Bidco nor EIG is under any obligation, and Stonegate, Bidco and EIG expressly disclaim any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

### ***No profit forecasts or estimates***

*No statement in this Announcement is intended as a profit forecast or estimate for any period and no statement in this Announcement should be interpreted to mean that earnings or earnings per share for EIG for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for EIG.*

### ***Dealing disclosure requirements***

*Under Rule 8.3(a) of the Code, any person who is interested in one per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the*

*commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified.*

*An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.*

*Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in one per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.*

*If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3. Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).*

*Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.*

### **Rule 2.9 information**

*In accordance with Rule 2.9 of the Code, EIG confirms that as at the date of this Announcement, it has in issue and admitted to trading 437,910,075 ordinary shares of 2.5 pence each (excluding shares held in treasury). EIG currently holds 50,000,000 ordinary shares in treasury. The International Securities Identification Number (ISIN) of the ordinary shares is GB00B1L8B624.*

### **Publication on website**

*In accordance with Rule 26.1 of the Code, a copy of this Announcement and the documents required to be published by Rule 26 of the Code will be made available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on EIG's website at*

*www.eigroupplc.com and on Stonegate's website at www.stonegatepubs.com by no later than 12 noon (London time) on the Business Day following this Announcement. For the avoidance of doubt, the contents of those websites are not incorporated by reference and do not form part of this Announcement.*

### ***Requesting hard copy documents***

*EIG Shareholders may request a hard copy of this Announcement by contacting EIG's Registrar, Computershare Investor Services PLC, during business hours on +44 (0)370 889 4080 or by submitting a request in writing to EIG's Registrar, Computershare Investor Services PLC, at The Pavilions, Bridgwater Road, Bristol, BS99 6ZY. For persons who receive a copy of this Announcement in electronic form or via a website notification, a hard copy of this Announcement will not be sent unless so requested. You may also request that all future documents, announcements and information to be sent to you in relation to the Acquisition should be in hard copy form.*

### ***Electronic communications***

*Please be aware that addresses, electronic addresses and certain other information provided by EIG Shareholders, persons with information rights and other relevant persons for the receipt of communications from EIG may be provided to Bidco during the offer period as required under Section 4 of Appendix 4 of the Code to comply with Rule 2.11(c).*

### ***Rounding***

*Certain figures included in this Announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of figures that precede them.*

**NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY IN OR INTO ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OR REGULATIONS OF SUCH JURISDICTION**

**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION**

**For immediate release**

**18 JULY 2019**

**RECOMMENDED CASH ACQUISITION**

**of**

**EI GROUP PLC**

**by**

**STONEGATE PUB COMPANY BIDCO LIMITED**

**to be effected by means of a Scheme of Arrangement  
under Part 26 of the Companies Act 2006**

**1. Introduction**

The boards of directors of Ei Group Plc ("**EIG**") and Stonegate Pub Company Bidco Limited ("**Bidco**"), a wholly-owned subsidiary of Stonegate Pub Company Limited ("**Stonegate**"), are pleased to announce that they have reached agreement on the terms and conditions of a recommended all cash acquisition of the entire issued, and to be issued, ordinary share capital of EIG. It is intended that the Acquisition will be implemented by means of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act.

**2. The Acquisition**

Under the terms of the Acquisition, which will be subject to the Conditions and further terms set out in Appendix 1 to this Announcement and the full terms and conditions to be set out in the Scheme Document, each EIG Shareholder will be entitled to receive:

**for each Scheme Share: 285 pence in cash**

The Offer Price of 285 pence per Scheme Share represents a premium of approximately:

- 38.5 per cent. to the closing price of 205.8 pence per EIG Share on 17 July 2019 (being the last Business Day before the date of this Announcement);
- 26.8 per cent. to the highest closing price over the last 10 years prior to the date of this announcement of 224.8 pence per EIG Share on 15 May 2019; and
- 37.7 per cent. to the volume-weighted average price of 206.9 pence per EIG Share for the six-month period ended 17 July 2019 (being the last Business Day before the date of this Announcement).

The Acquisition values EIG's entire issued, and to be issued, ordinary share capital at approximately £1,272.7 million. The terms of the Acquisition imply an enterprise value of £2,969.7 million and a multiple of approximately 11.4 times EIG's underlying EBITDA of £261 million for the financial year ended 30 September 2018, adjusted for the disposal of 370 commercial properties. Properties disposed of in the transaction contributed £26 million to EIG Group EBITDA in the financial year ended 30 September 2018.

If after the date of this Announcement and prior to the Effective Date, any dividend and/or other distribution and/or other return of value is declared, made or paid in respect of EIG Shares, Bidco shall be entitled to reduce the amount of consideration payable for such EIG Shares under the terms of the Acquisition by an amount equivalent to such dividend, other distribution or return of value.

### **3. Background to and reasons for the Acquisition**

Stonegate recognises the significant work undertaken by the EIG management team to refine and enhance the EIG pub portfolio, including the important strategic move to develop a managed pub model alongside EIG's core tenanted pub business.

The Stonegate senior management team have extensive experience of running managed and tenanted pubs and would seek to continue EIG's existing strategy, which it believes would be enhanced by Stonegate's nationwide managed house infrastructure and portfolio of complementary formats. As one of the UK's leading pub operators, Stonegate brings a nationwide managed house infrastructure that has been built over time and is therefore uniquely positioned to enhance and de-risk EIG's managed house conversion programme. Stonegate's existing portfolio of complementary brands and formats will enable the combined group to maximise the value of each site and actively manage a large estate of diverse types of sites.

With greater scale and diversification, Stonegate believes that the combined group will also be better positioned to compete effectively in what is expected to be a challenging operating environment for the foreseeable future, given rising costs, regulatory changes and intensified competition across the sector. Stonegate believes that this scale and diversification would better equip the combined group to succeed, which would be to the benefit of all stakeholders including tenants, employees, customers and local communities.

Stonegate recognises the importance of EIG's tenants and partners to the success of the business and looks forward to working with those tenants and partners to continue the successful development of the EIG estate. Stonegate expects to continue to invest in the estate and ensure that the rights of tenants and partners are fully safeguarded and that tenants have the necessary support to provide the best possible consumer proposition to customers.

### **4. Recommendation**

The EIG Directors, who have been so advised by Deutsche Bank and Rothschild & Co as to the financial terms of the Acquisition, consider the terms of the Acquisition to be fair and reasonable. In providing their advice, Deutsche Bank and Rothschild & Co have taken into account the commercial assessments of the EIG Directors. Deutsche Bank and Rothschild & Co are providing independent financial advice to the EIG Directors for the purposes of Rule 3 of the Code.

Accordingly, the EIG Directors confirm that they intend to recommend unanimously that, in the case of the Court Meeting, the Scheme Shareholders and, in the case of the General Meeting, the EIG Shareholders, vote in favour of the resolutions relating to the Acquisition at the Meetings, as they have irrevocably undertaken to do in respect of their own beneficial holdings of, in aggregate, 2,542,000 EIG Shares representing approximately 0.58 per cent. of the issued ordinary share capital of EIG on 17 July 2019 (being the last Business Day before the date of this Announcement). Further details of these undertakings, including the circumstances in which they cease to be binding, are set out in Appendix 3 to this Announcement.

## **5. Background to and reasons for the recommendation**

In May 2015, EIG embarked on a new strategy to develop optionality across the EIG estate, strengthen EIG's balance sheet through deleveraging and efficiently reinvest disposal proceeds in order to support the core estate and optimise value for EIG Shareholders.

This strategy led to consistent like-for-like net income growth in the Publican Partnerships business, the creation of a scaled Managed Pubs business which comprised 419 sites as at 31 March 2019, and the formation of a Commercial Properties business through the selective transfer and re-positioning of assets from the leased and tenanted estate into a commercial free-of-tie model with an intention to monetise those sites at an appropriate juncture.

In March 2019, EIG completed the disposal of the first significant tranche of its Commercial Properties portfolio for total net proceeds of £332.7 million. The disposal unlocked embedded value, provided an opportunity to return capital to EIG Shareholders and demonstrated EIG's ability to successfully execute against EIG's strategy.

Over recent years, the EIG Directors believe that the benefit of this new strategy has been reflected in EIG's share price, which has seen an increase of approximately 209 per cent. from a low of 72.8 pence in February 2016 to a ten year high of 224.8 pence in May this year, with the discount to the tangible net asset value also narrowing materially over the period.

Over the last five years EIG has achieved a net debt reduction of £780 million which has contributed to growth in equity value. EIG's ability to substantially reduce debt has provided EIG with the opportunity to provide greater, more immediate returns to EIG Shareholders. To demonstrate this commitment to EIG Shareholders, EIG announced that up to £65 million of the net proceeds from the recent disposal of 370 Commercial Properties would be used to fund share buybacks, which are in addition to the £20 million share buyback programme completed in January this year. As at 17 July 2019, EIG has bought back £103 million of EIG Shares for cancellation over the last four years at prices that have been accretive to both earnings and net asset value per share. As a result of the Acquisition, EIG has suspended its current share buyback programme with immediate effect.

Against this backdrop, Stonegate approached EIG with a proposal to combine Stonegate and EIG at a price of 270 pence per EIG Share. This proposal, as well as a second revised proposal, were both unanimously rejected by the EIG Directors on the grounds of failing to reflect what the EIG Board viewed as EIG's fundamental value and prospects. A further revised proposal of 285 pence per EIG Share was subsequently made by Stonegate.

Whilst the EIG Directors have confidence in executing EIG's current strategy and developing EIG's standalone business plan, the revised proposal was at a level where the EIG Directors felt able to enter into discussions with Stonegate.

In considering the terms of the Acquisition, the EIG Directors have taken into account various factors including the fact that the Offer Price represents:

- an EV/EBITDA multiple (based on the underlying September 2018 EBITDA, adjusted for the disposal of certain commercial properties) of 11.4 times - a premium to recent transactions announced in the sector, reflecting the quality of EIG's estate and cash flow generation;
- a premium of approximately 4.3 per cent. to the tangible net asset value per EIG Share as at 31 March 2019 (on a fully diluted basis); and
- a premium of approximately 37.7 per cent. to the volume-weighted average price of 206.9 pence per EIG Share for the six-month period ended 17 July 2019 (being the last Business Day before the date of this Announcement).

The Scheme Document will contain a portfolio valuation reported on in accordance with Rule 29 of the Code.

Whilst EIG could continue to execute its strategy, including realising assets at their fundamental value over time, the EIG Board acknowledges that there is a strong strategic rationale for combining the two groups which would create the opportunity to generate incremental benefits as a combined business that would not be available to EIG on its own. EIG believes that the strategic value of the combination is reflected in this offer to EIG Shareholders, at a 38.5 per cent. premium to the closing price of 205.8 pence per EIG Share on 17 July 2019 (being the last Business Day before the date of this Announcement), and has the potential to unlock this additional upside and deliver benefits to customers, tenants and employees of both the Stonegate Group and the EIG Group.

The Acquisition provides an opportunity for EIG Shareholders to exit their investment at a substantial premium to the current share price, at a premium to the tangible net asset value as at 31 March 2019 and at a level which allows them to realise the future benefits of EIG's strategy in the near term.

In considering the intention to recommend the Acquisition to EIG Shareholders, the EIG Directors have given due consideration to the assurances given by Stonegate to employees within the EIG Group. The EIG Board welcomes Stonegate's statement of its intentions with respect to the future operation of the business and its employees as part of a larger business combined with Stonegate, in particular, the intentions to observe the existing contractual and statutory employment rights of EIG employees and pension obligations and to make no change to the balance of skills and functions of employees across the EIG Group.

## **6. Irrevocable Undertakings**

As described above, all of the EIG Directors who hold EIG Shares have irrevocably undertaken to vote, or procure votes, in favour of the Scheme at the Court Meeting and the Resolutions to be proposed to implement the Scheme at the General Meeting in respect of their own beneficial holdings amounting to, in aggregate, 2,542,000 EIG Shares representing approximately 0.58

per cent. of the issued ordinary share capital of EIG on 17 July 2019 (being the last Business Day before the date of this Announcement).

Further details of these irrevocable undertakings are set out in Appendix 3 to this Announcement.

## **7. Information relating to Bidco**

Bidco is a wholly-owned subsidiary of Stonegate.

Bidco was incorporated on 5 July 2019 and has not traded since incorporation, nor has it entered into any obligations, other than in connection with the Acquisition and financing of the Acquisition.

The current directors of Bidco are Simon Longbottom, Brian Magnus, Ian Payne and David Ross. Further details in relation to Bidco will be contained in the Scheme Document.

## **8. Information relating to Stonegate**

Stonegate is a managed pub company and has a national estate of over 765 operating outlets. It was initially formed in November 2010 when Stonegate, an entity established by investment funds managed by TDR, acquired 333 managed pubs from Mitchells & Butlers. Since then, Stonegate has acquired an additional 495 sites through a series of 11 major acquisitions and has driven significant growth in its portfolio through enhanced operating performance across its estate. Today Stonegate's portfolio comprises a national estate of over 765 operating venues, and is one of the leading operators of managed pubs in the United Kingdom.

By operating its business through a multi-format strategy, Stonegate has positioned itself across a wide range of customer demographics and various emerging consumer trends. Stonegate operates in geographically attractive locations with high exposure to the high street and in urban and suburban locations across the United Kingdom. The group uses a variety of operating formats and brands to optimise pub operating performance based upon the local operating environment and customer profile.

In addition to successfully developing Stonegate into one of the leading wet led managed house operators in the UK, the senior management team has extensive experience of operating tenanted pub formats.

Stonegate is an experienced managed house operator with a track record of investing in its pub portfolio and driving strong financial results. Stonegate has invested more than £350 million into its estate since 2010, including £71 million in 2018. In 2018, Stonegate won a record five awards at the Publican Awards, including as Best Pub Employer, Best Managed Pub Company and Best Community Pub Operator.

Headquartered in Luton, with more than 13,400 employees nationwide as at 30 September 2018, Stonegate benefits from significant scale and experience in its market. In the 53 weeks ended 30 September 2018, Stonegate generated revenue of £774 million and adjusted EBITDA of £115 million.

## 9. Information relating to EIG

EIG is the largest owner of pubs in the UK. Headquartered in Solihull, EIG began its trading operations in 1991 and has over 4,000 operating sites across England and Wales as at 31 March 2019 and employed more than 1,800 employees as at 30 September 2018.

EIG has three business units: Publican Partnerships, the core business comprising its leased and tenanted estate; Managed Pubs, comprising managed operations which represent 100 per cent. owned managed pubs and which operate in two unbranded formats (Craft Union and Bermondsey), and managed investments which are joint ventures with experienced retail partners; and Commercial Properties, which comprise EIG's free-of-tie and non-pub property businesses. Pubs are transferred to EIG's Managed Pubs and Commercial Properties businesses through the transfer of pubs from EIG's tied Publican Partnerships business.

EIG's scale and expertise allows it to provide substantial support and sustained capital investment to both its Publican Partnerships and Managed Pubs businesses in order to grow earnings and value, whilst the Commercial Properties business allows EIG to seek to maximise value from sites which no longer fit within either the Publican Partnerships or Managed Pubs businesses. Additionally, the scale of EIG's Commercial Property portfolio provides a substantial pool of assets with the flexibility to adapt to new business structures and make disposals when favourable opportunities arise.

For the financial year ended 30 September 2018, EIG generated revenue of £695 million and underlying EBITDA of £287 million. In EIG's interim results for the six months ended 31 March 2019, EIG reported underlying EBITDA growth for the first time in many years which the EIG Directors believe highlights the benefits of the strategic evolution of its businesses with a proven track record of like-for-like net income growth in its Publican Partnerships business, optimised managed performance, disciplined capital investment and growing asset values.

## 10. Financing

The cash consideration payable by Bidco under the terms of the Acquisition will be financed by: (a) equity to be invested by Stonegate and various investment funds managed by TDR; (b) committed PIK financing from the AlbaCore Funds; and (c) committed senior and second lien financing from Barclays Bank PLC, Goldman Sachs Bank USA and Nomura International plc, the proceeds of which may be used towards, *inter alia*; (i) financing the consideration paid or payable under the terms of the Acquisition; (ii) refinancing existing indebtedness of EIG; (iii) refinancing existing indebtedness of Stonegate; and (iv) financing or refinancing any fees, costs and expenses related to or incurred or charged in connection with the Acquisition and/or its financing. The committed financing made available under the Credit Agreements is made available on a certain funds basis.

Nomura International plc, Goldman Sachs International, and Barclays Bank PLC, as joint financial advisers to Bidco and Stonegate, are satisfied that sufficient resources are available to Bidco to enable it to satisfy in full the cash consideration payable to the EIG Shareholders under the terms of the Acquisition.

Further information on the financing of the Acquisition will be set out in the Scheme Document.

## 11. Directors, management, employees, research and development and locations

### *Stonegate's strategic plans for EIG*

Stonegate recognises the large portfolio of high quality pubs that EIG has developed over time, the reputation of EIG's management team and the strategy and initiatives that they have created and are implementing to improve the portfolio and develop a managed pub business. Following the completion of the Acquisition at which time EIG will become part of the Wider Stonegate Group, Stonegate intends to continue EIG's existing strategy of working to improve the quality of the estate by ensuring the right consumer proposition is available in each of its pubs supported by the best people.

Stonegate is an industry-leading pub company with a proven track record for successfully implementing and integrating strategic acquisitions. EIG and Stonegate both believe that there are strong strategic reasons for combining the two groups with their complementary portfolios and skills, and that this combination will deliver benefits to customers, tenants, employees and other stakeholders.

Following the completion of the Acquisition, Stonegate will perform a detailed review of the estate. It is expected that, in line with EIG's existing stated policy, this will lead to a number of leased and tenanted pubs in the existing EIG estate being converted to managed pubs and a number of pubs, which is broadly consistent with recent years, being divested in the ordinary course of business.

With regard to the tied, leased and tenanted pub business, Stonegate expects to continue to invest in the estate and ensure that tenants have the necessary support to provide the best possible consumer proposition to customers and face the challenging operating environment in the sector. EIG's Publican Partnership's tenants will continue to benefit from the rights afforded to them by the Pubs Code. In the managed pub business of the combined group, Stonegate will seek to leverage its managed house infrastructure and operating experience to improve the performance of the managed pubs in EIG's estate. Across both parts of the combined business, Stonegate expects to make available capital and focus on providing the operating flexibility to invest to deliver EIG's stated strategic development and drive growth.

### *Employees and management*

Stonegate recognises that EIG has many committed and talented employees who have worked hard to support EIG and its pubs and recognises how important these employees are to the success of the combined group following the Acquisition. Stonegate has given assurances to the EIG Directors that the existing employment rights, including pension rights, of the management and employees of EIG shall be fully safeguarded. Stonegate's plans for EIG do not involve any change in the balance of skills and functions of employees and conditions of employment of EIG's employees, but may involve changes to the administration of payments to align with Stonegate's existing practices. These administrative changes are not expected to adversely affect employees.

Stonegate does not expect the Acquisition to impact the continued employment of employees at pubs across EIG's portfolio, including where, given the operating model of leased and tenanted pubs, pubs are divested in the ordinary course (as referred to above). In order to achieve some of the expected benefits of the combination of Stonegate and EIG, it will be necessary to perform a detailed review of how best to integrate the two businesses together.

Stonegate believes that there may be potential to generate cost savings in the combined group through procurement savings and removal of certain central administration and operations costs where duplication exists. At this stage, Stonegate has not yet developed a proposal as to how such integration would be implemented and will only develop and implement such proposals once Stonegate has completed its review which is expected to take at least six months following completion of the Acquisition.

Subject to the outcome of the detailed review of the integration of both businesses, it is possible that there may be a small reduction in the combined group's headcount including in corporate and support functions at EIG's head office where there is duplication with Stonegate's existing functions or where the function was required to support EIG's public listing. However, at this stage Stonegate has not yet developed a proposal as to how any such headcount reductions might be implemented and will only develop and implement such a proposal once the review referred to above has been completed. Stonegate will consult as appropriate with relevant employees, any employee representatives and other stakeholders before any proposals are finalised.

It is intended that, with effect from the Effective Date, each of the non-executive members of the EIG Board shall resign from their office as a director of EIG. It is expected that the Chief Executive Officer and Chief Financial Officer of EIG will leave EIG with effect from the Effective Date.

### ***Pension schemes***

The EIG Pension Scheme is currently closed to the admission of new members and future accrual of benefits and has recently completed a bulk annuity buy out of the scheme. It is not intended that any changes will be made to reopen this scheme to the admission of new members or to alter the future accrual of benefits.

Stonegate does not currently intend to make any change to the benefits provided by EIG's defined contribution pension arrangements and intends for the employer to continue to make contributions in line with the current arrangements.

### ***Locations, headquarters and research and development***

Following the completion of the Acquisition, Stonegate will consider the migration and rationalisation of the combined head office function to allow for the better integration of both businesses. Stonegate has not yet concluded on its preferred outcome and will only develop and implement such a proposal once the review referred to above has been completed. Beyond the ordinary course pub divestments described above, there are no further plans to change the locations of Stonegate's or EIG's places of business or redeploy the fixed assets of EIG.

EIG and Stonegate do not currently have a research and development function and Stonegate has no plans in this regard.

### ***Trading facilities***

EIG is currently listed on the Official List and, as set out in paragraph 15 below, subject to the Scheme becoming Effective an application will be made to the London Stock Exchange to cancel the admission to trading of EIG Shares and to the FCA for the cancellation of the listing of the EIG Shares on the Official List and re-register it as a private company.

### ***Management incentivisation***

No proposals have yet been made on the terms of any incentivisation arrangements to be provided by Stonegate for relevant EIG employees or management and no discussions have taken place or will take place prior to completion of the Acquisition regarding the terms of such arrangements. Following completion of the Acquisition and as part of the integration of EIG with Stonegate, Stonegate intends to put in place incentivisation arrangements for the senior employees of EIG.

No statements in this paragraph 11 constitute "post-offer undertakings" for the purpose of Rule 19.5 of the Code.

### ***Views of the EIG Board***

In considering the intention to recommend the Acquisition to EIG Shareholders, the EIG Directors have given due consideration to the assurances given to management and employees within the EIG Group. The EIG Board acknowledges that, following completion of the Acquisition, there may be a small reduction in the combined group's headcount including in corporate and support functions at EIG's head office where there is duplication with Stonegate's existing functions or where the function was required to support EIG's status as a publicly traded company listed on the premium segment of the Official List. The EIG Board expects that this integration process and any reductions that might occur will involve engagement and consultation with the relevant employees, any employee representatives and other stakeholders. Nevertheless, the EIG Board welcomes Stonegate's intention with respect to the future operations of the business and its employees as part of a larger business combined with Stonegate, in particular, the intentions to observe the existing contractual and statutory employment rights of EIG employees and pension obligations and to make no change to the balance of skills and functions of employees across the EIG Group.

## **12. Offer-related Arrangements**

### **Confidentiality Agreement**

On 20 June 2019, Stonegate and EIG entered into the Confidentiality Agreement in relation to the Acquisition, pursuant to which, amongst other things, Stonegate has undertaken to: (a) subject to certain exceptions, keep information relating to EIG and the Acquisition confidential and not to disclose it to third parties; and (b) use such confidential information only in connection with the Acquisition. These confidentiality obligations will remain in force until 20 June 2021 or, if earlier, the date the Acquisition becomes Effective.

### **Joint Defence Agreement**

On 21 June 2019, Stonegate, EIG and their respective external legal counsels entered into the Joint Defence Agreement, the purpose of which is to ensure that the exchange or disclosure of certain materials relating to the parties only takes place between their respective external legal counsels and external experts, and does not diminish in any way the confidentiality of such materials and does not result in a waiver of privilege, right or immunity that might otherwise be available.

## **Cooperation Agreement**

On 18 July 2019, Stonegate, Bidco and EIG entered into the Cooperation Agreement, pursuant to which, Bidco and EIG have, amongst other things, each agreed to: (i) cooperate in relation to obtaining any consents, clearances, permissions, waivers and/or approvals as may be necessary, and the making of all filings as may be necessary, from or under the law, regulations or practices applied by any applicable regulatory authority in connection with the Acquisition; and (ii) cooperate in preparing and implementing appropriate proposals in relation to the EIG Share Plans. In addition, Bidco has agreed to certain provisions if the Scheme should switch to an Offer.

The Cooperation Agreement will terminate in certain circumstances, including if the Acquisition is withdrawn, terminated or lapses, a competing offer completes, becomes effective or is declared unconditional, or if prior to the Long-stop Date any Condition has been invoked by Bidco, if the EIG Directors withdraw their recommendation of the Acquisition or if the Scheme does not become effective in accordance with its terms by the Long-stop Date or otherwise as agreed between Bidco and EIG.

Under the terms of the Cooperation Agreement, Bidco and Stonegate have agreed to use their respective best endeavours to secure such clearance from the CMA as is necessary to satisfy the CMA Condition promptly after the date of this Announcement with the aim of obtaining such clearance on or before 31 January 2020. This obligation includes, to the extent necessary to secure the clearance of the CMA, agreeing to make disposals of public houses, which are either owned, leased, operated or managed by the Stonegate Group or the EIG Group; provided that neither Bidco nor Stonegate is required to agree to any remedies which require the sale or other disposal of 100 or more of such public houses in aggregate.

### **13. Structure of the Acquisition**

It is intended that the Acquisition will be implemented by way of a Court-sanctioned scheme of arrangement between EIG and the Scheme Shareholders, under Part 26 of the Companies Act. The purpose of the Scheme is to provide for Bidco to become the owner of the entire issued, and to be issued, share capital of EIG. Under the Scheme, the Acquisition will be achieved by the transfer of the Scheme Shares by the Scheme Shareholders to Bidco in consideration for which the Scheme Shareholders will receive cash on the basis described in paragraph 2 above. The procedure involves, among other things, an application by EIG to the Court to sanction the Scheme.

The Acquisition is subject to the Conditions and certain further terms referred to in Appendix 1 to this Announcement and to the full terms and conditions to be set out in the Scheme Document, and will only become Effective if, among other things, the following events occur on or before 11.59 p.m. on the Long-stop Date (or such later date as Bidco and EIG may, with the consent of the Panel, agree and, if required, the Court may approve):

- a resolution to approve the Scheme is passed by a majority in number of the Scheme Shareholders present and voting (and entitled to vote) at the Court Meeting, either in person or by proxy, representing 75 per cent. or more in value of the Scheme Shares held by those Scheme Shareholders;
- the resolution(s) necessary to implement the Scheme is/are passed by the requisite majority of EIG Shareholders at the General Meeting (which will require the approval of EIG

Shareholders representing at least 75 per cent. of the votes cast at the General Meeting either in person or by proxy);

- following the Court Meeting and General Meeting, the Scheme is sanctioned by the Court (without modification, or with modification on terms agreed by Bidco and EIG); and
- following such sanction, an office copy of the Court Order is delivered to the Registrar of Companies.

Once the necessary approvals from the Scheme Shareholders and the EIG Shareholders have been obtained and the other Conditions have been satisfied or (where applicable) waived and the Scheme has been approved by the Court, the Scheme will become effective upon delivery of the Court Order to the Registrar of Companies.

Upon the Scheme becoming Effective: (i) it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the General Meeting (and if they attended and voted, whether or not they voted in favour); and (ii) share certificates in respect of EIG Shares will cease to be valid and entitlements to EIG Shares held within the CREST system will be cancelled.

Any EIG Shares issued before the Scheme Record Time will be subject to the terms of the Scheme. The resolution(s) to be proposed at the General Meeting will, amongst other matters, provide that the Articles be amended to incorporate provisions requiring any EIG Shares issued after the Scheme Record Time (other than to Bidco and/or their nominees) to be automatically transferred to Bidco on the same terms as the Acquisition (other than terms as to timings and formalities). The provisions of the Articles (as amended) will avoid any person (other than Bidco and its nominees) holding shares in the capital of EIG after the Effective Date.

If the Scheme does not become Effective on or before 11.59 p.m. on the Long-stop Date (or such later date as EIG and Bidco may, with the consent of the Panel, agree and, if required, the Court may approve), it will lapse and the Acquisition will not proceed (unless the Panel otherwise consents).

The Scheme Document will include full details of the Scheme, together with notices of the Court Meeting and the General Meeting. The Scheme Document will also contain the expected timetable for the Acquisition and will specify the necessary actions to be taken by EIG Shareholders. It is expected that the Scheme Document, together with the Forms of Proxy, will be published as soon as practicable and in any event, within 28 days of this Announcement (unless the Panel agrees otherwise).

Subject, amongst other things, to the satisfaction or waiver of the Conditions, it is expected that the Scheme will become Effective in the first quarter of 2020.

#### **14. EIG Share Plans**

Participants in the EIG Share Plans will be contacted regarding the effect of the Acquisition on their rights under the EIG Share Plans and appropriate proposals in accordance with Rule 15 of the Code where required will be made to such participants in due course.

The Cooperation Agreement contains certain agreed arrangements with respect to the treatment of outstanding awards and options over EIG Shares under the EIG Share Plans.

## 15. Delisting

Prior to the Scheme becoming Effective, EIG will make an application for the cancellation of the listing of EIG Shares on the Official List and for the cancellation of trading of the EIG Shares on the London Stock Exchange's Main Market for listed securities in each case to take effect on or shortly after the Effective Date.

The last day of dealings in EIG Shares on the London Stock Exchange's Main Market for listed securities is expected to be the Business Day immediately prior to the Court Hearing and no transfers will be registered after 6.00 p.m. on that date.

## 16. Disclosure of interests in EIG relevant securities

Except for the irrevocable commitments referred to in paragraph 6 above and as disclosed below, as at the date of this Announcement neither Bidco, nor any director of either of Bidco nor any member of the Stonegate Group, nor, as far as Bidco is aware, any person acting in concert (within the meaning of the Code) with Bidco for the purposes of the Acquisition:

- has any interest in, or right to subscribe for, any relevant securities of EIG; nor
- has any short position (whether conditional or absolute and whether in the money or otherwise) in relevant securities of EIG, including any short position under a derivative, any agreement to sell, any delivery obligation or right to require another person to purchase or take delivery of relevant securities of EIG; nor
- has borrowed or lent any relevant securities of EIG or entered into any financial collateral arrangements relating to relevant securities of EIG; nor
- is party to any dealing arrangement of the kind referred to in Note 11 on the definition of acting in concert in the Code in relation to relevant securities of EIG

<b>Name</b>	<b>Nature of Interest</b>	<b>Number of relevant securities held in EIG</b>
Barclays Direct Investing Nominees Ltd	Long Ord Shares	888,181

Relevant securities of EIG are EIG Shares or securities convertible or exchangeable into EIG Shares.

## 17. Overseas shareholders

The availability of the Acquisition or the distribution of this Announcement to EIG Shareholders who are not resident in the United Kingdom may be affected by the laws of their relevant jurisdiction. Such persons should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdiction. EIG Shareholders who are in any doubt regarding such matters should consult an appropriate independent professional adviser in the relevant jurisdiction without delay.

This Announcement does not constitute an offer for sale of any securities or an offer or an invitation to purchase any securities. EIG Shareholders are advised to read carefully the Scheme Document and related Forms of Proxy once these have been published.

#### **18. Documents published on a website**

Copies of the following documents will, by no later than 12 noon (London time) on the Business Day following this Announcement, be published on EIG's website at [www.eigroupplc.com](http://www.eigroupplc.com) and Stonegate's website at [www.stonegatepubs.com](http://www.stonegatepubs.com) until the Effective Date:

- this Announcement;
- the irrevocable undertakings referred to in paragraph 6;
- the documents entered into for the financing of the Acquisition referred to in paragraph 10;
- the Confidentiality Agreement referred to in paragraph 12;
- the Joint Defence Agreement referred to in paragraph 12; and
- the Cooperation Agreement referred to in paragraph 12.

The contents of EIG's and Stonegate's website are not incorporated into and do not form part of this Announcement.

#### **19. General**

Bidco reserves the right to elect (with the consent of the Panel and subject to the terms of the Cooperation Agreement) to implement the acquisition of the EIG Shares by way of an Offer as an alternative to the Scheme. In such event, the Offer will be implemented on substantially the same terms, so far as applicable, as those which would apply to the Scheme and, among other things, the change in structure by which the Acquisition is to be implemented and compliance with all applicable laws, including US securities laws. If the Acquisition is effected by way of an Offer and such Offer becomes or is declared unconditional in all respects and sufficient acceptances are received, Bidco intends to: (i) make a request to the FCA to cancel the listing of the EIG Shares from the Official List; (ii) make a request to the London Stock Exchange to cancel trading in EIG Shares on its market for listed securities; and (iii) exercise its rights to apply the provisions of Chapter 3 of Part 28 of the Companies Act to acquire compulsorily the remaining EIG Shares in respect of which the Offer has not been accepted.

The Acquisition will be made on the terms and subject to the Conditions and further terms set out in Appendix 1 to this Announcement. The sources of information and bases of calculations contained in this Announcement are set out in Appendix 2 to this Announcement. A summary of the irrevocable undertakings is contained in Appendix 3 to this Announcement. Certain terms used in this Announcement are defined in Appendix 4 to this Announcement.

The Acquisition will be governed by the laws of England and Wales and will be subject to the jurisdiction of the courts of England and Wales. The Acquisition will be subject to the

applicable requirements of the Code, the Panel, the Market Abuse Regulation, the Disclosure Guidance and Transparency Rules, the London Stock Exchange and the FCA.

Nomura International plc, Goldman Sachs International, Barclays, Deutsche Bank and Rothschild & Co have each given and not withdrawn their consent to the publication of this Announcement with the inclusion herein of the references to their names in the form and context in which they appear.

## **Enquiries**

**Stonegate Pub Company Limited** Tel: +44 (0) 1582 957160  
Simon Longbottom  
Ian Payne  
Daniel Wilkinson

**Nomura International plc (Financial Adviser to Stonegate and Bidco)** Tel:+44 (0)20 7102 1000  
Adrian Fisk  
Henry Phillips  
Christopher Fincken

**Goldman Sachs International (Financial Adviser to Stonegate and Bidco)** Tel:+44 (0)20 7774 1000  
Anthony Gutman  
Nick Harper  
James Brodie

**Barclays (Financial Adviser to Stonegate and Bidco)** Tel:+44 (0)20 7623 2323  
Derek Shakespeare  
Andrew Richards  
Neal West

**Tulchan Communications (PR Adviser to Stonegate and TDR)** Tel: + 44 (0)20 7353 4200  
Jonathan Sibun  
Suniti Chauhan  
Will Smith

**Instinctif Partners (PR Adviser to Stonegate)** Tel: + 44 (0)20 7457 2020  
Justine Warren  
Andy Low

**Ei Group plc** Tel: +44 (0)121 272 5000  
Simon Townsend, Chief Executive Officer  
Neil Smith, Chief Financial Officer

**Deutsche Bank AG, London Branch (Lead Financial Adviser and Corporate broker to EIG)** Tel: +44 (0)20 7545 8000  
Charles Wilkinson

Chris Raff  
Gillan Wilson

**Rothschild & Co (Joint Financial Adviser to EIG)**

Tel: +44 (0)20 7280 5000

Alex Midgen  
Edward Duckett  
Sam Green

**Tulchan Communications (PR Adviser to EIG)**

Tel: + 44 (0)20 7353 4200

Jessica Reid  
Andrew Grant

*Kirkland & Ellis International LLP is retained as legal adviser to Stonegate. CMS Cameron McKenna Nabarro Olswang LLP is retained as legal adviser to EIG.*

**Further information**

*This Announcement is for information purposes only and is not intended to and does not constitute, or form part of, an offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of any securities, or the solicitation of any vote or approval in any jurisdiction, pursuant to the Acquisition or otherwise, nor shall there be any sale, issuance or transfer of securities of EIG in any jurisdiction in contravention of applicable law. The Acquisition will be implemented solely by means of the Scheme Document, which will contain the full terms and conditions of the Acquisition including details of how to vote in respect of the Scheme. Any vote in respect of the Scheme or other response in relation to the Acquisition should be made only on the basis of the information contained in the Scheme Document.*

*Nomura International plc, which is authorised by the Prudential Regulation Authority (“PRA”) and regulated by the PRA and the Financial Conduct Authority (“FCA”) in the United Kingdom, is acting as financial adviser to Bidco and Stonegate, and no one else in connection with the matters set out in this Announcement and Nomura International plc, its affiliates and its respective officers, employees, agents, representatives and/or associates will not regard any other person as their client, nor will they be responsible to anyone other than Bidco and Stonegate for providing the protections afforded to clients of Nomura International plc nor for giving advice in relation to any matter or arrangement referred to in this Announcement. Neither Nomura International plc nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Nomura International plc in connection with this Announcement or any matter referred to herein.*

*Goldman Sachs International, which is authorised by the PRA and regulated by the FCA and the PRA in the United Kingdom, is acting as financial adviser to Bidco and Stonegate and no one else in connection with the matters described in this Announcement and will not be responsible to anyone other than Bidco and Stonegate for providing the protections afforded to clients of Goldman Sachs International, or for giving advice in connection with the matters described in this Announcement or any matter referred to herein. Neither Goldman Sachs International nor any of its subsidiaries, branches or affiliates owes or accepts any duty,*

*liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Goldman Sachs International in connection with this Announcement or any matter referred to herein.*

*Barclays Bank PLC, acting through its Investment Bank (“Barclays”), which is authorised by the PRA and regulated by the FCA and the PRA in the United Kingdom, is acting as financial adviser to Bidco and Stonegate and no one else in connection with the matters described in this Announcement and will not be responsible to anyone other than Bidco and Stonegate for providing the protections afforded to clients of Barclays, or for giving advice in connection with the matters described in this Announcement or any matter referred to herein. Neither Barclays nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Barclays in connection with this Announcement or any matter referred to herein. In accordance with the Code, normal United Kingdom market practice and Rule 14e-5(b) of the Exchange Act, Barclays and its affiliates will continue to act as exempt principal trader in EIG securities on the London Stock Exchange. These purchases and activities by exempt principal traders which are required to be made public in the United Kingdom pursuant to the Code will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at [www.londonstockexchange.com](http://www.londonstockexchange.com). This information will also be publicly disclosed in the United States to the extent that such information is made public in the United Kingdom.*

*Deutsche Bank AG is authorised under German Banking Law (competent authority: European Central Bank) and, in the United Kingdom, by the Prudential Regulation Authority (the “PRA”). It is subject to supervision by the European Central Bank and by BaFin, Germany's Federal Financial Supervisory Authority, and is subject to limited regulation in the United Kingdom by the PRA and the Financial Conduct Authority (the “FCA”). Details about the extent of its authorisation and regulation by the PRA, and regulation by the FCA, are available on request. Deutsche Bank, acting through its London branch (“Deutsche Bank”), is acting as corporate broker and financial adviser to EIG and no other person in connection with the contents of this Announcement. Neither Deutsche Bank, nor any of its subsidiaries, branches or affiliates will be responsible to any person other than EIG for providing any of the protections afforded to clients of Deutsche Bank nor for providing advice in relation to any matters referred to in this Announcement. Neither Deutsche Bank, nor any of its subsidiaries, branches or affiliates, nor any of its or their respective directors, officers or employees owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Deutsche Bank in connection with this Announcement, any statement contained herein, or otherwise.*

*N.M. Rothschild and Sons Limited (“Rothschild & Co”), which is authorised and regulated by the FCA in the United Kingdom, is acting as financial adviser to EIG and no one else in connection with the matters described in this Announcement and will not be responsible to anyone other than EIG for providing the protections afforded to clients of Rothschild & Co nor for providing advice in connection with any matter referred to herein. Neither Rothschild & Co nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Rothschild & Co in connection with this Announcement, any statement contained herein, the Acquisition or otherwise.*

## **Overseas jurisdictions**

*The availability of the Acquisition to EIG Shareholders who are not resident in and citizens of the UK may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not resident in the UK should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdictions. Further details in relation to overseas shareholders will be contained in the Scheme Document.*

*The release, publication or distribution of this Announcement in or into jurisdictions other than the UK may be restricted by law and therefore any persons who are subject to the law of any jurisdiction other than the UK should inform themselves of, and observe, any applicable requirements. In particular, the ability of persons who are not resident in the United Kingdom to vote their Scheme Shares with respect to the Scheme at the Court Meeting or to appoint another person as proxy to vote at the Court Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person. This Announcement has been prepared for the purposes of complying with the laws of England and Wales, the rules of the London Stock Exchange, the Market Abuse Regulation, the Disclosure Guidance and Transparency Rules and the Code and the information disclosed may not be the same as that which would have been disclosed if this Announcement had been prepared in accordance with the laws of jurisdictions outside of England.*

*Copies of this Announcement and any formal documentation relating to the Scheme and the Acquisition will not be and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from any Restricted Jurisdiction or any jurisdiction where to do so would violate the laws of that jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction. If the Acquisition is implemented by way of Offer (unless otherwise permitted by applicable law or regulation), the Offer must not be made, directly or indirectly, in or into or by use of the mails or any other means or instrumentality (including, without limitation, facsimile, email or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of any Restricted Jurisdiction and the Offer will not be capable of acceptance by any such use, means, instrumentality or facilities or from within any Restricted Jurisdiction.*

## **US Holders**

*US Holders should note that the Acquisition relates to the securities of an English company, is subject to UK disclosure requirements and practices (which are different from those of the US) and is proposed to be implemented under a scheme of arrangement under English company law. A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules under the US Exchange Act, and the proxy solicitation rules under the US Exchange Act will not apply to the Acquisition. The Scheme will be subject to UK disclosure requirements and practices, which are different from the disclosure requirements of the US tender offer and proxy solicitation rules. The financial information included in this Announcement and the Scheme Document has been or will have been prepared in accordance with IFRS, and thus may not be comparable to financial information of companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US. However, if*

*Bidco were to exercise its right to implement the Acquisition of the EIG Shares by way of an Offer, such Offer will be made in compliance with applicable US tender offer and securities laws and regulations. Such an Offer would be made by Bidco.*

*The receipt of cash pursuant to the Acquisition by a US Holder as consideration for the transfer of its Scheme Shares pursuant to the Scheme may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other, tax laws. Each EIG Shareholder is urged to consult his independent professional adviser immediately regarding the tax consequences of the Acquisition applicable to him.*

*It may be difficult for US Holders to enforce their rights and claims arising out of the US federal securities laws, since Bidco and EIG are located in countries other than the US, and some or all of their officers and directors may be residents of countries other than the US. US Holders may not be able to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.*

*In accordance with normal UK practice and pursuant to Rule 14e-5(b) of the US Exchange Act, Bidco or its nominees, or their brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, EIG Shares outside of the US, other than pursuant to the Acquisition, until the date on which the Acquisition becomes Effective, lapses or is otherwise withdrawn. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be disclosed as required in the UK, will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at [www.londonstockexchange.com](http://www.londonstockexchange.com).*

### ***Forward-looking statements***

*This Announcement (including information incorporated by reference in this Announcement), oral statements made regarding the Acquisition, and other information published by Stonegate, Bidco and EIG contain statements which are, or may be deemed to be, "forward-looking statements". Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management of Stonegate, Bidco and EIG about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements.*

*The forward-looking statements contained in this Announcement include statements relating to the expected effects of the Acquisition on Stonegate, Bidco and EIG, the expected timing and scope of the Acquisition and other statements other than historical facts. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "plans", "expects" or "does not expect", "is expected", "is subject to", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Although Stonegate, Bidco and EIG believe that the expectations reflected in such forward-looking statements are reasonable, Stonegate, Bidco and EIG can give no assurance that such expectations will prove to be correct. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in*

*the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements.*

*These factors include, but are not limited to: the ability to complete the Acquisition; the ability to obtain requisite regulatory and shareholder approvals and the satisfaction of other Conditions; future market conditions, changes in general economic and business conditions, the behaviour of other market participants, the anticipated benefits from the proposed transaction not being realised as a result of changes in general economic and market conditions, weak, volatile or illiquid capital and/or credit markets, changes in tax rates, interest rate and currency value fluctuations, the degree of competition in the geographic and business areas in which Stonegate, Bidco and EIG operate and changes in laws or in supervisory expectations or requirements. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements. Such forward-looking statements should therefore be construed in the light of such factors. Neither Stonegate, Bidco nor EIG, nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Announcement will actually occur. You are cautioned not to place any reliance on these forward-looking statements. Other than in accordance with their legal or regulatory obligations, neither Stonegate, Bidco nor EIG is under any obligation, and Stonegate Bidco and EIG expressly disclaim any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

#### **No profit forecasts or estimates**

*No statement in this Announcement is intended as a profit forecast or estimate for any period and no statement in this Announcement should be interpreted to mean that earnings or earnings per share for EIG for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for EIG.*

#### **Dealing disclosure requirements**

*Under Rule 8.3(a) of the Code, any person who is interested in one per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified.*

*An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.*

*Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in one per cent. or more of any class of relevant securities of the offeree company or of any securities exchange*

*offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.*

*If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3. Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).*

*Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.*

### **Rule 2.9 information**

*In accordance with Rule 2.9 of the Code, EIG confirms that as at the date of this Announcement, it has in issue and admitted to trading 437,910,075 ordinary shares of 2.5 pence each (excluding shares held in treasury). EIG currently holds 50,000,000 ordinary shares in treasury. The International Securities Identification Number (ISIN) of the ordinary shares is GB00B1L8B624.*

### **Publication on website**

*In accordance with Rule 26.1 of the Code, a copy of this Announcement and the documents required to be published by Rule 26 of the Code will be made available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on EIG's website at [www.eigroupplc.com](http://www.eigroupplc.com) and on Stonegate's website at [www.stonegatepubs.com](http://www.stonegatepubs.com) by no later than 12 noon (London time) on the Business Day following this Announcement. For the avoidance of doubt, the contents of those websites are not incorporated by reference and do not form part of this Announcement.*

### **Requesting hard copy documents**

*EIG Shareholders may request a hard copy of this Announcement by contacting EIG's Registrar, Computershare Investor Services PLC, during business hours on +44 (0)370 889 4080 or by submitting a request in writing to EIG's Registrar, Computershare Investor Services PLC, at The Pavilions, Bridgwater Road, Bristol, BS99 6ZY. For persons who receive a copy of this Announcement in electronic form or via a website notification, a hard copy of this Announcement will not be sent unless so requested. You may also request that all future documents, announcements and information to be sent to you in relation to the Acquisition should be in hard copy form.*

***Electronic communications***

*Please be aware that addresses, electronic addresses and certain other information provided by EIG Shareholders, persons with information rights and other relevant persons for the receipt of communications from EIG may be provided to Bidco during the offer period as required under Section 4 of Appendix 4 of the Code to comply with Rule 2.11.*

***Rounding***

*Certain figures included in this Announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of figures that precede them.*

## Appendix 1

### Conditions and Certain Further Terms of the Scheme and the Acquisition

#### Part A. Conditions to the Scheme and Acquisition

The Acquisition will be conditional upon the Scheme becoming unconditional and becoming Effective, subject to the provisions of the Code, on or before the Long-stop Date or such later date (if any) as Bidco and EIG may, with the consent of the Panel, agree and (if required) the Court may approve.

#### *Scheme approval*

1. The Scheme will be conditional upon:
  - a. approval of the Scheme by a majority in number representing not less than 75 per cent. in value of the Scheme Shares who are on the register of members for EIG (or the relevant class or classes thereof, if applicable) at the Voting Record Time in each case present and voting, whether in person or by proxy, at the Court Meeting and at any separate class meeting which may be required by the Court or at any adjournment of any such meetings, provided that the Court Meeting may not be adjourned beyond the 22nd day after the expected date of the Court Meeting to be set out in the Scheme Document in due course (or such later date (if any) as Bidco and EIG may agree and the Court may allow);
  - b. all resolutions necessary to approve and implement the Scheme as set out in the notice of the General Meeting being duly passed by the requisite majority at the General Meeting or at any adjournment thereof, provided that the General Meeting may not be adjourned beyond the 22nd day after the expected date of the General Meeting to be set out in the Scheme Document in due course (or such later date (if any) as Bidco and EIG may agree and the Court may allow);
  - c. the sanction of the Scheme by the Court (without modification, or with modification on terms acceptable to Bidco and EIG), provided that the Scheme Court Hearing may not be adjourned beyond the 22nd day after the expected date of the Scheme Court Hearing to be set out in the Scheme Document in due course (or such later date (if any) as Bidco and EIG may agree and the Court may allow), and the delivery of the Scheme Court Order to the Registrar of Companies for registration.

In addition, Bidco and EIG have agreed that, subject as stated in Part B below and to the requirements of the Panel, the Acquisition will be conditional upon the following matters and, accordingly, the necessary actions to make the Scheme Effective will not be taken unless such conditions (as amended, if appropriate) have been satisfied or, where relevant, waived:

#### *Merger control*

2. The Scheme shall be conditional on any one of the following conditions having been fulfilled:

- (i) in the event that the purchase of Shares constitutes a concentration with an EU dimension within the scope of Council Regulation (EC) 139/2004 (the “Merger Regulation”), the European Commission:
  - 1) shall have made a decision declaring the Scheme compatible with the internal market under Article 6(1)(b) of the Merger Regulation; or
  - 2) is deemed to have declared the Scheme compatible with the internal market pursuant to the presumption in Article 10(6) of the Merger Regulation; or
- (ii) in the event that the European Commission has made a referral under Articles 4(4) or 9(1) of the Merger Regulation in connection with the Acquisition, to the CMA, either in whole or in part, or is deemed to have made such a reference:
  - 1) issuance of a decision by the CMA pursuant to sections 22 or 33 of the Enterprise Act 2002 that a reference for an in-depth Phase 2 investigation will not be made in respect of the Acquisition either unconditionally or subject to conditions, obligations, undertakings or modifications in terms satisfactory to Bidco pursuant to section 73 of the Enterprise Act 2002; or
  - 2) expiry of the period prescribed in section 34ZA of the Enterprise Act 2002 in which the CMA may issue a decision that a reference for an in-depth Phase 2 investigation will be made in respect of the Acquisition, but without such a decision having been issued, by the CMA pursuant to sections 22 or 33 of the Enterprise Act 2002, and in each case the CMA not having already made an order pursuant to section 72(2) of the Enterprise Act in terms that would prevent the Scheme becoming Effective; or
    - a. to the extent that the European Commission retains jurisdiction of parts of the Acquisition, the European Commission shall have made a decision in accordance with paragraph 2(ii)(1) above or shall be deemed to have taken a decision in accordance with paragraph 2(ii)(2) above in respect of those parts.

***Other regulatory clearances***

- 3. The Scheme will be conditional upon in respect of the acquisition by Bidco of, or increase in control by Bidco with respect to, EIG, the FCA: (i) having given notice for the purposes of section 189(4) of FSMA that it has determined to approve such acquisition of or increase in control by any person who would as a result of the transaction be treated as a controller of EIG unconditionally; (ii) having given notice for the purposes of section 189(7) of FSMA that it has determined to approve such acquisition of or increase in control by any person who would as a result of the transaction be treated as a controller of EIG subject to conditions satisfactory to Bidco or (iii) being treated, by virtue of section 189(6) of FSMA, as having approved such acquisition of or increase in control, where references to acquiring or increasing control are read, where applicable, with the Financial Services and Markets Act 2000 (Controllers) (Exemption) Order 2009.

### *General third party clearances*

4. The Scheme will be conditional upon:

- a. excluding filings, applications, obligations, notifications, waiting and other time periods, and clearances relating to anti-trust or merger control (in respect of which only paragraph 2 above shall apply), all necessary filings or applications having been made, all necessary waiting and other time periods (including any extensions of such waiting and other time periods) under any applicable legislation or regulation of any relevant jurisdiction having expired, lapsed or been terminated (as appropriate) and all statutory or regulatory obligations in any relevant jurisdiction having been complied with, in each case in connection with the Acquisition or the acquisition by any member of the Wider Stonegate Group of any shares or other securities in, or control of, any member of the Wider EIG Group, where the direct consequence of a failure to make such a notification or filing or to wait for the expiry, lapse, or termination of any such waiting or time period would be unlawful in any relevant jurisdiction.
- b. no Third Party having intervened (other than any Third Party having intervened in respect of anti-trust or merger control (in respect of which only paragraph 2 above shall apply)) and there not continuing to be outstanding any statute, regulation or order of any Third Party (other than any statute, regulation or order of any Third Party relating to anti-trust or merger control (in respect of which only paragraph 2 above shall apply)), in each case which would reasonably be expected to:
  - i. make the Scheme or the Acquisition or, in each case, its implementation or the acquisition or proposed acquisition by Bidco or any member of the Wider Stonegate Group of any shares or other securities in, or control or management of, EIG or any member of the Wider EIG Group void, illegal or unenforceable in any jurisdiction, or otherwise directly or indirectly materially restrain, prevent, prohibit, restrict or materially delay, the same or impose additional material conditions or obligations with respect to the Scheme or the Acquisition or such acquisition, or otherwise materially impede, challenge or interfere with the Scheme or Acquisition or such acquisition, or require amendment to the terms of the Scheme or Acquisition or the acquisition or proposed acquisition of any EIG Shares or the acquisition of control or management of EIG or the Wider EIG Group by Bidco to an extent which is material in the context of the Wider EIG Group taken as a whole or in the context of the Acquisition;
  - ii. materially limit or delay, or impose any material limitations on, the ability of any member of the Wider Stonegate Group or any member of the Wider EIG Group to acquire or to hold or to exercise effectively, directly or indirectly, all or any rights of ownership in respect of shares or other securities in, or to exercise management control over, any member of the Wider EIG Group or any member of the Wider Stonegate Group, in each case, to an extent which is material in the context of the Wider Stonegate Group or the Wider EIG Group, in either case taken as a whole, or in the context of the Acquisition;

- iii. require, prevent or materially delay the divestiture or materially alter the terms envisaged for any proposed divestiture by any member of the Wider Stonegate Group of any shares or other securities in EIG or of all or any portion of their respective businesses, assets or properties or materially limit the ability of any of them to conduct any of their respective businesses or to own or control any of their respective assets or properties or any part thereof, in each case, to an extent which is material in the context of the Wider Stonegate Group or the Wider EIG Group, in either case taken as a whole, or in the context of the Acquisition;
- iv. except pursuant to sections 974 to 991 of the Companies Act, require any member of the Wider Stonegate Group or of the Wider EIG Group to acquire, or to offer to acquire, any shares or other securities (or the equivalent) in any member of either group owned by any third party;
- v. materially limit the ability of any member of the Wider Stonegate Group or of the Wider EIG Group to conduct or integrate or co-ordinate its business, or any part of it, with the businesses or any part of the businesses of any other member of the Wider Stonegate Group or of the Wider EIG Group in a manner which is adverse and material to the Wider Stonegate Group and/or the Wider EIG Group, in either case taken as a whole or in the context of the Acquisition; or
- vi. otherwise materially adversely affect, the business, assets, profits, financial or trading position of any member of the Wider EIG Group or of the Wider Stonegate Group taken as a whole in the context of the Acquisition.

***Certain matters arising as a result of any arrangement, agreement, etc.***

- 5. The Scheme will be conditional upon, except as Disclosed, there being no provision of any arrangement, agreement, licence, permit or other instrument to which any member of the Wider EIG Group is a party, or by or to which any such member or any of its assets is or are or may be bound, entitled or subject, which, in each case as a consequence of the Scheme or Acquisition or the acquisition or proposed acquisition of any shares or other securities in, or control of, EIG or any other member of the Wider EIG Group by any member of the Wider Stonegate Group or otherwise, would be expected to result in (in any case, to an extent which would reasonably be expected to be material and adverse in the context of the Wider EIG Group taken as a whole):
  - a. any monies borrowed by or any other indebtedness or liabilities (actual or contingent) of, or any grant available to, any member of the Wider EIG Group being or becoming repayable or capable of being declared repayable immediately or prior to its stated maturity date or repayment date or the ability of any member of the Wider EIG Group to borrow monies or incur any indebtedness being withdrawn or inhibited or becoming capable of being withdrawn or inhibited;

- b. other than in the ordinary course of business, the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property, assets or interests of any member of the Wider EIG Group;
- c. any such arrangement, agreement, licence, permit or instrument, or the rights, liabilities, obligations or interests of any member of the Wider EIG Group thereunder, being terminated or modified or affected or any action being taken or any obligation or liability arising thereunder;
- d. any asset or interest of any member of the Wider EIG Group being or falling to be disposed of or charged or ceasing to be available to any member of the Wider EIG Group or any right arising under which any such asset or interest could be required to be disposed of or could cease to be available to any member of the Wider EIG Group otherwise than in the ordinary course of business;
- e. the creation of any liabilities (actual or contingent) by any member of the Wider EIG Group other than trade creditors or other liabilities incurred in the ordinary course of business;
- f. the rights, liabilities, obligations or interests of any member of the Wider EIG Group under any such arrangement, agreement, licence, permit, franchise or other instrument or the interests or business of any such member in or with any other person, firm, company or body (or any arrangement or arrangements relating to any such interests or business) being terminated or adversely modified or affected; or
- g. the financial or trading position or the value of any member of the Wider EIG Group being prejudiced or adversely affected,

and no event having occurred which, under any provision of any such arrangement, agreement, licence, permit or other instrument, would or would reasonably be expected to result in any of the events or circumstances which are referred to in paragraphs (a) to (g) of this Condition 5 in any case to an extent which would be material and adverse in the context of the Wider EIG Group taken as a whole.

***Certain events occurring since 30 September 2018***

- 6. The Scheme will be conditional upon, except as Disclosed, no member of the Wider EIG Group having, since 30 September 2018:
  - a. issued or agreed to issue, or authorised the issue of, additional shares of any class, or securities convertible into or exercisable or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities or transferred or sold any shares out of treasury, in each case other than as between EIG and wholly-owned subsidiaries of EIG and save for the issue or transfer out of treasury of EIG Shares on the exercise of any options or vesting of any awards granted in the ordinary course under any of the EIG Share Plans;

- b. purchased or redeemed or repaid any of its own shares or other securities or reduced or made any other change to any part of its share capital in each case to an extent which is material and adverse in the context of the Wider EIG Group taken as a whole, in each case other than as between EIG and wholly-owned subsidiaries of EIG;
- c. recommended, declared, paid or made any dividend or other distribution whether payable in cash or otherwise or made any bonus issue (other than to EIG or a wholly-owned subsidiary of EIG);
- d. other than pursuant to the Acquisition (and except for transactions between EIG and its wholly-owned subsidiaries or between the wholly-owned subsidiaries of EIG and transactions in the ordinary course of business) implemented, effected, authorised or announced its intention to implement, effect, authorise or propose any merger, demerger, reconstruction, amalgamation, scheme, or acquisition or disposal of assets or shares or loan capital (or the equivalent thereof) in any undertaking or undertakings in any such case to an extent which is material and adverse in the context of the Wider EIG Group taken as a whole or in the context of the Acquisition;
- e. save for intra-EIG Group transactions, made or authorised any change in its loan capital other than in connection with ordinary course financing arrangements in any case to an extent which is material and adverse in the context of the EIG Group taken as a whole;
- f. save for intra-EIG Group transactions, mortgaged, charged or created any security interest over any assets or any right, title or interest in any assets (including shares in any undertaking and trade investments) or authorised the same (in each case, to an extent which is material and adverse in the context of the Wider EIG Group taken as a whole);
- g. save in the ordinary course of business, issued or authorised the issue of, or made any change in or to, any debentures or (save for intra-EIG Group transactions) incurred or increased any indebtedness or liability (actual or contingent) which in any case is material and adverse in the context of the Wider EIG Group taken as a whole;
- h. save in the ordinary course of business, entered into, varied or authorised any material agreement, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise) which is of a long term, onerous or unusual nature or magnitude or which is reasonably likely to involve an obligation of such nature or magnitude and which is likely to materially restrict the business of any member of the Wider EIG Group other than to a nature and extent which is normal in the context of the business concerned which is or would reasonably be expected to be material and adverse in the context of the Wider EIG Group taken as a whole;
- i. (other than in respect of a member of the Wider EIG Group which is dormant and was solvent at the relevant time) taken any corporate action or had any legal proceedings instituted or threatened against it or petition presented or order made for its winding-up (voluntarily or otherwise), dissolution or reorganisation

or for the appointment of a receiver, administrator, administrative receiver, trustee or similar officer of all or any material part of its assets and revenues or any analogous proceedings in any jurisdiction or appointed any analogous person in any jurisdiction which in any case is material in the context of the Wider EIG Group taken as a whole;

- j. been unable, or admitted in writing that it is unable, to pay its debts or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business to an extent which is material in the context of the Wider EIG Group taken as a whole;
- k. other than in respect of claims between EIG and wholly owned subsidiaries of EIG, waived or compromised any claim otherwise than in the ordinary course of business which is material in the context of the Wider EIG Group taken as a whole;
- l. made any alteration to its memorandum or articles of association (in each case, other than in connection with the Scheme) which is material in the context of the Acquisition;
- m. (except in relation to changes made or agreed as a result of, or arising from, legislation or changes to legislation) made or agreed or consented to:
  - i. any material change to:
    - 1. the terms of the trust deeds constituting the pension scheme(s) established for its directors, employees or their dependents; or
    - 2. the contributions payable to any such scheme(s) or to the benefits which accrue or to the pensions which are payable thereunder; or
    - 3. the basis on which qualification for, or accrual or entitlement to such benefits or pensions are calculated or determined; or
    - 4. the basis upon which the liabilities (including pensions) or such pension schemes are funded, valued or made,in each case, which is material in the context of the Wider EIG Group taken as a whole,
  - ii. any change to the trustees including the appointment of a trust corporation;
- n. entered into or materially varied the terms of or made any offer (which remains open for acceptance) to enter into or vary the terms of, any contract, agreement, commitment, transaction or arrangement with any director or senior executive which is material and adverse in the context of the Acquisition or which would reasonably be expected to have a material adverse effect on the financial position of the Wider EIG Group;

- o. materially modified the terms of any share option scheme, incentive scheme or other benefit relating to the employment or termination of employment of any person employed by the Wider EIG Group in each case which is material and adverse in the context of the Wider EIG Group taken as a whole; and
- p. on or after the date of this Announcement, and other than with the consent of Bidco, no action having been taken or proposed by any member of the Wider EIG Group which requires or would require the approval of EIG Shareholders in general meeting in accordance with, or as contemplated by, Rule 21.1 of the Code.

***No adverse change, litigation or regulatory enquiry***

- 7. The Scheme will be conditional upon except as Disclosed, since 30 September 2018:
  - a. there having been no adverse change or deterioration in the business, assets, financial or trading positions or profit or prospects of any member of the Wider EIG Group which in any case is material and adverse in the context of the Wider EIG Group taken as a whole;
  - b. no contingent or other liability of any member of the Wider EIG Group having arisen or become apparent or increased which in any case is or would reasonably be expected to be material and adverse in the context of the Wider EIG Group taken as a whole;
  - c. (other than as a result of or in connection with the Acquisition), no litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Wider EIG Group is or may become a party (whether as plaintiff, defendant or otherwise) and no investigation by any Third Party against or in respect of any member of the Wider EIG Group having been threatened in writing, announced, implemented or instituted by or against or remaining outstanding against or in respect of any member of the Wider EIG Group which in any such case is or would reasonably be expected to be material and adverse in the context of the Wider EIG Group taken as a whole;
  - d. no steps having been taken which are likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider EIG Group which is necessary for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which would reasonably be expected to have a material adverse effect on the Wider EIG Group taken as a whole; and
  - e. no member of the Wider EIG Group having conducted its business in breach of any applicable laws and regulations which in any case is material in the context of the Wider EIG Group taken as a whole.

***No discovery of certain matters***

- 8. The Scheme will be conditional upon, except as Disclosed, since 30 September 2018, Bidco not having discovered:

- a. that any financial or business or other information concerning the Wider EIG Group disclosed at any time by or on behalf of any member of the Wider EIG Group, whether publicly, to any member of the Wider Stonegate Group or to any of their advisers, is misleading or contains any misrepresentation of fact or omits to state a fact necessary to make any information contained therein not misleading and which is not subsequently corrected by disclosure by or on behalf of the Wider EIG Group, in each case to an extent which is material in the context of the Wider EIG Group taken as a whole;
- b. that any member of the Wider EIG Group is subject to any liability (actual or contingent) which is material in the context of the Wider EIG Group taken as a whole;
- c. any past or present member of the Wider EIG Group has not complied in all material respects with all applicable legislation or regulations of any jurisdiction relating to the use, treatment, storage, carriage, disposal, discharge, spillage, release, leak or emission of any waste or hazardous substance or any substance likely to impair the environment (including property) or harm human health or otherwise relating to environmental matters or the health and safety of any person, or that there has otherwise been any such use, treatment, handling, storage, transport, release, disposal, discharge, spillage, leak or emission (whether or not this constituted a non-compliance by any person with any legislation or regulations and wherever the same may have taken place), which non-compliance would be likely to give rise to any material liability including any penalty for non-compliance (whether actual or contingent) or cost on the part of any member of the Wider EIG Group, which in any case is material in the context of the Wider EIG Group as a whole; or
- d. there is any material liability (actual or contingent) to make good, repair, reinstate or clean up any property owned, occupied or made use of by any past or present member of the Wider EIG Group under any environmental legislation, regulation, notice, circular or order of any government, governmental, quasi-governmental, state or local government, supranational, statutory or other regulatory body, agency, court, association or any other person or body in any jurisdiction, which in any case is material in the context of the Wider EIG Group taken as a whole.

***Anti-corruption, sanctions and criminal property***

9. The Scheme will be conditional upon, except as Disclosed, Bidco not having discovered that, to an extent which is material in the context of the Wider EIG Group taken as a whole:
  - (a) any:
    - i. past or present member of the Wider EIG Group; or
    - ii. person that performs or has performed services on behalf of the Wider EIG Group,

has at any time engaged in an activity, practice or conduct which would constitute an offence under the UK Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977 or any other applicable anti-corruption legislation;

- (b) any material asset of any member of the Wider EIG Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition);
- (c) any past or present member of the Wider EIG Group has engaged in any business with, made any investments in, or made any payments or assets available to or received any funds or assets from:
- (d) any government, entity, or individual with which US or European Union persons (or persons operating in those territories) are prohibited from engaging in activities, doing business or from receiving or making available funds or economic resources, by US or European Union laws or regulations, including the economic sanctions administered by the United States Office of Foreign Assets Control or HM Treasury & Customs; or
- (e) any government, entity or individual targeted by any of the economic sanctions of the United Nations, United States or the European Union or any of its member states; or
- (f) a member of the EIG Group has engaged in a transaction which would cause Stonegate Group to be in breach of any law or regulation on completion of the Acquisition, including the economic sanctions administered by the United States Office of Foreign Assets Control or HM Treasury & Customs or any government, entity or individual targeted by any of the economic sanctions of the United Nations, United States or the European Union or any of its member states.

10. For the purpose of these Conditions:

- (a) Third Party means any central bank, government, government department or governmental, quasi-governmental, supranational, statutory, regulatory, environmental or investigative body, authority, court, trade agency, association, institution or professional or environmental body in any relevant jurisdiction, including, for the avoidance of doubt, the Panel; and
- (b) a Third Party shall be regarded as having “intervened” if it has given written notice to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference or made or enacted any statute, regulation, decision or order or required any action to be taken and “intervene” shall be construed accordingly.

#### **Part B. Certain further terms of the Scheme and the Acquisition**

- 1. Conditions 2 to 9 (inclusive) must be fulfilled, be determined by Bidco to be or remain satisfied or (if capable of waiver) be waived prior to the commencement of the Scheme Court Hearing, failing which the Scheme will lapse.

2. Notwithstanding the paragraph above, subject to paragraph (4) below and subject to the requirements of the Panel, Bidco reserves the right in its sole discretion to waive all or any of Conditions 2 to 9 (inclusive), in whole or in part and to proceed with the Scheme Court Hearing prior to the fulfilment, satisfaction or waiver of any of the Conditions 2 to 9 (inclusive).
3. Bidco shall be under no obligation under the terms and Conditions of the Acquisition to waive (if capable of waiver), to determine to be or remain satisfied or to treat as fulfilled any of Conditions 2 to 9 (inclusive) by a date earlier than the latest date specified in paragraph 1 above, notwithstanding that the other Conditions may at such earlier date have been waived or fulfilled and that there are, at such earlier date, no circumstances indicating that any Condition may not be capable of fulfilment.
4. Bidco reserves the right to elect to implement the Acquisition by way of an Offer, subject to the Code and the Panel's consent and (while the Cooperation Agreement is continuing) to the terms of the Cooperation Agreement. In such event, such Offer will be implemented on the same terms and conditions (subject to appropriate amendments, including (without limitation and for so long as the Cooperation Agreement is continuing) an acceptance condition set at 75 per cent. of the shares to which the Offer relates (or such lesser percentage (being more than 50 per cent.), as Bidco may decide, subject to the Code and the terms of the Cooperation Agreement and with the consent of the Panel) so far as applicable, as those which would apply to the Scheme.
5. Under Rule 13.5(a) of the Code, Bidco may not invoke a Condition so as to cause the Acquisition not to proceed, to lapse or to be withdrawn unless the circumstances which give rise to the right to invoke the Condition are of material significance to Bidco in the context of the Acquisition. The Conditions contained in paragraph 1 above and, if applicable, any acceptance condition if the Acquisition is implemented by means of an Offer, are not subject to this provision of the Code.
6. If the Panel requires Bidco to make an offer for EIG Shares under the provisions of Rule 9 of the Code, Bidco may make such alterations to the Conditions as are necessary to comply with the provisions of that Rule.
7. The Acquisition will be subject, *inter alia*, to the Conditions and certain further terms which are set out in this Appendix 1 and those terms which will be set out in the Scheme Document and such further terms as may be required to comply with the provisions of the Listing Rules and the provisions of the Code.
8. EIG Shares will be acquired by Bidco fully paid and free from all liens, equitable interests, charges, encumbrances and other third party rights of any nature whatsoever and together with all rights attaching to them, including the right to receive and retain all dividends and distributions (if any) declared, made or paid after the Effective Date. If after the date of this Announcement and prior to the Effective Date, any dividend and/or other distribution and/or other return of value is declared, made or paid in respect of EIG Shares, Bidco shall be entitled to reduce the amount of consideration payable for such EIG Shares under the terms of the Acquisition by an amount equivalent to such dividend, other distribution or return of value. If any such dividend and/or other distribution and/or other return of value occurs and Bidco exercises its rights pursuant to this paragraph, any reference to this Announcement to the Offer Price shall be deemed to be a reference to the Offer Price as so reduced. Any exercise by Bidco of its

rights referred to in this paragraph shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the Acquisition. To the extent that any such dividend and/or other distribution and/or other return of value is declared, made or paid in respect of EIG Shares and is (i) transferred pursuant to the Acquisition on a basis which entitles Bidco to receive and retain the dividend and/or other distribution and/or other return of value or (ii) cancelled, the Offer Price will not be subject to change in accordance with this paragraph

9. This Announcement and any rights or liabilities arising hereunder, the Acquisition, the Scheme, and any proxies will be governed by the laws of England and Wales and be subject to the exclusive jurisdiction of the English courts. The Scheme will be subject to the applicable requirements of the Code, the Panel, the London Stock Exchange, the Listing Rules, the Market Abuse Regulation, the Disclosure Guidance and Transparency Rules, the FCA and the Registrar of Companies.
10. Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.
11. The availability of the Acquisition to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdiction. Any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about and observe any applicable requirements. Further information in relation to Overseas Shareholders will be contained in the Scheme Document.
12. The Acquisition will lapse if the European Commission either initiates proceedings under Article 6(1)(c) of Council Regulation (EC) 139/2004 or, following a referral to the CMA in the United Kingdom by the European Commission under Articles 4(4) or 9(3)(b) of that Regulation, the CMA makes a decision to refer the Acquisition to a Phase 2 investigation, in either case before the earlier of the date of the Court Meeting and the date of the EIG General Meeting.

## Appendix 2

### Sources of Information and Bases of Calculation

1. The value attributed to the existing issued and to be issued ordinary share capital of EIG is based on 437.9 million EIG Shares in issue plus the dilutive impact of 10.2 million EIG Shares subject to options and awards (the “Awards”) under the EIG Share Plans (other than the EIG 2015 Share Incentive Plan) less 1.5 million EIG Shares held by the Employee Benefit Trust, which are shares used to satisfy Awards, in each case as at 17 July 2019, being the last Business Day before the date of this Announcement.
2. The enterprise value of EIG implied by the value of the Acquisition is £2,969.7 million, which is based on:
  - a. approximately £1,272.7 million for the entire issued and to be issued ordinary share capital of EIG calculated using the number of shares set out under paragraph 1 above and 285 pence per EIG Share; and
  - b. Total net leverage of £1,697 million as at 31 March 2019 comprising (i) corporate bonds of £1,175 million, (ii) securitised bonds of £862 million, (iii) cash of £338 million, (iv) capitalised debt issue costs of £17 million, (v) fair value adjustments on acquisition of bonds of £12 million and (vi) finance lease payables of £3 million.
3. The implied enterprise value multiple of approximately 11.4 times EBITDA is based on the enterprise value set out above under paragraph 2 and EIG's underlying EBITDA of £261 million for the financial year ended 30 September 2018, having been adjusted for disposal of 370 Commercial Properties. Properties involved in the transaction contributed £26 million to Group EBITDA in the financial year ended 30 September 2018. Non-underlying items that are excluded from underlying EBITDA include reorganisation costs and assignment premiums paid to a publican in order to take the assignment of a lease or to break a lease at any point other than at renewal during the period of strategic review.
4. The tangible net asset value of EIG as at 31 March 2019 is £1,261 million, which is based on the net asset value of £1,504 million post the deduction of goodwill of £273 million and add-back of liabilities of £30 million with regard to committed share buy-back not yet actioned. Note that the Scheme Document will contain a portfolio valuation reported on in accordance with Rule 29 of the Code.
5. The premium implied by the value of the Acquisition of approximately 4.3 per cent. to the tangible net asset value per share as at 31 March 2019 is based on the tangible net asset value set out above under paragraph 4 and the fully diluted number of shares as at 31 March 2019, calculated on the basis set out in paragraph 6 below.
6. The fully diluted number of shares outstanding as at 31 March 2019 is based on 454.1 million EIG Shares in issue, plus the dilutive impact of 9.3 million EIG Shares subject to Awards under the EIG Share Plans and less 1.7 million EIG Shares held by the Employee Benefit Trust as at 31 March 2019. The dilutive impact is calculated using the treasury share method which considers the exercise price of certain Awards where

applicable and the closing market price of 213 pence per EIG Share as at 29 March 2019.

7. Unless otherwise stated, the financial information relating to EIG is extracted from the consolidated financial statements of EIG for 30 September 2018, as set out in EIG's unaudited interim results for the six months ended 31 March 2019, and the audited consolidated financial statements of EIG for the financial year ended 30 September 2018.
8. Unless otherwise stated, all prices for EIG Shares are closing middle market prices and are derived from the Daily Official List.
9. Volume-weighted average prices have been derived from Bloomberg and have been rounded to the nearest two decimal places.

## Appendix 3

### Details of Irrevocable Undertakings

#### EIG Director undertakings

The following EIG Directors, who hold EIG Shares, have given irrevocable undertakings to vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the General Meeting in relation to the following EIG Shares:

<b>Name</b>	<b>Number of EIG Shares</b>	<b>Percentage of EIG Shares</b>
Robert Walker	502,000	0.115%
Simon Townsend	1,375,000	0.314%
Neil Smith	565,000	0.129%
Adam Fowle	100,000	0.023%

The undertakings from the EIG Directors named above will cease to be binding only if (i) this Announcement is not released by 8.00 am (London time) on 19 July 2019 (or such longer period as may be agreed between EIG and Bidco; (ii) the Panel consents to Bidco not proceeding with the Acquisition; (iii) the Scheme Document is not despatched to EIG Shareholders within 28 days (or such longer period as may be agreed between EIG and the Panel) of this Announcement; (iv) the Scheme lapses or is withdrawn, or the Scheme does not become Effective on or before the Long Stop Date (other than in circumstances where Bidco has elected (in accordance with the Cooperation Agreement) to exercise its right to proceed by way of an Offer and announced the same in accordance with the requirements of Paragraph 8 of Appendix 7 to the Code, the Offer document has been despatched within 28 days of the date of issue of such announcement (or such longer period as the Panel may agree), and such Offer has not lapsed or been withdrawn); (v) any competing offer for the entire issued and to be issued share capital of EIG is declared wholly unconditional or effective; (vi) Bidco announces that it does not intend to proceed with the Acquisition and no new, revised or replacement Scheme or Offer is announced in accordance with Rule 2.7 of the Code at the same time; or (vii) the Scheme lapses or is withdrawn and Bidco publicly confirms that it does not intend to proceed with the Acquisition (or to implement it by way of an Offer). The undertakings will remain binding in the event that a higher competing offer for EIG is made.

## **Appendix 4**

### **Definitions**

The following definitions apply throughout this Announcement unless the context requires otherwise.

<b>"Acquisition"</b>	the direct or indirect acquisition of the entire issued and to be issued ordinary share capital of EIG by Bidco (other than EIG Shares already held by Bidco, if any) to be implemented by way of the Scheme or by way of the Offer
<b>"AlbaCore Funds"</b>	AlbaCore Partners I ICAV, an umbrella fund with segregated liability between sub-funds acting in respect of its sub-fund AlbaCore Partners I Master Fund and AlbaCore Partners II ICAV, an umbrella fund with segregated liability between sub-funds acting in respect of its sub-fund AlbaCore Partners II Master Fund
<b>"Announcement"</b>	this announcement made pursuant to Rule 2.7 of the Code
<b>"Articles"</b>	the articles of association of EIG from time to time
<b>"Barclays"</b>	Barclays Bank PLC, acting through its Investment Bank
<b>"Bidco"</b>	Stonegate Pub Company Bidco Limited
<b>"Business Day"</b>	any day (excluding any Saturday or Sunday or any public holiday) on which banks in the City of London are generally open for business
<b>"CMA"</b>	the Competition and Markets Authority in the UK
<b>"CMA Condition"</b>	the Condition set out in paragraph 2(ii) of Appendix 1 to this Announcement
<b>"Code"</b>	the City Code on Takeovers and Mergers
<b>"Companies Act"</b>	the Companies Act 2006, as amended from time to time
<b>"Conditions"</b>	the conditions to the implementation of the Acquisition (including the Scheme) as set out in Appendix 1 to this Announcement and to be set out in the Scheme Document

<b>"Confidentiality Agreement"</b>	the confidentiality agreement entered into between Stonegate and EIG dated 20 June 2019, a summary of which is set out in paragraph 12 of this Announcement
<b>"Cooperation Agreement"</b>	the agreement entered into between Bidco, Stonegate and EIG dated 18 July 2019, a summary of which is set out in paragraph 12 of this Announcement
<b>"Court Hearing"</b>	the hearing of the Court to sanction the Scheme under Part 26 of the Companies Act
<b>"Court Meeting"</b>	the meeting or meetings of holders of Scheme Shares which are in issue at the Scheme Voting Record Time or of any class or classes thereof to be convened by order of the Court pursuant to section 896 of the Companies Act to consider and, if thought fit, to approve the Scheme (with or without amendment) and any adjournment thereof
<b>"Court Order"</b>	the order of the Court sanctioning the Scheme under Part 26 of the Companies Act
<b>"Court"</b>	the High Court of Justice of England and Wales
<b>"Credit Agreements"</b>	the PIK Facility Agreement, the Second Lien Bridge Facility Agreement, the Senior Bridge Facility Agreement and the Senior Term Loan Facility Agreement
<b>"CREST"</b>	the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001/3755)) in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in such Regulations) in accordance with which securities may be held and transferred in uncertificated form
<b>"Daily Official List"</b>	the daily official list of the London Stock Exchange
<b>"Dealing Disclosure"</b>	an announcement pursuant to Rule 8 of the Code containing details of dealings in interests in relevant securities of a party to an offer
<b>"Deutsche Bank"</b>	Deutsche Bank AG, acting through its London Branch
<b>"Disclosed"</b>	(a) information disclosed by, or on behalf of, EIG:

- (i) in EIG's annual report and accounts for the year ended 30 September 2018 or in its interim-yearly results for the six months ended 31 March 2019; or
- (ii) in this Announcement; or
- (b) fairly disclosed prior to the date of this Announcement by or on behalf of EIG to Stonegate or Bidco (or their respective officers, employees, agents or advisers in their capacity as such) (including via an online dataroom established by EIG for the purposes of the Acquisition or in writing by or on behalf of EIG to Stonegate or Bidco (or their respective officers, employees, agents or advisers in their capacity as such)); or
- (c) as otherwise publicly announced by EIG prior to the date of this Announcement (by the delivery of an announcement to Regulatory Information Service)

**“Disclosure Guidance and Transparency Rules”**

the disclosure guidance and transparency rules made by the FCA pursuant to section 73A of FSMA, as amended from time to time

**“EBITDA”**

earnings before finance costs, taxation, depreciation and amortisation

**"Effective"**

- (a) if the Acquisition is implemented by way of the Scheme, means the Scheme having become effective pursuant to its terms; or
- (b) if the Acquisition is implemented by way of an Offer, means the Offer having been declared or become unconditional in all respects in accordance with the requirements of the Code

**"Effective Date"**

the date upon which the Acquisition becomes Effective

**"EIG"**

Ei Group plc

**“EIG Board” or "EIG Directors"**

the directors of EIG

**"EIG Group"**

EIG and its subsidiary undertakings

<b>"EIG Share Plans"</b>	the EIG 2015 Save As You Earn Scheme, the EIG 2015 Share Incentive Plan, the EIG 2005 Employee Share Option Scheme, the EIG 2015 Long Term Incentive Plan, the EIG 2015 Annual Bonus Plan, the EIG Managing Directors 2012 Annual Bonus Plan, the EIG Senior Team Deferred Share Bonus Plan and the EIG 2019 Restricted Share Plan
<b>"EIG Shareholders"</b>	the registered holders of EIG Shares from time to time
<b>"EIG Shares"</b>	ordinary shares with a nominal value of 2.5p each in the capital of EIG and <b>"EIG Share"</b> shall mean any one of them
<b>"FCA"</b>	the Financial Conduct Authority
<b>"Forms of Proxy"</b>	the forms of proxy in connection with each of the Court Meeting and the General Meeting, which shall accompany the Scheme Document
<b>"FSMA"</b>	the Financial Services and Markets Act 2000, as amended from time to time;
<b>"General Meeting"</b>	the general meeting of EIG Shareholders to be convened to consider and, if thought fit, to approve the Resolutions (with or without amendment) and any adjournment thereof
<b>"IFRS"</b>	International Financial Reporting Standards
<b>"Joint Defence Agreement"</b>	the confidentiality and joint defence agreement entered into between Stonegate, EIG and their respective external legal counsels dated 21 June 2019, a summary of which is set out in paragraph 12 of this Announcement
<b>"Listing Rules"</b>	the listing rules, made by the FCA under Part 6 of FSMA, as amended from time to time
<b>"London Stock Exchange"</b>	London Stock Exchange plc, together with any successor thereto
<b>"Long-stop Date"</b>	15 June 2020 or such later date as may be agreed between Bidco and EIG and, if required, the Panel and the Court may allow
<b>"Market Abuse Regulation"</b>	the Market Abuse Regulation (EU) (No 596/2014)

<b>“Meetings”</b>	the Court Meeting and the General Meeting
<b>"Offer"</b>	if (subject to the consent of the Panel and the terms of the Cooperation Agreement) Bidco elects to effect the Acquisition by way of a takeover offer as defined in Chapter 3 of Part 28 of the Companies Act, the offer to be made by or on behalf of Bidco to acquire the issued and to be issued ordinary share capital of EIG on the terms and subject to the conditions set out in the related offer document
<b>"Offer Price"</b>	285 pence for each Scheme Share
<b>“Official List”</b>	the Official List of the FCA
<b>“Opening Position Disclosure”</b>	an announcement pursuant to Rule 8 of the Code containing details of interests or short positions in, or rights to subscribe for, any relevant securities of a party to the Acquisition
<b>"Panel"</b>	the Panel on Takeovers and Mergers
<b>"PIK Facility Agreement"</b>	the PIK facility agreement dated on or before the date of this Announcement between, amongst others, Stonegate Pub Company PIKCO Holdings Limited as borrower, AlbaCore Partners I Investment Holdings A Designated Activity Company and AlbaCore Partners II Investment Holdings C Designated Activity Company as lenders and Wilmington Trust (London) Limited as the facility agent
<b>"Registrar of Companies"</b>	the Registrar of Companies in England and Wales
<b>"Regulatory Authority"</b>	any central bank, ministry, governmental, quasi-governmental (including the European Union), supranational, statutory, regulatory or investigative body or authority (including any national or supranational anti-trust or merger control authority, any sectoral ministry or regulator and any foreign investment review body), national, state, municipal or local government (including any subdivision, court, administrative agency or commission or other authority thereof), any entity owned or controlled by them, any private body exercising any regulatory, taxing, importing or other authority, trade agency, association, institution or

	professional or environmental body in any jurisdiction
<b>"Regulatory Information Service"</b>	any information service authorised from time to time by the FCA for the purpose of disseminating regulatory announcements
<b>"Resolutions"</b>	the resolution(s) to be proposed at the General Meeting necessary to implement the Scheme, including, amongst other things, a resolution to amend the Articles by the adoption and inclusion of a new article under which any EIG Shares issued or transferred after the General Meeting shall either be subject to the Scheme or (after the Effective Date) shall be immediately transferred to Bidco (or as it may direct) in exchange for the same consideration as is due under the Scheme
<b>"Restricted Jurisdictions"</b>	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Acquisition is sent or made available to EIG Shareholders in that jurisdiction
<b>"Rothschild &amp; Co"</b>	N.M. Rothschild and Sons Limited
<b>"Scheme"</b>	the scheme of arrangement proposed to be made under Part 26 of the Companies Act between EIG and the Scheme Shareholders, the terms of which are to be set out in the Scheme Document, with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by EIG and Bidco
<b>"Scheme Document"</b>	the document to be sent to (among others) EIG Shareholders containing and setting out, among other things, the full terms and conditions of the Scheme, the explanatory statement required by section 897 of the Companies Act and containing the notices convening the Court Meeting and General Meeting
<b>"Scheme Record Time"</b>	the time and date specified in the Scheme Document, expected to be 6.00 p.m. on the Business Day immediately prior to the Effective Date
<b>"Scheme Shareholders"</b>	holders of Scheme Shares and a <b>"Scheme Shareholder"</b> shall mean any one of those Scheme Shareholder

**"Scheme Shares"**

the EIG Shares:

- (i) in issue as at the date of the Scheme Document;
- (ii) (if any) issued after the date of the Scheme Document and prior to the Scheme Voting Record Time; and
- (iii) (if any) issued on or after the Scheme Voting Record Time but before the Scheme Record Time, either on terms that the original or any subsequent holders thereof shall be bound by the Scheme or in respect of which the holders thereof shall have agreed in writing to be bound by the Scheme,

but excluding, in any case, any EIG Shares held by or on behalf of Bidco or any member of the Wider Stonegate Group or held by EIG in treasury

**"Scheme Voting Record Time"**

the time and date specified as such in the Scheme Document by reference to which entitlement to vote at the Court Meeting will be determined, which is expected to be 6.00 pm on the day which is two days before the date of the Court Meeting (or any adjournment thereof)

**"Second Lien Bridge Facility Agreement"**

the second lien bridge facility agreement dated on or before the date of this Announcement between, amongst others, Stonegate as parent, Bidco as company, Stonegate Pub Company Financing 2019 PLC as borrower, Barclays Bank PLC, Goldman Sachs Bank USA and Nomura International plc in their capacity as mandated lead arrangers and Barclays Bank PLC as the facility agent

**"Senior Bridge Facility Agreement"**

the senior bridge facility agreement dated on or before the date of this Announcement between, amongst others, Stonegate as parent, Bidco as company, Stonegate Pub Company Financing 2019 PLC as borrower, Barclays Bank PLC, Goldman Sachs Bank USA and Nomura International plc in their capacity as mandated lead arrangers and Barclays Bank PLC as the facility agent

**"Senior Term Loan Facility Agreement"**

the senior term loan facility agreement dated on or before the date of this Announcement between, amongst others, Stonegate as parent, Bidco as borrower, Barclays Bank PLC, Goldman Sachs

	Bank USA and Nomura International plc in their capacity as mandated lead arrangers and Barclays Bank PLC as the facility agent
<b>"Stonegate Group"</b>	Stonegate, its subsidiaries and its subsidiary undertakings from time to time
<b>"Stonegate"</b>	Stonegate Pub Company Limited
<b>"Substantial Interest"</b>	a direct or indirect interest in 20 per cent. or more of the voting equity share capital of an undertaking
<b>"TDR"</b>	TDR Capital LLP or, where the context requires, investment funds managed by TDR
<b>"TDR Funds"</b>	various investment funds managed by TDR
<b>"United Kingdom" or "UK"</b>	the United Kingdom of Great Britain and Northern Ireland
<b>"United States of America", "United States" or "US"</b>	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
<b>"US Exchange Act"</b>	the United States Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder (as amended)
<b>"US Holders"</b>	holders of EIG Shares ordinarily resident in the US or with a registered address in the US, and any custodian, nominee or trustee holding EIG Shares for persons in the US or with a registered address in the US
<b>"Wider EIG Group"</b>	EIG and its subsidiaries, subsidiary undertakings and associated undertakings and any other undertaking (including any joint venture, partnership, firm or company) in which EIG and/or such undertakings (aggregating their interests) have a Substantial Interest
<b>"Wider Stonegate Group"</b>	Stonegate and its respective subsidiaries, subsidiary undertakings and associated undertakings, and any other undertaking (including any joint venture, partnership, firm or company) in which Stonegate and/or such undertakings (aggregating their interests) have a Substantial Interest

For the purposes of this Announcement, "subsidiary", "subsidiary undertaking", "undertaking", "associated undertaking" and "equity share capital" have the meanings given by the UK Companies Act 2006.

References to an enactment include references to that enactment as amended, replaced, consolidated or re-enacted by or under any other enactment before or after the date of this Announcement. All references to time in this Announcement are to London time unless otherwise stated.

A reference to "includes" shall mean "includes without limitation", and references to "including" and any other similar term shall be construed accordingly. References to the singular include the plural and vice versa.

All references to "pounds", "pounds Sterling", "Sterling", "£", "pence", "penny" and "p" are to the lawful currency of the United Kingdom.