

**DEED OF IRREVOCABLE UNDERTAKING**  
(Director Shareholder)

To: Young & Co.'s Brewery P.L.C. (the "**Offeror**")  
Copper House  
5 Garratt Lane  
Wandsworth  
London  
SW18 4AQ

From: Clive Watson

16 November 2023

Dear Sir/Madam,

**Offer for The City Pub Group PLC (the "Company")**

I, the undersigned, understand that the Offeror is considering the Transaction (as defined below) substantially on the terms and conditions set out or referred to in a draft of the announcement, a copy of which is at Annex 2 (the "**Announcement**"), to be made pursuant to Rule 2.7 of the City Code on Takeovers and Mergers (the "**Code**"), subject to such other terms and conditions as may be required by the Code and the London Stock Exchange plc (the "**London Stock Exchange**"), any other relevant securities exchange and/or as are customarily included in offers made under any other applicable law or regulation, or as the Offeror and the Company may agree.

All references in this deed to the "**Transaction**" shall:

- (i) mean the proposed acquisition by or on behalf of the Offeror or any of its subsidiaries of the shares in the Company, which acquisition may be by way of takeover offer (within the meaning of section 974 of the Companies Act 2006) (referred to in this deed as the "**Offer**") or a scheme of arrangement (under Part 26 of the Companies Act 2006) (referred to in this deed as the "**Scheme**") and, if made by or on behalf of a subsidiary, all references to the "Offeror" shall be deemed to include that subsidiary; and
- (ii) include any extended, increased or revised offer by the Offeror for any acquisition as referred to in paragraph (i) above, the terms of which are at least as favourable to shareholders of the Company as the terms set out in the Announcement or the Scheme (as the case may be).

**1. Warranties and undertakings**

Subject to and conditional on the Offeror announcing the Transaction by 5.00 p.m. on 16 November 2023 (or such later date as the Company and the Offeror may agree), I irrevocably and unconditionally undertake, represent and warrant to the Offeror that:

- (i) I am the beneficial owner and/or the registered holder of (or I am otherwise able to control the exercise of all rights, including voting rights, attaching to and procure the transfer of), the number of ordinary shares of 1p each in the capital of the Company set out in the first column of the table at Annex 1 below (the “**Shares**”, which expression shall include any other shares in the Company issued after the date hereof and attributable to or derived from such shares);
- (ii) I am not interested in, or otherwise able to control the exercise of rights attributable to, any shares or other securities (as defined in the Code) of the Company, other than those of which details are set out in the table at Annex 1 below;
- (iii) I am able to transfer, or procure the transfer of, the Shares free from all liens, equities, charges, encumbrances, options, rights of pre-emption, and any other third-party rights and interests of any nature;
- (iv) I shall not prior to the earlier of the Transaction becoming Effective (as defined in the Announcement) or lapsing:
  - (a) sell, transfer, charge, encumber, grant any option over or otherwise dispose of or permit the sale, transfer, charging or other disposition or creation or grant of any other encumbrance or option of or over all or any of such Shares or interest in such Shares except under the Transaction, or accept any other offer in respect of all or any of such Shares; or
  - (b) (other than pursuant to the Transaction) enter into any agreement or arrangement or permit any agreement or arrangement to be entered into or incur any obligation or permit any obligation to arise:
    - (I) in relation to, or operating by reference to, the Shares (other than pursuant to, or under, the normal nominee arrangements under which I hold an interest in the Shares); or
    - (II) to do all or any of the acts referred to in paragraph (a) above; or
    - (III) which would or might preclude me from complying with my obligations under paragraphs 2 or 3;

and references in this paragraph 1(iv) to any agreement, arrangement or obligation shall include any such agreement, arrangement or obligation whether or not subject to any conditions or which is to take effect upon or following the Transaction closing (or, if applicable, becoming effective) or lapsing or upon or following this deed ceasing to be binding or upon or following any other event;

- (v) prior to the earlier of the Transaction becoming Effective (as defined in the Announcement) or lapsing, I shall not, in my capacity as a shareholder of the Company, without the consent of the Offeror, requisition, or join in requisitioning, any general or class meeting of the Company for the purposes of voting on any resolution referred to under paragraphs 2(i)(b) to 2(i)(d) below;
- (vi) prior to the earlier of the Transaction becoming Effective (as defined in the Announcement) or lapsing and save for the Shares and the exercise of options under any of the Company's share option schemes, I will not acquire any shares or other securities of the Company (or any interest therein) and, if any such shares, securities or interest (including for these purposes shares arising on exercise of options) is acquired by me, such shares, securities or interest (as the case may be) shall be deemed to be included in the expression "**Shares**" for the purposes of this deed and I shall notify the Offeror immediately of any such acquisition and of any other dealing, disposal or change in the number of Shares; and
- (vii) I have full power and authority and the right (free from any legal or other restrictions), and will at all times continue to have all relevant power and authority and the right, to enter into and perform my obligations under this deed in accordance with their terms.

## 2. Scheme

Subject to and conditional on the Offeror announcing the Transaction by 5.00 p.m. on 16 November 2023 (or such later date as the Company and the Offeror may agree), I irrevocably and unconditionally undertake and warrant, if the Transaction is implemented by way of the Scheme, to the Offeror that:

- (i) I have the full power and authority to, and shall exercise, or, where applicable, procure the exercise of, all voting rights attaching to the Shares to vote on any resolution (whether or not amended and whether put on a show of hands or a poll) which is proposed at any general meeting of the Company (including any adjournment thereof) ("**General Meeting**") or at any meeting of holders of shares in the Company convened by a Court (including any adjournment thereof) ("**Court Meeting**") which:
  - (a) is necessary to implement the Transaction;
  - (b) might reasonably be expected to have any impact on the fulfilment of any condition to the Transaction;
  - (c) might reasonably be expected to impede or frustrate the Transaction in any way (which shall include any resolution to approve a scheme of arrangement relating to the acquisition of any shares in the Company by a third party); or
  - (d) might otherwise adversely impact on the timing and/or implementation of the Transaction,

in each case, only in accordance with the Offeror's instructions;

- (ii) I shall exercise, or, where applicable, procure the exercise of, all rights attaching to the Shares to requisition or join in the requisitioning of any General Meeting of the Company for the purposes of voting on any resolution referred to under paragraph 2(i) above, or to require the Company to give notice of any such meeting, only in accordance with the Offeror's instructions;
- (iii) for the purpose of voting on any resolution referred to under paragraph 2(i) above, I shall, if required by the Offeror, before the cut-off time for the filing of proxy instructions in connection with the relevant vote, execute any form of proxy or make such other voting instruction or appointment required by the Offeror appointing any person nominated by the Offeror to attend and vote at the relevant meetings but, in the absence of such nomination, appointing the chairman of the relevant meeting as proxy (save otherwise with the consent of the Offeror);
- (iv) without prejudice to paragraph 2(iii) above, and in the absence of any such requirement by the Offeror, I shall after the posting of the circular to be sent to shareholders of the Company containing an explanatory statement in respect of the Scheme (the "**Scheme Document**") (and without prejudice to any right I have to attend and vote in person at the Court Meeting and the General Meeting to implement the Scheme and the Transaction), return, or procure the return of, if applicable, the signed forms of proxy enclosed with the Scheme Document (completed and signed and voting in favour of the resolutions to implement the Scheme and the Transaction) in accordance with the instructions printed on those forms of proxy and, if applicable, in respect of any Shares held in uncertificated form, take or procure the taking of any action which may be required by the Company or its nominated representative in order to make a valid proxy appointment and give valid proxy instructions (voting in favour of the resolutions to implement the Transaction), as soon as possible and in any event no fewer than three business days in advance of the relevant proxy cut-off deadline for the relevant vote, such that the Shares which are the subject of the voting instructions can validly count in such vote; and
- (v) I shall not, and shall procure that any registered shareholder of the Shares from time to time shall not amend, revoke or withdraw any such proxy once it has been returned in accordance with paragraphs 2(iii) and/or 2(iv) above, either in writing or by attendance at any General Meeting or Court Meeting or otherwise.

### 3. Offer

I acknowledge that the Offeror may elect at any time (with the consent of the Panel on Takeovers and Mergers (the "**Panel**") and subject to and in accordance with the terms of the co-operation agreement to be entered into between the Offeror and the Company in connection with the Transaction (the "**Co-operation Agreement**") to implement the Transaction by way of an Offer and, subject to and conditional on the Offeror announcing the Transaction by 5.00 p.m. on 16 November 2023 (or such later date as the Company and the Offeror may agree), I irrevocably and unconditionally undertake and warrant, if the Transaction is implemented by way of an Offer, to the Offeror that my obligations under this deed shall apply *mutatis mutandis* and, in particular, that:

- (i) the Shares shall be acquired by the Offeror (and upon the Offer being made, I will be able to accept or, where applicable, procure the acceptance of the Offer in respect of the Shares and to transfer, or procure the transfer of, the Shares) free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature and together with all rights now or hereafter attaching or accruing to them, including voting rights and (save as otherwise provided in accordance with the terms of the Transaction) the right to receive and retain in full all dividends of any nature and other distributions (if any) hereafter declared, made or paid;
- (ii) I shall as soon as possible and in any event within ten business days after the posting of the formal document containing the Offer (the "**Offer Document**") (or, in respect of any shares allotted to me after the posting of the Offer Document, as soon as possible and in any event within ten business days of such allotment or acquisition) duly accept or procure acceptance of the Offer in accordance with its terms in respect of the Shares (and, in respect of any Shares held in certificated form, shall forward the relevant share certificate(s) to the Offeror or its nominated representative (or a form of indemnity acceptable to the directors of the Company in respect of any lost certificate(s)) at the time of acceptance and, in respect of any Shares held in uncertificated form shall take any action which may be required by the Offeror or its nominated representative to facilitate the valid acceptance of the Offer in respect of the Shares);
- (iii) notwithstanding any of the terms of the Offer Document which confer rights of withdrawal on accepting shareholders, I shall not withdraw any acceptance of the Offer in respect of the Shares or any of them and shall procure that no rights to withdraw any acceptance in respect of such Shares are exercised; and
- (iv) I shall as soon as practicable notify the Offeror in writing of any change to or inaccuracy in any information supplied, or representation or warranty given, by me under this deed.

#### **4. Power of attorney**

I irrevocably and by way of security for my obligations hereunder appoint each of the Offeror and any director of the Offeror to be my attorney to execute on my behalf proxy forms for any Court Meeting or General Meeting or forms of acceptance to be issued with the Offer Document in respect of the Shares (as applicable) and to sign, execute and deliver any documents and to do all acts and things as may be necessary for or incidental to facilitate the completion of the Transaction, the acceptance of the Offer (as the case may be) and/or performance of my obligations under this deed, in circumstances where the performance of such actions or obligations by me have not otherwise been fulfilled before the deadlines set out in this deed.

#### **5. Lapse of undertaking**

- 5.1 This deed shall not oblige the Offeror to announce or proceed with the Transaction.
- 5.2 This deed shall, notwithstanding any other provision hereof, terminate and cease to have any effect:

- (i) if the Offeror shall not have announced a firm intention to proceed with the Transaction by 5.00 p.m. on 16 November 2023 or such later date as the Offeror and the Company may agree; or
- (ii) if the Scheme Document or Offer Document (as the case may be) has not been posted within 28 days of the issue of the Announcement (or within such longer period as the Offeror, with the consent of the Panel, determines) provided that if the Transaction was initially being implemented by way of a Scheme, and the Offeror elects to exercise its right to implement the Transaction by way of an Offer or vice versa, the time period in this paragraph 5.2(ii) shall be extended to refer to within 28 days of the issue of the press announcement announcing the change in structure (or such other date for the posting of the Offer Document or Scheme Document (as applicable) as the Panel may require); or
- (iii) on the date on which the Transaction (whether implemented by way of a Scheme or an Offer) is withdrawn or lapses in accordance with its terms provided that this paragraph shall not apply where the Transaction is withdrawn or lapses as a result of the Offeror exercising its right, in accordance with the Code, to implement the Transaction by way of an Offer rather than by way of a Scheme or vice versa: or
- (iv) if the Scheme or the Offer (as applicable) has not, in accordance with the requirements of the Code, become Effective (as defined in the Announcement) on or before the Long Stop Date (as defined in the Announcement, including as such Long Stop Date may be extended as set out in the Announcement) as a result of the Offeror exercising its right, in accordance with the Code, to implement the Transaction by way of an Offer rather than by way of a Scheme or vice versa: or
- (v) if the Offeror announces that it does not intend to proceed with the Transaction and no new, revised or replacement Scheme or Offer is announced by the Offeror in accordance with Rule 2.7 of the Code at the same time; or
- (vi) any rival offer for the shares of the Company by a third party other than the Offeror becomes wholly unconditional (if made by way of a takeover offer) or effective (if made by way of a scheme of arrangement).

5.3 If this deed lapses, I shall have no claim against the Offeror and the Offeror shall have no claim against me under the terms of this deed save in respect of any prior breach.

## **6. Disclosure**

6.1 Subject to and conditional on the Offeror announcing the Transaction by 5.00 p.m. on 16 November 2023 (or such later date as the Company and the Offeror may agree), I acknowledge and consent to:

- (i) a copy of this deed being disclosed to the Panel;

- (ii) the inclusion of references to me and the registered holder(s) of any of the Shares in which I have (or will have as the case may be) a beneficial interest and to this deed (or particulars thereof) being set out in the Announcement, the Scheme Document and any Offer Document (if applicable) and any other announcement made, or document issued, by or on behalf of the Offeror or the Company in connection with the Transaction, in each case to the extent required by the Code; and
- (iii) this deed being made publicly available as required by Rule 26 of the Code, including being made publicly available on the Offeror's and the Company's websites and particulars of it being contained in the Scheme Document of the Offer Document (as the case may be).

6.2 I further acknowledge that I am obliged to make appropriate disclosure under Rule 2.10(c) of the Code promptly after becoming aware that I will not be able to comply with the terms of this deed or no longer intend to do so.


## **7. Miscellaneous**

7.1 The obligations and provisions set out in this deed apply equally to the persons from whom I am to procure votes in favour of the resolutions to implement the Transaction pursuant to paragraph 2(i) above or acceptance of the Offer pursuant to the terms of paragraph 3(i) above (as the case may be) and I shall procure the observance by such persons of the terms hereof as if they were each specifically a party hereto.

7.2 This deed shall be governed by and construed in accordance with English law. Any matter, claim or dispute, whether contractual or non-contractual, arising out of or in connection with this deed is to be governed by and determined in accordance with English law and shall be subject to the exclusive jurisdiction of the English courts.

I intend this document to be a deed and execute and deliver it as a deed.

Executed as a deed by

DocuSigned by:  
  
\_\_\_\_\_  
Signature of Director

in the presence of:

Signature of witness

DocuSigned by:  
  
\_\_\_\_\_

Name of witness

  
\_\_\_\_\_

Address of witness

  
\_\_\_\_\_  
\_\_\_\_\_



**ANNEX 1****Shares to which this undertaking relates****Part 1: ownership of Shares**

<b>Number of Shares</b>	<b>Registered holder(s)*</b>	<b>Beneficial owner(s)*</b>
3,394,018	Clive Watson	Clive Watson
273,593	DCD Trustees Limited	Clive Watson
408,182	Redmayne (Nominees) Limited	Clive Watson
125,000	Lawshare Nominees Limited	Clive Watson

**Part 2: Ownership of options**

<b>Number of Shares under option</b>	<b>Share plan</b>	<b>Vesting date</b>	<b>Exercise price</b>
400,000	City Pub Long Term Incentive Plan 2021 grant	May 2024 - May 2031	Nil
200,000	City Pub Long Term Incentive Plan 2022 grant	June 2025 - June 2032	Nil
200,000	City Pub Long Term Incentive Plan 2023 grant	-	Nil
45,000	City Pub Company Share Option Plan 2016	May 2019 – May 2026	£1.00

**ANNEX 2**

**ANNOUNCEMENT**

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

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION. UPON THE PUBLICATION OF THIS ANNOUNCEMENT VIA A REGULATORY INFORMATION SERVICE, THIS INSIDE INFORMATION IS NOW CONSIDERED TO BE IN THE PUBLIC DOMAIN.

FOR IMMEDIATE RELEASE

16 November 2023

**RECOMMENDED ACQUISITION  
of  
THE CITY PUB GROUP PLC  
("City Pubs")**

**by  
YOUNG & CO.'S BREWERY, P.L.C.  
("Young's")**

**to be implemented by means of a scheme of arrangement  
under Part 26 of the Companies Act 2006**

**Summary and highlights**

- The boards of City Pubs and Young's are pleased to announce that they have reached agreement on the terms and conditions of a recommended offer pursuant to which Young's will acquire the entire issued and to be issued ordinary share capital of City Pubs (the "**Transaction**"). The Transaction is currently intended to be implemented by means of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act 2006.

- Under the terms of the Transaction, each City Pubs Shareholder will be entitled to receive:

**for each City Pubs Share: 108.75 pence in cash (the "Cash Consideration")**

**and**

**0.032658 new Young's A Shares (the "New Young's A Shares")**

- Based upon the Closing Price of a Young's A Share of 1,110 pence on the Last Practicable Date, the Transaction represents a total implied value of 145 pence per City Pubs Share, valuing the entire issued and to be issued ordinary share capital of City Pubs at approximately £162 million.
- The terms of the Transaction represent a premium of approximately:

- 46 per cent. to the Closing Price of 99 pence per City Pubs Share on the Last Practicable Date; and
  - 65 per cent. to the volume weighted average Closing Price of 88 pence per City Pubs Share over the 3 months ended on the Last Practicable Date.
- Under the terms of the Transaction, City Pubs Shareholders will, in aggregate, receive approximately 3,612,894 New Young's A Shares. Immediately following completion of the Transaction, existing Young's Shareholders will represent approximately 94 per cent. of the Combined Group in terms of economic entitlement (and 90 per cent. of the Combined Group's voting rights) and City Pubs Shareholders will represent approximately 6 per cent. of the Combined Group in terms of economic entitlement (and 10 per cent. of the Combined Group's voting rights). Applications will be made to the London Stock Exchange for the New Young's A Shares to be admitted to trading on AIM.
  - If any dividend, distribution and/or other form of capital return is announced, declared, made, paid or becomes payable by City Pubs in respect of the City Pubs Shares on or after the date of this announcement and prior to the Effective Date, Young's reserves the right to (at the sole discretion of Young's) reduce the Consideration by the amount of all or part of any such dividend, distribution and/or other form of capital return. If (but only to the extent) Young's exercises this right or makes such a reduction in respect of a dividend, distribution and/or other form of capital return, City Pubs Shareholders would be entitled to receive and retain the relevant portion of any such dividend, distribution and/or other form of capital return (as applicable), and any reference in this announcement or the Scheme Document (or, in the event that the Transaction is to be implemented by means of an Offer, the Offer Document) to the Consideration will be deemed to be a reference to the Consideration as so reduced.

### **Recommendation of the City Pubs Directors**

- The City Pubs Directors, who have been so advised by Houlihan Lokey and Liberum as to the financial terms of the Transaction, consider the terms of the Transaction to be fair and reasonable. In providing their advice to the City Pubs Directors, Houlihan Lokey and Liberum have each taken into account the commercial assessments of the City Pubs Directors. Houlihan Lokey and Liberum are providing independent financial advice to the City Pubs Directors for the purposes of Rule 3 of the Code.
- Accordingly, the City Pubs Directors intend to recommend unanimously that City Pubs Shareholders vote in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the General Meeting, as the City Pubs Directors who are interested in City Pubs Shares have irrevocably undertaken to do in respect of their entire beneficial holdings of, in aggregate, 5,260,351 City Pubs Shares representing, in aggregate, approximately 5 per cent. of City Pubs' total issued ordinary share capital as at the close of business on the Last Practicable Date. In the event that the Transaction is implemented by way of an Offer, the City Pubs Directors intend to recommend unanimously that City Pubs Shareholders accept or procure acceptance of such Offer and to undertake irrevocably to accept or procure acceptance of such Offer in respect of their entire beneficial holdings of City Pubs Shares.

### **Irrevocable undertakings and Letter of Intent**

- In addition to the irrevocable undertakings from the City Pubs Directors described above, Young's has received:
  - irrevocable undertakings to vote in favour (or procure the voting in favour, as applicable) of the Scheme at the Court Meeting and Resolutions to be proposed at the General Meeting (or, in the event that the Transaction is implemented by way of an Offer, to accept or procure the acceptance of such Offer) from Gresham House Asset Management Ltd, Otus Capital Management Limited and Unicorn Asset Management Limited in respect of a total of 20,925,975 City Pubs Shares in aggregate and representing approximately 20 per cent. of City Pubs' total issued ordinary share capital as at the close of business on the Last Practicable Date; and
  - a letter of intent to vote in favour (or procure the voting in favour, as applicable) of the Scheme at the Court Meeting and the Resolutions at the General Meeting (or, in the event that the Transaction is implemented by way of an Offer, to accept or procure the acceptance of such Offer) from Canaccord Genuity Asset Management LTD in respect of a total of 8,421,315 City Pubs Shares in aggregate and representing approximately 8 per cent. of City Pubs' total issued ordinary share capital as at the close of business on the Last Practicable Date.
- Accordingly, Young's has received irrevocable undertakings and a letter of intent including those irrevocable undertakings from the City Pubs Directors who own City Pubs Shares, in respect of, in aggregate, 34,607,641 City Pubs Shares representing approximately 33 per cent. of City Pubs' total issued ordinary share capital as at the close of business on the Last Practicable Date.
- Further details of the irrevocable undertakings and letter of intent, including the terms on which they cease to be binding, are set out in Appendix 3 to this announcement.

### **Background to and reasons for the Transaction**

- Young's is a leading managed operator of premium pubs and bedrooms across London and the south of England, with a rich 192-year history. It runs a predominantly freehold estate in prime locations, and its pubs sit at the heart of their local communities.
- Young's has closely followed the City Pubs estate for some time and holds City Pubs' premium, well-invested and wet-led approach in high regard. Young's also recognises the skillset, expertise and experience of City Pubs' employees.
- The Transaction represents a rare opportunity to acquire a high-quality pub and bedroom portfolio of scale, allowing Young's to increase its managed trading estate by 50<sup>1</sup> pubs to 279 pubs (an increase of more than 20 per cent.).

<sup>1</sup> Includes the nine Mosaic Pubs in which City Pubs has a controlling and approximate economic interest of 53 per cent.

- The Transaction will also allow Young's to substantially increase the number of premium bedrooms within the estate by adding 240<sup>2</sup> bedrooms (an increase of more than 25 per cent., taking the total to 1,065 bedrooms).
- The highly complementary nature of the Transaction is expected to allow the Combined Group to take advantage of strategic, operational and financial benefits. In particular:
  - Young's notes City Pubs' head office costs in the 52-weeks ended 25 December 2022 of £5.6 million and believes it will be able to integrate the two estates, and operate the incremental pubs and bedrooms, with very limited additional overheads;
  - the Transaction is expected to generate margin benefits including through purchasing synergies with an approximate gross margin differential of 3 per cent. between Young's (as at 3 April 2023) and City Pubs (as at 25 December 2022); and
  - Young's believes it will also be able to achieve additional operational synergies at pub level by leveraging its best-in-class operating practices, scale and booking platforms and digital technology, while also enhancing the customer experience.
- City Pubs' predominantly freehold portfolio of premium, individual and well-invested pubs and bedrooms presents an attractive opportunity for Young's to drive future growth. Through operational alignment with the broader Young's estate, Young's anticipates increased like-for-like food, drink and bedroom sales across the City Pubs estate, while continuing Young's strategy of consistent year-on-year investment at attractive returns in its pubs and bedrooms.
- The culture of Young's and City Pubs' businesses are closely aligned, both championing an entrepreneurial approach, underpinned by strong ambience and customer service and facilitated by supportive and engaging team members. The City Pubs estate therefore closely fits Young's strategy to operate premium, individual and differentiated pubs and bedrooms. The Young's Directors recognise the value of City Pubs' strong customer relationships and trusted teams, as well as the attractive growth opportunities that City Pubs has been pursuing; particularly, the consistent investments made to improve the estate (most notably the addition of nine pubs which operate under the Mosaic name, in which City Pubs has acquired a controlling and approximate economic interest of 53 per cent., and the two recently acquired pubs in London and Oxford). City Pubs' track record and expertise provides the Young's Directors with confidence that the Transaction will help deliver on a local, customer-focused strategy for the Combined Group.
- The Transaction therefore represents a significant opportunity to accelerate Young's existing growth strategy and create value for all stakeholders of the Combined Group.

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<sup>2</sup> Includes 15 bedrooms from Mosaic Pubs in which City Pubs has a controlling and approximate economic interest of 53 per cent.

- In particular, Young’s notes that the Transaction is expected to be earnings enhancing in the first full year of ownership, retaining a strong balance sheet with a target to return to below 2.5x leverage over the short to medium term (on a pre-IFRS 16 basis).

### **Background to and reasons for the City Pubs Board’s unanimous recommendation**

- Despite the ongoing challenges faced by the pub sector and the broader macroeconomic environment, the City Pubs Board is pleased with City Pubs’ resilient operational and financial progress in recent years and (as set out in the City Pubs Interim Results) the 12.4 per cent. increase in like-for-like sales achieved in the first 38 weeks of the current financial year. The City Pubs Board believes that City Pubs continues to deliver on the strategy set at the time of its 2017 IPO, of growing its estate over time through acquisitions and driving returns through operational excellence. In addition, with its focus on predominantly freehold property and the well-invested nature of its estate, City Pubs has strong asset backing and, with net debt at 25 June 2023 of £5.2 million at a historically low level, the City Pubs Board believes City Pubs has amongst the lowest gearing in the sector.
- As a result, the City Pubs Board is confident that City Pubs is well-positioned to create shareholder value as an independent business over the longer term within an improving UK economy. However, the City Pubs Board would also highlight that as the economy continues to adjust to higher interest rates, and with competition to acquire high-quality premium pubs in the right locations remaining high, it has had to adopt a more measured approach to City Pubs’ expansion than it would ideally have liked. As a result, City Pubs’ head office costs as a percentage of sales are currently high relative to the scale of City Pubs and rising costs and the ongoing imposition of duty and business rates taxes continue to put pressure on margins.
- The City Pubs Board has continually sought ways of creating value and liquidity for City Pubs Shareholders against the backdrop of challenging stock market conditions which, in the City Pubs Board’s opinion, had led to City Pubs Shares being undervalued and provided limited opportunities for City Pubs Shareholders to realise their investment.
- In light of the above, on 5 October 2022, the City Pubs Board commenced a programme to buy back City Pubs Shares, which was extended in September 2023 (the “**City Pubs Share Buy-Back Programme**”). In aggregate, since the commencement of the City Pubs Share Buy-Back Programme, City Pubs has repurchased a total of 1,920,279 City Pubs Shares at an average price of 84 pence per City Pubs Share, returning approximately £1.6 million to City Pubs Shareholders as at the Last Practicable Date.
- The average daily volume traded in City Pubs Shares during the period from the commencement of the City Pubs Share Buy-Back Programme to the Last Practicable Date was 109,928 City Pubs Shares, including the City Pubs Shares repurchased by City Pubs pursuant to the City Pubs Share Buy-Back Programme. This low level of liquidity has made it challenging for City Pubs Shareholders to monetise their holdings through the market, should they wish to do so. In light of the Transaction, City Pubs is today terminating the City Pubs Share Buy-Back Programme.
- Whilst the City Pubs Board has confidence in its standalone strategy for City Pubs, it is cognisant of the material premium that the Transaction represents against the prevailing risk for small consumer-facing businesses with exposure to macroeconomic uncertainties. The City Pubs Board has, therefore, reached the conclusion that the cash certainty and ongoing

exposure to the Combined Group provided by the Transaction, which is the culmination of a number of proposals received from and negotiated with Young's, provide City Pubs Shareholders with a significant acceleration to potential value creation, reduced operational execution risk and ongoing upside potential which, the City Pubs Board believes, represents an attractive risk-adjusted outcome for City Pubs Shareholders, compared to a continued holding in an independent City Pubs.

- The City Pubs Board highlights that the premium offered by the Transaction terms represents approximately:
  - 46 per cent. to the Closing Price of 99 pence per City Pubs Share on the Last Practicable Date; and
  - 65 per cent. to the volume weighted average Closing Price of 88 pence per City Pubs Share over the 3 months ended on the Last Practicable Date.
- The City Pubs Board notes that 75 per cent. of the Consideration is payable in cash, which provides City Pubs Shareholders with the near-term opportunity to realise a significant proportion of their otherwise relatively illiquid shareholdings in City Pubs in cash at a material premium, which reflects an attractive multiple.
- The City Pubs Board further notes that 25 per cent. of the Consideration is payable in New Young's A Shares, which provides City Pubs Shareholders with ongoing participation in the expected success of the Combined Group. Immediately following completion of the Transaction, City Pubs Shareholders will represent approximately 6 per cent. of the Combined Group in terms of economic entitlement (and 10 per cent. of the Combined Group's voting rights) and will benefit from a more liquid shareholding in a large and well-capitalised group.
- The City Pubs Board acknowledges the strength of the strategic rationale in Young's acquiring City Pubs (as outlined by Young's above) and recognises the advantages to City Pubs of being part of a larger, highly complementary and well-regarded group. The City Pubs Board anticipates that the combination of City Pubs and Young's, a business with a long established and strong culture and an approach City Pubs has long admired, represents a significant opportunity to accelerate Young's existing growth strategy and create value for all stakeholders of the Combined Group. The City Pubs Board notes that the Transaction is expected by Young's to be earnings enhancing in the first full year of ownership.
- In summary, the City Pubs Board believes that the Transaction offers an attractive risk-adjusted outcome for City Pubs Shareholders, relative to City Pubs' prospects as a standalone business.
- In addition to the financial terms of the Transaction, in its evaluation of Young's as a suitable owner of City Pubs from the perspective of all City Pubs stakeholders, the City Pubs Board has also taken into account Young's intentions for the business, management and employees and other stakeholders of City Pubs, as set out in this announcement.
- The City Pubs Board is delighted that Young's places great importance on the depth of skillset, expertise and experience of the employees of City Pubs and recognises that employees of City Pubs will be key to the future success of the Combined Group. Furthermore, the City Pubs Board is also pleased that Young's has stated that it holds City Pubs' premium, well-



invested and wet-led approach in high regard and considers the Transaction to represent a significant opportunity to accelerate Young's existing growth strategy and create value for all stakeholders of the Combined Group.

- The City Pubs Board acknowledges that, following the Effective Date, as part of its assessment of potential overhead synergies, Young's intends to identify areas of overlap of roles currently undertaken by Young's and City Pubs personnel, and that this is expected to result in a headcount reduction including in certain of City Pubs' management (including the executive directors of the City Pubs Board), corporate and support functions. The City Pubs Board notes that Young's does not intend there to be any material reduction in headcount among City Pubs' highly trained pub and bedrooms teams. Whilst the City Pubs Board regrets the necessity for any headcount reductions, it acknowledges the likely benefits to City Pubs in the next phase of its growth by becoming part of the Combined Group, and anticipates that ongoing City Pubs employees will be able to benefit from potential new opportunities within the Combined Group.
- Accordingly, as described more fully in the full text of this announcement, the City Pubs Directors intend to recommend unanimously that City Pubs Shareholders vote in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the General Meeting.

#### **Timetable and Conditions**

- It is intended that the Transaction will be implemented by means of a Court-sanctioned scheme of arrangement of City Pubs under Part 26 of the Companies Act 2006, further details of which are contained in the full text of this announcement (and full details of which will be included in the Scheme Document). Young's reserves the right to implement the Transaction by way of an Offer, subject to the Panel's consent and the terms of the Cooperation Agreement.
- The Transaction is conditional on the approval of the requisite majority of Scheme Shareholders at the Court Meeting and the requisite majority of City Pubs Shareholders at the General Meeting. In order to become Effective, approval of the Scheme must be granted by a majority in number of Scheme Shareholders (or the relevant class or classes thereof) who are present and voting (and who are entitled to vote), either in person or by proxy, at the Court Meeting and at any separate class meeting which may be required by the Court (or, in each case, at any adjournment, postponement or reconvention thereof) representing not less than 75 per cent. in value of the Scheme Shares voted. In addition, in order for the Scheme to become Effective, at the General Meeting, a special resolution implementing the Scheme must be passed by City Pubs Shareholders representing at least 75 per cent. of the votes validly cast at the General Meeting.
- The Transaction will be subject to the other Conditions and terms set out in full in Appendix 1 to this announcement and to the full terms and conditions of the Transaction which will be set out in the Scheme Document.
- It is expected that the Scheme Document containing further information about the Transaction and the notices of the Court Meeting and the General Meeting, together with the accompanying Forms of Proxy, are expected to be published within 28 days of the date of this announcement (unless the Panel agrees otherwise).

- Following the Court Meeting and General Meeting, the Scheme must also be sanctioned by the Court.
- The Transaction is expected to become Effective in Q1 2024, subject to the satisfaction or (where applicable) waiver of the Conditions and certain further terms set out in Appendix 1 to this announcement. An expected timetable of principal events will be included in the Scheme Document.

### **Comments on the Transaction**

- Commenting on this announcement, Simon Dodd the CEO of Young's said:

*"We are excited to be announcing the proposed acquisition of City Pubs, with the full recommendation of their Board. City Pubs is an excellent business we have followed for some time, and one which aligns closely with Young's in terms of both strategy and culture. Like us, City Pubs operates premium, individual and well-invested pubs and rooms, with a focus on the highest standards of customer service. Both businesses have performed well in a tough trading environment recently, testament to the strength of our business models, people and approach to customers."*

*We believe that City Pubs is an excellent fit with Young's and the combination of the two businesses represents a compelling opportunity for all stakeholders. It will allow us to expand our estate through the addition of a complementary, high-quality pub and bedroom portfolio, with the potential for the benefit of significant operational synergies to be realised by both sets of shareholders, through the partial share offer."*

- Commenting on the Transaction, Clive Watson the Executive Chairman of City Pubs said:

*"All at City Pubs can feel very proud of what has been built up over the past 12 years. City Pubs was an EIS start-up which began trading in March 2012 and now has an estate of fifty premium pubs in the great cities of Southern England and South Wales. Like all hospitality businesses, the pandemic derailed City Pubs' progress, but it has been able to produce a strong performance since with a more focussed, reshaped business with the lowest debt in its history and a solid strategy in place."*

*The City Pubs Board has therefore been able to evaluate today's recommendation from a position of strength. Mindful of the uncertain economic climate, high interest rates and inflation in particular, and our plans for long term growth as an independent company, initial approaches were rejected. However, following careful consideration, we believe the Transaction is in the best interests of City Pubs shareholders with the ability to realise 75 per cent. of the equity in cash at a material premium to the current share price together with a stake in the future upside. The Board believes the Transaction significantly accelerates the value that could be realised in the short term by City Pubs if it were to remain independent. Additionally, the City Pubs Board is reassured by Young's similar entrepreneurial culture and its approach to investing in the business."*

**This summary should be read in conjunction with, and is subject to, the full text of this announcement (including the Appendices).**

**The Transaction will be subject to the Conditions and further terms set out in this announcement, including Appendix 1 to this announcement and to the full terms and**

conditions which will be set out in the Scheme Document. Appendix 2 to this announcement contains the bases of calculations and sources and bases of certain information contained in this summary and this announcement. Appendix 3 to this announcement contains details of irrevocable undertakings and a letter of intent received by Young's. Appendix 4 to this announcement contains definitions of certain terms used in this summary and this announcement.

**Enquiries:**

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Slaughter and May are acting as legal adviser to Young's in connection with the Transaction.

Addleshaw Goddard LLP are acting as legal adviser to City Pubs in connection with the Transaction.

Houlihan Lokey and Liberum are each providing independent advice to City Pubs pursuant to Rule 3 of the Code.

## Further information

*This announcement is for information purposes only and is not intended to and does not constitute or form any part of any offer, invitation or the solicitation of an offer to purchase or 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 Transaction or otherwise, nor shall there be any sale, issuance or transfer of securities in City Pubs or Young's in any jurisdiction in contravention of applicable law. The Transaction will be made and implemented solely pursuant to the terms of the Scheme Document (or, in the event that the Transaction is to be implemented by way of an Offer, the Offer Document) which will contain the full terms and conditions of the Transaction, including details of how to vote in respect of the Transaction. Any vote or other decision in respect of, or other response to, the Transaction, should be made only on the basis of information contained in the Scheme Document (or, in the event that the Transaction is to be implemented by way of an Offer, the Offer Document).*

*This announcement does not constitute a prospectus, prospectus equivalent document or an exempted document.*

*If you are in any doubt about the contents of this announcement or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or from an independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended). If you are resident in the United Kingdom or, if not, from an appropriately authorised independent financial adviser.*

## Disclaimers

*J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove ("J.P. Morgan Cazenove"), and which is authorised in the United Kingdom by the Prudential Regulation Authority (the "PRA") and regulated by the PRA and the Financial Conduct Authority, is acting as financial adviser exclusively for Young's and no one else in connection with the Transaction and will not be responsible to anyone other than Young's for providing the protections afforded to clients of J.P. Morgan Cazenove or for providing advice in relation to the Transaction or any other matters referred to in this announcement.*

*Stifel Nicolaus Europe Limited ("Stifel"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for Young's and no one else in connection with the matters referred to in this announcement and will not be responsible to anyone other than Young's for providing the protections afforded to clients of Stifel nor for providing advice in relation to the Transaction or any other matters referred to in this announcement. Neither Stifel nor any of its affiliates (nor their respective directors, officers, employees or agents) 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 Stifel in connection with this announcement, any statement contained in this announcement, the Transaction or otherwise. No representation or warranty, express or implied, is made by Stifel as to the contents of this announcement.*

*Houlihan Lokey UK Limited ("Houlihan Lokey"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively as financial adviser to City Pubs and no one else in connection with the Transaction and will not be responsible to anyone other than City Pubs for providing the protections afforded to clients of Houlihan Lokey or for providing*

*advice in relation to the Transaction or any other matters referred to in this Announcement. Neither Houlihan Lokey 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 Houlihan Lokey in connection with this Announcement, any statement contained herein or otherwise.*

*Liberum Capital Limited ("Liberum"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively to City Pubs and no one else in connection with the Transaction and will not be responsible to anyone other than City Pubs for providing the protections afforded to clients of Liberum or for providing advice in relation to the Transaction or any other matters referred to in this announcement. Neither Liberum 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 Liberum in connection with this announcement, any statement contained herein or otherwise.*

*Panmure Gordon (UK) Limited ("Panmure Gordon"), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for City Pubs and no one else in connection with the possible offer and will not be responsible to anyone other than City Pubs for providing the protections afforded to clients of Panmure Gordon nor for providing advice in relation to the possible offer or any other matters referred to in this announcement. Neither Panmure Gordon 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 Panmure Gordon in connection with this announcement, any statement contained herein or otherwise.*

#### **Overseas shareholders**

*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 laws of any jurisdiction other than the UK should inform themselves about, and observe, any applicable legal or regulatory requirements. Any failure to comply with such requirements 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 Transaction disclaim any responsibility or liability for the violation of such restrictions by any person. This announcement has been prepared in accordance with and for the purpose of complying with English law, the Code, the Market Abuse Regulation and the AIM Rules and information disclosed may not be the same as that which would have been prepared in accordance with the laws of jurisdictions outside of the UK.*

*The availability of the Transaction to City Pubs 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. In particular, the ability of persons who are not resident in the UK to vote their Scheme Shares with respect to the Scheme at the Court Meeting, or to execute and deliver Forms of Proxy appointing another person 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 law of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Transaction disclaim any responsibility or liability for the violation of such restrictions by any person.*

*Unless otherwise determined by Young's or required by the Code, and permitted by applicable law and regulation, the Transaction and the New Young's A Shares to be issued pursuant to the Transaction to City Pubs Shareholders will not be made available, in whole or in part, directly or indirectly in, into, or from a Restricted Jurisdiction where to do so would constitute a violation of the relevant laws or regulations of such jurisdiction and no person may vote in favour of the Transaction by any such use, means, instrumentality, or from within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this announcement and any formal documentation relating to the Scheme and the Transaction are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction and persons receiving such documents (including, without limitation, custodians, nominees and trustees) must not mail or otherwise forward, distribute or send it in or into or from any Restricted Jurisdiction. Doing so may render invalid any related purported vote in respect of the Transaction. If the Transaction is implemented by way of an Offer (unless otherwise permitted by applicable law and regulation), the Offer may not be made directly or indirectly, in or into, or by the use of mails or any means or instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of any Restricted Jurisdiction and the Offer may not be capable of acceptance by any such use, means, instrumentality or facilities.*

*The availability of New Young's A Shares pursuant to the Transaction to City Pubs Shareholders who are not resident in the United Kingdom or the ability of those persons to hold such shares may be affected by the laws or regulatory requirements of the relevant jurisdictions in which they are resident. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable legal or regulatory requirements. City Pubs Shareholders who are in any doubt about such matters should consult an appropriate independent professional adviser in the relevant jurisdiction without delay.*

*Further details in relation to overseas shareholders will be included in the Scheme Document.*

#### **Additional information for US investors**

*The Transaction relates to the shares of an English company with a quotation on AIM and is being made by means of a scheme of arrangement provided for under English company law. A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules or the proxy solicitation rules under the U.S. Securities Exchange Act of 1934 (the "U.S. Exchange Act"). Accordingly, the Transaction is subject to the disclosure requirements and practices applicable in the UK to schemes of arrangement which differ from the disclosure requirements of the U.S. tender offer and proxy solicitation rules. Neither the United States Securities and Exchange Commission, nor any securities commission of any state of the United States, has approved or disapproved any offer, or passed comment upon the adequacy or completeness of any of the information included in this announcement. The financial information included in this announcement and the Scheme Document (or, if the Transaction is implemented by way of an Offer, the Offer Document) has been prepared in accordance with generally accepted accounting principles of the United Kingdom and thus may not be comparable to financial information of U.S.*

*companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.*

*If, in the future, Young's exercises its right, with the consent of the Panel (where necessary), to implement the Transaction by way of an Offer, which is to be made into the United States, such Offer will be made in compliance with the applicable U.S. laws and regulations.*

*It may be difficult for U.S. holders of City Pubs Shares to enforce their rights and any claim arising out of the U.S. federal laws in connection with the Transaction, since Young's and City Pubs are located in a non-U.S. jurisdiction, and some or all of their officers and directors may be residents of a non-U.S. jurisdiction. U.S. holders of City Pubs Shares may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of the U.S. securities laws. Further, it may be difficult to compel a non-U.S. company and its affiliates to subject themselves to a U.S. court's jurisdiction or judgement.*

*In accordance with normal UK practice and pursuant to Rule 14e-5(b) of the U.S. Exchange Act, Young's, its nominees, or their brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, Young's Shares outside of the U.S., other than pursuant to the Transaction, until the date on which the Transaction becomes Effective, lapses or is otherwise withdrawn. Also, in accordance with Rule 14e-5(b) of the US Securities Exchange Act of 1934, each of J.P. Morgan Cazenove, Stifel, Houlihan Lokey, Liberum and Panmure Gordon will continue to act as an exempt trader in City Pubs Shares on the London Stock Exchange. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices and comply with applicable law, including the U.S. Exchange Act. Any information about such purchases will be disclosed as required in the UK, will be reported to the Regulatory News Service of the London Stock Exchange and will be available on the London Stock Exchange website at [www.londonstockexchange.com](http://www.londonstockexchange.com).*

*U.S. City Pubs Shareholders also should be aware that the transaction contemplated herein may have tax consequences in the U.S. and, that such consequences, if any, are not described herein. U.S. City Pubs Shareholders are urged to consult with legal, tax and financial advisers in connection with making a decision regarding this transaction.*

### **Forward-Looking Statements**

*This announcement (including information incorporated by reference in this announcement), oral statements made regarding the Transaction, and other information published by Young's and City Pubs, contains 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 Young's and City Pubs (as applicable) 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 Transaction on Young's and City Pubs (including their future prospects, developments and strategies), the expected timing and scope of the Transaction 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 "prepares", "plans", "expects" or "does not expect", "is expected", "is subject to", "budget", "projects", "synergy", "strategy", "scheduled",*

“goal”, “estimates”, “forecasts”, “cost-saving”, “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. Forward-looking statements may include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of Young’s, City Pubs, any member of the Young’s Group’s or any member of the City Pubs Group’s operations and potential synergies resulting from the Transaction; and (iii) the effects of global economic conditions and governmental regulation on Young’s, City Pubs, any member of the Young’s Group’s or any member of the City Pubs Group’s business.

Although Young’s and City Pubs believe that the expectations reflected in such forward-looking statements are reasonable, Young’s and City Pubs 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. Neither Young’s nor City Pubs assumes any obligation to update or correct the information contained in this announcement (whether as a result of new information, future events or otherwise) except as required by applicable law.

The factors that could cause actual results to differ materially from those described in the forward-looking statements include, but are not limited to: the ability to complete the Transaction; the ability to obtain requisite regulatory and shareholder approvals and the satisfaction of other Conditions on the proposed terms; changes in the global political, economic, business and competitive environments and in market and regulatory forces; changes in future exchange and interest rates; changes in tax rates; future business combinations or disposals; changes in general economic and business conditions; changes in the behaviour of other market participants; and changes in the anticipated benefits from the proposed transaction not being realised as a result of: changes in general economic and market conditions in the countries in which Young’s and City Pubs operate, 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 Young’s and City Pubs 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 expected, estimated or projected in the forward-looking statements. If any one or more of these risks or uncertainties materialises or if any one or more of the assumptions proves incorrect, actual results may differ materially from those expected, estimated or projected. Such forward-looking statements should therefore be construed in the light of such factors. Neither Young’s nor City Pubs, 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.

Specifically, statements of estimated cost savings and synergies related to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. As a result, the cost savings and synergies referred to may not be achieved, may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated. As a result, and given the fact that the changes relate to the future, the resulting cost synergies may be materially greater or less than those estimated.



*Other than in accordance with their legal or regulatory obligations, neither Young's nor City Pubs is under any obligation, and Young's and City Pubs 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.*

### **Dealing and Opening Position Disclosure requirements**

*Under Rule 8.3(a) of the Code, any person who is interested in one (1) 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) of the Code applies must be made by no later than 3.30 p.m. (London time) on the tenth (10<sup>th</sup>) Business Day following the commencement of the Offer Period and, if appropriate, by no later than 3.30 p.m. (London time) on the tenth (10<sup>th</sup>) 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 (1) 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, save to the extent that these details have previously been disclosed under Rule 8 of the Code. A Dealing Disclosure by a person to whom Rule 8.3(b) of the Code applies must be made by no later than 3.30 p.m. (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 of the Code.*

*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 of the Code).*

*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.*

### **Publication on a website**

*In accordance with Rule 26.1 of the Code, a copy of this announcement and the documents required to be published under Rule 26 of the Code, will be made available free of charge (subject to certain restrictions relating to persons resident in Restricted Jurisdictions) on Young's website at <https://www.youngs.co.uk/investors> and City Pubs' website at <https://www.citypubcompany.com/investors/>, by no later than 12 noon (London time) on the Business Day following this announcement. The content of any website referred to in this announcement is not incorporated into and does not form part of this announcement.*

### **No profit forecasts, profit estimates or quantified benefits statements**

*No statement in this announcement is intended as a profit forecast, profit estimate or quantified benefits statement for any period and no statement in this announcement should be interpreted to mean that earnings or earnings per share for City Pubs or for Young's for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for City Pubs or for Young's.*

### **Electronic communications**

*Please be aware that addresses, electronic addresses and certain information provided by City Pubs Shareholders, persons with information rights and other relevant persons for the receipt of communications from City Pubs may be provided to Young's during the Offer Period as requested under Section 4 of Appendix 4 of the Code to comply with Rule 2.11(c) of the Code.*

### **Requesting hard copy documents**

*In accordance with Rule 30.3 of the Code, City Pubs Shareholders, persons with information rights and participants in City Pubs Share Plans may request a hard copy of this announcement (and any information incorporated by reference in this announcement) by contacting Equiniti during business hours on +44 (0) 371 384 2030.*

*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. Such persons may also request that all future documents, announcements and information be sent to them in relation to the Transaction should be in hard copy form.*

### **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 the figures that precede them.*

### **Rule 2.9 Disclosure**

*For the purposes of Rule 2.9 of the Code, Young's confirms that, as at the date of this announcement, it had in issue (i) 34,413,847 A ordinary shares of 12.5 pence each and (ii) 24,070,755 non-voting ordinary shares of 12.5 pence each. The International Securities*

*Identification Number (ISIN) for the A ordinary shares is GB00B2NDK765, and for the non-voting ordinary shares is GB00B2NDK989.*

*For the purposes of Rule 2.9 of the Code, City Pubs confirms that, as at the date of this announcement, it had in issue (i) 104,373,151 ordinary shares of 1 penny each and (ii) 3,021,770,759 deferred shares of 1 penny each. The International Securities Identification Number (ISIN) for the City Pubs Shares is GB00BYWRS683. There are also 1,920,279 City Pubs Shares held in treasury.*

**Responsibility**

*The person responsible for arranging the release of this announcement on behalf of Young's is Simon Dodd, Chief Executive Officer.*

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

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION. UPON THE PUBLICATION OF THIS ANNOUNCEMENT VIA A REGULATORY INFORMATION SERVICE, THIS INSIDE INFORMATION IS NOW CONSIDERED TO BE IN THE PUBLIC DOMAIN.

FOR IMMEDIATE RELEASE

16 November 2023

**RECOMMENDED ACQUISITION  
of  
THE CITY PUB GROUP PLC  
("City Pubs")**

**by  
YOUNG & CO.'S BREWERY, P.L.C.  
("Young's")**

**to be implemented by means of a scheme of arrangement  
under Part 26 of the Companies Act 2006**

**1. Introduction**

The boards of City Pubs and Young's are pleased to announce that they have reached agreement on the terms and conditions of a recommended offer pursuant to which Young's will acquire the entire issued and to be issued ordinary share capital of City Pubs (the "**Transaction**"). The Transaction is currently intended to be implemented by means of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act 2006.

**2. The Transaction**

Under the terms of the Transaction, each City Pubs Shareholder will be entitled to receive:

**for each City Pubs Share: 108.75 pence in cash (the "Cash Consideration")**

**and**

**0.032658 new Young's A Shares (the "New Young's A Shares")**

Based upon the Closing Price of a Young's A Share of 1,110 pence on the Last Practicable Date, the Transaction represents a total implied value of 145 pence per City Pubs Share, valuing the entire issued and to be issued ordinary share capital of City Pubs at approximately £162 million.

The terms of the Transaction represent a premium of approximately:

- 46 per cent. to the Closing Price of 99 pence per City Pubs Share on the Last Practicable Date; and
- 65 per cent. to the volume weighted average Closing Price of 88 pence per City Pubs Share over the 3 months ended on the Last Practicable Date.

Under the terms of the Transaction, City Pubs Shareholders will, in aggregate receive approximately 3,612,894 New Young's A Shares. Immediately following completion of the Transaction, existing Young's Shareholders will represent approximately 94 per cent. of the Combined Group in terms of economic entitlement (and 90 per cent. of the Combined Group's voting rights) and City Pubs Shareholders will represent approximately 6 per cent. of the Combined Group in terms of economic entitlement (and 10 per cent. of the Combined Group's voting rights).

The New Young's A Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Young's A Shares in issue at the time the New Young's A Shares are issued pursuant to the Transaction, including in respect of the right to receive and retain in full all dividends and other distributions (if any) announced, declared, made or paid or any other return of capital (whether by reduction of share capital or share premium account or otherwise) made, in each case, by reference to a record date falling on or after the Effective Date. The holders of the Young's A Shares and New Young's A Shares shall also each have the right to receive notices of general meetings of Young's and to attend, speak and vote at them; those rights do not apply to the Young's Non-Voting Shares. However, the Young's Non-Voting Shares are treated equally with the Young's A Shares and shall be treated equally with the New Young's A Shares for all purposes of participation in profits or assets. Irrespective of the date on which the Effective Date falls, City Pubs Shareholders who receive New Young's A Shares pursuant to the Scheme shall not be entitled to receive any final dividend or interim dividend declared or paid by Young's by reference to a record date falling prior to the Effective Date. Applications will be made to the London Stock Exchange for the New Young's A Shares to be admitted to trading on AIM.

The New Young's A Shares will be issued in registered form and will be capable of being held in both certificated and uncertificated form. The New Young's A Shares will be issued by Young's to Scheme Shareholders no later than 14 days after the Effective Date. Fractions of New Young's A Shares will not be allotted or issued pursuant to the Transaction, but entitlements of Scheme Shareholders will be rounded down to the nearest whole number of New Young's A Shares and all fractions of New Young's A Shares will be aggregated and sold in the market as soon as practicable after the Effective Date. The net proceeds of such sale (after deduction of broking fees) will be distributed in due proportions to Scheme Shareholders who would otherwise have been entitled to such fractions (rounded down to the nearest penny), save that individual entitlements to amounts of less than £5.00 will be retained for the benefit of the Combined Group.

#### *Dividends*

City Pubs does not intend to pay a dividend or make any other distribution or return of value between the date of this announcement and the Effective Date. If any dividend, distribution and/or other form of capital return is announced, declared, made, paid or becomes payable by City Pubs in respect of the City Pubs Shares on or after the date of this announcement and prior to the Effective Date, Young's reserves the right to (at the sole discretion of Young's) reduce the Consideration by the amount of all or part of any such dividend, distribution and/or other form of capital return. If (but only to the extent) Young's exercises this right or makes such a reduction in

respect of a dividend, distribution and/or other form of capital return, City Pubs Shareholders would be entitled to receive and retain the relevant portion of any such dividend, distribution and/or other form of capital return (as applicable), and any reference in the Announcement or the Scheme Document (or, in the event that the Transaction is to be implemented by means of an Offer, the Offer Document) to the Consideration will be deemed to be a reference to the Consideration as so reduced. Any exercise by Young's of its rights referred to in this paragraph, or in paragraph 10 of Part B of Appendix 1 to this announcement shall, for the avoidance of doubt, not be regarded as constituting any revision or variation of the Transaction.

#### *Expected Timetable*

It is expected that the Scheme Document containing further information about the Transaction and the notices of the Court Meeting and the General Meeting, together with the accompanying Forms of Proxy, will be published within 28 days of the date of this announcement (unless the Panel agrees otherwise). The Transaction is expected to become Effective in Q1 2024, subject to the satisfaction or (where applicable) waiver of the Conditions and certain further terms set out in Appendix 1 to this announcement. An expected timetable of principal events will be included in the Scheme Document.

#### *Deferred Shares*

City Pubs intends to purchase and cancel the Deferred Shares promptly following the release of this announcement, and in any event prior to the Court Meeting, and so the Deferred Shares will not form part of the Transaction or the Scheme. For further details, see paragraph 12 below.

### **3. Recommendation of the City Pubs Directors**

The City Pubs Directors, who have been so advised by Houlihan Lokey and Liberum as to the financial terms of the Transaction, consider the terms of the Transaction to be fair and reasonable. In providing their advice to the City Pubs Directors, Houlihan Lokey and Liberum have each taken into account the commercial assessments of the City Pubs Directors. Houlihan Lokey and Liberum are providing independent financial advice to the City Pubs Directors for the purposes of Rule 3 of the Code.

Accordingly, the City Pubs Directors intend to recommend unanimously that City Pubs Shareholders vote in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the General Meeting, as the City Pubs Directors who are interested in City Pubs Shares have irrevocably undertaken to do in respect of their entire beneficial holdings of, in aggregate, 5,260,351 City Pubs Shares, representing, in aggregate, approximately 5 per cent. of City Pubs' total issued ordinary share capital as at the close of business on the Last Practicable Date. In the event that the Transaction is implemented by way of an Offer, the City Pubs Directors intend to recommend unanimously that City Pubs Shareholders accept or procure acceptance of such Offer. In the event that the Transaction is implemented by way of an Offer, it is the City Pubs Directors' intention to undertake irrevocably to accept or procure acceptance of such Offer in respect of their entire beneficial holdings of City Pubs Shares. Further details of these irrevocable undertakings (including the circumstances in which they fall away) are set out in Appendix 3 to this announcement.

#### 4. Irrevocable Undertakings and Letter of Intent

In addition to the irrevocable undertakings from the City Pubs Directors described in paragraph 3 above, Young's has received:

- irrevocable undertakings to vote in favour (or procure the voting in favour, as applicable) of the Scheme at the Court Meeting and Resolutions to be proposed at the General Meeting (or, in the event that the Transaction is implemented by way of an Offer, to accept or procure the acceptance of such Offer) from Gresham House Asset Management Ltd, Otus Capital Management Limited and Unicorn Asset Management Limited in respect of a total of 20,925,975 City Pubs Shares in aggregate and representing approximately 20 per cent. of City Pubs' total issued ordinary share capital as at the close of business on the Last Practicable Date; and
- a letter of intent to vote in favour (or procure the voting in favour, as applicable) of the Scheme at the Court Meeting and the Resolutions at the General Meeting (or, in the event that the Transaction is implemented by way of an Offer, to accept or procure the acceptance of such Offer) from Canaccord Genuity Asset Management LTD in respect of a total of 8,421,315 City Pubs Shares in aggregate and representing approximately 8 per cent. of City Pubs' total issued ordinary share capital as at the close of business on the Last Practicable Date.

Accordingly, Young's has received irrevocable undertakings and a letter of intent, including those irrevocable undertakings from the City Pubs Directors who own City Pubs Shares, in respect of, in aggregate, 34,607,641 City Pubs Shares representing approximately 33 per cent. of City Pubs' total issued ordinary share capital as at the close of business on the Last Practicable Date.

Further details of these irrevocable undertakings (including the circumstances in which they fall away) are set out in Appendix 3 to this announcement.

#### 5. Background to and reasons for the Transaction

Young's is a leading managed operator of premium pubs and bedrooms across London and the south of England, with a rich 192-year history. It runs a predominantly freehold estate in prime locations, and its pubs sit at the heart of their local communities. Young's prides itself on its premium, differentiated offering and the individuality of each of its pubs and bedrooms, providing customers with a distinctive experience made possible by over 6,000 highly trained and engaged team members. Young's has closely followed the City Pubs estate for some time and holds City Pubs' premium, well-invested and wet-led approach in high regard. Young's also recognises the skillset, expertise and experience of City Pubs' employees.

The Transaction represents a rare opportunity to acquire a high-quality pub and bedroom portfolio of scale, allowing Young's to increase its managed trading estate by 50<sup>3</sup> pubs to 279 pubs (an increase of more than 20 per cent.). The Transaction will also allow Young's to substantially increase the number of premium bedrooms within the estate by adding 240<sup>4</sup> bedrooms (an increase of more than 25 per cent., taking the total to 1,065 bedrooms).

City Pubs' highly attractive, predominantly freehold estate spans premium locations including across affluent towns and cities in London and the south of England. City Pubs' predominantly

wet-led offering is highly complementary to Young's, and fits Young's strategy to operate premium, individual and differentiated pubs and bedrooms.

The highly complementary nature of the Transaction is expected to allow the Combined Group to take advantage of strategic, operational and financial benefits. In particular:

- Young's notes City Pubs' head office costs in the 52-weeks ended 25 December 2022 of £5.6 million and believes it will be able to integrate the two estates, and operate the incremental pubs and bedrooms, with very limited additional overheads;
- the Transaction is expected to generate margin benefits including through purchasing synergies with an approximate gross margin differential of 3 per cent. between Young's (as at 3 April 2023) and City Pubs (as at 25 December 2022); and
- Young's believes it will also be able to achieve additional operational synergies at pub level by leveraging its best-in-class operating practices, scale and booking platforms and digital technology, while also enhancing the customer experience.

Taking into account the significant anticipated operational synergies, the impact of City Pubs' recent acquisitions of two pubs with an estimated combined EBITDA of £0.6 million, as well as the disposals of three loss-making pubs in City Pubs' current financial year, the Transaction represents an opportunity to acquire a portfolio of high-quality pubs and bedrooms at a pub-level EBITDA multiple lower than Young's would generally expect were it to acquire similar high quality freehold pubs and bedrooms on an individual basis. The synergy benefits are expected to be largely achieved over two years with exceptional costs weighted towards the first year.

City Pubs' predominantly freehold portfolio of premium, individual and well-invested pubs and bedrooms presents an attractive opportunity for Young's to drive future growth. Through operational alignment with the broader Young's estate, Young's anticipates increased like-for-like food, drink and bedroom sales across the City Pubs estate, while continuing Young's strategy of consistent year-on-year investment at attractive returns in its pubs and bedrooms.

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<sup>3</sup> Includes the nine Mosaic Pubs in which City Pubs has a controlling and approximate economic interest of 53 per cent.

<sup>4</sup> Includes 15 bedrooms from Mosaic Pubs in which City Pubs has a controlling and approximate economic interest of 53 per cent.



The Transaction will strategically expand Young's presence in prime locations across London and the south of England. Young's will continue to be dedicated to creating a pub and room business, growing its team, valuing the environment, and making a positive mark on the communities it is at the heart of. The addition of City Pubs' 240<sup>5</sup> well-invested bedrooms across London and the south of England will enhance Young's high-quality customer offering.

The culture of Young's and City Pubs' businesses are closely aligned, both championing an entrepreneurial approach, underpinned by strong ambience and customer service and facilitated by supportive and engaging team members. The City Pubs estate therefore closely fits Young's strategy to operate premium, individual and differentiated pubs and bedrooms. The Young's Directors recognise the value of City Pubs' strong customer relationships and trusted teams, as well as the attractive growth opportunities that City Pubs has been pursuing; particularly, the consistent investments made to improve the estate (most notably the addition of nine pubs which operate under the Mosaic name, in which City Pubs has acquired a controlling and approximate economic interest of 53 per cent., and the two recently acquired pubs in London and Oxford). City Pubs' track record and expertise provides the Young's Directors with confidence that the Transaction will help deliver on a local, customer-focused strategy for the Combined Group.

The Transaction therefore represents a significant opportunity to accelerate Young's existing growth strategy and create value for all stakeholders of the Combined Group. In particular, Young's notes that the Transaction is expected to be earnings enhancing in the first full year of ownership, retaining a strong balance sheet with a target to return to below 2.5x leverage over the short to medium term (on a pre-IFRS 16 basis).

#### **6. Background to and reasons for the City Pubs Directors' unanimous recommendation**

Despite the ongoing challenges faced by the pub sector and the broader macroeconomic environment, the City Pubs Board is pleased with City Pubs' resilient operational and financial progress in recent years and (as set out in the City Pubs Interim Results) the 12.4 per cent. like-for-like sales achieved in the first 38 weeks of the current financial year. The City Pubs Board believes that City Pubs continues to deliver on the strategy set at the time of its 2017 IPO, of growing its estate over time through acquisitions and driving returns through operational excellence. In addition, with its focus on predominantly freehold property and the well-invested nature of its estate, City Pubs has strong asset backing and, with net debt at 25 June 2023 of £5.2 million at a historically low level, the City Pubs Board believes City Pubs has amongst the lowest gearing in the sector.

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<sup>5</sup> Includes 15 bedrooms from Mosaic Pubs in which City Pubs has a controlling and approximate economic interest of 53 per cent.

As a result, the City Pubs Board is confident that the City Pubs Group is well-positioned to create shareholder value as an independent business over the longer term within an improving UK economy. However, the City Pubs Board would also highlight that as the economy continues to adjust to higher interest rates, and with competition to acquire high-quality premium pubs in the right locations remaining high, it has had to adopt a more measured approach to the City Pubs Group's expansion than it would ideally have liked. As a result, City Pubs' head office costs as a percentage of sales are currently high relative to the scale of City Pubs and rising costs and the ongoing imposition of duty and business rates taxes continue to put pressure on margins.

The City Pubs Board has continually sought ways of creating value and liquidity for City Pubs Shareholders against the backdrop of challenging stock market conditions which, in the City Pubs Board's opinion, undervalues the City Pubs Shares and provided limited opportunities for City Pubs Shareholders to realise their investment.

In light of the above, on 5 October 2022, the City Pubs Board commenced a programme to buy back City Pubs Shares, which was extended in September 2023 (the "**City Pubs Share Buy-Back Programme**"). In aggregate, since the commencement of the City Pubs Share Buy-Back Programme, City Pubs has repurchased a total of 1,920,279 City Pubs Shares at an average price of 84 pence per City Pubs Share, returning approximately £1.6 million to City Pubs Shareholders as at the Last Practicable Date.

The average daily volume traded in City Pubs Shares during the period from the commencement of the City Pubs Share Buy-Back Programme to the Last Practicable Date was 109,928 City Pubs Shares, including the City Pubs Shares repurchased by City Pubs pursuant to the City Pubs Share Buy-Back Programme. This low level of liquidity has made it challenging for City Pubs Shareholders to monetise their holdings through the market, should they wish to do so.

Whilst the City Pubs Board has confidence in its standalone strategy for City Pubs, it is cognisant of the material premium that the Transaction represents against the prevailing risk for small consumer-facing businesses with exposure to macroeconomic uncertainties. The City Pubs Board has, therefore, reached the conclusion that the cash certainty and ongoing exposure to the Combined Group provided by the Transaction, which is the culmination of a number of proposals received from and negotiated with Young's, provide City Pubs Shareholders with a significant acceleration to potential value creation, reduced operational execution risk and ongoing upside potential which, the City Pubs Board believes, represents an attractive risk-adjusted outcome for City Pubs Shareholders, compared to a continued holding in an independent City Pubs.

The City Pubs Board highlights that the premium offered by the terms of the Transaction representing approximately:

- 46 per cent. to the Closing Price of 99 pence per City Pubs Share on the Last Practicable Date; and
- 65 per cent. to the volume weighted average Closing Price of 88 pence per City Pubs Share over the 3 months ended on the Last Practicable Date.

The City Pubs Board notes that 75 per cent. of the Consideration is payable in cash, which provides City Pubs Shareholders with the near-term opportunity to realise a significant proportion of their otherwise relatively illiquid shareholdings in City Pubs in cash at a material premium, which reflects an attractive multiple.

The City Pubs Board further notes that 25 per cent. of the Consideration is payable in New Young's A Shares, which provides City Pubs Shareholders with ongoing participation in the expected success of the Combined Group. Immediately following completion of the Transaction, City Pubs Shareholders will represent approximately 6 per cent. of the Combined Group in terms of economic entitlement (and 10 per cent. of the Combined Group's voting rights) and will benefit from a more liquid shareholding in a relatively large and well capitalised group.

The City Pubs Board acknowledges the strength of the strategic rationale in Young's acquiring City Pubs (as outlined by Young's in paragraph 5 above) and recognises the advantages to City Pubs of being part of a larger, highly complementary and well-regarded group. The City Pubs Board anticipates that the combination of City Pubs and Young's, a business with a long established and strong culture and an approach City Pubs has long admired, represents a significant opportunity to accelerate Young's existing growth strategy and to create value for all stakeholders of the Combined Group. The City Pubs Board notes that the Transaction is expected by Young's to be earnings enhancing in the first full year of ownership.

In summary, the City Pubs Board believes that the Transaction offers an attractive risk-adjusted outcome for City Pubs Shareholders, relative to City Pubs' prospects as a standalone business.

In addition to the financial terms of the Transaction, in its evaluation of Young's as a suitable owner of City Pubs from the perspective of all City Pubs stakeholders, the City Pubs Board has also taken into account Young's intentions for the business, management and employees and other stakeholders of City Pubs, as set out in paragraph 10 below.

The City Pubs Board is delighted that Young's places great importance on the depth of skillset, expertise and experience of the employees of City Pubs and recognises that employees of City Pubs will be key to the future success of the Combined Group. Furthermore, the City Pubs Board is also pleased that Young's has stated that it holds City Pubs' premium, well-invested and well-led approach in high regard and considers the Transaction to represent a significant opportunity to accelerate Young's existing growth strategy and create value for all stakeholders of the Combined Group.

The City Pubs Board acknowledges that, following the Effective Date, as part of its assessment of potential overhead synergies, Young's intends to identify areas of overlap of roles currently undertaken by Young's and City Pubs personnel, and that this is expected to result in a headcount reduction including in certain of City Pubs' management (including the executive directors of the City Pubs Board), corporate and support functions. The City Pubs Board notes that Young's does not intend there to be any material reduction in headcount among City Pubs' highly trained pub and bedrooms teams. Whilst the City Pubs Board regrets the necessity for any headcount reductions, it acknowledges the likely benefits to City Pubs in the next phase of its growth by becoming part of the Combined Group, and anticipates ongoing City Pubs employees will be able to benefit from potential new opportunities within the Combined Group.

Accordingly, the City Pubs Directors intend to recommend unanimously that City Pubs Shareholders vote in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the General Meeting.

## **7. Information relating to Young's**

Young's is an AIM-listed owner and operator of 229 managed trading pubs based across London and the south of England. The estate is predominantly freehold with a premium, wet-led proposition. Young's pubs and bedrooms aim to sit at the heart of their local communities, with an award-winning design and excellence in ambience as well as in service and location. The individuality of each of the premises provides a distinctive and memorable feel and the people who work in them have pride and passion for the work they do. Young's looks to create long-term sustainable growth through strategic investments in the estate, people and communities, delivering value for all stakeholders.

## **8. Information relating to City Pubs**

City Pubs, which was founded by Clive Watson (the Executive Chairman of City Pubs) in 2011, owns and operates an estate of premium, unbranded, individualised pubs. The City Pubs Shares were admitted to trading on AIM in November 2017, at which time City Pubs owned and managed a portfolio of 34 premium pubs. Since then, City Pubs has grown both organically and by acquisition, acquiring high quality, predominantly wet-led pubs, complemented by a strong food proposition. City Pubs has also invested in outside spaces and gardens as well as appointed accommodation.

As at the Last Practicable Date, and following the disposal of three pubs during the current financial year, the City Pubs Group's pub estate, including the Mosaic Pubs comprised 50 managed trading pubs, located predominantly in London, and in affluent cities and market towns across the south of England and Wales, of which 33 were freehold and 17 leasehold and with 240<sup>6</sup> rooms for accommodation. In the 52-weeks ended 25 June 2023, the three pubs disposed of recorded aggregate operating losses of approximately £0.54 million.

City Pubs has control of, as well as an approximate 53 per cent. economic interest in, the Mosaic Pubs which are located in London and Birmingham. Four of the Mosaic Pubs, are operated directly by City Pubs and operationally integrated into its estate. The other five Mosaic Pubs, while under City Pubs' control, are currently managed through a separate management company, but are in the process of being integrated into the City Pubs Group estate.

For the 52-weeks ended 25 December 2022 ("FY22"), the City Pubs Group recorded audited revenue of £57.8 million (2021: £35.4 million) and adjusted EBITDA (post IFRS 16) of £10.1 million (2021: £5.9 million). Head office costs in FY22 were approximately £5.6 million and are expected to be similar in the current financial year.

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<sup>6</sup> Includes 15 bedrooms from Mosaic Pubs in which City Pubs has a controlling and approximate economic interest of 53 per cent.

## 9. City Pubs current trading and prospects

On 21 September 2023, City Pubs announced its unaudited financial statements for the 26-week period ended 25 June 2023 (the “**City Pubs Interim Results**”). A copy of the City Pubs Interim Results is available on the City Pubs website at <https://www.citypubcompany.com/wp-content/uploads/sites/77/2023/10/THE-CITY-PUB-GROUP-INTERIM-REPORT-2023.pdf>.

The City Pubs Interim Results announcement included the following statement on the outlook for City Pubs:

“The Company is in a strong position with very low net debt and what we believe is amongst the lowest gearing in the sector. We look forward to a strong second half - Christmas bookings are significantly up and the Company is well placed to take advantage of new acquisition opportunities. The Mosaic estate has been integrated and is showing significant increases in LFL sales. The economy remains challenging but we are well placed to take advantage of any future upturn.”

The City Pubs Board remains confident that City Pubs can deliver results for the 53-weeks ending 31 December 2023 in line with its expectations.

## 10. Young’s intentions regarding the City Pubs business, directors, management, employees and locations

### *Young’s Strategic plans for City Pubs*

As set out in paragraph 5 above, City Pubs’ portfolio of individual and well-invested pubs and bedrooms is highly complementary to Young’s existing estate and presents a compelling opportunity for Young’s to enhance the customer experience across the combined estate. As such, Young’s believes the opportunity offered by the expanded portfolio, and the highly complementary cultures and history of the two businesses, will accelerate Young’s existing growth strategy and provide a platform for future growth to benefit all stakeholders of the Combined Group.

To help deliver on the optimal business plan for the Combined Group following the Effective Date, and align the pubs and bedrooms to Young’s existing estate, Young’s intends to:

- use its extensive experience of managing premium pubs and bedrooms to help generate revenue upside through operational alignment of the two estates;
- identify areas of duplication or overlap across the Combined Group to deliver on purchasing, operational and overhead synergies, as well as other efficiency improvements and productivity enhancements;
- seek to align the supply chain of City Pubs with Young’s;
- review optimal capital and resource allocation across the combined estate (expected to be completed within the period of approximately six months from the Effective Date), which may, following such exercise, result in the re-allocation of investment between properties, and/or the rationalisation of certain parts of the combined estate; and

- carry out a review of the City Pubs estate and the positioning of the relevant pubs and bedrooms within their local markets (expected to be completed within the period of approximately six months from the Effective Date) and, if appropriate in light of Young's overall strategy, re-position certain of the acquired properties.

### ***Management, employees and pensions***

Young's places great importance on the depth of skillset, expertise and experience of the employees of City Pubs and recognises that the employees of City Pubs will be key to the future success of the Combined Group. Young's welcomes the opportunity to incorporate the skills and experience of these employees into the Combined Group, and anticipates that City Pubs employees will be able to benefit from potential new opportunities within the Combined Group following the Effective Date.

Young's confirms that the existing contractual and statutory employment rights of all City Pubs management and employees will be safeguarded in accordance with applicable law. Young's also intends to carry out a review for the purposes of, where possible, aligning the terms and conditions of employment of City Pubs employees with those of Young's.

Young's also does not intend to make any change to the level of contributions payable to, or value of risk benefits under, City Pubs' defined contribution pension arrangements or the admission of new members or accrual of benefits to existing members. No member of the City Pubs Group participates in any defined benefit pension scheme.

As stated above, following the Effective Date, Young's intends to review the operations of the City Pubs estate to assess the potential for overheads synergies. This will include an assessment of any overlap of roles currently undertaken by Young's and City Pubs personnel. In particular, certain of City Pubs' management (including the executive directors of the City Pubs Board), corporate and support functions, including in relation to City Pubs' status as an AIM-listed publicly traded company, may no longer be required on a standalone basis, or else may be reduced in scope. This is expected to result in a headcount reduction, expected to be significant in those areas but limited in number relative to City Pubs' wider employee headcount. Given the strategic fit and cultural-alignment between the two businesses' operations (and subject to its review of optimal capital and resource allocation across the combined estate referred to above under the heading "*Young's strategic plans for City Pubs*"), Young's does not intend there to be any material reduction in headcount to City Pubs' highly trained pub and bedrooms teams.

At this stage, no final decisions have been made in relation to the extent or composition of headcount reductions. The evaluation and implementation of any headcount reductions will be subject to all necessary information and consultation requirements in accordance with the legal obligations of the Combined Group.

Young's acknowledges the experience and quality of the leadership skills of the City Pubs Board. However, in light of the overlap with Young's existing board, it is expected that each of the executive directors of the City Pubs Board will leave their employment with City Pubs. In addition, it is intended that, the non-executive directors of the City Pubs Board shall resign from their office with effect from the Effective Date.

Save as set out above, Young's does not currently intend to make any material change in the balance of skills and functions of the City Pubs management and employees.

### ***Management incentive arrangements***

Young's intends to review the management, governance and incentive structures of City Pubs. As at the date of this announcement, Young's has not entered into, and has not had discussions or proposals to enter into, any form of incentivisation arrangements with members of City Pubs' management. Young's also does not expect to enter into, or have discussions or proposals to enter into, any such arrangements with members of City Pubs' management prior to the Effective Date.

### ***Headquarters, locations, research and development and fixed assets***

Young's intends for the headquarters of the Combined Group to be at Young's existing head office in London. As such, Young's intends, following a transition period, to terminate the lease on City Pubs' existing headquarters in London (29 Foley Street, London, W1W 7TH). Subject to the plan for City Pubs' existing headquarters, and the carrying out of its review of optimal capital and resource allocation across the combined estate (referred to above under the heading "*Young's strategic plans for City Pubs*"), Young's does not otherwise intend to undertake any material restructuring or change in the locations of City Pubs' or Young's fixed assets or places of business.

City Pubs has no research and development function and Young's has no plans in this regard.

### ***Trading facilities***

The City Pubs Shares are currently admitted to trading on AIM. As described in paragraph 18 below, prior to the Effective Date, it is intended that applications will be made to the London Stock Exchange for admission of the City Pubs Shares to trading on AIM to be cancelled with effect from or shortly following the Effective Date. It is also intended that City Pubs will be re-registered as a private limited company and for this to take effect as soon as practicable following the Effective Date.

**No statements in this paragraph 10 constitute "post-offer undertakings" for the purposes of Rule 19.5 of the Code.**

## **11. Share Plans**

Participants in the City Pubs Share Plans will be contacted regarding the effect of the Transaction on their rights under the City Pubs Share Plans and provided with further details concerning any proposals that will be made in due course. Details of these proposals will be set out in the Scheme Document and in separate letters to be sent to participants in the City Pubs Share Plans.

As set out in the Cooperation Agreement, as part of those proposals to holders of options granted in 2022 under the CSOP, it is intended that any City Pubs Shares acquired by such participants on the exercise of such options will be acquired by Young's for cash consideration per City Pubs Share equal to the value of the Consideration (with the value of a Young's Share for these purposes being determined at the latest practicable date prior to the publication of the proposal to such participants under Rule 15 of the Code). It is intended that City Pubs Shares acquired pursuant to the exercise of options granted under (i) the CSOP in 2016 and 2020, and (ii) The City Pub Group plc Long-Term Incentive Plan, will be acquired by Young's for the Consideration under the Scheme.

## 12. Deferred Shares

City Pubs has in issue 3,021,770,759 Deferred Shares. The Deferred Shares are not listed on any exchange and have very limited rights. The Deferred Shares have no right to participate in any dividends declared, made or paid by City Pubs, but have the right to participate on a return of capital on a winding up of City Pubs (but not otherwise) by a repayment of the capital paid up on such Deferred Shares, but only after the rights of all holders of City Pubs Shares have been discharged in full and a sum of £10,000,000 has been paid in respect of each City Pubs Share. Holders of Deferred Shares have no other rights to participate in the assets of City Pubs.

The Deferred Shares do not confer on their holders any right to receive notice of, attend, or vote at any general meetings of City Pubs, including the Court Meeting and the General Meeting. The rights attaching to the Deferred Shares are not deemed to be varied by, inter alia, the purchase or cancellation of any of the Deferred Shares and without any payment to the holders of the Deferred Shares.

The City Pubs Articles provide irrevocable authority to City Pubs to purchase any or all of the Deferred Shares and to cancel the Deferred Shares without entitling the holders of the Deferred Shares to more than a nominal payment in consideration and without requiring the consent of the holders of the Deferred Shares. City Pubs intends to exercise the rights set out in the City Pubs Articles to purchase all of the Deferred Shares, to appoint one of the City Pubs Directors to act on behalf of all holders of Deferred Shares to transfer and to execute a contract of sale and a transfer of all the Deferred Shares to the Company for an aggregate consideration of one penny payable to one of the holders of Deferred Shares to be selected by lot. City Pubs also intends to cancel all of the Deferred Shares so purchased. The holder of the Deferred Share selected by lot to receive the one penny consideration shall not be required to account to the holders of the other Deferred Shares in respect of such consideration.

City Pubs intends to complete the purchase and cancellation of the Deferred Shares promptly following the release of this announcement, and in any event prior to the Court Meeting, so the Deferred Shares shall not form part of the Transaction or the Scheme.

## 13. Financing of the Transaction

Young's intends to finance the Cash Consideration payable to City Pubs Shareholders pursuant to the Transaction from new third party debt.

Young's entered into a new £130 million loan facilities agreement with Barclays Bank plc, HSBC UK Bank Plc and National Westminster Bank Plc on 16 November 2023 in connection with the



financing of the Cash Consideration payable to City Pubs Shareholders pursuant to the Transaction.

J.P. Morgan Cazenove, in its capacity as sole financial adviser to Young's, is satisfied that sufficient cash resources are available to Young's to satisfy in full the Cash Consideration payable to the City Pubs Shareholders pursuant to the Transaction.

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

#### **14. Offer-related Arrangements**

##### ***Confidentiality Agreement***

On 31 August 2023, Young's and City Pubs entered into a confidentiality agreement pursuant to which they undertook, among other things, to: (i) keep, and procure that certain of their permitted parties keep, certain information relating to City Pubs and the Transaction confidential and not to disclose it to third parties (other than permitted parties) unless required by law or regulation, among other exceptions; and (ii) use such confidential information for the sole purpose of evaluating, negotiating, advising or implementing the Transaction (the "**Confidentiality Agreement**"). These confidentiality obligations will remain in force for the period of two years from the date of the Confidentiality Agreement.

##### ***Cooperation Agreement***

City Pubs and Young's have entered into a Cooperation Agreement dated 16 November 2023, pursuant to which Young's has agreed to use all reasonable endeavours to obtain any regulatory clearances, or procure that any regulatory clearances are obtained and to satisfy the Conditions, or procure that the Conditions are satisfied, as soon as is reasonably practicable after entry into the Cooperation Agreement. City Pubs and Young's have agreed to co-operate with each other and provide each other with all reasonable information, assistance and access in a timely manner for the purposes of implementing the Transaction and/or in connection with any regulatory clearances. City Pubs and Young's have also agreed to co-operate to promptly provide each other with such documentation, information, assistance and access as may reasonably be required for the preparation of the key shareholder documentation.

The Cooperation Agreement will be terminated, amongst other things (i) upon written notice served by Young's where: (a) the City Pubs Director's recommend a competing proposal; (b) if the City Pubs Board's recommendation changes in a manner that is adverse in the context of the Transaction; and/or (c) certain milestones in connection with the Scheme are not achieved in accordance with agreed timeframes; (ii) upon written notice of either party where: (a) prior to the Long-Stop Date, a competing offer becomes effective or is declared unconditional; (b) the Transaction is withdrawn, terminates or lapses in accordance with its terms; (c) prior to the Long-Stop Date, a Condition which is either not capable of being waived or, where capable of being waived, Young's has confirmed that it will not waive said Condition, becomes incapable of satisfaction by the Long-Stop Date in circumstances where invocation of the relevant Condition is permitted by the Panel; and/or (d) the Scheme and/or the Resolutions are not approved at the Meetings; or (iii) if the parties agree in writing.

The Cooperation Agreement also contains provisions that will apply in respect of the proposals to be made in regard to the City Pubs Share Plans, pursuant to Rule 15 of the Code.

## 15. Scheme of Arrangement

It is intended that the Transaction will be implemented by means of a Court-sanctioned scheme of arrangement between City Pubs and the Scheme Shareholders under Part 26 of the Companies Act 2006 (although Young's reserves the right to implement the Transaction by means of an Offer, subject to the consent of the Panel and the terms of the Cooperation Agreement).

The purpose of the Scheme is to provide for Young's to become owner of the whole of the issued and to be issued ordinary share capital of City Pubs. Under the Scheme, the Transaction is to be achieved by the transfer of the Scheme Shares held by Scheme Shareholders to Young's in consideration for which Scheme Shareholders will receive the Consideration on the basis set out in paragraph 2 of this announcement. The process involves, amongst other things, an application by City Pubs to the Court to sanction the Scheme. The transfer to Young's of the City Pubs Shares will result in City Pubs becoming a wholly-owned subsidiary of Young's.

The Transaction will be subject to the Conditions and further terms and conditions referred to in Appendix 1 to this announcement (and to be set out in the Scheme Document) and will only become Effective if, among other things, the following events occur on or before the Long-Stop Date:

- the approval of the Scheme being granted by a majority in number representing not less than 75 per cent. in value of Scheme Shareholders (or the relevant class or classes thereof) who are present and voting (and who are entitled to vote), either in person or by proxy, at the Court Meeting and at any separate class meeting which may be required by the Court (or, in each case, at any adjournment, postponement or reconvention thereof);
- a special resolution implementing the Scheme being duly passed by the requisite majority of the votes cast in person or by proxy at the General Meeting or at any adjournment, postponement or reconvention thereof;
- following the Meetings and satisfaction and/or waiver (where applicable) of the other Conditions, the Scheme being sanctioned by the Court (with or without modification, but subject to any modification being on terms acceptable to Young's and City Pubs); and
- following the sanction of the Scheme by the Court, a copy of the Scheme Court Order being delivered to the Registrar of Companies for registration.

The Transaction shall lapse if:

- the Court Meeting and the General Meeting are not held on or before the twenty second (22<sup>nd</sup>) day after the expected date of such Meetings, as set out in the Scheme Document in due course (or such later date as may be agreed between Young's and City Pubs);
- the Court Sanction Hearing is not held on or before the twenty second (22<sup>nd</sup>) day after the expected date of such hearing, as set out in the Scheme Document in due course (or such later date as may be agreed between Young's and City Pubs); or
- the Scheme does not become effective on or before the Long-Stop Date.

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 and/or General Meeting (and, if they attended and voted, whether or not they voted in favour); and (ii) the Consideration for the transfer of the Scheme Shares to Young's will be settled no later than fourteen (14) days after the Effective Date. In addition, share certificates in respect of the City Pubs Shares will cease to be valid and entitlements to City Pubs Shares held within CREST will be cancelled.

Any City Pubs Shares issued before the Scheme Record Time will be subject to the terms of the Scheme. The Resolutions to be proposed at the General Meeting will, amongst other matters, provide that the City Pubs Articles be amended to incorporate provisions requiring any City Pubs Shares issued after the Scheme Record Time (other than to Young's and/or its nominees) to be automatically transferred to Young's either (i) if the City Pubs Share is issued pursuant to the exercise of an option granted in 2022 under the City Pubs CSOP, for cash consideration per City Pubs Share equal to the value of the Consideration (with the value of a Young's Share for these purposes being determined at the latest practicable date prior to the publication of the proposal to the holders of such options under Rule 15 of the Code) or (ii) otherwise, on the same terms as the Transaction (other than terms as to timings and formalities). These provisions of the City Pubs Articles (as amended) will avoid any person (other than Young's and/or its nominees) holding City Pubs Shares after the Effective Date.

It is expected that the Scheme Document containing further information about the Transaction, the expected timetable for the implementation of the Scheme and notices of the Court Meeting and General Meeting, together with the Forms of Proxy, will be published as soon as possible and, in any event, within 28 days of the date of this announcement (unless otherwise agreed between Young's and City Pubs with the consent of the Panel). The Transaction will lapse if the Scheme does not become Effective by the Long-Stop Date (or such later date as Young's and City Pubs may agree, with the consent of the Panel and as the Court may approve, if such approval is required).

Subject, among other things, to the satisfaction or (where applicable) waiver of the Conditions, it is expected that the Scheme will become Effective during the first quarter of 2024.

The Scheme will be governed by English law. The Scheme will be subject to the applicable requirements of the Code, the Panel, the London Stock Exchange (including pursuant to the AIM Rules) and the Companies Act 2006.

#### **16. City Pubs Share Buy-Back Programme**

On 5 October 2022, the City Pubs Board commenced the City Pubs Share Buy-Back Programme. In light of the Transaction, City Pubs is today terminating the City Pubs Share Buy-Back Programme.

#### **17. Disclosure of Interests**

Except for the irrevocable commitments referred to in paragraph 4 above, as at the date of this announcement, neither Young's, nor any of the Young's Directors, nor, so far as Young's is aware, any person acting in concert (within the meaning of the Code) with Young's:

- has any interest in, or right to subscribe for, any City Pubs Shares, nor does any such person have any short position in City Pubs Shares, 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 City Pubs;

- has borrowed or lent any relevant securities of City Pubs or entered into any financial collateral arrangements relating to relevant securities of City Pubs; or
- 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 City Pubs.

It has not been practicable for Young's to make enquiries of all of its concert parties in advance of the release of this announcement. Therefore, if Young's becomes aware, following the making of such enquiries, that any of its concert parties have any additional interests in the relevant securities of City Pubs, all relevant details in respect of Young's concert parties will be included in Young's Opening Position Disclosure in accordance with Rule 8.1(a) and Note 2(a)(i) on Rule 8 of the Code.

#### **18. Delisting and re-registration**

The last day of dealings in, and registration of transfers of, City Pubs Shares on AIM is expected to be the Business Day immediately prior to the Effective Date, and no transfers will be registered after 6.00 p.m. (London time) on that date.

Prior to the Effective Date, it is intended that applications will be made to the London Stock Exchange for admission of the City Pubs Shares to trading on AIM to be cancelled with effect from or shortly following the Effective Date.

On the Effective Date, City Pubs will become a wholly-owned subsidiary of Young's and share certificates in respect of City Pubs will cease to be valid and should be destroyed. In addition, entitlements held within the CREST system to the City Pubs Shares will be cancelled on the Effective Date.

It is intended that City Pubs will be re-registered as a private limited company and for this to take effect as soon as practicable following the Effective Date.

#### **19. Documents available on a website**

Copies of the following documents will by no later than 12 noon (London time) on the Business Day following this announcement, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, be available on Young's website at <https://www.youngs.co.uk/investors> and City Pubs' website at <https://www.citypubcompany.com/investors/> until the end of the Offer Period:

- this announcement;
- the irrevocable undertakings and letters of intent referred to in paragraph 4 above;
- the documents relating to the financing of the Transaction referred to in paragraph 13 above;
- the Confidentiality Agreement referred to in paragraph 14 above;

- the Cooperation Agreement referred to in paragraph 14 above; and
- the consent letters from each of J.P. Morgan Cazenove, Stifel, Houlihan Lokey, Liberum and Panmure Gordon referred to in paragraph 20 below.

For the avoidance of doubt, the contents of these websites and any websites accessible from hyperlinks on these websites are not incorporated into and do not form part of this announcement.

## 20. General

Young's reserves the right to elect (with the consent of the Panel and subject to the terms of the Cooperation Agreement) to implement the Transaction 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, subject to appropriate amendments to reflect the change in method of effecting the Offer in accordance with the provisions of the Cooperation Agreement

If the Transaction is effected by way of an Offer and such Offer becomes, or is declared, unconditional in all respects and sufficient acceptances are received, Young's intends to: (i) request that the London Stock Exchange cancel admission of the City Pubs Shares to trading on AIM; and (ii) exercise its rights to apply the provisions of Chapter 3 of Part 28 of the Companies Act 2006 to acquire compulsorily the remaining City Pubs Shares in respect of which the Offer has not been accepted.

The Transaction will be subject to the Conditions and further terms set out in this announcement, including Appendix 1 to this announcement and to the full terms and conditions which will be set out in the Scheme Document. Appendix 2 to this announcement contains the bases of calculations and sources and bases of certain information contained in this summary and this announcement. Appendix 3 to this announcement contains details of irrevocable undertakings and letters of intent received by Young's. Appendix 4 to this announcement contains definitions of certain terms used in this summary and this announcement.

J.P. Morgan Cazenove (as sole financial adviser, AIM nominated adviser and joint broker to Young's), Stifel (as joint broker to Young's), Houlihan Lokey (as lead financial adviser and joint Rule 3 adviser to City Pubs), Liberum (as financial adviser, joint Rule 3 adviser, AIM nominated adviser and joint broker to City Pubs) and Panmure Gordon (as joint broker to City Pubs) have each given and not withdrawn their consent to the publication of this announcement and the inclusion herein of the references to their names in the form and context in which they appear.

### Enquiries:

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Slaughter and May are acting as legal adviser to Young's in connection with the Transaction.

Addleshaw Goddard LLP are acting as legal adviser to City Pubs in connection with the Transaction.

Houlihan Lokey and Liberum are each providing independent advice to City Pubs pursuant to Rule 3 of the Code.

**Further information**

*This announcement is for information purposes only and is not intended to, and does not, constitute or form any part of any offer, invitation or the solicitation of an offer to purchase or 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 Transaction or otherwise, nor shall there be any sale, issuance or transfer of securities in City Pubs or Young's in any jurisdiction in contravention of applicable law. The Transaction will be made and implemented solely pursuant to the terms of the Scheme Document (or, in the event that the Transaction is to be implemented by way of an Offer, the Offer Document) which will contain the full terms and conditions of the Transaction, including details of how to vote in respect of the Transaction. Any vote or other decision in respect of, or other response to, the Transaction, should be made only on the basis of information contained in the Scheme Document (or, in the event that the Transaction is to be implemented by way of an Offer, the Offer Document).*

*This announcement does not constitute a prospectus, prospectus equivalent document or an exempted document.*

*If you are in any doubt about the contents of this announcement or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or from an independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended). If you are resident in the United Kingdom or, if not, from an appropriately authorised independent financial adviser.*

## **Disclaimers**

*J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove ("J.P. Morgan Cazenove"), and which is authorised in the United Kingdom by the Prudential Regulation Authority (the "PRA") and regulated by the PRA and the Financial Conduct Authority, is acting as financial adviser exclusively for Young's and no one else in connection with the Transaction and will not be responsible to anyone other than Young's for providing the protections afforded to clients of J.P. Morgan Cazenove or for providing advice in relation to the Transaction or any other matters referred to in this announcement.*

*Stifel Nicolaus Europe Limited ("Stifel"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for Young's and no one else in connection with the matters referred to in this announcement and will not be responsible to anyone other than Young's for providing the protections afforded to clients of Stifel nor for providing advice in relation to the Transaction or any other matters referred to in this announcement. Neither Stifel nor any of its affiliates (nor their respective directors, officers, employees or agents) 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 Stifel in connection with this announcement, any statement contained in this announcement, the Transaction or otherwise. No representation or warranty, express or implied, is made by Stifel as to the contents of this announcement.*

*Houlihan Lokey UK Limited ("Houlihan Lokey"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively as financial adviser to City Pubs and no one else in connection with the Transaction and will not be responsible to anyone other than City Pubs for providing the protections afforded to clients of Houlihan Lokey or for providing advice in relation to the Transaction or any other matters referred to in this Announcement. Neither Houlihan Lokey 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 Houlihan Lokey in connection with this Announcement, any statement contained herein or otherwise.*

*Liberum Capital Limited ("Liberum"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively to City Pubs and no one else in connection with the Transaction and will not be responsible to anyone other than City Pubs for providing the protections afforded to clients of Liberum or for providing advice in relation to the Transaction or any other matters referred to in this announcement. Neither Liberum 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 Liberum in connection with this announcement, any statement contained herein or otherwise.*

*Panmure Gordon (UK) Limited ("Panmure Gordon"), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for City Pubs and no one else in connection with the possible offer and will not be responsible to anyone other than City*

*Pubs for providing the protections afforded to clients of Panmure Gordon nor for providing advice in relation to the possible offer or any other matters referred to in this announcement. Neither Panmure Gordon 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 Panmure Gordon in connection with this announcement, any statement contained herein or otherwise.*

### **Overseas shareholders**

*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 laws of any jurisdiction other than the UK should inform themselves about, and observe, any applicable legal or regulatory requirements. Any failure to comply with such requirements 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 Transaction disclaim any responsibility or liability for the violation of such restrictions by any person. This announcement has been prepared in accordance with and for the purpose of complying with English law, the Code, the Market Abuse Regulation and the AIM Rules and information disclosed may not be the same as that which would have been prepared in accordance with the laws of jurisdictions outside of the UK.*

*The availability of the Transaction to City Pubs 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. In particular, the ability of persons who are not resident in the UK to vote their Scheme Shares with respect to the Scheme at the Court Meeting, or to execute and deliver Forms of Proxy appointing another person 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 law of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Transaction disclaim any responsibility or liability for the violation of such restrictions by any person.*

*Unless otherwise determined by Young's or required by the Code, and permitted by applicable law and regulation, the Transaction and the New Young's A Shares to be issued pursuant to the Transaction to City Pubs Shareholders will not be made available, in whole or in part, directly or indirectly in, into, or from a Restricted Jurisdiction where to do so would constitute a violation of the relevant laws or regulations of such jurisdiction and no person may vote in favour of the Transaction by any such use, means, instrumentality, or from within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this announcement and any formal documentation relating to the Scheme and the Transaction are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction and persons receiving such documents (including, without limitation, custodians, nominees and trustees) must not mail or otherwise forward, distribute or send it in or into or from any Restricted Jurisdiction. Doing so may render invalid any related purported vote in respect of the Transaction. If the Transaction is implemented by way of an Offer (unless otherwise permitted by applicable law and regulation), the Offer may not be made directly or indirectly, in or into, or by the use of mails or any means or instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or*



*other securities exchange of any Restricted Jurisdiction and the Offer may not be capable of acceptance by any such use, means, instrumentality or facilities.*

*The availability of New Young's A Shares pursuant to the Transaction to City Pubs Shareholders who are not resident in the United Kingdom or the ability of those persons to hold such shares may be affected by the laws or regulatory requirements of the relevant jurisdictions in which they are resident. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable legal or regulatory requirements. City Pubs Shareholders who are in any doubt about such matters should consult an appropriate independent professional adviser in the relevant jurisdiction without delay.*

*Further details in relation to overseas shareholders will be included in the Scheme Document.*

#### **Additional information for US investors**

*The Transaction relates to the shares of an English company with a quotation on AIM and is being made by means of a scheme of arrangement provided for under English company law. A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules or the proxy solicitation rules under the U.S. Securities Exchange Act of 1934 (the "U.S. Exchange Act"). Accordingly, the Transaction is subject to the disclosure requirements and practices applicable in the UK to schemes of arrangement which differ from the disclosure requirements of the U.S. tender offer and proxy solicitation rules. Neither the United States Securities and Exchange Commission, nor any securities commission of any state of the United States, has approved or disapproved any offer, or passed comment upon the adequacy or completeness of any of the information included in this announcement. The financial information included in this announcement and the Scheme Document (or, if the Transaction is implemented by way of an Offer, the Offer Document) has been prepared in accordance with generally accepted accounting principles of the United Kingdom and thus may not be comparable to financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.*

*If, in the future, Young's exercises its right, with the consent of the Panel (where necessary) to implement the Transaction by way of an Offer, which is to be made into the United States, such Offer will be made in compliance with the applicable U.S. laws and regulations.*

*It may be difficult for U.S. holders of City Pubs Shares to enforce their rights and any claim arising out of the U.S. federal laws in connection with the Transaction, since Young's and City Pubs are located in a non-U.S. jurisdiction, and some or all of their officers and directors may be residents of a non-U.S. jurisdiction. U.S. holders of City Pubs Shares may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of the U.S. securities laws. Further, it may be difficult to compel a non-U.S. company and its affiliates to subject themselves to a U.S. court's jurisdiction or judgement.*

*In accordance with normal UK practice and pursuant to Rule 14e-5(b) of the U.S. Exchange Act, Young's, its nominees, or their brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, Young's Shares outside of the U.S., other than pursuant to the Transaction, until the date on which the Transaction becomes Effective, lapses or is otherwise withdrawn. Also, in accordance with Rule 14e-5(b) of the U.S. Exchange Act, each of J.P. Morgan Cazenove, Stifel, Houlihan Lokey, Liberum and Panmure Gordon will continue to act as an exempt trader in City Pubs Shares on the London Stock Exchange. These purchases may*

occur either in the open market at prevailing prices or in private transactions at negotiated prices and comply with applicable law, including the U.S. Exchange Act. Any information about such purchases will be disclosed as required in the UK, will be reported to the Regulatory News Service of the London Stock Exchange and will be available on the London Stock Exchange website at [www.londonstockexchange.com](http://www.londonstockexchange.com).

U.S. City Pubs Shareholders also should be aware that the transaction contemplated herein may have tax consequences in the U.S. and, that such consequences, if any, are not described herein. U.S. City Pubs Shareholders are urged to consult with legal, tax and financial advisers in connection with making a decision regarding this transaction.

### **Forward-Looking Statements**

*This announcement (including information incorporated by reference in this announcement), oral statements made regarding the Transaction, and other information published by Young's and City Pubs, contains 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 Young's and City Pubs (as applicable) 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 Transaction on Young's and City Pubs (including their future prospects, developments and strategies), the expected timing and scope of the Transaction 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 "prepares", "plans", "expects" or "does not expect", "is expected", "is subject to", "budget", "projects", "synergy", "strategy", "scheduled", "goal", "estimates", "forecasts", "cost-saving", "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. Forward-looking statements may include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of Young's, City Pubs', any member of the Young's Group's or any member of the City Pubs Group's operations and potential synergies resulting from the Transaction; and (iii) the effects of global economic conditions and governmental regulation on Young's, City Pubs, any member of the Young's Group's or any member of the City Pubs Group's business.*

*Although Young's and City Pubs believe that the expectations reflected in such forward-looking statements are reasonable, Young's and City Pubs 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. Neither Young's nor City Pubs assumes any obligation to update or correct the information contained in this announcement (whether as a result of new information, future events or otherwise) except as required by applicable law.*

*The factors that could cause actual results to differ materially from those described in the forward-looking statements include, but are not limited to: the ability to complete the Transaction; the ability to obtain requisite regulatory and shareholder approvals and the satisfaction of other Conditions on the proposed terms; changes in the global political, economic, business and competitive environments and in market and regulatory forces; changes in future exchange and interest rates; changes in tax rates; future business combinations or disposals; changes in general economic and business conditions; changes in the behaviour of other market participants; and changes in the anticipated benefits from the proposed transaction not being realised as a result of: changes in general economic and market conditions in the countries in which Young's and City Pubs operate, 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 Young's and City Pubs 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 expected, estimated or projected in the forward-looking statements. If any one or more of these risks or uncertainties materialises or if any one or more of the assumptions proves incorrect, actual results may differ materially from those expected, estimated or projected. Such forward-looking statements should therefore be construed in the light of such factors. Neither Young's nor City Pubs, 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.*

*Specifically, statements of estimated cost savings and synergies related to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. As a result, the cost savings and synergies referred to may not be achieved, may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated. As a result, and given the fact that the changes relate to the future, the resulting cost synergies may be materially greater or less than those estimated.*

*Other than in accordance with their legal or regulatory obligations, neither Young's nor City Pubs is under any obligation, and Young's and City Pubs 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.*

### **Dealing and Opening Position Disclosure requirements**

*Under Rule 8.3(a) of the Code, any person who is interested in one (1) 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) of the Code applies must be made by no later than 3.30 p.m. (London time) on the tenth (10<sup>th</sup>) Business Day following the commencement of the Offer Period and, if appropriate, by no later than 3.30 p.m. (London time) on the tenth (10<sup>th</sup>) 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 (1) 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, save to the extent that these details have previously been disclosed under Rule 8 of the Code. A Dealing Disclosure by a person to whom Rule 8.3(b) of the Code applies must be made by no later than 3.30 p.m. (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 of the Code.*

*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 of the Code).*

*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.*

### **Publication on a website**

*In accordance with Rule 26.1 of the Code, a copy of this announcement and the documents required to be published under Rule 26 of the Code will be made available free of charge (subject to certain restrictions relating to persons resident in Restricted Jurisdictions) on Young's website at <https://www.youngs.co.uk/investors> and City Pubs' website at <https://www.citypubcompany.com/investors/>, by no later than 12 noon (London time) on the Business Day following this announcement. The content of any website referred to in this announcement is not incorporated into and does not form part of this announcement.*

### **No profit forecasts, profit estimates or quantified benefits statements**

*No statement in this announcement is intended as a profit forecast, profit estimate or quantified benefits statement for any period and no statement in this announcement should be interpreted to mean that earnings or earnings per share for City Pubs or for Young's for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for City Pubs or for Young's.*

### **Electronic communications**

*Please be aware that addresses, electronic addresses and certain information provided by City Pubs Shareholders, persons with information rights and other relevant persons for the receipt of communications from City Pubs may be provided to Young's during the Offer Period as requested under Section 4 of Appendix 4 of the Code to comply with Rule 2.11(c) of the Code.*

### **Requesting hard copy documents**

*In accordance with Rule 30.3 of the Code, City Pubs Shareholders, persons with information rights and participants in City Pubs Share Plans may request a hard copy of this announcement (and any information incorporated by reference in this announcement) by contacting Equiniti, during business hours on +44 (0) 371 384 2030.*

*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. Such persons may also request that all future documents, announcements and information be sent to them in relation to the Transaction should be in hard copy form.*

### **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 the figures that precede them.*

### **Rule 2.9 Disclosure**

*For the purposes of Rule 2.9 of the Code, Young's confirms that, as at the date of this announcement, it had in issue (i) 34,413,847 A ordinary shares of 12.5 pence each and (ii) 24,070,755 non-voting ordinary shares of 12.5 pence each. The International Securities Identification Number (ISIN) for the A ordinary shares is GB00B2NDK765, and for the non-voting ordinary shares is GB00B2NDK989.*

*For the purposes of Rule 2.9 of the Code, City Pubs confirms that, as at the date of this announcement, it had in issue (i) 104,373,151 ordinary shares of 1 penny each and (ii) 3,021,770,759 deferred shares of 1 penny each. The International Securities Identification Number (ISIN) for the City Pubs Shares is GB00BYWRS683. There are also 1,920,279 City Pubs Shares held in treasury.*

### **Responsibility**

*The person responsible for arranging the release of this announcement on behalf of Young's is Simon Dodd, Chief Executive Officer.*

## APPENDIX 1

### PART A: CONDITIONS TO AND CERTAIN FURTHER TERMS OF THE TRANSACTION

1. The Transaction will be conditional upon the Scheme becoming unconditional and Effective, subject to the provisions of the Code, by no later than 11.59 p.m. on the Long-Stop Date.

#### **Scheme approval**

2. The Scheme will be conditional upon:
  - (A) (i) its approval by a majority in number representing not less than 75 per cent. in value of the Scheme Shareholders who are on the register of members of City Pubs (or the relevant class or classes thereof, if applicable) at the Voting Record Time, present and voting (and entitled to vote), 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 meeting); and (ii) such Court Meeting and any such separate class meeting being held on or before the twenty second (22<sup>nd</sup>) day after the expected date of the Court Meeting to be set out in the Scheme Document (or such later date, if any, as may be agreed in writing between Young's and City Pubs with the consent of the Panel and the approval of the Court (if such approval is required));
  - (B) (i) the Resolutions being duly passed by the requisite majority or majorities of City Pubs Shareholders at the General Meeting or at any adjournment thereof and (ii) such General Meeting being held on or before the twenty second (22<sup>nd</sup>) day after the expected date of the General Meeting to be set out in the Scheme Document (or such later date, if any, as may be agreed in writing between Young's and City Pubs with the consent of the Panel and the approval of the Court (if such approval is required)); and
  - (C) (i) the sanction of the Scheme by the Court (with or without modification, but subject to any such modification being acceptable to Young's and City Pubs); (ii) the Court Sanction Hearing being held on or before the twenty second (22<sup>nd</sup>) day after the expected date of the Court Sanction Hearing to be set out in the Scheme Document (or such later date, if any, as may be agreed in writing between Young's and City Pubs with the consent of the Panel and the approval of the Court (if such approval is required)); and (iii) the delivery of a copy of the Scheme Court Order to the Registrar of Companies in England and Wales for registration.

#### **General Conditions**

In addition, subject to as stated in Part B below and to the requirements of the Panel, Young's and City Pubs have agreed that the Transaction will be conditional upon the following Conditions and, accordingly, the necessary actions to make the Scheme effective will not be taken unless the following Conditions (as amended if appropriate) have been satisfied or, where relevant, waived.

#### Admission of New Young's A Shares

3. The London Stock Exchange having acknowledged to Young's or its agent (and such acknowledgment not having been withdrawn) that the application for the admission of the New Young's A Shares to trading on AIM has been approved and (after satisfaction of any conditions to which such approval is expressed to be subject ("admission conditions")) will become effective as soon as a dealing notice has been issued by the London Stock Exchange and any admission conditions have been satisfied.

#### Regulatory clearances

4. One of the following having occurred:
  - (A) the CMA having indicated in a response to a briefing paper that it has no further questions at that stage in relation to the Transaction; and as at the date on which all other Conditions are satisfied or waived, the CMA has not:
    - (i) requested submission of a merger notice;
    - (ii) given notice to either party that it is commencing a Phase I investigation;
    - (iii) indicated that the statutory review period in which the CMA has to decide whether to make a reference under section 34ZA Enterprise Act 2002 has begun; nor
    - (iv) requested documents, information or attendance by witnesses (including under section 109 of the Enterprise Act 2002) which may indicate that it intends to commence the aforementioned statutory review period in respect of the Transaction; or
  - (B) where the CMA has commenced an investigation following the submission of a merger notice or a briefing paper, the CMA:
    - (i) in accordance with section 33(1) of the Enterprise Act 2002, announcing that it has decided not to refer the Transaction to the chair of the CMA for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013 (a "**Referral**"); or
    - (ii) in accordance with section 73(2) of the Enterprise Act 2002, formally accepting undertakings in lieu of a Referral offered by Young's, or a modified version of them.

#### Other third party clearances

5. Other than in respect of any briefing paper, notification and/or filing required in connection with the condition set out in Condition 4 above (to which only Condition 4 shall apply), the waiver (or non-exercise within any applicable time limits) by any relevant government or governmental, quasi-governmental, supranational, statutory, regulatory, environmental or investigative body, court, trade agency, association, institution, any entity owned or controlled by any relevant government or state, or any other body or person whatsoever in any jurisdiction (each a "**Third Party**") of any termination right, right of pre-emption, first refusal or similar right (which is material in the context of the Wider City Pubs Group

taken as a whole) arising as a result of or in connection with the Scheme or the Transaction.

6. Other than in respect of any briefing paper, notification and/or filing required in connection with the condition set out in Condition 4 above (to which only Condition 4 above shall apply), all necessary filings or applications having been made in connection with the Transaction and all statutory or regulatory obligations in any jurisdiction having been complied with in connection with the Transaction by any member of the Wider Young's Group of any shares or other securities in, or control of, City Pubs and all authorisations, orders, recognitions, grants, consents, licences, confirmations, clearances, permissions and approvals reasonably deemed necessary or appropriate by Young's or any member of the Wider Young's Group for or in respect of the proposed Transaction, or the proposed direct or indirect acquisition of any shares or other securities in, or control of, City Pubs by any member of the Wider Young's Group having been obtained in terms and in a form satisfactory to Young's from all appropriate Third Parties or persons with whom any member of the Wider City Pubs Group has entered into contractual arrangements and all such authorisations, orders, recognitions, grants, consents, licences, confirmations, clearances, permissions and approvals necessary or appropriate to carry on the business of any member of the Wider City Pubs Group which is material in the context of the Wider Young's Group or the Wider City Pubs Group as a whole or in the context of the Transaction remaining in full force and effect and all filings necessary for such purpose having been made and there being no notice or intimation of any intention to revoke or not to renew any of the same at the time at which the Transaction becomes otherwise unconditional and all necessary statutory or regulatory obligations in any jurisdiction having been complied with.
7. Other than in respect of any briefing paper, notification and/or filing required in connection with the condition set out in Condition 4 above (to which only Condition 4 above shall apply), no Third Party having: (1) given notice of a decision to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference (and, in each case, not having withdrawn the same); (2) required any action to be taken or otherwise having done anything; or (3) enacted, made or proposed any statute, regulation, decision or order or change to published practice, and there not continuing to be outstanding any statute, regulation, decision, order or change to published practice, in each case, which would or might reasonably be expected to:
  - (A) require, prevent or materially delay the divestiture, or materially alter the terms envisaged for any proposed divestiture by any member of the Wider Young's Group or any member of the Wider City Pubs Group of all or any portion of their respective businesses, assets or property or impose any limitation on the ability of any of them to conduct their respective businesses (or any of them) or to own any of their respective assets or properties or any part thereof which in any such case, is material in the context of the Wider City Pubs Group or the Wider Young's Group in either case as taken as a whole or in the context of the Transaction;
  - (B) other than in the implementation of the Transaction, require any member of the Wider City Pubs Group or the Wider Young's Group to acquire or offer to acquire any shares, other securities (or the equivalent) or interest in any member of the Wider City Pubs Group or the Wider Young's Group owned by any Third Party;



- (C) impose any material limitation on, or result in a delay in, the ability of any member of the Wider Young's Group directly or indirectly to acquire or to hold or to exercise effectively all or any rights of ownership in respect of shares or loans or securities convertible into shares or any other securities (or the equivalent) in any member of the Wider City Pubs Group or the Wider Young's Group or to exercise voting or management control over any such member which is material in the context of the Wider City Pubs Group or the Wider Young's Group in either case as taken as a whole or in the context of the Transaction;
- (D) otherwise materially adversely affect the business, assets, profits or prospects of any member of the Wider Young's Group or of any member of the Wider City Pubs Group in either case taken as a whole;
- (E) result in any member of the Wider City Pubs Group ceasing to be able to carry on business under any name which it presently carries on business;
- (F) make the Transaction (including the Scheme), its implementation or the acquisition or the proposed acquisition by Young's or any member of the Wider Young's Group of any shares or other securities in, or control of City Pubs, void, unenforceable and/or illegal under the laws of any relevant jurisdiction, or otherwise, directly or indirectly, prevent, prohibit, restrict, restrain, materially delay or otherwise materially interfere with the implementation of, or impose material additional conditions or obligations with respect thereto;
- (G) require, prevent or materially delay the divestiture by any member of the Wider Young's Group of any shares or other securities (or the equivalent) in City Pubs; or
- (H) impose any limitation on the ability of any member of the Wider City Pubs Group to co-ordinate all or any part of its business with all or any part of the business of any other members which is adverse to and material in the context of the Wider City Pubs Group taken as a whole or in the context of the Transaction,

and all applicable waiting and other time periods (including any extensions thereof) during which any such Third Party could institute, implement or threaten any such action, proceeding, suit, investigation, enquiry or reference or any other step under the laws of any jurisdiction in respect of the Transaction or the Scheme, or the acquisition or the proposed acquisition of any City Pubs Shares having expired, lapsed or been terminated.

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

8. Save as Disclosed, there being no provision of any arrangement, agreement, lease, licence, franchise, permit or other instrument to which any member of the Wider City Pubs Group is a party or by or to which any such member or any of its assets is or may be bound, entitled or be subject or any event or circumstance which, as a consequence of the Transaction or the acquisition or the proposed acquisition of any shares or other securities in City Pubs or because of a change in the control or management of City Pubs or otherwise, could or might reasonably be expected to result in (to an extent which is

material and adverse in the context of the Wider City Pubs Group or Wider Young's Group, in either case, taken as a whole or in the context of the Transaction):

- (A) any monies borrowed by or any other indebtedness or liabilities (actual or contingent) of, or grant available to any member of the Wider City Pubs Group, being or becoming repayable or capable of being declared repayable immediately or earlier than their or its stated maturity date or repayment date or the ability of any such member to borrow monies or incur any indebtedness being withdrawn or inhibited or being capable of becoming or being withdrawn or inhibited;
- (B) the creation, save in the ordinary and usual course of business, or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any member of the Wider City Pubs Group or any such mortgage, charge, encumbrance or other security interest (whenever created, arising or having arisen) becoming enforceable;
- (C) any such agreement, arrangement, lease, licence, franchise, permit or other instrument being terminated or the rights, liabilities, obligations or interests of any member of the Wider City Pubs Group thereunder being terminated or adversely modified or affected or any obligation or liability arising or any action being taken or arising thereunder;
- (D) the rights, liabilities, obligations, interests or business of any member of the Wider City Pubs Group under any such agreement, arrangement, lease, licence, franchise, permit or other instrument or the interests or business of any such member with any other person or body or firm or company (or any arrangement or arrangements relating to any such interests or business) being terminated, or adversely modified or affected;
- (E) any assets or interests of any member of the Wider City Pubs Group being or falling to be disposed of or charged or any right arising under which any such asset or interest could be required to be disposed of or charged;
- (F) the rights, liabilities, obligations or interests of any member of the Wider City Pubs Group, or the business of any such member with, any person, firm or body (or any arrangement or arrangements relating to any such interest or business) being terminated, adversely modified or affected;
- (G) the value of any member of the Wider City Pubs Group or its financial or trading position or prospects, being prejudiced or adversely affected;
- (H) any such member ceasing to be able to carry on business under any name under which it presently carries on business; or
- (I) the creation or acceleration of any liability, actual or contingent, by any member of the Wider City Pubs Group, other than trade creditors or other liabilities incurred in the ordinary course of business or in connection with the Transaction,

and, save as Disclosed, no event having occurred which, under any provision of any agreement, arrangement, licence, permit, franchise, lease or other instrument to which

any such member of the Wider City Pubs Group is a party or by or to which any such member or any of its assets may be bound, entitled or subject, would or might reasonably be expected to result in any of the events or circumstances as are referred to in subparagraphs (A) to (I) of this Condition, in each case to the extent material in the context of the Wider City Pubs Group taken as a whole or in the context of the Transaction.

Certain events occurring since 25 December 2022:

9. Save as Disclosed, no member of the Wider City Pubs Group having, since 25 December 2022:
- (A) save as between City Pubs and wholly-owned subsidiaries of City Pubs or for City Pubs Shares issued or transferred out of treasury under or pursuant to the exercise of options and vesting of awards granted in the ordinary course under the City Pubs Share Plans, issued, or agreed to issue, authorised or proposed the issue of additional shares of any class (including, without limitation, City Pubs Shares), or convertible securities or transferred or sold or agreed to transfer or sell or authorised or proposed the transfer or sale of City Pubs Shares out of treasury;
  - (B) save as between City Pubs and wholly-owned subsidiaries of City Pubs or for the grant of options and awards and other rights granted under the City Pubs Share Plans, issued or agreed to issue, authorised or proposed the issue of securities convertible into, or exchangeable for, shares of any class or rights, warrants or options to subscribe for, or acquire, any such shares or securities;
  - (C) save for City Pubs Share Buy-Back Programme, and other than to another member of the City Pubs Group, prior to the Transaction becoming Effective, recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus, dividend or other distribution or other form of capital return whether payable in cash or otherwise other than dividends (or other distributions whether payable in cash or otherwise) lawfully paid or made by any wholly owned subsidiary of City Pubs to City Pubs or any of its wholly owned subsidiaries;
  - (D) save for intra-City Pubs Group transactions, merged or demerged with any body corporate or acquired or disposed of or transferred, mortgaged or charged or created any security interest over any assets or any right, title or interest in any asset (including shares and trade investments) or authorised or proposed or announced any intention to propose any merger, demerger, acquisition or disposal, transfer, mortgage, charge or security interest, in each case, other than in the ordinary course of business and, in each case, to the extent material in the context of the Wider City Pubs Group taken as a whole or material in the context of the Transaction;
  - (E) save for intra-City Pubs Group transactions, made or authorised or proposed or announced an intention to propose any change in its loan capital in each case, to the extent material in the context of the Wider City Pubs Group taken as a whole;
  - (F) issued, authorised or proposed the issue of, or made any changes in or to, any debentures or (save for intra-City Pubs Group transactions), save in the ordinary

course of business, incurred or increased any indebtedness or become subject to any contingent liability;

- (G) save for City Pubs' proposed repurchase of the Deferred Shares (as set out in paragraph 12 above of this announcement) and the City Pubs Share Buy-Back Programme, purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or, save in respect to the matters mentioned in sub-paragraphs 9(A) to 9(C) above, made any other change to any part of its share capital in each case, to the extent material in the context of the Wider City Pubs Group taken as a whole or material in the context of the Transaction;
- (H) save for intra-City Pubs Group transactions, City Pubs' proposed repurchase of the Deferred Shares (as set out in paragraph 12 above of this announcement) and the City Pubs Share Buy-Back Programme, implemented, or authorised, proposed or announced its intention to implement, any reconstruction, amalgamation, scheme, commitment or other transaction or arrangement otherwise than in the ordinary course of business;
- (I) entered into or varied or authorised, proposed or announced its intention to enter into or vary any contract, transaction, arrangement, agreement or commitment (whether in respect of capital expenditure or otherwise) which:
  - (i) is of a long term, onerous or unusual nature or magnitude or which involves or could involve an obligation of such nature or magnitude (save in the ordinary course of business); or
  - (ii) would or could reasonably be expected to be materially restrictive on the businesses of any member of the Wider City Pubs Group or the Wider Young's Group (other than to a nature and extent which is normal in the context of the business concerned),

and, in either case, is material in the context of the Wider City Pubs Group taken as a whole or in the context of the Transaction;
- (J) (other than in respect of a member which is dormant and was solvent at the relevant time) taken any corporate action or steps or had any legal proceedings started or threatened against it in relation to the suspension of payments, a moratorium of any indebtedness, or petition presented or order made for its winding-up, dissolution or reorganisation or for the appointment of a receiver, administrative receiver, administrator, manager, trustee or similar officer of all or any part of its assets or revenues or any analogous proceedings in any jurisdiction or had any such person appointed in each case to the extent material in the context of the Wider City Pubs Group taken as a whole or in the context of the Transaction;
- (K) waived or compromised any claim otherwise than in the ordinary course of business which is material in the context of the Wider City Pubs Group taken as a whole;

- (L) made any material alteration to its memorandum or articles of association or other incorporation documents;
- (M) been unable, or admitted in writing that it is unable, to pay its debts or commenced negotiations with one or more of its creditors with a view to rescheduling or restructuring any of its indebtedness, 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;
- (N) save for City Pubs' proposed repurchase of the Deferred Shares and the City Pubs Share Buy-Back Programme, entered into any contract, commitment, arrangement or agreement otherwise than in the ordinary course of business or passed any resolution or made any offer (which remains open for acceptance) with respect to or announced any intention to, or proposed to, effect any of the transactions, matters or events referred to in this paragraph 9;
- (O) made or agreed or consented to any change to:
  - (i) the terms of the trust deeds constituting the pension scheme(s) established by any member of the Wider City Pubs Group for its directors, employees or their dependents;
  - (ii) the contributions payable to any such scheme(s) or to the benefits which accrue or to the pensions which are payable thereunder;
  - (iii) the basis on which qualification for, or accrual or entitlement to, such benefits or pensions are calculated or determined; or
  - (iv) the basis upon which the liabilities (including pensions) of such pension schemes are funded, valued or made,

in each case, to the extent material in the context of the Wider City Pubs Group taken as a whole or in the context of the Transaction;

- (P) except in relation to changes made or agreed as a result of or arising from, changes to legislation, made or agreed or consented to or procured any change to, or the custodian or trustee of any scheme having made a change to:
  - (i) the terms of the governing documents of any pension scheme(s) established by any member of the Wider City Pubs Group for its directors, former directors, employees, former employees or their dependants;
  - (ii) the contributions payable to any such scheme(s) or to the benefits which accrue, or to the pensions which are payable, thereunder;
  - (iii) the basis on which qualification for, or accrual or entitlement to, such benefits or pensions are calculated or determined; or
  - (iv) the basis upon which the liabilities (including pensions) of such pension schemes are funded, valued, made, agreed or consented to;

- (Q) except for transactions between members of the Wider City Pubs Group and transactions entered into in the ordinary course of business, entered into implemented or authorised the entry into, any joint venture, asset or profit sharing arrangement, partnership or merger of business or corporate entities;
- (R) save as agreed by the Panel (if required) and Young's, proposed, agreed to provide or modified the terms of any of the City Pubs Share Plans or other benefit constituting a material change relating to the employment or termination of employment of a material category of persons employed by the Wider City Pubs Group or which constitutes a material change to the terms or conditions of employment of any senior employee of the Wider City Pubs Group, or entered into or changed the terms of or made any offer (which remains open for acceptance) to enter into or change the terms of any contract with any director or senior executive employed by the Wider City Pubs Group; and
- (S) taken (or agreed or proposed to take) any action which requires, or would require, the consent of the Panel or the approval of City Pubs Shareholders in general meeting in accordance with, or as contemplated by, Rule 21.1 of the Code.

*No adverse change, litigation or regulatory enquiry*

10. Except as Disclosed, since 25 December 2022, there has been:

- (A) no adverse change or deterioration having occurred in the business, assets, financial or trading position or profits or prospects or operational performance of any member of the Wider City Pubs Group, which in any such case is material in the context of the Wider City Pubs Group taken as a whole or in the context of the Transaction;
- (B) no litigation, arbitration proceedings, prosecution or other legal proceedings:
  - (i) threatened, announced or instituted by, or against, or remaining outstanding against, or in respect of, any member of the Wider City Pubs Group; or
  - (ii) to which any member of the Wider City Pubs Group is or may become a party (whether as claimant, defendant or otherwise), threatened, announced, instituted or remaining outstanding by, against or in respect of, any member of the Wider City Pubs Group,

which in any such case has or would reasonably be expected to materially adversely affect any member of the Wider City Pubs Group taken as a whole or in the context of the Transaction;

- (C) no contingent or other liability of any member of the Wider City Pubs Group having arisen or become apparent to Young's which has or would reasonably be likely to materially adversely affect any member of the Wider City Pubs Group or in the context of the Transaction; and

- (D) no steps having been taken which are likely to result in the withdrawal, cancellation, termination or modification of any licence or permit held by any member of the Wider City Pubs Group which is material in the context of the Wider City Pubs Group taken as a whole or material in the context of the Transaction.

*No discovery of certain matters*

11. Save as Disclosed, Young's not having discovered, in each case to an extent which is material in the context of the Wider City Pubs Group taken as a whole or material in the context of the Transaction:
- (A) that any financial, business or other information concerning the Wider City Pubs Group as contained in the information publicly disclosed at any time by, or on behalf of, any member of the Wider City Pubs Group is materially misleading, contains a material misrepresentation of any fact, or omits to state a fact necessary to make that information not misleading where the relevant information has not subsequently been corrected prior to the date of this announcement by disclosure, either publicly or otherwise, to Young's;
- (B) that any member of the Wider City Pubs Group is subject to any liability, contingent or otherwise, other than in the ordinary course of business;
- (C) that any past or present member of the Wider City Pubs Group has failed to comply in any material respect with any applicable legislation, regulations or other requirements of any Third Party or any Authorisations 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 humans, which non-compliance would be likely to give rise to any material liability including any penalty for non-compliance (whether actual or contingent) on the part of any member of the Wider City Pubs Group;
- (D) that there is or is reasonably likely to be any material obligation or liability (whether actual or contingent) or requirement to make good, remediate, repair, reinstate or clean up any property, asset or any controlled waters currently or previously owned, occupied, operated or made use of or controlled by any past or present member of the Wider City Pubs Group (or on its behalf), or in which any such member may have or previously have had or be deemed to have had an interest, under any environmental legislation, common law, regulation, notice, circular, Authorisation or order of any Third Party or any other person or body in any jurisdiction or to contribute to the cost thereof or associated therewith or indemnify any person in relation thereto;
- (E) circumstances exist (whether as a result of the Transaction or otherwise) which would be reasonably likely to lead to any Third Party instituting, or whereby any past or present member of the Wider City Pubs Group would be likely to be required to institute, an environmental audit or take any other steps which would in any such case be reasonably likely to result in any liability (whether actual or

contingent) to improve, modify existing or install new plant, machinery or equipment or carry out changes in the processes currently carried out or make good, remediate, repair, reinstate or clean up any land or other asset currently or previously owned, occupied or made use of by any past or present member of the Wider City Pubs Group (or on its behalf) or by any person for which a member of the Wider City Pubs Group is or has been responsible, or in which any such member may have or previously have had or be deemed to have had an interest which is material in the context of the Wider City Pubs Group as a whole; or

- (F) any information which affects the import of any information disclosed at any time by or on behalf of any member of the Wider City Pubs Group.

*Anti-corruption, economic sanctions, criminal property and money laundering*

12. Young's not having discovered, in each case to an extent which is material in the context of the Wider City Pubs Group taken as a whole or material in the context of the Transaction, that:

- (A) any:
- (i) past or present member, director, officer or employee of the Wider City Pubs Group, in connection with their position in the Wider City Pubs Group, is or has at any time, engaged in any activity, practice or conduct which would constitute an offence under the Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977 or any other applicable anti-corruption or anti-bribery law, rule or regulation or any other applicable law, rule, or regulation concerning improper payments or kickbacks; or
  - (ii) person that performs or has performed services for or on behalf of the Wider City Pubs Group who is, or has at any time, engaged in any activity, practice or conduct in connection with the performance of such services which would constitute an offence under the Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977 or any other applicable anti-corruption or anti-bribery law, rule or regulation or any other applicable law, rule, or regulation concerning improper payments or kickbacks;
- (B) any asset of any member of the Wider City Pubs Group which constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition) or proceeds of crime under any other applicable law, rule, or regulation concerning money laundering or proceeds of crime or any member of the Wider City Pubs Group is found to have engaged in activities constituting money laundering under any applicable law, rule, or regulation concerning money laundering;
- (C) any past or present member, director, officer or employee of the Wider City Pubs Group, or any other person for whom any such person may be liable or responsible, who is or has engaged in any conduct which would violate applicable economic sanctions or dealt with, made any investments in, made any funds or assets available to or received any funds or assets from:



- (i) any government, entity or individual in respect of which US, UK or EU persons, or persons operating in those territories, are prohibited from engaging in activities or doing business, or from receiving or making available funds or economic resources, by US, UK or EU laws or regulations, including the economic sanctions administered by the United States Office of Foreign Assets Control, or HM Treasury; or
  - (ii) any government, entity or individual targeted by any of the economic sanctions of the United Nations, the US, the UK, the EU or any of its member states, save that this shall not apply if and to the extent that it is or would be unenforceable by reason of breach of any applicable Blocking Law;
- (D) any past or present member, director, officer or employee of the Wider City Pubs Group, or any other person for whom any such person may be liable or responsible:
- (i) has engaged in conduct which would violate any relevant anti-terrorism laws, rules, or regulations, including but not limited to the US Anti-Terrorism Act;
  - (ii) has engaged in conduct which would violate any relevant anti-boycott law, rule, or regulation or any applicable export controls, including but not limited to the Export Administration Regulations administered and enforced by the U.S. Department of Commerce or the International Traffic in Arms Regulations administered and enforced by the U.S. Department of State;
  - (iii) has engaged in conduct which would violate any relevant laws, rules, or regulations concerning human rights, including but not limited to any law, rule, or regulation concerning false imprisonment, torture or other cruel and unusual punishment, or child labour;
  - (iv) is debarred or otherwise rendered ineligible to bid for or to perform contracts for or with any government, governmental instrumentality, or international organization or found to have violated any applicable law, rule, or regulation concerning government contracting or public procurement; or
- (E) any member of the Wider City Pubs Group is or has been engaged in any transaction which would cause Young's to be in breach of any law or regulation upon its offer for City Pubs, including but not limited to the economic sanctions of the United States Office of Foreign Assets Control, or HM Treasury, or any other relevant government authority.

**PART B: FURTHER TERMS OF THE TRANSACTION**

1. Conditions 1, 2(A), 2(B)(i), 2(C)(i), 2(C)(iii) and 3 cannot be waived (save, in respect of conditions 2(A), 2(B) and 2(C), as respect to their deadlines as set out below). Subject to the requirements of the Panel and the Code, Young's reserves the right in its sole discretion to waive:
  - (A) the deadline set out in Condition 1 of Part A of this Appendix 1, and any of the deadlines set out in Conditions 2(A), 2(B) and 2(C) in so far as they relate to the timing of the Court Meeting, the General Meeting and the Scheme Court Hearing. If any such deadline is not met, Young's will make an announcement by 8.00 a.m. on the Business Day following such deadline confirming whether it has invoked or waived the relevant Condition or agreed with City Pubs to extend the deadline in relation to the relevant Condition; and
  - (B) in whole or in part, all or any of Conditions 4 to 15 of Part A of this Appendix 1.
2. Conditions 2(A), 2(B) and 3 must be fulfilled by, and Conditions 4 to 15 (inclusive) fulfilled or waived by, no later than 11.59 p.m. on the date immediately preceding the date of the Court Sanction Hearing. The Transaction will not become Effective unless each of the Conditions have been fulfilled (or, to the extent capable of waiver, waived) or, where appropriate, have been determined by Young's to be or to remain satisfied by no later than 11.59 p.m. on the Long-Stop Date.
3. The Transaction will be subject to the fulfilment (or waiver, if permitted) of the Conditions set out in Part A of this Appendix 1, to the further terms set out in this Part B of Appendix 1, and to the full terms and conditions which will be set out in the Scheme Document, and such further terms as may be required to comply with the provisions of the Code.
4. Young's shall be under no obligation to waive (if capable of waiver), to determine to be or remain satisfied or fulfilled, or to treat as satisfied or fulfilled any of Conditions 1 to 12 (inclusive) by a date earlier than the latest date specified for the satisfaction of the relevant Condition, 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 of such Conditions may not be capable of satisfaction or fulfilment.
5. Under Rule 13.5(a) of the Code, Young's may not invoke a Condition to the Transaction so as to cause the Transaction 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 Young's in the context of the Transaction. Young's may only invoke a condition that is subject to Rule 13.5(a) with the consent of the Panel and any condition that is subject to Rule 13.5(a) may be waived by Young's. Conditions 2(A)(i), 2(B)(i), 2(C)(i) and 3 and, if applicable, any acceptance condition (if the Transaction is implemented by means of an Offer) are not subject to Rule 13.5(a) of the Code.
6. If Young's is required by the Panel to make an offer for City Pubs Shares under the provisions of Rule 9 of the Code, Young's may make such alterations to any of the above Conditions and the terms of the Transaction as are necessary to comply with the provisions of Rule 9.

7. Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.
8. Young's reserves the right to elect to implement the Transaction by way of an Offer as an alternative to the Scheme (subject to the Panel's consent (where necessary) and the terms of the Cooperation Agreement). In such event, the Transaction will be implemented on the same terms and conditions (subject to appropriate amendments including (without limitation) the inclusion of an acceptance condition set at 90 per cent. of the City Pubs Shares (or such other percentage as Young's and City Pubs may, subject to the rules of the Code and the terms of the Cooperation Agreement and with the consent of the Panel, decide, being in any case more than 50 per cent. of the City Pubs Shares), or any amendments required by, or deemed appropriate by, Young's under applicable law or any amendments necessary to reflect the Offer). Further, if sufficient acceptances of such Offer are received and/or sufficient City Pubs Shares are otherwise acquired, it is the intention of Young's to apply the provisions of the Companies Act 2006 to acquire compulsorily any outstanding City Pubs Shares to which such Offer relates.
9. The City Pubs Shares which will be acquired under the Transaction will be acquired fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature and together with all rights now or hereafter attaching or accruing to them, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) announced, declared, made or paid or any other return of capital (whether by reduction of share capital or share premium account or otherwise) made, in each case by reference to a record date falling on or after the Effective Date.
10. If any dividend, distribution and/or other form of capital return is announced, declared, made, paid or becomes payable by City Pubs in respect of the City Pubs Shares on or after the date of this announcement and prior to the Effective Date, Young's reserves the right without prejudice to any right of Young's to invoke Condition 9(B) in Part A of this Appendix 1) to (at the sole discretion of Young's) reduce the Consideration by the amount of all or part of any such dividend, distribution and/or other form of capital return. If (but only to the extent) Young's exercises this right or makes such a reduction in respect of a dividend, distribution and/or other form of capital return, City Pubs Shareholders would be entitled to receive and retain the relevant portion of any such dividend, other distribution and/or other form of capital return (as applicable), and any reference in the Announcement or the Scheme Document (or, in the event that the Transaction is to be implemented by means of an Offer, the Offer Document) to the Consideration will be deemed to be a reference to the Consideration as so reduced. Any exercise by Young's of its rights referred to in this paragraph 10 shall be the subject of an announcement and, for the avoidance of doubt, shall not constitute a revision or variation of the terms of the Transaction.
11. Except with the Panel's consent, settlement of the Consideration to which any Scheme Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme without regard to any lien, right of set-off, counterclaim or other analogous right to which Young's may otherwise be, or claim to be, entitled as against such Scheme Shareholder and will be effected in the manner described in this announcement.

12. Fractions of the New Young's A Shares will not be allotted or issued pursuant to the Transaction, but entitlements of Scheme Shareholders will be rounded down to the nearest whole number of New Young's A Shares and all fractions of New Young's A Shares will be aggregated and sold in the market as soon as practicable after the Effective Date. The net proceeds of such sale (after deduction of broking fees and other sale costs and expenses, together with any tax or foreign exchange conversion fees payable on the sale) will be distributed in due proportions to Scheme Shareholders who would otherwise have been entitled to such fractions (rounded down to the nearest penny), save that individual entitlements to amounts of less than £5.00 will be retained for the benefit of the Combined Group. The New Young's A Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the existing Young's A Shares issued and outstanding at the time the New Young's A Shares are issued pursuant to the Transaction, including the right to receive and retain in full all dividends and other distributions (if any) announced, declared, made or paid, or any other return of capital (whether by reduction of share capital or share premium account or otherwise) made, in each case, by reference to a record date falling on or after the Effective Date. Applications will be made to the London Stock Exchange for the New Young's A Shares to be admitted to trading on AIM.
13. No amounts of cash of less than one penny will be paid to any Scheme Shareholder pursuant to the Scheme and the aggregate amount of cash to which a Scheme Shareholder will be entitled under the Scheme will be rounded down to the nearest penny.
14. The availability of the Transaction to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions. 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.
15. The Transaction will not be made, directly or indirectly, in or into, or by use of the mails of, or by any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone, internet or e-mail) of interstate or foreign commerce of, or of any facility of a national securities exchange, of any Restricted Jurisdiction and the Transaction will not be capable of acceptance by any such use, means, instrumentality or facility or from within any Restricted Jurisdiction. The New Young's A Shares to be issued pursuant to the Offer have not been and will not be registered under the United States Securities Act of 1933 (as amended) nor under any of the relevant securities laws of Canada, Japan or Australia. Accordingly, the New Young's A Shares may not be offered, sold or delivered, directly or indirectly, in the United States, Canada, Japan or Australia nor to any United States person, except pursuant to exemptions from applicable requirements of any such jurisdiction.
16. The Transaction will be governed by English law and will be subject to the jurisdiction of the Court and to the Conditions and further terms set out in this Appendix 1 and to be set out in the Scheme Document. The Scheme will be subject to the applicable requirements

of English law, the Code, the Panel, the London Stock Exchange (including pursuant to the AIM Rules) and the Companies Act 2006.

17. The Transaction will be subject to the Conditions and certain further terms set out in Appendix 1 and to the full terms and conditions to be set out in the Scheme Document.
18. Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.

**APPENDIX 2****BASES AND SOURCES**

1. As at the Last Practicable Date, there were 104,373,151 City Pubs Shares in issue (excluding 1,920,279 City Pubs Shares held in treasury).
2. As at the Last Practicable Date, a further 7,077,780 City Pubs Shares are expected to be issued on or after the date of this announcement on the exercise of options or vesting of awards under the City Pubs Share Plans.
3. Any references to the issued and to be issued ordinary share capital of City Pubs are based on:
  - (A) the 104,373,151 City Pubs Shares referred to in paragraph (1) above; and
  - (B) the 7,077,780 City Pubs Shares which may be issued on or after the date of this announcement to satisfy the exercise of options or vesting of awards pursuant to the City Pubs Share Plans referred to at (2) above.
4. The value attributed to the existing issued and to be issued ordinary share capital of City Pubs is based upon a fully diluted share capital figure of 111,450,931 City Pubs Shares as calculated at (3) above.
5. Unless otherwise specified: (i) all prices quoted for City Pubs Shares and Young's Shares are closing prices; and (ii) all closing prices and volume weighted average prices for City Pubs Shares and Young's shares have been derived from Bloomberg.
6. Unless otherwise stated, the financial information relating to City Pubs is extracted from:
  - (A) its audited financial statements for the 52-weeks ended 25 December 2022<sup>5</sup>; and
  - (B) the City Pubs Interim Results.
7. Unless otherwise stated, the financial information relating to Young's is extracted from audited financial statements of Young's for the period ended 3 April 2023.
8. 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 the figures that precede them
9. The 3 per cent. gross margin differential between Young's and City Pubs figures is calculated using full year numbers from the latest annual reports. City Pubs' gross margin is disclosed in its income statement and Young's gross margin can be derived from the operating cost detail provided in their notes to the financial statements.
10. City Pubs' economic interest in the special purpose vehicles which control the Mosaic Pubs is between approximately 51 per cent. and approximately 53 per cent., depending

upon whether certain per-share return hurdles are achieved on a sale, asset sale or winding-up (as relevant) of the relevant special purpose vehicle(s).

11. Any reference to the estimated combined EBITDA of £0.6m for City Pubs' two recent acquisitions is comprised of (as per the announcement on 2 October 2023 by City Pubs):
- (A) 2022 estimated EBITDA of The Plough of £350,000; and
  - (B) the freehold site currently operating as Simmons Bateman Street generating approximately £260,000 per annum of rent.

### APPENDIX 3

#### DETAILS OF IRREVOCABLE UNDERTAKINGS AND LETTER OF INTENT

##### 1. Irrevocable undertakings from City Pubs Directors

The following City Pubs Directors have given irrevocable undertakings to, amongst other things, exercise or procure the exercise of (as applicable) all voting rights to vote in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the General Meeting (or to accept, or procure the acceptance of the Offer (if the Transaction is implemented as an Offer)) in relation to the following City Pubs Shares currently held by them, as well as any further City Pubs Shares which they may become the registered or beneficial owner of or otherwise interested in:

Name of City Pubs Director	Number of City Pubs Shares	Percentage of City Pubs issued ordinary share capital as at the Last Practicable Date
Rupert Clark	713,565	0.7
Holly Elliott	62,548	0.1
Emma Fox	30,159	0.0
Neil Griffiths	89,156	0.1
Richard Prickett	164,130	0.2
Clive Watson	4,200,793	4.0

The obligations of the City Pubs Directors under the irrevocable undertakings they have given shall lapse and cease to have effect on any of the following occurrences:

- the Scheme has not become effective by 11.59 p.m. (London time) on the Long-Stop Date (or such later time and/or date as may be agreed between Young's and City Pubs, with the approval of the Court and/or the Panel if required) (other than in circumstances where Young's has, prior to such date, elected to exercise its right to proceed with the Transaction by way of an Offer and announced the same in accordance with the requirements of the Code, and such Offer has not lapsed or been withdrawn);
- if the Scheme Document has not been posted within 28 days of the issue of the Announcement or within such longer period as Young's, with the consent of the Panel, determines (other than in circumstances where, if Young's has, prior to the Long-Stop Date, elected to exercise its right to proceed with the Transaction by way of an Offer this period shall be extended to refer to within 28 days of the issue of the press announcement announcing the change in structure or any such date as the Panel may require);



- the Scheme lapses or is withdrawn in accordance with its terms (other than in circumstances where Young's has, in accordance with and subject to the terms of the Cooperation Agreement, announced a firm intention to proceed with the implementation of the Transaction by way of an Offer);
- Young's announces that it does not intend to proceed with the Transaction and no new, revised or replacement Scheme or Offer is announced by Young's in accordance with Rule 2.7 of the Code; or
- any rival offer for the shares of City Pubs by a third party becomes wholly unconditional (if made by way of takeover offer) or effective (if made by way of a scheme of arrangement) (as applicable).

## 2. Irrevocable undertakings from other City Pubs Shareholders

In addition to the City Pubs Directors, the following City Pubs Shareholders have each given an irrevocable undertaking to, amongst other things, exercise or procure the exercise of (as applicable) all voting rights to vote in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the General Meeting (or to accept, or procure the acceptance of the Offer (if the Transaction is implemented as an Offer)), in relation to the following City Pubs Shares currently held by them, as well as any further City Pubs Shares which they may become the registered or beneficial owner of or otherwise interested in:

Name of City Pubs Shareholder	Number of City Pubs Shares	Percentage of City Pubs issued ordinary share capital as at the Last Practicable Date
Gresham House Asset Management Ltd	5,769,768	5.5
Otus Capital Management Limited	11,580,837	11.1
Unicorn Asset Management Limited	3,575,370	3.4

The obligations of Otus Capital Management Limited and Unicorn Asset Management Limited under the irrevocable undertakings they have given shall lapse and cease to have effect on any the following occurrences:

- the Scheme has not become effective by 11.59 p.m. (London time) on the Long-Stop Date (or such later time and/or date as may be agreed between Young's and City Pubs, with the approval of the Court and/or the Panel if required) (other than in circumstances where Young's has, prior to such date, elected to exercise its right to proceed with the Transaction by way of an Offer and announced the same in accordance with the requirements of the Code, and such Offer has not lapsed or been withdrawn);

- if any third party (in accordance with Rule 2.7 of the Code) announces a competing offer (either by way of an offer or scheme of arrangement) which is not less than 10 per cent. greater than 145 pence per Share and Young's has not, within 10 days of this announcement, announced an increase to the consideration to be paid for the shares pursuant to the Transaction which is at least equivalent to the amount per Share offered by the third party;
- the Scheme lapses or is withdrawn in accordance with its terms (other than in circumstances where Young's has, in accordance with and subject to the terms of the Cooperation Agreement, announced a firm intention to proceed with the implementation of the Transaction by way of an Offer);
- Young's announces that it does not intend to proceed with the Transaction and no new, revised or replacement Scheme or Offer is announced by Young's in accordance with Rule 2.7 of the Code; or
- any rival offer for the shares of City Pubs by a third party becomes wholly unconditional (if made by way of takeover offer) or effective (if made by way of a scheme of arrangement) (as applicable).

The obligations of Gresham House Asset Management Ltd under the irrevocable undertakings it has given shall lapse and cease to have effect on any the following occurrences:

- the Scheme Document (or Offer Document as the case may be) is not published within 28 days of the date of this announcement;
- the Scheme lapses or is withdrawn in accordance with its terms (other than in circumstances where Young's has, in accordance with and subject to the terms of the Cooperation Agreement, announced a firm intention to proceed with the implementation of the Transaction by way of an Offer);
- if any third party (other than a company or other vehicle controlled by Young's) announces a competing offer (either by way of an offer or scheme of arrangement) which is not less than 5 per cent. greater than 145 pence per City Pubs Share.

### 3. Letter of intent

In addition to the irrevocable undertakings from the City Pubs Directors and the irrevocable undertakings from other City Pubs shareholders, Canaccord Genuity Asset Management LTD has given to Young's a non-binding letter of intent to vote in favour of the resolutions relating to the Transaction at the Meetings, or, if relevant, accept or procure the acceptance of an offer (if the Transaction is implemented by way of a takeover offer) in relation to the following City Pubs Shares currently held by it:

Name of City Pubs Shareholder	Number of City Pubs Shares	Percentage of City Pubs issued ordinary share capital as at the Last Practicable Date

Canaccord Genuity Asset Management LTD	8,421,315	8.1
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## APPENDIX 4

### DEFINITIONS

<b>“AIM”</b>	the market of that name operated by the London Stock Exchange
<b>“AIM Rules”</b>	the rules and guidance notes for companies listed on AIM issued by the London Stock Exchange from time to time
<b>“Associated Undertaking”</b>	has the meaning given by paragraph 19 of Schedule 6 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, other than paragraph 19(1)(b) of Schedule 6 to those regulations which shall be excluded for this purpose
<b>“Authorisation(s)”</b>	regulatory authorisations, orders, recognitions, grants, consents, clearances, confirmations, certificates, licences, permissions and/or approvals
<b>“Blocking Law”</b>	(i) any provision of Council Regulation (EC) No 2271/1996 of 22 November 1996 (or any law or regulation implementing such Regulation in any member state of the European Union or the United Kingdom); or (ii) any similar blocking or anti-boycott law
<b>“Business Day”</b>	any day, other than a public holiday, Saturday or a Sunday, when banks are generally open for business in London for general banking business, other than solely for trading and settlement in Euro
<b>“Cash Consideration”</b>	108.75 pence in cash per City Pubs Share
<b>“City Pubs”</b>	The City Pub Group plc, incorporated in England and Wales with registered number 07814568
<b>“City Pubs Articles”</b>	the articles of association of City Pubs from time to time
<b>“City Pubs Board” or “City Pubs Directors”</b>	the board of directors of City Pubs at the time of this announcement or, where the context so requires, the directors of City Pubs from time to time
<b>“City Pubs Group”</b>	City Pubs and its Subsidiaries and Subsidiary Undertakings
<b>“City Pubs Interim Results”</b>	City Pubs’ unaudited financial statements for the 26-week period ended 25 June 2023
<b>“City Pubs Shareholder(s)”</b>	the registered holders of City Pubs Shares from time to time
<b>“City Pubs Shares”</b>	the ordinary shares of 1 penny each in the capital of City Pubs
<b>“City Pubs Share Buy-Back Programme”</b>	the City Pubs share buy-back programme commenced on 5 October 2022 and extended on 22 September 2023;
<b>“City Pubs Share Plans”</b>	The City Pub Group plc Company Share Option Plan, The City Pub (West) Plc Company Share Option Plan, The City Pub Group plc Long-Term Incentive Plan and The City Pub Group plc Joint Share Ownership Plan

<b>“Closing Price”</b>	the closing middle market price of a City Pubs Share or Young’s Share (where applicable) on a particular trading day as derived from the AIM Appendix to the Daily Official List of the London Stock Exchange
<b>“CMA”</b>	the UK Competition and Markets Authority
<b>“Code”</b>	the City Code on Takeovers and Mergers
<b>“Combined Group”</b>	the enlarged group comprising the Young’s Group and the City Pubs Group following the Transaction becoming Effective
<b>“Conditions”</b>	each of the conditions listed in Part A of Appendix 1 and any reference to a numbered Condition shall be a reference to the Condition set out in the paragraph of Part A of Appendix 1 bearing such number
<b>“Consideration”</b>	the consideration payable by Young’s to City Pubs Shareholders pursuant to the Transaction comprising, for each City Pubs Share, the Cash Consideration and 0.032658 New Young’s A Shares
<b>“Cooperation Agreement”</b>	the cooperation agreement dated on or around the date of this announcement between Young’s and City Pubs
<b>“Court”</b>	the High Court of Justice in England and Wales
<b>“Court Meeting”</b>	the meeting(s) of the Scheme Shareholders to be convened by order of the Court pursuant to Part 26 of the Companies Act 2006, notice of which will be set out in the Scheme Document, for the purpose of considering and, if thought fit, approving the Scheme (with or without amendment) and any adjournment, postponement or reconvention thereof
<b>“Court Sanction Hearing”</b>	the hearing of the Court to sanction the Scheme under section 899 of the Companies Act 2006 and any adjournment, postponement or reconvention thereof
<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 the Regulations)
<b>“CSOP”</b>	The City Pub Group plc Company Share Option Plan and The City Pub Company (West) Plc Company Share Option Plan
<b>“Dealing Disclosure”</b>	an announcement pursuant to Rule 8 of the Code containing details of dealings in interests in relevant securities of a part to an offer
<b>“Deferred Share(s)”</b>	the deferred shares of 1 penny each in the capital of City Pubs
<b>“Disclosed”</b>	<p>(i) disclosed by, or on behalf of, City Pubs in City Pubs’ annual report and financial statements for the 52-weeks ended 25 December 2022;</p> <p>(ii) disclosed in the half-year results of City Pubs for the 26-week period ended 25 June 2023;</p> <p>(iii) fairly disclosed prior to the date of this announcement by, or on behalf of, City Pubs to Young’s (or its respective officers, employees, agents or advisers in their capacity as such), including (without limitation) via the virtual data room operated on behalf of City Pubs in respect of the Transaction or via email;</p>

	(iv) as otherwise publicly announced by City Pubs prior to the date of this announcement (by delivery of an announcement to a Regulatory Information Service); or
	(v) disclosed in this announcement
<b>“Effective”</b>	either: <ul style="list-style-type: none"> <li>(i) if the Transaction is implemented by way of the Scheme, the Scheme having become effective pursuant to and in accordance with its terms; or</li> <li>(ii) if the Transaction is implemented by way of an Offer (with the consent of the Panel, and subject to the terms of the Cooperation Agreement), the Offer having been declared or having become unconditional in accordance with the requirements of the Code</li> </ul>
<b>“Effective Date”</b>	the date upon which the Transaction becomes Effective in accordance with its terms
<b>“Excluded Shares”</b>	any City Pubs Shares registered in the name of, or beneficially owned by: (a) Young’s or any member of the Young’s Group; or (b) any nominee of any of the foregoing; or (c) held by City Pubs in treasury as at the Scheme Record Time; or (d) options granted pursuant to the Company Share Option Plan in 2022
<b>“FCA”</b>	the Financial Conduct Authority
<b>“Forms of Proxy”</b>	the forms of proxy for use in connection with each of the Court Meeting and the General Meeting, which shall accompany the Scheme Document
<b>“General Meeting”</b>	the general meeting of City Pubs Shareholders to be convened in connection with the Scheme, notice of which will be set out in the Scheme Document, for the purposes of considering and, if thought fit, approving, the Resolutions (with or without amendment) including any adjournment, postponement or reconvention thereof
<b>“Houlihan Lokey”</b>	Houlihan Lokey UK Limited
<b>“J.P. Morgan Cazenove”</b>	J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove
<b>“Last Practicable Date”</b>	15 November 2023
<b>“Liberum”</b>	Liberum Capital Limited
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Long-Stop Date”</b>	16 May 2024, or such later date as may be agreed by Young’s and City Pubs (with the consent of the Panel and as the Court may approve (if such approval(s) are required))
<b>“Meetings”</b>	the Court Meeting and the General Meeting

<b>“Mosaic Pubs”</b>	the nine pubs which operate under the Mosaic name in which City Pubs has a controlling and approximate economic interest of 53 per cent.
<b>“New Young’s A Shares”</b>	the new Young’s A Shares proposed to be issued pursuant to the Transaction
<b>“Offer”</b>	if, subject to the consent of the Panel and the terms of the Cooperation Agreement, the Transaction is implemented by way of a takeover offer as defined in Chapter 3 of Part 28 of the Companies Act 2006, the offer to be made by or on behalf of Young’s to acquire the entire issued and to be issued ordinary share capital of City Pubs and, where the context admits, any subsequent revision, variation, extension or renewal of such offer
<b>“Offer Document”</b>	should the Transaction be implemented by means of an Offer, the offer document to be published and sent to City Pubs Shareholders by or on behalf of Young’s in connection with any Offer, including any revised offer document, which will contain amongst other things the full terms and conditions of the Offer
<b>“Offer Period”</b>	the offer period (as defined by the Code) relating to City Pubs, commencing on the date of this announcement
<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 Transaction
<b>“Overseas Shareholder(s)”</b>	Scheme Shareholders who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the United Kingdom
<b>“Panel”</b>	the Panel on Takeovers and Mergers
<b>“Panmure Gordon”</b>	Panmure Gordon (UK) Limited
<b>“Regulatory Information Service”</b>	an information service authorised from time to time by the FCA for the purpose of disseminating regulatory announcements
<b>“Resolutions”</b>	such shareholder resolutions of City Pubs as are necessary to approve, implement and effect the Scheme and the Transaction, including (without limitation) a special resolution to amend the articles of association of City Pubs by the adoption and inclusion of a new article under which any City Pubs Shares issued or transferred after the General Meeting shall either be subject to the Scheme or (after the Effective Date) be immediately transferred to Young’s (or as it may direct) in exchange for the same Consideration as due under the Scheme
<b>“Restricted Jurisdiction”</b>	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Transaction is sent or made available to City Pubs Shareholders in that jurisdiction
<b>“Scheme”</b>	the proposed scheme of arrangement under Part 26 of the Companies Act 2006 between City Pubs and City Pubs Shareholders to implement the Transaction
<b>“Scheme Court Hearing”</b>	the hearing of the Court at which City Pubs will seek an order to sanction the Scheme under section 899 of the Companies Act 2006, and any adjournment, postponement or reconvention thereof

<b>“Scheme Court Order”</b>	the order of the Court sanctioning the Scheme under section 899 of the Companies Act 2006
<b>“Scheme Document”</b>	the document to be dispatched to City Pubs Shareholders and persons with information rights setting out, amongst other things, the details of the Transaction, the full terms and conditions of the Scheme and containing the notices convening the Court Meeting and the General Meeting
<b>“Scheme Record Time”</b>	the time and date specified as such in the Scheme Document, expected to be 6.00 p.m. on the Business Day immediately after the date of the Scheme Court Hearing, or such later time as Young’s and City Pubs may agree
<b>“Scheme Shareholder(s)”</b>	holders of Scheme Shares
<b>“Scheme Shares”</b>	all City Pubs Shares: <ol style="list-style-type: none"> <li>1. in issue at the date of the Scheme Document;</li> <li>2. (if any) issued after the date of the Scheme Document and prior to the Voting Record Time; and</li> <li>3. (if any) issued at or after the Voting Record Time and prior to the Scheme Record Time in respect of which the original or any subsequent holder thereof is bound by the Scheme, or shall by such time have agreed in writing to be bound by the Scheme,</li> </ol> <p>but excluding any Excluded Shares</p>
<b>“Significant Interest”</b>	a direct or indirect interest in 20 per cent. or more of the total voting rights conferred by the equity share capital (as defined in section 548 of the Companies Act 2006)
<b>“Stifel”</b>	Stifel Nicolaus Europe Limited
<b>“Subsidiary” and “Subsidiary Undertaking”</b>	each have the meaning given in the Companies Act 2006
<b>“Transaction”</b>	the proposed acquisition by Young’s of the entire issued and to be issued ordinary share capital of City Pubs, to be effected by means of the Scheme or, should Young’s so elect and subject to the consent of the Panel and the terms of the Cooperation Agreement, by means of an Offer and, where the context admits, any subsequent revision, variation, extension or renewal thereof
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“US” or “United States”</b>	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
<b>“Voting Record Time”</b>	the date and time specified in the Scheme Document by reference to which entitlement to vote at the Court Meeting will be determined, expected to be 6.30 p.m. on the day two days prior to the Court Meeting or any adjournment thereof (as the case may be)
<b>“Wider City Pubs Group”</b>	City Pubs and its Subsidiary Undertakings, Associated Undertakings and any other undertaking in which City Pubs and/or such undertakings (aggregating their interests) have a Significant Interest



<b>“Wider Young’s Group”</b>	Young’s and its Subsidiary Undertakings, Associated Undertakings and any other undertaking in which Young’s and/or such undertakings (aggregating their interests) have a Significant Interest
<b>“Young’s”</b>	Young & Co.’s Brewery, P.L.C., incorporated in England and Wales with registered number 00032762
<b>“Young’s A Shares”</b>	the A ordinary shares of 12.5 pence each in the capital of Young’s
<b>“Young’s Directors”</b>	the directors of Young’s from time to time
<b>“Young’s Group”</b>	Young’s and its Subsidiaries and Subsidiary Undertakings
<b>“Young’s Non-Voting Shares”</b>	the non-voting ordinary shares of 12.5 pence each in the capital of Young’s
<b>“Young’s Shareholders”</b>	holders of Young’s Shares
<b>“Young’s Shares”</b>	the Young’s A Shares and the Young’s Non-Voting Shares

All references to statutory provision or law or to any order or regulation shall be construed as a reference to that provision, law, order or regulation as extended, modified, replaced or re-enacted from time to time and all statutory instruments, regulations and orders from time to time made thereunder or deriving validity therefrom.

All references to time in this announcement are to London time unless otherwise stated.

All references to “GBP”, “pence”, “penny”, “sterling” or “£” are to the lawful currency of the United Kingdom.

References to the singular include the plural and vice versa.