

ACQUISITION BY STONEGATE PUB COMPANY OF EI GROUP

Undertakings given by Stonegate to the Competition and Markets Authority pursuant to section 73 of the Enterprise Act 2002

Whereas:

- (a) Stonegate Pub Company (Stonegate) proposes to purchase the entire issued share capital of Ei Group plc (Ei) by means of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act 2016 (as amended) (the **Transaction**), such that Stonegate and Ei will cease to be distinct for the purposes of the Enterprise Act 2002 (the **Act**);
- (b) Under section 22(1) of the Act the Competition and Markets Authority (**CMA**) has a duty to refer a relevant merger situation for a Phase 2 investigation where it believes that it is or may be the case that the creation of that merger situation has resulted or may be expected to result in a substantial lessening of competition within any market or markets in the UK for goods or services;
- (c) Under section 73 of the Act the CMA may, instead of making such a reference and for the purpose of remedying, mitigating or preventing the substantial lessening of competition concerned or any adverse effect which has or may have resulted from it or may be expected to result from it, accept undertakings to take such action as it considers appropriate, from such of the parties concerned as it considers appropriate. In particular, the CMA shall have regard to the need to achieve as comprehensive a solution as is reasonable and practicable to the substantial lessening of competition and any adverse effects resulting from it;
- (d) As set out in the CMA's decision of 6 December 2019 (the **Decision**), the CMA believes that, in the absence of appropriate undertakings, it would be under a duty to refer the Transaction for a Phase 2 investigation; and
- (e) The CMA considers that the undertakings given below by Stonegate are appropriate to remedy, mitigate or prevent the substantial lessening of competition, or any adverse effect which has or may have resulted from the Transaction, or may be expected to result from it, as specified in the Decision.

NOW THEREFORE Stonegate hereby gives to the CMA the following undertakings for the purpose of remedying, mitigating or preventing the substantial lessening of competition, or any adverse effect which has or may have resulted from it or may be expected to result from it.

1. EFFECTIVE DATE OF THE UNDERTAKINGS

- 1.1 These undertakings shall take effect from the date that, having been signed by Stonegate, they are accepted by the CMA.

2. DIVESTMENT OF THE DIVESTMENT BUSINESSES

- 2.1 Stonegate shall, using its best endeavours and acting in good faith, as soon as reasonably practicable, effect to the satisfaction of the CMA the divestment of the Divestment Businesses as a going concern by the end of the Divestment Period to a purchaser (or purchasers) approved by the CMA in accordance with the provisions of these undertakings. In undertaking the sale of the Divestment Businesses, Stonegate will sell the Divestment Businesses in no more than 3 packages, save as the CMA otherwise agrees.

- 2.2 Stonegate shall be deemed to have complied with its obligations at paragraph 2.1 above if, as soon as reasonably practicable and in any event by the end of the Divestment Period, it has entered into a legally binding agreement (or agreements) with a purchaser (or purchasers) approved in advance by the CMA in writing pursuant to these undertakings (or a legally binding agreement (or agreements) conditional on such approval), provided that the completion of the divestment of the Divestment Businesses contemplated by such agreement (or agreements), if later than the end of the Divestment Period, takes place:

- (a) within a period not exceeding [X] after the approval of the purchaser by the CMA (or within [X] of the effective date of these undertakings, as set out in paragraph 1.1 above, whichever is later); or
- (b) within a period not exceeding 10 Working Days after all the necessary approvals and consents from third parties have been obtained,

whichever is later, provided that in any event, the completion of the divestment of the Divestment Businesses takes place within [X] of the effective date of these undertakings (defined in paragraph 1.1 above).

- 2.3 Without prejudice to the generality of paragraph 2.1 above, Stonegate shall take the following measures to the extent they may be necessary in the opinion of the CMA to effect the sale of the Divestment Businesses in accordance with the provisions of these undertakings:

- (a) the transfer or vesting of property, assets, rights, personnel, liabilities or obligations (including without prejudice any contracts, licences, authorisations, permits or consents);

- (b) the adjustment of contracts, whether by discharge or reduction or assignment of any liability or obligation or otherwise;
 - (c) the creation, allotment, transfer, surrender or cancellation of any shares, stock or securities; and
 - (d) the formation or winding up of a company.
- 2.4 Where Stonegate divests a Divestment Business over which it holds, or Ei held, a freehold interest by way of the grant of a long lease on normal commercial terms of not less than 25 years duration to the purchaser, it shall in addition sell the freehold interest in the Divestment Businesses to a person independent of and unconnected to Stonegate and the Group of Interconnected Bodies Corporate to which Stonegate belongs and any Associated Person or Affiliate of Stonegate or such Group of Interconnected Bodies Corporate, within a period not exceeding [X] from the date of the commencement of the lease.
- 2.5 Stonegate shall ensure that the sale and purchase agreement(s) entered into for the purposes of paragraphs 2.1 and 2.3 above includes a warranty that the purchaser has the financial resources, expertise (including the managerial, operational and technical capability), incentive and intention to maintain and operate the Divestment Businesses as part of a viable and active business in competition with Stonegate and other competitors in the operation of pubs.
- 2.6 In the event that Stonegate fails to divest the Divestment Businesses in accordance with paragraphs 2.1, 2.2, 2.3 and 2.5 above, the CMA may, whether or not initiating the Trustee Functions as set out in paragraph 4 below, require Stonegate to divest the Divestment Businesses as a going concern at no minimum price to a purchaser approved by the CMA.
- 2.7 Stonegate shall notify the CMA in writing of the identity of each proposed purchaser that makes an offer for the Divestment Businesses together with the value and terms of such offers as soon as reasonably practicable following the receipt of such offers and in any event within 5 Working Days of receipt of such offers.

3. APPROVAL OF PURCHASER AND TERMS OF DIVESTMENT

- 3.1 For the purposes of the CMA approving a Proposed Purchaser of (one or more of) the Divestment Businesses in accordance with these undertakings, Stonegate shall, save as required or permitted by the CMA, satisfy the CMA that:
- (a) the acquisition by the Proposed Purchaser of the Divestment Business(es), on the terms set out above, remedies, mitigates or prevents the substantial lessening of competition concerned or any adverse effect which has or may have resulted from it, or may be expected to result from it, in particular having regard to the need to

achieve as comprehensive a solution as is reasonable and practicable to the substantial lessening of competition and any adverse effects resulting from it;

- (b) the Proposed Purchaser is independent of and unconnected to Stonegate and the Group of Interconnected Bodies Corporate to which Stonegate belongs and any Associated Person or Affiliate of Stonegate or such Group of Interconnected Bodies Corporate;
- (c) the Proposed Purchaser has the financial resources, expertise (including the managerial, operational and technical capability), incentive and intention to maintain and operate the Divestment Business(es) as a viable and active business in competition with Stonegate and other competitors in the operation of pubs from the date of completion of the divestment of the Divestment Business(es);
- (d) the Proposed Purchaser is reasonably to be expected to obtain all necessary approvals, licences and consents from any regulatory or other authority, including (where applicable) landlord's consent to the transfer of any leasehold interest; and
- (e) the acquisition by the Proposed Purchaser of the Divestment Business(es) does not create a realistic prospect of a substantial lessening of competition within any market or markets in the UK.

3.2 The CMA may require Stonegate to provide it with such information and documentation as it may reasonably require to satisfy the CMA that the Proposed Purchaser(s) will fulfil the requirements in paragraph 3.1 above.

4. APPOINTMENT OF A TRUSTEE

4.1 The provisions of paragraph 4.2 to paragraph 4.7 below shall apply only as long as Stonegate has not satisfied, or where the CMA has reasonable grounds for believing that Stonegate will not satisfy, all or any part of the obligation to divest the Divestment Businesses in accordance with paragraph 2 above.

4.2 Within 5 Working Days of the CMA notifying Stonegate in writing that it must do so, Stonegate shall propose to the CMA for approval:

- (a) the names of at least two individuals to exercise the Trustee Functions; and
- (b) the full terms of a mandate in accordance with which the Trustee shall carry out the Trustee Functions.

4.3 Stonegate and/or any individuals nominated pursuant to paragraph 4.2 shall satisfy the CMA that, save as required or permitted by the CMA:

- (a) such nominated individuals have the necessary qualifications to carry out their mandates, and are employees or partners of an investment

bank, retail bank, commercial property agent, building society or law firm or accountancy firm with an established reputation either nationwide or in a substantial part of the UK or in an EU member state;

- (b) such nominated individuals are each independent of Stonegate and of the Group of Interconnected Bodies Corporate to which Stonegate belongs and of any Associated Person or Affiliate of Stonegate or of such Group of Interconnected Bodies Corporate and of any Proposed Purchaser(s) of the Divestment Businesses to be sold pursuant to these undertakings, and, in the reasonable opinion of Stonegate, are appropriate to be appointed as Trustee; and
- (c) such nominated individuals neither are, nor are likely to become, exposed, either directly or indirectly, to a conflict of interest that impairs or may be likely to impair their objectivity or independence in discharging the Trustee Functions.

4.4 Within 2 Working Days of the CMA approving, at its discretion, one or more of the persons nominated by Stonegate and their proposed mandates pursuant to paragraph 4.2 above, and subject to any modifications the CMA deems necessary for the Trustee to carry out the Trustee Functions, Stonegate shall use its best endeavours to appoint from the persons so approved one person to carry out the Trustee Functions in accordance with the mandate approved by the CMA pursuant to paragraph 4.2 above.

4.5 In the event that:

- (a) Stonegate fails to propose any person or persons in accordance with paragraph 4.2 above; or
- (b) none of the persons proposed by Stonegate pursuant to paragraph 4.2 is approved by the CMA; or
- (c) Stonegate is unable for any reason to appoint within the time limit stipulated in paragraph 4.4 above any such person following approval by the CMA,

Stonegate shall use its best endeavours to appoint from persons nominated by the CMA one person to carry out the Trustee Functions on the terms of a mandate approved by the CMA. Stonegate shall use its best endeavours to make such appointment within 5 Working Days of receiving the nominations from the CMA.

4.6 The appointment of the Trustee pursuant to paragraph 4.4 or paragraph 4.5 above shall be irrevocable unless:

- (a) a conflict of interest that impairs or may be likely to impair the objectivity or independence of the Trustee in discharging the Trustee Functions arises;

- (b) the Trustee ceases to perform the Trustee Functions; or
- (c) the CMA is otherwise satisfied that there is good cause for the appointment to be terminated in advance of the satisfactory fulfilment of the Trustee Functions.

4.7 In the event that the appointment of the Trustee is terminated in accordance with paragraph 4.6 above, Stonegate shall, if requested to do so in writing by the CMA, use its best endeavours to appoint from persons nominated by the CMA one person to carry out the Trustee Functions in accordance with such mandate as is approved by the CMA. Stonegate shall use its best endeavours to make such appointment within seven Working Days of receiving the nominations from the CMA. Where required by the CMA, the outgoing Trustee shall continue as Trustee until a new Trustee is in place and a full handover of all relevant information has taken place.

5. THE MANDATE

5.1 The terms of the mandate proposed by Stonegate pursuant to paragraph 4.2 above shall, as a minimum, contain all provisions necessary to enable the Trustee to carry out the Trustee Functions including, without limitation to the generality of this paragraph:

- (a) an exclusive, irrevocable mandate to sell the Divestment Businesses as required by paragraph 6.1 below to a purchaser (or purchasers) as directed or approved in writing in advance by the CMA at no minimum price and on such reasonable terms and conditions as the Trustee considers appropriate to effect an expedient sale;
- (b) a mandate to take any other steps necessary for, or incidental to, the Trustee's mandate under sub-paragraph (a) above;
- (c) a comprehensive power of attorney to the Trustee (including the authority to grant sub-powers of attorney to the Trustee's officers, employees and agents) to enable it to take all steps necessary or appropriate to effect the sale of the Divestment Businesses;
- (d) a mandate to comply with any orders and/or directions given by the CMA; and
- (e) a mandate to appoint at Stonegate's expense such advisers as the CMA and/or the Trustee reasonably considers necessary or appropriate in connection with the performance of the Trustee Functions.

6. FUNCTIONS OF TRUSTEE

6.1 The Trustee shall seek to procure, within such period as may be specified in writing by the CMA, the completion of the sale of the Divestment Businesses at no minimum price, to a purchaser or purchasers approved by the CMA in accordance with paragraph 6.3 below.

- 6.2 Without prejudice to the generality of paragraph 6.1 above, the Trustee shall take the following measures in relation to the Divestment Businesses to the extent to which such measures may be necessary to effect the divestment of the Divestment Businesses in accordance with the provisions of these undertakings:
- (a) the transfer or vesting of property, assets, rights, personnel, liabilities or obligations (including without prejudice any contracts, licences, authorisations, permits or consents);
 - (b) the adjustment of contracts, whether by discharge or reduction or assignment of any liability or obligation or otherwise;
 - (c) the creation, allotment, transfer, surrender or cancellation of any shares, stock or securities; and
 - (d) the formation or winding up of a company.
- 6.3 The Trustee shall not sell or permit the divestment of the Divestment Businesses to a Proposed Purchaser unless it has been directed to do so by the CMA or has obtained the CMA's prior written approval in respect of the identity of that Proposed Purchaser. The Trustee shall notify the CMA of the identity of a Proposed Purchaser as soon as reasonably practicable prior to the signing of a legally enforceable agreement and in any event at least 20 Working Days in advance of the proposed completion of the proposed sale and purchase agreement in question.
- 6.4 Pending the divestment of the Divestment Businesses pursuant to paragraph 6.1 above, the Trustee shall monitor Stonegate's compliance with its obligations under paragraph 7.1 and paragraph 7.2 below and shall promptly take such measures as it considers necessary to ensure such compliance, as well as reporting in writing to the CMA, if the Trustee concludes on reasonable grounds that Stonegate is failing or will fail to comply with such obligations.
- 6.5 The Trustee may give written directions to Stonegate to take such steps as may be specified or described in the directions for the purpose of securing Stonegate's compliance with its obligations under these undertakings or enabling the Trustee to carry out the Trustee Functions. The Trustee may not require Stonegate to:
- (a) offer any reverse premium or similar inducement to a purchaser; or
 - (b) accept any actual or contingent liability towards a purchaser or otherwise in connection with the divestment of the Divestment Businesses which would be unusual in scope, duration or financially, having regard to the price and usual market practice in relation to similar disposals.

6.6 The Trustee shall, as soon as reasonably practicable, comply at all times with any reasonable instructions or written directions made by the CMA for the purposes of carrying out or securing compliance with the undertakings (or any matter incidental thereto) and shall provide to the CMA such information and reports in relation to the carrying out of the Trustee Functions as the CMA may require. The Trustee shall promptly report in writing to the CMA if the Trustee concludes on reasonable grounds that Stonegate is failing or will fail to comply with any of its obligations under these undertakings.

6.7 For the purpose of fulfilling the Trustee Functions, the Trustee shall not be bound by instructions of Stonegate nor shall the Trustee Functions be extended or varied in any way by Stonegate save with the prior express written consent of the CMA.

7. OBLIGATIONS OF STONEGATE FOLLOWING APPOINTMENT OF TRUSTEE

7.1 Stonegate shall not give any instruction or request to the Trustee which conflicts with the Trustee Functions.

7.2 Stonegate shall take all such steps as are reasonably necessary to enable the Trustee to carry out the Trustee Functions, including but not limited to:

- (a) complying with such written directions as the Trustee may from time to time give pursuant to paragraph 6.6 above; and
- (b) providing the Trustee with all such assistance and information as it may reasonably require in carrying out the Trustee Functions.

8. REMUNERATION OF TRUSTEE

8.1 Stonegate shall pay the Trustee a reasonable remuneration for the services it provides in carrying out the Trustee Functions, and shall pay the Trustee in a way that does not impede the independent and effective fulfilment of the Trustee Functions, which shall be set out in the Trustee's mandate referred to in paragraph 5 above.

9. INTERIM ACTION

9.1 Pending the completion of the divestment of the Divestment Businesses to the satisfaction of the CMA in accordance with the provisions of these undertakings, to the extent that it is within the ability of Stonegate to control the relevant aspects of the Divestment Businesses and save as otherwise agreed in advance in writing by the CMA, Stonegate shall minimise as far as possible any risk of loss of competitive potential of the Divestment Businesses and in particular ensure that:

- (a) the Divestment Businesses are carried on separately from the Stonegate Business and the Divestment Businesses' separate sales or brand identity is maintained;

- (b) the Divestment Businesses and the Stonegate Business are maintained as a going concern and sufficient resources are made available for the development of the Divestment Businesses and the Stonegate Business, on the basis of their respective pre-Transaction business plans;
- (c) except in the ordinary course of business, no substantive changes are made to the organisational structure of, or the management responsibilities within, the Divestment Businesses or the Stonegate Business;
- (d) the nature, description, range and quality of goods and/or services supplied in the UK by each of the Divestment Businesses and the Stonegate Business are maintained and preserved, to the extent that it is within the ability of Stonegate to do so;
- (e) except in the ordinary course of business for the separate operation of the Divestment Businesses and the Stonegate Business:
 - (i) all of the assets of the Divestment Businesses and the Stonegate Business are maintained and preserved, including facilities and goodwill;
 - (ii) none of the assets of the Divestment Businesses or the Stonegate Business are disposed of; and
 - (iii) no interest in the assets of the Divestment Businesses or the Stonegate Business is created or disposed of;
- (f) there is no integration of the information technology of the Divestment Businesses or Stonegate Business, and the software and hardware platforms of the Divestment Businesses shall remain essentially unchanged, except for routine changes and maintenance;
- (g) the supplier lists of the Stonegate Business and the Divestment Businesses shall be operated and updated separately and any negotiations with any existing or potential suppliers in relation to the Divestment Businesses will be carried out by the Divestment Businesses alone and for the avoidance of doubt the Stonegate Business will not negotiate on behalf of the Divestment Businesses (and vice versa) or enter into any joint agreements with the Divestment Businesses (and vice versa);
- (h) all existing contracts of the Divestment Businesses and the Stonegate Business continue to be serviced by the business to which they were awarded; and
- (i) no Confidential Information relating to either of the Divestment Businesses or the Stonegate Business shall pass, directly or indirectly, from the Divestment Businesses (or any of its employees, directors,

agents or affiliates) to the Stonegate Business (or any of its employees, directors, agents or affiliates), or vice versa, except where strictly necessary in the ordinary course of business (for example, where required for compliance with external regulatory and/or accounting obligations) , or where required to ensure the continued operation of the Divestment Businesses or any steps necessary in order for Stonegate to comply with these undertakings, including the transfer of information necessary for the divestment process, provided that, upon divestment of the Divestment Businesses, any records or copies (electronic or otherwise) of Confidential Information held by Stonegate in relation to the Divestment Businesses (or vice versa) shall be returned to the relevant business and any copies destroyed (except as may be necessary for the purposes of compliance with the obligations above).

9.2 At all times, Stonegate will actively keep the CMA informed of any material developments relating to the Divestment Businesses of which Stonegate is or becomes aware, which includes, but is not limited to:

- (a) any interruption of the Stonegate Business or the Divestment Businesses (including without limitation its procurement, production, logistics, sales and employee relations arrangements) that has prevented it from operating in the ordinary course of business for more than 24 hours;
- (b) all substantial customer volumes lost by the Divestment Businesses; and
- (c) substantial changes in the Stonegate Business's or the Divestment Businesses' contractual arrangements or relationships with key suppliers.

10. CONTINUED SEPARATION

10.1 Except with the prior written consent of the CMA, for a period of 10 years following the divestment of the Divestment Businesses pursuant to these undertakings, Stonegate, or any member of the Group of Interconnected bodies Corporate to which Stonegate belongs:

- (a) shall not, directly or indirectly, hold, acquire, re-acquire or use:
 - (i) an Interest in the Divestment Businesses other than (a) any freehold interest in the property associated with the Divestment Business pending divestment of that freehold proprietary interest pursuant to paragraph 2.4 above; or
 - (ii) any Interest in any company carrying on or having Control of the Divestment Businesses (other than any investments made in the ordinary course of the operation of any of the employee benefit and pension schemes of Stonegate or of any members

of the Group of Interconnected Bodies Corporate to which Stonegate belongs of not more than three per cent in aggregate of the issued equity share capital in any such company, whose shares are listed or dealt with on any recognised investment exchange, which carries no more than three per cent of the voting rights exercisable at meetings of such company); or

- (iii) other than in the normal course of business, any of the assets of the Divestment Businesses;
- (b) shall procure that no employee or director of Stonegate or any member of the Group of Interconnected Bodies Corporate to which Stonegate belongs for as long as they are an employee or director of Stonegate or any member of the Group of Interconnected Bodies Corporate to which Stonegate belongs holds or is nominated to any directorship or managerial position in the Divestment Businesses or directorship or managerial position in any company or other undertaking carrying on or having control of the Divestment Businesses without the CMA's prior written consent;
- (c) shall not participate in the formulation of, or (other than in the ordinary course of business) influence or attempt to influence, the policy of the Divestment Businesses or any company or other undertaking carrying on or having control of that Divestment Businesses; and
- (d) shall not enter into or carry out any agreement or arrangement with any person, if the carrying out of the agreement or arrangement is intended to result or will result in any Associated Person or Affiliate of Stonegate or of any member of the Group of Interconnected Bodies Corporate to which Stonegate belongs directly or indirectly acquiring the Divestment Business or doing any of the things listed in subparagraphs 10.1(a), 10.1(b) and 10.1(c) above.

11. NEW DIVESTMENT IF STONEGATE OBTAINS POSSESSION OF A DIVESTMENT BUSINESS PROPERTY

11.1 In the event that, following divestment of a Divestment Business in a manner that has involved Stonegate assigning an existing lease or granting a sub-lease to the purchaser of the Divestment Business, Stonegate benefits from or becomes subject to an Occupation Interest (so long as Stonegate so benefits or becomes so subject during the term of the lease assigned or sub-lease granted by Stonegate as part of such divestment), Stonegate shall:

- (a) within 10 Working Days of becoming aware that it is so benefitting or is so subject inform the CMA in writing of that fact; and
- (b) using its best endeavours and acting in good faith comply with such written directions as the CMA may give to Stonegate to effect a new divestment of the Occupation Interest to a new purchaser approved by the CMA in accordance with the provisions of these undertakings,

provided always that such written directions must be of a similar nature to those contained in these undertakings with regard to the original divestment of the Divestment Business.

- 11.2 In determining, for the purposes of sub-paragraph 11.1(b) above, whether to require Stonegate to effect a new divestment of the Occupation Interest to a new purchaser approved by the CMA in accordance with the provisions of these undertakings, the CMA may have regard to any change of circumstances since the Decision.
- 11.3 In the event that Stonegate fails to divest the Occupation Interest in accordance with paragraph 11.1 above, the CMA may, whether or not initiating the Trustee Functions set out in these undertakings, require Stonegate to divest the Occupation Interest at no minimum price to a purchaser approved by the CMA.
- 11.4 Stonegate shall notify the CMA in writing of the identity of each proposed purchaser that makes an offer for the Occupation Interest together with the value and terms of such offers as soon as reasonably practicable following the receipt of such offers and in any event within 10 Working Days of receipt of such offers.
- 11.5 In the event that the CMA gives written directions under paragraph 11.1 above for Stonegate to effect a new divestment of the Occupation Interest, paragraphs 3, 4, 5, 6, 7, 8 and 9 shall apply to the new divestment in the same way that they applied to the original divestment obligation save that references to 'Divestment Business' in those paragraphs shall be construed as references to 'Occupation Interest'.

12. COMPLIANCE

- 12.1 Stonegate shall comply promptly with such written directions as the CMA may from time to time give:
 - (a) to take such steps as may be specified or described in the directions for the purpose of carrying out or securing compliance with these undertakings; or
 - (b) to do or refrain from doing anything so specified or described which it might be required by these undertakings to do or to refrain from doing.
- 12.2 Stonegate shall co-operate fully with the CMA when the CMA is:
 - (a) monitoring compliance with the provisions of these undertakings; and
 - (b) investigating potential breaches of the provisions of these undertakings.
- 12.3 Stonegate shall procure that any member of the same Group of Interconnected Bodies Corporate as Stonegate complies with these undertakings as if it had given them and actions and omissions of the

members of the same Group of Interconnected Bodies Corporate as Stonegate shall be attributed to Stonegate for the purposes of these undertakings.

- 12.4 Where any Affiliate of Stonegate is not a member of the same Group of Interconnected Bodies Corporate as Stonegate, Stonegate shall use its best endeavours to procure that any such Affiliate shall comply with these undertakings as if it had given them.

13. PROVISION OF INFORMATION

- 13.1 Stonegate shall furnish promptly to the CMA such information as the CMA considers necessary in relation to or in connection with the implementation and/or enforcement of and/or the compliance with these undertakings, including for the avoidance of doubt, any Confidential Information.

14. EXTENSION OF TIME LIMITS

- 14.1 The CMA may, in response to a written request from Stonegate, or otherwise at its own discretion, grant an extension to any time period referred to in these undertakings.

15. SERVICE

- 15.1 Stonegate hereby authorises Kirkland & Ellis International LLP, 30 St Mary Axe, London, EC3A 8AF (c/o Paula Riedel), to accept service on its behalf of all documents connected with these undertakings (including any document of any kind which falls to be served on or sent to Stonegate, or any of its Subsidiaries in connection with any proceedings in Courts in the UK, orders, requests, notifications or other communications connected with these undertakings).
- 15.2 Unless Stonegate informs the CMA in writing that Kirkland & Ellis International LLP has ceased to have authority to accept and acknowledge service on its or any of its Subsidiaries' behalf, any document, order, request, notification or other communication shall be validly served on Stonegate if it is served on Kirkland & Ellis International LLP; and service shall be deemed to have been acknowledged by Stonegate if it is acknowledged by Kirkland & Ellis International LLP or such other nominee.
- 15.3 Paragraph 15.2 above has effect irrespective of whether, as between Stonegate and Kirkland & Ellis International LLP or other nominees, Kirkland & Ellis International LLP or other nominees has or continues to have any authority to accept and acknowledge service on Stonegate's or any of its respective Subsidiaries' behalf.
- 15.4 No failure or mistake by Kirkland & Ellis International LLP or other nominees (including a failure to notify Stonegate of the service of any document, order, request, notification or other communication) shall invalidate any action taken in respect of these undertakings including any proceedings or judgment.

- 15.5 Any communication from Stonegate to the CMA under these undertakings shall be addressed to Manager, Market and Mergers Remedies Monitoring, Competition and Markets Authority, 25 Cabot Square, London E14 4QZ or such other person or address as the CMA may direct in writing.

16. EFFECT OF INVALIDITY

- 16.1 Should any provision of these undertakings be contrary to law or invalid for any reason, Stonegate undertake to continue to observe the remaining provisions.

17. GOVERNING LAW

- 17.1 Stonegate recognises and acknowledges that these undertakings shall be governed and construed in all respects in accordance with English law.
- 17.2 In the event that a dispute arises concerning these undertakings, Stonegate undertakes to submit to the courts of England and Wales.

18. TERMINATION

- 18.1 Stonegate recognises and acknowledges that these undertakings shall be in force until such time as they are varied, released or superseded under the Act.
- 18.2 Stonegate recognises and acknowledges that the variation, release or supersession of these undertakings shall not affect the validity and enforceability of any rights or obligations that arose prior to such variation, release or supersession.

19. INTERPRETATION

- 19.1 The Interpretation Act 1978 shall apply to these undertakings as it does to Acts of Parliament.
- 19.2 References in these undertakings to any English law term for any legal status, interest, concept or thing shall in respect of any jurisdiction other than England and Wales be deemed to include what most nearly approximates in that jurisdiction to the English law term.
- 19.3 In these undertakings the word "including" shall mean including without limitation or prejudice to the generality of any description, definition, term or phrase preceding that word and the word "include" and its derivatives shall be construed accordingly.
- 19.4 For the purposes of these undertakings:

“the Act” means the Enterprise Act 2002;

“Affiliate” a person is an affiliate of another person if they or their respective enterprises would be regarded as being under common control for the purposes of section 26 of the Act;

“Associated Person” means a person or persons associated with Stonegate within the meaning of section 127(4) of the Act and includes any Subsidiary of such a person or persons;

“business” has the meaning given by section 129(1) and (3) of the Act;

“CMA” means the Competition and Markets Authority or any successor body;

“Confidential Information” means any business secrets, know-how, commercially sensitive information, intellectual property or any other information of a confidential or proprietary nature;

“Control” shall be construed in accordance with section 26 of the Act, and in the case of a body corporate, a person shall be deemed to Control it if he holds, or has an interest in, shares of that body corporate amounting to 10 per cent or more of its issued share capital or carrying an entitlement to vote at meetings of that body corporate of 10 per cent or more of the total number of votes which may be cast at such meetings;

“Decision” means the CMA’s decision under section 22 of the Act dated 6 December 2019 in connection with the Transaction;

“Divestment Business” means each of the pubs listed in Appendix A (together the “Divestment Businesses”);

“Divestment Business Properties” means the relevant property associated with the Divestment Business as at the date of these undertakings;

“Divestment Period” means the period of time determined by the CMA and notified in writing to Stonegate by the CMA;

“Ei” means Ei Group plc, a company incorporated under the laws of England and Wales with company number 02562808 and whose registered address is 3 Monkspath Hall Road Solihull West Midlands B90 4SJ;

“enterprise” has the meaning given in section 129(1) of the Act;

“Group of Interconnected Bodies Corporate” has the meaning given in section 129(2) of the Act; references to a Group of Interconnected Bodies Corporate shall be to the Group of Interconnected Bodies Corporate as constituted from time to time;

“Interest” includes shares, an interest in shares and any other interest carrying an entitlement to vote at shareholders’ meetings but does not include a contract to acquire shares in the future; and for this purpose “an interest in shares” includes an entitlement by a person other than the registered holder, to exercise any right conferred by the holding of these shares or an entitlement to Control the exercise of such right;

“Occupation Interest” means an interest in a Divestment Business Property by virtue of which Stonegate enjoys an unconditional right or is under an unconditional obligation to occupy the Divestment Business Property provided always that: (i) the original purchaser, ie the purchaser of the Divestment Business Property, (or its successor) is not in occupation of the Divestment Business Property; and/or (ii) before such interest in the Divestment Business Property arose, the most recent use to which the Divestment Business Property had been put was that of operating a pub;

“Proposed Purchaser” means any proposed purchaser for one or more of the Divestment Businesses;

“Stonegate” means Stonegate Pub Company Limited, a company registered in England with number FC029833 whose registered office is at Codan Trust Company (Cayman) Limited, PO Box 2681, Cricket Square, Grand Cayman, Cayman Islands, KY1 1111;

“Stonegate Business” means the business of Stonegate and its Group of Interconnected Bodies Corporate carried on as at the effective date of these undertakings (as set out in paragraph 1 above);

“Subsidiary” shall be construed in accordance with section 1159 of the Companies Act 2006 (as amended), unless otherwise stated;

“the Transaction” means the proposed acquisition by Stonegate of the entire issued share capital of Ei, by way of Court-sanctioned scheme of arrangement under Part 26 of the Companies Act 2006 (as amended);

“Trustee” means the person appointed pursuant to paragraph 4.4, paragraph 4.5 or paragraph 4.7 to carry out the Trustee Functions;

“Trustee Functions” means the functions set out in paragraph 6;

“UK” means the United Kingdom of Great Britain and Northern Ireland; and

“Working Day” means any day of the week other than a Saturday or a Sunday or any day that is a public holiday in England and Wales or Scotland;

unless the context requires otherwise, the singular shall include the plural and vice versa.

FOR AND ON BEHALF OF STONEGATE PUB COMPANY

Signature

Name

Title

Date

DATE ACCEPTED BY THE CMA: 14 February 2020

APPENDIX A

THE DIVESTMENT BUSINESS

The Divestment Businesses shall consist of the following pubs:

Pub	Postcode	Owner	Tenure
Old Ford Ash Vale	GU12 5QA	Ei	Freehold
Anchor Benfleet	SS7 1LS	Ei	Freehold
New Inn Erdington	B23 6UT	Ei	Freehold
Red Lion Erdington	B23 6UG	Ei	Freehold
Bay Horse Fulford	YO10 4PN	Ei	Freehold
Plough Fulford	YO10 4PX	Ei	Freehold
Rylston Fulham	SW6 7LW	Ei	Freehold
Barca Gosforth	NE3 1HD	Ei	Freehold
Blacksmith's Arms Gosforth	NE3 1HD	Ei	Freehold
Home Bar & Kitchen Ickenham	UB10 8LJ	Ei	Freehold
Hyde Arms Edmonton	N9 9BB	Ei	Freehold
Railway Tavern Edmonton	N9 0TZ	Ei	Leasehold
Fishermans Rest Bedwas	CF83 3RZ	Ei	Freehold
White Hart Tongham	GU10 1DH	Ei	Freehold
Clarence Fulham	W14 9PP	Ei	Freehold
Colton Arms West Kensington	W14 9SD	Ei	Leasehold
Cumberland Arms Hammersmith	W14 8SZ	Ei	Leasehold
Elm Fulham	W14 9NX	Ei	Freehold
Old Oak West Kensington	W14 9NX	Ei	Freehold
Bar Italia Uxbridge	UB8 1JT	Ei	Freehold
Beehive Hotel Birkenhead	CH42 0LH	Ei	Freehold
Beeswing Ale House York	YO10 3JP	Ei	Freehold
Caerphilly Cwtch Caerphilly	CF83 1HD	Ei	Freehold

Garden Farm Chester-Le-Street	DH2 3EH	Ei	Leasehold
Imperial Hotel Birkenhead	CH42 0LR	Ei	Freehold
Masons Arms Caerphilly	CF83 3FE	Ei	Freehold
Old Packet House Altrincham	WA14 1LW	Ei	Freehold
Prenton Park Birkenhead	CH42 9JG	Ei	Freehold
Station Inn Caerphilly	CF83 1AQ	Ei	Freehold
Swan Wickford	SS11 7AD	Ei	Freehold
Antelope High Wycombe	HP11 2BN	Ei	Freehold
Three Tuns High Wycombe	HP11 2AG	Ei	Freehold
Slug & Lettuce Beckenham	BR3 1EA	Stonegate	Leasehold
Chiltern Taps High Wycombe	HP11 2DN	Stonegate	Leasehold
Bull Barming	ME16 9HB	Stonegate	Leasehold
Occasional Half Palmers Green	N13 4TD	Stonegate	Leasehold
Bird in Hand Forest Hill	SE23 3HN	Stonegate	Leasehold
Gatehouse Tonbridge	TN9 1DL	Stonegate	Leasehold
Goose Fulham	SW6 1NL	Stonegate	Freehold
The Red Back (Slug) Fulham	SW6 5NH	Stonegate	Leasehold
Dam Inn	WF2 2QG	Stonegate	Freehold
Elmbridge Arms Weybridge	KT13 8AB	Stonegate	Leasehold