



16 December 2010

Acquisition of Geronimo Inns

Summary

- Acquisition of Geronimo Inns for £60 million in cash
- Exciting and individually designed, food-led, managed pubs
- Combined focus on premium London managed houses
- An excellent fit with Young's long-term expansion strategy
- Acquisition introduces new growth opportunities for Young's

Introduction

The Board of Young & Co.'s Brewery, P.L.C. (the "Company" or "Young's") is pleased to announce the acquisition of Geronimo Group Limited ("Geronimo") from its shareholders, being principally Penta Capital and Rupert and Jo Clevely, for £60 million in cash.

Geronimo

Geronimo, which was founded in 1995, operates a high quality estate of 26 individually-designed, food-led managed pubs. The estate has exceptional locations with 22 pubs based in Central London, three at Heathrow and one in Surrey.

Geronimo's pubs currently generate an average AWT of £23k, with food accounting for over 40% of sales. Geronimo has achieved strong organic growth and its management team has a proven ability of rolling out their successful format in a range of different retail locations.

The Geronimo estate comprises 10 prime London freehold pubs, 13 leasehold pubs and three concessions. A full list of Geronimo's pubs is contained in the notes to this announcement.

Geronimo has a strong track record of identifying excellent pubs in good locations and has an attractive pipeline of potential new sites.

The management team of Geronimo will be staying with Young's and Rupert Clevely will join as an executive director of the Young's Board with immediate effect as Managing Director – Geronimo. Jo Clevely will continue to drive design strategy which is integral to the Geronimo format.

Acquisition rationale

The transaction achieves an important step change in the size of the Young's managed estate, which will be increased by more than 20% to 148 pubs, taking the total estate to 247 pubs. The acquisition fits well with the Young's expansion strategy and its focus on premium London managed houses.

The acquisition brings to Young's a new, parallel and growing concept, targeting a differentiated but complementary demographic. The Young's and Geronimo pubs will continue to be run discretely within the enlarged business.

In addition to its ethos, existing estate and attractive pipeline of new pub opportunities, Geronimo brings expertise in operating both leases and concessions at high footfall locations, with pubs at Heathrow Airport, St. Pancras International Train Station and the Westfield London Shopping Centre in Shepherd's Bush. Whilst maintaining a high freehold mix remains important to the overall Young's strategy, the addition of this particular expertise enables Young's to increase its rate of new site openings with attractive returns on capital.

The combination of the two businesses will bring the benefits of scale including purchasing, cost savings and a cross-over of best operating practices in areas such as food, wine and pub design, training and the best people.

Geronimo financial performance and impact

In the year to June 2010, Geronimo's pre-overhead EBITDA was £6.1 million. Geronimo is currently expected to deliver pre-overhead EBITDA of £8.2 million for the year to June 2011 with the increase driven by like-for-like growth, the full year impact and increased maturity of new openings in the year to June 2010 and the opening of The White Horse in the Broadgate centre in October 2010.

The recent openings and the planned opening of a unit in the new Westfield Stratford Shopping Centre in late 2011 are, at maturity, expected to increase EBITDA by around £1 million on an annualised basis.

Geronimo has overheads of approximately £3 million. Young's expects to make cost savings of £1.5 million through the combination of the two complementary businesses. On a fully integrated basis, further savings of around £1 million would be available. However, Young's plans to retain a separate operating team focused on the rollout of the Geronimo format, maintaining its individuality and delivering continued strong organic growth.

The transaction is expected to be earnings enhancing in the first full year of ownership.

Financing

On an unaudited pro forma basis, the net book value excluding net debt of Geronimo was £30.6 million as at 30 June 2010.

The acquisition of Geronimo is being financed by a new £100m five year bank facility that the Company has entered into with The Royal Bank of Scotland and Barclays Bank. This replaces the previous £40 million revolving credit facility.

Young's retains a robust balance sheet following the acquisition and a robust long term financing package. Young's intends to enter into swaps so that £100 million of its debt will be at fixed rates.

Commenting on the transaction, Stephen Goodyear, Chief Executive of Young's, said:

"The acquisition of Geronimo, a business we have known for a number of years, represents an excellent opportunity to accelerate the growth of the Young's managed estate.

"The acquisition fits very well with our expansion strategy which is focused on high quality, food-led, managed houses in the London area, a strategy that we will continue to pursue with both the Young's and the Geronimo formats. Geronimo's team also brings considerable expertise in the operation of leases and concessions in high footfall retail locations such as airports and shopping centres and this represents a new growth opportunity for us.

"I am particularly delighted that Rupert Clevely has agreed to join our Board and that his senior management team will be staying. We look forward to combining the best of the expertise from both teams to drive the enlarged group forward."

Rupert Clevely, Chief Executive of Geronimo, added:

"Young's is the perfect home for Geronimo and I am delighted that the Young's Board wants to continue to embrace and retain Geronimo's inimitable DNA. Key to our success is the entrepreneurial flair and individuality, proven food expertise and home-from-home hospitality for which Geronimo is renowned and which our customers will continue to enjoy.

"The continued involvement of my trusted team will ensure that Geronimo's unique spirit will be maintained and that the Geronimo footprint will develop alongside and as a complement to Young's as the combined business looks to expand both formats. "

- Ends -

Enquiries:

Young & Co.'s Brewery, P.L.C.

Stephen Goodyear 020 8875 7000
Peter Whitehead

Geronimo Inns

Rupert Clevly Today: 020 7457 2020

J.P. Morgan Cazenove

James Mitford 020 7588 2828
Behzad Arbabzadah

MHP Communications (PR to Young's)

John Olsen 020 3128 8100
James White

College Hill (PR to Geronimo Inns)

Justine Warren 020 7457 2020
Matthew Smallwood

J.P. Morgan plc, which conducts its UK investment banking business as J.P. Morgan Cazenove and is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting 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 its clients nor for providing advice in relation to the transaction or any other matter referred to in this announcement.

Rupert John Clevly (aged 53) has been a director or partner in the following companies and partnerships in the past five years:

Name of company/ partnership	Still a director or partner (Y/N)
Geronimo Group Ltd	Y
Geronimo Inns Ltd	Y
Geronimo Airports Ltd	Y
Wigwam Holdings Ltd	Y
Geronimo Inns VCT I Ltd	Y
Geronimo Inns VCT II Ltd	Y
Sticky Fingers Food Ltd	Y

Rupert was a director of Descent International Ltd and Boiga Holdings Ltd, which were put into creditors' voluntary liquidation.

Apart from the above, there are no disclosures required to be made in respect of Rupert Clevly under Rule 17 and Schedule Two paragraph (g) of the AIM Rules.

The Geronimo estate

Freeholds:

Castle (Islington, N1 9HF)
Curtains Up (Barons Court, W14 9HR)
Duchess of Kent (Islington, N7 8PR)
Eagle (Shepherd's Bush, W12 9AZ)
Elgin (Kensington, W11 1PY)
Lord Palmerston (Tufnell Park, NW5 1HU)
Northcote (Battersea, SW11 1NT)
Phoenix Victoria (Victoria, SW1E 5JA)
Prince Albert (Battersea, SW11 4PF)
Red Barn (Blindley Heath, RH7 6LL)

Leaseholds:

Adam and Eve (Bloomsbury, W1T 3QQ)
Betjeman Arms (St. Pancras International Train Station, N1C 4QL)
Builders Arms (Chelsea, SW3 3TY)
Bull (Westfield, W12 7SL)
Clarence (Whitehall, SW1A 2HP)
Coat and Badge (Putney, SW15 1NL)
Crown (Bow, E3 5SN)
Duke of Clarence (Kensington, SW5 0BE)
East Hill (Wandsworth, SW18 1AA)
Fentiman Arms (Oval, SW8 1LA)
Kings Head (Winchmore Hill, N21 1BB)
Phoenix (Chelsea, SW3 4EE)
White Horse (Broadgate, EC2M 2QA)

Concessions

Tin Goose (Heathrow Terminal 1, TW6 1AD)
Three Bells (Heathrow Terminal 3, UB3 5AP)
5 Tuns (Heathrow Terminal 5, TW6 3EA)

Further details available on Geronimo's website (www.geronimo-inns.co.uk)