



DATED 15 DECEMBER 2016

(1) VINE ACQUISITIONS LIMITED

- and -

(2) HEINEKEN UK LIMITED

**COLLABORATION
AGREEMENT**

relating to
the proposed acquisition of the entire issued
and to be issued share capital of Punch Taverns
plc and subsequent disposal of Punch Taverns
Holdco (A) Limited

CONTENTS

1.	CONSIDERATION AND INTERPRETATION.....	1
2.	ISSUE OF RULE 2.7 ANNOUNCEMENT	8
3.	CONDUCT OF BIDCO AND HEINEKEN	9
4.	TAKEOVER PANEL CONSULTATION	9
5.	EXTENSION OF TIMETABLE	10
6.	CONSENT MATTERS	10
7.	THE TRANSACTION.....	11
8.	FUNDING OF THE TRANSACTION.....	12
9.	DRAFTING THE OFFER DOCUMENTATION	12
10.	CONDUCT IN CONNECTION WITH THE SCHEME.....	13
11.	PARTIES DEEMED TO BE ACTING IN CONCERT	14
12.	CONFIDENTIALITY AGREEMENT	14
13.	STANDSTILL AND EXCLUSIVITY	14
14.	WARRANTIES AND ACKNOWLEDGEMENTS	16
15.	ANNOUNCEMENTS.....	17
16.	LEGAL STATUS, WAIVER OF CLAIMS, LIMITATION OF LIABILITY	17
17.	TERMINATION.....	18
18.	CONSEQUENCES OF TERMINATION	18
19.	ENTIRE AGREEMENT.....	19
20.	VARIATIONS	19
21.	ASSIGNMENT.....	19
22.	WAIVER	19
23.	GROUP THIRD PARTY RIGHTS	19
24.	SEVERABILITY	19
25.	COUNTERPARTS	20
26.	NOTICES.....	20
27.	GOVERNING LAW AND JURISDICTION	21
	SCHEDULE 1: RULE 2.7 ANNOUNCEMENT	22

BETWEEN:

- (1) **VINE ACQUISITIONS LIMITED**, a limited liability company incorporated in England and Wales with registered number 10517393 and with its registered office at 54 Portland Place, London, W1B 1DY ("**Bidco**"); and
- (2) **HEINEKEN UK LIMITED**, a company incorporated in Scotland with registered number SC065527 and with its registered office at 3-4 Broadway Park, South Gyle Broadway, Edinburgh, EH12 9JZ ("**Heineken**").

BACKGROUND:

- A Patron Capital Advisers LLP and Heineken have been in discussions regarding a proposed offer by Bidco for the acquisition of the entire issued and to be issued ordinary share capital of Punch.
- B Pursuant to the terms of the Transaction, it is proposed that shortly following the Offer Effective Time Heineken will acquire the entities that comprise the Punch A Group and implement a refinancing, assignment or transfer of the Punch Intercompany Loans.
- C The parties have agreed to cooperate with each other regarding the conduct and implementation of the Transaction on the terms and subject to the conditions set out in this agreement.

IT IS AGREED

1. CONSIDERATION AND INTERPRETATION

- 1.1 In consideration of, amongst other things, the mutual undertakings and covenants contained in this agreement (receipt of which is acknowledged), the parties have agreed to enter into this agreement.
- 1.2 In this agreement, the following terms shall, unless the context otherwise requires, have the meanings set out below:

"**acting in concert**" has the meaning given to it in the Takeover Code;

"**Affiliate**" means, in respect of any person, any person that directly or indirectly controls, is controlled by or is under common control with such person, and in the case of Bidco shall be deemed to include members of the Patron Group and in the case of Heineken, shall be limited to members of the Heineken Group;

"**Agreed Form**", in relation to a document, means the form approved and for identification purposes initialled by (or on behalf of) Heineken and Bidco;

"**Business Day**" means a day, other than a Saturday, Sunday or public or bank holiday, on which banks are open for the transaction of normal banking business in the City of London;

"**Cash Consideration**" has the meaning given to it in clause 7.1.2.1;

"**Companies Act**" means the Companies Act 2006;

"Competing Offer" means:

- (a) any offer, proposal or indication of interest from or on behalf of, any person not acting in concert with the Patron Group or the Heineken Group in connection with the Transaction (a "**Third Party**") with a view to such Third Party, directly or indirectly, acquiring the Punch A Group, the Punch B Group, any other member of the Punch Group, 30 per cent or more of the issued share capital of Punch or substantially all of the assets, or a material part of the assets of Punch, the Punch A Group, the Punch B Group or any other member of the Punch Group, including any such acquisition conducted by way of a scheme of arrangement;
- (b) any transaction as a result of which any Third Party would hold a majority of the voting rights in Punch or the right and/or ability to appoint and remove a majority of the board of directors of Punch; or
- (c) any other transaction with respect to Punch, the Punch A Group, the Punch B Group or any other member of the Punch Group which would materially preclude or delay the making or implementation of the Transaction;

"Conditions" means:

- (a) if the Scheme is (or is to be) implemented, the terms and conditions comprising the Scheme Conditions; or
- (b) if the Takeover Offer is (or is to be) implemented, the terms and conditions comprising the Takeover Offer Conditions;

"Confidentiality Agreement" has the meaning given to it in clause 12;

"Consent" means the consent in writing of each of Bidco and Heineken;

"Cooperation Agreement" means the cooperation agreement relating to the Transaction entered into between (1) Bidco (2) Heineken and (3) Punch dated on or around the date of this agreement;

"Disposal Proceeds" has the meaning given to it in the Rule 2.7 Announcement;

"FSMA" means the Financial Services and Markets Act 2000;

"Group" means in the case of Bidco, the Patron Group and in the case of Heineken, the Heineken Group, as the context dictates;

"Group Third Party" means each member of a party's Group;

"Interest" has the meaning given to "*interest in securities*" in the Takeover Code;

"Heineken Group" means Heineken N.V. and its subsidiary undertakings (including, following the Sale Completion Time, the Punch A Group);

"Listing Rules" means the rules and regulations made by the UKLA under the FSMA and contained in the UKLA's publication of the same name;

"Long Stop Date" has the meaning given to it in the Rule 2.7 Announcement;

"Offer" means the offer by or on behalf of Bidco for the entire issued and to be issued share capital of Punch to be made at the price and substantially on the terms and conditions set out in the Rule 2.7 Announcement;

"Offer Documentation" means the Rule 2.7 Announcement, the Scheme Documentation (if the Offer is implemented by way of the Scheme) or the Takeover Offer Documentation (if the Offer is implemented by way of the Takeover Offer), as applicable;

"Offer Effective Time" means:

- (a) if the Offer is implemented by means of the Scheme, the time on the date on which the Scheme becomes effective (in accordance with its terms); or
- (b) if the Offer is implemented by means of the Takeover Offer, the time on the day on which the Offer becomes or is declared unconditional in all respects or such other time as is agreed between Bidco (in accordance with the terms of this agreement) and Punch;

"Offer Period" means the offer period, as that term is defined in the Takeover Code, with respect to Punch in connection with the Offer;

"Patron Group" means:

- (a) Bidco and;
- (b) Patron Capital Advisers LLP and all funds advised by Patron Capital Advisers LLP; and
- (c) following the Offer Effective Time, the members of the Punch Group;

"Punch" means Punch Taverns plc, a company incorporated in England and Wales with registered number 03752645 and with its registered office at Jubilee House, Second Avenue, Burton Upon Trent, Staffordshire, DE14 2WF;

"Punch A Group" means the group of companies comprised within the Punch Group of which Punch Taverns Holdco (A) Limited is the holding company and more particularly described in schedule 1 of the Sale Agreement and any company transferred to Heineken for the purpose of effecting an assignment or transfer of the Punch Intercompany Loans;

"Punch A Securitisation Noteholders" means the several persons who are for the time being holders of the following notes issued by Punch Taverns Finance plc:

- (a) the £123,374,000 LIBOR linked Super Senior Hedge Notes due 2021 with ISIN XS1114385443;
- (b) the £202,500,000 7.274 per cent. Class A1(F) Secured Notes due 2026 with ISIN XS0085529757;
- (c) the £67,482,000 7.274 per cent. Class A1(V) Secured Notes due 2026 with ISIN XS1114372110;
- (d) the £137,366,280 7.32 per cent. Class A2(F) secured Notes due 2025 with ISIN XS0179610125;

- (e) the £45,781,000 7.32 per cent. Class A2(V) secured Notes due 2025 with ISIN XS1114372201;
- (f) the £299,991,000 5.50 per cent. (plus LIBOR) floating rate Class M3 Secured Notes due 2027 with ISIN XS1114379040; and
- (g) the £89,885,000 1.50 per cent. and 13.50 per cent. payment in kind Class B4 Notes due 2028 with ISIN XS1114381459,

being, if and to the extent that such notes are represented by definitive notes, the registered holders thereof and, if and to the extent that a class of notes is represented by a global note, the persons for the time being shown in the records of Euroclear and Clearstream, Luxembourg (other than Clearstream, Luxembourg, if Clearstream, Luxembourg shall be an account holder of Euroclear and other than Euroclear, if Euroclear shall be an account holder of Clearstream, Luxembourg) as being holders of the relevant class of notes);

"Punch B Securitisation Noteholders" means the several persons who are for the time being holders of the following notes issued by Punch Taverns Finance B Limited:

- (a) the £146,933,010 7.369 per cent. Class A3 Secured Notes due September 2021 with ISIN XS0099041740;
- (b) the £220,000,000 5.943 per cent. Class A6 Secured Notes due September 2022 with ISIN XS0158121334;
- (c) the £149,076,287 5.267 per cent. Class A7 Secured Notes due March 2024 with ISIN XS0226319936; and
- (d) the £72,911,000 7.750 per cent. Class B3 Notes due December 2025 with ISIN XS1114385955,

being, if and to the extent that such notes are represented by definitive notes, the registered holders thereof and, if and to the extent that a class of notes is represented by a global note, the persons for the time being shown in the records of Euroclear and Clearstream, Luxembourg (other than Clearstream, Luxembourg, if Clearstream, Luxembourg shall be an account holder of Euroclear and other than Euroclear, if Euroclear shall be an account holder of Clearstream, Luxembourg) as being holders of the relevant class of notes);

"Punch B Securitisation Notes" means any note or classes of notes referred to in the definition of 'Punch B Securitisation Noteholders' as held by any of the Punch B Securitisation Noteholders;

"Punch Board" means the board of directors of Punch;

"Punch Group" means Punch and its subsidiary undertakings and, for the avoidance of doubt:

- (a) including, prior to the Sale Completion Time, the members of the Punch A Group (and any new company incorporated for the purpose of effecting a transfer of the Punch Intercompany Loans); and
- (b) excluding, following the Sale Completion Time, the members of the Punch A Group;

"Punch Holding Group" has the meaning given to it in the Rule 2.7 Announcement;

"Punch Intercompany Loans" means:

- (a) the loan made by Punch Taverns (Finco) Limited (a company incorporated in England and Wales with company number 05266799) to Punch Taverns Partnerships (PTL) Limited (a company incorporated in England and Wales with company number 03512363) in a principal amount of £65 million pursuant to the terms of the subordinated loan agreement dated 25 October 2016; and
- (b) the loan made by Punch Taverns (Loanco) A Limited (a company incorporated in England and Wales with company number 08870991) to Punch Taverns Partnerships (PTL) Limited (a company incorporated in England and Wales with company number 03512363) in a principal amount of £93 million pursuant to the terms of the subordinated loan facility agreement dated 8 October 2014;

"Punch Noteholders" means the Punch A Noteholders and/or the Punch B Noteholders, as the context dictates;

"Punch Share Plans" means the Punch Taverns Long Term Incentive Plan 2008, the Punch Taverns Share Bonus Plan, the Punch Taverns Share Incentive Plan and the Punch Taverns Sharesave Scheme 2016;

"Punch Shares" means ordinary shares in the capital of Punch;

"Punch Shareholders" means the holders of Punch Shares;

"Relevant Authority" means any government, government department or governmental, quasi-governmental, supranational, national, sub-national authority, commission, department, agency, regulator, statutory, regulatory, environmental, or investigative body, court, tribunal, arbitrator, trade agency, association, institution, or any other body or person whatsoever in each case in any jurisdiction and including the UKLA and the Takeover Panel;

"Relevant Persons" has the meaning given to it in clause 16.2.4;

"Representatives" means any director, officer, employee or professional adviser of a party or of any of such party's Affiliates;

"Rule 2.7 Announcement" means the announcement of a firm intention to make an offer in the Agreed Form to be released on or around the date of this agreement by Bidco pursuant to Rule 2.7 of the Takeover Code a copy of which is attached at schedule 1 to this agreement;

"Sale" means:

- (a) the sale of the Punch A Group to Heineken; and
- (b) the re-finance, assignment or transfer of the Punch Intercompany Loans to Heineken,

in each case in accordance with, and subject to, the terms of the Sale Agreement;

"Sale Agreement" means the sale and purchase agreement in the Agreed Form to be entered into between (1) Bidco (as seller); (2) Patron Haddington S.à.r.l (as seller guarantor) (3) Heineken (as purchaser) and (4) Heineken International B.V. (as purchaser guarantor) on

or around the date of this agreement pursuant to which Heineken or an Affiliate of Heineken will acquire the Punch A Group and refinance or take an assignment or transfer of the Punch Intercompany Loans;

"Sale Completion Time" means the time of completion of the Sale which shall occur following the Offer Effective Time;

"Sale Condition" means the condition set out in paragraph 3(a) of appendix 1 of the Rule 2.7 Announcement;

"Sale Documentation" means the Sale Agreement, the Transitional Services Agreement and any agreed form document under, or any document to be delivered pursuant to the terms of, such agreements;

"Scheme" means the scheme of arrangement pursuant to which the Offer is proposed to be made under part 26 of the Companies Act;

"Scheme Conditions" means the terms and conditions set out in the Rule 2.7 Announcement and to be set out in the Scheme Document;

"Scheme Court Order" means the order of the Court sanctioning the Scheme under part 26 of the Companies Act;

"Scheme Document" means the scheme document in the Agreed Form to be sent to Punch Shareholders setting out, amongst other things, the terms of the Scheme;

"Scheme Documentation" the Scheme Document (and any subsequent amendment to such Scheme Document) and other documentation required in connection with the Scheme including any forms of election, forms of proxy, court documentation and other such documents as are or may be required by the Takeover Code, the Court, the Takeover Panel, the Companies Act, the Listing Rules or any applicable law or regulation;

"Scheme Shares" has the meaning which Bidco (in accordance with the terms of this agreement) and Punch agree to give to such term in the Scheme Document;

"Takeover Code" means the City Code on Takeovers and Mergers;

"Takeover Offer" means a takeover offer (within the meaning of section 974 of the Companies Act) made by Bidco or an Affiliate of Bidco for the entire issued and to be issued share capital of Punch (other than any shares held by Bidco or an Affiliate of Bidco (if any)) including any amendment or revision thereto, the full terms of which will be set out in the Takeover Offer Document or (as the case may be) any revised offer document(s);

"Takeover Offer Conditions" means the Scheme Conditions, so far as applicable and subject to appropriate amendments for any Takeover Offer, including the deletion of the Conditions set out in paragraph 2 of appendix 1 of the Rule 2.7 Announcement and their replacement with a condition that the Takeover Offer be conditional on valid acceptances being received in respect of not less than 90 per cent (or such lesser percentage as Bidco (in accordance with the terms of this agreement) and Punch may decide in accordance with the Takeover Code) in nominal value of the Punch Shares to which the Takeover Offer relates, provided that such condition will not be satisfied unless Bidco or an Affiliate of Bidco shall have acquired, or agreed to acquire, whether pursuant to the Offer or otherwise, Punch Shares carrying in aggregate more than 50 per cent of the voting rights then exercisable at general meetings of Punch, and containing such other terms as Bidco (in accordance with the terms of

this agreement) and Punch may agree, which conditions shall be incorporated in the Takeover Offer Document;

"Takeover Offer Document" means if following the date of this agreement, Bidco and Heineken elect to implement the Offer by way of the Takeover Offer in accordance with clause 7.3, the offer document in the Agreed Form to be despatched to Punch Shareholders and others by Bidco (in accordance with the terms of this agreement) (or such other entities as it may elect) containing, amongst other things, the Takeover Offer Conditions and certain other information about the parties and the Transaction;

"Takeover Offer Documentation" means the Takeover Offer Document and other documentation required in connection with the Takeover Offer including any forms of acceptance, forms of election, and other such documents as are or may be required by the Takeover Code, the Takeover Panel, the Companies Act, the Listing Rules or any applicable law or regulation;

"Takeover Panel" means the Panel on Takeover and Mergers;

"Transaction" means the Offer and the Sale;

"Transaction Documents" means the Offer Documentation, the Sale Documentation and any other acquisition, finance and other documents and agreements to be entered into in connection with the Transaction;

"Transitional Services Agreement" means the transitional services agreement entered into between (1) Bidco and (2) Heineken on the date of this agreement; and

"UKLA" means the UK Financial Conduct Authority acting in its capacity as the competent authority for listing in the United Kingdom for the purposes of part VI of FSMA.

1.2 In this agreement (unless the context requires otherwise):

1.2.1 the terms "company", "body corporate", "subsidiary", "holding company", "undertaking", "subsidiary undertaking", "parent undertaking" and "officer" have the meanings given to them in the Companies Act; but, for the purposes of section 1159(1) of the Companies Act, a company shall be treated as a member of another company if any shares in that other company are registered in the name of either (a) a person by way of security (where the company has provided the security) or (b) a person as nominee for the company;

1.2.2 the term "group", in relation to a body corporate, means the body corporate, any parent undertaking of it, and any undertaking which, in relation to the body corporate and/or any such parent undertaking, is a subsidiary undertaking;

1.2.3 "£", "pounds", "p" or "pence" means the lawful currency of the United Kingdom;

1.2.4 a person shall be deemed to be connected with another if that person is so connected within the meaning of section 1122 of the Corporation Tax Act 2010; and

1.2.5 "including", "includes" or "in particular" means including, includes or in particular without limitation.

- 1.3 In this agreement (unless the context requires otherwise), any reference to:
- 1.3.1 a party shall mean a party to this agreement;
 - 1.3.2 any gender includes all genders, and the singular includes the plural (and vice versa);
 - 1.3.3 a company includes any company, corporation or body corporate, or any other entity having a separate legal personality; a person includes an individual, company, partnership or unincorporated association (whether or not having a separate legal personality); and any professional firm or company includes any firm or company effectively succeeding to the whole, or substantially the whole, of its practice or business;
 - 1.3.4 any time of day or date is to that time or date in London;
 - 1.3.5 a day shall be a period of 24 hours running from midnight to midnight, and days shall be to calendar days unless Business Days are specified;
 - 1.3.6 a month or a year shall be to a calendar month or a calendar year respectively;
 - 1.3.7 "law" or "laws" includes all applicable laws (whether civil, criminal or administrative), common laws or civil codes, legislation, subordinate legislation, treaties, regulations, directives and bye-laws in any jurisdiction, in each case for the time being in force (whether before, on or after the date of this agreement) and includes any rule, regulation, standard or requirement of the London Stock Exchange, Euronext Amsterdam or the UK Financial Conduct Authority;
 - 1.3.8 legislation or a legislative provision includes the legislation or legislative provision as amended, modified, or re-enacted, any legislation or legislative provision which it amends or re-enacts and any subordinate legislation, in each case for the time being in force (whether before, on or after the date of this agreement); and
 - 1.3.9 writing or written includes any method of representing or reproducing words in a legible form.
- 1.4 Unless the context requires otherwise, any reference in this agreement to a clause or schedule is to a clause or schedule to this agreement, any reference to a part or paragraph is to a part or paragraph of a schedule to this agreement, any reference within a schedule to a part is to a part of that schedule, and any reference within a part of a schedule to a paragraph is to a paragraph of that part of that schedule.
- 1.5 This agreement incorporates the schedules to it.
- 1.6 The contents list, headings and any descriptive notes are for ease of reference only and shall not affect the construction or interpretation of this agreement.

2. ISSUE OF RULE 2.7 ANNOUNCEMENT

Bidco and Heineken shall procure the release of the Rule 2.7 Announcement as soon as practicable following the execution of this agreement and by no later than the time and date required by the Cooperation Agreement.

3. CONDUCT OF BIDCO AND HEINEKEN

3.1 Co-operation

Unless and until this agreement is terminated in accordance with its terms, each of Bidco and Heineken undertakes to (and shall procure that the other members of their respective Groups shall):

- 3.1.1 co-operate with each other in good faith and work together in furtherance of the Transaction;
- 3.1.2 give due consideration and regard to the views of the other (each acting reasonably) regarding the terms, implementation and conduct of the Transaction;
- 3.1.3 in the case of Bidco only, and subject to clause 7.3, to use reasonable endeavours to implement the Offer by way of the Scheme on the terms of the Scheme Documentation, subject to the Conditions;
- 3.1.4 use reasonable endeavours to implement the Transaction and to achieve satisfaction of the Conditions as promptly as practicable, save that nothing in this agreement shall oblige Bidco or Heineken to waive any of the Conditions or treat them as satisfied;
- 3.1.5 subject to clause 6.2 and clause 8, not take any action or make any statement which may reasonably be expected to be prejudicial to the completion of the Transaction, or may reasonably be expected to have the effect of delaying, disrupting or otherwise causing the Transaction not to complete at the earliest practicable time;
- 3.1.6 use reasonable endeavours to procure that the other and its external advisers are able to attend meetings and participate in any discussions with Punch relating to the Transaction; and
- 3.1.7 keep the other informed reasonably promptly of developments which are material or potentially material to the Transaction.

4. TAKEOVER PANEL CONSULTATION

- 4.1 The parties (or their respective advisers, as the parties shall each determine) shall consult with the Takeover Panel as necessary in order to keep the Takeover Panel informed, and where appropriate seek the consent of the Takeover Panel, as to issues relating to the implementation of the Transaction.
- 4.2 The parties shall notify each other where any derogation from the Takeover Code is to be applied for in connection with the Transaction and shall reasonably consult with each other with regard to the manner and timing of any application for such derogation.

5. EXTENSION OF TIMETABLE

Subject to the Long Stop Date, the parties shall agree upon and assist each other in implementing any extension of time limits in the Takeover Code or the Scheme Documentation for implementation of the Transaction.

6. CONSENT MATTERS

6.1 Subject always to clause 6.2, each of Bidco and Heineken agrees and acknowledges that each of the following matters will require prior Consent:

6.1.1 any revision or variation in the consideration payable for the Punch Shares pursuant to the Transaction or any other term of the Transaction;

6.1.2 any revision or variation to the Conditions;

6.1.3 any approach to be made to the Punch Board (or any member of the Punch Board), Punch Shareholders, Punch Noteholders or any Relevant Authority in connection with the Transaction;

6.1.4 subject to clause 15, the issue, release and publication of any public announcement in connection with the Transaction;

6.1.5 the issue, publication, submission or filing of the final versions of the Offer Documentation;

6.1.6 the giving of any consent to Punch under Note 1 on Rule 21.1 of the Takeover Code;

6.1.7 if Bidco wishes to seek the permission of the Takeover Panel to invoke any of the Conditions where the underlying matters giving rise to the request for invoking the Condition solely relate to the Punch A Group;

6.1.8 if Heineken wishes to waive or treat as satisfied the Sale Condition whereby such waiver or satisfaction is with a view to the European Commission initiating phase II proceedings or the CMA making a reference for a phase II investigation;

6.1.9 the taking of any action (including by omission) to modify, lapse, terminate or withdraw the Scheme or, if the parties elect to implement the Offer by way of the Takeover Offer, the Takeover Offer;

6.1.10 if the parties elect to implement the Offer by way of the Takeover Offer, if Bidco wishes to invoke the acceptance condition to the Takeover Offer or lapse the Takeover Offer at any closing date or declare the Offer unconditional as to acceptances at less than 90 per cent acceptances or declare the Offer unconditional in all respects; or

6.1.11 any amendment, modification or variation to the structure of the Transaction,

and they each undertake to procure that neither they nor any of their Affiliates or persons acting in concert with them will, without prior Consent, take any such action.

- 6.2 Nothing in this agreement shall:
- 6.2.1 prevent a party from approaching the Takeover Panel for the purpose of seeking clarification or guidance with respect to the application of any provision of the Takeover Code to the Transaction;
 - 6.2.2 require Heineken to:
 - 6.2.2.1 waive or treat as satisfied the Sale Condition; or
 - 6.2.2.2 obtain Consent to, subject to the consent of the Takeover Panel (if required), invoke the Sale Condition;
 - 6.2.3 require Bidco to:
 - 6.2.3.1 waive or treat as satisfied any Condition (other than the Sale Condition); or
 - 6.2.3.2 obtain Consent to, subject to the consent of the Takeover Panel (if required), invoke any Condition (other than the Sale Condition) where the underlying matters giving rise to the request for invoking the Condition relate solely to the Punch Group (excluding the Punch A Group).

7. THE TRANSACTION

7.1 The Offer

Each of Bidco and Heineken agrees and acknowledges that:

- 7.1.1 the Offer for the entire issued and to be issued share capital of Punch will be implemented by way of a scheme of arrangement pursuant to part 26 of the Companies Act, subject to the provisions of clause 7.3; and
- 7.1.2 pursuant to the terms of the Offer, Punch Shareholders will be entitled to receive in aggregate 180 pence in cash per Punch Share held or such other amount as agreed between each of Bidco, Heineken and Punch (with the consent of the Takeover Panel and where required, the Court).

7.2 Terms and conditions of the Offer

- 7.2.1 The terms and conditions of the Offer shall be the Conditions and the terms set out in the Rule 2.7 Announcement together with such other terms as may be agreed by Bidco (in accordance with the terms of this agreement) and Punch in writing and, where required by the Takeover Code, approved by the Takeover Panel (and if required, by the Court).
- 7.2.2 Each of Bidco and Heineken agree that in the event that any person (not being a member of the Punch Group):
 - 7.2.2.1 owns beneficially or legally any shares in any of the entities that comprise the Punch A Group, the Punch B Group or the Punch Holding Group (excluding Punch); or

7.2.2.2 has any option, warrant, right to subscribe or other interest in respect of any shares of any of the entities that comprise the Punch A Group, the Punch B Group or the Punch Holding Group (excluding Punch),

excluding in each case any such interest granted to any third party by way of security in connection with Securitisations undertaken by the Securitisations Groups (as such term is defined in the Rule 2.7 Announcement) they shall, subject to the Takeover Panel's consent (if required), immediately invoke the Condition set out in paragraph 3(g)(iv) of Appendix 1 of the Rule 2.7 Announcement and lapse the Scheme.

7.3 **Option to convert to a Takeover Offer**

Subject to the terms of the Cooperation Agreement, Bidco and Heineken may agree in writing with the Takeover Panel's consent (if required) at any time to implement the Offer by way of the Takeover Offer (rather than the Scheme), whether or not the Scheme Document has been posted and in the case of such election:

7.3.1 the Takeover Offer Conditions shall be incorporated into the announcement of the Takeover Offer and into the Takeover Offer Document; and

7.3.2 the parties shall agree such revisions to the structure of the Transaction to accommodate the switch to a Takeover Offer.

7.4 **The Sale**

Each of Bidco and Heineken agree and acknowledge that the Heineken Group shall acquire the Punch A Group at the Sale Completion Time in accordance with the provisions of the Sale Agreement and the Sale Documentation. To the extent a loan is made by Heineken to Bidco pursuant to clause 4.7 of the Sale Agreement, Bidco shall instruct Heineken to pay the amount of such loan to an account of Bidco or of the receiving agent under the Offer.

8. **FUNDING OF THE TRANSACTION**

If, prior to the Court hearing to sanction the Scheme (or, in the case of a Takeover Offer, the Offer being declared unconditional in all respects), either party discovers an actual or potential funding shortfall in respect of, or reasonably expects that it may not be able to satisfy the Cash Consideration (in the case of Bidco) or the Disposal Proceeds (in the case of Heineken) at the time of payment as envisaged by the Offer Documentation and/or the Sale Agreement (the "**Defaulting Party**"), the Defaulting Party shall notify the other party immediately without delay and, without prejudice to any rights the other party may have, the parties shall use all reasonable endeavours to prevent the Offer from proceeding, including but not limited to, requesting Punch to lapse or withdraw the Scheme, making representations in Court to prevent the sanction of the Scheme, and seeking Takeover Panel's consent to lapse or withdraw the Offer.

9. **DRAFTING THE OFFER DOCUMENTATION**

For the purposes of the preparation and drafting of the Offer Documentation:

9.1 the parties shall each co-operate and consult with the other in relation to the preparation, publication and filing (where applicable) of the Offer Documentation and any other document, supplemental document or filing which is required or which Bidco or Heineken

reasonably considers to be necessary (having consulted with the other) for the purposes of implementing the Transaction and to promptly provide comments on any draft of such documentation;

9.2 Bidco and its Representatives shall be primarily responsible, in conjunction with Punch and its Representatives, for the drafting of the Offer Documentation, it being acknowledged that in circumstances where the Offer is implemented by means of the Scheme, Punch shall be primarily responsible for the drafting of the Scheme Documentation;

9.3 Bidco shall:

9.3.1 provide or procure the provision to Heineken and its Representatives of drafts of the Offer Documentation;

9.3.2 provide Heineken with such time as is reasonable to review and comment on the draft Offer Documentation; and

9.3.3 give due consideration and regard to the comments and views of Heineken on the Offer Documentation;

9.4 the parties shall:

9.4.1 prepare the parts of the Offer Documentation for which they are responsible to the highest standards of care and accuracy and to use reasonable endeavours to ensure that all information contained in such documents is adequately and fairly presented;

9.4.2 if the Offer is implemented by way of the Scheme, use all reasonable endeavours to ensure that the Scheme Document will contain the Scheme Conditions, or if the Offer is implemented by way of the Takeover Offer, procure that the Takeover Offer Document will contain the Takeover Offer Conditions;

9.4.3 if (i) the Offer is implemented by way of the Scheme, provide to Punch, or if (ii) the Offer is implemented by way of the Takeover Offer, provide to each other:

9.4.3.1 all such information about their respective groups, directors and connected persons as may reasonably be required under the Takeover Code and applicable laws and regulations for inclusion in the Offer Documentation; and

9.4.3.2 all such other assistance as may reasonably be required in connection with the preparation of the Offer Documentation, including access to and ensuring the provision of reasonable assistance by, its management and relevant professional advisers.

10. CONDUCT IN CONNECTION WITH THE SCHEME

10.1 Bidco shall:

10.1.1 provide an undertaking to the Court (or to Counsel advising on the Scheme to in turn provide to the Court) to be bound by the Scheme in accordance with its terms; and

10.1.2 use all reasonable endeavours to assist Punch to cause the office copy of the Scheme Court Order to be delivered to the Registrar by no later than the Long Stop Date and shall re-register Punch as a private limited company by no later than 5 Business Days after the Scheme has become effective in accordance with its terms.

10.2 Heineken shall provide an undertaking to the Court (or to Counsel advising on the Scheme to in turn provide to the Court) to be bound by the Scheme in accordance with its terms.

11. PARTIES DEEMED TO BE ACTING IN CONCERT

Each of Bidco and Heineken acknowledges that, for the purposes of the Takeover Code, they shall be deemed to be acting in concert for the purposes of the Offer and accordingly each of Bidco and Heineken undertakes to each other to comply with the provisions of this agreement and the Takeover Code during the conduct of the Transaction.

12. CONFIDENTIALITY AGREEMENT

The mutual non-disclosure agreement entered into by (1) Patron Capital Advisers LLP and (2) Heineken UK Limited dated 18 November 2016 ("**Confidentiality Agreement**") shall continue to remain in full force and not be deemed to be amended by any provision of this agreement, save for clause 8 of the Confidentiality Agreement, which shall be superseded and replaced in full by clause 13 of this agreement.

13. STANDSTILL AND EXCLUSIVITY

13.1 Standstill and exclusivity

13.1.1 For the period commencing on the date of this agreement and ending on the earlier of: (a) the Offer Effective Time; (b) the date this agreement is terminated in accordance with clause 17, neither party shall, whether directly or indirectly, alone or acting in concert with others, without Consent (save as expressly provided in the Transaction Documents):

13.1.1.1 directly or indirectly initiate, solicit or encourage discussions or hold negotiations or discussions or enter into any documentation with Punch or any third party or its or their Representatives in relation to a Competing Offer or any other business combination involving Punch, the Punch A Group, the Punch B Group or any other member of the Punch Group;

13.1.1.2 provide any information to any third party with a view to that third party investigating or entering into a Competing Offer;

13.1.1.3 acquire any interest in the securities of Punch, the Punch A Group, the Punch B Group or any other member of the Punch Group;

13.1.1.4 enter into any agreement, arrangement or undertaking (whether or not legally binding) to do or omit to do any act as a result of which it or any other person may acquire any interest in the securities of Punch, the Punch A Group, the Punch B Group or any other member of the Punch Group;

- 13.1.1.5 make any offer for any or all of Punch's securities, or make any announcement in connection with such offer or possible offer unless any such announcement is required by the Takeover Panel;
 - 13.1.1.6 make an approach to, solicit or enter into discussions with any Punch Shareholder or Punch Noteholder in connection with any offer for all or any of Punch's securities;
 - 13.1.1.7 put itself or any person acting in concert with it or them in a position where they are obliged to make an offer for all or any of Punch's securities (whether under Rule 9 of the Takeover Code or otherwise);
 - 13.1.1.8 in the case of Heineken, make an approach to, solicit or enter into discussions with Punch, Punch Shareholders or Punch Noteholders in connection with an offer to acquire any or all of the assets of the Punch Group (save for the Punch A Group);
 - 13.1.1.9 in the case of Bidco, make an approach to, solicit or enter into discussions with Punch, Punch Shareholders or Punch Noteholders in connection with an offer to acquire any or all of the Punch A Group;
 - 13.1.1.10 requisition or induce or attempt to induce any other person to requisition any general meeting of shareholders of Punch or Punch Noteholders and/or requisition the circulation of proposals to Punch Shareholders or Punch Noteholders or encourage any such circulation; or
 - 13.1.1.11 seek election to or seek to place a representative on the board of directors of Punch or seek the removal of any member of the board of directors of Punch.
- 13.1.2 Each party shall procure that:
- 13.1.2.1 all members of its Group and its Representatives and the Representatives of each member of its Group; and
 - 13.1.2.2 in so far as it is able to, all persons acting in concert with it in connection with the Transaction (for the purposes of this clause only, Heineken and Bidco are not to be deemed to be acting in concert),
- comply with the undertakings in paragraph 13.1.1.
- 13.1.3 The provisions of clauses 13.1.1 and 13.1.2 shall not prevent or restrict:
- 13.1.3.1 any dealing in securities in the ordinary course of share trading, dealing, fund management, investment banking or other banking business by any party's concert parties, professional advisers or providers of finance, provided that such action is not taken on the instructions of, or otherwise in conjunction with or on behalf of, the relevant party or any other person who is in receipt of or becomes aware of any Confidential Information (as such term is defined in the Confidentiality Agreement); or

13.1.3.2 Bidco or any Affiliate of Bidco from acquiring or seeking to acquire or otherwise dealing in any of the Punch B Securitisation Notes.

13.1.4 In this paragraph 13.1, "securities" include equity and debt securities, and the terms "acting in concert", "dealing", "offer" and "interests in securities" shall have the meanings set out in the Takeover Code.

13.2 **Competing offers**

Subject to any implied duty of confidence imposed on Bidco or Heineken (which it shall not solicit), each of Bidco and Heineken undertake to each other to notify the other promptly if it is approached by a third party with a view to either making a Competing Offer or the acquisition of a substantial equity interest in, or a substantial portion of the assets of the Punch Group.

14. **WARRANTIES AND ACKNOWLEDGEMENTS**

14.1 **Power and capacity**

Each of the parties represent and warrant to each other that:

14.1.1 it has the requisite power and authority to enter into this agreement;

14.1.2 this agreement is binding on it in accordance with its terms; and

14.1.3 the execution and delivery of, and performance of its obligations under, this agreement will not result in:

14.1.3.1 a breach of any of its constitutional documents;

14.1.3.2 a breach of, or default under, any instrument to which it is a party or by which it is bound; or

14.1.3.3 a breach of any order, judgment or decree of any court or governmental agency to whose jurisdiction it is subject.

14.2 **Interests in Punch**

Each of Bidco and Heineken warrants and undertakes to each other as at the date of this agreement that neither it nor so far as it is aware any of its Affiliates nor any person who is or may be deemed to be acting in concert with it:

14.2.1 has any Interest in Punch; or

14.2.2 has dealt in any Interest in Punch in the 12 month period prior to the commencement of the Offer Period.

14.3 **Compliance with laws and regulations**

Each of Bidco and Heineken undertakes to each other that, in connection with the Transaction and the implementation of the matters contemplated by this agreement, it will (and will procure that each of its Affiliates will) comply with all applicable legal and regulatory provisions including the Companies Act, FSMA, the Market Abuse Regulation, the Takeover Code and the Listing Rules.

15. ANNOUNCEMENTS

- 15.1 Subject to clause 15.2, save as required by law, by any regulation or regulatory body, by any court order or by any rule of any stock exchange on which the shares of the parties are listed or traded, by the Takeover Panel, or in accordance with any guidelines agreed by Bidco and Heineken from time to time, Bidco and Heineken agree that no announcement, statement or presentation shall be made regarding the Transaction, except with prior Consent.
- 15.2 Where Bidco or Heineken or any of their respective Affiliates is required by law, by any regulation or regulatory body, by any court order or by any rule of any stock exchange on which the shares of Punch, Heineken N.V. and/or Heineken Holding N.V. are listed or traded or by the Takeover Panel to make an announcement concerning the Transaction, such announcement will be no more extensive than is required and the party intending to make the announcement will (so far as is reasonably practicable) first consult Bidco or Heineken (as appropriate) and seek in good faith to secure agreement to the timing, manner and content of the announcement.
- 15.3 The obligations in this clause 15 shall cease to apply after the Sale Completion Time.

16. LEGAL STATUS, WAIVER OF CLAIMS, LIMITATION OF LIABILITY

- 16.1 Nothing in this agreement shall be construed as constituting either party to be the partner, agent or representative of the other nor constituting or creating any other relationship under which any party may be liable for the acts or omissions of the other party.
- 16.2 Bidco and Heineken each acknowledge and agree that:
- 16.2.1 each party is knowledgeable, sophisticated and experienced in evaluating and making, and is qualified to evaluate and make, decisions with respect to the Transaction and comparable transactions;
- 16.2.2 subject to clause 16.3, neither party is entitled to rely, nor has it relied, nor will it rely, on the completeness or accuracy of any information regarding Punch or the Transaction provided to it by the other party or its Representatives or Relevant Persons (as defined in clause 16.2.4);
- 16.2.3 each party is responsible for its own evaluation and analysis of and any other matters related to:
- 16.2.3.1 the Transaction;
- 16.2.3.2 any commercial or other arrangements entered into between the parties in connection with the Transaction; or
- 16.2.3.3 any commercial or other arrangements entered into between the Heineken Group and the Patron Group effective at, or following, the Sale Completion Time; and
- 16.2.4 subject to clause 16.3, each party waives any and all claims, rights, demands, actions, causes of action, suits, damages, losses and obligations, whether known or unknown, asserted or unasserted, contingent or absolute, suspected or unsuspected, and whether legal, equitable or of any other type, which have arisen or exist or will exist, against the other or any of its Affiliates or their respective officers, directors, partners, employees, consultants, advisers (legal, accounting,

tax and financial), agents and representatives ("**Relevant Persons**"), in any way arising out of or relating to the other party's or its Relevant Persons' (i) knowledge or possession of any information regarding Punch or the Transaction or (ii) conduct or omission in connection with the Transaction.

16.3 Bidco and Heineken each acknowledge and agree that clauses 16.2.2 and 16.2.3 will not limit exclude or restrict:

16.3.1 either party making a claim against the other in connection this agreement, the Confidentiality Agreement, the Cooperation Agreement or the Sale Documentation or any other legally binding agreements entered into between the parties in connection with the Transaction from time to time; or

16.3.2 a claim in connection with the other party's or its Relevant Persons' fraud.

17. TERMINATION

This agreement shall automatically lapse and cease to have effect:

17.1.1 14 days after the day on which the Offer Effective Time occurs;

17.1.2 if the Rule 2.7 Announcement is not issued by 7.00 am on 15 December 2016 or such later time and date as the parties may agree;

17.1.3 if, following the issue of the Rule 2.7 Announcement, the Offer does not proceed for any reason;

17.1.4 if the Scheme lapses or terminates (if necessary, with the Takeover Panel's consent), unless the parties have elected prior to such time or elect within 10 Business Days following such time, to implement the Offer by way of a Takeover Offer in accordance with clause 7.3;

17.1.5 if the parties elect to implement the Offer by way of a Takeover Offer, the Takeover Offer is withdrawn or lapses (if necessary, with the Takeover Panel's consent);

17.1.6 if the Sale Completion Time has not occurred by the Long Stop Date; or

17.1.7 if the parties mutually agree in writing not to pursue the Transaction prior to issue of the Rule 2.7 Announcement.

18. CONSEQUENCES OF TERMINATION

Where this agreement terminates pursuant to clause 17, it shall cease immediately and neither party shall have any claim against the other for costs, damages, charges, compensation or otherwise, except that:

18.1 such termination shall be without prejudice to any accrued rights or obligations of either party under this agreement; and

18.2 the provisions of clauses 14.1, 16 to 27 (inclusive) shall remain in full force and effect.

19. ENTIRE AGREEMENT

This agreement, the Confidentiality Agreement, the Cooperation Agreement, the Sale Documentation, the Scheme Document (or the Takeover Offer Document, as appropriate) constitutes the entire agreement between the parties in relation to the subject matter of this agreement and shall supersede all prior or contemporaneous written and oral understandings, agreements and representations relating to the subject matter of this agreement provided that no liability any party may otherwise have to the other shall be excluded in respect of statements made fraudulently prior to execution of this agreement.

20. VARIATIONS

No change, amendment or modification of this agreement shall be valid or binding upon the party unless such change, amendment or modification is in writing and duly executed by each of the parties.

21. ASSIGNMENT

Neither of the parties may assign, transfer nor otherwise dispose of its rights or obligations under this agreement in any way without prior Consent.

22. WAIVER

Any waiver of any right or remedy under or in respect of this agreement shall only be valid if it is in writing, and shall apply only to the person to whom it is addressed and in the specific circumstances for which it is given. Unless otherwise expressly provided in this agreement, no right or remedy under or in respect of this agreement shall be precluded, waived or impaired by (a) any failure to exercise or delay in exercising it; (b) any single or partial exercise of it; (c) any earlier waiver of it, whether in whole or in part; or (d) any failure to exercise, delay in exercising, single or partial exercise of or earlier waiver of any other such right or remedy.

23. GROUP THIRD PARTY RIGHTS

23.1 A Group Third Party may enforce the terms of this agreement subject to and in accordance with the remaining terms of this clause 23.1 and the provisions of the Contracts (Rights of Third Parties) Act 1999, provided that a Group Third Party shall give written notice to the parties confirming its agreement to clause 28 before bringing any proceedings to enforce any of its rights under that act.

23.2 Any rights conferred by clause 23.1 shall not be assignable.

23.3 The parties may, without the consent of any Group Third Party, rescind or vary this agreement in such a way as to extinguish or alter the rights conferred by clause 23.1.

23.4 Except as provided in clause 23.1, a person who is not a party to this agreement shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this agreement. This paragraph does not affect any right or remedy of any person which exists or is available otherwise than pursuant to that act.

24. SEVERABILITY

If any provision of this agreement is or becomes illegal, invalid or unenforceable in any respect, that shall not affect or impair the legality, validity or enforceability of any other

provision of this agreement. If any illegal, invalid or unenforceable provision of this agreement would be legal, valid and enforceable if some part or parts of it were modified, such provision shall apply with whatever modification is necessary so that it is legal, valid and enforceable and gives effect to the commercial intention of the parties.

25. COUNTERPARTS

This agreement may be executed in any number of counterparts, and by the parties on separate counterparts, but shall not be effective until each party has executed at least one counterpart. Each counterpart shall constitute an original of this agreement, but all the counterparts shall together constitute one and the same agreement.

26. NOTICES

26.1 Any notice or other communication to be given or made to a party under this agreement ("**Notice**"):

26.1.1 shall be in writing and in English;

26.1.2 shall be sent to the postal address and for the attention of the person specified in clause 26.2 (or such other address or person as each party may notify to the other in accordance with clause 26.5); and

26.1.3 may be served on or delivered to the relevant party:

26.1.3.1 personally or by hand delivery;

26.1.3.2 by special (or other recorded) delivery; or

26.1.3.3 subject to clause 26.2, by email.

26.2 When a Notice is served on or delivered to a party ("**Recipient**") by email, the party serving or delivering the Notice ("**Sender**") must deliver a copy of such Notice to the Recipient in accordance with the provisions of clauses 26.1.3.1 and 26.3.1 or clauses 26.1.3.2 and 26.3.2 by 5.00pm on the fifth Business Day after the date on which the original Notice is deemed to have been served or delivered in accordance with clause 26.3.3. Failure by the Sender to deliver such copy Notice to the Recipient shall not invalidate the service or delivery of the original Notice (or delay the time of deemed service or delivery under clause 26.3.3). The postal and email addresses of the parties for the purposes of clause 26.1.2 are:

Bidco:

For the attention of: Shane Law and Stephen Green

Address: 54 Portland Place, London, W1B 1DY

Email: shane@patroncapital.com
stephen@patroncapital.com

For the attention of: Ruth Hunter

Address: Heineken UK Limited
3-4 Broadway Park
South Gyle Broadway
Edinburgh
EH12 9JZ

Email: Ruth.HUNTER@heineken.co.uk

With a copy to: DLA Piper UK LLP, 3 Noble Street, London, EC2V 7EE (ref: Robert Bishop/Mark Chivers (file no: 367748/107 but so that the provision of such a copy notice to DLA Piper UK LLP shall not constitute service on Heineken or any acceptance of a right to serve proceedings on DLA Piper UK LLP nor shall failure to do so constitute a failure to give proper notice.

26.3 Any Notice which has been served or delivered in accordance with clause 26.1 shall be deemed to have been served or delivered:

26.3.1 if served or delivered personally or by hand, at the time of service or delivery;

26.3.2 if posted, at 10.00am on the second Business Day after the date of posting unless there is evidence of earlier receipt; or

26.3.3 if sent by email, at the time the email is sent,

provided that if, under clauses 26.3.1 or 26.3.3, any Notice would be deemed to have been served or delivered after 5.00pm on a Business Day and before 9.00am on the next Business Day, such Notice shall be deemed to have been served or delivered at 9.00am on the second of such Business Days.

26.4 In proving service or delivery of a Notice, it shall be sufficient to prove that Recipient has acknowledged the Notice or:

26.4.1 that service or delivery personally or by hand was made;

26.4.2 in the case of posting, that the envelope containing the Notice was properly addressed and posted by special (or other recorded) delivery post; or

26.4.3 in the case of an email, that the email was properly addressed and sent to the email address of the Recipient for the purposes of clause 26.1.2 (a confirmation setting out each Recipient to whom the email was sent being proof of service).

26.5 A party may notify the other party of a change to its name, postal or email address or relevant contact for the purposes of clause 26.1.2. Such notice shall be effective on the fifth Business Day after the date on which such notice is deemed to have been served or delivered in accordance with this clause 26, or such later date as may be specified in the notice.

27. GOVERNING LAW AND JURISDICTION

27.1 This agreement is governed by and shall be construed in accordance with English Law.

27.2 Each party irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim (including any non-contractual dispute or claim) arising out of or in connection with this agreement, its subject matter or formation.

27.3 Each party irrevocably agrees that any process in any legal action or proceedings may be served on it in accordance with the provisions of clause 26.

SCHEDULE 1: RULE 2.7 ANNOUNCEMENT

Executed by **VINE ACQUISITIONS**)
LIMITED by a director:)
)
)

Signature

Name (block capitals)
Director

.....

Executed by **HEINEKEN UK LIMITED** by)
a director/authorised person:)
)
)

Signature 

Name (block capitals) **RUTH HUNTER**
Director/authorised
person

Executed by **VINE ACQUISITIONS**)
LIMITED by a director:)
)
)

Signature 

Name (block capitals) STEPHEN GREEN
Director

Executed by **HEINEKEN UK LIMITED** by)
a director/authorised person:)
)
)

Signature

Name (block capitals)

**Director/authorised
person**