

TO: Vine Acquisitions Limited ("**Bidco**")  
and  
Heineken UK Limited ("**Heineken**")  
and  
Punch Taverns plc ("**Punch**")

15 December 2016

Dear Sirs

**Proposed acquisition by Bidco of Punch and the associated disposal of the group of companies of which Punch Taverns Holdco (A) Limited is the holding company (the "Punch A Group") to Heineken**

The terms of this Undertaking are conditional on the Press Announcement (as defined below) being released not later than 5.00 p.m. London time on 16 December 2016 or such later date as we and Bidco may agree. In this Undertaking, the "**Acquisition**" means the proposed acquisition by Bidco (or one of its affiliates) of all the issued and to be issued ordinary share capital of Punch, to be implemented by way of a court sanctioned scheme of arrangement (the "**Scheme**") under Part 26 of the Companies Act 2006 between (among others) Punch and the holders of its ordinary shares substantially on the terms set out in the draft press announcement, a copy of which is annexed at Appendix 2 (subject to the inclusion of any alternative or additional terms and conditions as may be required to comply with the requirements of (i) the Takeover Panel (the "**Panel**"), the Financial Conduct Authority acting in its capacity as the UK Listing Authority, the London Stock Exchange plc and/or any other relevant securities exchange; or (ii) the City Code on Takeovers and Mergers (the "**Code**") and any other applicable law or regulation (the "**Press Announcement**"). The "**Disposal**" means the sale of the Punch A Group by Bidco to Heineken substantially on the terms set out in the Press Announcement. The Acquisition and the Disposal together comprise the "**Transaction**".

**1. Warranties and Undertakings**

In consideration of Bidco agreeing (subject to paragraph 4 below) to proceed with the Transaction, we hereby warrant and irrevocably undertake to Bidco, Heineken and Punch that, unless and until our obligations terminate or lapse in accordance with this Undertaking:

- 1.1 we are the registered holders and/or the beneficial owners of (or are otherwise able to control the exercise of all rights attaching to, including voting rights and the ability to procure the transfer of) the number of ordinary shares of 0.9572p each in the capital of Punch ("**Punch Shares**") specified in Appendix 1 and have full power and authority to enter into this Undertaking, to perform the obligations in this Undertaking in accordance with its terms, to exercise (or procure the exercise of) all voting rights attaching to the Shares (as defined below) and otherwise to take all necessary actions (or procure that they are taken) to approve the Transaction in respect of, and to transfer, the Shares (as defined below);

- 1.2 other than pursuant to the Scheme or the Transaction or a Permitted Transfer (as defined below), before the earlier of the Undertaking lapsing in accordance with paragraph 4 below and the Transaction closing, we shall not (and, where applicable, shall procure that the registered holder shall not):
  - 1.2.1 sell, transfer, charge, encumber, create or grant any option or lien over or otherwise dispose of (or permit any such actions to occur in respect of) any interest in any Punch Shares or any other shares in Punch issued or unconditionally allotted to, or otherwise acquired by, us or any further shares in the capital of Punch ("**Further Punch Shares**") in respect of which we become the registered holder or beneficial owner before then (together the "**Shares**"); or
  - 1.2.2 accept, or give any undertaking (whether conditional or unconditional) to accept or otherwise agree to any offer, scheme of arrangement, merger or other business combination made or proposed to be made in respect of securities in Punch by any person other than Bidco; or
  - 1.2.3 purchase or acquire any further Punch Shares or other securities of Punch (or any interest therein) without prior confirmation from the Panel that we are not deemed to be concert parties of Bidco in connection with the Acquisition; or
  - 1.2.4 enter into any agreement or arrangement, incur any obligation or give any indication of intent (or permit such circumstances to occur) in relation to, or operating by reference to, the Shares, or to do all or any of the acts referred to in paragraphs 1.2.1, 1.2.2, or 1.2.3 above, which in either case would or might reasonably be expected to restrict or impede giving effect to the Scheme or the Transaction by any person or our ability to comply with this Undertaking. For the avoidance of doubt, references in this paragraph 1.2.4 to any agreement, arrangement or obligation shall include any such agreement, arrangement or obligation whether or not legally binding or subject to any condition, or which is to take effect upon or following the Scheme lapsing or being withdrawn, or upon or following this Undertaking ceasing to be binding, or upon or following any other event;
- 1.3 we accept and agree to the terms of the Scheme and the Transaction and we shall:
  - 1.3.1 exercise, or, where applicable, procure the exercise of, all voting rights attaching to our Shares to vote in favour of all resolutions to approve the Scheme and/or the Transaction at any general or class meeting ("**GM**") and Court-convened meeting ("**Court Meeting**") of Punch to be convened and held in connection with the Transaction, or at any adjournment of any such meeting;
  - 1.3.2 (i) execute (or procure the execution of) all relevant forms of proxy in respect of all of our Shares validly appointing any person nominated by Bidco to attend and vote at any GM or Court Meeting (or any adjournment thereof) in respect of the resolutions to approve the Scheme and/or the Transaction and any related matters reasonably required to be approved to give effect to the Scheme and/or the Transaction; and (ii) lodge (or procure the lodgement of) such executed forms of proxy prior to the deadline for lodging such forms of proxy (provided always that such deadline is not more than 48 hours prior to the relevant meeting); and

- 1.3.3 not revoke or amend any proxy submitted in accordance with paragraph 1.3.2, either in writing or by attendance at any GM (or Court Meeting or any adjournment thereof) or otherwise;
- 1.4 we shall:
  - 1.4.1 not exercise (or procure the exercise of) any of the voting rights attached to the Shares at the Court Meeting or the GM other than in accordance with this Undertaking;
  - 1.4.2 otherwise exercise (or procure the exercise of) the voting rights attached to the Shares on any resolution which is required for the implementation of the Scheme and/or the Transaction if it were passed or rejected at a general, class, or other meeting of Punch shareholders (the "**Resolutions**") only in accordance with Bidco and Heineken's joint written direction;
  - 1.4.3 requisition or join in the requisition of any general or class meeting of Punch shareholders for the purpose of considering any such Resolutions and request Punch to give notice of such Resolutions only in accordance with Bidco and Heineken's joint written direction;
  - 1.4.4 exercise (or procure the exercise of) the voting rights attached to the Shares against any resolution which (i) would reasonably be expected to prevent or delay implementation of the Scheme or the Transaction; or (ii) purports to approve or give effect to (and we will agree not to be bound by) a proposal by a person other than Bidco, to acquire (or have issued to it) Punch Shares (whether by way of scheme of arrangement or otherwise) or any assets of Punch; and
  - 1.4.5 for the purposes of this paragraph 1, execute any form of proxy required by Bidco appointing any person nominated by Bidco to attend and vote at the relevant meeting referred to in this paragraph 1.4 (or any adjournment thereof).

## 2. **Permitted Transfer**

We may sell, transfer or otherwise dispose of (or permit any such actions to occur in respect of) any Shares to any person(s) (a "**Transferee**") provided that:

- 2.1 we shall notify our intention to sell, transfer or otherwise dispose of any Shares and the identity of the Transferee to Bidco, Heineken and Punch at least two business days before such sale, transfer or disposal;
- 2.2 we shall procure that the Transferee executes and deliver to Bidco, Heineken and Punch a valid and binding irrevocable undertaking on the same terms and conditions as set out in this Undertaking (the "**Transferee Undertaking**") prior to the sale, transfer or disposal taking place; and
- 2.3 each of Bidco and Heineken, acting reasonably, agrees that such Transferee has full power and authority to enter into, and to fulfil its obligations under, the Transferee Undertaking, such agreement not to be unreasonably withheld or delayed,

(the "**Permitted Transfer**").

3. **Consents**

We agree to:

- 3.1 promptly inform you of all information you may require in order to comply with the requirements of the Code, the Panel, the Court or of other applicable law or regulation and promptly notify you in writing of any material change in the accuracy or import of any such information and consent to the public disclosure of such information;
- 3.2 the issue of the Press Announcement with the references to us (and the registered holder of any of the Shares in which we have (or will have as the case may be) a beneficial interest) and to particulars of this Undertaking);
- 3.3 particulars of this Undertaking being set out in any other announcement or document issued in connection with the Transaction and in the scheme document setting out the terms and conditions of the Scheme and the Transaction (the "**Scheme Document**"); and
- 3.4 subject to redaction of the signatures, a copy of this Undertaking being available for inspection during the offer (and any related competition reference period) in accordance with Rule 26.2 of the Code or the Listing Rules of the Financial Conduct Authority or its successor from time to time.

4. **Announcing and Making the Offer**

We acknowledge that the release of the Press Announcement is at Bidco's absolute discretion and, in particular, Bidco reserves the right not to release the Press Announcement unless (i) the board of directors of Punch agrees to recommend the Scheme and the Transaction; and (ii) Bidco receives irrevocable undertakings substantially in this form (or such other form as Bidco may accept) in respect of not less than 50 per cent. of the issued Punch Shares or such lesser amount as Bidco shall agree and that for the avoidance of doubt, nothing in this Undertaking shall oblige Bidco or Heineken to announce or proceed with the Scheme or the Transaction.

5. **Lapse of Undertaking**

- 5.1 All of our obligations pursuant to this Undertaking will lapse and cease to have effect on the earlier of the following occurrences:
  - 5.1.1 a third party announces through a Regulatory Information Service, prior to the date of the Court Meeting and/or the GM, a firm intention to make a general offer (which is not subject to any pre-conditions) to acquire (howsoever to be implemented) the entire issued and to be issued share capital of Punch (a "**Third Party Offer**") with an offer value of 200 pence or more (whether the offer is a cash offer or otherwise) for each Punch Share, provided that in the event of any such Third Party Offer, we will not commit to sell any Shares and/or grant an irrevocable undertaking in favour of the Third Party Offer until the expiry of 48 hours from the time of the announcement of such Third Party Offer;
  - 5.1.2 Bidco has not announced a firm intention to proceed with the Acquisition by 5.00 p.m. on 16 December 2016 or such later date as we and Bidco may agree;

- 5.1.3 the Scheme Document is not sent to Punch shareholders within 28 days (or such longer period as the Panel may agree) after the date of the Press Announcement;
  - 5.1.4 the Scheme lapses or is withdrawn in accordance with its terms and/or Bidco publicly confirms that it does not intend to proceed with the Acquisition or to implement the Acquisition by way of a takeover offer (as such term is defined in section 974 of the Companies Act 2006 (an "**Offer**") or otherwise;
  - 5.1.5 the Scheme has not become effective by 11.59 p.m. London time on the Long Stop Date (as defined in the Press Announcement); and
  - 5.1.6 if we are required to withdraw this Undertaking by any court of competent jurisdiction or by any competent regulator.
- 5.2 If the obligations in this Undertaking lapse, we shall have no claim against Bidco, Heineken or Punch relating to the Transaction or this Undertaking and neither Bidco, Heineken nor Punch shall have any claim against us, in each case other than in respect of any prior breach of any of the terms of this Undertaking.

## 6. **Takeover Bid or Scheme of Arrangement**

We note that Bidco reserves the right to implement the Acquisition by way of an Offer. In the event that it is so implemented, we confirm and agree that this Undertaking shall continue to be binding *mutatis mutandis* in respect of the Shares and all references to the Scheme shall, where the context permits, be read as references to the Offer (or to both the Scheme and the Offer, as appropriate). Notwithstanding the generality of the foregoing, references in this Undertaking:

- 6.1 to voting in favour of the Scheme and voting in favour of the resolutions to be proposed at the Court Meeting and/or the GM shall be read and construed as references to accepting the Offer, which acceptances in such circumstances shall be tendered within 21 days of publication of the formal document containing the Offer (the "**Offer Document**") to Punch shareholders and even if the terms of the Offer give accepting shareholders the right to withdraw acceptances, we shall not withdraw (nor shall we procure the withdrawal of) our acceptances in respect of the Shares unless a firm intention to make a Third Party Offer has been announced, and a right of withdrawal has arisen in accordance with the provisions of the Code;
- 6.2 to the Scheme becoming effective shall be read as references to the Offer becoming unconditional in all respects; and references to the Scheme lapsing or being withdrawn shall be read as references to the closing or lapsing of the Offer;
- 6.3 to the Scheme Document shall be read as references to the Offer Document; and
- 6.4 to an Offer shall include any new, increased, renewed or revised offer.

## 7. **Other**

- 7.1 Any time, date or period referred to in this Undertaking may be extended by mutual agreement but as regards any time, date and period originally fixed or as extended, time shall be of the essence.

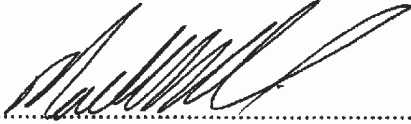
- 7.2 In the event that the Scheme is modified or amended pursuant to the requirements of, or with the approval of, the Court and in accordance with the terms of the Scheme, we confirm and agree that this Undertaking shall continue to be binding *mutatis mutandis* in respect of the Shares.
- 7.3 We agree that damages would not be an adequate remedy for breach of this Undertaking and, accordingly, Bidco and Heineken shall be entitled to the remedies of specific performance, injunction or other equitable remedies.
- 7.4 We agree that this Undertaking may be varied only with the agreement of Bidco and Heineken in writing.
- 7.5 No term of this Undertaking is enforceable under the Contract (Rights of Third Parties) Act 1999 by any person who is not a party to this Undertaking.
- 7.6 The *ejusdem generis* principle of construction shall not apply to this Undertaking. Any phrase introduced by the terms "other", "including", "include" and "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words following or preceding those terms.

**8. Governing Law and Jurisdiction**

This Undertaking and all non-contractual obligations arising from or in connection with this Undertaking are governed by and construed in accordance with English law. We submit to the exclusive jurisdiction of the English courts to settle any dispute arising from or connected with this Undertaking (a "**Dispute**") (including a dispute regarding the existence, validity or termination of this Undertaking or relating to any non-contractual or other obligation arising out of or in connection with this Undertaking on its formation). We agree that the English courts are the most appropriate and convenient courts to settle any Dispute and accordingly, will not argue to the contrary. We agree that the documents which start any proceedings relating to a Dispute ("**Proceedings**") and any other documents required to be served in relation to those Proceedings may be served on Glenview Capital Management Limited, at 4th Floor, Reading Bridge House George Street Reading RG1 8LS, on our behalf. These documents may be served in any manner allowed by law.



Yours faithfully



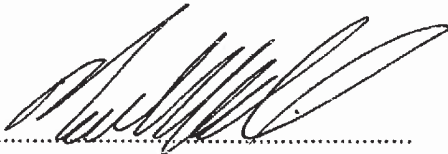
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Signed by Mark Horowitz, President of Glenview Capital Management, LLC  
for and on behalf of **Glenview Capital Partners, L.P.**  
by Glenview Capital Management, LLC, its investment advisor



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Signed by Mark Horowitz, President of Glenview Capital Management, LLC  
for and on behalf of **Glenview Capital Opportunity Fund, L.P.**  
by Glenview Capital Management, LLC, its investment advisor



.....  
Signed by Mark Horowitz, President of Glenview Capital Management, LLC  
for and on behalf of **Glenview Offshore Opportunity Master Fund, Ltd.**  
by Glenview Capital Management, LLC, its investment advisor



.....  
Signed by Mark Horowitz, President of Glenview Capital Management, LLC  
for and on behalf of **Glenview Institutional Partners, L.P.**  
by Glenview Capital Management, LLC, its investment advisor



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Signed by Mark Horowitz, President of Glenview Capital Management, LLC  
for and on behalf of **Glenview Capital Master Fund, Ltd.**  
by Glenview Capital Management, LLC, its investment advisor

**APPENDIX 1**

<b>1</b>	<b>2</b>	<b>3</b>
<b>No. of ordinary shares of 0.9572p in Punch</b>	<b>Exact name(s) and address(es) of registered holder as appearing on the register of members#</b>	<b>Beneficial owner#</b>
1,609,248	Goldman Sachs & Co, 200 West Street, 29th Floor New York, NY 10282	Glenview Capital Partners, L.P.
3,786,121	Goldman Sachs & Co, 200 West Street, 29th Floor New York, NY 10282	Glenview Capital Opportunity Fund, L.P.
5,466,544	Goldman Sachs & Co, 200 West Street, 29th Floor New York, NY 10282	Glenview Offshore Opportunity Master Fund, Ltd.
12,713,114	Goldman Sachs & Co, 200 West Street, 29th Floor New York, NY 10282	Glenview Institutional Partners, L.P.
25,607,490	Goldman Sachs & Co, 200 West Street, 29th Floor New York, NY 10282	Glenview Capital Master Fund, Ltd.

# Where more than one, indicate number of shares attributable to each.



**APPENDIX 2**

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

**FOR IMMEDIATE RELEASE**

**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION**

15 DECEMBER 2016

**VINE ACQUISITIONS LIMITED ANNOUNCES  
RECOMMENDED FINAL CASH OFFER FOR PUNCH TAVERNS PLC  
AND ASSOCIATED DISPOSAL OF THE PUNCH A GROUP**

**Summary**

- **The boards of Vine Acquisitions Limited ("Bidco"), a newly incorporated company formed at the direction of Patron Fund V, and Punch Taverns plc ("Punch"), are pleased to announce that they have agreed the terms of a recommended final cash offer (the "Offer") to be made by Bidco for the entire issued and to be issued ordinary share capital of Punch, and the associated disposal (the "Disposal") of the Punch A Group to Heineken UK Limited ("Heineken") (the Offer and the Disposal together comprising the "Transaction").**
- The Offer has received the support of Punch's top three shareholders (Glenview Capital, Avenue Capital and Warwick Capital Partners) and of the Punch Directors, representing in aggregate 52.3 per cent. of the existing issued ordinary share capital of Punch. The aforementioned shareholders and the Punch Directors who hold or are beneficially entitled to Punch Shares have each executed irrevocable undertakings as further described in paragraph 14 and Appendix 3.
- Under the Offer, each Punch Shareholder shall be entitled to receive:  

<b>For each Punch Share held</b>	<b>180 pence in cash</b> <b>(the "Offer Consideration")</b>
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- The Offer represents a premium of approximately:
  - 40.1 per cent. to the Closing Price of 128.5 pence per Punch Share on 13 December 2016 (being the last Business Day prior to the start of the Offer Period);
  - 100.6 per cent. to the Closing Price of 89.8 pence per Punch Share on 7 July 2016 (being the last Business Day prior to the first joint offer letter submitted by Patron Capital and Heineken N.V. to the Punch Board); and
  - 74.6 per cent. to the volume weighted average Closing Price of 103.1 pence per Punch Share for the six months ended 13 December 2016 (being the last Business Day prior to the start of the Offer Period).

- The Offer values the entire issued and to be issued ordinary share capital of Punch at approximately £402.7 million.
- In addition, including Punch's total net leverage as at 20 August 2016 of £1,372.9 million (including swap value of £169.7 million), the Offer implies an enterprise value of £1,775.6 million and represents a multiple of approximately 10 times Punch's EBITDA for the 52 weeks ended 20 August 2016.
- The Offer is final and will not be increased, except that Bidco reserves the right to increase the Offer Consideration if there is, on or after the date of this announcement, (i) an announcement of a firm intention to make an offer for Punch by a third party offeror; (ii) an announcement of a possible offer for Punch by a third party potential offeror (other than Emerald Investment Partners Limited ("**Emerald**")); or (iii) an announcement by Punch identifying a third party potential offeror for Punch (other than Emerald).
- It is currently envisaged that the Offer will be effected by way of a court-sanctioned scheme of arrangement of Punch under Part 26 of the 2006 Act.
- In connection with the Transaction, Bidco has entered into the SPA with Heineken pursuant to which Bidco will, subject only to the Scheme becoming Effective, procure:
  - the sale of the Punch A Group (including Punch A and all entities currently held, directly or indirectly, by Punch A) and certain pubs to Heineken; and
  - the refinancing, assignment, transfer or otherwise of the rights and benefits of the Punch Intercompany Loans to Heineken,

for an aggregate consideration of £305,030,201 in cash (the "**Disposal Proceeds**"), subject to any post-completion adjustment. The existing external debt of the Punch A Group will remain in place.

- Bidco will fund part of the aggregate Offer Consideration using the Disposal Proceeds.
- The Offer will be conditional, among other things, on: (i) approval by the requisite majorities of Punch Shareholders at the Meetings; and (ii) the requisite European Commission and/or CMA antitrust clearances being obtained in order to effect the Disposal.
- **The Punch Directors, who have been so advised by Goldman Sachs International as to the financial terms of the Offer, consider the terms of the Offer to be fair and reasonable. In providing advice to the Punch Directors, Goldman Sachs International has taken into account the commercial assessments of the Punch Directors.**
- **The Punch Directors intend unanimously to recommend that Punch Shareholders vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the Punch General Meeting (or, if Bidco, subject to the consent of the Panel and the terms of the Co-operation Agreement, exercises**

**its right to implement the Offer by way of a takeover offer, to accept, or procure acceptances of, such takeover offer). The Punch Directors who hold or are beneficially entitled to Punch Shares have irrevocably undertaken to vote, or procure to be voted, in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the Punch General Meeting, in respect of their own beneficial holdings of Punch Shares (excluding any Punch Shares held on their behalf by the trustee of the Punch Share Bonus Plan) amounting to, in aggregate, 89,637 Punch Shares, representing approximately 0.04 per cent. of the existing issued ordinary share capital of Punch in issue on 14 December 2016 (being the last Business Day prior to the date of the publication of this announcement).**

- Bidco and Heineken have also received irrevocable undertakings from Glenview Capital, Avenue Capital and Warwick Capital Partners to vote, or procure votes, in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the Punch General Meeting (or, if Bidco, subject to the consent of the Panel and the terms of the Co-operation Agreement, exercises its right to implement the Offer by way of a takeover offer, to accept, or procure acceptances of, such takeover offer) in respect of, in aggregate, 116,094,847 Punch Shares, representing approximately 52.3 per cent. of the existing issued ordinary share capital of Punch.
- The Offer will be put to Punch Shareholders at the Court Meeting and the Punch General Meeting. To become Effective, the Scheme requires, among other things, the approval of a majority in number representing not less than 75 per cent. in value of the relevant Punch Shareholders present and voting in person or by proxy at the Court Meeting, which is convened by order of the Court, and the passing of the resolutions necessary to implement the Offer at the Punch General Meeting. The Scheme must also be sanctioned by the Court.
- The Offer will be on the terms and subject to the Conditions set out in Appendix 1 to this announcement. Full details of the Transaction will be set out in the Scheme Document. It is expected that the Scheme Document and the forms of proxy accompanying the Scheme Document will be published in January 2017 and Meetings will be held in the first quarter of 2017, and that the Scheme will become Effective in the first half of 2017 subject to the satisfaction or waiver of the Conditions and certain further terms set out in Appendix 1 to this announcement.

Stephen Green, Senior Partner of Patron Capital, said: *"Our offer creates an exciting opportunity for Punch as a more focused business. Under private ownership, with strong financial backing, and a commitment to continued investment, pubs and publicans will have our full support to deal with changing market dynamics and provide their customers with the best possible offer. These are high quality pubs with excellent future potential."*

Stefan Orłowski, Regional President Europe for Heineken N.V., said: *"This transaction is a significant step forward in our strategy to unlock value in the UK pub market. The performance of our Star Pubs & Bars business clearly shows that well invested pubs, in the hands of skilled and ambitious independent operators can outperform. Leveraging our extensive experience will enable us to realise increased potential from the pubs we are acquiring and deliver positive returns to our shareholders."*

David Forde, Managing Director of Heineken UK, added: *"Today's announcement is a huge vote of confidence in the Great British Pub. Our proven track record of success demonstrates*

*that well invested and well run pubs in the leased and tenanted sector can thrive. Today's development is good news for pub-goers across the UK who will see the benefit of better pubs in their communities. We look forward to welcoming new licensees in to Star Pubs & Bars, and to working with them to grow their businesses."*

Stephen Billingham, Chairman of Punch, said: "*The Punch Board and management team have positioned Punch to drive long term value for shareholders and our recent performance has demonstrated the successful execution of this strategy reflecting the hard work and quality of the whole Punch team. While the Board did not solicit this offer for the company, we believe this is a good outcome for shareholders as the offer provides cash certainty at a significant premium.*"

**This summary should be read in conjunction with the following announcement and the Appendices. The Offer will be on the terms and subject to the Conditions set out in Appendix 1. Full details of the Transaction will be set out in the Scheme Document. The bases and sources for certain financial information contained in this announcement are set out in Appendix 2. Details of the irrevocable undertakings received by Bidco and Heineken are set out in Appendix 3. Certain definitions and terms used in this announcement are set out in Appendix 4.**

**Enquiries:**

**PATRON CAPITAL**

Shane Law  
Stephen Green

Tel: +44 20 7629 9417

**ROTHSCHILD** (financial adviser to Patron Fund V and Bidco)

Avi Goldberg  
Edward Duckett

Tel: +44 20 7280 5000

**HEINEKEN**

Sonya Ghobrial (for investor/analyst enquiries)  
Nigel Pollard (for press enquiries)

Tel: +31 20 5239 590  
Tel: +44 7785 531 756

**NOMURA INTERNATIONAL PLC** (financial adviser to Heineken International)

Oliver Tucker  
Harry Goss

Tel: +44 20 7102 1000

**PUNCH TAVERNS PLC**

Stephen Billingham, Chairman  
Duncan Garrod, Chief Executive Officer  
Steve Dando, Chief Financial Officer

Tel: +44 1283 501 948

**GOLDMAN SACHS INTERNATIONAL** (financial adviser to Punch)

Nick Harper  
Chris Emmerson  
Mihir Lal

Tel: +44 20 7774 1000

**REDLEAF COMMUNICATIONS** (PR adviser to Patron Capital and Bidco) Tel: +44 20 7382 4747  
Emma Kane  
Henry Columbine

**TENEO BLUE RUBICON** (PR adviser to Heineken) Tel: +44 20 7260 2700  
Charles Armitstead  
Ben Ullman

**BRUNSWICK GROUP LLP** (PR adviser to Punch) Tel: +44 20 7404 5959  
Jonathan Glass  
Joe Shipley

### ***Further information***

*This announcement is not intended to, and does not, constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Offer or otherwise. The Offer will be implemented by way of scheme of arrangement pursuant to the Scheme Document (or in the event that the Offer is to be implemented by means of a takeover offer, an offer document), which will contain the full terms and conditions of the Offer, including details of how to vote in respect of the Offer. Any decision in respect of, or other response to, the Offer should be made only on the basis of the information contained in the Scheme Document.*

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

### ***Important notices relating to financial advisers***

*Rothschild, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for Patron Fund V and Bidco and no one else in connection with the Transaction and will not be responsible to anyone other than Patron Fund V and Bidco for providing the protections afforded to clients of Rothschild nor for giving advice in relation to the Transaction or any matter or arrangement referred to in this announcement.*

*Nomura International plc, which is authorised by the Prudential Regulation Authority and regulated by the Prudential Regulation Authority and the Financial Conduct Authority in the United Kingdom, is acting exclusively for Heineken International and no one else in connection with the Transaction and Nomura International plc, its affiliates and its respective officers, employees, agents, representatives and/or associates will not regard any other person as their client, nor will they be responsible to anyone other than Heineken International for providing the protections afforded to clients of Nomura International plc nor for giving advice in relation to the Transaction or any matter or arrangement referred to in this announcement.*

*Goldman Sachs International, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom, is acting exclusively for Punch and no one else in connection with the Transaction and will not be responsible to anyone other than Punch for providing the*

*protections afforded to clients of Goldman Sachs International, or for providing advice in relation to the Transaction or any matter or arrangement referred to in this announcement.*

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

*Unless expressly stated otherwise, no statement in this announcement is intended as a profit forecast or a profit estimate and no statement in this announcement should be interpreted to mean that earnings per Punch Share for the current or future financial years would necessarily match or exceed the historical published earnings per Punch Share.*

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

*This announcement (including information incorporated by reference in this announcement), oral statements made regarding the Transaction, and other information published by Bidco, Patron Capital and (as relevant) Punch and Heineken, contain statements which are, or may be deemed to be, "forward-looking statements". All statements, other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management of Bidco and Patron Capital and (as relevant) Punch and Heineken about future events, and are therefore subject to risks and uncertainties which could cause actual results, performance or events to differ materially from those expressed or implied by the forward-looking statements. The forward-looking statements contained in this announcement include statements relating to the expected effects of the Transaction, the expected timing and scope of the Transaction, and other statements other than historical facts. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "plan", "expect", "budget", "target", "aim", "scheduled", "estimate", "forecast", "intend", "anticipate", "assume", "hope", "continue" or "believe", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. None of Bidco, Patron Capital, Punch or Heineken can give any assurance that expectations reflected in the forward-looking statements will prove to be correct. By their nature, forward-looking statements involve risks (known and unknown) and uncertainties (and other factors that are in many cases beyond the control of Bidco, Patron Capital and/or (as relevant) Punch and Heineken because they relate to events and depend on circumstances that may or may not occur in the future.*

*Each forward-looking statement speaks only as of the date of this announcement. None of Bidco, Patron Capital, Punch or Heineken or any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. All forward-looking statements contained in this announcement are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Readers are cautioned not to place undue reliance on these forward-looking statements. Other than in accordance with their legal or regulatory obligations (including under the Takeover Code) the members of the Punch Group, the members of the Heineken Group and the members of Patron Capital are under no obligation and undertake no obligation, and expressly disclaim any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*



*There are several factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or dispositions.*

### ***Overseas Shareholders***

*The release, publication or distribution of this announcement in certain jurisdictions may be restricted by law. Persons who are not resident in the United Kingdom or who are subject to the laws of other jurisdictions should inform themselves of, and observe, any applicable requirements. In particular, the ability of persons who are not resident in the United Kingdom to vote their Punch Shares with respect to the Scheme at the Court Meeting and the Transaction at the Punch General Meeting, or to execute and deliver forms of proxy appointing another to vote at the Court Meeting and the Punch General Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located. This announcement has been prepared for the purpose of complying with English law and the Takeover Code and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside the United Kingdom.*

*The Offer relates to shares of a UK company and is proposed to be effected by means of a scheme of arrangement under the laws of England and Wales. However, if Bidco were to elect to implement the Offer by means of a takeover offer, such takeover offer will be made in compliance with all applicable laws and regulations, including relevant US securities laws. In addition to any such takeover offer, to the extent permitted by applicable law (including relevant US securities laws), Bidco, certain affiliated companies and the nominees or brokers (acting as agents) may make certain purchases of, or arrangements to purchase, Punch Shares outside such takeover offer during the period in which such takeover offer would remain open for acceptance. If such purchases or arrangements to purchase were to be made they would be made outside the United States and would comply with applicable law, including the US Exchange Act.*

*The availability of the Offer to Punch Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are resident. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable requirements.*

*Unless otherwise determined by Bidco or required by the Takeover Code, and permitted by applicable law and regulation, the Offer shall not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Offer by any such use, means, instrumentality or form within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this announcement and all documents relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and persons receiving this announcement and all documents relating to the Offer (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from such jurisdiction where to do so would violate the laws in that jurisdiction.*

*The Offer shall be subject to the applicable requirements of the Takeover Code, the Panel, the London Stock Exchange, the FCA and the UK Listing Authority.*

### ***Disclosure requirements of the Takeover Code***

*Under Rule 8.3(a) of the Takeover Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offer (being any offer other than an offer in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the Offer Period and, if later, following the announcement in which any securities exchange offer is first identified.*

*An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3:30 pm on the 10th business day following the commencement of the Offer Period and, if appropriate, by no later than 3:30 pm on the 10th business day following the announcement in which any securities exchange offer is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offer prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.*

*Under Rule 8.3(b) of the Takeover Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offer must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3:30 pm on the business day following the date of the relevant dealing.*

*If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.*

*Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).*

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

### **Publication on websites**

*This announcement and the documents required to be published pursuant to Rule 26 of the Takeover Code will be available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on Patron Capital's, Heineken's and Punch's websites, at [www.patroncapital.com/microsite](http://www.patroncapital.com/microsite), [www.heineken.co.uk/press-releases](http://www.heineken.co.uk/press-releases) and [www.punchtavernsplc.com](http://www.punchtavernsplc.com) respectively, promptly and in any event by no later than 12.00 noon on 16 December 2016. The content of any website referred to in this announcement is not incorporated into and does not form part of this announcement.*

### **Request for hard copies**

*Punch Shareholders may request a hard copy of this announcement by contacting the Company Secretary of Punch between 9.00 a.m. and 5.00 p.m. Monday to Friday (except UK public holidays) on 01283 501 600 from within the UK (or on +44 1283 501 600 if calling from outside the UK) or by submitting a request in writing to the Company Secretary of Punch at Jubilee House, Second Avenue, Burton-upon-Trent, Staffordshire DE14 2WF. Punch Shareholders may also request that all future documents, announcements and information to be sent to them in relation to the Offer or the Transaction should be in hard copy form. A hard copy of such documents, announcements (including this announcement) and information will not be sent unless so requested.*

### **Rounding**

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

### **Electronic Communications**

*Please be aware that addresses, electronic addresses and certain information provided by Punch Shareholders, persons with information rights and other relevant persons for the recipient of communication from Punch may be provided to Bidco during the Offer Period as required under Section 4 of Appendix 4 of the Takeover Code to comply with Rule 2.11(c) of the Takeover Code.*

### **Rule 2.9 Disclosure**

*In accordance with Rule 2.9 of the Takeover Code, Punch confirms that as at the date of this announcement, it has in issue and admitted to trading on the main market of the London Stock Exchange 221,955,160 ordinary shares of 0.9572 pence each. The International Securities Identification Number (ISIN) of the ordinary shares is GB00BPRVT80.*

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

**FOR IMMEDIATE RELEASE**

15 DECEMBER 2016

**VINE ACQUISITIONS LIMITED ANNOUNCES  
RECOMMENDED FINAL CASH OFFER FOR PUNCH TAVERNS PLC  
AND ASSOCIATED DISPOSAL OF THE PUNCH A GROUP**

**1. Introduction**

The boards of Vine Acquisitions Limited ("**Bidco**"), a newly incorporated company formed at the direction of Patron Fund V, and Punch Taverns plc ("**Punch**"), are pleased to announce that they have agreed the terms of a recommended final cash offer (the "**Offer**") to be made by Bidco for the entire issued and to be issued ordinary share capital of Punch. It is currently envisaged that the Offer will be effected by way of a court-sanctioned scheme of arrangement of Punch under Part 26 of the 2006 Act.

Conditional only upon the Scheme becoming Effective, the Punch A Group will be sold to Heineken UK Limited ("**Heineken**") (the "**Disposal**"), with Bidco retaining the Punch B Group and the Punch Holding Group (the Offer and the Disposal together comprising the "**Transaction**"). Bidco will fund part of the aggregate Offer Consideration using the Disposal Proceeds.

The Offer has received the support of Punch's top three shareholders (Glenview Capital, Avenue Capital and Warwick Capital Partners) and of the Punch Directors, representing in aggregate 52.3 per cent. of the existing issued ordinary share capital of Punch. The aforementioned shareholders and the Punch Directors who hold or are beneficially entitled to Punch Shares have each executed irrevocable undertakings as further described in paragraph 14 and Appendix 3.

**2. The Offer**

Under the Offer, which will be on the terms and subject to the Conditions set out below and in Appendix 1 to this announcement, and to be set out in the Scheme Document, Punch Shareholders will be entitled to receive:

<b>For each Punch Share held</b>	<b>180 pence in cash (the "Offer Consideration")</b>
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The Offer represents a premium of approximately:

- 40.1 per cent. to the Closing Price of 128.5 pence per Punch Share on 13 December 2016 (being the last Business Day prior to the start of the Offer Period);

- 100.6 per cent. to the Closing Price of 89.8 pence per Punch Share on 7 July 2016 (being the last Business Day prior to the first joint offer letter submitted by Patron Capital and Heineken N.V. to the Punch Board); and
- 74.6 per cent. to the volume weighted average Closing Price of 103.1 pence per Punch Share for the six months ended 13 December 2016 (being the last Business Day prior to the start of the Offer Period).

The Offer values the entire issued and to be issued share capital of Punch at approximately £402.7 million. In addition, including Punch's total net leverage as at 20 August 2016 of £1,372.9 million (including derivative financial instruments of £169.7 million), the Offer implies an enterprise value of £1,775.6 million and represents a multiple of approximately 10 times Punch's EBITDA for the 52 weeks ended 20 August 2016.

The Offer is final and will not be increased, except that Bidco reserves the right to increase the Offer Consideration if there is, on or after the date of this announcement, (i) an announcement of a firm intention to make an offer for Punch by a third party offeror; (ii) an announcement of a possible offer for Punch by a third party potential offeror (other than Emerald Investment Partners Limited ("**Emerald**")); or (iii) an announcement by Punch identifying a third party potential offeror for Punch (other than Emerald).

The Offer will be conditional, among other things, on: (i) approval by the requisite majorities of Punch Shareholders at the Meetings; and (ii) the requisite European Commission and/or CMA antitrust clearances being obtained in order to effect the Disposal. Neither the Offer nor the Disposal requires bondholder consent.

It is currently expected that the Scheme Document will be published in January 2017 and Meetings will be held in the first quarter of 2017, and that the Scheme will become Effective in the first half of 2017 subject to the satisfaction or waiver of the Conditions and certain further terms set out in Appendix 1 to this announcement.

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

Patron Capital and Heineken believe that pubs are an integral part of British culture and that well-run, high-quality pubs will continue to prosper. Patron Capital and Heineken N.V. made a joint approach to the Punch Board in June 2016 regarding a possible offer whereby Patron Capital would make an offer for the Punch Group, under which Patron Capital would retain the Punch B Group and Punch Holding Group, including its associated liabilities, with the offer being partly financed by the simultaneous and inter-conditional sale of the Punch A Group to Heineken. The Punch Board agreed to provide Patron Capital and Heineken with access to certain limited financial and other company information, to enable Patron Capital and Heineken to refine their proposal and increase the certainty of being able to deliver a transaction. Following further discussions, a number of proposals were made to the Punch Board culminating in the Transaction being announced today.

Patron Capital and Heineken are highly credible acquirers of the Punch Group, with the relevant knowledge, experience, strategic intent and financial capability to complete the Transaction.

### *Patron Capital's rationale for the Transaction*

Patron Capital believes that the pubs owned by the Punch B Group and the Punch Holding Group could benefit significantly from a renewed level of operational and investment focus made possible by a sale of the Punch A Group. It expects to continue to pursue, and in some cases accelerate or enhance, key elements of the current Punch management team's strategy, including, among other things:

- investing in Punch's pubs and publicans, ensuring that pubs have the support they need to provide the best possible offer to their customers and deal with the changing dynamics in the market;
- adapting and modernising operating models such as through the roll-out of the managed / Falcon operating format; and
- continuing to dispose of non-core assets.

Patron Capital has extensive experience of investing in operating businesses underpinned by real estate assets. Patron Capital will be partnering specifically for the Transaction in relation to the oversight and asset management of the Punch B Group with operating partners who have extensive experience in the pub sector, and who have been instrumental in assisting with Patron Capital's due diligence conducted on the Punch Group, particularly the Punch B Group, to date.

### *Heineken's rationale for the Transaction*

The UK pub market is strategically important to Heineken. It is a market in which Heineken plans to continue to invest, develop and grow by attracting and retaining the best possible talent to operate its pubs. Heineken believes that there is compelling strategic rationale for enlarging its pub business through the acquisition of the Punch A Group. Once the Punch A Group estate is integrated with Heineken's existing Star Pubs & Bars estate, Heineken will become the third-largest pub business in the UK with approximately 2,950 leased and tenanted pubs increasing its presence in what remains a highly fragmented pub market.

Heineken has been active in the UK pub market for many years with the size of its estate having changed significantly over time. As at December 2011, its estate comprised approximately 1,370 pubs. In 2012, Heineken rebranded its pub estate as "Star Pubs & Bars" and has invested over £20 million per annum since 2014 for the purposes of developing its pub estate. Heineken currently has a UK-wide estate of 1,049 leased and tenanted pubs. The acquisition of the Punch A Group will add approximately a further 1,900 pubs to Heineken's existing portfolio.

Heineken considers that well invested pubs run by skilled and motivated operators will continue to prosper. Heineken believes the acquisition of the Punch A Group will provide the following key commercial benefits:

- the acquisition of high-quality pubs complementing the existing Star Pubs & Bars estate, both in terms of geography and customer profile;
- an opportunity to improve the operating performance and profitability of the

Punch A Group estate through refurbishing and rejuvenating the pubs, making them more relevant to their communities and capable of multiple income streams including food;

- an opportunity for Heineken to continue its support of the British pub by working closely with, and providing support to lessees;
- the ability to optimise the combined Star Pubs & Bars and Punch A Group estate by selling non-core or underperforming pubs;
- a source of sustainable revenue from rental income;
- improve visibility and increase sales of Heineken brands in high-quality pubs; and
- the ability to obtain operational synergies and economies of scale by integrating the Punch A Group estate with the Star Pubs & Bars estate.

The acquisition of the Punch A Group is expected to be earnings enhancing for Heineken N.V. in the first full year following completion of the acquisition.

#### 4. **Recommendation**

**The Punch Directors, who have been so advised by Goldman Sachs International as to the financial terms of the Offer, consider the terms of the Offer to be fair and reasonable. In providing advice to the Punch Directors, Goldman Sachs International has taken into account the commercial assessments of the Punch Directors.**

**The Punch Directors intend unanimously to recommend that Punch Shareholders vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the Punch General Meeting (or, if Bidco, subject to the consent of the Panel and the terms of the Co-operation Agreement, exercises its right to implement the Offer by way of a takeover offer, to accept, or procure acceptances of, such takeover offer). The Punch Directors who hold or are beneficially entitled to Punch Shares have irrevocably undertaken to vote, or procure to be voted, in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the Punch General Meeting, in respect of their own beneficial holdings of Punch Shares (excluding any Punch Shares held on their behalf by the trustee of the Punch Share Bonus Plan) amounting to, in aggregate, 89,637 Punch Shares, representing approximately 0.04 per cent. of the existing issued ordinary share capital of Punch in issue on 14 December 2016 (being the last Business Day prior to the date of the publication of this announcement).**

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

The Punch Board has taken a number of strategic decisions in recent years to enable Punch to adapt to changing market conditions and to focus on driving long term value for Punch Shareholders.



In 2011, Punch demerged Spirit Pub Company. The demerger ensured that the managed and the leased pub businesses could each move forward independently to execute the different plans required to drive value over time. Following the transaction, Punch was positioned to drive long term value by downsizing to an estate of approximately 3,000 high quality leased and tenanted pubs.

In 2014, Punch completed a capital restructuring which delivered a reduction in total net debt of £0.6 billion and a reduction in net debt to EBITDA ratio to c.7.7 times. As a result, Punch's highly cash generative business was capitalised with a more robust and sustainable debt structure with anticipated net deleveraging of £200 million targeted over three years. This deleveraging target was achieved in 2016 with nominal net debt reduced by £326 million since the capital restructuring.

Following the completion of the capital restructuring and the appointment of Duncan Garrod as Chief Executive Officer in June 2015, Punch set out "The Way Forward", a set of strategic priorities for the company. These priorities comprised: (i) delivering a clear, consistent consumer offer, adapting to changing consumer behaviour; (ii) comprising a broad range of flexible operating models that are in line with today's evolving pub market; (iii) underpinned by a reorganisation of management to drive operational excellence; (iv) built on an attractive offer, delivering real value to publicans through the Punch Buying Club; and (v) supported by releasing additional value from the under-utilised property portfolio and land bank.

In the financial year ended August 2016, the successful execution of this strategy led to an increase in the average profit per pub across the entire estate of four per cent. and an increase in the core estate like-for-like net income of one per cent. Furthermore, Punch completed the strategic disposal programme with disposals in 2016 delivering net proceeds of £234 million, which was significantly ahead of expectations, and £75 million above book value.

Despite the uncertainties of the current macroeconomic environment, the implications of the UK's referendum vote to leave the European Union, and the recent changes to pub regulation in the UK, the Punch Board is confident in the execution of its strategy across its pub estate. The Punch Board believes that the successful delivery of this strategy, as well as Punch's strengthened balance sheet, will generate long-term growth and create value for Punch Shareholders.

Whilst the Punch Board has confidence in its standalone plan, and did not solicit an offer for Punch, the Offer was at a level that the Punch Board felt required detailed consideration. In considering the terms of the Offer, the Punch Board has taken into account a number of factors including that:

- the Offer represents an opportunity for Punch Shareholders to realise their investment in Punch for cash at an attractive value;
- the terms of the Offer represent a premium of approximately 74.6 per cent. to the volume weighted average Closing Price of 103.1 pence per Punch Share for the six month period ended 13 December 2016 (being the last Business Day prior to the start of the Offer Period);

- the certainty of the Offer should be weighed against the inherent uncertainty of the delivery of future value that exists in any business; and
- the Offer delivers more value to Punch Shareholders than other potential strategic options.

In addition to the Offer, the Punch Board also received an indicative proposal from Emerald at 185 pence per Punch Share. This proposal is conditional on, inter alia, arranging committed financing, confirmatory due diligence, and the recommendation of the Punch Board. The Punch Board has granted due diligence access to Emerald which is still ongoing. While discussions have continued with Emerald, they have not reached a stage at which Emerald is in a position to announce a firm intention to make an offer under the Takeover Code. There can be no certainty that any firm offer will be made by Emerald. This statement is being made by Punch without the prior agreement or approval of Emerald.

Following careful consideration of the above factors, and in the absence of a higher firm offer, the Punch Directors intend unanimously to recommend the Offer to Punch Shareholders. The Punch Directors who hold or are beneficially entitled to Punch Shares have each irrevocably undertaken to vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the Punch General Meeting in respect of their entire respective beneficial holdings of Punch Shares (excluding any Punch Shares held on their behalf by the trustee of the Punch Share Bonus Plan).

In accordance with Section 4 of Appendix 7 of the Takeover Code, the Panel has confirmed that Emerald is required, by not later than 5.00 p.m. on the date falling seven days prior to the date of the Meetings (which are currently expected to be held in the first quarter of 2017), to either announce a firm intention to make an offer for Punch in accordance with Rule 2.7 of the Takeover Code or announce that it does not intend to make an offer, in which case the announcement will be treated as a statement to which Rule 2.8 of the Takeover Code applies.

## 6. **Disposal of Punch A**

In connection with the Transaction, Bidco has entered into the SPA with Heineken pursuant to which Bidco will, subject only to the Scheme becoming Effective (or, if the Offer is to be implemented by means of a takeover offer, to the Offer becoming or being declared unconditional in all respects) and the terms of the Disposal, procure:

- the sale by (i) Punch ES of the Punch A Group (including Punch A and all of the entities currently held, directly or indirectly, by Punch A) and (ii) relevant members of the Punch Group (other than members within the Punch A Group) of certain pubs to Heineken; and
- the refinancing, assignment, transfer or otherwise of the rights and benefits of the Punch Intercompany Loans to Heineken,

for an aggregate consideration of £305,030,201 in cash (the "**Disposal Proceeds**"), subject to any post-completion adjustment. The existing external debt of the Punch A Group will remain in place.

Bidco will fund part of the aggregate Offer Consideration using the Disposal Proceeds.

In addition to the SPA and in connection with the Transaction, Bidco and Heineken have also entered into:

- a collaboration agreement (the "**Collaboration Agreement**") pursuant to which, among other things, they have agreed to co-operate regarding the conduct of the Transaction and not to engage, solicit or assist a competing offer, acquire Punch Shares or pursue acquisitions of any member of the Punch Group other than as set out under the Transaction, during the Offer Period without the other party's consent. In addition, Bidco agreed to obtain Heineken's consent before seeking to invoke any Condition where the underlying matters giving rise to such invocation relate solely to the Punch A Group; and
- a transitional service agreement (the "**TSA**") pursuant to which Bidco has agreed for a maximum period of nine months following the Scheme becoming Effective (or, if the Offer is to be implemented by means of a takeover offer, following the Offer becoming or being declared unconditional in all respects) (the "**TSA Period**"), to continue to operate the Punch A Group on behalf of Heineken in a way that is operationally substantially consistent with the way in which it has been operated prior to the Scheme becoming Effective and to work with suppliers to allow for the continued supply to the Punch A Group.

Subject to the requisite resolutions being passed by Punch Shareholders at the Meetings, the Punch Directors intend to assist Bidco and Heineken with planning and preparation in relation to the separation of the Punch A Group from the Punch Group.

## 7. **Management, employees and locations**

Both Bidco and Heineken recognise that Punch has many committed and talented employees who have worked hard to support Punch and its pubs. Each of Bidco and Heineken has confirmed that it will safeguard fully the existing contractual and statutory employment rights, including pension rights, of all the management and employees of Punch following completion of the Transaction. Punch's publicans' leases will continue as before, and they will continue to benefit from the rights afforded to them by the Pubs Code Regulations.

Substantially all employees of the Punch Group are currently employed by Punch Taverns (Services) Limited. Accordingly, Punch employees are not currently allocated specifically between the Punch A Group and the Punch B Group and their responsibilities typically relate to a combination of pubs from across both Securitisation Groups.

Bidco and Heineken have entered into the TSA, whereby Bidco has agreed, among other things, for the TSA Period, to continue to manage the Punch A Group on behalf of Heineken in a way that is operationally substantially consistent with the way in which it has been managed prior to the Scheme becoming Effective.

It is intended that Heineken and Bidco will allocate field-based staff to either the Punch A Group or Punch B Group during the course of the TSA Period, such that at the end of the TSA Period those allocated to the Punch A Group will transfer to Heineken or its nominee.

*Intentions of Bidco in relation to Punch B Group and Punch Holding Group*

Bidco recognises that in order to achieve the expected benefits of the Offer, including a renewed operational focus on the pubs which Punch is retaining, cost savings in relation to the Punch B Group and the Punch Holding Group to be retained by Bidco following the Disposal will be required. Bidco will need to undertake further work before it is able to determine the impact of the Offer on employees, but it is expected that this will involve headcount reductions primarily amongst office-based employees of Punch. Bidco will of course consult as appropriate with relevant employee representatives and other appropriate stakeholders before any proposals are finalised. It is expected that Bidco will retain the majority of employees of Punch who are not transferred to Heineken following the TSA Period.

Bidco expects to hold further discussions with Punch management to ensure that Bidco retains the best talent required for the management of the Punch B Group and the Punch Holding Group, with a head office and organisational structure appropriate for the retained group going forward.

Save as referred to above and subject to finalisation of the integration plan, Bidco confirms that it has no plans currently to: (i) change the principal locations of Punch's business; or (ii) redeploy any of Punch's fixed assets.

No proposals have yet been made on the terms of any incentivisation arrangements for relevant employees or managers. Following completion of the Transaction, Bidco intends to put in place appropriate incentives to retain and attract top talent appropriate to the level and size of the business.

Bidco has confirmed that the rates of Punch B's contributions into its defined contribution pension plans are expected to be continued. It has further confirmed that the deficit reduction contributions Punch B has agreed to make to the defined benefit Pubmaster Pension Scheme (the "**Pension Scheme**") pursuant to a recovery plan dated 31 March 2015 will be honoured and that the Transaction will not result in any changes to the benefits accrued in the Pension Scheme. Bidco will discuss the Transaction and the 2016 actuarial valuation which is currently underway with the trustee of the Pension Scheme (the "**Pension Trustee**") and Bidco expects to commence discussions with the Pension Trustee shortly following this announcement.

*Intentions of Heineken in relation to Punch A Group*

The acquisition of the Punch A Group by Heineken and the separation of the Punch A Group from the Punch Group will have implications for certain of Punch's existing employees. The manner in which Punch has structured its business is such that the Punch A Group is reliant on a number of product supply and support services (including the provision of employee services) from the Punch Group. The Punch A Group does not have any employees of its own. Upon completion of the Disposal, it is intended that these arrangements are superseded by the TSA.

At the end of the TSA Period it is expected that a number of field-based Punch employees will be employed by Heineken or its nominee. The number of employees will be determined by the proportion of pubs in the Punch A Group, compared to the total number of pubs in the Punch A Group and the Punch Group. The determination of which employees will be employed by Heineken or its nominee will also be based upon a range of factors including, inter alia: job categories, the composition of pub portfolios being managed by relevant employees at the time and the geographic location of field-based employees. It is also expected that there may be some headcount reductions following a review of the business. The extent and nature of any such headcount reductions has not been determined. Any impact of the Disposal on Punch employees will be subject to prior information and consultation procedures at the appropriate time, with affected employees, employee representatives and other stakeholders as required. Heineken has no intention to make any material change to the conditions of employment of any employee who transfers to the Punch A Group at the end of the TSA Period.

Heineken also recognises that in order to achieve some of the expected benefits of the acquisition of the Punch A Group, it will be necessary for it to undertake a detailed review of the Punch A Group estate to identify those pubs in most need of investment and to plan carefully how best to integrate the Punch A Group estate with its Star Pubs & Bars business. It is expected that as a result of this review some pubs will be identified for disposal.

Heineken confirms that it has no plans currently to redeploy any fixed assets of the Punch A Group.

No discussions have been had and no proposals have yet been made by Heineken on the terms of any incentivisation arrangement for relevant employees and management.

Save as set out above, Heineken has no intention to make (i) any changes to the continued employment of its existing employees or management; or (ii) any material change in the conditions of employment of its existing employees or management, in either case due to the Disposal.

## **8. Financing of the Transaction**

The aggregate Offer Consideration of approximately £402.7 million will be funded by Bidco:

- in relation to approximately £64.2 million of the Offer Consideration, from indirect capital contribution to Bidco from Patron Fund V;
- in relation to approximately £33.5 million of the Offer Consideration, from the Heineken Bridge Loan; and
- in relation to approximately £305 million of the Offer Consideration, from the Disposal Proceeds.

Heineken will fund the Disposal Proceeds from a mixture of (i) existing cash and cash equivalents on the Heineken Group's balance sheet; (ii) funds to be made available to Heineken pursuant to an existing revolving credit facility; and/or (iii) funds to be

made available to Heineken pursuant to a £340 million facility dated 14 December 2016 between Heineken as borrower and Nomura International plc as lender ("**Nomura Credit Agreement**").

Rothschild, financial adviser to Bidco and Patron Fund V, is satisfied that sufficient resources are available to Bidco to satisfy in full the Offer Consideration payable to Punch Shareholders pursuant to the Offer.

9. **Further terms of the Offer**

The Punch Shares will be acquired pursuant to the Offer with full title guarantee, fully paid and free from all liens, charges, equities, encumbrances, rights of pre-emption and any other interests of any nature whatsoever and together with all rights now or hereafter attaching thereto, including without limitation voting rights and the right to receive and retain in full all dividends and other distributions (if any) announced, declared, made or paid on or after the date of this announcement.

If any dividend or other distribution is announced, declared, made, paid or becomes payable by Punch in respect of the Punch Shares on or after the date of this announcement and before the Scheme becomes Effective, Bidco will reduce the aggregate Offer Consideration by the aggregate amount of any such dividend or other distribution that has been announced, declared, made, paid or become payable.

10. **Information relating to Patron Capital**

Established in 1999, Patron Capital is a European fund management group which has invested approximately €2.4 billion of capital across several funds and related co-investments, investing in property, corporate operating entities, credit-related businesses and debt-related instruments whose value is primarily supported by property assets. The investors in Patron Capital represent a variety of prominent universities, major institutions, private foundations and high net worth individuals located throughout North America, Europe, the Middle East and Asia. Since inception, Patron Capital has made more than 69 investments in 17 countries and together with its partners have owned and controlled over €9 billion in gross assets. Patron Capital is based in London with associated offices in Barcelona, Milan and Luxembourg and a team of 75 people, with 42 investment professionals.

Patron Capital aims to combine an institutional approach to fund management and reporting, while continuing to embrace an entrepreneurial culture. Patron Capital favours the backing of management teams and co-investing with its pan-European network of local partners who are familiar with the local market through joint venture structures. Many of Patron Capital's private equity investments have backed existing management teams and achieved significant growth of the investee businesses and their employee bases.

In the UK, Patron Capital has focused on supporting management teams in their growth strategies and has invested in operating businesses that are significantly supported by assets as well as in direct properties. Examples of operating businesses backed by Patron Capital:

- the acquisition of a leading UK housebuilder where Patron Capital has supported the management team to grow the business both organically and through subsequent bolt-on acquisitions. The housebuilder has more than doubled in turnover over the last 3.5 years, employing in excess of 750 individuals with more than £850 million in gross asset value;
- the management buyout of a UK nationwide petrol forecourts business, where Patron Capital supported significant expansion, both through organic top line growth and the execution of a series of increasingly large add-on acquisitions, growing the portfolio from 48 sites at acquisition to 373 at the time of exit;
- the acquisition of a home reversion business, where Patron Capital acquired a residential equity release portfolio and operating business, and is strengthening the management team through further senior hires and assisting to grow the business by providing investment to acquire additional similar portfolios and consider new origination options; and
- the management buyout of the operator of some of the largest backpacker hostels in Europe, headquartered in the UK, with a staff of currently approximately 500 employees. The group, with Patron Capital's backing, engaged in a roll-out strategy establishing new youth hostels, primarily in key European cities, growing the number of beds from 1,800 to over 8,300 in ten countries.

Other significant investments comprise over 20 million sq. ft. of office, retail and industrial property across Europe. In summary, Patron Capital believes it has a strong track record in supporting management teams and their employees, employing over 2,300 people across its investments, which will continue to increase through the successful execution of its growth strategies.

#### 11. **Information relating to Bidco**

Bidco was incorporated in England and Wales on 8 December 2016 at the direction of Patron Fund V for the sole purpose of making the Offer. As at the date of this announcement, the entire issued ordinary share capital of Bidco is indirectly owned by Patron Fund V.

Bidco has not traded since incorporation, nor has it entered into any obligations, other than in connection with the Transaction.

The current directors of Bidco are Shane Law and Stephen Green.

#### 12. **Information relating to Heineken and the Heineken Group**

##### *Heineken*

Heineken is one of the UK's leading cider and beer producers and the company behind brands such as Strongbow, Bulmers, Heineken®, Foster's, John Smith's and Desperados. Heineken is the Heineken Group's main operating entity in the UK and employs around 2,000 people across seven sites in the UK with offices, breweries and cider production facilities in Edinburgh, Tadcaster, Manchester, London, Hereford



and Ledbury. Heineken operates the "Star Pubs & Bars" business with a UK-wide estate of 1,049 pubs which has delivered an attractive profit margin and cash return to Heineken.

Heineken is a wholly owned indirect subsidiary of Heineken N.V.

### *Heineken Group*

Established in 1864 by the Heineken family, the Heineken Group is one of the world's leading makers and marketers of quality beers and ciders. Led by the Heineken® brand, the Heineken Group has a portfolio of more than 250 international, national, local and specialty beers and ciders. The Heineken Group employs approximately 73,000 people across the world and operates 167 breweries, maltings, cider plants and other facilities in more than 70 countries. For the 2015 financial year, the Heineken Group reported turnover of €20,511 million (2014: €19,257 million) and net profit of €1,892 million (2014: €1,516 million).

Heineken N.V. is a public company with limited liability incorporated under the laws of the Netherlands. Its shares are listed on the Euronext in Amsterdam. Heineken Holding N.V. owns 50.005 per cent. of the shares in Heineken N.V., Fomento Económico Mexicano, S.A.B. de C.V. ("**FEMSA**"), through one of its affiliates, is a major shareholder in Heineken N.V. and the remaining shares are owned by public shareholders and includes shares held in treasury.

Heineken Holding N.V. was incorporated as a public company with an objective to manage and supervise the management of the Heineken Group and to safeguard the continuity, independence and stability of the Heineken Group. Heineken Holding N.V.'s shares trade on the Euronext in Amsterdam. L'Arche Green N.V. owns 51.709 per cent. of the shares of Heineken Holding N.V. L'Arche Green N.V. is owned 88.67 per cent. by the Heineken family and 11.33 per cent. by the Hoyer family. FEMSA, a Mexican multinational beverage and retail company headquartered in Monterrey, Mexico and listed on the Mexican Stock Exchange, is a major shareholder of Heineken Holding N.V. through one of its affiliates. The remaining shares in Heineken Holding N.V. are owned by public shareholders.

### **13. Information relating to Punch**

Punch is a leading operator of pubs in the UK, with the second largest pub estate by number of pubs. As at 20 August 2016, the Punch estate comprised 3,276 pubs located across the UK, 96 per cent. of which are held on a freehold or long leasehold basis. Punch is financed through two whole business securitisations, the Punch A securitisation (£786.0 million of gross debt secured against 1,895 pubs) and the Punch B securitisation (£565.6 million of gross debt secured against 1,329 pubs), as well as certain cash resources held across the Punch Group.

Punch operates its pubs predominantly under the tied leased and tenanted model, with a small but growing number of pubs operated under either a retail operating model or as free of tie commercial leases. The pub estate is divided into two main divisions: the Punch core pub estate, which includes core leased and tenanted pubs along with the retail contract pubs; and the Mercury pub division, which is the lifestyle tenancy estate with a lower capex model.

The Punch Holding Group currently holds cash balances of approximately £50 million (before adjusting for (i) anticipated costs associated with the Transaction of £10 million (including unrecoverable VAT) to be paid by Punch and (ii) working capital requirements) (the "**Cash Balance**"). The Punch Holding Group holds the Cash Balance to provide medium term liquidity. The Punch Directors have no current intention to use, and do not currently foresee the use of, the Cash Balance in the short term and, accordingly, the Punch Directors currently expect that the Cash Balance will be maintained up to the Scheme becoming Effective.

In addition, following this announcement the Punch Directors have no current intention to (i) sell "core" pubs owned by the Punch A Group or the Punch B Group in the period before the Scheme becomes Effective other than as agreed by Punch prior to this announcement; or (ii) refinance any of the external debt of either the Punch A Group or the Punch B Group.

Punch is headquartered in Burton upon Trent, Staffordshire, UK and has 446 employees as at 20 October 2016. For the 52 weeks ended 20 August 2016, Punch reported revenue of £406.8 million (August 2015: £420.8 million), generated underlying EBITDA of £177.9 million (August 2015: £196.4 million) and underlying profit before tax of £52.9 million (August 2015: £60.9 million). As at 20 August 2016, Punch had net assets of £784.5 million.

#### 14. **Irrevocable commitments**

Bidco and Heineken have received irrevocable undertakings from each of the Punch Directors who beneficially hold Punch Shares, being Stephen Billingham, Duncan Garrod, Steve Dando and Ian Dyson, to vote, or procure votes, in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the Punch General Meeting (or, if Bidco, subject to the consent of the Panel and the terms of the Co-operation Agreement, exercises its right to implement the Offer by way of a takeover offer, to accept, or procure acceptances of, such takeover offer) in respect of, in aggregate, 89,637 Punch Shares, representing approximately 0.04 per cent. of the existing issued ordinary share capital of Punch. These irrevocable undertakings remain binding in the event that a higher competing offer is made.

Bidco and Heineken have also received irrevocable undertakings from Glenview Capital, Avenue Capital and Warwick Capital Partners to vote, or procure votes, in favour of the Scheme at a Court Meeting and the resolutions to be proposed at the Punch General Meeting (or, if Bidco, subject to the consent of the Panel and the terms of the Co-operation Agreement, exercises its right to implement the Offer by way of a takeover offer, to accept, or procure acceptances of, such takeover offer) in respect of, in aggregate, 116,094,847 Punch Shares, representing approximately 52.3 per cent. of the existing issued ordinary share capital of Punch. These irrevocable undertakings lapse in the event of the announcement of a competing firm offer for Punch for an offer value of 200 pence or more (whether in cash or otherwise) for each Punch Share, provided that in the event of any such competing firm offer, the relevant Punch Shareholder will not commit to sell any Punch Shares and/or grant an irrevocable undertaking in favour of the competing offeror until the expiry of 48 hours from the time of the announcement of such competing firm offer.

Taking into account the irrevocable undertakings from the Punch Directors and Glenview Capital, Avenue Capital and Warwick Capital Partners, Bidco and Heineken have therefore received irrevocable undertakings to vote, or procure votes, in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the Punch General Meeting (or, if Bidco, subject to the consent of the Panel and the terms of the Co-operation Agreement, exercises its right to implement the Offer by way of a takeover offer, to accept, or procure acceptances of, such takeover offer) representing, in aggregate, approximately 52.3 per cent. of the existing issued ordinary share capital of Punch.

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

## 15. **Offer-related arrangements**

### **Patron Confidentiality Agreement**

Patron Capital Advisers and Punch have entered into a binding agreement dated 19 October 2016 pursuant to which each of Patron Capital Advisers and Punch has undertaken to keep certain information relating to the other party confidential and not to disclose such information to third parties, except to certain permitted recipients for the purposes of evaluating the Transaction, or if required by applicable laws or regulations.

These confidentiality obligations will remain in force for a period of two years from the date of the Confidentiality Agreement.

### **Heineken Confidentiality Agreement**

Heineken International and Punch have entered into a binding agreement dated 16 February 2016 pursuant to which each of Heineken International and Punch has undertaken to keep certain information relating to the other party confidential and not to disclose such information to third parties, except to certain permitted recipients for the purposes of evaluating the Transaction, or if required by applicable laws or regulations.

These confidentiality obligations will remain in force for a period of two years from the date of the Confidentiality Agreement.

### **Co-operation Agreement**

On 15 December 2016, Bidco, Heineken and Punch entered into the Co-operation Agreement, under which Bidco, Heineken and Punch have agreed to co-operate and provide each other with reasonable information, assistance and access in relation to the filings, submissions and notifications to be made for the process of obtaining all regulatory clearances. Bidco and Heineken have also agreed to provide Punch with reasonable information, assistance and access for the preparation of the key shareholder documentation.

The Co-operation Agreement records the intention of Bidco, Heineken and Punch to implement the Offer pursuant to the Scheme. However, Bidco may, subject to the

consent of the Panel and Heineken, elect to implement the Offer by way of a takeover offer if:

- Punch provides its prior written consent; or
- a third party announces an independent competing transaction (including a possible or firm intention to make an offer for the entire issued share capital of Punch) that is recommended by the Punch Board.

The Co-operation Agreement also contains provisions that will apply in respect of Punch Employee Share Plans and certain other arrangements for the benefit of employees.

The Co-operation Agreement will terminate:

- if agreed in writing between Bidco, Heineken and Punch;
- upon service of written notice by Bidco (subject to the terms of the Collaboration Agreement) to Punch, in the event that: (i) the Punch Directors publicly announce that they no longer unanimously and unconditionally recommend (or intend to recommend) the Offer, or has otherwise adversely modified or qualified their recommendation (or intention to recommend) of the Offer, or recommends (or intends to recommend) an independent competing transaction; (ii) an independent competing transaction becomes effective, becomes or is declared unconditional in all respects or is completed; (iii) the Scheme is not approved by Punch Shareholders or the Court refuses to sanction the Scheme or grant the court order; and (iv) any Condition (which has not been waived) is invoked (with permission of the Panel);
- on the earlier of the date on which the Offer lapses, terminates or is withdrawn in accordance with the Takeover Code (and the consent of the Panel if required), and the date on which the Scheme becomes Effective; and
- if the Offer has not been implemented by the Long Stop Date.

## 16. **Interests and dealing arrangements**

As at close of business on 14 December 2016, being the latest practicable date prior to this announcement, and save as disclosed in this announcement, neither (i) Bidco nor, so far as Bidco is aware, any person acting or deemed to be acting in concert with it or them; nor (ii) Heineken, nor so far as Heineken is aware, any person acting or deemed to be acting in concert with it, in either case has:

- any interest in, or right to subscribe for, any relevant securities of Punch;
- any short positions in (whether conditional or absolute and whether in money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery of, relevant securities of Punch;

- is a party to any dealing arrangement of the kind referred to in Note 11 of the definition of acting in concert in the Takeover Code in relation to relevant securities of Punch; or
- borrowed or lent (save for borrowed securities which have either been lent or sold) any relevant Punch securities (including, for these purposes, any financial collateral arrangements of the kind referred to in Note 4 on Rule 4.6 of the Takeover Code).

"Interests in securities" for these purposes arise, in summary, when a person has long economic exposure, whether absolute or conditional, to changes in the price of securities (and a person who only has a short position in securities is not treated as interested in those securities). In particular, a person will be treated as having an 'interest' by virtue of the ownership, voting rights or control of securities, or by virtue of any agreement to purchase, option in respect of, or derivative referenced to, securities.

In the interests of secrecy prior to releasing this announcement, it has not been practicable for Bidco or Heineken to make enquiries of all parties deemed to be acting in concert with them for the purposes of the Offer. Enquiries of such parties will be made as soon as practicable following the date of the announcement. Any relevant details in respect of Bidco and Heineken's concert parties will be included in an Opening Position Disclosure in accordance with Rule 8.1(a) and Note 2(a)(i) on Rule 8 of the Takeover Code, if required.

#### 17. **Punch Employee Share Plans**

Bidco will make appropriate proposals to participants in the Punch Employee Share Plans in due course. Participants in the Punch Employee Share Plans will be contacted separately regarding the effect of the Offer on their rights under the Punch Employee Share Plans and with the details of Bidco's appropriate proposals. Further details of the terms of such proposals will be included in the Scheme Document.

The Offer will extend to any Punch Shares which are unconditionally allotted, issued or transferred to satisfy the exercise of existing options or vesting of awards under the Punch Employee Share Plans prior to the Scheme Record Time (or such earlier date as Bidco may, subject to the Takeover Code or with the consent of the Panel, decide).

#### 18. **Structure of the Offer**

It is currently envisaged that the Offer will be implemented by way of a court-sanctioned scheme of arrangement of Punch under Part 26 of the 2006 Act. Bidco reserves the right to elect to implement the Offer by way of a takeover offer (subject to the consent of the Panel and the terms of the Co-operation Agreement).

The primary purpose of the Scheme is to provide for Bidco to become the holder of the entire issued and to be issued ordinary share capital of Punch. This is to be achieved by the transfer of the Punch Shares in issue as at the Scheme Record Time to Bidco and amending the articles of association of Punch to ensure that any Punch Shares issued after the Scheme Record Time will be automatically transferred to Bidco.

To become Effective, the Scheme requires, among other things, the approval of a majority in number representing not less than 75 per cent. in value of the relevant Punch Shareholders present and voting in person or by proxy at the Court Meeting, which is convened by order of the Court, and the passing of the resolutions necessary to implement the Offer at the Punch General Meeting. The Scheme must also be sanctioned by the Court.

The Offer shall be subject to the Conditions and further terms set out in Appendix 1 to this announcement and to the full terms and conditions to be set out in the Scheme Document.

The Conditions in paragraphs 1 and 2 of Appendix 1 to this announcement provide that the Scheme will lapse if:

- the Court Meeting and the Punch General Meeting are not held by the 22nd day after the expected date of the Court Meeting to be set out in the Scheme Document in due course (or such later date as may be agreed between Bidco, Heineken and Punch and, where necessary, the Panel and the Court may allow);
- the Court sanction hearing to approve the Scheme is not held by the 22nd day after the expected date of the Court sanction to be set out in the Scheme Document in due course (or such later date as may be agreed between Bidco, Heineken and Punch and, where necessary, the Panel and the Court may allow); and
- the Scheme does not become Effective by 11.59 p.m. on the Long Stop Date.

If any Condition in paragraphs 1 and 2 of Appendix 1 to this announcement is not capable of being satisfied by the date specified therein, Bidco shall make an announcement through a Regulatory Information Service as soon as practicable and, in any event, by not later than 7.00 a.m. on the Business Day following the date so specified, stating whether Bidco has invoked that Condition, (where applicable) waived that Condition or, with the agreement of Punch, specified a new date by which that Condition must be satisfied.

Once the necessary approvals from Punch Shareholders have been obtained and the other Conditions have been satisfied or (where applicable) waived and the Scheme has been approved by the Court, the Scheme will become Effective upon delivery of the Court Order to the Registrar of Companies. Subject to the satisfaction of the Conditions, the Scheme is expected to become Effective in the first half of 2017.

Upon the Scheme becoming Effective, it shall be binding on all Punch Shareholders, irrespective of whether or not they attended or voted at the Meetings. The Offer Consideration will be despatched to Scheme Shareholders (as defined in the Scheme Document) no later than 14 days after the Scheme becomes Effective.

Further details of the Scheme, including an indicative timetable for its implementation, shall be set out in the Scheme Document.

It is expected that the Scheme Document and the forms of proxy accompanying the Scheme Document will be published in January 2017. The Scheme Document and forms of proxy will be made available to all holders of Punch Shares at no charge to them.

The Offer will be governed by English law. The Offer will be subject to the applicable requirements of the Takeover Code, the Panel, the London Stock Exchange and the FCA.

**19. Delisting and re-registration**

Prior to the Scheme becoming Effective, Punch shall make an application, which shall be conditional on the Scheme becoming Effective, for the cancellation of the listing of Punch Shares on the Official List and for the cancellation of trading of the Punch Shares on the London Stock Exchange's main market for listed securities in each case to take effect from or shortly after the Scheme becomes Effective. The last day of dealings in Punch Shares on the main market of the London Stock Exchange is expected to be the Business Day immediately prior to the Scheme becoming Effective and no transfers shall be registered after 6.00 p.m. on that date.

On the day on which the Scheme becoming Effective, share certificates in respect of Punch Shares shall cease to be valid and entitlements to Punch Shares held within the CREST system shall be cancelled.

It is intended that Punch will be re-registered as a private limited company pursuant to Section 651 of the 2006 Act as part of the Scheme.

**20. Documents**

Copies of the following documents required to be published pursuant to Rule 26.2 of the Takeover Code will be available on Patron Capital's, Heineken's and Punch's websites, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, at [www.patroncapital.com/microsite](http://www.patroncapital.com/microsite), [www.heineken.co.uk/press-releases](http://www.heineken.co.uk/press-releases) and [www.punchtavernsplc.com](http://www.punchtavernsplc.com) respectively by no later than 12.00 noon on 16 December 2016 until the end of the Offer:

- (a) this announcement;
- (b) the irrevocable commitments referred to in paragraph 14 above (further details of which are set out in Appendix 3 to this announcement);
- (c) the Confidentiality Agreements;
- (d) the Co-operation Agreement;
- (e) the Collaboration Agreement;
- (f) the SPA;
- (g) the Heineken Bridge Loan; and
- (h) the Nomura Credit Agreement.



The content of any website referred to in this announcement is not incorporated into and does not form part of this announcement.

## 21. **General**

Bidco reserves the right to elect (subject to the consent of the Panel and the terms of the Co-operation Agreement) to implement the Offer by way of a takeover offer as an alternative to the Scheme. In such event, the Offer will be implemented on substantially the same terms as those which would apply to the Scheme (subject to appropriate amendments, including an acceptance condition set at 90 per cent. of the Punch Shares to which the takeover offer relates or such lesser percentage, being more than 50 per cent., as Bidco may, subject to the rules of the Takeover Code and with the consent of the Panel, decide).

The Offer will be on the terms and subject to the Conditions set out in Appendix 1 to this announcement, and to be set out in the Scheme Document. The bases and sources of certain financial information contained in this announcement are set out in Appendix 2 to this announcement. A summary of the irrevocable undertakings given in relation to the Offer is contained in Appendix 3 to this announcement. Certain terms used in this announcement are defined in Appendix 4 to this announcement.

This announcement is not intended and does not constitute, or form part of, any offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of any securities, or the solicitation of any vote or approval in any jurisdiction, pursuant to the Offer or otherwise. Punch Shareholders are advised to read carefully the Scheme Document once it has been despatched. Any decision in respect of the Offer and related matters should be made only on the basis of the information contained in the Scheme Document.

The implications of the Transaction for persons resident in, or citizens of, jurisdictions outside the United Kingdom may be affected by the laws of the relevant jurisdictions. Such persons should inform themselves about and observe any applicable requirements.

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

### **Enquiries:**

#### **PATRON CAPITAL**

Shane Law  
Stephen Green

Tel: +44 20 7629 9417

#### **ROTHSCHILD** (financial adviser to Patron Fund V and Bidco)

Avi Goldberg  
Edward Duckett

Tel: +44 20 7280 5000

**HEINEKEN**

Sonya Ghobrial (for investor/analyst enquiries)

Tel: +31 20 5239 590

Nigel Pollard (for press enquiries)

Tel: +44 7785 531 756

**NOMURA INTERNATIONAL PLC** (financial adviser to Heineken International)

Tel: +44 20 7102 1000

Oliver Tucker

Harry Goss

**PUNCH TAVERNS PLC**

Tel: +44 1283 501 948

Stephen Billingham, Chairman

Duncan Garrod, Chief Executive Officer

Steve Dando, Chief Financial Officer

**GOLDMAN SACHS INTERNATIONAL** (financial adviser to Punch)

Tel: +44 20 7774 1000

Nick Harper

Chris Emmerson

Mihir Lal

**REDLEAF COMMUNICATIONS** (PR adviser to Patron Capital and Bidco)

Tel: +44 20 7382 4747

Emma Kane

Henry Columbine

**TENEO BLUE RUBICON** (PR adviser to Heineken)

Tel: +44 20 7260 2700

Charles Armitstead

Ben Ullman

**BRUNSWICK GROUP LLP** (PR adviser to Punch)

Tel: +44 20 7404 5959

Jonathan Glass

Joe Shipley

***Further information***

*This announcement is not intended to, and does not, constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Offer or otherwise. The Offer will be implemented by way of scheme of arrangement pursuant to the Scheme Document (or in the event that the Offer is to be implemented by means of a takeover offer, an offer document), which will contain the full terms and conditions of the Offer, including details of how to vote in respect of the Offer. Any decision in respect of, or other response to, the Offer should be made only on the basis of the information contained in the Scheme Document.*

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

***Important notices relating to financial advisers***

*Rothschild, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for Patron Fund V and Bidco and no one else in connection with the Transaction and will not be responsible to anyone other than Patron*

*Fund V and Bidco for providing the protections afforded to clients of Rothschild nor for giving advice in relation to the Transaction or any matter or arrangement referred to in this announcement.*

*Nomura International plc, which is authorised by the Prudential Regulation Authority and regulated by the Prudential Regulation Authority and the Financial Conduct Authority in the United Kingdom, is acting exclusively for Heineken International and no one else in connection with the Transaction and Nomura International plc, its affiliates and its respective officers, employees, agents, representatives and/or associates will not regard any other person as their client, nor will they be responsible to anyone other than Heineken International for providing the protections afforded to clients of Nomura International plc nor for giving advice in relation to the Transaction or any matter or arrangement referred to in this announcement.*

*Goldman Sachs International, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom, is acting exclusively for Punch and no one else in connection with the Transaction and will not be responsible to anyone other than Punch for providing the protections afforded to clients of Goldman Sachs International, or for providing advice in relation to the Transaction or any matter or arrangement referred to in this announcement.*

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

*Unless expressly stated otherwise, no statement in this announcement is intended as a profit forecast or a profit estimate and no statement in this announcement should be interpreted to mean that earnings per Punch Share for the current or future financial years would necessarily match or exceed the historical published earnings per Punch Share.*

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

*This announcement (including information incorporated by reference in this announcement), oral statements made regarding the Transaction, and other information published by Bidco, Patron Capital and (as relevant) Punch and Heineken, contain statements which are, or may be deemed to be, "forward-looking statements". All statements, other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management of Bidco and Patron Capital and (as relevant) Punch and Heineken about future events, and are therefore subject to risks and uncertainties which could cause actual results, performance or events to differ materially from those expressed or implied by the forward-looking statements. The forward-looking statements contained in this announcement include statements relating to the expected effects of the Transaction, the expected timing and scope of the Transaction, and other statements other than historical facts. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "plan", "expect", "budget", "target", "aim", "scheduled", "estimate", "forecast", "intend", "anticipate", "assume", "hope", "continue" or "believe", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. None of Bidco, Patron Capital, Punch or Heineken can give any assurance that expectations reflected in the forward-looking statements will prove to be correct. By their nature, forward-looking statements involve risks (known and unknown) and uncertainties (and other factors that are in many cases beyond the control of Bidco, Patron*

*Capital and/or (as relevant) Punch and Heineken because they relate to events and depend on circumstances that may or may not occur in the future.*

*Each forward-looking statement speaks only as of the date of this announcement. None of Bidco, Patron Capital, Punch or Heineken or any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. All forward-looking statements contained in this announcement are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Readers are cautioned not to place undue reliance on these forward-looking statements. Other than in accordance with their legal or regulatory obligations (including under the Takeover Code) the members of the Punch Group, the members of the Heineken Group and the members of the Patron Capital are under no obligation and undertake no obligation, and expressly disclaim any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

*There are several factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or dispositions.*

### **Overseas Shareholders**

*The release, publication or distribution of this announcement in certain jurisdictions may be restricted by law. Persons who are not resident in the United Kingdom or who are subject to the laws of other jurisdictions should inform themselves of, and observe, any applicable requirements. In particular, the ability of persons who are not resident in the United Kingdom to vote their Punch Shares with respect to the Scheme at the Court Meeting and the Transaction at the Punch General Meeting, or to execute and deliver forms of proxy appointing another to vote at the Court Meeting and the Punch General Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located. This announcement has been prepared for the purpose of complying with English law and the Takeover Code and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside the United Kingdom.*

*The Offer relates to shares of a UK company and is proposed to be effected by means of a scheme of arrangement under the laws of England and Wales. However, if Bidco were to elect to implement the Offer by means of a takeover offer, such takeover offer will be made in compliance with all applicable laws and regulations, including relevant US securities laws. In addition to any such takeover offer, to the extent permitted by applicable law (including relevant US securities laws), Bidco, certain affiliated companies and the nominees or brokers (acting as agents) may make certain purchases of, or arrangements to purchase, Punch Shares outside such takeover offer during the period in which such takeover offer would remain open for acceptance. If such purchases or arrangements to purchase were to be made they would be made outside the United States and would comply with applicable law, including the US Exchange Act.*

*The availability of the Offer to Punch Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are resident. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable requirements.*

*Unless otherwise determined by Bidco or required by the Takeover Code, and permitted by applicable law and regulation, the Offer shall not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Offer by any such use, means, instrumentality or form within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this announcement and all documents relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and persons receiving this announcement and all documents relating to the Offer (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from such jurisdiction where to do so would violate the laws in that jurisdiction.*

*The Offer shall be subject to the applicable requirements of the Takeover Code, the Panel, the London Stock Exchange, the FCA and the UK Listing Authority.*

#### ***Disclosure requirements of the Takeover Code***

*Under Rule 8.3(a) of the Takeover Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offer (being any offer other than an offer in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the Offer Period and, if later, following the announcement in which any securities exchange offer is first identified.*

*An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3:30 pm on the 10th business day following the commencement of the Offer Period and, if appropriate, by no later than 3:30 pm on the 10th business day following the announcement in which any securities exchange offer is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offer prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.*

*Under Rule 8.3(b) of the Takeover Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offer must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3:30 pm on the business day following the date of the relevant dealing.*

*If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.*

*Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).*

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

### **Publication on websites**

*This announcement and the documents required to be published pursuant to Rule 26 of the Takeover Code will be available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on Patron Capital's, Heineken's and Punch's websites, at [www.patroncapital.com/microsite](http://www.patroncapital.com/microsite), [www.heineken.co.uk/press-releases](http://www.heineken.co.uk/press-releases) and [www.punchtavernsplc.com](http://www.punchtavernsplc.com) respectively, promptly and in any event by no later than 12.00 noon on 16 December 2016. The content of any website referred to in this announcement is not incorporated into and does not form part of this announcement.*

### **Request for hard copies**

*Punch Shareholders may request a hard copy of this announcement by contacting the Company Secretary of Punch between 9.00 a.m. and 5.00 p.m. Monday to Friday (except UK public holidays) on 01283 501 600 from within the UK (or on +44 1283 501 600 if calling from outside the UK) or by submitting a request in writing to the Company Secretary of Punch at Jubilee House, Second Avenue, Burton-upon-Trent, Staffordshire DE14 2WF. Punch Shareholders may also request that all future documents, announcements and information to be sent to them in relation to the Offer or the Transaction should be in hard copy form. A hard copy of such documents, announcements (including this announcement) and information will not be sent unless so requested.*

### **Rounding**

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

### **Electronic Communications**

*Please be aware that addresses, electronic addresses and certain information provided by Punch Shareholders, persons with information rights and other relevant persons for the recipient of communication from Punch may be provided to Bidco during the Offer Period as*

*required under Section 4 of Appendix 4 of the Takeover Code to comply with Rule 2.11(c) of the Takeover Code.*

***Rule 2.9 Disclosure***

*In accordance with Rule 2.9 of the Takeover Code, Punch confirms that as at the date of this announcement, it has in issue and admitted to trading on the main market of the London Stock Exchange 221,955,160 ordinary shares of 0.9572 pence each. The International Securities Identification Number (ISIN) of the ordinary shares is GB00BPRVT80.*

**APPENDIX 1**  
**CONDITIONS AND FURTHER TERMS OF THE OFFER**

The Offer will be subject to the applicable requirements of the Takeover Code, will be governed by English law and will be subject to the exclusive jurisdiction of the English courts. In addition, the Offer will be subject to the terms and conditions set out below and to the full terms and conditions to be set out in the Scheme Document.

**Conditions of the Offer**

1. The Offer is conditional upon the Scheme becoming unconditional and Effective by no later than 11.59 p.m. on the Long Stop Date.

**Scheme conditions**

2. The Scheme will be subject to the following Conditions:
  - (a) (i) its approval by a majority in number representing not less than 75 per cent. in value of Punch Shareholders (or the relevant class or classes thereof, if applicable) who are on the register of members of Punch at the Voting Record Time, present and voting, whether in person or by proxy, at the Court Meeting and at any separate class meeting which may be required (or any adjournment thereof), and (ii) such Court Meeting (or any adjournment thereof) being held on or before the 22nd day after the expected date of the Court Meeting to be set out in the Scheme Document in due course (or such later date, if any, as Bidco, Heineken and Punch may agree (and, where necessary, the Panel and the Court may allow));
  - (b) (i) all resolutions required to approve and implement the Scheme and approve all matters relating to the Scheme and the Transaction being duly passed by the requisite majorities at the Punch General Meeting (or any adjournment thereof) and (ii) the Punch General Meeting (or any adjournment thereof) being held on or before the 22nd day after the expected date of the Punch General Meeting to be set out in the Scheme Document in due course (or such later date as Bidco, Heineken and Punch may agree (and, where necessary, the Panel may allow)); and
  - (c) (i) the sanction of the Scheme by the Court (with or without modification (but subject to any such modification being acceptable to Bidco, Heineken and Punch)) and the delivery of the office copy of the Court Order to the Registrar of Companies; and (ii) the Court hearing to sanction the Scheme being held on or before the 22nd day after the expected date of the Court sanction to be set out in the Scheme Document in due course (or such later date as Bidco, Heineken and Punch may agree (and, where necessary, the Panel and the Court may allow)).

If any Condition referred to in paragraphs 1 and 2(a) to (c) above is not capable of being satisfied by the date specified therein, Bidco shall make an announcement through a Regulatory Information Service as soon as practicable and, in any event, by not later than 7.00 a.m. on the Business Day following the date so specified, stating whether Bidco has invoked that Condition, (where applicable) waived that Condition



or, with the agreement of Punch, specified a new date by which that Condition must be satisfied.

### **General conditions**

3. Punch, Heineken and Bidco have agreed that, subject to the provisions of paragraphs 5 and 6 below and the requirements of the Panel in accordance with the Takeover Code, the Scheme will also be conditional upon, and accordingly the necessary actions to make the Scheme Effective will only be taken on the satisfaction or, where relevant, waiver, of the following Conditions:

### **Merger control**

(a)

- (i) the European Commission issuing a decision under the EU Merger Regulation (No 139/2004) ("**EUMR**") declaring the Disposal compatible with the common market, or being deemed to have done so, without the European Commission (A) initiating phase II proceedings under Article 6(1)(c) of the EUMR; or (B) requiring any conditions, undertakings or divestments (other than those that are on terms that are reasonably satisfactory to Heineken); and/or
- (ii) to the extent that the European Commission refers any aspect of the Disposal to the CMA under Article 4(4) or Article 9 of the EUMR, Heineken having received confirmation on terms reasonably satisfactory to it that there will not be a reference by the CMA of the Disposal (including as a result of the acceptance of undertakings in lieu of a reference), any part of it or any matter arising from it to its chair for the constitution of a group under schedule 4 to the Enterprise and Regulatory Reform Act 2013;

### **Other Third Party clearances**

- (b) other than in respect of Condition 3(a), no central bank, government or governmental, quasi-governmental, supranational, statutory, regulatory, environmental, administrative, fiscal or investigative body, court, trade agency, association, institution, environmental body, employee representative body or any other body or person whatsoever in any jurisdiction (each a "**Third Party**") having given notice of a decision to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference, or having required any action to be taken or otherwise having done anything or having enacted, made or proposed any statute, regulation, decision, order or change to published practice and there not continuing to be outstanding any statute, regulation, decision or order which would or might reasonably be expected to:
  - (i) make the Offer, its implementation or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, Punch by any member of the Wider Bidco Group void, voidable, illegal and/or unenforceable under the laws of any

relevant jurisdiction, or otherwise directly or indirectly materially prevent, prohibit, restrain, restrict, impede, challenge, delay or otherwise materially interfere with the implementation of, or impose additional material conditions or obligations with respect to, the Offer or the acquisition of any shares or other securities in, or control or management of, Punch by any member of the Wider Bidco Group or require a material amendment of the Scheme;

- (ii) require, prevent or delay the divestiture or materially alter the terms envisaged for such divestiture by any member of the Wider Bidco Group or by any member of the Wider Punch Group of all or any part of their businesses, assets or property or impose any limitation on the ability of all or any of them to conduct their respective businesses (or any part thereof) or to own, control or manage any of their respective assets or properties (or any part thereof) which, in any such case, is material in the context of the Wider Bidco Group or the Wider Punch Group, in either case taken as a whole or in the context of the Transaction;
- (iii) impose any material limitation on, or result in a material delay in, the ability of any member of the Wider Bidco Group directly or indirectly to acquire or to hold or to exercise effectively all or any rights of ownership in respect of shares or other securities in Punch (or any member of the Wider Punch Group) or on the ability of any member of the Wider Punch Group or any member of the Wider Bidco Group directly or indirectly to hold or to exercise effectively any rights of ownership in respect of shares or other securities (or the equivalent) in, or to exercise management control over, any member of the Wider Punch Group in each case to an extent which is material in the context of the Wider Punch Group or the Wider Bidco Group, in either case taken as a whole or in the context of the Transaction;
- (iv) other than pursuant to the implementation of the Offer, require any member of the Wider Bidco Group or the Wider Punch Group to acquire or offer to acquire any shares, other securities convertible into shares (or the equivalent) or interest in any member of the Wider Punch Group or any asset owned by any third party which is material in the context of the Wider Punch Group or the Wider Bidco Group, in either case taken as a whole or in the context of the Transaction;
- (v) require, prevent or materially delay a divestiture by any member of the Wider Bidco Group of any shares or other securities convertible into shares (or the equivalent) in any member of the Wider Punch Group to an extent which is material in the context of the Wider Punch Group taken as a whole or in the context of the Transaction;
- (vi) result in any member of the Wider Punch Group ceasing to be able to carry on business under any name under which it presently carries on business to an extent which is material in the context of the Wider Punch Group taken as a whole or in the context of the Transaction;

- (vii) impose any limitation on the ability of any member of the Wider Bidco Group or any member of the Wider Punch Group to conduct, integrate or co-ordinate all or any part of their respective businesses with all or any part of the business of any other member of the Wider Bidco Group and/or the Wider Punch Group in each case in a manner which is materially adverse to the Wider Bidco Group and/or the Wider Punch Group taken as a whole or in the context of the financing of the Offer or in the context of the Transaction; or
- (viii) otherwise affect the business, assets, value, profits or operational performance of any member of the Wider Punch Group or any member of the Wider Bidco Group in each case in a manner which is adverse to and material in the context of the Wider Punch Group taken as a whole or the Wider Bidco Group taken as a whole in connection with the financing of the Offer or in the context of the Transaction;

and all applicable waiting and other time periods (including any extensions thereof) during which any such Third Party could decide to take, institute, implement or threaten any such action, proceeding, suit, investigation, enquiry or reference or take any other step under the laws of any jurisdiction in respect of the Offer or proposed acquisition of any Punch Shares or otherwise intervene having expired, lapsed, or been terminated;

- (c) other than in respect of Condition 3(a), all necessary notifications, filings or applications having been made in connection with the Offer and all necessary waiting and other time periods (including any extensions thereof) under any applicable legislation or regulation of any jurisdiction having expired, lapsed or been terminated (as appropriate) and all statutory and regulatory obligations in any jurisdiction having been complied with and all Authorisations which are necessary or appropriate in any jurisdiction for or in respect of the Offer or the proposed acquisition of any shares or other securities in, or control of, Punch by any member of the Wider Bidco Group having been obtained in terms and in a form reasonably satisfactory to Bidco from all appropriate Third Parties or (without prejudice to the generality of the foregoing) from any person or bodies with whom any member of the Wider Punch Group or the Wider Bidco Group has entered into contractual arrangements and all such material Authorisations necessary or appropriate to carry on the business of any member of the Wider Punch Group in any jurisdiction having been obtained in each case where the direct consequence of a failure to make such notification or filing or to wait for the expiry, lapse or termination of any such waiting or other time period or to comply with such obligation or obtain such Authorisation would be unlawful in any Relevant Jurisdiction or have a material adverse effect on the Wider Punch Group, any member of the Wider Bidco Group or the ability of Bidco to implement the Scheme and all such Authorisations remaining in full force and effect at the time at which the Scheme becomes otherwise unconditional in all respects and there being no notice or intimation of an intention to revoke, suspend, restrict, modify or not to renew such Authorisations;

## **Confirmation of absence of adverse circumstances**

- (d) except as Fairly Disclosed, there being no provision of any arrangement, agreement, licence, permit, franchise, lease or other instrument to which any member of the Wider Punch Group is a party or by or to which any such member or any of its assets is or may be bound, entitled or be subject or any event or circumstance which, as a consequence of the Offer or the proposed acquisition by any member of the Wider Bidco Group of any shares or other securities in Punch or because of a change in the control or management of any member of the Wider Punch Group or otherwise, would or might reasonably be expected to result in, in each case to an extent which is material in the context of the Wider Punch Group taken as a whole or to the obligations of any member of the Wider Bidco Group in connection with the financing of the Offer or in the context of the Transaction:
- (i) any monies borrowed by, or any other indebtedness, actual or contingent of, or any grant available to, any member of the Wider Punch Group being or becoming repayable, or capable of being declared repayable, immediately or prior to its or their stated maturity date or repayment date, or the ability of any such member to borrow monies or incur any indebtedness being withdrawn or inhibited or being capable of becoming or being withdrawn or inhibited;
  - (ii) the rights, liabilities, obligations, interests or business of any member of the Wider Punch Group or any member of the Wider Bidco Group under any such arrangement, agreement, licence, permit, lease or instrument or the interests or business of any member of the Wider Punch Group or any member of the Wider Bidco Group in or with any other firm or company or body or person (or any agreement or arrangement relating to any such business or interests) being terminated or adversely modified or affected or any onerous obligation or liability arising or any adverse action being taken or arising thereunder;
  - (iii) any member of the Wider Punch Group ceasing to be able to carry on business under any name under which it presently carries on business;
  - (iv) any assets or interests of, or any asset the use of which is enjoyed by, any member of the Wider Punch Group being or falling to be disposed of or charged or any right arising under which any such asset or interest could be required to be disposed of or charged or could cease to be available to any member of the Wider Punch Group otherwise than in the ordinary course of business;
  - (v) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any member of the Wider Punch Group or any such mortgage, charge or other security interest (whenever created, arising or having arisen), becoming enforceable;

- (vi) the business, assets, value, financial or trading position, profits or operational performance of any member of the Wider Punch Group being prejudiced or adversely affected;
- (vii) the creation or acceleration of any liability (actual or contingent) by any member of the Wider Punch Group; or
- (viii) any liability of any member of the Wider Punch Group to make any severance, termination, bonus or other payment to any of its directors or other officers;

**No material transactions, claims or changes in the conduct of the business of the Wider Punch Group**

- (e) since 20 August 2016 and except as Fairly Disclosed, no member of the Wider Punch Group having, to an extent which is material in the context of the Wider Punch Group taken as a whole or in the context of the Transaction:
  - (i) save as between Punch and its wholly-owned subsidiaries or between such wholly-owned subsidiaries, issued or agreed to issue or authorised or proposed or announced its intention to authorise or propose the issue of additional shares of any class, or securities or securities convertible into, or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities other than in each case (I) the grant of awards or options under the Punch Employee Share Plans in the ordinary course; (II) the issue of Punch Shares on the exercise of options or vesting of awards in the ordinary course; or (III) in connection with Punch Finance redeeming £65 million of its class B4 notes on 1 November 2016 with the proceeds of the Finco Loan;
  - (ii) recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus, dividend or other distribution (whether payable in cash or otherwise) other than to Punch or one of its wholly-owned subsidiaries;
  - (iii) save as between Punch and its wholly-owned subsidiaries or between such wholly-owned subsidiaries, merged with (by statutory merger or otherwise) or demerged from or acquired any body corporate, partnership or business or acquired or disposed of, or transferred, mortgaged or charged or created any security interest over, any assets or any right, title or interest in any asset (including shares and trade investments) or authorised, proposed or announced any intention to do so other than in each case (I) in the ordinary course of business; or (II) in connection with Punch Finance redeeming £65 million of its class B4 notes on 1 November 2016 with the proceeds of the Finco Loan;
  - (iv) save as between Punch and its wholly-owned subsidiaries or between such wholly-owned subsidiaries, made, authorised, proposed or announced an intention to propose any change in its loan capital other than in connection with Punch Finance redeeming £65 million of its

class B4 notes on 1 November 2016 with the proceeds of the Finco Loan;

- (v) issued, authorised or proposed or announced an intention to authorise or propose the issue of, or made any change in or to the terms of, any debentures or (save in the ordinary course of business and save as between Punch and its wholly-owned subsidiaries or between such wholly-owned subsidiaries) incurred or increased any indebtedness or become subject to any contingent liability other than in connection with Punch Finance redeeming £65 million of its class B4 notes on 1 November 2016 with the proceeds of the Finco Loan;
- (vi) entered into, varied, authorised or proposed entry into or variation of, or announced its intention to enter into or vary, any contract, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise) (otherwise than in the ordinary course of business) which is of a long term, unusual or onerous nature, or which involves or could reasonably be expected to involve an obligation of a nature or magnitude which is, in any such case, material in the context of the Wider Punch Group taken as a whole or in the context of the Transaction, or which is or is reasonably likely to be restrictive on the business of any member of the Wider Punch Group to an extent which is or is reasonably likely to be material to the Wider Punch Group taken as a whole or in the context of the Transaction, other than in connection with Punch Finance redeeming £65 million of its class B4 notes on 1 November 2016 with the proceeds of the Finco Loan;
- (vii) entered into, varied, authorised or proposed entry into or variation of, or made any offer (which remains open for acceptance) to enter into or vary the terms of, any contract, commitment, arrangement or any service agreement with any director or senior executive of the Wider Punch Group save for salary increases, bonuses or variations of terms in the ordinary course;
- (viii) proposed, agreed to provide or modified the terms of any share option scheme, incentive scheme, or other benefit relating to the employment or termination of employment of any employee of the Wider Punch Group;
- (ix) made or agreed or consented to any significant change to: (I) the terms of the trust deeds, rules, policy or other governing documents constituting any pension scheme or other retirement or death benefit arrangement established for the directors, former directors, employees or former employees of any entity in the Wider Punch Group or their dependants (a "**Relevant Pension Plan**"); (II) the basis on which benefits accrue, pensions which are payable or the persons entitled to accrue or be paid benefits, under any Relevant Pension Plan; (III) the basis on which the liabilities of any Relevant Pension Plan are funded or valued; (IV) the manner in which the assets of any Relevant Pension Plan are invested; (V) the basis or rate of employer contribution to a Relevant Pension Plan;

- (x) carried out any act: (I) which would or could reasonably be expected to lead to the commencement of the winding up of any Relevant Pension Plan; (II) which would or might create a material debt owed by an employer to any Relevant Pension Plan; or (III) which would or might accelerate any obligation on any employer to fund or pay additional contributions to any Relevant Pension Plan;
- (xi) entered into, implemented or effected, or authorised, proposed or announced its intention to implement or effect, any joint venture, asset or profit sharing arrangement, partnership, composition, assignment, reconstruction, amalgamation, commitment, scheme or other transaction or arrangement other than in each case (I) the Scheme; or (II) in connection with Punch Finance redeeming £65 million of its class B4 notes on 1 November 2016 with the proceeds of the Finco Loan;
- (xii) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or, save in respect of the matters mentioned in sub-paragraph (i) above, made any other change to any part of its share capital other than in connection with Punch Finance redeeming £65 million of its class B4 notes on 1 November 2016 with the proceeds of the Finco Loan;
- (xiii) waived, compromised or settled any claim otherwise than in the ordinary course of business;
- (xiv) made any material alteration to its articles of association or other constitutional documents other than in connection with the Transaction;
- (xv) (other than in respect of a member which is dormant and was solvent at the relevant time) taken or proposed any steps, corporate action or had any legal proceedings instituted or threatened against it in relation to the suspension of payments, a moratorium of any indebtedness, its winding-up (voluntary or otherwise), dissolution, reorganisation or for the appointment of any administrator, receiver, manager, administrative receiver, trustee or similar officer of all or any of its assets or revenues or any analogous proceedings in any jurisdiction or appointed any analogous person in any jurisdiction or had any such person appointed;
- (xvi) been unable, or admitted in writing that it is unable, to pay its debts as they fall due or commenced negotiations with one or more of its creditors with a view to rescheduling or restructuring any of its indebtedness, or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business;
- (xvii) entered into any contract, commitment, agreement or arrangement other than (I) in the ordinary course of business; or (II) in connection with Punch Finance redeeming £65 million of its class B4 notes on 1

November 2016 with the proceeds of the Finco Loan, or passed any resolution or made any offer (which remains open for acceptance) with respect to or announced an intention to, or to propose to, effect any of the transactions, matters or events referred to in this Condition;

- (xviii) terminated or varied the terms of any agreement or arrangement between any member of the Wider Punch Group and any other person in a manner which would or might be expected to have a material adverse effect on the financial position of the Wider Punch Group taken as a whole; or
- (xix) having taken (or agreed or proposed to take) any action which requires, or would require, the consent of the Panel or the approval of Punch Shareholders in general meeting in accordance with, or as contemplated by, Rule 21.1 of the Takeover Code;

**No material adverse change**

- (f) since 20 August 2016 and except as Fairly Disclosed:
  - (i) there having been no adverse change and no circumstance having arisen which would be expected to result in any adverse change or deterioration in the business, assets, value, financial or trading position, profits or operational performance of any member of the Wider Punch Group to an extent which is material to the Wider Punch Group taken as a whole or in the context of the obligations of any member of the Wider Bidco Group in connection with the financing of the Offer or in the context of the Transaction;
  - (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings having been threatened, announced or instituted by or against or remaining outstanding against any member of the Wider Punch Group or to which any member of the Wider Punch Group is or may become a party (whether as claimant or defendant or otherwise) and no enquiry, review, investigation or enforcement proceedings by, or complaint or reference to, any Third Party against or in respect of any member of the Wider Punch Group having been threatened, announced or instituted by or against, or remaining outstanding in respect of, any member of the Wider Punch Group which, in any such case, might reasonably be expected to have a material adverse effect on the Wider Punch Group taken as a whole or in the context of the Transaction;
  - (iii) no contingent or other liability having arisen, increased or become apparent which is reasonably likely to adversely affect the business, assets, financial or trading position, profits or operational performance of any member of the Wider Punch Group to an extent which is material to the Wider Punch Group taken as a whole or in the context of the Transaction; and



- (iv) no steps having been taken and no omissions having been made which are reasonably likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider Punch Group, which is necessary for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which is material and reasonably likely to have an adverse effect on the Wider Punch Group taken as a whole or in the context of the Transaction;
- (g) since 20 August 2016 and except as Fairly Disclosed, neither Bidco nor Heineken having discovered:
  - (i) that any financial, business or other information concerning the Wider Punch Group publicly announced or disclosed to any member of the Wider Bidco Group at any time by or on behalf of any member of the Wider Punch Group or to any of their advisers is misleading, contains a misrepresentation of fact or omits to state a fact necessary to make that information not misleading and which is, in any case, material in the context of the Wider Punch Group taken as a whole or in the context of the Transaction;
  - (ii) that any member of the Wider Punch Group is subject to any liability, contingent or otherwise, and which is material in the context of the Wider Punch Group taken as a whole or in the context of the Transaction;
  - (iii) any information which affects the import of any information disclosed to Bidco at any time by or on behalf of any member of the Wider Punch Group which is material in the context of the Wider Punch Group taken as a whole or in the context of the Transaction; or
  - (iv) that any person (not being a member of the Punch Group) 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 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 the securitisations undertaken by the Securitisation Groups;

#### **Environmental liabilities**

- (h) except as Fairly Disclosed, Bidco not having discovered that in relation to any release, emission, accumulation, discharge, disposal or other fact or circumstance which has impaired or is reasonably likely to impair the environment (including property) or harmed or is reasonably likely to harm the health of humans, animals or other living organisms or eco systems, no past or present member of the Wider Punch Group (i) having committed any violation of any applicable laws, statutes, regulations, Authorisations, notices or other requirements of any Third Party; and/or (ii) having incurred any

liability (whether actual or contingent) to any Third Party; and/or (iii) being reasonably likely to incur any liability (whether actual or contingent), or being required, to make good, remediate, repair, re-instate or clean up the environment (including any property), in each case which is material in the context of the Wider Punch Group taken as a whole or in the context of the Transaction;

### **Anti-corruption and sanctions**

- (i) except as Fairly Disclosed, Bidco not having discovered that:
  - (i) any past or present member, director, officer or employee of the Wider Punch Group or any person that performs or has performed services for or on behalf of any such company is or has, at any time during the course of such person's employment with, or performance of services for or on behalf of, any member of the Wider Punch Group, engaged in any activity, practice or conduct (or omitted to take any action) in contravention of the UK Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977, as amended or any other applicable anti-corruption legislation;
  - (ii) any past or present member, director, officer or employee of the Wider Punch Group or any person that performs or has performed services for or on behalf of any such company has, during the course of such person's employment with, or performance of services for or on behalf of, any member of the Wider Punch Group, engaged in any activity or business with, or made any investments in, or made any funds or assets available to, or received any funds or assets from any government, entity or individual covered by any of the economic sanctions administered by the United Nations or the European Union (or any of their respective member states) or the United States Office of Foreign Assets Control or any other governmental or supranational body or authority in any jurisdiction; and

### **No criminal property**

- (j) except as Fairly Disclosed, Bidco not having discovered that any asset of any member of the Wider Punch Group constitutes criminal property as defined by Section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition).

### **Further terms of the Offer**

- 4. Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.
- 5. Subject to the requirements of the Panel in accordance with the Takeover Code and the terms of the Collaboration Agreement, Bidco reserves the right to waive:
  - (a) any of the Conditions set out in the above Conditions 1 and 2 in respect of the timing of the Court Meeting and the Punch General Meeting. If any such

deadline is not met, Bidco shall make an announcement by 7.00 a.m. on the Business Day following such deadline confirming whether it has invoked or waived the relevant Condition or agreed with Punch to extend the deadline in relation to the relevant Condition; and

- (b) in whole or in part, all or any of the above Conditions 3(b) to 3(j) (inclusive).
6. Subject to the requirements of the Panel in accordance with the Takeover Code and the terms of the Collaboration Agreement, Heineken reserves the right to waive, in whole or in part, Condition 3(a)(ii).
  7. The Offer will lapse if the Scheme does not become Effective by 11.59 p.m. on the Long Stop Date.
  8. The Offer shall lapse and the Scheme shall not become Effective if:
    - (a) in so far as the Offer or any matter arising from or relating to the Offer (including the Disposal) constitutes a concentration with a Community dimension within the scope of the EUMR, the European Commission either initiates proceedings under Article 6(1)(c) of the EUMR or makes a referral to a competent authority in the United Kingdom under Article 4(4) or Article 9(1) of the EUMR and there is then a reference of the Offer or matter arising from or relating to it (including the Disposal) to the chair of the CMA for the constitution of a group under schedule 4 to the Enterprise and Regulatory Reform Act 2013; or
    - (b) in so far as the Offer or any matter arising from or relating to it (including the Disposal) does not constitute a concentration with a Community dimension within the scope of the EUMR, the Offer or any matter arising from or relating to it (including the Disposal) becomes subject to a reference to the chair of the CMA for the constitution of a group under schedule 4 to the Enterprise and Regulatory Reform Act 2013,in either case, before the date of the Court Meeting.
  9. Under Rule 13.5(a) of the Takeover Code, Bidco may not invoke a Condition to the Offer so as to cause the Offer not to proceed, to lapse or to be withdrawn unless the circumstances which give rise to the right to invoke the Condition are of material significance to Bidco in the context of the Transaction. The Conditions contained in paragraphs 2 and 3(a) and, if applicable, any acceptance condition if the Offer is implemented by means of a takeover offer, are not subject to this provision of the Takeover Code.
  10. Under Rule 13.6 of the Takeover Code, Punch may not invoke, or cause or permit Bidco to invoke, any Condition unless the circumstances which give rise to the right to invoke the Condition are of material significance to Punch Shareholders in the context of the Transaction.
  11. If Bidco is required by the Panel to make an offer for Punch Shares under the provisions of Rule 9 of the Takeover Code, Bidco may make such alterations to any of the above Conditions as are necessary to comply with the provisions of that Rule.

12. The Punch Shares will be acquired pursuant to the Offer with full title guarantee, fully paid and free from all liens, charges, equities, encumbrances, rights of pre-emption and any other interests of any nature whatsoever and together with all rights now or hereafter attaching thereto, including without limitation voting rights and the right to receive and retain in full all dividends and other distributions (if any) announced, declared, made or paid on or after the date of this announcement.
13. If any dividend or other distribution is announced, declared, made, paid or becomes payable by Punch in respect of the Punch Shares on or after the date of this announcement and before the Scheme becomes Effective, Bidco will reduce the aggregate Offer Consideration by the aggregate amount of any such dividend or other distribution that has been announced, declared, made, paid or become payable. If any such dividend or distribution occurs, any reference in this announcement to the Offer Consideration shall be deemed to be a reference to the offer consideration so reduced.
14. Conditions 3(a) to 3(j) (inclusive) must be fulfilled or, where applicable, waived by no later than 11.59 p.m. on the date immediately preceding the date of the Court hearing to sanction the Scheme, failing which the Scheme will lapse. Bidco and Heineken shall be under no obligation to waive (if capable of waiver), to determine to be or remain satisfied or to treat as fulfilled any of the Conditions in paragraph 3 by a date earlier than the latest date specified above for the fulfilment or waiver of that Condition notwithstanding that the other Conditions of the Offer may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such conditions may not be capable of fulfilment.
15. Subject to obtaining the consent of the Panel and the terms of the Co-operation Agreement, Bidco reserves the right to elect to implement the Offer by way of a takeover offer (as defined in Section 974 of the 2006 Act) as an alternative to the Scheme. In such event, the Offer will be implemented on substantially the same terms as those which would apply to the Scheme (subject to appropriate amendments including (without limitation) the inclusion of an acceptance condition set at 90 per cent. (or such lower percentage as Bidco may, subject to the rules of the Takeover Code and with the consent of the Panel, decide) of the Punch Shares to which the takeover offer relates and those required by, or deemed appropriate by, Bidco under applicable law, so far as applicable). Further, if sufficient acceptances of such offer are received and/or sufficient Punch Shares are otherwise acquired, it is the intention of Bidco to apply the provisions of the 2006 Act to acquire compulsorily any outstanding Punch Shares to which such takeover offer relates.
16. The availability of the Offer to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions. Person who are not resident in the United Kingdom should inform themselves about and observe any applicable requirements.
17. The Offer will be governed by English law and be subject to the exclusive jurisdiction of the English courts, to the terms and Conditions set out above and to the full terms of Conditions to be set out in the Scheme Document. The Offer will be subject to the applicable requirements of the Takeover Code, the Panel, the London Stock Exchange and the FCA.

**APPENDIX 2**  
**SOURCES OF FINANCIAL INFORMATION AND BASES OF CALCULATION**  
**USED IN THIS ANNOUNCEMENT**

1. The value attributed to the existing issued and to be issued ordinary share capital of Punch is based on 221,955,160 Punch Shares in issue and the dilutive impact of 1,775,921 Punch Shares subject to awards under the Punch Employee Share Plans, in each case as at 14 December 2016, being the last practicable date prior to the publication of this announcement.
2. The enterprise value of Punch implied by the value of the Offer is £1,775.6 million, which is based on:
  - (a) approximately £402.7 million for the entire issued and to be issued ordinary share capital of Punch calculated using the number of shares set out under paragraph 1 above and 180 pence per Punch Share; and
  - (b) total net leverage of £1,372.9 million, comprising (i) net securitisation debt of £1,255.9 million (adjusted for the subsequent redemption by Punch Finance of £65 million of its class B4 notes on 1 November 2016), (ii) derivative financial instruments of £169.7 million, and (iii) external cash of £52.7 million (excluding supply company cash, and adjusted for the subsequent redemption by Punch Finance of £65 million of its class B4 notes on 1 November 2016), each in case as at 20 August 2016.
3. The implied enterprise value multiple of approximately 10 times EBITDA is based on the enterprise value set out above under paragraph 2 above and Punch's EBITDA for the 52 weeks ended 20 August 2016 of £177.5 million (following adjustment of £0.4 million for the Matthew Clark joint venture).
4. Unless otherwise stated, the financial information relating to Punch is extracted from the consolidated financial statements of Punch for the 52 weeks ended 20 August 2016, as set out in Punch's preliminary results announcement on 8 November 2016, and the audited consolidated financial statements of Punch for the 52 weeks ended 22 August 2015.
5. Unless otherwise stated, all prices for Punch Shares are closing middle market prices and are derived from the Daily Official List.
6. Unless otherwise stated, the financial information relating to Heineken is extracted from the audited financial statements of Heineken for the year ended 31 December 2015 and for the year ended 31 December 2014.
7. Unless otherwise stated, the financial information relating to Heineken N.V. is extracted from the audited consolidated financial statements of Heineken N.V. for the year ended 31 December 2015 and for the year ended 31 December 2014.

**APPENDIX 3**  
**DETAILS OF IRREVOCABLE UNDERTAKINGS**

**1. Directors**

The following Punch Directors have given irrevocable undertakings in respect of their own beneficial holdings (or those Punch Shares over which they have control) of Punch Shares (excluding any Punch Shares held on their behalf by the trustee of the Punch Share Bonus Plan):

<b>Name</b>	<b>Total Number of Punch Shares</b>	<b>Percentage of existing issued share capital</b>
Duncan Garrood	0 <sup>(1)</sup>	N/A
Steve Dando	42,235 <sup>(2)</sup>	0.019%
Ian Dyson	15,208	0.007%
Stephen Billingham	32,194	0.015%

(1) Duncan Garrood holds unvested options in respect of 960,483 Punch Shares under the Punch Taverns Long Term Incentive Plan.

(2) This figure excludes 3,645 Punch Shares held pursuant to the Punch Taverns Share Bonus Plan in respect of which Steve Dando has waived his voting rights, as required by the terms of the Punch Taverns Share Bonus Plan. Steve Dando also holds unvested options in respect of 590,249 Punch Shares under the Punch Taverns Long Term Incentive Plan.

Each irrevocable undertaking includes undertakings:

- to vote, or procure to vote, in favour of the Scheme at the Court Meeting and all resolutions relating to the Scheme and the Transaction at the Punch General Meeting; and
- if Bidco exercises its right to structure the Offer as a takeover offer, to accept, or procure the acceptance of, such takeover offer.

The obligations of the Punch Directors under the irrevocable undertakings shall lapse and cease to have effect on and from the earlier of the following occurrences:

- the Scheme Document is not sent to Punch Shareholders within 28 days (or such longer period as the Panel may agree) after the date of this announcement;
- the Scheme lapses or is withdrawn in accordance with its terms and/or Bidco publicly confirms that it does not intend to proceed with the Offer or to implement the Offer by way of a takeover offer; and
- the Scheme has not become Effective by 11.59 p.m. London time on the Long Stop Date.

These irrevocable undertakings remain binding in the event of a competing offer.

## 2. Other Punch Shareholders

The following Punch Shareholders have given irrevocable undertakings in respect of their own beneficial holdings of Punch Shares (or those Punch Shares over which they have an economic interest):

Name	Total Number of Punch Shares	Percentage of existing issued share capital
Glenview Capital	49,182,517	22.2%
Avenue Capital	37,268,722 <sup>(1)</sup>	16.8%
Warwick Capital Partners	29,643,608	13.4%

(1) As at the date of this announcement, the Avenue Capital beneficially owned 29,618,193 Punch Shares and held an economic interest in 7,650,529 Punch Shares under swap. The Avenue Capital may request the swap counterparty to (i) vote in favour of the resolutions to be passed at the Meetings, or (ii) close out the swap and deliver the underlying Punch Shares to the Avenue Capital.

Each irrevocable undertaking includes undertakings:

- to vote, or procure to vote, in favour of the Scheme at the Court Meeting and all resolutions relating to the Scheme and the Transaction at the Punch General Meeting; and
- if Bidco exercises its right to structure the Offer as a takeover offer, to accept, or procure the acceptance of, such takeover offer.

Each of the above Punch Shareholders may only dispose of their Punch Shares during the Offer Period if (1) it has notified Bidco, Heineken and Punch prior to such disposal; (2) it has procured that the transferee deliver an irrevocable undertaking on substantially the same terms as the undertaking executed by the transferor; and (3) each of Bidco and Heineken, acting reasonably, agrees that such transferee has full power and authority to enter into, and to fulfil its obligations under, the undertaking, such agreement not to be unreasonably withheld or delayed.

The obligations of the above Punch Shareholders under the irrevocable undertakings shall lapse and cease to have effect on and from the earlier of the following occurrences:

- a third party announces a firm intention to make a general offer (which is not subject to any pre-conditions) to acquire (howsoever to be implemented) the entire issued and to be issued share capital of Punch (the "**Third Party Offer**") for an offer value of 200 pence or more (whether in cash or otherwise) for each Punch Share, provided that in the event of any such Third Party Offer, the relevant Punch Shareholder will not commit to sell any Punch Shares and/or grant an irrevocable undertaking in favour of the Third Party Offer until the expiry of 48 hours from the time of the announcement of such Third Party Offer;

- the Scheme Document is not sent to Punch Shareholders within 28 days (or such longer period as the Panel may agree) after the date of this announcement;
- the Scheme lapses or is withdrawn in accordance with its terms and/or Bidco publicly confirms that it does not intend to proceed with the Offer or to implement the Offer by way of a takeover offer;
- the Scheme has not become Effective by 11.59 p.m. London time on the Long Stop Date; and
- the relevant Punch Shareholder is required to withdraw its irrevocable undertaking by any court of competent jurisdiction or by any competent regulator.



## **APPENDIX 4 DEFINITIONS**

**The following definitions apply throughout this announcement unless the context otherwise requires:**

<b>"2006 Act"</b>	the Companies Act 2006, as amended from time to time
<b>"Annual Report and Accounts of Punch"</b>	the annual report and audited accounts of Punch for the year ended 22 August 2015
<b>"associated undertaking"</b>	shall be construed in accordance with paragraph 19 of Schedule 6 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) but for this purpose ignoring paragraph 19(1)(b) of Schedule 6 to those regulations)
<b>"Authorisations"</b>	authorisations, orders, grants, recognitions, confirmations, consents, licences, clearances, certificates, permissions or approvals
<b>"Avenue Capital"</b>	Avenue Coppers Opportunities Fund, L.P., Avenue-ASRS Europe Opportunities Fund, L.P., Avenue-SLP European Opportunities Fund, L.P., Avenue Europe Special Situations Fund II (Euro), L.P., Avenue Europe Special Situations Fund II (US), L.P., Avenue Europe Special Situations Fund III (Euro), L.P., Avenue Europe Special Situations Fund III (US), L.P., and Avenue Europe Opportunities Master Fund, L.P.
<b>"Bidco"</b>	Vine Acquisitions Limited, a company incorporated in England and Wales, with registration number 10517393
<b>"Business Day"</b>	a day, not being a public holiday, Saturday or Sunday, on which clearing banks in London are open for normal business
<b>"Cash Balance"</b>	has the meaning given to it in paragraph 13
<b>"Closing Price"</b>	the closing middle market price of a Punch Share as derived from the Daily Official List on any particular date
<b>"CMA"</b>	the Competition and Markets Authority in the UK

<b>"Collaboration Agreement"</b>	the co-operation agreement between Bidco and Heineken which was entered into on or around the date of this announcement, referred to in paragraph 6 above
<b>"Conditions"</b>	the conditions of the Offer, as set out in Appendix 1 to this announcement and to be set out in the Scheme Document
<b>"Confidentiality Agreements"</b>	the Patron Confidentiality Agreement and the Heineken Confidentiality Agreement
<b>"Co-operation Agreement"</b>	the co-operation agreement between Heineken, Bidco and Punch which was entered into on or around the date of this announcement, referred to in paragraph 15 above
<b>"Court"</b>	the High Court of Justice in England and Wales
<b>"Court Meeting"</b>	the meeting of Punch Shareholders to be convened at the direction of the Court pursuant to Part 26 of the 2006 Act at which a resolution will be proposed to approve the Scheme, including any adjournment thereof
<b>"Court Order"</b>	the order of the Court sanctioning the Scheme under Part 26 of the 2006 Act and authorising the re-registration of Punch as a private company under Section 651 of the 2006 Act
<b>"CREST"</b>	the relevant system (as defined in the Regulations) in respect of which Euroclear is the operator (as defined in CREST)
<b>"Daily Official List"</b>	the daily official list of the London Stock Exchange
<b>"Disposal"</b>	the disposal of Punch A and refinancing, assignment, transfer or otherwise of the rights and benefits of Punch Intercompany Loans to Heineken in accordance with the SPA
<b>"Disposal Proceeds"</b>	has the meaning given to it in paragraph 6
<b>"Effective"</b>	in the context of the Offer: (i) if the Offer is implemented by way of the Scheme, the Scheme having become effective pursuant to its terms; or (ii) if the Offer is implemented by way of a takeover offer having been declared or having become unconditional in all respects in accordance with the requirements of the

## Takeover Code

### **"Emerald"**

Emerald Investment Partners Limited, a private limited company incorporated in England with registered number 8539148 and with its registered office at The Pavilion - Office 308, 96 Kensington High Street, London W8 4SG

### **"Euroclear"**

Euroclear UK & Ireland Limited

### **"Fairly Disclosed"**

the information which has been fairly disclosed by or on behalf of Punch: (i) in writing prior to the date of this announcement by or on behalf of Punch to Bidco or Bidco's financial, accounting, tax or legal advisers (specifically as Bidco's advisers in relation to the Offer); (ii) in the Annual Report and Accounts of Punch; (iii) in a public announcement made in accordance with the Disclosure Guidance and Transparency Rules (or any equivalent rules in any other jurisdiction) by Punch, Punch Finance or Punch Taverns Finance B Limited prior to the date of this announcement, including but not limited to the preliminary results announcement made by Punch on 8 November 2016; or (iv) in this announcement

### **"FCA"**

Financial Conduct Authority or its successor from time to time

### **"FCA Handbook"**

the FCA's Handbook of rules and guidance as amended from time to time

### **"Finco Loan"**

the loan made by Punch Taverns (Finco) Limited (a company incorporated in England and Wales with company number 05266799) to Punch 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

### **"Glenview Capital"**

Glenview Capital Partners L.P., Glenview Capital Opportunity Fund L.P., Glenview Offshore Opportunity Master Fund, Ltd., Glenview Institutional Partners L.P., and Glenview Capital Master Fund, Ltd.

### **"Heineken"**

Heineken UK Limited, a private limited 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 Bridge Loan"**

a bridge finance facility in the amount of £33,463,060 dated on or around the date of this announcement between Bidco and Heineken, referred to in paragraph 8 above

**"Heineken Confidentiality Agreement"**

the agreement dated 16 February 2016 relating to the provision of confidentiality of certain information between Heineken International and Punch, referred to in paragraph 15 above

**"Heineken Group"**

Heineken Holding N.V. and its subsidiary undertakings

**"Heineken International"**

Heineken International B.V. a company incorporated and registered in the Netherlands with number 33103545

**"Loanco Loan"**

the loan made by Punch Taverns (Loanco) A Limited (a company incorporated in England and Wales with company number 08870991) to Punch 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

**"London Stock Exchange"**

the London Stock Exchange plc or its successor

**"Long Stop Date"**

31 October 2017, or such later date as Bidco, Heineken and Punch may agree (and, where necessary, the Panel and the Court may allow)

**"Meetings"**

the Court Meeting and the Punch General Meeting

**"Nomura Credit Agreement"**

has the meaning given to it in paragraph 8

**"Offer"**

the recommended final offer made by Bidco to acquire the entire issued and to be issued ordinary share capital of Punch not already directly or indirectly owned by Bidco to be effected by means of the Scheme and, where the context so requires, any subsequent revision, variation, extension or renewal of such offer and, for the purposes of the terms and conditions in Appendix 1 and to be set out in the Scheme

	Document
<b>"Offer Consideration"</b>	180 pence for each Punch Share
<b>"Offer Period"</b>	the offer period (as defined in the Takeover Code) relating to Punch, which commenced on 14 December 2016
<b>"Official List"</b>	the Official List of the FCA
<b>"Panel"</b>	the Panel on Takeovers and Mergers
<b>"Patron Capital Advisers"</b>	Patron Capital Advisers LLP (in its capacity as adviser to Patron Fund V)
<b>"Patron Confidentiality Agreement"</b>	the agreement dated 19 October 2016 relating to the provision of confidentiality of certain information between Patron Capital Advisers and Punch, referred to in paragraph 15 above
<b>"Patron Fund V"</b>	Patron Capital, V L.P., a limited partnership, whose general partner is Patron Capital GP V Limited
<b>"Punch"</b>	Punch Taverns plc, a company incorporated in England and Wales, with registration number 03752645
<b>"Punch A"</b>	Punch Taverns Holdco (A) Limited, a company incorporated in England and Wales, with registration number 09233812
<b>"Punch A Group"</b>	the group of companies comprised within the Wider Punch Group of which Punch A is the holding company, as further described in Schedule 1 of the SPA
<b>"Punch B"</b>	Punch Taverns Holdco (B) Limited, a company incorporated in England and Wales, with registration number 09233837
<b>"Punch B Group"</b>	the group of companies comprised within the Wider Punch Group of which Punch B is the holding company
<b>"Punch Board"</b>	the board of Punch Directors
<b>"Punch Directors"</b>	the directors of Punch
<b>"Punch Employee Share Plans"</b>	the Punch Taverns Long-Term Incentive Plan 2008, the Punch Taverns Sharesave Scheme 2016, the Punch Taverns Share Bonus Plan and

	the Punch Taverns Share Incentive Plan
<b>"Punch ES"</b>	Punch Taverns (ES) Limited, a company incorporated in England and Wales with registration number 03548800, and the sole shareholder of Punch A
<b>"Punch Finance"</b>	Punch Taverns Finance plc, a company incorporated in England and Wales with registration number 03487780
<b>"Punch General Meeting"</b>	the general meeting of Punch Shareholders to be convened to consider, and if thought fit pass, inter alia, the resolutions in connection with implementation of the Scheme and the Transaction, including any adjournments thereof
<b>"Punch Group"</b>	Punch and its subsidiary undertakings and where the context permits, each of them
<b>"Punch Holding Group"</b>	the group of companies comprised within the Punch Group other than those within the Securitisation Groups or any other company which is transferred to Heineken under the Disposal for the purposes of assignment or transferring the Punch Intercompany Loans
<b>"Punch Intercompany Loans"</b>	the Finco Loan and the Loanco Loan
<b>"Punch Shareholder(s)"</b>	holders of Punch Shares
<b>"Punch Share(s)"</b>	the existing unconditionally allotted or issued and fully paid ordinary shares of 0.9572p each in the capital of Punch and any further ordinary shares which are unconditionally allotted or issued before the date on which the Scheme becomes Effective
<b>"Registrar of Companies"</b>	the Registrar of Companies in England and Wales
<b>"Regulations"</b>	the Uncertificated Securities Regulations 2001
<b>"Regulatory Information Service"</b>	a regulatory information service as defined in the FCA Handbook
<b>"relevant securities"</b>	Punch Shares, other Punch share capital and any securities convertible into or exchangeable for, and rights to subscribe for, any of the foregoing

<b>"Restricted Jurisdiction"</b>	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Offer is sent or made available to Punch Shareholders in that jurisdiction
<b>"Scheme"</b>	the proposed scheme of arrangement under Part 26 of the 2006 Act of Punch with or subject to any modification, addition or condition approved or imposed by the Court and agreed by Punch and Bidco
<b>"Scheme Document"</b>	the document to be despatched to Punch Shareholders and persons with information rights containing, amongst other things, the Scheme and notices of the Meetings and proxy forms in respect of the Meetings
<b>"Scheme Record Time"</b>	to be set out in the Scheme Document, which is expected to be 6.00 p.m. on the date of the Court hearing to sanction the Scheme
<b>"Securitisation Groups"</b>	the Punch A Group and the Punch B Group
<b>"SPA"</b>	the agreement dated on or around the date of this announcement between Bidco, Patron Haddington S.à r.l. (as Bidco's guarantor), Heineken and Heineken International (as Heineken's guarantor) relating to the sale and purchase of the Punch A Group, certain pubs and the refinancing, assignment, transfer or otherwise of the rights and benefits of Punch Intercompany Loans, referred to in paragraph 6 above
<b>"subsidiary", "subsidiary undertaking" and "undertaking"</b>	shall be construed in accordance with the 2006 Act
<b>"Takeover Code"</b>	the City Code on Takeovers and Mergers issued by the Panel on Takeovers and Mergers, as amended from time to time
<b>"Transaction"</b>	the Offer and the Disposal
<b>"TSA"</b>	has the meaning given to it in paragraph 6
<b>"TSA Period"</b>	has the meaning given to it in paragraph 6
<b>"United Kingdom" or "UK"</b>	United Kingdom of Great Britain and Northern Ireland

<b>"United States"</b>	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia and all other areas subject to its jurisdiction and any political subdivision thereof
<b>"US Exchange Act"</b>	the US Securities Exchange Act of 1934
<b>"Voting Record Time"</b>	the time to be set out in the Scheme Document
<b>"Warwick Capital Partners"</b>	Warwick European Credit Opportunities Fund LP, Warwick European Opportunities Fund Inc., Warwick European Opportunities Fund II LP and Warwick European Opportunities Fund II (SC) LP
<b>"Wider Bidco Group"</b>	Bidco, Patron Haddington S.à r.l. and Patron Fund V and their associated undertakings and any other body corporate, partnership, joint venture or person in which they and such undertakings (aggregating their interests) have an interest of more than 20 per cent. of the voting or equity capital or the equivalent
<b>"Wider Punch Group"</b>	Punch and associated undertakings and any other body corporate, partnership, joint venture or person in which the Punch and such undertakings (aggregating their interests) have an interest of more than 20 per cent. of the voting or equity capital or the equivalent

All times referred to are London time unless otherwise stated.

All references to **"GBP"**, **"pence"**, **"sterling"** or **"£"** are to the lawful currency of the United Kingdom.

All references to **"EUR"**, **"Euros"** or **"€"** are to the lawful currency of the member states of the European Union that adopt a single currency in accordance with the Treaty establishing the European Community as amended by the Treaty on the European Union.

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

Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.