

**Nomura International plc**  
1 Angel Lane  
London EC4R 3AB  
United Kingdom

**Strictly private and confidential**

14 December 2016

Heineken UK Limited (the “**Company**”)  
3-4 Broadway Park, South Gyle Broadway  
Edinburgh EH12 9JZ

Dear Sirs

**Project Chiltern – £340 million Senior Unsecured Bridge Facility – Engagement and Fee Letter**

We, Nomura International plc (“**Nomura**”), are pleased to set out in this letter (this “**Letter**”) the terms and conditions on which we are willing to arrange and underwrite a senior unsecured bridge facility in an amount up to £340 million (the “**Bridge Facility**”) which will be utilised in part towards the satisfaction of the consideration payable for the Acquisition.

In this Letter:

“**Acquisition**” means the acquisition by the Company of the Target.

“**Affiliate**” means in relation to a person, a subsidiary or holding company of that person, a subsidiary of any such holding company.

“**Announcement**” means a press announcement to be released pursuant to Rule 2.7 of the Takeover Code by or on behalf of Punch Taverns plc and Bidco announcing the terms and conditions of a Scheme or Offer and confirming that, as at the date of such press release, the acquisition of all the shares in Punch Taverns plc pursuant to such Scheme or Offer was recommended to Punch Taverns plc’s shareholders by its board of directors.

“**Bidco**” means Vine Acquisitions Limited.

“**Bridge Facility Agreement**” means the senior unsecured bridge facility agreement dated the date hereof between, among others, the Company as borrower and Nomura as lender.

“**Business Day**” means a day (other than a Saturday or Sunday) on which banks are open for general business in London.

“**Certain Funds Period**” has the meaning given to that term in the Bridge Facility Agreement.

“**Closing Date**” means the earlier of the closing date of the Acquisition and the date on which the Scheme or Offer becomes effective.

“**Facility Documents**” means the Bridge Facility Agreement and related documentation in form and substance satisfactory to Nomura.

“**Group**” means the Company and its subsidiaries from time to time.

“**Offer**” means a public offer by Bidco in accordance with the Takeover Code to acquire all of the shares in Punch Taverns plc not already owned by it.

“**Scheme**” means a scheme of arrangement effected under part 26 of the Companies Act 2006 under which all of the shares in Punch Taverns plc will be transferred and Bidco will become holder of such transferred shares.

“**Syndication**” means a primary syndication of the Bridge Facility.

“**Takeover Code**” means The City Code on Takeovers and Mergers.

“**Takeover Panel**” has the meaning given to such term in the Takeover Code.

“**Target**” means Punch Taverns Holdco (A) Limited.

“**Transaction**” has the meaning given to that term in subparagraph (c) of paragraph 6.3.

Unless a contrary indication appears, a term defined in the Bridge Facility Agreement has the same meaning when used in this Letter.

## **1. Appointment**

1.1 The Company appoints Nomura as exclusive arranger and underwriter of the Bridge Facility and, in the event Nomura exercises its right under paragraph 5 below, as exclusive bookrunner of the Bridge Facility.

1.2 Until this mandate terminates in accordance with paragraph 11 (*Termination*):

- (a) no other person shall be appointed as mandated lead arranger or underwriter; and
- (b) no other titles shall be awarded,

in connection with the Bridge Facility or any financing of the Acquisition without the prior written consent of Nomura.

## **2. Conditions**

2.1 This offer to arrange and underwrite the Bridge Facility is made on the terms of this Letter and is subject to the execution of the Facility Documents (including, without limitation, the Bridge Facility Agreement).

2.2 Nomura confirms that:

- (a) it has obtained credit committee approval for arranging and underwriting the Bridge Facility;
- (b) it has received and is satisfied with the original audited consolidated accounts of the Group for the financial year ended 31 December 2015; and
- (c) we have received all documentation and other information required by regulatory authorities under applicable “know your customer” and anti-money laundering rules and regulations.

## **3. Underwriting**

Nomura agrees to underwrite 100 per cent. of the Bridge Facility (being an amount up to £340,000,000, as detailed in the Bridge Facility Agreement).

## **4. Fees, Costs and Expenses**

4.1 All fees, costs and expenses shall be paid in accordance with this Letter or as set out in the Bridge Facility Agreement.

4.2 The Company will pay (or procure the payment of) the fees set out in paragraph 4.3 (each a “**Fee**”).

#### 4.3 **Bridge Facility Fees**

(a) Bridge Underwriting Fee

Whether or not any loans under the Bridge Facility (each such loan a “**Bridge Loan**”) are made, an aggregate underwriting fee of 0.20% of the aggregate amount of the commitments in respect of the Bridge Facility as of the date hereof (the “**Bridge Commitments**”) shall be payable to Nomura (the “**Bridge Underwriting Fee**”).

(b) Bridge Funding Fee

If and only to the extent any Bridge Loans are funded on or after the Closing Date, an aggregate funding fee of 0.25% of the aggregate principal amount of the Bridge Loans funded shall be payable to Nomura (the “**Bridge Funding Fee**” and, together with the Bridge Underwriting Fee, the “**Bridge Fees**”).

(c) Time of Payment

The Bridge Fees shall be due and payable only if the Closing Date occurs. The Bridge Underwriting Fee shall be due and payable on the Closing Date. The Bridge Funding Fee shall be due and payable upon the making of any Bridge Loans to the extent of those Bridge Loans.

#### 4.4 **Currency**

All fees payable pursuant to this paragraph 4 shall be payable in pounds sterling and subject to the General Provisions set forth in paragraph 4.5 hereof.

#### 4.5 **General Provisions**

(a) All payments to be made in connection with this Letter:

- (i) shall be paid in immediately available, freely transferable, cleared funds to such accounts as shall be notified to the Company;
- (ii) once made, are non-refundable and non-returnable except to the extent set out in this Letter;
- (iii) are to be made free and clear of any present or future taxes, levies, duties or other deductions of whatever nature, except those required by law. If any deduction or withholding is made from any payment made under this Letter then the Company must gross-up any payment made so that the relevant recipient receives the amount that it would have received had no such deduction or withholding been made; and
- (iv) are exclusive of any value added tax or similar charge (“**VAT**”). If VAT is chargeable the Company shall at the same time pay an amount equal to the amount of the VAT.

(b) All legal fees and expenses (subject to pre-agreed levels) incurred by White & Case LLP on behalf of Nomura in relation to the proposed transaction, the arrangement, negotiation, execution and syndication of the Bridge Facility, this Letter and the Facility Documents shall be reimbursed by the Company.

(c) The Company shall promptly on demand pay Nomura the amount of all other costs and expenses (including legal fees) reasonably incurred by any of them in connection with the negotiation, preparation, printing and execution of the Facility Documents and this Letter and (if applicable) the Syndication.

- (d) All fees paid under this Letter may be retained and/or distributed by the relevant recipient in such manner as it determines in its sole discretion, and shall be non-refundable and, except as otherwise expressly stated, in addition to any other fee payable by the Company or any other person to Nomura or any of its affiliates in connection with the Bridge Facility.
- (e) This Letter sets out the entire agreement between the Company and Nomura as to the Fees in connection with the commitments entered into in respect of the Bridge Facility pursuant to this Letter and supersedes any prior oral and/or written understandings or arrangements relating to the Fees in respect of the Bridge Facility.
- (f) In respect of any judgment or order given or made for any amount due hereunder that is expressed and paid in a currency (the “**Judgment Currency**”) other than the currency in which such loss or damage is denominated or in which the Company’s obligation is denominated, as the case may be (the “**Obligation Currency**”), the Company will indemnify each party to the Facility Documents against any loss incurred by such party, as applicable, as a result of any variation as between (a) the rate of exchange at which the Obligation Currency is converted into the Judgment Currency for the purpose of such judgment or order and (b) the rate of exchange at which such party is able to purchase the Obligation Currency with the amount of the Judgment Currency actually received by such party. The foregoing indemnity will constitute a separate and independent obligation of each obligor and will continue in full force and effect notwithstanding any such judgment or order as aforesaid. The term “rate of exchange” will include any premiums and costs of exchange payable in connection with the purchase of, or conversion into, the Obligation Currency.

## 5. Syndication

Nomura shall have the right, during the period commencing immediately after the end of the Certain Funds Period and ending on the date falling three months thereafter, to syndicate the Bridge Facility and, at the request of Nomura, the Company and the Guarantor will promptly enter into any amendments to the Facility Documents as Nomura reasonably considers necessary to provide for a syndicated Bridge Facility Agreement rather than a bilateral facility agreement.

## 6. Indemnity

- 6.1 (a) Whether or not the Facility Documents are signed, the Company shall within three Business Days of demand indemnify each Indemnified Person against any cost, expense, loss or liability (including without limitation legal fees) incurred by or awarded against that Indemnified Person in each case arising out of or in connection with any action, claim, investigation or proceeding commenced or threatened (including, without limitation, any action, claim, investigation or proceeding to preserve or enforce rights) in relation to:
  - (i) the use of the proceeds of the Bridge Facility;
  - (ii) this Letter or any Facility Document; and/or
  - (iii) the arranging or underwriting of the Bridge Facility.
- (b) The Company will not be liable under paragraph (a) above for any cost, expense, loss or liability (including without limitation legal fees) incurred by or awarded against an Indemnified Person if that cost, expense, loss or liability results from any breach by that Indemnified Person of this Letter or any Facility Document which is in each case

finally judicially determined to have resulted from the gross negligence or wilful misconduct of that Indemnified Person.

- (c) For the purposes of this paragraph 5, “**Indemnified Person**” means Nomura, any of its Affiliates and each of its (or its Affiliates’) directors, officers, employees and agents.

6.2 Nomura shall have no duty or obligation, whether as fiduciary for any Indemnified Person or otherwise, to recover any payment made or required to be made under paragraph 6.1 above.

6.3 (a) The Company agrees that no Indemnified Person shall have any liability (whether direct or indirect, in contract or tort or otherwise) to the Company or any of its Affiliates for or in connection with anything referred to in paragraph 6.1 above, following the Company’s agreement to this Letter, for any such cost, expense, loss or liability incurred by the Company that results from any breach by that Indemnified Person of this Letter or any Facility Document which is in each case finally judicially determined to have resulted from the gross negligence or wilful misconduct of that Indemnified Person.

- (b) Notwithstanding paragraph (a) above, no Indemnified Person shall be responsible or have any liability to the Company or any of its Affiliates or anyone else for consequential losses or damages.

(c) The Company represents to Nomura that:

- (i) it is acting for its own account and it has made its own independent decisions to enter into the transaction contemplated in this Letter and the Bridge Facility Agreement (the “**Transaction**”) and as to whether the Transaction is appropriate or proper for it based upon its own judgement and upon advice from such advisers as it has deemed necessary;
- (ii) it is not relying on any communication (written or oral) from Nomura as a recommendation to enter into the Transaction, it being understood that information and explanations related to the terms and conditions of the Transaction shall not be considered investment advice or a recommendation to enter into the Transaction. No communication (written or oral) received from Nomura shall be deemed to be an assurance or guarantee as to the expected results of the Transaction;
- (iii) it is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of the Transaction. It is also capable of assuming, and assumes, the risks of the Transaction; and
- (iv) Nomura is not acting as a fiduciary for it in connection with the Transaction.

6.4 The Contracts (Rights of Third Parties) Act 1999 shall apply to this paragraph 5 but only for the benefit of the other Indemnified Persons, subject always to the terms of paragraphs 14.2 and 16 (*Governing Law and Jurisdiction*).

## 7. Confidentiality

The Company acknowledges that this Letter is confidential and the Company shall not, and shall ensure that no other member of the Group shall, without the prior written consent of Nomura, disclose this Letter or its contents to any other person except:

- (a) in connection with the Scheme or Offer, to the extent required by the Takeover Code or the Takeover Panel;

- (b) as required by law or by any applicable governmental or other regulatory authority or by any applicable stock exchange; and
- (c) to its employees or professional advisers for the purposes of the Bridge Facility who have been made aware of and agree to be bound by the obligations under this paragraph or are in any event subject to confidentiality obligations as a matter of law or professional practice.

## **8. Publicity/Announcements**

- 8.1 All publicity in connection with the Bridge Facility shall be managed by Nomura in consultation with the Company.
- 8.2 No announcements, other than the Announcement, regarding the Bridge Facility or any roles as arranger or underwriter or lender shall be made without the prior written consent of the Company and Nomura.

## **9. Conflicts**

- 9.1 Each of the Company and Nomura acknowledges that Nomura or its Affiliates may provide debt financing, equity capital or other services to other persons with whom the Company or its Affiliates may have conflicting interests in respect of the Bridge Facility in this or other transactions.
- 9.2 The Company and Nomura acknowledge that Nomura or its Affiliates may act in more than one capacity in relation to this transaction and may have conflicting interests in respect of such different capacities.
- 9.3 Nomura shall not use confidential information obtained from the Company or its Affiliates for the purposes of the Bridge Facility in connection with providing services to other persons or furnish such information to such other persons.
- 9.4 The Company acknowledges that Nomura has no obligation to use any information obtained from another source for the purposes of the Bridge Facility or to furnish such information to the Company or its Affiliates.

## **10. Assignments**

The Company shall not assign any of its rights or transfer any of its rights or obligations under this Letter without the prior written consent of Nomura.

## **11. Termination**

- 11.1 If the Company does not accept the offer made by Nomura in this Letter by signing and returning to Nomura this Letter together with the Bridge Facility Agreement before close of business on the date hereof, such offer shall terminate at midnight on the date hereof.
- 11.2 No failure to exercise, nor any delay in exercising, on the part of Nomura, any right or remedy under this Letter shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise thereof or the exercise of any other right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any rights or remedies provided by law.

## **12. Survival**

- 12.1 Except for paragraphs 2 (*Conditions*), 3 (*Underwriting*), and 11 (*Termination*) the terms of this Letter shall survive and continue after the Facility Documents are signed.
- 12.2 Without prejudice to paragraph 12.1 above, paragraphs 4 (*Fees, Costs and Expenses*), 5 (*Syndication*), 6 (*Indemnity*), 7 (*Confidentiality*), 8 (*Publicity/Announcements*), 9 (*Conflicts*), 10 (*Assignments*) and 11 (*Termination*) to 16 (*Governing Law and Jurisdiction*) inclusive shall survive and continue after any termination of the obligations of Nomura under this Letter.

## **13. Entire Agreement**

- 13.1 This Letter and the Bridge Facility Agreement set out the entire agreement between the Company and Nomura as to arranging and underwriting the Facility and supersede any prior oral and/or written understandings or arrangements relating to the Bridge Facility.
- 13.2 Any provision of this Letter may only be amended or waived in writing signed by the Company and Nomura.

## **14. Third Party Rights**

- 14.1 Unless expressly provided to the contrary in this Letter, a person who is not a party to this Letter has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any of its terms.
- 14.2 Notwithstanding any term of this Letter, the consent of any person who is not a party to this Letter is not required to rescind or vary this Letter at any time.

## **15. Counterparts**

This Letter may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Letter.

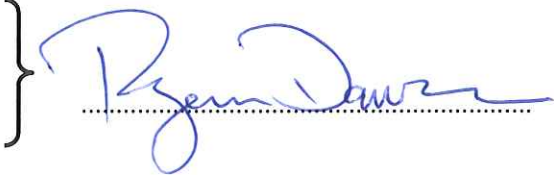
## **16. Governing Law and Jurisdiction**

- 16.1 This Letter (including the agreement constituted by the Company's acknowledgement of its terms) and any non-contractual obligations arising out of or in connection with it (including any non-contractual obligations arising out of the negotiation of the transaction contemplated by this Letter) are governed by English law.
- 16.2 The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Letter (including a dispute relating to any non-contractual obligation arising out of or in connection with either this Letter or the negotiation of the transaction contemplated by this Letter).

If you agree to the above, please acknowledge your agreement and acceptance of the offer by signing and returning the enclosed copy of this Letter countersigned by you to Ryan Dawson at [ryan.dawson@nomura.com](mailto:ryan.dawson@nomura.com).

Yours faithfully

For and on behalf of  
**Nomura International plc**





We acknowledge and agree to the above:

For and on behalf of  
**Heineken UK Limited**  
*as Company*

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