

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PART TWO OF THIS DOCUMENT COMPRISES AN EXPLANATORY STATEMENT IN COMPLIANCE WITH SECTION 897 OF THE COMPANIES ACT 2006. This document contains a proposal which, if implemented, will result in the cancellation of the listing of Punch Shares on the Official List and of trading of Punch Shares on the London Stock Exchange.

If you are in any doubt as to the contents of this document or the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000, if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are taking advice in a territory outside the United Kingdom.

If you have sold or otherwise transferred all of your Punch Shares, please send this document together with the accompanying documents (other than documents or forms personal to you) at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. However, such documents should not be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws of such jurisdiction. If you sell, have sold or otherwise transferred only part of your holding of Punch Shares, you should retain these documents and contact the bank, stockbroker or other agent through whom the sale or transfer was effected.

The distribution of this document in or into jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction.

**Recommended Final Cash Acquisition of
Punch Taverns plc
by
Vine Acquisitions Limited
(a company formed at the direction of Patron Fund V)
by means of a scheme of arrangement of Punch Taverns plc
under Part 26 of the Companies Act 2006**

The release, publication or distribution of this document and any accompanying documents (in whole or in part) in or into or from jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction.

Neither this document nor any of the accompanying documents do or are intended to 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 pursuant to the Scheme or otherwise, in any jurisdiction in which such offer, invitation or solicitation is unlawful. This document is not a prospectus.

This document (including all information incorporated into this document by reference to another source) should be read as a whole and in conjunction with the Forms of Proxy. Your attention is drawn to the letter from the Chairman of Punch in Part One of this document, which contains the unanimous recommendation of the Punch Directors that you vote in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed at the General Meeting. A letter from Goldman Sachs International explaining the Scheme appears in Part Two of this document.

Notices of the Court Meeting and the General Meeting of Punch, each of which will be held at the offices of Goldman Sachs International at Peterborough Court, 133 Fleet Street, London EC4A 2BB on 10 February 2017, are set out in Parts Nine and Ten of this document. The Court Meeting will start at 1:00 p.m. on that date and the General Meeting at 1:15 p.m. (or as soon thereafter as the Court Meeting is concluded or adjourned).

Action to be taken by Punch Shareholders is set out on pages 8 to 10 of this document. Whether or not they intend to attend the General Meeting or the Court Meeting in person, Punch Shareholders are asked to complete and return the enclosed blue and white Forms of Proxy (or appoint a proxy electronically, as referred to in this document by electronic means) in accordance with the instructions printed thereon as soon as possible, but in any event so as to be received by Punch's registrars, Computershare, not later than 48 hours (excluding non-working days) before the relevant meeting. Punch Shareholders who hold Punch Shares in CREST may also appoint a proxy through the CREST electronic proxy appointment service by following the instructions set out on page 9 of this document. If the blue form of proxy for the Court Meeting is not lodged by the relevant time, it may be handed to Punch's registrars, Computershare, on behalf of the Chairman of the Court Meeting before the start of the Court Meeting. However, in the case of the General Meeting, if the white Form of Proxy is not lodged by the relevant time, it will be invalid. The return of a completed Form of Proxy or the appointment of a proxy electronically or through CREST will not prevent a Punch Shareholder from attending the General Meeting or the Court Meeting and voting and speaking at the relevant Meeting in person if they are entitled and wish to do so.

Certain terms used in this document are defined in Part Eight.

If you have any questions about this document, the Court Meeting or the General Meeting, or are in any doubt as to how to complete the Forms of Proxy, please call Computershare between 8:30 a.m. and 5:30 p.m. (London time) Monday to Friday (except public holidays) on 0370 707 1248 (from within the UK) or +44 370 707 1248 (from outside the UK). Calls will be charged at national or international rates as the case may be. Different charges may apply to calls from mobile telephones. Please note that calls may be monitored or recorded and Computershare cannot provide legal, tax or financial advice or advice on the merits of the Scheme.

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 Acquisition 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 Acquisition or any matter or arrangement referred to in this document.

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.

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 document.

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by Punch, Bidco or Heineken (or any of their respective associates or directors) or by Goldman Sachs International, Rothschild or Nomura International plc or any other person involved in the Transaction. Neither the delivery of this document nor holding the Meetings, the Court Hearing, or filing the Court Order shall, under any circumstances, create any implication that there has been no change in the affairs of the Punch Group, the Wider Bidco Group or the Heineken Group since the date of this document or that the information in, or incorporated into, this document is correct as at any time subsequent to its date.

IMPORTANT NOTICES

The release, publication or distribution of this document in or into or from jurisdictions other than the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, such restrictions. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Transaction disclaim any responsibility or liability for the violation of such restrictions by any person. This document does not constitute an offer or invitation to purchase or subscribe for any securities or a solicitation of an offer to buy any securities pursuant to this document or otherwise in any jurisdiction in which such offer or solicitation is unlawful. This document has been prepared for the purposes of complying with English law, the Code and the Listing Rules and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside England.

The Acquisition relates to shares in an English company and is proposed to be made by means of a scheme of arrangement under English company law. US Shareholders should note that the Scheme relates to the shares of a UK company that is a “foreign private issuer” as defined under Rule 3b-4 under the US Exchange Act and will be governed by English law. Accordingly, neither the US proxy solicitation rules nor the tender offer rules under the US Exchange Act will apply to the Scheme. Moreover, the Scheme will be subject to the disclosure requirements and practices applicable in the UK to schemes of arrangement, which differ from the disclosure requirements of the US proxy solicitation rules and tender offer rules. Neither the SEC, nor any securities commission of any state of the United States, has approved the Acquisition, passed upon the fairness of the Acquisition or passed upon the adequacy or accuracy of this document. Any representation to the contrary is a criminal offence in the United States. Financial information included in this document has been prepared in accordance with accounting standards applicable in the UK that may not be comparable to financial statements of US companies. If the Acquisition is implemented by way of a takeover offer, such offer will be made in compliance with applicable US securities laws and regulations, including the US tender offer rules.

The statements contained in this document are made as at the date of this document, unless some other time is specified in relation to them, and service of this document shall not give rise to any implication that there has been no change in the facts set forth in this document since such date. Nothing in this document shall be deemed to be a forecast, projection or estimate of the future financial performance of Punch, the Punch Group, Bidco, the Wider Bidco Group, Heineken, or the Heineken Group except where otherwise stated.

It may be difficult for US Shareholders to enforce their rights and any claims they may have arising out of the US federal securities laws, since Punch, Bidco and Heineken are each located in a non-US jurisdiction, and some or all of their officers and directors are residents of non-US jurisdictions. As a result, it may not be possible for US Shareholders to effect service of process upon such persons or to enforce against them a judgment obtained in US courts.

In accordance with normal UK practice, Bidco or its nominees, or its brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, Punch Shares outside of the US, other than pursuant to the Acquisition, until the date on which the Acquisition and/or Scheme becomes effective, lapses or is otherwise withdrawn. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be disclosed as required in the UK, will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at www.londonstockexchange.com.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document includes 'forward-looking statements' (including as defined under United States securities laws), which may include statements about the expected timing of the Scheme, the expected effects on Punch of the Scheme, anticipated earnings enhancements, estimated cost savings and other synergies, potential strategic options, plans for and benefits of integration, productivity improvements, estimated future growth and market position and all other statements in this document other than statements of historical fact.

Forward-looking statements include, without limitation, statements that typically contain words such as 'will', 'may', 'should', 'continues', 'aims', 'believes', 'expects', 'estimates', 'intends', 'anticipates', 'projects', 'plans' or similar expressions. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that all occur in the future. Actual results may differ materially from those expressed in the forward-looking statements depending on a number of factors, including, but not limited to, the enactment of legislation or regulation that may impose costs or restrict activities, the satisfaction of the conditions to the offer, future market conditions, the behaviour of other market participants, an adverse change in the economic climate, a fluctuation in the level of clients' commercial activity, appropriate consultation with employee representative bodies, a loss of key personnel and the extent to which Punch, Bidco and Heineken businesses are successfully integrated. Many of these risks and uncertainties relate to factors that are beyond the companies' abilities to control or estimate precisely, such as future market conditions and the behaviours of other market participants. The forward-looking statements contained in this document are made as of the date hereof. None of Punch, any member of the Punch Group, Bidco, any member of the Wider Bidco Group, Heineken or any member of the Heineken Group assumes any obligation or intends publicly to update or revise these forward-looking statements, whether as a result of future events, new information or otherwise except as required pursuant to applicable law.

NO PROFIT FORECASTS OR ESTIMATES OR QUANTIFIED FINANCIAL BENEFITS STATEMENTS

No statement in this document is intended as a profit forecast, profit estimate or quantified financial benefits statement and no statement in this document should be interpreted to mean that earnings per Punch Share, Bidco share or Heineken share for the current or future financial years would necessarily match or exceed the respective historical published earnings per Punch Share, Bidco share or Heineken share or to mean that the Punch Group's earnings in the first 12 months following the Transaction, or in any subsequent period, would necessarily match or be greater than those of Bidco, Punch or Heineken for the relevant preceding financial period or any other period.

ROUNDING

Certain figures included in this document 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 other information provided by Punch Shareholders, persons with information rights and other relevant persons for the receipt of communications from Punch may be provided to Bidco during the Offer Period as required under Section 4 of Appendix 4 of the Code to comply with Rule 2.11(c) of the Code,

Save as expressly referred to in this document, the contents of the websites referred to in this document are not incorporated into and do not form part of this document.

PUBLICATION ON A WEBSITE AND AVAILABILITY OF HARD COPIES

A copy of this document will be available on Punch's website at www.punchtavernsplc.com, Bidco's website at www.patroncapital.com/microsite and Heineken's website at www.heineken.co.uk/press-releases by no later than 12.00pm (London time) on the Business Day following the date of publication of this document (subject to any applicable restrictions relating to persons resident in Restricted Jurisdictions). For the avoidance of doubt, save as expressly referred to in this document, the contents of those websites are not incorporated into and do not form part of this document.

If you have received this document electronically, you may request a hard copy of this document (and any information incorporated into this document by reference to another source), free of charge, by calling Computershare on +44 (0)370 707 1248 or by writing to Computershare at The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, United Kingdom stating your name, and the address to which the hard copy should be sent. You may also request that all future documents, announcements and information be sent to you in relation to the Acquisition should be in hard copy form. Unless you make such a request, a hard copy of this document (and any information incorporated into this document by reference to another source) will not be sent to you.

DEALING DISCLOSURE REQUIREMENTS

Under Rule 8.3(a) of the 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 offeror (being any offeror other than an offeror 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 offeror 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 (London time) on the 10th Business Day following the commencement of the offer period and, if appropriate, by no later than 3:30 pm (London time) on the 10th Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the 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 offeror 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, 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 (London time) 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 of the Code.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosure 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 Takeover Panel's website at 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 consult 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.

The date of publication of this document is 17 January 2017.

TABLE OF CONTENTS

	<i>Page</i>
ACTION TO BE TAKEN	8
EXPECTED TIMETABLE OF PRINCIPAL EVENTS	11
PART ONE LETTER FROM THE CHAIRMAN OF PUNCH TAVERNS PLC	13
PART TWO EXPLANATORY STATEMENT	22
PART THREE CONDITIONS TO THE IMPLEMENTATION OF THE SCHEME AND TO THE ACQUISITION	43
PART FOUR THE SCHEME OF ARRANGEMENT	55
PART FIVE FINANCIAL AND RATINGS INFORMATION	62
PART SIX TAXATION	64
PART SEVEN ADDITIONAL INFORMATION ON PUNCH, BIDCO AND HEINEKEN	66
PART EIGHT DEFINITIONS	85
PART NINE NOTICE OF COURT MEETING	94
PART TEN NOTICE OF GENERAL MEETING	97

ACTION TO BE TAKEN

For the reasons set out in this document, the Punch Board unanimously recommends that you vote in favour of the Scheme at the Court Meeting and the Special Resolution relating to the Acquisition to be proposed at the General Meeting, as the Punch Directors who hold Punch Shares have irrevocably undertaken to do in respect of their own beneficial holdings of Punch Shares, and that you take the action described below.

Voting at the Court Meeting and the General Meeting

IT IS IMPORTANT THAT, FOR THE COURT MEETING, AS MANY VOTES AS POSSIBLE ARE CAST SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR AND REASONABLE REPRESENTATION OF SCHEME SHAREHOLDER OPINION. YOU ARE THEREFORE STRONGLY URGED TO COMPLETE, SIGN AND RETURN YOUR FORMS OF PROXY (OR APPOINT A PROXY ONLINE OR THROUGH THE CREST ELECTRONIC PROXY APPOINTMENT SERVICE) AS SOON AS POSSIBLE.

The Scheme will require approval at a meeting of Punch Shareholders convened with the permission of the Court to be held at the offices of Goldman Sachs International at Peterborough Court, 133 Fleet Street, London EC4A 2BB at 1:00 p.m. (London time) on 10 February 2017. Implementation of the Scheme will also require approval by Punch Shareholders of the Special Resolution relating to the Acquisition to be proposed at the General Meeting. The General Meeting will be held at the same place as the Court Meeting at 1:15 p.m. (London time) on 10 February 2017 (or as soon thereafter as the Court Meeting shall have been concluded or adjourned).

Punch Shareholders entitled to attend and vote at the Meetings are entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote at the Court Meeting and/or General Meeting. A proxy need not be a Punch Shareholder.

(a) ***Sending Forms of Proxy by post or by hand***

Please complete and sign the Forms of Proxy in accordance with the instructions printed on them and return them, either (i) by post or, (ii) during normal business hours only, by hand, to Punch's registrars, Computershare, at The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, United Kingdom, so as to be received as soon as possible and in any event not later than the relevant time set out below:

Blue Forms of Proxy for the Court Meeting 1:00 p.m. on 8 February 2017

White Forms of Proxy for the General Meeting 1:15 p.m. on 8 February 2017

or, if in either case the Meeting is adjourned, the relevant Form of Proxy should be received not later than 48 hours (excluding non-working days) before the time fixed for the adjourned Meeting.

If the blue Form of Proxy for the Court Meeting is not returned by such time, it may be handed to a representative of Computershare, on behalf of the Chairman of the Court Meeting, or to the Chairman of the Court Meeting, before the start of that Meeting. However, in the case of the General Meeting, the white Form of Proxy must be received by Computershare by the time mentioned above, or it will be invalid.

Punch Shareholders are entitled to appoint a proxy in respect of some or all of their Punch Shares and may also appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such holder. Punch

Shareholders who wish to appoint more than one proxy in respect of their holding of Punch Shares should contact Computershare for further Forms of Proxy or photocopy the Forms of Proxy as required.

Completion and return of a Form of Proxy, or the appointment of a proxy electronically using CREST (or any other procedure described below), will not prevent you from attending, speaking and voting in person at either the Court Meeting or the General Meeting, or any adjournment thereof, if you wish and are entitled to do so.

(b) ***Online appointment of proxies***

As an alternative to completing and returning the printed Forms of Proxy, proxies may be appointed electronically by logging on to the following website: www.investorcentre.co.uk/eproxy and following the instructions there. For an electronic proxy appointment to be valid, the appointment must be received by Computershare not later than the relevant time set out below:

Blue Forms of Proxy for the Court Meeting 1:00 p.m. on 8 February 2017

White Forms of Proxy for the General Meeting 1:15 p.m. on 8 February 2017

or, if in either case the Meeting is adjourned, the relevant Form of Proxy should be received not later than 48 hours (excluding non-working days) before the time fixed for the adjourned Meeting.

In the case of the Court Meeting only, if you have not appointed a proxy electronically by such time, you may complete the blue Form of Proxy and hand it to a representative of Computershare or the Chairman of the Court Meeting, before the start of that Meeting.

(c) ***Electronic appointment of proxies through CREST***

If you hold Punch Shares in uncertificated form through CREST and wish to appoint a proxy or proxies for the Meetings (or any adjourned Meeting) by using the CREST electronic proxy appointment service, you may do so by using the procedures described in the CREST Manual (please also refer to the accompanying notes to the notices of Meetings set out in Part Nine and Part Ten of this document). CREST personal members or other CREST sponsored members, and those CREST members who have appointed any voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with the specifications of Euroclear and must contain the information required for such instructions as described in the CREST Manual. The message (regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy), must, in order to be valid, be transmitted so as to be received by Computershare (ID 3RA50) not less than 48 hours (excluding non-working days) before the time fixed for the Court Meeting or General Meeting (or adjourned Meeting), as applicable. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which Computershare is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers, should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed any voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

Punch may treat as invalid a CREST Proxy Instruction in the circumstances set out in the CREST Regulations.

Helplines

If you have any questions about this document, the Court Meeting or the General Meeting, or are in any doubt as to how to complete the Forms of Proxy, please call Computershare between 8:30 a.m. and 5:30 p.m. (London time) Monday to Friday (except public holidays) on 0370 707 1248 (from within the UK) or +44 370 707 1248 (from outside the UK). Calls will be charged at national or international rates as the case may be. Different charges may apply to calls from mobile telephones. Please note that calls may be monitored or recorded and Computershare cannot provide legal, tax or financial advice or advice on the merits of the Scheme.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

All times shown are London times unless otherwise stated. All dates and times are based on Punch's, Bidco's and Heineken's current expectations and are subject to change. If any of the dates and/or times in this expected timetable change, the revised dates and/or times will be notified promptly to Punch Shareholders by announcement through a Regulatory Information Service.

<i>Event</i>	<i>Expected time/date</i>
Latest time for lodging forms of proxy ⁽¹⁾ for the:	
Court Meeting (blue form)	1:00 p.m. on 8 February 2017
General Meeting (white form)	1:15 p.m. on 8 February 2017
Voting Record Time ⁽²⁾ for the Court Meeting and the General Meeting	6.00 p.m. on 8 February 2017
Court Meeting	1:00 p.m. on 10 February 2017
General Meeting⁽³⁾	1:15 p.m. on 10 February 2017

The following dates are indicative only and are subject to change⁽⁴⁾

Court Hearing	A date which is expected to be not later than 14 days after the satisfaction or waiver of Condition 3(A) relating to the merger control review of the Disposal (or any aspect thereof) by the European Commission and/or CMA ("D")
Last day of dealings in Punch Shares	D
Dealings in Punch Shares suspended in London	5.00 p.m. on D
Scheme Record Time	6.00 p.m. on D
Effective Date of the Scheme	D+1 Business Day ("S")
De-listing of Punch Shares	S+1 Business Day
Despatch of cheques and crediting of CREST for cash consideration due under the Scheme	Within 14 days of the Effective Date
Long Stop Date ⁽⁵⁾	31 October 2017

Notes:

- (1) The blue Form of Proxy for the Court Meeting, if not received by Computershare by the time stated above, may be handed to a representative of Computershare, on behalf of the Chairman of the Court Meeting, or to the Chairman of the Court Meeting, before the start of that Meeting. However, in order to be valid, the white Form of Proxy must be received by Computershare no later than 1:15 p.m. (London time) on 8 February 2017 (or, if the General Meeting is adjourned, 48 hours (excluding non-working days) before the time fixed for the adjourned Meeting. Please see "Action to be taken" on pages 8 to 10.
- (2) If either the Court Meeting or the General Meeting is adjourned, the Voting Record Time for the relevant adjourned Meeting will be 6.00 p.m. (London time) on the date which is two days (excluding non-working days) before the date set for such adjourned Meeting.

- (3) To commence at 1:15 p.m. (London time) or as soon thereafter as the Court Meeting shall have concluded or adjourned.
- (4) These times and dates are indicative only and will depend on, among other things, the dates upon which (i) the Conditions are satisfied or (where applicable) waived, (ii) the Court sanctions the Scheme, and (iii) the Court Order sanctioning the Scheme is delivered to the Registrar of Companies. If the expected dates of the Court Hearing is changed, Punch will give adequate notice of the changes by issuing an announcement through a Regulatory Information Service.
- (5) The latest date by which the Scheme must be implemented may be extended by agreement between Punch, Bidco and Heineken with the prior consent of the Panel and (if required) the approval of the Court.

PART ONE

LETTER FROM THE CHAIRMAN OF PUNCH TAVERNS PLC

Punch Taverns plc
Jubilee House
Second Avenue
Burton Upon Trent
Staffordshire DE14 2WF

Incorporated in England and Wales with registered number 03752645

17 January 2017

To the holders of Punch Shares and, for information only, to holders of options or awards under the Punch Employee Share Plans and persons with information rights

Dear Shareholder

RECOMMENDED FINAL CASH ACQUISITION OF PUNCH TAVERNS PLC (“PUNCH”) BY VINE ACQUISITIONS LIMITED (“BIDCO”)

1. Introduction

On 15 December 2016 the boards of Punch and Bidco, a company formed at the direction of Patron Fund V, announced that they had agreed the terms of a recommended final cash offer by Bidco for Punch (the “**Acquisition**”).

I am writing to you on behalf of the Punch Board to explain the background to and terms of the Acquisition and the associated disposal of the Punch A Group to Heineken (together, the “**Transaction**”), to encourage you to vote at the Meetings to be held on 10 February 2017 to consider the Acquisition, and to explain why the Punch Board is unanimously recommending that Punch Shareholders vote or procure votes in favour of the resolutions to be put to those Meetings.

I draw your attention to the letter from Goldman Sachs International set out in Part Two of this document which gives details about the Transaction and to the additional information set out in Part Seven of this document.

2. Summary of the terms of the Transaction

The Transaction will be implemented by (i) the acquisition of the entire issued and to be issued ordinary share capital of Punch by Bidco pursuant to a scheme of arrangement between Punch and Scheme Shareholders under Part 26 of the Companies Act 2006; and (ii) the associated disposal of the Punch A Group to Heineken.

Under the terms of the Acquisition, which will be subject to the terms and conditions set out in Part Three, Scheme Shareholders will receive:

for each Punch Share 180 pence in cash

(the “**Acquisition Consideration**”).

The terms of the Acquisition represent 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 Fund V 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 Acquisition values the entire existing 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 derivative financial instruments of £169.7 million), the Acquisition 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 Acquisition Consideration is final and will not be increased, except that Bidco reserves the right to increase the Acquisition Consideration if there is, on or after the date of this document: (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); or (iii) an announcement by Punch identifying a third party potential offeror for Punch (other than Emerald).

The Acquisition is subject to the Conditions set out in Part Three of this document, including the sanction of the Scheme by the Court. The expected timetable is set out on page 11 of this document.

Financing of the Acquisition

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

- (A) in relation to approximately £64.2 million of the Acquisition Consideration, from indirect capital contribution to Bidco from Patron Fund V;
- (B) in relation to approximately £33.5 million of the Acquisition Consideration, from the Heineken Bridge Facility Agreement; and
- (C) in relation to approximately £305.0 million of the Acquisition 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 loan facility dated 14 December 2016 between Heineken as borrower and Nomura International plc as lender.

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

3. Background to and reasons for the Transaction

Patron Fund V and Heineken believe that pubs are an integral part of British culture and that well-run, high-quality pubs will continue to prosper. Patron Fund V and Heineken N.V. made a joint approach to the Punch Board in June 2016 regarding a possible offer whereby Patron Fund V would make an offer for the Punch Group, under which Patron Fund V 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 Fund V and Heineken with access to certain limited financial and other company information, to enable Patron Fund V 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 on 15 December 2016.

Patron Fund V 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 Fund V 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 Fund V and other Patron Capital funds advised by Patron Capital Advisers, have extensive experience of investing in operating businesses underpinned by real estate assets. Patron Fund V 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 Fund V'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;
- improvements in visibility and increases in 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. 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 Acquisition was at a level that the Punch Board felt required detailed consideration. In considering its terms, the Punch Board has taken into account a number of factors including that:

- it represents an opportunity for Punch Shareholders to realise their investment in Punch for cash at an attractive value;
- its terms 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);
- its certainty should be weighed against the inherent uncertainty of the delivery of future value that exists in any business; and
- it delivers more value to Punch Shareholders than other potential strategic options.

In addition to the Acquisition, 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 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. In accordance with Section 4 of Appendix 7 of the 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, to either announce a firm intention to make an offer for Punch in accordance with Rule 2.7 of the 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 Code applies.

Following careful consideration of the above factors, and in the absence of a higher firm offer, the Punch Directors are unanimously recommending the Acquisition 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 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).

5. Management, Employees and locations

Punch, Bidco and Heineken recognise that the Punch Group has many committed and talented employees who have worked hard to support the Punch Group and its pubs. Each of Bidco and Heineken has given assurances to the Punch Directors that it will ensure that the Punch Group

continues to comply fully with its contractual and statutory employment obligations, including with regard to pension rights, in relation to the management and employees of the Punch Group following completion of the Transaction. Bidco and Heineken have also stated that the Punch Group's publicans' leases will continue as before, and they will continue to benefit from the rights afforded to them by the Pubs Code Regulations.

Your attention is drawn to the statement of Bidco's and Heineken's intentions in relation to the Punch Holding Group, the Punch A Group and the Punch B Group as set out in paragraph 7 of Part Two of this document.

The Punch Directors note that Bidco and Heineken have stated that:

- (A) For the TSA Period, Bidco will 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; and
- (B) 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, and accordingly that at the end of the TSA Period those allocated to the Punch A Group will transfer to Heineken or its nominee.

In relation to Punch B Group and Punch Holding Group, the Punch Directors note that Bidco has stated that:

- (A) Bidco recognises that in order to achieve the expected benefits of the Acquisition, including a renewed operational focus on the pubs which the Punch B Group and Punch Holding Group are retaining, cost savings in relation to the Punch B Group and the Punch Holding Group will be required;
- (B) Bidco will need to undertake further work before it is able to determine the impact of the Acquisition on employees, but it is expected that this will involve headcount reductions primarily amongst office-based employees of the Punch Group;
- (C) Bidco will consult as appropriate with relevant employees, employee representatives and other appropriate stakeholders before any proposals are finalised, as appropriate. It is expected that Bidco will retain the majority of employees of the Punch Group who are not transferred to Heineken following the TSA Period;
- (D) 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;
- (E) 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;
- (F) subject to finalisation of its 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;and
- (G) Bidco has confirmed that the rates of Punch B's contributions into its defined contribution pension plans are expected to be continued, that 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.

In relation to Punch A Group, the Punch Directors note that Heineken has stated that:

- (A) 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;
- (B) by the end of the TSA Period it is expected that the employment of a number of field-based Punch employees will be transferred to Heineken or its nominee;
- (C) the determination of which employees will be transferred to Heineken or its nominee will 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 relevant field-based employees. It is also expected that there may be some headcount reductions following a review of the business although the extent and nature of any such headcount reductions has not been determined;
- (D) any impact of the Disposal on Punch employees will be subject to prior information and consultation procedures being undertaken 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 whose employment is transferred to Heineken or its nominee prior to the end of the TSA Period;
- (E) Heineken 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. It is expected that as a result of this review some pubs will be identified for disposal; and
- (F) Heineken has no plans currently to redeploy any fixed assets of the Punch A Group and, save as set out above, 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 as a result of the Disposal.

Following publication of the Announcement, Punch wrote to its employees and the Pension Trustees to inform them of their rights under Rule 25.9 of the Code to have their opinions appended to this document. On the Latest Practicable Date before publication of this document, Punch had not received an opinion from Punch's employee representatives on the effect of the Transaction on employment or an opinion from the Pension Trustees on the effect of the Transaction on the Pension Scheme.

The non-executive Punch Directors have confirmed that they intend to resign as directors of Punch on the Effective Date.

6. Punch Employee Share Plans

The effect of the Scheme in relation to the Punch Employee Share Plans is described in paragraph 8 of the Explanatory Statement in Part Two of this document.

7. Irrevocable Undertakings

Bidco has received irrevocable undertakings from each of the Punch Directors who hold or are beneficially entitled to Punch Shares to vote, or procure voting, in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the 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 on the Latest Practicable Date.

The Acquisition has also 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.

Further details of these irrevocable undertakings are set out in paragraph 6 of Part Seven of this document.

8. Current Trading

Punch

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.

As previously announced, in the first half of the current financial year the Pubs Code Regulations are negatively impacting letting activity as Punch has had to re-market all lets in line with the new regulatory requirements. Against this backdrop, Punch has also incurred additional costs in the short term to meet recent execution challenges and has strengthened the senior management team, the retail division team and its regulatory compliance function. In the medium term Punch plans to offset these costs through efficiency savings and the Board's expectations for the longer-term growth prospects of the business remain unchanged.

Heineken

Heineken UK Limited's premium brands performed well in Q3 resulting in an increase of value share, despite strong performance in the corresponding period in 2015 (largely due to the impact of the Rugby World Cup). Overall, underlying financial performance has been solid, driven by the growth of premium brands, the impact of cost saving initiatives and the continued success of the Star Pubs and Bars' business.

9. Taxation

Your attention is drawn to Part Six of this document. **This summary is intended as a general guide only and if you are in any doubt as to your tax position, or if you are subject to taxation in any jurisdiction other than the UK, you should consult an appropriately qualified independent professional tax adviser.**

10. Overseas shareholders

Overseas shareholders should refer to paragraphs 15 and 16 of Part Two and Part Six of this document.

11. Action to be taken

Your attention is drawn to pages 8 to 10 of this document which explain the actions you should take in relation to the Acquisition and the Scheme.

Details relating to the de-listing of Punch Shares are included in paragraph 13 of Part Two of this document.

12. Further Information

Your attention is drawn to the Explanatory Statement set out in Part Two of this document, the full terms of the Scheme set out in Part Four, the additional information set out in Part Seven and the Notices of the Meetings set out in Part Nine and Part Ten of this document. You should read the whole of this document and the accompanying Forms of Proxy and not rely solely on the information contained in this letter or the Explanatory Statement.

A copy of this document (and all information incorporated into this document by reference to another source) and the Forms of Proxy will be available, subject to certain restrictions relating to overseas shareholders in Restricted Jurisdictions, for inspection on (as applicable) Punch's website at www.punchtavernsplc.com, Bidco's website at www.patroncapital.com/microsite and Heineken's website at www.heineken.co.uk/press-releases.

13. Recommendation

The Punch Directors, who have been so advised by Goldman Sachs International as to the financial terms of the Acquisition, consider the terms of the Acquisition 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 believe that the terms of the Acquisition (including the Scheme) are in the best interests of Punch Shareholders as a whole and unanimously recommend that Punch Shareholders vote in favour of the resolutions to be proposed at the Court Meeting and the General Meeting, as they have irrevocably agreed to do in respect of their own beneficial holdings.

Yours faithfully,

Stephen Billingham

Chairman

Punch Taverns plc

PART TWO

EXPLANATORY STATEMENT

EXPLANATORY STATEMENT

(In compliance with section 897 of the Companies Act 2006)

Goldman Sachs International
Peterborough Court
133 Fleet Street
London EC4A 2BB

Incorporated in England and Wales with registered number 02263951

17 January 2017

To the holders of Punch Shares and, for information only, to holders of options or awards under the Punch Employee Share Plans and persons with information rights

Dear Shareholder

RECOMMENDED FINAL CASH ACQUISITION OF PUNCH TAVERNS PLC (“PUNCH”) BY VINE ACQUISITIONS LIMITED (“BIDCO”)

1. Introduction

On 15 December 2016 the boards of Punch and Bidco, a company formed at the direction of Patron Fund V, announced that they had agreed the terms of a recommended final cash offer for Punch by Bidco.

The Punch Directors have been advised by Goldman Sachs International in connection with the Acquisition and the Scheme. We have been authorised by the Punch Directors to write to you to explain the terms of the Acquisition and the Scheme and to provide you with other relevant information.

Your attention is drawn to the letter from the Chairman of Punch set out in Part One of this document, which forms part of this Explanatory Statement. That letter contains, among other things, the unanimous recommendation by the Punch Directors to Punch Shareholders to vote in favour of the resolutions to be proposed at the Court Meeting and the General Meeting, and an explanation of the background and reasons for recommending the Acquisition.

The terms of the Scheme are set out in full in Part Four of this document. For overseas holders of Punch Shares, your attention is drawn to Part Six of this Explanatory Statement.

Statements made or referred to in this letter regarding Bidco’s reasons for the Transaction, information concerning the business of Bidco and Patron Capital, the financial effects of the acquisition on Bidco and/or intentions or expectations of or concerning Bidco reflect the views of the Bidco Board. Statements made or referred to in this letter regarding Heineken’s reasons for the Transaction, information concerning the business of Heineken and the Heineken Group, and/or intentions or expectations of or concerning Heineken reflect the views of the Heineken Directors. Statements made or referred to in this letter regarding the background to and reasons for the recommendation of the Punch Board, information concerning the business of the Punch Group, and/or intentions or expectations of or concerning the Punch Group, reflect the views of the Punch Board.

2. Summary of the terms of the Transaction

The Transaction will be implemented by (i) the acquisition of the entire issued and to be issued ordinary share capital of Punch by Bidco pursuant to a scheme of arrangement between Punch and Scheme Shareholders under Part 26 of the Companies Act 2006; and (ii) the associated disposal of the Punch A Group to Heineken.

Under the terms of the Acquisition, which will be subject to the terms and conditions set out in Part Three, Scheme Shareholders will receive:

for each Punch Share 180 pence in cash

(the “**Acquisition Consideration**”).

The terms of the Acquisition represent 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 Fund V 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 Acquisition values the entire existing issued and to be issued ordinary share capital of Punch at approximately £402.7 million.

The Acquisition Consideration is final and will not be increased, except that Bidco reserves the right to increase the Acquisition Consideration if there is, on or after the date of this document: (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); or (iii) an announcement by Punch identifying a third party potential offeror for Punch (other than Emerald).

If any dividend or other distribution or return of capital is announced, declared, made, paid or becomes payable by Punch in respect of the Punch Shares on or after the date of the Announcement and before the Scheme becomes Effective, Bidco will reduce the Acquisition Consideration by the amount of any such dividend, other distribution or return of capital that has been announced, declared, made, paid or become payable (and in such circumstances, the relevant eligible Punch Shareholders will be entitled to receive and retain such dividend, other distribution or return of capital in respect of the Punch Shares they hold). If any such dividend, other distribution or return of capital occurs, any reference in this document to the Acquisition Consideration shall be deemed to be a reference to the acquisition consideration so reduced.

An expected timetable of principal events relating to the Scheme is set out on page 11 of this document. Subject to the approval of Punch Shareholders and the Court, and to the satisfaction of the other Conditions, the Scheme is expected to become effective in the first half of 2017.

The Disposal

In connection with the Transaction, Bidco has entered into the SPA with Heineken pursuant to which Bidco will, subject to the Scheme becoming Effective (or, if the Acquisition 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 Taverns (ES) Limited 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; and
- the refinancing, assignment or other transfer 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.

Punch is not a party to the SPA and Bidco’s obligations under the Scheme are not conditional upon the completion of the transactions contemplated by it. The Scheme is, in addition to the other Conditions detailed in Part Three of this document, however, conditional on the requisite European Commission and/or CMA anti-trust clearances being obtained in order to effect the Disposal. Bidco intends to fund part of the aggregate Acquisition Consideration by directing Heineken to pay the Disposal Proceeds directly to Punch’s registrars, Computershare, for on-payment to the holders of the Scheme Shares, on the basis that Bidco will become indebted commensurately to the relevant subsidiaries of Punch following completion of the transactions contemplated by the SPA.

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 Acquisition 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.

3. Information on 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 (£851.0 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 the 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 the 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 454 employees excluding retail staff (446 FTE) as at 25 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.

4. Information on Patron Capital and Bidco

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 Advisers is based in London with associated offices in Barcelona, Milan and Luxembourg and comprising a team of 76 people, with 43 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.

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 Acquisition. As at the date of this document, 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.

Bidco has no material assets or liabilities, in each case other than those described in this document in connection with the Acquisition and the financing of the Acquisition. Following the Scheme becoming Effective and the completion of the Disposal, the earnings, assets and liabilities of Bidco will include the consolidated earnings, assets and liabilities of the Punch Holding Group (which includes the Punch B Group).

Bidco has been supported by the management of May Capital in the origination and implementation of the Transaction, and will be further supported by May Capital in operating the Punch Group following completion of the Transaction, particularly with regards to strategy, corporate development / finance and the disposal of non-core assets. May Capital is a private equity firm based in London established by Noah Bulkin in 2013. May Capital's principal investing arm collaborates with external investors, providing advice, identifying, structuring and executing investment opportunities and investing May Capital's principals' own capital alongside external investors. May Capital previously founded Hawthorn Leisure Limited (a UK pub company) in 2014 and the management of May Capital retain an interest (less than 10 per cent.) in the shares of that business. In addition to providing certain management services to Bidco, it has been commercially agreed between Bidco and May Capital that May Capital (or members of its management team) will become minority shareholders in Bidco (with an aggregate holding expected to be less than 5 per cent. of Bidco's share capital), likely through the issuance of

Bidco ordinary shares and/or one or more new classes of Bidco shares, subject to completion of the Transaction. As at the date of the publication of this document, the final terms of such share issues are still under discussion. The economic terms of such new shares are expected to include a performance-related element linked to the performance of Bidco and the Punch Group retained by Bidco following completion of the Transaction, by reference to certain performance targets to be agreed between Bidco and May Capital in due course.

5. Information on 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.

6. Financing arrangements relating to Bidco and Heineken

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

- (A) in relation to approximately £64.2 million of the Acquisition Consideration, from indirect capital contribution to Bidco from Patron Fund V;
- (B) in relation to approximately £33.5 million of the Acquisition Consideration, from the Heineken Bridge Facility Agreement; and

(C) in relation to approximately £305.0 million of the Acquisition 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 loan facility dated 14 December 2016 between Heineken as borrower and Nomura International plc as lender.

Heineken Bridge Facility Agreement

On 15 December 2016, Bidco entered into the Heineken Bridge Facility Agreement, a bridge finance facility agreement with Heineken as original lender and facility agent.

Under the terms of the Heineken Bridge Facility Agreement, Heineken agreed to make available to Bidco a bridge term loan facility in an aggregate amount of £33,463,060 (the "**Bridge Facility**"). The proceeds of loans made under the Bridge Facility are to be applied towards financing part of the aggregate Acquisition Consideration payable by Bidco to the Punch Shareholders pursuant to the Acquisition.

The Bridge Facility is available to be drawn, subject to satisfaction of conditions precedent, from the date of the Heineken Bridge Facility Agreement to the earlier of (i) the date falling 364 days after the date of the Announcement, (ii) the date on which the Scheme lapses, fails or is withdrawn, (iii) the date 14 days following the date on which the Scheme becomes Effective pursuant to its terms, and (iv) the date on which a loan under the Bridge Facility is made in full.

The final maturity date of the Bridge Facility is 30 days after the date on which Punch becomes a subsidiary of Bidco, but Bidco and Heineken may agree to extend the final maturity date by up to one month in accordance with the terms of the Heineken Bridge Facility Agreement. Bidco may also voluntarily cancel the Bridge Facility and prepay it at any time.

The Heineken Bridge Facility Agreement contains customary representations and warranties, affirmative and negative covenants (including covenants on disposals, security and borrowings), indemnities and events of default, each with appropriate carve-outs and materiality thresholds.

The rate of interest payable on each loan extended under the Bridge Facility is the aggregate of the applicable margin plus LIBOR. The margin varies between 1.25 per cent. and 15 per cent. Commitment and utilisation fees are also payable under the terms of the Heineken Bridge Facility Agreement.

The secured parties under the Heineken Bridge Facility Agreement receive the benefit of security including a floating charge over all the assets of Bidco and a fixed charge over the Punch Shares held by Bidco.

Nomura Facility Agreement

On 14 December 2016, Heineken, as borrower and Heineken N.V., as guarantor, entered into the Nomura Facility Agreement. Under the Nomura Facility Agreement, the lender has agreed to provide Heineken with a term loan facility in an aggregate amount up to £340,000,000. The proceeds of the Nomura Facility Agreement may be applied to finance (i) the payment of the consideration payable by Heineken in respect of shares, loans and pubs to be acquired, or for the refinancing of loans pursuant to the SPA, (ii) the making of a loan to Bidco or to any subsidiary of Punch (in addition to the Bridge Facility), to the extent required by the SPA; (iii) the payment of all fees, costs and expenses, stamp registration and other taxes incurred or required to be paid by Heineken in connection with the purchase

of Punch A and the assignment or transfer to, or refinancing by, Heineken of certain intercompany loans made to Punch A or its affiliates or in connection with the Nomura Facility Agreement or associated fee letter; and (iv) financing the Bridge Facility.

Borrowing under the Nomura Facility Agreement is conditional on market standard conditions for a facility of its nature, including, among other things, the public announcement of the Scheme and the absence of certain major events of default and certain major representations made in the Nomura Facility Agreement being true in all material respects as of such date. The commitment under the Nomura Facility Agreement, unless previously terminated, will terminate on the earlier of (i) the date immediately following the first utilisation date and (ii) the end of the certain funds period, being the earlier of (A) the date falling 364 days from the date of the Nomura Facility Agreement, (B) the date on which Acquisition Consideration and Punch A SPA consideration is paid in full, (C) the date the Scheme lapses, fails or is withdrawn or (D) the date falling 14 days after the date on which the Court Order is filed with the registrar of Companies in accordance with section 899(4) of Companies Act 2006. If Heineken notifies the lender that Bidco proposes to implement the Acquisition by way of a takeover offer, the end of the certain funds period will be determined by different termination events applicable to a takeover offer.

The Nomura Facility Agreement contains customary "certain funds" provisions which prevent the lender from refusing to make the facility available or cancelling its commitment unless a major default is continuing or would result from utilisation of the facility, a major representation is not true in all material respects, if it becomes unlawful for the lender or any of its affiliates to perform any of its obligations or to fund any advances under the Nomura Facility Agreement, or if Heineken N.V. ceases to control Heineken. Major defaults include (but are not limited to) a payment default under the Nomura Facility Agreement, misrepresentations insofar as they relate to major representations, insolvency of Heineken or Heineken N.V., unlawfulness and certain limited covenant defaults. Major representations include (but are not limited to) representations in respect of Heineken and Heineken N.V.'s status, power and authority, and non-conflict with laws or their constitutional documents.

Loans made under the Nomura Facility Agreement will be available in sterling only. Amounts outstanding under the Nomura Facility Agreement will bear interest at a percentage rate per annum which is the aggregate of 1.25 per cent. per annum and LIBOR. Interest on advances shall be payable in arrears on the last day of each interest period, being an interest period of one or three months (or such other period agreed between Heineken and Nomura (and if such period is longer than six months, interest shall be payable after six months)). Each loan shall be repaid on the date falling 364 days after the date of the Nomura Facility Agreement. Heineken may voluntarily prepay the loans and (with the consent of the financial adviser appointed by it in connection with the Scheme) terminate the commitments under the Nomura Facility Agreement at any time without premium or penalty (subject to customary intra-period breakage costs).

The Nomura Facility Agreement contains customary affirmative covenants, including, among others, covenants regarding authorisation and compliance with applicable laws and regulations, and the provision of financial statements. The Nomura Facility Agreement contains customary negative covenants limiting the ability of Heineken and Heineken N.V. and, in certain cases, certain material subsidiaries to, among other things, grant mortgages, charges, liens, incur indebtedness, change its business or effect a merger or make certain asset dispositions. The affirmative and negative covenants are subject to certain customary qualifications and carve-outs, including thresholds and baskets.

The Nomura Facility Agreement also contains customary events of default, including, among others, the failure by Heineken or Heineken N.V. to make a payment due under the Nomura Facility Agreement, the making of a materially incorrect or misleading representation or warranty by any of Heineken or Heineken N.V. in the Nomura Facility Agreement, insolvency of Heineken or a material subsidiary or

Heineken N.V., unlawfulness, acceleration of other financial indebtedness and the failure by Heineken or Heineken N.V. to perform or observe any term or covenant in the Nomura Facility Agreement, subject to customary notice and cure provisions. Subject to the certain funds provisions, upon occurrence of an event of default which is continuing, Nomura may immediately cancel all or part of the commitment, and declare all amount payable under the finance documents immediately payable or declare the loans payable on demand.

The preceding summaries of the Heineken Bridge Facility Agreement and the Nomura Facility Agreement are qualified in their entirety by reference to the copies of such agreements as originally entered into on 15 December 2016 and 14 December 2016 respectively, which are on display as required under Rule 26.2 of the Code and are published on Heineken's website at www.heineken.co.uk/press-releases.

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

7. Management, employees and locations

Both Bidco and Heineken recognise that the Punch Group has many committed and talented employees who have worked hard to support the Punch Group and its pubs. Each of Bidco and Heineken has confirmed that it will ensure that the Punch Group continues to comply fully with its contractual and statutory employment obligations, including with regard to pension rights, in relation to the management and employees of the Punch Group following completion of the Transaction. Bidco and Heineken have also stated that the Punch Group'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 Group employees are not currently allocated specifically to either of the Punch A Group or the Punch B Group and their responsibilities typically relate to a combination of pubs from across both Securitisation Groups and/or the Punch Holding Group.

Bidco and Heineken have entered into the TSA, whereby Bidco has agreed, among other things, 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 for the TSA Period.

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 by the end of the TSA Period the employment of those allocated to the Punch A Group will be transferred 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 Acquisition, including a renewed operational focus on the pubs which the Punch B Group and Punch Holding Group are retaining, cost savings in relation to the Punch B Group and the Punch Holding Group will be required. Bidco will need to undertake further work before it is able to determine the impact of the Acquisition on employees, but it is expected that this will involve headcount reductions primarily amongst office-based employees of the Punch Group. Bidco will of course consult as appropriate with relevant employees, employee representatives and other stakeholders before any proposals are finalised, as appropriate. It is expected that Bidco will retain the majority of employees of the Punch Group 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 is discussing the Transaction and the 2016 actuarial valuation which is currently underway with the trustees of the Pension Scheme (the "**Pension Trustees**").

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 wider Punch Group will have implications for certain of the Punch Group'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 Holding 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.

By the end of the TSA Period, it is expected that the employment of a number of field-based Punch Group employees will be transferred to Heineken or its nominee. The number of employees to be transferred will be determined by the proportion of pubs in the Punch A Group compared to the total number of pubs in the Punch Group. The determination of which employees will be employed by Heineken or its nominee will 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 relevant 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 Group employees will be subject to prior information and consultation procedures being undertaken 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 whose employment is transferred to Heineken or its nominee by 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 as a result of the Disposal.

8. Punch Employee Share Plans

Participants in the Punch Employee Share Plans will be contacted separately regarding the effect of the Scheme on their rights under the Punch Employee Share Plans and with the details of Bidco's appropriate proposals. A summary of the effect of the Scheme on awards/options under the Punch Employee Share Plans ("**Awards**") is set out below.

The Scheme will apply to any Punch Shares which are unconditionally allotted, issued or transferred to satisfy the exercise of Awards under the Punch Employee Share Plans before the Scheme Record Time. Any Punch Shares allotted, issued or transferred to satisfy the exercise of Awards under the Punch Employee Share Plans after the Scheme Record Time will, subject to the Scheme becoming Effective and the proposed amendments to the Punch articles of association being approved at the General Meeting, be immediately transferred to Bidco in exchange for the same consideration as Punch Shareholders will be entitled to receive under the Scheme.

Further information in respect of the proposed amendments to Punch's articles of association is contained in the Notice of General Meeting at Part Ten of this document.

Punch Sharesave Scheme 2016 ("SAYE")

Awards granted under the SAYE which would not otherwise have been exercisable prior to the Acquisition will (in consequence of the Acquisition and in accordance with participants' contractual rights under the SAYE) be exercisable to the extent permitted under the SAYE rules on and from the Court Order and until the expiry of the date falling 20 days after the Effective Date.

Bidco will make (or procure that Punch will make), on the normal payroll date for the month following the date of exercise, a one-off cash payment to the participants under the SAYE who exercise their Awards prior to the twentieth day following the Effective Date of an amount equal to the additional profit that the participants would have received (ignoring any tax they would have incurred on exercise) had they been able to exercise their Awards over the additional number of Punch Shares that would otherwise have been available had the participants continued to save for a further 12 months of their savings contracts and had then been able to exercise their Awards and accept the consideration being offered under the terms of the Scheme (or Offer, as the case may be) in respect of that additional number of Punch Shares. Such cash payment will be grossed up to reflect income tax and social security contributions due on that payment (at the participant's marginal rate of tax), with that gross payment subject to deductions for income tax and employee's social security contributions.

Punch Long-Term Incentive Plan 2008 ("LTIP")

Awards granted under the LTIP which would not otherwise have been exercisable prior to the Acquisition will (in consequence of the Acquisition and in accordance with participants' contractual rights under the LTIP) be exercisable to the extent permitted under the LTIP rules in the two month period following the date of the Court Order.

The Punch remuneration committee ("**Remuneration Committee**") will determine the extent to which Awards under the LTIP vest by applying the time pro-rating formula set out in the LTIP rules and taking into account the extent to which the Remuneration Committee, in its absolute discretion, determines that applicable performance conditions have been achieved during a foreshortened period.

Punch Share Bonus Plan (“SBP”)

Punch Shares held in the SBP trust on behalf of the SBP participant in accordance with the rules of the SBP will participate in the Scheme (on the same terms as for other Punch Shareholders).

Punch Share Incentive Plan (“SIP”)

Punch Shares held in the SIP trust on behalf of the SIP participants (“SIP Shares”) will participate in the Scheme (on the same terms as for other Punch Shareholders) and the SIP Shares will remain in the SIP trust under the rules of the SIP. Any unallocated Punch Shares held in the SIP trust will also participate in the Scheme.

9. The Punch Directors and the effect of the Scheme on their Interests

Details of the interests of the Punch Directors in the share capital of Punch, and options and awards in respect of such share capital, are set out in paragraph 5 of Part Seven of this document. Scheme Shares held by the Punch Directors at the Scheme Record Time will be subject to the Scheme.

Particulars of the service contracts (including termination provisions) and letters of appointment of the Punch Directors are set out in paragraph 7 of Part Seven of this document.

Bidco has received irrevocable undertakings to vote in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed at the General Meeting from those of the Punch Directors who hold Punch Shares in respect of their own Punch Shares (amounting, in aggregate, to 89,637 Punch Shares representing approximately 0.04 per cent. of the existing issued ordinary share capital of Punch).

In common with the other participants in the Punch Employee Share Plans, the Punch Directors who hold options and awards will be able to exercise their options and receive shares under awards, to the extent such options and awards vest and, if applicable, become exercisable.

Save as set out above, the effect of the Scheme on the interests of the Punch Directors does not differ from the effect of the Scheme on the interests of other Scheme Shareholders.

10. Description of the Scheme and the Meetings

10.1 *The Scheme*

The Acquisition is to be implemented by means of a Court-sanctioned scheme of arrangement between Punch and the Scheme Shareholders on the register of members at the Scheme Record Time, under Part 26 of the Companies Act. The procedure requires approval by Punch Shareholders at the Court Meeting and General Meeting, and sanction of the Scheme by the Court. The Scheme is set out in full in Part Four of this document.

The 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 not already directly or indirectly held by it. This is to be achieved by transferring the Scheme Shares held by Punch Shareholders as at the Scheme Record Time to Bidco, in consideration for which Bidco will pay cash on the basis set out in paragraph 2 of this Part Two.

10.2 *Punch Shareholder Meetings*

Before the Court’s sanction can be sought for the Scheme, the Scheme requires approval by the passing of a resolution at the Court Meeting. The resolution must be approved by a majority in

number of the Scheme Shareholders as at the Voting Record Time present and voting (and entitled to vote), either in person or by proxy, representing 75 per cent. or more in value of the Scheme Shares held by such Scheme Shareholders. In addition, the Special Resolution must be passed at the General Meeting to authorise the Punch Directors to implement the Scheme and to deal with certain ancillary matters. The Special Resolution requires the approval of Punch Shareholders (either in person or by proxy) representing at least 75 per cent. of the votes cast at the General Meeting. The General Meeting will be held immediately after the Court Meeting. Notices of the Court Meeting and the General Meeting are set out in Parts Nine and Ten of this document, respectively.

Save as set out in this paragraph 10, all holders of Punch Shares whose names appear on the register of members of Punch at the Voting Record Time, or, if any such Meeting is adjourned, on the register of members at 6.00 p.m. (London time) on the date which is two days (excluding non-working days) before the date set for such adjourned meeting, will be entitled to attend and vote at the Court Meeting and the General Meeting, in respect of the Punch Shares registered in their name at the relevant time.

(A) *The Court Meeting*

The Court Meeting has been convened at the direction of the Court for 1:00 p.m. (London time) on 10 February 2017 for Scheme Shareholders on the register of members as at the Voting Record Time to consider and, if thought fit, approve the Scheme.

At the Court Meeting, voting will be by poll and each Scheme Shareholder present in person or by proxy will be entitled to one vote for each Scheme Share held as at the Voting Record Time. The approval required at the Court Meeting is a majority in number of those Scheme Shareholders present and voting (and entitled to vote) in person or by proxy, representing 75 per cent. or more in value of the Scheme Shares held by such Scheme Shareholders.

It is important that, for the Court Meeting in particular, as many votes as possible are cast, so that the Court may be satisfied that there is a fair and reasonable representation of opinion of Punch Shareholders. You are therefore strongly advised to sign and return your blue Form of Proxy or appoint a proxy electronically for the Court Meeting as soon as possible. The completion and return of the Forms of Proxy will not prevent you from attending, voting and speaking at either the Court Meeting or the General Meeting, or any adjournment thereof, in person if you are entitled to do so.

(B) *The General Meeting*

The General Meeting has been convened for 1:15 p.m. (London time) on 10 February 2017, or as soon after that time as the Court Meeting has been concluded or adjourned, for Punch Shareholders to consider and, if thought fit, pass the Special Resolution necessary to implement the Scheme and certain related matters.

The Special Resolution is proposed to approve:

- (i) giving the Punch Board the authority to take all necessary action to carry the Scheme into effect; and
- (ii) amending the Articles as described in paragraph 10.4 below.

At the General Meeting, voting on the Special Resolution will be by poll and each Punch Shareholder present in person or by proxy will be entitled to one vote for each Punch Share held as at the Voting Record Time. The approval required for the Special Resolution to be passed is at least 75 per cent. of the votes cast on the Special Resolution (in person or by proxy).

Blue Forms of Proxy for use at the Court Meeting and white Forms of Proxy for use at the General Meeting should be returned, either by post or (during normal business hours only) by hand to Punch's registrars, Computershare, at The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, United Kingdom, as soon as possible and, in any event, so as to be received not later than 1:00 p.m. and 1:15 p.m., respectively on 8 February 2017 (or, in the case of adjournment(s), not later than 48 hours (excluding non-working days) before the time fixed for the adjourned Meeting(s)). If the blue Form of Proxy for the Court Meeting is not returned by the above time, it may be handed to a representative of Computershare or to the Chairman of the Court Meeting before the start of that Meeting. However, in the case of the General Meeting, the white Form of Proxy must be received by the time mentioned above, or it will be invalid. The completion and return of a Form of Proxy will not prevent you from attending and voting in person at either the Court Meeting or the General Meeting, or any adjournment thereof, if you so wish and are so entitled.

Information about the procedures for appointing proxies and giving voting instructions is set out on pages 8 to 10 of this document.

The Company will announce the details of the votes at the Meetings as required under the Code through a Regulatory Information Service as soon as practicable after the conclusion of the Meetings and, in any event, by no later than 8.00 a.m. on the Business Day following the Meetings.

10.3 ***Court Hearing***

Under the Companies Act, the Scheme requires the sanction of the Court. The hearing by the Court to sanction the Scheme is currently expected to be held on a date which is expected to be not later than 14 days after the satisfaction of the condition referred to in paragraph 3(A) of Part Three of this document relating to the merger control review of the Disposal (or any aspect thereof) by the European Commission and/or CMA subject to the prior satisfaction or waiver of the other Conditions set out in Part Three of this document.

The Court Hearing will be held at The Royal Courts of Justice, The Rolls Buildings, Fetter Lane, London, EC4A 1NL. Scheme Shareholders are entitled to attend the Court Hearing, should they wish to do so, in person or through counsel.

Following sanction of the Scheme by the Court, the Scheme will become Effective in accordance with its terms upon a copy of the Court Order being delivered to the Registrar of Companies. This is presently expected to occur one Business Day after the date of the Court Hearing, subject to satisfaction (or, where applicable, waiver) of the Conditions. The Company and/or Bidco will make an announcement through a Regulatory Information Service as soon as practicable following the Scheme becoming Effective.

Upon the Scheme becoming Effective, it will be binding on all Scheme Shareholders holding Scheme Shares at the Scheme Record Time, irrespective of whether or not they attended or voted in favour of, or against, the Scheme at the Court Meeting or in favour of, or against, or abstained from voting on the Special Resolution at the General Meeting.

If the Scheme does not become Effective by the Long Stop Date (or such later date as may be agreed in writing by Punch and Bidco with the Panel's consent and as the Court may approve (if such approval is required)), the Scheme will not become Effective.

10.4 ***Amendments to the Articles***

It is proposed, as part of the Special Resolution to be proposed at the General Meeting, that the Articles be amended to ensure that any Punch Shares issued under the Punch Employee Share Plans or otherwise after the Voting Record Time in respect of the Court Meeting and on or prior to the Scheme Record Time will be subject to the Scheme. It is also proposed to amend the Articles so that any Punch Shares issued to any person other than Bidco or its nominees after the Scheme Record Time will be automatically acquired by Bidco on the same terms of the Acquisition (other than terms as to timings and formalities). Consequently, participants in the Punch Employee Share Plans who receive Punch Shares on the exercise of share options after the Scheme Record Time are able to receive the same consideration as Punch Shareholders. These provisions will avoid any person (other than Bidco or its nominees) being left with Punch Shares after the Scheme becomes Effective.

Paragraph (B) of the Special Resolution set out in the notice of the General Meeting in Part Ten of this document seeks the approval of Punch Shareholders for such amendments.

10.5 ***Entitlement to vote at Meetings***

Each Punch Shareholder who is entered in Punch's register of members at the Voting Record Time (expected to be 6.00 p.m. (London time) on 8 February 2017) will be entitled to attend and vote on all resolutions to be put to the Court Meeting and the General Meeting. If either Meeting is adjourned, only those Punch Shareholders on the register of members at 6.00 p.m. (London time) on the day which is two days (excluding non-working days) before the adjourned meeting will be entitled to attend and vote. Each eligible Punch Shareholder is entitled to appoint a proxy or proxies to attend, speak and, on a poll, to vote instead of him or her. A proxy need not be a Punch Shareholder. Eligible Punch Shareholders who return completed Forms of Proxy or appoint a proxy electronically or through CREST may still attend the Meetings instead of their proxies and vote in person, if they wish and are entitled to do so.

Any Punch Shares which are registered in the name of or beneficially owned by Bidco or any subsidiary undertaking (as defined in the Companies Act) of Bidco are not Scheme Shares and therefore none of Bidco or any of its subsidiary undertakings (or any of their respective nominees) is entitled to vote at the Court Meeting in respect of any Punch Shares which are registered in the name of or beneficially owned by Bidco or any subsidiary undertaking (as defined in the Companies Act) of Bidco and it will not exercise the voting rights attaching to such Punch Shares at the Court Meeting.

If you are in any doubt as to whether or not you are permitted to vote at the Meetings, please call the Shareholder Helpline between 8:30 a.m. and 5:30 p.m. (London time) Monday to Friday (except public holidays) on 0370 707 1248 (from within the UK) or +44 370 707 1248 (from outside the UK). Calls will be charged at national or international rates as the case may be. Different charges may apply to calls from mobile telephones. Please note that calls may be monitored or recorded and Computershare cannot provide legal, tax or financial advice or advice on the merits of the Scheme.

Further information on the actions to be taken is set out on pages 8 to 10 of this document.

10.6 **Modifications to the Scheme**

The Scheme contains a provision for Punch and Bidco jointly to consent (on behalf of all persons concerned) to any modification of, or addition to, the Scheme or to any condition which the Court may approve or impose. The Court would be unlikely to approve or impose any modification of, or addition or condition to, the Scheme which might be material to the interests of Scheme Shareholders unless Scheme Shareholders were informed of any such modification, addition or condition. It would be for the Court to decide, in its discretion, whether or not a further meeting of Scheme Shareholders should be held in those circumstances.

In accordance with the Code, modifications or revisions to the Scheme may only be made: (i) more than 14 days prior to the date of the Meetings (or any later date to which such Meetings are adjourned); or (ii) at a later date, with the consent of the Panel. A switch to a takeover offer is not a modification or revision for the purposes of this paragraph.

11. **Conditions to the Acquisition**

The Acquisition and, accordingly, the Scheme is subject to a number of conditions set out in full in Part Three of this document, including:

- (A) approval of the resolution proposed at the Court Meeting by the requisite majority of the Scheme Shareholders;
- (B) approval of the Special Resolution necessary to implement the Scheme by the requisite majority of the Punch Shareholders at the General Meeting; and
- (C) the sanction of the Scheme by the Court.

12. **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 Acquisition pursuant to the Scheme. However, Bidco may, subject to the consent of the Panel and Heineken, elect to implement the Acquisition 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 Acquisition, or have otherwise adversely modified or qualified their recommendation (or intention to recommend) of Bidco's, or recommend (or intend 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 Acquisition lapses, terminates or is withdrawn in accordance with the Code (and the consent of the Panel if required), and the date on which the Scheme becomes Effective; and
- if the Acquisition has not been implemented by the Long Stop Date.

13. De-listing of Punch Shares and settlement of cash consideration

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 Effective Date, entitlements to Scheme Shares held within CREST will be cancelled, and share certificates in respect of Scheme Shares held in certificated form will cease to be valid documents of

title and should be destroyed or, at the request of Punch, delivered up to Punch, or to any person appointed by Punch to receive the same.

It is intended that, following the Scheme becoming Effective, Punch will be re-registered as a private limited company pursuant to the provisions of the Companies Act.

14. Settlement

Subject to the Scheme becoming Effective, settlement of the consideration to which any holder of Scheme Shares on the register of members as at the Scheme Record Time is entitled will be effected as soon as practicable and in any event not later than 14 days after the Effective Date in the manner set out below.

14.1 Consideration where Scheme Shares are held in uncertificated form (that is, in CREST)

Where, immediately prior to the Scheme Record Time, a holder of Scheme Shares holds such shares in uncertificated form, settlement of cash consideration will be effected through CREST by the creation of an assured payment obligation in favour of the appropriate CREST account through which the relevant Punch Shareholder holds such uncertificated shares in respect of the cash consideration due to such holder in accordance with the terms of the Scheme.

Notwithstanding the above, Bidco reserves the right to settle all or part of such consideration in the manner set out in paragraph 14.2 below if, for reasons outside its reasonable control, it is not able to effect settlement in accordance with this paragraph.

14.2 Consideration where Scheme Shares are held in certificated form

Where, immediately prior to the Scheme Record Time, a holder of Scheme Shares holds such shares in certificated form, settlement of the cash consideration due pursuant to the Scheme will be effected by cheque. All cheques will be in pounds sterling drawn on the branch of a UK clearing bank. Payments made by cheque will be payable to the Punch Shareholder(s) concerned. Payments will not be sent via CHAPS or BACS.

Cheques will be despatched by first class post to the address appearing on the Punch share register at the Scheme Record Time (or, in the case of joint holders, to the address of that joint holder whose name stands first in the said register in respect of such joint holding).

Every holder of Punch Shares will be bound at the request of Punch to deliver up to Punch the existing certificate(s) or to destroy the certificate(s).

14.3 General

All documents and remittances sent to Punch Shareholders will be sent at their own risk.

Save with the consent of the Panel, settlement of the consideration to which any Punch Shareholder on the register of members as at the Scheme Record Time is entitled under the Scheme will be implemented in full in accordance with the terms set out in this Part Two without regard to any lien, right of set off, counterclaim or analogous right to which Bidco may otherwise be, or claim to be, entitled against any Punch Shareholder.

15. Taxation

Punch Shareholders should read Part Six of this document which contains a general description of the United Kingdom tax consequences of the Acquisition. If they are in any doubt as to their tax position, they should contact their professional adviser immediately.

Punch Shareholders who are or may be subject to tax outside the United Kingdom should consult an appropriately qualified independent professional adviser as to the tax consequences of the Acquisition.

16. Overseas shareholders

The availability of the Scheme and the Acquisition to overseas shareholders may be affected by the laws of the relevant jurisdiction. Overseas shareholders should inform themselves about and should observe any applicable legal or regulatory requirements. It is the responsibility of all overseas shareholders to satisfy themselves as to the full compliance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, registration, transfer or other taxes due in such jurisdiction. Holders who are in doubt about such matters should consult an appropriate professional adviser in the relevant jurisdiction without delay.

The release, publication or distribution of this document and/or any accompanying documents in or into or from jurisdictions other than the UK may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the UK should inform themselves about, and observe, any applicable legal or regulatory requirements. In particular, the ability of persons who are not resident in the UK to vote their Punch Shares with respect to the Scheme at the Meetings, or to appoint another person as proxy to vote at the Meetings on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Transaction disclaim any responsibility or liability for the violation of such restrictions by any person. This document and any accompanying documents have been prepared for the purpose of complying with English law, the Code and the Listing Rules and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside of England.

Copies of any formal documentation relating to the Transaction will not be, and must not be, mailed or otherwise forwarded, distributed or sent in, into or from any Restricted Jurisdiction or any jurisdiction where to do so would violate the laws of that jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction. Doing so may render invalid any related purported vote in respect of the Acquisition.

17. Further Information

The terms of the Scheme are set out in full in Part Four of this document. Your attention is also drawn to the further information contained in this document, all of which forms part of this Explanatory Statement, and, in particular, to the Conditions set out in Part Three, and the additional information set out in Part Seven of this document.

18. Actions to be taken

Sending Forms of Proxy by post or by hand

Punch Shareholders will receive a blue Form of Proxy for the Court Meeting and a white Form of Proxy for the General Meeting. Please complete and sign the Forms of Proxy in accordance with the instructions printed on them and return them, either (i) by post or (ii) during normal business hours only, by hand to Punch's registrars, Computershare, at The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, United Kingdom, so as to be received as soon as possible and, in any event, not later than 1:00 p.m. and 1:15 p.m. respectively on 8 February 2017 (or, in the case of adjournment(s), not later than 48 hours (excluding non-working days) before the time fixed for the adjourned Meeting(s)). If the blue Form of Proxy for the Court Meeting is not returned by the above time, it may be handed to a representative of Computershare or to the Chairman of the Court Meeting before the start of that Meeting. However, in the case of the General Meeting, the white Form of Proxy must be received by the time mentioned above, or it will be invalid.

Punch Shareholders are entitled to appoint a proxy in respect of some or all of their Punch Shares and may also appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such holder. Punch Shareholders who wish to appoint more than one proxy in respect of their holding of Punch Shares should contact Computershare for further Forms of Proxy or photocopy the Forms of Proxy as required.

Completion and return of a Form of Proxy, or the appointment of a proxy electronically using CREST (or any other procedure described below), will not prevent you from attending, speaking and voting in person at either the Court Meeting or the General Meeting, or any adjournment thereof, if you wish and are entitled to do so.

Electronic appointment of proxies through CREST

If you hold Punch Shares in uncertificated form through CREST and wish to appoint a proxy or proxies for the Meetings (or any adjourned Meeting) by using the CREST electronic proxy appointment service, you may do so by using the procedures described in the CREST Manual (please also refer to the accompanying notes to the notices of Meetings set out in Part Nine and Part Ten of this document). CREST personal members or other CREST sponsored members, and those CREST members who have appointed any voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with the specifications of Euroclear and must contain the information required for such instructions as described in the CREST Manual. The message (regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy), must, in order to be valid, be transmitted so as to be received by Computershare (ID 3RA50) not less than 48 hours (excluding non-working days) before the time fixed for the Court Meeting or General Meeting (or adjourned Meeting), as applicable. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which Computershare is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers, should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy

Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed any voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

Punch may treat as invalid a CREST Proxy Instruction in the circumstances set out in the CREST Regulations.

Online appointment of proxies

As an alternative to completing and returning the printed Forms of Proxy, proxies may be appointed electronically by logging on to the following website: www.investorcentre.co.uk/eproxy and following the instructions there. For an electronic proxy appointment to be valid, the appointment must be received by Computershare not later than the relevant time set out below:

Blue Forms of Proxy for the Court Meeting 1:00 p.m. on 8 February 2017

White Forms of Proxy for the General Meeting 1:15 p.m. on 8 February 2017

or, if in either case the Meeting is adjourned, the relevant Form of Proxy should be received not later than 48 hours (excluding non-working days) before the time fixed for the adjourned Meeting.

In the case of the Court Meeting only, if you have not appointed a proxy electronically by such time, you may complete the blue Form of Proxy and hand it to a representative of Computershare or the Chairman of the Court Meeting, before the start of that Meeting.

It is important that, for the Court Meeting in particular, as many votes as possible are cast so that the Court may be satisfied that there is a fair and reasonable representation of opinion of Punch Shareholders. You are therefore strongly advised to sign and return your blue Form of Proxy or appoint a proxy electronically for the Court Meeting as soon as possible. The completion and return of the Forms of Proxy will not prevent you from attending, voting and speaking at either the Court Meeting or the General Meeting, or any adjournment thereof, in person if you are entitled and you wish to do so.

Shareholder Helpline

If you are in any doubt as to whether or not you are permitted to vote at the Meetings, please call the Shareholder Helpline between 8:30 a.m. and 5:30 p.m. (London time) Monday to Friday (except public holidays) on 0370 707 1248 (from within the UK) or +44 370 707 1248 (from outside the UK). Calls will be charged at national or international rates as the case may be. Different charges may apply to calls from mobile telephones. Please note that calls may be monitored or recorded and Computershare cannot provide legal, tax or financial advice or advice on the merits of the Scheme.

Yours faithfully,

Nick Harper

Managing Director

for and on behalf of Goldman Sachs International

PART THREE

CONDITIONS TO THE IMPLEMENTATION OF THE SCHEME AND TO THE ACQUISITION

Conditions and Further Terms to the Acquisition

The Acquisition is subject to the applicable requirements of the Code, is governed by English law and is subject to the exclusive jurisdiction of the English courts. In addition, the Acquisition is subject to the terms and conditions set out below.

Conditions of the Acquisition

1. The Acquisition 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 is 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 as set out in this document (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 General Meeting (or any adjournment thereof) and (ii) the General Meeting (or any adjournment thereof) being held on or before the 22nd day after the expected date of the General Meeting as set out in this document (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 as set out in this document (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 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 Acquisition, 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 Acquisition 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 Acquisition, 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 coordinate 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 Acquisition 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 Acquisition 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 Acquisition 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 Acquisition 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 Acquisition 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 Acquisition 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 Acquisition 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 Taverns Finance plc 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 Taverns Finance plc 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 Taverns Finance plc 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 Taverns Finance plc 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 Taverns Finance plc 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 Taverns Finance plc 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 Taverns Finance plc 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 Taverns Finance plc 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 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 Acquisition 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 Acquisition

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 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 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 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 Acquisition will lapse if the Scheme does not become Effective by 11.59 p.m. on the Long Stop Date.
8. The Acquisition shall lapse and the Scheme shall not become Effective if:
 - (A) in so far as the Acquisition or any matter arising from or relating to the Acquisition (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 Acquisition 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 Acquisition 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 Acquisition 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 Code, Bidco may not invoke a Condition to the Acquisition so as to cause the Acquisition 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 Acquisition is implemented by means of a takeover offer, are not subject to this provision of the Code.
10. Under Rule 13.6 of the 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 Code, Bidco may make such alterations to any of the above Conditions as are necessary to comply with the provisions of that Rule. If, with the consent of the Panel, such mandatory offer (if required to be made) is implemented by way of a scheme of arrangement and such scheme lapses for a reason which would not have caused an offer to lapse, Bidco will make a new offer as required by the Panel.
12. The Punch Shares will be acquired pursuant to the Acquisition 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 the Announcement.
13. If any dividend or other distribution or return of capital is announced, declared, made, paid or becomes payable by Punch in respect of the Punch Shares on or after the date of the Announcement and before the Scheme becomes Effective, Bidco will reduce the Acquisition Consideration by the amount of any such dividend, other distribution or return of capital that has been announced, declared, made, paid or become payable (and in such circumstances, the relevant eligible Punch Shareholders will be entitled to receive and retain such dividend, other distribution or return of capital in respect of the Punch Shares they hold). If any such dividend, other distribution or return of capital occurs, any reference in this document to the Acquisition Consideration shall be deemed to be a reference to the acquisition 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 Acquisition 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 Acquisition 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 Acquisition 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 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 Acquisition 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 Acquisition 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 Acquisition will be subject to the applicable requirements of the Code, the Panel, the London Stock Exchange and the FCA.

PART FOUR
THE SCHEME OF ARRANGEMENT

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT

No. CR-2017-000020

IN THE MATTER of PUNCH TAVERNS PLC

and

IN THE MATTER OF THE COMPANIES ACT 2006

SCHEME OF ARRANGEMENT

(under Part 26 of the Companies Act 2006)

between

PUNCH TAVERNS PLC

AND

THE HOLDERS OF THE SCHEME SHARES

(as hereinafter defined)

PRELIMINARY

(A) In this Scheme, unless inconsistent with the subject or context, the following expressions bear the following meanings:

“Acquisition”	the proposed acquisition of Punch by Bidco, proposed to be effected by the Scheme as described in this document (or by the Offer under certain circumstances described in this document);
“Bidco”	Vine Acquisitions Limited, incorporated in England and Wales with registered number 10517393;
“Bidco Group”	Bidco and its subsidiary undertakings from time to time and where the context permits, each of them;
“Business Day”	any day, (other than a Saturday, Sunday or public or bank holiday) on which clearing banks in London are generally open for normal business;
“certificated form” or “in certificated form”	a share or other security which is not in uncertificated form (that is, not in CREST);
“Code”	The City Code on Takeovers and Mergers;
“Companies Act”	the Companies Act 2006, as amended;

“Court”	the High Court of Justice in England and Wales;
“Court Hearing”	the hearing at which the Court sanctions the Scheme;
“Court Meeting”	the meeting of Scheme Shareholders (and any adjournment thereof) convened pursuant to an order of the Court pursuant to section 896 of the Companies Act for the purpose of considering and, if thought fit, approving (with or without modification) the Scheme;
“Court Order”	the order of the Court sanctioning the Scheme;
“CREST”	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the Regulations;
“Effective Date”	the date on which the Scheme becomes effective in accordance with its terms;
“Euroclear”	Euroclear UK & Ireland Limited, a company incorporated in England and Wales, with registered number 02878738;
“holder”	a registered holder and includes any person(s) entitled by transmission;
“Latest Practicable Date”	close of business on 13 January 2017, being the latest practicable date before the publication of the Scheme Document;
“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);
“Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended;
“Panel”	the Panel on Takeovers and Mergers;
“Punch”	Punch Taverns plc, a company incorporated in England and Wales, with registered number 03752645;
“Punch Shareholders”	the holders of Punch Shares;
“Punch Shares”	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 Effective Date;
“Punch Employee Share Plans”	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;

- “Scheme”** the scheme of arrangement in its present form or with or subject to any modification, addition or condition approved or imposed by the Court;
- “Scheme Document”** the circular to the Punch Shareholders published by Punch in connection with the Scheme;
- “Scheme Record Time”** 6.00 p.m. on the date of the Court Hearing;
- “Scheme Shareholder(s)”** holders of Scheme Shares whose name appears in the register of members of Punch at the Scheme Record Time;
- “Scheme Shares”** means the Punch Shares;
- (i) in issue at the date of this document;
- (ii) (if any) issued after the date of this document and prior to the Voting Record Time; and
- (iii) (if any) issued at or after the Voting Record Time and prior to the Scheme Record Time in respect of which the original or any subsequent holder thereof shall be bound by the Scheme or shall by such time have agreed in writing to be bound by the Scheme,
- and remaining in issue at the Scheme Record Time but excluding any Punch Shares held or beneficially owned by any member of the Bidco Group (or their nominees);
- “uncertificated form” or “in uncertificated form”** a share or other security recorded on the relevant register as being held in uncertificated form in CREST, and title to which, by virtue of the Regulations, may be transferred by means of CREST; and
- “Voting Record Time”** 6.00 p.m. on the day which is two days (excluding non-working days) prior to the date of the Court Meeting or, if the Court Meeting is adjourned, 6.00 p.m. on the day which is two days (excluding non-working days) before the day of such adjourned meeting.
- (B) As at the Latest Practicable Date, the issued ordinary share capital of Punch was 221,955,160 ordinary shares of 0.9572 pence each all of which are credited as fully paid up.
- (C) As at the Latest Practicable Date, options and awards to acquire up to an additional 1,775,921 Punch Shares to be issued have been granted pursuant to the Punch Employee Share Plans.
- (D) Bidco was incorporated on 8 December 2016 under the Companies Act as a private company limited by shares.
- (E) As at the Latest Practicable Date, Bidco (or members of the Bidco Group) held no Punch Shares.
- (F) Bidco has agreed to appear by Counsel at the hearing to sanction the Scheme and to undertake to the Court to be bound by the provisions of the Scheme and to execute and do or procure to

be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it to give effect to the Scheme.

THE SCHEME

1. Transfer of Scheme Shares

- (A) Upon and with effect from the Effective Date, Bidco shall acquire all the Scheme Shares fully paid-up with full title guarantee, free from all liens, equities, charges, encumbrances, rights of pre-emption and other interests of any nature whatsoever, and together with all rights at the Effective Date or thereafter attached thereto, including (without limitation) the right to receive and retain all dividends and other distributions (if any).
- (B) For the purposes of such acquisition, the Scheme Shares shall be transferred to Bidco (or such of its nominee(s) as are agreed between Punch and Bidco) and to give effect to such transfers any person may be appointed by Bidco as attorney and/or agent and/or otherwise and shall be authorised as such attorney and/or agent and/or otherwise on behalf of the relevant holder of Scheme Shares to execute and deliver as transferor a form of transfer or other instrument or instruction of transfer (whether as a deed or otherwise) of such Scheme Shares, or procure the transfers by means of CREST of such Scheme Shares, and every form, instrument or instruction of transfer so executed shall be as effective as if it had been executed by the holder or holders of the Scheme Shares thereby transferred.
- (C) Pending the transfer of the Scheme Shares pursuant to sub-clauses 1(A) and 1(B) of the Scheme each Scheme Shareholder irrevocably appoints Bidco (or its nominee(s)) as its attorney and/or agent and/or otherwise to exercise on its behalf (in place of and to the exclusion of the relevant Scheme Shareholder) any voting rights attached to the Scheme Shares and any or all rights and privileges attaching to the Scheme Shares, to sign any consent to short notice of any general or separate class meetings, to execute a form of proxy in respect of its Scheme Shares appointing any person nominated by Bidco to attend any general and separate class meetings of Punch and authorises Punch to send to Bidco and/or its nominee(s) any notice, circular, warrant or other document or communication which may be sent to it as a member of Punch, such that from the Effective Date, no Scheme Shareholder shall be entitled to exercise any voting rights attached to the Scheme Shares or any other rights or privileges attaching to the Scheme Shares.

2. Consideration for the transfer of Scheme Shares

- (A) In consideration for the transfer of the Scheme Shares to Bidco, Bidco shall, subject as hereinafter provided, pay or procure that there shall be paid to or for the account of each Scheme Shareholder 180 pence in cash per Scheme Share held at the Scheme Record Time.
- (B) If, after 14 December 2016 and prior to the Effective Date, any dividend and/or other distribution and/or return of capital in respect of the Punch Shares is announced, declared, made, paid or becomes payable by Punch, Bidco will reduce the amount of consideration payable for each Punch Share by an amount equal to such dividend and/or distribution and/or return of capital so announced, declared, made, paid or payable.
- (C) If Bidco reduces the offer consideration by the amount of any dividend and/or distribution and/or return of capital pursuant to sub-clause (B) of this clause 2:
 - (i) the relevant eligible Punch Shareholders will be entitled to receive and retain such dividend and/or distribution and/or return of capital in respect of the Punch Shares they hold;

- (ii) any reference in the Scheme and the Scheme Document to the consideration payable under the Scheme shall be deemed a reference to the consideration as so reduced; and
 - (iii) the exercise of such rights shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the terms of the Scheme.
- (D) To the extent that any such dividend and/or distribution and/or return of capital is announced, declared, made, paid or becomes payable and it is: (i) transferred pursuant to the Acquisition on a basis which entitles Bidco to receive the dividend or distribution or return of capital and to retain it; or (ii) cancelled, the offer consideration will not be subject to change in accordance with sub-clause (B) of this clause 2.

3. Settlement

- (A) Settlement shall be effected as follows:
- (i) where, immediately prior to the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in certificated form, settlement of any cash consideration to which the Scheme Shareholder is entitled shall be settled by or on behalf of Bidco by cheque for the sums payable to them. Bidco shall despatch or procure the despatch of cheques as soon as practicable after the Effective Date, and in any event within 14 days of the Effective Date; and
 - (ii) where, immediately prior to the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in uncertificated form, settlement of any cash consideration to which the Scheme Shareholder is entitled shall be paid by means of CREST by Bidco or its agent procuring that Euroclear is instructed to create an assured payment obligation in favour of the Scheme Shareholder's payment bank in respect of the cash consideration due to them as soon as practicable after the Effective Date, and in any event within 14 days of the Effective Date, in accordance with the CREST assured payment arrangements, provided that Bidco reserves the right to make all or part of such payment by cheque as set out in paragraph 3(A)(i) if, for any reason, it wishes to do so.
- (B) As from the Scheme Record Time, each holding of Scheme Shares credited to any stock account in CREST shall be disabled and all Scheme Shares will be removed from CREST in due course.
- (C) All deliveries of notices, certificates, statements of entitlement and/or cheques required to be made under the Scheme shall be made by sending the same by first class post in pre-paid envelopes or by international standard post, if overseas (or by such other method as may be approved by the Panel), addressed to the person entitled thereto, to the address appearing in the register of members of Punch at the Scheme Record Time or, in the case of joint holders, to the address of the holder whose name stands first in such register in respect of the joint holding concerned at such time.
- (D) All cheques shall be in pounds sterling and drawn on a United Kingdom clearing bank and shall be made payable to the Scheme Shareholder concerned or, in the case of joint holders, to that joint holder whose name stands first in the register of members of Punch in respect of such joint holding at the Scheme Record Time and the encashment of any such cheque or the creation of any such assured payment obligation as is referred to in paragraph 3(A)(i) and paragraph 3(A)(ii) shall be a complete discharge to Bidco for the moneys represented thereby.

- (E) In the case of any Scheme Shares issued or transferred under the Punch Employee Share Plans after the Court Hearing and before the Scheme Record Time to a participant in such plan, Bidco may, if Punch consents, satisfy the consideration due to the relevant Scheme Shareholders under clause 2 by the payment to Punch (or any subsidiary company of Punch) of the aggregate consideration no later than 14 days after the Effective Date and Punch will procure that any such sums paid to it or its relevant subsidiary are paid to the relevant Scheme Shareholders through the payroll of the relevant Scheme Shareholders' employing company as soon as practicable and subject to all deductions or withholdings required by law or the terms of such Punch Employee Share Plan (including any exercise price due, applicable income tax and/or social security contributions).
- (F) None of Punch, Bidco or their respective agents or nominees shall be responsible for any loss or delay in the transmission of the statements of entitlement or cheques sent to Scheme Shareholders in accordance with this paragraph 3, which shall be posted at the risk of the Scheme Shareholder concerned.

4. Certificates in respect of Scheme Shares and cancellation of CREST entitlements

With effect from and including the Effective Date:

- (A) all certificates representing Scheme Shares shall cease to have effect as documents of title to the Scheme Shares comprised therein and every holder of Scheme Shares shall be bound by the request of Punch to deliver up such certificate(s) to Punch, or, as it may direct, to destroy the same;
- (B) Euroclear shall be instructed to cancel or transfer the entitlements to Scheme Shares of holders of Scheme Shares in uncertificated form;
- (C) following the cancellation of the entitlements to Scheme Shares of holders of Scheme Shares in uncertificated form, Punch's registrars shall be authorised to rematerialise entitlements to such Scheme Shares; and
- (D) subject to the completion of such transfers, forms, instruments or instructions as may be required in accordance with paragraph 1(B) and the payment of any UK stamp duty thereon, appropriate entries will be made in the register of members of Punch to reflect the transfer of the Scheme Shares to Bidco and/or its nominee(s).

5. Mandates

All mandates relating to the payment of dividends on any Scheme Shares and other instructions (including communications preferences) given to Punch by Scheme Shareholders in force at the Scheme Record Time relating to Scheme Shares shall, as from the Effective Date, cease to be valid.

6. Operation of the Scheme

- (A) The Scheme shall become effective upon an office copy of the Court Order being delivered to the Registrar of Companies in England and Wales for registration.
- (B) Unless the Scheme has become effective on or before the Long Stop Date, the Scheme shall never become effective.
- (C) Punch and Bidco may jointly consent on behalf of all persons concerned to any modification of or addition to the Scheme or to any condition that the Court may approve or impose.

7. Governing Law

The Scheme is governed by English law and is subject to the jurisdiction of the English courts. The rules of the Code will apply to the Scheme.

Dated 17 January 2017

PART FIVE

FINANCIAL AND RATINGS INFORMATION

Part A: Financial Information relating to Punch

The following sets out financial information in respect of Punch as required by Rule 24.3 of the Code. The documents referred to below, the contents of which have previously been announced through a Regulatory Information Service, are incorporated into this document by reference pursuant to Rule 24.15 of the Code:

- the audited accounts of Punch for the financial year ended 22 August 2015 are set out on pages 44 to 92 (both inclusive) in the 2015 Punch Annual Report and Accounts available from Punch's website at www.punchtavernsplc.com; and
- the audited accounts of Punch for the financial year ended 20 August 2016 are set out on pages 49 to 99 (both inclusive) in the 2016 Punch Annual Report and Accounts available from Punch's website at www.punchtavernsplc.com; and
- copies of any interim statements and preliminary announcements made by Punch since the date of its last published audited accounts, including Punch's Preliminary Results 2016 released on 8 November 2016 available from Punch's website at www.punchtavernsplc.com.

Part B: Punch Ratings Information

The following sets out the most recent ratings in respect of Punch, the Punch A Securitisation and the Punch B Securitisation. These remain subject to re-assessment or withdrawal in accordance with the policies and procedures of the relevant rating agencies. The principal amount of these instruments reflects their principal amount at issuance. Certain of the instruments have nonetheless amortised or been partially redeemed by the relevant issuer since their issuance and the Class B4 Notes issued by Punch Taverns Finance plc have a payment-in-kind coupon of 13.5 per cent. per annum where interest is capitalised and added to the principal amount outstanding on each interest payment date.

1. Punch

<i>Long-term Corporate rating</i>	<i>Fitch</i>	<i>Moody's</i>	<i>Standard & Poor's</i>
Punch Taverns plc	None Provided	None Provided	CCC+

2. Punch Taverns Finance plc

a. Debt Instrument Ratings

<i>Debt Instrument</i>	<i>Fitch</i>	<i>Moody's</i>	<i>Standard & Poor's</i>
£123,374,000 Super Senior Hedge Notes	BB+	Baa1	None Provided
£202,500,000 Class A1(F) Notes	BB	Baa2	B
£137,366,280 Class A2(F) Notes	BB	Baa2	B
£67,482,000 Class A1(V) Notes	BB	Baa3	B
£45,781,000 Class A2(V) Notes	BB	Baa3	B
£299,991,000 Class M3 Notes	B-	B2	CCC+
£89,885,000 Class B4 Notes	None Provided	None Provided	None Provided

b. Counterparty Instrument Ratings

<i>Counterparty Instrument</i>	<i>Fitch</i>	<i>Moody's</i>	<i>Standard & Poor's</i>
Interest Rate Swap relating to Class M3 Notes	None provided	A2	None provided
Liquidity Facility Agreement	None provided	Aa3	None provided

3. Punch Taverns Finance B Limited

a. Debt Instrument Ratings

<i>Debt Instrument</i>	<i>Fitch</i>	<i>Moody's</i>	<i>Standard & Poor's</i>
£45,450,000 Swap Loan	BB	None Provided	None Provided
£146,933,010 Class A3 Notes	B+	Ba3	B
£220,000,000 Class A6 Notes	B+	Ba3	B
£149,076,287 Class A7 Notes	B+	Ba3	B
£72,911,000 Class B3 Notes	None Provided	None Provided	None Provided

b. Counterparty Instrument Ratings

<i>Counterparty Instrument</i>	<i>Fitch</i>	<i>Moody's</i>	<i>Standard & Poor's</i>
Liquidity Facility Agreement	None provided	Aa3	None provided

Part C: Financial Information Relating to Bidco

As Bidco was incorporated on 8 December 2016 for the purpose of making the Acquisition, no financial information is available or has been published in respect of Bidco.

Part D: Bidco Ratings Information

As Bidco was incorporated on 8 December 2016 for the purposes of making the Acquisition, there are no current ratings or outlooks publicly accorded to Bidco by ratings agencies.

Part E: Financial Information Relating to Heineken

The following sets out financial information in respect of Heineken as required by Rule 24.3 of the Code. The documents referred to below are incorporated into this document by reference pursuant to Rule 24.15 of the Code:

- the audited accounts of Heineken for the financial year ended 31 December 2014 available from Heineken's website at www.heineken.co.uk/press-releases; and
- the audited accounts of Heineken for the financial year ended 31 December 2015 available from Heineken's website at www.heineken.co.uk/press-releases.

Part F: Heineken Ratings Information

There are no current ratings or outlooks publicly accorded to Heineken UK Limited by ratings agencies.

No incorporation of website information

Save as expressly referred to herein, neither the content of Punch's, Bidco's or Heineken's websites, nor the content of any website accessible from hyperlinks on Punch's, Bidco's or Heineken's websites, is incorporated into, or forms part of, this document.

PART SIX

TAXATION

1. UK TAXATION

The comments set out below summarise certain limited aspects of the UK taxation treatment of Punch Shareholders under the Scheme and do not purport to be a complete analysis of all tax considerations relating to the Scheme. They are based on current UK legislation or proposed UK legislation announced in the Autumn Statement 2016 and what is understood to be current HMRC practice, both of which are subject to change, possibly with retrospective effect.

The comments in this Part Six are intended as a general guide and do not deal with certain categories of Punch Shareholder such as charities, dealers in securities, persons who have or could be treated for tax purposes as having acquired their Punch Shares by reason of their office or employment or as holding their Punch Shares as carried interest, collective investment schemes and insurance companies.

References below to **UK Holders** are to Punch Shareholders who are resident for tax purposes in (and only in) the United Kingdom and, in the case of individuals, domiciled for tax purposes in (and only in) the United Kingdom to whom “split year” treatment does not apply, who hold their Punch Shares as an investment (other than through an individual savings account or a self-invested personal pension) and who are the absolute beneficial owners of their Punch Shares.

IF YOU ARE IN ANY DOUBT ABOUT YOUR TAX POSITION, AND IN PARTICULAR IF YOU ARE SUBJECT TO TAXATION IN ANY JURISDICTION OTHER THAN THE UNITED KINGDOM, YOU SHOULD CONSULT AN APPROPRIATELY QUALIFIED INDEPENDENT PROFESSIONAL ADVISER IMMEDIATELY.

UK taxation of chargeable gains

The transfer of Punch Shares under the Scheme in return for cash should be treated as a disposal of the UK Holder’s Punch Shares for the purposes of UK capital gains tax (CGT) or corporation tax on chargeable gains (as applicable) and therefore may, depending on the UK Holder’s particular circumstances (including the availability of exemptions, reliefs and/or allowable losses), give rise to a liability to UK tax on chargeable gains or, alternatively, an allowable capital loss.

Individual Punch Shareholders

Subject to available reliefs or allowances, gains arising on a disposal of Punch Shares by an individual UK Holder will be subject to CGT at the rate of 10 per cent. except to the extent that the gain, when it is added to the UK Holder’s other taxable income and gains in the relevant tax year, exceeds the upper limit of the income tax basic rate band (£43,000 for the 2016/17 tax year and £45,000 for the 2017/18 tax year), in which case it will be taxed at the rate of 20 per cent.

The CGT annual exemption (£11,100 for 2016/17 but not yet set for 2017/18) may be available to individual UK Holders to offset against chargeable gains realised on the disposal of their Punch Shares.

Corporate Punch Shareholders

Subject to available exemptions, reliefs or allowances, gains arising on a disposal of Punch Shares by a corporate UK Holder will be within the charge to UK corporation tax. The rate of UK corporation tax is currently 20 per cent. (although will be 19 per cent. from 1 April 2017).

For UK Holders within the charge to UK corporation tax, indexation allowance may be available in respect of the full period of ownership of the Punch Shares to reduce any chargeable gain arising (but not to create or increase any allowable loss) on the disposal of their Punch Shares.

Overseas Shareholders

Punch Shareholders who are not resident for tax purposes in the United Kingdom, have not within the past five years been resident or ordinarily resident for tax purposes in the United Kingdom and are not carrying on a trade (or profession or vocation) in the United Kingdom should not generally be subject to UK capital gains tax on any transfer of their Punch Shares under the Scheme (though they may be subject to foreign taxation, depending on their personal circumstances).

UK stamp duty and stamp duty reserve tax (SDRT)

No UK stamp duty or SDRT should be payable by Punch Shareholders on the transfer of their Punch Shares under the Scheme.

PART SEVEN

ADDITIONAL INFORMATION ON PUNCH, BIDCO AND HEINEKEN

1. Responsibility

- 1.1 The Punch Directors, whose names are set out in paragraph 2.1 below, accept responsibility for the information contained in this document other than the information for which responsibility is taken by others pursuant to paragraphs 1.2, 1.3, 1.4 and 1.5 of this Part Seven. To the best of the knowledge and belief of the Punch Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 The Bidco Directors, whose names are set out in paragraph 2.2 below, accept responsibility for the information contained in this document relating to Bidco, the Bidco Directors and their respective close relatives and the related trusts, and persons deemed to be acting in concert with Bidco (as such term is defined in the Code, but for the purpose of this paragraph, excluding Heineken). To the best of the knowledge and belief of the Bidco Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.3 The GPCo Directors, whose names are set out in paragraph 2.3 below, accept responsibility for the information contained in this document relating to Bidco, Patron Capital and persons deemed to be acting in concert with Bidco (as such term is defined in the Code, but for the purpose of this paragraph, excluding Heineken). To the best of the knowledge and belief of the GPCo Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.4 The Heineken Directors, whose names are set out in paragraph 2.4 below, accept responsibility for the information contained in this document relating to Heineken, the Heineken Directors and their respective close relatives and the related trusts of and persons connected with the Heineken Directors. To the best of the knowledge and belief of the Heineken Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.5 The Heineken N.V. Responsible Persons, whose names are set out in paragraph 2.5 below, accept responsibility for the information contained in this document relating to Heineken and the Heineken Group, the Heineken N.V. Responsible Persons and their respective close relatives and the related trusts of and persons connected with the Heineken N.V. Responsible Persons, and persons deemed to be acting in concert with Heineken (as such term is defined in the Code but for the purpose of this paragraph, excluding Bidco). To the best of the knowledge and belief of the Heineken N.V. Responsible Persons (who have taken all reasonable care to ensure that such is the case) the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Directors

2.1 The Punch Directors and their respective positions are:

Stephen Billingham	Non-Executive Chairman
Duncan Garrood	Chief Executive Officer
Stephen Dando	Chief Financial Officer
Dr Angus Porter	Senior Independent Director
John Allkins	Non-Executive Director
Ian Dyson*	Non-Executive Director
Emma Fox	Non-Executive Director

* Ian Dyson will retire from the Punch Board at the conclusion of Punch's next annual general meeting on 1 February 2017 and will therefore cease to be a Non-Executive Director at that point.

The business address of each of the Punch Directors is Jubilee House, Second Avenue, Burton Upon Trent, Staffordshire DE14 2WF.

The company secretary of Punch is Stuart Gallyot.

2.2 The Bidco Directors are:

Shane Law
Stephen Green

The business address of each of the Bidco Directors is One Vine Street, London, W1J 0AH.

The company secretary of Bidco is Broughton Secretaries Limited.

Bidco is a private limited company with its registered office at 54 Portland Place, London, United Kingdom, W1B 1DY.

2.3 The GPCo Directors are:

James David Hassan
Jason Meads
Chris Marshall

The business address of Jason Meads and Chris Marshall is 3rd Floor, Liberation House, Castle Street, St Helier, Jersey, Channel Islands, JE1 1BL. The business address of James David Hassan is Suites 7B & 8B, 50 Town Range, Gibraltar.

GPCo is a Jersey limited company with its registered office at 3rd Floor, Liberation House, Castle Street, St Helier, Jersey, Channel Islands, JE1 1BL.

2.4 The Heineken Directors and their respective positions are:

David Michael Forde	Managing Director
Radovan Sikorsky	Finance Director
Simon Paul Amor	Director
Jane Scott Brydon	Director
Graeme Alexander Colquhoun	Director
Alexander Elberg	Director
Christopher Michael Jowsey	Director
Lawson John Mountstevens	Director
David George Paterson	Director
Cindy Tervoort	Director
Johannes Henricus Van Esch	Director

The business address of each of the Heineken Directors is 3-4, Broadway Park, South Gyle Broadway, Edinburgh, EH12 9JZ.

The company secretary of Heineken is Graeme Alexander Colquhoun.

Heineken is 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, United Kingdom.

2.5 The Heineken N.V. Responsible Persons and their respective positions are:

Jean-François van Boxmeer	Chairman of the Executive Board and Chief Executive Officer
Laurence Debroux	Executive Board Member and Chief Financial Officer
Stefan Orlowski	Regional President Europe
Marc Koster	Executive Director Global Business Development

The business address of each of the Heineken N.V. Responsible Persons is Tweede Weteringplantsoen 21 1017 ZD Amsterdam The Netherlands.

Heineken N.V. is a public company with limited liability incorporated under the laws of the Netherlands with registered number 33011433 and with its registered office at Tweede Weteringplantsoen 21 1017 ZD Amsterdam The Netherlands.

3. Persons acting in concert

3.1 In addition to the Punch Directors (together with their close relatives and related trusts), and members of the Punch Group, the persons who, for the purposes of the Code, are acting in concert with Punch in respect of the Acquisition and who are required to be disclosed are:

<i>Name</i>	<i>Registered Office</i>	<i>Relationship with Punch</i>
Goldman Sachs International	Peterborough Court, 133 Fleet Street, London EC3A 2BB	Lead Financial Adviser

3.2 In addition to the Bidco Directors (together with their close relatives and related trusts), and members of the Wider Bidco Group, other Patron Capital funds, the persons who, for the purposes of the Code, are acting in concert with Bidco in respect of the Acquisition and who are required to be disclosed are:

<i>Name</i>	<i>Registered Office</i>	<i>Relationship with Bidco</i>
Rothschild	New Court, St Swithin's Lane, London, EC4N 8AL	Financial adviser to Bidco
Heineken	3-4, Broadway Park, South Gyle Broadway, Edinburgh, EH12 9JZ,	Concert party

3.3 In addition to the Bidco, the Heineken Directors (together with their close relatives and related trusts) and members of the Heineken Group, the persons who, for the purposes of the Code, are acting in concert with Heineken in respect of the Acquisition and who are required to be disclosed are:

<i>Name</i>	<i>Registered Office</i>	<i>Relationship with Heineken</i>
Nomura International plc	1 Angel Lane, London, EC4R 3AB	Financial adviser to Heineken

4. Market quotations

4.1 The following table shows the closing middle market prices for Punch Shares as derived from the Official List for:

- (A) 13 December 2016, being the last Business Day prior to the commencement of the Offer Period;
- (B) the first Business Day of each of the six months immediately before the date of this document; and
- (C) the Latest Practicable Date.

<i>Date</i>	<i>Punch Share price (pence)</i>
Latest Practicable Date	195.00
3 January 2017	191.00
13 December 2016	128.50
1 December 2016	122.00
1 November 2016	107.00
3 October 2016	105.75
1 September 2016	99.75
1 August 2016	88.00
1 July 2016	91.50

5. Interests and dealings in relevant securities

5.1 For the purposes of this paragraph 5:

“acting in concert” has the meaning given to it in the Code;

“arrangement” includes indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing (other than irrevocable commitments and letters of intent to vote in favour of the Scheme and/or related resolutions)

“close relatives” has the meaning given to it in the Code;

“connected person” in relation to a director of Bidco or Punch includes: (a) such director’s spouse or civil partner and children or step-children under the age of 18; (b) the trustee(s) of any trust for the benefit of such director and/or any person mentioned in (a); (c) any company in which such director and/or any person mentioned in (a) or (b) is entitled to exercise or control the exercise of one-third or more of the voting power, or which is accustomed to act in accordance with the directions of such director or any such person; and (d) any other person whose interests in shares are taken to be interests of such director pursuant to Part 22 of the Companies Act;

“control” means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights (as defined in the Code) of a company, irrespective of whether such interest(s) give(s) de facto control;

“dealing” has the meaning given to it in the Code and “dealt” has the corresponding meaning;

“derivative” includes any financial product the value of which, in whole or in part, is determined directly or indirectly by reference to the price of an underlying security;

“disclosure period” means the period commencing on 14 December 2014 (being the date 12 months prior to the date of commencement of the Offer Period) and ending on the Latest Practicable Date;

“Note 11 arrangement” includes any indemnity or option arrangement, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing (other than irrevocable commitments and letters of intent to vote in favour of the Scheme and/or related resolutions, details of which are set out in paragraph 6 of this Part Seven);

“relevant securities” means:

- a) Punch Shares and any other securities of Punch conferring voting rights;
- b) equity share capital of Punch and any member of the Punch Group;
- c) securities of any member of the Bidco Group; and
- d) securities of Punch and any member of the Punch Group carrying conversion or subscription rights into any of the foregoing;

“securities” has the meaning given to it in the Code; and

“short position” means any short position (whether conditional or absolute and whether in the 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.

5.2 **Interests in relevant securities of Punch**

- (A) As at the Latest Practicable Date, the interests of the Punch Directors (and their close relatives, related trusts and connected persons) in Punch Shares (apart from options which are described in paragraph (B) below) were as follows:

<i>Name</i>	<i>Number of Punch Shares</i>	<i>Percentage of Punch issued share capital (% to 3 d.p.)</i>
Ian Dyson	15,208	0.007
Stephen Billingham	32,194	0.015
Stephen Dando	41,835	0.019

- (B) As at the Latest Practicable Date, the Punch Directors held the following outstanding options and awards over Punch Shares under the Punch Employee Share Plans:

Share Bonus Plan

<i>Name</i>	<i>Number of Punch Shares</i>	<i>Percentage of Punch issued share capital (% to 3 d.p.)</i>
Stephen Dando	3,645	0.002

Share Incentive Plan

Name	Number of Punch Shares	Percentage of Punch issued share capital (% to 3 d.p.)
Stephen Dando	400	0.000

Long Term Incentive Plan

Name	Maximum number of Punch Shares available	Date of grant	Exercise price per Punch Share	Exercise Date
Duncan Garrood	650,406 ⁽¹⁾	15/06/2015	Nil	15/06/2018
	310,077 ⁽²⁾	30/11/2015	Nil	30/11/2018
Stephen Dando	368,464 ⁽³⁾	17/11/2014	Nil	17/11/2017
	221,785 ⁽⁴⁾	30/11/2015	Nil	30/11/2018

(1) Subject to the satisfaction of performance criteria in the period from 24/08/2014 to 25/08/2017

(2) Subject to the satisfaction of performance criteria in the period from 23/08/2015 to 18/08/2018

(3) Subject to the satisfaction of performance criteria during the period from 24/08/2014 to 25/08/2017

(4) Subject to the satisfaction of performance criteria during the period from 23/08/2015 to 18/08/2018

5.3 General

Save as disclosed in this document, as at the Latest Practicable Date:

- (A) neither Bidco, nor any other member of the Wider Bidco Group, nor Heineken, nor any other member of the Heineken Group, nor (in the case of the Bidco Directors and the Heineken Directors) any of their respective close relatives or related trusts or companies or (so far as the Bidco Directors and the Heineken Directors are respectively aware having made due and careful enquiry) connected persons, nor any person acting in concert with Bidco or Heineken, nor any person with whom Bidco or Heineken or any person acting in concert with Bidco or Heineken had a Note 11 arrangement, had any right to subscribe for, or had any short position in relation to, or was interested in, directly or indirectly, any relevant securities of Punch nor had any such person dealt in any relevant securities of Punch during the disclosure period;
- (B) neither Punch, nor any of the Punch Directors, nor (in the case of the Punch Directors) any of their close relatives or related trusts or companies, nor any person acting in concert with Punch, nor any person with whom Punch or any person acting in concert with Punch had a Note 11 arrangement, was interested in, directly or indirectly, nor had any right to subscribe for, or any short position in relation to, any relevant securities of Punch and nor had any such person dealt in any relevant securities of Punch during the Offer Period;
- (C) neither Punch, nor any of the Punch Directors, nor (in the case of the Punch Directors) any of their immediate families or related trusts or companies, was interested in, directly or indirectly, nor had any right to subscribe for, or any short position in relation to, any relevant securities of any member of the Bidco Group and nor had any such person dealt in any relevant securities of the Bidco Group during the Offer Period;
- (D) neither Punch, Bidco, Heineken, nor any person acting or presumed to be acting in concert with Punch, Bidco or Heineken had borrowed or lent any relevant securities in Punch (save for any borrowed shares which have been either on-lent or sold);

- (E) neither Bidco, Heineken, nor any person acting in concert with Bidco or Heineken, has any Note 11 arrangement with any other person;
- (F) neither Punch, nor any person acting in concert with it, has any Note 11 arrangement with any other person; and
- (G) save for the irrevocable undertakings described in paragraph 6 of this Part Seven, there is no arrangement relating to relevant securities in Punch which exists between Bidco or Heineken or any person acting in concert with Bidco or Heineken and any other person, nor between Punch or any person acting in concert with Punch and any other person.

5.4 No relevant securities of Punch have been redeemed or purchased by Punch during the disclosure period.

6. Irrevocable Undertakings

Directors

Bidco and Heineken have received irrevocable undertakings from each of the Punch Directors 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), being Stephen Billingham, Duncan Garrood, Stephen 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 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 Acquisition 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:

<i>Name</i>	<i>Total Number of Punch Shares</i>	<i>Percentage of existing issued share capital</i>
Duncan Garrood	0 ⁽¹⁾	N/A
Stephen Dando	42,235 ⁽²⁾	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 Stephen Dando has waived his voting rights, as required by the terms of the Punch Taverns Share Bonus Plan. Stephen 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:

- (A) 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 General Meeting; and
- (B) if Bidco exercises its right to structure the Acquisition 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:

- (A) if this document is not sent to Punch Shareholders within 28 days (or such longer period as the Panel may agree) after the date of the Announcement;

- (B) 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; and
- (C) 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.

Shareholders

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 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 Acquisition 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:

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

- (1) As at the date of the Latest Practicable Date, Avenue Capital beneficially owned 29,618,193 Punch Shares and held an economic interest in 7,650,529 Punch Shares under swap. 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:

- (A) 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 General Meeting; and
- (B) if Bidco exercises its right to structure the Acquisition 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) 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;

- (B) 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 Announcement;
- (C) 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;
- (D) the Scheme has not become Effective by 11.59 p.m. London time on the Long Stop Date; and
- (E) the relevant Punch Shareholder is required to withdraw its irrevocable undertaking by any court of competent jurisdiction or by any competent regulator.

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 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 Acquisition 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.

7. Service contracts of the Punch Directors

7.1 The details of the service contracts of the Punch Directors are as follows:

(A) *Punch Executive Directors*

The Punch Executive Directors have entered into agreements with the Punch Group as summarised below:

- (i) Mr Duncan Garrod is engaged under a service agreement dated 2 March 2015 with Punch Taverns (Services) Limited, a subsidiary of Punch, under which he receives an annual base salary of £400,000. Mr Garrod is appointed as Chief Executive Officer of the Punch Group under the service agreement. Mr Steve Dando is employed under terms of appointment dated 20 March 2003 by Punch Taverns (Services) Limited. He became Chief Financial Officer of Punch on 10 May 2011 and receives an annual base salary of £291,825.
- (ii) Mr Garrod receives a payment equivalent to 20% of his basic salary in lieu of any pension contributions. The Punch Group contributes 20% of base salary towards the pension arrangements of Mr Dando.
- (iii) The benefits provided to each of Mr Garrod and Mr Dando include provision of a car or car allowance, life assurance, private medical expenses insurance for him and his family and permanent health insurance. Punch maintains liability insurance for its directors and officers.
- (iv) Mr Garrod and Mr Dando participate in Punch's annual bonus arrangement under which 50% of any bonus above 50% of base salary is deferred into shares for a period of 2 years. Awards under the bonus arrangement are in accordance with the rules of the bonus arrangement and subject to the achievement of business and personal objectives.

- (v) Mr Garrod and Mr Dando are eligible to participate in the Punch discretionary Long-Term Incentive Plan (“LTIP”). A minimum shareholding requirement within 5 years of appointment to the board is required for participation in the LTIP. The executive directors are also eligible to participate in the Punch Share Incentive Plan which is open to all employees and the Punch Sharesave Scheme 2016 which is also open to all employees.
- (vi) Both of the agreements are terminable by either party on 12 months’ written notice. As an alternative to giving notice, the employer may in its discretion terminate the employment of Mr Garrod immediately by making a payment of salary and benefits in lieu of notice.

(B) *The Chairman and the other Punch Non-Executive Directors*

The Punch Non-Executive Directors have entered into letters of appointment with the Punch Group as summarised below:

- (i) Stephen Billingham is appointed as the non-executive chairman of Punch under a letter of appointment dated 27 June 2011, under which he receives an annual fee of £300,000. His appointment may be terminated by either party on three months’ written notice. Dr Billingham’s term of appointment was extended for a year on 19 August 2016.
- (ii) Angus Porter is appointed as a non-executive director of Punch under a letter of appointment dated 26 March 2012, under which he receives £45,000 per annum as senior independent director and a further fee of £10,000 per annum as chairman of the remuneration committee. His appointment may be terminated by either party on one months’ written notice. Dr Porter’s term of appointment was extended for a year on 19 August 2016.
- (iii) Ian Dyson is appointed as a non-executive director of Punch under a letter of appointment dated 4 July 2011, under which he receives annual basic fee of £42,000. His appointment may be terminated by either party on one months’ written notice. Mr Dyson’s term of appointment was extended for a year on 19 August 2016, however, Mr Dyson will retire from the Punch Board at the conclusion of Punch’s next annual general meeting on 1 February 2017.
- (iv) John Allkins is appointed as a non-executive director of Punch under a letter of appointment dated 24 October 2012, under which he receives annual basic fee of £42,000 and an additional fee of £10,000 per annum as chairman of the audit committee. His appointment may be terminated by either party on one months’ written notice. Mr Allkins’s term of appointment was extended for a year on 19 August 2016.
- (v) Emma Fox is appointed as a non-executive director of Punch under a letter of appointment dated 7 September 2016, under which she receives annual basic fee of £42,000. Her appointment may be terminated by either party on one months’ written notice. Ms Fox’s appointment is for an initial three year term.
- (vi) Punch provides directors’ and officers’ liability insurance to all the non-executive directors.

- 7.2 Save as disclosed above, there are no service contracts or letters of appointment, between any Punch Director or proposed director of Punch and any member of the Punch Group and save as disclosed above, no such contract or letter of appointment has been entered into or amended within the six months preceding the date of this document.
- 7.3 Save as set out in this document, the effect of the Scheme on the interests of the Punch Directors does not differ from its effect on the like interests of any other holder of Scheme Shares.
- 7.4 Save as disclosed in this document, the emoluments of the Punch Directors and the Bidco Directors will not be affected by the Acquisition or any other associated transaction.

8. Material contracts

8.1 Bidco material contracts

Save as disclosed below, no member of Bidco Group has, during the period beginning on 14 December 2014 and ending on the Latest Practicable Date, entered into any material contract otherwise than in the ordinary course of business.

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by members of the Bidco Group in the period beginning on 14 December 2014 and ending on the Latest Practicable Date:

(A) *Co-operation Agreement*

See paragraph 12 of Part Two of this document for details of the Co-operation Agreement.

(B) *Heineken Bridge Facility Agreement*

See paragraph 6 of Part Two of this document for details of the Heineken Bridge Facility Agreement.

(C) *SPA*

On 15 December 2016, Bidco (as seller), Patron Haddington S.à r.l. (as Bidco's guarantor), Heineken and Heineken International (as Heineken's guarantor) entered into a share purchase agreement in respect of the shares comprising the Punch A Group and certain pubs. The principal terms of the SPA are as follows:

Completion of the SPA is conditional on the Scheme (including the anti-trust conditions therein being satisfied) becoming Effective.

The consideration payable for the purchase of (i) the shares comprising the Punch A Group; (ii) certain pubs and (iii) two inter-company loan receivables, is £305,030,201 subject to certain adjustments including but not limited to:

- any value transfers between the businesses comprising the Punch A Group and the retained Punch business;
- any stamp duty payable by the Buyer in respect of the share transfers; and
- any fees and expenses incurred by the Punch A Group on completion (under the SPA) in connection with the Disposal.

Bidco's liability in respect of the transfer of the shares is limited to the consideration paid.

Heineken and Bidco each provided certain warranties which are customary for a transaction of this nature, including but not limited to warranties relating to authority to enter into the SPA and that entry into the SPA shall not breach its constitutional documents.

Bidco also warranted that, as far as it is aware, following completion of the Acquisition it will have legal and beneficial title to the shares comprising the Punch A Group.

In addition to the above warranties, Bidco has also agreed to indemnify Heineken for specific liabilities including:

- contributions which may become due to or is paid to the Pension Scheme after the date of the SPA by any member of the Punch A Group; and
- any payment by Heineken or any member of the Punch A Group which becomes liable to pay under the Pensions Scheme pursuant to any notice issued by the relevant pensions regulator after the date of the SPA.

The above indemnity is not subject to a cap on liability.

(D) *Collaboration Agreement*

On 15 December 2016, Bidco and Heineken entered into the Collaboration Agreement, pursuant to which they agreed:

- to co-operate regarding the conduct of the Transaction;
- 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;
- that Bidco would 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;
- that Heineken would obtain Bidco's consent before waiving or treating as satisfied Condition 3(A) whereby such waiver or satisfaction is with a view to the European Commission initiating phase II proceedings or the CMA making a reference for a phase II investigation;
- that certain matters will require the prior written consent of both parties, including:
 - any revision or variation in the consideration payable for the Punch Shares pursuant to the Transaction or any other term of the Transaction;
 - any revision or variation to the Conditions;
 - the taking of any action (including by omission) to modify, lapse, terminate or withdraw the Scheme or, if the parties elect to implement the Acquisition by way of the takeover offer, the takeover offer; and
 - any amendment, modification or variation to the structure of the Transaction.

The Collaboration Agreement will terminate:

- 14 days after the day on which the Scheme becomes Effective;
- if, following the issue of the Announcement, the Transaction does not proceed for any reason;
- if the Scheme lapses or terminates (if necessary, with the Panel's consent), unless the parties have elected prior to such time or elect within 10 Business Days following such time, to implement the Transaction by way of a takeover offer in accordance with the Collaboration Agreement;
- if the parties elect to implement the Transaction by way of a takeover offer, the takeover offer is withdrawn or lapses (if necessary, with the Panel's consent);
- if the parties elect to implement the Transaction by way of a takeover offer, 14 days after the day on which the takeover offer becomes or is declared unconditional in all respects or such other time as is agreed between Bidco and Punch in accordance with the terms of the Collaboration Agreement; or
- if the completion of the Disposal has not occurred by the Long Stop Date.

(E) *TSA*

On 15 December 2016, Bidco and Heineken entered into the TSA, as detailed below. The TSA governs the provision of:

- certain services, including finance, operations, procurement, product supply, property, estates and marketing, that Bidco is to procure the provision of to relevant members of the Bidco Group (the "**Operational Services**"); and
- certain services to be provided or procured by Bidco in connection with the migration of the provision of Operational Services from the Bidco Group to Heineken (or if relevant, a third party service provider) (the "**Migration Services**").

In respect of the Operational Services, Heineken shall pay to Bidco: (a) a 4-week base charge; and (b) the actual costs of specific goods and services ordered by any member of the Heineken Group (including any member of the Punch A Group) for the pub estate of the business of the Punch A Group and supplied via Bidco.

In respect of the Migration Services, Bidco will provide these services at no additional charge, provided that Bidco is able to use the existing resources of the Bidco Group for the performance of the Migration Services without causing significant disruption to the business of the Punch Holding Group and the Punch B Group. Heineken shall also refund Bidco for the actual costs incurred in payments to third party service providers.

Bidco and Heineken also agreed to share the costs of any retention arrangements (if mutually agreed between the parties as being required) in accordance with the terms of the TSA.

Subject to agreed carve-outs and exclusions, the maximum aggregate liability of each of the members of the Heineken Group (taken together) and the members of the Bidco Group (taken together) under or in connection with the TSA is limited to £5 million.

Bidco is to manage the Punch A Group on behalf of Heineken for a minimum of six months following the Scheme becoming Effective, with Heineken having the option to extend to the period to a maximum of three additional months.

Either party may terminate the TSA with immediate effect by written notice if the other party becomes insolvent or pursuant to an express right as set out in the TSA.

8.2 **Heineken material contracts**

Save as disclosed below, Heineken has not during the period beginning on 14 December 2014 and ending on the Latest Practicable Date, entered into any material contract otherwise than in the ordinary course of business.

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by Heineken in the period beginning on 14 December 2014 and ending on the Latest Practicable Date:

(A) *Co-operation Agreement*

See paragraph 12 of Part Two of this document for details of the Co-operation Agreement.

(B) *Heineken Bridge Facility Agreement*

See paragraph 6 of Part Two of this document for details of the Heineken Bridge Facility Agreement.

(C) *Nomura Facility Agreement*

See paragraph 6 of Part Two of this document for details of the Nomura Facility Agreement.

(D) *SPA*

See paragraph 8.1(C) of Part Seven of this document for details of the SPA.

(E) *Collaboration Agreement*

See paragraph 8.1(D) of Part Seven of this document for details of the Collaboration Agreement.

(F) *TSA*

See paragraph 8.1(E) of Part Seven of this document for details of the TSA.

8.3 **Punch material contracts**

Save as disclosed below, no member of the Punch Group has, during the period beginning on 14 December 2014 and ending on the Latest Practicable Date, entered into any material contract otherwise than in the ordinary course of business.

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by members of the Punch Group in the period beginning on 14 December 2014 and ending on the Latest Practicable Date:

(A) *Co-operation Agreement*

See paragraph 12 of Part Two of this document for details of the Co-operation Agreement.

(B) *Sale and purchase agreement for the disposal of investment in Matthew Clark (Holdings) Limited (“Matthew Clark”)*

On 7 September 2015, Punch entered into an agreement with Hertford Cellars Limited (“**Hertford Cellars**”), Accolade Wines Europe No.2 Limited, Conviviality Brands Limited (“**Conviviality Brands**”), Conviviality Retail plc, Punch Taverns (Finco) Limited (“**Punch Finco**”) and Punch Taverns (PGE) Limited for the sale of the entire issued share capital of Matthew Clark. The Matthew Clark Business was a joint venture between Punch Group and Hertford Cellars, a subsidiary of Accolade Wines Limited. Punch Finco, a wholly-owned subsidiary of Punch held 50 per cent. of the issued share capital of Matthew Clark.

The consideration payable to Punch Finco under the agreement was £100.9 million in cash, which included a dividend of £1.5 million paid by Matthew Clark to Punch Finco prior to completion and £3.1 million representing Punch’s share of notional profits from 1 July 2015 to the day prior to completion. Under the agreement, Punch Finco had given customary warranties, indemnities and covenants to Conviviality Brands which are subject to limitations.

Completion was announced on 7 October 2015. On completion, Punch Group entered into a 10 year non-exclusive drinks supply contract with Matthew Clark Wholesale Limited pursuant to which selected wines and spirits are supplied for sale to members of the Punch Group at agreed pricing levels.

9. Cash confirmation

The cash consideration payable pursuant to the Acquisition will be financed as set out in paragraph 6 of Part Two of this document. Rothschild, financial adviser to Bidco, has confirmed that it is satisfied that sufficient resources are available to Bidco to satisfy in full the payment of the cash consideration payable in respect of the Scheme.

10. No significant change

There has been no significant change in the financial or trading position of Punch since 20 August 2016 (being the date to which the most recent audited financial statements were drawn up), except for any potential impairment in goodwill and/or Punch’s investments in subsidiary undertakings which may arise in Punch’s next financial statements as a consequence of the proposed Transaction.

11. Sources and bases of selected financial information

11.1 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 certain awards under the Punch Employee Share Plans, in each case at the Latest Practicable Date.

11.2 The enterprise value of Punch implied by the value of the Acquisition is £1,775.6 million, which is based on:

- 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 11.1 above and 180 pence per Punch Share; and
- 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 Taverns Finance plc 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 Taverns Finance plc of £65 million of its class B4 notes on 1 November 2016), each in case as at 20 August 2016.

11.3 The implied enterprise value multiple of approximately 10 times EBITDA is based on the enterprise value set out above under paragraph 11.2 above and Punch's underlying 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).

11.4 Unless otherwise stated, the financial information relating to Punch is extracted from the audited consolidated financial statements of Punch for the 52 weeks ended 20 August 2016, as set out in the 2016 Punch Annual Report and Accounts, and the audited consolidated financial statements of Punch for the 52 weeks ended 22 August 2015, as set out in the 2015 Punch Annual Report and Accounts.

11.5 Unless otherwise stated, all prices for Punch Shares are closing middle market prices and are derived from the Daily Official List.

11.6 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.

11.7 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.

12. Incorporation by reference

Parts of other documents are incorporated by reference in, and form part of, this document.

A person who has received this document may request a hard copy of such documents incorporated by reference. A hard copy of any such documents or information incorporated by reference will not be sent to such persons unless requested from Computershare at The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, United Kingdom or by calling Computershare between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (except public holidays) on 0370 707 1248 (from within the UK) or +44 370 707 1248 (from outside the UK). Calls will be charged at national or international rates as the case may be. Different charges may apply to calls from mobile telephones. Please note that calls may be monitored or recorded and Computershare cannot provide legal, tax or financial advice or advice on the merits of the Scheme.

13. Consent

Goldman Sachs International has given and not withdrawn its written consent to the issue of this document with the inclusion of references to its name in the form and context in which they appear.

Rothschild has given and not withdrawn its written consent to the issue of this document with the inclusion of references to its name in the form and context in which they appear and with the inclusion of its opinion in the form and context to which it is included.

Nomura International plc has given and not withdrawn its written consent to the issue of this document with the inclusion of references to its name in the form and context in which they appear.

14. Other Information

- 14.1 Save as disclosed herein, no agreement, arrangement or understanding (including any compensation arrangement) exists between Bidco or any person acting in concert with it (including Heineken) and any of the Punch Directors or the recent directors, shareholders or recent shareholders of Punch having any connection with or dependence upon or which is conditional upon the Acquisition.
- 14.2 Save in relation to the Disposal (whereby Heineken will acquire the Punch A Group, certain pubs and the rights and benefits of the Punch Intercompany Loans), there is no agreement, arrangement or understanding whereby the beneficial ownership of any Punch Shares to be acquired by Bidco pursuant to the Scheme will be transferred to any other person.
- 14.3 Settlement of the consideration to which each Scheme Shareholder (holding Scheme Shares at the Scheme Record Time) is entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme without regard to any lien or right of set-off, counterclaim or other analogous right to which Bidco may otherwise be, or claim to be, entitled against any such Scheme Shareholder.
- 14.4 Save as disclosed in this document, there is no agreement or arrangement which Bidco is party to which relates to circumstances in which it may or may not invoke a condition to the Scheme.

15. Acquisition related fees and expenses

15.1 Bidco Fees and Expenses

The aggregate fees and expenses which are expected to be incurred by Bidco in connection with the Transaction are estimated to amount to approximately £11.8 million (including UK stamp duty but exclusive of any applicable VAT and other taxes). This aggregate number consists of the following categories:

<i>Category</i>	<i>Amount</i>
Financing arrangements	£150,000
Financial and corporate broking advice	£4,250,000
Legal advice	£2,135,000 ⁽¹⁾
Accounting advice	£745,000 ⁽²⁾
Other professional services	£1,480,000
Other costs and expenses	£3,070,000 ⁽³⁾
Total	£11,830,000

- (1) These costs are based, in part, on hourly rates. The figure disclosed above has been calculated based on fees invoiced up to the Last Practicable Date together with an estimate of further fees to be incurred up to the completion of the Transaction.
- (2) These costs are based on hourly rates. The figure disclosed above has been calculated based on fees incurred up to the Latest Practicable Date together with an estimate of further fees to be incurred up to the completion of the Transaction.
- (3) This figure represents an estimate of the UK stamp duty payable by Bidco.

15.2 **Punch Fees and Expenses**

The aggregate fees and expenses which are expected to be incurred by Punch in connection with the Acquisition (excluding any applicable VAT or similar taxes) are expected to be approximately:

<i>Category</i>	<i>Amount</i>
Financial and corporate broking advice	£5,000,000 – £5,200,000
Legal advice	£2,600,000 ⁽¹⁾
Accounting advice	£300,000 – £500,000 ⁽²⁾
Other professional services	£400,000 – £900,000
VAT unrecoverable	£700,000 – £800,000 ⁽³⁾
Total	£9,000,000 – £10,000,000

(1) These costs are based, in part, on hourly rates. The figure disclosed above has been calculated based on fees invoiced up to the Latest Practicable Date together with an estimate of further fees to be incurred up to the completion of the Transaction.

(2) These costs are based on hourly rates. The figure disclosed above has been calculated based on fees incurred up to the Latest Practicable Date together with an estimate of further fees to be incurred up to the completion of the Transaction.

(3) This figure represents an estimate of aggregate unrecoverable VAT on the fees listed above.

15.3 **Heineken Fees and Expenses**

The aggregate fees and expenses which are expected to be incurred by Heineken in connection with the Disposal (excluding any applicable VAT or similar taxes) are expected to be approximately:

<i>Category</i>	<i>Amount</i>
Financing arrangements	£680,000
Financial and corporate broking advice	£5,000,000 ⁽¹⁾
Legal advice	£1,700,000 to £2,250,000 ⁽²⁾
Accounting advice	£415,000-£480,000 ⁽³⁾
Public relations advice	£250,000 to £300,000 ⁽⁴⁾
Other professional services	£435,000
Total	£8,480,000 to £9,145,000

(1) Assuming completion of the Disposal.

(2) These services are charged by reference to hourly or daily rates. Amounts included here reflect the time incurred up to the Latest Practicable Date and an estimate of further time required to completion of the Disposal.

(3) These services are charged by reference to hourly or daily rates. Accounting advice fees are estimated as a range as at the Latest Practicable Date the amount of services to be provided between the date of publication of the document and completion of the Disposal was uncertain.

(4) Public relations advice are estimated as a range as they include an additional amount payable only on completion of the Disposal.

16. **Documents published on a website**

Until and including the Effective Date (or the date on which the Scheme lapses or is withdrawn, if earlier) copies of the following documents will be available via the link on Patron Capital's, Heineken's and Punch's websites, at www.patroncapital.com/microsite, www.heineken.co.uk/press-releases and www.punchtavernsplc.com, respectively:

(A) this document and the Forms of Proxy;

(B) the memorandum and articles of association of each of Punch, Bidco and Heineken;

- (C) a draft of the articles of association of Punch as proposed to be amended at the General Meeting;
- (D) the consolidated audited report and accounts of Punch for the two financial years ended 22 August 2015 and 20 August 2016 and Punch's Preliminary Results 2016;
- (E) the audited accounts of Heineken for the two financial years ended 31 December 2014 and 31 December 2015;
- (F) the forms of letters sent to participants under the Punch Employee Share Plans in accordance with Rule 15 of the Code referred to in paragraph 8 of the Explanatory Statement in Part Two of this document;
- (G) the written consents referred to in paragraph 13 above;
- (H) copies of the irrevocable undertakings referred to in paragraph 6 above;
- (I) the Confidentiality Agreements, the Co-operation Agreement and the Collaboration Agreement;
- (J) the SPA;
- (K) the TSA;
- (L) the Heineken Bridge Facility Agreement; and
- (M) the Nomura Facility Agreement.

PART EIGHT

DEFINITIONS

“2015 Punch Annual Report and Accounts”	the annual report and audited accounts of Punch for the year ended 22 August 2015
“2016 Punch Annual Report and Accounts”	the annual report and audited accounts of Punch for the year ended 20 August 2016
“Acquisition”	the proposed acquisition of Punch by Bidco, proposed to be effected by the Scheme as described in this document (or by the Offer under certain circumstances described in this document)
“Acquisition Consideration”	180 pence for each Punch Share
“Announcement”	the announcement by Bidco of a firm intention to make an offer for Punch dated 15 December 2016
“associated undertaking”	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)
“Authorisations”	authorisations, orders, grants, recognitions, confirmations, consents, licences, clearances, certificates, permissions or approvals
“Avenue Capital”	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.
“Bidco”	Vine Acquisitions Limited, a private limited company incorporated in England and Wales, with registered number 10517393
“Bidco Group”	Bidco and its subsidiary undertakings and where the context permits, each of them
“Bidco Directors”	the directors of Bidco
“Board”	as the context requires, the board of directors of Punch or the board of directors of Bidco and the terms ‘Punch Board’ and ‘Bidco Board’ shall be construed accordingly
“Business Day”	any day (other than a Saturday, Sunday or public or bank holiday) on which clearing banks in London are generally open for normal business

“certificated” or “in certificated form”	a share or other security which is not in uncertificated form (that is, not in CREST)
“Closing Price”	the closing middle market price of a Punch Share as derived from the Daily Official List on any particular date
“CMA”	the Competition and Markets Authority in the United Kingdom
“Code”	The City Code on Takeovers and Mergers
“Collaboration Agreement”	the collaboration agreement between Bidco and Heineken which was entered into on 15 December 2016
“Companies Act”	the Companies Act 2006, as amended
“Conditions”	the conditions to the Acquisition and to the implementation of the Scheme set out in Part Three of this document
“Confidentiality Agreements”	the Patron Confidentiality Agreement and the Heineken Confidentiality Agreement
“Co-operation Agreement”	the co-operation agreement between Heineken, Bidco and Punch which was entered into on 15 December 2016
“Court”	the High Court of Justice in England and Wales
“Court Hearing”	the hearing at which the Court sanctions the Scheme
“Court Meeting”	the meeting of Scheme Shareholders (and any adjournment thereof) convened pursuant to an order of the Court pursuant to section 896 of the Companies Act for the purpose of considering and, if thought fit, approving (with or without modification) the Scheme
“Court Order”	the order of the court sanctioning the Scheme
“CREST”	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the Regulations
“Daily Official List”	the daily official list of the London Stock Exchange
“Disposal”	the disposal of Punch A and certain pubs and the refinancing, assignment or other transfer of the rights and benefits of Punch Intercompany Loans to Heineken in accordance with the SPA
“Disposal Proceeds”	has the meaning given in paragraph 2 of Part Two of this document
“Effective”	in the context of the Acquisition: (i) if the Acquisition is implemented by way of the Scheme, the Scheme having become effective pursuant to its terms; or (ii) if the Acquisition 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 Code
“Effective Date”	the date on which the Scheme becomes effective in accordance with its terms
“Emerald”	Emerald Investment Partners Limited, a private limited company incorporated in England and Wales with registered number 8539148
“Euroclear”	Euroclear UK & Ireland Limited, a private limited company incorporated in England and Wales with registered number 0287838
“Explanatory Statement”	the explanatory statement (in compliance with section 897 of the Companies Act) relating to the Scheme, as set out in this document
“Fairly Disclosed”	the information which has been fairly disclosed by or on behalf of Punch: (i) in writing prior to the date of the 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 Acquisition); (ii) in the 2015 Punch Annual Report and Accounts; (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 Taverns Finance plc or Punch Taverns Finance B Limited prior to the date of the Announcement, including but not limited to the preliminary results announcement made by Punch on 8 November 2016; or (iv) in the 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
“Fitch”	Fitch Ratings Limited, a private limited company incorporated in England and Wales, with registered number 01316230
“Form(s) of Proxy”	either or both (as the context demands) of the blue Form of Proxy in relation to the Court Meeting and the white Form of Proxy in relation to the General Meeting

“FSMA”	the Financial Services and Markets Act 2000 (as it may have been, or may from time to time be, amended, modified, re-enacted or replaced)
“General Meeting”	the general meeting of Punch Shareholders to be convened to consider, and if thought fit pass, inter alia, the Special Resolution in connection with implementation of the Scheme and the Transaction, including any adjournments thereof
“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
“GPCo”	Patron Capital GP V Limited, a Jersey limited company, which is the general partner of Patron Capital GP V LP, which is the general partner of Patron Fund V
“GPCo Directors”	the directors of GPCo
“Heineken”	Heineken UK Limited, a private limited company incorporated in Scotland with registered number SC065527
“Heineken Bridge Facility Agreement”	a bridge finance facility in the amount of £33,463,060 dated 15 December 2016 between Bidco and Heineken
“Heineken Confidentiality Agreement”	the agreement dated 16 February 2016 relating to the provision of confidentiality of certain information between Heineken International and Punch
“Heineken Directors”	the directors of Heineken
“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
“Heineken N.V.”	Heineken N.V., a company incorporated and registered in the Netherlands with number 33011433
“Heineken N.V. Responsible Persons”	Jean-François van Boxmeer, Laurence Debroux, Stefan Orłowski and Marc Koster
“holder”	a registered holder and includes any person(s) entitled by transmission
“Latest Practicable Date”	close of business on 13 January 2017, being the latest practicable date before the publication of the Scheme Document
“Listing Rules”	the listing rules made under FMSA by the UK Listing Authority and contained in the UK Listing Authority’s publication of the same name, as amended from time to time

“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”	London Stock Exchange plc, a public limited company incorporated in England and Wales with registered number 02075721
“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)
“Matthew Clark Business”	Matthew Clark (Holdings) Limited, Matthew Clark Wholesale Limited, Matthew Clark (Scotland) Limited and Wine Studio Limited, being the group of companies that operate the Matthew Clark drinks wholesaling and distribution business
“May Capital”	May Capital LLP
“Meetings”	the Court Meeting and the General Meeting
“Moody’s”	Moody’s Investors Service Limited, a private limited company incorporated in England and Wales with registered number 01950192
“Nomura Facility Agreement”	a term loan facility agreement in the amount of £340,000,000 dated 14 December 2014 between Heineken as borrower, Heineken N.V. as guarantor and Nomura International plc as lender
“Offer”	should Bidco elect to effect the Acquisition by way of a takeover offer, the offer to be made by or on behalf of Bidco and, where the context so requires, any subsequent revision, variation, extension or renewal of such offer
“Offer Period”	the period commencing on 14 December 2016 and ending on the earlier of the date on which it is announced that the Scheme has become effective and/or the date on which it is announced that the Scheme has lapsed or has been withdrawn (or such other date as the Code may provide or the Panel may decide)
“Official List”	the Official List of the FCA
“Panel”	The Panel on Takeovers and Mergers
“Patron Capital Advisers”	Patron Capital Advisers LLP (in its capacity as adviser to Patron Fund V)

“Patron Confidentiality Agreement”	the agreement dated 19 October 2016 relating to the provision of confidentiality of certain information between Patron Capital Advisers and Punch
“Patron Fund V”	Patron Capital, V L.P., a limited partnership, whose general partner is Patron Capital GP V L.P.
“Pension Trustees”	has the meaning given in paragraph 7 of Part Two of this document
“Pubs Code Regulations”	means the Pubs Code etc. Regulations 2016
“Punch”	Punch Taverns plc, a company incorporated in England and Wales, with registered number 03752645
“Punch A”	Punch Taverns Holdco (A) Limited, a company incorporated in England and Wales, with registered number 09233812
“Punch A Group”	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
“Punch A Securitisation”	the whole business securitisation financing structure in respect of which the members of the Punch A Group are subject
“Punch B”	Punch Taverns Holdco (B) Limited, a company incorporated in England and Wales, with registered number 09233837
“Punch B Group”	the group of companies comprised within the Wider Punch Group of which Punch B is the holding company
“Punch B Securitisation”	the whole business securitisation financing structure in respect of which the members of the Punch B Group are subject
“Punch Board”	the board of Punch Directors
“Punch Directors”	the directors of Punch
“Punch Employee Share Plans”	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
“Punch Group”	Punch and its subsidiary undertakings and where the context permits, each of them
“Punch Holding Group”	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
“Punch Intercompany Loans”	the Finco Loan and the Loanco Loan

“Punch Share(s)”	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 Effective Date
“Punch Shareholder(s)”	the holders of Punch Shares
“Registrar of Companies”	the registrar of companies in England and Wales
“Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended
“Regulatory Information Service”	a regulatory information services as defined in the FCA Handbook
“relevant securities”	Punch Shares, other Punch share capital and any securities convertible into or exchangeable for, and rights to subscribe for, any of the foregoing
“Restricted Jurisdiction”	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Transaction is sent or made available to Punch Shareholders in that jurisdiction
“Scheme” or “Scheme of Arrangement”	the proposed scheme of arrangement under Part 26 of the Act between Punch and holders of Scheme Shares, as set out in Part Four of this document, with or subject to any modification, addition or condition approved or imposed by the Court and agreed by Punch and Bidco
“Scheme Document”	this circular dated 17 January 2017 addressed to Punch Shareholders containing the Scheme and an explanatory statement in compliance with section 897 of the Companies Act
“Scheme Record Time”	6.00 p.m. on the date of the Court Hearing
“Scheme Shares”	means the Punch Shares: <ul style="list-style-type: none"> (i) in issue at the date of this document; (ii) (if any) issued after the date of this document and prior to the Voting Record Time; and (iii) (if any) issued at or after the Voting Record Time and prior to the Scheme Record Time in respect of which the original or subsequent holder thereof shall be bound by the Scheme or shall by such time have agreed in writing to be bound by the Scheme, <p>and remaining in issue at the Scheme Record Time but excluding any Punch Shares held by any member of the Bidco Group (or their nominees)</p>

“Scheme Shareholders”	holders of Scheme Shares whose names appear in the register of members of Punch at the Scheme Record Time
“SEC”	the US Securities and Exchange Commission
“Securitisation Groups”	the Punch A Group and the Punch B Group
“SPA”	the agreement dated 15 December 2016 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
“Special Resolution”	the special resolution to be proposed at the General Meeting
“Standard & Poor’s”	Standard & Poor’s Credit Market Services Europe Limited, a private limited company incorporated in England and Wales with registered number 07114748
“Standards”	the rules issued by the London Stock Exchange in relation to the admission to trading of, and continuing requirements for, securities admitted to the Official List
“subsidiary”	has the meaning given in section 1159 of the Companies Act
“subsidiary undertaking”	has the meaning given in section 1162 of the Companies Act
“Transaction”	the Acquisition and the Disposal
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UK Listing Authority”	the FCA in its capacity as the authority for listing in the United Kingdom
“uncertificated” or “in uncertificated form”	a share or other security recorded on the relevant register as being held in uncertificated form in CREST and title to which, by virtue of the Regulations, may be transferred by means of CREST
“US” or “United States”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
“US Exchange Act”	the US Securities and Exchange Act of 1934 as amended
“US Securities Act”	the US Securities Act of 1933, as amended, and rules and regulations promulgated thereunder
“Voting Record Time”	6.00 p.m. on the day which is two days (excluding non-working days) prior to the date of the Court Meeting or, if the Court Meeting is adjourned, 6.00 p.m. on the day which is two days before the day of such adjourned meeting

“Warwick Capital Partners”	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
“Wider Bidco Group”	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
“Wider Punch Group”	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.

PART NINE

NOTICE OF COURT MEETING

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT

No. CR-2017-000020

IN THE MATTER OF PUNCH TAVERNS PLC

and

IN THE MATTER OF THE COMPANIES ACT 2006

NOTICE IS HEREBY GIVEN that, by an order dated 16 January 2017 made in the above matters, the Court has directed a meeting (the “**Court Meeting**”) to be convened of the holders of Scheme Shares as at the Voting Record Time (each as defined in the Scheme of Arrangement referred to below) for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement proposed to be made pursuant to Part 26 of the Companies Act 2006 (between Punch Taverns plc (the “**Company**”) and the holders of Scheme Shares and that such meeting will be held at the offices of Goldman Sachs International at Peterborough Court, 133 Fleet Street, London EC4A 2BB on 10 February 2017 at 1:00 p.m. at which place and time all holders of Scheme Shares are requested to attend.

A copy of the said Scheme of Arrangement and a copy of the statement required to be furnished pursuant to section 897 of the Companies Act 2006 are incorporated in the document of which this notice forms part.

Voting on the resolution to approve the Scheme will be by poll, which shall be conducted as the Chairman of the Court Meeting may determine.

Right to Appoint a Proxy; Procedure for Appointment

Holders of Scheme Shares may vote in person at the meeting or they may appoint another person or persons, whether a member of the Company or not, as their proxy or proxies, to exercise all or any of their rights to attend, speak and vote in their stead.

A blue form of proxy for use at the Court Meeting is enclosed with this notice. It is requested that the blue form of proxy (together with any power of attorney or other authority, if any, under which it is signed, or a duly certified copy thereof) be returned to the Company’s registrars, Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, United Kingdom, either (i) by post or (ii) (during normal business hours only) by hand, to be received not later than 1:00 p.m. (London time) on 8 February 2017 or, in the case of an adjournment of the Court Meeting, 48 hours (excluding non-working days) before the time appointed for the adjourned Court Meeting. However, if not so lodge, blue forms of proxy (together with such authority, if applicable) may be handed to the Chairman of the Court Meeting or to the registrars, on behalf of the Chairman of the Court Meeting, before the start of the Court Meeting.

As a member of the Company, you are entitled to appoint one or more proxies to exercise all or any of your rights to attend, speak and vote on your behalf at the Court Meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares. A space has been included in

the blue form of proxy to allow holders of Scheme Shares to specify the number of shares in respect of which that proxy is to be appointed. A proxy need not be a member of the Company but they must attend the Court Meeting to represent you. If you require additional proxy forms, please contact the Company's registrar, Computershare Investor Services PLC on +44 (0)370 707 1248 or photocopy the blue form of proxy as required.

Members who hold their shares in uncertificated form through CREST who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual (which can be viewed at www.euroclear.com).

In order for a proxy appointment or instruction made using CREST to be valid, the appropriate CREST message must be properly authenticated in accordance with Euroclear's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Computershare (ID 3RA50) by 1:00 p.m. (London time) on 8 February 2017 (or if the Court Meeting is adjourned, 48 hours (excluding non-working days) before the time fixed for the adjourned Court Meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which Computershare is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

Forms of Proxy may alternatively be submitted electronically by logging on to the following website www.investorcentre.co.uk/eproxy and following the instructions there. For an electronic proxy appointment to be valid, the appointment must be received by Computershare no later than 1:00 p.m. (London time) on 8 February 2017.

Completion and return of a form of proxy, or the appointment of a proxy electronically using CREST (or any other procedure described in the document of which this notice forms part), will not preclude a holder of Scheme Shares from attending, speaking and voting in person at the Court Meeting, or any adjournment thereof, if such holder of Scheme Shares wishes and is entitled to do so.

Voting Record Time

Entitlement to attend, speak and vote at the Court Meeting or any adjournment thereof and the number of votes which may be cast thereat will be determined by reference to the register of members of the Company at 6.00 p.m. on 8 February 2017 or, if the Court Meeting is adjourned, 6.00 p.m. on the date which is two days (excluding non-working days) before the day of such adjourned Court Meeting. Changes to the register of members after the relevant time shall be disregarded in determining the rights of any person to attend, speak and vote at the Court Meeting.

Joint Holders

In the case of joint holders of Scheme Shares the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.

Corporate Representatives

As an alternative to appointing a proxy, any holder of Scheme Shares which is a corporation may appoint one or more corporate representatives who may exercise on its behalf all its powers as a

member, provided that if two or more corporate representatives purport to vote in respect of the same shares, if they purport to exercise the power in the same way as each other, the power is treated as exercised in that way, and in other cases the power is treated as not exercised.

By the said order, the Court has appointed Stephen Billingham, or failing him, Angus Porter to act as chairman of the Court Meeting and has directed the chairman to report the result of the meeting to the Court.

The said Scheme of Arrangement will be subject to the subsequent sanction of the Court.

Dated 17 January 2017

SLAUGHTER AND MAY

One Bunhill Row
London EC1Y 8YY

Solicitors for the Company

Nominated Persons

Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies 2006 Act to enjoy information rights (a "**Nominated Person**") does not, in that capacity, have a right to appoint a proxy, such right only being exercisable by shareholders of the Company. However, Nominated Persons may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Court Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

PART TEN

NOTICE OF GENERAL MEETING

PUNCH TAVERNS PLC

Notice is hereby given that a general meeting of Punch Taverns plc (the “**Company**”) will be held at the offices of Goldman Sachs International at Peterborough Court, 133 Fleet Street, London EC4A 2BB on 10 February 2017 at 1:15 p.m. (or as soon thereafter as the meeting of the holders of Scheme Shares (as defined in the Scheme as referred to in paragraph (A) of the resolution set out below) convened for 1:00 p.m. on the same day and at the same place, by an order of the High Court of Justice (the “**Court**”), shall have concluded or been adjourned) for the purpose of considering and, if thought fit, passing the following resolution, which will be proposed as a special resolution.

SPECIAL RESOLUTION

THAT:

- (A) for the purpose of giving effect to the scheme of arrangement dated 17 January 2017 between the Company and the holders of Scheme Shares (as defined in the said scheme of arrangement), a print of which has been produced to this meeting and for the purposes of identification has been signed by the chairman of this meeting, in its original form or with or subject to any modification, addition, or condition agreed by the Company and Vine Acquisitions Limited and approved or imposed by the Court (the “**Scheme**”), the directors of the Company (or a duly authorised committee thereof) be authorised to take all such action as they may consider necessary or appropriate for carrying the Scheme into effect; and
- (B) with effect from the passing of this resolution, the articles of association of the Company be and are hereby amended by the adoption and inclusion of the following new article 136:

“Shares not subject to Scheme of Arrangement

- (a) In this article, references to the “Scheme” are to the Scheme of Arrangement between the Company and the holders of Scheme Shares (as defined in the Scheme) dated 17 January 2017 (with or subject to any modification, addition or condition approved or imposed by the High Court of Justice and agreed by the Company and Vine Acquisitions Limited) under Part 26 of the Companies Act 2006 and terms defined in the Scheme shall have the same meanings in this article.
- (b) If the Company issues any Punch Shares (other than to Bidco, any subsidiary of Bidco, or any nominee of Bidco (each a “**Bidco Company**”)) on or after the date of the adoption of this article and prior to the “**Scheme Record Time**” (as defined in the Scheme) such Punch Shares shall be issued subject to the terms of the Scheme and the holder or holders of such Punch Shares shall be bound by the Scheme accordingly. For the purposes of this article, a “Business Day” means a day (other than a Saturday, Sunday or public or bank holiday) on which clearing banks in London are generally open for normal business.
- (c) If any Punch Shares are issued to any person (a “**new member**”) at or after the Scheme Record Time they will, provided that the Scheme has become effective and that Bidco is a member of the Company, be immediately transferred to Bidco or its nominee(s), who shall be obliged to acquire such Punch Shares (unless such Punch Shares are issued to a Bidco Company) in consideration of and conditional on the payment to the new member of the

same cash consideration per ordinary share as would have been payable to a holder of the Scheme Shares under the Scheme.

- (d) To give effect to any such transfer required by this article, the Company may appoint any person to execute a form of transfer on behalf of the new member in favour of Bidco or its nominee(s) and to do all such things and execute and deliver such documents as may, in the opinion of the agent, be necessary or desirable to vest such shares in Bidco and/or its nominee(s). Pending the registration of Bidco or its nominee(s) as the holder of any share to be transferred pursuant to this article, Bidco shall be empowered to appoint a person nominated by the directors to act as attorney on behalf of each holder of any such share in accordance with such directions as Bidco may give in relation to any dealings with or disposal of such share (or any interest therein), exercising any rights attached thereto or receiving any distribution or other benefit accruing or payable in respect thereof and the registered holder of such share shall exercise all rights attaching thereto in accordance with the directions of Bidco but not otherwise.
- (e) Notwithstanding any other provision of these articles, both the Company and the directors may refuse to register the transfer of any ordinary shares between the Scheme Record Time and the date on which the Scheme becomes effective.
- (f) If the Scheme shall not have become effective by the date referred to in clause 6(B) of the Scheme (or such later date (if any) as Bidco and the Company may agree and the Court and the Panel on Takeovers and Mergers may allow, if such consent is required), this article shall be of no effect.”

17 January 2017

By Order of the Board
Stuart Gallyot
Company Secretary

Registered Office:
Jubilee House
Second Avenue
Burton Upon Trent
Staffordshire DE14 2WF

Incorporated in England and Wales with registered number 03752645

Notes:

1. Only holders of ordinary shares of 0.9572 pence in the capital of Punch are entitled to attend and vote at this meeting and may appoint a proxy to attend, speak and vote instead of them. A Punch Shareholder may appoint more than one proxy in relation to the general meeting provided that each proxy is entitled to exercise the rights attaching to a different share or shares held by that member. A proxy need not be a member of the Company but they must be registered in advance and attend the general meeting to represent you.
2. A white form of proxy is enclosed for use at this meeting. To be valid, completed forms of proxy must be returned so as to arrive at the offices of the Company's registrar, Computershare not later than 1:15 p.m. on 8 February 2017, or if the meeting is adjourned, at least 48 hours before the start of the adjourned meeting. The white form of proxy must be received by the time mentioned above, or it will be invalid. Punch Shareholders who wish to appoint more than one proxy in respect of their holding of Punch Shares should contact Computershare on +44 (0)370 707 1248 for further forms of proxy or photocopy the white form of proxy as required. If you do not have a form of proxy and believe that you should have one, you should contact Computershare.
3. Punch Shareholders who hold shares through CREST and who wish to appoint a proxy or proxies for the general meeting or any adjournment(s) by using the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service providers, who will be able to take the appropriate action on their behalf.

4. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Computershare (ID 3RA50) not later than 1:15 p.m. on 8 February 2017, or if the meeting is adjourned, at least 48 hours before the start of the adjourned meeting (excluding any part of such 48-hour period falling on a weekend or a public holiday in the UK). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
5. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST Personal Member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
6. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Regulations.
7. In the case of a member which is a company, the proxy forms must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
8. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
9. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the general meeting.
10. Completion and return of a form of proxy, or the appointment of proxies through CREST, will not preclude a shareholder from attending the general meeting and speaking and voting at the meeting in person if they are entitled and wish to do so.
11. The statement of rights of Punch Shareholders in relation to the appointment of proxies described in these notes does not apply to nominated persons. Such rights can only be exercised by Punch Shareholders.
12. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "nominated person") may, under an agreement between him/her and the member by whom he/she was nominated have a right to be appointed (or to have someone else appointed) as a proxy for the general. If a nominated person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.
13. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting and the number of votes that may be cast thereat will be determined by reference to the register of members of the Company at 6.00 p.m. on the day which is two days (excluding non-working days) prior to the date of the meeting. Changes to entries on the register of members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.
14. As at the Latest Practicable Date, the Company issued share capital consisted of 221,955,160 ordinary shares, carrying one vote each. As at the Latest Practicable Date, the Company held no ordinary shares as treasury shares. Therefore, the total voting rights in the Company as at the Latest Practicable Date were 221,955,160.
15. In the case of joint holders of ordinary shares the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the other joint holder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
16. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

17. Any shareholder attending the meeting has the right to participate in the meeting and ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
18. As an alternative to appointing a proxy, any corporation which is a member may appoint one or more corporate representatives who may exercise on its behalf all its powers as a member, provided that if two or more corporate representatives purport to vote in respect of the same shares, if they purport to exercise the power in the same way as each other, the power is treated as exercised in that way, and in other cases the power is treated as not exercised.
19. A copy of this notice, and other information required by section 311A of the Companies Act 2006 can be found at www.punchtavernsplc.com.

