

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, you are recommended to seek your own independent financial advice immediately from a stockbroker, bank manager, solicitor, accountant or other independent financial or legal 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 in a territory outside the United Kingdom.

In the event of a conflict between this letter and the rules of any relevant plan or any relevant legislation, the rules or the legislation will prevail.

References to taxation are for guidance only and assume that you are and were domiciled and resident for tax purposes only in the UK at all relevant times.

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

17 January 2017

Dear Steve

Punch Taverns plc Share Bonus Plan and the recommended cash offer for Punch Taverns plc by Vine Acquisitions Limited

SBP Award

As you know, Punch and Bidco (a newly incorporated company formed at the direction of Patron Capital, V L.P., a limited partnership, whose general partner is Patron Capital GP V Limited) announced on 15 December 2016 that they had reached agreement on the terms of a recommended cash offer for the entire issued and to be issued share capital of Punch by Bidco (the "**Acquisition**").

Why are we writing to you?

We are writing to explain how the Acquisition will affect your SBP Award. You should read this letter in conjunction with the Scheme Document. A copy of this letter is also available on <https://www.punchtavernsplc.com/2016/12/recommended-offer-for-punch-taverns-plc/>.

You are also being written to separately about the effect of the Acquisition on your other options or awards under those Punch share plans. Please read those letters carefully.

How does the Acquisition affect your SBP Award?

The Punch Shares that are the subject of your SBP Award are currently held in an employee benefit trust. Under the terms of the SBP and the Scheme, those Punch Shares will be transferred to Bidco on the Effective Date in return for 180 pence in cash per Punch Share (but please note that if any dividend, distribution or return of capital is announced, declared, made, paid or becomes payable by Punch prior to the Effective Date, this consideration may decrease. Please see the Scheme Document for further information). The Trustee will pay the aggregate amount received for the Punch Shares that are subject to your SBP Award to you as soon as practicable after it has been received. It is expected that the Trustee will receive the relevant amount within 14 days of the Effective Date.

In accordance with the rules of the SBP, you will not be entitled to instruct the trustee to vote

in respect of your Punch Shares at either the General Meeting or the Court Meeting (as those terms are defined in the Scheme Document).

If the Acquisition does not happen for any reason, your SBP Award will continue as normal, subject to the rules of the SBP.

Appendix B to this letter summarises the tax implications of the disposal of your SBP Award.

Attachments to this letter

The following are provided as attachments to this letter:

- Appendix A explaining some key definitions.
- Appendix B summarising the tax implications of the disposal of your Punch Shares subject to your SBP Award.

What if you have questions?

If you have any questions that relate to your SBP Award, please contact communication@punchtaverns.com. Please note that no legal, tax or financial advice on the merits of the Acquisition or its effect on your SBP Award can be provided.

You are strongly advised to seek your own independent financial and/or tax advice regarding your personal circumstances and the effect of the Acquisition in relation to your SBP Award.

Important notes

Nothing in this pack constitutes financial advice to any holder of Punch Shares, share awards or share options in Punch or Bidco.

If there is a conflict between the information in this letter and appendices and the rules of the SBP or any relevant legislation, the rules and the legislation will prevail.

Yours sincerely



Duncan Garrood
Chief Executive Officer

For and on behalf of
Punch Taverns plc

Appendix A

A brief explanation of some definitions

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

“**Effective Date**” means the date on which the Scheme becomes effective in accordance with its terms;

“**HMRC**” means HM Revenue & Customs;

“**Punch**” means Punch Taverns plc;

“**Punch Group**” means Punch and its subsidiaries and subsidiary undertakings from time to time;

“**Punch Shareholders**” means holders of Punch Shares;

“**Punch Shares**” means ordinary shares of 0.9572 pence each in the capital of Punch;

“**SBP**” means the Punch Taverns plc Share Bonus Plan, as amended;

“**SBP Award**” means the award granted under Rule 4 of the SBP;

“**Scheme**” means the procedure by which Bidco will become the holder of the entire issued and to be issued ordinary share capital of Punch;

“**Scheme Document**” means the document setting out the terms of the Scheme dated 17 January 2017 sent to Punch Shareholders; and

“**Trustee**” means Computershare Trustees (Jersey) Limited, acting as trustee of the Punch Taverns Plc General Employee Benefit Trust.

Appendix B

Tax summary

This summary is based on current legislation and HMRC practice at the date of this letter, which is subject to change in the future. It assumes that you are domiciled and resident in the United Kingdom for tax purposes at all relevant times and have been from the date of grant of your SBP Award. The information contained in this summary is intended as a guide only and is not a full description of all the circumstances in which a taxation liability may occur.

If you are in any doubt as to your tax position or if you are not resident and domiciled in the United Kingdom or were not so resident and domiciled at the date of grant of your SBP Award, you should consult an appropriate professional adviser. You should also remember that tax law can and often does change and you should not necessarily assume the current tax position will continue.

When your Punch Shares are transferred to Bidco, you will be treated as having made a disposal for Capital Gains Tax (CGT) purposes. A CGT charge may arise depending on your personal circumstances. You are required to account for any CGT liabilities arising through your tax return under the self-assessment system.

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