

HEINEKEN TO ACQUIRE PUNCH TAVERNS PUB PORTFOLIO

Amsterdam, 15th December 2016 – HEINEKEN N.V. ('HEINEKEN') has announced today that following Vine Acquisitions Limited's announcement of a recommended cash offer for Punch Taverns plc, HEINEKEN through HEINEKEN UK has agreed a back-to-back deal with Vine Acquisitions to acquire Punch Securitisation A ('Punch A'), comprising approximately 1,900 pubs across the UK.

Compelling Rationale

HEINEKEN entered the UK pub market as part of its acquisition of Scottish & Newcastle's operations in the UK in 2008. Since then, HEINEKEN UK has made significant progress building its Star Pubs & Bars business ('Star'), having invested over £20m per annum since 2014, and resulting in an estate which now comprises 1,049 leased and tenanted pubs. Star generates an attractive return and is strategically important to HEINEKEN UK.

HEINEKEN believes that there is compelling strategic rationale for enlarging its existing pub business through the acquisition of Punch A. HEINEKEN considers pubs to be an integral part of British culture and that high-quality, well invested pubs run by skilled and motivated operators will continue to prosper. HEINEKEN UK believes that it can realise increased potential from Punch A through investment, as well as attracting and retaining the best licensees. The portfolio of Punch pubs are located across the UK and are highly complementary to Star.

Subject to regulatory approvals and completion, HEINEKEN UK intends to fully integrate these pubs into Star. On completion of the transaction HEINEKEN UK will become the third-largest pub business, in what remains a highly fragmented pub market.

Following completion, HEINEKEN UK will work closely with the incoming licensees, helping them to realise increased potential from the pubs that they operate. HEINEKEN UK intends to apply its successful experience to date to the newly acquired pubs, refurbishing and rejuvenating them, making them more relevant to their communities and capable of multiple income streams including food.

The transaction will strengthen HEINEKEN UK's exposure to a sustainable revenue source from rental income. The enlarged estate will also provide operational synergies and economies of scale and a strong platform to improve visibility and increase sales of HEINEKEN UK's beer and cider brands in high-quality pubs.

Financial Highlights

HEINEKEN UK will pay an aggregate consideration of £305.0 million (€363.3 million¹) for the shares in Punch A and assumed intercompany debts due from Punch A to Punch Taverns plc. As at 20 August external debts (nominal value) and derivatives of Punch A amounted to £962.3 million. On 1 November 2016, Punch Taverns plc reduced the Punch A external debt by redeeming £65 million of its class B4 notes.

The transaction is expected to be earnings enhancing in the first full year following the acquisition.

Punch reported its full year (FY) preliminary results for the 52 weeks ended 20 August 2016 on 8 November 2016, when Punch A reported FY revenue of £242.9 million and underlying FY EBITDA of £109.6 million.

The transaction is subject, amongst other things, to Vine Acquisitions' offer for Punch Taverns receiving approval from Punch shareholders and the acquisition of Punch A by HEINEKEN UK being approved by the relevant regulatory authorities. Assuming satisfactory approval, completion is expected by the end of the first half of 2017.

Commenting on the transaction, Stefan Orlowski, Regional President Europe for HEINEKEN N.V. said:

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

David Forde, Managing Director of HEINEKEN UK, added:

"Today's announcement is a huge vote of confidence in the Great British Pub. Our proven track record of success demonstrates that well invested and well run pubs in the leased and tenanted sector can thrive. Today's development is good news for pub-goers across the UK who will see the benefit of better pubs in their communities. We look forward to welcoming new licensees in to Star, and to working with them to grow their businesses."

Following completion, the pubs acquired by HEINEKEN UK will be operated for six months by Vine Acquisitions under a transitional services agreement, after which they will be fully integrated into the existing Star Pubs & Bars pub business. The transitional services agreement has no impact on Star's existing licensees, who will continue to trade on a 'business as usual' basis.

ENDS

¹ Using ECB EURGBP exchange rate of 0.8396 on 14/12/2016 at 16:00

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Note to editors:

Further information is available in a section 2.7 Announcement which is available

<http://www.londonstockexchange.com/exchange/news/market-news/market-news-detail/other/13068712.html>

Information relating to HEINEKEN UK and the HEINEKEN Group**HEINEKEN UK**

HEINEKEN UK 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 UK 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 UK 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 UK.

HEINEKEN UK 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 production 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 Amsterdam. HEINEKEN Holding N.V. owns 50.005% 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 of HEINEKEN N.V. and the remaining shares are owned by public shareholders and includes shares held in treasury. FEMSA is multinational beverage and retail company headquartered in Monterrey, Mexico and listed on the Mexican Stock Exchange.

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 Amsterdam. L'Arche Green N.V. owns 51.709% of the shares of HEINEKEN Holding N.V. L'Arche Green N.V. is owned 88.67% by the Heineken family and 11.33% by the Hoyer family. FEMSA, through one of its affiliates, is a major shareholder of HEINEKEN Holding N.V. and the remaining shares are owned by public shareholders.

Information relating to Patron Capital and Vine Acquisitions

Vine Acquisitions Limited is a newly incorporated company formed at the direction of Patron Capital. Established in 1999, Patron Capital 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 the Patron funds 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, the Patron funds have made more than 69 investments in 17 countries and together with its partners have owned and controlled over €10bn in gross assets. Patron is based in London with associated offices in Barcelona, Milan and Luxembourg and a team of over 75 people, with over 42 investment professionals.

Patron aims to combine an institutional approach to fund management and reporting, while continuing to embrace an entrepreneurial culture. Patron 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's private equity investments have backed existing management teams and achieved significant growth of the investee businesses and their employee bases.

Ends