

**DISTELL GROUP HOLDINGS LIMITED**  
(Incorporated in the Republic of South Africa)  
(Registration number: 2016/394974/06)  
(Share code: DGH)  
(ISIN: ZAE000248811)  
("Distell" or "the Company")

**HEINEKEN INTERNATIONAL B.V.**  
(Incorporated in the Netherlands)  
(Registration number: 33103545)  
("Heineken")

**SUNSIDE ACQUISITIONS PROPRIETARY LIMITED**  
(Incorporated in South Africa)  
(Registration number: 2020/811071/07)  
("Newco")

## **OFFER TO ACQUIRE THE ENTIRE ISSUED ORDINARY AND B SHARE CAPITAL OF DISTELL AND FURTHER CAUTIONARY ANNOUNCEMENT**

### **1. INTRODUCTION**

- 1.1 Further to the cautionary announcements released by the Company on the Stock Exchange News Service ("**SENS**") of the JSE Limited ("**JSE**"), the latest being on 29 September 2021, ordinary shareholders ("**Distell Ordinary Shareholders**") and B shareholders ("**Distell B Shareholders**") of Distell (collectively "**Distell Shareholders**") are hereby advised that, on 14 November 2021, Distell entered into an implementation agreement ("**Implementation Agreement**") with Heineken, Newco, a South African subsidiary of Heineken, Namibia Breweries Limited ("**NBL**") and parties associated with NBL in respect of the proposed transaction ("**Transaction**"), which comprises:
- 1.1.1 a scheme of arrangement in terms of section 114 (read with section 115) of the Companies Act, 71 of 2008 ("**Companies Act**") to be proposed by the Distell board ("**Distell Board**") to the Distell Shareholders, as contemplated in paragraph 2 below ("**Scheme**"); and
  - 1.1.2 a series of preliminary steps, namely (i) certain intra-group transfers within Distell as contemplated in paragraph 3.1 and the issuance of the Capevin B Shares as contemplated and defined in paragraph 3.4 below ("**Distell Restructuring**"); and (ii) the acquisition by Newco of various assets as contemplated in paragraph 3.6 below ("**Contribution Transactions**"), referred to collectively herein as "**Pre-Scheme Transactions**".
- 1.2 Distell Shareholders are further referred to the announcement released to the shareholders of NBL on the Stock Exchange News Service of the Namibian Stock Exchange on 15 November 2021, as well as the circular to NBL shareholders expected to be posted on the same day.
- 1.3 The Scheme ascribes an aggregate value for the entire Distell business of R180.00 per share or R40.1 billion in aggregate.

### **2. SALIENT TERMS AND CONDITIONS OF THE SCHEME**

- 2.1 In terms of the Scheme:
- 2.1.1 the Capevin Distribution contemplated in paragraph 2.3 will be undertaken; and
  - 2.1.2 Distell Shareholders will receive an offer ("**Heineken Offer**"):
    - 2.1.2.1 for the Capevin Ordinary Shares which they will receive pursuant to the Capevin Distribution ("**Out-of-Scope Assets Offer**"); and
    - 2.1.2.2 for their Distell ordinary shares ("**Distell Ordinary Shares**") and Distell B shares ("**Distell B Shares**") (collectively "**Distell Shares**") ("**In-Scope Assets Offer**").
- 2.2 The Scheme will be implemented after the Pre Scheme Transactions set out in paragraph 3 below have been implemented. Accordingly, at the time when the Heineken Offer is implemented:
- 2.2.1 Distell will (pursuant to the Distell Restructuring and the Capevin Distribution) hold the In-Scope Assets; and
  - 2.2.2 Capevin will hold the Out-of-Scope Assets.
- 2.3 In the first instance, and as part of the Scheme, all the Capevin Ordinary Shares will be distributed by Distell to Distell Ordinary Shareholders ("**Capevin Distribution**") *pro rata* and on

a one for one basis to their holding of Distell Ordinary Shares.

- 2.4 The offers in paragraph 2.1.2 are inter-conditional and will be made on, *inter alia*, the following terms:

2.4.1 **In-Scope Assets Offer**

2.4.1.1 The In-Scope Assets Offer is an offer by Newco to acquire all the issued Distell Shares for a consideration of, at the election of each Distell Shareholder, either:

2.4.1.1.1 a cash amount of R165.00 per Distell Ordinary Share (valuing the In-Scope Assets at R36.8 billion) and R0.00001 per Distell B Share ("**Newco Cash Only Option**"); or

2.4.1.1.2 shares in the unlisted Newco and a cash amount of R0.00001 per Distell B Share ("**Newco Share Only Option**"), subject to the shareholding limitation described in paragraph 2.4.1.4, with the election to participate in a subsequent subscription for further shares in Newco as detailed in paragraph 2.4.1.5 below; or

2.4.1.1.3 a combination of cash and shares in the unlisted Newco, in a fixed ratio of Newco shares in respect of 58% of the Distell Ordinary Shares (or, if such calculated number is not a whole number, same shall be rounded down to the nearest whole number) and cash in respect of the remaining Distell Ordinary Shares (namely 42%) held by the Distell Shareholder and a cash amount of R0.00001 per Distell B Share ("**Newco Fixed Ratio Option**"), subject to the shareholding limitation described in paragraph 2.4.1.4, but without the election to participate in the subsequent subscription for further shares in Newco as detailed in paragraph 2.4.1.5 below,

(the Newco Cash Only Option, the Newco Share Only Option and the Newco Fixed Ratio Option referred to collectively as the "**Newco Offer Consideration**"). The Newco Offer Consideration is subject to a deemed cash election by Distell Shareholders as described in paragraph 2.4.1.2 below ("**In-Scope Assets Offer**").

2.4.1.2 If a Distell Shareholder fails to make a valid election, the Distell Shareholder will be deemed to have elected the Newco Cash Only Option (i.e. the Newco Cash Only Option will be the default option).

2.4.1.3 Distell Shareholders should note that any Newco shares received as consideration for the Newco Share Only Option or the Newco Fixed Ratio Option will not be listed on the JSE or any other exchange. More detail will be provided in the circular which will be issued to Distell Shareholders regarding the Scheme ("**Scheme Circular**") and in a prospectus issued by Newco ("**Prospectus**") that will be distributed with the Scheme Circular, as set out in paragraph 16 below.

2.4.1.4 The In-Scope Assets Offer is subject to Heineken holding a minimum of 65% of the shares in Newco post implementation of the Scheme. It is therefore a term of the Scheme that if such number of Distell Shareholders elect the Newco Share Only Option and/or the Newco Fixed Ratio Option as would result in Heineken's interest in Newco falling below 65% post implementation of the In-Scope Assets Offer, if such Distell Shareholders all received the relevant number of Newco shares, then (i) in the first instance, the number of shares in Newco delivered to Distell Shareholders who elect the Newco Fixed Ratio Option will be reduced proportionately to the extent required to ensure that Heineken maintains a minimum 65% post-Scheme shareholding in Newco, and (ii) if Heineken's interest in Newco is still below 65% following the aforesaid reduction in Newco shares delivered to Distell Shareholders who elect the Newco Fixed Ratio Option, then, in the second instance, the number of shares in Newco delivered to Distell Shareholders who elect the Newco Share Only Option will also be reduced proportionately such that Heineken maintains a minimum 65% post-Scheme shareholding in Newco. Distell Shareholders who receive fewer Newco shares as a result of the operation of this term (i.e. they are scaled back) will be deemed to have elected the Newco Cash Only Option in respect of the balance of the consideration due to them in terms of the In-Scope Assets Offer.

2.4.1.5 Distell Shareholders who elect the Newco Share Only Option ("**Distell Full Reinvestment Shareholders**") will be required to further elect whether or not they wish to subscribe for additional shares in Newco subsequent to implementation of the Scheme, should Newco require additional capital ("**Newco Capital Raise**") in the circumstances detailed in paragraph 2.4.1.5.1

below. This election will be available only to Distell Full Reinvestment Shareholders. The Newco Capital Raise will be subject to the following terms and conditions:

- 2.4.1.5.1 the issue of shares in Newco pursuant to the Newco Capital Raise will proceed only if the aggregate amount of cash required to settle the consideration due to Distell Shareholders who elect (or are deemed to have elected) the Newco Cash Only Option and who elect the Newco Fixed Ratio Option (“**In-Scope Cash Requirement**”) exceeds R13.6 billion. If the In-Scope Cash Requirement exceeds R13.6 billion (“**Excess Amount**”), such Excess Amount will be funded post implementation in the ratio 75% by way of debt or preference share funding raised by Newco and 25% through the Newco Capital Raise, subject to the Newco Capital Raise being a maximum of R1.2 billion (“**Maximum Capital Raise Amount**”);
- 2.4.1.5.2 the Newco shares issued to Distell Full Reinvestment Shareholders in terms of the Newco Capital Raise will be issued at a subscription price of R165.00 per Newco Share;
- 2.4.1.5.3 Heineken, as indirect shareholder in Newco, will not participate in the Newco Capital Raise; and
- 2.4.1.5.4 Distell Full Reinvestment Shareholders shall be entitled to subscribe for Newco shares which are in excess of their proportionate holding of shares in Newco, subsequent to implementation of the Scheme, subject thereto that the aggregate subscription price payable by all Distell Full Reinvestment Shareholders shall not exceed the Maximum Capital Raise Amount. If Distell Full Reinvestment Shareholders elect to subscribe for additional Newco shares which have an aggregate subscription price in excess of the Maximum Capital Raise Amount, the number of Newco shares to be issued to each Distell Full Reinvestment Shareholder in terms of the Newco Capital Raise will be reduced proportionately to their holding of shares in Newco immediately subsequent to implementation of the Scheme so that the aggregate subscription price payable by all Distell Full Reinvestment Shareholders is equal to the Maximum Capital Raise Amount.

#### 2.4.2 **Out-of-Scope Assets Offer**

- 2.4.2.1 The Out-of-Scope Assets Offer is an offer by Heineken to acquire the Capevin Ordinary Shares which Distell Shareholders will receive pursuant to the Capevin Distribution for a consideration of R15.00 per Capevin Ordinary Share (“**Capevin Offer Consideration**”), ascribing a value of R3.3 billion to the Out-of-Scope Assets.
- 2.4.2.2 Distell Shareholders who reject the Out-of-Scope Assets Offer will receive delivery of their proportionate allocation of Capevin Ordinary Shares in the unlisted Capevin pursuant to the Capevin Distribution.
- 2.4.2.3 Distell Shareholders who accept the Out-of-Scope Assets Offer (or who fail to make a valid election to reject the Out-of-Scope Assets Offer as contemplated in paragraph 2.4.2.2) will receive the Capevin Offer Consideration, and the Capevin Ordinary Shares that would otherwise have been delivered to them pursuant to the Capevin Distribution will instead be delivered to Heineken.
- 2.4.2.4 The Out-of-Scope Assets Offer will be subject to a maximum acceptance threshold, with Heineken acquiring a maximum of 82,242,883 of the Capevin Ordinary Shares, as set out in paragraph 8.1.10 below.

2.5 The aggregate cash component of the consideration offered pursuant to the Heineken Offer is R180.00 per Distell Ordinary Share, which represents a premium of:

- 2.5.1 35% to the volume weighted average traded price (“**VWAP**”) of R133.55 per Distell Ordinary Share for the 30-day period ended on 17 May 2021, the day before the date on which Distell first issued a cautionary announcement relating to the Transaction (“**Pre-cautionary Date**”);
- 2.5.2 53% to the VWAP of R117.46 per Distell Ordinary Share for the 90-day period ended on the Pre-cautionary Date; and
- 2.5.3 74% to the VWAP of R103.66 per Distell Ordinary Share for the 180-day period ended on the Pre-cautionary Date.

### 3. PRE-SCHEME TRANSACTIONS

- 3.1 As an initial step, before the Scheme is implemented, the Distell Restructuring and the Contribution Transactions will be implemented.
- 3.2 In terms of the Distell Restructuring, Distell will create two separate businesses, namely:
  - 3.2.1 a cider, ready-to-drink beverages, and spirits and wine business (“**In-Scope Assets**”); and
  - 3.2.2 a business consisting of Distell’s remaining assets, including its Scotch whisky business (“**Out-of-Scope Assets**”).
- 3.3 Consequently, the In-Scope Assets will be held by Distell. Distell Beverages (RF) Proprietary Limited, Distell’s broad-based black economic empowerment (“**B-BBEE**”) partner, will hold 15% of the In-Scope Assets located in South Africa. The Out-of-Scope Assets will be held by Capevin Holdings Proprietary Limited (“**Capevin**”), a wholly owned subsidiary of Distell.
- 3.4 In addition, as part of the Distell Restructuring and immediately prior to the Capevin Distribution, in order to ensure that the share capital of Capevin after implementation of the Scheme mirrors that of Distell prior to the Scheme, B shares in Capevin (“**Capevin B Shares**”) will be issued to the current Distell B Shareholder *pro rata* and on a one for one basis to its holding of Distell B Shares. The Capevin B Shares will have substantially the same terms and conditions as the Distell B Shares except that voting rights will only attach to the Capevin B Shares when such shares become indivisibly linked to Capevin ordinary shares (“**Capevin Ordinary Shares**”), which will occur automatically when the Distell B Shareholders receive the Capevin Ordinary Shares in terms of the Capevin Distribution.
- 3.5 Distell Shareholders will therefore receive one Capevin Ordinary Share for every Distell Ordinary Share held and one Capevin B Share for every Distell B Share held. This will ensure that the economic and voting rights in Capevin after implementation of the Scheme are the same as the economic and voting rights in Distell prior to the Scheme.
- 3.6 In terms of the Contribution Transactions:
  - 3.6.1 Heineken will transfer to Newco (a) its 75% shareholding in Heineken South Africa (RF) (Pty) Ltd (“**HSA**”), being Heineken’s South African operating company, (b) its shareholding in Heineken South African Export Company (Pty) Ltd (“**HSAEC**”) and Heineken Brouwerijen B.V will transfer to Newco its shareholding in HSAEC, resulting in Newco holding 100% of HSAEC, with HSAEC being a South African company, housing Heineken’s export business in Botswana, Zambia, Zimbabwe, eSwatini and Lesotho and which at the time of the Transaction, will also house Heineken’s distribution business in Tanzania, Uganda, Kenya and South Sudan and (c) its holding in NBL Investment Holdings (Pty) Ltd (“**NIH**”), which holds a 59.37% shareholding in NBL, a Namibian listed entity; and
  - 3.6.2 Newco will acquire (a) from NBL, its 25% shareholding in HSA, resulting in Newco holding 100% of HSA, and (b) from Ohlthaver & List Beverage Company (Pty) Ltd (“**O&L**”), the remaining shares in NIH, resulting in Newco holding 100% of NIH.
- 3.7 The Pre-Scheme Transactions will be conditional on, *inter alia*, the Scheme receiving all required shareholder and regulatory approvals.

### 4. B-BBEE

Distell and Heineken are keenly aware of the importance of economic transformation in South Africa through B-BBEE. This includes a strong and proud track record of supporting black-owned enterprises through total combined procurement during their last financial years amounting to R3.7 billion, of which R2.6 billion was procured from black women-owned enterprises. In terms of the Transaction, Heineken is committed to ensuring

that Newco's preferential procurement policies will continue to support and grow socio-economic transformation and empowerment by promoting and nurturing the participation of SMME, and particularly black-owned and black women-owned enterprises in the economy. Furthermore, Heineken has provided a commitment that Newco's operations will be at least 15% empowered from a B-BBEE ownership perspective.

## **5. INFORMATION ABOUT DISTELL**

Distell is a business with deep roots in South Africa and a growing African and international presence. It is a leading producer and marketer of spirits, wines, ciders and other ready-to-drink beverages. Distell first listed on the JSE in 2001 following the merger of Stellenbosch Farmers' Winery and Distillers Corporation in December 2000. Its shares, under the ticker 'DGH', appears in the Beverages sector of the JSE as a result of its re-listing as an investment holding company on 1 June 2018, following the restructuring of its multi-tiered ownership structure. Some of Distell's top brands include, Savanna, Hunter's, Bernini, Esprit, Amarula, 4th Street, Nederburg, Klipdrift, and Cruz Premium Vodka. Its portfolio of brands resonates with a broad spectrum of consumers across various consumption occasions. Distell employs c.4 500 people worldwide. For more details refer to [www.distell.co.za](http://www.distell.co.za).

## **6. INFORMATION ABOUT HEINEKEN N.V., HEINEKEN AND HSA**

Heineken and HSA respectively are direct and indirect wholly owned subsidiaries of Heineken N.V. and HSA contains Heineken's South African business. Established in 1864, Heineken N.V. is a Dutch multi-national brewing company with over 300 brands, led by the iconic Heineken® brand sold in 190 countries. Heineken N.V. employ over 80,000 employees and operate breweries, malteries, cider plants and other production facilities in more than 70 countries. Heineken N.V. has a well-balanced geographic footprint with leadership positions in both developed and developing markets. Heineken N.V. distinguishes four business regions, each managed separately, namely in Europe, Americas, Asia Pacific & Africa, Middle East & Eastern Europe. Heineken N.V. is represented in South Africa by brands such as Heineken and Amstel. Heineken N.V. shares trade on the Euronext in Amsterdam. For more details refer to [www.theheinekencompany.com](http://www.theheinekencompany.com).

## **7. TRANSACTION RATIONALE**

- 7.1 The aggregate cash component of the Heineken Offer represents a significant premium to the 30-, 90- and 180-day Pre-cautionary Date VWAP.
- 7.2 The Heineken Offer is testament to the value of Distell's brands, people and route-to-market and has the potential to unlock significant value for all Distell Shareholders.
- 7.3 The Transaction will create a world-class, Southern-African focused, alcoholic beverages entity with a leading beer and cider portfolio, combining the complementary brands, talent and skills of Distell, Heineken and NBL to better serve consumers across the region and having a significant presence in the adjacent African countries.
- 7.4 Newco will benefit from strengthened route-to-market and scale that is expected to unlock significant revenue and cost synergies, which will improve its ability to grow and compete with the other players in the region.
- 7.5 The Transaction has the potential to realise significant value for Distell's B-BBEE partner and demonstrate the broad-based benefits that could flow from government's B-BBEE policies.

## **8. CONDITIONS TO THE IMPLEMENTATION OF THE SCHEME**

- 8.1 The Scheme is subject to the fulfilment or, where applicable, waiver, of the *inter alia* the following suspensive conditions ("**Scheme Conditions**"):

- 8.1.1 the independent expert appointed by the independent board of Distell, constituted for purposes of considering the Scheme as required by the Companies Regulations, 2011, promulgated under the Companies Act ("**Takeover Regulations**") ("**Distell Independent Board**"), provides (i) a "fair and reasonable" opinion in relation to the Scheme, as required by the Takeover Regulations, confirming that the Capevin Offer Consideration and the Newco Offer Consideration, respectively, are fair and reasonable to Shareholders and (ii) the reports required under section 114 of the Companies Act;
- 8.1.2 either:
  - 8.1.2.1 no Distell Shareholder (i) gives notice objecting to all or any of the Scheme resolutions, as contemplated in section 164(3) of the Companies Act nor (ii) votes against all or any of the Scheme resolutions at the Distell Scheme meeting to consider the Transaction ("**Scheme Meeting**"); or
  - 8.1.2.2 if any Distell Shareholder gives notice objecting to all or any of the Scheme resolutions, as contemplated in section 164(3) of the Companies Act and then votes against all or any of the Scheme resolutions at the Scheme Meeting, Distell Shareholders holding no more than 5% of all the issued Distell Shares give such notice and vote against all or any of the Scheme resolutions at the Scheme Meeting; or
  - 8.1.2.3 if any Distell Shareholder gives notice objecting to all or any of the Scheme resolutions, as contemplated in section 164(3) of the Companies Act and then votes against all or any of the Scheme resolutions at the Scheme Meeting in respect of more than 5% of all of the issued Distell Shares, such shareholders exercise their appraisal rights, by giving valid demands in terms of sections 164(5) to 164(8) of the Companies Act in respect of no more than 5% of all the issued Distell Shares within the maximum period permitted by the Companies Act;
- 8.1.3 each of the Scheme resolutions is approved by the requisite majority of votes of the Distell Shareholders, as the case may be, as contemplated in sections 115(2) of the Companies Act and section 5.85(c) of the JSE Listing Requirements, if required, as applicable;
- 8.1.4 to the extent required in terms of the Companies Act, the High Court of South Africa ("**Court**") approves the implementation of the Scheme resolutions;
- 8.1.5 if any Person who voted against the Scheme resolutions applies to court for a review of the Scheme in terms of section 115(3)(b) and section 115(6) of the Companies Act, either:
  - 8.1.5.1 leave to apply to Court for any such review is refused; or
  - 8.1.5.2 if leave is so granted, the Court refuses to set aside the Scheme resolutions;
- 8.1.6 all regulatory approvals required to implement the Scheme are obtained, including:
  - 8.1.6.1 the Takeover Regulations Panel ("**TRP**") issuing compliance certificates to Distell with respect to the Scheme in terms of section 121(b) of the Companies Act;
  - 8.1.6.2 the competition authorities granting such approvals as are required in terms of the Competition Act to implement the Scheme, either unconditionally, or subject to conditions acceptable to (i) Distell, acting reasonably, if the conditions are imposed on and/or will

- apply in respect of Capevin (including its subsidiaries after implementation of the Scheme) and/or any Distell Shareholder; and (ii) Newco acting reasonably, in any other case;
- 8.1.6.3 the Financial Surveillance Department of the South African Reserve Bank granting such approvals with respect to the Scheme, and any financing arrangements relating thereto, as are required in terms of the South African Exchange Control Regulations (promulgated in terms of the South African Currency and Exchanges Act, No. 9 of 1933) to implement the Scheme, either unconditionally, or subject to conditions acceptable to the party upon whom the relevant conditions are imposed and/or will apply, acting reasonably; and
  - 8.1.6.4 the JSE grants such approvals as are required in terms of the JSE Listings Requirements with respect to the Scheme;
- 8.1.7 all shareholder resolutions required for the Contribution Transactions are obtained and related requirements are met;
  - 8.1.8 all approvals (whether regulatory or otherwise, but excluding corporate approvals) required to implement the Pre-Scheme Transactions are obtained either unconditionally, or subject to conditions acceptable to (i) Distell, acting reasonably, if the conditions are imposed on and/or will apply in respect of Capevin (including its subsidiaries after implementation of the Scheme) and/or any Distell Shareholder; (ii) Newco and Distell, acting reasonably, if the conditions are imposed on and/or will apply in respect of Newco (including its subsidiaries after implementation of the scheme); and (iii) Newco, acting reasonably, in any other case;
  - 8.1.9 the Pre-Scheme Transactions are implemented;
  - 8.1.10 Distell Shareholders accept the Out-of-Scope Assets Offer (or fail to make a valid election to reject the Out-of-Scope Assets Offer) in respect of not more than 82,242,883 of the Capevin Ordinary Shares;
  - 8.1.11 Distell Shareholders elect (or are deemed to have elected) to receive cash, whether pursuant to the Newco Cash Only Option or the Newco Fixed Ratio Option, in respect of not more than 111,921,569 of the Distell Ordinary Shares;
  - 8.1.12 should the Newco Capital Raise be required to proceed, either Distell Full Reinvestment Shareholders elect, or an underwriter agrees, to subscribe for shares in Newco for an aggregate subscription consideration equal to not less than 25% of the Excess Amount nor more than the Maximum Capital Raise Amount;
  - 8.1.13 none of Distell, NBL, NIH, HSA nor HSAEC having made a distribution to or repurchased any securities from their respective shareholders for the period commencing on each company's respective most recent financial year end ("**FYE Date**") and terminating on the date the Scheme is implemented ("**Scheme Implementation Date**"), save as contemplated in the applicable transaction agreements;
  - 8.1.14 each of Distell, NBL, NIH, HSA and HSAEC having continued the conduct of their respective businesses in the ordinary course of business for the period commencing on each company's respective FYE Date and terminating on the Scheme Implementation Date, save as contemplated in the applicable transaction agreements;
  - 8.1.15 none of Distell, NBL, NIH, HSA nor HSAEC having issued any

securities for the period commencing on each company's respective FYE Date and terminating on the Scheme Implementation Date, save as contemplated in the applicable transaction agreements; and

- 8.1.16 no insolvency event having occurred in respect of Distell, HSA, HSAEC, NIH or NBL.
- 8.2 The Scheme Conditions set out in this paragraph 7 must be fulfilled or, if applicable, waived by not later than 13 May 2023 ("**Scheme Longstop Date**"), or such later date as contemplated in paragraph 8.3 below. The Scheme Conditions in 8.1.10, 8.1.11 and 8.1.12 can be waived by Heineken. The Scheme Conditions in 8.1.1, 8.1.2, 8.1.13, 8.1.14, 8.1.15 and 8.1.16 can be waived by agreement between Heineken, Newco and Distell, save as contemplated in the applicable transaction agreements, and the Scheme Conditions in 8.1.6, 8.1.8 and 8.1.9 can, to the extent possible in law and applicable, be waived by agreement between Heineken, Newco and Distell. The Scheme Conditions in 8.1.3, 8.1.4, 8.1.5 and 8.1.7 cannot be waived.
- 8.3 Heineken, Newco and Distell may, by agreement, extend the Scheme Longstop Date, provided that that they must obtain the prior written consent of NBL and O&L to extend the Scheme Longstop Date to a date which is more than 24 (twenty four) months after the date on which the Implementation Agreement was signed.

## **9. DECLARATION OF DISTRIBUTIONS AND ISSUING OF SECURITIES BY DISTELL**

As part of the Implementation Agreement, Distell is precluded from declaring any dividends or making any other distributions to Distell Shareholders (including the repayment of shareholder loan accounts) before the Scheme is implemented, nor is it permitted to issue any securities or options, including Shares, whether to any existing Distell Shareholders or to any other person, nor to repurchase any Shares from any existing Distell Shareholders, save as contemplated in the transaction agreements.

## **10. EMPLOYEE INCENTIVE SCHEMES**

All awards made to participants in either of Distell's two long-term incentive schemes, namely the Conditional Share Plan Scheme ("**CSP**") and the Share Appreciation Right Scheme ("**SAR Plan**"), which have not yet vested at the time of implementation of the Scheme, will be cash settled by Distell upon implementation of the Scheme in accordance with the rules applicable to the CSP and the SAR Plan, respectively, as contemplated in regulation 87(3) of the Takeover Regulations.

## **11. TRANSACTION FUNDING, GUARANTEE CONFIRMATION AND CONFIRMATION OF AUTHORISED NEWCO SHARE CAPITAL**

- 11.1 The cash consideration required by Newco for the Newco Cash Only Option and the Newco Fixed Ratio Option in relation to the In-Scope Assets Offer and the Capevin Offer Consideration in relation to the Out-Of-Scope Assets Offer will be funded by Heineken from a combination of available cash balances and/or committed credit facilities. The proceeds of the Newco Capital Raise will be utilised to partially settle the finance raised by Newco for purposes of the Newco Cash Only Option and the Newco Fixed Ratio Option.
- 11.2 Heineken has confirmed that Newco will have sufficient authorised but unissued share capital available from which to issue Newco shares to Distell Shareholders who elect the Newco Reinvestment Option and/or the Newco Fixed Ratio Option in terms of the Scheme.
- 11.3 In compliance with regulations 111(4) and 111(5) of the Takeover Regulations, Heineken and Newco have provided the TRP with a written irrevocable guarantee (in a form approved by the TRP) issued by The



Standard Bank of South Africa Limited, a licensed bank in terms of the Banks Act 1990, in terms of which the guarantor undertakes to pay the maximum cash consideration of R19 670 000 000 in relation to the Scheme, should Heineken and/or Newco fail to do so. Payment under the written irrevocable confirmation is subject to the Scheme becoming unconditional and being implemented in accordance with its terms and conditions.

**12. SHARES IN DISTELL HELD BY NEWCO AND/OR HEINEKEN, PERSONS RELATED TO NEWCO AND/OR HEINEKEN AND/OR PERSONS ACTING IN CONCERT WITH NEWCO AND/OR HEINEKEN**

- 12.1 Neither Newco nor Heineken (nor any persons related to either of them) hold any Distell Ordinary Shares or Distell B Shares.
- 12.2 Neither Newco nor Heineken (nor any persons related to either of them) has had dealings in Distell Ordinary Shares or Distell B Shares during the six-month period prior to the date of signature of the Implementation Agreement.
- 12.3 None of the directors of Newco nor Heineken have a beneficial interest in Distell Ordinary Shares or Distell B Shares.
- 12.4 Neither Newco nor Heineken (nor any persons related to either of them) hold any option to purchase any Distell Ordinary Shares or Distell B Shares.
- 12.5 None of the directors of Newco nor Heineken have had any dealings in Distell Ordinary Shares or Distell B Shares during the six-month period prior to the date of signature of the Implementation Agreement.
- 12.6 Heineken and Newco confirm that they are the ultimate prospective purchasers of the Distell Shares and the Capevin Shares and that they are acting alone, and not in concert with, any other person (save for each other) in respect of the Scheme.

**13. IRREVOCABLE UNDERTAKINGS**

As at the date of this announcement, Remgro Limited (“**Remgro**”) has provided Distell with an irrevocable undertaking to vote in favour of the special and ordinary resolutions to be proposed at the Scheme Meeting referred to in paragraph 16 below. Remgro holds 56.37% of the voting rights in Distell.

**14. DISTELL INDEPENDENT BOARD, INDEPENDENT EXPERT AND INDEPENDENT EXPERT’S REPORT AND FAIR AND REASONABLE OPINION**

- 14.1 In accordance with the provisions of the Companies Act and the Takeover Regulations, Distell has established the Distell Independent Board for purposes of assessing the terms of the Scheme (being the Capevin Distribution and the Heineken Offer), as well as advising Distell Shareholders thereon. The Distell Independent Board comprises Mr. AC Parker (as lead independent director), Ms GP Dingaen, Mr GCJ Kruythoff, Mr CA Otto and Ms CE Sevillano-Barredo.
- 14.2 The Distell Independent Board has appointed BDO Corporate Finance Proprietary Limited to act as independent expert, as required in terms of section 114(2) of the Companies Act and Regulation 110 of the Takeover Regulations (“**Independent Expert**”), to provide it with external advice in relation to the Scheme and to make appropriate recommendations to the Distell Independent Board in the form of a fair and reasonable opinion (“**Independent Expert’s Report**”). The Independent Expert’s Report as well as the Distell Independent Board’s opinion on the terms of the Scheme will be detailed in the Scheme Circular referred to in paragraph 16 below.

**15. PRO FORMA FINANCIAL EFFECTS**

The TRP has granted Distell a dispensation from the obligation to include the financial effects of the Transaction in this announcement. The *pro forma* financial effects of the Transaction will be contained in the

Prospectus and Scheme Circular as set out in paragraph 16 below.

**16. DISTRIBUTION OF THE SCHEME CIRCULAR AND PROSPECTUS**

- 16.1 Distell Shareholders are advised that the Scheme Circular, containing the full details of the terms of the Transaction and incorporating a notice convening the Scheme Meeting of Distell Shareholders in order to consider and, if deemed fit, to pass, with or without modification, the ordinary and special resolutions necessary in order to authorise and implement the Scheme, is in the process of being prepared and will be distributed to Distell Shareholders. In this regard, the TRP has granted Distell a dispensation from the obligation to comply with Regulation 102(2) of the Takeover Regulations and has afforded Distell until 12 January 2022 to issue the Scheme Circular, which will be accompanied by the Prospectus to be issued by Newco.
- 16.2 The Prospectus in relation to Newco, required as a result of the Newco Reinvestment Option and the Newco Fixed Ratio Option, will be made available to Distell Shareholders for the purposes of assessing the Newco Reinvestment Option and the Newco Fixed Ratio Option. As part of the information required in terms of the Companies Act, the Prospectus will provide Distell Shareholders with information on Newco as it will be constituted after the implementation of the Scheme, including in relation to:
- 16.2.1 its business, directors, objectives and prospects;
  - 16.2.2 the historical financial information in respect of Distell's previously published information, HSA, HSAEC (including the distribution business in respect of Tanzania, Uganda, Kenya and South Sudan) and NBL;
  - 16.2.3 the carve-out historical financial information in respect of Capevin, representing the Out-of-Scope Assets;
  - 16.2.4 *pro forma* financial information of Newco; and
  - 16.2.5 key terms relating to the incorporation documents of Newco, including any applicable shareholders agreement.
- 16.3 The salient dates pertaining to the Heineken Offer will be released on SENS on the date of distribution of the Scheme Circular and Prospectus.

**17. DELISTING**

- 17.1 Pursuant to the implementation of the Transaction, and in terms of paragraph 1.17(b) of the JSE Listings Requirements, all Distell Ordinary Shares will be delisted from the Main Board of the JSE following implementation of the Scheme.
- 17.2 It should be noted that Distell's In-Scope Assets will form part of unlisted Newco and the Out-of-Scope Assets will remain in unlisted Capevin, which will be a private company.

**18. FOREIGN DISTELL SHAREHOLDERS**

- 18.1 The Scheme, including the Capevin Distribution is governed by and will be implemented in accordance with the laws of South Africa and is subject to applicable South African laws and regulations, including the exchange control regulations. These South African laws may be different from the laws applicable in other jurisdictions. Certain Distell Shareholders who are resident in foreign jurisdictions ("**Foreign Distell Shareholders**") may be prohibited from accepting the Capevin Ordinary Shares pursuant to the Capevin Distribution and/or electing the Newco Share Only Option and/or Newco Fixed Ratio Option in respect of the Newco Offer, and should consult and obtain advice from a professional advisor in the relevant jurisdiction without delay.
- 18.2 No action has been taken by Distell, Heineken or Newco to obtain any approval, authorization or exemption to permit the distribution of the Capevin Ordinary Shares, or the transfer of Newco Shares, or the possession or distribution of the Scheme Circular or Prospectus (or any other publically available documents relating to the Scheme, the Capevin

Ordinary Shares and/or the Newco Shares), in any jurisdiction other than South Africa.

- 18.3 All Distell Shareholders who are resident or whose registered addresses are in any country other than in the common monetary area will be deemed to be Foreign Distell Shareholders who cannot receive the Capevin Ordinary Shares and/or the Newco Shares ("**Foreign Excluded Distell Shareholders**") unless such Distell Shareholders provide Distell's transfer secretaries with proof, satisfactory to the Distell Board, that such Foreign Distell Shareholders are entitled to receive the Capevin Ordinary Shares and/or the Newco Shares, as applicable. Distell Shareholders' CSDP or brokers, as applicable, will be responsible for informing Distell's transfer secretaries of any Distell Shares held by a Foreign Distell Shareholder and the transfer secretaries will be responsible for determining which certificated Distell Shareholders are Foreign Distell Shareholders.
- 18.4 Foreign Excluded Distell Shareholders who do not provide proof that they are entitled to receive Capevin Ordinary Shares and/or Newco Shares will be deemed to have:
- 18.4.1 accepted the Out-Of-Scope Assets Offer. In such circumstances, the Capevin Ordinary Shares of such Foreign Excluded Distell Shareholders will be disposed of to Heineken for the benefit of the relevant Foreign Excluded Distell Shareholders, for the Capevin Offer Consideration. The cash proceeds (post costs and taxes) from such disposal will be repatriated to the relevant Foreign Excluded Distell Shareholders; and
- 18.4.2 elected the Newco Cash Only Option. In such circumstances, the Distell Shares of such Foreign Excluded Distell Shareholders will be disposed of to Newco for the benefit of the relevant Foreign Excluded Distell Shareholders, for the cash consideration applicable in respect of the Newco Cash Only Option. The cash proceeds (post costs and taxes) from such disposal will be repatriated to the relevant Foreign Excluded Distell Shareholders.

## **19. DISTELL NAMIBIA TRANSACTION**

- 19.1 Distell Shareholders are advised that Distell, Heineken and NBL are in discussions regarding the possible disposal by Distell of the shares it holds in three companies which operate in Namibia ("**Distell Namibia Companies**") ("**Distell Namibia Transaction**"). It is anticipated that the Distell Namibia Transaction will be subject to various conditions precedent, including that:
- 19.1.1 the Scheme receives all required shareholder and regulatory approvals;
- 19.1.2 NBL is satisfied with the results of a due diligence investigation undertaken into the affairs of the Distell Namibia Companies;
- 19.1.3 NBL's board of directors approves the agreement regulating the Distell Namibia Transaction;
- 19.1.4 the required approval from NBL shareholders for the Distell Namibia Transaction is obtained; and
- 19.1.5 an independent expert provides a "fair and reasonable" opinion in relation to the Distell Namibia Transaction.
- 19.2 Negotiations regarding the Distell Namibia Transaction are underway. If an agreement is concluded, the approval of Distell Shareholders and the TRP will be required for the disposal by Distell of the Distell Namibia Companies in terms of section 126 of the Companies Act. If applicable, the Distell Namibia Transaction will be dealt with in, and the required Distell shareholder approval will be sought in terms of, the Scheme Circular.
- 19.3 The Distell Namibia Companies distribute in Namibia products manufactured by Distell in South Africa and operate 4 depots across Namibia. Their business includes a strong portfolio of brands in Namibia, primarily in the wines, cider and ready-to-drink and spirits categories.
- 19.4 Distell Shareholders are alerted to the fact that the value of the Distell

Namibia Companies has been factored into and included in the In-Scope Assets Offer and the proceeds from this disposal, if it proceeds, will accordingly accrue to Newco.

**20. FURTHER CAUTIONARY ANNOUNCEMENT**

Notwithstanding the cautionary announcements released on SENS by the Distell (the latest being released on 29 September 2021), considering the fact that the required *pro forma* financial effects of the Transaction are still to be announced, Distell Shareholders are advised to continue to exercise caution when dealing in their Distell Shares until such information is released.

**21. RESPONSIBILITY STATEMENTS**

21.1 The Distell Independent Board, individually and collectively, accepts responsibility for the information contained in this announcement insofar as it relates to Distell. In addition, the Distell Independent Board confirms that, to the best of its knowledge and belief, the information contained in this announcement, as it relates to Distell, is true and correct and, where appropriate, does not omit anything that is likely to affect the importance of the information contained herein pertaining to Distell and that all reasonable enquiries to ascertain such information have been made.

21.2 The Distell Board, individually and collectively, accepts responsibility for the information contained in this announcement insofar as it relates to Distell. In addition, the Distell Board confirms that, to the best of its knowledge and belief, the information contained in this announcement, as it relates to Distell, is true and correct and, where appropriate, does not omit anything that is likely to affect the importance of the information contained herein pertaining to Distell and that all reasonable enquiries to ascertain such information have been made.

21.3 The board of directors of Newco, individually and collectively, accepts responsibility for information contained in this announcement insofar as it relates to Newco. In addition, the board of directors of Newco certifies that to the best of its knowledge and belief, the information contained in this announcement as it relates to Newco, is true and correct and, where appropriate, does not omit anything that is likely to affect the importance of the information contained herein pertaining to Newco and that all reasonable enquiries to ascertain such information have been made.

21.4 The board of directors of Heineken, individually and collectively, accepts responsibility for information contained in this announcement insofar as it relates to Heineken. In addition, the board of directors of Heineken certifies that to the best of its knowledge and belief, the information contained in this announcement as it relates to Heineken, is true and correct and, where appropriate, does not omit anything that is likely to affect the importance of the information contained herein pertaining to Heineken and that all reasonable enquiries to ascertain such information have been made.

**21. INVESTOR CALL**

21.1 Distell will be hosting a webcast and call on 15 November 2021 at 09:30 CAT to discuss the Transaction. The audio webcast can be accessed via the following link:  
<https://services.themediaframe.com/links/distell10040731.html>.

Dial-in details:

- South Africa (Toll Free): 0 800 200 648
- Johannesburg: 011 535 3600
- Other Countries: +27 11 535 3600
- UK: 0 333 300 1418
- USA & Canada: 1 508 924 4326

By order of the board of directors of Distell

Stellenbosch  
15 November 2021

Financial Adviser, Investment Bank, Corporate Broker, Sponsor and Transaction  
Sponsor to Distell  
Rand Merchant Bank, a division of FirstRand Bank Limited

Legal adviser to Distell  
ENSAfrica

Communications Consultant to Distell  
FTI Consulting

Independent Expert  
BDO Corporate Finance Proprietary Limited

By order of the board of directors of Heineken

Amsterdam  
15 November 2021

Sole Financial Adviser to Heineken  
Nomura International plc

Legal adviser to Heineken  
Webber Wentzel

Communications Consultant to Heineken  
Edelman Smithfield

Guarantor for Heineken and Newco  
The Standard Bank of South Africa Limited