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Red Stripe

Directors' Circular

to the shareholders of

DESNOES & GEDDES LIMITED

RECOMMENDING ACCEPTANCE

of the offer by

HEINEKEN SWEDEN AB

**to purchase all the ordinary stock units issued and to be issued by
Desnoes & Geddes Limited except such ordinary stock units which it or
other members of the Heineken Group currently own**

THE BOARD OF DIRECTORS OF DESNOES & GEDDES LIMITED UNANIMOUSLY
RECOMMEND THAT YOU ACCEPT THE HEINEKEN OFFER

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PRELIMINARY

To the shareholders in Desnoes & Geddes Limited:

This Directors' Circular is issued in accordance with the Securities (Take-Overs and Mergers) Regulations, 1999 (as amended) and the Jamaica Stock Exchange's General Principles Relating to Take-Overs and Mergers.

References to legislation in this Directors' Circular are to be construed as references to Jamaican legislation unless otherwise stated.

The Directors, as a whole, remain responsible for the contents and the issuance of this Directors' Circular.

Part A – General Matters

Interpretation

1.1 In this Directors' Circular:

“Business Day”	means a day (other than a Saturday, Sunday or public holiday) on which banks are generally open for business in Jamaica;
“Close”	with reference to the Offer means the time when the Offer ends;
“Diageo”	means Diageo plc and its subsidiaries or any one of them;
“D&G” or “the Company”	means Desnoes & Geddes Limited, a company incorporated in Jamaica with its registered office at 214 Spanish Town Road, Kingston 11;
“D&G Shareholder”	means a registered holder of D&G Shares;
“D&G Shares”	means ordinary shares of no par value in the capital of D&G;
“Dissenting Shareholder”	means a holder of D&G Shares who, for any reason, does not accept the Offer in respect of all his D&G Shares;
“Expiry Time”	means 5.00 p.m. on December 22, 2015 or such later time to which the Offer is extended;

“Form of Acceptance and Transfer”	means the Form of Acceptance and Transfer relating to the Offer and sent with the Offer Circular;
“FSC”	means the Financial Services Commission of Jamaica;
“GCT”	means general consumption tax payable in Jamaica;
“Heineken Group”	means Heineken N.V and its direct and indirect subsidiaries;
“Heineken International”	means Heineken International B.V., a company incorporated in Netherlands and a wholly-owned subsidiary of Heineken N.V;
“Heineken N.V.”	means Heineken N.V., a public company incorporated in the Netherlands with shares listed on Euronext Amsterdam;
“Heineken Sweden”	means Heineken Sweden AB, a limited liability company incorporated in Sweden, formerly known as Udiam Holdings AB and now a wholly-owned subsidiary of Heineken International;
“Independent Directors”	means Richard Byles, Carol Bourke, Peter Melhado, Gary “Butch” Hendrickson and Dr. Damien King;
“Jamaica Take-over Code”	means the General Principles relating to Take-overs and Mergers set out in Appendix 1 to the Rules of the Jamaica Stock Exchange;
“JCSD”	means the Jamaica Central Securities Depository Limited;
“JSE”	means the Jamaica Stock Exchange;
“Offer” or “the Heineken Offer”	means the Offer to acquire all of the D&G Shares made by Heineken Sweden (except D&G Shares registered in the names of members of the Heineken Group) on the terms set out in the Offer Circular;
“Offeree”	means a shareholder of D&G (other than members of the Heineken Group) to whom the Offer is directed;
“Offeror”	means Heineken Sweden;

“Offer Circular”	means the offer document issued by the Offeror and dated November 6, 2015 setting out the details of the Offer;
“Offer Price”	means US\$0.259 per D&G Share payable in cash in United States currency (“US\$”);
“Tendered Shares”	means the D&G Shares in respect of which acceptances have been made by the relevant D&G Shareholders;
“TOMS Regs.”	means the Securities (Take-overs and Mergers) Regulations, 1999 as amended by the Securities (Take-overs and Mergers) (Amendment) Regulations, 2014;
“Transaction”	means the transaction involving the purchase of D&G Shares by the Offeror pursuant to the Offer on the terms and conditions set out in the Offer Circular.

References to “**Close**” of the Transaction with its grammatical variations and other cognate expressions refer to the Expiry Time.

References to “**Completion**” with its grammatical variations and other cognate expressions such as “Completed”, means, with reference to the Offer, completion of the contract arising from acceptance of Offer made by the Offeror by payment of the Offer Price and transfer to the Offeror or its nominee of the Tendered Shares.

For purposes of this Offer Circular, one person (X) shall be deemed to “**control**” another person (Y) if the first person (X) has the right or power, whether directly or indirectly: (a) to receive more than one-half of all distributions, whether of capital or revenue, at any time made by the other person (Y); (b) holds shares carrying more than 50% of the voting rights on a poll of the other person (Y) (but excluding any votes which are only exercisable upon the occurrence of any contingency); or (c) to control the composition of more than one-half of the board of directors of such other person (Y). Any company or other corporate body which controls, is controlled by, or is under common control with another company or corporate body shall be deemed to be affiliated with such other company or corporate body.

1.2 References to the singular include the plural and *vice versa* and reference to one gender includes all other genders.

Introduction

2. Diageo plc owned, through a Swedish indirect subsidiary, Udiam Holdings AB (“Udium”), 1,625,549,827 D&G Shares constituting 57.87% of D&G’s issued ordinary share capital. Diageo also held directly in its own name 27,702 D&G Shares. Heineken N.V. owned 434,033,141 D&G Shares constituting 15.45% of D&G’s issued ordinary share capital. On October 7, 2015 Heineken International, a wholly-owned subsidiary of Heineken N.V., announced that it had acquired:

- (a) all of the issued share capital of Udiam (since then renamed Heineken Sweden); and
- (b) 27,702 D&G Shares held by Diageo.

3. The effect of the above transactions was to increase Heineken N.V.’s direct and indirect shareholding in D&G to approximately 73.32% as shown in the following table:

Holdings	No. of D&G Shares	Percentage (%)
Previously held by Heineken N.V.	434,033,141	15.45
Heineken Sweden (formerly Udiam)	1,625,549,827	57.87
Acquired direct from Diageo	27,702	0.00
Total	2,059,610,670	73.32

The total price paid by the Heineken Group for the D&G Shares acquired from Diageo was US\$421,000,000 which translates to US\$0.259 per D&G Share.

4. As a result of the Heineken Group acquiring more than 50% of the D&G Shares it became obliged under the Securities (Take-overs & and Mergers) Regulations, 1999 (as amended) (“TOMS Regs”) and the Jamaica Takeover Code to make a mandatory “follow-up” offer to all the remaining D&G Shareholders at the same price per D&G Share at which the Heineken Group acquired the D&G Shares from the Diageo Group - that is to say US\$0.259 per D&G Share.

5. Accordingly, in pursuance of the obligation to make such mandatory offer on November 6, 2015 Heineken Sweden delivered to your Board of Directors the offer set out in the document entitled “*Take-Over Bid Offer Circular*” (“the Offer Circular”) which accompanies this Directors’ Circular. Your directors are required by the TOMS Regs. and the Jamaica Take-over Code to provide guidance on the Offer to you by way of a Directors’ Circular and this document is the Directors’ Circular.

Further Details of the Offer

6. The Offer by Heineken Sweden is to purchase all the D&G Shares issued or to be issued before the Close of the Offer and which are not already owned by Heineken

Sweden or other members of the Heineken Group. Key elements of the Offer are as follows:

Offer Price:	US\$0.259 (being approximately J\$31.04 based on the weighted average selling rate of J\$119.85 published by the Bank of Jamaica on November 6, 2015, the date of the Offer)
Closing Price on the JSE on October 6, 2015 (the trading day before the date of announcement of the Offer):	J\$7.00
Offer Premium:	343.43%
Opening Date of the Offer:	November 6, 2015
Date after which Acceptance will be irrevocable:	November 13, 2015
Offer Price –When Payable	Within 14 days after the Final Closing Date to Shareholders who accept the Offer.
Offer Price- How Payable:	In US\$ by wire transfer or by cheque
Conditions attached to Offer:	None – save: (i) delivery of duly completed Form of Acceptance and Transfer together with share certificate or JCSD account statement evidencing ownership of the relevant D&G Shares; and (ii) D&G Shares tendered must be free and clear of all lien, charges encumbrances and equitable claims.
Offer Period:	November 6, 2015 to December 22, 2015 (subject to right of Heineken Sweden to extend the closing date).
JSE Cess	0.30% on the “sell” side payable by the seller (i.e. a D&G Shareholder who accepts the Offer) and 0.30% on the “buy” side payable by the buyer (i.e. Offeror).
Stockbroker’s Fee	To be paid by Heineken.

Analysis of the Offer

7. The Offer by Heineken Sweden is to purchase all the ordinary shares of D&G not already held by the Heineken Group. In the aggregate this is approximately 749,559,524 D&G Shares or approximately 26.68% of the outstanding ordinary share capital of D&G. At the Offer Price of US\$0.259 per D&G Share the Offer has an aggregate value of approximately US\$194,135,916. The Heineken Group already owns 2,059,610,670 D&G Shares (approximately 73.32% of the issued share capital of D&G). It means that with the acquisition of an additional 47,266,976 D&G Shares (or approximately 1.68% of the issued share capital of D&G), the Heineken Group will control 75% of the issued share capital of D&G and will be able to pass any resolution which the Group wishes to pass.

8. If acceptances are received, in respect of D&G Shares totalling 90% of the 749,559,524 D&G Shares which are not presently owned by the Heineken Group, then the Offeror reserves the right to take the necessary steps under section 209 of the Companies Act to compulsorily acquire the remaining shares in respect of which acceptances were not received. The compulsory acquisition process would work as follows:

- (a) first between the fourth (4th) to sixth (6th) months after the close of the Offer, the Offeror would give notice to the Dissenting Shareholders that it wishes to acquire their D&G Shares;
- (b) a Dissenting Shareholder has a right, within one month after the date on which the notice is given, to apply to the Supreme Court of Judicature for an Order to prevent the Offeror from carrying through with the compulsory acquisition;
- (c) if no such application is made or if an application is made for an Order which is denied, then at the end of the one-month period referred to above or after any application to the Court has been disposed of in favour of the Offeror, the Offeror would pay to D&G the price for all the D&G Shares which are compulsorily acquired and the Board of Directors of D&G would appoint a person (customarily its Secretary) to sign a transfer of those D&G Shares on behalf of the Dissenting Shareholders;
- (d) D&G would then be required to register a transfer of the D&G Shares in favour of the Offeror;
- (e) the purchase price received by D&G in respect of the compulsorily acquired D&G Shares would be held in a trust account and paid out to relevant Dissenting Shareholder; and
- (f) the purchase price in respect of Dissenting Shareholders who have not encashed their cheques will continue to be held by D&G in trust to be paid to them if and when they turn up to claim the relevant sum.

9. In evaluating the Offer, your Directors retained Ernst & Young (“E&Y”) to undertake an independent professional fair value assessment of the Offer and to produce a fairness opinion. A full copy of the E&Y Report is available for inspection. The table below summarises the results of E&Y’s valuation analysis under the income and market approaches, including the average value under each method applied. Based on the average of each of the valuation methods considered, the estimated value per share ranges between J\$9.93 and J\$13.85.

Summary of Value J\$	Low	High	Average	Offer Price (assuming fixed exchange rate of US\$1: J\$119.85)
Income Approach				
Capitalised FCFF	8.88	10.98	9.93	213%
Discounted Cash Flow	10.26	11.66	10.96	183%
Market Approach				
Transaction Multiples				
Total Enterprise Value/ EBITDA	12.41	15.28	13.85	124%
Total Enterprise Value /Revenue	10.67	13.11	11.89	161%
Trading Multiple				
Price/Book Value	8.44	11.46	9.95	212%

Special Board Committee

10. On receiving notice that the Heineken Group had acquired Diageo’s 57.87% shareholding in D&G, it became apparent to your Directors that Heineken, under the TOMS Regs. and the Jamaican Takeover Code was obliged to make a mandatory “follow-up” bid to the remaining shareholders in D&G. On October 12, 2015, your Board delegated to the Governance Committee the task of reviewing and considering the Take-Over Offer from the Offeror and to coordinate the preparation of a Director’s Circular on behalf of the Board. The members of the Governance Committee are:

- (a) Peter Melhado – Chairman;
- (b) Richard Byles;
- (c) Gary “Butch” Hendrickson; and
- (d) Peter Hall

11. Peter Hall is a Heineken Group executive. Cedric Blair, a Jamaican, joined Desnoes & Geddes Limited in 1995 but was seconded for several years to Diageo North

America and Bruce Kidner was a Diageo nominee who recently resigned from the Board. Both were members of the Governance Committee but resigned from the Board on October 12, 2015 and therefore did not participate in the deliberations of the Special Committee mentioned below. Peter Hall recused himself from the deliberations and accordingly the first three (3) directors, being those that are completely independent, have constituted themselves into a Special Committee to guide the Board in relation to the Offer.

12. The Special Committee retained Patterson Mair Hamilton, Attorneys-at-Law, to advise on the legal and regulatory issues concerning the Offer and your Directors' response thereto and to assist in the preparation of the requisite Directors' Circular. The Special Committee also appointed Ernst & Young, Chartered Accountants, to undertake a financial analysis of the Offer and to provide an opinion as to the "fairness" of the Offer.

13. After review of the Heineken Offer and consultation with Patterson Mair Hamilton and Ernst & Young, the Special Committee unanimously concluded that the Heineken Offer was in the best interest of D&G Shareholders and recommended acceptance to your Board.

14. **Accordingly your Board of Directors acting on the unanimous recommendation of the Special Committee now recommends that all D&G shareholders accept the Offer.**

Why you should accept the Offer

15. In making its recommendation your Board considered the recommendation of the Special Committee and carefully reviewed and considered all relevant aspects of the Offer. **The factors set out below are the principal reasons for the UNANIMOUS RECOMMENDATION of the Special Committee and your Board that all D&G Shareholders ACCEPT the Offer and TENDER all their D&G Shares to the Offeror.**

(a) Significant Premium to the Current Trading Price

16. The Offer is US\$0.259 per D&G Share. This translates to approximately J\$31.04 per share at the weighted average selling rate for the United States dollar ("US\$") published by the Bank of Jamaica on the date of the Offer Circular. At the time when the Offer was announced the last trading price for D&G Shares was J\$7.00. The Offer therefore represents a premium of approximately 343.43% on the closing price of J\$7.00 as at the announcement date.

17. Over the last 6 months D&G Shares have traded at a high of J\$8.00 and a low of J\$5.45. The volume-weighted average price over the period was J\$6.68. An offer price that is payable in United States dollars and that translates to approximately J\$31.04 is, in your Directors opinion an excellent price and one not likely to be seen in the near future.

(b) Planned Delisting of the D&G shares

18. The Heineken Group currently holds approximately 73.32% of the ordinary share capital of D&G. In your Directors' view it is highly likely that acceptances of the Offer will take the aggregate holdings of the Heineken Group beyond 80%. Under the Rules of the Jamaica Stock Exchange where one shareholder either individually or collectively with "concert parties" holds more than 80% of the listed shares of a company the Stock Exchange has the right to de-list such a company. In fact, the Offeror has made clear its intention to delist the D&G Shares. Indeed, at paragraph 10 of its Offer Circular it states that:

"If as expected, Heineken Sweden acquires a further approximately 6.7% of the Shares pursuant to the Offer, Heineken Sweden intends to procure that the Shares are delisted from the JSE. This is likely to occur shortly after closing of the Offer. Upon delisting, Shares will not be tradable on the floor of the JSE, all transfers of Shares will render both the transferor and transferee liable for transfer tax and stamp duty."

It is therefore clear that D&G Shares will, in all probability, be delisted from the JSE.

19. If the D&G Shares are delisted they will become illiquid – that is to say there will be no recognised trading system in which D&G Shares may be bought or sold. In such a case a person holding D&G Shares may still be able to sell them but he most likely would have to find his own buyer and Heineken Group would not be obliged to buy such shares at the current Offer price except during the period when any compulsory "squeeze out" is in process (See paragraph 8 above).

20. In addition, as the Offeror warns, a sale of D&G Shares after the de-listing will expose the seller to the following transactional taxes which are avoided in the case of a sale of listed shares on the JSE, namely:

<i>Tax</i>	<i>Rate</i>	<i>Who pays</i>
Transfer Tax	5% on sale price (or market value if transfer is not deemed to be on an arm's length basis)	Seller
Stamp duty	1% of sale price	Customarily borne equally by seller and buyer

Thus, failure to accept the Offer is likely to put a Dissenting Shareholder at a significant disadvantage, for not only will the current Offer Price not be available (except during any compulsory "squeeze out", initiated four months after the close of the Offer), but the seller will incur transfer costs of approximately 5.5% unless the Offeror or other purchaser agrees to bear such costs. It should also be said that where shares are transferred after delisting the JSE cess (0.3% or 30 basis points) and stockbroker's fees

(negotiable) would both be avoided on the part of the seller. Note that the purchaser also bears a similar JSE cess of 0.3% on the “buy” side of the trade.

(c) Absence of Conditions to the Offer

21. The Offer is commendably simple without any conditions that create uncertainty. All that a you, as a D&G Shareholder, has to do is complete and sign the Form of Acceptance and Transfer and deliver it to the Lead Broker at:

NCB Capital Markets Limited
32 Trafalgar Road
Kingston 10
Jamaica

along with the relevant stock certificate or, if your D&G Shares are held in the Jamaica Central Securities Depository (JCSD), with your JCSD receipt or account statement evidencing proof of ownership of such D&G Shares. You may also deliver the document to any Sub-Agent listed as such in the Offer Circular or to your securities dealer for transmission to the Lead Broker or other Receiving Agent. If you cannot find your share certificate then you can sign a Form of Indemnity for Lost Certificate which you can get from the Lead Broker or any listed Sub-agent in the Directory section of the Offer. If your D&G Shares are held in the JCSD and you do not have an up-to date account statement then you should contact your securities dealer or the JCSD immediately.

22. So the acceptance process is fairly simple and relatively devoid of material uncertainty.

(d) Future Dividend Policy

23. The Offer Circular states that: “*Heineken Group may or may not change or alter D&G’s dividend policy after the Initial Closing Date*” (i.e. December 22, 2015). Thus the Heineken Group is giving no commitment on future dividend policy. As a result of the Offer, D&G is likely to become a closely-held Heineken Group subsidiary and in such a case it is likely that D&G will have no predictable dividend policy. In such circumstances dividends and distributions tend to be paid when it is strategic for the Heineken Group to effect such payment.

(e) After completion of the Transaction the Heineken Group may not purchase D&G shares at the Offer Price

24. If the Offeror does not acquire 90% of the D&G Shares not already held by the Heineken Group the offer will close on the Final Closing Date. If the Offeror acquires 90% or more of the outstanding D&G Shares not already held by the Heineken Group then it will have the right to evoke section 209 of the Companies Act, 2004 in order to compulsorily acquire D&G Shares held by Dissenting Shareholders including so called “dead or missing” shareholders.

25. The compulsory acquisition or “squeeze out” price would be the Offer Price of US\$0.259 per D&G Share. However, since the compulsory acquisition right can only be initiated if the 90% acceptance threshold is achieved there is no guarantee that that price will be available after the Final Closing Date of the Offer.

(f) “Hold-outs” who are compulsorily “squeezed out” will suffer a time value loss on the Offer Price

26. If you decide not to accept the Offer there is no guarantee, as stated above, that the Offeror may take steps to compulsorily acquire your D&G Shares. Before the Offeror can do so it must acquire at least 90% of the outstanding D&G Shares which the Heineken Group does not already own. In other words, the Heineken Group collectively owns 73.32% of the D&G Shares. In order to trigger the right to compulsorily “squeeze out” the remaining shareholders the Offeror must receive acceptances in the Offer totalling approximately 90% of the 749,559,524 D&G Shares not in the hands of the Heineken Group – that is to say an additional 674,603,572 D&G Shares (approximately). This may or may not occur and even if it occurs, the Heineken Group may not seek to compulsorily acquire the remaining D&G Shares.

27. But, even if the 90% acceptance threshold is achieved there is a four (4) month “cooling off” period before the Offeror can initiate the compulsory acquisition process, followed by a one (1) month period during which a Dissenting Shareholder may challenge the “squeeze out” in Court. It means that a Dissenting Shareholder who is “squeezed out” would receive payment for his D&G Shares, at the earliest, five (5) months after the Final Closing Date and possibly later. At that point the payment for D&G Shares would be the fixed offer price of US\$0.259 without regard to the interest which the Dissenting Shareholder could have earned on his sale price had he accepted the Offer. In other words, a Dissenting Shareholder whose D&G Shares are compulsorily acquired will lose at least five (5) months of potential interest on his sale price. It should be noted that even if the Heineken Group acquires sufficient D&G Shares to effect compulsory acquisition of the D&G Shares remaining in the hands of Dissenting Shareholders, it may elect not to exercise its right to “squeeze out” the remaining minority.

(g) Very little chance of successfully opposing compulsory “squeeze out”

28. At paragraph 8 above we outlined the circumstances in which the Offeror could compulsorily “squeeze out” the Dissenting Shareholders who have not accepted the Offer. Under section 209(1) (b) of the Companies Act, 2004 a Dissenting Shareholder may, within one (1) month after receiving the compulsory acquisition notice (which can only be served within the 4th and the 6th month after the Final Closing Date of the Offer) apply to the Court for a Court Order blocking the compulsory acquisition or modifying the terms of the acquisition.

29. Having regard to the terms of the Offer and in particular the Offer Price we have been advised by Patterson Mair Hamilton that the chances of such an application to the Court succeeding are exceedingly slim.

(h) *A Dissenting Shareholder would have reduced information and reporting rights*

30. If D&G is delisted from the JSE, then a D&G Shareholder who continues to hold his D&G Shares would have substantially reduced information and reporting rights. D&G, as a listed company, is obliged by the Rules of the Jamaica Stock Exchange to:

- (a) send to each shareholder an Annual Report containing not only its audited financial statements but also a record of the company's activities during the relevant financial year, a management discussion and analysis of the Company's performance and near-term prospects and a list of the 10 largest shareholders among other things;
- (b) send to the JSE quarterly financial statements within forty-five (45) days after the end of each financial quarter; and
- (c) timely disclose to the JSE (for release to the market by publication on the JSE website) any information relating to the business and affairs of D&G that results in, or would reasonably be expected to result in, a significant change in the market price or value of D&G's listed securities ("Material Information").

31. If and when D&G is delisted it will cease to be bound by the Rules of the Jamaica Stock Exchange. Its reporting obligations to shareholders would be governed only by Companies Act, 2004 and its Articles of Incorporation and the only mandatory reporting requirements are the auditors' report together with the audited balance sheet and profit and loss account not less than 21 days before each annual general meeting - that is to say once per year. Thus a continuing D&G Shareholder after the Company is delisted would not be entitled to receive quarterly financial statements and timely reports of material information affecting the Company.

(i) *A "Hold out" will be materially disenfranchised*

32. When Diageo was in control of D&G, its subsidiary Udiam Holdings AB held 57.87% of the D&G Shares. That meant that Diageo could secure the passing of an ordinary resolution without the support of any other shareholder even if all other shareholders opposed the resolution. The Heineken Group controls 73.32% of the issued D&G's Shares and as a result of this Offer its holding will most certainly exceed 75%.

33. As a shareholder controlling more than 75% of the votes capable of being cast at a general meeting, the Heineken Group will be in a position to pass not only any ordinary resolution (which requires a 50% majority vote) but also any special resolution (which

requires a 75% majority vote). A Dissenting Shareholder is therefore likely to have no voting influence in the Company at all and could be thoroughly marginalized.

(j) You will also receive the final dividend about to be paid on November 23, 2015

34. On October 23, 2015 the Board of D&G met and declared a final dividend of J\$0.33 per D&G Share for the financial year ended June 30, 2015 to stock holders of record on November 9, 2015. Since the Offer was published on November 6, 2015 and provides that:

“All Shares will be acquired free and clear of all liens, charges, encumbrances and equitable interest and with all rights attached (including the right to receive any dividends or other distributions made or declared after the date of this Offer Circular.”(Emphasis added.)

As the dividend was declared before the date of the Offer Circular it will not go to Heineken when you transfer your D&G Shares- it will be paid to you if you have not otherwise transferred your D&G Shares before the record date (i.e. November 9, 2015). The payment date for the dividend will be November 23, 2015.

(k) Heineken will pay stockbroker's fee

35. Where shares are transferred across the Jamaica Stock Exchange the seller will customarily pay broker's fees and stock exchange cess. In this case Heineken has engaged NCB Capital Markets Limited as lead broker and will pay all their fees for putting through the block transfer. Accordingly, an Accepting Shareholder will not pay any broker's fees. You will however be required to pay the stock exchange cess which is currently 0.3% (but subject to any discount allowed under the Block Transaction Fee Discount Policy introduced by the JSE in March of this year).

PART B- Particulars Required Pursuant to Specific Regulatory Requirements

The information set out in this Part B is required to be included in this Directors' Circular by the TOMS Regs. and the Jamaica Take-over Code.

(a) The number of D&G Shares beneficially owned directly or indirectly by each Director, Officer or Senior Manager (and their associates) is outlined below:

	<i>Directors & Officers</i>	<i>Direct Shareholding</i>	<i>Indirect Shareholding</i>
1	Richard O. Byles, (Chairman)	4,786,970	Nil
2	Carol Bourke	Nil	Nil
3	Peter Hall	Nil	Nil
4	Gary "Butch" Hendrickson	Nil	Nil
5	Peter Melhado	Nil	638,276
6	Dr. Damien King	1,000,000	Nil
7	Andrea Vogliazzo	Nil	Nil
8	Eugene Ubalijoro	Nil	Nil
9	Hemmo Parson	Nil	Nil
10	Juan Luis Barrios Oyarzun	Nil	Nil
11	Radovan Sikorsky	Nil	Nil
12	Stefano Cavenati	Nil	Nil
13	Wilbert Raaijmakers	Nil	Nil

Peter Melhado's indirect interest arises from him being a minority shareholder in Raiders Limited, a Jamaica company which holds 638,276 D&G Shares. His father Owen Karl Melhado and mother Gladys Angela Melhado also hold 27,702 and 40,629 D&G Shares respectively. Peter Melhado is a director of British Caribbean Insurance Company Limited which holds units in one or more Sigma Funds (a portfolio of unit trusts) which in turn may hold D&G Shares, from time to time. He is chairman of the board of trustees of two pension schemes operated by Sagicor Investments Jamaica Limited ("SIJL") and those pension schemes hold investments in Sagicor Life portfolio funds which in turn may hold D&G Shares. Mr. Melhado is also chairman of SIJL and a director of Sagicor Group Jamaica Limited, the parent company of Sagicor Life Jamaica Limited, SIJL, Sagicor Bank Jamaica Limited and other Sagicor companies in Jamaica. These companies may also directly or indirectly hold D&G Shares from time to time.

Richard Byles is the President and Chief Executive Officer of Sagicor Group Jamaica Limited, the parent company of the Sagicor Group in Jamaica and he sits on the board of directors of various Sagicor subsidiaries such as Sagicor Life Jamaica Limited ("Sagicor Life"), Sagicor Investments Jamaica Limited ("SIJL"), Sagicor Bank Jamaica Limited. SIJL is the investment manager of the Sigma Funds, a portfolio of unit trusts. Two of these funds Sigma Optima and Sigma Pooled Equity Fund hold, as at the date hereof 23,112,943 and 50,257,409 D&G Shares respectively. Other unit trusts in the Sigma Funds may also purchase and hold or trade D&G Shares from time to time. Sagicor Life

also provides administrative and investment management services to several pension funds many of which hold investments in D&G Shares.

Peter Hall, who was the Heineken nominee on the Board prior to the purchase by Heineken of the D&G Shares held by Diageo. The Directors listed at 7 to 13 above are new nominees of the Offeror and were appointed by the Board on October 12, 2015 following the resignations from the Board that same day of the following persons who were nominees of Diageo, namely:

Cristina Diezhandino
Jed Dryer
Renato Gonzalez
Jaime Graña
Bruce Kidner
Noel DaCosta
Cedric Blair

The following directors who resigned on October 12, 2015 held or had interest in the following D&G Shares:

<i>Directors</i>	<i>Shares held</i>
Jaime Graña	2,311,000
Bruce Kidner	2,686,372
Noel daCosta	440,000
Cedric Blair	858,891

The senior officers of D&G and their respective holdings (directly or indirectly) of D&G Shares are as follows:

Cedric M. Blair	858,891
Bruce Kidner	2,686,372
Dianne Ashton-Smith	Nil
Melverine Hemmings	Nil
Blandine JN-Paul Reid	Nil
Jean Look-Tong	91,456
Marsha Lumley	Nil
Moses Williams	Nil
Diane Willis-Reid	Nil

Between September 29, 2015 and October 6, 2015 Cedric Blair purchased, in four (4) transactions, a total of 108,891 D&G Shares. It was reported in the Financial Gleaner of October 23, 2015 that: “*The [JSE was] probing several share purchases by Red Stripe Jamaica’s Managing Director, Cedric Blair.*” The JSE has not publicly commented on the article and your Directors cannot say, as a fact, whether Mr. Blair’s trading activities are being investigated. The directors can confirm that D&G has received enquiries from

The Regulatory and Market Oversight Division (“RMOD”) of the JSE and so far has cooperated and will continue to cooperate with the JSE in respect of its enquiries. Mr. Blair was, until recently, the Managing Director of D&G but following the announcement of the purchase by Heineken of the Diageo’s shares, he resigned from the Board and was appointed General Manager of Diageo for the Caribbean and Central America with responsibility for 35 countries. He is expected to demit office later this month to take up his post with Diageo in Miami, Florida

(b) With the exception of the Offeror (57.87%) and Heineken N.V (15.45%) no person, company or other entity beneficially owns (directly or indirectly) D&G Shares carrying more than 10% of the voting rights of D&G in general meetings.

(c) All the directors and officers of D&G listed above who beneficially own D&G Shares set out opposite their name under paragraph (a) above have indicated their intention to accept the Offer. Apart from the Heineken Group, no shareholder owns D&G Shares carrying more than 10% of the voting rights.

(d) No Director or officer of D&G owns directly or indirectly any shares in the Offeror or its ultimate parent company, Heineken N.V, or indeed any other company in the Heineken Group.

(e) No arrangement, agreement, or understanding has been made or proposed to be made between the Offeror or indeed, any company in the Heineken Group, with any director of D&G regarding compensation for loss of office or other collateral payment or benefit. The Offeror may request some or all of the Independent Directors to remain on the Board after close of the Offer and that will be a decision for individual directors. At paragraph 11 of the Offer the Offeror has stated that it has no plans to vary directors’ remuneration as a result of the Offer.

(f) No director or officer of D&G and, insofar as the Board of Directors is aware, no person or company beneficially owning over 10% of the D&G Shares, has any interest in any material contract to which D&G is a party. The Chairman of the Board of Directors of D&G is Richard O. Byles. Mr. Byles is also the Chairman of Sagicor Bank Jamaica Limited (“Sagicor Bank”).

(g) Director Peter Melhado is also a Director of Sagicor Bank. Sagicor Bank is the registrar and transfer agent for D&G. The Offeror has announced its intention to delist D&G from the JSE and if and when that occurs, its demand for registrar and transfer agency services will either cease or be diminished substantially. Accordingly, the existing Registrar and Transfer Agency Agreement between D&G and Sagicor Bank may be terminated or materially modified. Sagicor Life Jamaica Limited of which Richard Byles is the President is also the investment adviser and administrator of the superannuation fund or pension scheme operated by D&G for its staff.

(h) The volume of trading in D&G Shares on the JSE in the six (6) months preceding the Offer is set out at Table A below. (The data is to the close of business on October 31, 2015.)

TABLE A – 6-Month Historic Trading Summary

Month	Traded Volume	Price Range Low	Price Range High	Offer Premium Low	Offer Premium High
May 2015	2,032,919	6.49	7.7	24.55	23.34
June 2015	1,995,460	7.73	8.00	23.31	23.04
July 2015	2,597,540	6.61	7.55	24.43	23.49
Aug. 2015	2,879,171	6.02	7.30	25.02	23.74
Sept. 2015	5,411,892	6.00	6.52	25.04	24.52
Oct. 2015	35,290,442	6.60	30.25	24.44	0.79

(i) In the 6-month period preceding the Offer, no Director or officer of D&G has bought or sold any D&G Shares or any shares in Heineken N.V or any other company in the Heineken Group and no such person holds or has held any option to acquire any such share or shares as the case may be other than:

- (i) Ms. Jean Look-Tong - May 21, 2015- 10,000 D&G Shares at J\$7.25 per share;
- (ii) Ms. Jean Look-Tong - May 22, 2015– 36,982 D&G Shares at J\$7.25 per share;
- (iii) Ms. Jean Look-Tong - June 11, 2015– 19,213 D&G Shares at J\$7.55 per share;
- (iv) Ms. Jean Look-Tong - June 17, 2015 - 6,556 D&G Shares at J\$7.55 per share;
- (v) Ms. Jean Look-Tong - June 22, 2015 – 6,070 D&G Shares at J\$8.00 per share;
- (vi) Ms. Jean Look-Tong - September 1, 2015 – 8,716 D&G Shares at J\$6.90 per share;
- (vii) Ms. Jean Look-Tong - September 2, 2015 – 3,919 D&G Shares at J\$6.90 per share;
- (viii) Mr. Cedric Blair - September 29, 2015 -28,456 D&G Shares at J\$6.60 per share;
- (ix) Mr. Cedric Blair - October 1, 2015 -300 D&G Shares at J\$7.00 per share; and
- (x) Mr. Cedric Blair - October 6, 2015 - 80,135 D&G Shares at J\$7.00 per share.

(j) The audited financial statements of D&G for the financial year ended June 30, 2015 are attached hereto (see Appendix) and forms a part of this Circular. There have

been no material changes in the financial position and prospects of D&G since June 30, 2015.

(k) D&G's Profit and Loss and Balance Sheet summary for the five financial years ended June 30, 2015 are set out in Tables B and C below and are extracted from the audited financial statements published for the same period.

TABLE B -5-year P&L and Balance Sheet Summary

JS	Group June 2011	Group June 2012	Group June 2013	Group June 2014	Company June 2015
	('000)	('000)	('000)	('000)	('000)
Income Statement					
Gross Operating Revenue	13,272,380	13,154,054	12,732,391	14,085,101	15,895,710
Cost of Sales	(7,068,598)	(6,957,878)	(6,117,884)	(6,778,859)	(7,626,926)
Gross Profit	4,087,601	4,073,826	4,251,530	4,718,622	5,459,258
Other Operating Expenses (inc. depreciation)	(2,714,120)	(2,495,011)	(2,262,515)	(2,226,040)	(2,626,954)
Profit before Tax	1,510,060	1,455,176	1,871,325	3,676,908	2,834,445
Net Profit	1,078,809	1,229,558	1,211,244	3,153,163	2,333,522
Interest Income	6,102	8,665	27,811	23,953	19,412
Interest Expense	-	-	-	-	-
Other Operating income	72,308	(120,368)	(129,930)	231,926	155,540

TABLE C – Optional Balance Sheet Summary

JS	Group June 2011	Group June 2012	Group June 2013	Group June 2014	Company June 2015
	('000)	('000)	('000)	('000)	('000)
Balance Sheet					
Total Assets	9,646,962	9,883,095	10,845,105	12,253,596	13,595,636
Total Liabilities	3,278,057	2,640,633	3,166,864	3,242,969	3,261,755
Stockholder's Equity	6,368,905	7,242,462	7,678,241	9,010,627	10,333,881
Total Issued Shares	2,809,171	2,809,171	2,809,171	2,809,171	2,809,171

The audited financial statements for the last five years up to 2015 are among the Documents Available for Inspection and may be inspected at the offices of Patterson Mair Hamilton. (See paragraph (s) below).

(l) D&G's unaudited financial statements for the first quarter ended September 30, 2015 were released shortly before the date of this Directors' Circular. The relevant highlights (with comparison for the same period last year) is shown in Table D below:

TABLE D – First Quarter Results with previous year comparative

	Sept. 2014 ('000)	Sept. 2015 ('000)
Profit & Loss Account		
Gross Operating Revenue	3,367,322	4,191,895
Cost of Sales	(1,611,683)	(1,859,576)
Gross Profit	1,156,474	1,555,600
Other Operating Expenses (inc. depreciation)	(529,910)	(653,501)
Profit before Tax	640,400	897,301
Net Profit	476,272	672,976
Interest Income	6,577	5,429
Interest Expense	-	-
Other Operating income	24,473	(21,474)

	Sept. 2014 ('000)	Sept. 2015 ('000)
Balance Sheet		
Total Assets	12,765,080	14,756,254
Total Liabilities	3,292,431	3,764,397
Stockholder's Equity	9,472,649	10,991,857
Total Issued Shares	2,809,171	2,809,171

(m) **Valuation of Fixed Assets:** Apart from its brewery located at 214 Spanish Town Road, D&G owns various distribution depots across the Island. The unimproved value of the lands on which those depots stand were professionally valued in June 2015 by Breakenridge & Associates, Chartered Valuation Surveyors. The fair market value of those parcels of land (excluding buildings and improvements) were as shown in the table below.

Table E – Fair Market Value of Real Estate

Parish	Location	Approx. Sq. Meters	Land Value J\$
Kingston	214 Spanish Town Road	241,675.00	1,110,000,000*
Kingston	12-16 Pechon Street	3,575.66	32,000,000
Kingston	George Headley Oval, Rae Town	5,085.31	5,400,000
Manchester	Greyground	9,880.00	20,000,000

St. James	Bogue Estate	36,860.00	157,000,000
St. James	Lot 1141 Torbay, Catherine Hall	5,925.45	72,000,000
St. James	Lot 1142 Torbay, Catherine Hall	6,194.04	75,000,000
St. James	Lot 1142 Torbay, Catherine Hall	5,416.53	65,900,000
St. Ann	Discovery Bay	52,400.00	95,000,000
St. Mary	Annotto Bay	10,590.00	9,000,000
Westmoreland	Savanna-la-Mar	19,500.00	28,000,000

*In respect of 214 Spanish Town Road, a section referred to as the “KIDD Section” which houses a Distribution Centre comprising 9,500 sq. metres was valued by Breakenridge & Associates at J\$43,600,000.00 as part of the June 2015 Depot Valuation exercise. The value of the entire premises was extrapolated by D&G from the valuation report prepared by Breakenridge & Associates as follows:

Table F – Fair Market Value of 214 Spanish Town Road

Location	Approx. Sq. Metres	Land Value J\$
KIDD Land Value	241,675.00	43,600,000.00
Approximate value per Sq. metre		4,589.47
Rounded up		4,590.00
Approximate Area of Hunts Bay Site	288,820.00	
Subtract approximate Area of Pepsi Land	(47,145.00)	
Total Area of 214 Spanish Town Road	241,675.00	
Value of Hunts Bay Land @ J\$4,590 per sq. metre		1,109,288,250.00
Rounded up		1,110,000,000.00

The factory building which also houses the brewery plant and equipment and office furniture, fixtures and fittings and other contents are valued each year by D&G based on its knowledge and expertise of brewery assets at replacement value for insurance purposes. Similar valuation for insurance purposes is undertaken in relation to the depots mentioned. Insurance is also effected on non-fixed assets items such as raw material and fixed assets. Table G below lists the key assets and the replacement value assigned thereto by D&G based on its years of experience in the brewing business for insurance purposes.

TABLE G – Key assets

Item	Replacement Value (J\$)
Buildings	2,200,000,000
Plant& equipment	5,350,000,000
Returnable Packaging	1,513,873,000

The Directors are not aware of any other material fact which is not disclosed in the valuation report prepared by Breakenridge & Associates.

(n) The valuation for the buildings does not include the unimproved value of the relevant parcels of real estate which are summarized in Table D above. Biological assets (i.e. cassava and irrigation and drainage systems) are not insured. The value of returnable packaging (i.e. bottles and crates) has been derived from internal best estimates of the replacement value of those items.

(o) The Directors are not aware of any other material fact which ought to be disclosed and neither the JSE nor the FSC has requested the disclosure of any additional information.

(p) There have been no transactions, board resolutions, agreements in principle or signed contracts entered into by D&G in response to the Offer, other than the engagement of Patterson Mair Hamilton, Attorneys-at-Law, and Ernst & Young, Chartered Accountants, to advise the Board and to prepare this Directors' Circular.

(q) D&G's auditors KPMG have given and not withdrawn their written consent to the inclusion in this Directors' Circular of extracts from the audited financial statements for the five-year period ended June 30, 2015.

(r) The Board of D&G has approved the contents of this Directors' Circular and has authorised its delivery to the D&G Shareholders.

(s) Your Directors are satisfied that Heineken Sweden A.B. is or will be in a position to implement the offer in full.

Documents for Inspection

(t) The following documents are available for inspection by D&G Shareholders on any Business Day (Saturdays, Sundays and public holidays excepted) during the hours of 9:00 a.m. to 5:00 p.m. at the offices of:

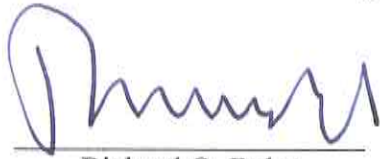
Patterson Mair Hamilton
 Attorneys-at-law
 Temple Court
 85 Hope Road
 Kingston 6

namely:

- (i) the audited financial statements for D&G for the last five (5) financial years ended June 30, 2015; and
- (ii) the 2015 Annual Report.

This Directors' Circular is dated November 13, 2015

Signed by the Independent Directors on behalf of the Board of Directors of Desnoes & Geddes Limited



Richard O. Byles



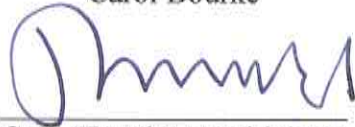
Peter Melhado



Carol Bourke



Dr. Damien King



Gary "Butch" Hendrickson

BY: ATTORNEY-IN-FACT