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**FOR IMMEDIATE RELEASE**

**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION**

28 June 2019

**RECOMMENDED CASH ACQUISITION**

**of**

**MERLIN ENTERTAINMENTS PLC**

**by**

**BERKELEY BIDCO LIMITED**

**(a newly formed company owned by joint offerors (i) KIRKBI and (ii) Blackstone Core Equity Partners and CPPIB as a co-investor)**

**to be effected by means of a Scheme of Arrangement  
under Part 26 of the Companies Act 2006**

**Summary**

- The board of Berkeley Bidco Limited ("**Bidco**") and the Independent Directors of Merlin Entertainments plc ("**Merlin**") are pleased to announce that they have reached agreement on the terms of a recommended cash offer to be made by Bidco for the entire issued and to be issued share capital of Merlin, other than Merlin Shares owned or controlled by KIRKBI (the "**Acquisition**"). As at 27 June 2019 (being the latest practicable date prior to this announcement), KIRKBI owned or controlled 302,971,529 Merlin Shares, representing approximately 29.58 per cent. of Merlin's issued share capital as at such date. The Acquisition will be implemented by way of a scheme of arrangement.
- Under the terms of the Acquisition, Merlin Shareholders will be entitled to receive:  

<b>For each Merlin Share</b>	<b>455 pence in cash</b>
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- The Acquisition price represents a premium of approximately:
  - 36.8 per cent. to the undisturbed Closing Price of 333 pence per Merlin Share on 22 May 2019 (being the last Business Day prior to the publication of ValueAct's letter to the Merlin Board which suggested that Merlin should be taken private);

- 31.0 per cent. to the undisturbed six month volume weighted average price of 347 pence per Merlin Share to 22 May 2019 (being the last Business Day prior to the publication of ValueAct's letter to the Merlin Board which suggested that Merlin should be taken private); and
- 15.2 per cent. to the Closing Price of 395 pence per Merlin Share on 27 June 2019 (being the last Business Day before the date of this announcement).
- The Acquisition values the entire issued and to be issued share capital of Merlin at approximately £4,766 million on a fully diluted basis and implies an enterprise value of £5,905 million and a multiple of approximately 12.0x Merlin's underlying EBITDA of £494 million for the year ended 29 December 2018.
- The cash consideration payable to Merlin Shareholders under the terms of the Acquisition will be financed by a combination of equity to be invested by the Blackstone Funds, CPPIB and KIRKBI and debt to be provided under the Interim Facilities Agreement.
- If, on or after the date of this announcement, any dividend and/or other distribution and/or other return of capital is declared, made or paid or becomes payable in respect of the Merlin Shares, Bidco reserves the right to reduce the consideration payable under the terms of the Acquisition for the Merlin Shares by an amount up to the amount of such dividend and/or distribution and/or return of capital, in which case any reference in this announcement to the consideration payable under the terms of the Acquisition will be deemed to be a reference to the consideration as so reduced.
- The Merlin Shares owned or controlled by KIRKBI (being 302,971,529 Merlin Shares as at 27 June 2019, the latest practicable date prior to this announcement) will not be Scheme Shares and will not be acquired by Bidco pursuant to the Acquisition. It is anticipated that, upon the Acquisition becoming Effective, KIRKBI will transfer such Merlin Shares to Bidco. KIRKBI will not be permitted to vote such Merlin Shares at the Court Meeting, but will be permitted to vote such Merlin Shares at the Merlin General Meeting.

## **Recommendation**

- The Merlin Independent Directors, who have been so advised by Goldman Sachs International, Barclays and Citi as to the financial terms of the Acquisition, consider the terms of the Acquisition to be fair and reasonable. In providing their advice to the Merlin Independent Directors, Goldman Sachs International, Barclays and Citi have taken into account the commercial assessments of the Merlin Independent Directors.
- Accordingly, the Merlin Independent Directors intend to recommend unanimously that, in the case of the Court Meeting, the Scheme Shareholders and, in the case of the General Meeting, Merlin Shareholders, vote in favour of the resolutions relating to the Acquisition at the Meetings as the Merlin Independent Directors who hold Merlin Shares have irrevocably undertaken to do in respect of their own beneficial holdings totalling 7,420,712 Merlin Shares (representing approximately 0.72 per cent. of existing issued ordinary share capital of Merlin, and 1.03 per cent. of Merlin Shares being eligible to vote at the Court Meeting) as at 27 June 2019, being the Business Day prior to this announcement.

- Søren Thorup Sørensen has not participated in the decision to make the recommendation referred to above as he is the Chief Executive Officer of KIRKBI A/S.

### **Background to and reasons for the Acquisition**

- KIRKBI has maintained a significant strategic shareholding in Merlin since the sale of LEGOLAND® Parks to Merlin in 2005.
- KIRKBI and Blackstone jointly controlled Merlin in the 8 years prior to the 2013 public listing, during which time Merlin became the second largest location based entertainment business globally, and the partner of choice for the world's leading brands to deliver immersive experiences to guests.
- The Consortium recognises that significant, long-term investment is required to ensure the longevity of the existing assets and to drive continued growth for Merlin and its stakeholders.
- As Merlin's largest shareholder and a key intellectual property partner, KIRKBI recognises the significant benefits of a shareholder group with a similar long-term investment horizon and shared commitment to increased investment in the business. Private ownership, in partnership with Blackstone's long-term Core Private Equity strategy and CPPIB, will better enable the management team to focus on and execute their strategic vision for the business. KIRKBI has agreed to work exclusively with the other members of the Consortium in relation to the offer.
- This unique group of investors is equipped with the appropriate long-term investment horizon, expertise and capital required to realise Merlin's potential to grow all branded experiences across its Midway Attractions, LEGOLAND® Parks and Resort Theme Parks.

### **Irrevocable undertakings**

- Bidco has also received an irrevocable commitment to vote in favour of the resolutions relating to the Acquisition at the Meetings (or in the event that the Acquisition is implemented by an Offer, to accept or procure acceptance of such Offer) from ValueAct, in respect of 95,224,988 Merlin Shares (representing approximately 9.30 per cent. of the existing issued ordinary share capital of Merlin, and 13.21 per cent. of Merlin Shares being eligible to vote at the Court Meeting) as at 27 June 2019, being the Business Day prior to this announcement.
- In total therefore, Bidco has procured irrevocable commitments to vote in favour of the resolutions relating to the Acquisition at the Meetings (or in the event that the Acquisition is implemented by an Offer, to accept or procure acceptance of such Offer), including those from the Merlin Independent Directors who own Merlin Shares, in respect of, in aggregate, 102,645,700 Merlin Shares (representing approximately 10.02 per cent. of existing issued ordinary share capital of Merlin, and 14.23 per cent. of Merlin Shares being eligible to vote at the Court Meeting) as at 27 June 2019, being the Business Day prior to this announcement. Further details of these irrevocable undertakings (including the circumstances in which they cease to be binding) are set out in Appendix 3 to this announcement.

## **Information on Bidco and the Consortium**

- KIRKBI and Blackstone Core Equity Partners are joint offerors with respect to the Acquisition, with CPPIB as a co-investor.
- Bidco is a newly incorporated company, formed on behalf of the members of the Consortium. As at the Effective Date, it is intended that Bidco will be owned in the following proportions: (a) KIRKBI will own 50.00 per cent. of Bidco and (b) together, Blackstone Core Equity Partners and CPPIB will own 50.00 per cent. of Bidco.
- KIRKBI is a wholly owned subsidiary of KIRKBI A/S, the private holding and investment company of the Kirk Kristiansen family, founded to promote a sustainable future for the family ownership of the LEGO® brand through generations. The Kirk Kristiansen family's mission is to "inspire and develop the builders of tomorrow". The family aims to fulfil the mission, helping children grow and develop to their full potential through play, by dedicated efforts driven by the LEGO branded entities. The KIRKBI Group was established to manage, protect and develop the LEGO® brand, its activities and attractions under long-term family ownership. To achieve this purpose, the KIRKBI Group's strategic activities include a 75 per cent. ownership of the LEGO Group, through KIRKBI a 29.58 per cent. ownership of Merlin, and investments in renewable energy to off-set the energy consumption of the LEGO Group. In addition, KIRKBI manages an international, diversified investment portfolio with a long-term investment profile and is a responsible investor with high ESG standards. At the end of 2018, KIRKBI's investment portfolio was valued at approximately €8 billion. KIRKBI's long-term investment approach reflects an ambition to build sustainable value across selected asset classes.
- Blackstone is one of the world's leading investment firms. Blackstone seeks to create positive economic impact and long-term value for our investors, the companies in which it invests, and the communities in which it works. It does this by using extraordinary people and flexible capital to help companies solve problems. Blackstone's asset management businesses, with \$512 billion in assets under management as at 31 March 2019, include investment vehicles focused on private equity, real estate, public debt and equity, non-investment grade credit, real assets and secondary funds, all on a global basis. Blackstone has longstanding experience investing in theme park businesses like Merlin, as well as the wider hospitality, travel and leisure sectors. Further information is available at [www.blackstone.com](http://www.blackstone.com).
- CPPIB is a professional investment management organisation that invests the funds not needed by the CPP to pay current benefits in the best interests of 20 million contributors and beneficiaries. In order to build a diversified portfolio, CPPIB invests in public equities, private equities, real estate, infrastructure and fixed income instruments. CPPIB is governed and managed independently of the CPP and at arm's length from governments. At 31 March 2019, the Fund totalled C\$392 billion, including approximately C\$22 billion of assets invested in the UK, and net investments of C\$88 billion in private equity.

## **Timetable and Conditions**

- It is intended that the Acquisition will be implemented by way of a court-sanctioned scheme of arrangement under Part 26 of the 2006 Act (although Bidco reserves the right

to effect the Acquisition by way of an Offer, subject to the consent of the Panel and the terms of the Cooperation Agreement).

- The Conditions to the Acquisition are set out in full in Appendix 1 to this announcement along with certain other terms; the full terms and conditions will be provided in the Scheme Document.
- Details of the effect of the Acquisition on Merlin ADR Holders will be set out in the Scheme Document in due course.
- It is expected that the Scheme Document, containing further information about the Acquisition and notices of the Court Meeting and Merlin General Meeting, together with the associated forms of proxy, will be posted to Merlin Shareholders within 28 days of this announcement (or such later time as Merlin, Bidco and the Panel agree) and the Meetings are expected to be held shortly thereafter. The Acquisition is currently expected to complete during the fourth quarter of 2019, subject to receipt of the relevant competition clearances and regulatory approvals. An expected timetable of key events relating to the Acquisition will be provided in the Scheme Document.

Commenting on the Acquisition, Sir John Sunderland, Chairman of Merlin, said:

*"Merlin is a global leader in location based, family entertainment, with a unique portfolio of brands and attractions spanning 25 countries and four continents, and with a proven strategy that has delivered over many years. The company has generated meaningful value since IPO, with significant growth in revenue, earnings and cash flow. Following an unsolicited approach by a Consortium of investors, and after rejecting a number of their proposals, the Merlin Independent Directors believe this offer represents an opportunity for Merlin Shareholders to realise value for their investment in cash at an attractive valuation. We are therefore unanimously recommending it to our shareholders."*

Commenting on the Acquisition, Søren Thorup Sørensen, Chief Executive Officer of KIRKBI A/S, said:

*"As the long-term owner of the LEGO® brand and as a strategic shareholder in Merlin since 2005, we have great pride and passion for this amazing company, its management team and its employees. With a shared understanding of the business and its culture, we believe that this group of investors has the unique collective resources necessary to equip Merlin, including the LEGOLAND® Parks and LEGOLAND® Discovery Centres, for their next phase of growth. We are committed to ensuring LEGOLAND® and the other activities in Merlin reach their full potential, which we believe is best pursued under private ownership, in order to deliver fantastic experiences to visitors of all ages around the world."*

Commenting on the Acquisition, Joe Baratta, Global Head of Private Equity at Blackstone, said:

*"We are pleased to partner with KIRKBI and CPPIB to acquire a business we know very well. We are prepared to commit the substantial resources required to support the long-term objectives of Merlin, which will require significant investment to ensure its long-term success. We believe we are uniquely placed with our long-dated investment fund, Core Private Equity, to make this investment alongside our partners at KIRKBI and CPPIB. We look forward to backing Nick Varney and his strong management team in driving Merlin into the future."*

Commenting on the Acquisition, Ryan Selwood, Managing Director, Head of Direct Private Equity at CPPIB, said:

*"Merlin has established itself as a globally diversified, world-class operator of themed attractions and entertainment. Its ability to partner with a number of leading global brands to deliver high-quality family entertainment has been key to Merlin's success. Through close collaboration with our partners, we look forward to promoting the steady growth, long-term capitalisation and continued international expansion of this business, which aligns well with CPPIB's long-horizon investment strategy."*

**This summary should be read in conjunction with the following announcement and the Appendices. The conditions to, and certain further terms of, the Acquisition are set out in Appendix 1. The bases and sources for certain financial information contained in this announcement are set out in Appendix 2. Details of undertakings received by Bidco are set out in Appendix 3. Certain definitions and terms used in this announcement are set out in Appendix 4.**

**Enquiries:**

**Merlin**

Simon Whittington (Investors)  
James Crampton (Media)

Tel: +44 (0)1202 493 011  
Tel: +44 (0)1202 493 014

**Goldman Sachs International (lead financial adviser to Merlin)**

Anthony Gutman  
Nick Harper  
James Brodie

Tel: +44 (0)20 7774 1000

**Barclays (financial adviser and corporate broker to Merlin)**

Alisdair Gayne  
Daniel Ross  
Tom Macdonald

Tel: +44 (0)20 7623 2323

**Citi (financial adviser and corporate broker to Merlin)**

Andrew Seaton  
Jan Skarbek  
Peter Catterall

Tel: +44 (0)20 7986 4000

**Brunswick (PR adviser to Merlin)**

Simon Sporborg  
Fiona Micallef-Eynaud  
Daniel Holgersson

Tel: +44 (0)20 7404 5959

**FTI Consulting (PR adviser to KIRKBI and Blackstone)**

Neil Doyle  
Louisa Feltes  
Ed Bridges

Tel: +44 20 3727 1141  
Tel: +44 20 3727 1166  
Tel: +44 20 3727 1067

**Blackstone**

Ramesh Chhabra

Tel: +44 20 7451 4053

**Lazard & Co., Limited (sole financial adviser to Bidco)**

William Rucker

Tel: +44 20 7187 2581

Charlie Foreman

Tel: +44 20 7187 2251

William Lawes

Tel: +44 20 7187 2458

Mia Tukulj

Tel: +44 20 7187 2309

Blackstone also received financial advice in connection with the Acquisition from BofA Merrill Lynch.

Clifford Chance LLP is acting as legal adviser to KIRKBI and Bidco. Kirkland & Ellis International LLP is acting as legal adviser to Blackstone and Bidco. Latham & Watkins LLP is acting as legal adviser to CPPIB.

Slaughter and May is acting as legal adviser to Merlin.

**Further information**

*Lazard & Co., Limited ("**Lazard**"), which is authorised by and regulated by the FCA in the United Kingdom, is acting exclusively as financial adviser to Bidco and no one else in connection with the Acquisition and other matters set out in this announcement and will not be responsible to anyone other than Bidco for providing the protections afforded to clients of Lazard nor for providing advice in relation to the Acquisition, the content of this announcement or any other matter referred to herein. Neither Lazard nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Lazard in connection with this announcement, any statement contained herein or otherwise.*

*Goldman Sachs International, which is authorised by the PRA and regulated by the FCA and the PRA in the United Kingdom, is acting exclusively for Merlin as financial adviser and no one else in connection with the Acquisition and other matters set out in this announcement and will not be responsible to anyone other than Merlin for providing the protections afforded to clients of Goldman Sachs International, or for providing advice in connection with the Acquisition, the content of this announcement or any matter referred to herein. Neither Goldman Sachs International nor any of its subsidiaries, affiliates or branches owes or accepts any duty, liability or responsibility whatsoever (whether direct, indirect, consequential, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Goldman Sachs International in connection with this announcement, any statement contained herein or otherwise.*

*Barclays, which is authorised by the PRA and regulated in the United Kingdom by the FCA and the PRA, is acting exclusively for Merlin and no one else in connection with the Acquisition and will not be responsible to anyone other than Merlin for providing the protections afforded to clients of Barclays nor for providing advice in relation to the Acquisition or any other matter referred to herein.*

*Citigroup Global Markets Limited ("**Citi**"), which is authorised by the PRA and regulated by the FCA and the PRA in the United Kingdom, is acting exclusively for Merlin as financial adviser and no one else in connection with the Acquisition and other matters set out in this*

*announcement and will not be responsible to anyone other than Merlin for providing the protections afforded to clients of Citi, or for providing advice in connection with the Acquisition, the content of this announcement or any matter referred to herein. Neither Citi nor any of its subsidiaries, affiliates or branches owes or accepts any duty, liability or responsibility whatsoever (whether direct, indirect, consequential, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Citi in connection with this announcement, any statement contained herein or otherwise.*

*Merrill Lynch International ("**BofA Merrill Lynch**"), which is authorised by the UK Prudential Regulatory Authority and regulated by the UK Financial Conduct Authority and the UK Prudential Regulatory Authority, is acting exclusively for Blackstone and for no one else and will not be responsible to anyone other than Blackstone for providing the protections afforded to its clients or for providing advice in relation to the matters referred to in this announcement. Neither BofA Merrill Lynch, nor any of its affiliates, owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of BofA Merrill Lynch in connection with this announcement, any statement contained herein or otherwise. BofA Merrill Lynch has given, and not withdrawn, its consent to the inclusion in this announcement of the references to its name in the form and context in which they appear.*

*In accordance with the Takeover Code, normal United Kingdom market practice and Rule 14e-5(b) of the Exchange Act, each of Goldman Sachs International, Barclays and Citi and their respective affiliates will continue to act as exempt principal trader in Merlin securities on the London Stock Exchange. These purchases and activities by exempt principal traders which are required to be made public in the United Kingdom pursuant to the Takeover Code will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at [www.londonstockexchange.com](http://www.londonstockexchange.com). This information will also be publicly disclosed in the United States to the extent that such information is made public in the United Kingdom.*

*This announcement is for information purposes only and is not intended to, and does not, constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Acquisition or otherwise. The Acquisition will be made solely pursuant to the terms of the Scheme Document (or, if the Acquisition is implemented by way of an Offer, the Offer Document), which will contain the full terms and conditions of the Acquisition, including details of how to vote in respect of the Acquisition. Any decision in respect of, or other response to, the Acquisition should be made only on the basis of the information in the Scheme Document (or, if the Acquisition is implemented by way of an Offer, the Offer Document).*

*This announcement does not constitute a prospectus or prospectus equivalent document.*

## **Overseas Shareholders**

*This announcement has been prepared in accordance with English law, the Takeover Code, the Market Abuse Regulation and the Disclosure Guidance and Transparency Rules and information disclosed may not be the same as that which would have been prepared in accordance with the laws of jurisdictions outside England.*

*The availability of the Acquisition to Merlin Shareholders who are not resident in and citizens of the UK may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not resident in the UK should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdictions. In particular, the ability of persons who are not resident in the United Kingdom to vote their Merlin Shares with respect to the Scheme at the Court Meeting, or to appoint another person as proxy to vote at the Court Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person. Further details in relation to Overseas Shareholders will be contained in the Scheme Document.*

*Unless otherwise determined by Bidco or required by the Takeover Code, and permitted by applicable law and regulation, the Acquisition will not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Scheme by any such use, means, instrumentality or from within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Copies of this announcement and any formal documentation relating to the Acquisition are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send it in or into or from any Restricted Jurisdiction. Doing so may render invalid any related purported vote in respect of the Acquisition. If the Acquisition is implemented by way of an Offer (unless otherwise permitted by applicable law and regulation), the Offer may not be made directly or indirectly, in or into, or by the use of mails or any means or instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of any Restricted Jurisdiction and the Offer may not be capable of acceptance by any such use, means, instrumentality or facilities.*

### **Notice to US investors in Merlin**

*The Acquisition relates to the shares of an English company and is being made by means of a scheme of arrangement provided for under English company law. A transaction effected by means of a scheme of arrangement is not subject to the tender offer or proxy solicitation rules under the US Exchange Act of 1934. Accordingly, the Acquisition is subject to the disclosure requirements and practices applicable in the UK to schemes of arrangement which differ from the disclosure requirements of the US tender offer and proxy solicitation rules. The financial information included in this announcement has been prepared in accordance with generally accepted accounting principles of the United Kingdom and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.*

*If, in the future, Bidco exercises its right to implement the Acquisition by way of an Offer, which is to be made into the United States, such Offer will be made in compliance with the applicable US laws and regulations.*

*It may be difficult for US holders of Merlin Shares and Merlin ADR Holders to enforce their rights and any claim arising out of the US federal laws, since Bidco and Merlin are located in*

*a non-US jurisdiction, and some or all of their officers and directors may be residents of a non-US jurisdiction. US holders of Merlin Shares and Merlin ADR Holders may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.*

*US Merlin Shareholders and Merlin ADR Holders also should be aware that the transaction contemplated herein may have tax consequences in the US and, that such consequences, if any, are not described herein. US Merlin Shareholders and Merlin ADR Holders are urged to consult with legal, tax and financial advisers in connection with making a decision regarding this transaction.*

## **Forward Looking Statements**

*This announcement (including information incorporated by reference in this announcement), oral statements made regarding the Acquisition, and other information published by Bidco and Merlin contain statements which are, or may be deemed to be, "forward-looking statements". Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management of Bidco and Merlin about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements.*

*The forward-looking statements contained in this announcement include statements relating to the expected effects of the Acquisition on Bidco and Merlin (including their future prospects, developments and strategies), the expected timing and scope of the Acquisition and other statements other than historical facts. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "plans", "expects" or "does not expect", "is expected", "is subject to", "budget", "projects", "strategy", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Although Bidco and Merlin believe that the expectations reflected in such forward-looking statements are reasonable, Bidco and Merlin can give no assurance that such expectations will prove to be correct. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements.*

*These factors include, but are not limited to: the ability to complete the Acquisition; the ability to obtain requisite regulatory and shareholder approvals and the satisfaction of other Conditions on the proposed terms and schedule; as future market conditions, changes in general economic and business conditions, the behaviour of other market participants, the anticipated benefits from the proposed transaction not being realised as a result of changes in general economic and market conditions in the countries in which Bidco and Merlin operate, weak, volatile or illiquid capital and/or credit markets, changes in tax rates, interest rate and currency value fluctuations, the degree of competition in the geographic and business areas in which Bidco and Merlin operate and changes in laws or in supervisory expectations or requirements. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements. Such forward-looking statements should therefore be construed in the light of such factors. Neither Bidco nor Merlin, nor any*

*of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. You are cautioned not to place any reliance on these forward-looking statements. Other than in accordance with their legal or regulatory obligations, neither Bidco nor Merlin is under any obligation, and Bidco and Merlin expressly disclaim any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

## **Dealing and Opening Position Disclosure Requirements**

*Under Rule 8.3(a) of the Takeover Code, any person who is interested in 1% or more of any class of relevant securities of an Offeree company or of any securities exchange Offeror (being any Offeror other than an Offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange Offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the Offeree company and (ii) any securities exchange Offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm on the 10th business day following the announcement in which any securities exchange Offeror is first identified. Relevant persons who deal in the relevant securities of the Offeree company or of a securities exchange Offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.*

*Under Rule 8.3(b) of the Takeover Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the Offeree company or of any securities exchange Offeror must make a Dealing Disclosure if the person deals in any relevant securities of the Offeree company or of any securities exchange Offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the Offeree company and (ii) any securities exchange Offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm on the business day following the date of the relevant dealing.*

*If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an Offeree company or a securities exchange Offeror, they will be deemed to be a single person for the purpose of Rule 8.3.*

*Opening Position Disclosures must also be made by the Offeree company and by any Offeror and Dealing Disclosures must also be made by the Offeree company, by any Offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).*

*Details of the Offeree and Offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any Offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44*

(0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

### **Publication on a website**

*This announcement and the documents required to be published pursuant to Rule 26.1 of the Takeover Code will be available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on Merlin's website at [www.merlinentertainments.biz/recommended-offer](http://www.merlinentertainments.biz/recommended-offer) and on Bidco's website at [www.motion-offer.com](http://www.motion-offer.com) promptly and in any event by no later than 12 noon on 1 July 2019. The content of the website referred to in this announcement is not incorporated into and does not form part of this announcement.*

### **No profit forecasts, estimates or quantified benefits statements**

*No statement in this announcement is intended as a profit forecast, profit estimate or quantified benefits statement for any period and no statement in this announcement should be interpreted to mean that earnings or earnings per share for Merlin for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for Merlin.*

### **Requesting hard copy documents**

*In accordance with Rule 30.3 of the Takeover Code, Merlin Shareholders, persons with information rights and participants in Merlin Share Plans may request a hard copy of this announcement by contacting Merlin's registrars, Computershare Investor Services PLC, during business hours on +44 (0)370 703 6259 or at The Pavilions, Bridgwater Road, Bristol, BS99 6ZY. For persons who receive a copy of this announcement in electronic form or via a website notification, a hard copy of this announcement will not be sent unless so requested. Such persons may also request that all future documents, announcements and information to be sent to you in relation to the Acquisition should be in hard copy form.*

### **Electronic Communications**

*Please be aware that addresses, electronic addresses and certain other information provided by Merlin Shareholders, persons with information rights and other relevant persons for the receipt of communications from Merlin may be provided to Bidco during the offer period as required under Section 4 of Appendix 4 of the Takeover Code to comply with Rule 2.11(c).*

### **Rounding**

*Certain figures included in this announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of figures that precede them.*

### **Rule 2.9 of the Takeover Code**

*For the purposes of Rule 2.9 of the Takeover Code, Merlin confirms that, as at 27 June 2019, it had in issue 1,024,072,449 ordinary shares of 1 pence each (excluding shares held in treasury). The ISIN for the shares is GB00BDZT6P94.*

*Merlin has in place the Merlin ADR programme sponsored and administered by Citibank Shareholder Services. One Merlin ADR represents two Merlin Shares, and as at 27 June 2019, Merlin had 1,186,271 Merlin ADRs in issue, representing 2,372,542 ordinary shares held in ADR form. The Merlin ADRs are traded over-the-counter. The ISIN for the Merlin ADRs is US59010Q2057.*

**NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF THAT JURISDICTION**

**FOR IMMEDIATE RELEASE**

28 June 2019

**RECOMMENDED CASH ACQUISITION**

**of**

**MERLIN ENTERTAINMENTS PLC**

**by**

**BERKELEY BIDCO LIMITED**

**(a newly formed company owned by joint offerors (i) KIRKBI and (ii) Blackstone Core Equity Partners and CPPIB as a co-investor)**

**to be effected by means of a Scheme of Arrangement  
under Part 26 of the Companies Act 2006**

**1. Introduction**

The board of Berkeley Bidco Limited ("**Bidco**") and the Independent Directors of Merlin Entertainments plc ("**Merlin**") are pleased to announce that they have agreed the terms of a recommended cash offer to be made by Bidco for the entire issued and to be issued share capital of Merlin, other than Merlin Shares owned or controlled by KIRKBI.

As at 27 June 2019 (being the latest practicable date prior to this announcement), KIRKBI owned or controlled 302,971,529 Merlin Shares, representing approximately 29.58 per cent of Merlin's issued share capital as at such date.

It is intended that the Acquisition will be implemented by way of a court-sanctioned scheme of arrangement under Part 26 of the 2006 Act (although Bidco reserves the right to effect the Acquisition by way of an Offer, subject to the consent of the Panel and the terms of the Cooperation Agreement). The Conditions to the Acquisition are set out in full in Appendix 1 to this announcement.

**2. The Acquisition**

The Acquisition, which will be on the terms and subject to the conditions set out below and in Appendix 1, and to be set out in the Scheme Document, will be made on the following basis:

**For each Merlin Share**

**455 pence in cash**

The Acquisition price represents a premium of approximately:

- 36.8 per cent. to the undisturbed Closing Price of 333 pence per Merlin Share on 22 May 2019 (being the last Business Day prior to the publication of ValueAct's letter to the Merlin Board which suggested that Merlin should be taken private);
- 31.0 per cent. to the undisturbed six month volume weighted average price of 347 pence per Merlin Share to 22 May 2019 (being the last Business Day prior to the publication of ValueAct's letter to the Merlin Board which suggested that Merlin should be taken private); and
- 15.2 per cent. to the Closing Price of 395 pence per Merlin Share on 27 June 2019 (being the last Business Day before the date of this announcement).

The Acquisition values the entire issued and to be issued share capital of Merlin at approximately £4,766 million on a fully diluted basis and implies an enterprise value of £5,905 million and a multiple of approximately 12.0x Merlin's underlying EBITDA of £494 million for the year ended 29 December 2018.

The Merlin Shares will be acquired pursuant to the Acquisition fully paid and free from all liens, charges, equities, encumbrances, rights of pre-emption and any other interests of any nature whatsoever and together with all rights attaching thereto, including without limitation voting rights and the right to receive and retain in full all dividends and other distributions (if any) announced, declared, made or paid with a record date on or after the Scheme Record Time.

If, on or after the date of this announcement, any dividend and/or other distribution and/or other return of capital is declared, made or paid or becomes payable in respect of the Merlin Shares, Bidco reserves the right to reduce the consideration payable under the terms of the Acquisition for the Merlin Shares by an amount up to the amount of such dividend and/or distribution and/or return of capital, in which case any reference in this announcement to the consideration payable under the terms of the Acquisition will be deemed to be a reference to the consideration as so reduced.

Details of the effect of the Acquisition on Merlin ADR Holders will be set out in the Scheme Document in due course.

### **3. Background to and reasons for the Acquisition**

KIRKBI has maintained a significant strategic shareholding in Merlin since the sale of LEGOLAND® Parks to Merlin in 2005.

KIRKBI and Blackstone jointly controlled Merlin in the 8 years prior to the 2013 public listing, during which time Merlin became the second largest location based entertainment business globally, and the partner of choice for the world's leading brands to deliver immersive experiences to guests.

The Consortium recognises that significant, long-term investment is required to ensure the longevity of the existing assets and to drive continued growth for Merlin and its stakeholders.

As Merlin's largest shareholder and a key intellectual property partner, KIRKBI recognises the significant benefits of a shareholder group with a similar long-term investment horizon and shared commitment to increased investment in the business. Private ownership, in partnership with Blackstone's long-term Core Private Equity strategy and CPPIB, will better enable the management team to focus on and execute their strategic vision for the business. KIRKBI has agreed to work exclusively with the other members of the Consortium in relation to the offer.

This unique group of investors is equipped with the appropriate long-term investment horizon, expertise and capital required to realise Merlin's potential to grow all branded experiences across its Midway Attractions, LEGOLAND® Parks and Resort Theme Parks.

The Bidco Board believes that revisions to the existing License and Cooperation Agreement (the "LCA") between KIRKBI A/S and Merlin are necessary to underpin future development and growth for the LEGO branded activities within Merlin. Most fundamentally, such changes will provide for increased investment into the LEGO branded activities as well as closer collaboration between Merlin and the LEGO Group. Such investment and the related amendments to the LCA will be subject to consultation with management following the Acquisition. These arrangements are further summarised in paragraph 12 of this announcement.

#### **4. Recommendation**

The Merlin Independent Directors, who have been so advised by Goldman Sachs International, Barclays and Citi as to the financial terms of the Acquisition, consider the terms of the Acquisition to be fair and reasonable. In providing their advice to the Merlin Independent Directors, Goldman Sachs International, Barclays and Citi have taken into account the commercial assessments of the Merlin Independent Directors.

Accordingly, the Merlin Independent Directors intend to recommend unanimously that, in the case of the Court Meeting, the Scheme Shareholders and, in the case of the General Meeting, Merlin Shareholders vote in favour of the resolutions relating to the Acquisition at the Meetings as the Merlin Independent Directors who hold Merlin Shares have irrevocably undertaken to do in respect of their own beneficial holdings totalling 7,420,712 Merlin Shares (representing approximately 0.72 per cent. of existing issued ordinary share capital of Merlin, and 1.03 per cent. of Merlin Shares being eligible to vote at the Court Meeting) as at 27 June 2019, being the Business Day prior to this announcement.

Søren Thorup Sørensen has not participated in the decision to make the recommendation referred to above as he is the Chief Executive Officer of KIRKBI A/S.

#### **5. Background to and reasons for the recommendation**

Since its formation in 1999 Merlin has successfully pursued a consistent strategy to create a high growth, high return family entertainment company based on strong brands

and a global portfolio of assets that is naturally hedged against the impact of external factors. This strategy has enabled Merlin to grow from a business with 19 attractions in 5 countries generating revenue of approximately £20 million and approximately £7 million of EBITDA in 1999 to one with 127 attractions in 25 countries generating revenue of £1.7 billion and £494 million of underlying EBITDA in 2018. Merlin is now a diverse, global leader in location-based, family entertainment and, as one of the world's largest attraction operators, it creates and delivers memorable, immersive brand experiences for millions of guests.

During the early stages of its development Merlin was privately owned and, with the support of partners, including Blackstone and KIRKBI, invested significant capital in growing its business organically and through acquisitions, most notably the acquisitions of LEGOLAND® Parks in 2005 and The Tussauds Group in 2007. Following its IPO in 2013 and change of ownership structure, Merlin continued to execute the same, consistent strategy through its six strategic growth drivers with sustained investment focused on long term opportunities to develop and grow the business while delivering attractive returns. This approach enabled Merlin to continue to deliver significant revenue, EBITDA and earnings per share growth and be well positioned to benefit from the attractive fundamentals of the dynamic and evolving markets in which the group operates as a unique, multi-format international operator of strongly branded and IP-led location based entertainment.

While total shareholder return has been attractive since the IPO, more recent share price performance and investor sentiment have been impacted by a number of external events in markets in which the group operates. In addition, the broader macroeconomic environment in which the group has been operating in recent years has been more challenging creating short to medium term headwinds, in particular as the group seeks to manage cost pressures across the business.

Through this period Merlin has continued to deliver substantial strategic progress with important decisions to expand the LEGOLAND® Parks footprint in New York and Korea, growth in accommodation driving its resort theme park strategy, the development of new Midway IP and brands to broaden appeal to different markets and geographies, and progress on a productivity agenda to deliver cost savings and efficiency benefits. This strategic progress was reinforced in 2018 with the delivery of steady organic financial performance, record visitor numbers and strong guest KPIs. This momentum and performance has continued in 2019 with trading in line with management expectations and the opening of seven Midway attractions and 244 additional accommodation rooms and the completion of the sale of its ski resort businesses in Australia.

The Merlin Board remains fully confident in the ongoing execution of Merlin's strategy and that its successful delivery will create significant value for shareholders. The group is well positioned with a unique portfolio of attractions and brands, multiple growth levers, and has continued to make substantial investments which are expected to deliver sustainable long term returns.

Whilst the Merlin Board did not solicit an offer for Merlin, the Merlin Board regularly considers all options for driving shareholder value and maintains a regular dialogue with its shareholders. The initial unsolicited proposal received from the Consortium at 425 pence was not at a level which the Merlin Independent Directors felt reflected an

appropriate valuation of Merlin and its future prospects. After the Consortium had made four separate proposals and its latest proposal reached a level of 455 pence in cash, the Merlin Independent Directors felt that the offer from the Consortium required more detailed consideration. In considering the terms of the Acquisition and determining whether they reflected an appropriate valuation of Merlin and its future prospects, the Merlin Independent Directors took into account a number of factors including that:

- it represents an opportunity for Merlin Shareholders to realise their investment in Merlin for cash at a fair and reasonable value;
- it implies an enterprise value multiple of approximately 12.0 times Merlin's EBITDA for the 12 months ended 29 December 2018;
- it represents a premium of approximately 37 per cent. to the undisturbed closing share price of 333 pence on 22 May 2019, and 31 per cent. to the undisturbed volume weighted average closing share price of 347 pence for the six month period ended 22 May 2019, being the day before the publication of a letter by ValueAct suggesting that Merlin should be taken private; and
- the certainty of the Acquisition should be weighed against the inherent uncertainty of the delivery of the future value that exists in the business.

Following careful consideration of the above factors, the Merlin Independent Directors intend unanimously to recommend the Acquisition to Merlin Shareholders. The Merlin Independent Directors who hold or are beneficially entitled to Merlin Shares have each irrevocably undertaken to vote in favour of the scheme at the Court Meeting and in favour of the special resolution to be proposed at the Merlin General Meeting in respect of all of their Merlin Shares, being in aggregate a total of 7,420,712 Merlin Shares (representing approximately 0.72 per cent. of the ordinary share capital of Merlin).

## 6. **Information relating to Bidco and the Consortium**

### *Bidco*

KIRKBI and Blackstone Core Equity Partners are joint offerors with respect to the Acquisition, with CPPIB as a co-investor.

As at the Effective Date, it is intended that Bidco will be owned in the following proportions: (a) KIRKBI will own 50.00 per cent. of Bidco and (b) together, Blackstone Core Equity Partners and CPPIB will own 50.00 per cent. of Bidco.

Bidco has not traded since incorporation, nor has it entered into any obligations, other than in connection with the offer and financing of the Acquisition.

The current directors of Bidco are Søren Thorup Sørensen, Jørgen Vig Knudstorp, Peter Wallace and Lori Hall-Kimm. Further details in relation to Bidco will be contained in the Scheme Document.

### *KIRKBI*

KIRKBI is a wholly owned subsidiary of KIRKBI A/S, the private holding and investment company of the Kirk Kristiansen family, founded to promote a sustainable

future for the family ownership of the LEGO® brand through generations. The Kirk Kristiansen family's mission is to "inspire and develop the builders of tomorrow". The family aims to fulfil the mission, helping children grow and develop to their full potential through play, by dedicated efforts driven by the LEGO branded entities. The KIRKBI Group was established to manage, protect and develop the LEGO® brand, its activities and attractions under long-term family ownership. To achieve this purpose, the KIRKBI Group's strategic activities include a 75 per cent. ownership of the LEGO Group, through KIRKBI a 29.58 per cent. ownership of Merlin, and investments in renewable energy to off-set the energy consumption of the LEGO Group.

In addition, KIRKBI manages an international, diversified investment portfolio with a long-term investment profile and is a responsible investor with high ESG standards. At the end of 2018, KIRKBI's investment portfolio was valued at approximately €8 billion. KIRKBI's long-term investment approach reflects an ambition to build sustainable value across selected asset classes.

A key focus of KIRKBI's investment strategy is Long Term Equity investments in established and well-run companies. Within Long Term Equity, KIRKBI seeks significant minority ownership stakes in listed and unlisted companies alongside trusted partners and management teams who share our view on governance, value creation and ESG standards.

KIRKBI operates as an active owner through the board of directors and is generally not involved operationally in the companies in the investment portfolio.

#### *Blackstone*

Blackstone is one of the world's leading investment firms. Blackstone seeks to create positive economic impact and long-term value for our investors, the companies in which it invests, and the communities in which it works. It does this by using extraordinary people and flexible capital to help companies solve problems. Blackstone's asset management businesses, with \$512 billion in assets under management as at 31 March 2019, include investment vehicles focused on private equity, real estate, public debt and equity, non-investment grade credit, real assets and secondary funds, all on a global basis. Blackstone has longstanding experience investing in theme park businesses like Merlin, as well as the wider hospitality, travel and leisure sectors. Further information is available at [www.blackstone.com](http://www.blackstone.com).

#### *CPPIB*

CPPIB is a professional investment management organisation that invests the funds not needed by the Canada Pension Plan ("CPP") to pay current benefits in the best interests of 20 million contributors and beneficiaries. In order to build a diversified portfolio, CPPIB invests in public equities, private equities, real estate, infrastructure and fixed income instruments. Headquartered in Toronto, with offices in Hong Kong, London, Luxembourg, Mumbai, New York City, São Paulo and Sydney, CPPIB is governed and managed independently of the CPP and at arm's length from governments. At 31 March 2019, the Fund totalled C\$392 billion, including approximately C\$22 billion of assets invested in the UK, and net investments of C\$88 billion in private equity.

CPPIB's private equity team is a committed long-term investor with permanent capital, a focus on sizeable investments alongside aligned partners, the ability to invest across the full spectrum of ownership from minority positions up to full control platforms, and the ability to shape the duration and underwriting approach of investments to support longer-date ROI initiatives.

## 7. **Information relating to Merlin**

Merlin is a global leader in location based, family entertainment. As Europe's largest and the world's second-largest visitor attraction operator, Merlin now operates over 130 attractions, 20 hotels and 6 holiday villages in 25 countries and across 4 continents. Merlin's purpose is to deliver memorable experiences to 67 million guests around the world, through its iconic global and local brands, and the commitment and passion of its c.28,000 employees (peak season). Merlin is headquartered in Poole, Dorset, UK and is listed on the London Stock Exchange (MERL). In 2018, Merlin had revenues of £1.7 billion and underlying EBITDA of £494 million. Reflecting its longstanding strategy of diversification and global expansion, Merlin generates approximately 70 per cent. of profits from outside of the UK.

Merlin's strategy since its inception in 1999 has been to create a high growth, high return, family entertainment company based upon strong brands and a global portfolio that is naturally balanced against the impact of external factors. It operates two distinct products – Midway attractions and theme parks.

"Midway" attractions are high quality, branded, indoor attractions, with a typical one to two hour dwell time, located in city centres, shopping malls or resorts. There are over 100 Midway attractions across 22 countries, with chainable brands including SEA LIFE, Madame Tussauds, The Eye (observation attractions), The Dungeons and LEGOLAND® Discovery Centres. Midway also incorporates the Little BIG City brand which has attractions in Berlin and Beijing, and two new brand concepts: The Bear Grylls Adventure which opened its first attraction last year in Birmingham, UK, and Peppa Pig World of Play, a pre-school play experience with initial roll out in China and the US.

Merlin's theme parks are larger outdoor resort destinations, incorporating on-site themed accommodation. These are organised into two specific Operating Groups, based on the brands.

**LEGOLAND® Parks** - Eight LEGOLAND® themed interactive theme parks appealing to younger families with children aged 2-12. The LEGOLAND® Parks estate spans seven countries across three continents, with plans already announced for further parks in New York, US and South Korea and discussions ongoing regarding parks in China.

**Resort Theme Parks** - Six nationally recognised destination theme parks arranged around a central theme. Resort Theme Parks include Alton Towers, THORPE PARK, Chessington World of Adventures, Warwick Castle in the UK, and Gardaland (Italy) and Heide Park (Northern Germany).

The trend towards shorter, more frequent breaks has supported the growth of Merlin's themed on-site accommodation within its theme parks. Merlin has over 4,300 rooms

across a variety of accommodation formats and price points, including four star hotels, lodges and glamping.

Merlin currently has a corporate credit rating of BB from S&P Global Ratings and a LT Corporate Family Rating of Ba2 from Moody's Investor Service.

## 8. **Irrevocable commitments**

Bidco has received irrevocable undertakings to vote (or, where applicable, procure voting) in favour of the resolutions relating to the Acquisition at the Meetings (or in the event that the Acquisition is implemented by an Offer, to accept or procure acceptance of such Offer) from all of the Merlin Independent Directors who own Merlin Shares, in respect of their own beneficial holdings totalling 7,420,712 Merlin Shares (representing approximately 0.72 per cent. of existing issued ordinary share capital of Merlin, and 1.03 per cent. of Merlin Shares being eligible to vote at the Court Meeting) as at 27 June 2019, being the Business Day prior to this announcement.

Bidco has also received an irrevocable commitment to vote in favour of the resolutions relating to the Acquisition at the Meetings (or in the event that the Acquisition is implemented by an Offer, to accept or procure acceptance of such Offer) from ValueAct, in respect of 95,224,988 Merlin Shares (representing approximately 9.30 per cent. of existing issued ordinary share capital of Merlin, and 13.21 per cent. of Merlin Shares being eligible to vote at the Court Meeting) as at 27 June 2019, being the Business Day prior to this announcement.

In total therefore, Bidco has procured irrevocable commitments to vote in favour of the resolutions relating to the Acquisition at the Meetings (or in the event that the Acquisition is implemented by an Offer, to accept or procure acceptance of such Offer), including those from the Merlin Independent Directors in respect of, in aggregate, 102,645,700 Merlin Shares (representing approximately 10.02 per cent. of existing issued ordinary share capital of Merlin, and 14.23 per cent. of Merlin Shares being eligible to vote at the Court Meeting) as at 27 June 2019, being the Business Day prior to this announcement.

Further details of these irrevocable undertakings are set out in Appendix 3 to this announcement.

## 9. **Financing of the Acquisition**

The cash consideration payable to Merlin Shareholders under the terms of the Acquisition will be financed by a combination of equity to be invested by the Blackstone Funds, CPPIB and KIRKBI and debt to be provided under an Interim Facilities Agreement arranged by Bank of America Merrill Lynch International Designated Activity Company and Deutsche Bank AG, London Branch.

The Blackstone Funds and CPPIB may syndicate part of their funding commitments.

Lazard is satisfied that sufficient resources are available to Bidco to enable it to satisfy in full the cash consideration payable to Merlin Shareholders under the terms of the Acquisition.

## 10. Offer-related arrangements

### *Confidentiality Agreement*

On 17 June 2019, Merlin and the Consortium entered into a confidentiality agreement (the "**Confidentiality Agreement**") in relation to the Acquisition, pursuant to which, amongst other things, the Consortium, on behalf of Bidco has undertaken to: (a) subject to certain exceptions, keep information relating to Merlin and the Acquisition confidential and not to disclose it to third parties; and (b) use such confidential information only in connection with the Acquisition. These confidentiality obligations will remain in force until 17 June 2021 (or, if earlier, the completion of the Acquisition). The Confidentiality Agreement contains standstill provisions which restricted the Consortium from acquiring or offering to acquire interests in certain securities of Merlin; those restrictions ceased to apply on the making of this announcement. The Confidentiality Agreement also contains restrictions on the Consortium soliciting or employing certain of Merlin's employees, consultants and independent contractors.

### *Joint Defence Agreement*

Merlin, the Consortium and their respective external legal counsels entered into a confidentiality and joint defence agreement (the "**Joint Defence Agreement**") dated 24 June 2019, the purpose of which is to ensure that the exchange or disclosure of certain materials relating to the parties only takes place between their respective external legal counsels and external experts, and does not diminish in any way the confidentiality of such materials and does not result in a waiver of privilege, right or immunity that might otherwise be available.

### *Bid Conduct Agreement and Bid Conduct Side Letter*

KIRKBI and Blackstone have entered into the Bid Conduct Agreement, pursuant to which they have agreed certain principles in accordance with which they intend to cooperate in respect of the Acquisition. The terms of the Bid Conduct Agreement include an agreement not to pursue a competing proposal with respect to Merlin or take any action to frustrate the Acquisition or solicit or induce another person to make a competing proposal until such time as, among others, the offer (once made) completes, is withdrawn or lapses, a competing offer is effective or completes or they both agree to no longer pursue a transaction.

Blackstone has also entered into the Bid Conduct Side Letter with CPPIB, which addresses CPPIB's cooperation in respect of the Acquisition.

### *Cooperation Agreement*

Pursuant to the Cooperation Agreement, Bidco and Merlin have, amongst other things, each agreed to: (i) cooperate in relation to obtaining any consents, clearances, permissions, waivers and/or approvals as may be necessary, and the making of all filings as may be necessary, from or under the law, regulations or practices applied by any applicable regulatory authority in connection with the Acquisition; and (ii) cooperate in preparing and implementing appropriate proposals in relation to the Merlin Share Plans. In addition, Bidco has agreed to certain provisions if the Scheme should switch to an Offer. The Cooperation Agreement will terminate in certain circumstances,

including if the Acquisition is withdrawn, terminated or lapses, a competing offer completes, becomes effective or is declared unconditional, or if prior to the Long Stop Date any Condition has been invoked by Bidco, if the Merlin Independent Directors withdraw their recommendation of the Acquisition or if the Scheme does not become effective in accordance with its terms by the Long Stop Date or otherwise as agreed between Bidco and Merlin. Pursuant to the terms of the Cooperation Agreement, Bidco undertakes that it will deliver a notice in writing to Merlin on the Business Day prior to the Sanction Hearing confirming either: (i) the satisfaction or waiver of the Conditions (other than the Scheme Conditions); or (ii) to the extent permitted by the Panel, that it intends to invoke or treat as unsatisfied or incapable of satisfaction one or more Conditions.

#### **11. Disclosure of interests in Merlin securities**

As at the close of business on 27 June 2019 (being the last practicable date prior to the date of this announcement), KIRKBI had a beneficial interest in 302,971,529 Merlin Shares, representing approximately 29.58 per cent. of Merlin's issued share capital as of such date.

Save as disclosed in this announcement, as at the close of business on 27 June 2019 (being the last practicable date prior to the date of this announcement) neither Bidco, nor any of its directors, nor, so far as Bidco is aware, any person acting in concert (within the meaning of the Takeover Code) with it for the purposes of the Acquisition (i) had any interest in or right to subscribe for or had borrowed or lent any Merlin Shares or securities convertible or exchangeable into Merlin Shares, or (ii) had any short positions in respect of relevant securities of Merlin (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery, or (iii) has borrowed or lent any relevant securities of Merlin (including, for these purposes, any financial collateral arrangements of the kind referred to in Note 4 on Rule 4.6 of the Takeover Code) save for any borrowed shares which have been either on-lent or resold, or (iv) is a party to any dealing arrangement of the kind referred to in Note 11 on the definition of acting in concert in the Takeover Code.

CPPIB has entered into cash settled swaps relating to Merlin pursuant to which CPPIB has an aggregate interest of 921,727 shares, representing approximately 0.09 per cent. of Merlin's issued share capital as of 27 June 2019 (being the last Business Day before the date of this announcement). The swaps governed by the SG CPPIB ISDA and UBS CPPIB ISDA give CPPIB an economic exposure to Merlin Shares by providing:

- CPPIB is entitled to receive payments equivalent to any dividends with respect to the Merlin Shares which may have been payable between the relevant trade date and termination date;
- CPPIB is entitled to receive any increase in the value of the Merlin Shares by reference to the increase from the initial price to the price at the relevant termination date;
- CPPIB is obliged to pay an amount equal to the decrease in the price of the Merlin Shares from the initial price to the price at the relevant termination date;

- CPPIB pays a fee for the duration of each transaction; and
- CPPIB has no right to exercise any voting rights in respect of the Merlin Shares to which it has exposure under these arrangements.

Counterparty	Trade Date	Termination Date	Initial Merlin Share Price	Merlin Shares
UBS	01/02/2019	27/11/2019	3.4396	157,987
UBS	04/02/2019	27/11/2019	3.4505	131,206
UBS	05/02/2019	24/10/2019	3.5215	178,869
UBS	06/02/2019	24/10/2019	3.5401	127,326
UBS	07/02/2019	27/11/2019	3.5112	122,089
UBS	08/02/2019	24/10/2019	3.5054	83,551
SG	26/02/2019	18/09/2019	3.6396	36,515
SG	27/02/2019	18/09/2019	3.5462	36,515
SG	28/02/2019	18/09/2019	3.6269	37,623
SG	21/03/2019	18/09/2019	3.4726	5,023
SG	22/03/2019	18/09/2019	3.3933	5,023

It has not been practicable for Bidco to make enquiries of all of its concert parties in advance of the release of this announcement. Therefore, if Bidco becomes aware, following the making of such enquiries, that any of its concert parties have any additional interests in the relevant securities of Merlin, all relevant details in respect of Bidco's concert parties will be included in Bidco's Opening Position Disclosure in accordance with Rule 8.1(a) and Note 2(a)(i) on Rule 8 of the Code which must be made on or before 12 noon (London time) on 12 July 2019.

## 12. **Directors, management, employees, pensions, research and development and locations**

### *Amendments to the LCA*

Pursuant to the LCA, Merlin has been granted a perpetual, exclusive, worldwide license to use the LEGOLAND® wordmark and trademarks for the purpose of amusement parks, accommodation and "Mid-Size" attractions. The LEGOLAND® branded attractions currently consist of eight LEGOLAND® Parks and twenty-three LEGOLAND® Discovery Centres, with further attractions in the pipeline.

The LEGOLAND® brand represents a strong asset in the Merlin portfolio of brands and the parks and Discovery Centres serve as important touchpoints in the Merlin portfolio of attractions. Blackstone and KIRKBI have developed an investment plan for these attractions and believe certain amendments to the LCA will be necessary in order to ensure its successful implementation. These changes will be accompanied by the implementation of proposals to increase and strengthen strategic collaboration and alignment between LEGO A/S and Merlin through, for example, collaboration on product, brand and IP development.

The detail of these amendments remains to be finalised following the Acquisition becoming effective and consultation with Merlin management. Such amendments are expected to include an increase in the level of capex on LEGOLAND® Parks, changes to the licensing arrangements for LEGOLAND® Discovery Centres, more flexibility for the LEGO Group to operate education centres and events near the LEGOLAND® Parks and an updating of the LEGO product supply arrangements. Further details are expected to be provided in the Scheme Document.

### ***Existing employment rights and pensions***

Bidco greatly values the skills, knowledge and expertise of Merlin's existing management and employees. Bidco does not, therefore, expect to make any material change to the continued employment of the employees and management of Merlin and its subsidiaries (including in the conditions of employment or in the balance of skills and functions of the employees and management), nor does Bidco intend to initiate any material headcount reductions within the current Merlin organisation as a result of the Acquisition, beyond the existing management's publicly announced efficiency programmes, as stated in the 2018 Merlin Annual Report, and those described below. Given that the Consortium does not have an operating presence in the UK into which Merlin will be merged, the Consortium foresees only limited rationalisation of employee roles following the Acquisition, mainly targeted at corporate and support functions, notably those related to Merlin's status as a public listed company. Any such reductions would be subject to appropriate consultation with employees and employee representative bodies.

However, it is expected that each of the non-executive Merlin Directors other than Søren Thorup Sørensen will resign as directors of Merlin on or shortly after the Effective Date.

The most significant defined benefit pension scheme operated by Merlin is a UK defined benefit scheme (the "**DB Scheme**"), which as at the last full actuarial valuation dated 31 December 2015, revealed a funding deficit of approximately £5.5 million (assets were approximately £28.5 million). The DB Scheme is closed to new entrants and to the future accrual of benefits for existing members. Bidco does not currently intend to make any change to the benefits provided by the DB Scheme. Bidco confirms that its intention is for employer contributions to the DB Scheme to continue in line with current arrangements.

Bidco confirms that, following the Effective Date, the existing contractual and statutory employment rights, including in relation to pensions, of all Merlin management and employees will be fully safeguarded in accordance with applicable law.

### ***Management incentive arrangements***

Following the Acquisition becoming Effective, Bidco intends to review the management, governance and incentive structure of Merlin. Bidco has not entered into, and has not had discussions on proposals to enter into, any form of incentivisation arrangements with members of Merlin's management, but may have discussions and enter into such discussions for certain members of the Merlin management team following the Effective Date.

### ***Headquarters, locations, fixed assets and research and development***

Following the Acquisition, Bidco intends that Merlin will continue to operate as a standalone business group. Bidco does not intend to make any material changes in location of Merlin's headquarters and headquarters functions and no changes are envisaged by Bidco with respect to the redeployment of Merlin's fixed asset base, or the research and development functions of Merlin. Furthermore, the Consortium expects to keep open all existing Merlin attractions in the UK and is not intending to dispose of any material part of the Merlin business.

### ***Trading Facilities***

Merlin Shares are currently listed on the Official List and admitted to trading on the London Stock Exchange. As set out in paragraph 15, applications will be made for the cancellation of the listing of Merlin Shares on the Official List and the cancellation of trading of the Merlin Shares on the London Stock Exchange.

It is intended that, following the Effective Date, Merlin's ADR programme will be terminated and that applications will be made to delist the Merlin ADRs from NASDAQ and terminate Merlin's registration with the Securities and Exchange Commission.

None of the statements in this paragraph 12 are "post-offer undertakings" for the purposes of Rule 19.5 of the Takeover Code.

In considering the recommendation of the Acquisition to Scheme Shareholders, the Merlin Independent Directors have given due consideration to Bidco's intentions for the business, management, employees and locations of business of Merlin.

The Merlin Independent Directors also welcome Bidco's confirmation that, following completion of the Acquisition, the existing contractual and statutory employment rights of all Merlin management and employees will be fully safeguarded in accordance with applicable law.

## **13. Merlin Share Plans**

Participants in the Merlin Share Plans will be contacted regarding the effect of the Acquisition on their options and awards under the Merlin Share Plans and an appropriate proposal will be made to such participants which reflects their options and awards under the Merlin Share Plans in due course.

#### 14. **Scheme process**

To become effective, the Scheme requires, among other things, the approval of a majority in number representing not less than 75 per cent. in value of the relevant Scheme Shareholders present and voting in person or by proxy at the Court Meeting, which is convened by order of the Court, and the passing of the resolutions necessary to implement the Acquisition by the requisite majority of Merlin Shareholders at the Merlin General Meeting (which will require the approval of Merlin Shareholders representing at least 75 per cent. of the votes cast at the Merlin General Meeting either in person or by proxy). The Scheme must also be sanctioned by the Court and, following such sanction, an office copy of the Court Order must be delivered to the Registrar of Companies.

The Merlin Shares owned or controlled by KIRKBI (being 302,971,529 Merlin Shares as at 27 June 2019, the latest practicable date prior to this Announcement) will not be Scheme Shares and will not be acquired by Bidco pursuant to the Acquisition. It is anticipated that, upon the Acquisition becoming Effective, KIRKBI will transfer such Merlin Shares to Bidco. KIRKBI will not be permitted to vote such Merlin Shares at the Court Meeting, but will be permitted to vote such Merlin Shares the Merlin General Meeting.

The Conditions in paragraph 2 of Appendix 1 to this announcement provide that the Scheme will lapse if:

- the Court Meeting and the Merlin General Meeting are not held by the 22nd day after the expected date of the Court Meeting to be set out in the Scheme Document in due course (or such later date as may be agreed between Bidco and Merlin);
- the Sanction Hearing to approve the Scheme is not held by the 22nd day after the expected date of the Sanction Hearing to be set out in the Scheme Document in due course (or such later date as may be agreed between Bidco and Merlin);
- the Scheme does not become effective by 11.59 p.m. on the Long Stop Date (or such later date as may be agreed between Bidco and Merlin and the Panel and the Court may allow).

If any Condition in paragraph 2 of Appendix 1 to this announcement is not capable of being satisfied by the date specified therein, Bidco shall make an announcement through a Regulatory Information Service as soon as practicable and, in any event, by not later than 7.00 a.m. on the Business Day following the date so specified, stating whether Bidco has invoked that Condition other than the third bullet above, (where applicable) waived that Condition or, with the agreement of Merlin, specified a new date by which that Condition must be satisfied.

Once the necessary approvals from Merlin Shareholders have been obtained and the other Conditions have been satisfied or (where applicable) waived and the Scheme has been approved by the Court, the Scheme will become effective upon delivery of the Court Order to the Registrar of Companies. Subject to the satisfaction of the Conditions, the Scheme is expected to become effective during the fourth quarter of 2019.

Upon the Scheme becoming Effective: (i) it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the Merlin General Meeting (and if they attended and voted, whether or not they voted in favour); and (ii) share certificates in respect of Merlin Shares will cease to be valid and entitlements to Merlin Shares held within the CREST system will be cancelled.

Any Merlin Shares (other than Excluded Shares) issued before the Scheme Record Time will be subject to the terms of the Scheme. The resolution(s) to be proposed at the Merlin General Meeting will, amongst other matters, provide that the Articles be amended to incorporate provisions requiring any Merlin Shares issued after the Scheme Record Time (other than to Bidco and/or their nominees) to be automatically transferred to Bidco on the same terms as the Acquisition (other than terms as to timings and formalities). The provisions of the Articles (as amended) will avoid any person (other than Bidco and their nominees) holding shares in the capital of Merlin after the Effective Date.

#### **15. Delisting, and cancellation of trading and re-registration**

It is intended that the London Stock Exchange and the FCA will be requested respectively to cancel trading in Merlin Shares on the London Stock Exchange's market for listed securities and the listing of the Merlin Shares from the Official List on or shortly after the Effective Date.

It is expected that the last day of dealings in Merlin Shares on the Main Market of the London Stock Exchange is expected to be the date of the Scheme Court hearing and no transfers will be registered after 6.00 p.m. (London time) on that date.

It is intended that, following the Effective Date, Merlin's ADR programme be terminated and that applications be made to delist the Merlin ADRs from NASDAQ and terminate Merlin's registration with the Securities and Exchange Commission.

It is intended that Merlin be re-registered as a private limited company as part of the Scheme and for this to take effect as soon as practicable on or following the Effective Date.

#### **16. Documents**

Copies of the following documents will be available promptly on Bidco's and Merlin's websites, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, at [www.motion-offer.com](http://www.motion-offer.com) and [www.merlinentertainments.biz/recommended-offer](http://www.merlinentertainments.biz/recommended-offer) respectively and in any event by no later than noon on 1 July 2019:

- (a) this announcement;
- (b) the Confidentiality Agreement;
- (c) the Joint Defence Agreement;
- (d) the Cooperation Agreement;

- (e) the irrevocable undertakings referred to in paragraph 8 above;
- (f) the Bid Conduct Agreement;
- (g) the Bid Conduct Side Letter; and
- (h) the documents entered into for the financing of the Acquisition referred to in paragraph 9 above.

The content of the website referred to in this announcement is not incorporated into and does not form part of this announcement.

## 17. **General**

The Acquisition will be on the terms and subject to the conditions set out herein and in Appendix I, and to be set out in the Scheme Document. The formal Scheme Document will be sent to shareholders of Merlin within 28 days of this announcement (or on such later date as may be agreed with the Panel).

This announcement does not constitute an offer or an invitation to purchase or subscribe for any securities.

### **Enquiries:**

#### **Merlin**

Simon Whittington (Investors)  
James Crampton (Media)

Tel: +44 (0)1202 493 011  
Tel: +44 (0)1202 493 014

#### **Goldman Sachs International (lead financial adviser to Merlin)**

Anthony Gutman  
Nick Harper  
James Brodie

Tel: +44 (0)20 7774 1000

#### **Barclays (financial adviser and corporate broker to Merlin)**

Alisdair Gayne  
Daniel Ross  
Tom Macdonald

Tel: +44 (0)20 7623 2323

#### **Citi (financial adviser and corporate broker to Merlin)**

Andrew Seaton  
Jan Skarbek  
Peter Catterall

Tel: +44 (0)20 7986 4000

#### **Brunswick (PR adviser to Merlin)**

Simon Sporborg  
Fiona Micallef-Eynaud  
Daniel Holgersson

Tel: +44 (0)20 7404 5959

**FTI Consulting (PR adviser to KIRKBI and Blackstone)**

Neil Doyle

Tel: +44 20 3727 1141

Louisa Feltes

Tel: +44 20 3727 1166

Ed Bridges

Tel: +44 20 3727 1067

**Blackstone**

Ramesh Chhabra

Tel: +44 20 7451 4053

**Lazard & Co., Limited (sole financial adviser to Bidco)**

William Rucker

Tel: +44 20 7187 2581

Charlie Foreman

Tel: +44 20 7187 2251

William Lawes

Tel: +44 20 7187 2458

Mia Tukulj

Tel: +44 20 7187 2309

Blackstone also received financial advice in connection with the Acquisition from BofA Merrill Lynch.

Clifford Chance LLP is acting as legal adviser to KIRKBI and Bidco. Kirkland & Ellis International LLP is acting as legal adviser to Blackstone and Bidco. Latham & Watkins LLP is acting as legal adviser to CPPIB.

Slaughter and May is acting as legal adviser to Merlin.

**Further information**

*Lazard, which is authorised by and regulated by the FCA in the United Kingdom, is acting exclusively as financial adviser to Bidco and no one else in connection with the Acquisition and other matters set out in this announcement and will not be responsible to anyone other than Bidco for providing the protections afforded to clients of Lazard nor for providing advice in relation to the Acquisition, the content of this announcement or any other matter referred to herein. Neither Lazard nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Lazard in connection with this announcement, any statement contained herein or otherwise.*

*Goldman Sachs International, which is authorised by the PRA and regulated by the FCA and the PRA in the United Kingdom, is acting exclusively for Merlin as financial adviser and no one else in connection with the Acquisition and other matters set out in this announcement and will not be responsible to anyone other than Merlin for providing the protections afforded to clients of Goldman Sachs International, or for providing advice in connection with the Acquisition, the content of this announcement or any matter referred to herein. Neither Goldman Sachs International nor any of its subsidiaries, affiliates or branches owes or accepts any duty, liability or responsibility whatsoever (whether direct, indirect, consequential, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Goldman Sachs International in connection with this announcement, any statement contained herein or otherwise.*

*Barclays, which is authorised by the PRA and regulated in the United Kingdom by the FCA and the PRA, is acting exclusively for Merlin and no one else in connection with the Acquisition and will not be responsible to anyone other than Merlin for providing the protections afforded*

*to clients of Barclays nor for providing advice in relation to the Acquisition or any other matter referred to herein.*

*Citi, which is authorised by the PRA and regulated by the FCA and the PRA in the United Kingdom, is acting exclusively for Merlin as financial adviser and no one else in connection with the Acquisition and other matters set out in this announcement and will not be responsible to anyone other than Merlin for providing the protections afforded to clients of Citi, or for providing advice in connection with the Acquisition, the content of this announcement or any matter referred to herein. Neither Citi nor any of its subsidiaries, affiliates or branches owes or accepts any duty, liability or responsibility whatsoever (whether direct, indirect, consequential, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Citi in connection with this announcement, any statement contained herein or otherwise.*

*BofA Merrill Lynch, which is authorised by the UK Prudential Regulatory Authority and regulated by the UK Financial Conduct Authority and the UK Prudential Regulatory Authority, is acting exclusively for Blackstone and for no one else and will not be responsible to anyone other than Blackstone for providing the protections afforded to its clients or for providing advice in relation to the matters referred to in this announcement. Neither BofA Merrill Lynch, nor any of its affiliates, owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of BofA Merrill Lynch in connection with this announcement, any statement contained herein or otherwise. BofA Merrill Lynch has given, and not withdrawn, its consent to the inclusion in this announcement of the references to its name in the form and context in which they appear.*

*In accordance with the Takeover Code, normal United Kingdom market practice and Rule 14e-5(b) of the Exchange Act, each of Goldman Sachs International, Barclays and Citi and their respective affiliates will continue to act as exempt principal trader in Merlin securities on the London Stock Exchange. These purchases and activities by exempt principal traders which are required to be made public in the United Kingdom pursuant to the Takeover Code will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at [www.londonstockexchange.com](http://www.londonstockexchange.com). This information will also be publicly disclosed in the United States to the extent that such information is made public in the United Kingdom.*

*This announcement is for information purposes only and is not intended to, and does not, constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Acquisition or otherwise. The Acquisition will be made solely pursuant to the terms of the Scheme Document (or, if the Acquisition is implemented by way of an Offer, the Offer Document), which will contain the full terms and conditions of the Acquisition, including details of how to vote in respect of the Acquisition. Any decision in respect of, or other response to, the Acquisition should be made only on the basis of the information in the Scheme Document (or, if the Acquisition is implemented by way of an Offer, the Offer Document).*

*This announcement does not constitute a prospectus or prospectus equivalent document.*

## **Overseas Shareholders**

*This announcement has been prepared in accordance with English law, the Takeover Code, the Market Abuse Regulation and the Disclosure Guidance and Transparency Rules and information disclosed may not be the same as that which would have been prepared in accordance with the laws of jurisdictions outside England.*

*The availability of the Acquisition to Merlin Shareholders who are not resident in and citizens of the UK may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not resident in the UK should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdictions. In particular, the ability of persons who are not resident in the United Kingdom to vote their Merlin Shares with respect to the Scheme at the Court Meeting, or to appoint another person as proxy to vote at the Court Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person. Further details in relation to Overseas Shareholders will be contained in the Scheme Document.*

*Unless otherwise determined by Bidco or required by the Takeover Code, and permitted by applicable law and regulation, the Acquisition will not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Scheme by any such use, means, instrumentality or from within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Copies of this announcement and any formal documentation relating to the Acquisition are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send it in or into or from any Restricted Jurisdiction. Doing so may render invalid any related purported vote in respect of the Acquisition. If the Acquisition is implemented by way of an Offer (unless otherwise permitted by applicable law and regulation), the Offer may not be made directly or indirectly, in or into, or by the use of mails or any means or instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of any Restricted Jurisdiction and the Offer may not be capable of acceptance by any such use, means, instrumentality or facilities.*

## **Notice to US investors in Merlin**

*The Acquisition relates to the shares of an English company and is being made by means of a scheme of arrangement provided for under English company law. A transaction effected by means of a scheme of arrangement is not subject to the tender offer or proxy solicitation rules under the US Exchange Act of 1934. Accordingly, the Acquisition is subject to the disclosure requirements and practices applicable in the UK to schemes of arrangement which differ from the disclosure requirements of the US tender offer and proxy solicitation rules. The financial information included in this announcement has been prepared in accordance with generally accepted accounting principles of the United Kingdom and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.*

*If, in the future, Bidco exercises its right to implement the Acquisition by way of an Offer, which is to be made into the United States, such Offer will be made in compliance with the applicable US laws and regulations.*

*It may be difficult for US holders of Merlin Shares and Merlin ADR Holders to enforce their rights and any claim arising out of the US federal laws, since Bidco and Merlin are located in a non-US jurisdiction, and some or all of their officers and directors may be residents of a non-US jurisdiction. US holders of Merlin Shares and Merlin ADR Holders may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.*

*US Merlin Shareholders and Merlin ADR Holders also should be aware that the transaction contemplated herein may have tax consequences in the US and, that such consequences, if any, are not described herein. US Merlin Shareholders and Merlin ADR Holders are urged to consult with legal, tax and financial advisers in connection with making a decision regarding this transaction.*

### **Forward Looking Statements**

*This announcement (including information incorporated by reference in this announcement), oral statements made regarding the Acquisition, and other information published by Bidco and Merlin contain statements which are, or may be deemed to be, "forward-looking statements". Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management of Bidco and Merlin about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements.*

*The forward-looking statements contained in this announcement include statements relating to the expected effects of the Acquisition on Bidco and Merlin (including their future prospects, developments and strategies), the expected timing and scope of the Acquisition and other statements other than historical facts. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "plans", "expects" or "does not expect", "is expected", "is subject to", "budget", "projects", "strategy", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Although Bidco and Merlin believe that the expectations reflected in such forward-looking statements are reasonable, Bidco and Merlin can give no assurance that such expectations will prove to be correct. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements.*

*These factors include, but are not limited to: the ability to complete the Acquisition; the ability to obtain requisite regulatory and shareholder approvals and the satisfaction of other Conditions on the proposed terms and schedule; as future market conditions, changes in general economic and business conditions, the behaviour of other market participants, the anticipated benefits from the proposed transaction not being realised as a result of changes in general economic and market conditions in the countries in which Bidco and Merlin operate,*

*weak, volatile or illiquid capital and/or credit markets, changes in tax rates, interest rate and currency value fluctuations, the degree of competition in the geographic and business areas in which Bidco and Merlin operate and changes in laws or in supervisory expectations or requirements. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements. Such forward-looking statements should therefore be construed in the light of such factors. Neither Bidco nor Merlin, nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. You are cautioned not to place any reliance on these forward-looking statements. Other than in accordance with their legal or regulatory obligations, neither Bidco nor Merlin is under any obligation, and Bidco and Merlin expressly disclaim any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

### **Dealing and Opening Position Disclosure Requirements**

*Under Rule 8.3(a) of the Takeover Code, any person who is interested in 1% or more of any class of relevant securities of an Offeree company or of any securities exchange Offeror (being any Offeror other than an Offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange Offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the Offeree company and (ii) any securities exchange Offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm on the 10th business day following the announcement in which any securities exchange Offeror is first identified. Relevant persons who deal in the relevant securities of the Offeree company or of a securities exchange Offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.*

*Under Rule 8.3(b) of the Takeover Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the Offeree company or of any securities exchange Offeror must make a Dealing Disclosure if the person deals in any relevant securities of the Offeree company or of any securities exchange Offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the Offeree company and (ii) any securities exchange Offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm on the business day following the date of the relevant dealing.*

*If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an Offeree company or a securities exchange Offeror, they will be deemed to be a single person for the purpose of Rule 8.3.*

*Opening Position Disclosures must also be made by the Offeree company and by any Offeror and Dealing Disclosures must also be made by the Offeree company, by any Offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).*

*Details of the Offeree and Offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any Offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.*

### **Publication on a website**

*This announcement and the documents required to be published pursuant to Rule 26.1 of the Takeover Code will be available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on Merlin's website at [www.merlinentertainments.biz/recommended-offer](http://www.merlinentertainments.biz/recommended-offer) and on Bidco's website at [www.motion-offer.com](http://www.motion-offer.com) promptly and in any event by no later than 12 noon on 1 July 2019. The content of the website referred to in this announcement is not incorporated into and does not form part of this announcement.*

### **No profit forecasts, estimates or quantified benefits statements**

*No statement in this announcement is intended as a profit forecast, profit estimate or quantified benefits statement for any period and no statement in this announcement should be interpreted to mean that earnings or earnings per share for Merlin for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for Merlin.*

### **Requesting hard copy documents**

*In accordance with Rule 30.3 of the Takeover Code, Merlin Shareholders, persons with information rights and participants in Merlin Share Plans may request a hard copy of this announcement by contacting Merlin's registrars, Computershare Investor Services PLC, during business hours on +44 (0)370 703 6259 or at The Pavilions, Bridgwater Road, Bristol, BS99 6ZY. For persons who receive a copy of this announcement in electronic form or via a website notification, a hard copy of this announcement will not be sent unless so requested. Such persons may also request that all future documents, announcements and information to be sent to you in relation to the Acquisition should be in hard copy form.*

### **Electronic Communications**

*Please be aware that addresses, electronic addresses and certain other information provided by Merlin Shareholders, persons with information rights and other relevant persons for the receipt of communications from Merlin may be provided to Bidco during the offer period as required under Section 4 of Appendix 4 of the Takeover Code to comply with Rule 2.11(c).*

### **Rounding**

*Certain figures included in this announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of figures that precede them.*

## **Rule 2.9 of the Takeover Code**

*For the purposes of Rule 2.9 of the Takeover Code, Merlin confirms that, as at 27 June 2019, it had in issue 1,024,072,449 ordinary shares of 1 pence each (excluding shares held in treasury). The ISIN for the shares is GB00BDZT6P94.*

*Merlin has in place the Merlin ADR programme sponsored and administered by Citibank Shareholder Services. One Merlin ADR represents two Merlin Shares, and as at 27 June 2019, Merlin had 1,186,271 Merlin ADRs in issue, representing 2,372,542 ordinary shares held in ADR form. The Merlin ADRs are traded over-the-counter. The ISIN for the Merlin ADRs is US59010Q2057.*

**APPENDIX 1**  
**CONDITIONS AND FURTHER TERMS OF THE TRANSACTION**

**Part A: Conditions to the Scheme and Acquisition**

1. The Acquisition will be conditional upon the Scheme becoming unconditional and becoming effective, subject to the provisions of the Takeover Code, by no later than 11.59 p.m. on the Long Stop Date, or such later date (if any) as Bidco and Merlin may, with the consent of the Panel, agree and (if required) the Court may allow.

**Conditions of the Scheme**

2. The Scheme will be subject to the following Conditions:
  - (a) (i) its approval by a majority in number representing not less than 75 per cent. in value of Scheme Shareholders who are on the register of members of Merlin (or the relevant class or classes thereof) at the Voting Record Time, present and voting, whether in person or by proxy, at the Court Meeting and at any separate class meeting which may be required (or any adjournment thereof), and (ii) such Court Meeting being held on or before the 22nd day after the expected date of the Court Meeting to be set out in the Scheme Document in due course (or such later date as may be agreed between Bidco and Merlin (and that the Court may approve));
  - (b) (i) the resolutions required to implement the Scheme being duly passed at the Merlin General Meeting (or any adjournment thereof) and (ii) such Merlin General Meeting being held on or before the 22nd day after the expected date of the Merlin General Meeting to be set out in the Scheme Document in due course (or such later date as may be agreed between Bidco and Merlin (and that the Court may approve)); and
  - (c) (i) the sanction of the Scheme by the Court (with or without modification (but subject to such modification being acceptable to Bidco and Merlin)) and the delivery of the office copy of the Court Order to the Registrar of Companies; and (ii) the Sanction Hearing being held on or before the 22nd day after the expected date of the Sanction Hearing to be set out in the Scheme Document in due course (or such later date as may be agreed between Bidco and Merlin (and that the Court may approve)).

**General Conditions**

3. In addition, Bidco and Merlin have agreed that the Acquisition will be conditional upon the following conditions and, accordingly, the necessary actions to make the Scheme effective will not be taken unless the following conditions (as amended if appropriate) have been satisfied or, where relevant, waived:

**Antitrust**

*European Union*

- (a) the European Commission issuing a decision under Article 6(1)(b) of Council Regulation (EC) 139/2004 (the "**Regulation**"), or being deemed to have done

so under Article 10(6) of the Regulation, declaring the Acquisition compatible with the internal market without attaching to its decision any conditions or obligations that are not reasonably satisfactory to Bidco and in the event that a request under Article 9(2) of the Regulation has been made by a Member State, the European Commission indicating that it does not intend to refer the Acquisition (or any part thereof) or any matter arising therefrom to a competent authority of a Member State in accordance with Article 9(1) of the Regulation;

*United States*

- (b) all filings having been made and any applicable waiting period under the Hart Scott Rodino Antitrust Improvements Act of 1976 (as amended) and the regulations made thereunder relating to the Acquisition has expired, lapsed or been terminated;

*China*

- (c) the State Administration for Market Regulation ("**SAMR**") issuing a notice confirming that it will not conduct further review of the Acquisition or approving the Acquisition; or the statutory review period pursuant to the PRC Anti Monopoly Law, including any extension of such period, having elapsed and no objection having been raised or qualifications or requirements that are not on terms reasonably satisfactory to Bidco imposed by the SAMR in relation to the Agreement;

*Turkey*

- (d) the Turkish Competition Board issuing a decision pursuant to the Act on the Protection of Competition (Law No. 4054, as amended (the "**Act**")) and Communiqué No. 2010/4 on the Mergers and Acquisitions Calling for the Authorisation of the Competition Board (as amended), stating that the Acquisition is not subject to notification, or approving the Acquisition after a preliminary investigation without any objections or without imposing any conditions that are not reasonably satisfactory to Bidco; or the statutory waiting period of 30 days specified in Article 10 of the Act expiring without the Turkish Competition Board responding to or taking any action in relation to the notification made regarding the Acquisition;

*The Ukraine*

- (e) the Antimonopoly Committee of Ukraine deciding to approve or having been deemed to have approved the Acquisition in accordance with the Law of Ukraine on Protection of Economic Competition as of 11 January 2001 No. 2210-III (as amended), whether under conditions and obligations reasonably satisfactory to Bidco or without attaching any conditions or obligations;

**Regulatory**

*Australia*

- (f) the Treasurer of the Commonwealth of Australia ("**Treasurer**") (or the Treasurer's delegate) providing a written no objection notification in respect of

Bidco's proposed acquisition of a direct interest in Australian entities under the Acquisition either without conditions or without imposing any conditions that are not reasonably satisfactory to Bidco; or (ii) following notice of Bidco's proposed acquisition of a direct interest in Australian entities under the Acquisition having been given by Bidco to the Treasurer under the Foreign Acquisitions and Takeovers Act 1975 (Cth), the Treasurer has ceased to be empowered to make any order under Part 3 of the Foreign Acquisitions and Takeovers Act 1975 (Cth) because the applicable time limit on making orders and decisions has expired;

*New Zealand*

- (g) the New Zealand Overseas Investment Office giving all consents, either without conditions or on conditions reasonably satisfactory to Bidco, required for the Acquisition under the New Zealand Overseas Investment Act 2005 and the New Zealand Overseas Investment Regulations 2005;

**Other Third Party clearances**

- (h) no central bank, government or governmental, quasi-governmental, supranational, statutory, regulatory, environmental, administrative, fiscal or investigative body, court, trade agency, association, institution, environmental body, employee representative body or any other body or person whatsoever in any jurisdiction (each a "**Third Party**") having given notice of a decision to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference, or having required any action to be taken or otherwise having done anything or having enacted, made or proposed any statute, regulation, decision, order or change to published practice and there not continuing to be outstanding any statute, regulation, decision or order which would or might:
  - (i) make the Acquisition, its implementation or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, any member of the Wider Merlin Group by any member of the Wider Bidco Group void, illegal and/or unenforceable under the laws of any relevant jurisdiction, or otherwise directly or indirectly prevent, prohibit, or restrain, restrict, impede, challenge, delay or otherwise interfere with the implementation of, or impose material additional conditions or obligations with respect to, the Acquisition or the acquisition of any shares or other securities in, or control or management of, any member of the Wider Merlin Group by any member of the Wider Bidco Group or require amendment of the Scheme;
  - (ii) require, prevent or materially delay the divestiture or alter the terms envisaged for such divestiture by any member of the Wider Bidco Group or by any member of the Wider Merlin Group of all or any part of their businesses, assets or property or impose any limitation on the ability of all or any of them to conduct their businesses (or any part thereof) or to own, control or manage any of their assets or properties (or any part thereof) to an extent which is material in the context of the Wider Merlin Group taken as a whole or in the context of the Acquisition;

- (iii) impose any material limitation on, or result in a material delay in, the ability of any member of the Wider Bidco Group directly or indirectly to acquire or hold or to exercise effectively all or any rights of ownership in respect of shares or other securities in Merlin (or any member of the Wider Merlin Group) or on the ability of any member of the Wider Merlin Group or any member of the Wider Bidco Group directly or indirectly to hold or exercise effectively any rights of ownership in respect of shares or other securities (or the equivalent) in, or to exercise management control over, any member of the Wider Merlin Group to an extent which is material in the context of the Wider Merlin Group taken as a whole or in the context of the Acquisition;
- (iv) other than pursuant to the implementation of the Scheme or, if applicable, sections 974 to 991 of the Companies Act 2006, require any member of the Wider Bidco Group or the Wider Merlin Group to acquire or offer to acquire any shares, other securities (or the equivalent) or interest in any member of the Wider Merlin Group or any asset owned by any third party which is material in the context of the Wider Merlin Group or the Wider Bidco Group, in either case taken as a whole;
- (v) require, prevent or delay a divestiture by any member of the Wider Bidco Group of any shares or other securities (or the equivalent) in any member of the Wider Merlin Group;
- (vi) result in any member of the Wider Merlin Group ceasing to be able to carry on business under any name under which it presently carries on business to an extent which is material in the context of the Wider Merlin Group taken as a whole or in the context of the Acquisition;
- (vii) impose any limitation on the ability of any member of the Wider Bidco Group or any member of the Wider Merlin Group to conduct, integrate or co-ordinate all or any part of their respective businesses with all or any part of the business of any other member of the Wider Bidco Group and/or the Wider Merlin Group in a manner which is adverse and material to the Wider Bidco Group and/or the Wider Merlin Group, in either case, taken as a whole or in the context of the Acquisition; or
- (viii) except as Disclosed, otherwise affect the business, assets, value, profits, prospects or operational performance of any member of the Wider Merlin Group or any member of the Wider Bidco Group in each case in a manner which is adverse to and material in the context of the Wider Merlin Group taken as a whole or of the financing of the Acquisition;

and all applicable waiting and other time periods (including any extensions thereof) during which any such Third Party could decide to take, institute, implement or threaten any such action, proceeding, suit, investigation, enquiry or reference or take any other step under the laws of any jurisdiction in respect of the Acquisition or proposed acquisition of any Merlin Shares or otherwise intervene having expired, lapsed, or been terminated;

- (i) all notifications, filings or applications which are deemed by Bidco to be necessary or reasonably considered to be appropriate having been made in connection with the Acquisition and all necessary waiting and other time periods (including any extensions thereof) under any applicable legislation or regulation of any jurisdiction having expired, lapsed or been terminated (as appropriate) and all statutory and regulatory obligations in any jurisdiction having been complied with and all Authorisations which are deemed by Bidco to be necessary or reasonably considered to be appropriate in any jurisdiction for or in respect of the Acquisition or the proposed acquisition of any shares or other securities in, or control of, Merlin by any member of the Wider Bidco Group having been obtained in terms and in a form reasonably satisfactory to Bidco from all appropriate Third Parties or (without prejudice to the generality of the foregoing) from any person or bodies with whom any member of the Wider Merlin Group or the Wider Bidco Group has entered into contractual arrangements in each case where the direct consequence of a failure to make such notification or filing or to wait for the expiry, lapse or termination of any such waiting or other time period or to comply with such obligation or obtain such Authorisation would be unlawful in any relevant jurisdiction or have a material adverse effect on the Wider Merlin Group, any member of the Bidco Group or the ability of Bidco to implement the Scheme and all such Authorisations remaining in full force and effect at the time at which the Scheme becomes otherwise unconditional in all respects and there being no notice or intimation of an intention to revoke, suspend, restrict, modify or not to renew such Authorisations;
- (j) no temporary restraining order, preliminary or permanent injunction, preliminary or permanent enjoinder, or other order issued and being in effect by a court or other Third Party which has the effect of making the Acquisition or any acquisition or proposed acquisition of any shares or other securities or control or management of, any member of the Wider Merlin Group by any member of the Wider Bidco Group, or the implementation of either of them, void, voidable, illegal and/or unenforceable under the laws of any relevant jurisdiction, or otherwise directly or indirectly prohibiting, preventing, restraining, restricting, delaying or otherwise interfering with the completion or the approval of the Acquisition or any matter arising from the proposed acquisition of any shares or other securities in, or control or management of, any member of the Wider Merlin Group by any member of the Wider Bidco Group;

**Confirmation of absence of adverse circumstances**

- (k) except as Disclosed, there being no provision of any arrangement, agreement, licence, permit, franchise, lease or other instrument to which any member of the Wider Merlin Group is a party or by or to which any such member or any of its assets is or may be bound, entitled or be subject or any event or circumstance which, as a consequence of the Acquisition or the proposed acquisition by any member of the Wider Bidco Group of any shares or other securities in Merlin or because of a change in the control or management of any member of the Wider Merlin Group or otherwise, would or might reasonably be expected to

result in, in each case to an extent which is material in the context of the Wider Merlin Group taken as a whole or to the financing of the Acquisition:

- (i) any monies borrowed by, or any other indebtedness, actual or contingent of, or any grant available to, any member of the Wider Merlin Group being or becoming repayable, or capable of being declared repayable, immediately or prior to its or their stated maturity date or repayment date, or the ability of any such member to borrow monies or incur any indebtedness being withdrawn or inhibited or being capable of becoming or being withdrawn or inhibited;
- (ii) the rights, liabilities, obligations, interests or business of any member of the Wider Merlin Group or any member of the Wider Bidco Group under any such arrangement, agreement, licence, permit, lease or instrument or the interests or business of any member of the Wider Merlin Group or any member of the Wider Bidco Group in or with any other firm or company or body or person (or any agreement or arrangement relating to any such business or interests) being or likely to become terminated or adversely modified or affected or any onerous obligation or liability arising or any adverse action being taken or arising thereunder;
- (iii) any member of the Wider Merlin Group ceasing to be able to carry on business under any name under which it presently carries on business to an extent which is material in the context of the Merlin Group taken as a whole or in the context of the Acquisition;
- (iv) any assets or interests of, or any asset the use of which is enjoyed by, any member of the Wider Merlin Group being or falling to be disposed of or charged or any right arising under which any such asset or interest could be required to be disposed of or charged or could cease to be available to any member of the Wider Merlin Group otherwise than in the ordinary course of business;
- (v) other than in the ordinary course of business, the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any member of the Wider Merlin Group or any such mortgage, charge or other security interest (whenever created, arising or having arisen), becoming enforceable;
- (vi) the business, assets, value, financial or trading position, profits, prospects or operational performance of any member of the Wider Merlin Group being prejudiced or adversely affected; or
- (vii) the creation or acceleration of any material liability (actual or contingent) by any member of the Wider Merlin Group other than trade creditors or other liabilities incurred in the ordinary course of business; or
- (viii) any liability of any member of the Wider Merlin Group to make any severance, termination, bonus or other payment to any of its directors or other officers other than in the ordinary course of business;

## **No material transactions, claims or changes in the conduct of the business of the Merlin Group**

- (l) except as Disclosed, no member of the Wider Merlin Group having since 29 December 2018:
- (i) save as between Merlin and its wholly-owned subsidiaries or between such wholly-owned subsidiaries and save for the issue or transfer out of treasury of Merlin Shares on the exercise of options or vesting of awards granted in the ordinary course under the Merlin Share Plans, issued or agreed to issue or authorised or proposed or announced its intention to authorise or propose the issue of additional shares of any class, or securities or securities convertible into, or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities or transferred or sold or agreed to transfer or sell or authorised or proposed the transfer or sale of Merlin Shares out of treasury;
  - (ii) recommended, declared, paid or made or agreed to recommend, declare, pay or make any bonus issue, dividend or other distribution (whether payable in cash or otherwise) other than to Merlin or one of its wholly-owned subsidiaries;
  - (iii) save as between Merlin and its wholly-owned subsidiaries or between such wholly-owned subsidiaries, merged with (by statutory merger or otherwise) or demerged from or acquired any body corporate, partnership or business or acquired or disposed of, or, other than in the ordinary course of business, transferred, mortgaged or charged or created any security interest over, any assets or any right, title or interest in any asset (including shares and trade investments) or authorised, proposed or announced any intention to do so, in each case to an extent which is material in the context of the Wider Merlin Group taken as a whole;
  - (iv) save as between Merlin and its wholly-owned subsidiaries or between such wholly-owned subsidiaries, made, authorised, proposed or announced an intention to propose any change in its loan capital other than in the ordinary course of business and to an extent which is material in the context of the Wider Merlin Group taken as a whole;
  - (v) issued, authorised or proposed or announced an intention to authorise or propose the issue of, or made any change in or to the terms of, any debentures or (save in the ordinary course of business and save as between Merlin and its wholly-owned subsidiaries or between such wholly-owned subsidiaries) incurred or increased any indebtedness or become subject to any contingent liability to an extent which is material in the context of the Wider Merlin Group taken as a whole or in the context of the Acquisition;
  - (vi) entered into, varied, authorised or proposed entry into or variation of, or announced its intention to enter into or vary, any contract, transaction,

arrangement or commitment (whether in respect of capital expenditure or otherwise) (otherwise than in the ordinary course of business) which is of a long term, unusual or onerous nature, or which involves or could reasonably be expected to involve an obligation of a nature or magnitude which is or is likely to be materially restrictive on the business of any member of the Wider Merlin Group to an extent which is or is reasonably likely to be material to the Wider Merlin Group taken as a whole;

- (vii) entered into any licence or other disposal of intellectual property rights of any member of the Wider Merlin Group which are material in the context of the Wider Merlin Group and outside the normal course of business;
- (viii) entered into, varied, authorised or proposed entry into or variation of, or announced its intention to enter into or vary the terms of or made any offer (which remains open for acceptance) to enter into or vary the terms of, any contract, commitment, arrangement or any service agreement with any director or senior executive of the Wider Merlin Group save for salary increases, bonuses or variations of terms in the ordinary course;
- (ix) proposed, agreed to provide or modified the terms of any share option scheme, incentive scheme, or other benefit relating to the employment or termination of employment of any employee of the Wider Merlin Group which, taken as a whole, are material in the context of the Wider Merlin Group taken as a whole;
- (x) (I) (excluding the trustee of any pension scheme(s) established by a member of the Wider Merlin Group other than Merlin itself) made, agreed or consented to or procured any significant change to: (a) the terms of the trust deeds, rules, policy or other governing documents constituting any pension scheme or other retirement or death benefit arrangement established for the directors, former directors, employees or former employees of any entity in the Wider Merlin Group or their dependants and established by a member of the Wider Merlin Group (a "**Relevant Pension Plan**"); (b) the basis on which benefits accrue, pensions which are payable or the persons entitled to accrue or be paid benefits, under any Relevant Pension Plan; (c) the basis on which the liabilities of any Relevant Pension Plan are funded or valued; (e) the basis or rate of employer contribution to a Relevant Pension Plan, in each case to the extent which is material in the context of the Wider Merlin Group taken as a whole or in the context of the Acquisition and other than as required in accordance with applicable law; or (II) enter into or propose to enter into one or more bulk annuity contracts in relation to any Relevant Pension Plan; or (III) carried out any act: (a) which would or could reasonably be expected to lead to the commencement of the winding up of any Relevant Pension Plan; (b) which would or is reasonably likely to create a material debt owed by an employer to any Relevant Pension Plan; (c) which would or might accelerate any obligation on any employer to fund or pay additional

contributions to any Relevant Pension Plan; or (d) which would, having regard to the published guidance of the Pensions Regulator give rise directly or indirectly to a liability in respect of a Relevant Pension Plan arising out of the operation of sections 38 and 38A of the Pensions Act 2004 in relation to a Relevant Pension Plan, in each case to the extent which is material in the context of the Wider Merlin Group taken as a whole or in the context of the Acquisition and other than as required in accordance with applicable law;

- (xi) changed the trustee or trustee directors or other fiduciary of any Relevant Pension Plan;
- (xii) entered into, implemented or effected, or authorised, proposed or announced its intention to implement or effect, any joint venture, asset or profit sharing arrangement, partnership, composition, assignment, reconstruction, amalgamation, commitment, scheme or other transaction or arrangement (other than the Scheme) otherwise than in the ordinary course of business which is material in the context of the Wider Merlin Group taken as a whole or in the context of the Acquisition;
- (xiii) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or, save in respect of the matters mentioned in sub-paragraph (i) above, made any other change to any part of its share capital to an extent which (other than in the case of Merlin) is material in the context of the Wider Merlin Group taken as a whole;
- (xiv) other than with respect to claims between Merlin and its wholly owned subsidiaries (or between such subsidiaries), waived, compromised or settled any claim otherwise than in the ordinary course of business which is material in the context of the Wider Merlin Group taken as a whole or in the context of the Acquisition;
- (xv) made any alteration to its articles of association or other constitutional documents (in each case, other than in connection with the Scheme) which is material in the context of the Acquisition;
- (xvi) (other than in respect of a member of the Wider Merlin Group which is dormant and was solvent at the relevant time) taken or proposed any steps, corporate action or had any legal proceedings instituted or threatened against it in relation to the suspension of payments, a moratorium of any indebtedness, its winding-up (voluntary or otherwise), dissolution, reorganisation or for the appointment of any administrator, receiver, manager, administrative receiver, trustee or similar officer of all or any of its assets or revenues or any analogous proceedings in any jurisdiction or appointed any analogous person in any jurisdiction or had any such person appointed which is material in the context of the Wider Merlin Group taken as a whole or in the context of the Acquisition;

- (xvii) been unable, or admitted in writing that it is unable, to pay its debts or commenced negotiations with one or more of its creditors with a view to rescheduling or restructuring any of its indebtedness, or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business which is material in the context of the Wider Merlin Group taken as a whole or in the context of the Acquisition;
- (xviii) entered into any contract, commitment, agreement or arrangement otherwise than in the ordinary course of business or passed any resolution or made any offer (which remains open for acceptance) with respect to or announced an intention to, or to propose to, effect any of the transactions, matters or events referred to in this condition;
- (xix) terminated or varied the terms of any agreement or arrangement between any member of the Wider Merlin Group and any other person in a manner which would or might be expected to have a material adverse effect on the financial position of the Wider Merlin Group taken as a whole; or
- (xx) having taken (or agreed or proposed to take) any action which requires, or would require, the consent of the Panel or the approval of Merlin Shareholders in general meeting in accordance with, or as contemplated by, Rule 21.1 of the Takeover Code;

**No material adverse change**

- (m) since 29 December 2018, and except as Disclosed, there having been:
  - (i) no adverse change and no circumstance having arisen which would be expected to result in any adverse change or deterioration in the business, assets, value, financial or trading position, profits, prospects or operational performance of any member of the Wider Merlin Group to an extent which is material to the Wider Merlin Group taken as a whole or to the financing of the Acquisition;
  - (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings including, without limitation, with regard to intellectual property rights used by the Wider Merlin Group having been threatened, announced or instituted by or against or remaining outstanding against any member of the Wider Merlin Group or to which any member of the Wider Merlin Group is or may become a party (whether as claimant or defendant or otherwise) and no enquiry, review, investigation or enforcement proceedings by, or complaint or reference to, any Third Party against or in respect of any member of the Wider Merlin Group having been threatened, announced or instituted by or against, or remaining outstanding in respect of, any member of the Wider Merlin Group which, in any such case, might be expected to have a material adverse effect on the Wider Merlin Group taken as a whole;

- (iii) no contingent or other liability having arisen, increased or become apparent which is reasonably likely to adversely affect the business, assets, financial or trading position, profits, prospects or operational performance of any member of the Wider Merlin Group to an extent which is material to the Wider Merlin Group taken as a whole
- (iv) no steps having been taken and no omissions having been made which are reasonably likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider Merlin Group, which is necessary for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which is material and reasonably likely to have a material adverse effect on the Wider Merlin Group taken as a whole; and

no member of the Wider Merlin Group having conducted its business in material breach of any applicable laws and regulations which in any case is material in the context of the Wider Merlin Group taken as a whole.

- (n) since 29 December 2018, and except as Disclosed, Bidco not having discovered:
  - (i) that any financial, business or other information concerning the Wider Merlin Group publicly announced or disclosed to any member of the Wider Bidco Group at any time prior to this Announcement by or on behalf of any member of the Wider Merlin Group or to any of their advisers is misleading, contains a misrepresentation of fact or omits to state a fact necessary to make that information not misleading and which is, in any case, material in the context of the Wider Merlin Group taken as a whole or in the context of the Acquisition;
  - (ii) that any member of the Wider Merlin Group is subject to any liability, contingent or otherwise and which is material in the context of the Wider Merlin Group taken as a whole; or
  - (iii) any information which affects the import of any information disclosed to Bidco at any time prior to this Announcement by or on behalf of any member of the Wider Merlin Group which is material in the context of the Wider Merlin Group taken as a whole;

### **Environmental liabilities**

- (o) except as Disclosed, Bidco not having discovered that, in relation to any release, emission, accumulation, discharge, disposal or other similar circumstance which has impaired or is likely to impair the environment (including property) or harmed or is likely to harm the health of humans, animals or other living organisms or eco-systems, no past or present member of the Wider Merlin Group, in a manner or to an extent which is material in the context of the Wider Merlin Group, (i) having committed any violation of any applicable laws, statutes, regulations, Authorisations, notices or other requirements of any Third Party giving rise to a material liability; and/or (ii) having incurred any material liability (whether actual or contingent) to any Third Party; and/or (iii) being

likely to incur any material liability (whether actual or contingent), or being required, to make good, remediate, repair, re-instate or clean up the environment (including any property) in each case of (i), (ii) or (iii) which such liability or requirement would be material to the Wider Merlin Group taken as a whole;

### **Intellectual Property**

- (p) no circumstance having arisen or event having occurred in relation to any intellectual property owned or used by any member of the Wider Merlin Group which would have a material adverse effect on the Wider Merlin Group taken as a whole or is otherwise material in the context of the Acquisition, including:
  - (i) any member of the Wider Merlin Group losing its title to any intellectual property material to its business, or any intellectual property owned by the Wider Merlin Group and material to its business being revoked, cancelled or declared invalid;
  - (ii) any claim being asserted in writing or threatened in writing by any person challenging the ownership of any member of the Wider Merlin Group to, or the validity or effectiveness of, any of its intellectual property; or
  - (iii) any agreement regarding the use of any intellectual property licensed to or by any member of the Wider Merlin Group being terminated or varied;

### **Anti-corruption and sanctions**

- (q) except as Disclosed, Bidco not having discovered that (to an extent that is material in the context of the Wider Merlin Group taken as a whole):
  - (i) any past or present member of the Wider Merlin Group or any person that performs or has performed services for or on behalf of any such company is or has at any time engaged in any activity, practice or conduct (or omitted to take any action) in contravention of the UK Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977, as amended or any other applicable anti-corruption legislation;
  - (ii) any member of the Wider Merlin Group is ineligible to be awarded any contract or business under section 23 of the Public Contracts Regulations 2006 or section 26 of the Utilities Contracts Regulations 2006 (each as amended);
  - (iii) any past or present member of the Wider Merlin Group has engaged in any activity or business with, or made any investments in, or made any payments to any government, entity or individual covered by any of the economic sanctions administered by the United Nations or the European Union (or any of their respective member states) or the United States Office of Foreign Assets Control or any other governmental or supranational body or authority in any jurisdiction; or

- (iv) a member of the Merlin Group has engaged in a transaction which would cause the Bidco Group to be in breach of any law or regulation on completion of the Acquisition, including the economic sanctions administered by the United States Office of Foreign Assets Control or HM Treasury & Customs or any government, entity or individual targeted by any of the economic sanctions of the United Nations, United States or the European Union or any of its member states.

### **No criminal property**

- (r) except as Disclosed, Bidco not having discovered that any asset of any member of the Wider Merlin Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition).

### **Part B: Further terms of the Acquisition**

1. Subject to the requirements of the Panel in accordance with the Takeover Code, Bidco reserves the right to waive, in whole or in part, all or any of the Conditions in Part A above, except for Conditions 2(a)(i), 2(b)(i) and 2(c)(i) (*Conditions of the Scheme*) which cannot be waived.
2. Conditions 3(a) to (r) (inclusive) must each be fulfilled, determined by Bidco to be or to remain satisfied or (if capable of waiver) be waived by Bidco by no later than 11.59 p.m. on the date immediately preceding the date of the Sanction Hearing, failing which the Acquisition will lapse. Bidco shall be under no obligation to waive or treat as satisfied any of the Conditions that it is entitled (with the consent of the Panel) to invoke, by a date earlier than the latest date specified above for the fulfilment or waiver thereof, notwithstanding that the other Conditions may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such Conditions may not be capable of fulfilment.
3. If Bidco is required by the Panel to make an offer for Merlin Shares under the provisions of Rule 9 of the Takeover Code, Bidco may make such alterations to any of the above Conditions as are necessary to comply with the provisions of that Rule.
4. Under Rule 13.5(a) of the Code, Bidco may not invoke a Condition so as to cause the Acquisition not to proceed, to lapse or to be withdrawn unless the circumstances which give rise to the right to invoke the Condition are of material significance to Bidco in the context of the Acquisition. The Conditions contained in paragraph 2 above and, if applicable, any acceptance condition if the Offer is implemented by means of a takeover offer, are not subject to this provision of the Code.
5. Bidco reserves the right to elect to implement the Acquisition by way of a takeover offer (as defined in section 974 of the 2006 Act) as an alternative to the Scheme (subject to the Panel's consent and the terms of the Cooperation Agreement). In such event, the Acquisition will be implemented on the same terms (subject to appropriate amendments including (without limitation) the inclusion of an acceptance condition set at 75 per cent. (or such lower percentage as Bidco may, subject to the rules of the Takeover Code and the terms of the Cooperation Agreement and with the consent of the Panel, decide) of the shares to which the Acquisition relates and those required by, or deemed

appropriate by, Bidco under applicable law, so far as applicable) as those which would apply to the Scheme. Further, if sufficient acceptances of such offer are received and/or sufficient Merlin Shares are otherwise acquired, it is the intention of Bidco to apply the provisions of the 2006 Act to acquire compulsorily any outstanding Merlin Shares to which such offer relates.

6. The Acquisition will lapse if the European Commission either initiates proceedings under Article 6(1)(c) of Council Regulation (EC) 139/2004 or makes a referral to a competent authority of the United Kingdom under Article 9(3)(b) of that Regulation and there is a subsequent Phase 2 CMA Reference, in either case before 1.00 p.m. on or before the later of the date of the Court Meeting and the date of the Merlin General Meeting. In such event, Merlin will not be bound by the terms of the Scheme.
7. The Acquisition will be governed by English law and be subject to the jurisdiction of the English courts and to the Conditions set out above. The Scheme will be subject to the applicable requirements of the Takeover Code, the Panel, the London Stock Exchange, the Listing Rules and the Registrar of Companies.
8. Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.
9. Merlin Shares which will be acquired under the Acquisition will be acquired fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature and together with all rights now or hereafter attaching or accruing to them, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid on or after the Effective Date.
10. If, on or after the date of this announcement and before the Effective Date, any dividend and/or other distribution and/or other return of capital is declared, made or paid or becomes payable in respect of the Merlin Shares, Bidco reserves the right to reduce the consideration payable under the terms of the Acquisition for the Merlin Shares by an amount up to the amount of such dividend and/or distribution and/or return of capital, in which case any reference in this announcement or in the Scheme Document to the consideration payable under the terms of the Acquisition will be deemed to be a reference to the consideration as so reduced.
11. The Acquisition will be subject, inter alia, to the Conditions and certain further terms which are set out in this Appendix 1 and those terms which will be set out in the Scheme Document and the Cooperation Agreement and such further terms as may be required to comply with the Listing Rules and the provisions of the Code.
12. The availability of the Acquisition to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdiction. Any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about and observe any applicable requirements. Further information in relation to Overseas Shareholders will be contained in the Scheme Document.

## **APPENDIX 2**

### **SOURCES AND BASES OF INFORMATION**

Unless otherwise stated in this announcement:

1. the value attributed to the fully diluted issued share capital of Merlin is based on:
  - (a) 1,024,072,449 Merlin Shares in issue on 27 June 2019 (being the latest practicable date prior to this announcement); and
  - (b) 25,281,442 Merlin Shares which may be issued on or after the date of this announcement to satisfy the exercise of options and vesting of awards outstanding under the Merlin Share Plans as at 25 June 2019 (being the latest practicable date prior to this announcement for such figures); less
  - (c) 1,796,776 Merlin Shares as at 25 June 2019 (being the latest practicable date prior to this announcement for such figures) held by the Merlin Employee Benefit Trust which can be used to satisfy the exercise of options and vesting of awards granted under the Merlin Share Plans unless otherwise stated;
2. unless otherwise stated, all prices for Merlin Shares have been derived from the Daily Official List and represent Closing Prices on the relevant date(s);
3. the six month daily Volume Weighted Average Price ("VWAP") per Merlin Share of 347 pence from 23 November 2018 until 22 May 2019 is derived from data provided by Bloomberg;
4. the Underlying EBITDA multiple of 12.0x implied by the Acquisition is calculated based on a fully diluted enterprise value of £5,905 million, consisting of £4,766 million fully diluted equity value and £1,139 million net financial debt and adjustments, and an Underlying 2018A EBITDA of £494 million;
5. the number of Merlin Shares being eligible to vote at the Court Meeting is equal to 721,100,920 and is based on 1,024,072,449 Merlin Shares in issue on 27 June 2019 (being the latest practicable date prior to this announcement) less 302,971,529 Merlin Shares owned or controlled by KIRKBI; and
6. unless otherwise stated, the financial information relating to Merlin is extracted (without material adjustment) from the 2018 Merlin Annual Report.

**APPENDIX 3**  
**DETAILS OF IRREVOCABLE UNDERTAKINGS**

**1. Directors**

The following Merlin Directors have given irrevocable undertakings to vote in favour of the resolutions relating to the Acquisition at the Meetings in respect of their own beneficial holdings (or those Merlin Shares over which they have control) of Merlin Shares:

<b>Name</b>	<b>Total Number of Merlin Shares</b>	<b>Percentage of existing issued share capital</b>	<b>Percentage of existing Merlin Shares eligible to vote at Court Meeting</b>
Nick Varney	6,737,072	0.6579	0.93428
Anne-Francoise Nesmes	4,500	0.0004	0.00062
Sir John Sunderland	515,894	0.0504	0.07154
Charles Gurassa	101,250	0.0099	0.01404
Fru Hazlitt	31,746	0.0031	0.00440
Trudy Rautio	30,250	0.0030	0.00419

The irrevocable undertakings referred to in paragraph 1 above cease to be binding on the earlier of the following occurrences (i) the Scheme Document is not sent to Merlin Shareholders within 28 days (or such later period as the Panel may agree) after the date of this announcement; (ii) Bidco announces, with the consent of the Panel, that it does not intend to make or proceed with the Acquisition and no new, revised or replacement offer or scheme is announced at the same time; (iii) the Scheme lapses or is withdrawn in accordance with its terms and Bidco publicly confirmed that it does not intend to proceed with the Acquisition or to implement the Acquisition by way of an Offer or otherwise; (iv) the Scheme has not become effective by 6.00 p.m. on the Long Stop Date (or such other time and date as agreed between Bidco and Merlin, with the approval of the Court and/or the Panel, if required (other than in circumstances where Bidco has, prior to such date, elected to exercise its right to proceed by way of an Offer and announced the same in accordance with the requirements of Paragraph 8 of Appendix 7 to the Code, and such Offer has not lapsed or been withdrawn)); or (v) the date on which any competing offer for the entire issued and to be issued share capital of Merlin becomes Effective.

**2. ValueAct**

ValueAct has given an irrevocable undertaking to vote in favour of the resolutions relating to the Acquisition at the Meetings in respect of its own beneficial holding of Merlin Shares:

<b>Name</b>	<b>Total Number of Merlin Shares</b>	<b>Percentage of existing issued share capital</b>	<b>Percentage of existing Merlin Shares eligible to vote at Court Meeting</b>
ValueAct	95,224,988	9.30	13.21

The obligations contained in the irrevocable undertaking referred to in paragraph 2 above lapse and cease to have effect if: (i) the Scheme is approved at the Merlin General Meeting and Court Meeting; (ii) the Scheme fails and Bidco has not elected to implement the Acquisition by way of an Offer within 3 Business Days of the Scheme failing; (iii) Bidco announces that it does not intend to proceed with the Acquisition; (iv) the Merlin General Meeting and the Court Meeting have not been held by 31 October 2019; or (v) the Acquisition is withdrawn, lapses or otherwise terminates in accordance with its terms.

## **APPENDIX 4 DEFINITIONS**

**The following definitions apply throughout this document unless the context otherwise requires:**

<b>"2006 Act"</b>	the Companies Act 2006, as amended from time to time
<b>"2018 Merlin Annual Report"</b>	the annual report and audited accounts of the Merlin Group for the year ended 29 December 2018
<b>"Acquisition"</b>	the proposed acquisition by Bidco of the entire issued and to be issued share capital of Merlin not already owned or controlled by (i) the Bidco Group or (ii) KIRKBI or its subsidiary undertakings, by means of the Scheme (and other matters to be considered at the Meetings), or should Bidco so elect, by means of an Offer
<b>"Articles"</b>	the articles of association of Merlin from time to time
<b>"associated undertaking"</b>	shall be construed in accordance with paragraph 19 of Schedule 6 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) but for this purpose ignoring paragraph 19(1)(b) of Schedule 6 to those regulations)
<b>"Authorisations"</b>	authorisations, orders, grants, recognitions, confirmations, consents, licences, clearances, certificates, permissions or approvals, in each case of a Third Party
<b>"Barclays"</b>	Barclays Bank PLC, acting through its Investment Bank
<b>"Bid Conduct Agreement"</b>	the agreement between KIRKBI and Blackstone relating to bid conduct in connection with the Acquisition, dated 18 June 2019
<b>"Bid Conduct Side Letter"</b>	the agreement between Blackstone and CPPIB relating to bid conduct in connection with the Acquisition, dated 18 June 2019
<b>"Bidco"</b>	Berkeley Bidco Limited a company owned by the Consortium as of the Effective Date in the following proportions: (a) KIRKBI, 50.00 per cent. and (b) together, Blackstone Core Equity

	Partners and CPPIB will own 50.00 per cent. of Bidco
<b>"Bidco Board"</b>	the directors of Bidco
<b>"Bidco Group"</b>	Bidco and its subsidiary undertakings and where the context permits, each of them
<b>"Blackstone"</b>	The Blackstone Group L.P., together with its affiliates, as the context may require
<b>"Blackstone Core Equity Partners"</b>	funds advised by Blackstone Core Equity Advisors L.L.C.
<b>"Blackstone Funds"</b>	funds managed or advised by Blackstone
<b>"Business Day"</b>	a day, not being a public holiday, Saturday or Sunday, on which clearing banks in London are open for normal business
<b>"certificated" or "certificated form"</b>	in relation to a share or other security, a share or other security title to which is recorded in the relevant register of the share or other security as being held in certificated form (that is, not in CREST)
<b>"Closing Price"</b>	the closing middle market price of a Merlin Share as derived from the Daily Official List on any particular date
<b>"Consortium"</b>	means KIRKBI, Blackstone and CPPIB
<b>"Court Meeting"</b>	the meeting of Merlin Shareholders to be convened at the direction of the Court pursuant to Part 26 of the 2006 Act at which a resolution will be proposed to approve the Scheme, including any adjournment thereof
<b>"Court Order"</b>	the order of the Court sanctioning the Scheme under Part 26 of the 2006 Act
<b>"CPPIB"</b>	Canada Pension Plan Investment Board
<b>"CREST"</b>	the relevant system (as defined in the Regulations) in respect of which Euroclear is the operator (as defined in CREST)
<b>"Daily Official List"</b>	means the daily official list of the London Stock Exchange
<b>"Disclosed"</b>	the information disclosed by or on behalf of Merlin: (i) in the 2018 Merlin Annual Report;

	(ii) in this announcement; (iii) in any other announcement to a Regulatory Information Service prior to the publication of this announcement; (iv) fairly disclosed in writing (including via the virtual data room operated by or on behalf of Merlin in respect of the Acquisition) prior to the date of this announcement to Bidco or Bidco's advisers (in their capacity as such)
<b>"Effective"</b>	in the context of the Acquisition: (i) if the Acquisition is implemented by way of the Scheme, the Scheme having become effective pursuant to its terms; or (ii) if the Acquisition is implemented by way of the Offer, the Offer having been declared or having become unconditional in all respects in accordance with the requirements of the Takeover Code
<b>"Effective Date"</b>	the date on which the Acquisition becomes Effective
<b>"ESG"</b>	environmental, social and governance
<b>"Excluded Shares"</b>	any Merlin Shares beneficially owned by (i) Bidco or any subsidiary undertaking of Bidco or (ii) KIRKBI or any subsidiary undertaking of KIRKBI, in each case, immediately prior to the Scheme Record Time
<b>"Euroclear"</b>	Euroclear UK & Ireland Limited
<b>"FCA"</b>	Financial Conduct Authority or its successor from time to time
<b>"FCA Handbook"</b>	the FCA's Handbook of rules and guidance as amended from time to time
<b>"Interim Facilities Agreement"</b>	an interim facilities agreement, incorporating: (i) interim term facilities in aggregate principal amounts equal to GBP 1,487,000,000 (equivalent), EUR 770,000,000 and USD 592,500,000; (ii) an interim bridge facility in an aggregate principal amount equal to GBP 785,000,000 (equivalent); and (iii) an interim multicurrency revolving facility in an aggregate amount equal to GBP 400,000,000, entered into between, among others, Bidco (as guarantor) and Berkeley Finco S.à r.l. (as borrower), Bank of America Merrill Lynch International Designated Activity Company and Deutsche

	Bank AG, London Branch (as interim lenders) and Deutsche Bank AG, London Branch (as interim facility agent and interim security agent) on or before the date hereof
<b>"KIRKBI"</b>	KIRKBI Invest A/S, incorporated in Denmark with registered number 31159830
<b>"KIRKBI Group"</b>	KIRKBI, its parent company KIRKBI A/S, and each of the subsidiary undertakings of KIRKBI A/S, including LEGO A/S
<b>"Lazard"</b>	Lazard & Co., Limited
<b>"LEGO"</b>	LEGO A/S
<b>"LEGO Group"</b>	LEGO and its subsidiary undertakings and where the context permits, each of them
<b>"London Stock Exchange"</b>	the London Stock Exchange plc or its successor
<b>"Long Stop Date"</b>	29 February 2020 or such later date as may be agreed between Bidco and Merlin and, if required, the Panel and the Court may allow
<b>"Meetings"</b>	the Court Meeting and the Merlin General Meeting
<b>"Merlin"</b>	Merlin Entertainments plc
<b>"Merlin ADR Holders"</b>	holders of Merlin ADRs
<b>"Merlin ADRs"</b>	Sponsored level 1 American Depositary Receipts of Merlin for which Citibank Shareholder Services acts as depositary
<b>"Merlin Board" or "Merlin Directors"</b>	the directors of Merlin
<b>"Merlin General Meeting"</b>	the general meeting of Merlin Shareholders to be convened to consider and if thought fit pass, inter alia, the Special Resolution in relation to the Scheme including any adjournments thereof
<b>"Merlin Group"</b>	Merlin and its subsidiary undertakings and where the context permits, each of them
<b>"Merlin Independent Directors" or "Independent Directors"</b>	the directors of Merlin as at the date of this announcement, other than Søren Thorup Sørensen
<b>"Merlin Share Plans"</b>	the Merlin Entertainments plc Performance Share Plan, the Merlin Entertainments plc

	Deferred Bonus Plan, the Merlin Entertainments plc Company Share Option Plan, the Merlin Entertainments plc All-Employee Share Plan (UK Sharesave), the Merlin Entertainments plc All-Employee Plan (Overseas Sharesave) and the Merlin Entertainments plc All-Employee Plan (US Employee Stock Purchase Plan);
<b>"Merlin Share(s)"</b>	the existing unconditionally allotted or issued and fully paid ordinary shares of 1p each in the capital of Merlin and any further shares which are unconditionally allotted or issued before the Scheme becomes Effective but excluding in both cases any such shares held or which become held in treasury
<b>"Merlin Shareholder(s)"</b>	holders of Merlin Shares
<b>"Offer"</b>	subject to the consent of the Panel and the terms of the Cooperation Agreement, should the Acquisition be implemented by way of a takeover offer as defined in Chapter 3 of Part 28 of the Companies Act 2006, the offer to be made by or on behalf of Bidco to acquire the entire issued and to be issued share capital of Merlin, other than Merlin Shares owned or controlled by (i) the Bidco Group or (ii) KIRKBI or its subsidiary undertakings and, where the context admits, any subsequent revision, variation, extension or renewal of such offer
<b>"Official List"</b>	the Official List of the FCA
<b>"Overseas Shareholders"</b>	holders of Scheme Shares who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the United Kingdom
<b>"Panel"</b>	the Panel on Takeovers and Mergers
<b>"Phase 2 CMA Reference"</b>	a reference of the Acquisition to the chair of the CMA for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013
<b>"PRA"</b>	Prudential Regulation Authority or its successor from time to time
<b>"Registrar of Companies"</b>	the Registrar of Companies in England and Wales
<b>"Regulations"</b>	the Uncertificated Securities Regulations 2001

<b>"Regulatory Information Service"</b>	a regulatory information service as defined in the FCA Handbook
<b>"relevant securities"</b>	as the context requires, Merlin Shares, other Merlin share capital and any securities convertible into or exchangeable for, and rights to subscribe for, any of the foregoing
<b>"Restricted Jurisdiction"</b>	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Offer is sent or made available to Merlin Shareholders in that jurisdiction
<b>"Sanction Hearing"</b>	the Court hearing to sanction the Scheme
<b>"Scheme"</b>	the proposed scheme of arrangement under Part 26 of the 2006 Act between Merlin and the holders of the Scheme Shares, with or subject to any modification, addition or condition approved or imposed by the Court and agreed by Merlin and Bidco
<b>"Scheme Document"</b>	the document to be sent to Merlin Shareholders and persons with information rights containing, amongst other things, the Scheme and notices of the Meetings and proxy forms in respect of the Meetings
<b>"Scheme Record Time"</b>	the time and date to be specified in the Scheme Document, expected to be 6.00 p.m. on the Business Day immediately prior to the date of the Sanction Hearing
<b>"Scheme Shareholders"</b>	holders of Scheme Shares
<b>"Scheme Shares"</b>	all Merlin Shares: (i) in issue at the date of the Scheme Document; (ii) (if any) issued after the date of the Scheme Document but before the Voting Record Time; and (iii) (if any) issued at or after the Voting Record Time and before the Scheme Record Time in respect of which the original or any subsequent holders thereof are, or shall have agreed in writing to be, bound by the Scheme, in each case other than the Excluded Shares
<b>"SG"</b>	Société Générale
<b>"SG CPPIB ISDA "</b>	the ISDA Master Agreement dated 19 November 2004 and the Master Confirmation

	Agreement dated 2 November 2010, each between CPPIB and SG, pursuant to which CPPIB has entered into certain derivative transactions in relation to Merlin
<b>"Special Resolution"</b>	the special resolution proposed to be passed at the Merlin General Meeting in connection with, inter alia, implementation of the Scheme and certain amendments to be made to the articles of association of Merlin
<b>"subsidiary", "subsidiary undertaking" and "undertaking"</b>	shall be construed in accordance with the 2006 Act
<b>"Takeover Code"</b>	the Takeover Code issued by the Panel on Takeovers and Mergers, as amended from time to time
<b>"UBS"</b>	UBS AG, London Branch
<b>"UBS CPPIB ISDA"</b>	the ISDA Master Agreement dated 26 October 2004 between CPPIB and UBS, pursuant to which CPPIB has entered into certain derivative transactions in relation to Merlin
<b>"UK" or "United Kingdom"</b>	United Kingdom of Great Britain and Northern Ireland
<b>"uncertificated" or "in uncertificated form"</b>	a share or other security title to which is recorded in the relevant register of the share or security as being held in uncertificated form, in CREST, and title to which, by virtue of the Regulations may be transferred by means of CREST
<b>"ValueAct"</b>	ValueAct Capital Master Fund, L.P.
<b>"Voting Record Time"</b>	the time and date to be specified in the Scheme Document by reference to which entitlement to vote on the Scheme will be determined
<b>"Wider Bidco Group"</b>	Bidco Group and associated undertakings and any other body corporate, partnership, joint venture or person in which Bidco and such undertakings (aggregating their interests) have an interest of more than 20 per cent. of the voting or equity capital or the equivalent.
<b>"Wider Merlin Group"</b>	Merlin and associated undertakings and any other body corporate, partnership, joint venture or person in which Merlin and such undertakings (aggregating their interests) have

an interest of more than 20 per cent. of the voting or equity capital or the equivalent (excluding, for the avoidance of doubt, KIRKBI and all of its associated undertakings which are not members of the Merlin Group)

All times referred to are London time unless otherwise stated.