

M**Particulars of a mortgage or charge**

A fee of £10 is payable to Companies House in respect of each register entry for a mortgage or charge.

**395**

Pursuant to section 395 of the Companies Act 1985

To the Registrar of Companies
(Address overleaf - Note 6)

For official use

Company number

[11119]

03982443

Name of company

* Spirit Group Limited

Date of creation of the charge

3 May 2002

Description of the instrument (if any) creating or evidencing the charge (note 2)

Standard Security dated 22 April 2002 (the "Charge")

Amount secured by the mortgage or charge

In security of the payment and discharge of all monies and liabilities whatsoever constituting the Spirit Secured Amounts which now or at any time hereafter may (whether before or after demand) become due, owing or payable pursuant to clause 2 of the Spirit Deed of Charge and any variation or alteration thereof and in implement pro tanto of clause 3.2 of the Spirit Deed of Charge. For Schedule of Definitions see Schedule 1.

Names and addresses of the mortgagees or persons entitled to the charge

Deutsche Trustee Company Limited (Number 338230)
Winchester House, 1 Great Winchester Street, London (the "Security Trustee")

Postcode EC2N 2DB

Presentor's name address and reference (if any):

Tods Murray WS
66 Queen Street
Edinburgh
EH2 4NE

PBC.KLM.EFD.C0737.078

Time critical reference

For official Use
Mortgage Section

Post room



A47
COMPANIES HOUSE

0875
21/05/02

See Schedule 2 annexed.

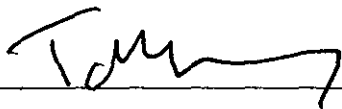
Please do not
write in
this margin

Please complete
legibly, preferably
in black type, or
bold block
lettering

Particulars as to commission allowance or discount (note 3)

N/A

Signed



Date

20/05/02

On behalf of [company] ~~XXXXXXXXXXXX~~ †

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payable to
Companies House
in respect of each
register entry for a
mortgage or
charge.
(See Note 5)

† delete as
appropriate

Notes

- 1 The original instrument (if any) creating or evidencing the charge, together with these prescribed particulars correctly completed must be delivered to the Registrar of Companies within 21 days after the date of creation of the charge (section 395). If the property is situated and the charge was created outside the United Kingdom delivery to the Registrar must be effected within 21 days after the date on which the instrument could in due course of post, and if dispatched with due diligence, have been received in the United Kingdom (section 398). A copy of the instrument creating the charge will be accepted where the property charged is situated and the charge was created outside the United Kingdom (section 398) and in such cases the copy must be verified to be a correct copy either by the company or by the person who has delivered or sent the copy to the Registrar. The verification must be signed by or on behalf of the person giving the verification and where this is given by a body corporate it must be signed by an officer of that body. A verified copy will also be accepted where section 398(4) applies (property situate in Scotland or Northern Ireland) and Form No. 398 is submitted.
- 2 A description of the instrument, eg "Trust Deed", "Debenture", "Mortgage" or "Legal charge", etc, as the case may be, should be given.
- 3 In this section there should be inserted the amount or rate per cent. of the commission, allowance or discount (if any) paid or made either directly or indirectly by the company to any person in consideration of his;
 - (a) subscribing or agreeing to subscribe, whether absolutely or conditionally, or
 - (b) procuring or agreeing to procure subscriptions, whether absolute or conditional,for any of the debentures included in this return. The rate of interest payable under the terms of the debentures should not be entered.
- 4 If any of the spaces in this form provide insufficient space the particulars must be entered on the prescribed continuation sheet.
- 5 Cheques and Postal Orders are to be made payable to **Companies House**.
- 6 The address of the Registrar of Companies is:-

Companies House, Crown Way, Cardiff CF14 3UZ

Schedule 1

Capitalised terms used in this Form 395 have the following meanings:

Account Bank means Barclays Bank PLC of West Midlands Corporate Banking Centre, PO Box 5960, 15 Colmore Row, Birmingham B2 2EP or such other bank which is a bank for the purposes of section 349 of the Income and Corporation Taxes Act 1988 and has the Requisite Rating as the Security Trustee shall have previously approved in accordance with clause 3.5 of the Bank Agreement;

Account Obligors has the meaning given to it in the Bank Agreement;

Accounting Principles means the accounting principles, standards, conventions and practices, from time to time and at any time generally accepted in the United Kingdom and which have been approved by the Accounting Standards Board, and which implement the requirements of the Companies Act 1985 (as amended by the Companies Act 1989) and of any other legislation or regulation, compliance with which is required by law in connection with the preparation of accounts by companies incorporated with limited liability, or compliance with which is generally adopted and practised by such companies in the United Kingdom in effect from time to time and consistently applied;

Accounting Reference Period means, in relation to any Obligor, the financial year or other period in respect of which the audited accounts of such Obligor are required by law to be drawn up;

Acquisition Portfolio means in relation to an acquisition of a Permitted Business, the Pub or Pubs to be acquired or owned by the Permitted Business at that time pursuant to the acquisition;

Additional Amortisation Amounts means any prepayments pursuant to clause 8.2 of the Issuer/Borrower Facility Agreement;

Additional Event means each of the events described in clause 17.1(j), (k), (l), (m), (n), (o), (p), (q), (r), (s) or (t) of the Issuer/Borrower Facility Agreement;

Additional Issuer Charged Property has the meaning attributed thereto in the relevant Supplemental Issuer Deed of Charge;

Adjusted EBITDA means for any Relevant Period or Financial Quarter, EBITDA for that Relevant Period or Financial Quarter (as the case may be) after adjusting to exclude items referred to in (a) to (d) below:

- (a) fair value adjustments and other non-cash provisions;
- (b) any losses or gains arising from a sale of any Spirit Mortgaged Property;
- (c) save for certain items, items treated as extraordinary or non-operating exceptional income/charges under accounting principles generally accepted in the UK; and
- (d) any amount attributable to the writing up or writing down of any assets of any Securitisation Group Entity after the Closing Date, or, in the case of a company becoming a subsidiary after the Closing Date, after the date of it becoming a subsidiary;

Advance means, save as otherwise provided, the aggregate principal amount of an advance made or to be made by the Issuer under the Issuer/Borrower Facility Agreement;

Agency Agreement means the agreement dated on or about the Closing Date and made between the Issuer, the Principal Paying Agent, the Luxembourg Paying Agent, the Agent Bank, the Note Trustee and the Security Trustee;

Agent Bank means Citibank, N.A. or such person or persons from time to time appointed as agent bank, subject to and in accordance with the terms of the Agency Agreement;

Agents has the meaning given to it in the Agency Agreement;

Agreed Basis refers to the calculation of a ratio or an amount made at the end of the most recently completed Financial Quarter on the following basis:

- (a) in respect of the Financial Quarter ending 2002, the ratio or amount in respect of that Financial Quarter compiled in accordance with clause 15.2 or 15.3 Issuer/Borrower Facility Agreement as appropriate;
- (b) in respect of the Financial Quarter ending on the Financial Quarter Date falling in 2002, the ratio or amount in respect of that Financial Quarter and the preceding Financial Quarter, each compiled in accordance with clause 15.2 or 15.3 of the Issuer/Borrower Facility Agreement as appropriate;
- (c) in respect of the calculation of a ratio on a rolling four Financial Quarter basis and the Financial Quarter ending on the Financial Quarter Date falling in 2002, the ratio or amount in respect of that Financial Quarter and the preceding one and/or two Financial Quarters (as the case may be), each compiled in accordance with clause 15.2 or 15.3 of the Issuer/Borrower Facility Agreement as appropriate; and
- (d) in respect of the calculation of a ratio on a rolling four Financial Quarter basis and the Financial Quarter ending on the Financial Quarter Date falling in 2002 and for each Financial Quarter thereafter, the ratio or amount in respect of that Financial Quarter and the preceding one and three Financial Quarters (as the case may be), each compiled in accordance with Clause 15.2 or 15.3 as appropriate;

AKE means Allied Kunick Entertainments Limited a company registered in England and Wales with registered number 2911600;

AKE Agreement means the Joint Venture Agreement dated 8 July 1994 between Punch Retail Limited and Kunick Leisure Limited in relation to AKE;

AKE Holdings means Punch Retail (AKE Holdings) Limited, a company registered in England and Wales with registered number 3982423;

AKE Holdings Holding Account or **AKE Holding Account** means the account of Punch Retail (AKE Holdings) Limited maintained with the Account Bank (account number 70460087, sort code 20-07-71) or such other account approved by the Security Trustee, from time to time, and in respect of which there are equivalent Encumbrances to those created pursuant to the Spirit Deed of Charge;

Alternative Adviser means an accountancy firm, investment bank, property consultant or other professional firm, organisation or individual, in each case, acceptable to the Security Trustee (acting reasonably), appointed by the Borrower for the purpose of providing and having the appropriate expertise to be in a position to provide any confirmation required pursuant to the provisions of the Transaction Documents to be provided by the Financial Adviser, appointed by the Borrower for the purpose of providing such confirmation;

Ambac means Ambac Assurance UK Limited;

Ambac Event of Default means:

- (a) any Insured Amount which is Due for Payment is not paid by Ambac on the date stipulated in the Ambac Policy;
- (b) Ambac disclaims, disaffirms, repudiates and/or challenges the validity of any of its obligations under the Ambac Policy or seeks to do so;
- (c) a court of competent jurisdiction enters a final and non-appealable order, judgment or decree for the winding-up, or the appointment of an administrator or receiver (including an administrative receiver or manager), of Ambac (or, as the case may be, of a material part of its property or assets); or
- (d) Ambac:
 - (i) presents any petition or takes any proceedings for the winding-up, or the appointment of an administrator or receiver (including an administrative receiver or manager), of Ambac (or, as the case may be, of a material part of its property or assets); or
 - (ii) makes or enters into any general assignment, composition, arrangement (including, without limitation, a voluntary arrangement under Part 1 of the Insolvency Act 1986) or compromise with or for the benefit of any of its creditors; or
 - (iii) becomes unable to pay its debts within the meaning of section 123(1)(e) of the Insolvency Act or admits in writing its inability, or fails generally, to pay its debts as they become due;

Ambac Policy means the original financial guarantee insurance policy and endorsement thereto in respect of the Class A Notes pursuant to which Ambac has guaranteed payments of Scheduled Interest and Ultimate Principal;

Ambac Reserved Rights shall bear the meaning ascribed thereto in Condition 11(b);

Ancillary Advance means an advance made pursuant to clause 2.8 of the Issuer/Borrower Facility Agreement;

Ancillary Property Rights means the rights of the Borrower charged pursuant to clause 3.5 of the Spirit Deed of Charge;

Andersen Reports means the reports and opinion prepared by Andersen and listed in Part B of Schedule 3 of each of the Subscription Agreements;

Annualised Contribution shall bear the meaning given to it in Clause 16.7(i) of the Issuer/Borrower Facility Agreement;

Annualised EBITDA means the unaudited EBITDA for the previous four Financial Quarters, as certified by the Borrower to the Security Trustee within 45 days of the end of such Financial Quarter save that the Borrower shall use figures derived from the audited financial statements of the Borrower to the extent available and relevant for the purposes of calculating Annualised EBITDA;

Anticipated Amount means in respect of each Pub in the Acquisition Portfolio:

A/B

where:

A is the Managed Pub Contribution of the relevant Pub having added:

- (a) a reasonable estimate (determined by the Borrower) of synergies available to the Spirit Group relating solely to the supply of beer; and
- (b) an amount determined by the Borrower on the basis of advice or a valuation prepared by an appropriately qualified reputable third party property or other adviser as being a reasonable estimate of synergies available to the Spirit Group as a whole arising directly as a result of the acquisition of the relevant Acquisition Portfolio (provided further that the Financial Adviser confirms to the Security Trustee that, in relation to any such estimates, the arithmetic of any calculations made by the Borrower is correct and any figures extracted from a third party advice or valuation have been correctly extracted by the Borrower),

divided by the number of Pubs in the Acquisition Portfolio; and

B is 0.125;

Applicable A Margin means, for each Interest Period, the Relevant Margin applicable to the Class A Notes as set out in Condition 4(e)(i);

Applicable M Margin means, for each Interest Period, the Relevant Margin applicable to the Class M Notes as set out in Condition 4(e)(ii);

Applicable N Margin means, for each Interest Period, the Relevant Margin applicable to the Class N Notes as set out in Condition 4(e)(iii);

Applicable O Margin means, for each Interest Period, the Relevant Margin applicable to the Class O Notes as set out in Condition 4(e)(iv);

Auditors means Ernst & Young LLP or such other firm of auditors of international repute and standing approved by the Security Trustee;

Auditors' Reports means the reports prepared in respect of the Issuer and the Parent dated on or about 22 April, 2002;

Authorised Signatory means in relation to any Obligor and any communication to be made, or any document to be executed or certified by it means, at any time, any person:

- (a) who is duly authorised at such time, in such manner as may be reasonably acceptable to the Security Trustee, to make such communication, or to execute or certify such document on its behalf; and
- (b) in respect of whom the Security Trustee has received a certificate signed by a director or any other authorised officer of it, or by another of its Authorised Signatories, setting out the name and, where such person is authorised to execute or certify documents, the signature of such person and confirming such person's authority to act as aforesaid;

AWP Machine Agreements means those agreements in relation to the hire of amusement with prizes machines listed in paragraphs 9 and 10 in Schedule 7 to the Issuer/Borrower Facility Agreement;

Bank Agreement means the agreement dated on or about the Closing Date and made between the Borrower, AKE Holdings, Lodges Holdings, the Issuer, the Servicer, the Security Trustee, the Note Trustee and the Account Bank;

Ambac means Ambac Assurance UK Limited;

Ambac Event of Default means:

- (a) any Insured Amount which is Due for Payment is not paid by Ambac on the date stipulated in the Ambac Policy;
- (b) Ambac disclaims, disaffirms, repudiates and/or challenges the validity of any of its obligations under the Ambac Policy or seeks to do so;
- (c) a court of competent jurisdiction enters a final and non-appealable order, judgment or decree for the winding-up, or the appointment of an administrator or receiver (including an administrative receiver or manager), of Ambac (or, as the case may be, of a material part of its property or assets); or
- (d) Ambac:
 - (i) presents any petition or takes any proceedings for the winding-up, or the appointment of an administrator or receiver (including an administrative receiver or manager), of Ambac (or, as the case may be, of a material part of its property or assets); or
 - (ii) makes or enters into any general assignment, composition, arrangement (including, without limitation, a voluntary arrangement under Part 1 of the Insolvency Act 1986) or compromise with or for the benefit of any of its creditors; or
 - (iii) becomes unable to pay its debts within the meaning of section 123(1)(e) of the Insolvency Act or admits in writing its inability, or fails generally, to pay its debts as they become due;

Ambac Policy means the original financial guarantee insurance policy and endorsement thereto in respect of the Class A Notes pursuant to which Ambac has guaranteed payments of Scheduled Interest and Ultimate Principal;

Ambac Reserved Rights shall bear the meaning ascribed thereto in Condition 11(b);

Ancillary Advance means an advance made pursuant to clause 2.8 of the Issuer/Borrower Facility Agreement;

Ancillary Property Rights means the rights of the Borrower charged pursuant to clause 3.5 of the Spirit Deed of Charge;

Andersen Reports means the reports and opinion prepared by Andersen and listed in Part B of Schedule 3 of each of the Subscription Agreements;

Annualised Contribution shall bear the meaning given to it in Clause 16.7(i) of the Issuer/Borrower Facility Agreement;

Annualised EBITDA means the unaudited EBITDA for the previous four Financial Quarters, as certified by the Borrower to the Security Trustee within 45 days of the end of such Financial Quarter save that the Borrower shall use figures derived from the audited financial statements of the Borrower to the extent available and relevant for the purposes of calculating Annualised EBITDA;

Anticipated Amount means in respect of each Pub in the Acquisition Portfolio:

A/B

where:

A is the Managed Pub Contribution of the relevant Pub having added:

- (a) a reasonable estimate (determined by the Borrower) of synergies available to the Spirit Group relating solely to the supply of beer; and
- (b) an amount determined by the Borrower on the basis of advice or a valuation prepared by an appropriately qualified reputable third party property or other adviser as being a reasonable estimate of synergies available to the Spirit Group as a whole arising directly as a result of the acquisition of the relevant Acquisition Portfolio (provided further that the Financial Adviser confirms to the Security Trustee that, in relation to any such estimates, the arithmetic of any calculations made by the Borrower is correct and any figures extracted from a third party advice or valuation have been correctly extracted by the Borrower),

divided by the number of Pubs in the Acquisition Portfolio; and

B is 0.125;

Applicable A Margin means, for each Interest Period, the Relevant Margin applicable to the Class A Notes as set out in Condition 4(e)(i);

Applicable M Margin means, for each Interest Period, the Relevant Margin applicable to the Class M Notes as set out in Condition 4(e)(ii);

Applicable N Margin means, for each Interest Period, the Relevant Margin applicable to the Class N Notes as set out in Condition 4(e)(iii);

Applicable O Margin means, for each Interest Period, the Relevant Margin applicable to the Class O Notes as set out in Condition 4(e)(iv);

Auditors means Ernst & Young LLP or such other firm of auditors of international repute and standing approved by the Security Trustee;

Auditors' Reports means the reports prepared in respect of the Issuer and the Parent dated on or about 22 April, 2002;

Authorised Signatory means in relation to any Obligor and any communication to be made, or any document to be executed or certified by it means, at any time, any person:

- (a) who is duly authorised at such time, in such manner as may be reasonably acceptable to the Security Trustee, to make such communication, or to execute or certify such document on its behalf; and
- (b) in respect of whom the Security Trustee has received a certificate signed by a director or any other authorised officer of it, or by another of its Authorised Signatories, setting out the name and, where such person is authorised to execute or certify documents, the signature of such person and confirming such person's authority to act as aforesaid;

AWP Machine Agreements means those agreements in relation to the hire of amusement with prizes machines listed in paragraphs 9 and 10 in Schedule 7 to the Issuer/Borrower Facility Agreement;

Bank Agreement means the agreement dated on or about the Closing Date and made between the Borrower, AKE Holdings, Lodges Holdings, the Issuer, the Servicer, the Security Trustee, the Note Trustee and the Account Bank;

Basic Terms Modification shall be a modification referred to in paragraph 6(b) of Schedule 7 to the Trust Deed;

Barrelage means in respect of any period, in relation to a Pub, the number of barrels of Beer sold in a Pub in relation to the Managed Estate in such period;

Beer means any fermented alcoholic drink (other than a low-alcohol drink) made from hops and malt and which, without limitation, includes ale, porter, stout, lager and any other description of beer;

Book Debts means the debts owing to the Borrower charged pursuant to clause 4.5 of the Spirit Deed of Charge and/or to the Obligors charged pursuant to clause 4.5 of the Spirit Deed of Charge;

Borrower means Spirit Group Limited;

Borrower Available Funds means on any Loan Interest Payment Date the funds available to the Borrower to make payments of items specified in clause 8.1(a) to (z) of the Spirit Deed of Charge;

Borrower Accounts means:

- (a) the Fixed Accounts in the name of the Borrower;
- (b) the Operating Accounts; and
- (c) the Collection Accounts;

Borrower Charged Property means the property, rights and assets of the Borrower which are the subject of security interests created by the Borrower in favour of the Security Trustee pursuant to clauses 3 and 4 of the Spirit Deed of Charge;

Business Day means a day, excluding Saturday or Sunday, on which banks are open for business in London for the transaction of normal banking business;

Calculation Date means the date falling five Business Days before each Interest Payment Date;

CapEx means capital expenditure in the repair, renewal and maintenance of the internal and external fabric of the Spirit Mortgaged Properties and their fixtures and fittings (excluding for the avoidance of doubt exceptional items) and/or any enhancements to or improvements in value of any Spirit Mortgaged Properties;

CapEx Amount means any amount of money spent on CapEx;

Carlsberg-Tetley means Carlsberg Tetley Brewing Limited;

Cash Collateralisation Payment Date shall have the meaning given to it in clause 17.2 of the Issuer/Borrower Facility Agreement;

CCA Minimum Amount means £10,000,000;

Certificates of Title means:

- (a) in relation to the certificates to be delivered by the Borrower on the Closing Date pursuant to clause 4 of the Issuer/Borrower Facility Agreement, the certificates of title prepared by Messrs Ford & Warren, Knight & Sons, TLT Solicitors and Campbell Smith each dated 22 April 2002 in relation to the Property Due Diligence Sample; and

- (b) in relation to a certificate to be delivered by the Borrower on the acquisition of any land, acquired, leased or licensed by a Borrower for the purpose of developing or creating a Permitted Business, the certificate of title prepared by an independent firm of solicitors acceptable to the Issuer and the Security Trustee and which will in each case be in form and content satisfactory to the Security Trustee,

and **Certificate of Title** shall be construed accordingly;

Certified Copy means, in relation to any document relating to a member of the Securitisation Group, or to which a member of the Securitisation Group is party, a copy of such document bearing the endorsement "Certified a true, complete and accurate copy of the original, which has not been amended, otherwise than by a document, a Certified Copy of which is attached hereto" signed and dated by a director or the company secretary of the company in question, and **Certified Copies** shall be construed accordingly;

Charging Companies means each of the companies listed in Part 2 of Schedule 1 to the Spirit Deed of Charge;

Claims means the book and other debts and monetary claims referred to in clauses 3 or 4 of the Spirit Deed of Charge;

Class A Notes means the Class A Notes;

Class A Noteholders means the Class A Noteholders;

Class A Couponholder means the several persons who are for the time being the holders of the Class A Coupons;

Class A Coupons means in respect of the Class A Notes, the bearer principal and interest coupons in or substantially in the form set out in Part D and Part E of Schedule 2 to the Trust Deed, appertaining to the Definitive Class A Notes and includes, where applicable, the Talon(s) appertaining thereto and any replacements for Coupons and Talons issued pursuant to Condition 13;

Class A Global Notes means, as the context requires, the Class A Temporary Global Note and/or the Class A Permanent Global Note;

Class A Noteholders means the several persons who are for the time being holders of the Class A Notes (being, if and to the extent that the Class A Notes are represented by the Definitive Class A Notes, the bearers thereof and, if and to the extent that the Class A Notes are represented by the Class A Global Note, the persons for the time being shown in the records of Euroclear and Clearstream Banking (other than Clearstream Banking, if Clearstream Banking shall be an account holder of Euroclear and other than Euroclear, if Euroclear shall be an account holder of Clearstream Banking) as being holders of the Class A Notes) in which regard any certificate or other document issued by Clearstream Banking or Euroclear as to the Principal Amount Outstanding of Class A Notes standing to the account of any person shall be conclusive and binding for all purposes (other than for the purposes of payments in respect thereof the right to which shall be vested, as against the Issuer and the Note Trustee, solely in the bearer of the Class A Global Notes in accordance with and subject to their respective terms and the terms of the Trust Deed) and the words **holder** and **holders** of Class A Notes shall (where appropriate) be construed accordingly;

Class A Notes means any of the Original Class A Notes and/or further Class A Notes, as the case may be, and references to the Class A Notes shall, except where the context otherwise requires, include the Conditions applicable thereto;

Class A Permanent Global Note means a permanent Global Note to be issued by the Issuer pursuant to clause 3 of the Trust Deed representing the Class A Notes, substantially in the form of Part B of Schedule 1 to the Trust Deed;

Class A Step-Up Amounts means that proportion of the interest on the Class A Notes calculated by applying the Class A Step-Up Margin to the Principal Amount Outstanding on the Class A Notes;

Class A Step-Up Margin shall bear the meaning ascribed thereto in Condition 4(e);

Class A Temporary Global Note means a Temporary Global note to be issued by the Issuer pursuant to Clause 3 of the Trust Deed representing the Class A Notes, substantially in the form of Part A of Schedule 1 to the Trust Deed;

Class M Couponholder means the several persons who are for the time being the holders of the Class M Coupons;

Class M Coupons means in respect of the Class M Notes, the bearer principal and interest coupons in or substantially in the form set out in Part D and Part E of Schedule 1 to the Trust Deed, appertaining to the Definitive Class M Notes and includes, where applicable, the Talon(s) appertaining thereto and any replacements for Coupons and Talons issued pursuant to Condition 13;

Class M Global Notes means, as the context requires, the Class M Temporary Global Note and/or the Class M Permanent Global Note;

Class M Noteholders means the several persons who are for the time being holders of the Class M Notes (being, if and to the extent that the Class M Notes are represented by the Definitive Class M Notes, the bearers thereof and, if and to the extent that the Class M Notes are represented by the Class M Global Notes, the persons for the time being shown in the records of Euroclear and Clearstream Banking (other than Clearstream Banking if Clearstream Banking shall be an account holder of Euroclear and other than Euroclear if Euroclear shall be an account holder of Clearstream Banking) as being holders of the Class M Notes) in which regard any certificate or other document issued by Clearstream Banking or Euroclear as to the Principal Amount Outstanding of Class M Notes standing to the account of any person shall be conclusive and binding for all purposes (other than for the purposes of payments in respect thereof the right to which shall be vested, as against the Issuer and the Note Trustee, solely in the bearer of the Class M Global Notes in accordance with and subject to their respective terms and the terms of the Trust Deed) and the words **holder** and **holders** of Class M Notes shall (where appropriate) be construed accordingly;

Class M Notes means the Original Class M Notes and the further Class M Notes or, as the context may require, any combination of the same and references to the Class M Notes shall, except where the context otherwise requires, include the Conditions applicable thereto;

Class M Permanent Global Note means a permanent Global Note to be issued by the Issuer pursuant to clause 3 of the Trust Deed representing the Class M Notes, substantially in the form of Part B to the Schedule 1 to the Trust Deed;

Class M Step-Up Amounts means that proportion of the interest on the Class M Notes calculated by applying the Class M Step-Up Margin to the Principal Amount Outstanding on the Class M Notes;

Class M Step-Up Margin shall bear the meaning ascribed thereto in Condition 4(e);

Class M Temporary Global Note means a temporary Global Note to be issued by the Issuer pursuant to Clause 3 of the Trust Deed representing the Class M Notes, substantially in the form of Part A of Schedule 1 to the Trust Deed;

Class N Notes means the Class N Notes;

Class N Noteholders means the Class N Noteholders;

Class N Couponholder means the several persons who are for the time being the holders of the Class N Coupons;

Class N Coupons means in respect of the Class N Notes, the bearer interest coupons in or substantially in the form set out in Part D and Part E of Schedule 1 to the Trust Deed, appertaining to the Definitive Class N Notes and includes, where applicable, the Talon(s) appertaining thereto and any replacements for Coupons and Talons issued pursuant to Condition 13;

Class N Global Notes means, as the context requires, the Class N Temporary Global Note and/or the Class N Permanent Global Note;

Class N Noteholders means the several persons who are for the time being holders of the Class N Notes (being, if and to the extent that the Class N Notes are represented by the Definitive Class N Notes, the bearers thereof and, if and to the extent that the Class N Notes are represented by the Class N Global Notes, the persons for the time being shown in the records of Euroclear Clearstream Banking (other than Clearstream Banking if Clearstream Banking shall be an account holder of Euroclear and other than Euroclear if Euroclear shall be an account holder of Clearstream Banking) as being holders of the Class N Notes) in which regard any certificate or other document issued by Clearstream Banking or Euroclear as to the Principal Amount Outstanding of Class N Notes standing to the account of any person shall be conclusive and binding for all purposes (other than for the purposes of payments in respect thereof the right to which shall be vested, as against the Issuer and the Note Trustee, solely in the bearer of the Class N Global Notes in accordance with and subject to their respective terms and the terms of the Trust Deed) and the words **holder** and **holders** of Class N Notes shall (where appropriate) be construed accordingly;

Class N Notes means the Original Class N Notes and the further Class N Notes or, as the context may require, any combination of the same and references to the Class N Notes shall, except where the context otherwise requires, include the Conditions applicable thereto;

Class N Permanent Global Note means a permanent Global Note to be issued by the Issuer pursuant to clause 3 of the Trust Deed representing the Class N Notes, substantially in the form of Part B of Schedule 1 to the Trust Deed;

Class N Step-Up Amounts means that proportion of the interest on the Class N Notes calculated by applying the Class N Step-Up Margin to the Principal Amount Outstanding on the Class N Notes;

Class N Step-Up Margin shall bear the meaning ascribed thereto in Condition 4(e);

Class N Temporary Global Note means a temporary Global Note to be issued by the Issuer pursuant to Clause 3 of the Trust Deed representing the Class N Notes, substantially in the form of Part A of Schedule 1 to the Trust Deed;

Class O Couponholder means the several persons who are for the time being the holders of the Class O Coupons;

Class O Coupons means in respect of the Class O Notes, the bearer interest coupons in or substantially in the form set out in Part B of Schedule 2 to the Trust Deed, appertaining to the Definitive Class O Notes and includes, where applicable, the Talon(s) appertaining thereto and any replacements for Coupons and Talons issued pursuant to Condition 13;

Class O Global Notes means, as the context requires, the Class O Temporary Global Note and/or the Class O Permanent Global Note;

Class O Noteholders means the several persons who are for the time being holders of the Class O Notes (being, if and to the extent that the Class O Notes are represented by the Definitive Class O Notes, the bearers thereof and, if and to the extent that the Class O Notes are represented by the Class O Global Notes, the persons for the time being shown in the records of Euroclear, Clearstream Banking (other than Clearstream Banking if Clearstream Banking shall be an account holder of Euroclear and other than Euroclear if Euroclear shall be an account holder of Clearstream Banking) as being holders of the Class O Notes) in which regard any certificate or other document issued by Clearstream Banking or Euroclear as to the Principal Amount Outstanding of Class O Notes standing to the account of any person shall be conclusive and binding for all purposes (other than for the purposes of payments in respect thereof the right to which shall be vested, as against the Issuer and the Note Trustee, solely in the bearer of the Class O Global Notes in accordance with and subject to their respective terms and the terms of the Trust Deed) and the words **holder** and **holders** of Class O Notes shall (where appropriate) be construed accordingly;

Class O Notes means the Original Class O Notes and the further Class O Notes or, as the context may require, any combination of the same and references to the Class O Notes shall, except where the context otherwise requires, include the Conditions applicable thereto;

Class O Permanent Global Note means a permanent Global Note to be issued by the Issuer pursuant to clause 3 of the Trust Deed representing the Class O Notes, substantially in the form of Part B of Schedule 1 to the Trust Deed;

Class O Step-Up Amounts means that proportion of the interest on the Class O Notes calculated by applying the Class O Step-Up Margin to the Principal Amount Outstanding on the Class O Notes;

Class O Step-Up Margin shall bear the meaning ascribed thereto in Condition 4(e);

Class O Temporary Global Note means a temporary Global Note to be issued by the Issuer pursuant to clause 3 of the Trust Deed representing the Class O Notes, substantially in the form of Part A of Schedule 1 to the Trust Deed;

Clearstream Luxembourg means Clearstream Banking, société anonyme;

Closing Date means the date of the closing of the issue of the Original Notes;

Collection Accounts means all of the accounts of the Borrower maintained from time to time at Barclays Bank PLC, National Westminster Bank plc and Girobank and the account(s) of the Borrower at the Account Bank used for the purpose of depositing receipts of any member of the

Securitisation Group, in each case as listed in Schedule 10 to the Spirit Deed of Charge and/or such other account approved by the Security Trustee from time to time as contemplated pursuant to clause 11.2(c) of the Spirit Deed of Charge and in respect of which there are equivalent Encumbrances to those created pursuant to the Spirit Deed of Charge;

Colony means Colony Investors III, L.P. a Delaware Limited Partnership;

Commencement Date means the date of commencement of the third stage of EMU or on which circumstances arise which (in the opinion of the Borrower) have substantially the same effect and result in substantially the same consequences as commencement of the third stage of EMU as contemplated by the Treaty on European Union;

Common Depositary means Citibank, N.A.;

Competition Authority means any court, government, governmental competition, antitrust, supervisory, regulatory or trade body or authority, whether regional, national or supranational, acting in exercise of its jurisdiction to enforce Competition Law, in each case in any jurisdiction;

Competition Law means any law, decision, order, regulation, code, practice, rule, investigation or judgment in any relevant jurisdiction relating to competition or antitrust matters;

Conditions means, in relation to the Original Notes, the terms and conditions applicable to the Original Notes in the form set out in Schedule 2 to the Trust Deed and, in relation to any further notes, the terms and conditions applicable thereto in the form set out or referred to in the supplemental deed relating thereto, as any of the same may from time to time be altered in accordance with the provisions of the Trust Deed and any reference in the Trust Deed or in any other Transaction Document to a particular numbered Condition shall be construed accordingly; reference to any particular numbered Condition shall be construed, in relation to any further notes, as a reference to the provision (if any) in the Conditions thereof which corresponds to that particular Condition as applicable to the Original Notes;

Contribution means, in respect of any Pub during any period, the historical revenue of the relevant Pub less expenses (excluding for the avoidance of doubt, any Investment Amounts and apportioned central overheads) attributable to the Pub during the relevant period;

Controlled Cash Account means the account of the Borrower maintained with the Account Bank (account number 40391883, sort code 20-07-71) or such other account approved by the Security Trustee, from time to time, and in respect of which there are equivalent Encumbrances to those created pursuant to the Spirit Deed of Charge;

Controlled Cash Account Target Level or **CCA Target Level** means £40,000,000;

Convention means the Modified Following Business Day Convention as defined in the 2000 ISDA Definitions;

Corporate Services Agreement means the corporate services agreement dated on or about the Closing Date made between the Issuer, the Parent, SupplyCo, the Security Trustee and SPV Management Limited;

Corporation Tax means corporation tax chargeable in accordance with the provisions of the Income and Corporation Taxes Act 1988, as supplemented by Finance Acts;

Couponholders means the several persons who are for the time being the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons;

Coupons means the Class A Coupons, the Class M Coupons, the Class N Coupons, the Class O Coupons and any further coupons appertaining to any further notes that may from time to time be issued and, in each case, for the time being outstanding or, as the context may require, a specific number thereof, and includes any replacement Coupons issued pursuant to Condition 13;

Cover Ratio Covenant means the Covenant contained in Clause 15.1(a) of the Issuer/Borrower Facility Agreement;

Dangerous Substance means any radioactive emissions and any solid, liquid or gaseous matter which is dangerous or toxic to living things or which damages the Environment;

Debentures means the PM FinCo Guarantee and Debenture and the HoldCo Covenant and Debenture;

Debt Service means, in respect of any Relevant Period or Financial Quarter the aggregate of all Interest Charges and principal repayments which fall due, or which have fallen due, to be paid by the Securitisation Group Entities (other than the Issuer) (whether or not paid but which, for the avoidance of doubt, shall not include amounts prepaid in respect of the Term Facilities pursuant to clause 9.1 of the Issuer/Borrower Facility Agreement) during the Relevant Period or Financial Quarter (as the case may be) pursuant to the Issuer/Borrower Facility Agreement and/or the Spirit Deed of Charge;

Debt Service Cover Ratio or DSCR means the ratio of Adjusted EBITDA to Debt Service;

Definitive Class A Notes means the bearer notes in definitive form which may be issued in respect of the Class A Notes pursuant to, and in the circumstances specified in, clause 3 of the Trust Deed and includes any replacements for Definitive Class A Notes issued pursuant to Condition 13 and are issued substantially in the form described in the Trust Deed and as set out in Part C of Schedule 1 to the Trust Deed;

Definitive Class M Notes means the bearer notes in definitive form which may be issued in respect of the Class M Notes pursuant to, and in the circumstances specified in, clause 3 of the Trust Deed and includes any replacements for Definitive Class M Notes issued pursuant to Condition 13 and are issued substantially in the form described in the Trust Deed and as set out in Part C of Schedule 1 to the Trust Deed;

Definitive Class N Notes means the bearer notes in definitive form which may be issued in respect of the Class N Notes pursuant to, and in the circumstances specified in, clause 3 of the Trust Deed and includes any replacements for Definitive Class N Notes issued pursuant to Condition 13 and are issued substantially in the form described in the Trust Deed and as set out in Part C of Schedule 1 to the Trust Deed;

Definitive Class O Notes means the bearer notes in definitive form which may be issued in respect of the Class O Notes pursuant to, and in the circumstances specified in, clause 3 of the Trust Deed and includes any replacements for Definitive Class O Notes issued pursuant to Condition 13 and are issued substantially in the form described in the Trust Deed and as set out in Part C of Schedule 1 to the Trust Deed;

Definitive Notes means the Definitive Class A Notes, the Definitive Class M Notes, the Definitive Class N Notes and the Definitive Class O Notes or, as the context may require, any combination of the same;

Designated New Subsidiary means a New Subsidiary which the Borrower have, in accordance with clause 16.6 of the Issuer/Borrower Facility Agreement, designated as being an "Obligor";

Designated New Subsidiary Charged Property means, from and including the date on which the New Subsidiary accedes to the Issuer/Borrower Facility Agreement and grants security pursuant to a deed supplemental to the Spirit Deed of Charge, subject to any contrary indication, the undertaking and assets of the Designated New Subsidiary from time to time charged in favour of, or assigned (whether at law or equity) to, the Security Trustee by or pursuant to the Spirit Deed of Charge and the supplemental deed entered into in connection therewith;

Designated New Subsidiary Secured Amounts means the moneys and liabilities which the Designated New Subsidiary covenants and undertakes in the relevant deed supplemental to the Spirit Deed of Charge to pay or discharge and all claims, demands and damages for breach of any such covenant and undertaking, as the context may require;

Development CapEx Amount shall bear the meaning given to it in Clause 16.7(d) of the Issuer/Borrower Facility Agreement;

Disposal Proceeds Account means the account of the Borrower maintained with the Account Bank (account number 00777188, sort code 20-07-71) or such other account approved by the Security Trustee, from time to time, and in respect of which there are equivalent Encumbrances to those created pursuant to the Spirit Deed of Charge;

Drawdown Date means, in relation to any Advance, the proposed date for the making of such Advance and which is specified in the relevant Notice of Drawdown relating to that Advance;

Drawdown Notice shall mean a notice in the form set out in the Fourth Schedule to the Issuer/Borrower Facility Agreement;

Due for Payment means, in relation to any Insured Amount that the relevant due date for payment of such Insured Amount in accordance with the Conditions has occurred (and for the avoidance of doubt does not refer to any earlier date upon which payment for any Insured Amount may become due in respect of the original Class A Notes by reason of prepayment, acceleration of maturity or otherwise);

EBITDA means, for any Relevant Period or Financial Quarter, the consolidated earnings of the Securitisation Group for the Relevant Period or Financial Quarter (as the case may be) before the deduction of:

- (a) taxation;
- (b) any Interest Charges;
- (c) any amount attributable to amortisation of goodwill or other intangible assets and any deduction for depreciation; or
- (d) the amortisation or the writing off of costs associated with the Hedging Agreement and/or (if applicable) with any Equity Offering and the financing costs associated therewith;

Eligible Investments means:

- (a) sterling gilt-edged securities; and
- (b) sterling demand or time deposits, certificates of deposit and short-term debt obligations (including commercial paper),

provided that in all cases:

- (i) such investments have a maturity date falling no later than the next following Interest Payment Date or Loan Interest Payment Date (as the case may be) and the short-term unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being an authorised bank under the Financial Services and Markets Act 2000) are rated "A-1", "P-1" or "F-1" (or equivalent) or higher by the Rating Agencies or as otherwise acceptable to the Rating Agencies; and
- (ii) interest thereon is payable without withholding or deduction for or on account of tax;

EMU means Economic and Monetary Union as contemplated in the Treaty on European Union;

EMU Commencement Date means the date of commencement of the third stage of EMU pursuant to the Treaty on European Union;

EMU Legislation means legislative measures of the European Council for the introduction of, changeover to or operation of the Euro;

Encumbrance includes any mortgage, standard security, charge (whether legal or equitable), assignation in security, pledge, lien, hypothecation or other encumbrance securing any obligation of any person (including, without limitation, title transfer and retention arrangements (other than those entered into in the ordinary course of business), sale and leaseback, sale and repurchase arrangements or any other agreement, trust or arrangement having the effect of providing security);

Environment means all or any of the following media: air (including air within buildings or other structures and whether above or below ground), land (including buildings and any other structures or erections in, on or under it and any soil and anything below the surface of land), land covered with water and water (including sea, ground, drinking and surface water);

Environmental Approvals means any permit, approval, identification number, consent, licence or other authorisation required under any applicable Environmental Laws;

Environmental Claims means any and all administrative, regulatory or judicial actions, suits, demands, demand letters, claims, notices of non-compliance or violation, investigations, proceedings, consent orders or consent agreements relating in any way to any Environmental Law or any Environmental Approval (hereafter, **Claims**), including without limitation:

- (a) any and all Claims by governmental or regulatory authorities for enforcement, clean-up, removal, response, remedial or other actions or damages pursuant to any applicable Environmental Law; and
- (b) any and all Claims by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief arising from alleged injury or threat to health, safety or the environment;

Environmental Law means all statutes, treaties and conventions, directives, regulations, circulars and guidance notes having legal or judicial import or effect whether of a criminal, civil or administrative nature, and the rules of common law, relating to or concerning:

- (a) pollution or contamination of the Environment;

- (b) harm to the health of humans, living organisms and ecological systems;
- (c) the generation, manufacture, processing, distribution, use (including abuse), treatment, storage, disposal, transport or handling of any Dangerous Substance; and
- (d) the emission, leak, release or discharge into the Environment of noise, vibration, dust, fumes, gas, odours, smoke steam, effluvia, heat, light radiation (of any kind), infection, bacteria, electricity or any Dangerous Substance and any matter or thing capable of constituting a nuisance or any actionable tort or delict of any kind in respect of such matters;

Equity Group means each of the persons listed in the Tenth Schedule to the Issuer/Borrower Facility Agreement;

Equity Offering means an initial public offering or private placement of at least £75 million worth of new shares of any Spirit Group Entity or any parent company thereof;

Euro means the single currency of Participating Member States of the European Union;

Euroclear means Euroclear Bank S.A./N.V. as operator of the Euroclear System or the successor for the time being to such business;

Excepted Contracts means the AKE Agreement and those contracts listed as items 9, 10 and 11 of Schedule 7 to the Issuer/Borrower Facility Agreement;

Excess Amortisation Amounts means amounts paid in prepayment of the Term A Loan, the Term M Loan, the Term N Loan and/or the Term O Loan (as the case may be) in accordance with clause 8.3 of the Issuer/Borrower Facility Agreement;

Excess Amount means an amount equal to the amount by which the aggregate credit balance on the Floating Accounts at any time exceeds £17,500,000 plus the total amount of unrepresented cheques drawn by the Borrower or, if the aggregate credit balance on such Floating Accounts is less than £17,500,000, zero;

Excess Cash means the cash available to the Borrower in the Operating Accounts having paid or provided for amounts required to be paid or provided for as set out in paragraphs (a) to (y) (inclusive) of clause 8.1 of the Spirit Deed of Charge and includes amounts standing to the credit of the Controlled Cash Account but does not include Unused Development CapEx Amounts;

Exchange Date means the date which falls 40 days after Closing Date;

Excluded Group Entity means any member of the Spirit Group that is not a member of the Securitisation Group and any affiliates thereof;

Excluded Shares means all the ordinary shares held by AKE Holdings in Allied Kunick Entertainments Limited and all of the ordinary shares held by Lodges Holdings in Punch Travel Inn Limited;

Extraordinary Resolution has the meaning set out in paragraph 22 of the Seventh Schedule to the Trust Deed;

Extension Request has the meaning given to it in clause 3.4 of the Liquidity Facility Agreement;

Facility Office means the office through which a Liquidity Facility Provider will perform all or any of its obligations under the Liquidity Facility Agreement;

Failure to Pay Event means an event described in clause 17.1(a) of the Issuer/Borrower Facility Agreement;

Fees Letter shall bear the meaning ascribed thereto in clause 11.1 of the Subscription Agreements;

Final Maturity Date means:

- (a) in relation to the Term A Facility, the Loan Interest Payment Date falling in March 2020;
- (b) in relation to the Term M Facility, the Loan Interest Payment Date falling in September 2024;
- (c) in relation to the Term N Facility, the Loan Interest Payment Date falling in September 2031; and
- (d) in relation to the Term O Facility, the Loan Interest Payment Date falling in September 2032.

Final Offering Circular means the offering circular dated 22 April 2002 relating to the issue of the Notes;

Final Redemption means the date on which all moneys and other liabilities for the time being due or owing by the Issuer to the Security Trustee or the Noteholders under the Notes or in accordance with the Trust Deed have been paid in full;

Finance Lease means a contract between a lessor and a lessee treated as a finance lease in accordance with Accounting Principles;

Financial Adviser means Ernst & Young LLP acting through its office at 1 Colmore Row, Birmingham B2 2DB;

Financial Advisory Services Agreement means the agreement dated on or about the Closing Date between the Obligors, the Issuer, the Financial Adviser, Ambac and the Security Trustee;

Financial Condition Event means an event described in clause 17.1(b) of the Issuer/Borrower Facility Agreement;

Financial Indebtedness means in relation to any Obligor at any time any indebtedness incurred (other than between Obligors) in respect of:

- (a) the principal amount, and the capitalised element (if any), of money borrowed or raised and debit balances at banks and premiums if any and capitalised interest in respect thereof;
- (b) the principal, premiums (if any) and capitalised interest (or the issue price thereof if issued at a discount) in respect of any debenture, bond note, loan stock or similar debt instrument;
- (c) liabilities in respect of any letter of credit, standby letter of credit, acceptance credit, bill discounting or note purchase facility and any receivables purchase, factoring or discounting arrangements (save to the extent there is no recourse to such Obligor in respect thereof);
- (d) rental or hire payments under any Finance Lease and hire purchase agreement;

- (e) the deferred purchase price of assets or services save for any such arrangement entered into in the ordinary course of trading and having a term not exceeding six months from the date on which the liability was originally incurred;
- (f) liabilities in respect of any foreign exchange agreement, currency swap or interest purchase or swap or other derivative transactions or similar arrangements (other than the Hedging Agreement) Provided that where under any applicable law, the parties to any such agreement, swap, transaction or arrangement are entitled to net off their respective liabilities to each other under that or any other agreement, swap, transaction or arrangement the amount of Financial Indebtedness of the relevant Securitisation Group Entity shall be the net exposure to the relevant counterparty of the relevant member of the Securitisation Group under all such agreements, swaps, transactions or arrangements with such counterparty as the relevant Securitisation Group Entity is entitled under the applicable law to net off against each other (being the net amount payable by such party on termination or closing out of all such arrangements determined on a mark to market basis);
- (g) all obligations to purchase, redeem, retire, decrease or otherwise acquire for value any share capital of any person or any warrants, rights or options to acquire such share capital pursuant to transactions which in each such case have the commercial effect of borrowing or which otherwise finance its or the Securitisation Group's operations or capital requirements;
- (h) any other transactions having the commercial effect of borrowing entered into by such Obligor; and
- (i) all Financial Indebtedness of other persons (other than Obligors) of the kinds referred to in paragraphs (a) to (h) above guaranteed or indemnified directly or indirectly in any manner by such Obligor or having the commercial effect of being guaranteed or indemnified directly or indirectly by such Obligor or any other form of financial assurance;

Financial Quarter means each period beginning on the day after a Financial Quarter Date and ending on the next Financial Quarter Date;

Financial Quarter Date means, in respect of the Financial Year current at the time of the Closing Date, 25 May 2002 and 17 August 2002 and, thereafter, the date on which the quarterly accounting period of the Borrower ends, being:

- (a) for the first Financial Quarter, the date which is 12 weeks from 18 August and for the first Financial Quarter in each subsequent Financial Year, the date which is 12 weeks from the fourth Financial Quarter Date in the last Financial Year;
- (b) for the second Financial Quarter, the date which is 12 weeks from the previous first Financial Quarter Date;
- (c) for the third Financial Quarter, the date which is 16 weeks from the previous second Financial Quarter Date; and
- (d) for the fourth Financial Quarter, the date which is 12 weeks or, in the case of a 53 week Financial Year, 13 weeks from the previous third Financial Quarter Date,

as specified by the Borrower at the beginning of each Financial Year in the relevant Financial Ratio Compliance Certificate;

Financial Ratio Compliance Certificate means a certificate and report which is duly completed and substantially in the form set out in the Seventh Schedule to the Issuer/Borrower Facility Agreement;

Financial Statements means the most recent audited consolidated financial statements of the Punch Retail Group delivered pursuant to clause 14.1(a) of the Issuer/Borrower Facility Agreement;

Financial Year means the 52 week or 53 week (as the case may be) period ending on the fourth Financial Quarter Date in each year, being, in respect of the Financial Year in which the Closing Date falls, the 52 week period ending on (and including) 17 August 2002;

First Yield Test is satisfied in respect of an acquisition if:

- (a) the amount of any such Permitted Acquisition Funds used for a particular acquisition to be applied from the Disposal Proceeds Account does not exceed the lesser of the total purchase price of the Permitted Business to be acquired and the aggregate of the Anticipated Amounts of the Pubs in the Acquisition Portfolio (any excess purchase price to be funded from Excess Cash and/ or Unused Development CapEx Amounts and/or a Permitted Outside Payment and/ or further subordinated indebtedness and/or equity and/or a Further Term Facility or New Term Facility); and
- (b) on the Financial Quarter Date falling immediately prior to the relevant acquisition, the Portfolio AGP of the Acquisition Portfolio and the Portfolio AGP for each of the Acquisition Portfolios acquired since the Closing Date is equal to or greater than the Portfolio AGP of the Portfolio at the Closing Date;

Fitch means Fitch Ratings Limited currently of Eldon House, 2 Eldon Street, London EC2M 7UA and includes any successor to its rating business;

Fixed Accounts means each of:

- (a) the Controlled Cash Account;
- (b) the Disposal Proceeds Account;
- (c) the Maintenance CapEx Account;
- (d) the AKE Holdings Holding Account;
- (e) the Lodges Holdings Holding Account;
- (f) Issuer Transaction Account;
- (g) Liquidity Facility Reserve Account; and
- (h) Issuer Cash Collateralisation Account;

Floating Accounts means each of the Operating Accounts and the Collection Accounts;

full title guarantee shall be construed so that the covenants implied by the LP (MP) Act in the charges or assignments by way of security contained in or created pursuant to the Charge are construed with the omission of:

- (a) the words "other than any charges, encumbrances or rights which that person does not and could not reasonably be expected to know about" in section 3(1)(b) LP (MP) Act; and
- (b) section 6(2) LP (MP) Act;

further Class A Notes means any Class A Notes of the Issuer constituted by a deed supplemental to the Trust Deed pursuant to clause 2.6 of the Trust Deed and for the time being outstanding or, as the context may require, a specific number thereof, and includes the Class A Temporary Global Note (or any part thereof) representing the same, the Class A Permanent Global Note (or any part thereof) representing the same and (if issued) the Definitive Class A Notes (or any of them) representing the same;

further Class M Notes means any Class M Notes of the Issuer constituted by a deed supplemental to the Trust Deed pursuant to clause 2.6 of the Trust Deed and for the time being outstanding or, as the context may require, a specific number thereof, and includes the Class M Temporary Global Note (or any part thereof) representing the same, the Class M Permanent Global Note (or any part thereof) representing the same and (if issued) the Definitive Class M Notes (or any of them) representing the same;

further Class N Notes means any Class N Notes of the Issuer constituted by a deed supplemental to the Trust Deed pursuant to clause 2.6 of the Trust Deed and for the time being outstanding or, as the context may require, a specific number thereof, and includes the Class N Temporary Global Note (or any part thereof) representing the same, the Class N Permanent Global Note (or any part thereof) representing the same and (if issued) the Definitive Class M Notes (or any of them) representing the same;

further Class O Notes means any Class O Notes of the Issuer constituted by a deed supplemental to the Trust Deed pursuant to clause 2.6 of the Trust Deed and for the time being outstanding or, as the context may require, a specific number thereof, and includes the Class O Temporary Global Note (or any part thereof) representing the same, the Class O Permanent Global Note (or any part thereof) representing the same and, (if issued) the Definitive Class O Notes (or any of them) representing the same;

further Closing Date means the date of issue of any further notes, New Notes or Replacement Notes pursuant to Condition 16, as the case may be;

further Global Notes means a further Temporary Global Note and a further Permanent Global Note relating to the same Further Issue;

Further Issue means an issue of further Notes;

further noteholders means the holders of any further notes;

further notes means the further Class A Notes, the further Class M Notes, the further Class N Notes and the further Class O Notes or, as the context may require, any combination of the same;

further Permanent Global Note means a permanent Global Note in bearer form without coupons to be issued by the Issuer pursuant to Clause 3.4(b) of the Trust Deed representing the Principal Amount Outstanding of a Further Issue and the Principal Amount Outstanding of the existing Notes of the relevant class, substantially in the form of Part B of the First Schedule to the Trust Deed;

further Temporary Global Note means a temporary Global Note in bearer form without coupons to be issued by the Issuer pursuant to Clause 3.4(a) of the Trust Deed representing a Further Issue, substantially in the form of Part A of the First Schedule to the Trust Deed;

further Term Advance means, save as otherwise provided, an advance made or to be made by the Issuer under a further Term Facility;

further Term Advance Outstanding means, at any time, the aggregate principal amount of the relevant further Term Advance;

further Term Advance Repayment Date means the final maturity date for the relevant Further Term Advance specified in the Notice of Drawdown for that further Term Advance;

further Term Facility means a term facility ranking *pari passu* with and forming part of a term facility then outstanding requested of the Issuer by a Borrower pursuant to clause 2.8 of the Issuer/Borrower Facility Agreement and made available to a Borrower by the Issuer in accordance with and subject to the provisions of the Issuer/Borrower Facility Agreement;

Global Notes means the Class A Global Notes, the Class M Global Notes, the Class N Global Notes and the Class O Global Notes or, as the context may require, any combination of the same;

Gross Redemption Yield means a yield calculated on the basis indicated by the Joint Index and Classification Committee of the Institute and Faculty of Actuaries as reported in the Journal of the Institute of Actuaries, Vol. 105, Part 1, 1978, page 18;

Guarantors means the Original Guarantors and **Guarantor** shall be construed accordingly;

Hedging Provider means Citibank, N.A.;

Hedging Agreement means the ISDA Master Agreement entered into between the Hedging Provider, the Borrower and the Security Trustee dated on or about the Closing Date;

Holding Accounts means each of the Lodges Holdings Holding Account and the AKE Holdings Holding Account, and **Holding Account** means any one of them (as applicable);

Holding Company means a holding company within the meaning of Section 736 of the Companies Act 1985 (as amended);

HoldCo means PM Financial Holdings Limited;

HoldCo Charged Property means the whole of the right, title, benefit and interest of HoldCo in and to the property, assets and rights of HoldCo from time to time described in clause 3 of the HoldCo Covenant and Debenture;

HoldCo Covenant and Debenture means the deed so named and dated on or about the Closing Date between, *inter alios*, HoldCo, the Issuer and the Security Trustee;

HoldCo Secured Amounts means the moneys and liabilities which HoldCo covenants and undertakes in clause 2 of the HoldCo Covenant and Debenture to pay and discharge and all claims, demands and damages for breach of such covenant and undertaking, and references to the HoldCo Secured Amounts include references to any one of them;

Information shall bear the meaning ascribed thereto in the Subscription Agreement;

Initial Fee means:

$$A + B + C + D + E + F + G + H + I + J + K$$

where:

A equals the fees, costs, charges, liabilities and expenses and any other amounts due and payable to the Security Trustee pursuant to clause 10 of the Issuer Deed of Charge;

B equals the fees, costs, charges, liabilities and expenses and any other amounts due and payable to the Note Trustee pursuant to clause 13 of the Trust Deed;

C equals the fees and expenses of any legal advisers, accountants and auditors appointed by the Issuer or the Security Trustee which have fallen due;

D equals the fees, costs and expenses due and payable to the Paying Agents pursuant to clause 10 of the Agency Agreement;

E equals all amounts of interest, commitment fee and other sums due or overdue to the Liquidity Facility Providers under the terms of the Liquidity Facility Agreement together with the fees, costs, liabilities and expenses incurred or paid by the Issuer in connection with it entering into any replacement of the Liquidity Facility;

F equals the fees, costs, charges, liabilities and expenses due and payable to the Agent Bank pursuant to clause 10 of the Agency Agreement;

G equals the fees, costs, charges, liabilities and expenses due and payable to the Financial Adviser pursuant to clause 3 of the Financial Advisory Services Agreement;

H equals the fees, costs and expenses due and payable by the Issuer to the Servicer and the Account Bank pursuant to the Servicing Agreement and/or the Bank Agreement;

I equals the fees, costs, liabilities, expenses and other amounts incurred or paid or payable by the Issuer to Ambac under the Insurance and Indemnity Agreement and Premium Letter;

J any other amounts due or overdue to third parties including the Rating Agencies and the amounts paid by the Issuer to the Managers (excluding, for these purposes, payment for the benefit of the Noteholders) and which arise directly or indirectly from the funding by the Issuer of the Term Facilities, other than amounts (A) to (I); and

K where applicable and following submission by the Issuer of an invoice rendered for VAT purposes, VAT thereon and to be applied subject to an in accordance with the provisions of clause 5 and 6 of the Issuer Deed of Charge.

in each case in respect of the period to and including the Closing Date provided that no amount shall be counted more than once;

Initial Term Advance means an advance made under any of the Initial Term Facilities;

Initial Term Facilities means the Term A Facility, the Term M Facility, the Term N Facility and the Term O Facility made available by the Issuer to the Borrower on or about the Closing Date subject to certain conditions set out in the Issuer/Borrower Facility Agreement and excluding for the avoidance of doubt any further Term Facility or New Term Facility;

Insolvency Event means an event described in clause 17.1(c), (d), (e), (f), (g), (h) or (i) of the Issuer/Borrower Facility Agreement;

Insurance and Indemnity Agreement means the agreement dated on or about the Closing Date between, *inter alios*, the Issuer and Ambac;

Insurance Policies means each of the policies of insurance set out in the Insurance Register and any policies of insurance (other than the policies of life assurance or life insurance) taken out by or on behalf of any Obligor and any replacement policies thereof, in which any Obligor may now or hereafter have an interest;

Insurance Register means the register of insurance policies set out in schedule 4 of the Spirit Deed of Charge;

Insured Amount means Scheduled Interest and Ultimate Principal;

Intellectual Property means all rights and interests as are referred to in each of clause 4.4 of the Spirit Deed of Charge;

Interest Charges means, in respect of any relevant period or Financial Quarter, the aggregate amount of interest paid or which was payable during such period by the Obligors in respect of Financial Indebtedness (including any guarantee and any other commitment, fronting and similar fees in respect thereof, amounts in the nature of interest, discount charges and the interest element of rental under Finance Leases) plus any amounts paid or payable under interest rate hedge arrangements (having set off or netted off all amounts paid to any Obligor thereunder and provided that if, after such set-off or netting an amount was paid to the relevant Obligor such amount will be deducted from the calculation of Interest Charges) during such period but excluding:

- (a) amounts payable (i) to any other Securitisation Group Entity (except the Issuer) and (ii) in respect of interest accruing on any subordinated Financial Indebtedness owed by the Borrower to any Excluded Group Entity; and
- (b) amounts payable by the Borrower to PM FinCo out of Permitted Outside Payments in an amount equal to any tax liability of PM FinCo resulting from and in respect of the Spirit Borrower Subordinated Loan;

Interest Determination Date has the meaning given to it in Condition 4(c);

Interest Payment Date means 28 March, 28 June, 28 September and 28 December in each calendar year unless that date is not a Business Day, in which case the Convention shall apply;

Interest Period means, in relation to the Term Advances and the Further Term Advances, the periods determined pursuant to clauses 7.1 and 7.2 of the Issuer/Borrower Facility Agreement and, in relation to the Notes, the periods determined pursuant to Condition 4(b);

Intra-Group Financial Indebtedness means:

- (a) Financial Indebtedness incurred by an Obligor on an unsecured or subordinated basis pursuant to a loan from another Obligor to fund the payment of (i) directors' fees and expenses charged by SPV Management Limited or any other independent director of the Obligor required to be a director of the relevant Obligor under the terms of the Issuer/Borrower Facility Agreement or (ii) auditor's fees and the fees or other professional advisers of the Obligor up to a total amount incurred by the Obligors (other than the Borrower) in total in any one Financial Year of £50,000;
- (b) Financial Indebtedness incurred by an Obligor on an unsecured or subordinated basis pursuant to a loan from another Obligor as consideration for the transfer of group relief provided that such Financial Indebtedness is incurred on a non-cash basis;
- (c) Financial Indebtedness incurred by the Borrower on an unsecured or subordinated basis from another Obligor; and
- (d) Financial Indebtedness incurred by an Obligor on an unsecured or subordinated basis pursuant to a loan from another Obligor up to the amount of any Permitted Outside Payment permitted under the Issuer/Borrower Facility Agreement provided that to the extent that:

- (i) any funds received pursuant to such a loan are paid by the Obligor to an Excluded Group Entity, such payment shall constitute an Outside Payment which is permitted under the terms of the Issuer/Borrower Facility Agreement; and
- (ii) the amount of any Outside Payment that is funded by such a loan shall not have also been funded from another source;

Intra-Group Loan Agreements means any agreement setting out the terms of a loan made by an Obligor to another Obligor where permitted pursuant to the Issuer/Borrower Facility Agreement;

Intra-Group Supply Agreement means the agreement between the Borrower and SupplyCo dated on or about the Closing Date relating to the supply of beer and other products by SupplyCo to the Borrower as listed in paragraph 27 of Schedule 7 to the Issuer/Borrower Facility Agreement;

Investment Amount means any amount spent on CapEx investment (as opposed to maintenance or repair) on a Pub in the Managed Estate;

Investor Presentation shall bear the meaning ascribed thereto in clause 6.1(f)(i) of the Subscription Agreement;

IP Licence means any licence or other agreement pursuant to or under which any Intellectual Property is held or exploited by any Obligor;

IP Rights means the Intellectual Property rights assigned pursuant to clause 4.4 of the Spirit Deed of Charge;

Issuer means Spirit Funding Limited incorporated in the Cayman Islands with limited liability and registered in the United Kingdom as an overseas company under the Companies Act 1985;

Issuer Accounts means:

- (a) the Issuer Transaction Account;
- (b) the Issuer Cash Collateralisation Account; and
- (c) the Liquidity Facility Reserve Account;

Issuer Available Funds means on any Interest Payment Date, the funds available to the Issuer to make payments of the items specified in clause 5.2 of the Issuer Deed of Charge;

Issuer/Borrower Facility Agreement means the agreement dated on or about the Closing Date made between the Obligors, the Issuer, the Agent Bank and the Security Trustee pursuant to which the Issuer shall agree to make available, from time to time, certain loan facilities to the Borrower upon and subject to the terms set out therein;

Issuer Cash Collateralisation Account means the account of the Issuer which is maintained under the above designation with the Account Bank (account number to be confirmed, sort code 20-07-71) (or such other account approved by the Security Trustee from time to time (and in respect of which there are equivalent Encumbrances to those created pursuant to the Issuer Deed of Charge)) and into which payments are made pursuant to clause 17.2 of the Issuer/Borrower Facility Agreement;

Issuer Charged Property means the whole of the right, title, benefit and interest of the Issuer in and to the property, assets and rights of the Issuer from time to time described or referred to in

clause 3 of the Issuer Deed of Charge (including, without limitation, any Additional Issuer Charged Property) together with all other property, assets and rights whatsoever of the Issuer and wheresoever situate, present and future, including without limitation any uncalled share capital of the Issuer (other than the sum of £1 retained by the Issuer);

Issuer Deed of Charge means the deed dated on or about the Closing Date made between the Issuer, the Security Trustee, the Note Trustee, the Liquidity Facility Agent, the Agent Bank, the Servicer, the Principal Paying Agent and the Luxembourg Paying Agent, as amended and supplemented from time to time and including, where the context so admits, each Supplemental Issuer Deed of Charge;

Issuer Enforcement Notice has the meaning given to it in Condition 9;

Issuer Event of Default means any of the events specified in Condition 9 as an "Event of Default" which entitles the Note Trustee to serve an Issuer Enforcement Notice pursuant to the terms thereof;

Issuer Obligations means the aggregate of all moneys and other liabilities for the time being due or owing by the Issuer:

- (a) to the Security Trustee, the Note Trustee, the Class A Noteholders, the Class M Noteholders, the Class N Noteholders, the Class O Noteholders, any further Noteholders and any New Noteholders under or pursuant to the Class A Notes, the Class M Notes, the Class N Notes, the Class O Notes, any further notes, any New Notes, the Issuer Deed of Charge, the Trust Deed, the Agency Agreement, and any other Transaction Document to which the Issuer is a party;
- (b) to the Liquidity Facility Providers and the Liquidity Facility Agent under the Liquidity Facility Agreement and the Issuer Deed of Charge;
- (c) to Ambac under the Ambac Policy, the Insurance and Indemnity Agreements and the Issuer Deed of Charge;
- (d) to the Agent Bank under the Agency Agreement and the Issuer Deed of Charge;
- (e) to the Servicer under the Servicing Agreement and the Issuer Deed of Charge;
- (f) the Account Bank under the Bank Agreement and the Issuer Deed of Charge;
- (g) to the Principal Paying Agent and the Luxembourg Paying Agent under the Agency Agreement and the Issuer Deed of Charge; and
- (h) to the Financial Advisor pursuant to the Financial Advisory Services Agreement;

Issuer Secured Creditors means each of:

- (a) the Security Trustee;
- (b) the Note Trustee;
- (c) the Class A Noteholders;
- (d) the Class M Noteholders;
- (e) the Class N Noteholders;
- (f) the Class O Noteholders;
- (g) Ambac;

- (h) the New Noteholders;
- (i) any further Noteholders
- (j) the Liquidity Facility Providers;
- (k) the Liquidity Facility Agent;
- (l) the Agent Bank;
- (m) the Account Bank;
- (n) the Servicer;
- (o) the Principal Paying Agent;
- (p) the Luxembourg Paying Agent; and
- (q) the Financial Adviser;

Issuer Security means:

- (a) the conveyances, transfers, assignments, assignments, charges and other security interests in respect of the property, assets, interests, rights and powers detailed in or granted by the Issuer pursuant to clause 3 of the Issuer Deed of Charge;
- (b) the floating charge over the whole of the undertaking, property and assets of the Issuer (other than the sum of £1 retained by the Issuer), whatsoever and wheresoever, present and future, including uncalled capital, not subject (except as specified in the Issuer Deed of Charge) to the aforesaid conveyances, transfers, assignments, assignments, charges and other security interests contained in the Issuer Deed of Charge; and
- (c) any further conveyance, transfer, assignment, assignment, charge or other security interest executed or created by the Issuer pursuant to the Issuer Deed of Charge, including without limitation each Supplemental Issuer Deed of Charge;

Issuer Transaction Account means the account of the Issuer maintained under the above designation with the Account Bank (account number to be confirmed, sort code 20-07-71) (or such other account approved by the Security Trustee, from time to time, and in respect of which there are equivalent Encumbrances to those created pursuant to the Issuer Deed of Charge) and into which amounts are paid pursuant to clause 5.2 of the Issuer Deed of Charge;

JV Agreements means the AKE Agreement and the Lodges JV Agreement;

JV Holding Company means each of AKE Holdings and Lodges Holdings;

JV Shares means the shares held by the Borrower in each of Punch Retail (AKE Holdings) Limited and Punch Retail (Lodges Holdings) Limited;

Lead Managers means Salomon Brothers International Limited and Goldman Sachs International;

Leased Estate means the properties beneficially owned as at the Closing Date by Punch Pub Company (VPR) Limited;

Leasehold Property Reports means the reports in respect of the leasehold properties in the Managed Estate each dated 22 April 2002 prepared by TLT Solicitors (in respect of leasehold properties situated in England and Wales) and by Campbell Smith (in respect of leasehold properties situated in Scotland);

Legal Opinions means the opinions referred to in Section 4 of Part A of Schedule 1 to the Issuer/Borrower Facility Agreement;

LIBOR means:

- (a) the arithmetic mean of the offered quotations to leading banks (rounded to five decimal places with the mid-point rounded up) for sterling deposits for the relevant period (or deposits for such other currency or currency unit as may replace sterling as the lawful currency of the United Kingdom) in the London Inter-bank market which appear on Telerate Screen Page No. 3750 (or (i) such other page as may replace Telerate Screen Page No. 3750 on that service for the purpose of displaying such information or (ii) if that service ceases to display such information, such page as displays such information on any equivalent service (or, if more than one, that one which is approved by the Security Trustee) as may replace the Telerate Monitor) (the **Screen Rate**) at or about 11.00 am on the Quotation Date; or
- (b) if the Screen Rate is not then available for sterling deposits for the relevant period (or deposits for such other currency or currency unit as may replace sterling as the lawful currency of the United Kingdom), the arithmetic mean (rounded to four decimal places with the mid-point rounded up) of the rates notified to the Agent Bank at its request by each of the Reference Banks as the rate at which sterling deposits for the relevant period (or deposits for such other currency or currency unit as may replace sterling as the lawful currency of the United Kingdom) are offered for that period by that Reference Bank to leading banks in the London Inter-bank market at or about 11.00 am (London time) on the Quotation Date. If on any such date, two only of the Reference Banks provide such offered quotations to the Agent Bank, the relevant rate shall be determined, as aforesaid, on the basis of the offered quotations of those Reference Banks providing such quotations. If, on any such date, only one of the Reference Banks provides the Agent Bank with such an offered quotation, the Agent Bank shall forthwith consult with the Security Trustee and the Issuer, for the purposes of agreeing one additional bank to provide such a quotation or quotations to the Agent Bank (which bank is in the opinion of the Security Trustee suitable for such purpose) and the rate for the period in question shall be determined, as aforesaid, on the basis of the offered quotations of such banks as so agreed. Save as expressly provided in any of the Relevant Documents, if no such bank or banks is or are so agreed or such bank or banks as so agreed does or do not provide such a quotation or quotations, then the rate for the relevant period shall be the rate in effect for the last preceding Interest Period to which sub-paragraph (a) of the foregoing provisions of this sub-paragraph (b) shall have applied;

Licensing Act means the Licensing Act 1964 or the Licensing (Scotland) Act 1976, as the context may require;

Liquidity Commitment means in relation to a Liquidity Facility Provider the amount in Sterling set out opposite such Liquidity Facility Provider's name in Schedule 3 to the Liquidity Facility Agreement, to the extent not cancelled, transferred or reduced;

Liquidity Facility means the committed revolving facility provided by the Liquidity Facility Providers to the Issuer under the Liquidity Facility Agreement;

Liquidity Facility Agent means Lloyds TSB Bank plc or such other person or entity acting as agent for the Liquidity Facility Providers pursuant to the Liquidity Facility Agreement, from time to time;

Liquidity Facility Agreement means the agreement dated on or about the Closing Date between the Issuer, the Liquidity Facility Providers, the Liquidity Facility Agent and the Security Trustee pursuant to which the Liquidity Facility Providers will agree to provide the Issuer, from time to time, with advances for the purposes specified therein, subject to and in accordance with the terms thereof;

Liquidity Facility Commitment Termination Date means, subject to clause 3 of the Liquidity Facility Agreement, the date 364 days after the date of the Liquidity Facility Agreement;

Liquidity Facility Drawing means a drawing made under clause 4.1 of the Liquidity Facility Agreement or deemed to be made under clause 4.7(a) of the Liquidity Facility Agreement;

Liquidity Facility Drawing Date means two Business Days prior to an Interest Payment Date;

Liquidity Facility Drawing Notice means a notice substantially in the form set out in Schedule 1 to the Liquidity Facility Agreement;

Liquidity Facility Event of Default means any one of the events specified in clause 8.1 of the Liquidity Facility Agreement;

Liquidity Facility Limit means £115,000,000;

Liquidity Facility Loan means the aggregate principal amount of all Liquidity Facility Drawings and Liquidity Facility Standby Drawings for the time being advanced and outstanding under the Liquidity Facility;

Liquidity Facility Margin means 0.75 per cent. per annum;

Liquidity Facility Providers means at the Closing Date, Lloyds TSB Bank plc and thereafter any other bank which is a Qualifying Bank whose short-term, unsecured, unsubordinated and unguaranteed debt is rated at least equal to the Requisite Rating which participates in the Liquidity Facility from time to time pursuant to the Liquidity Facility Agreement and **Liquidity Facility Providers** shall be construed accordingly;

Liquidity Facility Relevant Event means any of the following events:

- (a) the downgrade on any day of the short-term, unsecured, unsubordinated and unguaranteed debt of a Liquidity Facility Provider to lower than the Requisite Rating; or
- (b) the refusal by a Liquidity Facility Provider of an Extension Request; or
- (c) the Issuer requesting that a Liquidity Facility Provider transfer its rights and obligations under the Liquidity Facility Agreement to a third party; or
- (d) if a Liquidity Facility Provider ceases to be a Qualifying Bank;

Liquidity Facility Reserve Account means the account in England in the name of the Issuer (account number to be confirmed, sort code 20-07-71):

- (a) if the reason for the Liquidity Facility Stand-by Drawing is a refusal by a Liquidity Facility Provider of an Extension Request, and for so long as the relevant Liquidity Facility Provider has the Requisite Rating, with the Liquidity Facility Provider; or
- (b) in any other case, with a bank which has the Requisite Rating;

Liquidity Facility Stand-by Deposit means the amount standing to the credit of the Liquidity Facility Reserve Account from time to time together with interest thereon;

Liquidity Facility Stand-by Drawing means a drawing made under clause 4.4 of the Liquidity Facility Agreement;

Liquidity Facility Stand-by Drawing Period means the period from the date on which a Liquidity Facility Stand-by Drawing is made in accordance with the terms of the Liquidity Facility Agreement to the date on which it is repaid by the Issuer to the relevant Liquidity Facility Provider pursuant to clause 7.3 of the Liquidity Facility Agreement;

Liquidity Facility Stand-by Loan means the principal amount of any Liquidity Facility Stand-by Drawings made under the Liquidity Facility Agreement as reduced from time to time in accordance with clause 4.7 of the Liquidity Facility Agreement;

Liquidity Outstandings means at any time the principal amount of all Liquidity Facility Drawings outstanding at that time;

Liquidity Subordinated Amounts has the meaning given to it in clause 5.2(b) of the Issuer Deed of Charge;

Liquor Licence means a licence granted under the relevant Licensing Act authorising the sale by retail on a Spirit Mortgaged Property of intoxicating liquor of all descriptions for consumption on or off such Spirit Mortgaged Property, including any consent or order for the extension of permitted hours, and **Liquor Licences** means all of them;

Loan Interest Payment Date means:

- (a) in relation to the Term Facilities (other than the New Term Facilities), the Business Day falling three Business Days prior to the relative Interest Payment Date; and
- (b) in relation to the New Term Facilities, unless otherwise agreed in writing, shall be the Business Day falling at least three Business Days prior to the relative interest payment date in respect of the relevant issue of New Notes made or to be made by the Issuer to fund such New Term Advance which date shall be agreed between the Borrower, the Issuer and the Security Trustee at the time the New Notes are issued;

Lodges Holdings means Punch Retail (Lodges Holdings) Limited a company registered in England and Wales with registered number 3982439;

Lodges Holdings Holding Account or **Lodges Holding Account** or **Travel Inn Holding Account** means the account of Punch Retail (Lodges Holdings) Limited maintained with the Account Bank (account number 50798886, sort code 20-07-71) or such other account approved by the Security Trustee, from time to time, and in respect of which there are equivalent Encumbrances to those created pursuant to the Spirit Deed of Charge;

Lodges JV Agreement means the Shareholders Agreement dated 5 July 2000 (as amended) between Punch Travel Inn Limited, Punch Retail (Lodges Holdings) Limited, the Borrower and Whitbread Hotels Limited;

LP(MP) Act means the Law of Property (Miscellaneous Provisions) Act 1994;

Luxembourg Paying Agent means Dexia Banque Internationale à Luxembourg, société anonyme or such other person from time to time appointed as Luxembourg paying agent, subject to and in accordance with the terms of the Agency Agreement;

Maintenance CapEx Account means the account of the Borrower maintained with the Account Bank (account number 90733687, sort code 20-07-71) or such other account approved by the Security Trustee, from time to time, and in respect of which there are equivalent Encumbrances to those created pursuant to the Spirit Deed of Charge;

Majority Liquidity Facility Providers means, at any time, Liquidity Facility Providers whose Liquidity Outstandings are more than 51 per cent. in aggregate of the Total Liquidity Outstandings at such time or, in the event that there are no Liquidity Outstandings at such time, Liquidity Facility Providers whose Liquidity Commitments then aggregate more than 51 per cent. of the Total Liquidity Commitments;

Managed Estate means Spirit Mortgaged Properties details of such properties at the date hereof being set out in Parts 1 and 2 of Schedule 2 to the Spirit Deed of Charge;

Managed Estate Schedule means the schedule provided by the Borrower in respect of the Managed Estate on the Closing Date to the Lead Managers set out in Schedule 4 to the Issuer/Borrower Facility Agreement;

Managed Pub Contribution means, in relation to Pubs in the Managed Estate (or Pubs to be acquired that will become part of the Managed Estate following acquisition), the historical revenue less expenses directly attributable to the Pub (which, for the avoidance of doubt does not include apportioned central overheads) for the previous 24 month period (or, in the case of a Pub that has been sold, the 24 month period prior to its sale) provided that:

- (a) where there is less than a 24 month trading history available in respect of a Pub; or
 - (b) in the view of the Borrower (acting reasonably) the trading history of a Pub is unreliable,
- estimates may be made by the Borrower on the basis of advice or a valuation prepared by an appropriately qualified reputable third party property or other adviser to determine an appropriate estimate of the 24 month trading history for the relevant Pub (provided further that the Financial Adviser confirms to the Security Trustee that, in relation to any such estimates, the arithmetic of any calculations made by the Borrower is correct and any figures extracted from a third party advice or valuation have been correctly extracted by the Borrower);

ManCo Business Transfer Agreement means the agreement dated 25 June 2000 between PRL and the Borrower relating to the sale of the business, assets and undertaking relating to the Managed Estate;

Mandate means, in relation to a bank account maintained by any member of the Securitisation Group, the bank account mandate entered into between the Account Bank and the relevant member of the Securitisation Group;

Mandatory Costs means in relation to any Liquidity Facility Drawing or unpaid sum due and payable under the Liquidity Facility Agreement, the amount Determined in accordance with the formula contained in schedule 2 to the Liquidity Facility Agreement;

Margin means the Applicable A Margin, the Applicable M Margin, the Applicable N Margin or the Applicable O Margin as the context may require;

Master Definitions and Construction Schedule means this master definitions and construction schedule, signed for the purposes of identification by Freshfields Bruckhaus Deringer and Slaughter and May and dated as of 22 April 2002;

Material Adverse Effect means any effect which in the opinion of the Security Trustee:

- (a) is, or is likely to be, materially adverse to:
- (i) the business, assets (as a whole) or financial condition of the Securitisation Group (as a whole); or
 - (ii) the ability of the Obligors taken as a whole to perform in a timely manner all or any of their respective financial obligations under any of the Transaction Documents; or
- (b) results in any of the Transaction Documents not being legal, valid and binding on and enforceable against any party thereto and/or in the case of any Security Documents not providing to the Security Trustee security over the assets expressed to be secured under that Security Document, in each case in any materially adverse respect;

Material Contracts means:

- (a) the Supply Agreements;
- (b) the Intra-Group Supply Agreement and the Lodges JV Agreement;
- (c) AWP Machine Agreements;
- (d) any contract relating to the provision of management services to a member of the Securitisation Group by a Spirit Group Entity; and

each as varied or replaced by further contracts relating to the supply of beer and other beverages or further AWP machine agreements and other similar revenue generating contracts from time to time and notified to or approved by the Security Trustee in accordance with the Issuer/Borrower Facility Agreement;

Maximum CapEx Amount shall bear the meaning given to it in Clause 16.7(c) of the Issuer/Borrower Facility Agreement;

Minimum Amortisation Amounts means a Minimum A Amortisation Amount, a Minimum M Amortisation Amount, a Minimum N Amortisation Amount, a Minimum O Amortisation Amount and any New Amortisation Amount (as the case may be);

Minimum A Amortisation Amount means in respect of a Loan Interest Payment Date set out in Schedule 2 to the Issuer/Borrower Facility Agreement, the respective amount set out opposite that Loan Interest Payment Date in Schedule 2 to the Issuer/Borrower Facility Agreement in relation to the Term A Facility (as amended from time to time);

Minimum Maintenance CapEx Amount means in respect of each Financial Year an amount in total equal to an average of 4.5 per cent. of turnover (excluding AWP machine income) for the relevant Financial Year for each Pub within the Managed Estate as budgeted at the beginning of each Financial Year;

Minimum M Amortisation Amount means in respect of a Loan Interest Payment Date set out in Schedule 2 to the Issuer/Borrower Facility Agreement, the respective amount set out opposite that Loan Interest Payment Date in Schedule 2 to the Issuer/Borrower Facility Agreement in relation to the Term M Facility (as amended from time to time);

Minimum N Amortisation Amount means in respect of a Loan Interest Payment Date set out in Schedule 2 to the Issuer/Borrower Facility Agreement, the respective amount set out opposite that Loan Interest Payment Date in Schedule 2 to the Issuer/Borrower Facility Agreement in relation to the Term N Facility (as amended from time to time);

Minimum O Amortisation Amounts means in respect of a Loan Interest Payment Date set out in Schedule 2 to the Issuer/Borrower Facility Agreement, the respective amount set out opposite that Loan Interest Payment Date in Schedule 2 to the Issuer/Borrower Facility Agreement in relation to the Term O Facility (as amended from time to time);

Moody's means Moody's Investors Service and includes any successor to its rating business;

national currency unit means the unit of currency (other than a Euro unit) of a Participating Member State;

Net Cash Flow means for any Relevant Period or Financial Quarter, Adjusted EBITDA less the aggregate of (i) the Minimum Maintenance CapEx Amount expended in such Relevant Period or Financial Quarter and (ii) taxes paid and (iii) an amount equal to 50 per cent. of payments on account of taxes on interest payments to the extent actually made under the Spirit Borrower Subordinated Loan Agreement in each case in such Relevant Period or Financial Quarter;

Net Cash Flow Ratio means the ratio of Net Cash Flow to Debt Service;

Net EO Proceeds has the meaning given to it in Clause 8.4 of the Issuer/Borrower Facility Agreement;

Net Pub Sales Proceeds means the proceeds of the sale of any Pub less required transaction costs, including legal fees, agency fees and taxes;

Net Worth means, in each case calculated at the end of the Securitisation Group's Financial Year:

(a) the sum of:

- (i) the outstanding principal amount of the Spirit Borrower Subordinated Loan Facility (including all accumulated or capitalised interest thereon);
- (ii) any accumulated after tax earnings (minus any accumulated losses) minus accumulated dividends paid out of the Securitisation Group, as appropriate;
- (iii) the stated share capital fully paid up and the additional paid in capital of the Securitisation Group;
- (iv) any fully subordinated Financial Indebtedness of any Obligor provided that, by its terms, any and all amounts due and payable thereunder are for so long as the Outside Payment Conditions are applicable, serviced out of Permitted Outside Payments to the extent the same are applicable;
- (v) to the extent there would otherwise be deducted from items listed at (i) to (iv) above (either directly or indirectly), any amount (on an after tax basis) attributable to the amortisation or the writing off of costs associated with the Hedges and/or (if applicable) an Equity Offering and the financing costs associated therewith; and
- (vi) the Minimum Amortisation Amounts payable on each Loan Interest Payment Date on or prior to the date on which Net Worth is being calculated,

less

- (b) the amount of any sums required by the Accounting Principles to be provided for taxation payable by any Obligor and not provided for in the accounts in respect of the relevant Financial Year excluding for the avoidance of doubt, any amounts (as noted in

any qualification to any such accounts by the Auditors of such Obligor) relating to unprovided, deferred taxation on the revaluation of fixed assets,

provided that no amount shall be included or excluded more than once;

Net Worth Covenant means the Covenant contained in clause 15.1(b) of the Issuer/Borrower Facility Agreement;

New Amortisation Amount has the meaning given to it in clause 8.6 of the Issuer/Borrower Facility Agreement;

New Global Notes means a New Temporary Global Note and a New Permanent Global Note relating to the same New Issue;

New Issue means an issue of New Notes;

New Noteholders means the holders of New Notes from time to time;

New Notes means any Notes of the Issuer which do not form a single series with the existing Notes (and, as the context may require, includes any Replacement Notes) and which are constituted by a deed supplemental to the Trust Deed pursuant to clause 2.8 of the Trust Deed and for the time being outstanding or, as the context may require, a specific number thereof and includes the new global note (or any part thereof) representing the same and (if issued) the definitive new notes (or any of them) representing the same;

New Permanent Global Note means a permanent Global Note in bearer form without coupons to be issued by the Issuer pursuant to clause 3 of the Trust Deed representing the Principal Amount Outstanding of a New Issue, substantially in the form of Part B of the First Schedule to the Trust Deed;

New Subsidiary has the meaning given in clause 16.6 of the Issuer/Borrower Facility Agreement;

New Temporary Global Note means a temporary Global Note in bearer form without coupons to be issued by the Issuer pursuant to clause 3 of the Trust Deed representing a New Issue, substantially in the form of Part A of the First Schedule to the Trust Deed;

New Term Advance means in relation to a New Term Facility, save as otherwise provided, an advance made by the Issuer under the New Term Facility;

New Term Facility means a term facility funded by the issue of New Notes which ranks no higher than the Class A Notes, and which is requested from the Issuer by a Borrower pursuant to clause 2.7 of the Issuer/Borrower Facility Agreement and made available to a Borrower by the Issuer in accordance with and subject to the provisions of clause 2.1 of the Issuer/Borrower Facility Agreement;

New Term Loan means the aggregate principal amount for the time being outstanding under a New Term Facility;

Noteholders means the Class A Noteholders, the Class M Noteholders, the Class N Noteholders and the Class O Noteholders or, if no Class A Notes are outstanding, the Class M Noteholders, the Class N Noteholders and the Class O Noteholders or, if no Class M Notes are outstanding, the Class N Noteholders and the Class O Noteholders or, if no Class N Notes are outstanding, the Class O Noteholders from time to time and includes, where the context so requires, any further noteholders of any class of further notes and includes, where the context so required, any holders of any class of further notes or New Notes;

Notes means the Class A Notes, the Class M Notes, the Class N Notes, the Class O Notes and the New Notes or, as the context may require, any combination of the same;

Note Trustee means Deutsche Trustee Company Limited whose principal place of business is at Winchester House, 1 Great Winchester Street, London EC2N 2DB or any other person or persons for the time being acting as the trustee or trustees pursuant to the Trust Deed;

notice means, in respect of a notice to be given to the Noteholders, a notice duly given in accordance with Condition 15;

Notice of Claim means a notice of claim and certificate in the form attached to the Ambac Policy;

Notice of Drawdown means a duly completed notice substantially in the form set out in the Fourth Schedule to the Issuer/Borrower Facility Agreement;

Notice of Extension has the meaning given to it in clause 3.5 of the Liquidity Facility Agreement;

Obligations means the Issuer Obligations and/or the Parent Obligations, as the case may be;

Obligor Accounts has the meaning given to it in clause 3.1(a) of the Bank Agreement;

Obligor Deeds of Charge means the Spirit Deed of Charge, the HoldCo Covenant and Debenture and the PM FinCo Guarantee and Debenture and **Obligor Deed of Charge** means any of them;

Obligors means the Borrower and each of the Guarantors, and **Obligor** shall mean any one of them;

Obligor Charged Property means the property, assets and rights created pursuant to the relevant Obligor Deed of Charge;

Obligor Secured Amounts means the Spirit Secured Amounts, the HoldCo Secured Amounts and the PM FinCo Secured Amounts;

Observation Period in respect of a Seasoned Pub means the period commencing on the Seasoning Start Date and ending on the date which falls two years after the Seasoning Start Date; and

Observation Portfolio means, on any date, all the Pubs which fall within the definition of Seasoned Pubs and which are owned by the Borrower on such date;

Offering Circulars means the Preliminary Offering Circulars and the Final Offering Circular and Offering Circular shall mean any one of them;

Old Charges means those mortgages, securities, charges and encumbrances pursuant to which security over a Spirit Mortgaged Property exists immediately prior to the Closing Date;

Operating Account means those accounts of the Borrower maintained with the Account Bank (other than those accounts which are Fixed Accounts or Collection Accounts) as listed in Schedule 1 to the Bank Agreement or such other account approved by the Security Trustee, from time to time, and in respect of which there are equivalent Encumbrances to those created pursuant to the Spirit Deed of Charge;

Optional Redemption Date means the first Interest Payment Date falling after the seventh anniversary of the Closing Date;

Ordinary Share means, in relation to each Guarantor and the Issuer, an ordinary share in the share capital of that company and **Ordinary Shares** shall be construed accordingly;

Original Class A Notes means the £325,000,000 Class A Secured Floating Rate Notes due 2020 constituted by the Trust Deed or the principal amount thereof for the time being outstanding or, as the context may require, a specific number thereof and includes the Class A Temporary Global Note (or any part thereof) and the Class A Permanent Global Note (or any part thereof) representing the same, and (if issued) the Definitive Class A Notes (or any of them) representing the same and references to the Class A Notes shall, except where the context otherwise requires, include the Conditions applicable thereto;

Original Class M Notes means the £120,000,000 Class M Secured Floating Rate Notes due 2024 constituted by the Trust Deed or the principal amount thereof for the time being outstanding or, as the context may require, a specific number thereof and includes the Class M Temporary Global Note (or any part thereof) and the Class M Permanent Global Note (or any part thereof) representing the same, and (if issued) the Definitive Class M Notes (or any of them) representing the same and references to the Class M Notes shall, except where the context otherwise requires, include the Class M Conditions applicable thereto;

Original Class N Notes means the £180,000,000 Class N Secured Floating Rate Notes due 2031 constituted by the Trust Deed or the principal amount thereof for the time being outstanding or, as the context may require, a specific number thereof and includes the Class N Temporary Global Note (or any part thereof) and the Class N Permanent Global Note (or any part thereof) representing the same, and (if issued) the Definitive Class N Notes (or any of them) representing the same and references to the Class N Notes shall, except where the context otherwise requires, include the Class N Conditions applicable thereto;

Original Class O Notes means the £31,500,000 Class O Secured Floating Rate Notes due 2032 constituted by the Trust Deed or the principal amount thereof for the time being outstanding or, as the context may require, a specific number thereof and includes the Class O Temporary Global Note (or any part thereof) and the Class O Permanent Global Note (or any part thereof) representing the same, and (if issued) the Definitive Class O Notes (or any of them) representing the same and references to the Class O Notes shall, except where the context otherwise requires, include the Class O Conditions applicable thereto;

Original Financial Statements means the audited financial statements of the Borrower for the years ended August, 2000 and August 2001;

Original Guarantors means each of the Parent, AKE Holdings and Lodges Holdings;

Original Notes means the Original Class A Notes, the Original Class M Notes, the Original Class N Notes, the Original Class O Notes or, as the context may require, any combination of the same;

Original Subscription Agreement means the Subscription Agreement in respect of the issue of the Class A Notes, the Class M Notes, the Class N Notes and the Class O Notes;

Outside Payment shall bear the meaning ascribed thereto in clause 16.4(a) of the Issuer/Borrower Facility Agreement;

outstanding means, in relation to the Class A Notes, the Class M Notes, the Class N Notes or the Class O Notes, all Class A Notes, Class M Notes, Class N Notes or Class O Notes issued other than:

- (a) those Notes in respect of which the date for redemption in full (subject, in the case of the Class M Notes, the Class N Notes and the Class O Notes to Condition 16) has occurred and the full amount of the redemption moneys relating thereto (including all interest payable thereon) has been duly paid to the Note Trustee in the manner provided in the Trust Deed or to the Principal Paying Agent in the manner provided in the Agency Agreement (and, where appropriate, notice to that effect has been given to the Noteholders) and remains available for payment against presentation of the relevant Notes and/or coupons;
- (b) those Notes which have been redeemed in full or part and cancelled in accordance with, respectively, Condition 5;
- (c) those Definitive Notes which have become void under Condition 8;
- (d) those mutilated or defaced Definitive Notes which have been surrendered and in respect of which replacements have been issued pursuant to Condition 13;
- (e) (for the purpose only of ascertaining the amount of Definitive Notes outstanding and without prejudice to the status for any other purpose of the relevant Definitive Notes) those Definitive Notes which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued pursuant to Condition 13 or;
- (f) the Temporary Global Notes to the extent that they shall have been exchanged for the Permanent Global Notes;
- (g) the Global Notes to the extent that they have been exchanged for other Global Notes or for Definitive Notes;

PROVIDED THAT for each of the following purposes, namely:

- (i) the right to attend and vote at any meeting of Class A Noteholders, the Class M Noteholders, the Class N Noteholders or the Class O Noteholders;
- (ii) the determination of how many and which of the Class A Notes, the Class M Notes, the Class N Notes or the Class O Notes are for the time being outstanding for the purposes of clauses 2, 3, 7 and 18 of the Trust Deed, Conditions 9, 10 and 11 and paragraphs 3, 6, 7 and 11 of Schedule 4 to the Trust Deed;
- (iii) any discretion, power or authority (whether contained in the Trust Deed, or any of the Relevant Documents to which the Note Trustee or the Security Trustee is a party or conferred upon the Note Trustee by operation of law) which the Note Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of any of the Class A Noteholders, the Class M Noteholders, the Class N Noteholders and/or the Class O Noteholders; and
- (iv) the determination by the Note Trustee whether any of the events specified in Condition 9 is materially prejudicial to the interests of the Class A Noteholders, the Class M Noteholders, the Class N Noteholders and/or the Class O Noteholders, as the case may be,

the Class A Note, the Class M Note, the Class N Note and/or the Class O Note which are for the time being held beneficially by or for the account of the Issuer or any member of the Spirit Group, or any subsidiary of the Issuer or any member of the Spirit Group or any Holding Company of the Issuer or any member of the Spirit Group or any Holding Company of any one

of the Punch Group shall (unless and until ceasing to be so held and in, the case of the Issuer, cancelled) be deemed not to remain outstanding and if any of (i) to (iv) above relates to an Ambac Event of Default or the Ambac Policy, any Class A Notes, Class M Notes, Class N Notes and Class O Notes which are for the time being held beneficially by or for the account of Ambac or any affiliate of Ambac shall (unless ceasing to be so held) be deemed not to remain outstanding;

Parent means PM Parent Limited incorporated in England and Wales with registered number 4271748;

Parent Charged Property means, subject to any contrary indication, the undertaking and assets of the Parent from time to time charged in favour of, or assigned (whether at law or equity) to the Security Trustee by or pursuant to the Spirit Deed of Charge;

Parent Securities means:

- (a) the issued share capital of the Issuer, being 2 ordinary shares of £1 each; and
- (b) the issued share capital of the Borrower, being 2 ordinary shares of £1 each;

Participating Member State means at any time, each state participating in EMU at such time;

Parties means, in relation to an agreement, the parties to that agreement;

Paying Agents means the Principal Paying Agent and the Luxembourg Paying Agent and/or such other or further paying agents for the Notes as may from time to time be appointed in accordance with the Agency Agreement and/or such other or further specified offices as may from time to time be nominated in accordance with the Agency Agreement;

Periodic Fee means:

$$A + B + C + D + E + F + G + H + I + J + K + L + M + N + O + P$$

where

A is an amount equal to the fees, costs, charges, liabilities and expenses and any other amounts due and payable by the Issuer to the Security Trustee pursuant to clause 14 of the Issuer Deed of Charge;

B is an amount equal to the fees, costs, charges, liabilities and expenses and any other amounts due and payable by the Issuer to the Note Trustee pursuant to clause 10 of the Trust Deed;

C is an amount equal to the fees and expenses of any legal advisers, accountants, financial advisers, auditors or other professional advisers appointed by the Issuer, the Security Trustee or the Note Trustee which have fallen due;

D is an amount equal to the fees, costs and expenses due and payable to the Paying Agents pursuant to clause 10 of the Agency Agreement;

E is an amount equal to any amounts due and payable by the Issuer to the Inland Revenue in respect of the Issuer's liability to corporation tax (insofar as payment cannot be satisfied out of the profits of the Issuer and subject to the terms of the Issuer Deed of Charge) or any other Taxes payable by the Issuer;

F is an amount equal to all amounts of commitment fee and other fees, costs and expenses (other than interest) due or overdue to the Liquidity Facility Providers under the terms of the Liquidity Facility Agreement (to the extent not otherwise satisfied by payment of such

amounts to the Issuer Cash Collateralisation Account pursuant to clause 17.2 of the Issuer Borrower/Facility Agreement and/or by payment of the relevant unpaid sum of default interest thereon calculated in accordance with clause 19.5(d) of the Issuer/Borrower Facility Agreement) and/or the fees, costs, liabilities and expenses incurred or paid by the Issuer in connection with it entering into any replacement of the Liquidity Facility;

G is an amount equal to the fees, costs, charges, liabilities and expenses due and payable to the Agent Bank pursuant to clause 10 of the Agency Agreement;

H is an amount equal to the fees, costs and expenses due and payable by the Issuer to the Servicer pursuant to the Servicing Agreement;

I is an amount equal to the fees, costs and expenses due and payable by the Issuer to the Account Bank pursuant to the Bank Agreement;

J equals the fees, costs, liabilities, expenses and other amounts incurred or paid or payable by the Issuer to Ambac pursuant to the Premium Letter and/or the Insurance and Indemnity Agreement;

K equals the fees, costs, charges, liabilities and expenses due and payable to Property Advisor pursuant to the provisions of the Property Advisory Services Agreement;

L equals the fees, costs, charges, liabilities and expenses due and payable to the Financial Advisor pursuant to clause 3 of the Financial Advisory Services Agreement;

M is an amount equal to the fees payable by the Issuer to the Liquidity Facility Provider pursuant to clause 19.5 of the Issuer/Borrower Facility Agreement to the extent not included in F;

N is an amount equal to any fees or other amounts similar to those mentioned above due or overdue to third parties including the Rating Agencies and the amounts paid by the Issuer to the Lead Manager (excluding, for these purposes, payment of any corporation tax by the Issuer and payment by the Issuer for the benefit of the Noteholders) and which arise directly or indirectly from the funding by the Issuer of the Term Facilities, other than amounts (A) to (K);

O is an amount equal to any VAT arising in respect of any of the amounts referred to in (A) to (O) except to the extent such VAT is recoverable by the Issuer; and

Q is an amount equal to such amounts as are required by the Issuer to ensure that (having regard to the tax treatment of any costs and expenses borne by the Issuer) it is able to make full payment of such costs and expenses,

to the extent not included in the Initial Fee and to avoid double counting;

Permanent Global Notes means each Class A Permanent Global Note, Class M Permanent Global Note, Class N Permanent Global Note and Class O Permanent Global Note;

Permitted Acquisition means an acquisition in accordance with clause 16.6 of the Issuer/Borrower Facility Agreement;

Permitted Acquisition Funds shall bear the meaning ascribed thereto in clause 16.6(b) of the Issuer/Borrower Facility Agreement;

Permitted Business means a business or a pub or other real or heritable property centred around the ownership and/or operation of premises from which hospitality, catering and other incidental services (including accommodation) are to be provided in the United Kingdom, the

primary activity of which is that of owning/operating public houses (which for the avoidance of doubt includes bars or nightclubs) (in all cases, with or without ancillary restaurants facilities);

Permitted Disposal means:

- (a) *Pubs*: the disposal over the life of the Term Facilities of up to 100 Pubs (including fixtures and fittings related thereto) with an aggregate Managed Pub Contribution of not more than £15 million. If such number of Pubs have been sold during the life of the Term Facilities the Borrower shall have the right to seek approval from the Rating Agencies and Ambac (if applicable) for the sale of additional Pubs. The disposal of any nightclub shall not count towards the 100 Pub total referred to above;
- (b) *TravelCo Sites*: the disposal of those Spirit Mortgaged Properties (or parts thereof) identified as lodges or potential lodge sites (the ***TravelCo Sites***) to TravelCo provided that either, to the extent that the sale proceeds are received in cash, such sale proceeds (after deducting required transaction costs) are deposited in the Borrower's Disposal Proceeds Account, or the member of the Spirit Group that holds shares in TravelCo creates or has created a first fixed charge over its interest in such shares in favour of the Security Trustee;
- (c) *Shares in TravelCo*: the disposal of any direct or indirect interest in TravelCo;
- (d) *Interest in other businesses*: the disposal of an Obligor's direct or indirect interest in AKE or of the business of AKE;
- (e) *Pubs connected to TravelCo Sites*: to the extent not a disposal within paragraph (a) above, the disposal of Pubs adjacent to or adjoining TravelCo Sites to TravelCo in connection with the sale of TravelCo or any direct or indirect interest in TravelCo; or
- (f) *Nightclubs*: the disposal of any nightclub not being a Pub;
- (g) notwithstanding paragraph (a) of this definition the following two pubs may also be disposed of without the requirement of obtaining consent from the Security Trustee:
 - (i) the unregistered leasehold property known as Taylors, Watford, Hertfordshire WD1 2EN (outlet number 837404); and
 - (ii) the leasehold property known as Oscars, Leeds, OF1 5AA (outlet number 715750) registered at HM Land Registry under Title numbers WYK220906 and WYK120496;

and for the avoidance of doubt any failure to renew the leases for either of these pubs shall be deemed to be a Permitted Disposal (and not a breach of any obligation in respect of Vulnerable Leasehold Properties)

Permitted Encumbrances means:

- (a) liens or hypothecs arising solely by operation of law (or by agreement having substantially the same effect) and in the ordinary course of any Obligor's (other than the Issuer's) business securing obligations not more than 6 months overdue;
- (b) rights of set-off existing in the ordinary course of business between any Obligor and its respective suppliers or customers;
- (c) the rights of the owners and/or lessors of any assets or property acquired by any Obligor under any hire purchase or Finance Lease transaction which falls within sub-clause (g) of the definition of Permitted Financial Indebtedness;

- (d) an Encumbrance arising under the Security Documents;
- (e) an Encumbrance over the interest of any Charging Company in any property comprised in or connected with the Leased Estate; and
- (f) any other Encumbrance created with the prior written consent of the Security Trustee;

Permitted Financial Indebtedness means:

- (a) Financial Indebtedness existing under the Material Contracts;
- (b) Financial Indebtedness outstanding pursuant to the Issuer/Borrower Facility Agreement;
- (c) Financial Indebtedness outstanding pursuant to the Spirit Borrower Subordinated Loan;
- (d) Financial Indebtedness incurred with the consent of the Security Trustee;
- (e) any other Financial Indebtedness permitted or envisaged by the Transaction Documents;
- (f) Financial Indebtedness arising under and/or in respect of Finance Leases and/or hire purchase agreements not exceeding £5,000,000 in aggregate principal amount outstanding at any time;
- (g) any other form of further Financial Indebtedness provided that it is made on a fully subordinated basis (and provided further that, by its terms, such further subordinated financial indebtedness may only be serviced out of Permitted Outside Payments other than those set out at clause 16.4(c) of the Issuer/Borrower Facility Agreement);
- (h) any other authorised new debt provided that the Rating Agencies have confirmed the then current ratings of the Notes, the consent of the Security Trustee and Ambac has been obtained (if applicable) and the proceeds are used to repay the Term M Facility, the Term N Facility and/or the Term O Facility;
- (i) any Intra-Group Financial Indebtedness; and
- (j) any other transaction consented to in advance by the Security Trustee and Ambac (if applicable);

PM FinCo means PM FinCo Limited, a company incorporated in the Cayman Islands with registered number CR114500;

PM FinCo Charged Property means the whole of the right, title, benefit and interest of PM FinCo in and to the property, assets and rights of PM Finco from time to time described in clause 3 of the PM Finco Guarantee and Debenture;

PM FinCo Guarantee and Debenture means the guarantee and debenture dated on or about the Closing Date between PM FinCo, the Issuer and the Security Trustee;

PM FinCo Secured Amounts means the moneys and liabilities which PM FinCo guarantees in clause 2 of the PM FinCo Guarantee and Debenture and all claims, demands and damages for breach of such guarantee and references to the PM FinCo Secured Amounts include references to any one of them;

Portfolio means the Spirit Mortgaged Properties comprising the Managed Estate;

Portfolio AGP means:

- (a) in relation to the Managed Estate at the relevant time, the mean of the Managed Pub Contribution for each Pub in the Managed Estate (as determined by the Financial Adviser); and
- (b) in relation to the Acquisition Portfolio, the mean of the estimated Managed Pub Contribution of each of the pubs in the Acquisition Portfolio (as determined by the Financial Adviser);

Potential Issuer Event of Default means the occurrence of any event which, with the giving of notice, any relevant certificate, lapse of time, determination of materiality (provided that the test of materiality upon which any such determination is made must already be satisfied or be reasonably likely to be satisfied) or fulfilment of any other condition (or any combination of the foregoing) might reasonably be expected to become an Issuer Event of Default;

Potential Spirit Event of Default means the occurrence of any event which with the giving of notice, any relevant certificate, the lapse of time, determination of materiality (provided that the test of materiality upon which any such determination is made must already be satisfied or be reasonably likely to be satisfied) or fulfilment of any other condition (or any combination of the foregoing) might reasonably be expected to become a Spirit Event of Default;

PR Deed of Charge means the deed of charge dated 28 June 2000 entered into among the Borrower, Punch Pub Company (VPR) Limited, Punch Funding II Limited, the Security Trustee and others;

Preliminary Offering Circulars means the offering circular dated 4 March 2002 and the offering circular dated 25 March 2002 in each case, issued by the Issuer in connection with the Notes and **Preliminary Offering Circular** shall mean either one of them;

Premium Letter has the meaning given thereto in the Insurance and Indemnity Agreement;

Principal Amount Outstanding has the meaning given to it in Condition 5(g);

Principal Paying Agent means Citibank, N.A. or such other person from time to time appointed as the principal paying agent, subject to and in accordance with the terms of the Agency Agreement;

Property Adviser means any property adviser appointed by the Obligors pursuant to Clause 16.1(dd) of the Issuer/Borrower Facility Agreement;

Property Adviser Agreement means any agreement entered into between any Obligor and a Property Adviser setting out the terms of such Property Adviser's appointment;

Property Due Diligence Reports means (a) the property due diligence reports submitted by Slaughter and May to Freshfields Bruckhaus Deringer comprising, inter alia, the Registered Title Reports, the Leasehold Property Reports, the Certificates of Title and the Questionnaires, and (b) the Executive Summary on Property Due Diligence prepared by Freshfields Bruckhaus Deringer;

Property Due Diligence Sample means a representative sample of 136 of the Spirit Mortgaged Properties selected according to EBITDA and location (125 in England and Wales and 11 in Scotland) for which Registered Title Reports or Certificates of Title have been prepared;

PR Standard Security means a standard security granted by the Borrower in favour of the Security Trustee pursuant to Clause 3.2 of the original PR Deed of Charge

Pub means a public house (which for the avoidance of doubt includes a bar or nightclub) in England, Wales or Scotland;

Pub Contribution Multiple means A/B:

where:

A is the Net Pub Sale Proceeds received or to be received from the sale of any Pub; and

B is the Managed Pub Contribution of that Pub;

Punch Funding II Facility Agreement has the meaning given to it in Recital A of the Issuer/Borrower Facility Agreement;

Punch Group means Punch Group Limited and each of its subsidiaries;

Qualifying Bank means

- (a) an institution which is beneficially entitled to interest payable under the Liquidity Facility Agreement and is for the time being a bank as defined for the purposes of Section 840A of the Income and Corporation Taxes Act 1988 (as in force in the United Kingdom at the date hereof) and which is, at the time of any payment of interest to it pursuant to the Liquidity Facility Agreement, within the charge to United Kingdom corporation tax as respects such interest; or
- (b) a company resident in the United Kingdom for United Kingdom Tax purposes; or
- (c) a partnership each member of which is a company resident in the United Kingdom for United Kingdom tax purposes; or
- (d) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a branch or agency and which brings into account interest payable in respect of that advance in computing its chargeable profits (within the meaning given by section 11(2) of the Taxes Act);

Quarterly Report means a report in the form of the Schedule to the Servicing Agreement;

Quarterly Report Date means 45 days after the end of each Financial Quarter;

Questionnaires means the questionnaires in respect of each Spirit Mortgaged Property in the Property Due Diligence Sample answered for or on behalf of the Borrower;

Quotation Date means, in relation to any period for which an interest rate is to be determined under the Transaction Documents, the day on which quotations would ordinarily be given on the relevant Telerate screen by prime banks in the London Interbank Market for deposits in sterling for delivery on the first day of that period, provided that, if for any such period quotations would ordinarily be given on the relevant Telerate Screen or by prime banks in the London Interbank Market for deposits in sterling on more than one date, the Quotation Date for that period shall be the last of those dates;

Rates of Interest has the meaning given to it in Condition 4(d);

Rating Agencies means the rating agencies currently rating the Notes and which as at the Closing Date means Moody's, Fitch and S&P or two other internationally recognised credit rating agencies acceptable to the Security Trustee;

Receiver means any person or persons appointed (and any additional person or persons appointed or substituted) as administrative receiver, receiver, manager, or receiver and

manager of the Issuer Charged Property, the Spirit Charged Property, the HoldCo Charged Property or the PM FinCo Charged Property, as the context may require, by the Security Trustee under the Issuer Deed of Charge or the Spirit Deed of Charge, the HoldCo Covenant and Debenture or the PM FinCo Guarantee and Debenture as the context may require, or otherwise;

Reference Banks means the principal London office of each of Lloyds TSB Bank Plc, Barclays Bank PLC and HSBC or any bank that replaces any of them;

Registered Title Report means the report dated on or about 22 April 2002 based upon documents registered at H.M. Land Registry prepared by Slaughter and May in respect of those properties within the Property Due Diligence Sample which are situate in England and Wales and which have registered titles, and the equivalent report dated on or about 22 April 2002 in respect of Scottish properties within the Property Due Diligence Sample prepared by Campbell Smith;

Registers of Scotland means the Land Register of Scotland and/or the General Register of Sasines;

Relevant Applicable Margin means the Applicable A Margin and/or the Applicable M Margin and/or the Applicable N Margin and/or the Applicable O Margin as the context so requires;

Relevant Class means at any time the most senior class of Notes outstanding at such time;

Relevant Documents means:

- (a) the Transaction Documents;
- (b) the Material Contracts;
- (c) the Reorganisation Documentation;
- (d) the Intra-Group Loan Agreements; and
- (e) any other agreement or document, from time to time, agreed to be such by the Security Trustee and the Issuer;

Relevant Net Sale Proceeds has the meaning given thereto in clause 8.2(a) of the Issuer/Borrower Facility Agreement;

Relevant Parties means the parties to the Transaction Documents;

Relevant Pub in relation to a WAR Period, means a trading Pub on which Investment Amounts have been expended during the relevant WAR Period;

Reorganisation means the demerger of the managed pub business carried on by the Borrower from the Punch Group, together with the corporate restructuring carried out to arrange the Spirit Group and the Securitisation Group as described in the Final Offering Circular;

Reorganisation Documentation means the share transfer agreements pursuant to which the shares in Spirit Equity Limited were transferred to Spirit Group Holdings Limited and shares in Lodges Holdings and AKE Holdings were transferred to the Borrower in order to effect the Reorganisation, together with any ancillary documentation necessary to effect the Reorganisation;

Replacement Notes means any notes issued pursuant to Condition 15(b);

Reports means:

- (a) the Auditors' Reports;
- (b) the Property Due Diligence Reports;
- (c) the Certificates of Title;
- (d) the Valuation Reports;
- (e) the Andersen Reports; and
- (f) the Slaughter and May Due Diligence Reports;

Required Maintenance CapEx Amount means, in respect of each Financial Year, an amount equal to the aggregate of:

- (a) the Minimum Maintenance CapEx Amount; and
- (b) an amount in total equal to an average of 2.5 per cent. of turnover (excluding AWP machine income) for the relevant Financial Year for each Pub within the Managed Estate as budgeted at the start of the relevant Financial Year;

Required Maintenance CapEx Shortfall means at any time the lower of:

- (a) the unexpended amount of the Required Maintenance CapEx Amount; and
- (b) the amount by which the aggregate amounts standing to the credit of the Maintenance CapEx Account is less than the Required Maintenance CapEx Amount;

Requisite Rating means:

- (a) in relation to the Liquidity Facility Agreement, "A-1/P-1/F1" (or its long term equivalent) by the Rating Agencies and a long term rating of at least "Aa3" from Moody's or such other short term or long term rating as is commensurate with the equivalent long term rating assigned by the Rating Agencies to the highest ranking Notes then outstanding by the Rating Agencies from time to time or which is otherwise acceptable to such Rating Agencies; or
- (b) in relation to the Hedging Provider and/or the Account Bank, "A-1+/P-1/F1" (or its equivalent) by the Rating Agencies or such other long term rating as is commensurate with the rating assigned to the highest ranking Notes (or for so long as the Class A Notes are outstanding the Underlying Rating) then outstanding by the Rating Agencies from time to time;

S&P means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. and includes any successor to its rating business;

Scheduled Interest means in respect of the Original Class A Notes payments of interest excluding any Class A Step-Up Amounts and any amounts the Issuer is required to deduct or withhold pursuant to Condition 7;

Scheduled New Repayment has the meaning given to it in clause 8.6 of the Issuer/Borrower Facility Agreement;

Scottish Declaration of Trust means each declaration of trust in respect of the Scottish Properties granted in favour of the Borrower in terms of clause 2.8 of the ManCo Business Transfer Agreement;

Scottish Properties means the Spirit Scottish Properties and **Scottish Property** shall be construed accordingly;

Scottish Trust Property has the meaning ascribed thereto in the ManCo Business Transfer Agreement;

Seasoned Pub means each Pub acquired by the Borrower since the Closing Date and which has been owned by the Borrower for less than two years after its Seasoning Start Date;

Seasoning Start Date means in respect of a Pub acquired after the Closing Date, the date selected by the Borrower which falls not later than six months after the date on which that Pub was acquired;

Second Yield Test is satisfied in respect of an acquisition if, on the Financial Quarter Date falling immediately prior to the relevant acquisition, both:

- (a) the weighted average Yield of the Observation Portfolio on such date is at least 14 per cent.; and
- (b) 95 per cent. of the Seasoned Pubs comprising the Observation Portfolio on such date have a Yield of at least 10 per cent;

Securitisation Group means, on the Closing Date, PM Parent Limited, Spirit Group Limited, Spirit Funding Limited, Punch Retail (Lodges Holdings) Limited, and Punch Retail (AKE Holdings) Limited and thereafter any other company which grants security to the Security Trustee pursuant to the Spirit Deed of Charge, any deed supplemental to the Spirit Deed of Charge or the Spirit Standard Securities;

Securitisation Group Entity means any member of the Securitisation Group;

Security means the security from time to time constituted by or pursuant to the Issuer Deed of Charge, the Spirit Deed of Charge, the HoldCo Covenant and Debenture and the PM FinCo Guarantee and Debenture;

Security Documents means:

- (a) the Spirit Deed of Charge;
- (b) the Issuer Deed of Charge (including any Supplemental Issuer Deed of Charge);
- (c) the Spirit Standard Securities;
- (d) the HoldCo Covenant and Debenture; and
- (e) the PM FinCo Guarantee and Debenture;

together with any other document or instrument granted in favour of the Security Trustee (on behalf of the Spirit Secured Parties or Issuer Secured Creditors (as the case may be)) creating or evidencing security for all or any part of the obligations and liabilities of the Obligors or any of them under any of the Transaction Documents whether by way of personal covenant, charge, security interest, mortgage, standard security, pledge or otherwise, and **Security Document** shall be construed accordingly;

Security Interest means any Encumbrance;

Security Providers means each of the Obligors and the Charging Companies and **Security Provider** shall mean any one of them;

Security Trustee means Deutsche Trustee Company Limited (a company incorporated under laws of England and Wales and whose principal place of business is at Winchester House, 1 Great Winchester Street, London EC2N 2BD) as the security trustee which expression

includes its successors and assigns under the Spirit Deed of Charge or the Issuer Deed of Charge, as applicable;

Senior Liability means a liability of the type referred to in clause 5.2(a) to 5.2(m) (inclusive) of the Issuer Deed of Charge, and **Senior Liabilities** shall be construed accordingly;

Servicer means Spirit Group Limited or such other servicer as is appointed from time to time pursuant to the terms of the Servicing Agreement;

Servicing Agreement means the agreement dated on or about the Closing Date between the Issuer, the Servicer, the Parent and the Security Trustee pursuant to which the Servicer will agree to provide the Issuer and the Security Trustee with certain administration services, upon and subject to the terms set out therein;

Shortfall means the amount by which the Senior Liabilities exceed the Issuer Available Funds;

Shortfall Amount means an amount on any Loan Interest Payment Date equal to the amount by which the aggregate of amounts required by the Borrower to make the payments or provisions in full in accordance with the order of priority set out in clause 8.1 of the Spirit Deed of Charge exceeds the aggregate credit balance on the Operating Account on the relevant Loan Interest Payment Date;

Slaughter and May Due Diligence Reports means each of the Reports set out in Part A of Schedule 4 of the Subscription Agreement;

Solvency Certificate means the certificate substantially in the form set out in Schedule 5 to the Issuer/Borrower Facility Agreement;

Solvent Reorganisation means a reconstruction or reorganisation of any Obligor or any member of the Securitisation Group where no member of the Spirit Group is insolvent at the time of the reconstruction or reorganisation;

Specified Office means the office of the Principal Paying Agent, the Luxembourg Paying Agent (being for those parties an office outside the United Kingdom) or the Agent Bank as set out in Schedule 1 to the Agency Agreement or as altered from time to time in accordance with that agreement;

Spirit Borrower Subordinated Loan means the loan from PM FinCo in favour of the Borrower as evidenced by the Spirit Borrower Subordinated Loan Agreement;

Spirit Borrower Subordinated Loan Agreement means the loan agreement dated on or about the Closing Date between PM FinCo as lender and Spirit Group Limited as borrower evidencing the loan from Punch Group (Retail Funding) Limited to the Borrower which was assigned to and assumed by PM FinCo on 21 December 2001;

Spirit Charged Property means the Borrower Charged Property and each Obligor's Charged Property or any of them as the context may require;

Spirit Deed of Charge means the deed of charge dated on or about the Closing Date between the Obligors, the Issuer and the Security Trustee;

Spirit Enforcement Notice means a notice given by the Note Trustee in accordance with clause 17.8 of the Issuer/Borrower Facility Agreement;

Spirit Event of Default means any of those events specified in clause 17.1 of the Issuer/Borrower Facility Agreement and, if applicable to the event in question, where the

provisions of clauses 17.2 to 17.7 (inclusive) of the Issuer/Borrower Facility Agreement shall not have been complied with;

Spirit Group means Spirit Group Holdings Limited and all of its subsidiaries;

Spirit Group Entity means any member of the Spirit Group;

Spirit Mortgaged Properties means the freehold and leasehold properties in England and Wales details of which are set out in Part 1 of Schedule 2 to the Spirit Deed of Charge, together with the Spirit Scottish Properties, and which are subject to or intended to be subject to a legal mortgage or, in Scotland, standard security in favour of the Security Trustee under the Spirit Deed of Charge or the Spirit Standard Securities from time to time and any other freehold, heritable or leasehold properties that may be mortgaged or subject to a standard security in favour of the Security Trustee from time to time and **Spirit Mortgaged Property** shall be construed accordingly;

Spirit Original Securities means the securities listed in Schedule 3 to the Spirit Deed of Charge and any other securities which with the prior written consent of the Security Trustee, may be substituted therefor together with any other rights, title, interest and benefit of the Obligor in any securities from time to time;

Spirit Scottish Properties means the heritable and leasehold properties situated in Scotland details of which are set out in Part 2 of Schedule 2 to the Spirit Deed of Charge and **Spirit Scottish Property** shall be construed accordingly;

Spirit Secured Amounts means the moneys and liabilities which each Obligor covenants and undertakes in clause 2 of the Spirit Deed of Charge to pay or discharge and all claims, demands and damages for breach of any such covenant, and references to the Spirit Secured Amounts includes references to any of them;

Spirit Secured Parties means:

- (a) the Issuer;
- (b) the Security Trustee;
- (c) any Receiver;
- (d) the Hedging Provider; and
- (e) PM FinCo,

and **Spirit Secured Party** means any of them;

Spirit Standard Securities means the standard securities granted over the Spirit Scottish Properties or any other heritable or leasehold property in Scotland pursuant to clause 3.2 of the Spirit Deed of Charge in either of the forms set out in schedule 9 to the Spirit Deed of Charge and **Spirit Standard Security** shall be construed accordingly;

Stamp Duty means all moneys (whether by way of duty or by way of interest or penalty on late presentation) required to be paid to the Commissioners of the Inland Revenue in respect of documents entered into in connection with the transfer or vesting of any assets to ensure that such documents are fully and properly stamped and which shall include any duty replacing stamp duty in whole or in part or any form of registration duty or tax relating to documents;

Step-Up Amounts means Term A Step-Up Amounts, Term M Step-Up Amounts, Term N Step-Up Amounts and Term O Step-Up Amounts;

Subscription Agreement means the agreement dated 22 April 2002 between the Issuer, each Obligor, Ambac and the Lead Managers (as the same may be amended and/or supplemented from time to time) relating to the purchase and issue of the Original Notes;

Supplemental Issuer Deed of Charge means any assignment in security made in favour of the Security Trustee pursuant to Clause 3.10 of the Issuer Deed of Charge substantially in the form set out in Schedule 3 to the Issuer Deed of Charge;

Supply Agreements means those agreements in relation to the supply of goods and services listed in Schedule 7 to the Issuer/ Borrower Facility Agreement other than those referred to in paragraphs 1 and 8;

SupplyCo means Spirit Supply Company Limited a company registered in England and Wales with registered number 4341771;

Talons means the talons (if any) appertaining to, and exchangeable in accordance with the provisions therein contained for further Coupons appertaining to a Definitive Note, such talons being in the form or substantially in the form set out in Parts F and G of Schedule 1 to the Trust Deed or in such other form as may be agreed between the Issuer and the Principal Paying Agent;

Taxes means all present and future income and other taxes, levies, assessments, imposts, deductions, charges and withholdings whatsoever together with interest thereon, additions to tax and penalties and surcharges and fines with respect thereto, if any, and any payments made on or in respect thereof, and **Tax** and **Taxation** shall be construed accordingly;

Tax Deed of Covenant means the deed of covenant dated on or about the Closing Date made between, inter alios, the Issuer, each member of the Spirit Group (other than AKE and TravelCo) and the Security Trustee;

Tax Loss Amount means an amount (to the extent received in cash) received by an Obligor from an Excluded Group Entity in consideration for the surrender of group relief as contemplated by Clause 16.5(c)(v) of the Issuer/Borrower Facility Agreement;

Temporary Global Notes means the Class A Temporary Global Note, the Class M Temporary Global Note, the Class N Temporary Global Note, and the Class O Temporary Global Note or, as the context may require, any combination of the same;

Term A Advance means, save as otherwise provided, an advance made by the Issuer under the Term A Facility;

Term Advance means a Term A Advance, a Term M Advance, a Term N Advance or a Term O Advance (as the context may require);

Term A Facility shall have the meaning ascribed to it in clause 2.1 of the Issuer/Borrower Facility Agreement;

Term A Loan means the aggregate principal amount for the time being outstanding under the Term A Facility;

Term A Outstanding means, at any time, the aggregate principal amount of any Term A Advances which has not been fully repaid at that time;

Term A Interest Residual Amount has the meaning given thereto in clause 7.5(c) of the Issuer/Borrower Facility Agreement;

Term A Step-Up Amounts means that proportion of the interest on the Term A Facility calculated by applying the Class A Step-Up Margin to the Term A Outstanding;

Term Facilities means the Term A Facility, the Term M Facility, the Term N Facility, the Term O Facility and any New Term Facility;

Term Loan means the aggregate principal amount for the time being outstanding under the Term Facilities;

Term M Advance means, save as otherwise provided, an advance made by the Issuer under the Term M Facility;

Term M Facility shall have the meaning ascribed to it in clause 2.2 of the Issuer/Borrower Facility Agreement;

Term M Loan means the aggregate principal amount for the time being outstanding under the Term M Facility;

Term M Outstanding means, at any time, the aggregate principal amount of any Term M Advances which has not been fully repaid at that time;

Term M Interest Residual Amount has the meaning given thereto in clause 7.5(c) of the Issuer/Borrower Facility Agreement;

Term M Step-Up Amounts means that proportion of the interest on the Term M Facility calculated by applying the Class M Step-Up Margin to the Term M Outstanding;

Term N Advance means, save as otherwise provided, an advance made by the Issuer under the Term N Facility;

Term N Facility shall have the meaning ascribed to it in clause 2.3 of the Issuer/Borrower Facility Agreement;

Term N Loan means the aggregate principal amount for the time being outstanding under the Term N Facility;

Term N Outstanding means, at any time, the aggregate principal amount of the Term N Advances which has not been fully repaid at that time;

Term N Interest Residual Amount has the meaning given thereto in clause 7.5(c) of the Issuer/Borrower Facility Agreement;

Term N Step-Up Amounts means that proportion of the interest on the Term N Facility calculated by applying the Class N Step-Up Margin to the Term N Outstanding;

Term O Advance means, save as otherwise provided, an advance made by the Issuer under the Term O Facility;

Term O Facility shall have the meaning ascribed to it in clause 2.4 of the Issuer/Borrower Facility Agreement;

Term O Loan means the aggregate principal amount for the time being outstanding under the Term O Facility;

Term O Outstanding means, at any time, the aggregate principal amount of any Term O Advance which has not been fully repaid at that time;

Term O Interest Residual Amount has the meaning given thereto in clause 7.5(c) of the Issuer/Borrower Facility Agreement;

Term O Step-Up Amounts means that proportion of the interest on the Term O Facility calculated by applying the Class O Step-Up Margin to the Term O Outstanding;

Term Repayment Date means, as the context may require, the Final Maturity Date in respect of the Term A Facility, the Term M Facility, the Term N Facility or the Term O Facility;

Total Liquidity Commitments means, at any time, the aggregate amount of the Liquidity Commitments of all of the Liquidity Facility Providers at that time under the Liquidity Facility Agreement;

Total Liquidity Outstandings means, at any time, the aggregate of all Liquidity Facility Outstandings of the Liquidity Facility Providers at that time under the Liquidity Facility Agreement;

TPG means Texas Pacific Group;

Transaction Documents means:

- (a) the Issuer/Borrower Facility Agreement;
- (b) the Spirit Deed of Charge;
- (c) the Liquidity Facility Agreement;
- (d) this Master Definitions and Construction Schedule;
- (e) the Trust Deed;
- (f) the Hedging Agreement;
- (g) the Servicing Agreement;
- (h) the Financial Advisory Services Agreement;
- (i) the Subscription Agreement;
- (j) the Bank Agreement;
- (k) the Agency Agreement;
- (l) the Tax Deed of Covenant;
- (m) the Corporate Services Agreement;
- (n) the Issuer Deed of Charge;
- (o) the Spirit Standard Securities
- (p) the Spirit Borrower Subordinated Loan Agreement;
- (q) the Ambac Policy;
- (r) the Insurance and Indemnity Agreement;
- (s) the HoldCo Covenant and Debenture; and
- (t) the PM FinCo Guarantee and Debenture.

and any documents evidencing the terms of any other agreement or document that may be entered into or executed pursuant to any of the foregoing by the Obligors or HoldCo or PM FinCo or the Issuer or any of them and any other agreement or document designated in writing as a **Transaction Document** by the Security Trustee and the Borrower together;

TravelCo means Punch Travel Inn Limited a company registered in England and Wales with registered number 017939344;

Travel Inn Holding Account means the Lodges Holdings Holding Account;

TravelCo Sites means any land which adjoins or is adjacent to a Pub operated from those Spirit Mortgaged Properties set out in Parts 1C and 2C, Schedule 2 to the Spirit Deed of Charge and any additional property designated as such by the Borrower with the prior approval of the Security Trustee in relation to which the Security Trustee is entitled to rely on a confirmation from the Rating Agencies that the then current rating of the Notes and (for so long as there are Class A Notes outstanding) the Underlying Rating will not be adversely affected as a result of such designation by the Borrower;

Treaty on European Union means the Treaty of Rome of 25 March 1957, as amended by the Single European Act 1986 and the Maastricht Treaty (which was signed at Maastricht on 7 February 1992 and came into force on 1 November 1993) as amended from time to time;

trust corporation means a corporation entitled by rules made under the Public Trustee Act 1906, or entitled pursuant to any comparable legislation applicable to a trustee in any jurisdiction, to carry out the functions of a custodian trustee;

Trust Deed means the trust deed of dated on or about the Closing Date between the Issuer, Ambac and the Note Trustee constituting the Notes together with any deed supplemental thereto;

Ultimate Principal means in respect of the Original Class A Notes, the Final Redemption Amount payable in accordance with Condition 5(a)(i), provided that in each case there shall always be excluded principal or sums payable in respect of (i) any mandatory redemption in part pursuant to Condition 5(b)(i), (ii) any optional redemption pursuant to Condition 5(c) (including, for the avoidance of doubt, any sums due pursuant to Condition 5(c)(iii)), (iii) any redemption pursuant to Condition 5(d), and (iv) any redemption for tax or other reasons pursuant to Condition 5(e);

Underlying Rating means the underlying rating given or which would be given, by the Rating Agencies to the Class A Notes, disregarding the benefit of the Ambac Policy;

Unused Development CapEx Amounts means in respect of any Financial Year the total Development CapEx Amount in respect of such Financial Year not spent, or anticipated not to be spent, as Development CapEx Amounts in that Financial Year;

Valuation Report means the report in respect of the Managed Estate dated on or about 22 April, 2002 of DTZ Debenham Tie Leung Limited, in form and substance satisfactory to the Security Trustee and relating to the valuation of the Spirit Mortgaged Properties and upon which the Issuer, the Security Trustee and the Lead Managers may rely;

Valuer means either:

- (a) Debenham DTZ Tie Leung Limited;
- (b) a valuer of national repute appointed by the Borrower with the prior written consent of the Security Trustee;

WAR Period shall bear the meaning given to it in Clause 16.7(f) of the Issuer/Borrower Facility Agreement;

Weighted Average Return shall bear the meaning given to it in Clause 16.7(f) of the Issuer/Borrower Facility Agreement;

Weekly Managed Pub Turnover means, in relation to a Pub and a particular period, average gross weekly receipts of the relevant Pub over that period;

Yield means in respect of a Seasoned Pub at any time, x/y , where:

x is either:

- (a) to the extent that the Seasoned Pub has been trading for less than 13 4- week financial periods following the Seasoning Start Date, equal to A/B where:
 - (i) **A** is the unaudited Contribution of that Seasoned Pub for the number of complete 4-week financial periods of trading during the Observation Period, **N**, and
 - (ii) **B** is the percentage of the total unaudited Contribution of all the Seasoned Pubs then in the Observation Portfolio during the previous Financial Year (excluding any Pubs acquired or disposed of in that prior Financial Year), represented by the financial period comprising **N**;

or

- (b) to the extent that the Seasoned Pub has been trading for at least 13 4 week financial periods following the Seasoning Start Date, equal to the unaudited Contribution in respect of such Seasoned Pub for the most recent 13 4-week financial periods of trading ending on the relevant date for testing the Yield in respect of such Seasoned Pub;

and

y is the purchase price for the relevant Seasoned Pub plus any Investment Amounts invested in that Seasoned Pub, to the extent that all or a portion of such Investment Amounts were expended on the relevant Seasoned Pub within 4 weeks of its acquisition;

Yield Test for an acquisition means the First Yield Test and if the Borrower owns a Seasoned Pub, the Second Yield Test;

1925 Act means the Law of Property Act 1925; and

2000 ISDA Definitions means the definitions issued in 2000 by the International Swaps & Derivatives Association Inc. (formerly known as the International Swap Dealers Association Inc.) as supplemented, amended or replaced from time to time.

Schedule 2

The subjects known as Chambers, 55 Almada Street, Hamilton registered in the Land Register for Scotland under Title Number LAN 153109.

M

COMPANIES FORM No. 398

398

Notice of registration in Scotland or Northern Ireland of a charge comprising property situate there

CHFP025

Please do not
write in
this margin

Pursuant to section 398(4) of the Companies Act 1985

To the Registrar of Companies
(Address overleaf)

Company number

Please complete
legibly, preferably
in black type, or
bold block lettering

03982443

Name of company

* insert full name
of company

* Spirit Group Limited

| We Tods Murray WS

of 66 Queen Street
EDINBURGH
EH2 4NE

§ give date and
parties to charge

certify that the charges being a Standard Security by Punch Retail Limited in
favour of Deutsche Trustee Company Limited dated 22 April 2002 (the
"Security Trustee")

of which a true copy is annexed to this form was presented for registration on 3 May 2002

† delete as
appropriate

in [Scotland] ~~[Northern Ireland]~~

Signed



Date 20/05/02

Presenter's name address and
reference (if any):

Tods Murray WS
66 Queen Street
Edinburgh
EH2 4NE

ED58 Edinburgh

For official Use
Mortgage Section

| Post room

Notes

The address for the Registrar of Companies is:-

Companies House
Crown Way
Cardiff
CF14 3UZ

FILE COPY



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

Pursuant to section 401(2) of the Companies Act 1985

COMPANY No. 03982443

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A STANDARD SECURITY WHICH WAS PRESENTED FOR REGISTRATION IN SCOTLAND ON 3 MAY 2002 AND DATED THE 22nd APRIL 2002 AND CREATED BY SPIRIT GROUP LIMITED FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM THE COMPANY TO DEUTSCHE TRUSTEE COMPANY LIMITED UNDER THE TERMS OF THE AFOREMENTIONED INSTRUMENT CREATING OR EVIDENCING THE CHARGE WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 21st MAY 2002.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 24th MAY 2002.

A handwritten signature in dark ink, appearing to be 'H. H.' or similar, written in a cursive style.



Companies House

— for the record —



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES