

Declaration by the directors of a holding company in relation to assistance for the acquisition of shares

155(6)b

(SRBP/RMYJ/ZLP)

The assistance is for the purpose of ~~reducing or discharging a liability incurred for the purpose of that acquisition~~ [reducing or discharging a liability incurred for the purpose of that acquisition]. † (note 1)

Please do not write in this margin

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

The number and class of the shares acquired or to be acquired is: One hundred million (100,000,000)
ordinary shares of £0.00001 each

The assistance is to be given to: (note 2) **Punch Taverns plc** (company number 03752645) with registered office at Jubilee House, Second Avenue, Burton-upon-Trent, Staffordshire DE14 2WF; and **Punch Taverns (Redwood Bidco) Limited** (company number 05622593) with registered office at Jubilee House, Second Avenue, Burton-upon-Trent, Staffordshire DE14 2WF

The assistance will take the form of:

See Schedule 1

The person who [has acquired] ~~the shares~~ † the shares is:

† delete as appropriate

Punch Taverns (Redwood Bidco) Limited (company number 05622593) with registered office at Jubilee House, Second Avenue, Burton-upon-Trent, Staffordshire DE14 2WF

The principal terms on which the assistance will be given are:

See Schedule 2

The amount (if any) by which the net assets of the company which is giving the assistance will be reduced by giving it is nil

The amount of cash to be transferred to the person assisted is £ nil

The value of any asset to be transferred to the person assisted is £ nil

The date on which the assistance is to be given is within eight weeks of the date hereof

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

~~X~~We have formed the opinion, as regards this company's initial situation immediately following the date on which the assistance is proposed to be given, that there will be no ground on which it could then be found to be unable to pay its debts. (note 3)

* delete either (a) or (b) as appropriate

(a) [I/We have formed the opinion that this company will be able to pay its debts as they fall due during the year immediately following that date]* (note 3)

(b) ~~XXXXX intended to compromise the working up of the company, with the proceeds of that sale, and XXXX have formed the opinion that this company will be able to pay its debts in full within 12 months of the commencement of the winding up.~~* (note 3)

And ~~X~~we make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1835.

Declared at Jubilee House, Second Avenue, Burton-upon-Trent, Staffordshire DE14 2WF

Declarants to sign below

Day Month Year

on 06 04 2006

before me W. C. Mc

A Commissioner for Oaths or Notary Public or Justice of the Peace or a Solicitor having the powers conferred on a Commissioner for Oaths.

Peter A. Gee Justice of the Peace

NOTES

- 1 For the meaning of "a person incurring a liability" and "reducing or discharging a liability" see section 152(3) of the Companies Act 1985.
- 2 Insert full name(s) and address(es) of the person(s) to whom assistance is to be given; if a recipient is a company the registered office address should be shown.
- 3 Contingent and prospective liabilities of the company are to be taken into account - see section 156(3) of the Companies Act 1985.
- 4 The auditors report required by section 156(4) of the Companies Act 1985 must be annexed to this form.
- 5 The address for companies registered in England and Wales or Wales is:-

The Registrar of Companies
Companies House
Crown Way
Cardiff
CF14 3UZ

or, for companies registered in Scotland:-

The Registrar of Companies
Companies House
37 Castle Terrace
Edinburgh
EH1 2EB

Schedule 1 to Form G155(6)b

"Company" is defined for the purposes of Schedules 1 and 2 as Spirit Managed (Thames) Limited a private limited company incorporated in England and Wales with limited liability (registered number 05746012) whose registered office is at 107 Station Street, Burton-on-Trent, Staffordshire DE14 1BZ.

The assistance will take the form of:

The execution, delivery and performance by the Company of its obligations under:

1. an accession agreement (the "**Accession Agreement**") to:
 - (A) the credit facility agreement dated 1 December 2005 (as amended) between, among others, Punch Taverns plc as original borrower (the "**Borrower**"), certain subsidiaries of the Borrower as original guarantors, Citigroup Global Markets Limited, The Royal Bank of Scotland plc and Morgan Stanley & Co. International Limited as mandated lead arrangers and The Royal Bank of Scotland plc as facility agent (the "**Facility Agent**") and security agent (the "**Security Agent**") (the "**Credit Agreement**"); and
 - (B) the intercreditor agreement dated 1 December 2005 (as amended) between, among others, the Borrower, Citibank N.A., London Branch, The Royal Bank of Scotland plc and Morgan Stanley Bank International Limited/Morgan Stanley Dean Witter Principal Funding, Inc. as bridge lenders, the Facility Agent, the Security Agent and certain subsidiaries of the Borrower as intercompany lenders (the "**Intercreditor Agreement**"),between the Company, the Borrower, certain other subsidiaries of the Borrower and the Facility Agent; and
2. a fixed and floating security document (the "**Security Document**") between the Company, certain other subsidiaries of the Borrower and the Security Agent

(each of those documents being in such form as may be amended, supplemented, novated and/or replaced from time to time), together with the performance by the Company of other acts in connection with the acquisition of the shares and the financing of that acquisition.

Schedule 2 to Form G155(6)b

The principal terms on which the assistance will be given are:

1. By executing the Accession Agreement and becoming a party to the Credit Agreement, the Company:
 - (A) jointly and severally and irrevocably and unconditionally:
 - (i) guarantees to each Finance Party punctual performance by each Obligor of all its payment obligations under the Finance Documents;
 - (ii) undertakes with each Finance Party that, whenever an Obligor does not pay any amount when due under any Finance Document, it must immediately on demand by the Facility Agent pay that amount as if it were the principal obligor; and
 - (iii) indemnifies each Finance Party immediately on demand against any loss or liability suffered by that Finance Party if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal; the amount of the loss or liability under this indemnity will be equal to the amount the Finance Party would otherwise have been entitled to recover;
 - (B) agrees that the guarantee is a continuing guarantee and will extend to the ultimate balance of all sums payable by any Obligor under the Finance Documents, regardless of any intermediate payment or discharge in whole or in part;
 - (C) covenants that, except as expressly allowed in the Credit Agreement, it will not create or allow to exist any Security Interest on any of its assets;
 - (D) covenants that, except as expressly allowed in the Credit Agreement, it will not either in a single transaction or in a series of transactions and whether related or not and whether voluntary or involuntary, dispose of all or any part of its assets;
 - (E) covenants that, except as expressly allowed in the Credit Agreement, it will not incur, or permit to remain outstanding, any Financial Indebtedness;
 - (F) grants an indemnity to the Finance Parties in respect of certain costs, expenses, liabilities and losses incurred; and
 - (G) makes certain representations, warranties and undertakings to the Finance Parties

(where "Finance Documents", "Finance Party", "Financial Indebtedness", "Group", "Obligor", "Security Interest" and "Tax" have the meanings given to them in the Credit Agreement).

2. By executing the Accession Agreement and becoming a party to the Intercreditor Agreement, the Company:

(A) agrees that, unless expressly provided to the contrary in the Intercreditor Agreement, the Debt shall rank in right and priority of payment in the following order:

- (i) first, the Bridge Debt and the Hedging Debt, *pari passu* between themselves; and
- (ii) second, the Intercompany Debt;

(B) jointly and severally and irrevocably and unconditionally guarantees to each Hedging Counterparty, and indemnifies each Hedging Counterparty in respect of, payment in full of the Hedging Debt owed to it by any other Obligor on the same terms as are set out in clause 16 (*Guarantee and indemnity*) of the Credit Agreement as if such guarantee and indemnity were set out in the Intercreditor Agreement in full, but for this purpose only, as if all references in that clause to "Obligor" were a reference to each Obligor which has entered into any Hedging Document;

(C) undertakes that, until the Discharge Date except with the prior consent of the Majority Lenders, it will not:

- (i) pay, repay or prepay any principal, interest or other amount on or in respect of, or make any distribution in respect of, or redeem, purchase or defease, any Intercompany Debt in cash or in kind, except as expressly permitted by the Intercreditor Agreement;
- (ii) exercise any set-off against any Intercompany Debt, except as expressly permitted by the Intercreditor Agreement;
- (iii) create or permit to subsist any Security Interests over any of its assets, or give any guarantee, for, or in respect of, any Intercompany Debt; or
- (iv) take or omit to take any action whereby the ranking and/or subordination contemplated by the Intercreditor Agreement may be impaired;

(D) undertakes that, until the Bridge Discharge Date, except with the prior consent of the Majority Lenders, it will not:

- (i) pay, repay or prepay principal, interest or other amount on or in respect of, or make any distribution in respect of, or redeem, purchase or

debt, any Hedging Debt in cash or in kind, except as expressly permitted by the Intercreditor Agreement;

- (ii) exercise any set-off against any Hedging Debt, except as expressly permitted by the Intercreditor Agreement;
- (iii) create or permit to subsist any Security Interests over any of its assets, or give any guarantee, for, or in respect of, any Hedging Debt, other than under any Security Document, the guarantees in any applicable Finance Document or any netting arrangements permitted under the Credit Agreement; and
- (iv) terminate (or close out any transaction under) any Hedging Document prior to its stated maturity unless:
 - (a) the Hedging Counterparty is in default and the relevant Hedging Document would permit such Obligor to terminate (or close out *all transactions under*) any Hedging Document as a result of the occurrence of such default; and
 - (b) (to the extent allowed under the relevant Hedging Document) the relevant Obligor terminates or partially terminates the Hedging Document as a result of the amount outstanding under the Bridge Facility exceeding the aggregate notional amount of the swaps required to be entered into as set out in the Hedging Letter

(where "Bridge Debt", "Bridge Discharge Date", "Credit Agreement", "Debt Discharge Date", "Hedging Counterparty", "Hedging Debt", "Hedging Document", "Intercompany Debt" and "Obligor" have the meaning given to them in the Intercreditor Agreement and "Bridge Facility", "Finance Document", "Hedging Letter", "Majority Lenders", "Security Document" and "Security Interest" have the meaning given to them in the Credit Agreement).

3. By executing the Security Document, the Company:

- (A) covenants to pay each of its Liabilities when due in accordance with the terms of the relevant Finance Document;
- (B) with full title guarantee and as security for the payment of all Liabilities (whether of that or any other Chargor), charges in favour of the Security Agent (as trustee for the Finance Parties):
 - (i) by way of first legal mortgage, all Property in England and Wales (including any described in Schedule 3 to the Security Document) belonging to it at the date of the Security Document;

- (ii) by way of first fixed equitable charge, all other Property belonging to it at the date of the Security Document and acquired by it in the future;
- (iii) by way of first fixed charge, all its present and future:
 - (a) Book Debts (excluding Rental Income and Securitisation Income);
 - (b) Bank Accounts;
 - (c) Investments;
 - (d) uncalled capital and goodwill;
 - (e) Intellectual Property;
 - (f) beneficial interest in any pension fund;
 - (g) plant and machinery (except that otherwise mortgaged or charged under the Security Document);
 - (h) rights under any contract or other document relating to it or in any way connected with the appointment of any managing agent of any Property;
 - (i) rights under any agreement relating to the purchase of Property;
 - (j) rights under any agreement for the sale of any Charged Asset;
 - (k) benefit of all present and future authorisations held in connection with its business or the use of any Charged Asset specified in any other sub-paragraph of clause 3.1(c) of the Security Document and the right to recover and receive all compensation which may be payable in respect of them;
 - (l) interest in the benefit of all guarantees, warranties and representations given or made by any manufacturers, suppliers and installers of any plant, machinery, equipment, fixtures and fittings now or in future on the Property and/or by any other person under contract with or under a duty to the Company in respect of them;
 - (m) future easements and other rights at any time vested in, or conferred on, the Company in connection with or otherwise for the benefit of the Charged Assets;

- (n) agreements and contracts relating to Property, including all moneys payable to the Company and all rights against all past, present and future under tenants of its Property (including under any Rental Income);
 - (o) claims, awards and judgments in favour of the Company, under or in connection with any Transaction Documents and any agreements, contracts and Insurances relating to Property (including, in connection with any Rental Income);
 - (p) (to the extent that they are not subject to an effective assignment under clause 3.3 (*Assignments*) of the Security Document) rights, title and interest to any asset pursuant to clause 3.3 of the Security Document; and
 - (q) any Securitisation Income;
- (C) binds and obliges itself that, immediately upon the occurrence of a Scottish Property Registration Event, it shall:
 - (i) *validly execute and deliver to the Security Agent a First Standard Security over its whole right, title and interest in each Property in Scotland which at the relevant date is owned by it; and*
 - (ii) *deliver to the Security Agent the title deeds to each Property in Scotland and all other items, including registration dues, which may be required by the Security Agent in order to register the First Standard Security in the Land Register of Scotland as a first ranking charge over each Property in Scotland;*
- (D) with full title guarantee, assigns absolutely to the Security Agent (as trustee for the Finance Parties) all its present and future right, title and interest in and to:
 - (i) all Rental Income;
 - (ii) any Hedging Documents including all moneys payable to the Company and any claims, awards and judgments in favour or receivable or received by that Company, Lender or in connection with or pursuant to any Hedging Documents; and
 - (iii) all Insurances and all proceeds in respect of Insurances and all benefits of Insurances (including all claims relating to, and all returns of premium in respect of, Insurances);
- (E) with full title guarantee and as security for the payment of all Liabilities, charges in favour of the Security Agent (as trustee for the Finance Parties) by way of first floating charge its undertaking and all assets both present and future (including

assets expressed to be charged or assigned by clause 3 (*Fixed Charges and Assignments*) of the Security Document); and

- (F) agrees that the Charges are continuing Security and will extend to the ultimate balance of the Liabilities, regardless of any intermediate payment or discharge in whole or in part

(where "**Finance Document**", "**Finance Party**", "**Hedging Documents**", "**Security**" and "**Transaction Documents**" have the meaning given to them in the Credit Agreement, "**Bank Accounts**", "**Book Debts**", "**Charged Asset**", "**Charges**", "**Chargor**", "**First Standard Security**", "**Insurances**", "**Intellectual Property**", "**Investments**", "**Liabilities**", "**Property**", "**Rental Income**", "**Scottish Property Registration Event**" and "**Securitisation Income**" have the meaning given to them in the Security Document and "**Credit Agreement**" has the meaning ascribed to the term "Facility Agreement" in the Security Document).

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INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF SPIRIT MANAGED HOLDINGS LIMITED PURSUANT TO SECTION 156(4) OF THE COMPANIES ACT 1985

We have examined the attached statutory declaration of the directors of Spirit Managed Holdings Limited (the "Company") dated 6 April 2006 prepared in accordance with applicable United Kingdom law, in connection with the proposed financial assistance to be given by the Company's subsidiary Spirit Managed (Thames) Limited for the purpose of reducing or discharging a liability incurred for the purpose of the purchase of the entire issued share capital of Spirit Group Holdings Limited, particulars of which are given in the attached statutory declaration.

This report is made solely to the directors of the Company in accordance with Section 156(4) of the Companies Act 1985. Our work has been undertaken so that we might state to the directors those matters we are required to state to them in an auditors' report under section 156(4) and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the directors, for our audit work, for this report, or for the opinions we have formed.

Basis of opinion

We have enquired into the state of affairs of the Company so far as necessary in order to review the bases for the statutory declaration.

Opinion

We are not aware of anything to indicate that the opinion expressed by the directors in their declaration as to any of the matters mentioned in section 156(2) of the Companies Act 1985 is unreasonable in all the circumstances.



Ernst & Young LLP
Registered Auditor
Birmingham
6 April 2006