

SHEARMAN & STERLING

Execution Version

Dated 17 July **2019**

STONEGATE PUB COMPANY PIKCO HOLDINGS LIMITED

(the “Parent”)

STONEGATE PUB COMPANY PIKCO LIMITED

(the “Borrower”)

- and -

WILMINGTON TRUST (LONDON) LIMITED

(the “Security Agent”)

DEBENTURE

Table of Contents

	Page
1. DEFINITIONS AND INTERPRETATION	1
2. COVENANT TO PAY	5
3. FIXED CHARGES, ASSIGNMENTS AND FLOATING CHARGE	5
4. CRYSTALLISATION OF FLOATING CHARGE	7
5. CONSENTS	8
6. INVESTMENTS	8
7. ASSIGNED CONTRACTS	9
8. ENFORCEMENT OF SECURITY	10
9. EXTENSION AND VARIATION OF THE LAW OF PROPERTY ACT 1925	11
10. APPOINTMENT OF RECEIVER OR ADMINISTRATOR	11
11. POWERS OF RECEIVER	12
12. APPLICATION OF MONIES	12
13. PROTECTION OF PURCHASERS	13
14. POWER OF ATTORNEY	13
15. EFFECTIVENESS OF SECURITY	14
16. SET-OFF	15
17. SUBSEQUENT SECURITY INTERESTS	15
18. ASSIGNMENT	15
19. PARTIAL INVALIDITY	16
20. NOTICES	16
21. EXECUTION	16
22. DISCRETION AND DELEGATION	17
23. PERPETUITY PERIOD	17
24. GOVERNING LAW	17
25. JURISDICTION	17

SCHEDULE 1 DETAILS OF SCHEDULED INVESTMENTS	19
SCHEDULE 2 FORMS OF NOTICE OF ASSIGNMENT	20
SIGNATURE PAGES	23

THIS DEBENTURE is made on 17 July 2019

BY

- (1) **Stonegate Pub Company PIKCo Holdings Limited**, a limited company incorporated under the laws of England and Wales with registered number 12086428 (the “**Parent**”);
- (2) **Stonegate Pub Company PIKCo Limited**, a limited company incorporated under the laws of England and Wales with registered number 12087022 (the “**Borrower**” and together with the Parent the “**Chargors**”); and
- (3) **Wilmington Trust (London) Limited** as security agent for and on behalf of the Secured Parties on the terms and conditions set out in the PIK Facility Agreement (the “**Security Agent**” which expression shall include any person for the time being appointed as security agent or as an additional security agent for the purpose of and in accordance with the PIK Facility Agreement).

IT IS AGREED as follows:

1. **DEFINITIONS AND INTERPRETATION**

1.1 **Definitions**

In this Debenture:

“**Administrator**” means an administrator appointed in accordance with the Insolvency Act 1986.

“**Assigned Contract**” means:

- (a) the Intercompany Loans; and
- (b) any other agreement designated as an Assigned Contract by a Chargor and the Security Agent in writing.

“**Borrower Intercompany Loan**” means any intercompany loan agreement between the Borrower as lender and Stonegate Pub Company Bidco Limited as borrower.

“**Business Day**” means a day (other than a Saturday or Sunday) on which banks are open for general business in London and New York.

“**Charged Property**” means all the assets and undertaking of each Chargor which from time to time are the subject of the Security created or expressed to be created in favour of the Security Agent by or pursuant to this Debenture.

“**Collateral Rights**” means all rights, powers and remedies of the Security Agent provided by or pursuant to this Debenture or by law.

“**Enforcement Event**” means an Event of Default which has resulted in the Agent exercising any of its rights under Clause 21.3 (*Acceleration*) of the PIK Facility Agreement.

“**Intercompany Loans**” means any Borrower Intercompany Loan and any Parent Intercompany Loan.

“**Investments**” means:

- (a) any stocks, shares, debentures, securities and certificates of deposit;
- (b) all interests in collective investment schemes; and
- (c) all warrants, options and other rights to subscribe or acquire any of the investments described in (a) and (b),

(including, without limitation, the Scheduled Investments) in each case whether held directly by or to the order of the Parent (now or in the future owned by it or (to the extent of its interest) in which or in the future it has an interest) or by any agent, nominee, fiduciary or clearance system on its behalf and all Related Rights (including all rights against any such agent, nominee, fiduciary or clearance system).

“Monetary Claims” means any book and other debts and monetary claims owing to a Chargor and any proceeds of such debts and claims now or in the future due, owing or payable to it and the benefit of all related negotiable instruments, rights, security, guarantees or indemnities of any kind (including any claims or sums of money deriving from or in relation to any Investment, any court order or judgment, any contract or agreement to which a Chargor is a party and any other assets, property, rights or undertaking of a Chargor).

“Notice of Assignment” means a notice of assignment in substantially the form set out in Schedule 2 (*Forms of Notice of Assignment*) or in such other form as may be agreed by the Security Agent and the relevant Chargor.

“Parent Intercompany Loan” means any intercompany loan agreement between the Parent as lender and the Borrower as borrower.

“Parent Shares” means any shares directly held by the Parent in the Borrower (now or in the future).

“PIK Facility Agreement” means the PIK facility agreement dated on or about the date of this Debenture between, amongst others, Stonegate Pub Company PIKCo Limited as borrower, Stonegate Pub Company PIKCo Holdings Limited as parent and the financial institutions named therein as original lenders.

“PSC Notice” means a “restrictions notice” as defined in paragraph 1 of Schedule 1B of the Companies Act 2006.

“PSC Register” means “PSC register” within the meaning of section 790C(10) of the Companies Act 2006.

“Receiver” means a receiver or receiver and manager or, where permitted by law, an administrative receiver of the whole or any part of the Charged Property and that term will include any appointee made under a joint and/or several appointment.

“Related Rights” means, in relation to any asset:

- (a) the proceeds of sale of any part of that asset;
- (b) all rights under any licence, agreement for sale or agreement for lease in respect of that asset;
- (c) all rights, powers, benefits, claims, contracts, warranties, remedies, security, guarantees, indemnities or covenants for title in respect of that asset; and

- (d) any monies and proceeds paid or payable in respect of that asset.

“**Scheduled Investments**” means the investments described in Schedule 1 (*Details of the Scheduled Investments*).

“**Secured Obligations**” means all obligations, in relation to each Chargor (whether present or future, actual or contingent, whether owed jointly, severally or in any other capacity whatsoever and whether originally incurred by that Chargor or some other person) which that Chargor may at any time owe to any Secured Party, in each case arising out of, under or in connection with each and any Finance Document as well as any obligations arising out of, under or in connection with any guarantee given by that Chargor to the Security Agent, any Receiver or Delegate, any Agent or any other Secured Party under such Finance Document, provided that the Security constituted by this Debenture shall not extend to or include any liability or sum which would, but for this proviso, cause such Security to be unlawful or prohibited by any applicable law.

“**Secured Party**” has the meaning given to that term in the PIK Facility Agreement.

“**Security**” means any mortgage, charge (fixed or floating), pledge, lien or other security interest securing any obligation of any person and any other agreement entered into for the purpose and having the effect of conferring security.

1.2 **Construction**

In this Debenture:

- (a) terms defined in or whose interpretation or construction is provided for in the PIK Facility Agreement shall have the same meaning when used in this Debenture unless separately defined or interpreted in this Debenture;
- (b) any reference to the “**Security Agent**”, the “**Chargors**”, or the “**Secured Parties**” shall be construed so as to include its or their (and any subsequent) successors and any permitted transferees of their respective interests;
- (c) references in this Debenture to any Clause or Schedule shall be to a clause or schedule contained in this Debenture; and
- (d) a reference to this Debenture, any other Finance Document or any other agreement is a reference to that document or agreement as amended or novated (however fundamentally) and includes any increase in, extension or substitution of or change to any facility or, as applicable, any financing or any other financial accommodation made available under any such document or agreement.

1.3 **Third Party Rights**

A person who is not a party to this Debenture has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of this Debenture.

1.4 **Permitted Transactions**

The terms of this Debenture shall not operate or be construed so as to prohibit or restrict any transaction, matter or other step not prohibited by the Finance Documents and the Security Agent shall promptly enter into such documentation and/or take such other action as is required by a Chargor (acting reasonably) in order to facilitate any such transaction, matter or other step, including by way of executing any confirmation, consent to dealing, release or

other similar or equivalent document, provided that any costs and expenses incurred by the Security Agent entering into such documentation and/or taking such other action at the request of such Chargor pursuant to this Clause 1.4 shall be for the account of such Chargor, subject to clause 16 (*Costs and Expenses*) of the PIK Facility Agreement (or the equivalent provision of any other applicable Finance Document). The Parent shall confirm to the Security Agent that any such transaction, matter or other step is not prohibited by the Finance Documents. The Security Agent is entitled to rely absolutely and without any further investigation on any such representation from the Parent.

1.5 **Obligations secured by this Debenture**

By entering into this Debenture, each Chargor expressly confirms and agrees that:

- (a) the Security created or intended to be created by it under or evidenced by this Debenture is intended as security for the payment and discharge of all of its Secured Obligations and without any need or requirement for any amendment or supplement to this Debenture at any time after the date of this Debenture notwithstanding any change in or to the Secured Obligations from time to time after such date;
- (b) its Secured Obligations are intended to extend to and to cover (without limitation):
 - (i) all its obligations (whether present or future, actual or contingent, whether owed jointly, severally or in any other capacity whatsoever and whether originally incurred by that Chargor or some other person) arising from time to time under any Finance Document and/or owing to any Secured Party (in each case) falling within the definition of Secured Obligations from time to time (whether or not such Chargor or, as the case may be, such other person is party to such Finance Document as at the date of this Debenture or becomes party to such Finance Document at any time thereafter and notwithstanding that any such obligations are not identified and/or the terms of those obligations not recorded as at the date of this Debenture (including, without limitation, as a result of the fact of such Finance Document not then existing) and notwithstanding that those obligations may differ fundamentally from all or any of, may be more onerous to such Chargor than all or any of, may be or give rise to new and/or additional obligations upon such Chargor over and above all or any of the then obligations of such Chargor and notwithstanding that such obligations may increase the likelihood that the Security created or intended to be created under or evidenced by this Debenture will be enforced); and
 - (ii) any increase in, extension or substitution of or change to any of its obligations referred to in paragraph (a) above (however fundamentally) (including, without limitation, by way of any amendment (however fundamental), novation, termination, replacement, supplement of the PIK Facility Agreement and/or any other Finance Document or the designation (whether or not such designation is made by such Chargor) of a document or documents as a Finance Document falling within the definition of Secured Obligations or of a creditor or other person as a Secured Party falling within the definition of Secured Obligations and whether or not such document, creditor or person is or such documents are designated directly as a Finance Document or, as applicable, a Secured Party or are designated indirectly by way of being designated as a document or documents of a type or class which type or class falls within the then current definition of Finance Documents in the PIK Facility Agreement or, as applicable, by way of being designated as a creditor or person of a type or class which type or class falls within the then

current definition of Secured Party in the PIK Facility Agreement and whether or not any such designation is made pursuant to the PIK Facility Agreement or pursuant to any other Finance Document (including any of any such type or class)); and

- (c) the Security created or intended to be created under or evidenced by this Debenture is intended as security for the payment and discharge of its Secured Obligations notwithstanding any change of the Security Agent and/or any change of the Secured Parties from time to time (including, without limitation, a change to all or substantially all of the Secured Parties) and/or any amendment (however fundamental), novation, termination, replacement, supplement of the PIK Facility Agreement (including, without limitation, the terms upon which the Security Agent holds the Security created or intended to be created under or evidenced by this Debenture) and/or any other Finance Document.

2. COVENANT TO PAY

Each Chargor covenants with the Security Agent (as Security Agent for itself and on behalf of the Secured Parties) that it shall on demand of the Security Agent discharge each of the Secured Obligations on their due date in accordance with their respective terms (or, if they do not specify a time for payment, immediately on demand by the Security Agent).

3. FIXED CHARGES, ASSIGNMENTS AND FLOATING CHARGE

3.1 Fixed Charges

- (a) Subject to Clause 3.4 (*Excluded Assets*), the Parent charges with full title guarantee in favour of the Security Agent (as Security Agent for itself and on behalf of the Secured Parties) as continuing security for the payment and discharge of the Secured Obligations, by way of first fixed charge all its right, title and interest from time to time in and to the Investments.
- (b) Subject to Clause 3.4 (*Excluded Assets*), each Chargor charges with full title guarantee in favour of the Security Agent (as Security Agent for itself and on behalf of the Secured Parties) as continuing security for the payment and discharge of the Secured Obligations, by way of first fixed charge all its right, title and interest from time to time in and to all Monetary Claims and all Related Rights other than any claims which are otherwise subject to a fixed charge or assignment (at law or in equity) pursuant to this Debenture.

3.2 Assignments

Subject to Clause 3.4 (*Excluded Assets*), each Chargor assigns and agrees to assign absolutely with full title guarantee to the Security Agent (as Security Agent for itself and on behalf of the Secured Parties) as security for the payment and discharge of the Secured Obligations all its right, title and interest from time to time in and to the proceeds of any Assigned Contracts and all Related Rights.

3.3 Floating Charge

- (a) The Parent with full title guarantee charges in favour of the Security Agent (as Security Agent for itself and on behalf of the Secured Parties) as security for the payment and discharge of the Secured Obligations by way of first floating charge all of its present and future assets and undertaking.

- (b) The floating charge created by sub-clause 3.3(a) above shall be deferred in point of priority to all fixed Security validly and effectively created by the Parent under the Finance Documents in favour of the Security Agent (as Security Agent for itself and on behalf of the Secured Parties) as security for the Secured Obligations.
- (c) Paragraph 14 of Schedule B1 to the Insolvency Act 1986 applies to the floating charge created pursuant to this Clause 3.3.

3.4 Excluded Assets

Unless otherwise expressly agreed in writing between the relevant Chargor and the Security Agent after the date on which it becomes a party to this Debenture, there shall be excluded from the Security created by this Clause 3, from the other provisions of this Debenture and from the operation of any further assurance provisions contained in the Finance Documents (other than any Parent Shares and Intercompany Loans):

- (a) any asset or undertaking which a Chargor is at any time prohibited from creating Security on or over by reason of any contract, licence, lease, instrument or other arrangement with a third party (including any asset or undertaking which a Chargor is precluded from creating Security on or over without the prior consent of a third party);
- (b) any asset or undertaking which, if subject to any such Security or the provisions of this Debenture, would give a third party the right to terminate or otherwise amend any rights, benefits and/or obligations of any member of the Group in respect of that asset or undertaking or require any member of the Group to take any action materially adverse to the interests of the Group or any member thereof;
- (c) any asset or undertaking situated outside England and Wales to the extent that any such Security would be unlawful under the laws of the jurisdiction in which such asset or undertaking is situated (or would present a material risk of liability for any director or officer of any Chargor or give rise to a material risk of breach of fiduciary or statutory duty by any such director or officer);
- (d) any Investment in:
 - (i) a joint venture (or other minority interest investment);
 - (ii) any member of the Group which is not wholly owned by another member of the Group; or
 - (iii) any member of the Group which is not an Obligor;
- (e) any asset or undertaking subject to security in favour of a third party or any cash constituting regulatory capital or customer cash;
- (f) any hedging agreements; and
- (g)
 - (i) any asset (including shares in a Subsidiary) of a member of the Group that is a “controlled foreign corporation” as defined in Section 957(a) of the US Internal Revenue Code or any asset (including shares) of a subsidiary of a “controlled foreign corporation”, to the extent that such asset would, but for the operation of this clause 3.4(f)(i), constitute Security in respect of any

Secured Obligation owed by any member of the Group that is a United States person, as that term is used in Section 956(d) of the US Internal Revenue Code; and

- (ii) any asset or undertaking representing more than 65 per cent. of the total combined voting power of all classes of shares entitled to vote of (i) any “controlled foreign corporation” that is directly owned for US federal income tax purposes by a US Person (a “**First Tier CFC Subsidiary**”) or (ii) any US or non-US entity through which such First Tier CFC Subsidiary is owned, if such entity is treated as a disregarded entity for US federal tax purposes.

If at any time a Chargor notifies the Security Agent that an asset (other than any Parent Shares and Intercompany Loans) being subject to the Security created by this Clause 3 or any other provision of this Debenture has a material adverse effect on the ability of the relevant member of the Group to conduct its operations and business as otherwise permitted by the Finance Documents, the Security Agent shall promptly enter into such documentation as is required by that Chargor in order to release that asset from the Security created by this Clause 3 and the other provisions of this Debenture, provided that any costs and expenses incurred by the Security Agent entering into such documentation at the request of such Chargor pursuant to this Clause 3.4 shall be for the account of such Chargor (subject to clause 16 (*Costs and Expenses*) of the PIK Facility Agreement or the equivalent provision of any other Finance Document). The Security Agent is entitled to rely absolutely and without any further investigation on any such notification from a Chargor.

3.5 **Negative Pledge**

No Chargor shall create or permit to subsist any Security over any Charged Property, other than any Security which is not expressly prohibited by the Finance Documents.

4. **CRYSTALLISATION OF FLOATING CHARGE**

4.1 **Crystallisation: By Notice**

The Security Agent may at any time by notice in writing to the Parent convert the floating charge created by Clause 3.3 (*Floating Charge*) with immediate effect into a fixed charge as regards any property or assets of the Parent specified in the notice if:

- (a) an Enforcement Event is continuing; or
- (b) those assets are in jeopardy or in danger of being seized or sold pursuant to any form of legal process; or
- (c) it is necessary to do so in order to protect the priority of the Security over those assets.

4.2 **Crystallisation: Automatic**

Notwithstanding Clause 4.1 (*Crystallisation: By Notice*) and without prejudice to any law which may have a similar effect, the floating charge created by the Parent will automatically be converted (without notice) with immediate effect into a fixed charge as regards all the assets of the Parent subject to the floating charge if:

- (a) the Parent creates or attempts to create any Security (other than any Security permitted under the terms of the Finance Documents) over any of the Charged Property; or

- (b) any person levies or attempts to levy any distress, execution or other legal process against any of the assets of the Parent subject to the floating charge (provided that only the assets the subject of such process shall become subject to a fixed charge); or
- (c) the Parent is, or is deemed to be or is declared for the purposes of any applicable law to be, unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with its creditors generally or any class of them (other than the Secured Parties) for the rescheduling of any of its Indebtedness.

5. CONSENTS

Subject in each case to the Agreed Security Principles and the other provisions of this Debenture, each Chargor shall, if requested by the Security Agent (acting reasonably), use reasonable endeavours to obtain any consents necessary to enable any material assets of that Chargor to be the subject of an effective fixed or floating charge or assignment pursuant to Clause 3 (*Fixed Charges, Assignments and Floating Charge*) and, immediately upon obtaining any such consent, the asset concerned shall become subject to such Security and that Chargor shall promptly deliver a copy of each consent to the Security Agent **provided that** no Chargor shall be under any obligation to take any action under this Clause 5 unless it is satisfied that such steps will not involve placing commercial relationships with third parties in jeopardy.

6. INVESTMENTS

6.1 Shares: Before an Enforcement Event

For so long as no Enforcement Event is continuing the Parent shall be permitted to:

- (a) retain and use all dividends, interest and other monies arising from any Investments;
- (b) exercise (or refrain from exercising) all voting rights in relation to any Investments **provided that** the Parent shall not exercise such voting rights in any manner which (other than pursuant to a step or matter which does not otherwise breach the terms of the Finance Documents) adversely affects the validity or enforceability of the Security created by it under this Debenture or causes an Event of Default to occur; and
- (c) deal with, and exercise (or refrain from exercising) any other powers and rights relating to, the Investments in any other manner whatsoever to the extent not prohibited by the Finance Documents.

6.2 Shares: After an Enforcement Event

The Security Agent may, at its discretion, whilst an Enforcement Event is continuing (in the name of the Parent or otherwise and without any further consent or authority from the Parent):

- (a) exercise (or refrain from exercising) any voting rights in respect of any Investments;
- (b) apply all dividends, interest and other monies arising from any Investments in accordance with Clause 12 (*Application of Monies*);
- (c) transfer any Investments into the name of such nominee(s) of the Security Agent as it shall require; and

- (d) exercise (or refrain from exercising) the powers and rights conferred on or exercisable by the legal or beneficial owner of any Investments,

in such manner and on such terms as the Security Agent may think fit, and the proceeds of any such action shall form part of the Charged Property.

6.3 **Investments: Delivery of Documents of Title**

The Parent shall:

- (a) as soon as reasonably practicable following the execution of this Debenture, deliver (or procure delivery) to the Security Agent of (i) all share certificates and other documents of title representing the Investments to which the Parent has granted Security pursuant to Clause 3 (*Fixed Charges, Assignments and Floating Charge*); and (ii) the stock transfer forms or other instruments of transfer (executed in blank by it or on its behalf) in respect of the Investments; and
- (b) upon the accrual, offer or issue of any stocks, shares, warrants or other securities in respect of or derived from the Investments (or upon acquiring any interest therein), notify the Parent of that occurrence and as soon as reasonably practicable following the notification deposit with the Security Agent (or procure the deposit of) (i) all certificates or other documents of title representing such items and (ii) such stock transfer forms or other instruments of transfer (executed in blank by it or on its behalf).

6.4 **PSC Register**

Whilst an Enforcement Event is continuing:

- (a) the Parent shall promptly upon request of the Security Agent (and in any event within 10 Business Days of request) notify the Security Agent if it has issued a PSC Notice in respect of its shares which are subject to Security and such PSC Notice has not been withdrawn; and
- (b) if any such PSC Notice has been issued and has not been withdrawn, the Parent shall, upon request of the Security Agent and subject to having received confirmation from the Security Agent in writing that the Security Agent's rights in respect of the relevant shares are being unfairly affected by the PSC Notice, issue a withdrawal of the PSC Notice under paragraph 11 of Schedule 1B of the Companies Act 2006,

in each case to the extent legally possible.

7. **ASSIGNED CONTRACTS**

Assigned Contracts

- (a) Each Chargor shall, as soon as reasonably practicable following the execution of this Debenture, give notice of the assignments in Clause 3.2 (*Assignments*) in relation to the Assigned Contracts substantially in the form set out in Schedule 2 (*Forms of Notice of Assignment*) (or in such other form as is acceptable to the Security Agent) and shall use all reasonable endeavours for a period of 20 Business Days from the dispatch of such notice to ensure that each recipient of any notice signs and returns the relevant form of acknowledgement requested in that notice.

- (b) This Debenture constitutes notice in writing to each Chargor of any Security over any debt owed by that Chargor to any other member of the Group or over any contract or agreement between that Chargor and any other member of the Group created under this Debenture.
- (c) By signing this Debenture, the Borrower hereby:
 - (i) acknowledges receipt of the notice as set out in Clause 7(b) above, in respect of the Parent Intercompany Loan, in the form set out in Part 1A of Schedule 2 (*Notice of Assignment of Assigned Contract*); and
 - (ii) confirms acknowledgement of such notice of assignment in the form set out in Part 1B of Schedule 2 (*Form of Acknowledgement of Notice of Assignment of Assigned Contract*).
- (d) Each Chargor shall remain liable to perform all its obligations under each Assigned Contract in accordance with the terms thereof. Neither the Security Agent nor any Receiver or Delegate shall be under any obligation or liability to any Chargor or any other person under or in respect of any Assigned Contract, except in the case of gross negligence, willful misconduct or in breach of law or the terms of the Finance Documents.

8. ENFORCEMENT OF SECURITY

8.1 Enforcement

At any time whilst an Enforcement Event is continuing the Security created by or pursuant to this Debenture is immediately enforceable and the Security Agent may, without notice to any Chargor or prior authorisation from any court, in its absolute discretion:

- (a) enforce all or any part of that Security (at the times, in the manner and on the terms it thinks fit) and take possession of and hold or dispose of all or any part of the Charged Property; and
- (b) whether or not it has appointed a Receiver, exercise all or any of the powers, authorities and discretions conferred by the Law of Property Act 1925 (as varied or extended by this Debenture) on mortgagees and by this Debenture on any Receiver or otherwise conferred by law on mortgagees or Receivers.

8.2 No Liability as Mortgagee in Possession

Neither the Security Agent nor any Receiver shall be liable to account as a mortgagee in possession in respect of all or any part of the Charged Property or be liable for any loss upon realisation or for any default or omission in connection with the Charged Property to which a mortgagee or mortgagee in possession might otherwise be liable, other than in the case of negligence, wilful default or breach of the terms of this Debenture.

8.3 Right of Appropriation

To the extent that any of the Charged Property constitutes “financial collateral” and this Debenture and the obligations of the Chargors hereunder constitute a “security financial collateral arrangement” (in each case as defined in, and for the purposes of, the Financial Collateral Arrangements (No. 2) Regulations 2003 (SI 2003 No. 3226) (the “**Regulations**”) the Security Agent shall at any time whilst an Enforcement Event is continuing have the right to appropriate all or any part of such financial collateral in or towards discharge of the

Secured Obligations. For this purpose, the parties agree that the value of such financial collateral so appropriated shall be the market price of the Investments determined by the Security Agent (acting reasonably) by reference to a public index or by such other process as the Security Agent may reasonably select, including independent valuation. In each case, the parties agree that the method of valuation provided for in this Debenture shall constitute a commercially reasonable method of valuation for the purposes of the Regulations.

8.4 **Effect of Moratorium**

The Security Agent shall not be entitled to exercise its rights under Clause 8.1 (*Enforcement*) or Clause 4 (*Crystallisation of Floating Charge*) where the right arises as a result of an Enforcement Event occurring solely due to any person obtaining or taking steps to obtain a moratorium pursuant to Schedule A1 of the Insolvency Act 1986.

9. **EXTENSION AND VARIATION OF THE LAW OF PROPERTY ACT 1925**

9.1 **Extension of Powers**

The power of sale or other disposal conferred on the Security Agent and on any Receiver by this Debenture shall operate as a variation and extension of the statutory power of sale under Section 101 of the Law of Property Act 1925 and such power shall arise (and the Secured Obligations shall be deemed due and payable for that purpose) on execution of this Debenture.

9.2 **Restrictions**

The restrictions contained in Sections 93 and 103 of the Law of Property Act 1925 shall not apply to this Debenture or to the exercise by the Security Agent of its right to consolidate all or any of the Security created by or pursuant to this Debenture with any other Security in existence at any time or to its power of sale, which powers may be exercised by the Security Agent without notice to any Chargor on or at any time whilst an Enforcement Event is continuing.

10. **APPOINTMENT OF RECEIVER OR ADMINISTRATOR**

10.1 **Appointment and Removal**

Whilst an Enforcement Event is continuing or if requested in writing by the Chargors to do so, the Security Agent may (acting through an authorised officer of the Security Agent), without prior notice to any Chargor:

- (a) appoint one or more persons to be a Receiver of the whole or any part of the Charged Property;
- (b) appoint two or more Receivers of separate parts of the Charged Property;
- (c) remove (so far as it is lawfully able) any Receiver so appointed;
- (d) appoint another person(s) as an additional or replacement Receiver(s); or
- (e) appoint one or more persons to be an administrator of that Chargor.

10.2 **Capacity of Receivers**

Each person appointed to be a Receiver pursuant to Clause 10.1 (*Appointment and Removal*) shall be:

- (a) entitled to act individually or together with any other person appointed or substituted as Receiver;
- (b) for all purposes shall be deemed to be the agent of the relevant Chargor which shall be solely responsible for his acts, defaults and liabilities and for the payment of his remuneration and no Receiver shall at any time act as agent for the Security Agent; and
- (c) entitled to remuneration for his services at a rate to be fixed by the Security Agent from time to time (without being limited to the maximum rate specified by the Law of Property Act 1925).

10.3 **Statutory Powers of Appointment**

The powers of appointment of a Receiver shall be in addition to all statutory and other powers of appointment of the Security Agent under the Law of Property Act 1925 (as extended by this Debenture) or otherwise and such powers shall remain exercisable from time to time by the Security Agent in respect of any part of the Charged Property.

11. **POWERS OF RECEIVER**

Every Receiver shall (subject to any restrictions in the instrument appointing him but notwithstanding any winding-up or dissolution of any Chargor) have and be entitled to exercise, in relation to the Charged Property (and any assets of any Chargor which, when got in, would be Charged Property) in respect of which he was appointed, and as varied and extended by the provisions of this Debenture (in the name of or on behalf of the relevant Chargor or in his own name and, in each case, at the cost of that Chargor):

- (a) all the powers conferred by the Law of Property Act 1925 on mortgagors and on mortgagees in possession and on receivers appointed under that Act;
- (b) all the powers of an administrative receiver set out in Schedule 1 to the Insolvency Act 1986 (whether or not the Receiver is an administrative receiver);
- (c) all the powers and rights of an absolute owner and power to do or omit to do anything which the relevant Chargor itself could do or omit to do; and
- (d) the power to do all things (including bringing or defending proceedings in the name or on behalf of the relevant Chargor) which seem to the Receiver to be incidental or conducive to (a) any of the functions, powers, authorities or discretions conferred on or vested in him or (b) the exercise of the Collateral Rights (including realisation of all or any part of the Charged Property) or (c) bringing to his hands any assets of the relevant Chargor forming part of, or which when got in would be, Charged Property.

12. **APPLICATION OF MONIES**

All monies received or recovered by the Security Agent or any Receiver pursuant to this Debenture or the powers conferred by it shall (subject to the claims of any person having prior rights thereto and by way of variation of the provisions of the Law of Property Act 1925) be applied first in the payment of the costs, charges and expenses incurred and payments made by the Receiver, the payment of his remuneration and the discharge of any liabilities incurred by the Receiver in, or incidental to, the exercise of any of his powers, and thereafter shall be applied by the Security Agent (notwithstanding any purported appropriation by any Chargor) in or towards payment to the Agent on behalf of the Finance Parties for application towards the discharge of the Secured Obligations.

13. **PROTECTION OF PURCHASERS**

13.1 **Consideration**

The receipt of the Security Agent or any Receiver shall be conclusive discharge to a purchaser and, in making any sale or disposal of any of the Charged Property or making any acquisition, the Security Agent or any Receiver may do so for such consideration, in such manner and on such terms as it thinks fit.

13.2 **Protection of Purchasers**

No purchaser or other person dealing with the Security Agent or any Receiver shall be bound to inquire whether the right of the Security Agent or such Receiver to exercise any of its powers has arisen or become exercisable or be concerned with any propriety or regularity on the part of the Security Agent or such Receiver in such dealings.

14. **POWER OF ATTORNEY**

14.1 **Appointment and Powers**

Each Chargor by way of security irrevocably and unconditionally appoints the Security Agent and any Receiver severally to be its attorney and in its name, on its behalf and as its act and deed to:

- (a) execute, deliver and perfect all documents and do all things which the attorney may consider to be required or desirable for:
 - (i) carrying out any obligation imposed on that Chargor by this Debenture (including the execution and delivery of any deeds, charges, assignments or other security and any transfers of the Charged Property); and
 - (ii) enabling the Security Agent and any Receiver to exercise, or delegate the exercise of, any of the rights, powers and authorities conferred on them by or pursuant to this Debenture or by law (including, whilst an Enforcement Event is continuing, the exercise of any right of a legal or beneficial owner of the Charged Property),

provided that neither the Security Agent nor any Receiver may exercise (or purport to exercise) any such powers, rights or authorities unless an Enforcement Event is continuing; and

- (b) do anything which that Chargor has authorised the Security Agent or any other party to the PIK Facility Agreement to do under the PIK Facility Agreement or is itself required to do under the PIK Facility Agreement but has failed to do (and the Security Agent may delegate that power on such terms as it sees fit).

14.2 **Ratification**

Each Chargor shall ratify and confirm all things done and all documents executed by any attorney in the exercise or purported exercise of all or any of his powers, in each case except to the extent the attorney in its name is acting negligently, with wilful misconduct or in breach of law or the terms of the Finance Documents.

15. **EFFECTIVENESS OF SECURITY**

15.1 **Continuing Security**

- (a) The Security created by or pursuant to this Debenture shall remain in full force and effect as a continuing security for the Secured Obligations unless and until discharged by the Security Agent.
- (b) No part of the Security from time to time intended to be constituted by the Debenture will be considered satisfied or discharged by any intermediate payment, discharge or satisfaction of the whole or any part of the Secured Obligations.

15.2 **Cumulative Rights**

The Security created by or pursuant to this Debenture and the Collateral Rights shall be cumulative, in addition to and independent of every other Security which the Security Agent or any Secured Party may at any time hold for the Secured Obligations or any other obligations or any rights, powers and remedies provided by law. No prior Security held by the Security Agent (whether in its capacity as Security Agent or otherwise) or any of the other Secured Parties over the whole or any part of the Charged Property shall merge into the Security constituted by this Debenture.

15.3 **No Prejudice**

The Security created by or pursuant to this Debenture and the Collateral Rights shall not be prejudiced by any unenforceability or invalidity of any other agreement or document or by any time or indulgence granted to any Chargor or any other person, or the Security Agent (whether in its capacity as Security Agent or otherwise) or any of the other Secured Parties or by any variation of the terms of the trust upon which the Security Agent holds the Security or by any other thing which might otherwise prejudice that Security or any Collateral Right.

15.4 **Remedies and Waivers**

No failure on the part of the Security Agent to exercise, or any delay on its part in exercising, any Collateral Right shall operate as a waiver of that Collateral Right, nor shall any single or partial exercise of any Collateral Right preclude any further or other exercise of that or any other Collateral Right.

15.5 **No Liability**

None of the Security Agent, its nominee(s) or any Receiver shall be liable by reason of (a) taking any action permitted by this Debenture or (b) any neglect or default in connection with the Charged Property or (c) taking possession of or realising all or any part of the Charged Property, except in the case of negligence, wilful default or breach of the terms of this Debenture upon its part.

15.6 **Immediate recourse**

Each Chargor waives any right it may have of first requiring any Secured Party (or any security trustee or agent on its behalf) to proceed against or enforce any other rights or Security or claim payment from any person before claiming from any Chargor under this Debenture. This waiver applies irrespective of any law or any provision of this Debenture to the contrary.

15.7 **Deferral of Rights**

Until such time as the Secured Obligations have been discharged in full, no Chargor will exercise any rights which it may have by reason of performance by it of its obligations under this Debenture:

- (a) to be indemnified by any Obligor;
- (b) to claim any contribution from any guarantor of any Obligor's obligations under this Debenture;
- (c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Secured Parties under the Finance Documents or of any other guarantee or Security taken pursuant to, or in connection with, this Debenture by any Secured Party;
- (d) to bring legal or other proceedings for an order requiring such Chargor to make any payment, or perform any obligation, in respect of which such Chargor has given a guarantee, undertaking or indemnity under this Debenture; and/or
- (e) to claim or prove as a creditor of any Obligor in competition with any Secured Party.

Each Chargor shall hold any benefit, payment or distribution received or recovered by it as a result of any exercise of any such right on trust for the Secured Parties and shall pay an amount equal to the amount received or recovered immediately to the Security Agent.

16. **SET-OFF**

Each Chargor authorises the Security Agent (but the Security Agent shall not be obliged to exercise such right) and each other Secured Party, whilst an Enforcement Event is continuing, to set off against the Secured Obligations any amount or other obligation (contingent or otherwise) owing by the Security Agent to that Chargor and apply any credit balance to which that Chargor is entitled on any account with the Security Agent in accordance with Clause 12 (*Application of Monies*) (notwithstanding any specified maturity of any deposit standing to the credit of any such account).

17. **SUBSEQUENT SECURITY INTERESTS**

If the Security Agent (acting in its capacity as Security Agent or otherwise) or any of the other Secured Parties at any time receives or is deemed to have received notice of any subsequent Security affecting all or any part of the Charged Property or any assignment or transfer of the Charged Property which is prohibited by the terms of this Debenture or any other Finance Document, all payments thereafter by or on behalf of any Chargor to the Security Agent (whether in its capacity as Security Agent or otherwise) or any of the other Secured Parties shall be treated as having been credited to a new account of that Chargor and not as having been applied in reduction of the Secured Obligations as at the time when the Security Agent received such notice.

18. **ASSIGNMENT**

To the extent permitted by the terms of the Finance Documents, the Security Agent and any Secured Party may assign and transfer all or any of its rights and obligations under this Debenture. Subject to the confidentiality undertakings set out in the Finance Documents, the Security Agent shall be entitled to disclose such information concerning the Chargors and this Debenture as the Security Agent (acting reasonably) considers appropriate to any actual or proposed direct or indirect successor or to any person to whom information may be required to be disclosed by any applicable law.

19. **PARTIAL INVALIDITY**

If, at any time, any provision of this Debenture is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

20. **NOTICES**

20.1 **Communications in Writing**

Each communication to be made under or in connection with this Debenture shall be made in writing and, unless otherwise stated, shall be made by fax or letter.

20.2 **Addresses**

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Chargor and the Security Agent for any communication or document to be made or delivered under or in connection with the Debenture is that identified with its name in the signature pages below.

20.3 **Delivery**

- (a) Any communication or document made or delivered by one person to another under or in connection with this Debenture will only be effective:
- (b) if by way of fax, when received in legible form; or
- (c) if by way of letter, when it has been left at the relevant address,

and, if a particular department or officer is specified as part of its address details, if addressed to that department or officer.
- (d) Any communication or document to be made or delivered to the Security Agent will be effective only when actually received by the Security Agent and then only if it is expressly marked for the attention of the department or officer specified by the Security Agent for such purpose.

20.4 **English language**

- (a) Any notice given under or in connection with this Debenture must be in English.
- (b) All other documents provided under or in connection with this Debenture must be:
- (c) in English; or
- (d) if not in English, and if so reasonably required by the Security Agent, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a binding agreement or a constitutional, statutory or other official document.

21. **EXECUTION**

- 21.1 This Debenture may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Debenture.

21.2 It is intended that this Debenture takes effect as a deed notwithstanding the fact that a party may only execute this document under hand.

22. **DISCRETION AND DELEGATION**

22.1 **Discretion**

Any liberty or power which may be exercised or any determination which may be made under this Debenture by the Security Agent or any Receiver may be exercised or made in its absolute and unfettered discretion without any obligation to give reasons.

22.2 **Delegation**

Each of the Security Agent and any Receiver shall have full power to delegate (either generally or specifically) the powers, authorities and discretions conferred on it by this Debenture (including the power of attorney) on such terms and conditions as it (acting reasonably) shall see fit which delegation shall not preclude either the subsequent exercise, any subsequent delegation or any revocation of such power, authority or discretion by the Security Agent or the Receiver itself. The Security Agent shall not be responsible for any loss incurred by reason of any misconduct or default on the part of any such delegate.

23. **PERPETUITY PERIOD**

The perpetuity period under the rule against perpetuities, if applicable to this Debenture, shall be the period of one hundred and twenty five years from the date of the PIK Facility Agreement.

24. **GOVERNING LAW**

This Debenture and any non-contractual obligations arising out of or in connection with it are governed by English law.

25. **JURISDICTION**

25.1 **English Courts**

The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Debenture (including a dispute regarding the existence, validity or termination of this Debenture or any non-contractual obligations arising out of or in connection with this Debenture) (a “**Dispute**”).

25.2 **Convenient Forum**

The parties to this Debenture agree that the courts of England are the most appropriate and convenient forum to settle Disputes between them and, accordingly, that they will not argue to the contrary.

25.3 **Exclusive Jurisdiction**

This Clause 25 (*Jurisdiction*) is for the benefit of the Security Agent only. As a result and notwithstanding Clause 25.1 (*English Courts*), it does not prevent the Security Agent from taking proceedings relating to a Dispute in any other court of competent jurisdiction. To the extent allowed by law the Security Agent may take concurrent proceedings in any number of jurisdictions.

THIS DEBENTURE has been signed on behalf of the Security Agent and executed as a deed by each Chargor and is delivered by it on the date specified above.

SCHEDULE 1

DETAILS OF SCHEDULED INVESTMENTS

Name of Chargor	Shares held in
Stonegate Pub Company Holdings Limited	PIKCo Stonegate Pub Company PIKCo Limited

SCHEDULE 2

FORMS OF NOTICE OF ASSIGNMENT

Part IA

Form of Notice of Assignment of Assigned Contract

To: [insert name and address of counterparty]

[•]

Dear Sirs,

Re: [identify the Assigned Contract] (the “**Document**”)

We give notice to you that [•] (the “**Company**”) has assigned (subject to a proviso for re-assignment on redemption) to [•] (the “**Security Agent**”) for the benefit of itself and certain other banks and financial institutions (the “**Secured Parties**”) all its right, title and interest in the Document as Security for certain obligations owed by the Company to the Secured Parties pursuant to a debenture dated [•] 2019 made between, amongst others, the Company and [•] as Security Agent (the “**Deed**”).

1. We further notify you that:

- (a) the Company shall remain entitled to exercise all its rights, powers and discretions under the Document, except that the Company shall not and you agree that the Company shall not, in any manner which could reasonably be expected to affect adversely the Secured Parties in any material respect, amend, supplement, vary or waive (or agree to amend, supplement, vary or waive) any provision of the Document or exercise any right to rescind, cancel or terminate the Document or give any consent under the Document without the prior written consent of the Security Agent;
- (b) subject to paragraph (a) above you may continue to deal with the Company in relation to the Document until you receive written notice to the contrary from the Security Agent. Thereafter the Company will cease to have any right to deal with you in relation to the Document and therefore from that time you should deal only with the Security Agent;
- (c) you are authorised to disclose information in relation to the Document to the Security Agent on request;
- (d) following notice from the Security Agent that the Security created under the Deed has become enforceable you must hold all sums from time to time due and payable by you to the Company under the Document to the order of the Security Agent;
- (e) you will pay or release all moneys to which the Company is entitled under the Document to the Company until the Security Agent directs otherwise;
- (f) the provisions of this notice may only be revoked with the written consent of the Security Agent;
- (g) you should continue to give notices under the Document to the Company, in each case unless and until you receive written notice from the Security Agent to the contrary, in which event all such rights, powers and discretions shall be exercisable by, and notices shall be given to, the Security Agent or as it directs; and

(h) the Company will remain liable to perform all its obligations under the Document and neither the Security Agent nor any receiver, delegate or sub-delegate appointed by it shall at any time be under any obligation or liability to you under or in respect of the Document.

2. Please sign and return the enclosed copy of this notice to the Security Agent (with a copy to the Company) by way of confirmation that:

(a) you agree to the terms set out in this notice and to act in accordance with its provisions;

(b) you have not received notice that the Company has assigned its rights under the Document to a third party or created any other interest (whether by way of Security or otherwise) in the Document in favour of a third party;

(c) you will pay any sums payable to the Company or any other person under or pursuant to the Document as directed by or pursuant to this notice or by the Security Agent; and

(d) you do not have and will not exercise any rights of counterclaim or set-off in respect of any Document.

This letter and any non-contractual obligations arising out of or in connection with it are governed by English law.

Yours faithfully

[insert name of Company]

[name of Security Agent]

By
Authorised Signatory

By
Authorised Signatory

Form of Acknowledgement of Notice of Assignment of Assigned Contract

To: [•] [*insert address*]

Copy to: [*insert name and address of Chargor*]

We hereby acknowledge receipt of the above notice and confirm the matters set out in paragraphs 2(a) to 2(d) above.

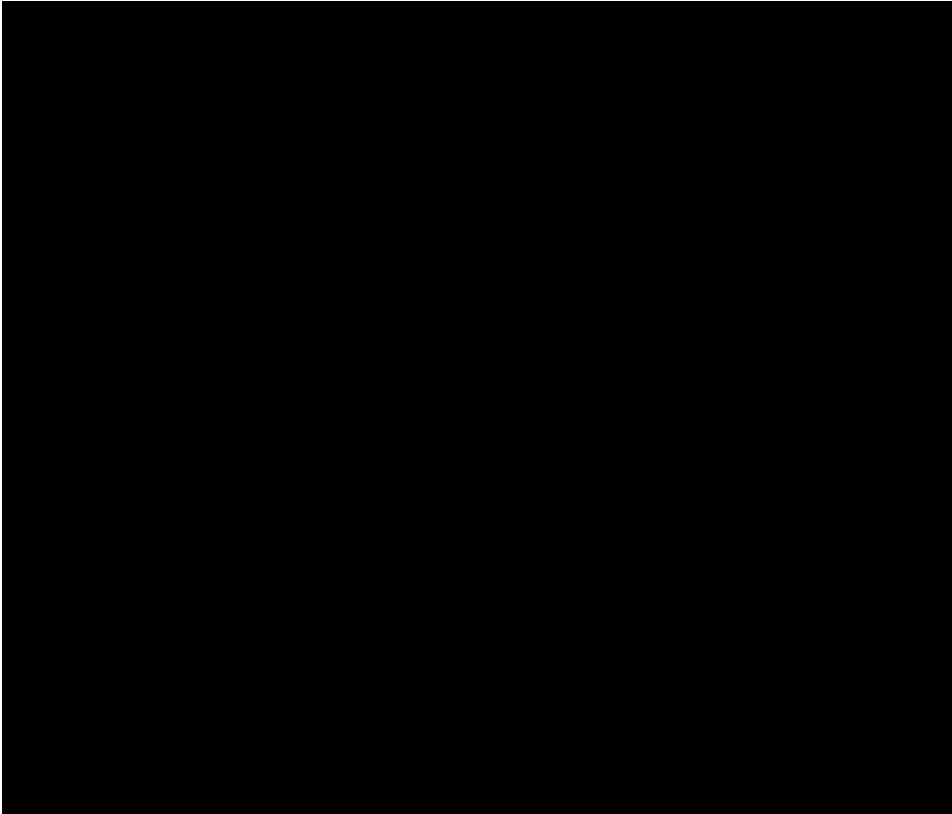
.....
for and on behalf of
[*insert name of Counterparty*]
Dated:

SIGNATURE PAGES

The Parent

EXECUTED as a DEED by

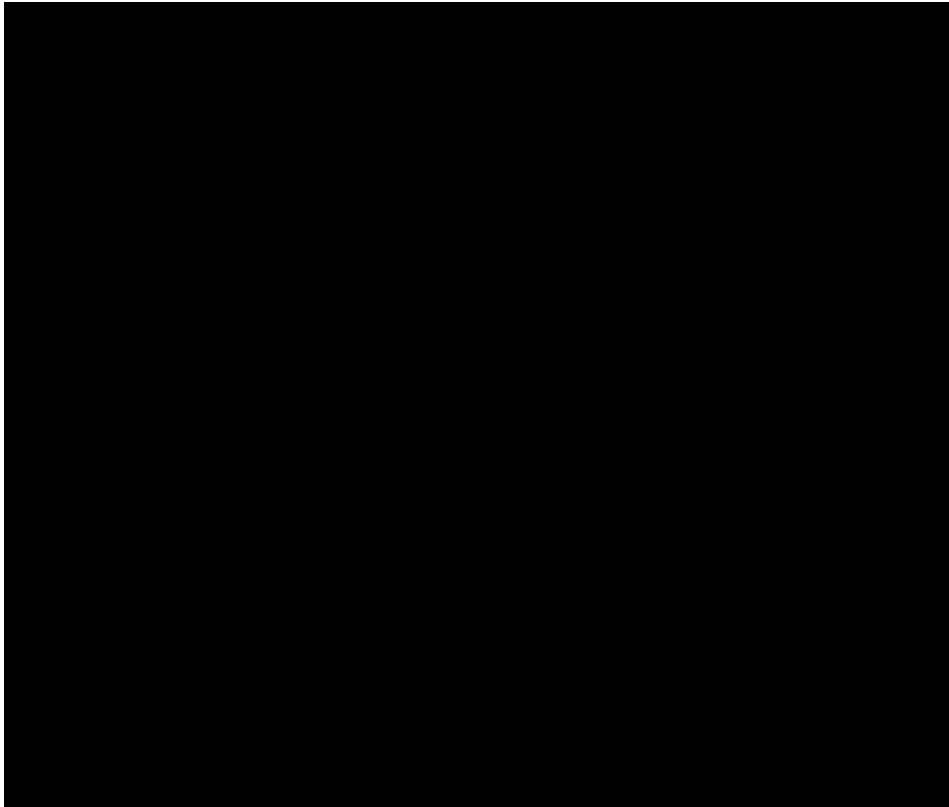
STONEGATE PUB COMPANY PIKCO HOLDINGS LIMITED



The Borrower

EXECUTED as a DEED by

STONEGATE PUB COMPANY PIKCO LIMITED



The Security Agent

Signed by

WILMINGTON TRUST (LONDON) LIMITED

