NOTICE

THE FOLLOWING PRELIMINARY OFFERING MEMORANDUM (THE "PRELIMINARY OFFERING MEMORANDUM") IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QUALIFIED INSTITUTIONAL BUYERS WITHIN THE MEANING OF RULE 144A UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR (2) PERSONS WHO ARE NOT U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) AND WHO ARE OUTSIDE OF THE UNITED STATES IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT.

IMPORTANT: You must read the following before continuing. The following applies to the Preliminary Offering Memorandum following this notice, whether received by email or otherwise received as a result of electronic communication. You are advised to read this disclaimer carefully before reading, accessing or making any other use of the following Preliminary Offering Memorandum. In accessing the following Preliminary Offering Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them, each time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE FOLLOWING PRELIMINARY OFFERING MEMORANDUM WILL BE ACCESSIBLE IN ELECTRONIC FORMAT AND YOU ACKNOWLEDGE THAT YOU RECEIVED THE FOLLOWING PRELIMINARY OFFERING MEMORANDUM IN A FORM THAT MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE FOLLOWING DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your representation: In order to be eligible to view the following Preliminary Offering Memorandum or make an investment decision with respect to the securities described therein ("Notes"), investors must be either (1) qualified institutional buyers within the meaning of Rule 144A under the Securities Act ("QIBs") or (2) persons who are not U.S. persons (as defined in Regulation S under the Securities Act) and who are outside of the United States in offshore transactions in reliance on Regulation S under the Securities Act. The following Preliminary Offering Memorandum is being sent at your request. By accepting this e-mail and by accessing the following Preliminary Offering Memorandum, you shall be deemed to have represented to us and the initial purchaser set forth in the attached Preliminary Offering Memorandum (the "Initial Purchaser") that:

(1) you acknowledge that you are receiving such Preliminary Offering Memorandum in electronic format, and

(2) either you and any customers you represent are:

    (a) QIBs, or

    (b) not a U.S. person and are not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any State of the United States or the District of Columbia.

You are reminded that the following Preliminary Offering Memorandum has been delivered to you on the basis that you are a person into whose possession the following Preliminary Offering Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver the following Preliminary Offering Memorandum to any other person.

Under no circumstances shall the following Preliminary Offering Memorandum constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the "Insurance Mediation Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation. The following Preliminary Offering Memorandum has been prepared on the basis that any offer of Notes in any member state of the EEA will be made pursuant to an exemption under Directive 2003/71/EC (as amended or superseded, the "Prospectus Directive") from the requirement to publish a prospectus for offers of Notes. The following Preliminary Offering Memorandum is not a prospectus for the purposes of the Prospectus Directive.

Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

In the United Kingdom, the following Preliminary Offering Memorandum and any other material in relation to the Notes described therein are being distributed only to, and are directed only at (i) persons having professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order, or (iii) persons to whom it would otherwise be lawful to distribute them, all such persons together being referred to as "Relevant Persons." The Notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Notes will be engaged in only with, Relevant Persons. The following Preliminary Offering Memorandum and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by any recipients to any other person in the United Kingdom. Any person in the United Kingdom that is not a Relevant Person should not act or rely on the following Preliminary Offering Memorandum or its contents. The Notes are not being offered to the public in the United Kingdom.

The following Preliminary Offering Memorandum has been addressed to you in an electronic form. You are reminded that documents transmitted electronically may be altered or changed during the process of electronic transmission and consequently neither the Initial Purchaser, any person who controls the Initial Purchaser, or any of their respective directors, officers, employees nor agents accepts any liability or responsibility whatsoever in respect of any difference between the following Preliminary Offering Memorandum accessed by you in electronic format and any version that will be provided to you at a later date.

The information in this Preliminary Offering Memorandum is not complete and may be changed without notice. The New Floating Rate Notes will not be offered or sold and offers to buy the New Floating Rate Notes will not be accepted until a final offering memorandum is delivered. This Preliminary Offering Memorandum is not an offer to sell the New Floating Rate Notes, and is not a solicitation of an offer to buy the New Floating Rate Notes, in any jurisdiction in which such offer, solicitation or sale is not permitted.

SUBJECT TO COMPLETION, DATED JANUARY 28, 2019

CONFIDENTIAL
PRELIMINARY OFFERING MEMORANDUM

NOT FOR GENERAL DISTRIBUTION
IN THE UNITED STATES

Stonegate Pub Company Financing plc

Guaranteed on a senior secured basis by Stonegate Pub Company Limited and all material subsidiaries of Stonegate Pub Company Limited

£150,000,000 Floating Rate Senior Secured Notes due 2022

Stonegate Pub Company Financing plc (the "Issuer"), a public limited company incorporated under the laws of England and Wales, is offering £150,000,000 aggregate principal amount of Floating Rate Senior Secured Notes due 2022 (the "New Floating Rate Notes"). The Issuer is a wholly owned finance subsidiary of Stonegate Pub Company Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands (the "Company"). We expect to receive gross proceeds of £150 million from this offering of the New Floating Rate Notes (the "Offering"). The proceeds from this Offering will be used to (i) repay the borrowings under the Senior Secured Credit Facility (as defined herein) that we used to finance the Be At One Acquisition (as defined herein), the First Novus Acquisitions (as defined herein) and the Fever Bars Acquisition (as defined herein), (ii) finance the Second Novus Acquisitions (as defined herein), (iii) finance certain capital expenditures in relation to our recent acquisitions, (iv) pay certain fees and expenses in connection with the Transactions (as defined herein), and (v) fund cash on balance sheet. See "Use of Proceeds."

The New Floating Rate Notes will be issued as Additional Notes under the indenture entered into by the Issuer on March 16, 2017 (the "Indenture") pursuant to which the Issuer issued its currently outstanding £405,000,000 aggregate principal amount of 4.875% Senior Secured Notes due 2022 (the "Original Fixed Rate Notes") and £190,000,000 aggregate principal amount of Floating Rate Senior Secured Notes due 2022 (the "Original Floating Rate Notes"). The Original Floating Rate Notes and the New Floating Rate Notes are collectively referred to herein as the "Floating Rate Notes." Except as otherwise specified with respect to the New Floating Rate Notes, the New Floating Rate Notes will have the same terms as the Original Floating Rate Notes and will constitute a single class of debt securities with the Original Floating Rate Notes under the Indenture, including with respect to waivers, amendments, redemptions and offers to purchase. However, the New Floating Rate Notes will not form part of the same series of notes as the Original Floating Rate Notes. The New Floating Rate Notes offered hereby will bear a different rate of interest to the Original Floating Rate Notes and will have new international securities identification numbers (the "ISINs") and common codes, and will not be fungible with the Original Floating Rate Notes. See "Description of the Notes."

The Issuer will pay interest on the New Floating Rate Notes quarterly in arrears on each March 15, June 15, September 15 and December 15, commencing on March 15, 2019. The Floating Rate Notes will mature on March 15, 2022. Prior to March 15, 2019, the Issuer may redeem some or all of the Floating Rate Notes at a redemption price equal to 101% of the principal amount of the Floating Rate Notes redeemed, plus accrued and unpaid interest, if any, as described in this preliminary offering memorandum (the "Offering Memorandum"). On or after March 15, 2019, the Issuer may redeem, at its option, some or all of the Floating Rate Notes at a redemption price equal to 100% of the principal amount of the Floating Rate Notes redeemed, plus accrued and unpaid interest, if any. Further, the Issuer may redeem all, but not part, of the Floating Rate Notes at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest, if any, upon the occurrence of certain changes in applicable tax law. Upon the occurrence of certain change of control events, the Issuer may be required to offer to redeem the Floating Rate Notes at 101% of the principal amount redeemed, plus accrued and unpaid interest, if any. However, a change of control will not be deemed to have occurred if certain consolidated leverage ratios are not exceeded in connection with such an event.

The Original Fixed Rate Notes and the Original Floating Rate Notes (the "Original Notes," and, together with the New Floating Rate Notes, the "Notes") are, and on the Issue Date the New Floating Rate Notes will be, senior obligations of the Issuer, and the Original Notes rank, and on the Issue Date the New Floating Rate Notes will rank, equally in right of payment with all unsubordinated indebtedness of the Issuer, senior to all indebtedness of the Issuer that is subordinated in right of payment to the Notes and effectively senior to all unsecured indebtedness of the Issuer to the extent of the assets securing the Notes. The Original Notes are, and on the Issue Date, the New Floating Rate Notes will be, guaranteed on a senior secured basis by the Company and all material subsidiaries of the Company, other than the Issuer (the "Subsidiary Guarantors," and together with the Company, the "Guarantors"). The guarantee of the Notes by each Guarantor (a "Note Guarantee" and, collectively, the "Note Guarantees"), in the case of the Original Notes, ranks, and in the case of the New Floating Rate Notes, will rank, equally in right of payment with all the existing and future unsubordinated indebtedness of such Guarantor, senior to all the existing and future indebtedness of such Guarantor that is subordinated in right of payment to such Guarantor's Note Guarantee and effectively senior to all existing and future unsecured indebtedness of such Guarantor to the extent of the assets securing such Guarantor's Note Guarantee. The Notes and the Note Guarantees, in the case of the Original Notes are, and in the case of the New Floating Rate Notes (subject to the Security Documents (as defined herein), Intercreditor Agreement (as defined herein), the Agreed Security Principles (as defined herein) and the grant of Permitted Collateral Liens (as defined in "Description of the Notes—Certain Definitions")) on the Issue Date will be, secured by liens on certain assets that also secure our obligations under the Revolving Credit Facility Agreement (as defined herein). Pursuant to the terms of the Intercreditor Agreement, any liabilities in respect of obligations under the Revolving Credit Facility Agreement or in respect of hedging obligations, in each case, that are secured by assets that also secure our obligations under the New Floating Rate Notes and the Note Guarantees will receive priority with respect to any proceeds received upon any enforcement action over any such assets.

There is currently no public market for the New Floating Rate Notes. Application will be made to The International Stock Exchange Authority Limited (the "Authority") for the listing of the New Floating Rate Notes on the Official List of The International Stock Exchange (the "Exchange") and admission to trade on the Exchange. There is no assurance that the New Floating Rate Notes will be listed on the Official List of the Exchange.

Investing in the New Floating Rate Notes involves risks. See "Risk Factors" beginning on page 29.

Issue price of the New Floating Rate Notes: % plus accrued interest, if any, from the Issue Date.

The New Floating Rate Notes and the Note Guarantees have not been and will not be registered under the Securities Act of 1933 as amended (the "Securities Act"), or the securities laws of any state of the United States or any other jurisdiction. Accordingly, the New Floating Rate Notes are being offered and sold in the United States only to "qualified institutional buyers" in accordance with Rule 144A under the Securities Act ("Rule 144A") and to persons who are not U.S. persons and are outside the United States in accordance with Regulation S under the Securities Act ("Regulation S"). Prospective purchasers of the New Floating Rate Notes that are qualified institutional buyers are hereby notified that the seller may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For further details about eligible offerees and resale restrictions, see "Transfer Restrictions."

The New Floating Rate Notes will be issued in the form of global notes in registered form. See "Book-entry, Delivery and Form." We expect the New Floating Rate Notes to be delivered to investors in book-entry form through Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream") on or about , 2019.

Sole Bookrunner

Barclays

The date of this Offering Memorandum is , 2019

You should rely only on the information contained in this Offering Memorandum. We have not, and Barclays Bank PLC (the "Initial Purchaser") has not, authorized anyone to provide you with information that is different from the information contained herein. You should not assume that the information contained in this Offering Memorandum is accurate as of any date other than the date on the front of this Offering Memorandum.

We are not, and the Initial Purchaser is not, making an offer of these securities in any jurisdiction where such offer is not permitted.

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Stonegate Pub Company Financing plc (the "Issuer") is incorporated as a public limited company under the laws of England and Wales. The registered office of the Issuer in the United Kingdom is Porter Tun House, 500 Capability Green, Luton, Bedfordshire, LU1 3LS, United Kingdom and its telephone number at that address is +44 (0) 845 126 2944.

Important Information About This Offering

This Offering Memorandum does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose. Accordingly, the New Floating Rate Notes may not be offered or sold, directly or indirectly, nor may this Offering Memorandum be distributed, in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction.

This Offering Memorandum is confidential and has been prepared by us solely for use in connection with this Offering. This Offering Memorandum is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the New Floating Rate Notes. Distribution of this Offering Memorandum to any person other than the prospective investor and any person retained to advise such prospective investor with respect to the purchase of the New Floating Rate Notes is unauthorized, and any disclosure of any of the contents of this Offering Memorandum, without our prior written consent, is prohibited. Each prospective investor, by accepting delivery of this Offering Memorandum, agrees to the foregoing and agrees not to make photocopies of this Offering Memorandum or any documents referred to in this Offering Memorandum.

In making an investment decision, prospective investors must rely on their own examination of our company and the terms of this Offering, including the merits and risks involved. In addition, neither we nor the Initial Purchaser nor any of our or its respective representatives are making any representation to you regarding the legality of an investment in the New Floating Rate Notes, and you should not construe anything in this Offering Memorandum as legal, business, tax or other advice. You should consult your own advisors as to the legal, tax, business, financial and related aspects of an investment in the New Floating Rate Notes. You must comply with all laws applicable in any jurisdiction in which you buy, offer or sell the New Floating Rate Notes or possess or distribute this Offering Memorandum, and you must obtain all applicable consents and approvals; neither we nor the Initial Purchaser shall have any responsibility for any of the foregoing legal requirements.

This Offering Memorandum is based on information provided by us and other sources that we believe to be reliable. The Initial Purchaser is not making any representation or warranty, express or implied, that this information is accurate or complete and is not responsible for this information. Nothing contained in this Offering Memorandum is, or shall be relied upon as, a promise or representation by the Initial Purchaser as to the past or future. In this Offering Memorandum, we have summarized certain documents and other information in a manner we believe to be accurate, but we refer you to the actual documents for a more complete understanding.

We accept responsibility for the information contained in this Offering Memorandum. To the best of our knowledge and belief, having taken all reasonable care to ensure that such is the case, the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything material that is likely to affect the import of such information.

The information contained in this Offering Memorandum is correct as of the date hereof. Neither the delivery of this Offering Memorandum at any time after the date of publication nor any subsequent commitment to purchase the New Floating Rate Notes shall, under any circumstances, create an implication that there has been no change in the information set forth in this Offering Memorandum or in our business since the date of this Offering Memorandum.

The information contained in this Offering Memorandum under the caption "Exchange Rate Information" includes extracts from information and data publicly released by official and other sources. While we accept responsibility for accurately summarizing such information, we accept no further responsibility in respect thereto.

The information set out in relation to sections of this Offering Memorandum describing clearing arrangements, including the section entitled "Book-entry, Delivery and Form," is subject to any change in, or reinterpretation of, the rules, regulations and procedures of Euroclear or Clearstream currently in effect. While we accept responsibility for accurately summarizing the information concerning Euroclear and Clearstream, we accept no further responsibility in respect of such information. Euroclear and Clearstream are not under any obligation to perform or continue to perform under such clearing arrangements and such arrangements may be modified or discontinued by any of them at any time. We will not, nor will any of our agents, have responsibility for the performance of the respective obligations of Euroclear and Clearstream or their respective participants. Investors wishing to use these clearing systems are advised to confirm the continued applicability of these arrangements.

By receiving this Offering Memorandum, you acknowledge that you have had an opportunity to request from us for review, and that you have received, all additional information you deem necessary to verify the accuracy and completeness of the information contained in this Offering Memorandum. You also acknowledge that you have not relied on the Initial Purchaser in connection with your investigation of the accuracy of this information or your decision whether to invest in the New Floating Rate Notes.

None of the U.S. Securities and Exchange Commission (the "SEC"), any state securities commission or any other regulatory authority has approved or disapproved of the New Floating Rate Notes, nor have any of the foregoing authorities passed upon or endorsed the merits of this Offering or the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary could be a criminal offense in certain countries.

The New Floating Rate Notes are subject to restrictions on transferability and resale and may not be transferred or resold, except as permitted under the Securities Act and the applicable state securities laws, pursuant to registration or exemption therefrom. As a prospective investor, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. Please refer to the sections in this Offering Memorandum entitled "Plan of Distribution" and "Transfer Restrictions."

The New Floating Rate Notes will be available initially only in book-entry form. We expect that the New Floating Rate Notes sold pursuant to this Offering Memorandum will be issued in the form of one or more global notes, which will be deposited with, or on behalf of, a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream. Beneficial interests in the global notes will be shown on, and transfers of beneficial interests in the global notes will be effected only through, records maintained by Euroclear and Clearstream and their direct and indirect participants, as applicable. After the initial issuance of the global notes, the New Floating Rate Notes in certificated form will be issued in exchange for the global notes only as set forth in the indenture governing the Notes (the "Indenture"). See "Book-entry, Delivery and Form."

We reserve the right to withdraw this Offering at any time. We are making this Offering subject to the terms described in this Offering Memorandum and the purchase agreement relating to the New Floating Rate Notes (the "Purchase Agreement"). We and the Initial Purchaser also reserve the right to reject any offer to purchase the New Floating Rate Notes in whole or in part for any reason or no reason and to allot to any prospective purchaser less than the full amount of the New Floating Rate Notes sought by it. The Initial Purchaser and certain of its respective related entities may acquire, for their own accounts, a portion of the New Floating Rate Notes.

Application will be made to the Authority for the listing of the New Floating Rate Notes on the Official List of the Exchange, and we will submit this Offering Memorandum to the competent authority in connection with the listing application. In the course of any review by the competent authority, we may be requested to make changes to the financial and other information included in this Offering Memorandum in producing listing particulars for such listing. Comments by the competent authority may require significant modification or reformulation of information contained in this Offering Memorandum or may require the inclusion of additional information. We may also be required to update the information in this Offering Memorandum to reflect changes in our business, financial condition or results of operations and prospects. We cannot guarantee that our application for admission of the New Floating Rate Notes on the Exchange will be approved and settlement of the New Floating Rate Notes is not conditioned on obtaining this listing.

STABILIZATION

IN CONNECTION WITH THE OFFERING OF THE NEW FLOATING RATE NOTES, BARCLAYS BANK PLC (THE "STABILIZING MANAGER") (OR PERSONS ACTING ON ITS BEHALF) MAY OVER-ALLOT THE NEW FLOATING RATE NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NEW FLOATING RATE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGER (OR PERSONS ACTING ON ITS BEHALF) WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFERING OF THE NEW FLOATING RATE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN 30 DAYS AFTER THE DATE ON WHICH THE ISSUER RECEIVED THE PROCEEDS OF THE OFFERING, OR NO LATER THAN 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NEW FLOATING RATE NOTES, WHICHEVER IS THE EARLIER. ANY STABILIZATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILIZING MANAGER (OR PERSONS ACTING ON THEIR BEHALF) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

Each purchaser of the New Floating Rate Notes will be deemed to have made the representations, warranties and acknowledgements that are described in this Offering Memorandum under the "Transfer Restrictions" section of this Offering Memorandum.

Alternative Settlement Cycle

We expect that the delivery of the New Floating Rate Notes will be made against payment therefor on or about , 2019, which will be business days following the date of pricing of the New Floating Rate Notes (such settlement cycle being herein referred to as "T+ "). Under Rule 15(c)6 1 under the Exchange Act (as defined herein), trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the New Floating Rate Notes prior to the third business day before settlement will be required, by virtue of the fact that the New Floating Rate Notes initially will settle T+ , to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the New Floating Rate Notes who wish to trade the New Floating Rate Notes prior to the third business day before settlement should consult their advisors.

Notice to Investors in the United States

The New Floating Rate Notes and the Note Guarantees have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States and may not be offered or sold in the United States, except to qualified institutional buyers within the meaning of Rule 144A, in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The New Floating Rate Notes may be offered and sold to persons who are not U.S. persons and are outside the United States in reliance on Regulation S. Prospective investors are hereby notified that sellers of the New Floating Rate Notes may be relying on the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A. For a description of certain restrictions on transfers of the New Floating Rate Notes, see "Transfer Restrictions."

Neither the SEC, any U.S. state securities commission nor any non-U.S. securities authority has approved or disapproved of these securities or determined that this Offering Memorandum is accurate or complete. Any representation to the contrary is a criminal offence.

Notice to Investors in the European Economic Area

PRIIPs Regulation/Prohibition of Sales to EEA Retail Investors

The New Floating Rate Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the "Insurance Mediation Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the New Floating Rate Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the New Floating Rate Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation. This Offering Memorandum has been prepared on the basis that any offer of the New Floating Rate Notes in any member state of the EEA will be made pursuant to an exemption under Directive 2003/71/EC (as amended or superseded, the "Prospectus Directive") from the requirement to publish a prospectus for offers of securities. This Offering Memorandum is not a prospectus for the purposes of the Prospectus Directive.

Professional Investors and ECPS Only Target Market

Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the New Floating Rate Notes has led to the conclusion that: (i) the target market for the New Floating Rate Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the New Floating Rate Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the New Floating Rate Notes (a "distributor") should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the New Floating Rate Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

Notice to Investors in the United Kingdom

In the United Kingdom, this Offering Memorandum and any other material in relation to the New Floating Rate Notes described herein are being distributed only to, and are directed only at (i) persons having professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order, or (iii) persons to whom it would otherwise be lawful to distribute them, all such persons together being referred to as "Relevant Persons." The New Floating Rate Notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such New Floating Rate Notes will be engaged in only with, Relevant Persons. This Offering Memorandum and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by any recipients to any other person in the United Kingdom. Any person in the United Kingdom that is not a Relevant Person should not act or rely on this Offering Memorandum or its contents. The New Floating Rate Notes are not being offered to the public in the United Kingdom.

In connection with this Offering, the Initial Purchaser is not acting for anyone other than the Issuer and will not be responsible to anyone other than the Issuer for providing the protections afforded to its clients nor for providing advice in relation to this Offering.

Forward-Looking Statements

This Offering Memorandum contains "forward-looking statements" within the meaning of the securities laws of certain jurisdictions, including statements under the captions "Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Industry," "Business" and in other sections. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, such as the words "believes," "could," "estimates," "anticipates," "expects," "intends," "may," "will," "plans," "continue," "ongoing," "potential," "predict," "project," "target," "seek," "should" or "would" or, in each case, their negative or other variations or comparable terminology or by discussions of strategies, plans, objectives, targets, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They may appear in a number of places throughout this Offering Memorandum and may include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy and the industry in which we operate.

By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. You should not place undue reliance on forward-looking statements.

Many factors may cause our results of operations, financial condition, liquidity and the development of the industry in which we compete to differ materially from those expressed or implied by the forward-looking statements contained in this Offering Memorandum.

These factors include, among other things:

- changes in the macroeconomic environment in the United Kingdom;
- legal, political and economic uncertainty surrounding the expected exit of the United Kingdom from the EU;
- competition in our industry;
- changes in consumer preferences and perceptions;
- changes in government regulation and legislation;
- further consolidation in our industry;
- failure to diversify our income streams;
- increases in student tuition and other changes in the UK welfare system;
- the trend in migration of business to alternative shopping channels or locations;
- increase in subscription prices for broadcasting services relating to major sporting events;
- our ability to successfully implement our strategic and financial objectives;
- our ability to identify appropriate acquisition targets and successfully integrate the businesses that we acquire;
- that our acquisition agreements in respect of our acquisitions may not fully cover us from claims and liabilities that may arise in connection with such acquisitions;
- our ability to realize the pro forma adjustments to Adjusted EBITDA in order to arrive at our estimated Pro Forma Adjusted EBITDA;
- our ability to recover the expenditures for our capital projects;
- impact of public holidays, the timing of major sporting events and weather conditions;
- loss of our key suppliers;
- volatility in global food prices and energy costs;
- labor shortages, increased labor costs and other adverse effects of varying labor conditions;

- our ability to effectively maintain and manage our property leaseholds;
- negative publicity relating to one or more of our pubs or brands;
- food or drink contamination at our pubs or other health and safety-related incidents;
- employment-related claims;
- loss of our key personnel;
- environmental compliance costs;
- increased costs to cover deficits with respect to our pension schemes;
- insufficient insurance;
- disruptions in our information technology systems;
- our ability to adequately protect our intellectual property;
- cash theft;
- adverse litigation judgments;
- incorrect or inaccurate assumptions used in the Valuation Report;
- tax risks;
- terrorist attacks, war, and threats of attacks and war;
- uncertainties and risks associated with the pubs to be acquired pursuant to the Second Novus Acquisitions; and
- other factors discussed under "Risk Factors."

These risks and others described under "Risk Factors" are not exhaustive. Other sections of this Offering Memorandum describe additional factors that could adversely affect our results of operations, financial condition, liquidity and the development of the industry in which we operate. New risks can emerge from time to time, and it is not possible for us to predict all such risks, nor can we assess the impact of all such risks on our business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you should not rely on forward-looking statements as a prediction of actual results.

Any forward-looking statements are only made as of the date of this Offering Memorandum and we do not intend, and do not assume any obligation, to update forward-looking statements set forth in this Offering Memorandum. You should interpret all subsequent written or oral forward-looking statements attributable to us or to persons acting on our behalf as being qualified by the cautionary statements in this Offering Memorandum. As a result, you should not place undue reliance on forward-looking statements.

Industry and Market Data

The market and competitive position data in the sections "Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Industry" and "Business" of this Offering Memorandum are estimates by management based on industry publications, and from surveys or studies conducted by third-party industry consultants that are generally believed to be reliable. However, the accuracy and completeness of such information is not guaranteed and has not been independently verified. Additionally, industry publications and such studies generally state that the information contained therein has been obtained from sources believed to be reliable, but the accuracy or completeness of such information is not guaranteed and in some instances the sources do not assume liability for such information. We have obtained certain of the market and industry data presented in this Offering Memorandum from reports produced by third-party industry specialists such as the British Beer and Pub Association ("BBPA") and CGA, and we have obtained consent from them to reproduce certain of their non-public data in this Offering Memorandum. We cannot assure you of the accuracy and completeness of such data, and we have not independently verified such market data and such data should not be relied upon in making, or refraining from making, any investment decision. We do, however, accept responsibility for the correct reproduction of this information.

Some of the information herein has been extrapolated from such market data or reports using our experience and internal estimates. Elsewhere in this Offering Memorandum, statements regarding the industry in which we operate and our position in this industry are based solely on our experience, internal studies and estimates, and our own investigation of market conditions. We believe that such information and statements are true and accurate, but there can be no assurance that is the case. Such information and statements have not been verified by any independent sources. While we are not aware of any misstatements regarding such information, statements and any similar data presented herein, such information, statements or similar data are subject to change based on various factors, including those discussed under the heading "Risk Factors" in this Offering Memorandum. As a result, neither we nor the Initial Purchaser make any representation as to the accuracy or completeness of any such information or statements in this Offering Memorandum.

Further, in this Offering Memorandum, we make statements about our market positioning relative to other pub operators, and we also present comparative data of certain of our peer managed pub operators. These statements are generally based on our experience, internal studies and estimates, and our own evaluation of our competitors in the market. In general, we have identified our main competitors as the largest managed pub operators in the United Kingdom, by sales and by number of pubs. Where we present comparative data of certain of these peer managed pub operators, we have derived such data from the publicly available information of these peer managed pub operators. In some cases, our peers use a different financial period to ours for reporting their annual results, and where we present Stonegate comparative data with respect to these peers, we have recalculated our results as if they had been prepared for the same period as that of our relevant peer. In addition, the like for like sales growth data of certain of our peers that we present in this Offering Memorandum is comprised of the aggregate weekly drinks, sales, admissions and accommodations sales for the period presented rather than total revenue. Accordingly, for consistency, we compare the like for like sales data of our peers against our Adjusted Revenue Growth (Like for Like) rather than our Revenue Growth (Like for Like). Further, we present the like for like sales growth reported by certain of our peers over the Christmas period, and we compare these results to our own Adjusted Revenue Growth (Like for Like) over a comparable period. However, we and each of our peers may define the applicable Christmas period differently, which may impact the comparability of our results with those of our peers over this period. In addition, while our and our peers' definition of like for like sales growth is generally comparable, the methodology used by our peers in calculating like for like sales growth may differ in certain respects amongst one another and from our methodology for calculating Adjusted Revenue Growth (Like for Like). We cannot guarantee that the comparative peer data that we present in this Offering Memorandum has been prepared or presented on a comparable basis to our own key operating information. We cannot guarantee that the comparative peer data that we present in this Offering Memorandum has been prepared or presented on a comparable basis to our own key operating information. We also cannot guarantee the accuracy and completeness of such comparative peer data, and we have not independently verified or reviewed such peer data and such data should not be relied upon in making, or refraining from making, any investment decision. Accordingly, the comparative peer data presented in this Offering Memorandum should be treated with caution, as such information may not be directly comparable to our own key operating information.

In this Offering Memorandum, the statements that we are the fourth largest managed pub company in the United Kingdom and that we have the second largest managed pub estate located in town centers in the United Kingdom are based on our market positioning in terms of operating sites as of September 2018.

Certain Definitions

Key Performance Indicators (KPIs) and Other Non-IFRS Metrics

Certain key performance indicators used in this Offering Memorandum are defined as follows:

- "Acquisition Capital Expenditure" represents payments made to acquire trading sites;
- "Adjusted Cash Conversion" represents Adjusted EBITDA (for a 52-week period) less Maintenance Capital Expenditure, divided by Adjusted EBITDA (for a 52-week period);
- "Adjusted EBITDA" represents Pre-adjusted EBITDA excluding acquisition costs, restructuring and integration costs, operational restructuring and redundancy costs, costs and credits related to onerous leases, discretionary management fees, certain pension-related costs, losses on disposed/non-trading sites and certain other costs, which, unless otherwise specified, is presented on a 52-week basis in the case of the 53 weeks ended September 30, 2018 to enhance comparability, by deducting the 53rd week's sales, less operating costs for this week, assumed to be at a consistent margin for the last period (last four weeks to September 30, 2018), less the wages for this week, assumed to be the wages as a consistent percentage of revenue for the last period, and less the variable operating expenses for this week, assumed to be one quarter of the last period costs. Key fixed costs, such as rents, business rates and salaries do not require adjustments because they are annual costs;

- "Adjusted EBITDAR" represents Adjusted EBITDA (for a 52-week period) before operating lease rentals;
- "Adjusted EBITDA Margin" represents Adjusted EBITDA divided by revenue (in each case, for a 52-week period). For purposes of this calculation, our historical revenue has been presented on a 52-week basis in the case of the 53 weeks ended September 30, 2018 to enhance comparability, by deducting revenue for the last week of the 53 weeks ended September 30, 2018;
- "Adjusted Revenue Growth (Like for Like)," for the applicable period, represents our revenue adjusted to present aggregate change in drinks, food, admissions and accommodations sales only compared to the previous comparable period made at all pubs open and operated by us in either our branded or unbranded group throughout the current and previous period and is intended to provide a basis for comparison of our revenue growth on a like for like basis, against similar metrics reported by certain of our peer managed pub operators for their respective Christmas and annual reporting periods;
- "As Adjusted Cash Interest Expense" represents our interest expense in cash as adjusted to give effect to the Transactions and the application of the proceeds therefrom as described in "Use of Proceeds" and, in relation to the cash interest expense for the Revolving Credit Facility and the Original Notes, takes into account the actual interest expense for the 53 weeks ended September 30, 2018, representing actual interest expense relating to our Revolving Credit Facility and the Original Notes for that period;
- "As Adjusted Lease Adjusted Net Debt" represents the aggregate of our As Adjusted Net Debt and the value of our operating leases multiplied by a factor of eight;
- "As Adjusted Net Debt" represents our net debt as adjusted to give effect to the Transactions and the application of the proceeds therefrom as described in "Use of Proceeds;"
- "Average Annual Pre-adjusted EBITDA Increase from Investment" represents, in respect of sites invested during the periods presented, the annual incremental Pre-adjusted EBITDA in the period post-investment when compared to the 52 weeks pre-investment;
- "Average Investment per Site" represents total Investment Capital Expenditure divided by the total number of sites invested for a given period;
- "Branded Revenue" represents revenue relating to our branded group of pubs for the 52 weeks ended September 25, 2016, the 52 weeks ended September 24, 2017 and the 53 weeks ended September 30, 2018;
- "Capital Expenditure" is an IFRS metric and represents the sum of our purchase of property, plant and equipment, payments to acquire trading sites for the periods presented, which, for operational purposes, we categorize as Acquisition Capital Expenditure, Investment Capital Expenditure and Maintenance Capital Expenditure;
- "Drink Sales Growth (Like for Like)" for the 52 weeks ended September 25, 2016, the 52 weeks ended September 24, 2017 and the 53 weeks ended September 30, 2018, represents our aggregate change in revenue from drinks sales compared to the previous comparable period made at all pubs open and operated by us in either our branded or unbranded group throughout the current and previous period, taking into account the first 52 weeks' results in the case of the 53 weeks ended September 30, 2018, to enhance comparability;
- "Food Sales Growth (Like for Like)" for the 52 weeks ended September 25, 2016, the 52 weeks ended September 24, 2017 and the 53 weeks ended September 30, 2018, represents our aggregate change in revenue from food sales compared to the previous comparable period made at all pubs open and operated by us in either our branded or unbranded group throughout the current and previous period, taking into account the first 52 weeks' results in the case of the 53 weeks ended September 30, 2018, to enhance comparability;
- "Gross Margin for Drinks (Ongoing)" represents (i) for the relevant period, our revenue from drinks sales (excluding revenue from drink sales at disposed of sites) minus cost of the drinks purchased (excluding costs of drinks purchased at disposed of sites), divided by (ii) revenue from drinks sales (excluding revenue from drinks sales at disposed of sites) for the relevant period;
- "Gross Margin for Food (Ongoing)" represents (i) for the relevant period, our revenue from food sales (excluding revenue from food sales at disposed of sites) minus cost of the food purchased (excluding costs of food sales at disposed of sites), divided by (ii) revenue from food sales (excluding revenue from food sales at disposed of sites) for the relevant period;

- “Gross Margin Growth (Like for Like)” for the 52 weeks ended September 25, 2016, the 52 weeks ended September 24, 2017 and the 53 weeks ended September 30, 2018, represents our aggregate change in total gross margin (calculated as total revenue minus total operating costs divided by total revenue) compared to the previous comparable period made at all pubs open and operated by us in either our branded or unbranded group throughout the current and previous period, taking into account the first 52 weeks’ results in the case of the 53 weeks ended September 30, 2018, to enhance comparability;
- “Investment Capital Expenditure” represents amounts recorded in our accounting system as capital expenditure incurred in connection with extending the capacity of, or refurbishing, our pubs. Amounts recorded in this manner must be supported by senior management-approved investment appraisals;
- “Maintenance Capital Expenditure” represents all capital expenditure that is not Acquisition Capital Expenditure or Investment Capital Expenditure and includes, among other things, capital expenditures on kitchen electricals and appliances (large and small), roof maintenance, business projects (e.g., wifi installations at our site, website development and installation of point of sale machines and card readers at our sites) and certain capitalized labor costs (e.g., costs of project managers and design teams associated with our investment projects);
- “Net Debt” represents any outstanding third-party loans, including any bank loans and notes, net of cash and cash equivalents.
- “Pre-adjusted EBITDA” represents profit/(loss) for the period excluding UK income tax credit/(charge), finance income, finance costs, depreciation, amortization and impairment, (profit)/loss on disposal of non-current assets and movement in fair value of interest rate swaps;
- “Pro Forma Adjusted EBITDA” represents our Adjusted EBITDA as adjusted to give effect to: (i) the Pub EBITDA of (less overhead costs for) Be At One, Fever Bars, the pubs acquired pursuant to the First Novus Acquisitions and the pubs to be acquired pursuant to the Second Novus Acquisitions, as though we had completed the Be At One Acquisition, the Fever Bars Acquisition, the First Novus Acquisitions and the Second Novus Acquisitions on September 25, 2017; (ii) certain cost savings that we estimate we would have realized in connection with our 52 weeks of operation of Be At One and Fever Bars; (iii) adjustments made to give 52-week effect to the incremental Pre-adjusted EBITDA generated post-investment at certain of our pubs in which we have invested during the 53 weeks ended September 30, 2018, as though such investments had occurred on September 25, 2017; (iv) the aggregate Pre-adjusted EBITDA of certain pubs in which we have invested during the 53 weeks ended September 30, 2018 for the periods in which those pubs were closed for renovation or refurbishment; and (v) the aggregate incremental costs associated with increases in certain operating costs;
- “Pro Forma Adjusted EBITDA Margin” represents Pro Forma Adjusted EBITDA divided by Pro Forma Revenue;
- “Pro Forma Adjusted EBITDAR” represents our Pro Forma Adjusted EBITDA before operating lease rentals or, where applicable, rent payments;
- “Pro Forma Revenue” represents our revenue as adjusted to (i) give effect to the Be At One Acquisition, the Fever Bars Acquisition, the First Novus Acquisitions and the Second Novus Acquisitions, in each case, as though these acquisitions had occurred on September 25, 2017 and (ii) deduct our revenue for the last week of the 53 weeks ended September 30, 2018 to present this metric for a 52-week period;
- “Pub EBITDA” represents our estimate of the aggregate earnings before interest, tax depreciation and amortization of the pubs acquired during the periods presented;
- “Pub Profit Growth (Like for Like)” for the 52 weeks ended September 25, 2016, the 52 weeks ended September 24, 2017 and the 53 weeks ended September 30, 2018, represents our aggregate change in Pre-adjusted EBITDA (less Group overhead costs) compared to the previous comparable period made at all pubs open and operated by us in either our branded or unbranded group throughout the current and previous period, taking into account the first 52 weeks’ results in the case of the 53 weeks ended September 30, 2018, to enhance comparability;
- “Return on Investment” represents, for all pubs invested during the 156 weeks preceding the date on which we present Return on Investment, the difference between the annualized (on a 52-week basis) aggregate weekly average post-investment Pre-adjusted EBITDA (from the first full four week period

after the re-opening of such pubs) and the 52-week pre-investment Pre-adjusted EBITDA of those pubs (to the end of the last full four week period), divided by the aggregate Investment Capital Expenditure invested in these pubs over the same 156 weeks. Where a pub has traded for less than 52 weeks post-investment, we have not taken it into account when calculating Return on Investment. Pubs where we have not made an Investment Capital Expenditure in the past 156 weeks are classed as uninvested. Where we present Return on Investment from our Second-Cycle Invested Sites (which refers to the Return on Investment for sites in which we have made a second round of capital investment), such Return on Investment has been calculated in line with "Return on Investment" definition;

- "Revenue Growth (Like for Like)" for the 52 weeks ended September 25, 2016, the 52 weeks ended September 24, 2017 and the 53 weeks ended September 30, 2018, represents our aggregate change in revenue compared to the previous comparable period made at all pubs open and operated by us in either our branded or unbranded group throughout the current and previous period, taking into account the first 52 weeks' results in the case of the 53 weeks ended September 30, 2018, to enhance comparability;
- "Total Gross Margin" represents, for the relevant period, our total revenue (excluding revenue at disposed of sites) minus total operating costs (excluding operating costs at disposed of sites), divided by total revenue (excluding revenue at disposed of sites); and
- "Unbranded Revenue" represents revenue relating to our unbranded group of pubs for the 52 weeks ended September 25, 2016, the 52 weeks ended September 24, 2017 and the 53 weeks ended September 30, 2018.

Other Definitions

In addition, unless otherwise indicated or where the context otherwise requires, references to:

- "Agreed Security Principles" are to the agreed security principles as set out in an annex to the Revolving Credit Facilities Agreement, as applied reasonably and in good faith in respect of the Notes by the board of directors or an officer of the Company;
- "Authority" are to The International Stock Exchange Authority Limited;
- "Be At One" are to Be At One Holdings Limited;
- "Be At One Acquisition" are to the acquisition of Be At One, that owns and operates 33 pubs, which was completed on July 23, 2018;
- "Bramwell" are to Bramwell Pub Company Limited and Bramwell Pubs and Bars Limited, from which we acquired 78 pubs on November 15, 2013;
- "Calculation Agent" are to Deutsche Bank AG, London Branch;
- "Clearstream" are to Clearstream Banking S.A.;
- "Collateral" are to the security interests securing the obligations of the Issuer and the Guarantors under the Original Notes, the Note Guarantees, the Revolving Credit Facility and the Senior Secured Credit Facility, which will secure the obligations of the Issuer and the Guarantors under the New Floating Rate Notes offered hereby on the Issue Date. See "Description of the Notes—Security—The Collateral:"
- "Company" are to Stonegate Pub Company Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands;
- "EEA" are to the European Economic Area;
- "Ei Global" are to Ei Group plc;
- "EU" are to the European Union;
- "Euroclear" are to Euroclear Bank SA/NV;
- "Exchange Act" are to the U.S. Securities Exchange Act of 1934, as amended;
- "Faucet Inn Sellers" are to Faucet Inn Limited, Kicking Horse 2 Limited and Whitewater 2 Limited, collectively;
- "Fever Bars" are to Bar Fever Limited;

- "Fever Bars Acquisition" are to the acquisition of Fever Bars, that owns and operates 32 pubs, which we completed on January 22, 2019;
- "First Novus Acquisitions" are to the acquisition of 15 pubs from A3D2 Limited, in relation to which we entered into an asset purchase agreement dated July 22, 2018, and the last of which we completed on December 10, 2018.
- "Floating Rate Notes" are to the New Floating Rate Notes offered hereby and the Original Floating Rate Notes, collectively;
- "Guarantors" are to the entities guaranteeing the obligations of the Issuer under the Notes;
- "IFRS" are to the International Financial Reporting Standards as adopted by the EU;
- "Indenture" are to the indenture governing the terms of the Notes among the Issuer, the Guarantors, the Trustee and the other parties named therein dated March 16, 2017;
- "Initial Purchaser" are to Barclays Bank PLC;
- "Intercreditor Agreement" are to the intercreditor agreement among the Issuer, the Guarantors, the Trustee, the Security Agent, the facility agent under the Revolving Credit Facility and the other parties named therein, dated March 16, 2017;
- "Intertain" are to Intertain Limited and its subsidiaries Intertain (Bars) Limited, Intertain (Bars) II Limited, Intertain (Bars) III Limited, and Intertain (Bars) IV Limited;
- "Intertain Acquisition" are to the acquisition of Intertain, which was completed on December 7, 2016;
- "Intertain Sellers" are to the owners of Intertain prior to the Intertain Acquisition, collectively;
- "Issue Date" are to the date on which the New Floating Rate Notes offered hereby are issued;
- "Issuer" are to Stonegate Pub Company Financing plc, a wholly owned subsidiary of the Company incorporated under the laws of England and Wales as a public limited company;
- "JDW" are to JD Wetherspoon plc;
- "Large Bars" are to Large Bars Limited;
- "Large Bars Acquisition" are to the acquisition of Large Bars, that at the time owned and operated three pubs, which was completed on April 21, 2017;
- "Living Room" are to PBR Leisure Limited, from which we acquired 12 pubs on August 15, 2013;
- "Maclay" are to Maclay Inns Limited;
- "Mitchells & Butlers" are to Mitchells & Butlers plc, from which we acquired 333 pubs in November 2010;
- "National Living Wage" are to the minimum pay per hour designated by the UK government for all working people aged 25 and over in the United Kingdom;
- "National Minimum Wage" are to the minimum pay per hour designed by the UK government for all working people from school leaving age in the United Kingdom to 24;
- "New Floating Rate Notes" are to the £150,000,000 aggregate principal amount of Floating Rate Senior Secured Notes due 2022 offered hereby;
- "New Proceeds Loan" are to the one or more loans to be extended under the New Proceeds Loan Agreement;
- "New Proceeds Loan Agreement" are to the loan agreement to be entered into on or about the Issue Date between the Issuer, as lender, and the Company, as borrower, pursuant to which the Issuer will on-lend the gross proceeds of the Offering to the Company;
- "Note Guarantees" are to the senior secured guarantees of the Notes by the Guarantors pursuant to the Indenture;
- "Notes" are to the Fixed Rate Notes and the Floating Rate Notes, collectively;
- "Offering" are to the offering of the New Floating Rate Notes hereby;
- "Original Fixed Rate Notes" are to the £405,000,000 aggregate principal amount of 4.875% Senior Secured Notes due 2022 issued on March 16, 2017 pursuant to the Indenture;

- “Original Floating Rate Notes” are to the Issuer’s £190,000,000 aggregate principal amount of the Floating Rate Senior Secured Notes due 2022 issued on March 16, 2017 pursuant to the Indenture;
- “Original Notes” are to the Original Fixed Rate Notes and the Original Floating Rate Notes, collectively;
- “Original Proceeds Loan” are to the loans extended under the Original Proceeds Loan Agreement;
- “Original Proceeds Loan Agreement” are to the loan agreement entered into on March 16, 2017 between the Issuer, as lender, and the Company, as borrower, pursuant to which the Issuer on-lent the proceeds of the Original Notes to the Company;
- “Parent” are to Stonegate Pub Company Midco Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands;
- “Paying Agent” are to Deutsche Bank AG, London Branch;
- “Punch Taverns” are to Punch Partnerships (PML) Limited and Punch Partnerships (PTL) Limited, collectively;
- “Purchase Agreement” are to the purchase agreement between the Issuer, the Guarantors and the Initial Purchaser in relation to the sale and purchase of the New Floating Rate Notes offered hereby;
- “Revolving Credit Facility” are to the £50.0 million revolving credit facility made available pursuant to the Revolving Credit Facility Agreement;
- “Revolving Credit Facility Agreement” are to a revolving credit facility agreement governing the super senior revolving credit facility dated March 16, 2017, as amended from time to time;
- “SEC” are to the U.S. Securities and Exchange Commission;
- “Second Novus Acquisitions” are to the acquisition of six pubs from Balls Brothers (Emporium) Limited and Tank and Paddle Limited, in relation to which we entered into an asset purchase agreement dated January 22, 2019;
- “Securities Act” are to the U.S. Securities Act of 1933, as amended;
- “Security Agent” are to Barclays Bank PLC, as security agent under the Security Documents, the Revolving Credit Facility Agreement, the Senior Secured Credit Facility Agreement and the Intercreditor Agreement;
- “Security Documents” are to the agreements creating security interests over the Collateral as described under “Description of the Notes—Security—The Collateral;”
- “Senior Secured Credit Facility” are to the senior secured bridge term loan facilities made available pursuant to the Senior Secured Credit Facility Agreement;
- “Senior Secured Credit Facility Agreement” are to the senior secured bridge facility agreement dated July 20, 2018 (as amended and restated on January 21, 2019) entered into in connection with the financing of the consideration for the Be At One Acquisition, the First Novus Acquisitions, the Fever Bars Acquisition and the Second Novus Acquisitions, among the Company, as the borrower and the parent, and Barclays Bank PLC as mandated lead arranger, agent and security agent;
- “Sports Bar & Grill” are to Bar Holdings Limited;
- “Southeast region” represents the East and South of England, Sussex and Kent, and London as per the map included under “Business—Property Estate—Geographical Presence;”
- “Stabilizing Manager” are to Barclays Bank PLC;
- “Stonegate” the “Group,” “we,” “us” and “our” are to the Company and its direct and indirect subsidiaries, unless otherwise indicated or where the context otherwise requires;
- “TCG” and “Tattershall Castle Group” are to, collectively, the TCG freehold property sellers and the TCG operating business sellers;
- “TCG freehold property sellers” are to, collectively, TCGT Holdings Limited, TCGI Holdings Limited, TCGB Holdings Limited, TCGP Holdings Limited, Maple I Unit Trust and Maple II Unit Trust that together comprise the sellers of the freehold properties we acquired on September 29, 2015;

- “TCG operating business sellers” are to, collectively, TCG Pubs Limited, TCG Bars Limited, TCG Taverns Limited and TCG Inns Limited that together comprise the sellers of the leasehold properties and other assets we acquired pursuant to the acquisition agreement we entered into with them on September 29, 2015, and the administrators of the TCG operating business sellers;
- “TDR Capital” are to the investment funds managed by TDR Capital LLP that are our indirect majority shareholders, or, when otherwise indicated or where the context otherwise requires, TDR Capital LLP in its own right;
- “Town & City” are to Plato Company 3 Limited and its subsidiaries, which together operated 226 leasehold pubs and which we acquired on June 21, 2011;
- “Transactions” are to:
    - the issuance by the Issuer of £150,000,000 aggregate principal amount of the New Floating Rate Notes offered hereby;
    - repayment of the borrowings under the Senior Secured Credit Facility that we used to finance the consideration for the Be At One Acquisition, the First Novus Acquisitions and the Fever Bars Acquisition;
    - the financing of the Second Novus Acquisitions; and
    - the payment of fees and expenses in connection with the foregoing transactions;
- “Trustee” are to Deutsche Trustee Company Limited;
- “UK” are to the United Kingdom;
- “UK GAAP” are to accounting practices generally accepted in the United Kingdom;
- “United States” “US” and “U.S.” are to the United States of America; and
- “US GAAP” are to accounting principles generally accepted in the United States.

Presentation of Financial and Other Information

IFRS Financial Information

The Company has prepared directors’ reports and financial statements as of and for the 52 weeks ended September 25, 2016, the 52 weeks ended September 24, 2017 and the 53 weeks ended September 30, 2018, from which we have derived the historical consolidated financial information presented in this Offering Memorandum for these periods. We have included the Company’s historical consolidated financial statements for these periods elsewhere in this Offering Memorandum but have not included the accompanying directors’ reports in this Offering Memorandum.

The Company’s historical consolidated financial information as of and for the 52 weeks ended September 25, 2016, the 52 weeks ended September 24, 2017 and the 53 weeks ended September 30, 2018, included in this Offering Memorandum are presented in accordance with IFRS.

The Company’s consolidated financial statements as of and for the 52 weeks ended September 25, 2016, the 52 weeks ended September 24, 2017 and the 53 weeks ended September 30, 2018, which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated balance sheet and the consolidated cash flow statements and the related notes, were audited by KPMG LLP, our independent auditors and KPMG LLP’s audit opinions for these periods are included elsewhere in this Offering Memorandum.

The Issuer was incorporated under the laws of England and Wales on March 19, 2014 and is a wholly-owned finance subsidiary of the Company. Following the completion of the Transactions and the application of the proceeds therefrom, the Issuer will not have any material assets or liabilities other than those related to the Notes, the Original Proceeds Loan and the New Proceeds Loan. Consequently, we have not provided herein financial statements for the Issuer.

The Company’s financial year accounting periods run from the calendar day following the previous financial year end, which, for the 2016, 2017 and 2018 periods were September 28, 2015, September 26, 2016 and September 25, 2017, respectively, to the Sunday nearest to our accounting reference date. Accordingly, from time to time, the Company’s financial year accounting period covers a 53-week period instead of a 52-week period. For instance, the Company’s financial year for the accounting period ended September 30, 2018 was 53 weeks, whereas for the accounting periods ended September 25, 2016 and

September 24, 2017, it was 52 weeks. This impacts the comparability of the Company's results. In addition, the results of operations for prior years are not necessarily indicative of the results to be expected for the full-year or any future period.

In this Offering Memorandum we have also presented certain unaudited revenue information relating to the Company's branded and unbranded groups of pubs and current formats for the 52 weeks ended September 25, 2016, the 52 weeks ended September 24, 2017 and the 53 weeks ended September 30, 2018, which we refer to as Branded Revenue and Unbranded Revenue in this Offering Memorandum.

We have not included financial information prepared in accordance with US GAAP in this Offering Memorandum. IFRS differs in certain significant respects from US GAAP. In making an investment decision, you should rely upon your own examination of the terms of this Offering and the financial information contained in this Offering Memorandum. You should consult your own professional advisors for an understanding of the differences between IFRS and US GAAP, and how those differences could affect the financial information contained in this Offering Memorandum.

References in this Offering Memorandum to "pound," "pound sterling," "UK pound" or "£" are to the lawful currency of the United Kingdom. The financial information and financial statements included in this Offering Memorandum are presented in pound sterling.

Certain numerical figures included in this Offering Memorandum have been rounded. Discrepancies in tables between totals and the sums of the amounts listed may occur due to such rounding.

Non-IFRS Financial Information

In addition to IFRS financial information, we have included certain non-IFRS financial measures and adjustments in this Offering Memorandum, including Pre-adjusted EBITDA, Pub EBITDA, Adjusted EBITDA, Adjusted EBITDAR, Adjusted EBITDA Margin, Pro Forma Adjusted EBITDA, Pro Forma Adjusted EBITDAR, Pro Forma Adjusted EBITDA Margin, Pro Forma Revenue, Acquisition Capital Expenditure, Investment Capital Expenditure and Maintenance Capital Expenditure, Adjusted Cash Conversion and Pro Forma Adjusted Cash Conversion, Adjusted Revenue Growth (Like for Like), Drink Sales Growth (Like for Like), Food Sales Growth (Like for Like), Revenue Growth (Like for Like), Pub Profit Growth (Like for Like), Gross Margin Growth (Like for Like), Gross Margin for Drinks (Ongoing), Branded Revenue, Unbranded Revenue, Gross Margin for Food (Ongoing), Total Gross Margin, Return on Investment, Net Debt, As Adjusted Net Debt, As Adjusted Lease Adjusted Net Debt and As Adjusted Cash Interest Expense, in each case as defined under "Certain Definitions—Key Performance Indicators," and certain other financial measures and ratios. For reconciliations of the Pre-adjusted EBITDA-based measures presented in this Offering Memorandum, see "Summary—Summary Consolidated Financial and Other Information."

Our Adjusted Revenue Growth (Like for Like), Drink Sales Growth (Like for Like), Food Sales Growth (Like for Like), Revenue Growth (Like for Like), Pub Profit Growth (Like for Like) and Gross Margin Growth (Like for Like) measures reflect like for like sales, Pre-adjusted EBITDA and Total Gross Margin, as applicable, for each period presented only for those pubs that were open and operated by us in one of our branded or unbranded groups during the period presented and the previous comparable period. Accordingly, not every pub that is trading during a period for which we present one of these measures is included in the result presented for that period. For example, for the 53 weeks ended September 30, 2018, 75 of our pubs were not included in the calculation of these measures.

Additionally, where we present Return on Investment in this Offering Memorandum, we have not included in the calculation the results of pubs that have traded for fewer than 52 weeks post investment. For example, for the 156 weeks ended September 30, 2018, 101 pubs that we have invested in have not been included in the calculation of Return on Investment because those pubs have not traded for 52 weeks post investment. Had we included the results of our pubs which have been invested but have not yet traded for 52 weeks post investment, the Return on Investment that we have presented for each period shown in this Offering Memorandum would likely have been lower.

Non-IFRS financial measures are not required by or presented in accordance with IFRS. We have presented these non-IFRS financial measures (1) as they are used by our management to monitor and report to the board on our financial position and (2) to represent similar measures that are widely used by certain investors, securities analysts and other interested parties as supplemental measures of financial position, financial performance and liquidity. We believe these measures enhance the investor's understanding of our indebtedness and our ability to fund our ongoing operations, make capital expenditures and meet and service our obligations.

The non-IFRS financial measures are not measures determined based on US GAAP or any other internationally accepted accounting principles, and you should not consider such items as an alternative to the historical financial position or other indicators of our cash flow and forward position based on IFRS measures. The non-IFRS financial measures, as defined by us, may not be comparable to similarly titled measures as presented by other companies due to differences in the way our non-IFRS financial measures are calculated. The non-IFRS financial information contained in this Offering Memorandum is not intended to comply with the reporting requirements of the SEC and will not be subject to review by the SEC. Even though the non-IFRS financial measures are used by management to assess our financial position and these types of measures are commonly used by investors, they have important limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our position or results as reported under IFRS.

Important Notice Relating to the Unaudited Pro Forma Information Presented in this Offering Memorandum

Our Pro Forma Adjusted EBITDA represents our Adjusted EBITDA as adjusted to give effect to: (i) the Pub EBITDA of (less overhead costs for) Be At One, Fever Bars, the pubs acquired pursuant to the First Novus Acquisitions and the pubs to be acquired pursuant to the Second Novus Acquisitions, as though we had completed the Be At One Acquisition, the Fever Bars Acquisition, the First Novus Acquisitions and the Second Novus Acquisitions on September 25, 2017; (ii) certain cost savings that we estimate we would have realized in connection with our 52 weeks of operation of Be At One and Fever Bars; (iii) adjustments made to give 52-week effect to the incremental Pre-adjusted EBITDA generated post-investment at certain of our pubs in which we have invested during the 53 weeks ended September 30, 2018, as though such investments had occurred on September 25, 2017; (iv) the aggregate Pre-adjusted EBITDA of certain pubs in which we have invested during the 53 weeks ended September 30, 2018 for the periods in which those pubs were closed for renovation or refurbishment; and (v) the aggregate incremental costs associated with increases in certain operating costs. Our Pro Forma Adjusted EBITDAR represents our Pro Forma Adjusted EBITDA before operating lease rentals or, where applicable, rent payments. Our Pro Forma Revenue represents our revenue as adjusted to (i) give effect to the Be At One Acquisition, the Fever Bars Acquisition, the First Novus Acquisitions and the Second Novus Acquisitions, in each case, as though these acquisitions had occurred on September 25, 2017 and (ii) deduct our revenue for the last week of the 53 weeks ended September 30, 2018 to present this metric for a 52-week period. For the adjustments, assumptions and other details in relation to our Pro Forma Adjusted EBITDA, Our Pro Forma Adjusted EBITDAR and Pro Forma Revenue, see "Summary—Summary Consolidated Financial and Other Information."

Our unaudited Pro Forma Revenue, Pro Forma Adjusted EBITDA and Pro Forma Adjusted EBITDAR are presented for information purposes only and are not intended to represent or be indicative of the revenue or Pre-adjusted EBITDA we would have reported had the acquisition of Be At One, Fever Bars, the 15 pubs acquired pursuant to the First Novus Acquisitions and the six pubs to be acquired pursuant to the Second Novus Acquisitions, as well as the other events for which we have made pro forma adjustments, materialized on the dates or during the periods discussed above. Further, our unaudited Pro Forma Revenue, Pro Forma Adjusted EBITDA and Pro Forma Adjusted EBITDAR do not purport to project our revenue or Pre-adjusted EBITDA for any future period. The pro forma financial information presented in this Offering Memorandum has not been prepared in accordance with the requirements of Regulation S-X of the Securities Act, the Prospectus Directive or any generally accepted accounting standards. In addition, the unaudited Pro Forma Revenue, Pro Forma Adjusted EBITDA and Pro Forma Adjusted EBITDAR presented in this Offering Memorandum have not been prepared in accordance with IFRS, and the pro forma adjustments to our historical revenue, Adjusted EBITDA and Adjusted EBITDAR and the resulting Pro Forma Revenue, Pro Forma Adjusted EBITDA and Pro Forma Adjusted EBITDAR have not been audited or reviewed in accordance with any applicable auditing standards. See "Risk Factors—Risks Related to Our Business—The pro forma adjustments to our historical revenue, Adjusted EBITDA and Adjusted EBITDAR and the resulting Pro Forma Revenue, Pro Forma Adjusted EBITDA and Pro Forma Adjusted EBITDAR information presented in this Offering Memorandum should be treated with caution when making an investment decision."

Other Information

Davis Coffer Lyons ("DCL") has prepared a desktop valuation dated February 23, 2017 in respect of our portfolio of freehold and leasehold properties as of February 2017 (the "Valuation Report"), in accordance with the Royal Institution of Chartered Surveyors Appraisal & Valuation Standards (the

"RICS Standards"). The Valuation Report is based on our property portfolio as of February 23, 2017. The Valuation Report has not been updated since February 2017 and may not be indicative of the valuation of our current property portfolio.

DCL has prepared its valuation on the basis of "Market Value," which is defined by the RICS Standards as: "The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion." The valuation presented in the Valuation Report is the aggregate of the Market Value of each individual property as a fully equipped operational entity and does not represent a valuation of the business as a whole or the value of the various brands associated with our operations.

Based on the RICS Standard, the valuation of a property valued as an operational entity includes the legal interest in the land and buildings; the trade inventory, usually comprising all trade fixtures, fittings, furnishings and equipment; and the market's perception of the trading potential, together with an assumed ability to obtain or renew existing licenses, consents, certificates and permits. The Valuation Report notes that no adjustment has been made to the valuation figure for any expenses of realization in the event of a sale, or to reflect the balance of any outstanding mortgages, either in respect of capital or interest accrued thereon. Nor are costs of acquisition included in the Valuation Report. Further, in preparing the valuation, no allowances were made for any liability which may arise for payment of corporation tax or capital gains tax, or any other property related tax, whether existing or which may arise on development or disposal, deemed or otherwise.

DCL has carried out their desktop valuation based upon information supplied by us, which they have assumed to be correct and comprehensive. In particular, DCL:

- has not measured the properties but has relied upon the floor areas provided by us;
- has not undertaken inspections of a substantial majority of the properties and, consequently, has assumed that the repair and condition of the properties in general would not impact the values reported;
- has not undertaken any environmental audit or other environmental investigation or soil survey which may have been carried out on the properties and which may draw attention to any contamination or the possibility of any such contamination;
- has not carried out any investigations into the past or present uses of the properties, nor of any neighboring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists;
- has not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the properties and is therefore unable to give any assurance that the properties are free from defect;
- has not undertaken planning enquiries; and
- has not examined all the deeds, leases or other documents relating to the properties that are the subject of the Valuation Report and has assumed we have the benefit of security of tenure over these properties.

The Valuation Report is based on a desktop valuation of our portfolio of freehold and leasehold properties. As a result of the restricted due diligence and lack of property inspections, DCL made certain assumptions in order to value our properties. If a valuation with the benefit of full inspections took place, then the assumptions adopted may have been different and, as a result, the reported valuation could be materially different to those reported in the Valuation Report. For this reason and for the reason that the Valuation Report may not be indicative of the valuation of our current property portfolio, you should not, and are not entitled to, rely upon the valuation taken from the Valuation Report and reported herein for the purposes of making, or refraining from making, any investment decision. After the issuance of the New Floating Rate Notes, neither third parties nor we will provide the holders of Notes with revised valuations and we expressly disclaim any duty to update such valuation under any circumstances. See "Risk Factors—Risks Related to Our Business—We cannot assure you that the projections or assumptions used, estimates made or procedures followed in the Valuation Report of our property portfolio are correct, accurate or complete."

All conclusions presented in the Valuation Report are based on information available at the time of review. Changes in factors upon which the review was based could affect the results. Forecasts are inherently uncertain because of events or combinations of events that cannot reasonably be foreseen, including the actions of government, individuals, third parties and competitors. See “Forward-looking Statements.” Data based on the Valuation Report that is included in this Offering Memorandum involves risks and uncertainties and is subject to change based on a variety of external factors, including those discussed in “Risk Factors.”

Exchange Rate Information

The following table sets forth, for the periods indicated, the high, low, average and period end Bloomberg Composite Rate (New York) expressed as U.S. dollars per £1.00. The Bloomberg Composite Rate is a "best market" calculation, in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The Bloomberg Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate. Neither we nor the Initial Purchaser make any representation that the pound sterling or U.S. dollar amounts referred to in this Offering Memorandum have been, could have been or could, in the future, be converted into U.S. dollars or pound sterling, as the case may be, at any particular rate, if at all.

(expressed as U.S. dollars per £1.00)	Period end	Average(1)	High	Low
Year				
2014	1.5578	1.6476	1.7166	1.5516
2015	1.4736	1.5285	1.5881	1.4632
2016	1.2357	1.3554	1.4880	1.2123
2017	1.3521	1.2889	1.3594	1.2049
2018	1.2760	1.3350	1.4338	1.2489
2019 (through January 24, 2019)	1.3065	1.2834	1.3069	1.2607

	Period end	Average(2)	High	Low
Month				
July 2018	1.3126	1.3169	1.3280	1.3015
August 2018	1.2964	1.2878	1.3127	1.2697
September 2018	1.3031	1.3057	1.3273	1.2855
October 2018	1.2765	1.3009	1.3233	1.2710
November 2018	1.2756	1.2898	1.3125	1.2745
December 2018	1.2760	1.2663	1.2784	1.2489
January 2019 (through January 24, 2019)	1.3065	1.2834	1.3069	1.2607

(1) The average of the Bloomberg Composite Rates on the last business day of each month during the relevant period.

(2) The average of the exchange rates on each business day during the relevant period.

On January 24, 2019, the Bloomberg Composite Rate between the pound sterling and the U.S. dollar was $1.3065 per £1.00.

The above rates may differ from the actual rates used in the preparation of the historical consolidated financial statements and other financial information appearing in this Offering Memorandum.

SUMMARY

This summary highlights information contained elsewhere in this Offering Memorandum. The summary below does not contain all the information that you should consider before investing in the New Floating Rate Notes. You should read the entire Offering Memorandum carefully, including our historical consolidated financial statements and the notes thereto, before making an investment decision. See "Risk Factors" for certain factors that you should consider before investing in the New Floating Rate Notes.

Overview

We are the fourth largest managed pub company in the United Kingdom in terms of number of operating sites, trading from 725 sites across the United Kingdom as of September 30, 2018. We began our trading operations in November 2010 following the acquisition of 333 pubs from Mitchells & Butlers. We have since grown in size and scale through a series of strategic acquisitions, including the acquisitions of Town & City in 2011, which operated 226 pubs, 78 pubs from Bramwell in 2013 and 51 pubs from TCG in 2015. Further, in 2016, 2017 and 2018, we acquired approximately 163 additional pubs and bars, including 30 pubs acquired pursuant to the Intertain Acquisition. Particularly to strengthen our offering in the attractive premium and premium mainstream drink-led markets and grow our presence in attractive central London and town center locations with a high footfall, we recently completed the acquisition of 33 pubs pursuant to the Be At One Acquisition, 15 pubs pursuant to the First Novus Acquisitions and 32 pubs pursuant to the Fever Bars Acquisition. In addition, we have agreed to acquire six pubs pursuant to the Second Novus Acquisitions and we expect to complete the acquisition of these pubs in 2019. After giving effect to the acquisition of sites pursuant to the Be At One Acquisition, the First Novus Acquisitions, the Fever Bars Acquisition and the Second Novus Acquisitions, we will operate from 772 sites.

For the 53 weeks ended September 30, 2018, we generated revenue of £774.4 million, Adjusted EBITDA of £114.9 million (£112.0 million on a 52-week basis) and operating profit of £29.9 million. We estimate that our Pro Forma Revenue for this period would have been £867.1 million and our Pro Forma Adjusted EBITDA for this period would have been £141.1 million (in each case, presented on a 52-week basis).

Our business is highly diversified within our sector with a variety of different formats through which we cater to different customer needs and preferences. We classify our pubs as either "branded" or "unbranded" based on each pub's concept and offering. With the acquisition of Be At One, we have introduced a new format, which will form part of our branded group. The 33 pubs acquired from Be At One, which are all operated under the Be At One brand, trade from basement venues or former nightclub sites located in town or city high streets. In addition to our Be At One brand, our branded group is comprised of our Slug and Lettuce, Venues and Walkabout brands, while our unbranded group is comprised of our Proper Pubs, Town Pub and Kitchen, Common Rooms and Classic Inns pubs. By operating our business through a multi-format strategy, we believe we can position ourselves across a wide range of customer demographics and target various consumer trends. Through strategic initiatives, we evaluate the current performance and capacity of our various pubs on an on-going basis, with the objective of identifying opportunities for further growth. For the 53 weeks ended September 30, 2018, 78.0% of our revenue was generated from drink sales and 17.0% of our revenue was generated from food sales, with the remaining revenue generated from other sources, such as admission, accommodation and machine sales. Approximately 86.0% of our pubs, bars and venues offer both food and drinks.

We believe that we have a strong property portfolio, which consisted of 725 operating sites as of September 30, 2018, with 258 freehold properties and 27 long leasehold properties with 50 years or more remaining under the lease term. According to the Valuation Report, our property portfolio as of February 2017, which consisted of 688 properties at that time, had an aggregate value of £740.0 million. Our property portfolio presents strong geographical diversification with a balanced presence across the United Kingdom. We are well exposed to the London market (approximately 14% of our operating sites as of September 30, 2018) and the broader Southeast region (which includes London and accounted for approximately 39% of our operating sites as of September 30, 2018), areas with higher population densities and more affluent consumers. We operate in geographically attractive locations with high exposure to the high street and in urban and suburban locations across the United Kingdom. We continue to invest in our estate, and for the 156 weeks ended September 30, 2018, our average annual Return on Investment was 35.3%. As of September 30, 2018, we still had over 148 pubs that have not been invested in while we have been under TDR's ownership, and we believe this provides us with a strong pipeline of investment and growth opportunities. Moreover, we plan to invest in each of the 15 pubs that we recently acquired pursuant to the First Novus Acquisitions, with an investment in a majority of these pubs anticipated in the financial year 2019.

Headquartered in Luton, with more than 13,400 employees nationwide as of September 30, 2018, we benefit from significant scale and experience in our market. Being a fully managed pub operator, we have complete control over our sales formats and product offerings, are entitled to all of the revenue generated from our operations and ultimately retain all of the net income we generate. All of our pubs benefit from shared administrative, marketing, supply and logistics functions, thereby reducing overheads and driving purchasing power as compared to an independent or tenanted pub operator.

Our Strengths

Our key credit strengths include the following:

We are a managed pub operator in an attractive sector, benefitting from positive consumer dynamics

The pub sector in the United Kingdom is an attractive sector. Over the past few years, leading pub operators have been able to deliver robust like for like sales growth, as consumers have continued spending on low-cost items, including pub visits. Consumer confidence levels have generally improved since 2012, as shown by a rise in the United Kingdom consumer confidence index. Moreover, disposable income in the United Kingdom has been increasing since 2012, according to a report by the Office for National Statistics issued in January 2018. This environment has supported our sales growth despite uncertainty resulting from the United Kingdom's decision to leave the EU.

Within the sector, eating and drinking out has been and is expected to continue to be a growth trend in the United Kingdom. In addition, since 2012, managed pub operators that focus on drinks have generally outperformed managed pub operators that focus on food in terms of growth in revenue. Managed pub operators have performed particularly well within the pub sector over the past few years and have improved their market share compared to tenanted pub operators and independent pubs. This performance is due to a number of advantages that managed pubs benefit from compared to tenanted and independent pubs. Managed pubs typically generate higher gross margins than tenanted or independent pubs as tenanted pubs are generally required to purchase their beer at a considerable premium from the tenanted pub companies that lease the pubs to them, while independent pubs lack the scale to buy supplies on the best terms.

Furthermore, managed pubs are generally better-invested than tenanted or independent pubs, as managed pub operators generally have greater financial resources to support robust investment programs. This has enabled managed pub operators to consistently improve their offering and deliver high quality customer experiences, while tenanted and independent operators have generally been forced to downsize their portfolios. Managed pubs tend to be larger and occupy better locations than tenanted pubs, which has also driven their profitability and sustainability. As a fully managed pub operator, we believe we are well-positioned to take advantage of not only the positive consumption trends, but also the growth trend in eating and drinking out within our sector.

We are one of the largest managed pub operators in the United Kingdom with strong like for like revenue growth compared to our peers and with a high margin business model

We are the fourth largest managed pub company in the United Kingdom in terms of number of operating sites, trading from 725 sites across the United Kingdom through a variety of formats as of September 30, 2018. Because of our size and scale, we are in a strong competitive position compared to smaller players operating in the pub market. Our scale provides us with greater purchasing power compared to our competitors and allows us to leverage our head office function in Luton efficiently. Owing to our strong reputation and brands, we have also been able to attract and retain experienced and talented employees at both site management and head office levels. This, coupled with our ability to keep our staff updated on customer trends and preferences through our well-invested training facilities, has helped us achieve high levels of customer satisfaction and improved sales. We also have the ability to invest in our estate to improve and innovate our facilities and offering, which has helped us drive improved performance across our sites. These positive features have contributed to our strong like for like sales performance, as evidenced by our higher like for like sales growth when compared to that of a substantial majority of our peers for their respective 2018 financial years.

We have a greater focus on the drink-led segment of the drinking-out market compared to our peer managed pub operators. This has a favorable impact on our margins, due in part to the lower labor costs associated with drinks as compared to food. For the 53 weeks ended September 30, 2018, our labor costs were 24.4% of revenue, which we believe compares favorably to casual dining chains and food-led pubs and bars in our sector.

Our multiple format strategy provides exposure to the most attractive segments of the market and enables us to appeal to a broad range of demographics

Prior to our acquisition of Be At One, we operated the following formats: Proper Pubs, Classic Inns, Town Pub and Kitchen, Slug and Lettuce, Common Rooms, Venues and Walkabout. These formats are predominantly positioned in the mainstream and premium mainstream segments of the drinking-out market. With the acquisition of Be At One, we have recently introduced a new format, which will form part of our branded group. The bars acquired from Be At One are positioned in the premium mainstream segment and will trade under the brand name *Be At One*. The mainstream and premium mainstream segments are the largest segments of the market and, along with the premium segment, are the segments with the highest growth prospects. According to CGA, the value of the mainstream, premium mainstream and premium segments is expected to grow at a compound annual growth rate of 2.0% over the period from 2018 to 2022 to approximately £26.2 billion. Further, CGA estimates that the total value of drinks sales in pubs and other on-site trading venues (where alcohol is served for consumption on the premises rather than elsewhere) is expected to grow at a compound annual growth rate of 1.8% over the same period, to approximately £31.8 billion.

Our multiple format strategy enables us to appeal to a broad range of demographics. For example, within our unbranded pub formats, Proper Pubs offer traditional food and drinks, whereas Town Pub and Kitchen pubs offer higher quality food and drink. Similarly, within our branded pub formats, Slug and Lettuce pubs offer restaurant quality food, whereas Be At One offers a range of premium specialist cocktails. Our Common Room pubs are located near universities and cater to students and young adults, offering free WiFi and printing services as well as craft beers and street food that appeal to younger customers, and pubs in our Walkabout format are positioned as sport bars that operate an all-day trading format and as late night venues during weekends.

We seek to maximize individual site profitability by evaluating the most suitable format for a particular location and customer base on an on-going basis. We also have the flexibility to apply the most appropriate format to suit the demographic changes and trends affecting our customer base. We have demonstrated our ability to modify our formats to respond to such changes. For instance, we phased out our Scream format in between 2013 and 2015, which was aimed solely at students, and replaced it with the Common Room format. This change contributed to revenue growth on a like for like basis for the original Scream pubs that were converted into the Common Room format of 4.1% from the 52 weeks ended September 29, 2013 to the 52 weeks ended September 27, 2015. The operating flexibility of using multiple formats allows us to optimize the combination of our food and drinks offerings. We deploy the most suitable format so that our food sports and live event offerings complement our drinks offerings and contribute to higher footfall and drinks sales. Our food offerings also contribute to increased utilization of our pubs during the day. For example, in 2016 we introduced the Town Pub and Kitchen format in order to respond to increasing demand for restaurant quality food in town centers in a pub setting. Similarly, this contributed to revenue growth on a like for like basis for the pubs that were converted into the Town Pub and Kitchen format of 4.9% from the 52 weeks ended September 28, 2014 to the 52 weeks ended September 25, 2016.

Significant asset backing and diversified estate portfolio

We operate in geographically attractive locations in town centers and in suburban locations across the United Kingdom. In our portfolio, of the 725 operating sites as of September 30, 2018, we had a total of 258 freehold properties and 27 long leasehold properties with 50 years or more remaining under the lease term. According to the Valuation Report, our property portfolio as of February 2017, which consisted of 688 properties at that time, had an aggregate value of £740.0 million.

Furthermore, our estate is well-diversified from a geographic and format perspective. We operate pubs across the United Kingdom and have a strong presence in London (approximately 14% of our operating sites as of September 30, 2018) and in the broader Southeast region (which includes London and accounted for approximately 39% of our operating sites as of September 30, 2018), areas with higher population densities and more affluent consumers.

As of September 30, 2018, approximately 77% of our pubs were located in town or city centers, with the remaining 23% located in suburban areas. We are the second largest managed pub estate located in town centers in the United Kingdom in terms of number of operating sites, with only JDW having a higher number of operating sites so located. We have recently completed the acquisition of 15 pubs pursuant to the First Novus Acquisitions primarily for their location in attractive areas of London with a high footfall. In addition, the bars acquired from Be At One are also located in town or city centers. Town centers are attractive locations for pubs for both the wide array of options they provide to customers and their proximity to transportation infrastructure. According to a CGA report of December 2018, more than 65.0% of all drinks sales at managed pubs were made at venues located in town centers. In addition, population growth in the United Kingdom's large cities provides an opportunity to grow our business. We also benefit from having multiple formats in large cities, as this allows us to maintain a significant presence in those cities without cannibalizing trade, as would be the case with a single format operator.

Industry leading investment program and strong cash conversion

Our robust track record of successful capital investments has strengthened our position as one of the largest managed pub operators in the United Kingdom. We identify priority investments through biannual estate reviews and have implemented a multi-stage estate review process to ensure a disciplined approach to investment in our existing properties. Our investments significantly change the earnings profile of such properties. Since we began trading, and through September 30, 2018, we have refurbished 596 of our pubs that we currently operate and on average have achieved an average annual Return on Investment of 35.3%. As of September 30, 2018, we still had over 148 pubs that have not been invested in while we have been under TDR's ownership, and we believe this provides us with a strong pipeline of investment and growth opportunities. Moreover, we plan to invest in each of the 15 pubs that we recently acquired pursuant to the First Novus Acquisitions, with an investment in a majority of these pubs anticipated during the financial year 2019.

The majority of our capital expenditure is either investment expenditure or acquisition expenditure in nature as opposed to maintenance expenditure, and is therefore, in large part, discretionary. Maintenance Capital Expenditure has historically remained relatively consistent, and for the 52 weeks ended September 25, 2016, the 52 weeks ended September 24, 2017 and the 53 weeks ended September 30, 2018, represented 4.5%, 5.0% and 4.7% of our revenue, respectively. As a result of the combination of our increasing Adjusted EBITDA and controlled capital expenditure, we have been able to maintain strong levels of Adjusted Cash Conversion, which for the 52 weeks ended September 25, 2016, the 52 weeks ended September 24, 2017 and the 53 weeks ended September 30, 2018 (but presented on a 52-week basis for comparability), was 69.8%, 66.5% and 67.2%, respectively.

We have a strong track record of delivering growth and improvements in operational efficiency through acquisitions

We have a strong track record of acquiring and integrating pubs, including our June 2011 acquisition of Town & City, which owned 226 leasehold pubs, our August 2013 acquisition of 12 pubs from Living Room and our November 2013 acquisition of 78 pubs from Bramwell. Further, in 2015, we acquired 15 predominantly freehold pubs from Maclays, which strengthened our portfolio within Scotland, and 51 pubs from TCG, primarily in England and Wales. In December 2016, we acquired 30 pubs across the United Kingdom pursuant to the Intertain Acquisition, in July 2018, we acquired 33 bars pursuant to the Be At One Acquisition, and in December 2018, we completed the acquisition of 15 pubs acquired pursuant to the First Novus Acquisitions. In addition, we recently acquired 32 pubs pursuant to the Fever Bars Acquisition and agreed to acquire six pubs pursuant to the Second Novus Acquisitions. We have identified significant potential synergies that we expect to achieve from the integration of these pubs into our business. For instance, in connection with the Be At One Acquisition and the Fever Bars Acquisition, we expect to, but cannot guarantee that we will, realize synergies of £1.1 million, relating to, among others, the application of the prices that we are currently offered by our drinks suppliers to the drinks supply purchases of the pubs that we have acquired pursuant to the Be At One Acquisition and the Fever Bars Acquisition. For further details of such synergies, see "Summary—Summary Consolidated Financial and Other Information."

We realized notable synergies from both the Bramwell and the TCG acquisitions. The Bramwell acquisition was strategically important for us, as it led to an increase in operational scale that was large enough to allow us to use provisions in certain of our supplier contracts that enable such contracts to be renegotiated on more favorable terms in the event of a 10% or greater increase in the number of our operating sites. In the aggregate, we realized costs savings on our drinks supply in the amount of approximately £7.0 million in connection with the Bramwell acquisition, including savings from the contract renegotiation facilitated by the acquisition. In addition, we have achieved an attractive Return on Investment for conversions of Bramwell pubs. The TCG acquisition also complemented our existing estate through successful integration of the pubs acquired from TCG into our Slug and Lettuce, Venues, Proper Pubs, Town Pub and Kitchens and Classic Inns formats. In connection with the TCG acquisition, we were also able to realize synergies of £2.3 million, primarily as a result of the application of the prices offered to us by our drinks suppliers at the time to the drinks supply purchases of the pubs acquired from TCG.

Experienced senior management team with strong sponsor backing

We have a strong, experienced senior management team with an average of more than 25 years of relevant experience, combining complementary skill sets in the retail, leisure and service sectors as well as the drinking-out and eating-out markets. We are led by our CEO Simon Longbottom, who has more than 25 years of experience, previously serving as managing director of the leased and tenanted division at Greene King, managing director of Pub Partners as well as managing director of Gala Coral's gaming division. Mr. Longbottom has also held senior positions with Mitchells & Butlers plc. We also benefit from the strong experience of our Chairman Ian Payne, who has more than 40 years of retail experience and helped form Stonegate in 2010. Ian previously served as Chairman of Town & City and CEO of Laurel Pub Company and has held board positions with Bass Taverns, Stakis plc and Ladbrokes. Dave Ross was appointed as CFO in January 2012 and has over 20 years of experience in the industry. Through the leadership of our senior management team, we have experienced strong revenue and Adjusted EBITDA performance, with revenue increasing from £642.6 million for the 52 weeks ended September 25, 2016 to £774.4 million for the 53 weeks ended September 30, 2018 and Adjusted EBITDA increasing from £96.0 million for the 52 weeks ended September 25, 2016 to £112.0 million for the 53 weeks ended September 30, 2018 (but presented on a 52-week basis for comparability), as well as maintaining a relatively stable Adjusted EBITDA Margin of 14.9% for the 52 weeks ended September 25, 2016 and 14.7% for the 53 weeks ended September 30, 2018 (but presented on a 52-week basis for comparability). Our senior management team has also been instrumental to our ability to successfully integrate our acquisitions over time into our existing business.

We also benefit from strong sponsor backing from TDR Capital, a leading private equity firm which managed funds with over €8.0 billion of committed capital as of the end of 2018. See "—About TDR Capital." TDR Capital's active support, combined with the depth of our management's experience in the industry, provides for efficient decision making and superior leadership to maintain and grow our business.

Our Strategies

Our goal is to be the best managed pub operator in the United Kingdom. We intend to achieve this goal through continuous development of our current estate by maintaining our capital investment strategy and concentrating on our core operating initiatives. We also intend to focus on improving our margins and complement our organic growth through opportunistic accretive acquisitions which we believe will improve the value of our estate.

We intend to pursue the following initiatives to achieve our strategic objectives:

Maintain our capital investment strategy

To continue to drive our business performance and further increase our market share, we intend to maintain our commitment to capital investment. We have developed a disciplined and efficient process for investing in our estate. Each site we invest in is prioritized at a biannual estate review, after which it receives a detailed appraisal during a multi-stage review process. This site-by-site rigor has allowed us to achieve an average annual Return on Investment of 35.3% for the 156 weeks ended September 30, 2018. Additionally, our capital investments have led to significant improvements in the Pre-adjusted EBITDA generated by each of our invested sites. For example, in respect of our 103 invested sites during the 52 weeks ended September 25, 2016, we noted an Average Annual Pre-adjusted EBITDA Increase from Investment of £69,000 in the first year post-investment.

Further, our Average Investment per Site at the 342 sites that we invested in during the 156 weeks ended September 30, 2018, was £236,000 per site.

As of September 30, 2018, we still had over 148 pubs that have not been invested in while we have been under TDR's ownership, and we believe this provides us with a strong pipeline of investment and growth opportunities. Moreover, we plan to invest in each of the 15 pubs that we recently acquired pursuant to the First Novus Acquisitions, with an investment in a majority of these pubs anticipated during the financial year 2019. As part of our investment program, we also continue to develop our brands and formats to make them more appealing to our customers and to allow us to increase our prices.

We will also continue to explore opportunities to change the formats of our operating sites in order to maximize site profitability. For instance, following the First Novus Acquisitions, we have identified formats for a majority of the 15 sites that we acquired and have commenced the transition process. We will also continue to evaluate potential format changes across our existing pub estate based on demographic and other trends in order to maximize site profitability. For example, we updated the inherited Scream format and replaced it with our Common Room format, and introduced the Town Pub and Kitchen format, which was designed to respond to increasing demand for premium products in town centers.

Concentrate on our core operating initiatives

We also intend to continue to deliver sustainable profit growth through our core operational initiatives:

- **Premiumization:** Customer demand for premium drink categories has been growing, including demand for premium lager and craft beers in particular. We are therefore increasing the weighting of our offerings towards premium, higher value products to take advantage of this demand. During the 53 weeks ended September 30, 2018, our revenue from premium drinks increased significantly, with an increase of 15.7%, 10.2%, and 12.2% in revenue attributable to premium lager, premium spirits and cocktails, respectively. Given our mix of mainstream and premium mainstream formats, and our acquisition of Be At One with its portfolio of premium specialist cocktail bars, we are well positioned to benefit further from this growing demand for premium products. According to CGA, the value of the premium, premium mainstream and mainstream segments is expected to grow at a compound annual growth rate of 4.0%, 2.4% and 1.0%, respectively, from 2018 to 2022, while the value segment is expected to grow at a compound annual growth rate of 1.2% over the same period.
- **All-Day Trading Formats:** Consumers are increasingly viewing pubs' food offerings as an important consideration when deciding where to drink. Therefore, we are developing our food offering to increase footfall and drink sales across our pubs, and our revenue from breakfast, lunch and hot beverages is increasing as a result. Breakfast food sales accounted for 3.2% of food revenue for the 53 weeks ended September 30, 2018 and on average, food accounted for 34.6% of all pre-5:00 p.m. sales across our pubs located in town centers (excluding pubs under our Venues format).
- **Digitalization:** We are also focusing on digital marketing in order to gain greater traction and brand awareness across our core demographic of 18 to 35 year olds. Our pub brands (including Be At One) in aggregate currently have over 3.0 million Facebook followers. Our focus on digitalization allows us to actively engage with our millennial customers and generate footfall and customer retention. In addition, for the 52 weeks ended September 24, 2017 and the 53 weeks ended September 30, 2018, we had invested in aggregate £2.2 million to develop our pub websites, mobile enabled functions and booking platforms, which we believe has driven pre-booked sales.
- **Manage Our Talent:** We believe that having the best site management is a critical success factor in our business. We will therefore continue to support our human resources programs so that we can retain and recruit top industry talent. We will continue to run effective training programs to develop our top performing deputy managers into general managers (known as the "Accelerator" programs) and to provide enhanced customer service. We have also established a training center and development kitchen in Birmingham and offer an attractive incentive package for site managers. In acknowledgement of our work to date, in February 2016, we were awarded the "Best Learning and Development Strategy" award at the HR Excellence Awards, and we were awarded the "Best Managed Company for Training" (more than 30 outlets) award at the 2016 National Innovation in Training Awards. We also introduced an "app" called Albert's App to train our staff.

Focus on improving our margins

We are focused on growing our margins, primarily through pricing improvements, labor efficiency and implementing best practices.

- **Pricing Improvements:** Our pricing strategy focuses on promoting premium products, which involves encouraging customers to upgrade from standard drinks to higher quality alternatives that generate a higher level of revenue and margin; ensuring that the price increments between our products is in line with the quality of those products and that each step-up in such increments is evenly distributed among our product range and is applied consistently across our range; price rationalization to ensure that prices are consistent within sites across the same format and that standard prices by format are appropriately indexed against competitors; and the centralized approval of all promotions in order to remove unprofitable promotions.
- **Labor Efficiency:** We will continue to make our labor and staffing practices more efficient. For example, we introduced a labor efficiency tool in 2015 that allows us to tailor our staffing needs to more closely mirror consumer demand and footfall at each of our pubs throughout the day and during the year. This tool has been helpful in partially mitigating the impact of the implementation of the National Living Wage in the United Kingdom in April 2016, and our Adjusted EBITDA Margin has remained relatively stable at 14.7% for the 53 weeks ended September 30, 2018 (but presented on a 52-week basis for comparability) as compared to 14.9% for the 52 weeks ended September 25, 2016, despite this implementation.
- **Adoption of Best Practices:** Our acquisitions of new companies and businesses give us an opportunity to get an insight into, and draw inspiration from, a variety of best practices in the industry. Where we come across practices that we believe would be accretive to our business, we endeavor to adapt them to our needs and deploy them with a view to increasing our sales margins. For example, we have deployed a mobile application called "Appy Hour" that Be at One has used with notable success in the past, aimed at creating greater interest in our brands and formats and supporting our marketing and promotion efforts. As another example, following the First Novus Acquisitions, we have brought on the target's events team that specialized in developing and implementing pre-booking and group event strategies and we believe that their expertise will help us improve our sales margins through the increase in pre-bookings and group events at our pubs.

Complement our organic growth through opportunistic accretive acquisitions

The pub market in the United Kingdom remains fragmented. We believe that our scale, financial strength, and mergers and acquisitions experience will continue to allow us to take advantage of the consolidation in the United Kingdom pub market and increase our market share compared to smaller, capital-constrained competitors. In line with our historic approach, we will monitor various acquisition opportunities and only pursue acquisitions, which we believe would add value to Stonegate from both a financial and strategic perspective. More specifically, we will consider acquisitions only when we expect to be able to grow the profitability of any pubs acquired and generate material synergies due to our scale.

Recent Acquisitions

Our recent acquisitions include:

- *Be At One Acquisition*: On July 23, 2018, we acquired 33 leasehold pubs as a result of the acquisition of the entire issued share capital of Be At One for an enterprise value of approximately £49.0 million. Established in 1998, Be At One is a premium specialist cocktail bar operator in the United Kingdom, spread across central London (approximately 34%), outer London (approximately 19%) and regionally in the United Kingdom (approximately 47%).
- *First Novus Acquisitions*: On July 22, 2018, we agreed to acquire 15 leasehold properties in London for an enterprise value of approximately £28.0 million. The 15 sites acquired pursuant to the First Novus Acquisitions have, generally compared to our peer group, a relatively high average weekly earnings and are located in attractive areas of London with a high footfall such as the City of London, the West End and Soho. Of these properties, we completed the acquisition of four properties by September 30, 2018 and completed the last of the remaining eleven acquisitions on December 10, 2018.
- *Fever Bars Acquisition*: On January 22, 2019, we acquired 32 leasehold pubs, as a result of the acquisition of the entire issued share capital of Fever Bars for an enterprise value of approximately

£25.0 million. These 32 pubs are located in certain towns and cities in the United Kingdom, such as Tunbridge Wells, Redditch and Basingstoke, and in a majority of these locations, we have limited or no presence.

- *Second Novus Acquisitions*: On January 22, 2019, we agreed to acquire six leasehold properties in London for an enterprise value of approximately £5.0 million. We expect to complete the acquisition of these pubs in 2019, subject to customary closing conditions including consent from the landlords of these pubs. The six sites to be acquired pursuant to the Second Novus Acquisitions are in attractive locations in the business and financial districts of London such as St. Mary Axe, Tooley Street, Canary Wharf and Bishopsgate. Of these six pubs, four pubs currently operate under the Balls Brothers brand and two pubs currently operate under the Tank & Paddle brand. As part of the Second Novus Acquisitions, we are also acquiring the Tank & Paddle brand.

After giving effect to the acquisition of sites pursuant to the Be At One Acquisition, the First Novus Acquisitions, the Fever Bars Acquisition and the Second Novus Acquisitions, we will operate from 772 sites.

We financed the consideration for the Be At One Acquisition, the First Novus Acquisitions and the Fever Bars Acquisition with borrowings under our Senior Secured Credit Facility, and intend to repay these borrowings in full, including any accrued and unpaid interest, with the proceeds of this Offering. We intend to finance the consideration for acquisition of the six pubs to be acquired pursuant to the Second Novus Acquisitions with a portion of the proceeds from this Offering.

Acquisition Rationale and Strategy

The Be At One Acquisition, the First Novus Acquisitions and the Second Novus Acquisitions

We believe that these acquisitions are complementary to our drinks led-strategy and that they will continue to strengthen the breadth of our offering and our presence in the attractive and growing premium mainstream drink-led market. In addition, we expect these acquisitions to help us grow our presence in attractive central London and town center locations with a high footfall.

We are in the process of integrating Be At One into our branded platform and have launched it as a new format. In addition, we also expect to be able to re-segment certain of our existing sites into the more premium Be At One format. As to the pubs acquired pursuant to the First Novus Acquisitions and the pubs to be acquired pursuant to the Second Novus Acquisitions, we are in the process of integrating these pubs into our existing brands and formats, including our Slug & Lettuce, Be At One, City Taverns, Venues and Town Pub and Kitchen formats.

Certain of these pubs are relatively underinvested and offer us an opportunity to invest in them and to improve our return on investment. For instance, we plan to invest in a majority of the pubs acquired pursuant to the First Novus Acquisitions during the financial year 2019. Specifically the pubs acquired pursuant to the First Novus Acquisitions also benefit from pre-booked sales and, in those terms too, would be complementary to our strategy to increase sales from events booked in advance and group events. We believe that these acquisitions offer an attractive valuation and we also expect to achieve cost synergies as we integrate them into our business. In relation to the Be At One Acquisition, we expect significant cost synergies particularly in relation to procurement, head office functions and certain administrative costs.

Fever Bars

We have acquired 32 sites pursuant to the Fever Bars Acquisition in certain towns and cities in the United Kingdom. Eight of these locations are new to our existing estate and a further 16 are in locations where we do not have a late-night venue. The Fever Bars Acquisition complements our drinks-led strategy, and in addition to offering greater geographical reach, also provides us with the opportunity to further expand our offering of late-night venues. We plan to convert a majority of the pubs acquired pursuant to this acquisition into our Venues format with limited capital expenditure.

Current Trading

Based on our preliminary financial results for the fourteen weeks ended January 6, 2019, we believe our business is continuing to perform in line with expectations and in accordance with historical trends. Our preliminary financial results indicate that during the fourteen weeks ended January 6, 2019, our Revenue Growth (Like for Like) was 3.8%, our Drink Sales Growth (Like for Like) was 4.6% and our Food Sales Growth (Like for Like) was 0.4%.

These preliminary results have been prepared by, and are the responsibility of, management and are based solely on preliminary internal information. Our most recent quarter ended on January 20, 2019. During the course of our financial statement closing process, we could identify items that would require us to make adjustments that could affect the results discussed above. Because these results are preliminary, they could change, and they may not be indicative of the financial quarter or any other period. See "Forward-looking Statements" and "Risk Factors" for a more complete discussion of certain of the factors that could affect our future performance and results of operations.

This preliminary information has not been audited and/or reviewed by our independent auditors.

About Stonegate

Stonegate Pub Company Limited (the "Company") was incorporated as an exempted company with limited liability under the laws of the Cayman Islands on August 13, 2010, in connection with our planned acquisition of pubs from Mitchells & Butlers. We began trading operations in November 2010 after the acquisition of pubs from Mitchells & Butlers was completed.

Stonegate Pub Company Financing plc (the "Issuer") was incorporated on March 19, 2014 as a public limited company under the laws of England and Wales for the purpose of issuing debt securities. The Issuer is a wholly owned subsidiary of the Company.

The registered office of the Company in the Cayman Islands is at the offices of Conyers Trust Company (Cayman) Limited, Boundary Hall, Cricket Square, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands and its telephone number at that address is +1 345 949 1040. The registered office of the Issuer in the United Kingdom is Porter Tun House, 500 Capability Green, Luton, Bedfordshire, LU1 3LS, United Kingdom and its telephone number at that address is +44 (0) 845 126 2944.

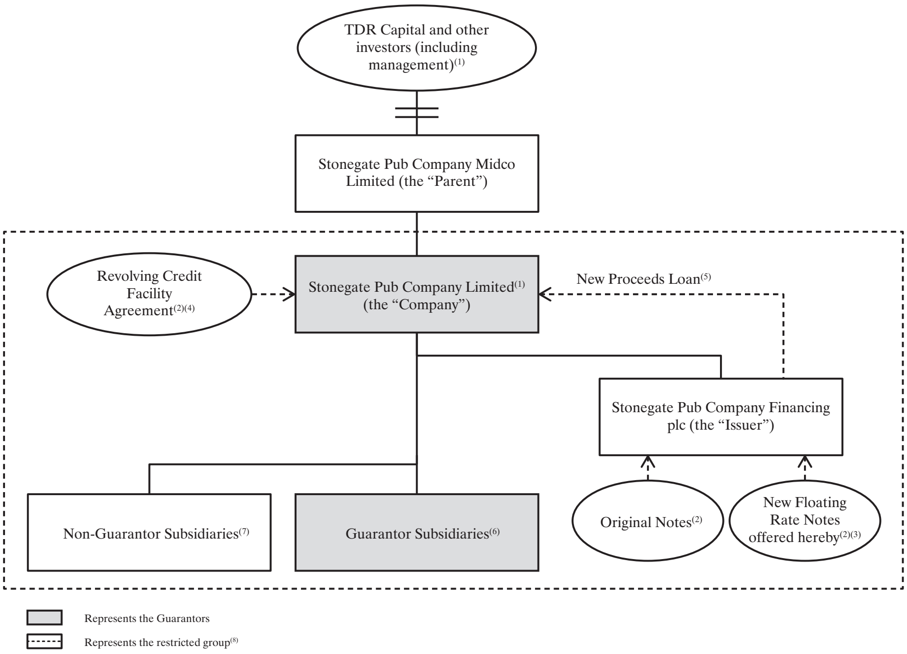
About TDR Capital

TDR Capital is a leading private equity firm which managed funds with over €8.0 billion of committed capital as of the end of 2018. It was founded in 2002 by Manjit Dale and Stephen Robertson, who were previously partners at DB Capital Partners. TDR Capital has an experienced team of investment professionals and operating partners and has a low-volume investment strategy based on principles developed by the investment team over the past decade. TDR Capital seeks to spend significant resources on each investment and to focus on operational excellence through a tested and integrated operating partner model.

Intense pre-investment analysis and post-investment involvement mean that TDR Capital is selective, typically making only one to three investments a year. TDR Capital takes an active role in overseeing the operations of its investments, working in partnership with management through board representation and professional support.

Corporate and Financing Structure

The following diagram summarizes our corporate structure and principal outstanding financing arrangements after giving effect to the Transactions and the application of the proceeds therefrom as described in "Use of Proceeds." For a summary of the material financing arrangements identified in this diagram, see "Capitalization," "Description of the Notes" and "Description of Other Indebtedness." The diagram is intended for illustrative purposes only and does not include all legal entities. All entities shown below are 100% directly or indirectly wholly-owned, unless otherwise mentioned.



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(1) Stonegate Pub Company Limited is wholly owned and controlled by Stonegate Pub Company Midco Limited, which is, in turn, ultimately owned and controlled by TDR Capital. TDR Capital and our senior management, each of whom is a Permitted Holder under the Indenture, and hold, directly or indirectly, 99.6% and 0.4%, respectively, of the shares of Stonegate Pub Company Midco Limited. See "Principal Shareholders" and "Description of the Notes."

(2) The obligations of the Issuer and the Guarantors under the Original Notes, the Indenture and the Revolving Credit Facility Agreement are secured, and, in the case of the New Floating Rate Notes, will be secured, as described under "Description of the Notes—Security" (such security, collectively, the "Collateral"), including by security over all of the shares of the Issuer and the Guarantors subject to the Agreed Security Principles, the Security Documents and the grant of further Permitted Collateral Liens (as defined in "Description of the Notes—Certain Definitions"). Pursuant to the terms of the Intercreditor Agreement, any liabilities in respect of obligations under the Revolving Credit Facility Agreement or in respect of hedging obligations, in each case, that are secured by the Collateral will receive priority with respect to any proceeds received upon any enforcement action over any such assets. Any remaining proceeds received upon any enforcement action over any Collateral will be applied *pro rata* in repayment of all obligations under the Indenture and the Notes and any other indebtedness of the Issuer and the Guarantors permitted to be incurred and secured by the Collateral pursuant to the Indenture. In addition, if the Issuer and the Guarantors enter into additional debt instruments, the Collateral may be used to secure such instruments. In certain circumstances, assets may be released from the Collateral. See "Risk Factors—Risks Related to Our Structure—There are circumstances other than repayment or discharge of the Notes under which the Collateral securing the Notes and the Note Guarantees will be released automatically and under which the Note Guarantees will be released automatically, without your consent or the consent of the Trustee."

(3) The New Floating Rate Notes will be senior obligations of the Issuer and will be guaranteed by the Guarantors on the same basis as the Original Notes. On the Issue Date, the New Floating Rate Notes will be secured by the same assets that secure the Original Notes. See "—The Offering."

(4) The Revolving Credit Facility Agreement is, as of the date of this Offering Memorandum, for a committed amount of £50.0 million of secured credit borrowings. The original borrowers under the Revolving Credit Facility Agreement are the Company and certain of the Guarantors, including Barley Pub Company Limited, Hops Pub Company Limited, Slug and Lettuce Company Limited and Town and City Pub Group Limited. For a description of our Revolving Credit Facility Agreement, see "Description of Other Indebtedness—Revolving Credit Facility Agreement."

(5) A New Proceeds Loan in respect of the proceeds of the New Floating Rate Notes will be made by the Issuer to the Company on or about the Issue Date. See "Use of Proceeds." The Issuer's rights under the New Proceeds Loan Agreement will be pledged in favor of the Security Agent and comprise part of the Collateral. See "Description of the Notes—Security."

(6) The Company and all of its material subsidiaries (other than the Issuer) are Guarantors in respect of the Original Notes, and will become Guarantors on or about the Issue Date in respect of the New Floating Rate Notes. The Issuer and the Guarantors

unconditionally guarantee the Revolving Credit Facility Agreement on a senior secured basis. See "Risk Factors—Risks Related to Our Financial Profile, the New Floating Rate Notes and the Note Guarantees" and "Description of Other Indebtedness—Revolving Credit Facility Agreement." As of and for the 53 weeks ended September 30, 2018, the Guarantors generated substantially all of the consolidated revenue and Adjusted EBITDA of the restricted group and represented substantially all of the consolidated total assets of the restricted group.

(7) Five of our property holding companies and certain other companies, which currently do not hold any material assets or generate any material Pre-adjusted EBITDA, are not Guarantors. Additionally, two of our subsidiaries, Yates Group Pension Trustees Limited and Laurel Pension Trustee Company Limited, which are dormant companies, are not Guarantors.

(8) The entities in the restricted group will be subject to the covenants under the Revolving Credit Facility Agreement and the Indenture.

The Offering

The summary below describes the principal terms of the New Floating Rate Notes, the Note Guarantees and the Collateral. It is not intended to be complete and certain of the terms and conditions described below are subject to important exceptions. You should carefully review the "Description of the Notes" section of this Offering Memorandum for more detailed descriptions of the terms and conditions of the New Floating Rate Notes.

Issuer	Stonegate Pub Company Financing plc
New Floating Rate Notes Offered	£150,000,000 aggregate principal amount of its Floating Rate Senior Secured Notes due 2022 issued by the Issuer as Additional Notes under the Indenture pursuant to which the Original Notes were issued. The New Floating Rate Notes offered hereby will bear a different rate of interest to the Original Floating Rate Notes, will have new ISINs and common codes and will not be fungible with the Original Floating Rate Notes. Except as otherwise specified with respect to the New Floating Rate Notes, the New Floating Rate Notes will have the same terms as the Original Floating Rate Notes and will constitute a single class of debt securities with the Original Floating Rate Notes under the Indenture, including with respect to waivers, amendments, redemptions and offers to purchase. However, the New Floating Rate Notes will not form part of the same series of notes as the Original Floating Rate Notes. The New Floating Rate Notes offered hereby will bear a different rate of interest to the Original Floating Rate Notes, will have new ISINs and common codes and will not be fungible with the Original Floating Rate Notes.
Issue Date	, 2019
Maturity Date	March 15, 2022
Interest Rates	Three month LIBOR plus %, as determined by the Calculation Agent.
Interest Payment Dates	Quarterly in arrears on each March 15, June 15, September 15 and December 15, commencing on March 15, 2019. Interest will accrue from the Issue Date and will be payable in cash.
Issue Price	% plus accrued interest, if any, from the Issue Date.
Denomination	The New Floating Rate Notes will have a minimum denomination of £100,000 and any integral multiples of £1,000 in excess thereof. The New Floating Rate Notes in denominations of less than £100,000 will not be available.
Ranking of the New Floating Rate Notes	The New Floating Rate Notes will be: • senior obligations of the Issuer and will rank equal in right of payment with any existing or future indebtedness of the Issuer that is not expressly subordinated to the New Floating Rate Notes; • secured by the Collateral as set forth below under "—Collateral," along with obligations under the Revolving Credit Facilities Agreement (although any liabilities in respect of obligations under any Revolving Credit Facilities Agreement and certain hedging obligations that are secured by the Collateral will receive priority over the holders of the New

	Floating Rate Notes with respect to any proceeds received upon any enforcement action over the Collateral); • senior in right of payment to any future indebtedness of the Issuer that is expressly subordinated in right of payment to the New Floating Rate Notes and any Note Guarantee; • effectively senior in right of payment to any existing or future unsecured obligations of the Issuer to the extent of the value of the Collateral that is available to satisfy the obligations under the New Floating Rate Notes; and • unconditionally guaranteed on a senior secured basis by the Guarantors.
Note Guarantees	The Original Notes are, and on the Issue Date the New Floating Rate Notes will be, unconditionally guaranteed on a senior secured basis by the Company and all the Company's material subsidiaries (other than the Issuer). The Note Guarantees are, in the case of the Original Notes, and will be, in the case of the New Floating Rate Notes, subject to contractual and legal limitations, and may be released under certain circumstances. See "Description of the Notes—Note Guarantees" and "Risk Factors—Risks Related to Our Financial Profile, the New Floating Rate Notes and the Note Guarantees."
Ranking of the Note Guarantees	Each Note Guarantee is, in the case of the Original Notes, and will be, in the case of the New Floating Rate Notes: • a senior obligation of the relevant Guarantor and will rank equal in right of payment with such Guarantor's existing and future indebtedness that is not subordinated in right of payment to its Note Guarantee; • secured by the Collateral as set forth below under "—Collateral;" • senior in right of payment to any of such Guarantor's existing and future indebtedness that is subordinated in right of payment to its Note Guarantee; • effectively senior to such Guarantor's existing and future unsecured indebtedness to the extent of the value of the property or assets securing its Note Guarantee; and • effectively subordinated to such Guarantor's existing and future indebtedness that is secured by property or assets that do not secure its Note Guarantee, to the extent of the value of the property or assets securing such indebtedness. The Note Guarantees are, in the case of the Original Notes, and will be, in the case of the New Floating Rate Notes, subject to release under certain circumstances. See "Risk Factors—Risks Related to Our Financial Profile, the New Floating Rate Notes and the Note Guarantees" and "Description of the Notes—Note Guarantees."
Collateral	Subject to the operation of the Agreed Security Principles, the Security Documents and the grant of further Permitted Collateral Liens (as defined in "Description of the Notes—Certain Definitions"), the collateral securing the obligations of the Issuer

and the Guarantors under the New Floating Rate Notes and the Indenture (the "Collateral") will consist of:

(a) security interests over (i) all the shares in the Issuer and each Subsidiary Guarantor, (ii) all bank accounts in England and Wales of each Guarantor, (iii) certain other material assets of each Guarantor, including certain properties, and (iv) the rights of the Issuer and Guarantors under intercompany receivables, including the Issuer's rights under the Original Proceeds Loan Agreement and the New Proceeds Loan Agreement, under insurance policies, under hedging agreements, pursuant to an English law governed debenture or, in the case of the security interest over the shares in any Subsidiary Guarantor incorporated in the Cayman Islands, pursuant to an equitable share mortgage governed by Cayman Islands law;

(b) security interests over (i) certain of the Group's freehold properties and (ii) certain of the Group's long leasehold properties with 50 years or more remaining under the lease term, pursuant to an English law governed charge by way of a legal mortgage;

(c) security interests over all the shares Stonegate Pub Company Midco Limited holds in the Company, pursuant to a limited recourse third-party equitable share mortgage governed by Cayman Islands law;

(d) security interests over the vessel, Tattershall Castle, pursuant to a ship mortgage and a deed of covenant and a ship lease (being a lease relating to the foreshore and bed of the River Thames); and

(e) security interests over (i) certain of the Group's freehold properties and (ii) certain of the Group's long leasehold properties with 50 years or more remaining under the lease term, acquired in the future by the Group and which are located in England and Wales, such security interests to be granted within 30 days after the date of acquisition pursuant to an English law governed charge by way of a legal mortgage

provided that, in the case of (a), (b) and (e), no security interest has been granted or will be granted:

(1) with regard to long leasehold properties with 50 years or more remaining under the lease term, if providing such security interest requires consent of a third party and such consent cannot be obtained;

(2) with regard to short leasehold properties with less than 50 years remaining under the lease term, if providing such security interest requires consent of a third party; and

(3) with regard to any properties outside of England and Wales (except that under certain circumstances security may be granted over certain future acquired properties located in Scotland);

provided further that, in the case of (c), the security granted by Stonegate Pub Company Midco Limited are non-recourse to Stonegate Pub Company Midco Limited other than in relation to the charged shares. See "Risk Factors—Risks Related to Our Financial Profile, the New Floating Rate Notes and the Note

Guarantees—The Notes are secured only to the extent of the value of the Collateral that has been, and will be, granted as security for the Notes and the Note Guarantees, and such security may not be sufficient to satisfy the obligations under the Notes and the Note Guarantees."

Notwithstanding the foregoing, certain assets may not be secured or such security may not be perfected in accordance with the Agreed Security Principles, including:

- if the cost of providing security is not proportionate to the benefit accruing to the Holders and the other secured parties;
- if providing such security requires consent of a third party and, if the asset is material, such consent cannot be obtained after the use of reasonable efforts;
- if providing such security would be prohibited by applicable law, general statutory limitations, financial assistance, corporate benefit, fraudulent preference, "thin capitalization" rules or similar matters or entering into the Security Documents would conflict with fiduciary duties of directors, contravene any legal or regulatory prohibition or result in a risk of personal or criminal liability on the part of directors or officers;
- if perfecting such security would have an unreasonable adverse effect on the ability of such Subsidiary to conduct its operations and business in the ordinary course as otherwise permitted by the Indenture; and
- in the case of bank accounts, notices to the banks with whom the accounts are maintained will only be served if required by local laws to perfect the relevant security.

By virtue of the exclusion of a number of our short term leasehold properties in England and Wales, our real estate properties located in Scotland subject to certain conditions and all of our real estate properties located in the Isle of Man, from the Collateral, there is a risk that the floating charges granted by the Issuer and the Guarantors would not constitute qualifying floating charges (as defined in paragraph 14 of Schedule B1 of the UK Insolvency Act 1986, as amended). See "Risk Factors—Risks Related to Our Financial Profile, the New Floating Rate Notes and the Note Guarantees—The Security Agent may not be able to appoint its choice of administrator in the event of insolvency nor have the right to appoint an administrative receiver." See also "Description of Other Indebtedness—Intercreditor Agreement—Appointment of Administrator."

Pursuant to the terms of the Intercreditor Agreement, any liabilities in respect of obligations under the Revolving Credit Facility Agreement or in respect of hedging obligations, in each case, that are secured by assets that also secure our obligations under the Notes and the Note Guarantees receive priority with respect to any proceeds received upon any enforcement action over any such assets. See "Description of Other Indebtedness—Intercreditor Agreement."

The security interests over the Collateral may be released under certain circumstances. See "Risk Factors—Risks Related to Our Financial Profile, the New Floating Rate Notes and the Note

	Guarantees," "Description of Other Indebtedness—Intercreditor Agreement" and "Description of the Notes—Security—Release of Liens."
Optional Redemption	Prior to March 15, 2019, the Issuer may redeem some or all of the Floating Rate Notes at a redemption price equal to 101% of the principal amount of the Floating Rate Notes redeemed, plus accrued and unpaid interest, if any. On or after March 15, 2019, the Issuer may, at its option, redeem some or all of the Floating Rate Notes at a redemption price equal to 100% of the principal amount of the Floating Rate Notes redeemed, plus accrued and unpaid interest, if any.
Original Issue Discount:	The New Floating Rate Notes offered hereby may be issued with original issue discount ("OID") for United States federal income tax purposes. In such case, in addition to the stated interest on the New Floating Rate Notes, a holder subject to United States federal income taxation would be required to include the OID in gross income (as ordinary income), on a constant yield to maturity basis, in advance of the receipt of the cash payment thereof and regardless of such holder's regular method of accounting for United States federal income tax purposes. See "Tax Considerations—Certain United States Federal Income Tax Consequences."
Additional Amounts; Tax Redemption	Any payments made by the Issuer or any Guarantor with respect to the Notes will be made without withholding or deduction for or on account of taxes unless required by law. If the Issuer or Guarantors are required by law to withhold or deduct amounts for or on account of tax imposed by the United Kingdom (or certain other relevant taxing jurisdictions) with respect to a payment to the holders of the Notes, the Issuer or the relevant Guarantor will, subject to certain exceptions, pay the additional amounts necessary so that the net amount received by the holders of the Notes after the withholding or deduction is not less than the amount that they would have received in the absence of the withholding or deduction. See "Description of the Notes—Additional Amounts." In the event of certain developments affecting taxation, the Issuer may redeem the Notes in whole, but not in part, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, and additional amounts, if any, to the date of redemption. See "Description of the Notes—Redemption for Taxation Reasons."
Change of Control	Upon the occurrence of certain events constituting a change of control, the Issuer may be required to offer to repurchase all outstanding Notes at a purchase price in cash equal to 101% of the principal amount redeemed on the date of purchase plus accrued and unpaid interest, if any, to the date of purchase. See "Description of the Notes—Change of Control." However, a change of control will not be deemed to have occurred if certain consolidated leverage ratios are not exceeded in connection with such an event. See "Description of the Notes—Change of Control."
Certain Covenants	The Indenture relating to the Notes, among other things, restricts the ability of the Company and its restricted subsidiaries to: • incur or guarantee additional indebtedness;

	• pay dividends or make other distributions or purchase or redeem our stock; • make investments or other restricted payments; • enter into agreements that restrict our restricted subsidiaries' ability to pay dividends; • transfer or sell assets; • engage in transactions with affiliates; • create liens on assets to secure indebtedness; • impair security interests; and • merge or consolidate with or into another company. Each of these covenants is subject to significant exceptions and qualifications. See "Description of the Notes—Certain Covenants."
Transfer Restrictions	We have not registered the New Floating Rate Notes or the Note Guarantees under the Securities Act. You may only offer or sell the New Floating Rate Notes in transactions that are exempt from, or not subject to, the registration requirements of the Securities Act, or pursuant to an effective registration statement. See "Transfer Restrictions." We have not agreed to, or otherwise undertaken, to register the New Floating Rate Notes under the Securities Act.
No Prior Market	The New Floating Rate Notes will be new securities for which there is currently no established trading market. Although the Initial Purchaser has advised us that it intends to make a market in the New Floating Rate Notes, it is not obligated to do so and it may discontinue market-making at any time without notice. Accordingly, there is no assurance that an active trading market will develop for the New Floating Rate Notes.
Listing	Application will be made to the Authority for the listing of and permission to deal in the New Floating Rate Notes on the Official List of the Exchange. There can be no assurance that the New Floating Rate Notes will be listed on the Official List of the Exchange, that such permission to deal in the New Floating Rate Notes will be granted or that such listing will be maintained.
Use of Proceeds	We expect to receive gross proceeds of £150 million from this Offering. The proceeds from this Offering will be used to (i) repay the borrowings under the Senior Secured Credit Facility that we used to finance the Be At One Acquisition, the First Novus Acquisitions and the Fever Bars Acquisition, (ii) finance the Second Novus Acquisitions, (iii) finance certain capital expenditures in relation to our recent acquisitions, (iv) pay certain fees and expenses in connection with the Transactions, and (v) fund cash on balance sheet. See "Use of Proceeds."
Governing Law	The Indenture, the Original Notes and the Note Guarantees are, and the New Floating Rate Notes will be, governed by the laws of the State of New York. The Revolving Credit Facility Agreement and the Intercreditor Agreement are governed by English law. The Security Documents are governed, as the case may be, by English law or the laws of the Cayman Islands.
Security Agent	Barclays Bank PLC
Trustee	Deutsche Trustee Company Limited

Paying Agent	Deutsche Bank AG, London Branch
Calculation Agent	Deutsche Bank AG, London Branch
Registrar and Transfer Agent	Deutsche Bank Luxembourg S.A.
Listing Agent	Carey Olsen Corporate Finance Limited
Risk Factors	**Investing in the New Floating Rate Notes involves a high degree of risk. See the "Risk Factors" section for a description of certain of the risks you should carefully consider before investing in the New Floating Rate Notes.**

Summary Consolidated Financial and Other Information

The following tables summarize the Company's historical consolidated financial information as of the dates and for the periods indicated. The summary historical consolidated financial information as of and for the 52 weeks ended September 25, 2016, the 52 weeks ended September 24, 2017 and the 53 weeks ended September 30, 2018 have been derived from the Company's audited consolidated financial statements included elsewhere in this Offering Memorandum. These financial statements have been prepared in accordance with IFRS.

The Company's financial year accounting periods run from the calendar day following the previous financial year end, which, for the 2016, 2017 and 2018 periods were September 28, 2015, September 26, 2016 and September 25, 2017, respectively, to the Sunday nearest to our accounting reference date. Accordingly, from time to time, the Company's financial year accounting period covers a 53-week period instead of a 52-week period. For instance, the Company's financial year accounting period for 2018 was 53 weeks, whereas for 2016 and 2017, it was 52 weeks. Consequently, the results for the 53 weeks ended September 30, 2018 were positively impacted by an additional week's trading relative to the 52 weeks ended September 25, 2016 and the 52 weeks ended September 24, 2017.

We also present below certain information relating to our operating, non-IFRS and pro forma measures for the 53 weeks ended September 30, 2018 on a 52-week basis to enhance comparability with prior periods as noted in the individual footnotes. We also present certain non-IFRS measures below that we use to evaluate our operating and financial performance, including, among others, Pre-adjusted EBITDA, Adjusted EBITDA, Adjusted EBITDAR, Adjusted EBITDA Margin, Adjusted Cash Conversion, Adjusted Revenue Growth (Like for Like), Drink Sales Growth (Like for Like), Food Sales Growth (Like for Like), Revenue Growth (Like for Like), Pub Profit Growth (Like for Like) and Gross Margin Growth (Like for Like). These measures are not identified as accounting measures under IFRS and therefore should not be considered as alternative measures to evaluate our performance. See "Presentation of Financial and Other Information."

We also present certain pro forma measures below including, Pro Forma Adjusted EBITDA, Pro Forma Adjusted EBITDAR, Pro Forma Adjusted EBITDA Margin, Pro Forma Revenue and Pro Forma Adjusted Cash Conversion. Pro Forma Revenue, Pro Forma Adjusted EBITDA and Pro Forma Adjusted EBITDAR represent our revenue, Adjusted EBITDA and Adjusted EBITDAR after giving pro forma effect to the acquisition of Be At One, the acquisition of Fever Bars, the pubs acquired pursuant to the First Novus Acquisitions and the pubs to be acquired pursuant to the Second Novus Acquisitions, and making pro forma adjustments for certain other events that we have discussed below, as if each of these had occurred on September 25, 2017. Our Pro Forma Revenue, Pro Forma Adjusted EBITDA and Pro Forma Adjusted EBITDAR have not been audited or reviewed by our auditors and are presented for information purposes only and are not intended to represent or be indicative of the results of operations that we would have reported had events for which we have presented pro forma adjustments below occurred as described in this Offering Memorandum, and do not purport to project our results of operations for any future period. The pro forma financial information presented in this Offering Memorandum has not been prepared in accordance with the requirements of Regulation S-X of the Securities Act, the Prospectus Directive or any generally accepted accounting standards. In addition, the Pro Forma Revenue, Pro Forma Adjusted EBITDA and Pro Forma Adjusted EBITDAR presented in this Offering Memorandum have not been prepared in accordance with IFRS, and the pro forma adjustments to our historical revenue, Adjusted EBITDA and Adjusted EBITDAR and the resulting Pro Forma Revenue, Pro Forma Adjusted EBITDA and Pro Forma Adjusted EBITDAR have not been audited or reviewed in accordance with any applicable auditing standards. See "Risk Factors—Risks Related to Our Business—The pro forma adjustments to our historical revenue, Adjusted EBITDA and Adjusted EBITDAR and the resulting Pro Forma Revenue, Pro Forma Adjusted EBITDA and Pro Forma Adjusted EBITDAR information presented in this Offering Memorandum should be treated with caution when making an investment decision."

The As Adjusted Net Debt, As Adjusted Lease Adjusted Net Debt and As Adjusted Cash Interest Expense presented below provide information on an "as adjusted" basis to give effect to the Transactions and the application of the proceeds therefrom as described in "Use of Proceeds." The unaudited as adjusted financial information has been prepared for information purposes only and has not been prepared in accordance with IFRS or audited or reviewed in accordance with any applicable auditing standards and does not purport to represent what our actual net debt, lease adjusted net debt or cash interest expense would have been had the Transactions occurred on September 30, 2018, for the purposes of calculating our

As Adjusted Net Debt and As Adjusted Lease Adjusted Net Debt and September 25, 2017, for the purposes of calculating our As Adjusted Cash Interest Expense for the 53 weeks ended September 30, 2018, nor does it purport to represent our Net Debt or cash interest expense at any future date or for any future period.

The results of operations and other financial and operating information for prior years are not necessarily indicative of the results to be expected for any future period. This financial information should be read in conjunction with the historical consolidated financial statements and accompanying notes included elsewhere in this Offering Memorandum and discussed in "Presentation of Financial and Other Information," "Selected Historical Consolidated Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

(£ in thousands)	**For the 52 weeks ended September 25, 2016**	**For the 52 weeks ended September 24, 2017**	**For the 53 weeks ended September 30, 2018**
Consolidated income statement data			
Revenue	**642,561**	**697,468**	**774,390**
Operating costs	(569,194)	(615,793)	(675,898)
Operating profit before depreciation, amortization, impairment and loss on disposal of non-current assets	**73,367**	**81,675**	**98,492**
Depreciation, amortization and impairment	*(44,214)*	*(51,163)*	*(61,421)*
Profit/(loss) on sale of non-current assets	*(10,626)*	*(5,332)*	*(7,214)*
Operating profit/(loss)	**18,527**	**25,180**	**29,857**
Finance income	132	101	80
Finance costs	(32,591)	(47,504)	(34,418)
Movement in fair value of interest rate swap	1,393	—	—
Profit/(loss) before taxation	**(12,539)**	**(22,223)**	**(4,481)**
UK income tax credit/(charge)	1,272	(1,907)	(3,032)
Profit/(loss) for period	**(11,267)**	**(24,130)**	**(7,513)**

(£ in thousands)	**As of September 25, 2016**	**As of September 24, 2017**	**As of September 30, 2018**
Consolidated balance sheet data			
Non-current assets	626,810	716,300	781,882
Property, plant and equipment	*476,723*	*520,916*	*531,030*
Other intangibles	*42,601*	*80,479*	*124,966*
Goodwill	*107,422*	*114,141*	*124,974*
Current assets	65,040	60,190	69,525
Current liabilities	(114,951)	(147,540)	(223,686)
Non-current liabilities	(495,777)	(622,177)	(625,722)
Total equity	81,122	6,773	1,999

(£ in thousands)	**For the 52 weeks ended September 25, 2016**	**For the 52 weeks ended September 24, 2017**	**For the 53 weeks ended September 30, 2018**
Consolidated cash flow statement data			
Net cash flow from operating activities	59,523	47,078	53,311
Net cash flow from investing activities	(115,915)	(137,780)	(124,776)
Net cash flow from financing activities	75,295	65,367	83,465
Closing cash and cash equivalents	28,886	3,551	15,551

(£ in thousands, unless otherwise noted)	As of and for the 52 weeks ended September 25, 2016	As of and for the 52 weeks ended September 24, 2017	As of and for the 53 weeks ended September 30, 2018
Other non-IFRS financial information			
Net Debt(1)	(450,934)	(599,449)	(673,717)
Adjusted EBITDA(2)	96,000	103,485	111,995
Adjusted EBITDA Margin(3)	14.9%	14.8%	14.7%
Capital Expenditure(4)	156,062	148,520	136,157
Adjusted Cash Conversion(5)	69.8%	66.5%	67.2%

(£ in thousands, unless otherwise noted)	As of and for the 53 weeks ended September 30, 2018
Certain pro forma financial information	
Pro Forma Revenue(6)	867,131
Pro Forma Adjusted EBITDA(2)(7)	141,144
Pro Forma Adjusted EBITDA Margin(8)	16.3%
Pro Forma Adjusted EBITDAR(9)(10)	203,707
Pro Forma Adjusted Cash Conversion(11)	73.1%

(£ in thousands, unless otherwise noted)	For the 52 weeks ended September 25, 2016	For the 52 weeks ended September 24, 2017	For the 53 weeks ended September 30, 2018
Operating information			
Drink Sales Growth (Like for Like)(12)	3.9%	3.1%	6.0%
Food Sales Growth (Like for Like)(12)	(0.1)%	(2.3)%	0.8%
Revenue Growth (Like for Like)(12)	3.0%	2.0%	4.7%
Pub Profit Growth (Like for Like)(12)	9.3%	2.5%	7.4%
Gross Margin Growth (Like for Like)(12)	3.8%	2.6%	4.9%
Gross Margin for Drinks (Ongoing)(13)	73.1%	73.5%	73.7%
Gross Margin for Food (Ongoing)(13)	64.4%	64.9%	65.6%
Total Gross Margin(13)	71.3%	72.0%	72.2%

	For the 156 weeks ended September 25, 2016	For the 156 weeks ended September 24, 2017	For the 156 weeks ended September 30, 2018
Return on Investment(14)	40.5%	35.4%	35.3%

(£ in millions, unless otherwise noted)	As of and for the 53 weeks ended September 30, 2018
As Adjusted information	
As Adjusted Net Debt(1)(15)	738.6
As Adjusted Lease Adjusted Net Debt(1)(15)	1,238.6
As Adjusted Cash Interest Expense(15)	
Ratio of As Adjusted Net Debt to Pro Forma Adjusted EBITDA	5.2x
Ratio of Pro Forma Adjusted EBITDA to As Adjusted Cash Interest Expense	x
Ratio of As Adjusted Lease Adjusted Net Debt to Pro Forma Adjusted EBITDAR	6.1x

(1) Net Debt represents any outstanding third-party loans, including any bank loans and notes, net of cash and cash equivalents.

(2) Pre-adjusted EBITDA represents profit/(loss) for the period excluding UK income tax credit/(charge), finance income, finance costs, depreciation, amortization and impairment, (profit)/loss on disposal of non-current assets and movement in fair value of interest rate swaps. Adjusted EBITDA represents Pre-adjusted EBITDA excluding acquisition costs, restructuring and

integration costs, operational restructuring and redundancy costs, costs and credits related to onerous leases, discretionary management fees, certain pension-related costs, losses on disposed/non-trading sites and certain other costs, which, unless otherwise specified, is presented on a 52-week basis in the case of the 53 weeks ended September 30, 2018 to enhance comparability, by deducting the 53rd week's sales, less operating costs for this week, assumed to be at a consistent margin for the last period (last four weeks to September 30, 2018), less the wages for this week, assumed to be the wages as a consistent percentage of revenue for the last period, and less the variable operating expenses for this week, assumed to be one quarter of the last period costs. Key fixed costs, such as rents, business rates and salaries do not require adjustments because they are annual costs.

The following table provides a reconciliation of Pre-adjusted EBITDA from profit/(loss) for the financial period and a reconciliation of Adjusted EBITDA from Pre-adjusted EBITDA:

(£ in thousands)	**For the 52 weeks ended September 25, 2016**	**For the 52 weeks ended September 24, 2017**	**For the 53 weeks ended September 30, 2018**
Profit/(loss) for the period	(11,267)	(24,130)	(7,513)
UK income tax (credit)/ charge	(1,272)	1,907	3,032
Finance income	(132)	(101)	(80)
Finance costs	32,591	47,504	34,418
Movement in fair value of interest rate swaps	(1,393)	—	—
Depreciation, amortization and impairment	44,214	51,163	61,421
Profit/(loss) on sale of non-current assets	10,626	5,332	7,214
Pre-adjusted EBITDA	**73,367**	**81,675**	**98,492**
Acquisition costs(a)	7,033	5,545	4,440
Restructuring and integration costs(b)	4,038	3,520	1,696
Operational restructuring and redundancy costs(c)	2,068	494	2,948
Onerous leases(d)	3,763	6,379	(138)
Discretionary management fees(e)	1,507	2,039	2,012
Pension charges(f)	594	875	934
Losses on disposed/non-trading sites(g)	1,488	1,122	1,415
Other costs(h)	2,142	1,836	3,104
Adjusted EBITDA (for a 53-week period)	**96,000**	**103,485**	**114,903**
Adjustments to a 52-week accounting period(i)	—	—	(2,908)
Adjusted EBITDA (for a 52-week period)	**96,000**	**103,485**	**111,995**

(a) Acquisition costs represent expenses that we incurred primarily in connection with our acquisition of Be At One and four pubs pursuant to the First Novus Acquisitions during the 53 weeks ended September 30, 2018, Intertain, Large Bars, Bar Holdings Limited and certain pubs from JDW, Faucet Inns Sellers, Punch Taverns and Ei Global during the 52 weeks ended September 24, 2017, and 51 pubs and other assets from TCG during the 52 weeks ended September 25, 2016. Acquisition costs also include legal and professional fees and stamp duties incurred in connection with these acquisitions.

(b) Represents (i) certain restructuring and integration costs that we incurred during the 53 weeks ended September 30, 2018 following the acquisition of Be At One and four pubs pursuant to the First Novus Acquisitions; (ii) certain restructuring and integration costs that we incurred during the 52 weeks ended September 24, 2017 following the Intertain Acquisition, the Large Bars Acquisition and the Bar Holdings Acquisition; and (iii) costs that we incurred during the 52 weeks ended September 25, 2016 following our acquisition of 51 pubs and other assets from TCG as a result of combining and streamlining certain of these pubs with our existing operations. We believe that the costs associated with the start-up of our business, the combining and streamlining of our operations and the integration we choose to undertake are front-end costs. Such costs are not expected to recur once those pubs are fully optimized.

(c) Represents costs made in relation to the integration of pubs acquired during the periods presented and not otherwise accounted for under restructuring and integration costs, as well as redundancy payments made to certain key management personnel following operational restructurings undertaken as part of our process of integrating acquisitions.

(d) Relates to charges and credits recognized during the period due to re-evaluation of our onerous lease provision.

(e) Represents adjustments for the discretionary management fees paid to TDR Capital. See "Principal Shareholders" and "Certain Relationships and Related Party Transactions—Management fees to TDR Capital."

(f) Represents historic pension contributions not previously written off as well as certain pension administration costs.

(g) Represents losses generated at sites that were disposed of or closed prior to September 30, 2018 as if such disposals or site closures occurred at the beginning of the period presented.

(h) Represents consultancy costs associated with rent negotiations, fees spent on advice for the setting up of a management equity scheme, abortive acquisition costs, certain costs related to internal restructuring, costs related to lease assignments for expired leases, costs related to certain strategic projects and certain one-off utility payments made to one of our former utility providers to close out certain historic contested invoice payments.

(i) Represents a presentation on a 52-week basis of our Adjusted EBITDA for the 53 weeks ended September 30, 2018, by deducting the 53rd week's sales, less operating costs for this week, assumed to be at a consistent margin for the last period (last four weeks to September 30, 2018), less the wages for this week, assumed to be the wages as a consistent percentage of revenue for the last period, and less the variable operating expenses for this week, assumed to be one quarter of the last period costs. Key fixed costs, such as rents, business rates and salaries do not require adjustments because they are annual costs.

Pre-adjusted EBITDA and Adjusted EBITDA are non-IFRS measures that have important limitations as analytical tools. You should not consider them in isolation or as substitutes for analysis of our results as reported under IFRS. See "Certain Definitions" and "Presentation of Financial and Other Information."

(3) Adjusted EBITDA Margin represents Adjusted EBITDA divided by revenue. For purposes of this calculation, we have used our historical revenue and our Adjusted EBITDA, in each case, for a 52-week period in the case of the 53 weeks ended September 30, 2018 to enhance comparability. To derive revenue for a 52-week period in the case of the 53 weeks ended September 30, 2018, we have deducted revenue for the last week of the 53 weeks ended September 30, 2018, which was £14.8 million. We have derived Adjusted EBITDA for a 52-week period as set out in footnote (2). Adjusted EBITDA Margin is a non-IFRS measure that has important limitations as an analytical tool. You should not consider it in isolation or as a substitute for analysis of our results as reported under IFRS. See "Certain Definitions" and "Presentation of Financial and Other Information."

(4) Capital Expenditure is an IFRS metric and represents the sum of our purchase of property, plant and equipment and payments to acquire trading sites for the periods presented, which, for operational purposes, we categorize as Acquisition Capital Expenditure, Investment Capital Expenditure and Maintenance Capital Expenditure.

(5) Adjusted Cash Conversion represents our Adjusted EBITDA (for a 52-week period) less Maintenance Capital Expenditure, divided by our Adjusted EBITDA (for a 52-week period).

(6) Pro Forma Revenue represents our revenue as adjusted to (i) give effect to the Be At One Acquisition, the Fever Bars Acquisition, the First Novus Acquisitions and the Second Novus Acquisitions, in each case, as though these acquisitions had occurred on September 25, 2017 and (ii) deduct our revenue for the last week of the 53 weeks ended September 30, 2018 to present this metric for a 52-week period:

	Pro forma for the 53 weeks ended September 30, 2018
	(£ in thousands)
Revenue	774,390
Revenue of Be At One(a)	32,729
Revenue of Fever Bars(b)	30,140
Revenue of pubs acquired pursuant to the First Novus Acquisitions(c)	36,214
Revenue of pubs to be acquired pursuant to the Second Novus Acquisitions(d)	8,470
Adjustments to a 52-week accounting period(e)	(14,812)
Pro Forma Revenue (for a 52-week period)	**867,131**

(a) Represents the adjustment to our historical revenue for a 52-week period to give effect to the acquisition of Be At One as though such acquisition had occurred on September 25, 2017. We have estimated pro forma revenue for Be At One by applying Be At One's Pub EBITDA margin (calculated as aggregate Pub EBITDA divided by revenue) for the twelve months ended April 1, 2018 (representing the last financial year for Be At One prior to its acquisition by us), derived from unaudited management accounts obtained from the seller, to its estimated Pub EBITDA for that period as set out in footnote (7) below.

(b) Represents the adjustment to our historical revenue for a 52-week period to give effect to the acquisition of Fever Bars as though such acquisition had occurred on September 25, 2017. We have estimated pro forma revenue for Fever Bars based on unaudited management accounts for the twelve months ended October 28, 2018 (representing the last period for which financial information was provided to us by the sellers) for the 32 sites acquired from Fever Bars.

(c) Represents the adjustment to our historical revenue for a 52-week period to give effect to the acquisition of the 15 pubs pursuant to the First Novus Acquisitions as though such acquisition had occurred on September 25, 2017. We have estimated pro forma revenue for the 15 pubs acquired pursuant to the First Novus Acquisitions by applying Pub EBITDA margin (calculated as aggregate Pub EBITDA divided by revenue) for the twelve months ended March 26, 2018 (representing the last financial year prior to the acquisition of these pubs by us), derived from unaudited management accounts obtained from the seller, to its estimated Pub EBITDA for that period as set out in footnote (7) below.

(d) Represents the adjustment to our historical revenue for a 52-week period to give effect to the acquisition of pubs to be acquired pursuant to the Second Novus Acquisitions as though such acquisition had occurred on September 25, 2017. We have estimated pro forma revenue for the six pubs to be acquired pursuant to the Second Novus Acquisitions, based on unaudited management accounts for the twelve months ended September 24, 2018 (representing the last period for which financial information was provided to us by the sellers) for the six sites to be acquired.

(e) Represents a presentation on a 52-week basis of our historical revenue for the 53 weeks ended September 30, 2018, by deducting the 53rd week's revenue to September 30, 2018.

(7) Pro Forma Adjusted EBITDA represents our Adjusted EBITDA (for a 52-week period) as adjusted to give effect to: (i) the Pub EBITDA of (less overhead costs for) Be At One, Fever Bars, the pubs acquired pursuant to the First Novus Acquisitions and the pubs to be acquired pursuant to the Second Novus Acquisitions, as though we had completed the Be At One Acquisition, the Fever Bars Acquisition, the First Novus Acquisitions and the Second Novus Acquisitions on September 25, 2017; (ii) certain cost savings that we estimate we would have realized in connection with our 52 weeks of operation of Be At One and Fever Bars; (iii) adjustments made to give 52-week effect to the incremental Pre-adjusted EBITDA generated post-investment at certain of our pubs in which we have invested during the 53 weeks ended September 30, 2018, as though such investments had occurred on September 25, 2017; (iv) the Pre-adjusted EBITDA of certain pubs in which we have invested during the 53 weeks ended September 30, 2018 for the periods in which those pubs were closed for renovation or refurbishment; and (v) the aggregate incremental costs associated with increases in certain operating costs:

	Pro forma for the 53 weeks ended September 30, 2018
	(£ in thousands)
Adjusted EBITDA (for a 52-week period)[(a)]	111,995
Pub EBITDA of Be At One[(b)]	8,411
less, estimated overhead costs for Be At One[(c)]	(1,700)
plus, estimated cost savings from Be At One[(d)]	771
Pub EBITDA of Fever Bars[(e)]	8,394
less, estimated overhead costs for Fever Bars[(f)]	(927)
plus, estimated cost savings from Fever Bars[(g)]	301
Pub EBITDA of the pubs acquired pursuant to the First Novus Acquisitions[(h)]	7,098
less, estimated overhead costs for the pubs acquired pursuant to the First Novus Acquisitions[(i)]	(1,009)
Pub EBITDA of the pubs to be acquired pursuant to the Second Novus Acquisitions[(j)]	1,124
less, estimated overhead costs for the pubs to be acquired pursuant to the Second Novus Acquisitions[(k)]	(175)
Estimated Pub EBITDA from acquisitions	*22,288*
Annualized incremental Pre-adjusted EBITDA of certain pubs post-investment[(l)]	8,775
Pre-adjusted EBITDA of invested pubs during period of renovation or refurbishment[(m)]	4,459
Annualized costs associated with National Living Wage and National Minimum Wage[(n)]	(3,459)
Other annualized aggregate incremental costs[(o)]	(2,914)
Pro Forma Adjusted EBITDA (for a 52-week period)	**141,144**

(a) Presented on a 52-week basis to enhance comparability. See footnote (2).

(b) Represents the adjustment to Adjusted EBITDA as though we had completed the Be At One Acquisition on September 25, 2017, reflecting the inclusion of our estimate of the 52 weeks EBITDA that Be At One would have contributed for the 52 weeks from September 25, 2017, had we completed the Be At One Acquisition on September 25, 2017. We have calculated this estimated EBITDA for Be At One based on the site EBITDA derived from unaudited management accounts for the twelve months ended April 1, 2018 (representing the last financial year for Be At One prior to its acquisition by us) of the 33 sites acquired from Be At One and by making certain adjustments to those historical results that we believe to be reasonable including, among others, giving run-rate effect to certain sites that were opened and closed during that period.

(c) Represents overhead and other costs that we estimate we would have incurred in connection with our 52 weeks of operation of Be At One, had we completed the Be At One Acquisition on September 25, 2017. These include, among others, our estimate of costs that we would have incurred in connection with the retention of Be At One's operational structure, training programs and certain of their employees.

(d) Represents the aggregate cost savings that we estimate we would have realized in connection with our 52 weeks of operation of Be At One, had we completed the Be At One Acquisition on September 25, 2017. These cost savings represent incremental cost savings relating to the application of the prices that we are currently offered by our drinks suppliers to the drinks supply purchases of Be At One. Any run rate adjustments and aggregate cost savings that we believe we can make in relation to the Be At One Acquisition are based on our past experience in similar circumstances and certain assumptions that we believe are reasonable. They involve, among other things, conforming certain performance measures to our historical performance and may be affected by seasonality or unusual effects. These effects may not recur in future months to the same degree or at all. This information is inherently subject to risks and uncertainties. It may not give an accurate or complete picture of the financial condition or results of operations of the transaction for the period presented and may not be comparable to our historical consolidated financial statements or the other financial information included in this Offering Memorandum and should be treated with caution when making an investment decision.

(e) Represents the adjustment to Adjusted EBITDA as though we had completed the Fever Bars Acquisition on September 25, 2017, reflecting the inclusion of our estimate of the 52 weeks EBITDA that Fever Bars would have contributed for the 52 weeks from September 25, 2017, had we completed the Fever Bars Acquisition on September 25, 2017. We have calculated this estimated EBITDA for Fever Bars based on the site EBITDA derived from unaudited management accounts for the twelve months ended October 28, 2018 (representing the last period for which financial information was provided to us by the sellers) of the 32 sites acquired from Fever Bars and by making certain adjustments to those historical results that we believe to be reasonable including, among others, adjustments to reallocate certain costs and supplier rebates in line with our accounting treatment of such items.

(f) Represents certain central overhead and other costs that we estimate we would have incurred in connection with our 52 weeks of operation of Fever Bars, had we completed the Fever Bars Acquisition on September 25, 2017. These include, among others, our estimate of costs related to the hiring of additional personnel in connection with the operation and management of these sites.

(g) Represents the aggregate cost savings that we estimate we would have realized in connection with our 52 weeks of operation of Fever Bars, had we completed the Fever Bars Acquisition on September 25, 2017. These cost savings represent incremental cost savings relating to the application of the prices that we are currently offered by our drinks suppliers to the drinks supply purchases of Fever Bars. Any run rate adjustments and aggregate cost savings that we believe we can make in relation to the Fever Bars Acquisition are based on our past experience in similar circumstances and certain assumptions that we believe are reasonable. They involve, among other things, conforming certain performance measures to our historical performance and may be affected by seasonality or unusual effects. These effects may not recur in future months to the same degree or at all. This information is inherently subject to risks and uncertainties. It may not give an accurate or complete picture of the financial condition or results of operations of the transaction for the period presented and may not be comparable to our historical consolidated financial statements or the other financial information included in this Offering Memorandum and should be treated with caution when making an investment decision.

(h) Represents the adjustment to Adjusted EBITDA as though we had completed the First Novus Acquisitions on September 25, 2017, reflecting the inclusion of our estimate of the 52-week EBITDA that the pubs acquired pursuant to the First Novus Acquisitions would have contributed for the 52 weeks from September 25, 2017, had we completed the First Novus Acquisitions on September 25, 2017. We have calculated this estimated EBITDA for the pubs acquired pursuant to the First Novus Acquisitions based on the site EBITDA derived from unaudited management accounts for the twelve months ended March 26, 2018 (representing the last financial year prior to the acquisition of these pubs by us) for the 15 acquired sites.

(i) Represents certain central overhead and other costs that we estimate we would have incurred in connection with our 52 weeks of operation of the pubs acquired pursuant to the First Novus Acquisitions, had we completed the First Novus Acquisitions on September 25, 2017. These include, among others, our estimate of costs related to incremental rent or business rates for certain of the sites acquired and the hiring of additional personnel in connection with the operation and management of these sites.

(j) Represents the adjustment to Adjusted EBITDA as though we had completed the Second Novus Acquisitions on September 25, 2017, reflecting the inclusion of our estimate of 52-week EBITDA that the pubs to be acquired pursuant to the Second Novus Acquisitions would have contributed for the 52 weeks from September 25, 2017, had we completed the Second Novus Acquisitions on September 25, 2017. We have calculated this estimated EBITDA for the pubs to be acquired pursuant to the Second Novus Acquisitions based on the site EBITDA derived from unaudited management accounts for the twelve months ended September 24, 2018 (representing the last period for which financial information was provided to us by the sellers) for the six sites to be acquired and by making certain adjustments to those historical results that we believe to be reasonable including, among others, adjustments to give run-rate effect to post-investment EBITDA uplift at certain of the sites to be acquired.

(k) Represents certain central overhead and other costs that we estimate we would have incurred in connection with our 52 weeks of operation of the pubs to be acquired pursuant to the Second Novus Acquisitions, had we completed the Second Novus Acquisitions on September 25, 2017. These include, among others, our estimate of costs related to incremental rent or business rates for certain of the sites acquired and the hiring of additional personnel in connection with the operation and management of these sites.

(l) Represents adjustments made to give 52-week effect to the incremental Pre-adjusted EBITDA generated post-investment at certain of our pubs in which we have invested during the 53 weeks ended September 30, 2018, as though such investments had occurred on September 25, 2017. This adjustment does not reflect the actual Pre-adjusted EBITDA that a pub would have generated during the period that it was closed down for renovation or refurbishment. All capital expenditure and related expenses pertaining to these investments have been recognized in the period presented.

(m) Represents our estimate of the aggregate Pre-adjusted EBITDA that would have been generated at our pubs that were closed down for renovation or refurbishment during the 53 weeks ended September 30, 2018. For each pub that was closed down during the 53 weeks ended September 30, 2018, we have estimated its Pre-adjusted EBITDA for the period of such closure based on Pre-adjusted EBITDA that it generated during the comparable period in the previous year.

(n) Represents our estimate of the net impact of the aggregate incremental costs associated with the increases in the National Living Wage and the National Minimum Wage. For this calculation, we have applied the National Living Wage and National Minimum Wage rates that came into effect on April 1, 2018 for the period between October 1, 2018 to April 1, 2019 and the National Living Wage and National Minimum Wage rates that are expected to come into effect on April 1, 2019 for the period between April 1, 2019 to September 29, 2019, in each case, assuming that we had the same number of employees as for the 53 weeks ended September 30, 2018.

(o) Represents our estimate of the net impact of aggregate incremental costs associated with increases in operating expenses, overheads, rent, salaries, supplies and site overheads. These increases are mainly due to inflation and in certain cases due to the renegotiation of certain of our supply contracts for small machinery and equipment and the increases expected in relation to certain of our subscription fees for live sport screening.

This pro forma information has not been prepared in accordance with Regulation S-X under the Securities Act, and does not purport to represent what our results of operations would have been, nor do they purport to project the results of operations for any future period. We have not included in this Offering Memorandum audited and/or reviewed financial information for Be At One, Fever Bars, the pubs acquired pursuant to the First Novus Acquisitions and the pubs to be acquired pursuant to the Second

Novus Acquisitions. The unaudited pro forma financial information included in this Offering Memorandum presents the effect of the Be At One Acquisition, the Fever Bars Acquisition, the First Novus Acquisitions and the Second Novus Acquisitions, as if they had occurred on September 25, 2017, and is based on Be At One's unaudited management accounts for the twelve months ended April 1, 2018 (representing the last financial year for Be At One prior to its acquisition by us), Fever Bars' unaudited management accounts for the twelve months ended October 28, 2018 (representing the last period for which financial information was provided to us by the sellers), unaudited management accounts in relation to the pubs acquired pursuant to the First Novus Acquisitions for the twelve months ended March 26, 2018 (representing the last financial year prior to the acquisition of these pubs by us) and unaudited management accounts in relation to the pubs acquired pursuant to the Second Novus Acquisitions for the twelve months ended September 24, 2018 (representing the last period for which financial information was provided to us by the sellers), respectively, which have not been reviewed or verified by us or our auditors. In addition, for the purposes of the unaudited pro forma financial information included herein giving effect to the Be At One Acquisition, the Fever Bars Acquisition, the First Novus Acquisitions and the Second Novus Acquisitions, we have made various assumptions. The pro forma adjustments and pro forma assumptions we have made are preliminary and subject to change. See "Presentation of Financial and Other Information—Non IFRS Financial Information" and "Presentation of Financial and Other Information—Important Notice Relating to the Unaudited Pro Forma Information Presented in this Offering Memorandum." See also "Risk Factors—Risks Related to Our Business—The pro forma adjustments to our historical revenue, Adjusted EBITDA and Adjusted EBITDAR and the resulting Pro Forma Revenue, Pro Forma Adjusted EBITDA and Pro Forma Adjusted EBITDAR information presented in this Offering Memorandum should be treated with caution when making an investment decision" and "Risk Factors—Risks Related to Our Business—We have included only limited financial and other information about Be At One, Fever Bars, the pubs acquired pursuant to the First Novus Acquisitions and the pubs to be acquired, pursuant to the Second Novus Acquisitions in this Offering Memorandum, and their financial performance may differ significantly from ours."

(8) Pro Forma Adjusted EBITDA Margin, which is presented for a 52-week period, represents Pro Forma Adjusted EBITDA divided by Pro Forma Revenue. Pro Forma Adjusted EBITDA Margin is a non-IFRS measure that has important limitations as an analytical tool. You should not consider it in isolation or as a substitute for analysis of our results as reported under IFRS. See "Presentation of Financial and Other Information—Non-IFRS Financial Information" and "Presentation of Financial and Other Information—Important Notice Relating to the Unaudited Pro Forma Information Presented in this Offering Memorandum."

(9) Adjusted EBITDAR, which is presented for a 52-week period, represents Adjusted EBITDA (for a 52-week period) before operating lease rentals. The following table provides a reconciliation of Adjusted EBITDAR from Adjusted EBITDA for the 53 weeks ended September 30, 2018 (but shown on a 52-week basis):

	For the 53 weeks ended September 30, 2018
	(£ in thousands)
Adjusted EBITDA[(a)]	111,995
Operating Lease Rentals[(b)]	52,417
Adjusted EBITDAR	**164,412**

(a) Presented on a 52-week basis. See footnote (2).

(b) Represents the operating lease rental expense for the 53 weeks ended September 30, 2018, incurred at pubs in our estate, including operating lease rental expense in relation to the 33 pubs acquired pursuant to the Be At One Acquisition from the date of their acquisition, i.e. July 23, 2018. However, this does not include any operating lease rental expense in relation to the four pubs acquired pursuant to the First Novus Acquisitions during this period.

(10) Pro Forma Adjusted EBITDAR, which is presented for a 52-week periods, represents our Pro Forma Adjusted EBITDA (for a 52-week period) before operating lease rentals or, where applicable, rent payments, as follows:

	Pro forma for the 53 weeks ended September 30, 2018
	(£ in thousands)
Pro Forma Adjusted EBITDA (for a 52-week period)[(a)]	141,144
Operating Lease Rentals—Stonegate pubs[(b)]	51,841
Operating Lease Rentals—Be At One[(c)]	2,899
Operating Lease Rentals—Fever Bars[(d)]	1,645
Operating Lease Rentals—pubs acquired pursuant to the First Novus Acquisitions[(e)]	5,050
Operating Lease Rentals—pubs to be acquired pursuant to the Second Novus Acquisitions[(f)]	1,128
Pro Forma Adjusted EBITDAR (for a 52-week period)	**203,707**

(a) Presented on a 52-week basis. See footnote (2).

(b) Represents the operating lease rental expense for the 53 weeks ended September 30, 2018, incurred at pubs in our estate prior to the (i) Be At One Acquisition; (ii) Fever Bars Acquisition; (iii) First Novus Acquisitions; and (iv) Second Novus Acquisitions.

(c) Represents the operating lease rental expenses for the leasehold pubs owned and operated by Be At One that we acquired in the Be At One Acquisition as though we had completed the Be At One Acquisition on September 25, 2017, reflecting the inclusion of our estimate of 52 weeks of operating lease rental expense that Be At One would have incurred for the 52 weeks from September 25, 2017, had we completed the Be At One Acquisition on September 25, 2017. The estimated operating lease rental expense is based on our estimate of operating lease rental expense for the 33 sites acquired from Be At One for the 52 weeks ended September 29, 2019, taking into account the rent provided for in the lease agreements for each of the sites acquired and estimated rent increases from outstanding rent reviews.

(d) Represents the operating lease rental expenses for the leasehold pubs owned and operated by Fever Bars that we acquired in the Fever Bars Acquisition as though we had completed the Fever Bars Acquisition on September 25, 2017, reflecting the inclusion of our estimate of 52 weeks of operating lease rental expense that Fever Bars would have incurred for the 52 weeks from September 25, 2017, had we completed the Fever Bars Acquisition on September 25, 2017. The estimated operating lease rental expense is based on our estimate of operating lease rental expense for the 32 sites acquired from Fever Bars for the twelve months ended March 31, 2018, taking into account the rent provided for in the lease agreements for each of the sites acquired.

(e) Represents the operating lease rental expenses for the 15 leasehold pubs that we acquired pursuant to the First Novus Acquisitions as though we had completed the First Novus Acquisitions on September 25, 2017, reflecting the inclusion of our estimate of 52 weeks of operating lease rental expense that the pubs acquired pursuant to the First Novus Acquisitions would have incurred for the 52 weeks from September 25, 2017, had we completed the First Novus Acquisitions on September 25, 2017. The estimated operating lease rental expense is based on the site operating lease rental expense derived from unaudited management accounts for the twelve months ended March 26, 2018 (representing the last financial year prior to the acquisition of these pubs by us) and our estimated rent increases from outstanding rent reviews.

(f) Represents the operating lease rental expenses for the six leasehold pubs to be acquired pursuant the Second Novus Acquisitions as though we had completed the Second Novus Acquisitions on September 25, 2017, reflecting the inclusion of our estimate of 52 weeks of operating lease rental expense that the pubs to be acquired pursuant to the Second Novus Acquisitions would have incurred for the 52 weeks from September 25, 2017, had we completed the Second Novus Acquisitions on September 25, 2017. The estimated operating lease rental expense is based on the site operating lease rental expense derived from unaudited management accounts for the twelve months ended September 24, 2018 (representing the last period for which financial information was provided to us by the sellers).

For an explanation of the other adjustments in this table, see footnote (7).

(11) Pro Forma Adjusted Cash Conversion, which is presented for a 52-week period, represents our Pro Forma Adjusted EBITDA (for a 52-week period) minus pro forma Maintenance Capital Expenditure (of approximately £38.0 million) divided by our Pro Forma Adjusted EBITDA (for a 52-week period). Pro forma Maintenance Capital Expenditure represents the Maintenance Capital Expenditure we currently estimate we will incur during the financial year 2019. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Capital Expenditure."

(12) Drink Sales Growth (Like for Like), Food Sales Growth (Like for Like), Revenue Growth (Like for Like), Pub Profit Growth (Like for Like) and Gross Margin Growth (Like for Like) for the 52 weeks ended September 25, 2016, the 52 weeks ended September 24, 2017 and the 53 weeks ended September 30, 2018, respectively, represents our aggregate change in revenue from drinks sales and food sales, in total revenue, in Pre-adjusted EBITDA (less Group overhead costs) and in total gross margin (calculated as total revenue minus total operating costs divided by total revenue), respectively, compared to the previous year made at all pubs open and operated by us in either our branded or unbranded group throughout the current and previous year. For the Drink Sales Growth (Like for Like), Food Sales Growth (Like for Like), Revenue Sales Growth (Like for Like), Pub Profit Growth (Like for Like) and Gross Margin Growth (Like for Like) for the 53 weeks ended September 30, 2018, we have presented like for like sales, Pre-adjusted EBITDA and total gross margin, as applicable, for a 52-week period rather than a 53-week period to enhance comparability. Accordingly, we have calculated like for like sales, Pre-adjusted EBITDA and total gross margin as applicable, for this period by taking into account, in each case, the like for like sales, Pre-adjusted EBITDA and total gross margin, as applicable, for the first 52 weeks' to enhance comparability. For more information concerning how these metrics are calculated, see "Presentation of Financial and Other Information—Non-IFRS Financial Information."

(13) Gross Margin for Drinks (Ongoing) represents (i) for the relevant period, our revenue from drinks sales (excluding revenue from drinks sales at disposed of sites) minus cost of the drinks purchased (excluding costs of drinks sales at disposed of sites), divided by (ii) revenue from drinks sales (excluding revenue from drinks sales at disposed of sites) for the relevant period. Gross Margin for Food (Ongoing) represents (i) for the relevant period, our revenue from food sales (excluding revenue from food sales at disposed of sites) minus cost of the food purchased (excluding costs of food sales at disposed of sites), divided by (ii) revenue from food sales (excluding revenue from food sales at disposed of sites) for the relevant period. Total Gross Margin represents, for the relevant period, our total revenue (excluding revenue at disposed of sites) minus total operating costs (excluding operating costs at disposed of sites), divided by total revenue (excluding revenue at disposed of sites).

(14) Return on Investment represents, for all pubs invested during the 156 weeks preceding the date on which we present Return on Investment, the difference between the annualized (on a 52-week basis) aggregate weekly average post-investment Pre-adjusted EBITDA (from the first full four week period after the re-opening of such pubs) and the 52-week pre-investment Pre-adjusted EBITDA of those pubs (to the end of the last full four week period), divided by the aggregate Investment Capital Expenditure invested in these pubs over the same 156 weeks. Where a pub has traded for less than 52 weeks post-investment, we have not taken it into account when calculating Return on Investment. Pubs where we have not made an Investment Capital Expenditure in the past 156 weeks are classed as uninvested. For more information concerning how this metric is calculated, see "Presentation of Financial and Other Information—Non-IFRS Financial Information."

(15) As Adjusted Net Debt represents our Net Debt as adjusted to give effect to the Transactions and the application of the proceeds therefrom as described in "Use of Proceeds." See "Use of Proceeds" and "Capitalization." As Adjusted Lease Adjusted Net

Debt represents the aggregate of our As Adjusted Net Debt and our pro forma operating lease expense of £62.5 million (which represents our operating lease expense for the 53-week period ended September 30, 2018 of £51.8 million plus £10.7 million in pro forma adjustments to our operating lease expense as discussed under footnote (10) above), multiplied by a factor of eight. As Adjusted Cash Interest Expense represents our interest expense in cash as adjusted to give effect to the Transactions and the application of the proceeds therefrom as described in "Use of Proceeds" and, in relation to the cash interest expense for the Revolving Credit Facility and the Original Notes, takes into account the actual interest expense for the 53 weeks ended September 30, 2018, representing actual interest expense relating to our Revolving Credit Facility and the Original Notes for that period. These metrics do not reflect borrowings made (and related accrued and unpaid interest) under our Revolving Credit Facility after September 30, 2018. We had £16.0 million of borrowings outstanding under our Revolving Credit Facility as of January 25, 2019. We expect the Revolving Credit Facility to be drawn in an amount of approximately £40 million for the first two weeks of February 2019 to meet our working capital requirements during that period and expect borrowings under it to return to normalized levels (between approximately £20 million to £30 million) by the last two weeks of February 2019. This pro forma information has not been prepared in accordance with Regulation S X under the Securities Act, and does not purport to represent what our net debt would have been had the Transactions actually taken place on September 30, 2018 or what our cash interest expense would have been had the Transactions actually taken place on September 25, 2017.

RISK FACTORS

An investment in the New Floating Rate Notes involves a high degree of risk. You should carefully consider the following risks, together with the other information provided to you in this Offering Memorandum, in deciding whether to invest in the New Floating Rate Notes. The occurrence of any of the events discussed below could be detrimental to our financial performance. If any of these events occur, the trading price of the New Floating Rate Notes could decline, we may not be able to pay all or part of the interest or principal on the New Floating Rate Notes, and you may lose all or part of your investment. Additional risks not currently known to us or which are presently deemed immaterial may also harm our business and affect your investment.

This Offering Memorandum contains forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from the results discussed in such forward-looking statements. Factors that might cause such differences include those discussed below. See "Forward-looking Statements."

Risks Related to Our Business

Unfavorable general economic conditions in the United Kingdom have had and may have a negative effect on our business.

All of our pubs are located in the United Kingdom and, therefore, the results of our operations are impacted by general economic conditions in the United Kingdom. In particular, given that consumer spending on eating and drinking out is discretionary in nature, our revenue is affected by general levels of consumer confidence and disposable income.

The recession in 2008 and 2009 and the period of volatility and instability experienced in the United Kingdom in the aftermath of the global financial crisis has had an adverse effect on consumer confidence and disposable income. In addition, factors such as financial and political crises in the eurozone, terrorist attacks or other unexpected events, the measures being implemented by the UK government to reduce the national deficit through welfare and other budget cuts, rising interest rates, declining wages, higher unemployment, tax increases and lack of consumer credit could all adversely affect the level of UK consumer confidence and disposable income. Similarly, changes to the UK government or new general elections could lead to economic uncertainty and further loss of consumer confidence. Any such factors could in turn adversely affect our operating results, financial condition and prospects.

As a consequence of the significantly increased volatility and instability experienced during periods of challenging macroeconomic conditions, it is difficult for us to forecast demand trends. We may be unable to accurately predict the extent or duration of cycles or their effect on our financial condition or result of operations and can give no assurance as to the timing, extent or duration of the current or future macroeconomic cycles. A decline in demand due to the emergence of adverse economic conditions affecting the United Kingdom could have a material adverse effect on our operating results, financial condition and prospects.

Legal, political and economic uncertainty surrounding the expected exit of the United Kingdom from the EU may be a source of instability in international markets, create significant currency fluctuations, and adversely impact current trading and supply arrangements, which could have a material adverse effect on our business, results of operations and financial condition.

The United Kingdom held a referendum on June 23, 2016, to determine whether the United Kingdom should leave the EU or remain as a member state, and the outcome of that referendum was in favor of leaving the EU ("Brexit"). Under Article 50 of the 2009 Lisbon Treaty ("Article 50"), the United Kingdom will cease to be a member state when a withdrawal agreement is entered into, or failing that, two years following the notification of an intention to leave under Article 50, unless the European Council (together with the United Kingdom) unanimously decides to extend this period or the United Kingdom revokes Article 50. On March 29, 2017, the United Kingdom formally notified the European Council of its intention to leave the EU. On November 25, 2018, the EU and the UK government agreed on a draft withdrawal agreement, which was rejected by the UK parliament on January 15, 2019. It therefore remains unclear whether the EU and the UK government will be able to agree on revisions to such withdrawal agreement (and if so, whether such revised draft will be approved of by the UK parliament), whether the United Kingdom leaves the EU without a withdrawal agreement, whether a decision will be made to delay the exit from the EU, or whether there will be a second referendum leading to revocation of Article 50. Regardless of the outcome, there are likely to be changes in the legal rights and obligations of commercial parties across all industries following Brexit. The United Kingdom could lose access to the single EU market and customs union (and the UK government has stated its expectation that the United Kingdom will lose such access) resulting in an impact on the general and economic conditions in the United Kingdom. Until the United Kingdom officially exits the EU, EU laws and regulations will continue to apply, and changes to the application of these laws and regulations are unlikely to occur during negotiations. However, due to the size and importance of the UK economy, and the uncertainty and unpredictability concerning the United Kingdom's legal, political and economic relationship with the EU after Brexit, there may continue to be instability in the market, significant currency fluctuations, and/or otherwise adverse effects on trading agreements or similar cross border cooperation arrangements (whether economic, tax, fiscal, legal, regulatory or otherwise) for the foreseeable future, including beyond the date of Brexit.

These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and could significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. In addition, Brexit may lead to a down-turn in the United Kingdom or other European economies and could lead to lower levels of consumer spending if consumer confidence declines or if individuals have less disposable income. Any reduction in our customers' willingness or ability to spend due to Brexit-related changes in the economic environment of the United Kingdom and Europe could materially affect our revenue. A general slow-down in the UK economy due to Brexit may also negatively impact our growth strategies as well as our current and future projections, operating results, financial condition and prospects.

Further, while the majority of our products are sourced and produced within the United Kingdom, continued or sustained adverse effects on the exchange rate of the pound sterling as compared to foreign currencies and the effective price inflation of certain products sourced from outside of the United Kingdom resulting from Brexit could result in increased costs with respect to the products that we source from outside of the United Kingdom. We cannot guarantee that we would be able to mitigate or otherwise avoid such increased costs, and our inability to do so could have an adverse effect on our operating results, financial condition and prospects.

In addition, approximately 1,565 of our employees are citizens of the EU but not of the United Kingdom. Accordingly, any restrictions, whether perceived or actual, on the free movement of EU nationals to and from the United Kingdom could impact our ability to efficiently recruit employees which could in turn have an adverse effect on our operating results, financial condition and prospects. Furthermore, we source significant quantities of food and beverage commodities, especially fresh produce, from suppliers in the EU. Accordingly, the supply, pricing and general availability of these commodities is influenced by and subject to the outcome of the negotiations between the United Kingdom and the EU. Accordingly, Brexit may have an impact on our suppliers' trade relations and our ability to avoid the adverse effects of limited commodities or an increased price thereof is limited.

Lack of clarity about future UK laws and regulations as the United Kingdom determines which EU laws to replace or replicate in the event of a withdrawal, including financial laws and regulations, data privacy and collection laws and regulations and tax and free trade agreements, may increase costs associated with operating in the United Kingdom. Additionally, any substantial change in the regulations applicable to our business could jeopardize our ability to continue to operate in a manner consistent with our past practice.

We may be adversely affected by an increase in consumers purchasing alcohol from supermarkets, off-licenses and other retailers.

Consumers' spending patterns with respect to alcohol have evolved such that they now purchase a higher proportion of their alcoholic drinks at supermarkets, off-licenses and other retailers than has been the case in the past. This change in behavior has been due, among other things, to growing health and drink driving concerns, the smoking ban, the ability of consumers to purchase canned or bottled beer at lower prices at off-license stores and supermarkets and the expansion of trading hours at those retailers, as well as to the increasing prevalence of cable and satellite television and high speed internet access, which provide consumers with more options to entertain themselves at home. Although the rate at which consumers are shifting their spending towards off-trade channels is no longer increasing, the foregoing factors have contributed to a decline in the total number of pubs in the United Kingdom over the past twenty years. While this decline has disproportionately affected smaller pub operators and tenanted pub operators, allowing managed pub operators to consolidate their position and increase their market share, there can be no assurance that this will continue to be the case. Accordingly, if the trend in consumers purchasing alcohol from supermarkets, off-licenses and other retailers resumes, our operating results, financial condition and prospects could be materially adversely affected.

We face competition for consumers from other managed and tenanted pub operators, independent pubs, venues and restaurants.

We compete for consumers against a wide variety of pubs, bars, venues and restaurants, some of which may offer higher amenity levels or lower prices or may be backed by greater financial and operational resources. Our main competitors include Mitchells & Butler and the managed pubs operated by Greene King, but we also compete with smaller pub operators and independent pubs. In addition, consumer demand for casual dining chains, which have traditionally competed against pubs, has been growing significantly in recent years. There can be no assurance that we will be successful in managing competition from casual dining chains by changing our formats and food offering to meet consumer demand. Moreover, to the extent that venues such as coffee shops or delicatessens are able to offer alcoholic drinks, we may face increased competition. In addition, we also face increased competition in relation to our late night venues. We may not be successful in competing against any or all of these alternatives and a sustained loss of customers to other pubs, bars, casual dining chains or other venues could have a material adverse effect on our operating results, financial condition and prospects.

Consumer preferences and perceptions in relation to drink and food may continue to change and we may be unable to adapt to such changes.

Our business is affected by consumer preferences and perceptions in relation to both drink and food, as well as demographic trends over time. For instance, many consumers are placing increasing importance on dietary and nutritional content, as well as the provenance of locally sourced ingredients. Consumers are also increasingly demanding all-day formats and increasingly preferring premium drinks. We have responded to these trends by offering a greater number of healthy options in our menus, increasing our focus on our breakfast offering and expanding our premium drink offering. There can be no assurance, however, that we will continue to be able to respond to these or other trends in consumer preference by introducing changes to our formats, brands, drink and food offerings and premises or otherwise. Any failure by us to anticipate, identify and respond to trends in consumer preferences could have a material adverse effect on our operating results, financial condition and prospects.

Changes in regulations to which we are subject or the introduction of new regulations to which we may become subject could have a negative effect on our business.

Our pubs are subject to laws and regulations that affect their operations, including in relation to employment, minimum wages, alcoholic drinks control, late-night levies, drink-driving, pub licensing, leisure (gaming) machines, competition, health and safety, sanitation, data protection and access for the disabled. These laws and regulations impose a significant administrative burden on us, as managers have to devote significant time to compliance with these requirements and therefore have less time to dedicate to trade. If additional or more stringent requirements were to be imposed in the future, the burden on management would increase, which could adversely affect our operating results and, in turn, adversely affect our financial condition and prospects. The risks related to some of the key regulations to which we are subject are discussed below.

a. Employment regulations provide certain rights and protections to our employees, and changes to these regulations may reduce our ability to operate our business efficiently.

The Working Time Regulations (the "WT Regulations") provide that workers may only be required to work a 48-hour week, although they can choose to opt out and work longer if they wish. The WT Regulations also set out rights and protections in areas such as minimum rest time, days off and paid leave. A substantial majority of our employees (but not including our general managers) are covered by the WT Regulations. The existence of the ability to opt out of, and the guidance as to who is covered by, the WT Regulations may change in the future. In addition, under the Part-Time Workers (Prevention of Less Favourable Treatment) Regulations 2000 (the "Part Time Workers Regulations"), part-time workers can claim the same employment and related rights as full-time workers. The Fixed Term Employees (Prevention of Less Favourable Treatment) Regulations 2002 (the "Fixed Term Employees Regulations") similarly provide that employees engaged under fixed-term contracts can claim the same employment and related rights as employees engaged under permanent contracts.

The WT Regulations, Part Time Workers Regulations and Fixed Term Employees Regulations, and any changes to such regulations, may impose constraints on our ability to deploy employees efficiently to a degree that could adversely affect our operating costs and, in turn, our operating results, financial condition and prospects. In addition, there are additional regulatory constraints for employees under the age of 18, including among others, with regard to maximum working hours, working times and holiday entitlement.

In April 2016, the UK government announced the introduction of a National Living Wage, which replaced the national minimum wage for all working people aged 25 and over in the United Kingdom. The National Minimum Wage remained in place for all working people under the age of 25 who are at least school leaving age in the United Kingdom. In April 2018, the National Minimum Wage for people from school leaving age in the United Kingdom to 18 was increased to £4.20 per hour. At the same time, the National Minimum Wage for people aged 18 to 20 and for people aged 21 to 24 was increased to £5.90 per hour and £7.38 per hour, respectively, while the National Living Wage for people aged 25 and over was increased to £7.83 per hour. In April 2019, the National Minimum Wage for people from school leaving age in the United Kingdom to 18 is expected to increase to £4.35 per hour. At the same time, the National Minimum Wage for people aged 18 to 20 and for people aged 21 to 24 is expected to increase to £6.15 per hour and £7.70 per hour, respectively, while the National Living Wage for people aged 25 and over is expected to increase to £8.21 per hour. As we employ a large number of our staff at the National Minimum Wage or the National Living Wage, any further increase in the National Minimum Wage or the National Living Wage, or their scope, could affect our operating costs. Furthermore, we may be required to raise the salaries of our other employees in order to preserve the pay differential vis à vis our employees who are employed at the National Minimum Wage or the National Living Wage. Any resulting increase in labor costs could, in turn, have a material adverse effect on our operating results, financial condition and prospects.

To the extent our employees are required to wear a uniform, we are required to record their cost as an expense to ensure that the National Minimum Wage or the National Living Wage, as applicable, is met. In 2018, HM Revenue & Customs ("HMRC") identified numerous employers in the United Kingdom that allegedly failed to pay the correct minimum wage. Charging staff for uniforms (or expecting them to fund their own independently), failing to pay overtime and issues around job-related travel expenses were some of the reasons given by HMRC for salaries falling below the minimum wage threshold. Identified employers, including us, were required to compensate employees and pay fines against this potential liability. We have made a provision of £0.5 million for the 53 weeks ended September 30, 2018 to meet our obligations to compensate our employees and pay any related fines. While we believe this is a fair estimate of our exposure, we cannot assure you that our exposure will ultimately not be materially higher. In addition to companies being required to make compensation payments and pay fines, individuals may be also subject to criminal prosecution for deliberately not complying with the relevant legislation in relation to minimum wage standards and anyone found guilty may be disqualified from being a company director for up to 15 years.

b. Government legislation, regulation and campaigns in the United Kingdom relating to the consumption of alcohol and drink-driving laws may reduce demand for our alcoholic drinks.

In the United Kingdom, consumption of alcoholic drinks has become the subject of considerable social and political attention in recent years due to increasing public concern over adverse health consequences associated with the misuse of alcohol and alcohol-related social problems, including the impact of drink and obesity related health issues on the National Health Service budget in the United Kingdom, drink-driving, binge drinking and under-age drinking.

The government in the United Kingdom periodically contemplates imposing measures relating to the consumption of alcohol, including the reduction of licensing hours, raising the legal drinking age, the introduction of minimum prices for alcoholic drinks and the introduction of a mandatory code imposing certain conditions on all alcohol retailers. Any such measures could have a material adverse effect on our business, results of operations, financial condition and prospects.

As car drivers and passengers account for a significant proportion of pub customers in the United Kingdom, the implementation of any legislation to reduce further the legal blood alcohol limit for drivers in the United Kingdom, or an increase in public service advertising warning against the dangers of drink-driving could result in customers in our rural and suburban pubs drinking less or frequenting pubs less often, which could lead to a reduction in revenue in those pubs and a decline in our income from the sale of alcoholic drinks. For example, in 2014, Scotland introduced new legislation which decreased the legal blood alcohol limit. While such legislation has not had a material impact on our operations, there can be no assurance that our operations would be similarly unaffected if the UK government were to impose similar legislation across the rest of the United Kingdom. Further reductions in the legal blood alcohol limit could therefore have a material adverse effect on our operating results, financial condition and prospects.

c. The late-night levy to which we are subject may increase.

Pursuant to the Police Reform and Social Responsibility Act 2011 (applicable only in England and Wales), licensing authorities are authorized to raise a contribution from late-opening alcohol suppliers towards policing the nighttime economy. The licensing authorities also have the power to choose the period during which the levy applies every night, between midnight and 6 a.m., and decide what exemptions and reductions should apply. Even though most of our pubs have not yet had such a late-night levy imposed on them, to the extent that individual licensing authorities decide to exercise their power under the act or the government in the United Kingdom decides to increase these powers, it could result in increased costs and consequently could have a material adverse effect on our operating results, financial condition and prospects.

d. Our pub operations require licenses, permits and approvals which we may not be able to obtain and/or maintain.

Each of our pubs is licensed for, among other things, the sale of alcoholic drinks. Difficulties or failures in obtaining or maintaining required licenses or approvals, including in relation to our late night venues, could delay or prohibit the operation of our pubs, as could onerous lease provisions limiting the use of our properties. If we become insolvent, our licenses could lapse. Under the UK Licensing Act of 2003 (the "UK Licensing Act"), insolvency is defined to include the approval of a voluntary arrangement proposed by the company's directors, the appointment of an administrator in respect of the company, the appointment of an administrative receiver in respect of the company or going into liquidation. If we are unable to maintain our licenses that could have a material effect on our operating results, financial condition and prospects.

In addition, licensing requirements which affect our pubs are subject to change, and additional or more stringent requirements may be imposed on our operations in the future. This could result in us losing licenses or having increased operating costs, which could have an adverse effect on our operating results, financial condition and prospects.

e. If the UK government were to introduce initiatives that resulted in a requirement to include nutritional information on menus, this could result in additional compliance costs.

If the UK government were to introduce initiatives that resulted in a requirement for restaurants, cafes and pubs to display nutritional information on their menus, this could give rise to additional compliance costs for us. Furthermore, such disclosure requirements would increase consumers' awareness of the nutritional content of our drink and food offerings, which may result in consumers changing their preferences.

f. The taxes and duties to which we are subject may increase.

Our activities are affected by a number of taxes and duties, such as the duty on alcoholic drinks, value added tax ("VAT") and other business taxes. Changes in law and practices that affect all or any of these matters may adversely affect our financial performance. In particular, the government in the United Kingdom imposed a duty escalator which commenced in April 23, 2009, pursuant to which duties on alcohol rise each year by 2% above the rate of inflation (based on RPI). This duty escalation was removed from beer in the March 2013 budget and from spirits, wine and made-wine, cider and perry in the March 2014 budget, while the March 2015 budget subsequently reduced duty rates on beer, spirits and lower and high-strength cider, and froze duty rates on wine below 22% alcohol by volume and high-strength sparkling cider. In the March 2016 budget, duty rates on wine and made-wine at or below 22% alcohol by volume and high strength sparkling cider above 5.5% alcohol by volume rose at the same rate as RPI inflation, but the UK government froze in cash terms the duty rates on beer, spirits and other drinks above 22% alcohol by volume and still cider and lower strength sparkling cider. In the March 2017 budget, the duty rates on alcohol manufactured in, or imported into, the United Kingdom rose at the same rate as forecast RPI inflation, and in the November 2017 budget, duty rates on beer and most other spirits and ciders were frozen. In the October 2018 budget, duty rates on beer and most other spirits and ciders remained frozen but specifically duty rates on wine and made-wine at or below 22% alcohol by volume and high strength sparkling cider above 5.5% alcohol by volume rose at the same rate as RPI inflation. Such duties could increase and/or similar taxes and duties could be imposed by the government in the United Kingdom in the future and could therefore affect our activities going forward. The government in the United Kingdom also increased the standard rate of VAT to 20% on January 4, 2011.

To the extent that we do not, or are not able to, pass on any such duty increases to our customers, this could reduce our margins and could consequently have an adverse effect on our operating results, financial condition and prospects. On the other hand, to the extent that we do pass on duty increases to our customers by way of higher prices, this could result in decreased demand and consequently could also have a material adverse effect on our operating results, financial condition and prospects.

g. We are subject to revaluation of business rates.

In the United Kingdom, the UK government adjusts the value of business rates to reflect changes in the property market approximately every five years. The most recent revaluation came into effect in England, Scotland and Wales on April 1, 2017 (based on open market rental values from April 1, 2015). At revaluation, all properties are given a new ratable value and multiplier which, depending on the underlying movement in the value of the property, can have a significant impact on the tax liability due on the property. In addition, and despite the UK government's recent announcement regarding an increase in business rate reliefs for smaller UK businesses, UK government may limit such business rates relief for larger corporations or to certain industries, which could increase the monetary burden on some businesses in the United Kingdom. The revaluation adjustments of the business rates, or any changes to the business rates following the UK government's annual budget announcements, could result in increased costs and consequently could have a material adverse effect on our operating results, financial condition and prospects. Business rates amounted to £34.9 million for the 53 weeks ended September 30, 2018, representing 5.2% of our operating costs for this period.

Further consolidation in the pub industry in the United Kingdom may result in our being unable to compete with larger competitors.

The pub industry in the United Kingdom has undergone periods of consolidation through joint ventures, mergers and acquisitions. Further consolidation in the pub industry in the United Kingdom could lead to the emergence of larger competitors, who may have greater financial and operational resources than us. We may not be able to respond to the pricing pressures that may result from further consolidation of the pub industry in the United Kingdom and may not be able to compete successfully for the acquisition of pubs and pub-owning companies with larger competitors. If we cannot continue to be a major participant in the pub industry in the United Kingdom, we may not be able to secure favorable pricing from suppliers or attract, or retain suitable employees to operate our managed pubs, which could have an adverse effect on our operating results, financial condition and prospects.

Revenue from sales of beer may decline and have a negative effect on our business.

A significant portion of our revenue is derived from the sale of beer to our customers. Although there is an increasing consumer demand for craft beers and premium lagers, if revenue from sales of beer were to decline in the United Kingdom and we are not able to develop our income streams from products other than beer, a decline in the United Kingdom beer market could have a material adverse effect on our revenue or our ability to attract customers to our pubs, which could adversely affect our operating results, financial condition and prospects.

Increases in student tuition fees and other changes in the welfare system in the United Kingdom have had, and may continue to have, a negative effect on our business.

Our key customer groups include blue collar workers (particularly, in our Proper Pubs format) and students (particularly, in our student venues, such as our Common Room format). Recent changes to the welfare system have had an impact on the disposable income of blue collar workers and budgets introduced by the UK government in recent years contain further cuts to the welfare system. Similarly, increases in student tuition fees for undergraduates and postgraduates, coupled with the general economic difficulties in the United Kingdom, have had an adverse impact on student trade for our pubs. Such adverse impact could be exacerbated in future by further changes to student funding, such as the removal of student maintenance grants effective as of September 2016. Any future cuts to welfare spending or increases in student tuition fees or other costs of higher education could adversely affect our operating results, financial condition and prospects.

A significant proportion of our pubs operate in town centers, and if consumers increasingly choose alternative shopping channels or locations, trade at our pubs could be adversely affected.

A significant proportion of our pubs are located in town centers, and the day-time trade of these pubs is reliant on customers visiting town centers for shopping trips. As such, we are exposed to the risk of consumers increasingly choosing alternative shopping channels or locations, such as online shopping and out of town retail parks, thereby resulting in a decrease in the number of visitors to town centers and the number of potential customers at our pubs. If shoppers continue to migrate away from town centers, this may also ultimately result in the closure of shopping centers and other outlets located in town centers. This could in turn lead to town centers becoming vacant and consumers travelling to larger cities for shopping, which could exacerbate the risk to us. Any continuing trend in migration away from town centers could accordingly have an adverse impact on our operating results, financial condition and prospects.

Subscription prices for broadcasting services relating to major sporting events may increase.

We have subscription services for Sky TV, BT Sport and other large screen offerings for broadcasting major sporting events, such as the World Cup, European Championships, Champions' League, FA Cup, Rugby World Cup, Six Nations and The Ashes. Subscription prices for these services may increase and it may become less profitable to broadcast such events. For example, Sky TV and BT Sport recently announced price increases above inflation, which is expected to affect the pub industry as a whole according to the BBPA. As of the 2019-20 campaign, Sky TV and BT Sport are expected to broadcast 128 and 52 Premier League games per season, respectively, and alongside their announcements regarding an increase in pricing, both content providers are introducing new training tools for licensees and commitments to expanded programming, all of which is expected to increase costs related to broadcasting sporting events at our sites. While we are in active discussions with Sky TV and BT Sport and regularly consider our large screen offerings, we cannot guarantee that our subscription prices and related costs will remain at profitable levels. In addition, the market may become more fragmented resulting in more subscription services being needed. All of these factors could have an adverse effect on our operating results, financial condition and prospects.

Our management may not be able to successfully implement our strategic and financial objectives.

Our strategic vision is to operate a high margin, high return national business through the delivery of the best drink-led pub and bar proposition with major appeal across a breadth of social occasions. There can, however, be no assurance that we will be successful in implementing our strategy. In particular, we may not be able to manage our formats and brands and our drink and food offerings to achieve our strategy. We may also be required to invest more than we have currently budgeted in order to implement our strategy and we may not realize cost efficiencies resulting from any such investments. If we are unsuccessful in implementing our strategic or financial objectives, or if we are required to spend more than we anticipated to achieve those objectives, our operating results, financial condition and prospects could be materially adversely affected.

We may make acquisitions that prove unsuccessful or strain or divert our resources.

To date, we have grown through the acquisition of other businesses, pubs, bars and venues, and we seek to selectively continue this growth strategy in future. Successful growth through future acquisitions is dependent upon our ability to identify suitable acquisition targets, conduct appropriate due diligence, negotiate transactions on favorable terms and ultimately complete such transactions and integrate the acquired businesses, pubs, bars or venues into our group.

If we make acquisitions, there can be no assurance that we will be able to generate expected margins or cash flows, or to realize the anticipated benefits of such acquisitions, including growth or expected synergies. The expected benefits of the acquisitions, in particular, the anticipated synergies and growth opportunities, may not be realized in full (or not at all) or may take longer to realize than planned. There can be no assurance that our assessments of and assumptions regarding acquisition targets and/or expected synergies will prove to be correct, and actual developments may differ significantly from our expectations. Further, we may not be able to integrate acquisitions successfully into our group or turn around businesses that may previously have been insolvent, such as our acquisitions of pubs in administration from Living Room, Bramwell, Maclay and certain pubs from TCG. Such integration or rehabilitation may require more investment than we expect, and we could incur or assume unknown or unanticipated liabilities or contingencies with respect to customers, employees, suppliers, government authorities or to other parties, which may impact our operating results. The process of integrating businesses, pubs, bars or venues may be disruptive to our operations and may cause an interruption of, or a loss of momentum in, such businesses or a decrease in our results of operations as a result of difficulties or risks, including unforeseen legal or regulatory issues, such as in relation to compliance with data protection laws and regulations, as well as contractual and other issues; difficulty in standardizing information and other systems; difficulty in realizing operating synergies; diversion of management's attention from our day-to-day business; potential loss of key employees, customers, suppliers and agents; and failure to maintain the quality of services that we have historically provided. Some of our acquired companies or businesses may have different corporate cultures and practices and we may not be able to successfully assimilate them with our culture and practices, and as a result, may among others, be unable to retain key employees from such acquisitions. Any of these risks could have a material adverse effect on our business, results of operations, financial condition and prospects.

Moreover, any acquisition may result in the incurrence of additional debt, which will increase our interest expense. Instruments used to finance the acquisitions are subject to restrictive covenants which limit our flexibility in operating our business. The increased financial indebtedness and interest could reduce our profitability and harm our business.

The acquisition agreements entered into in connection with some of our acquisitions may not fully cover us against claims and liabilities that may arise in connection with such acquisitions.

On December 7, 2016, we completed the acquisition of Intertain, which at the time owned and operated 30 pubs, for a total consideration of approximately £39.5 million. The warranties, indemnities and other contractual protections that we have received from the Intertain Sellers are limited and may not be sufficient to fully cover us against claims and liabilities associated with our acquisition of Intertain that may arise in the future, and we cannot guarantee that we have been able to identify all claims and liabilities that may arise in respect of these acquisitions. In particular, while we have agreed with the Intertain Sellers to retain in escrow certain amounts owed to the Intertain Sellers under the Intertain acquisition agreement as security for certain liabilities associated with Intertain, such escrow amounts represent only a percentage of the Intertain consideration and are provided as security only for certain, but not all, claims or liabilities that may arise in connection with our acquisition of Intertain. Further, this escrow arrangement is time bound and we cannot assure you that the amount held in reserve will be sufficient to cover potential claims, fines or penalties or be available for our use at all.

In addition, over the past few years, we have acquired certain pubs pursuant to the Fever Bars Acquisition, the Be At One Acquisition, the First Novus Acquisitions, the Large Bars Acquisition, the Sports Bar & Grill acquisition, as well as the acquisitions from JDW, Faucet Inn Sellers, Punch Taverns and Ei Global. Further, we have also recently agreed to acquire six pubs pursuant to the Second Novus Acquisitions. The warranties and other contractual protections that we have received from the sellers in these acquisitions are limited and may not be sufficient to fully cover us against claims and liabilities associated with these acquisitions that may arise in the future. In particular, the warranties that we have received from JDW only pertain to certain matters related to employees at the pubs that we have acquired from JDW and do not cover any other potential liabilities in respect of these pubs. While we have taken into account such potential claims and liabilities when determining the consideration to be paid under these agreements, we cannot guarantee that we have been able to identify all claims and liabilities that may arise in respect of these acquisitions. In the event potential claims or liabilities are greater in amount than we have estimated or above the agreed monetary limit, we may not be covered against these claims and liabilities by the sellers in these acquisitions.

While we have had an opportunity to inspect each of the pubs that we have acquired upon the successful assignment to us of certain leases, we cannot guarantee that we have identified any or all material liabilities relating to each of these pubs and that may cause us to incur losses in the future. Further, under the relevant acquisition agreements, we may experience delays or other difficulties in enforcing indemnity claims should they arise and may be required to pay amounts with respect to such claims without reimbursement.

To the extent that JDW, Faucet Inn Sellers, Punch Taverns and Ei Global and the sellers in the Be At One Acquisition, the First Novus Acquisitions, the Fever Bars Acquisition, the Second Novus Acquisitions, the Large Bars Acquisition and the Sports Bar & Grill acquisition are liable for damages with respect to such claims, such liabilities may significantly diminish the value of the assets we have purchased from those sellers. Our limited ability, under the acquisitions agreements entered into with these sellers to recover losses or damages arising from these pubs could have a material adverse effect on our business, results of operations, financial condition and prospects.

The pro forma adjustments to our historical revenue, Adjusted EBITDA and Adjusted EBITDAR and the resulting Pro Forma Revenue, Pro Forma Adjusted EBITDA and Pro Forma Adjusted EBITDAR information presented in this Offering Memorandum should be treated with caution when making an investment decision.

This Offering Memorandum presents pro forma adjusted financial information which includes various assumptions, including those related to the Be At One Acquisition, the Fever Bars Acquisition, the First Novus Acquisitions and the Second Novus Acquisitions, as well as other events for which we have made pro forma adjustments. See "Summary—Summary Consolidated Financial and Other Information" for additional details regarding these pro forma adjustments to revenue, Adjusted EBITDA and Adjusted EBITDAR and their underlying assumptions. These assumptions are based on our current estimates, and they involve risks, uncertainties, assumptions and other factors that may cause actual results, performance or achievements to be materially different from any anticipated future results, performance or achievements expressed or implied by such pro forma adjusted financial information. For instance, the unaudited pro forma financial information included in this Offering Memorandum presents the effect of the Be At One Acquisition, the Fever Bars Acquisition, the First Novus Acquisitions and the Second Novus Acquisitions, in each case, as though they had occurred on September 25, 2017, although none of these acquisitions had been completed by this date. Moreover, the unaudited financial information included herein for the Be At One Acquisition, the Fever Bars Acquisition, the First Novus Acquisitions and the Second Novus Acquisitions is based on the relevant unaudited management accounts, and has not been independently reviewed or audited. The pro forma financial information presented in this Offering Memorandum has not been prepared in accordance with the requirements of Regulation S X of the Securities Act, the Prospectus Directive or any generally accepted accounting standards.

Some of the factors that could cause our future financial performance to differ materially from that expressed or implied by such pro forma adjusted financial information include not achieving the level of cost-savings that we expect from the integration of the pubs and certain other assets to be acquired pursuant to the Be At One Acquisition, the Fever Bars Acquisition, the First Novus Acquisitions and the Second Novus Acquisitions, into our existing business as well as our ability to recognize the estimated post-investment returns at those pubs reopening after having received Investment Capital Expenditure. Additionally, our Pro Forma Adjusted EBITDA does not reflect all incremental costs that we may incur as a result of certain events that become effective, or materialize, in the future. See "Presentation of Financial and Other Information—Important Notice Relating to the Unaudited Pro Forma Information Presented in this Offering Memorandum." If any of these factors or others cause our actual financial performance to differ significantly from that implied by the financial data presented, they could have a material adverse effect on our business, results of operations, financial condition or prospects.

Further, the information on Be At One, Fever Bars, the pubs acquired pursuant to the First Novus Acquisitions and the pubs to be acquired pursuant to the Second Novus Acquisitions, contained in this Offering Memorandum supporting the pro forma adjustments we have made to our financial data has been derived from various sources and includes information provided to us by the sellers in the Be At One Acquisition, the Fever Bars Acquisition, the First Novus Acquisitions and the Second Novus Acquisitions, in certain cases have been adjusted to reflect our analysis of that data based on assumptions we believe to be reasonable. As we have only recently acquired control over Be At One, Fever Bars and the pubs acquired pursuant to the First Novus Acquisitions, and have not yet acquired control over the pubs to be acquired pursuant to the Second Novus Acquisitions, we have not been able to verify information pertaining to the Be At One Acquisition, the Fever Bars Acquisition, the First Novus Acquisitions and the Second Novus Acquisitions as independently, accurately or as completely as we would have if we had control over these assets in the period covered by such financial information. In essence, we have relied on the information that sellers in the Be At One Acquisition, the Fever Bars Acquisition, the First Novus Acquisitions and the Second Novus Acquisitions have provided to us in the due diligence process in presenting the financial and other information about the Be At One Acquisition, the Fever Bars Acquisition, the First Novus Acquisitions and the Second Novus Acquisitions, in this Offering Memorandum.

We have not included in this Offering Memorandum audited and/or reviewed financial information for Be At One, Fever Bars, the pubs acquired pursuant to the First Novus Acquisitions and the pubs to be acquired pursuant to the Second Novus Acquisitions. The unaudited pro forma financial information included in this Offering Memorandum presents the effect of the Be At One Acquisition, the Fever Bars Acquisition, the First Novus Acquisitions and the Second Novus Acquisitions, as if they had occurred on September 25, 2017, and is based on Be At One's unaudited management accounts for the twelve months ended April 1, 2018 (representing the last financial year for Be At One prior to its acquisition by us), Fever Bars' unaudited management accounts for the twelve months ended October 28, 2018 (representing the last period for which financial information was provided to us by the sellers), unaudited management accounts in relation to the pubs acquired pursuant to the First Novus Acquisitions for the twelve months ended March 26, 2018 (representing the last financial year prior to the acquisition of these pubs by us) and unaudited management accounts in relation to the pubs acquired pursuant to the Second Novus Acquisitions for the twelve months ended September 24, 2018 (representing the last period for which financial information was provided to us by the sellers), respectively, which have not been reviewed or verified by us or our auditors. In addition, for the purposes of the unaudited pro forma financial information included herein giving effect to the Be At One Acquisition, the Fever Bars Acquisition, the First Novus Acquisitions and the Second Novus Acquisitions, we have made various assumptions. The pro forma adjustments and pro forma assumptions we have made are preliminary and subject to change.

We would likely not be able to maintain our Return on Investment from our capital projects within the assumed timeframe, or at all.

We identify priorities for investment in our estate through biannual estate reviews and have put in place a multi-stage estate review process to ensure a disciplined approach to investment across our pubs. Since we began trading, and through September 30, 2018, we have refurbished 596 of our pubs that we currently operate. There can be no assurance that we will continue to achieve our target Return on Investment with respect to our uninvested sites, whether as a result of incorrect assumptions in evaluating the investment potential or otherwise, or that we will successfully identify the sites that are most in need of investment. In addition, evolving industry trends with respect to the frequency of capital investment may require us to make capital investments in our pubs more frequently than we have done in the past in order to remain competitive. We cannot guarantee that we will be able to make capital investments on a shorter timeline than we have done in the past should such trends emerge.

We may also not be successful in deploying capital expenditure for maintenance across our estate in a timely manner or at all. Furthermore, although we have historically financed our capital expenditure from cash flows from operations, there can be no assurance that we will not in the future encounter difficulties in financing our capital expenditure. Any of the foregoing may have a material adverse effect on our operating results, financial condition and prospects.

Additionally, where we present Return on Investment in this Offering Memorandum, we have not included in the calculation the results of pubs that have traded for fewer than 52 weeks post investment. For example, for the 156 week period ended September 30, 2018, 101 pubs that we have invested in have not been included in the calculation of Return on Investment because those pubs have not traded for 52 weeks post investment. Had we included the results of our pubs which have been invested but have not yet traded for 52 weeks post investment, the Return on Investment that we have presented for each period shown in this Offering Memorandum would likely have been lower.

Our revenue, cash and inventory levels fluctuate on a seasonal basis and are affected by public holidays, the timing of major sporting events and weather conditions.

Footfall at our pubs is impacted by seasonality and is highest during the Christmas period, Easter, bank holiday weekends and end-of-the-month salary weekends. In addition, footfall at many of our pubs (particularly Proper Pubs), particularly those with Sky TV, BT Sport or other large screen offerings, is affected by major sporting events, such as the World Cup, European Championships, Champions' League, FA Cup, Rugby World Cup, Six Nations and The Ashes. British teams' performance in those events can also have an impact on footfall. For example, if a British team does not progress beyond the group stages of the World Cup or the European Championship, this generally represents a lost opportunity for us in terms of footfall and drinks and food sales at our pubs.

Weather patterns can also affect footfall across our pubs. Persistent rain, snow or other inclement weather, particularly during the summer months or over our peak trading periods, adversely affects us. Certain of our pubs, namely those with terraces or significant outdoor space, are particularly vulnerable to rain and other bad weather, as the inability to use their outdoor space prevents such pubs from maximizing their trading capacity.

If revenue during our main trading periods is lower than expected, or if the United Kingdom experiences adverse weather conditions, this could have an adverse effect on our operating results, financial condition and prospects. For a discussion of the impact of seasonal factors on our results of operation, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Our Results of Operations—Seasonal Effects."

Seasonal fluctuations also impact our inventory, working capital and liquidity levels. We must carry a significant amount of inventory before the peak selling periods, which is also reflected in our liquidity with a certain time lag due to the payment terms that we have agreed with our suppliers (with payments falling due on average within 45 days from delivery). If net sales during our peak trading periods are significantly lower than we expect, we may be unable to adjust our working capital in a timely fashion. Any of these events could have a material adverse effect on our business, results of operations, financial condition and prospects.

We rely on a limited number of suppliers and, if such suppliers continue to consolidate, or face financial difficulties, prices we pay to our suppliers may rise or our operations may be disrupted.

The brewing and distribution industry in the United Kingdom has seen a movement towards consolidation in recent years, which reduces the number of suppliers and distributors available to us and may have the effect of raising prices that we pay. We rely on an increasingly limited number of major brewing companies for the supply of beer and other drink products, with our leading suppliers being Heineken UK, Molson Coors (UK), Matthew Clark Wholesale Limited, Diageo, Carlsberg UK and Asahi. We also enter into distribution arrangements with some of our suppliers. In addition, our drinks supply contracts must be renewed from time to time. While we negotiate contract renewals where desirable, we cannot guarantee that we will be successful in obtaining renewals of our existing contracts with our suppliers on the same or similar terms, or at all. Failure to timely agree renewals with our suppliers could cause distribution or supply disruptions, which could have a material adverse effect on our operating results, financial condition and prospects.

In addition, we primarily use Brake Bros Limited for our food supply services. If the trend in consolidation in the brewing and distribution industry were to continue, this could further increase our reliance on a limited number of suppliers and therefore we would continue to be subject to their bargaining power, which could have the effect of increasing the prices we pay for our supplies. Furthermore, if our suppliers face financial difficulties or fail to deliver the agreed level of service, we could encounter difficulties replacing these suppliers, which could result in disruptions to our business and/or significant costs being incurred. Any of the foregoing could have an adverse effect on our operating results, financial condition and prospects.

An increase in global food prices and energy costs may negatively affect the profitability of our managed pubs.

Food purchases account for a significant portion of our operating expenses. We also consume significant amounts of gas and electricity in our operations, and are therefore subject to fluctuations in energy costs. Volatility in global food prices and energy costs have in the past had a negative impact on our operating margins. Prices remain subject to volatility and, if further rises were to occur (including as a result of a depreciation of the pound sterling), this could result in an increase in our costs. We may not be able to increase our prices to offset any such increases in our costs without suffering reduced revenue. Our gross margins could therefore be adversely affected, which in turn could have an adverse effect on our operating results, financial condition and prospects.

We could face labor shortages, increased labor costs and other adverse effects of varying labor conditions.

The development and success of our pubs depend, in large part, on the efforts, abilities and experience of the general managers who manage and operate our pubs. In addition, our success depends in part upon our ability to attract, motivate and retain a sufficient number of qualified employees, including pub managers, kitchen staff, bar staff and wait staff. Qualified individuals are needed to fill these positions and our inability to recruit and retain such individuals may delay the planned openings of new pubs or result in our existing pubs being understaffed, which could compromise the level of service provided by these pubs. Any significant delay in finding qualified employees could adversely affect our operating results and financial condition. We may also incur additional costs in relation to training new employees as a result of high turnover of our employee base. Specifically, in relation to our late night venues, we generally face a relatively higher turnover of employees. We may not be able to find qualified employees for such venues in time or at all.

Possible restrictions on the free movement of labor resulting from Brexit could lead to further difficulties in finding qualified employees. In addition, competition for qualified employees or increases in remuneration by our competitors could require us to pay higher wages to attract sufficiently qualified employees, which could result in higher labor costs. Further, increases in the minimum hourly wage, employment tax rates or levies, related benefits costs or similar matters over which we have no control may increase our operating costs, all of which could adversely affect our operating results, financial condition and prospects.

Leasing and ownership of a significant portfolio of real estate exposes us to possible liabilities and losses.

The property market is subject to fluctuations in value, and if the property market resumes a downturn it could lead to a sustained reduction in our freehold property values over time. There can be no certainty that property values will recover from any downturn at any particular time, or at all. Approximately 60.7% of our property portfolio was short leasehold as of September 30, 2018. Our short leaseholds have unexpired lease terms of less than 50 years and are subject to periodic rent reviews and renegotiation of rents when leases are renewed. Rents may increase such that they affect the economic viability of one or more of such properties. Further, as leases underlying our pubs, bars or venues expire, we may be unable to negotiate a new lease or lease extension, either on commercially acceptable terms, or at all, which could cause us to close our pubs in desirable locations. As a result, our sales and our brand building initiatives could be adversely affected. On the other hand, we are not generally entitled to cancel leases, and if an existing or future pub is not profitable, and we decide to close it, we may nonetheless be committed to perform our obligations under the applicable lease, including, among other things, paying the base rent for the balance of the lease term.

In addition, we operate one of our leasehold properties on a ship in the River Thames. Due to the ongoing Thames Tideway Tunnel works, we have been required by Thames Water to agree a new temporary mooring location for the ship, and once these works have been completed, we will be required to agree a new permanent location. We cannot guarantee that the relocation will be successful, either in the temporary location or, subsequently, in the new permanent location. As of the date of this Offering Memorandum, we have re-opened the ship at the temporary location but previous difficulties to access the ship caused by the ongoing works had an impact on our profits, and we cannot assure you that we will not experience similar difficulties in the future. Although we are entitled to make a claim for loss of profits during the periods in which the ship needs to be closed due to its relocation, we cannot guarantee that we will be adequately reimbursed for any lost profits during these periods, or at all, nor for any impact on our profits of the works themselves.

Additionally, certain of our leasehold properties are or may in the future become subject to disputed claims between us and the landlords of those leasehold properties. For example, under certain of our lease agreements landlords can, and occasionally do, challenge the permissibility of the uses to which we put the properties subject to those leases, and in some cases our landlords may be required to provide consent before we are able to make changes to the formats at certain of our leasehold pubs. Our inability to successfully resolve disputes between us and the landlords of the leasehold pubs that we own or operate could result in a material adverse effect on our business, results of operations, financial conditions and prospects.

Furthermore, certain of our freehold and leasehold agreements contain covenants prohibiting the operation of public houses on the premises. We have been operating pubs on several premises that are subject to such covenants and may, as a result, be in breach of these covenants, although we have not faced challenge on these grounds so far. Our lease agreements typically contain covenants relating to the repair and condition of the property. We do not review the state of repair or condition of our pubs on a regular basis and may, from time to time, be in breach of these covenants. Moreover, our landlords may require us to carry out works to our properties in order to maintain them to the standard required by the lease at any time during the term of the lease and also at the end of the lease. We have not begun maintenance at these sites and we have made no provision for the cost of such works. Additionally, a small number of our properties have uncertain title, as a result of which either our or our landlords' ability to own the freeholds or leaseholds, respectively, to those properties can potentially be challenged. If, due to these reasons, we are unable to continue to occupy and operate certain of our pubs, that could result in a material adverse effect on our business, results of operations, financial condition and prospects.

Negative publicity relating to one of our pubs or brands could reduce revenue at some or all of our pubs.

We may, from time to time, be subject to negative publicity relating to alcohol consumption or quality, food quality, bar facilities, health inspection scores, employee relationships, food contamination, alcohol-related violence or other matters at one or more of our pubs. The rise of online news reporting, discussion forums and social media has increased the risk to brands of attracting negative publicity given the ease and speed with which such information is disseminated. We are particularly susceptible to such risks given the high degree of engagement with social media by certain of our key customer groups such as the student population. Adverse publicity may negatively affect us, regardless of whether the allegations are valid, whether they are limited to a single pub or whether we are at fault. The negative impact of adverse publicity relating to one of our pubs may extend far beyond the pub involved to affect some or all of our other bars, and restoring image and reputation of our business may be costly and time consuming. The occurrence of such incidents could have a negative impact on our operating results, financial condition and prospects.

Food or drink contamination or other health and safety incidents, including a serious contamination or threat of contamination, could adversely affect our reputation and result in financial loss.

We are susceptible to the risk of food and drink contamination, which can affect consumer confidence and preferences, resulting in lower footfall or expenditure at our pubs, or can lead to increased costs, including in relation to sourcing alternative suppliers or products and seeking to address the contamination. In addition, a serious contamination or threat of contamination at one of our branded pubs, bars or venues could negatively affect the reputation of one or more of our brands.

Accordingly, we adopt and maintain rigorous health and safety policies. However, given the degree of access members of the public have to our premises, our health and safety policies may not be able to prevent a serious health and safety incident from occurring on our premises, which could have an adverse effect on our reputation and, as a result, on our operating results, financial condition and prospects. The occurrence of a serious health and safety incident at one of our branded pubs, bars or venues could also negatively affect the reputation of one or more of our brands.

Furthermore, contamination issues or other health and safety incidents may from time to time result in our becoming subject to various claims and legal actions. No assurance can be given that we will not experience actual losses in connection with these legal actions or that new disputes will not arise under which we could face additional liabilities and reputational risk. Any adverse decisions in any of these legal actions could adversely affect our operating results, financial condition and prospects.

We may be at risk of employment-related claims including for arrears of holiday pay.

We may be at risk of employment-related claims, including arrears of holiday pay. A series of recent European and domestic cases suggest that the minimum four weeks' statutory annual leave granted to workers must account for non-guaranteed compulsory overtime and commission payments. We account for these payments when calculating holiday pay for hourly paid employees who accrue holiday entitlement based on all hours that they work. The exact scope of what other payments must be taken into account for salaried employees is not certain from the recent cases. Depending on the outcome of any future cases we may have potential historic, unpaid holiday pay liability for salaried employees and the risk of increased costs in the future, although we have not received any claims or complaints in this regard to date.

Recent regulations limit our liability under claims for such holiday pay to a potential compensation equal to any incorrectly calculated holiday pay in the two years prior to the last incorrectly calculated payment. This limits our exposure to these claims but does not altogether eliminate such exposure, and any continued exposure to these claims could have an adverse effect on our operating results, financial condition and prospects.

We are dependent on key executives for our future success.

Our future success is substantially dependent on the continuing service and performance of key executives and our ability to continue to attract and retain highly skilled senior management. The current directors and members of our management team may not remain with us. Our failure to retain or recruit suitable replacements for any of our directors, the management team or significant numbers of other key employees could have an adverse effect on our operating results, financial condition and prospects.

We could be liable for environmental compliance costs at our properties.

We may be liable for a number of environmental compliance costs, such as costs relating to recycling (for example, recycling of our used cooking oil) and waste disposal. See "Business—Environmental Matters." Changes in law or regulation may impose further responsibilities on us, which could adversely affect our operating results, financial condition and prospects.

We may need to increase contributions to cover deficits with respect to our pension schemes.

We operate two defined benefit pension schemes: the Laurel Pub Pension scheme and the Yates Group Pension scheme (each a "Pension Scheme" and together, the "Pension Schemes"). These are both closed to new entrants. As of September 30, 2018, the present value of funded defined benefit obligations was £90.6 million, across both schemes, calculated on an IAS 19 basis, and the deficit in respect of the Pension Schemes as of September 30, 2018 was £3.1 million.

There are many risks arising from the operation of the Pension Schemes. The pensions regulator in the United Kingdom (the "Pensions Regulator"), for instance, may impose a scheme funding target and employer contribution rate, if those matters cannot be agreed between the scheme trustees and the relevant employers. In addition, the trustees of either Pension Scheme may wind up the relevant scheme, as permitted in certain circumstances. The Pensions Regulator also has statutory power to order a pension scheme to be wound up. Winding up the schemes would result in a statutory obligation on the various participating employers to fund the schemes by reference to a "buyout basis" (which represents the estimated cost of securing members' benefits by purchasing annuity policies from an insurance company). The Pensions Regulator may require funding or funding guarantees from our members (in the form of a contribution notice or financial support direction) for defined benefit pension schemes in various circumstances. In addition, the trustees of the Pension Schemes may alter the investment profile of the relevant scheme. For example, the trustee could exchange equity investments for lower risk investments such as bonds, which would typically increase the employer funding obligations in relation to the schemes because of the lower rate of return expected from lower risk investments.

The foregoing risks are linked to the funding level of the Pension Schemes, which may be adversely affected by a number of factors, including: (i) reducing bond yields (since lower yields mean a pension obligation is assessed as having a higher value); (ii) increasing life expectancy (which will make pensions payable for longer and, therefore, more expensive to provide); (iii) investment returns failing to meet expectations; (iv) actual and expected price inflation, subject to the limits set out in the Pension Schemes' governing documentation; (v) funding volatility as a result of any mismatch between the assets held and the assets by reference to which the scheme liabilities are calculated; and (vi) other events occurring which make past service benefits more expensive than anticipated in the actuarial assumptions by reference to which past pension contributions were assessed, including unanticipated changes to tax or other legislation.

Our insurance may be insufficient and certain types of loss may be uninsurable.

There is a risk that our properties could suffer damage so extensive that it is not fully covered by our insurance. Moreover, certain types of risk are not insured fully either because such insurance is not available or because we have determined that the premium costs are disproportionate to the risks in question, and certain risks may be the subject of exclusions. If an uninsured loss (or a loss above the level of our insurance coverage) occurs at one or more of our properties, we could lose all or a portion of the capital we had invested in, as well as any anticipated future revenue from, such properties. In addition, we could be liable to repair damage caused by uninsured risks, and could remain liable for any debt or other financial obligation related to those properties. As a result of the nature of our business, we are also exposed to the risk of other health and safety incidents, for example, accidents occurring on our premises. Any such occurrence could have an adverse effect on our operating results, financial condition and prospects.

Computer or information system breakdowns could impair our ability to conduct our business.

Information technology ("IT") systems are used extensively in our business, including for our ordering systems, stocking activities, logistics, financial reporting and the management of systems monitoring performance. Our operations therefore depend on the continued and uninterrupted functioning of our IT systems. The centralization of many aspects of our operations, such as purchasing, marketing, property, finance, human resources and IT, to a certain extent make such functions more vulnerable to a catastrophic failure at the site or sites at which the IT systems underlying such functions are physically located.

If any of our IT systems were to be disabled or were to malfunction or cease operating properly or as designed, including as a result of computer security breaches, computer viruses, problems with the internet or sabotage, we could suffer disruption to our business and supply chains, incur liability to retailers or customers or experience loss of data. This could have a significant effect on our ability to conduct our business which, in turn, could have an adverse effect on our operating results, financial condition and prospects.

We may not be able to protect our intellectual property adequately, which could harm the value of our brands and adversely affect our operating results, financial condition and prospects.

We depend in large part on our brands and believe that they are very important to our business, particularly in the context of our Slug and Lettuce format. We rely on our trademarks to protect our brands. The success of our business depends, in part, on our continued ability to use our existing trademarks in order to increase brand awareness. Although we have registered the brand names for our key pubs, trademarks and logos that distinguish our pubs for trademark protection in the United Kingdom, these actions may be inadequate to prevent imitation of our brands and concepts by others or to prevent others from claiming violations of their trademarks and proprietary rights by us. In addition, intellectual property registrations must be continually renewed and failure to do so could see protection for such intellectual property lapse. If our efforts to protect our intellectual property prove to be inadequate, the value of our brands could be harmed, which could adversely affect our operating results, financial condition and prospects.

A significant portion of our business activities is transacted in cash and our internal controls in relation to cash management may not be sufficient to address all the risks associated with the handling of cash and cash transactions.

Due to the nature of our business, a significant proportion of our revenue is collected in cash across our pubs, which exposes us to potential cash loss. Although we have an internal audit department which maintains a comprehensive cash handling policy and aims to ensure there is minimal cash leakage out of the business, our internal controls in relation to cash management may not be sufficient to address all the risks associated with the handling of cash and cash transactions. We may therefore be exposed to risks such as loss, theft, misappropriation and forgery of the cash used in our transactions. In the event such risks materialize, our financial position, business and results of operations may be materially and adversely affected.

A failure to comply with data protection laws and regulation could adversely affect our reputation and result in adverse regulatory and financial consequences including fines and penalties.

Data protection laws and regulations have increased in recent years. The General Data Protection Regulation (Regulation (EU) 2016/679) (the "GDPR") and the UK Data Protection Act 2018 significantly change the data protection landscape in the EU and the United Kingdom. Such laws and regulations strengthen the rights of individuals (data subjects), impose stricter controls over the processing of personal data by both controllers and processors of personal data and impose stricter sanctions with substantial administrative fines and potential claims for damages from data subjects for breach of their rights. The GDPR also offers data subjects the option to allow privacy organizations to litigate on their behalf, including collecting potential damages, which may result in a substantial increase in claims being brought. Should a serious data breach occur, the GDPR provides for increased obligations to notify regulators and data subjects whose personal data has been compromised and may result in the imposition of significant sanctions and penalties, which will require heightened escalation and notification processes with associated response plans. Complying with all relevant data protection laws and regulation is relatively complex. We, or the entities or businesses acquired by us, may have entered in the past or may enter in the future into supplier contracts, employment agreements or other types of material contracts that may not be compliant with applicable data protection laws and regulations. If a significant or widely publicized unlawful disclosure of supplier, employee or customer data were to occur, whether as a result of a cyber-attack, the failure of our IT security systems, employee negligence, the actions of our suppliers or otherwise, we may be subject to legal claims by individuals, fines or other enforcement action which could result in adverse regulatory and financial consequences and could harm our reputation. In addition, failure to comply with applicable data protection laws and regulation may subject us to fines and penalties which could have a material adverse effect on our business, results of operations, financial condition and prospects.

Adverse litigation judgments or settlements resulting from legal proceedings in which we may be involved in the normal course of our business could reduce our cash flow, harm our financial position and limit our ability to operate our business.

We have been and, from time to time, may continue to become a party to claims and lawsuits incidental to the ordinary course of business. For example, when we completed the Intertain Acquisition, we inherited an outstanding police/local authority investigation following the death of an Intertain employee in February 2014 while working at a Walkabout pub owned by Intertain. The coroner's inquest into this death was held in January 2018 and recorded a conclusion of accidental death. Following the completion of the inquest, we await a decision from the local authority as to whether they intend to initiate a prosecution against us and/or any individuals for breaches of health and safety law. In February 2018, a customer who was queuing to enter one of our venues died due an incident involving a crowd surge and perimeter barrier collapse outside our venue. This incident is currently being investigated by the local police. While we continue to cooperate with the police in their investigation, we cannot be certain of the outcome of their investigation or any subsequent local authority investigation into suspected breach of health and safety law. We also cannot be certain that we and/or any individuals will not be prosecuted in relation to this incident. See "Business—Litigation." The outcome of these and other legal proceedings cannot be predicted. If any of these proceedings were to be determined adversely to us, and consequently a settlement involving a payment of a material sum of money were to occur, or criminal fines or penalties were to be imposed, there could be a material adverse effect on our financial condition and results of operations, as well as a negative effect on our reputation. Additionally, we could become the subject of future claims by third parties, including current or former customers who visit our pubs, employees, investors or regulators and litigants of previously acquired businesses. Any significant adverse litigation judgments or settlements would reduce our cash flow and harm our financial position and could limit our ability to operate our business and adversely affect our reputation.

The Valuation Report may not be indicative of the valuation of our current property portfolio and we cannot assure you that the projections or assumptions used, estimates made or procedures followed in the Valuation Report of our property portfolio are correct, accurate or complete.

This Offering Memorandum refers to the Valuation Report with respect to our portfolio of freehold and leasehold properties as of February 2017 and prepared in accordance with the RICS Standards. The Valuation Report has not been updated since February 2017 and may not be indicative of the valuation of our current property portfolio.

DCL has carried out their valuation based upon information supplied by us, which they have assumed to be correct and comprehensive. In particular, DCL:

- has not measured the properties but has relied upon the floor areas provided by us;
- has not undertaken inspections of a substantial majority of the properties and, consequently, has assumed that the repair and condition of the properties in general would not impact the values reported;
- has not undertaken any environmental audit or other environmental investigation or soil survey which may have been carried out on the properties and which may draw attention to any contamination or the possibility of any such contamination;
- has not carried out any investigations into the past or present uses of the properties, nor of any neighboring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists;
- has not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the properties and is therefore unable to give any assurance that the properties are free from defect;
- has not undertaken planning enquiries; and
- has not examined all the deeds, leases or other documents relating to the properties that are the subject of the Valuation Report and has assumed we have the benefit of security of tenure over these properties.

The Valuation Report is based on a desktop valuation of our portfolio of freehold and leasehold properties. As a result of the restricted due diligence and lack of property inspections, DCL made certain assumptions in order to value our properties. If a valuation with the benefit of full inspections took place, then the assumptions adopted may have been different and, as a result, the reported valuation could be materially different from those reported in the Valuation Report. For this reason and for the reason that the Valuation Report may not be indicative of the valuation of our current property portfolio, you should not, and are not entitled to, rely upon the valuation taken from the Valuation Report and reported herein for the purposes of making, or refraining from making, any investment decision.

Other appraisers may reach different valuations of our property portfolio. Moreover, the value determined in the Valuation Report could be significantly higher than the amount that would be obtained from the actual sale of our property portfolio, especially in a distressed or liquidation scenario. The realizable value of our property portfolio at any given time will depend on various factors, including:

- market, economic and industry conditions, including demand and capacity for our services;
- whether any additional property sales are anticipated;
- the effect any sale may have on the remaining portfolio;
- the availability of buyers;
- the availability of financing;
- the time period in which the properties are to be sold;
- the supply of similar properties;
- the condition of the properties;
- regulatory risks, including obtaining any necessary consents required to transfer
- our pub operations; and
- other operational cost risks.

Accordingly, the Valuation Report should not be considered a representation of the actual present or future value of our property portfolio. We anticipate that the appraised value of our property portfolio has changed or will change over time, and such changes may be material. After the issuance of the New Floating Rate Notes, neither third parties nor we will provide the holders of the New Floating Rate Notes with revised valuations and we expressly disclaim any duty to update such valuation under any circumstance.

We have not included any US GAAP financial information in this Offering Memorandum.

We prepare our financial statements on the basis of IFRS, which differs in certain significant respects from US GAAP. We have not presented a reconciliation of our historical consolidated financial statements to US GAAP in this Offering Memorandum. As there are significant differences between IFRS and US GAAP, there may be substantial differences in our results of operations, cash flows and financial condition if we were to prepare our historical consolidated financial statements in accordance with US GAAP.

Terrorist attacks, war, and threats of attacks and war may materially and adversely affect consumer spending, and in turn, our financial condition, financial returns and results of operation.

Terrorist attacks in the United Kingdom and abroad, as well as war and threats of war or actual conflicts involving the United Kingdom or other countries, may dramatically and adversely impact the economy of the United Kingdom and cause consumer confidence and spending to decrease. Any of these occurrences could result in a material adverse effect on our operating results, financial condition and prospects.

Risks related to the Acquisitions

The completion of the acquisition of the leasehold properties pursuant to the Second Novus Acquisitions is subject to uncertainties and risks.

On January 22, 2019, we agreed to acquire six leasehold properties for an enterprise value of approximately £5.0 million pursuant to the Second Novus Acquisitions. Under the terms of the asset purchase agreement, we are obligated to pay the consideration attributable to each property upon assignment to us of the relevant lease with the necessary landlord consent to assignment. The successful assignment of these leases is subject to certain third-party consents, which we and the seller in the Second Novus Acquisitions may be unable to obtain in a timely fashion or at all. While we are not obligated to pay for such properties until their relevant leases have been assigned to us, we have made certain assumptions as to our future growth and expansion plans and results of operations in this Offering Memorandum on the basis that each of these leases will be successfully assigned to us in due course. Accordingly, any failure in the assignment of these leases to us may have a material adverse effect on our business, results of operations, financial condition and prospects.

We may face unexpected difficulties in integrating the pubs acquired pursuant to the Be At One Acquisition, the First Novus Acquisitions, the Fever Bars Acquisition and the pubs to be acquired pursuant to the Second Novus Acquisitions into our business.

We will need to integrate the pubs acquired pursuant to the Be At One Acquisition, the First Novus Acquisitions, the Fever Bars Acquisition and the pubs to be acquired pursuant to the Second Novus Acquisitions into our business. Such integration, including reformatting into existing formats, presents various challenges which may be difficult and costly to overcome. The expected benefits of these acquisitions, in particular, the anticipated synergies and growth opportunities, may not be realized in full or at all or may take longer to realize than expected.

Further, the integration of these pubs into our business is subject to operational risks, such as, and not limited to: diversion of management's time and attention from daily operations to the integration; difficulties in the assimilation of different corporate cultures and practices; difficulties in conforming accounting controls, procedures and policies of the acquired businesses to ours and difficulties in retaining employees who are instrumental for the integration and further development of our combined businesses as well as customers, suppliers and agents. Any of these risks could have a material adverse effect on our business, results of operations, financial condition and prospects.

Be At One, the sellers in the First Novus Acquisitions, Fever Bars and the sellers in the Second Novus Acquisitions may not comply, or may not have fully complied, with all applicable laws and regulations, including labor and employments laws, for example, in relation to pension contributions, the payment of holiday pay or the calculation of holiday entitlements. As a result, we may be subject to penalties and claims or may have to incur costs to undertake corrective measures that could have a material adverse effect on our business, results of operations, financial condition and prospects.

The Be At One Acquisition, the First Novus Acquisitions, the Fever Bars Acquisition and the Second Novus Acquisitions will result in an increase in our financial indebtedness.

The Be At One Acquisition, the First Novus Acquisitions, the Fever Bars Acquisition and the Second Novus Acquisitions will result in an increase in our financial indebtedness, which will increase our interest expense. The increased financial indebtedness and interest could have a material adverse effect on our business, results of operations, financial condition and prospects.

We have included only limited financial and other information about Be At One, Fever Bars, the pubs acquired pursuant to the First Novus Acquisitions and the pubs to be acquired, pursuant to the Second Novus Acquisitions in this Offering Memorandum, and their financial performance may differ significantly from ours.

The information on Be At One, Fever Bars, the pubs acquired pursuant to the First Novus Acquisitions and the pubs to be acquired pursuant to the Second Novus Acquisitions, contained in this Offering Memorandum has been derived from various sources and includes information provided to us by the sellers in the Be At One Acquisition, the Fever Bars Acquisition, the First Novus Acquisitions and the Second Novus Acquisitions. As we have only recently acquired control over Be At One, Fever Bars and the pubs acquired pursuant to the First Novus Acquisitions, and have not yet acquired control over the six pubs to be acquired pursuant to the Second Novus Acquisitions, we have not been able to verify information pertaining to Be At One, Fever Bars, the pubs acquired pursuant to the First Novus Acquisitions and the pubs to be acquired pursuant to the Second Novus Acquisitions, as independently, accurately or as completely as we would have if we had control over these assets in the period covered by such financial information. In essence, we have relied on the information that the sellers in the Be At One Acquisition, the Fever Bars Acquisition, the First Novus Acquisitions and the Second Novus Acquisitions have provided to us in the due diligence process and Be At One's unaudited management accounts for the twelve months ended April 1, 2018 (representing the last financial year for Be At One prior to its acquisition by us), Fever Bars' unaudited management accounts for the twelve months ended October 28, 2018 (representing the last period for which financial information was provided to us by the sellers), unaudited management accounts for the twelve months ended March 26, 2018 obtained from the seller in the First Novus Acquisitions (representing the last financial year prior to the acquisition of these pubs by us) and unaudited management accounts for the twelve months ended September 24, 2018 obtained from the seller in the Second Novus Acquisitions (representing the last period for which financial information was provided to us by the sellers), respectively, in presenting the financial and other information about Be At One, Fever Bars, the pubs acquired pursuant to the First Novus Acquisitions and the pubs to be acquired pursuant to the Second Novus Acquisitions, in this Offering Memorandum.

Risks Related to Our Financial Profile, the New Floating Rate Notes and the Note Guarantees

Our substantial leverage and debt service obligations could adversely affect our business and prevent us from fulfilling our obligations with respect to the New Floating Rate Notes and the Note Guarantees.

We are, and following the issuance of the New Floating Rate Notes, will continue to be, highly leveraged. As of September 30, 2018, we had total third-party debt of £700.2 million and, after giving effect to the Transactions and the application of the proceeds therefrom as described in "Use of Proceeds," we would have had total third-party debt of £780.9 million. As of September 30, 2018, after giving effect to the Transactions and the application of the proceeds therefrom as described in "Use of Proceeds," we would also expect to have £14.1 million available to draw under the Revolving Credit Facility Agreement (without giving effect to any borrowings made under our Revolving Credit Facility after September 30, 2018). See "Capitalization."

The degree to which the Group will remain leveraged following the issuance of the New Floating Rate Notes could have important consequences to holders of the New Floating Rate Notes offered hereby, including, but not limited to:

- making it difficult for us to satisfy our obligations with respect to the New Floating Rate Notes;
- increasing our vulnerability to, and reducing our flexibility to respond to, general adverse economic and industry conditions;
- requiring the dedication of a substantial portion of our cash flow from operations to the payment of interest on indebtedness, thereby reducing the availability of such cash flow to fund the payment of principal of indebtedness, working capital, capital expenditures, acquisitions, joint ventures or other general corporate purposes;
- limiting our flexibility in planning for, or reacting to, changes in our business and the competitive environment and the industry in which we operate;
- placing us at a competitive disadvantage as compared to our competitors, to the extent that they are not as highly leveraged; and
- limiting our ability to borrow additional funds and increasing the cost of any such borrowing.

Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our debt obligations, including the New Floating Rate Notes.

Despite our high level of indebtedness, we may be able to incur significant additional amounts of debt, which could further exacerbate the risks associated with our substantial indebtedness.

We may be able to incur substantial additional indebtedness in the future. Although the Indenture and the Revolving Credit Facility Agreement contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances, the amount of indebtedness that could be incurred in compliance with those restrictions could be substantial. In addition, the Indenture and the Revolving Credit Facility Agreement do not prevent us from incurring obligations that would not constitute indebtedness under those agreements.

The Original Floating Rate Notes and debt under our Revolving Credit Facility Agreement bear, and the New Floating Rate Notes will bear, interest at a floating rate that could rise significantly, increasing our interest cost and debt and reducing our cash flow.

The Original Floating Rate Notes and debt under our Revolving Credit Facility Agreement bear, and the New Floating Rate Notes will bear, interest at floating rates of interest per annum equal to LIBOR, adjusted quarterly, plus an agreed margin. LIBOR could rise significantly in the future. Although we may enter into and maintain certain hedging arrangements designed to fix a portion of these rates, there can be no assurances that hedging will continue to be available on commercially reasonable terms. Hedging itself carries certain risks, including that we may need to pay a significant amount (including costs) to terminate any hedging arrangements. To the extent interest rates were to rise significantly, our interest expense associated with the Floating Rate Notes and debt under our Revolving Credit Facility Agreement would correspondingly increase, thus reducing cash flow.

Following allegations of manipulation of LIBOR, a measure of interbank lending rates, regulators and law enforcement agencies from a number of governments and the EU are conducting investigations into whether the banks that contribute data in connection with the calculation of LIBOR may have been manipulating or attempting to manipulate LIBOR. In addition, LIBOR and other interest rates or other types of rates and indices which are deemed to be "benchmarks" are the subject of ongoing national and international regulatory reform, including the implementation of the IOSCO Principles for Financial Market Benchmarks (July 2013) and the new European regulation on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds, which entered into force on June 30, 2016. Following the implementation of any such reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or benchmarks could be eliminated entirely, or there could be other consequences which cannot be predicted. For example, on July 27, 2017, the U.K. Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the "FCA Announcement"). The FCA Announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. The potential elimination of the LIBOR benchmark or any other benchmark, changes in the manner of administration of any benchmark, or actions by regulators or law enforcement agencies could result in changes to the manner in which LIBOR is determined, which could require an adjustment to the terms and conditions, or result in other consequences, in respect of any debt linked to such benchmark (including but not limited to the Floating Rate Notes). Any such change, as well as manipulative practices or the cessation thereof, may result in a sudden or prolonged increase in reported LIBOR, which could have an adverse impact on our ability to service debt that bears interest at floating rates of interest.

We are subject to restrictive debt covenants that may limit our ability to finance our future operations and capital needs and to pursue business opportunities and activities.

The Indenture and the Revolving Credit Facility Agreement restrict, among other things, our ability to:

- incur or guarantee additional indebtedness;
- pay dividends or make other distributions or purchase or redeem our stock;
- make investments or other restricted payments;
- enter into agreements that restrict our restricted subsidiaries' ability to pay dividends;
- transfer or sell assets;
- engage in transactions with affiliates;
- create liens on assets to secure indebtedness;
- impair security interests; and
- merge or consolidate with or into another company.

The covenants to which we are subject could limit our ability to finance our future operations and capital needs and our ability to pursue business opportunities and activities that may be in our interest. All of these limitations are subject to significant exceptions and qualifications.

For the restrictions that are included in the Indenture, see "Description of the Notes—Certain Covenants." For the restrictions that are included in the Revolving Credit Facility Agreement, see "Description of Other Indebtedness—Revolving Credit Facility Agreement." In addition, we are subject to the affirmative covenants contained in the Revolving Credit Facility Agreement. In particular, the Revolving Credit Facility Agreement requires us to comply with a financial covenant. See "Description of Other Indebtedness—Revolving Credit Facility Agreement—Financial Covenant." Our ability to meet this financial covenant can be affected by events beyond our control, and we cannot assure you that we will meet them. A breach of any of those covenants, ratios, tests or restrictions could result in an event of default under the Revolving Credit Facility Agreement. Upon the occurrence of any event of default under the Revolving Credit Facility Agreement, subject to applicable cure periods and other limitations on acceleration or enforcement, the relevant creditors could cancel the availability of the facilities and elect to declare all amounts outstanding under the Revolving Credit Facility Agreement, together with accrued interest, immediately due and payable. In addition, any default under the Revolving Credit Facility Agreement could lead to an event of default and acceleration under other debt instruments that contain cross-default or cross-acceleration provisions, including the Indenture. If our creditors, including the creditors under the Revolving Credit Facility Agreement, accelerate the payment of those amounts, we cannot assure you that our assets and the assets of our subsidiaries would be sufficient to repay in full those amounts, to satisfy all other liabilities of our subsidiaries which would be due and payable and to make payments to enable the Group to repay the New Floating Rate Notes, in full or in part. In addition, if we are unable to repay those amounts, our creditors could proceed against any collateral granted to them to secure repayment of those amounts.

We require a significant amount of cash to service our debt and sustain our operations. Our ability to generate sufficient cash depends on many factors beyond our control.

Our ability to continue to make payments on and to refinance our debt, and to fund working capital and capital expenditures, will depend on our future operating performance and ability to generate sufficient cash. This depends, to some extent, on the success of our business strategy and on general economic, financial, competitive, market, legislative, regulatory and other factors, as well as the other factors discussed in these "Risk Factors," many of which are beyond our control. This also depends on our cash flow cycle. We generally pay our suppliers on a monthly basis, our rent on a quarterly basis and our VAT also on a quarterly basis. If our interest payment dates coincide with these periods of significant cash outflow, we may have insufficient cash to pay our obligations as they come due. We also experience seasonal fluctuations in our cash flow. Attendance levels at our pubs are affected by the weather and by the timing of major sporting events. Persistent rain, snow or other inclement weather, especially during the summer months or over our peak trading periods such as the Christmas period, Easter, bank holidays in the United Kingdom and end-of-the-month salary weekends, can have a negative effect on our cash flow. The absence of major sporting events, or the poor performance of a British team, could have a negative impact on our cash position, which could impact our ability to make payments on and to refinance our debt, and to fund working capital and capital expenditures.

We cannot assure you that our business will generate sufficient cash flows from operations, that revenue growth, currently anticipated cost savings and operating improvements will be realized or that future debt and equity financing will be available to us in an amount sufficient to enable us to pay our debts when due, including the New Floating Rate Notes, or to fund our other liquidity needs. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

If our future cash flows from operations and other capital resources (including borrowings under the Revolving Credit Facility Agreement) are insufficient to pay our obligations as they mature or to fund our liquidity needs, we may be forced to:

- reduce or delay our business activities and capital expenditures;
- sell assets;
- obtain additional debt or equity capital; or
- restructure or refinance all or a portion of our debt, including the New Floating Rate Notes, on or before maturity.

We cannot assure you that we would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all. Any failure to make payments on the Notes on a timely basis would likely result in a reduction of our credit rating, which could also harm our ability to incur additional indebtedness. In addition, the terms of the Indenture and the Revolving Credit Facility Agreement, limit, and any future debt may limit, our ability to pursue any of these alternatives. Any refinancing of our debt could be at higher interest rates and could require us to comply with more onerous covenants, which could further restrict our business, financial condition and results of operations. There can be no assurance that any assets which we could be required to dispose of could be sold or that, if sold, the timing of such sale and the amount of proceeds realized from such sale would be acceptable.

Creditors under the Revolving Credit Facility Agreement and in respect of certain hedging obligations are entitled to be repaid with the proceeds of the Collateral sold in any enforcement sale in priority to the Notes.

The obligations under the Original Notes and related Note Guarantees are secured, and the obligations under the New Floating Rate Notes and related Note Guarantees will be secured, on a first-ranking basis with security interests over the Collateral, which also secures our obligations under the Revolving Credit Facility Agreement and in respect of certain hedging obligations. The Indenture also permits the Collateral to be pledged to secure additional indebtedness in accordance with the terms thereof and the Intercreditor Agreement.

Pursuant to the Intercreditor Agreement, the liabilities under the Revolving Credit Facility Agreement and in respect of certain hedging obligations have priority over any amounts received from the sale of the Collateral pursuant to an enforcement action taken with respect to the Collateral. See "Description of Other Indebtedness—Intercreditor Agreement."

As a result, in the event of any realization or enforcement of the Collateral, you may not be able to recover on the Collateral if the then-outstanding claims under the Revolving Credit Facility Agreement and in respect of certain hedging obligations are greater than the proceeds realized.

The Notes are secured only to the extent of the value of the Collateral that has been or, will be granted as security for the Notes and the Note Guarantees, and such security may not be sufficient to satisfy the obligations under the Notes and the Note Guarantees.

If there is an event of default on the Notes, the holders of the Notes will be secured only by the Collateral, which will include all the shares in the Issuer and the Guarantors, all bank accounts in England and Wales of each Guarantor, certain other assets of each Guarantor, the rights of the Issuer and Guarantors under intercompany receivables, certain of the Company's freehold properties located in England and Wales, certain of the Company's leasehold properties located in England and Wales and the vessel, Tattershall Castle. There is no guarantee that the value of the Collateral will be sufficient to enable the Issuer to satisfy its obligations under the Notes. There is no requirement to provide funds to enhance the value of the Collateral if it is insufficient. The proceeds of any sale of the Collateral following an event of default with respect to the Notes may not be sufficient to satisfy, and may be substantially less than, amounts due on the Notes.

The amount of proceeds realized upon the enforcement of the security interests over the Collateral or in the event of liquidation will depend upon many factors, including, among other things, general market and economic conditions, the condition of the market for the Collateral, the ability to sell Collateral in an orderly sale, the fair market value of the Collateral, the timing and manner of the sale, whether or not our business is sold as a going concern, the jurisdiction in which the enforcement action or sale is completed, the ability to readily liquidate the Collateral, the availability of buyers and the condition of the Collateral and exchange rates. Further, there may not be any buyer willing and able to purchase our business as a going concern, or willing to buy a significant portion of its assets in the event of an enforcement action. The book value of the Collateral should not be relied on as a measure of realizable value for such assets. Portions of the Collateral may be illiquid and may have no readily ascertainable market value. In addition, not all of our assets are secured.

No security has been or will be granted with regard to (i) long leasehold properties with 50 years or more remaining under the lease term, if providing such security interest requires consent of a third party and such consent cannot be obtained; (ii) short leasehold properties with less than 50 years remaining under the lease term, if providing such security interest requires consent of a third party; and (iii) any properties outside of England and Wales (except that under certain circumstances security may be granted over certain future acquired properties located in Scotland). Some of the foregoing assets may, taken together, be material or may be necessary to conduct our business operations. In addition, the security granted by Stonegate Pub Company Midco Limited over its shares in the Company are non-recourse to Stonegate Pub Company Midco Limited other than in relation to the charged shares.

By its nature, some or all of the Collateral may not have a readily ascertainable market value or may not be saleable or, if saleable, there may be substantial delays in its disposal. To the extent that liens, security interests and other rights granted to other parties encumber assets owned by the Issuer or the Guarantors, those parties have or may exercise rights and remedies with respect to the property subject to their liens, security interests or other rights that could adversely affect the value of that Collateral and the ability of the Security Agent, the Trustee or holders of the Notes to realize or enforce that Collateral. If the proceeds of any sale of Collateral are not sufficient to repay all amounts due on the Notes and the Note Guarantees, investors (to the extent not repaid from the proceeds of the sale of the Collateral) would have only an unsecured claim against the Issuer's and the Guarantors' remaining assets. Each of these factors or any challenge to the validity of the Collateral or the intercreditor arrangement governing our creditors' rights could reduce the proceeds realized upon enforcement of the Collateral. In addition, there can be no assurance that the Collateral could be sold in a timely manner, if at all. Proceeds from enforcement sales of capital stock and assets that are part of the Collateral must first be applied in satisfaction of obligations under the Revolving Credit Facility Agreement and counterparties under certain hedging obligations and thereafter towards application to repay on a *pari passu* basis the obligations of the Issuer and the Guarantors under the Notes. In addition, the Indenture allows incurrence of certain additional permitted debt in the future that is secured by the Collateral on a priority or *pari passu* basis. The incurrence of any additional debt secured by the Collateral would reduce amounts payable to you from the proceeds of any sale of the Collateral.

To the extent that other first priority security interests, pre-existing liens, liens permitted under the Revolving Credit Facility Agreement and the Indenture and other rights encumber the Collateral securing the Notes, the parties may have or may exercise rights and remedies with respect to the Collateral that could adversely affect the value of the Collateral and the ability of the Security Agent to realize or foreclose on the Collateral.

The value of the Collateral may decrease because of obsolescence, impairment or certain casualty events.

The value of the properties that the Issuer and the other Guarantors own or lease and the real estate serving as Collateral may be adversely affected by depreciation and normal wear and tear or because of certain events that may cause damage to these properties. Although the Security Documents contain certain covenants in relation to the maintenance and preservation of assets, the Issuer and the Guarantors are not required to improve the Collateral. The Issuer is obliged under the Security Documents to maintain insurance with respect to the Collateral, but the proceeds of such insurance may not be sufficient to rebuild or restore such properties to their original condition prior to the occurrence of certain events that caused the insured damages. Those insurance policies most certainly not cover all the events that may conceivably result in damage to the Collateral.

The Issuer and the Guarantors have control over the Collateral securing the Notes, and the sale of particular assets could reduce the pool of assets securing the Notes.

The Security Documents allow the Issuer and the Guarantors to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from the Collateral securing the Notes. Subject to the Security Documents, so long as no default or event of default under the Indenture or a continuing acceleration event under the Revolving Credit Facility Agreement would result therefrom, the Issuer and the Guarantors may, among other things, without any release or consent by the Security Agent, conduct ordinary course activities with respect to the Collateral, such as selling, factoring, abandoning or otherwise disposing of Collateral and making ordinary course cash payments, including repayments of indebtedness.

It may be difficult to realize the value of the Collateral securing the Notes.

The Collateral securing the Notes is subject to any and all exceptions, defects, encumbrances, liens and other imperfections permitted under the Indenture or the Intercreditor Agreement and accepted by other creditors that have the benefit of first-priority security interests in the Collateral securing the Notes from time to time. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the Collateral securing the Notes, as well as the ability of the Security Agent to realize or foreclose on such Collateral. Furthermore, the first-priority ranking of security interests can be affected by a variety of factors, including, among others, the timely satisfaction of perfection requirements, statutory liens or recharacterization under the laws of certain jurisdictions.

The security interests of the Security Agent are subject to practical problems generally associated with the realization of security interests over real or personal property such as the Collateral. For example, the Security Agent may need to obtain the consent of a third party to enforce a security interest. We cannot assure you that the Security Agent will be able to obtain any such consents. We also cannot assure you that the consents of any third parties will be given when required to facilitate a foreclosure on such assets. Accordingly, the Security Agent may not have the ability to foreclose upon those assets, and the value of the Collateral may significantly decrease.

The security interests in the Collateral are granted to the Security Agent rather than directly to the holders of the Notes. The ability of the Security Agent to enforce certain of the Collateral may be restricted by local law.

The security interests in the Collateral that secure the obligations of the Issuer under the Notes and the obligations of the Guarantors under the Note Guarantees are not granted directly to the holders of the Notes but are granted only in favor of the Security Agent. The Indenture provides (along with the Intercreditor Agreement) that only the Security Agent has the right to enforce the Security Documents. As a consequence, holders of the Notes do not have direct security interests and are not entitled to take enforcement action in respect of the Collateral securing the Notes, except through the Trustee, who will (subject to the provisions of the Indenture) provide instructions to the Security Agent in respect of the Collateral.

Security over certain Collateral may not be perfected on the date on which the New Floating Rate Notes are issued, and we are not required to perfect security interests in some instances.

Security over certain Collateral may not be perfected on the date on which the New Floating Rate Notes are issued. In particular, in certain instances, we have an agreed longer period to take certain perfection steps. If we or any Guarantor were to become subject to a bankruptcy proceeding after the date on which the New Floating Rate Notes are issued, any such perfection steps would face a greater risk of being invalidated than if we had taken such steps before or on the date on which the New Floating Rate Notes are issued. If any security interest is created or perfected after the date on which the New Floating Rate Notes are issued, it will be treated under bankruptcy law as if it were delivered to secure previously existing debt, which is materially more likely to be avoided as a preference by the bankruptcy court than if the steps were taken before or on the date on which the New Floating Rate Notes are issued. To the extent that the grant or perfection of any such security interest is avoided as a preference, you would lose the benefit of such security interest.

The Security Agent may not be able to appoint its choice of administrator in the event of insolvency nor have the right to appoint an administrative receiver.

By virtue of the exclusion of a number of our short term leasehold properties in England and Wales, our real estate properties located in Scotland subject to certain conditions and all of our real estate properties located in the Isle of Man from the Collateral, there is a risk that the floating charges granted by the Issuer and the Guarantors do not constitute qualifying floating charges (as defined in paragraph 14 of Schedule B1 of the UK Insolvency Act 1986, as amended) and, as a result, it would be unlikely that the Security Agent would be able to appoint its choice of administrator and the Security Agent would not have the right to appoint an administrative receiver. For further details on appointment of administrators or administrative receivers, see "Limitations on Validity and Enforceability of the Note Guarantees and Security Interest—England and Wales—Administration and Floating Charges."

The interests of holders of the Floating Rate Notes and the interests of holders of the Original Fixed Rate Notes may be inconsistent, and the interests of holders of the New Floating Rate Notes and any further additional notes under the Indenture may be inconsistent with the holders of the Original Notes.

The Original Floating Rate Notes and the Original Fixed Rate Notes were, and the New Floating Rate Notes will be, issued pursuant to a single Indenture. Under the Indenture, the Original Floating Rate Notes and the Original Fixed Rate Notes can vote, and the New Floating Rate Notes will be able to vote, as a single class with respect to amendments, waivers or other modifications of the Indenture other than with respect to amendments, waivers or other modifications that will only affect the relevant series of Notes. The Original Floating Rate Notes bear, and the New Floating Rate Notes will bear, interest at a floating rate, have a different call schedule and call protection and have other features that differ from the Original Fixed Rate Notes. As a result of these differences, the interests of holders of the Floating Rate Notes and the interests of holders of the Original Fixed Rate Notes could conflict. In addition, under the Indenture, the New Floating Rate Notes constitute a different series of Notes from the Original Floating Rate Notes. The holders of one series of Notes, such as the holders of the Original Floating Rate Notes, may be in a position to agree to certain terms in a consent solicitation that would be beneficial to such series of Notes but adverse to the economic interest of the other series of notes issued under the Indenture, such as holders of the New Floating Rate Notes; however, to the extent the relevant amendment or waiver is approved by the holders of a majority in aggregate principal amount of the Notes then outstanding under the Indenture (subject to the limited exceptions), all holders of Notes under the Indenture will be bound by such amendment. Subject to certain restrictions, further series of additional notes may be issued under the Indenture which have different terms in respect of currency, interest rate and certain other matters. Such additional notes will also generally vote as a single class with other series of notes issued under the Indenture but may have interests that differ from the holders of other series of notes issued under the Indenture, including the New Floating Rate Notes.

The New Floating Rate Notes may be issued with original issue discount ("OID") for United States federal income tax purposes.

If the stated principal amount of the New Floating Rate Notes exceeds their issue price by an amount equal to or more than 0.25% multiplied by the product of the stated redemption price at maturity and the number of complete years to maturity from the Issue Date, the New Floating Rate Notes will be issued with OID for United States federal income tax purposes. In such event, in addition to the stated interest on the New Floating Rate Notes, a holder of the New Floating Rate Notes subject to United States federal income taxation will be required to include the OID in gross income (as ordinary income), on a constant yield to maturity basis, in advance of the receipt of the cash payment thereof and regardless of such holder's regular method of accounting for United States federal income tax purposes. See "Tax Considerations—Certain United States Federal Income Tax Consequences."

If certain changes to tax law were to occur, we would have the option to redeem the Notes.

If certain changes in the law of any Relevant Taxing Jurisdiction, as defined under "Description of the Notes—Additional Amounts," become effective that would impose withholding taxes or other deductions on the payments on the Notes or the Note Guarantees, we may redeem the Notes in whole, but not in part, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, and additional amounts, if any, to the date of redemption. We are unable to determine whether such a change to any tax laws will be enacted, but if such change does occur, the Notes will be redeemable at our option.

The incurrence of permitted debt in the future may create or restart hardening periods, i.e., the periods of time following the granting of security interests during which such security interests may be challenged in accordance with the laws applicable in England, Wales and the Cayman Islands.

The granting of shared security interests to secure future indebtedness permitted to be secured by the Collateral may restart or reopen such hardening periods, as the Indenture permits the release and retaking of security granted in favor of the Notes in certain circumstances, including in connection with the incurrence of future indebtedness. The applicable hardening periods for these new security interests can run from the moment each new security interest has been granted or perfected. At each time, if the security interest granted or perfected were to be enforced before the end of the respective hardening period applicable in such jurisdiction, it may be declared void or ineffective and it may not be possible to enforce such security interest. The same rights also apply following the issue of the New Floating Rate Notes in connection with the accession of subsidiaries as additional Guarantors and the granting of security interests over their respective assets and equity interests for the benefit of holders of the Notes.

Risks Related to Our Structure

The Issuer is a wholly owned finance subsidiary that does not have any revenue generating operations of its own and depends on cash from operating companies to be able to make payments on the Notes.

The Issuer is a wholly owned finance subsidiary of the Company with no business operations or significant assets, other than its rights under the Original Proceeds Loan Agreement and, following the Issue Date, its rights under the New Proceeds Loan Agreement. The Issuer is dependent upon the cash flow from our operating companies to meet its obligations under the Notes. We have provided , and intend to provide, funds to the Issuer in order for the Issuer to meet its obligations under the Notes principally through payments under the Original Proceeds Loan and the New Proceeds Loan. We intend to provide funds to the Company to service the payments under the Original Proceeds Loan and the New Proceeds Loan principally through the provisions of intercompany loans and dividends and other distributions. If the subsidiaries within the Group do not fulfill their obligations under any such intercompany loans and do not otherwise distribute cash to the Company, and in turn to the Issuer, in order for the Issuer to make scheduled payments on the Notes, the Issuer will not have any other source of funds that would allow it to make payments to the holders of the Notes. The amount of cash available to the Issuer depends on the profitability and cash flows of the operating companies in the Group and the ability of those companies to transfer funds under applicable law. The operating companies in the Group, however, may not be able to, or may not be permitted under applicable law to, make distributions or advance loans, directly or indirectly, to the Issuer in order for the Issuer to make payments in respect of the Notes. Various agreements governing the Group's debt may restrict, and in some cases, may prevent the ability of the members of the Group to transfer funds within the Group. In addition, the members of the Group that do not guarantee the Notes have no obligation to make payments with respect to the Notes.

The interests of our controlling shareholder may differ from the interests of the holders of the New Floating Rate Notes.

TDR Capital indirectly beneficially owns approximately 99.6% of the outstanding shares of the Company. As a result, TDR Capital is able to control matters requiring shareholder approval, including the election and removal of our directors, our corporate and management policies, potential mergers or acquisitions, payment of dividends, asset sales and other significant corporate transactions. The interests of TDR Capital may differ from yours in material respects. For example, if we encounter financial difficulties or are unable to pay our debts as they mature, the interests of TDR Capital, as ultimate majority shareholder, may be in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investment, even though such transactions might involve risks to you as a holder of the New Floating Rate Notes. TDR Capital has no contractual obligations to fund our business and may not have sufficient liquidity to fund our business if we require additional funding. Additionally, the

Indenture permits us to pay management fees, dividends or make other restricted payments under certain circumstances, and TDR Capital may have an interest in our doing so. See "Certain Relationships and Related Party Transactions."

Furthermore, TDR Capital and their affiliates are in the business of making investments in companies and may from time to time acquire and hold interests in businesses that compete directly and indirectly with us, or with which we conduct business. TDR Capital and their affiliates may also pursue acquisition opportunities that may be complementary to our business and, as a result, those acquisition opportunities may not be available to us. You should consider that the interests of these holders may differ from yours in material respects. See "Principal Shareholders" and "Certain Relationships and Related Party Transactions."

We may not be able to obtain the funds required to repurchase the Notes upon a change of control.

The Indenture contains provisions relating to certain events constituting a "change of control" of the Issuer. Upon the occurrence of a change of control, we will be required to offer to repurchase all outstanding Notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest and additional amounts, if any, to the date of repurchase. If a change of control were to occur, we cannot assure you that we would have sufficient funds available at such time, or that we would have sufficient funds to provide to the Issuer to pay the purchase price of the outstanding Notes or that the restrictions in our Revolving Credit Facility Agreement, the Indenture, the Intercreditor Agreement or our other then-existing contractual obligations would allow us to make such required repurchases. A change of control may result in an event of default under, or acceleration of, our Revolving Credit Facility and other indebtedness. The repurchase of the Notes pursuant to such an offer could cause a default under such indebtedness, even if the change of control itself does not. The ability of the Issuer to receive cash from members of the Group to allow it to pay cash to the holders of the Notes, following the occurrence of a change of control, may be limited by our then-existing financial resources. In addition, under the terms of the Revolving Credit Facility Agreement, under certain circumstances, we will be required to repay an equal amount of debt under our Revolving Credit Facility Agreement if we repay all or a portion of the principal under the Notes. Sufficient funds may not be available when necessary to make any required repurchases. If an event constituting a change of control occurs at a time when the Group is prohibited from providing funds to the Issuer for the purpose of repurchasing the Notes, we may seek the consent of the lenders under such indebtedness to the purchase of the Notes or may attempt to refinance the borrowings that contain such prohibition. If such a consent to repay such borrowings is not obtained, the Issuer will remain prohibited from repurchasing any Notes. In addition, we expect that we would require third-party financing to make an offer to repurchase the Notes upon a change of control. We cannot assure you that the Group would be able to obtain such financing. Any failure by the Issuer to offer to purchase the Notes would constitute a default under the Indenture, which would, in turn, constitute a default under the Revolving Credit Facility Agreement. See "Description of the Notes—Change of Control."

The change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including a reorganization, restructuring, merger or other similar transaction involving us that may adversely affect you, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a "Change of Control" as defined in the Indenture. See "Description of the Notes—Change of Control." Except as described under "Description of the Notes—Change of Control," the Indenture does not contain provisions that would require the Issuer to offer to repurchase or redeem the Notes in the event of a reorganization, restructuring, merger, recapitalization or similar transaction.

In addition, the occurrence of certain events that might otherwise constitute a change of control will be deemed not to be a change of control if a defined consolidated leverage ratio does not exceed a certain level in connection with such event. In the event the Company is sold to a new investor, whether or not such sale constitutes a change of control under the Indenture, no assurance can be given that any such investor will continue to implement our current business and financial strategy. See "Description of the Notes—Change of Control" and "Description of the Notes—Certain Definitions—Specified Change of Control Event."

The definition of "Change of Control" in the Indenture includes a disposition of all or substantially all of the assets of the Company and its restricted subsidiaries, taken as a whole, to any person. Although there is a limited body of case law interpreting the phrase "all or substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances, there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the Company's and its restricted subsidiaries' assets, taken as a whole. As a result, it may be unclear as to whether a change of control has occurred and whether the Issuer is required to make an offer to repurchase the Notes.

Upon an IPO Pushdown, certain Note Guarantees and Collateral may be released, and any retaken Collateral may be subject to hardening periods.

Under certain circumstances, we may undertake an IPO Pushdown. See "Description of the Notes—IPO Pushdown." Upon consummation of the IPO Pushdown (as defined in "Description of the Notes"), references to the Company and Restricted Subsidiaries (and all related provisions) in the Indenture shall apply only to the IPO Pushdown Entity (as defined in "Description of the Notes") and its Restricted Subsidiaries from time to time, although the Issuer shall remain the same entity. Upon such substitution, each Holding Company (as defined in "Description of the Notes") of the IPO Pushdown Entity will be irrevocably and unconditionally released from all obligations under the Indenture and the Intercreditor Agreement and any Note Guarantees or security granted by such Holding Company in respect of the Indenture and the Notes will be released. In such a case, new security documents in respect of collateral to be retaken and that will remain in place following an IPO Pushdown, including the pledge of the shares of the Issuer, may need to be executed and be subject to new hardening periods.

English and Cayman Islands insolvency laws and other jurisdictions may provide you with less protection than U.S. bankruptcy law.

The Issuer and other members of the Group, including some of the Guarantors, are incorporated under the laws of England and Wales. Accordingly, insolvency proceedings with respect to any of those entities would be likely to proceed under, and be governed by, English insolvency law. The Company and certain of the other Guarantors are incorporated under the laws of the Cayman Islands. Accordingly, insolvency proceedings with respect to the Company and the other Guarantors incorporated in the Cayman Islands would be likely to proceed under, and be governed by, the laws of the Cayman Islands. English or Cayman Islands insolvency law may not be as favorable to investors as the laws of the United States or other jurisdictions with which investors are familiar. In the event that any one or more of the Issuer or Guarantors experiences financial difficulty, it is not possible to predict with certainty the outcome of insolvency or similar proceedings.

In the event that any one or more of the Issuer, the Guarantors, any future Guarantors, if any, or any other of the Company's subsidiaries were to experience financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. Note Guarantees and Collateral provided by entities organized in jurisdictions not discussed in this Offering Memorandum are also subject to material limitations pursuant to their terms, by statute or otherwise. Any enforcement of the Note Guarantees or security after bankruptcy or an insolvency event in such other jurisdictions will be subject to the insolvency laws of the relevant entity's jurisdiction of organization or other jurisdictions. The insolvency and other laws of each of these jurisdictions may be materially different from, or in conflict with, each other, including in the areas of rights of secured and other creditors, the ability to void preferential transfer, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's laws should apply, adversely affect your ability to enforce your rights under the Note Guarantees or the Collateral in these jurisdictions and limit any amounts that you may receive. See "Limitations on Validity and Enforceability of the Note Guarantees and Security Interests."

Each Note Guarantee is subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability.

Each Note Guarantee provides the holders of the Notes with a direct claim against the relevant Guarantor. However, the Indenture provides that each Note Guarantee will be limited to the maximum amount that can be guaranteed by the relevant Guarantor without rendering the relevant Note Guarantee, as it relates to that Guarantor, voidable or otherwise ineffective or limited under applicable law, and enforcement of each Note Guarantee would be subject to certain generally available defenses. See "Limitations on Validity and Enforceability of the Note Guarantees and Security Interests."

Enforcement of any of the Note Guarantees against any Guarantor will be subject to certain defenses available to Guarantors in the relevant jurisdiction. Although laws differ among these jurisdictions, these laws and defenses generally include those that relate to corporate purpose or benefit, fraudulent conveyance or transfer, voidable preference, insolvency or bankruptcy challenges, financial assistance, preservation of share capital, thin capitalization, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally. If one or more of these laws and defenses are applicable, a Guarantor may have no liability or decreased liability under its Note Guarantee depending on the amounts of its other obligations and applicable law. Limitations on the enforceability of judgments obtained in New York courts in such jurisdictions could limit the enforceability of any Note Guarantee against any Guarantor.

Although laws differ among various jurisdictions, in general, under bankruptcy or insolvency law and other laws, a court could (i) avoid or invalidate all or a portion of a Guarantor's obligations under its Note Guarantee, (ii) direct that the holders of the Notes return any amounts paid under a Note Guarantee to the relevant Guarantor or to a fund for the benefit of the Guarantor's creditors or (iii) take other action that is detrimental to you, typically if the court found that:

- the relevant Note Guarantee was incurred with actual intent to give preference to one creditor over another, hinder, delay or defraud creditors or shareholders of the Guarantor or, in certain jurisdictions, when the granting of the Note Guarantee has the effect of giving a creditor a preference or when the recipient was aware that the Guarantor was insolvent when it granted the relevant Note Guarantee;
- the Guarantor did not receive fair consideration or reasonably equivalent value or corporate benefit for the relevant Note Guarantee and the Guarantor was: (i) insolvent or rendered insolvent because of the relevant Note Guarantee; (ii) undercapitalized or became undercapitalized because of the relevant Note Guarantee; or (iii) intended to incur, or believed that it would incur, indebtedness beyond its ability to pay at maturity;
- the relevant Note Guarantee was held to exceed the corporate objects of the Guarantor or not to be in the best interests or for the corporate benefit of the Guarantor; or
- the amount paid or payable under the relevant Note Guarantee was in excess of the maximum amount permitted under applicable law.

These or similar laws may also apply to any future guarantee granted by any of our subsidiaries pursuant to the Indenture.

We cannot assure you which standard a court would apply in determining whether a Guarantor was "insolvent" at the relevant time or that, regardless of method of valuation, a court would not determine that a Guarantor was insolvent on that date, or a that a court would not determine, regardless of whether or not a Guarantor was insolvent on the date its Note Guarantee was issued, that payments to holders of the Notes constituted preferences, fraudulent transfers or conveyances on other grounds.

The liability of each Guarantor under its Note Guarantee will be limited to the amount that will result in such Note Guarantee not constituting a preference, fraudulent conveyance or improper corporate distribution or otherwise being set aside. However, there can be no assurance as to what standard a court will apply in making a determination of the maximum liability of each Guarantor. There is a possibility that the entire Note Guarantee may be set aside, in which case the entire liability may be extinguished.

If a court were to decide that a Note Guarantee was a preference, fraudulent transfer or conveyance and voided such Note Guarantee, or held it unenforceable for any other reason, you may cease to have any claim in respect of the relevant Guarantor and would be a creditor solely of the Issuer and, if applicable, of any other Guarantor under the relevant Note Guarantee which has not been declared void. In the event that any Note Guarantee is invalid or unenforceable, in whole or in part, or to the extent the agreed limitation of the Note Guarantee obligations apply, the Notes would be effectively subordinated to all liabilities of the applicable Guarantor, and if we cannot satisfy our obligations under the Notes or any Note Guarantee is found to be a preference, fraudulent transfer or conveyance or is otherwise set aside, we cannot assure you that we can ever repay in full any amounts outstanding under the Notes.

There are circumstances other than repayment or discharge of the Notes under which the Collateral securing the Notes and the Note Guarantees will be released automatically and under which the Note Guarantees will be released automatically, without your consent or the consent of the Trustee.

Under various circumstances, Collateral securing the Notes and the Note Guarantees will be released automatically, including:

- in connection with any sale or other disposition of the property or assets constituting Collateral, if the sale or other disposition does not violate the "Assets Sales" covenant or other provisions of the Indenture;

- in the case of a Guarantor that is released from its Note Guarantee pursuant to the terms of the Indenture, the release of the property and assets, and share capital, of such Guarantor;
- if the Company designates any restricted subsidiary to be an unrestricted subsidiary in accordance with the applicable provisions of the Indenture, the release of the property and assets, and share capital, of such subsidiary;
- in accordance with the "Amendments and waivers" provisions of the Indenture;
- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided under the captions "Description of the Notes—Defeasance," and "Description of the Notes—Satisfaction and Discharge;" or
- in connection with an enforcement sale pursuant to the Intercreditor Agreement.

In addition, under various circumstances, the Note Guarantees will be released automatically, including:

- in connection with any sale or other disposition of all or substantially all of the assets of a Guarantor (including by way of merger or consolidation) or the share capital of that Guarantor to a person that is not (either before or after giving effect to such transaction) the Company or a restricted subsidiary of the Company, if the sale or other disposition does not violate the "Asset Sales" provisions of the Indenture and the relevant Guarantor ceases to be a Restricted Subsidiary as a result of the sale or other disposition;
- if the Company designates any restricted subsidiary that is a Guarantor to be an unrestricted subsidiary in accordance with the applicable provisions of the Indenture;
- in accordance with the "Amendments and Waivers" provisions of the Indenture;
- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided under the captions "Description of the Notes—Defeasance," and "Description of the Notes—Satisfaction and Discharge;" or
- in connection with an enforcement sale pursuant to the Intercreditor Agreement.

In addition, the Note Guarantees will each be subject to release upon enforcement sale as contemplated under the Intercreditor Agreement. Unless consented to, the Intercreditor Agreement will provide that the Security Agent shall not, in an enforcement scenario, exercise its rights to release the relevant Note Guarantees or security interests in the Collateral unless the relevant sale or disposal is made:

- for consideration all or substantially all of which is in the form of cash;
- to the extent there is a release of Note Guarantees or security granted for the benefit of the holders of Notes, concurrently with the discharge or release of the indebtedness of the disposed entities to certain other creditors, including the creditors under the Revolving Credit Facility Agreement and holders of the Notes; and
- pursuant to a public auction, or a fairness opinion has been obtained from an internationally recognized investment bank or accounting firm selected by the Security Agent.

See "Description of Other Indebtedness—Intercreditor Agreement" and "Description of the Notes."

The New Floating Rate Notes will initially be held in book-entry form, and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

The New Floating Rate Notes will initially only be issued in global certificated form and held through Euroclear and Clearstream. Interests in the global the New Floating Rate Notes will trade in book-entry form only, and the New Floating Rate Notes in definitive registered form, or definitive registered the New Floating Rate Notes, will be issued in exchange for book entry interests only in very limited circumstances. Owners of the book-entry interests will not be considered owners or holders of the New Floating Rate Notes unless and until definitive notes are issued in exchange for book-entry interests. Instead, the common depositary (or its nominee) for Euroclear and Clearstream will be the sole registered holder of the New Floating Rate Notes in global form.

Payments of principal, interest and other amounts owing on or in respect of the New Floating Rate Notes in global form will be made to the Paying Agent, which will make payments to Euroclear and Clearstream. Thereafter, such payments will be credited to Euroclear and Clearstream participants' accounts that hold book-entry interests in the New Floating Rate Notes in global form and credited by such participants to indirect participants. After payment to the common depositary for Euroclear and Clearstream, none of the Issuer, the Guarantors, the Trustee, the Paying Agent or any other paying agent will have any responsibility or liability for any aspect of the records relating to or payments of interest, principal or other amounts to Euroclear and Clearstream, or to owners of book-entry interests. Accordingly, if you own a book-entry interest in the New Floating Rate Notes, you must rely on the procedures of Euroclear and Clearstream and, if you are not a participant in Euroclear and/or Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of the New Floating Rate Notes under the Indenture.

Owners of book-entry interests will not have the direct right to act upon our solicitations for consents or requests for waivers or other actions from holders of the New Floating Rate Notes, including enforcement of security for the New Floating Rate Notes and the Note Guarantees. Instead, if you own a book-entry interest, you will be reliant on the common depositary (as registered holder of the New Floating Rate Notes) to act on your instructions and/or will be permitted to act directly only to the extent you have received appropriate proxies to do so from Euroclear and Clearstream or, if applicable, from a participant. We cannot assure you that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any requested actions or to take any other action on a timely basis.

The New Floating Rate Notes will be issued with ISINs and common codes that are different from ISINs and common codes of the Original Floating Rate Notes, which may adversely affect the liquidity of the New Floating Rate Notes and cause the New Floating Rate Notes to trade at different prices than the Original Floating Rate Notes.

The New Floating Rate Notes offered hereby will constitute a series of Notes under the Indenture that is separate from the Original Floating Rate Notes, will have ISINs and common codes that are different from the ISINs and common codes of the Original Floating Rate Notes and will not be fungible with the Original Floating Rate Notes for U.S. federal income tax purposes. The lack of fungibility of the New Floating Rate Notes with the Original Floating Rate Notes may adversely affect the liquidity of the New Floating Rate Notes and cause the New Floating Rate Notes to trade at different prices than the Original Floating Rate Notes. In addition, the New Floating Rate Notes will bear a different rate of interest to the Original Floating Rate Notes.

There may not be an active trading market for the New Floating Rate, in which case your ability to sell the New Floating Rate Notes may be limited.

We cannot assure you as to:

- the liquidity of any market in the New Floating Rate Notes;
- your ability to sell your New Floating Rate Notes; or
- the prices at which you would be able to sell your New Floating Rate Notes.

Future trading prices for the New Floating Rate Notes will depend on many factors, including, among other things, prevailing interest rates, our operating results and the market for similar securities. Historically, the market for non-investment grade securities has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the New Floating Rate Notes. The liquidity of a trading market for the New Floating Rate Notes may be adversely affected by a general decline in the market for similar securities and is subject to disruptions that may cause volatility in prices. The trading market for the New Floating Rate Notes may attract different investors and this may affect the extent to which the New Floating Rate Notes may trade. It is possible that the market for the New Floating Rate Notes will be subject to disruptions. Any such disruption may have a negative effect on you, as a holder of the New Floating Rate Notes, regardless of our prospects and financial performance. As a result, there is no assurance that there will be an active trading market for the New Floating Rate Notes. If no active trading market develops, you may not be able to resell your holding of the New Floating Rate Notes at a fair value, if at all.

Although an application will be made to the Authority for the listing of and permission to deal in the New Floating Rate Notes on the Official List of the Exchange, we cannot assure you that the New Floating Rate Notes will be or remain listed. Although no assurance is made as to the liquidity of the New Floating Rate Notes as a result of the permission to deal in the New Floating Rate Notes on the Official List of the Exchange being granted, failure to be approved for listing or the delisting (whether or not for an alternative admission to listing on another stock exchange) of the New Floating Rate Notes, as applicable, from the Official List of the Exchange may have a material effect on a holder's ability to resell the New Floating Rate Notes, as applicable, in the secondary market.

In addition, the Indenture allows us to issue additional notes in the future, which could adversely impact the liquidity of the New Floating Rate Notes. See "Description of the Notes—Additional Notes."

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.

One or more independent credit rating agencies may assign credit ratings to the New Floating Rate Notes. The credit ratings address our ability to perform our obligations under the terms of the New Floating Rate Notes and credit risks in determining the likelihood that payments will be made when due under the New Floating Rate Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the New Floating Rate Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the New Floating Rate Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of our financings and could adversely affect the value and trading of the New Floating Rate Notes.

The transferability of the New Floating Rate Notes may be limited under applicable securities laws.

The New Floating Rate Notes and the Note Guarantees have not been, and will not be, registered under the Securities Act or the securities laws of any state or any other jurisdiction and, unless so registered, may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and the applicable securities laws of any state or any other jurisdiction. See "Transfer Restrictions." It is the obligation of holders of the New Floating Rate Notes to ensure that their offers and sales of the New Floating Rate Notes within the United States and other countries comply with applicable securities laws.

Investors may not be able to recover in civil proceedings for U.S. securities law violations.

The Issuer and the Guarantors and their respective subsidiaries are organized outside the United States, and their business is conducted outside the United States. The directors and executive officers of the Issuer and the Guarantors are non-residents of the United States. Although the Issuer and the Guarantors will submit to the jurisdiction of certain New York courts in connection with any action under U.S. securities laws or under the Indenture, you may be unable to effect service of process within the United States on the directors and executive officers of the Issuer and the Guarantors. In addition, because all of the assets of the Issuer and the Guarantors and their respective subsidiaries and all or a majority of the assets of their directors and executive officers are located outside of the United States, you may be unable to enforce against them judgments obtained in the U.S. courts. Moreover, in light of recent decisions of the U.S. Supreme Court, actions of the Issuer and the Guarantors may not be subject to the civil liability provisions of the federal securities laws of the United States. See "Enforcement of Civil Liabilities."

Investors in and purchasers of the Notes may have limited or no recourse against our independent auditors.

See "Independent Auditors" for a description of the independent auditors' reports, including language limiting the independent auditors' scope of responsibility in relation to their audit work. Investors in and purchasers of the Notes may have limited or no recourse against the independent auditors.

Investors in and purchasers of the Notes should understand that consistent with guidance issued by ICAEW, the Institute of Chartered Accountants in England and Wales, the independent auditors' reports included elsewhere in this Offering Memorandum each states that the relevant report has been prepared for the Company and other named parties (the "Addressees") solely in response to a request from the Addressees for an audit opinion from independent auditors on the directors' reports and financial statements; that the report was designed to meet the agreed requirements of the Addressees determined by their needs at the time; that the report should not therefore be regarded as suitable to be used or relied on by any party wishing to acquire rights against the independent auditors other than the Addressees for any purpose or in any context; that any party other than the Addressees who obtains access to the report or a copy and chooses to rely on the report (or any part of it) will do so at its own risk; and that to the fullest extent permitted by law, the independent auditors will accept no responsibility or liability in respect of the report to any other party. In the context of the Offering, the independent auditors have reconfirmed to us that they do not intend their duty of care in respect of their audits to extend to any party, such as investors in and purchasers of the Notes, other than the Addressees of their reports.

Without in any way or on any basis affecting or adding to or extending the independent auditors' duties and responsibilities to the Addressees or giving rise to any duty or responsibility being accepted or assumed by or imposed on the independent auditors to any party except the Addressees, the independent auditors have provided consent to the Company's inclusion, independently of the independent auditors, of the audit reports with the historical financial statements to which they relate in this Offering Memorandum for the proposed issuance of the New Floating Rate Notes, thereby demonstrating that an audit of the directors' reports and financial statements for each relevant period has been undertaken for the Addressees. The consent provided by the independent auditors is different from a consent filed with the SEC under Section 7 of the Securities Act, which is applicable only to transactions involving securities registered under the Securities Act. As the New Floating Rate Notes have not been and will not be registered under the Securities Act, the independent auditors have not filed a consent under Section 7 of the Securities Act. The independent auditors' reports on the historical financial statements for the 52 weeks ended September 25, 2016, the 52 weeks ended September 24, 2017 and the 53 weeks ended September 30, 2018, are included elsewhere in this Offering Memorandum.

The SEC would not permit such limiting language to be included in a registration statement or a prospectus used in connection with an offering of securities registered under the Securities Act, or in a report filed under the Exchange Act. If a U.S. court (or any other court) were to give effect to the language set out above, the recourse that investors in and purchasers of the New Floating Rate Notes may have against the independent auditors based on their reports or the directors' reports and financial statements to which they relate could be limited. The extent to which independent auditors may have responsibility or liability to third parties can be unclear under the laws of many jurisdictions, including the United Kingdom. The inclusion of the language referred to above, however, may limit the ability of holders of the New Floating Rate Notes to bring any action against the independent auditors for damages arising out of an investment in or purchase of the New Floating Rate Notes.

USE OF PROCEEDS

We intend to use the proceeds from this Offering to:

- repay the borrowings under the Senior Secured Credit Facility that we used to finance the Be At One Acquisition, the First Novus Acquisitions and the Fever Bars Acquisition;
- finance the Second Novus Acquisitions;
- finance certain capital expenditures in relation to our recent acquisitions;
- pay certain fees, expenses and costs in connection with the Transactions; and
- fund cash on balance sheet.

Actual amounts are subject to adjustments and may vary from estimated amounts depending on several factors, including the actual fees and expenses incurred in connection with the Transactions.

Sources	£ in millions	Uses	£ in millions
New Floating Rate Notes offered hereby(1)	150.0	Repayment of borrowings under the Senior Secured Credit Facility (2)	112.1
		Finance the Second Novus Acquisitions(3)	5.0
		Finance capital expenditure in relation to recent acquisitions(4)	12.3
		Estimated commissions, fees and other expenses(5)	4.8
		Cash on balance sheet	15.8
Total sources	**150.0**	**Total uses**	**150.0**

(1) Represents the gross proceeds that we expect to receive from the issuance of the New Floating Rate Notes offered hereby, were the New Floating Rate Notes to be issued at par.

(2) We financed the consideration and certain related fees and expenses for the Be At One Acquisition, the First Novus Acquisitions and the Fever Bars Acquisition with borrowings under our Senior Secured Credit Facility. We intend to repay the outstanding borrowings under our Senior Secured Credit Facility, together with any accrued and unpaid interest, in full on the Issue Date with a portion of the proceeds from this Offering.

(3) We intend to retain £5.0 million of the Offering proceeds on our balance sheet to finance the Second Novus Acquisitions.

(4) We intend to use a portion of the proceeds from this Offering to finance capital expenditures in the pubs acquired pursuant to the Be At One Acquisition, the First Novus Acquisitions and the Fever Bars Acquisition and those to be acquired pursuant to the Second Novus Acquisitions.

(5) Represents our estimate of fees and expenses associated with the Transactions, including certain commissions, advisory and other professional fees and transaction costs and the accrued and unpaid interest and break costs payable in connection with the repayment of the borrowings under the Senior Secured Credit Facility.

CAPITALIZATION

The following table sets forth the Company's cash and cash equivalents and total consolidated capitalization and certain other balance sheet information as of September 30, 2018, on an actual basis and on an as adjusted basis to give effect to the Transactions and the application of the proceeds therefrom as described in "Use of Proceeds." The adjusted information below is illustrative only and does not purport to be indicative of our capitalization following the completion of the Transactions.

You should read this table together with the sections of this Offering Memorandum entitled "Use of Proceeds," "Selected Historical Consolidated Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our historical consolidated financial statements and related notes included elsewhere in this Offering Memorandum.

	As of September 30, 2018	
£ in millions	**Actual**	**As adjusted**
Cash and cash equivalents(1)	**26.5**	**42.3**
Third-party borrowings:		
Original Notes(2)	595.0	595.0
New Floating Rate Notes offered hereby(3)	—	150.0
Revolving Credit Facility(4)	35.9	35.9
Senior Secured Credit Facility(5)	69.3	—
Total third-party debt(6)	**700.2**	**780.9**
Capitalized transaction costs and issue discount(7)	(5.4)	(8.8)
Net third-party debt	**694.8**	**772.1**
Total equity(8)	83.3	83.3
Total capitalization	**778.1**	**855.4**

(1) The actual amount reflects our cash at bank and in hand as of September 30, 2018. The as adjusted amount reflects the use of our cash at bank and in hand to give effect to the Transactions and the application of the proceeds therefrom as described in "Use of Proceeds."

(2) Represents £595.0 million aggregate principal amount of the Original Notes, but does not include any accrued and unpaid interest in respect of the Original Notes. The carrying value of the Original Notes on our balance sheet as of September 30, 2018 was £591.0 million, which represents the aggregate principal amount of the Original Notes of £595.0 million net of £4.0 million of capitalized debt issuance costs.

(3) Represents £150 million aggregate principal amount of the New Floating Rate Notes offered hereby.

(4) As of September 30, 2018, the principal amount of our borrowings under the Revolving Credit Facility was £35.9 million, which excludes any accrued and unpaid interest. We had £16.0 million in borrowings outstanding under the Revolving Credit Facility as of January 25, 2019. We expect the Revolving Credit Facility to be drawn in an amount of approximately £40 million for the first two weeks of February 2019 to meet our working capital requirements during that period and expect borrowings under it to return to normalized levels (between approximately £20 million to £30 million) by the last two weeks of February 2019.

(5) On July 20, 2018, we entered into the Senior Secured Credit Facility Agreement for a total committed amount of £ 90.0 million. On January 21, 2019, we increased the total commitments under this agreement to £135.0 million. As of September 30, 2018, the principal amount of our borrowings under the Senior Secured Credit Facility was £69.3 million, which excludes any accrued and unpaid interest. The carrying value of the Senior Secured Credit Facility on our balance sheet as of September 30, 2018 was £67.9 million, which represents the aggregate principal amount of borrowings of £69.3 million net of £1.4 million of capitalized debt issuance costs. We had £120.7 million in principal amount of borrowings outstanding under the Senior Secured Credit Facility as of January 25, 2019 (excluding any accrued and unpaid interest), which we intend to repay from the proceeds of this Offering (together with any accrued and unpaid interest).

(6) Does not include certain ordinary course finance lease obligations of approximately £0.7 million that we acquired in connection with the Fever Bars Acquisition. This amount is for the sellers' account and is expected to be adjusted within approximately 60 days of the date of this Offering Memorandum through the net debt completion accounts mechanic agreed with the sellers under the acquisition agreement.

(7) The historical amount of capitalized transaction costs represents unamortized debt issue costs as of September 30, 2018 of £4.0 million relating to the Original Notes and £1.4 million relating to the Senior Secured Credit Facility. The as adjusted amount of capitalized transaction costs reflects approximately £4.8 million in fees and expenses that we expect to pay on or after the Issue Date in connection with the Transactions and the write off of £1.4 million in unamortized debt issue costs relating to the Senior Secured Credit Facility being repaid. See "Use of Proceeds."

(8) We have not adjusted total equity to reflect the impact of the Transactions.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL INFORMATION

The following tables summarize the Company's historical consolidated financial information as of the dates and for the periods indicated. The selected historical consolidated financial information as of and for the 52 weeks ended September 25, 2016, the 52 weeks ended September 24, 2017 and the 53 weeks ended September 30, 2018 presented below have been derived from the Company's audited consolidated financial statements included elsewhere in this Offering Memorandum. These financial statements have been prepared in accordance with IFRS.

The results of operations and other financial and operating information for prior years are not necessarily indicative of the results to be expected for any future period. This financial information should be read in conjunction with the historical consolidated financial statements and accompanying notes included elsewhere in this Offering Memorandum and discussed in "Presentation of Financial and Other Information," "Summary—Summary Consolidated Financial and Other Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

(£ in thousands)	For the 52 weeks ended September 25, 2016	For the 52 weeks ended September 24, 2017	For the 53 weeks ended September 30, 2018
Consolidated income statement data			
Revenue	**642,561**	**697,468**	**774,390**
Operating costs	(569,194)	(615,793)	(675,898)
Operating profit before depreciation, amortization, impairment and loss on disposal of non-current assets	**73,367**	**81,675**	**98,492**
Depreciation, amortization and impairment	*(44,214)*	*(51,163)*	*(61,421)*
Profit/(loss) on sale of non-current assets	*(10,626)*	*(5,332)*	*(7,214)*
Operating profit/(loss)	**18,527**	**25,180**	**29,857**
Finance income	132	101	80
Finance costs	(32,591)	(47,504)	(34,418)
Movement in fair value of interest rate swap	1,393	—	—
Profit/(loss) before taxation	**(12,539)**	**(22,223)**	**(4,481)**
UK income tax credit/(charge)	1,272	(1,907)	(3,032)
Profit/(loss) for period	**(11,267)**	**(24,130)**	**(7,513)**

(£ in thousands)	As of September 25, 2016	As of September 24, 2017	As of September 30, 2018
Consolidated balance sheet data			
Non-current assets	626,810	716,300	781,882
Property, plant and equipment	*476,723*	*520,916*	*531,030*
Other intangibles	*42,601*	*80,479*	*124,966*
Goodwill	*107,422*	*114,141*	*124,974*
Current assets	65,040	60,190	69,525
Current liabilities	(114,951)	(147,540)	(223,686)
Non-current liabilities	(495,777)	(622,177)	(625,722)
Total equity	81,122	6,773	1,999

(£ in thousands)	For the 52 weeks ended September 25, 2016	For the 52 weeks ended September 24, 2017	For the 53 weeks ended September 30, 2018
Consolidated cash flow statement data			
Net cash flow from operating activities	59,523	47,078	53,311
Net cash flow from investing activities	(115,915)	(137,780)	(124,776)
Net cash flow from financing activities	75,295	65,367	83,465
Closing cash and cash equivalents	28,886	3,551	15,551

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion of the financial condition and results of operations of the Company and its consolidated subsidiaries in the periods set forth below. Accordingly, all references to "we," "us" or "our" in respect of historical consolidated financial information in this discussion are to the Company and its subsidiaries on a consolidated basis. See "Presentation of Financial and Other Information."

You should read this discussion in conjunction with our historical consolidated financial statements included elsewhere in this Offering Memorandum, as well as the "Selected Historical Consolidated Financial Information." The following presentation and analysis contains forward-looking statements that involve risks and uncertainties. For the reasons explained under "Forward-Looking Statements" and "Risk Factors" and elsewhere in this Offering Memorandum, our future results may differ materially from those expected or implied in these forward looking statements.

Some of the measures used in this discussion and analysis are not measurements of financial performance under IFRS and have important limitations as analytical tools. You should not consider them in isolation or as substitutes for analysis of our results as reported under IFRS. See "Certain Definitions" and "Presentation of Financial and Other Information."

Overview

We are the fourth largest managed pub company in the United Kingdom in terms of number of operating sites, trading from 725 sites across the United Kingdom as of September 30, 2018. We began our trading operations in November 2010 following the acquisition of 333 pubs from Mitchells & Butlers. We have since grown in size and scale through a series of strategic acquisitions, including the acquisitions of Town & City in 2011, which operated 226 pubs, 78 pubs from Bramwell in 2013 and 51 pubs from TCG in 2015. Further, in 2016, 2017 and 2018, we acquired approximately 163 additional pubs and bars, including 30 pubs acquired pursuant to the Intertain Acquisition. Particularly to strengthen our offering in the attractive premium and premium mainstream drink-led markets and grow our presence in attractive central London and town center locations with a high footfall, we recently completed the acquisition of 33 pubs pursuant to the Be At One Acquisition, 15 pubs pursuant to the First Novus Acquisitions and 32 pubs pursuant to the Fever Bars Acquisition. In addition, we have agreed to acquire six pubs pursuant to the Second Novus Acquisitions and we expect to complete the acquisition of these pubs in 2019. After giving effect to the acquisition of sites pursuant to the Be At One Acquisition, the First Novus Acquisitions, the Fever Bars Acquisition and the Second Novus Acquisitions, we will operate from 772 sites.

For the 53 weeks ended September 30, 2018, we generated revenue of £774.4 million, Adjusted EBITDA of £114.9 million (£112.0 million on a 52-week basis) and operating profit of £29.9 million. We estimate that our Pro Forma Revenue for this period would have been £867.1 million and our Pro Forma Adjusted EBITDA for this period would have been £141.1 million (in each case, presented on a 52-week basis).

Our business is highly diversified within our sector with a variety of different formats through which we cater to different customer needs and preferences. We classify our pubs as either "branded" or "unbranded" based on each pub's concept and offering. With the acquisition of Be At One, we have introduced a new format, which will form part of our branded group. The 33 pubs acquired from Be At One, which are all operated under the Be At One brand, trade from basement venues or former nightclub sites located in town or city high streets. In addition to our Be At One brand, our branded group is comprised of our Slug and Lettuce, Venues and Walkabout brands, while our unbranded group is comprised of our Proper Pubs, Town Pub and Kitchen, Common Rooms and Classic Inns pubs. By operating our business through a multi-format strategy, we believe we can position ourselves across a wide range of customer demographics and target various consumer trends. Through strategic initiatives, we evaluate the current performance and capacity of our various pubs on an on-going basis, with the objective of identifying opportunities for further growth. For the 53 weeks ended September 30, 2018, 78.0% of our revenue was generated from drink sales and 17.0% of our revenue was generated from food sales, with the remaining revenue generated from other sources, such as admission, accommodation and machine sales. Approximately 86.0% of our pubs, bars and venues offer both food and drinks.

We believe that we have a strong property portfolio, which consisted of 725 operating sites as of September 30, 2018, with 258 freehold properties and 27 long leasehold properties with 50 years or more remaining under the lease term. According to the Valuation Report, our property portfolio as of February 2017, which consisted of 688 properties at that time, had an aggregate value of £740.0 million. Our property portfolio presents strong geographical diversification with a balanced presence across the United

Kingdom. We are well exposed to the London market (approximately 14% of our operating sites as of September 30, 2018) and the broader Southeast region (which includes London and accounted for approximately 39% of our operating sites as of September 30, 2018), areas with higher population densities and more affluent consumers. We operate in geographically attractive locations with high exposure to the high street and in urban and suburban locations across the United Kingdom. We continue to invest in our estate, and for the 156 weeks ended September 30, 2018, our average annual Return on Investment was 35.3%. As of September 30, 2018, we still had over 148 pubs that have not been invested in while we have been under TDR's ownership, and we believe this provides us with a strong pipeline of investment and growth opportunities. Moreover, we plan to invest in each of the 15 pubs that we recently acquired pursuant to the First Novus Acquisitions, with an investment in a majority of these pubs anticipated in the financial year 2019.

Headquartered in Luton, with more than 13,400 employees nationwide as of September 30, 2018, we benefit from significant scale and experience in our market. Being a fully managed pub operator, we have complete control over our sales formats and product offerings, are entitled to all of the revenue generated from our operations and ultimately retain all of the net income we generate. All of our pubs benefit from shared administrative, marketing, supply and logistics functions, thereby reducing overheads and driving purchasing power as compared to an independent or tenanted pub operator.

Factors Affecting the Comparability of Our Results of Operations

Financial Periods

Our historical consolidated financial statements have been drawn up for a whole number of weeks in accordance with common practice in the pub industry. Financial years are therefore generally 52 weeks long, with the occasional 53-week period to maintain our year-end to the Sunday nearest to the end of September each year, which for the 2016, 2017 and 2018, financial year periods were September 25, 2016, September 24, 2017 and September 30, 2018, respectively. The Company's financial year accounting period for 2018 was 53 weeks, whereas for 2016 and 2017, it was 52 weeks. Consequently, the results for the 53 weeks ended September 30, 2018 were positively impacted by an additional week's trading relative to the 52 weeks ended September 25, 2016 and the 52 weeks ended September 24, 2017.

In addition, the comparability of our interim financial results is impacted by the varying lengths of our trading quarters. Our first trading quarter of each 52-week financial year is made up of 16 weeks, while the remaining three trading quarters of our 52-week financial year are each made up of 12 weeks. By contrast, the last trading quarter of our 53-week financial year, such as 2018, is made up of 13 weeks. For that reason, our first trading quarter may not be comparable to any of our other three trading quarters as they contain a different number of weeks. Similarly, our last trading quarter for the 53 weeks ended September 30, 2018, may not be comparable to any of our other three trading quarters.

Our historical consolidated financial statements for each of the periods presented in this Offering Memorandum reflect the trading of certain pubs that we acquired, disposed of and closed during the financial years 2016, 2017 and 2018. Accordingly, because of the changes in the number of pubs in operation in, and during, any given year, our operating results for each of the periods presented are not directly comparable. For instance, our results of operations for the 52 weeks ended September 25, 2016 include the results of the TCG pubs from September 29, 2015, the date on which we acquired the TCG pubs. Further, our results of operations for the 52 weeks ended September 24, 2017 include the results of the Intertain pubs from December 7, 2016, the date on which we acquired Intertain, as well as the results of the JDW pubs, the Large Bars pubs, the Punch Taverns pubs and the Sports Bar & Grill pubs, from their respective dates of acquisition. In addition, our results of operations for the 53 weeks ended September 30, 2018, include the results of Be At One from July 23, 2018, the date on which we acquired Be At One, as well as the results of four pubs acquired pursuant to the First Novus Acquisitions, from the respective dates of each of their acquisition. For further information on the impact of our acquisitions on our results of operations, see "—Acquisitions" below.

Key Factors Affecting Our Results of Operations

Acquisitions

In each of the periods presented in this Offering Memorandum, we made a number of acquisitions which have affected our results of operations. We proactively manage the composition of our estate and pursue a strategy of selective and opportunistic acquisition whereby we seek to acquire high-quality pubs that complement our current offering. See "Summary—Our Strategies—Complement our organic growth through opportunistic accretive acquisitions." Our significant acquisitions during the periods presented in this Offering Memorandum are:

- *TCG (asset acquisition accounted for as a business combination): In September 2015, we agreed to acquire 37 freehold pubs, as well as the ownership and operating rights to 16 leasehold pubs, from TCG. Thereafter, of these pubs, we completed the purchase of all 37 freehold pubs, procured the assignment of leases relating to 13 leasehold pubs and entered into a new lease directly with the landlord for one pub. We decided not to pursue the assignment of the remaining two leasehold pubs that we agreed to acquire from TCG;
- *Punch Taverns (asset acquisition accounted for as an asset deal)*: On October 10, 2016, October 31, 2016, July 24, 2017 and September 18, 2017, we acquired in total six leasehold pubs from Punch Taverns;
- *Intertain (share acquisition accounted for as a business combination):* In December 2016, we acquired Intertain, which at the time owned and operated 30 pubs;
- *Large Bars (share acquisition accounted for as a business combination)*: On April 21, 2017, we acquired the entire issued share capital of Large Bars that operated three pubs;
- *Faucet Inn (asset acquisition accounted for as an asset deal):* On February 2, 2017, we agreed to acquire three pubs and certain other assets from the Faucet Inn Sellers and have since completed the acquisition of one freehold pub on February 16, 2017 and the acquisition of the two remaining leasehold pubs on May 22, 2017;
- *Ei Global (asset acquisition accounted for as an asset deal):* On June 26, 2017, July 17, 2017, August 22, 2017 and November 7, 2017, we acquired a total of four pubs from Ei Group plc;
- *JDW (asset acquisition accounted for as an asset deal):* On September 5, 2016, we agreed to acquire ten leasehold pubs from JDW and have since completed the acquisition of these pubs. Additionally, we acquired a further three leasehold pubs on April 26, 2017, July 26, 2017 and September 6, 2017, respectively;
- *Sports Bar & Grill (share acquisition accounted for as a business combination)*: On September 13, 2017 we acquired five leasehold pubs from the sellers of Sports Bar & Grill;
- *Be At One (share acquisition accounted for as a business combination)*: On July 23, 2018, we acquired 33 premium specialist cocktail bars (and a lease of an office premises), pursuant to the Be At One Acquisition; and
- *First Novus Acquisitions (asset acquisition accounted for as a business combination)*: On July 22, 2018, we agreed to acquire 15 pubs pursuant to the Fist Novus Acquisitions, of which we have completed four by September 30, 2018. We completed the acquisition of the last of the remaining eleven pubs on December 10, 2018.

Disposals and Closures

From time to time, we dispose of and close down underperforming pubs to streamline our offering and focus on our profitable operations.

For the 52 weeks ended September 25, 2016, the 52 weeks ended September 24, 2017 and the 53 weeks ended September 30, 2018, we disposed of ten pubs, 15 pubs and 24 pubs, respectively, to third parties, and closed down one pub, nil pubs and two pubs, respectively, in each of these periods. Since September 30, 2018, we have disposed of one pub and closed one pub.

Over the eight years since we began our trading operations with the acquisition of pubs from Mitchells & Butlers, we have grown our estate from 333 operating sites as of November 20, 2010 to 725 operating sites as of September 30, 2018. Our revenue has grown from £642.6 million for the 52 weeks ended September 25, 2016 to £774.4 million for the 53 weeks ended September 30, 2018 mainly due to the trading impact of these acquisitions.

The following table presents the numbers of pubs acquired, disposed of and closed down, as well as the total number of our operating sites, for the periods indicated:

	For the 52 weeks ended September 25, 2016	For the 52 weeks ended September 24, 2017	For the 53 weeks ended September 30, 2018
Acquisitions of pubs	55	63	42
Disposals of pubs	(11)(1)	(12)(2)	(18)(3)
Closure of pubs	(3)	—	(2)
Total operating sites	**652**	**703**	**725(3)**

(1) Excludes the disposal of five non-operating sites that were closed in prior periods and disposed of during the 52 weeks ended September 25, 2016.

(2) Excludes the disposal of three non-operating sites that were closed in prior periods and disposed of during the 52 weeks ended September 24, 2017.

(3) Excludes the disposal of three non-operating sites that were closed in prior periods and disposed of during the 53 weeks ended September 30, 2018.

(4) Since September 30, 2018 we have disposed of one site and closed one site. Further, since September 30, 2018, we have acquired 43 sites.

During the 53 weeks ended September 30, 2018, we wrote off tangible fixed assets in an amount of £4.1 million. We categorized these write-offs as profit/(loss) on sale of non-current assets, and they primarily relate to write-offs of certain tangible assets at certain sites that are no longer in use due to capital investments made at these sites.

You should consider the following factors in analyzing our financial condition and results of operations:

Focused Investment Program and Continued Operating Efficiency Improvements

We have a focused investment program and take a disciplined approach to investment appraisal. We identify priority investments through biannual estate reviews, and approve each project at multiple levels, before it can finally be approved at our senior management meetings. Proposed schemes are reviewed at the Managing Director executive committee chaired by our managing directors and the operations board chaired by our CEO before being authorized at our senior management meetings chaired by our chairman. Since we began trading, and through September 30, 2018, we have refurbished approximately 596 of our pubs that we currently operate. We continue to invest in our estate, and for the 156 week period ended September 30, 2018, our average annual Return on Investment was 35.3%. Our investments made over the last three years are also presented at each senior management meeting for post-investment review. As of September 30, 2018, we still have over 148 pubs that have not been invested in while we have been under TDR's ownership, and we believe this provides us with a strong pipeline of investment and growth opportunities. Moreover, we plan to invest in each of the 15 pubs that we recently acquired pursuant to the First Novus Acquisitions, with an investment in a majority of these pubs anticipated during the financial year 2019. We have integrated the TCG pubs that we have acquired into our Slug and Lettuce, Venues, Proper Pubs, Town Pub and Kitchen and Classic Inns formats and the pubs we acquired through our acquisition of Large Bars, Intertain, JDW, the Faucet Inn Sellers, Punch Taverns, Ei Global, Sports Bar & Grill and the additional site we acquired on May 2, 2017, into, among others, our Venues, Proper Pubs, Common Rooms and Town Pub and Kitchen formats. In addition, we are in the process of integrating the pubs acquired pursuant to the First Novus Acquisitions, and the pubs to be acquired pursuant to the Second Novus Acquisitions into, among others, our Slug & Lettuce, Be At One, City Taverns, Venues and Town Pub and Kitchen formats. We plan to convert a majority of the pubs acquired pursuant to the Fever Bars Acquisition into our Venues format. We believe that our ability to successfully identify trading formats for the pubs we acquire and to integrate these pubs into those formats has allowed us to consistently achieve like for like revenue growth.

Changing Consumer Preferences and Prevailing Macroeconomic Conditions

Our financial results are impacted by changes in consumer habits and preferences within the United Kingdom. Examples of changes in consumer habits that have impacted our financial performance include long-term growth in the eating-out market, an increase in on-trade consumption of spirits and wines at the expense of beer, focus on overall customer experience and an increase in popularity of pubs attracting women and families with children. See "Industry." Changes in consumer preferences and trends may continue to impact our financial results, particularly if we are unable to anticipate, identify and respond to such changes by evolving our brands and offering adequately and in a timely fashion.

Changes in the general macroeconomic environment and consumer confidence can also have an impact on our sales. See "—Key Performance Measures—Like For Like Growth" and "—Key Performance Measures—Gross Margin for Drinks and for Food." Our business is also subject to macroeconomic factors such as interest rates, disposable incomes, unemployment rates, taxes, consumer credit levels and house prices, which could all affect the level of consumer confidence and, in turn, impact the level of consumer spending on eating and drinking out and other leisure activities.

Operating Costs Control

Our cost structure mainly comprises drink and food costs, employment costs, operating expenses (such as utility bills, costs associated with entrance security, live sport subscription costs), operating lease rentals, head office costs, site overhead costs (such as business rates, insurance costs, costs associated with general manager incentive programs) and pub repair and maintenance costs. We believe that much of our cost structure is flexible and can be re-evaluated and restructured should the need arise.

Drink and food costs are the largest element of our operating costs, which accounted for 30.2% of our operating costs for the 53 weeks ended September 30, 2018 and our results are affected by the cost of supplies purchased from third parties. While a majority of our supply chain is UK based, we also seek to capitalize on opportunities to mitigate, where possible, foreign supply chain costs by switching to less expensive geographies. We purchase beer and other drink products from various suppliers. Our six leading drink suppliers are Heineken UK, Molson Coors (UK), Matthew Clark Wholesale Limited, Diageo, Carlsberg UK and Asahi. Our gross margins derived from beer and other drink products is affected by changes in the wholesale prices at which they are bought from brewers and suppliers and the corresponding changes in prices at which they are sold on to customers. Our Gross Margin for Drinks (Ongoing) can also be impacted by duty escalators that may be applied by the government in the United Kingdom with respect to alcoholic drinks. See "Industry." A substantial majority of our food supply is distributed through Brake Bros Limited who, in consultation with us, in turn sources our food supplies from other suppliers in the market. Our Gross Margin for Food (Ongoing) is affected by the changes in prices at which food is bought, the corresponding changes in wholesale prices at which they are sold on to customers and the impact of our menu changes. For a discussion on the changes in our Gross Margin for Drink (Ongoing) and Gross Margin for Food (Ongoing) over the periods presented in this Offering Memorandum, see "—Key Performance Measures—Gross Margin for Drinks (Ongoing) and Gross Margin for Food (Ongoing)."

In connection with the Be At One Acquisition and the Fever Bars Acquisition, we expect to, but cannot make any guarantee that we will, realize synergies of £1.1 million, relating to, among others, the application of the prices that we are currently offered by our drinks suppliers to the drinks supply purchases of the pubs that we have acquired pursuant to the Be At One Acquisition and the Fever Bars Acquisition. For further details of such synergies, see "Summary—Summary Consolidated Financial and Other Information." We expect to benefit from such, and other, economies of scale as we continue to expand our operations, which we believe will continue to have a favorable impact on our overall supply costs.

Employment costs are another significant element of our operating costs. Employment costs constituted 30.3% of our operating costs for the 53 weeks ended September 30, 2018, of which 18.1% constituted the cost of wages (which are a variable cost to us) and the remaining 12.2% constituted the cost of salaries (which are a fixed cost to us). Minimum wage legislation largely establishes our base compensation levels. In April 2016, the UK government announced the introduction of a National Living Wage, which replaced the national minimum wage for all working people aged 25 and over in the United Kingdom. The National Minimum Wage remained in place for all working people under the age of 25 who are at least school leaving age in the United Kingdom. In April 2018, the National Minimum Wage for people from school leaving age in the United Kingdom to 18 was increased to £4.20 per hour. At the same time, the National Minimum Wage for people aged 18 to 20 and for people aged 21 to 24 was increased to £5.90 per hour and £7.38 per hour, respectively, while the National Living Wage for people aged 25 and over was increased to £7.83 per hour. In April 2019, the National Minimum Wage for people from school leaving age in the United Kingdom to 18 is expected to increase to £4.35 per hour. At the same time, the National Minimum Wage for people aged 18 to 20 and for people aged 21 to 24 is expected to increase to £6.15 per hour and £7.70 per hour, respectively, while the National Living Wage for people aged 25 and over is expected to increase to £8.21 per hour.

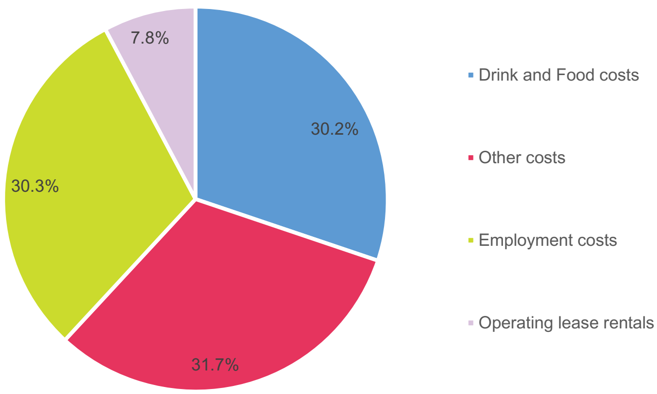
Increases in employment costs, whether due to market conditions or increases in mandatory minimum wages or benefits, can have a material impact on our results of operations. Increases in employee turnover can also result in increased recruiting expenses and reduced efficiency through lost management time. Employment costs includes within it labor costs described below.

In addition, for the 52 weeks ended September 25, 2016, the 52 weeks ended September 24, 2017 and the 53 weeks ended September 30, 2018, our labor costs, which represents our aggregate site labor costs only (and is a financial metric commonly used in our industry) were 24.1%, 24.7% and 24.4%, respectively, of revenue.

With respect to our property portfolio, the majority of our leases have five-year rent review cycles. Weak rental markets outside of London give us a strong negotiating position in those markets. Our continued capital investment in the pubs we rent and efforts to extend lease terms have also historically helped us negotiate rent concessions from our landlords.

In addition, we aim to control our operating costs through the efficient use of our utilities, such as lighting and waste management, and we evaluate the terms of our contracts with our utility providers on an on-going basis.

The chart below illustrates the breakdown of our operating costs for the 53 weeks ended September 30, 2018:



Branded and Unbranded Approach

We group each of our pubs into one of two categories: branded or unbranded. With the recent acquisition of Be At One, we operate eight different formats across these two groups, which allows us to serve a diverse set of customer groups and occasions and cater to a wide range of customer tastes and preferences. Our branded group is comprised of our Slug and Lettuce, Venues, Walkabout, and the recently acquired, Be At One pubs, while our unbranded group is comprised of our Proper Pubs, Town Pub and Kitchen, Common Rooms and Classic Inns pubs. As a result of our mix of brands, formats, target markets and offering, we are not dependent on any one brand or format to drive our sales growth and performance. For more information concerning revenue movements attributable to our specific formats, see "—Key Performance Measures—Like For Like Growth" and "—Results of Operations."

Our results of operations represent an aggregation of the differing performance and characteristics of each of our current formats. Typically, any marginal decrease in revenue for some of our brands and formats is offset by an increase in revenue of our other brands and formats.

The table below presents our Branded Revenue and Unbranded Revenue representing our revenue information relating to our branded and unbranded groups of pubs and current formats for the 52 weeks ended September 25, 2016, 52 weeks ended September 24, 2017 and the 53 weeks ended September 30, 2018.

	Revenue		
(£ in thousands)	**For the 52 weeks ended September 25, 2016**	**For the 52 weeks ended September 24, 2017**	**For the 53 weeks ended September 30, 2018**
Branded Revenue	292,987	257,386	274,946
Unbranded Revenue	349,574	440,082	499,444

Regulation

Our pubs are subject to laws and regulations that affect their operations, including in relation to employment, minimum wages, alcoholic drinks control, late-night levies, drink-driving, pub licensing, leisure (gaming) machines, competition, health and safety, sanitation, data protection and access for the disabled. See "Industry."

We are subject to the Working Time Regulations in the United Kingdom. As we employ a large number of our staff at the minimum wage, increases in the minimum wage may result in increases in our labor costs and, to the extent we are not able to pass through these labor cost increases to our customers, we may experience an adverse impact on our gross margins.

Licensing authorities in the United Kingdom are authorized to impose a late-night levy on late-opening alcohol suppliers. Many of our pubs are open late and some are subject to these late-night levies. To the extent that individual licensing authorities decide to implement late-night levies or the government decides to increase the scope of these powers, we could experience an increase in our operating costs. Compliance with these laws and regulations impose certain administrative burdens on us, as our managers are required to devote significant amounts of their time to managing and ensuring compliance with these requirements, which reduces the time they are able to dedicate to the running of the business. For risks related to changes in regulations to which we are subject or the introduction of new regulations to which we may become subject, see "Risk Factors—Risks Related to Our Business—Changes in regulations to which we are subject or the introduction of new regulations to which we may become subject could have a negative effect on our business."

Seasonal Effects

Attendance levels at our pubs are affected by the weather and by the timing of major sporting events. Persistent rain, snow or other inclement weather, especially during the summer months or over our peak trading periods such as the Christmas period, Easter, bank holidays and end-of-the-month salary weekends, can have a negative effect on our revenue. Inclement weather during major sporting events can also affect our revenue due to lower footfall resulting from poor weather conditions. The absence of major sporting events, or the poor performance of a British team, could have a negative impact on our results of operations. The seasonality of the pub industry results in variable demand and, consequently, our revenue and operating results tend to fluctuate from period to period.

Description of Key Income Statement Line Items

Revenue

Our revenue is mainly derived from the sale of food and drinks to third parties, after deducting discounts and VAT. It also includes revenue derived from admission, accommodation and machine (gaming). We recognize revenue at the point of sale.

In respect of our loyalty card scheme, the More card (formerly, the ScreamMore card), as points are issued to customers, the retail fair value of those points expected to be redeemed is deferred. When the points are used by customers, they are recorded as revenue.

Operating Costs

Our operating costs represent our drink and food costs, employment costs, operating lease rentals and other costs.

- Our drink and food costs represented 30.2% of our total operating costs for the 53 weeks ended September 30, 2018 and primarily comprised the costs associated with the supply of our food and drinks;
- Our employment costs represented 30.3% of our total operating costs for the 53 weeks ended September 30, 2018 and primarily comprised salaries and wages to our staff and management;
- Our operating lease rental costs represented 7.8% of our total operating costs for the 53 weeks ended September 30, 2018 and primarily comprised rent payments in respect of our short leasehold properties; and
- Our other costs represented 31.7% of our total operating costs for the 53 weeks ended September 30, 2018 and primarily comprised door costs (*i.e.*, costs associated with entrance security at some of our pubs), live entertainment costs, live sport subscription costs (such as the cost of subscriptions to SKY), repair and maintenance costs, business rates payments, insurance costs, utilities costs and site manager incentive payments.

Depreciation, Amortization and Impairment

Depreciation relates to the depreciation and impairment of our property, plant and equipment over their useful lives. Amortization relates to the amortization and impairment of certain of our intangible assets over their useful lives. Our intangible assets include our operating leasehold interests, which are capitalized and amortized on a straight-line basis over their useful lives. Goodwill arising on consolidation in respect of acquisitions is capitalized and is tested annually for impairment.

Profit/(Loss) on Sale of Non-Current Assets

Profit/(loss) on sale of non-current assets represents the difference between the proceeds received from the sale of a site and its book value. For the 53 weeks ended September 30, 2018, this line item also includes write-offs related to certain tangible fixed assets at certain sites that are no longer in use due to capital investments made at these sites.

Finance Income

Our finance income represents interest receivable on loans extended to certain members of our management as well as interest that accrued on our overnight bank deposits, which we recognize as it accrues using the effective interest method.

Finance Costs

Our finance costs include interest on bank loans, notes, the loans made to certain members of our management, certain pension charges related to the carrying value of our pension liability to its fair value, amortization of debt issue costs, exceptional items relating to refinancing costs and certain other interest expenses.

Movement in Fair Value of Interest Rate Swaps

The movement in the fair value of our interest rate swaps represents the change in value of the liability associated with our interest rate swaps, as provided by the swap counterparty.

UK Income Tax Credit/(Charge)

The charge for taxation is based on the profit or loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognized, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not been reversed by the balance sheet date, except as otherwise required by International Accounting Standard 12.

Reductions of corporation tax in the United Kingdom to 19.0% (effective from April 1, 2017) and 17.0% (effective from April 1, 2020) were enacted on October 26, 2015 and September 25, 2016, respectively. We expect that this reduction in corporation tax in the United Kingdom will reduce our future tax charges accordingly.

Profit/(Loss) for the Period

Profit/(loss) for the period represents the result of the consolidated income statement after provision for taxation.

Results of Operations

The 53 weeks ended September 30, 2018 Compared to the 52 weeks ended September 24, 2017

The table below sets out our results for the 53 weeks ended September 30, 2018 compared to the 52 weeks ended September 24, 2017:

(£ in thousands)	For the 52 weeks ended September 24, 2017	For the 53 weeks ended September 30, 2018	Percentage change
Revenue	**697,468**	**774,390**	11.0
Operating costs	(615,793)	(675,898)	9.8
Operating profit before depreciation, amortization, impairment and loss on sale of non-current assets	**81,675**	**98,492**	20.6
Depreciation, amortization and impairment	*(51,163)*	*(61,421)*	20.0
Loss on sale of non-current assets	*(5,332)*	*(7,214)*	35.3
Operating profit (loss)	**25,180**	**29,857**	18.6
Finance income	101	80	(20.8)
Finance costs	(47,504)	(34,418)	(27.5)
Movement in fair value of interest rate swaps	—	—	—
Profit/(loss) before taxation	**(22,223)**	**(4,481)**	(79.8)
UK income tax credit/(charge)	(1,907)	(3,032)	59.0
Profit/(loss) for the period	**(24,130)**	**(7,513)**	**(68.9)**

Revenue

Our revenue for the 53 weeks ended September 30, 2018 increased by £76.9 million, or 11.0%, from £697.5 million for the 52 weeks ended September 24, 2017 to £774.4 million for the 53 weeks ended September 30, 2018, primarily due to increased sales on account of capital investments at our invested sites and the Football World Cup, and due to an additional week of trading during the 53 weeks ended September 30, 2018, which accounted for revenue of £14.8 million.

Operating Costs

Our operating costs for the 53 weeks ended September 30, 2018 increased by £60.1 million, or 9.8%, from £615.8 million for the 52 weeks ended September 24, 2017 to £675.9 million for the 53 weeks ended September 30, 2018, primarily due to cost increases attributable to higher sales, consolidation within our results of the operating costs of the 33 pubs acquired pursuant to the Be At One Acquisition, the impact of increases in National Living Wage and National Minimum Wage, business rates and alcohol duty, and due to an additional week of trading during the 53 weeks ended September 30, 2018.

Depreciation, Amortization and Impairment

Our depreciation, amortization and impairment for the 53 weeks ended September 30, 2018 increased by £10.2 million, or 20.0%, from £51.2 million for the 52 weeks ended September 24, 2017 to £61.4 million for the 53 weeks ended September 30, 2018, primarily due to increased depreciation resulting from the increased asset value of the pubs where we have made capital investments and increased depreciation from the fair value of assets acquired in business combinations.

Profit/(Loss) on Sale of Non-Current Assets

Our loss on sale of non-current assets for the 53 weeks ended September 30, 2018 increased by £1.9 million, or 35.3%, from a loss of £5.3 million for the 52 weeks ended September 24, 2017 to a loss of £7.2 million for the 53 weeks ended September 30, 2018, primarily due to our realization of a lower net consideration for properties disposed of during the 53 weeks ended September 30, 2018, as a result of a disposal of fewer loss-making sites in the 53 weeks ended September 30, 2018 (twelve such sites disposed) compared to the 52 weeks ended September 24, 2017 (18 such sites disposed).

Finance Income

Our finance income for the 53 weeks ended September 30, 2018 decreased by 20.8%, from £0.1 million for the 52 weeks ended September 24, 2017 to £0.08 million for the 53 weeks ended September 30, 2018.

Finance Costs

Our finance costs for the 53 weeks ended September 30, 2018 decreased by £13.1 million, or 27.5%, from £47.5 million for the 52 weeks ended September 24, 2017 to £34.4 million for the 53 weeks ended September 30, 2018. This decrease was primarily due to the impact of our payment of certain accrued but unpaid interest (£10.9 million in aggregate) and redemption premium (£4.9 million in aggregate) in connection with the redemption of our then outstanding senior secured notes in March 2017. A similar financing event did not occur in the 53 weeks ended September 30, 2018, which resulted in lower finance costs for this period compared to the prior period.

UK Income Tax Credit/(Charge)

Our tax charge on ordinary activities for the 53 weeks ended September 30, 2018 increased by £1.1 million, or 59.0%, from £1.9 million for the 52 weeks ended September 24, 2017 to £3.0 million for the 53 weeks ended September 30, 2018, primarily due to a higher effective tax rate during the 53 weeks ended September 30, 2018 resulting from our increased taxable profit.

Profit/(Loss) for the Period

We reported a loss of £7.5 million for the 53 weeks ended September 30, 2018 compared to a loss of £24.1 million for the 52 weeks ended September 24, 2017.

The 52 Weeks Ended September 24, 2017 Compared to the 52 Weeks Ended September 25, 2016

(£ in thousands)	For the 52 weeks ended September 25, 2016	For the 52 weeks ended September 24, 2017	Percentage change
Revenue	**642,561**	**697,468**	8.5
Operating costs	(569,194)	(615,793)	8.2
Operating profit before depreciation, amortization, impairment and loss on sale of non-current assets	73,367	81,675	11.3
Depreciation, amortization and impairment	*(44,214)*	*(51,163)*	*15.7*
Loss on sale of non-current assets	*(10,626)*	*(5,332)*	*(49.8)*
Operating profit (loss)	**18,527**	**25,180**	**35.9**
Finance income	132	101	(23.5)
Finance costs	(32,591)	(47,504)	45.8
Movement in fair value of interest rate swaps	1,393	—	(100.0)
Profit/(loss) before taxation	**(12,539)**	**(22,223)**	**77.2**
UK income tax credit/(charge)	1,272	(1,907)	49.9
Profit/(loss) for the period	**(11,267)**	**(24,130)**	**114.2**

Revenue

Our revenue for the 52 weeks ended September 24, 2017, increased by £54.9 million, or 8.5%, from £642.6 million for the 52 weeks ended September 25, 2016, to £697.5 million for the 52 weeks ended September 24, 2017, primarily due to the impact of the revenue attributed to the Intertain Acquisition (£ 32.9 million) as well as increased sales on account of capital investments at our invested sites.

Operating Costs

Our operating costs for the 52 weeks ended September 24, 2017 increased by £46.6 million, or 8.2%, from £596.2 million for the 52 weeks ended September 25, 2016 to £615.8 million for the 52 weeks ended September 24, 2017, primarily due to the consolidation within our results of the operating costs of the pubs that we acquired in the Intertain Acquisition and the impact of increases in National Living Wage and National Minimum Wage.

Depreciation, Amortization and Impairment

Our depreciation, amortization and impairment for the 52 weeks ended September 24, 2017 increased by £6.9 million, or 15.7% from £44.2 million for the 52 weeks ended September 25, 2016 to £51.2 million for the 52 weeks ended September 24, 2017, primarily due to the consolidation within our results of the depreciation and amortization expense attributable to the pubs that we acquired in the Intertain Acquisition, as well as to increased depreciation resulting from the increased asset value of the pubs where we have made capital investments.

Profit/(Loss) on Sale of Non-Current Assets

Our loss on sale of non-current assets for the 52 weeks ended September 24, 2017 decreased by £5.3 million, from a loss of £10.6 million for the 52 weeks ended September 25, 2016 to a loss of £5.3 million for the 52 weeks ended September 24, 2017, primarily due to write-offs of certain tangible assets that we acquired as part of our acquisition of pubs from Mitchells & Butlers (£5.0 million) that are no longer in use due to capital investments made at these sites.

Finance Income

Our finance income for the 52 weeks ended September 24, 2017 decreased by £0.03 million, or 23.5%, from £0.1 million for the 52 weeks ended September 25, 2016 to £0.1 million for the 52 weeks ended September 24, 2017.

Finance Costs

Our finance costs for the 52 weeks ended September 24, 2017 increased by £14.9 million, or 45.8%, from £32.6 million for the 52 weeks ended September 25, 2016 to £47.5 million for the 52 weeks ended September 24, 2017, primarily due to the impact of our payment of certain accrued but unpaid interest (£10.9 million in aggregate) and redemption premium (£4.9 million in aggregate) in connection with the redemption in March 2017 of our then outstanding senior secured notes.

Movement in Fair Value of Interest Rate Swaps

The income statement impact of the change in the fair value of our interest rate swaps for the 52 weeks ended September 24, 2017 decreased by £1.4 million, from a £1.4 million gain for the 52 weeks ended September 25, 2016 to nil (£0.0 million) for the 52 weeks ended September 24, 2017, primarily due to the termination of the interest rate swap arrangements to which these movements relate.

UK Income Tax Credit/(Charge)

Our tax charge on ordinary activities for the 52 weeks ended September 24, 2017 was a charge of £1.9 million compared to a credit of £1.2 million for the 52 weeks ended September 25, 2016, primarily due to a higher effective tax rate during the 52 weeks ended September 24, 2017 resulting from our increased taxable profit and non-deductible costs, including increased depreciation and losses on sale of non-current assets.

Profit/(Loss) for the Period

We reported a loss of £24.1 million for the 52 weeks ended September 24, 2017 compared to a loss of £11.3 million for the 52 weeks ended September 25, 2016.

Key Performance Measures

In evaluating our results of operations, we refer to key financial and non-financial measures relating to the performance of our business. In addition to the key line items of our consolidated income statement (which we consider to be revenue, gross profit and operating profit), the principal measures used to evaluate our performance include:

- Drink Sales Growth (Like for Like);
- Food Sales Growth (Like for Like);
- Revenue Growth (Like for Like);
- Pub Profit Growth (Like for Like);
- Gross Margin Growth (Like for Like);
- Gross Margin for Drinks (Ongoing);
- Gross Margin for Food (Ongoing);
- Adjusted EBITDA;

- Adjusted EBITDA Margin;
- Adjusted Cash Conversion; and
- Return on Investment.

These non-IFRS financial measures are not measures determined based on IFRS, US GAAP or any other internationally accepted accounting principles, and you should not consider such items as an alternative to the historical financial position or other indicators of our cash flow and forward position based on IFRS measures. The non-IFRS financial measures, as defined by us, may not be comparable to similarly titled measures as presented by other companies due to differences in the way our non-IFRS financial measures are calculated. The non-IFRS financial information contained in this Offering Memorandum is not intended to comply with the reporting requirements of the SEC and will not be subject to review by the SEC. Even though the non-IFRS financial measures are used by management to assess our financial position and these types of measures are commonly used by investors, they have important limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our position or results as reported under IFRS. See "Presentation of Financial and Other Information—Non-IFRS Financial Information."

Like For Like Growth

Drink Sales Growth (Like for Like), Food Sales Growth (Like for Like), Revenue Growth (Like for Like), Pub Profit Growth (Like for Like) and Gross Margin Growth (Like for Like) for the 52 weeks ended September 25, 2016, the 52 weeks ended September 24, 2017 and the 53 weeks ended September 30, 2018, represents our aggregate change in revenue from drinks sales and food sales, in total revenue, in Pre-adjusted EBITDA (less Group overhead costs) and in total gross margin (calculated as total revenue minus total operating costs divided by total revenue), respectively, compared to the previous period made at all pubs open and operated by us in either our branded or unbranded group throughout the current and previous period. For the Drink Sales Growth (Like for Like), Food Sales Growth (Like for Like), Revenue Sales Growth (Like for Like), Pub Profit Growth (Like for Like) and Gross Margin Growth (Like for Like) for the 53 weeks ended September 30, 2018, we have presented like for like sales Pre-adjusted EBITDA and total gross margin, as applicable, for a 52-week period rather than a 53-week period to enhance comparability. Accordingly, we have calculated like for like sales, Pre-adjusted EBITDA and total gross margin as applicable, for this period by taking into account, in each case, the like for like sales, Pre-adjusted EBITDA and total gross margin, as applicable, for the first 52 weeks to enhance comparability. For more information concerning how these metrics are calculated, see "Presentation of Financial and Other Information—Non-IFRS Financial Information."

It is management's view that various factors affect our Drink Sales Growth (Like for Like), Food Sales Growth (Like for Like), Revenue Growth (Like for Like), Pub Profit Growth (Like for Like) and Gross Margin Growth (Like for Like), including:

- the prevailing economic climate and trends;
- customer preferences and our ability to anticipate and respond effectively to trends and customer preferences;
- changes in the competitive environment;
- the level of our capital investment in our pubs;
- changes in our food and drink mix and pricing;
- the number and mix of pubs included in the calculation;
- management of our pubs and the level of customer service that we provide; and
- our ability to source and distribute food and drink products efficiently.

The following table presents our Drink Sales Growth (Like for Like), Food Sales Growth (Like for Like), Revenue Growth (Like for Like), Pub Profit Growth (Like for Like) and Gross Margin Growth (Like for Like) for our last three financial years:

	For the 52 weeks ended September 25, 2016	For the 52 weeks ended September 24, 2017	For the 52 weeks ended September 30, 2018
Drink Sales Growth (Like for Like)	3.9%	3.1%	6.0%
Food Sales Growth (Like for Like)	(0.1)%	(2.3)%	0.8%
Revenue Growth (Like for Like)	3.0%	2.0%	4.7%
Pub Profit Growth (Like for Like)	9.3%	2.5%	7.4%
Gross Margin Growth (Like for Like)	3.8%	2.6%	4.9%

Drink Sales Growth (Like for Like) for our Last Three Financial Years

Our Drink Sales Growth (Like for Like) was 6.0% for the 53 weeks ended September 30, 2018, primarily due to higher drink sales at Slug & Lettuce, improvements stemming from the capital investments made, as well as our ability to better capitalize on key revenue generating periods such as the Christmas season and key sporting events such as the Football World Cup, partially offset by a decline in our sales due to severe cold weather conditions experienced across the United Kingdom during parts of February and March 2018.

Our Drink Sales Growth (Like for Like) was 3.1% for the 52 weeks ended September 24, 2017, primarily due to higher drink sales at our Slug and Lettuce and Classic Inns formats, driven by improvements stemming from the capital investments made at pubs operating in these formats, as well as our ability to better capitalize on key revenue generating periods such as the Christmas season.

Our Drink Sales Growth (Like for Like) was 3.9% for the 52 weeks ended September 25, 2016, primarily due to our ability to better capitalize on key sporting events during the 52 weeks ended September 25, 2016, such as the Rugby World Cup and the European Football Championships, as well as higher drink sales at our Common Room, Town Pub and Kitchen, Venues and Classic Inns formats, driven by improvements stemming from the capital investments made at pubs operating in these formats.

Food Sales Growth (Like for Like) for our Last Three Financial Years

Our Food Sales Growth (Like for Like) was 0.8% for the 53 weeks ended September 30, 2018, compared to negative 2.3% for the 52 weeks ended September 24, 2017. This growth was primarily due to stabilization of our competitive environment and food sales growth at pubs operating in certain of our formats, including pubs operating in our Proper Pubs, Slug & Lettuce and Common Room formats.

Our Food Sales Growth (Like for Like) was negative 2.3% for the 52 weeks ended September 24, 2017, compared to negative 0.1% for the 52 weeks ended September 25, 2016. This decline was primarily due to increased competition in the on-trade food market, partially offset by food sales growth at pubs operating in certain of our formats, including pubs operating in our Classic Inns, Town Pub and Kitchen and Common Room formats.

Pub Profit Growth (Like for Like) for our Last Three Financial Years

Our Pub Profit Growth (Like for Like) was 7.4% for the 53 weeks ended September 30, 2018, primarily due to due to increased drinks sales growth, the continuing success of our capital investments in increasing our margins and our ability to capitalize on revenue generating periods such as the Christmas season and key sporting events during the 53 weeks ended September 30, 2018, such as the Football World Cup, partially offset by a decline in our sales due to severe cold weather conditions experienced across the United Kingdom during parts of February and March 2018.

Our Pub Profit Growth (Like for Like) was 2.5% for the 52 weeks ended September 24, 2017, primarily due to increased drinks sales growth and the continuing success of our capital investments in increasing our margins. Relative to the 52 weeks ended September 25, 2016, our Pub Profit Growth (Like for Like) was lower during this period because of the absence of significant sporting or other major events during the 52 weeks ended September 24, 2017, unlike the 52 weeks ended September 25, 2016, which included the effects on results of, among others, the Rugby World Cup and the European Football Championships.

Our Pub Profit Growth (Like for Like) was 9.3% for the 52 weeks ended September 25, 2016, primarily due to the continuing success of our capital investments, as well as our ability to capitalize on key sporting events during the 52 weeks ended September 25, 2016, such as the Rugby World Cup and the European Football Championships. Pub Profit Growth (Like for Like) during this period was also driven by improved margins from synergies resulting from our acquisition of pubs from TCG, as well as from the impact of pricing initiatives that have allowed us to better analyze product performance at our pubs and efficiencies resulting from our labor management program.

Gross Margin Growth (Like for Like) for our Last Three Financial Years

Our Gross Margin Growth (Like for Like) was 4.9% for the 53 weeks ended September 30, 2018, primarily due to higher drink sales margins driven by sales at Slug & Lettuce, improvements stemming from the capital investments made, as well as our ability to better capitalize on key sporting events such as the Football World Cup.

Our Gross Margin Growth (Like for Like) was 2.6% for the 52 weeks ended September 24, 2017, primarily due to higher drinks and food sales margins resulting from pricing initiatives that have allowed us to better analyze product performance at our pubs and our ability to analyze and respond to changes in consumer trends in our menu offerings resulting in enhanced food margins.

Our Gross Margin Growth (Like for Like) was 3.8% for the 52 weeks ended September 25, 2016, primarily due to the impact of pricing initiatives that have allowed us to better analyze product performance at our pubs, improvements in the mixture of our product offerings by focusing on drink sales and higher margin drink sales growth.

Gross Margin for Drinks (Ongoing) and Gross Margin for Food (Ongoing)

Gross Margin for Drinks (Ongoing) represents (i) for the relevant period, our revenue from drinks sales (excluding revenue from drinks sales at disposed of sites) minus cost of the drinks purchased (excluding costs of drinks sales at disposed of sites), divided by (ii) revenue from drinks sales (excluding revenue from drinks sales at disposed of sites) for the relevant period. Gross Margin for Food (Ongoing) represents (i) for the relevant period, our revenue from food sales (excluding revenue from food sales at disposed of sites) minus cost of the food purchased (excluding costs of food sales at disposed of sites), divided by (ii) revenue from food sales (excluding revenue from food sales at disposed of sites) for the relevant period.

The following table presents our Gross Margin for Drinks (Ongoing) and Gross Margin for Food (Ongoing) for the periods indicated:

	For the 52 weeks ended September 25, 2016	For the 52 weeks ended September 24, 2017	For the 53 weeks ended September 30, 2018
Gross Margin for Drinks (Ongoing)	73.1%	73.5%	73.7%
Gross Margin for Food (Ongoing)	64.4%	64.9%	65.6%

Our Gross Margin for Drinks (Ongoing) and Gross Margin for Food (Ongoing) in a particular period are sensitive to the macroeconomic environment, levels of competitor discounts, wholesale prices and retail prices and our ability to pass any increases on to our customers, as well as our ability to realize cost synergies based on acquisitions of pubs that we complete. For the 53 weeks ended September 30, 2018, our Gross Margin for Drinks (Ongoing) and Gross Margin for Food (Ongoing) have benefitted from selectively increasing prices for some of our products following capital investment in some of our pubs and obtaining lower prices from some of our key suppliers due to our increased scale from acquisitions. For the 52 weeks ended September 24, 2017, our Gross Margin for Drinks (Ongoing) and Gross Margin for Food (Ongoing) have benefitted from our ability to selectively increase prices for a number of our products following capital investment in certain of our pubs. In addition, for the 52 weeks ended September 25, 2016, we were able to increase our Gross Margin for Drinks (Ongoing) and Gross Margin for Food (Ongoing) by obtaining lower prices from our suppliers due to our increased scale from acquisitions and by implementing selective price increases for a number of our products following capital investment in certain of our pubs. Further, our Gross Margin for Drinks (Ongoing) is sensitive to increases in alcohol duty. As with other managed pub operators, our Gross Margin for Drinks (Ongoing) is higher than our Gross Margins for Food (Ongoing).

Adjusted EBITDA and Adjusted EBITDA Margin

Our Adjusted EBITDA represents Pre-adjusted EBITDA excluding acquisition costs, restructuring and integration costs, operational restructuring and redundancy costs, costs and credits related to onerous leases, discretionary management fees, certain pension-related costs, losses on disposed/non-trading sites and certain other costs, which, unless otherwise specified, is presented on a 52-week basis in the case of the 53 weeks ended September 30, 2018 to enhance comparability, by deducting the 53rd week's sales, less operating costs for this week, assumed to be at a consistent margin for the last period (last four weeks to September 30, 2018), less the wages for this week, assumed to be the wages as a consistent percentage of revenue for the last period, and less the variable operating expenses for this week, assumed to be one quarter of the last period costs. Key fixed costs, such as rents, business rates and salaries do not require adjustments because they are annual costs. Adjusted EBITDA Margin represents Adjusted EBITDA divided by revenue (in each case, for a 52-week period). For purposes of this calculation our historical revenue has been presented on a 52-week basis in the case of the 53 weeks ended September 30, 2018 to enhance comparability, by deducting revenue for the last week of the 53 weeks ended September 30, 2018.

We have been successful in consistently increasing our Adjusted EBITDA and in maintaining our Adjusted EBITDA Margins. The following table presents our Adjusted EBITDA and Adjusted EBITDA Margin for the periods indicated:

	For the 52 weeks ended September 25, 2016	For the 52 weeks ended September 24, 2017	For the 53 weeks ended September 30, 2018
Adjusted EBITDA (for a 52-week period) (£ in thousands)	96,000	103,485	111,995(1)
Adjusted EBITDA Margin (for a 52-week period)	14.9%	14.8%	14.7%(1)

(1) Presented on a 52-week basis to enhance comparability.

Our Adjusted EBITDA for the 53 weeks ended September 30, 2018 (but presented on a 52-week basis for comparability) increased to £112.0 million from £103.5 million for the 52 weeks ended September 24, 2017 and our Adjusted EBITDA Margin for the 53 weeks ended September 30, 2018 (but presented on a 52-week basis for comparability) decreased marginally to 14.7% from 14.8% for the 52 weeks ended September 24, 2017, primarily due to increased costs relating to increases in the National Living Wage, the National Minimum Wage, business rates and alcohol duty, which was partially offset by the impact of our pricing initiatives that have allowed us to better analyze product performance at our pubs as well as efficiencies resulting from our labor management program.

Our Adjusted EBITDA for the 52 weeks ended September 24, 2017 increased to £103.5 million from £96.0 million for the 52 weeks ended September 25, 2016 and our Adjusted EBITDA margin for the 52 weeks ended September 24, 2017 decreased to 14.8% from 14.9% for the 52 weeks ended September 25, 2016, primarily due to the positive impact of our capital investments resulting in higher sales at our invested sites and the completion of the Intertain Acquisition offset by increased costs relating to increases in the National Living Wage, National Minimum Wage, business rates and alcohol duty.

Adjusted Cash Conversion

Adjusted Cash Conversion represents our Adjusted EBITDA (for a 52-week period) minus Maintenance Capital Expenditure, divided by our Adjusted EBITDA (for a 52-week period). We believe Adjusted Cash Conversion reflects the proportion of our Adjusted EBITDA that readily converts to cash as we manage our capital expenditure program.

The following table presents our Adjusted Cash Conversion for the periods indicated:

	For the 52 weeks ended September 25, 2016	For the 52 weeks ended September 24, 2017	For the 53 weeks ended September 30, 2018
Adjusted EBITDA (£ in thousands)	96,000	103,485	111,995(1)
Maintenance Capital Expenditure (£ in thousands)	29,027	34,724	36,775
Adjusted Cash Conversion	69.8%	66.5%	67.2%

(1) Presented on a 52-week basis to enhance comparability.

Our Adjusted Cash Conversion for the 53 weeks ended September 30, 2018 (but presented on a 52-week basis for comparability) increased to 67.2% from 66.5% for the 52 weeks ended September 24, 2017, primarily due to an increase in our Adjusted EBITDA from £103.5 million for the 52 weeks ended September 24, 2017 to £112.0 million for the 53 weeks ended September 30, 2018 (but presented on a 52-week basis for comparability).

Our Adjusted Cash Conversion for the 52 weeks ended September 24, 2017 decreased to 66.5% from 69.8% for the 52 weeks ended September 25, 2016, primarily due to increased Maintenance Capital Expenditure as a result of the Intertain Acquisition.

Return on Investment

Our Return on Investment represents, for all pubs invested during the 156 weeks preceding the date on which we present Return on Investment, the difference between the annualized (on a 52-week basis) aggregate weekly average post- Pre-adjusted EBITDA (from the first full four week period after the re-opening of such pubs) and the 52-week pre-investment Pre-adjusted EBITDA of those pubs (to the end of the last full four week period), divided by the aggregate Investment Capital Expenditure invested in these pubs over the same 156 weeks. Where a pub has traded for less than 52 weeks post-investment, we have not taken it into account when calculating Return on Investment. Pubs where we have not made an Investment Capital Expenditure in the past 156 weeks are classed as uninvested. For more information concerning how this metric is calculated, see "Presentation of Financial and Other Information—Non-IFRS Financial Information."

Our Return on Investment has been consistently high in recent years and was 40.5%, 35.4% and 35.3% for the 52 weeks ended September 25, 2016, the 52 weeks ended September 24, 2017, and the 53 weeks ended September 30, 2018, respectively.

In respect of our 97 invested sites during the 52 weeks ended September 27, 2015, we noted an Average Annual Pre-adjusted EBITDA Increase from Investment of £58,000 in the first year post-investment.

In respect of our 103 invested sites during the 52 weeks ended September 25, 2016, we noted an Average Annual Pre-adjusted EBITDA Increase from Investment of £69,000 in the first year post-investment.

Our 138 invested sites during the 52 weeks ended September 24, 2017 are showing a similar trend, with an Average Annual Pre-adjusted EBITDA Increase from Investment of £73,000 in the first year post-investment.

The Return on Investment for sites in which we have made a second round of capital investment ("Second-Cycle Invested Sites") remains strong. For the 53 weeks ended September 30, 2018, the Return on Investment from our Second-Cycle Invested Sites was 40.1% on average, with the Return on Investment from our Second-Cycle Invested Sites that underwent a change of format being 32.4% and the Return on Investment from our Second-Cycle Invested Sites that continued in the same format being 45.2%. For purposes of this discussion, "Return on Investment from Second-Cycle Invested Sites" means the Return on Investment from sites where we have made investment capital expenditure twice since it has been under our ownership.

Our Return on Investment for each of the periods indicated is primarily driven by the aggregate Investment Capital Expenditure invested in these pubs during the period for which Return on Investment is presented.

Liquidity and Capital Resources

Liquidity

We have significant debt service obligations. As of September 30, 2018, we had total third-party debt of £700.2 million and £14.1 million available to draw under the Revolving Credit Facility Agreement, and, after giving effect to the Transactions and the application of the proceeds therefrom as described in "Use of Proceeds," we would have had total third-party debt of £780.9 million. As of September 30, 2018, after giving effect to the Transactions and the application of the proceeds therefrom as described in "Use of Proceeds," we would also expect to have £14.1 million available to draw under the Revolving Credit Facility Agreement (without giving effect to any borrowings made under our Revolving Credit Facility after September 30, 2018). See "Capitalization."

The Indenture governing the New Floating Rate Notes offered hereby and the Revolving Credit Facility Agreement contain covenants significantly restricting our ability to, among other things:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- create or incur certain liens;
- make certain payments, including dividends or other distributions, with respect to the shares of the Company or its restricted subsidiaries;

- prepay or redeem subordinated debt or equity;
- make certain investments;
- create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to and on the transfer of assets to the Company or its restricted subsidiaries;
- sell, lease or transfer certain assets including stock of restricted subsidiaries;
- engage in certain transactions with affiliates;
- enter into unrelated businesses or engage in prohibited activities;
- consolidate or merge with other entities;
- impair the security interests for the benefit of the holders of the Notes; and
- amend certain documents.

Each of the covenants is subject to a number of important exceptions and qualifications. These covenants could limit our ability to finance our future operations and capital needs.

Our principal source of liquidity on an ongoing basis is our operating cash flow. Our ability to generate cash depends on our future operating performance, which in turn depends to some extent on general economic, financial, industry and other factors, many of which are beyond our control, as well as the other factors discussed in "Risk Factors." In addition, we have access to a Revolving Credit Facility to service our working capital and general corporate needs. The availability of this facility is dependent upon conditions, including ongoing compliance with a maintenance covenant tested quarterly as described further under "Description of Other Indebtedness—Revolving Credit Facility Agreement." Although we believe that our expected cash flows from operations, together with available borrowings, will be adequate to meet our anticipated liquidity and debt service needs, we cannot assure you that our business will generate sufficient cash flows from operations or that future debt and equity financing will be available to us in an amount sufficient to enable us to pay our debts when due, including the Notes, or to fund our other liquidity needs.

We believe that the potential risks to our liquidity include:

- a reduction in operating cash flows due to a lowering of net income from our operations, which could be due to downturns in our performance or the industry or the UK economy as a whole;
- adverse working capital developments;
- exposure to increased interest rates in relation to that portion of our borrowings which bears interest at a variable rate, including our Revolving Credit Facility; and
- any need to fund higher than anticipated capital expenditures.

If our future cash flows from operations and other capital resources (including borrowings under our Revolving Credit Facility) are insufficient to pay our obligations as they mature or to fund our liquidity needs, we may be forced to:

- reduce or delay our business activities and capital expenditure;
- reduce or delay our planned acquisitions;
- sell assets;
- obtain additional debt or equity capital; or
- restructure or refinance all or a portion of our debt, including the Notes, on or before maturity.

We cannot assure you that we would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all. In addition, the terms of our existing debt, including the Notes and the Revolving Credit Facility, limit our ability to pursue any of these alternatives, as may the terms of any future debt. We anticipate that our high leverage will continue for the foreseeable future. Our high level of debt may have important negative consequences for you. For more information, see the section entitled "Risk Factors," "Description of Other Indebtedness" and "Description of the Notes."

Cash Flows

The following table presents, for the periods indicated, our consolidated cash flows:

(£ in thousands)	For the 52 weeks ended September 25, 2016	For the 52 weeks ended September 24, 2017	For the 53 weeks ended September 30, 2018
Consolidated cash flow statement data			
Net cash flow from operating activities	59,523	47,078	53,311
Net cash flow from investing activities	(115,915)	(137,780)	(124,776)
Net cash flow from financing activities	75,295	65,367	83,465
Closing cash and cash equivalents	28,886	3,551	15,551

Net Cash Flow from Operating Activities

Our net cash flow from operating activities increased by £6.3 million, from a net cash inflow of £47.1 million for the 52 weeks ended September 24, 2017 to a net cash inflow of £53.3 million for the 53 weeks ended September 30, 2018. The increase resulted primarily from improved trading performance at our pubs and an additional week of trading during the 53 weeks ended September 30, 2018.

Our net cash flow from operating activities decreased by £12.4 million, from a net cash inflow of £59.5 million for the 52 weeks ended September 25, 2016 to a net cash inflow of £47.1 million for the 52 weeks ended September 24, 2017. Cash flow from operating activities was impacted by our payment of certain accrued but unpaid interest (£10.9 million in aggregate) and redemption premium (£4.9 million in aggregate) in connection with the redemption in March 2017 of our then outstanding senior secured notes.

Net Cash Flow from Investing Activities

Our net cash flow from investing activities increased by £13.0 million, from a net cash outflow of £137.8 million for the 52 weeks ended September 24, 2017 to a net cash outflow of £124.8 million for the 53 weeks ended September 30, 2018. This increase resulted from higher expenditures on acquired pubs for the 52 weeks ended September 24, 2017 (Investment Capital Expenditure of £47.5 million in the 52 weeks ended September 24, 2017), compared to the capital expenditure on acquired pubs during the 53 weeks ended September 30, 2018 (Investment Capital Expenditure of £34.6 million in the 53 weeks ended September 30, 2018).

Our net cash flow from investing activities increased by £21.9 million, from a net cash outflow of £115.9 million for the 52 weeks ended September 25, 2016 to a net cash outflow of £137.8 million for the 52 weeks ended September 24, 2017. Cash flow from investing activities was impacted by payments made to acquire pubs from Intertain during the 52 weeks ended September 24, 2017 and increased investment in our existing estate (Investment Capital Expenditure of £47.5 million in the 52 weeks ended September 24, 2017 compared to Investment Capital Expenditure of £26.4 million in the 52 weeks ended September 25, 2016).

Net Cash Flow from Financing Activities

Our net cash flow from financing activities increased by £18.1 million, from a net cash inflow of £65.4 million for the 52 weeks ended September 24, 2017 to a net cash inflow of £83.5 million for the 53 weeks ended September 30, 2018. This change was primarily due to our borrowing under the Senior Secured Credit Facility during the 53 weeks ended September 30, 2018 (£69.3 million as of September 30, 2018 compared to nil as of September 24, 2017).

Our net cash flow from financing activities decreased by £9.9 million, from a net cash inflow of £75.3 million for the 52 weeks ended September 25, 2016 to a net cash inflow of £65.4 million for the 52 weeks ended September 24, 2017. This change was primarily impacted by the refinancing (which resulted in a net increase in borrowings of £123 million) and dividend payment (£93.9 million) we undertook in March 2017 in connection with the refinancing of our then outstanding senior secured notes with the Original Notes.

Capital Expenditure

The following table presents, for the periods indicated, our gross Capital Expenditure:

(£ in thousands)	For the 52 weeks ended September 25, 2016	For the 52 weeks ended September 24, 2017	For the 53 weeks ended September 30, 2018
Investment Capital Expenditure	26,357	47,485	34,609
Maintenance Capital Expenditure	29,027	34,724	36,775
of which, capital expenditure in relation to certain business projects improvements across our estate	*4,079*	*4,195*	*5,250*
Total Investment and Maintenance Capital Expenditure	**55,384**	**82,209**	**71,384**
Acquisition Capital Expenditure	100,678	66,311	64,773
of which, capital expenditure to acquire trading sites which we formerly leased	*1,750*(1)	—	—
Total Capital Expenditure	**156,062**	**148,520**	**136,157**
Capital Expenditure as a percentage of total revenue	**24.3%**	**21.3%**	**17.6%**

(1) Relates to payments made to acquire certain pubs from entities that are ultimately controlled by TDR Capital, which we had previously operated under occupational lease arrangements.

Our capital expenditures have primarily been made in relation to the acquisition of trading sites, real estate refurbishments and upgrades, the integration of our newly acquired pubs into our existing brands and formats, the refurbishment of newly acquired pubs and investment in IT infrastructure. Excluding Acquisition Capital Expenditure, capital expenditure decreased to 9.2% of revenue for the 53 weeks ended September 30, 2018 compared to 11.8% of revenue for the 52 weeks ended September 24, 2017. Maintenance Capital Expenditure during the 53 weeks ended September 30, 2018 was primarily driven by maintenance of amenities levels in our estate.

During the 53 weeks ended September 30, 2018, we made Investment Capital Expenditure at 101 sites which included investments in seven pubs acquired pursuant to the Intertain Acquisition, 34 pubs within our Proper Pubs format and 21 pubs within our Town Pub and Kitchen format. For the 53 weeks ended September 30, 2018, 25.4% of our capital expenditure constituted Investment Capital Expenditure, 27.0% of our capital expenditure constituted Maintenance Capital Expenditure and 47.6% of our capital expenditure constituted Acquisition Capital Expenditure.

Our capital expenditures are generally spread through the course of a given year. We expect to make capital expenditures of approximately £69.0 million during the financial year 2019 (excluding any planned capital expenditures relating to the pubs acquired pursuant to the Fever Bars Acquisition and the Second Novus Acquisitions), primarily consisting of Investment Capital Expenditures of £31.0 million intended for the refurbishment of pubs in which we have not yet invested and some of the pubs that we have newly acquired. We expect Maintenance Capital Expenditure during the financial year 2019 to be approximately £38.0 million. We plan to fund our future capital expenditures with cash from operating activities.

Contractual Obligations

The following table summarizes our material contractual obligations as of September 30, 2018, as adjusted to give effect the Transactions and the application of the proceeds therefrom as described in "Use of Proceeds." The following table excludes any future interest payments that we would be required to make. The table also excludes any payments under any hedging agreements and any interest payable. For a summary of our actual contractual obligations as of September 30, 2018, please see Note 19 of our consolidated financial statements as of and for the 53 weeks ended September 30, 2018 included elsewhere in this Offering Memorandum.

(£ in thousands)	Within one year	Between one and two years	Between two and five years	More than five years	Total
Revolving Credit Facility	—	—	50.0	—	50.0
New Floating Rate Notes offered hereby	—	—	150.0	—	150.0
Original Notes	—	—	595.0	—	595.0
Total(1)	—	—	**795.0**	—	**795.0**

(1) Does not include £25.4 million payable as consideration, as of September 30, 2018, for the acquisition of the eleven pubs under the First Novus Acquisitions which were pending acquisition as of such date. As of December 10, 2018, we completed the acquisition of all 15 pubs under the First Novus Acquisitions and the entire consideration has been paid to the seller of the pubs of the First Novus Acquisitions. In addition, this does not include any contractual obligations assumed after September 30, 2018, such as deferred consideration obligations of £0.7 million in relation to the Fever Bars Acquisition, regarding the acquisition of three additional sites subject to the completion of necessary registrations.

Our future operating lease commitments represent our non-cancellable operating leases in respect of lands and buildings, which as of September 30, 2018, were:

(£ in thousands)	Within one year	Between one and five years	More than five years	Total
Operating lease obligations	55,757	210,947	516,786	783,490

Post-Retirement Benefits

We operate two defined benefit pension schemes providing benefits based on final pensionable salary. The assets of the schemes are held separately from those of the Group.

Defined benefit pension scheme assets are measured using market values and these assets have been updated to reflect their market value as of September 30, 2018.

Differences between the expected return on assets and actual return on assets have been recognized as an actuarial gain or loss in our consolidated cash flow statement.

We also participate in three defined contribution pension schemes for the benefit of certain employees. The assets of the schemes are held separately from those of the Group in independently administered funds. The amount charged to the income statement represents the contributions payable to the schemes in respect of the accounting period.

Off-Balance Sheet Arrangements

As of September 30, 2018, we had no off-balance sheet arrangements. We may enter into new interest hedging arrangements to hedge our exposure to fluctuations in interest rates, primarily under the New Floating Rate Notes offered hereby and/or our Original Floating Rate Notes. For information on our operating lease obligations, see "—Contractual Obligations."

Financial Risk Management

Our board of directors regularly reviews our financial requirements the risks associated with them. We have summarized the principal risks arising from our current financial instruments below.

Interest Rate Risk

We finance our operations through a combination of trading cash flows, bank borrowings and longer term loan notes. Borrowings under our Revolving Credit Facility Agreement and our Floating Rate Notes bear floating rates of interest. We seek to minimize our cost of borrowings and reduce the impact of interest rate fluctuations, including through the entry into interest rate hedging agreements. For additional information on these activities, see "—Off-Balance Sheet Arrangements."

Liquidity Risk

We seek to manage financial risk to ensure sufficient liquidity is available to meet our foreseeable needs. We monitor the maturity of our financial liabilities to avoid the risk of shortage of funds and also place surplus funds on deposit so that they are available at short notice.

Currency Risk

All of our revenue and the majority of our costs are generated in pound sterling and involve little or no currency risk. We review our currency exposure on a continual basis and enter into hedges if we consider it necessary.

Credit Risk

Our principal financial assets are cash and cash equivalents, trade receivables and other receivables. The credit risk associated with cash and cash equivalents is limited. Credit risk is managed by transacting with financial institutions with high-quality credit ratings. Trade receivables comprise a large number of individually small amounts from unrelated customers and are shown net of a provision for doubtful debts. Management estimates the provision for doubtful debts based on a review of all individual receivable accounts, experience and known factors at the end of the relevant period. The credit risk associated with these is minimal. We have no significant concentration of credit risk.

Selected Significant Judgments and Estimates

The preparation of the consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions in the application of accounting policies that affect reported amounts of assets, liabilities, revenues and expenses during an applicable period.

Management periodically evaluates its estimates and judgments and bases them on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates.

The estimates and assumptions that have the most significant effect on the amounts recognized in the financial statements are discussed below. For a more comprehensive explanation of the accounting policies used in the preparation of our consolidated financial statements, refer to Note 1 of our consolidated financial statements as of and for the 53 weeks ended September 30, 2018, included elsewhere in this Offering Memorandum.

Impairment of Property, Plant, Equipment and Operating Leases

Property, plant and equipment and operating leases are reviewed for impairment if there are any indicators to suggest that the carrying amount may not be recoverable. Recoverable amounts are determined based on value-in-use calculations and estimated sale proceeds. These calculations require assumptions to be made regarding projected cash flows and the choice of a suitable discount rate in order to calculate the present value of those cash flows. Actual outcomes may vary from these estimates. These are discussed under Note 11 to our financial statements as of and for the 53 weeks ended September 30, 2018 included elsewhere in this Offering Memorandum.

Onerous Lease Provisions

We provide for our onerous obligations under operating leases where the site is closed or for properties where rental expense is in excess of income. The estimated timings and amounts of cash flows are determined using management experience.

Defined Pension Benefit Schemes

The present value of defined benefit pension scheme liabilities are determined on an actuarial basis and depend on a number of actuarial assumptions, which are disclosed in Note 24 to our financial statements as of and for the 53 weeks ended September 30, 2018 included elsewhere in this Offering Memorandum. Any changes in these assumptions could impact the carrying amounts of retirement benefit assets/ liabilities.

Business Combinations

We identify separate assets and liabilities upon acquisition and recognize those assets at their fair value. The assessment of fair value, particularly for property, plant, equipment and operating leases acquired, is undertaken with reference to current market conditions. Note 12 to our financial statements as of and for the 53 weeks ended September 30, 2018 included elsewhere in this Offering Memorandum describes the business combinations in the current and prior periods and provides details of the fair value adjustments made in arriving at the fair value of assets and liabilities acquired.

INDUSTRY

We operate in the pub sector in the United Kingdom, which continues to be an important part of the wider UK drinking-out and eating-out market. The wider Great Britain drinking out and eating out market was estimated to be worth approximately £52 billion in 2018, of which drinking out at pubs constituted approximately £29.6 billion, according to CGA.

The pub sector in the United Kingdom consisted of approximately 48,350 pubs at the end of 2017, according to the BBPA. The pub sector in the United Kingdom can broadly be categorized into three distinct business models, managed pubs, tenanted pubs and independently owned pubs, which constituted approximately 19.0%, 34.0%, and 47.0%, respectively, of pubs for 2017 according to the BBPA.

Managed Pubs

We operate a managed pub estate. Accordingly, we directly employ central management and local staff and have complete control over the sales format and products sold within each pub. As a result, we benefit from all the revenue, are responsible for all cost lines, and ultimately retain all of the net income generated from sales operations. Managed pub operators have performed particularly well within the pub sector over the past few years and have improved their market share compared to tenanted pub operators and independent pubs. This performance is due to a number of advantages that managed pubs benefit from compared to tenanted and independent pubs. Managed pubs typically generate higher gross margins than tenanted or independent pubs as tenanted pubs are generally required to purchase their beer at a considerable premium from the tenanted pub companies that lease the pubs to them, while independent pubs lack the scale to buy on the best terms. In addition to Stonegate, other key operators with the managed pub business model include Mitchells & Butlers and JDW, and part of the pubs operated by Marston's and Greene King.

Tenanted Pubs

Tenanted pubs are those pubs which the owner of the property lets to a third-party tenant under a formal agreement in exchange for various income receipts. The pub owner generates its income from a combination of three main sources: rental income from tenants, wholesale profit (*i.e.*, contractual sales of certain products to the tenant), and machine income. Ei Global, Patron Capital and Heineken UK are the main players with this business model, with Greene King, and Marston's also having a significant exposure through their tenanted pubs.

Independently Owned Pubs

Independently owned pubs (sometimes known as "freehouses") are generally smaller, standalone pubs owned by private individuals who have free reign over the products supplied. Their average revenue is generally similar to tenanted pubs.

Main Segments in the Drinking-Out Market

CGA views the drinking-out market as distributed among four main segments: (i) the value segment, which generally covers venues that draw price conscious customers; (ii) the mainstream segment, which generally covers branded and high street venues offering food and drink at mid-range prices and generally draws middle- and high-income customers; (iii) the premium mainstream segment, which generally covers experience driven venues that provide a higher proportion of premium products; and (iv) the premium segment, which generally covers casual dining outlets and venues delivering high-end drink and food offerings.

Market Trends

The pub market in the United Kingdom has undergone significant changes in the last decade amid challenging market conditions, evolving customer habits and on-going consolidation activities. Larger pub operators characterized by diversification of locations and formats, particularly within the managed pub segment, have been able to take advantage of the changing market environment and sustain a solid growth trajectory at the expense of smaller operators.

Over the past decade the number of total pubs in the United Kingdom has decreased from approximately 57,500 at the end of 2007 to approximately 48,350 at the end of 2017, according to the BBPA. Further, according to the BBPA, within this decline, the sites which closed were either independently owned or leased and tenanted pubs. The later saw a decline of 22.0% over a five year period between 2013 to 2017, with managed pubs growing 25.0% over the same period.

This trend allowed managed pub operators to consolidate their positions and increase market share as they continued to invest in their pubs and deliver a consistently high quality customer experience. Selective acquisitions provided stronger operators with access to brands with growth potential, experienced management teams and benefits from increased scale.

Furthermore, tenanted pub operators are being required to change the structure of their businesses as a result of the introduction of a market rent only option, which entered into force on July 21, 2016. This requires companies that own 500 or more tied pubs to offer a market rent only option to their tenants under certain conditions, which would provide for the payment of market rent by tenants and prevent tenanted pub operators from requiring their tenants to purchase drinks from them. Given that the typical model of a tenanted pub operator involves the purchase of drinks by the tenant at a premium, this is expected to have an adverse impact on the margins of tenanted pub operators.

Continued investment, improved drinks and food offerings and provision of higher quality drinking and eating environments have propelled strong resilience in the pub market. Other alcoholic drinks in particular have meaningfully increased their share of sales and led to an overall increase in average sales per pub over recent years, particularly in the managed pub portfolios.

Our managed peers, which include Mitchells & Butlers and JDW as well as a portion of the pubs operated by Marston's and Greene King, have generally been shifting their focus to food. By contrast, our pub estate is weighted towards town centers, which accounted for approximately two-thirds of all drinking visits, according to a CGA report as of December 2018.

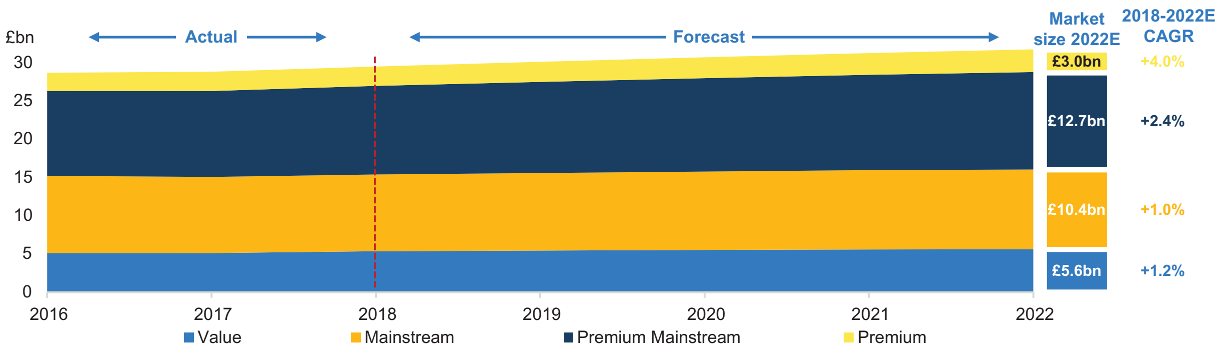
In addition, population growth in the United Kingdom's large cities provides an opportunity to grow our business. As a result, we have not engaged in a wholesale shift to focus on food but rather have continued to pursue a strategy of maximizing the profitability of our operating sites by tailoring our current formats to the target customer base for each format on a case-by-case basis. In some cases this has involved introducing an improved food offer and/or improving the all-day trading offer of an operating site. At the same time, we have maintained our significant drink offering, given the higher margins of drinks as compared to food as well as the concentration of our pubs in town centers. As a result of the actions of our managed peers, the managed pub segment of the market is less contested, with only approximately 9,400 managed pubs in the United Kingdom in 2017, according to BBPA.

Forecast Market Size

Although volumes in the drinking out sector are forecast to decrease, the total value of the drinking out market is forecast to grow at a compound annual growth rate of 1.8% between 2018 and 2022, according to CGA.

All four of the drinking out market segments are forecast to grow. All of our current formats are positioned in the largest segments of the drinking out market, being premium, premium mainstream and mainstream, all of which are forecast to grow as evidenced in the chart below, according to CGA.

Total drinking out market value(1)



(1) Based on CGA wet segment forecast, December 2018.

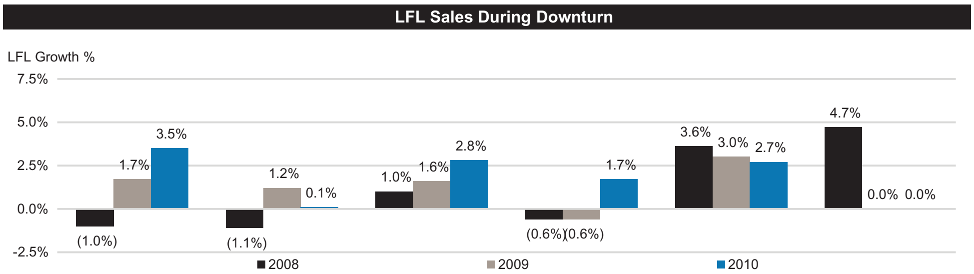
Key Growth Drivers

There are a number of key factors that in our view are driving this forecast growth.

Benefit from Positive Consumer Dynamics

Consumer confidence levels have generally improved since 2012, as shown by a rise in the United Kingdom consumer confidence index. Moreover, disposable income in the United Kingdom has been increasing since 2012, according to a report by the Office for National Statistics issued in January 2018. This environment has supported our sales growth despite recent uncertainty resulting from the United Kingdom's decision to leave the EU. According to CGA, the frequency with which people in Great Britain drink out is relatively consistent, with 32.0% of individuals in Great Britain drinking out on a weekly basis, 22.0% on a monthly basis and 14.0% every two to three months, as of September 2018. Spending in pubs and restaurants in the United Kingdom has generally grown over the past few years.

Furthermore, managed pubs have proven to be fairly resilient in times of macroeconomic concerns as evidenced by the performance of managed pubs during the previous economic downturn between 2008 and 2010, again highlighting that consumers will continue to visit pubs despite broader economic uncertainty. The below chart provides the like for like sales growth of key market players during the downturn:



Premiumization

Formats providing premium products, in particular food-led pubs and premium fast food, are expected to thrive in the coming year, according to a survey of Great Britain's top operators conducted by CGA in January 2018. Customer demand for premium drinks such as craft beer, craft cider, micro-distillery spirits and premium mixers has been growing. According to the CGA On Premise measurement service for 2018 compared to 2017, the best performing drink categories were all premium, while standard categories performed less favorably. Volumes of draught craft beer, gin, draught premium world lager and sparkling wines increased by 18.0%, 53.0%, 16.0% and 29.0% respectively.

Trend Towards Eating Out and All-Day Trading

With the changing profile of the average consumer and a movement to all-day trading shifts, there has been an accompanying shift in demand for particular types of products and site formats. According to a survey of Great Britain's top operators conducted by CGA in January 2018, all-day and flexible formats are in the most advantageous position to thrive in the 12 months from the survey. Pubs have proven to be increasingly popular venues for out-of-home dining, as customers continue to look for value by choosing pubs over more expensive restaurants when eating out. The food offering increases the footfall in pubs and is an additional growth driver for the overall pub industry. CGA research estimates that the on trade food market in the United Kingdom is estimated to grow from £22.5 billion in 2018 to £27.1 billion in 2022, at a compound annual growth rate of 5.8%.

Digitalization

Engagement with technology is impacting the way in which pub and restaurant owners interact with their customers, specifically the millennial consumer demographic. The mobile channel is becoming increasingly important, in particular for booking and reservations, enhancing the overall customer experience, engaging with customers outside the guest visit, speeding up payment and real time customer feedback.

Customer Service

Consumers are increasingly focused on food quality and customer service. In a customer engagement survey conducted by CGA in October 2018, 82.0% of participants identified food quality as a key driver of customer engagement, while 71.0% and 28.0% identified services and value for money, respectively, as key drivers of customer engagement. Consumers' demand for high quality and customer service is a result of exposure to better practices in the market as UK pub and restaurant operators are increasing their investments in this area. Based on a survey conducted by CGA in January 2018, 81.0% of pub and restaurant operators identified a high quality experience is as a key driver for consumers when choosing where to eat and drink.

Competitive Environment

The pub industry in the United Kingdom faces competition from providers of leisure facilities or services that have the potential to draw customers away from pubs. These providers include other pub operators, retail outlets for the sale of food and drink, restaurants (in particular casual dining outlets), as well as off-license shops and supermarkets.

While the pub industry in the United Kingdom remains quite fragmented, it has undergone periods of consolidation through joint ventures, mergers and acquisitions, which has led to the emergence of certain large competitors, with considerable financial and operational resources. Therefore despite total spend on alcoholic drinks in on-trade channels experiencing a decline in the United Kingdom over the last ten years, average spend per pub has increased during this period as larger players like us have been able to grow in size and scale and continue to invest in customer experience.

We are the fourth largest managed pub company in the United Kingdom in terms of number of operating sites, trading from 725 sites across the United Kingdom through a variety of formats as of September 30, 2018. In addition to us, there are four other managed pub operators in the United Kingdom with over 600 managed pubs in their estate. Despite this competition, we believe that we have been able to maintain our market share in the pub industry in the United Kingdom owing to our balanced geographical presence across the United Kingdom with brands and formats that address a wide range of customer demographics.

Our Adjusted Revenue Growth (Like for Like) compared favorably with the reported like for like sales growth of other managed pub operators for the 2018 Christmas period. For the three weeks ended January 5, 2019, our Adjusted Revenue Growth (Like for Like) was 10.4% compared to 9.8% for Mitchells & Butlers during the same period. Similarly, for the two weeks ended January 6, 2019, our Adjusted Revenue Growth (Like for Like) was 15.0% compared to 10.9% for Greene King's managed pubs division over the same period, and for the four weeks ended December 31, 2018, our Adjusted Revenue Growth (Like for Like) was 7.5% compared to a 2.6% for Revolution Bars over the same period.

Our Adjusted Revenue Growth (Like for Like) also compared favorably to several of our peers over longer term comparable periods. For example, (a) our Adjusted Revenue Growth (Like for Like) for the 52 weeks ended September 29, 2018 was 4.7%, compared to 1.3% for Mitchells & Butlers over the same period, (b) our Adjusted Revenue Growth (Like for Like) for the 52 weeks ended April 29, 2018 was 2.3%, compared to negative 1.7% for Greene King's managed pubs division over the same period, (c) our Adjusted Revenue Growth (Like for Like) for the 52 weeks ended September 29, 2018 was 4.7%, compared to negative 1.2% for Marston's managed pub division over the same period, and (d) our Adjusted Revenue Growth (Like for Like) for the 52 weeks ended June 30, 2018 was 3.7%, compared to negative 0.6% for Revolution Bars over the same period. However, relative to JDW, our Adjusted Revenue Growth (Like for Like) for the 52 weeks ended July 29, 2018 was 4.5%, compared to 5.0% for JDW over the same period.

Regulation

The pub industry in the United Kingdom is subject to laws and regulations, including in relation to licensing, employment, minimum wages, alcoholic drinks control, late-night levies, drink-driving, pub licensing, leisure (gaming) machines, competition, health and safety, sanitation, data protection and access for the disabled.

Licensing

The sale of alcohol in the United Kingdom is a highly regulated industry governed by the licensing system under the Licensing Act 2003 and the Licensing (Scotland) Act 1976. Licensing covers most premises where alcohol is sold, such as pubs, off-licenses, restaurants and supermarkets. Pursuant to the Police Reform and Social Responsibility Act 2011, licensing authorities in the United Kingdom are authorized to raise a contribution from late-opening alcohol suppliers towards policing the night time economy. Many pubs are open until late; however, only a few are subject to these late-night levies.

Employment Legislation

The Working Time Regulations applied by the government in the United Kingdom have in the past imposed, and may continue to impose, constraints on an ability to deploy employees efficiently. In April 2016, the UK government announced the introduction of a National Living Wage, which replaced the national minimum wage for all working people aged 25 and over in the United Kingdom. The National Minimum Wage remained in place for all working people under the age of 25 who are at least school leaving age in the United Kingdom. In April 2018, the National Minimum Wage for people from school leaving age in the United Kingdom to 18 was increased to £4.20 per hour. At the same time, the National Minimum Wage for people aged 18 to 20 and for people aged 21 to 24 was increased to £5.90 per hour and £7.38 per hour, respectively, while the National Living Wage for people aged 25 and over was increased to £7.83 per hour. In April 2019, the National Minimum Wage for people from school leaving age in the United Kingdom to 18 is expected to increase to £4.35 per hour. At the same time, the National Minimum Wage for people aged 18 to 20 and for people aged 21 to 24 is expected to increase to £6.15 per hour and £7.70 per hour, respectively, while the National Living Wage for people aged 25 and over is expected to increase to £8.21 per hour.

As the industry employs a large number of our staff at the National Minimum Wage and the National Living Wage, any further increases in the National Minimum Wage or National Living Wage may result in increases in our labor costs and, to the extent pub operators are not able to pass through these labor costs increases to end customers, impact overall profitability in the industry.

Government Initiatives and Measures

The imposition of measures by the government in the United Kingdom relating to the consumption of alcohol, including the reduction of licensing hours, the introduction of minimum prices for alcoholic drinks and the introduction of a mandatory code imposing certain measures that have in the past reduced, and may continue to reduce, attendance at pubs, particularly in respect of younger customer groups. This could have an impact on our future performance. The recent decrease in the legal alcohol limit in Scotland as part of stricter drink-drive regulation is another recent example of increased government initiatives. The change, which came into effect in December 2014, now only allows 50mg of alcohol in every 100ml of blood, a decrease from the previous limit of 80mg.

Taxation

Pubs in the United Kingdom are affected by a number of taxes and duties, such as the duty on alcoholic drinks, VAT and other business taxes. The standard rate of VAT increased from 17.5% to 20% in January 2011. In particular, the excise tax duty escalator pursuant to which duties on spirits, wines and made-wine, cider, perry and beer have generally risen by 2% above the rate of inflation (based on RPI), has affected pubs in the United Kingdom. This duty escalator was removed from beer in the March 2013 budget and from spirits, wine and made-wine, cider and perry in the March 2014 budget. The March 2014 budget also reduced the duty on beer by one pence per pint. The March 2015 budget reduced the duty on beer further by one pence per pint and cut the duty on spirits and lower strength cider by 2%. In the March 2016 budget, the duty rates on wine and made-wine at or below 22% alcohol by volume and high strength sparkling cider above 5.5% alcohol by volume rose at the same rate as RPI inflation, but the budget froze in cash terms the duty rates on beer, spirits and other drinks above 22% alcohol by volume and still cider and lower strength sparkling cider. In the March 2017 budget, the duty rates on alcohol manufactured in, or imported into, the United Kingdom rose at the same rate as forecast RPI inflation, and in the November 2017 budget, duty rates on beer and most other spirits and ciders were frozen. In the October 2018 budget, duty rates on beer and most other spirits and ciders remained frozen but specifically duty rates on wine and made-wine at or below 22% alcohol by volume and high strength sparkling cider above 5.5% alcohol by volume rose at the same rate as RPI inflation. While historically pub operators have been able to pass on the increases in duties and taxes to end customers, they may not be able to do so in the future. In such an event, any further duty or tax increases may have a negative impact on industry profitability and performance. See "Risk factors—Risks Related to Our Business—Changes in regulations to which we are subject or the introduction of new regulations to which we may become subject could have a negative effect on our business—The taxes and duties to which we are subject may increase."

Business Rates

In the United Kingdom, the UK government adjusts the value of business rates to reflect changes in the property market approximately every five years. The most recent revaluation came into effect in England, Scotland and Wales on April 1, 2017 (based on open market rental values from April 1, 2015). At revaluation, all properties are given a new ratable value and multiplier which, depending on the underlying movement in the value of the property, can have a significant impact on the tax liability due on the property. In addition, and despite the UK government's recent announcement regarding an increase in business rate reliefs for smaller UK businesses, the UK government may limit such business rates relief for larger corporations or to certain industries, which could increase the monetary burden on some businesses in the United Kingdom. The revaluation adjustments of the business rates, or any changes to the business rates following the UK government's annual budget announcements, could result in increased costs and consequently could have a material adverse effect on our operating results, financial condition and prospects. Business rates amounted to £34.9 million for the 53 weeks ended September 30, 2018, representing 5.2% of our operating costs for this period.

BUSINESS

Overview

We are the fourth largest managed pub company in the United Kingdom in terms of number of operating sites, trading from 725 sites across the United Kingdom as of September 30, 2018. We began our trading operations in November 2010 following the acquisition of 333 pubs from Mitchells & Butlers. We have since grown in size and scale through a series of strategic acquisitions, including the acquisitions of Town & City in 2011, which operated 226 pubs, 78 pubs from Bramwell in 2013 and 51 pubs from TCG in 2015. Further, in 2016, 2017 and 2018, we acquired approximately 163 additional pubs and bars, including 30 pubs acquired pursuant to the Intertain Acquisition. Particularly to strengthen our offering in the attractive premium and premium mainstream drink-led markets and grow our presence in attractive central London and town center locations with a high footfall, we recently completed the acquisition of 33 pubs pursuant to the Be At One Acquisition, 15 pubs pursuant to the First Novus Acquisitions and 32 pubs pursuant to the Fever Bars Acquisition. In addition, we have agreed to acquire six pubs pursuant to the Second Novus Acquisitions and we expect to complete the acquisition of these pubs in 2019. After giving effect to the acquisition of sites pursuant to the Be At One Acquisition, the First Novus Acquisitions, the Fever Bars Acquisition and the Second Novus Acquisitions, we will operate from 772 sites.

For the 53 weeks ended September 30, 2018, we generated revenue of £774.4 million, Adjusted EBITDA of £114.9 million (£112.0 million on a 52-week basis) and operating profit of £29.9 million. We estimate that our Pro Forma Revenue for this period would have been £867.1 million and our Pro Forma Adjusted EBITDA for this period would have been £141.1 million (in each case, presented on a 52-week basis).

Our business is highly diversified within our sector with a variety of different formats through which we cater to different customer needs and preferences. We classify our pubs as either "branded" or "unbranded" based on each pub's concept and offering. With the acquisition of Be At One, we have introduced a new format, which will form part of our branded group. The 33 pubs acquired from Be At One, which are all operated under the Be At One brand, trade from basement venues or former nightclub sites located in town or city high streets. In addition to our Be At One brand, our branded group is comprised of our Slug and Lettuce, Venues and Walkabout brands, while our unbranded group is comprised of our Proper Pubs, Town Pub and Kitchen, Common Rooms and Classic Inns pubs. By operating our business through a multi-format strategy, we believe we can position ourselves across a wide range of customer demographics and target various consumer trends. Through strategic initiatives, we evaluate the current performance and capacity of our various pubs on an on-going basis, with the objective of identifying opportunities for further growth. For the 53 weeks ended September 30, 2018, 78.0% of our revenue was generated from drink sales and 17.0% of our revenue was generated from food sales, with the remaining revenue generated from other sources, such as admission, accommodation and machine sales. Approximately 86.0% of our pubs, bars and venues offer both food and drinks.

We believe that we have a strong property portfolio, which consisted of 725 operating sites as of September 30, 2018, with 258 freehold properties and 27 long leasehold properties with 50 years or more remaining under the lease term. According to the Valuation Report, our property portfolio as of February 2017, which consisted of 688 properties at that time, had an aggregate value of £740.0 million. Our property portfolio presents strong geographical diversification with a balanced presence across the United Kingdom. We are well exposed to the London market (approximately 14% of our operating sites as of September 30, 2018) and the broader Southeast region (which includes London and accounted for approximately 39% of our operating sites as of September 30, 2018), areas with higher population densities and more affluent consumers. We operate in geographically attractive locations with high exposure to the high street and in urban and suburban locations across the United Kingdom. We continue to invest in our estate, and for the 156 weeks ended September 30, 2018, our average annual Return on Investment was 35.3%. As of September 30, 2018, we still had over 148 pubs that have not been invested in while we have been under TDR's ownership, and we believe this provides us with a strong pipeline of investment and growth opportunities. Moreover, we plan to invest in each of the 15 pubs that we recently acquired pursuant to the First Novus Acquisitions, with an investment in a majority of these pubs anticipated in the financial year 2019.

Headquartered in Luton, with more than 13,400 employees nationwide as of September 30, 2018, we benefit from significant scale and experience in our market. Being a fully managed pub operator, we have complete control over our sales formats and product offerings, are entitled to all of the revenue generated from our operations and ultimately retain all of the net income we generate. All of our pubs benefit from shared administrative, marketing, supply and logistics functions, thereby reducing overheads and driving purchasing power as compared to an independent or tenanted pub operator.

Our Strengths

Our key credit strengths include the following:

We are a managed pub operator in an attractive sector, benefitting from positive consumer dynamics

The pub sector in the United Kingdom is an attractive sector. Over the past few years, leading pub operators have been able to deliver robust like for like sales growth, as consumers have continued spending on low-cost items, including pub visits. Consumer confidence levels have generally improved since 2012, as shown by a rise in the United Kingdom consumer confidence index. Moreover, disposable income in the United Kingdom has been increasing since 2012, according to a report by the Office for National Statistics issued in January 2018. This environment has supported our sales growth despite uncertainty resulting from the United Kingdom's decision to leave the EU.

Within the sector, eating and drinking out has been and is expected to continue to be a growth trend in the United Kingdom. In addition, since 2012, managed pub operators that focus on drinks have generally outperformed managed pub operators that focus on food in terms of growth in revenue. Managed pub operators have performed particularly well within the pub sector over the past few years and have improved their market share compared to tenanted pub operators and independent pubs. This performance is due to a number of advantages that managed pubs benefit from compared to tenanted and independent pubs. Managed pubs typically generate higher gross margins than tenanted or independent pubs as tenanted pubs are generally required to purchase their beer at a considerable premium from the tenanted pub companies that lease the pubs to them, while independent pubs lack the scale to buy supplies on the best terms.

Furthermore, managed pubs are generally better-invested than tenanted or independent pubs, as managed pub operators generally have greater financial resources to support robust investment programs. This has enabled managed pub operators to consistently improve their offering and deliver high quality customer experiences, while tenanted and independent operators have generally been forced to downsize their portfolios. Managed pubs tend to be larger and occupy better locations than tenanted pubs, which has also driven their profitability and sustainability. As a fully managed pub operator, we believe we are well-positioned to take advantage of not only the positive consumption trends, but also the growth trend in eating and drinking out within our sector.

We are one of the largest managed pub operators in the United Kingdom with strong like for like revenue growth compared to our peers and with a high margin business model

We are the fourth largest managed pub company in the United Kingdom in terms of number of operating sites, trading from 725 sites across the United Kingdom through a variety of formats as of September 30, 2018. Because of our size and scale, we are in a strong competitive position compared to smaller players operating in the pub market. Our scale provides us with greater purchasing power compared to our competitors and allows us to leverage our head office function in Luton efficiently. Owing to our strong reputation and brands, we have also been able to attract and retain experienced and talented employees at both site management and head office levels. This, coupled with our ability to keep our staff updated on customer trends and preferences through our well-invested training facilities, has helped us achieve high levels of customer satisfaction and improved sales. We also have the ability to invest in our estate to improve and innovate our facilities and offering, which has helped us drive improved performance across our sites. These positive features have contributed to our strong like for like sales performance, as evidenced by our higher like for like sales growth when compared to that of a substantial majority of our peers for their respective 2018 financial years.

We have a greater focus on the drink-led segment of the drinking-out market compared to our peer managed pub operators. This has a favorable impact on our margins, due in part to the lower labor costs associated with drinks as compared to food. For the 53 weeks ended September 30, 2018, our labor costs were 24.4% of revenue, which we believe compares favorably to casual dining chains and food-led pubs and bars in our sector.

Our multiple format strategy provides exposure to the most attractive segments of the market and enables us to appeal to a broad range of demographics

Prior to our acquisition of Be At One, we operated the following formats: Proper Pubs, Classic Inns, Town Pub and Kitchen, Slug and Lettuce, Common Rooms, Venues and Walkabout. These formats are predominantly positioned in the mainstream and premium mainstream segments of the drinking-out market. With the acquisition of Be At One, we have recently introduced a new format, which will form part of our branded group. The bars acquired from Be At One are positioned in the premium mainstream segment and will trade under the brand name *Be At One*. The mainstream and premium mainstream segments are the largest segments of the market and, along with the premium segment, are the segments with the highest growth prospects. According to CGA, the value of the mainstream, premium mainstream and premium segments is expected to grow at a compound annual growth rate of 2.0% over the period from 2018 to 2022 to approximately £26.2 billion. Further, CGA estimates that the total value of drinks sales in pubs and other on-site trading venues (where alcohol is served for consumption on the premises rather than elsewhere) is expected to grow at a compound annual growth rate of 1.8% over the same period, to approximately £31.8 billion.

Our multiple format strategy enables us to appeal to a broad range of demographics. For example, within our unbranded pub formats, Proper Pubs offer traditional food and drinks, whereas Town Pub and Kitchen pubs offer higher quality food and drink. Similarly, within our branded pub formats, Slug and Lettuce pubs offer restaurant quality food, whereas Be At One offers a range of premium specialist cocktails. Our Common Room pubs are located near universities and cater to students and young adults, offering free WiFi and printing services as well as craft beers and street food that appeal to younger customers, and pubs in our Walkabout format are positioned as sport bars that operate an all-day trading format and as late night venues during weekends.

We seek to maximize individual site profitability by evaluating the most suitable format for a particular location and customer base on an on-going basis. We also have the flexibility to apply the most appropriate format to suit the demographic changes and trends affecting our customer base. We have demonstrated our ability to modify our formats to respond to such changes. For instance, we phased out our Scream format in between 2013 and 2015, which was aimed solely at students, and replaced it with the Common Room format. This change contributed to revenue growth on a like for like basis for the original Scream pubs that were converted into the Common Room format of 4.1% from the 52 weeks ended September 29, 2013 to the 52 weeks ended September 27, 2015. The operating flexibility of using multiple formats allows us to optimize the combination of our food and drinks offerings. We deploy the most suitable format so that our food sports and live event offerings complement our drinks offerings and contribute to higher footfall and drinks sales. Our food offerings also contribute to increased utilization of our pubs during the day. For example, in 2016 we introduced the Town Pub and Kitchen format in order to respond to increasing demand for restaurant quality food in town centers in a pub setting. Similarly, this contributed to revenue growth on a like for like basis for the pubs that were converted into the Town Pub and Kitchen format of 4.9% from the 52 weeks ended September 28, 2014 to the 52 weeks ended September 25, 2016.

Significant asset backing and diversified estate portfolio

We operate in geographically attractive locations in town centers and in suburban locations across the United Kingdom. In our portfolio, of the 725 operating sites as of September 30, 2018, we had a total of 258 freehold properties and 27 long leasehold properties with 50 years or more remaining under the lease term. According to the Valuation Report, our property portfolio as of February 2017, which consisted of 688 properties at that time, had an aggregate value of £740.0 million.

Furthermore, our estate is well-diversified from a geographic and format perspective. We operate pubs across the United Kingdom and have a strong presence in London (approximately 14% of our operating sites as of September 30, 2018) and in the broader Southeast region (which includes London and accounted for approximately 39% of our operating sites as of September 30, 2018), areas with higher population densities and more affluent consumers.

As of September 30, 2018, approximately 77% of our pubs were located in town or city centers, with the remaining 23% located in suburban areas. We are the second largest managed pub estate located in town centers in the United Kingdom in terms of number of operating sites, with only JDW having a higher number of operating sites so located. We have recently completed the acquisition of 15 pubs pursuant to the First Novus Acquisitions primarily for their location in attractive areas of London with a high footfall. In addition, the bars acquired from Be At One are also located in town or city centers. Town centers are attractive locations for pubs for both the wide array of options they provide to customers and their proximity to transportation infrastructure. According to a CGA report of December 2018, more than 65.0% of all drinks sales at managed pubs were made at venues located in town centers. In addition, population growth in the United Kingdom's large cities provides an opportunity to grow our business. We also benefit from having multiple formats in large cities, as this allows us to maintain a significant presence in those cities without cannibalizing trade, as would be the case with a single format operator.

Industry leading investment program and strong cash conversion

Our robust track record of successful capital investments has strengthened our position as one of the largest managed pub operators in the United Kingdom. We identify priority investments through biannual estate reviews and have implemented a multi-stage estate review process to ensure a disciplined approach to investment in our existing properties. Our investments significantly change the earnings profile of such properties. Since we began trading, and through September 30, 2018, we have refurbished 596 of our pubs that we currently operate and on average have achieved an average annual Return on Investment of 35.3%. As of September 30, 2018, we still had over 148 pubs that have not been invested in while we have been under TDR's ownership, and we believe this provides us with a strong pipeline of investment and growth opportunities. Moreover, we plan to invest in each of the 15 pubs that we recently acquired pursuant to the First Novus Acquisitions, with an investment in a majority of these pubs anticipated during the financial year 2019.

The majority of our capital expenditure is either investment expenditure or acquisition expenditure in nature as opposed to maintenance expenditure, and is therefore, in large part, discretionary. Maintenance Capital Expenditure has historically remained relatively consistent, and for the 52 weeks ended September 25, 2016, the 52 weeks ended September 24, 2017 and the 53 weeks ended September 30, 2018, represented 4.5%, 5.0% and 4.7% of our revenue, respectively. As a result of the combination of our increasing Adjusted EBITDA and controlled capital expenditure, we have been able to maintain strong levels of Adjusted Cash Conversion, which for the 52 weeks ended September 25, 2016, the 52 weeks ended September 24, 2017 and the 53 weeks ended September 30, 2018 (but presented on a 52-week basis for comparability), was 69.8%, 66.5% and 67.2%, respectively.

We have a strong track record of delivering growth and improvements in operational efficiency through acquisitions

We have a strong track record of acquiring and integrating pubs, including our June 2011 acquisition of Town & City, which owned 226 leasehold pubs, our August 2013 acquisition of 12 pubs from Living Room and our November 2013 acquisition of 78 pubs from Bramwell. Further, in 2015, we acquired 15 predominantly freehold pubs from Maclays, which strengthened our portfolio within Scotland, and 51 pubs from TCG, primarily in England and Wales. In December 2016, we acquired 30 pubs across the United Kingdom pursuant to the Intertain Acquisition, in July 2018, we acquired 33 bars pursuant to the Be At One Acquisition, and in December 2018, we completed the acquisition of 15 pubs acquired pursuant to the First Novus Acquisitions. In addition, we recently acquired 32 pubs pursuant to the Fever Bars Acquisition and agreed to acquire six pubs pursuant to the Second Novus Acquisitions. We have identified significant potential synergies that we expect to achieve from the integration of these pubs into our business. For instance, in connection with the Be At One Acquisition and the Fever Bars Acquisition, we expect to, but cannot guarantee that we will, realize synergies of £1.1 million, relating to, among others, the application of the prices that we are currently offered by our drinks suppliers to the drinks supply purchases of the pubs that we have acquired pursuant to the Be At One Acquisition and the Fever Bars Acquisition. For further details of such synergies, see "Summary—Summary Consolidated Financial and Other Information."

We realized notable synergies from both the Bramwell and the TCG acquisitions. The Bramwell acquisition was strategically important for us, as it led to an increase in operational scale that was large enough to allow us to use provisions in certain of our supplier contracts that enable such contracts to be renegotiated on more favorable terms in the event of a 10% or greater increase in the number of our operating sites. In the aggregate, we realized costs savings on our drinks supply in the amount of approximately £7.0 million in connection with the Bramwell acquisition, including savings from the contract renegotiation facilitated by the acquisition. In addition, we have achieved an attractive Return on Investment for conversions of Bramwell pubs. The TCG acquisition also complemented our existing estate through successful integration of the pubs acquired from TCG into our Slug and Lettuce, Venues, Proper Pubs, Town Pub and Kitchens and Classic Inns formats. In connection with the TCG acquisition, we were also able to realize synergies of £2.3 million, primarily as a result of the application of the prices offered to us by our drinks suppliers at the time to the drinks supply purchases of the pubs acquired from TCG.

Experienced senior management team with strong sponsor backing

We have a strong, experienced senior management team with an average of more than 25 years of relevant experience, combining complementary skill sets in the retail, leisure and service sectors as well as the drinking-out and eating-out markets. We are led by our CEO Simon Longbottom, who has more than

25 years of experience, previously serving as managing director of the leased and tenanted division at Greene King, managing director of Pub Partners as well as managing director of Gala Coral's gaming division. Mr. Longbottom has also held senior positions with Mitchells & Butlers plc. We also benefit from the strong experience of our Chairman Ian Payne, who has more than 40 years of retail experience and helped form Stonegate in 2010. Ian previously served as Chairman of Town & City and CEO of Laurel Pub Company and has held board positions with Bass Taverns, Stakis plc and Ladbrokes. Dave Ross was appointed as CFO in January 2012 and has over 20 years of experience in the industry. Through the leadership of our senior management team, we have experienced strong revenue and Adjusted EBITDA performance, with revenue increasing from £642.6 million for the 52 weeks ended September 25, 2016 to £774.4 million for the 53 weeks ended September 30, 2018 and Adjusted EBITDA increasing from £96.0 million for the 52 weeks ended September 25, 2016 to £112.0 million for the 53 weeks ended September 30, 2018 (but presented on a 52-week basis for comparability), as well as maintaining a relatively stable Adjusted EBITDA Margin of 14.9% for the 52 weeks ended September 25, 2016 and 14.7% for the 53 weeks ended September 30, 2018 (but presented on a 52-week basis for comparability). Our senior management team has also been instrumental to our ability to successfully integrate our acquisitions over time into our existing business.

We also benefit from strong sponsor backing from TDR Capital, a leading private equity firm which managed funds with over €8.0 billion of committed capital as of the end of 2018. See "—About TDR Capital." TDR Capital's active support, combined with the depth of our management's experience in the industry, provides for efficient decision making and superior leadership to maintain and grow our business.

Our Strategies

Our goal is to be the best managed pub operator in the United Kingdom. We intend to achieve this goal through continuous development of our current estate by maintaining our capital investment strategy and concentrating on our core operating initiatives. We also intend to focus on improving our margins and complement our organic growth through opportunistic accretive acquisitions which we believe will improve the value of our estate.

We intend to pursue the following initiatives to achieve our strategic objectives:

Maintain our capital investment strategy

To continue to drive our business performance and further increase our market share, we intend to maintain our commitment to capital investment. We have developed a disciplined and efficient process for investing in our estate. Each site we invest in is prioritized at a biannual estate review, after which it receives a detailed appraisal during a multi-stage review process. This site-by-site rigor has allowed us to achieve an average annual Return on Investment of 35.3% for the 156 weeks ended September 30, 2018. Additionally, our capital investments have led to significant improvements in the Pre-adjusted EBITDA generated by each of our invested sites. For example, in respect of our 103 invested sites during the 52 weeks ended September 25, 2016, we noted an Average Annual Pre-adjusted EBITDA Increase from Investment of £69,000 in the first year post-investment.

Further, our Average Investment per Site at the 342 sites that we invested in during the 156 weeks ended September 30, 2018, was £236,000 per site.

As of September 30, 2018, we still had over 148 pubs that have not been invested in while we have been under TDR's ownership, and we believe this provides us with a strong pipeline of investment and growth opportunities. Moreover, we plan to invest in each of the 15 pubs that we recently acquired pursuant to the First Novus Acquisitions, with an investment in a majority of these pubs anticipated during the financial year 2019. As part of our investment program, we also continue to develop our brands and formats to make them more appealing to our customers and to allow us to increase our prices.

We will also continue to explore opportunities to change the formats of our operating sites in order to maximize site profitability. For instance, following the First Novus Acquisitions, we have identified formats for a majority of the 15 sites that we acquired and have commenced the transition process. We will also continue to evaluate potential format changes across our existing pub estate based on demographic and other trends in order to maximize site profitability. For example, we updated the inherited Scream format and replaced it with our Common Room format, and introduced the Town Pub and Kitchen format, which was designed to respond to increasing demand for premium products in town centers.

Concentrate on our core operating initiatives

We also intend to continue to deliver sustainable profit growth through our core operational initiatives:

- **Premiumization:** Customer demand for premium drink categories has been growing, including demand for premium lager and craft beers in particular. We are therefore increasing the weighting of our offerings towards premium, higher value products to take advantage of this demand. During the 53 weeks ended September 30, 2018, our revenue from premium drinks increased significantly, with an increase of 15.7%, 10.2%, and 12.2% in revenue attributable to premium lager, premium spirits and cocktails, respectively. Given our mix of mainstream and premium mainstream formats, and our acquisition of Be At One with its portfolio of premium specialist cocktail bars, we are well positioned to benefit further from this growing demand for premium products. According to CGA, the value of the premium, premium mainstream and mainstream segments is expected to grow at a compound annual growth rate of 4.0%, 2.4% and 1.0%, respectively, from 2018 to 2022, while the value segment is expected to grow at a compound annual growth rate of 1.2% over the same period.

- **All-Day Trading Formats:** Consumers are increasingly viewing pubs' food offerings as an important consideration when deciding where to drink. Therefore, we are developing our food offering to increase footfall and drink sales across our pubs, and our revenue from breakfast, lunch and hot beverages is increasing as a result. Breakfast food sales accounted for 3.2% of food revenue for the 53 weeks ended September 30, 2018 and on average, food accounted for 34.6% of all pre-5:00 p.m. sales across our pubs located in town centers (excluding pubs under our Venues format).

- **Digitalization:** We are also focusing on digital marketing in order to gain greater traction and brand awareness across our core demographic of 18 to 35 year olds. Our pub brands (including Be At One) in aggregate currently have over 3.0 million Facebook followers. Our focus on digitalization allows us to actively engage with our millennial customers and generate footfall and customer retention. In addition, for the 52 weeks ended September 24, 2017 and the 53 weeks ended September 30, 2018, we had invested in aggregate £2.2 million to develop our pub websites, mobile enabled functions and booking platforms, which we believe has driven pre-booked sales.

- **Manage Our Talent:** We believe that having the best site management is a critical success factor in our business. We will therefore continue to support our human resources programs so that we can retain and recruit top industry talent. We will continue to run effective training programs to develop our top performing deputy managers into general managers (known as the "Accelerator" programs) and to provide enhanced customer service. We have also established a training center and development kitchen in Birmingham and offer an attractive incentive package for site managers. In acknowledgement of our work to date, in February 2016, we were awarded the "Best Learning and Development Strategy" award at the HR Excellence Awards, and we were awarded the "Best Managed Company for Training" (more than 30 outlets) award at the 2016 National Innovation in Training Awards. We also introduced an "app" called Albert's App to train our staff.

Focus on improving our margins

We are focused on growing our margins, primarily through pricing improvements, labor efficiency and implementing best practices.

- **Pricing Improvements:** Our pricing strategy focuses on promoting premium products, which involves encouraging customers to upgrade from standard drinks to higher quality alternatives that generate a higher level of revenue and margin; ensuring that the price increments between our products is in line with the quality of those products and that each step-up in such increments is evenly distributed among our product range and is applied consistently across our range; price rationalization to ensure that prices are consistent within sites across the same format and that standard prices by format are appropriately indexed against competitors; and the centralized approval of all promotions in order to remove unprofitable promotions.

- **Labor Efficiency:** We will continue to make our labor and staffing practices more efficient. For example, we introduced a labor efficiency tool in 2015 that allows us to tailor our staffing needs to more closely mirror consumer demand and footfall at each of our pubs throughout the day and during the year. This tool has been helpful in partially mitigating the impact of the implementation of the National Living Wage in the United Kingdom in April 2016, and our Adjusted EBITDA Margin has remained relatively stable at 14.7% for the 53 weeks ended September 30, 2018 (but presented on a 52-week basis for comparability) as compared to 14.9% for the 52 weeks ended September 25, 2016, despite this implementation.

- **Adoption of Best Practices:** Our acquisitions of new companies and businesses give us an opportunity to get an insight into, and draw inspiration from, a variety of best practices in the industry. Where we come across practices that we believe would be accretive to our business, we endeavor to adapt them to our needs and deploy them with a view to increasing our sales margins. For example, we have deployed a mobile application called "Appy Hour" that Be at One has used with notable success in the past, aimed at creating greater interest in our brands and formats and supporting our marketing and promotion efforts. As another example, following the First Novus Acquisitions, we have brought on the target's events team that specialized in developing and implementing pre-booking and group event strategies and we believe that their expertise will help us improve our sales margins through the increase in pre-bookings and group events at our pubs.

Complement our organic growth through opportunistic accretive acquisitions

The pub market in the United Kingdom remains fragmented. We believe that our scale, financial strength, and mergers and acquisitions experience will continue to allow us to take advantage of the consolidation in the United Kingdom pub market and increase our market share compared to smaller, capital-constrained competitors. In line with our historic approach, we will monitor various acquisition opportunities and only pursue acquisitions, which we believe would add value to Stonegate from both a financial and strategic perspective. More specifically, we will consider acquisitions only when we expect to be able to grow the profitability of any pubs acquired and generate material synergies due to our scale.

History

We were incorporated in August 2010 in connection with our acquisition of pubs from Mitchells & Butlers and began our trading operations in November 2010 following the acquisition of 333, predominantly freehold, pubs from them. We have since grown in size and scale through a series of strategic acquisitions. In 2011, we acquired Town & City, which owned 226 leasehold pubs, helping us grow our geographical presence in the United Kingdom and our formats to cover a wider demographic catchment. In 2013, we acquired 12 pubs from Living Room, which allowed us to strengthen our presence in some of the major cities across the United Kingdom, including London, Manchester, Liverpool, Glasgow, Edinburgh and Bristol. Further in 2013, through our acquisition of 78 pubs from the Bramwell, we were able to further grow our reach within the United Kingdom, particularly in cities and towns where we did not yet have an existing presence. In 2015, we acquired 15 pubs from Maclay, which has allowed us to expand our presence in the major cities and towns of Scotland, and we agreed to acquire 53 hand-picked pubs from TCG, allowing us to continue to strengthen our presence throughout the United Kingdom. In December 2016, we acquired Intertain, which operated 30 pubs across the United Kingdom predominantly under the Walkabout brand, a dedicated sports format popular with millennials, expanding our reach to town and cities where previously we did not have any sites, such as Carlisle and Lichfield. In 2017, we selectively acquired 13 pubs from JDW and acquired three central London pubs from the Faucet Inn Sellers. Recently, we acquired 33 pubs pursuant to the Be At One Acquisition and 15 pubs pursuant to the First Novus Acquisitions. In addition, we recently acquired 32 pubs pursuant to the Fever Bars Acquisition, and have agreed to acquire six pubs pursuant to the Second Novus Acquisitions. We expect to complete the acquisition of the six pubs to be acquired pursuant to the Second Novus Acquisitions in 2019. We continually evaluate opportunities to acquire individual sites in situations where those sites are a particularly good fit for our existing business.

Our Pubs

We have categorized our pubs as branded and unbranded groups based on each pub's concept and offering, and within these groups we classify our pubs into eight formats. Our branded group is comprised of our Slug and Lettuce, Venues, Walkabout, and the recently acquired, Be At One pubs, while our unbranded group is comprised of our Proper Pubs, Town Pub and Kitchen, Common Rooms and Classic Inns pubs. Our eight formats represent the diversity of our offering, our wide geographical reach within the United Kingdom and our broad customer base. By operating our business through a multi-format strategy, we believe we have strategically positioned ourselves across a wide range of consumer demographics, trends and occasions.

The table below presents a summary of our formats through which we operate.

Brands and formats	Number of pubs as of September 30, 2018[(a)]	Description	Marketing and branding
		Branded	
The Slug and Lettuce	81	The Slug and Lettuce brand is an inclusive, female friendly, stylish, high street bar that offers premium drinks and food.	• Primarily attracts customers in the 25–35 year age range; • Positioned to capture the lunch-time, post-work and evening food and drinks market.
Venues	85	Venues are a group of our individually branded bars located across the United Kingdom under various brand names such as Reflex, Flares and Popworld.	• Primarily attracts customers in the 25–40 year age range; • Positioned as a party venue.
Walkabout	25	Positioned as a dedicated sports bar that operates an all-day trading format and as a late night venue during weekends.	• Primarily attracts a young, urban population in the 18–30 year age range.
Be At One	33	The Be At One bars offer a wide range of premium specialist cocktails. Typically located in basement venues or former nightclub sites.	• Categorized as a new format; • Primarily attracts a young, urban population in the 18–35 year age range.
		Unbranded	
Proper Pubs	299	Proper Pubs are mainstream, local community pubs offering food and drinks at value prices. These pubs cater to a variety of customer occasions, with a focus on a pint with friends, lunchtime socializing, events participation, sport and weekend nights out.	• Primarily attracts customers in the 30–55 year age range; • Positioned as community local pubs located in town centers and suburbs.
Town Pub and Kitchen	90	Town Pub and Kitchens formats are located in town centers and are accessible to a broad mainstream market that transitions throughout the day to meet the local needs for socializing, entertainment and relaxation. The format is more stylish than that of a traditional pub, with contemporary touches and a premium product offer.	• Attracts customers in all age ranges, with evenings positioned to attract customers in the 20–35 year age range; • Positioned to fit any time of day, including late-night entertainment.

Brands and formats	Number of pubs as of September 30, 2018[(a)]	Description	Marketing and branding
		Unbranded Formerly, certain pubs from our Great Traditional Pubs format of pubs comprised this category.	
Common Rooms	46	Common Rooms are distinctive pubs targeted at students and like-minded adults, and offering a "third space" for any time of the day or week, creating zoned areas to eat and drink, socialize, work and play. Formerly certain pubs from our Scream format of pubs comprised this category.	• Primarily attracts customers in the 18–35 year age range.
Classic Inns	62	Positioned in the premium mainstream segment, Classic Inns are our individually branded pubs located largely in suburban centers, which offer a premium pub experience, with a varied high-quality food and drink offering.	• Primarily geared toward adults aged 30 and over.

(a) Excludes four trading sites acquired pursuant to the First Novus Acquisitions that were not integrated into our existing branded or unbranded formats.

To be fully integrated[(1)]

Seller	Number of pubs acquired, or to be acquired, and not yet fully integrated	Description	Marketing and branding
Pubs acquired pursuant to the First Novus Acquisitions	15	These pubs are located in attractive areas of London with a high footfall such as the City of London, the West End and Soho.	We are in the process of integrating these pubs into our brands and formats, including our Slug & Lettuce, Be At One, City Taverns, Venues and Town Pub and Kitchen format.
Pubs acquired pursuant to the Fever Bars Acquisition	32	These 32 pubs are located in certain towns and cities in the United Kingdom, such as Tunbridge Wells, Redditch and Basingstoke, and in a majority of these locations, we have limited or no presence.	We plan to convert a majority of the pubs acquired pursuant to this acquisition into our Venues format.

Seller	Number of pubs acquired, or to be acquired, and not yet fully integrated	Description	Marketing and branding
Pubs to be acquired pursuant to the Second Novus Acquisitions	6	These pubs are located in the business and financial districts of London such as St. Mary Axe, Tooley Street, Canary Wharf and Bishopsgate.	We are in the process of integrating these pubs into our brands and formats, including our Slug & Lettuce, Town Pub and Kitchens and Be At One formats.

During the integration of acquired pubs, we focus on achieving cost synergies and format integration. Starting with our original acquisition of pubs from Mitchells & Butlers in August 2010 and from Town & City in June 2011, we have successfully managed the transition of pubs from Ember Inns, Vintage Inns, Toby Carvery, Crown Carvery, Harvester, Scream, Living Room, Maclay and TCG, as well as of unbranded pubs and venues, into our existing formats. Further, we fully integrated into our current formats the pubs we acquired from Intertain, Large Bars, Faucet Inns, Ei Global and Punch Taverns.

Among our recent acquisitions, we are in the process of integrating Be At One into our branded platform and have launched it as a new format. In this regard, we also expect to be able to re-segment certain of our existing sites into the more premium Be At One format. As to the pubs acquired pursuant to the First Novus Acquisitions and the pubs to be acquired pursuant to the Second Novus Acquisitions, we are in the process of integrating these pubs into our existing brands and formats, including our Slug & Lettuce, Be At One, City Taverns, Venues and Town Pub and Kitchen formats. We plan to convert a majority of the pubs acquired pursuant to the Fever Bars Acquisition into our Venues format.

We manage our pubs on a regional basis with 55 area managers supporting seven divisional directors, as of September 30, 2018, who report to two managing directors. One of our managing directors is responsible for our branded group, which is comprised of the Slug and Lettuce, Venues, Walkabout, and Be At One formats, while the other managing director is responsible for our unbranded group, which is comprised of the Proper Pubs, Town Pub and Kitchens, Common Rooms and Classic Inns formats. Our unbranded group is split based on region into the North, Midlands and South divisions. Each pub is managed by a general manager, who is incentivized to maximize profit through a bonus scheme that provides him or her with a 10% share of profits above the budget set by our senior management.

All of our central operations, such as purchasing, marketing, property, finance, human resources and IT are managed out of our head office in Luton. Our purchasing team comprises eleven members who manage procurement and supply along with associated price negotiations for all of our pubs. Our marketing team comprises 95 members, as of September 30, 2018, whose principal responsibility is the development of the customer offer for each of our brands and formats, and the pre-booking of advance sales. Our property team comprises 27 members, as of September 30, 2018, whose principal responsibility is the maintenance of our estate and the implementation of our agreed capital expenditure plans. Our finance team comprises 106 members, as of September 30, 2018, whose principal responsibility is the maintenance of accurate record-keeping and reporting of our business performance. Our human resources team has 56 members and our IT team has 33 members as of September 30, 2018. For additional information regarding our IT operations, see "—Information Technology." In addition to members in our head office, these include members at the head office of Be At One at Putney, which we are in the process of integrating with our head office in Luton. Pending integration, currently a majority of the office functions of Be At One are managed from its head office at Putney.

Our Offering

Our Drinks Offering

Our drinks sales made up 78.0% of our consolidated revenue for the 53 weeks ended September 30, 2018. We pass through drink price rises annually in April, coinciding with alcohol duty increases in the United Kingdom. The government in the United Kingdom imposed a duty escalator which commenced in April 23, 2009, pursuant to which duties on alcohol rise each year by 2% above the rate of inflation (based on RPI). This duty escalation was removed from beer in the March 2013 budget and from spirits, wine and made-wine, cider and perry in the March 2014 budget, while the March 2015 budget subsequently reduced duty rates on beer, spirits and lower and high-strength cider, and froze duty rates on wine below 22% alcohol by volume and high-strength sparkling cider. In the March 2016 budget, duty rates on wine and made-wine at or below 22% alcohol by volume and high strength sparkling cider above 5.5% alcohol by volume rose at the same rate as RPI inflation, but the UK government froze in cash terms the duty rates on beer, spirits and other drinks above 22% alcohol by volume and still cider and lower strength sparkling cider. In the March 2017 budget, the duty rates on alcohol manufactured in, or imported into, the United Kingdom rose at the same rate as forecast RPI inflation, and in the November 2017 budget, duty rates on beer and most other spirits and ciders were frozen. In the October 2018 budget, duty rates on beer and most other spirits and ciders remained frozen but specifically duty rates on wine and made-wine at or below 22% alcohol by volume and high strength sparkling cider above 5.5% alcohol by volume rose at the same rate as RPI inflation. For risks related to potential increases in alcohol duties to which we are subject, see "Risk Factors—Risks Related to Our Business—Changes in regulations to which we are subject or the introduction of new regulations to which we may become subject could have a negative effect on our business—The taxes and duties to which we are subject may increase."

Our Food Offering

Approximately 86.0% of our pubs offer both food and drinks. We have established strict standards and specifications for the food we source for our pubs to help us ensure the quality and consistency of the food products sold. The Group's mix of food and drink sales varies over the course of the day. On average, food accounted for 34.6% of all pre-5:00 p.m. sales across our pubs for the 53 weeks ended September 30, 2018 (excluding pubs under our Venues format). Our food sales made up 17.0% of our consolidated revenue for the 53 weeks ended September 30, 2018. Although drinks sales are the main focus of our business, our food offering helps us maximize profitability.

We change food menus twice a year, once during spring and once during autumn, passing through any price changes at the same time. We attempt to remain current with, and continue to effectively address, customer preferences and consumer trends in the food and drink market. For risks related to our inability to keep up with these preferences and trends, see "Risk Factors—Risks Related to Our Business—Consumer preferences and perceptions in relation to drink and food may continue to change and we may be unable to adapt to such changes."

Other

Other sales made up 5.0% of our consolidated revenue for the 53 weeks ended September 30, 2018 and consisted of gaming machine income, accommodation income and admission fees into our late night venues.

Property Estate

Geographical Presence

We have a geographically diversified footprint across the United Kingdom that consisted of 725 operating sites as of September 30, 2018, with a strong presence in London and the Southeast region, having 36% of operating sites in these locations. In addition, approximately 77% of our operating sites are located in town centers, with the remaining 23% being located in suburbs.

Number of pubs by region

We review our geographical footprint on an ongoing basis. In 2013, we acquired 12 pubs from Living Room, which allowed us to strengthen our presence in some of the major cities across the United Kingdom, including London, Manchester, Liverpool, Glasgow, Edinburgh and Bristol. Further, in 2013, through our acquisition of 78 pubs from Bramwell, we were able to further grow our reach within the United Kingdom, particularly in cities and towns where we did not yet have an existing presence. In 2015, we acquired 15 pubs from Maclay, which has allowed us to expand our presence in the major cities and towns of Scotland, and in September 2015 we agreed to acquire 53 pubs from TCG, allowing us to continue to strengthen our presence throughout the United Kingdom. In December 2016, we acquired Intertain, which owned and operated 30 pubs across the United Kingdom predominantly under the Walkabout brand, a dedicated sports format popular with millennials, expanding our reach to towns and cities where previously we did not have any sites, such as Carlisle and Lichfield. In addition, we have also selectively acquired 13 pubs from JDW and acquired three central London pubs from the Faucet Inn Sellers, and we continually evaluate opportunities to acquire individual sites in situations where those sites are a particularly good fit for our existing business.

In July 2018, we completed the Be At One Acquisition pursuant to which we acquired 33 bars spread across central London (approximately 34%), outer London (approximately 19%) and regionally in the United Kingdom (approximately 47%), and in December 2018, we completed the acquisition of the last of the 15 pubs acquired under the First Novus Acquisitions and located in attractive areas of London with a high footfall such as the City of London, the West End and Soho. In January 2019, we acquired 32 pubs pursuant to the Fever Bars Acquisition located in certain towns and cities in the United Kingdom, such as Tunbridge Wells, Redditch and Basingstoke, and in a majority of these locations, we have limited or no presence. In addition, in January 2019, we also agreed to acquire six pubs pursuant to the Second Novus Acquisitions. The six sites to be acquired pursuant to the Second Novus Acquisitions are in attractive locations in the business and financial districts of London such as St. Mary Axe, Tooley Street, Canary Wharf and Bishopsgate. We expect to complete the acquisition of the remaining pubs pursuant to the Second Novus Acquisitions in 2019. After giving effect to the acquisition of sites pursuant to the Be At One Acquisition, the First Novus Acquisitions, the Fever Bars Acquisition and the Second Novus Acquisitions, we will operate from 772 sites.

Freehold and Leasehold Properties

As of September 30, 2018, approximately 35.6% of our property portfolio was freehold, comprising 258 pubs, and approximately 3.7% of our property portfolio is long leasehold with 50 years or more remaining under the lease term, comprising 27 pubs. The remaining approximately 60.7% of our property portfolio as of September 30, 2018 is short leasehold with less than 50 years remaining under the lease term, comprising 440 pubs. One of our freehold properties is shared by two of our operating sites.

According to the Valuation Report, which took into account our property portfolio as of February 2017 of 688 sites, consisting of 268 freehold sites, 30 long leasehold sites with 50 years or more remaining under the lease term and 390 short leasehold sites with less than 50 years remaining under the lease term, our portfolio of operating sites had an aggregate value of £740.0 million. Our portfolio of freehold sites was valued at £419 million, our portfolio of long leasehold sites with 50 years or more remaining under the lease term was valued at £54 million and our portfolio of short leasehold sites with less than 50 years remaining under the lease term was valued at £267 million.

With respect to our property portfolio, the majority of our leases have five-year rent review cycles. We are also focused on continuing to monitor our lease agreements in order to take advantage of our ability to renegotiate our rental payments across our estate when possible.

Pub Investment Program

Since we began trading, and through September 30, 2018, we have refurbished approximately 596 of our pubs that we currently operate. We continue to invest in our estate, and for the 156 week period ended September 30, 2018, we have generated an average annual Return on Investment of 35.3%. We have a focused real estate investment program and take a disciplined approach to investment appraisal. We identify priorities for investment through bi-annual estate reviews and have put in place a multi-stage estate review to ensure a disciplined approach to investment across our pubs. Sites are identified by analyzing current performance, consumer trends and capacity opportunities. Investments are then approved through separate operations, business and Board committees. We consider the projected Return on Investment in deciding whether to invest. Following the investment, performance is monitored at each Board meeting for the following three years. See "Risk Factors—Risks Related to Our Business—We would likely not be able to maintain our Return on Investment from our capital projects within the assumed timeframe, or at all."

Pub Disposal Program

We have a program of seeking out unprofitable pubs or pubs that do not conform with any of our formats for disposal if the opportunity cost of doing so is beneficial in the medium-term. For instance, as of the 53 weeks ended September 30, 2018, we disposed of 15 sites to third parties for net consideration of £7.4 million and realized profit on disposal of £327,000. Since September 30, 2018, we have disposed of one pub and closed one pub.

Supply

We review our food and drink inventory and supply management on an ongoing basis to ensure that our offering is responsive to customer demand and to changing customer and industry trends. We have developed strong relationships with certain of our key suppliers, which have enabled us to benefit from attractive pricing terms. Our pubs benefit from shared administrative, supply and logistics functions, thereby reducing costs and yielding cost synergies, including by giving us greater leverage when negotiating our supply agreements. We select our food and drink suppliers based on quality, the price of their products and consumer tastes and preferences.

We purchase the majority of our drink stock from approximately six suppliers, with our leading suppliers being Heineken UK, Molson Coors (UK), Matthew Clark Wholesale Limited, Diageo, Carlsberg UK and Asahi. Our largest drinks supplier is Matthew Clark Wholesale Limited (accounting for approximately 53.0% of our drink supply cost for the 53 weeks ended September 30, 2018) followed by Heineken (UK) (accounting for approximately 11.9% of our drink supply cost for the 53 weeks ended September 30, 2018). Since many of our suppliers source the products that they supply to us in the UK, we have seen minimal impact of recent currency fluctuations since the announcement of Brexit in 2016. We have agreed framework purchasing agreements with each of our suppliers with an average term of two years, pursuant to which our individual pubs make purchase orders when needed. In addition, we typically are not bound by exclusivity arrangements to our suppliers and most of our agreements with our suppliers include a provision that allows us to renegotiate the price terms if our estate increases by 10% or more from the time the contract was entered into. In the past, we have typically been able to use these provisions to negotiate more favorable price terms with our suppliers.

A substantial majority of our food supply is distributed through Brake Bros Limited who, in consultation with us, in turn, sources our food supplies from other suppliers in the market. We have entered into a framework agreement with Brakes Bros Limited for the supply of our food requirements. For risks related to our dependence on certain suppliers, see "Risk Factors—Risks Related to Our Business—We rely on a limited number of suppliers and, if such suppliers continue to consolidate, or face financial difficulties, prices we pay to our suppliers may rise or our operations may be disrupted."

Employees

Employees

As of September 30, 2018, we had 13,939 employees located across the United Kingdom. The number of employees as of September 24, 2017 and September 25, 2016 were 13,408 and 12,864, respectively. Our employees are distributed among our various pubs across the United Kingdom, and as of September 30, 2018, we had 435 pub support staff employed at either our head office in Luton, the head office of Be At One at Putney, which we are in the process of integrating with our head office in Luton, or were field-based.

In addition to permanent salaried employees, we also employ temporary or part-time staff, generally on a monthly-basis. All of hourly paid staff receive the National Minimum Wage, the National Living Wage or a slightly higher rate. General managers have flexibility to pay above the rates set centrally by senior management, as will typically be the case in London and other large cities. Our employees receive 100% of tips left by customers in order to demonstrate that they are rewarded for excellent customer service. We do not have zero hours contracts for our employees. In addition, we operate a bonus scheme for the general managers of our pubs. In accordance with this scheme, general managers receive their base salary plus 10% of any profit above the budget set by senior management, without a cap on the amount of the bonus.

Staff Training and Development

We are focused on the training of our employees, which constitutes one of the main focus points of our management. We have also initiated programs to improve the caliber of our general managers. See "Summary—Our Strategies—Concentrate on our core operating initiatives."

In November 2012 we opened a development center called Albert's Academy. This center is based in Birmingham, which is a central location in the United Kingdom for our pub-based staff. The center provides a multi-functional space for learning and development addressing all aspects of our business and includes facilities such as a state-of-the-art demonstration kitchen and five individual kitchen training pods, alongside two training rooms and a cellar training facility. The facility is used as the primary venue for our training programs. We have also introduced an "app" called Albert's App to train our staff.

In acknowledgement of our work to date, we were awarded the "Best Learning and Development Strategy" award at the 2016 HR Excellence Awards, and we were awarded the "Best Managed Company for Training" (more than 30 outlets) award at the 2016 National Innovation in Training Awards.

Recruitment

We strengthened our human resources team in 2012 with the establishment of an internal recruitment team and the appointment of a success coach to promote the development of our top performing deputy managers. We view our pool of managers as being crucial to our future success and place emphasis on the recruitment and retention of highly skilled management. For risks related to our ability to identify and/or retain a talented pool of managers, see "Risk Factors—Risks Related to Our Business—We are dependent on key executives for our future success."

Employment Legislation

Our site support management and hourly paid employees are subject to the Working Time Regulations, which controls the hours they are legally allowed to work. In addition, as a large number of our staff is employed at the National Minimum Wage or the National Living Wage, we are impacted by increases in the National Minimum Wage and the National Living Wage. For risks related to employment regulations to which we are subject, see "Risk Factors—Risks Related to Our Business—Changes in regulations to which we are subject or the introduction of new regulations to which we may become subject could have a negative effect on our business—Employment regulations provide certain rights and protections to our employees, and changes to these regulations may reduce our ability to operate our business efficiently.”

Insurance

Our group-wide insurance coverage includes policies for risks associated with our business. These policies provide insurance cover for material property damage, material accidents and material business interruption, in addition to standard corporate insurance, including crime and directors and officers insurance.

We believe that our insurance coverage is sufficient for the risks associated with our operations and that our policies are in accordance with customary industry practices. However, there can be no guarantee that the coverage we maintain will be sufficient to cover the cost of defense or other damages in the event of a significant claim. The nature of our business exposes us to various liability claims which may exceed the level of our insurance. See “Risk Factors—Risks Related to Our Business—Our insurance may be insufficient and certain types of loss may be uninsurable.”

Information Technology

We have an information technology team based at our head office in Luton. Our IT team supports the systems used across our pubs as well as the reporting and analysis tool used by our regional managers and senior management team.

The key system used at our pubs is the Aztec EPOS system, which is supported by Zonal. This system records sales, stock and cash at our pubs. Fourth Hospitality’s Tradesimple program is used to place stock orders, receive deliveries and feed stock information into the Aztec EPOS system, which in turn produces the financial information that is used for our management and statutory reporting. We use a separate system for staff planning and payroll. This system is used for both salaried and weekly staff at head offices and at our pubs. The Aztec and Fourth Hospitality systems were designed for the pub and hospitality industry, and we have been able to adapt them for our purposes.

Regulation

Our operations are directly subject to, and indirectly affected by, extensive regulation, including in relation to pub licensing, taxation, health and safety, sanitation, alcoholic drinks control and leisure (gaming) machines. Our operations are also subject to regulation with regard to the environment, data protection and access for the disabled. Some of the regulations to which we are subject in England and Wales are discussed below. We are also subject to regulations in Scotland. The regulatory framework in Scotland is broadly consistent with that of England and Wales detailed below.

Licensing Regulation

Licensing authorities are responsible for the licensing system in England and Wales, which is governed by the Licensing Act of 2003 (the “Licensing Act”). There is a two tier system for licensing: premises licenses and personal licenses.

Premises Licenses

Premises licenses are held by the Company. The grant of a premises license permits the conduct of licensable activities at any premises. Licensable activities relevant to our operations are:

- the sale of alcohol;
- the provision of regulated entertainment; and
- the provision of late-night refreshment, including the provision of hot food and drink after 11:00 p.m.

There is no requirement to renew a premises license every year, but an annual fee is payable, and non-payment of the annual fee can lead to suspension of a premises license. Premises licenses are subject to various mandatory conditions, one of which is that there has to be a designated premises supervisor in respect of each premises license. A designated premises supervisor must by law hold a personal license.

The licensing authorities, when making any decision under the Licensing Act, have to do so in accordance with the four licensing objectives, being:

- the prevention of crime and disorder;

- public safety;
- the prevention of public nuisance; and
- the protection of children from harm.

The concept of fixed hours for the sale of alcohol was removed with the advent of the Licensing Act in November 2005, and all licensed premises now have flexibility (provided applicable licensing fees are paid) in terms of the hours that alcohol can be sold and entertainment and/or late night refreshment provided. This flexibility is however tempered by the fact that any decision to grant a license has to be determined by the licensing authority, having regard to both the licensing objectives, its statement of licensing policy and UK Home Office guidance.

Each licensing authority produces its own statement of licensing policy, which must be revised at least every five years. The UK Home Office has produced its own guidance on the interpretation of the Licensing Act, which licensing authorities must have regard to when making any decisions.

Personal licenses

Each designated premises supervisor must, by law, hold a personal license. Individuals apply to a licensing authority for a personal license where they habitually reside. A personal license is personal to the individual and is portable. The UK government has dispensed with the requirement to renew a personal license every ten years.

Food Hygiene and Health and Safety

Local authority environmental health departments police these areas of regulatory compliance through regular inspections and reactive enforcement visits following accidents and incidents. They seek to ensure compliance with the Food Safety Act of 1990 and Health and Safety at Work Act of 1974. The risk to the business is that it could be required to close and/or that it could be prosecuted, with consequential fines. Government proposals on sentencing guidelines became effective in February 2016, and these may be used retrospectively by the courts. Should a company be found guilty of an offense under any relevant legislation, including corporate manslaughter, the penalties imposed will be significantly higher than in the past, potentially running into millions of pounds.

We manage this risk by the implementation of robust systems of training and record keeping, assisted by the use of professional consultants to ensure compliance.

Gaming Regulation

The provision of machines in premises which have the benefit of a premises license is governed by the Gambling Act of 2005. All premises which have a premises license permitting the sale of alcohol for consumption on the premises, granted under the Licensing Act, and which contain a bar at which alcohol is served, can provide machines available for public use.

Categories of Machines

All such premises are automatically entitled to provide one or two machines of Category C or D (described below). To benefit from the use of these machines, the premises license holder must notify the licensing authority that it wishes to avail itself of the benefit of up to two Category C or D machines, and pay a £50 fee. There is no annual fee payable for this automatic entitlement, once the initial fee has been paid. If the premises wish to have more than two machines of Category C or D, then it must make an application to the licensing authority for a licensed premises gaming machine permit. Such applications may need to be determined by the licensing authority at a hearing. Once granted, an annual fee is payable for such permits.

Category C machines have a maximum cash prize of £100, and a maximum stake of £1. Only persons aged 18 or over are allowed to play on Category C machines. Category D machines have different maximum stakes and prizes, but where the prize is money (which is the usual case), the maximum stake is ten pence, with a maximum prize of £5. Persons under the age of 18 are allowed to play on Category D machines. Commonly, it is Category C machines which are found in licensed premises.

Smoking Regulation

There is a legal requirement under the Health Act 2006 for premises which are classed as "enclosed" to be smoke free. The restrictions do not currently apply to electronic cigarettes which allow the user to inhale nicotine in vapor form, and which do not then produce any smoke, but otherwise apply to anything that can be smoked.

Noise Nuisance Regulation

Local authority environmental health officers are empowered by the Environmental Protection Act of 1990 and associated legislation to police the issue of noise nuisance arising from commercial premises. They have the power to issue fixed penalty notices in certain circumstances and to issue noise abatement notices requiring the cessation of the nuisance. Informal discussion normally precedes such formal action but not always. The onus is on the business to demonstrate due diligence in the prevention of such nuisance.

Environmental Matters

As part of our corporate social responsibility program we have implemented a number of schemes on environmental matters.

We partner with Olleco in the recycling of our used cooking oil. Our used oil is refined into a range of products such as industrial oils and renewable fuels. For the 53 weeks ended September 30, 2018, we collected 951,586 liters (or 880 metric tons) of used cooking oil. This is the equivalent of saving 2,021 metric tons of carbon.

We also work in partnership with Veolia Environmental Services for waste collection and recycling services. Veolia offers a range of recycling services to manage our waste streams. Historically, 46.0% of our waste goes to glass recycling facilities, 11.0% to dry mixed product recycling and 8.0% to sustainable uses of food waste. The remaining 35.0%, is classified as general non-hazardous industrial, of which 98.0% is consigned to energy recovery through heat operations and materials recovery secondary segregation process, while the remaining 2.0% is currently land-filled. As a result we have been able to significantly reduce the amount of waste that is sent to landfills.

We have continued with the installation of smart meters in the majority of our outlets. These help us manage our energy use more efficiently, reducing energy consumption.

We believe that we do not currently have any outstanding material environmental compliance costs or environmental liabilities. See "Risk Factors—Risks Related to Our Business—We could be liable for environmental compliance costs at our properties."

Litigation

We have been and, from time to time, may continue to become party to claims and lawsuits incidental to the ordinary course of our business.

When we completed the Intertain Acquisition, we inherited an outstanding police/local authority investigation following the death of an Intertain employee in February 2014 while working at a Walkabout pub owned by Intertain. The coroner's inquest into this death was held in January 2018 and recorded a conclusion of accidental death. Following the completion of the inquest, we await a decision from the local authority as to whether they intend to initiate a prosecution against us and/or any individuals for breaches of health and safety law. No proceedings have yet been initiated against us, however, if we are prosecuted for health and safety offences in relation to this matter and are found to be guilty, we may become subject to financial penalties or fines. To mitigate the effect of any penalties or fines that may materialize in relation to this matter, a portion of the consideration that would otherwise have been payable on completion of the Intertain Acquisition was placed into escrow and, we believe, that such amount will be sufficient to substantially cover any such potential exposure. However, this escrow arrangement is time bound and we cannot assure you that the amount held in reserve will be sufficient to cover potential claims, fines or penalties or be available for our use at all.

In February 2018, a customer who was queuing to enter one of our venues died due to an incident involving a crowd surge and perimeter barrier collapse outside our venue. This incident is currently being investigated by the local police. While we continue to cooperate with the police in their investigation, we cannot be certain of the outcome of their investigation or any subsequent local authority investigation into suspected breach of health and safety law. We also cannot be certain that we and/or any individuals will not be prosecuted in relation to this incident. If we are prosecuted for health and safety offences in relation to this matter and are found to be guilty, we may become subject to financial penalties.

Notwithstanding the above proceeding, we are not currently involved in any other legal or arbitration proceedings that are expected to have a material adverse effect on our financial position and, to our knowledge, no such legal or arbitration proceedings are currently threatened.

MANAGEMENT

Board of the Issuer

The Issuer was incorporated on March 19, 2014, under the laws of England and Wales. The board of directors of the Issuer is composed of the following members:

Name	Age	Title
Ian Payne	65	Director
Simon Longbottom	47	Director
David Ross	45	Director

Summarized below is a brief description of the experience of the individuals who serve as members of the board of directors of the Issuer.

Ian Payne has served as the chairman of the Company since 2010 and has over 40 years of experience in the retail industry. Mr. Payne has held board positions with Bass Taverns Limited, Stakis plc and Ladbrokes plc. He was chief executive officer of the Laurel Pub Company from its inception in May 2001 through to December 2004 and later chairman of the Bay Restaurant Group and Town & City prior to the initiation of our operations in November 2010. Mr. Payne started his career in the trade behind the bar of a local pub more than 40 years ago.

Simon Longbottom was appointed chief executive officer of the Company on October 27, 2014, replacing Toby Smith, and was appointed as a director of the Issuer on January 31, 2015. Mr. Longbottom has spent much of his career within the licensed industry. Prior to joining us, Mr. Longbottom was a managing director of Pub Partners, a division of Greene King, as well as a managing director of Gala Coral's gaming division. Mr. Longbottom has also held senior positions with Mill House Inns and Mitchell's & Butlers plc.

David Ross has served as our chief financial officer since January 2012 and has over 20 years of experience in the retail industry. Mr. Ross qualified as a chartered accountant with PricewaterhouseCoopers in 1999 before joining Boots as a senior internal audit manager. After holding various senior-level positions in Boots, Mr. Ross joined the Spirit Group in 2004 as head of finance for investments and the development company of their "gastro-pubs and bars" business. Mr. Ross joined Laurel Pub Company in 2007 as head of finance and held that position until the break-up of Laurel Pub Company in 2008 when he was appointed head of finance of Bay Restaurant Group and Town & City. Mr. Ross holds a bachelor's degree in business economics and accounting from Southampton University.

Board of the Company

The Company was incorporated under the laws of the Cayman Islands on August 13, 2010 as an exempted company with limited liability. The board of directors of the Company is composed of the following members:

Name	Age	Title
Ian Payne	65	Director
Manjit Dale	53	Director
Brian Magnus	52	Director
Simon Longbottom	47	Director
David Ross	45	Director

Summarized below is a brief description of the experience of the individuals who serve as members of the board of directors of the Company not already described.

Manjit Dale founded TDR Capital in 2002. Prior to that, Mr. Dale served as managing partner at DB Capital Partners Europe and has almost 20 years' experience in private equity. Mr. Dale graduated from Cambridge University with an honors degree in economics.

Brian Magnus joined TDR Capital in September 2012. Prior to joining TDR, he was a managing director at Morgan Stanley where he was European head of Morgan Stanley Private Equity, and formerly head of UK investment banking. He joined Morgan Stanley in 2000 having previously worked in the corporate finance division of Schroders, a company later acquired by Citigroup. Brian graduated from the University of Manchester with a degree in management sciences and qualified as a chartered accountant with Price Waterhouse.

Management of the Group

The senior management team of the Group is composed of the following members:

Name	Age	Title
Ian Payne	65	Chairman
Simon Longbottom	47	Chief executive officer
David Ross	45	Chief finance officer
Nick Andrews	51	Managing Director—Traditional Pubs
Helen Charlesworth	45	Managing Director—Branded Bars
Suzanne Baker	55	Commercial director
Nicola Pryce	51	Marketing director
Tim Painter	48	Human resources director
Daniel Wilkinson	39	Strategy and Corporate Affairs Director

Summarized below is a brief description of the experience of the individuals who serve as members of management of the Group not already described.

Nick Andrews joined the Company in June 2015 as managing director of our Traditional Pubs estate. Mr. Andrews was previously brand operations director at Mitchells & Butlers, where he worked for five years. Prior to that, he was regional director with Lloyds Banking Group for seven years. He originally joined the Bass PLC graduate program before progressing into roles with Bass Leisure Group and Holiday Inns, eventually becoming director & general manager of the O'Neill's pub chain. He holds a first class honors degree from Leeds Metropolitan University and an MBA from Nottingham Trent University.

Helen Charlesworth joined the Company in June 2015 as managing director of our Branded Pubs estate. Ms. Charlesworth previously served as managing director at Your Move, and prior to her service at Your Move she was an operations director at PizzaExpress. Ms. Charlesworth holds a Master of Science in total quality management and business excellence.

Suzanne Baker has served as our commercial director since June 2011 and has over 20 years of experience in the retail industry. Ms. Baker is responsible for overseeing all of our commercial contracts and relationships including those relating to purchasing and property. Ms. Baker has held board positions in Town & City, Bay Restaurant Group, Laurel Pub Company and JDW. Ms. Baker commenced her career at Grandmet Retail in operations, progressing within marketing and purchasing roles across national brands in the United Kingdom, including at Chef & Brewer Pubs. Ms. Baker holds a Hotel and Catering International Management Association Part B qualification from Staffordshire University.

Nicola Pryce has served as our marketing director since January 2016. Ms. Pryce previously served as global brand marketing director for the London Eye, Madam Tussauds, Sea Life Centers and Legoland Discovery Center at Merlin Entertainments Group, and prior to that she held marketing positions in Selfridges & Co., BAA, Whitbread plc and Hoverspeed. Ms. Pryce is responsible for our brand development and promotions, digital marketing and pre-booked sales.

Tim Painter has served as our human resources director since January 2012 and has over 22 years of experience in the retail industry. Mr. Painter is responsible for the recruitment, training and development of our employees. Mr. Painter started his career in food retail with human resource roles at Asda Group plc and Safeway plc. Mr. Painter then moved to Thorn UK, where he became the human resources director for a division of the business. In 2003, Mr. Painter was appointed as human resources director for Travel Inn, which is a part of Whitbread plc. During his tenure, Travel Inn acquired and integrated the Premier Lodge business to form Premier Travel Inn. In 2006, Mr. Painter returned to the food retail business as human resources director of Musgrave Retail Partners GB, which managed the franchised convenience brands Budgens and Londis. Mr. Painter holds a bachelor's degree in history from Leeds University.

Daniel Wilkinson joined the Company in April 2015 and has served as Strategy and Corporate Affairs Director since April 2016. Mr. Wilkinson is responsible for the strategic direction of our business and is the head of mergers and acquisitions activity within Stonegate. Mr. Wilkinson joined the Company from the leased and tenanted division of Greene King, where he was a commercial director. Mr. Wilkinson holds an MSCi in physics and nuclear science from the University of Birmingham.

Board Practices

The Company is managed by its board of directors, which is made up of five members. The Company's board of directors is responsible for setting our direction through the establishment of strategies, key policies, and the approval of financial objectives and targets. The board of directors monitors the implementation of strategies and policies through a structured approach of reporting by senior management and recognizes the importance of managing relationships with various stakeholders. The Company's board of directors meets on a monthly basis and reviews strategy, operating and capital budgets, operating results and other matters relating to our overall objectives. Additional board meetings are held during the year if required.

Committees

Managing Director Executive Committee

Our Managing Director executive committee is chaired by our managing directors and is composed of our marketing director, human resources director, head of finance and eleven of our operations directors. The Managing Director executive committee meets every month and its principal role is to discuss the performance of the business and operational initiatives. This committee is also the first point of approval for our proposed investment capital expenditure programs.

Operations Board

Our operations board is chaired by our chief executive officer and is composed of our chief financial officer, and strategy and corporate affairs director, managing directors, commercial director, marketing director and human resources director. The operations board meets every month and its principal role is to discuss the performance of the business and marketing plans, and approve any new purchasing agreements. This committee also authorizes proposed investment capital expenditure programs to be presented at strategic planning committee meetings.

Strategic Planning Committee

Our strategic planning committee is chaired by our chairman and is composed of the members of the operations board and representatives of TDR Capital. The strategic planning committee meets every month and its principal role is to determine the strategy of the company and review the performance of the business against established goals. This committee also serves as the final point of authorization for any proposed investment capital expenditure programs.

Risk Management Committee

Our risk management committee is chaired by our head of risk and is composed of representatives from our property, food, operations, commercial and finance departments. The risk management committee meets every three months and its principal role is to monitor the risks facing the industry and the business and to evaluate and develop strategies to respond to, and mitigate, such risk. This committee also monitors and reports on latest developments in regulation to which our business operations are subject.

Conflicts of Interest

We believe that there are currently no conflicts of interest between the duties owed by executive management to us and their private interests. Certain of the directors are representatives of TDR Capital, which is our indirect majority shareholder. In certain situations, the interests of TDR Capital, as indirect majority shareholder, may differ from the interests of our other shareholders. See "Risk Factors—Risks Related to Our Structure—The interests of our controlling shareholder may differ from the interests of the holders of the Notes."

Compensation

The aggregate compensation paid by us to our directors and key management personnel for the 53 weeks ended September 30, 2018 was £4.8 million, comprising their aggregate salaries and short term benefits, post-employment pension benefits and redundancy payments made during this period.

We have established an incentive program for key employees to help us meet our strategic objectives, reward superior performance and encourage achievement of personal objectives. The program incentivizes such key employees through an annual cash bonus program linked to our key financial performance measures.

Management Incentive Program

Pursuant to a management incentive program that was implemented in February 2013, certain members of our senior management were issued Class B ordinary shares of the Parent. Under this program, we extended cash loans to certain members of our senior management in order for them to purchase these shares. In November 2018, certain of our senior managers sold all or part of their Class B ordinary shares to one of our indirect parent companies for proceeds in an aggregate amount of £9.9 million. Managers who received these proceeds applied a portion of them to repay the cash loans that were initially made to them in connection with their acquisition of Class B ordinary shares. In November 2018 we also paid bonuses in an aggregate amount of £13.8 million to certain of our senior managers under this program, which was financed by equity contributions made by the Parent.

We are in the process of implementing a new management incentive program, under which certain existing and new members of our management will be able to purchase Class B ordinary shares of the Parent. Under the new management incentive program, we will similarly extend cash loans to certain members of our management in order for them to purchase these shares. The new management incentive program will replace the existing one and will have substantially similar terms and conditions. For example, in the event of a transfer of all the shares of the Group, an initial public offering, an asset sale of all or substantially all of the Group's assets, or a liquidation, these managers will be entitled to receive proceeds based on their respective holdings of ordinary B shares calculated based on the sale price. In addition, the new management incentive program will include good and bad leaver provisions in the event that a manager leaves the Company. Depending on the cause and time of leaving, managers may receive a payment between the fair market value of their investment and the initial investment cost.

We may change the terms and conditions of the management incentive program that we currently have in place and may introduce additional measures to incentivize our management going forward. From time to time, we may also include new managers under our management incentive program.

Share Ownership

Certain members of our board of directors and senior management have a beneficial ownership interest in the Parent. See "Principal Shareholders."

PRINCIPAL SHAREHOLDERS

All the outstanding shares of the Company are held by the Parent, and all the outstanding shares of the Issuer are held by the Company.

The Parent was incorporated under the laws of the Cayman Islands on January 15, 2013 as an exempted company with limited liability. The registered office of the Parent is at the offices of Conyers Trust Company (Cayman) Limited, Boundary Hall, Cricket Square, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands and its telephone number is +1 345 949 1040.

The issued share capital of the Parent consists of two classes of ordinary shares, which are designated as Class A ordinary shares and Class B ordinary shares. The Class A ordinary shares and the Class B ordinary shares each have a nominal value of £0.01. The following table sets forth certain beneficial ownership information regarding holders of the ordinary shares in the Parent and the percentage owned by each shareholder as of January 25, 2019.

Share class	TDR Beneficial Ownership		Management(1)		Total	
Class A Ordinary Shares	151,965,844	98.3%	—	—	151,965,844	98.3%
Class B Ordinary Shares	2,016,000	1.3%	640,000	0.4%	2,656,000	1.7%
Total	**153,981,844**	**99.6%**	**640,000**	**0.4%**	**154,621,844**	**100.0%**

(1) In connection with the implementation of our new management incentive program (see "Management—Management Incentive Program"), we currently expect that management's beneficial ownership of Class B ordinary shares will increase to 0.9%, while TDR's beneficial ownership of Class A ordinary shares and Class B ordinary shares will dilute proportionately.

Information About Our Principal Shareholder

TDR Capital is a leading private equity firm which managed funds with over €8.0 billion of committed capital as of the end of 2018. It was founded in 2002 by Manjit Dale and Stephen Robertson, who were previously partners at DB Capital Partners. TDR Capital has an experienced team of investment professionals and operating partners and has a low-volume investment strategy based on principles developed by the investment team over the past decade. TDR Capital seeks to spend significant resources on each investment and to focus on operational excellence through a tested and integrated operating partner model.

Intense pre-investment analysis and post-investment involvement mean that TDR Capital is selective, typically making only one to three investments a year. TDR Capital takes an active role in overseeing the operations of its investments, working in partnership with management through board representation and professional support.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

We enter into transactions with our shareholders and other entities owned by, or affiliated with, our direct and indirect shareholders in the ordinary course of business. These transactions include, among other things, professional advisory, consulting and other corporate services. The following discussion is a brief summary of certain material arrangements, agreements and transactions we have with related parties.

Management Fees and Other Transactions with TDR Capital

The Company is a wholly-owned subsidiary of the Parent. The Parent is indirectly majority-owned by TDR Capital. See "Principal Shareholders." For the 53 weeks ended September 30, 2018, we paid TDR Capital management services and monitoring fees in an aggregate amount of £2.0 million. As of September 2018, we owed TDR Capital £0.5 million in respect of the management services rendered by them.

During the 53 weeks ended September 30, 2018, the Company purchased inventory in the amount of £377,000 on behalf of TDR Capital for TDR Capital's use in the operation of certain public houses. TDR Capital repaid £301,000 of this amount during the 53 weeks ended September 30, 2018 and the outstanding balance in favor of the Company as of September 30, 2018 was £37,000 (after netting certain carry forward balances that existed at the beginning of the period).

During the 53 weeks ended September 30, 2018, we disposed of one site to Cubitt House Limited, an entity affiliated with TDR Capital, for £1,600,000.

Management Incentive Program

Certain managers of our Group hold shares in the Parent under a management incentive program. Pursuant to this program, for the 53 weeks ended September 30, 2018, we made no new loans to members of our senior management and interest charged on loans amounted to £64,000. In addition, for the 53 weeks ended September 30, 2018, an amount of £197,000 was repaid on these loans. The total amount outstanding in respect of loans made to senior management as of September 30, 2018 was £1.1 million, which was repaid in November 2018. See "Management—Management Incentive Program." In connection with the management incentive program, we also had a payable of £2.6 million owing to Parent as of September 30, 2018.

Loan to our Chief Executive Officer

During the 52 weeks ended September 27, 2015, the Company made an interest-free loan in the amount of £200,000 to Simon Longbottom, the chief executive officer and a director of the Company. The entire amount of this loan was outstanding as of September 30, 2018.

Other than as specified above (e.g., in the case of the interest free loan to our chief executive officer), we believe that these transactions with our affiliate entities were made in the ordinary course of business, on fair terms and at arm's length. We may, from time to time, enter into similar arrangements with entities affiliated with TDR Capital in the ordinary course of business and on terms that we believe are no less favorable than those that could reasonably have been obtained at such time from an unaffiliated party.

DESCRIPTION OF OTHER INDEBTEDNESS

The following contains a summary of the material provisions of the Revolving Credit Facility Agreement, the Senior Secured Credit Facility Agreement, certain other existing third-party debt and the Intercreditor Agreement. This summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying documents.

Revolving Credit Facility Agreement

Overview and Structure

In connection with the issuance of the Original Notes, the Company, as parent, and certain of its subsidiaries entered into a £50.0 million super senior revolving credit facility agreement on March 16, 2017 (as amended and/or restated from time to time, the "Revolving Credit Facility Agreement") with Barclays Bank PLC as lender and arranger.

The Revolving Credit Facility Agreement may be utilized by any current or future borrower under the Revolving Credit Facility Agreement in pound sterling only by the drawing of cash advances or ancillary facilities. The Revolving Credit Facility Agreement may be used for financing or refinancing our working capital requirements and for general corporate purposes.

The Revolving Credit Facility may be utilized until the date falling one month prior to the "termination date" of the Revolving Credit Facility (which is the date falling 54 months after March 16, 2017).

The current borrowers under the Revolving Credit Facility Agreement are the Company, Barley Pub Company Limited, Hops Pub Company Limited, Slug and Lettuce Company Limited and Town and City Pub Group Limited.

Interest and Fees

Loans under the Revolving Credit Facility Agreement initially bore interest at rates per annum equal to LIBOR, plus a margin of 3.0% per annum. Since September 16, 2017, the margin for each loan under the Revolving Credit Facility Agreement has been subject to reduction if certain leverage ratios are met. The margin as of the Issue Date is 3.0%.

A commitment fee is payable on the aggregate undrawn and uncancelled amount of the Revolving Credit Facility until the end of the availability period for the Revolving Credit Facility at a rate of 35% of the then applicable margin for the Revolving Credit Facility. Generally, the commitment fee is payable quarterly in arrears, on the last day of availability of the Revolving Credit Facility and, if cancelled, on the cancelled amount of the relevant lender's commitment under the Revolving Credit Facility at the time such cancellation is effective.

Default interest is calculated as an additional 1% per annum above the rate otherwise payable on the overdue amount.

Repayments

Loans under the Revolving Credit Facility Agreement must be repaid on the last day of the interest period relating thereto, subject to a netting mechanism against new loans under the Revolving Credit Facility Agreement to be drawn on such date.

All outstanding amounts under the Revolving Credit Facility Agreement are required to be repaid on the "termination date" (see "—Overview and Structure" above).

Prepayment

The Revolving Credit Facility Agreement allows for voluntary prepayments (subject to a minimum amount).

The Revolving Credit Facility Agreement also permits each lender to require the mandatory prepayment of all amounts due to that lender upon (a) an initial public offering (an "IPO"), (b) a sale of all or substantially all of the Group's assets or (c) a "Change of Control" (which comprises (i) prior to an IPO, TDR Capital ceasing to own, directly or indirectly, more than 50% of the issued share capital and voting rights in the Company and/or the ability to determine the composition of the majority of the board of directors or equivalent body of the Company; (ii) following an IPO, (x) TDR Capital ceasing to control or own, directly or indirectly, more than 30% of the issued share capital and/or voting rights of the Company or (y) a person or a group of persons acting in concert acquiring more issued shares and/or voting rights, directly or indirectly, in the Company than TDR Capital or (iii) the Parent ceasing to control or own, legally and beneficially, directly or indirectly, 100% of the issued share capital and/or voting rights in the Company.

Guarantees

The Revolving Credit Facility Agreement is guaranteed by the Issuer and the Guarantors, including the Company. The Revolving Credit Facility Agreement and the Indenture benefit from the same guarantees (except that the Issuer does not guarantee the Original Notes and will not guarantee the New Floating Rate Notes).

The Revolving Credit Facility Agreement requires that (subject to the Agreed Security Principles) the Guarantors of the Revolving Credit Facility represent or exceed (i) 80% of consolidated EBITDA (as set out in the Revolving Credit Facility Agreement) of the restricted group, and (ii) 80% of the gross assets of the restricted group.

Furthermore, if on the last day of a fiscal year of the Company, the Guarantors of the Revolving Credit Facility represent less than 80% of the consolidated EBITDA (as set out in the Revolving Credit Facility Agreement) of the restricted group and/or less than 80% of the total assets of the restricted group (subject to certain exceptions), within 90 days of delivery of the annual financial statements of the Company for the relevant fiscal year, such other members of the restricted group (subject to the Agreed Security Principles) are required to become additional Guarantors of (and grant security for) the Revolving Credit Facility until the requirement is satisfied (to be calculated as if such additional Guarantors had been Guarantors of the Revolving Credit Facility on such last day of the relevant fiscal year).

Security

The Revolving Credit Facility Agreement is secured by the same security interests granted as security for the Notes. See “Description of the Notes—Security—The Collateral.”

Representations and Warranties

The Revolving Credit Facility Agreement contains certain customary representations and warranties (subject to certain exceptions and qualifications and with certain representations and warranties being repeated), including status and incorporation, binding obligations, non-conflict with constitutional documents, applicable laws and certain other obligations, power and authority, authorizations and no default.

Covenants

The Revolving Credit Facility Agreement contains certain of the incurrence covenants and related definitions (with certain adjustments) that are included in the section entitled “Description of the Notes—Certain Covenants.” In addition, the Revolving Credit Facility Agreement contains a financial covenant (see “—Financial Covenant”).

The Revolving Credit Facility Agreement also contains a “notes purchase condition” covenant. Subject to certain exceptions set out in the Revolving Credit Facility Agreement, the Company may not, and shall procure that no other member of the restricted group will, repay, prepay, purchase, defease, redeem or otherwise acquire or retire the principal amount of the Notes (or, in each case, any replacement or refinancing thereof as permitted under the Revolving Credit Facility Agreement from time to time but, for the avoidance of doubt, excluding any amount outstanding under any “finance document” entered into in respect of the Revolving Credit Facility) prior to its scheduled repayment date in any manner which involves the payment of cash consideration by a member of the restricted group to a person which is not a member of the restricted group. The exceptions to such covenant include, *inter alia*, generally, payments that do not exceed 50% of the aggregate original principal amount of the Notes in existence as of the date of their issuance or incurred at any time after their issuance.

The Revolving Credit Facility Agreement also requires certain members of the restricted group to observe certain affirmative covenants, including covenants relating to maintenance of “guarantor and security coverage” (see “—Guarantees” above) and further assurance with respect to security interests granted.

Certain of the covenants under the Revolving Credit Facility Agreement will be suspended upon an achievement by the Notes of a rating equal to or better than Baa3 and BBB-, according to Moody’s Investor Services, Inc. and Standard & Poor’s Investors Ratings Services, respectively.

The Revolving Credit Facility Agreement also contains an "information covenant" under which, among other things and in the first instance, the Company is required to deliver to the lender annual financial statements, quarterly financial statements and compliance certificates. Note, however, that the delivery of reports as set out under the caption "Description of the Notes—Certain Covenants—Reports" satisfies the reports aspect of the information covenant.

Financial Covenant

The Revolving Credit Facility Agreement requires the Company to comply with a "minimum EBITDA covenant" (as set out in the Revolving Credit Facility Agreement), if any amounts are outstanding under the Revolving Credit Facility. The minimum EBITDA covenant is tested quarterly on a rolling basis, with the first test date having occurred on July 2, 2017.

The Company is permitted to prevent or cure breaches of the minimum EBITDA covenant by applying a "cure" amount (generally, amounts received by the Company in cash pursuant to any new equity or permitted subordinated debt) in prepayment of all outstanding loans under the Revolving Credit Facility Agreement. No more than four different cure amounts may be taken into account prior to the original termination date of the Revolving Credit Facility Agreement.

Events of Default

The Revolving Credit Facility Agreement contains a limited number of events of default (misrepresentation, unlawfulness, failure to comply with the minimum EBITDA covenant (subject to cure) and failure to comply with the information covenant), subject in certain cases to agreed grace periods and other qualifications. Additionally, the Revolving Credit Facility Agreement mirrors the events of default applicable to the Notes.

Senior Secured Credit Facility Agreement

General

On July 20, 2018, the Company, as borrower and parent and the Company and certain of its subsidiaries as guarantors, entered into the Senior Secured Credit Facility Agreement in the amount of £90.0 million with Barclays Bank PLC, as mandated lead arranger, original lender, agent and security agent, in connection with the financing of the Be At One Acquisition and the First Novus Acquisitions. Amounts borrowed under the Senior Secured Credit Agreement were applied towards (directly or indirectly) the financing or refinancing of the Be At One Acquisition and the First Novus Acquisitions and related transaction costs. The Senior Secured Credit Facility initially bears interest at rates per annum equal to the aggregate of an applicable margin, which steps up over time, plus LIBOR for the relevant interest period. Since January 23, 2019, the margin has been set at 5.50% and is set at this level for a period of three months from such date.

On January 21, 2019, the Company and Barclays Bank PLC entered into an amendment and restatement agreement to the Senior Secured Credit Facility Agreement pursuant to which the Senior Secured Credit Facility was increased to £135.0 million in connection with the financing of the Fever Bars Acquisition and the Second Novus Acquisitions. Amounts that have been borrowed under the increased Senior Secured Credit Facility were applied towards (directly or indirectly) the financing of the Fever Bars Acquisition. The amounts that remain available for borrowing under the Senior Secured Credit Facility Agreement, which were intended to finance the Second Novus Acquisitions, we expect to cancel concurrently with the closing of the Offering.

The Company will be required to pay (or procure the payment of) customary arrangement fees to the arranger in connection with the increase in the Senior Secured Credit Facility.

The Senior Secured Credit Facility has an initial maturity of approximately one year from the completion date of the Be At One Acquisition, with the maturity to be extended to March 15, 2022 (subject to certain conditions customary to bridge loan financing of this nature), in the event that the Senior Secured Credit Facility has not been refinanced after that initial period.

The Senior Secured Credit Facility will be terminated substantially concurrently with the closing of the Offering.

Security

The Senior Secured Credit Facility is secured by the same collateral as that securing the Notes. See "Description of the Notes—Security—The Collateral."

Representations

The Senior Secured Credit Facility Agreement contains certain customary representations and warranties (subject to certain exceptions and qualifications and with certain representations and warranties being repeated), including status and incorporation, binding obligations, non conflict with constitutional documents, applicable laws and certain other obligations, power and authority, authorizations and no default.

Covenants and Events of Default

The Senior Secured Credit Facility contains incurrence covenants and events of default that are substantially similar as those with respect to the Notes, as set forth in "Description of the Notes" and the Revolving Credit Facility Agreement. In addition, the Senior Secured Credit Facility Agreement contains a limited number of events of default (misrepresentation, unlawfulness and failure to comply with the Intercreditor Agreement), subject in certain cases to agreed grace periods and qualifications.

Original Notes

On March 16, 2017, the Issuer issued £190,000,000 aggregate principal amount of the Original Floating Rate Notes due 2022 and £405,000,000 aggregate principal amount of the Original Fixed Rate Notes due 2022 under the Indenture, which remain outstanding as of the date of this Offering Memorandum. The terms of the Original Notes are substantially similar to those of the New Floating Rate Notes. See "Description of the Notes."

Intercreditor Agreement

General

To establish the relative rights of certain of our creditors under our financing arrangements, the Company, in its capacity as parent, and certain of its subsidiaries (including the Guarantors) (together the "Debtors") have entered into the Intercreditor Agreement dated March 16, 2017 with, among others, the Security Agent, the lender under our Revolving Credit Facility (the "Senior Lender") and the Trustee. The Intercreditor Agreement is governed by English law and sets out, among other things, the relative ranking of certain indebtedness of the Debtors, the relative ranking of certain security granted by the Debtors, when payments can be made in respect of debt of the Debtors, when Enforcement Action (as defined below) can be taken in respect of that indebtedness, the terms pursuant to which certain of that indebtedness will be subordinated upon the occurrence of certain insolvency events and turnover provisions.

The following description is a summary of certain provisions contained in the Intercreditor Agreement. It does not restate the Intercreditor Agreement in its entirety and the Intercreditor Agreement, and not the description that follows, defines certain rights (and restrictions on entitlement) of the Company and holders of the Notes.

Capitalized terms set forth and used in this section entitled "—Intercreditor Agreement" have the same meanings as set forth in the Intercreditor Agreement (as amended and restated), which may have different meanings from the meanings given to such terms and used elsewhere in this Offering Memorandum.

Ranking and Priority

Priority of Debt

The Intercreditor Agreement provides that the liabilities owed by the Debtors (other than that member of the Group (being the Company and its subsidiaries for the time being) that is the issuer or borrower of Senior Subordinated Notes or Permitted Subordinated Financing Debt (each, as defined below, a "Senior Subordinated Debt Issuer")) to the Senior Lender and the counterparties under certain hedging agreements (the "Hedging Counterparties" and together with the Senior Lender, the "Senior Creditors"), the holders of any senior secured notes including the Notes (referred to as "Senior Notes" herein) and the trustee in relation to such senior secured notes including the Trustee (collectively the "Senior Note Creditors") and the creditors under any other permitted future debt that is designated as "Permitted Senior Financing Debt" (the "Permitted Senior Financing Creditors" and together with the Senior Creditors and the Senior Note Creditors, the "Senior Secured Creditors"), the holders of notes designated as "Senior Subordinated Notes" and the creditors under certain permitted future debt that is designated as "Permitted Subordinated Financing Debt" (the "Senior Subordinated Creditors" and together with the

Senior Secured Creditors, the "Primary Creditors") shall rank in right and priority of payment in the following order and are postponed and subordinated to any prior ranking liabilities as follows: *first*, the liabilities owed to the Senior Lender ("Senior Lender Liabilities"), the liabilities owed under any Senior Notes (the "Senior Notes Liabilities"), the liabilities owed under the Permitted Senior Financing Debt (the "Permitted Senior Financing Liabilities"), the liabilities owed to the Hedging Counterparties (other than any excluded swap obligations) (the "Hedging Liabilities"), amounts due to the Trustee and amounts due to the trustee under any Senior Subordinated Notes (the "Senior Subordinated Notes Trustee") *pari passu* and without any preference between them; and *second*, the liabilities owed under the Senior Subordinated Notes (the "Senior Subordinated Notes Liabilities") and the liabilities owed under certain permitted future debt that is designated "Permitted Subordinated Financing Debt" (the "Permitted Subordinated Financing Liabilities") *pari passu* between themselves and without any preference amongst them.

The liabilities owed by any Senior Subordinated Debt Issuer (to the extent relating to Senior Subordinated Liabilities (as defined below) where that Subordinated Debt Issuer is the issuer or the borrower) to the Primary Creditors shall rank *pari passu* in right and priority of payment without any preference amongst them.

The Senior Subordinated Notes Liabilities and the Permitted Subordinated Financing Liabilities are senior obligations of the Senior Subordinated Debt Issuer. Notwithstanding the preceding sentence, until the date the Senior Lender Liabilities, the Hedging Liabilities, the Senior Notes Liabilities and the Permitted Senior Financing Liabilities have been discharged (the "Senior Discharge Date"), the Senior Subordinated Creditors may not take any steps to appropriate the assets of the Senior Subordinated Debt Issuer subject to the Security Documents in connection with any Enforcement Action, other than as expressly permitted by the Intercreditor Agreement.

The Intercreditor Agreement provides that the intragroup liabilities owed by any Debtor to another Debtor ("Intra-Group Liabilities") and liabilities owed by the Company to an Investor (the "Investor Liabilities") are postponed and subordinated to the liabilities owed by the Debtors to the Primary Creditors.

The Intercreditor Agreement does not purport to rank any of the Investor Liabilities or the Intra-Group Liabilities (together, the "Subordinated Liabilities") as between themselves. The creditors of the Subordinated Liabilities are referred to herein as the "Subordinated Creditors."

Priority of Security

The security secures the relevant liabilities (but only to the extent that such security is expressed to secure the relevant liabilities) in the following order: *first*, the Senior Lender Liabilities, the Senior Notes Liabilities, the Permitted Senior Financing Liabilities and the Hedging Liabilities (collectively, the "Senior Liabilities"), amounts due to the Trustee and amounts due to the Subordinated Notes Trustee, *pari passu* and without preference among them; and *second*, the Senior Subordinated Notes Liabilities and the Permitted Subordinated Financing Liabilities (together, the "Senior Subordinated Liabilities") *pari passu* and without preference among them.

Additional and/or Refinancing Debt

The creditors under the Intercreditor Agreement acknowledge in the Intercreditor Agreement that the Debtors (or any of them) may wish to (i) incur incremental borrowing liabilities (including guarantees of such liabilities) or (ii) refinance or replace borrowing liabilities (including incurring guarantee liabilities in respect of such refinancing or replacement), such liabilities are intended to rank *pari passu* with any other liabilities and/or share *pari passu* in any security and/or to rank behind any other liabilities and/or to share in any security behind any such other liabilities. Subject to the Intercreditor Agreement, the creditors in the Intercreditor Agreement undertake (at the cost of the Debtors) to co-operate with the Company and the Debtors with a view to enabling such financing, refinancing or replacement and such sharing in the security to take place in a timely manner.

Permitted Payments

Subject to the Intercreditor Agreement, the Company and the Debtors may make payments of the Senior Liabilities at any time, provided that, prior to the date on which all liabilities owed to the Senior Creditors are discharged in full (the "Senior Discharge Date"), following the occurrence of a senior acceleration event which is continuing, the declaration by any of the Senior Agents that a "Senior Distress Event" has occurred, which is continuing no Debtor may make payments of Senior Lender Liabilities, Senior Notes

Liabilities or Permitted Senior Financing Liabilities except for Recoveries (as defined below) distributed in accordance with the provisions set out below the caption "—Application of Proceeds," provided further that:

(i) for the avoidance of doubt, unless any such payment constitutes proceeds of a type expressly referred to in the turnover provisions of the Intercreditor Agreement, that payment shall not be required to be paid to the Security Agent by any Senior Secured Creditor pursuant to (or otherwise be subject to the provisions of) such turnover provision;

(ii) any such prohibited payment will remain owing by the relevant Debtor(s) in accordance with the terms of the relevant Secured Debt Document (as defined below); and

(iii) the operation of this provision shall not prevent a Senior Secured Creditor from receiving any payment of Senior Lender Liabilities, Senior Notes Liabilities or Permitted Senior Financing Liabilities (as the case may be) from any distribution or dividend out of any Debtor's unsecured assets (*pro rata* to each unsecured creditor's claim) made by a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer appointed in respect of any Debtor or any of its assets (without prejudice to any applicable obligations under the turnover provisions).

Prior to the Senior Discharge Date, any member of the Group may make any payment in respect of the Senior Subordinated Liabilities at any time (such payments, the "Permitted Senior Subordinated Payments"):

(i) if:

  (A) the payment is of: (1) any of the principal amount of the Senior Subordinated Liabilities which is either not prohibited by the Revolving Credit Facility, the Indenture or any Permitted Senior Financing agreement (each a "Senior Financing Agreement") or paid on or after the final maturity date of the relevant Senior Subordinated Liabilities (subject to certain conditions); or (2) any other amount which is not an amount of principal or capitalized interest;

  (B) no Senior Subordinated Payment Stop Notice (as defined below) is outstanding; and

  (C) no payment default in respect of principal, interest or fees (not including costs and expenses) and in each case, exceeding £200,000 under the Revolving Credit Facility, the Senior Notes, or the Permitted Senior Financing Debt ("Senior Payment Default") (as applicable) has occurred and is continuing;

(ii) if the Senior Lender (for so long as it is the sole lender under the Revolving Credit Facility) or, if there is more than one Senior Lender, the Senior Lenders whose commitments at that time aggregate more than 66⅔% of the aggregate of all commitments under the Revolving Credit Facility (the "Majority Senior Lenders"), the Trustee and the required creditors or representative, as applicable, in respect of any other Permitted Senior Financing Debt (collectively, the "Required Senior Consent") give prior consent to that payment being made (insofar as such consent is required because it is otherwise prohibited under the relevant Permitted Senior Financing Agreement);

(iii) if the payment is of certain amounts due to the Senior Subordinated Notes Trustee for its own account;

(iv) if the payment is made by a Senior Subordinated Debt Issuer and funded directly or indirectly with amounts which have not been received by such entity from another member of the Group;

(v) of any costs and expenses of any holder of security in relation to protection, preservation or enforcement of such security;

(vi) of costs, commissions, taxes, fees and expenses incurred in respect of or in relation to (or reasonably incidental to) any of the Senior Subordinated Notes indenture and any Permitted Subordinated Financing Debt documents;

(vii) if the payment is funded directly or indirectly with Permitted Subordinated Financing Debt;

(viii) if the payment is funded with amounts permitted by the terms of the Secured Debt Documents, the Senior Subordinated Notes indenture and the Permitted Subordinated Financing Debt documents to be paid to any direct or indirect shareholder in the Company; or

(ix) of any other amount not exceeding £5 million (or its equivalent) in aggregate in any financial year of the Company.

On or after the Senior Discharge Date, any member of the Group may make payments directly or indirectly in respect of the Senior Subordinated Liabilities at any time.

Payment Blockage Provisions

Until the Senior Discharge Date, except with the Required Senior Consent, no Senior Subordinated Debt Issuer shall make (and the Company shall procure that no other member of the Group shall make), and neither the Senior Subordinated Notes Trustee, any holder of Senior Subordinated Notes nor the Permitted Subordinated Financing Creditor may receive over any member of the Group, any Permitted Senior Subordinated Payment (other than certain amounts due to the Senior Subordinated Notes Trustee for its own account, payments funded by amounts not received from another member of the Group or payments funded by Permitted Subordinated Financing Debt) if:

(i) a Senior Payment Default is continuing; or

(ii) an event of default under a Senior Financing Agreement (a "Senior Event of Default") (other than a Senior Payment Default) is continuing, from the date which is one business day after the date on which any of the Senior Lender, the Trustee and any representative of Permitted Senior Financing Debt (together, the "Senior Agents") delivers a payment stop notice (a "Senior Subordinated Payment Stop Notice") specifying the event or circumstance in relation to that Senior Event of Default to the Company, the Security Agent, the other Senior Agents, the Senior Subordinated Notes Trustee and any representative of Senior Subordinated Financing Debt (together with the Senior Subordinated Notes Trustee, the "Senior Subordinated Agents") until the earliest of:

- the date falling 179 days after delivery of that Senior Subordinated Payment Stop Notice;
- in relation to payments of the Senior Subordinated Liabilities, if a Company standstill period is in effect at any time after delivery of that Senior Subordinated Payment Stop Notice, the date on which that standstill period expires;
- the date on which the relevant Senior Event of Default has been remedied or waived in accordance with the applicable Senior Financing Agreement;
- the date on which the Senior Agent which delivered the relevant Senior Subordinated Payment Stop Notice delivers a notice to the Company, the other Senior Agents, the Security Agent and the Senior Subordinated Agents cancelling the Senior Subordinated Payment Stop Notice;
- the Senior Discharge Date; and
- the date on which the Security Agent or a Senior Subordinated Agent takes Enforcement Action permitted under the Intercreditor Agreement against a Debtor.

Unless each Senior Subordinated Agent waives this requirement, (i) a new Senior Subordinated Payment Stop Notice may not be delivered unless and until 360 days have elapsed since the delivery of the immediately prior Senior Subordinated Payment Stop Notice; and (ii) no Senior Subordinated Payment Stop Notice may be delivered by a Senior Agent in reliance on a Senior Event of Default more than 45 days after the date that Senior Agent received notice of that Senior Event of Default.

The Senior Agents may only serve one Senior Subordinated Payment Stop Notice with respect to the same event or set of circumstances. Subject to the immediately preceding paragraph, this shall not affect the right of the agents to issue a Senior Subordinated Payment Stop Notice in respect of any other event or set of circumstances.

No Senior Subordinated Payment Stop Notice may be served in respect of a Senior Event of Default which had been notified to the agents at the time at which an earlier Senior Subordinated Payment Stop Notice was issued.

Neither the relevant Senior Subordinated Debt Issuer nor any Debtor shall be released from the liability to make any payment (including of default interest, which shall continue to accrue) under the Senior Subordinated Notes indenture and any Permitted Subordinated Financing Debt document by the operation of the provisions described above even if its obligation to make such payment is restricted at any time by the terms of any of those provisions.

The accrual and capitalization of interest (if any) in accordance with the Senior Subordinated Notes indenture and any Permitted Subordinated Financing Debt document shall continue notwithstanding the issue of a Senior Subordinated Payment Stop Notice.

Cure of Payment Stop

If:

(i) at any time following the issue of a Senior Subordinated Payment Stop Notice or the occurrence of a Senior Payment Default, that Senior Subordinated Payment Stop Notice ceases to be outstanding and/or (as the case may be) the Senior Payment Default ceases to be continuing; and

(ii) the relevant Senior Subordinated Debt Issuer or the relevant Debtor then promptly pays to the Senior Subordinated Creditors an amount equal to any payments which had accrued under the Senior Subordinated Notes indenture and any Permitted Subordinated Financing Debt document and which would have been Permitted Senior Subordinated Payments but for that Senior Subordinated Payment Stop Notice or Senior Payment Default,

then any event of default (including any cross default or similar provision under any other debt document) which may have occurred as a result of that suspension of payments shall be waived and any Senior Subordinated Enforcement Notice (as defined below) which may have been issued as a result of that event of default shall be waived, in each case without any further action being required on the part of the creditors.

Restrictions on Enforcement by Senior Subordinated Creditors

Until the Senior Discharge Date, except with the prior consent of or as required by an Instructing Group (as defined below):

(i) no Senior Subordinated Creditor shall direct the Security Agent to enforce, or otherwise require the enforcement of any security; and

(ii) no Senior Subordinated Creditor shall take or require the taking of any Enforcement Action in relation to the guarantees by a member of the Group of any of the obligations of any member of the Group under the Senior Subordinated Notes finance documents and/or Permitted Subordinated Financing Debt documents,

except as permitted under the provisions set out under the caption "—Permitted Senior Subordinated Enforcement" below, provided, however, that no such action required by the Security Agent need be taken except to the extent the Security Agent otherwise is entitled under the Intercreditor Agreement to direct such action.

"Enforcement Action" is defined as:

in relation to any liabilities:

- the acceleration of any liabilities or the making of any declaration that any liabilities are prematurely due and payable (other than as a result of it becoming unlawful for a Senior Secured Creditor or a Senior Subordinated Creditor to perform its obligations under, or of any voluntary or mandatory prepayment arising under, any of the debt documents);
- the making of any declaration that any liabilities are payable on demand;
- the making of a demand in relation to a liability that is payable on demand;
- the making of any demand against any member of the Group in relation to any guarantee liabilities of that member of the Group;
- the exercise of any right to require any member of the Group to acquire any liability (including exercising any put or call option against any member of the Group for the redemption or purchase of any liability, or any other similar or equivalent provision of any of the Revolving Credit Facility, the Revolving Credit Facility finance documents, the Senior Notes finance documents, the Permitted Senior Financing Debt documents, the hedging agreements regulated by the Intercreditor Agreement, the Senior Subordinated Notes finance documents and/or the Permitted Subordinated Financing Debt documents (the "Secured Debt Documents")) and/or any other acquisition of liabilities, acquisition or transaction which any member of the Group is not prohibited from entering into by the terms of the Secured Debt Documents and excluding any mandatory offer arising as a result of a change of control or asset sale (howsoever described) as set out in the Senior Notes finance documents or the Senior Subordinated Notes finance documents (or any other similar or equivalent provision of any of the Secured Debt Documents);

- the exercise of any right of set-off, account combination or payment netting against any member of the Group in respect of any liabilities other than the exercise of any such right:
- as close-out netting by a Hedge Counterparty or by a hedging ancillary lender;
- as payment netting by a Hedge Counterparty or by a hedging ancillary lender;
- as inter-hedging agreement netting by a Hedge Counterparty;
- as inter-hedging ancillary document netting by a hedging ancillary lender; and/or
- which is otherwise permitted by the terms of any of the Secured Debt Documents (other than the hedging agreements), in each case to the extent that the exercise of that right gives effect to a permitted payment;
- the suing for, commencing or joining of any legal or arbitration proceedings against any member of the Group to recover any liabilities;
- the premature termination or close-out of any hedging transaction under any hedging agreement, save to the extent permitted by the Intercreditor Agreement;
- the taking of any steps to enforce or require the enforcement of any security (including the crystallization of any floating charge forming part of the security);
- the entering into of any composition, compromise, assignment or similar arrangement with any member of the Group which owes any liabilities, or has given any security, guarantee or indemnity or other assurance against loss in respect of the liabilities (other than any action permitted under the Intercreditor Agreement, or pursuant to any debt buy-back, tender offer, exchange offer or similar or equivalent arrangement not otherwise prohibited by the debt documents); or
- the petitioning, applying or voting for, or the taking of any steps (including the appointment of any liquidator, provisional liquidator, receiver, examiner, administrator or similar officer) in relation to the winding up, dissolution, examinership, administration or reorganization of any member of the Group which owes any liabilities, or has given any security, guarantee, indemnity or other assurance against loss in respect of any of the liabilities, or any of such member of the Group's assets or any suspension of payments or moratorium of any indebtedness of any such member of the Group, or any analogous procedure or step in any jurisdiction,

except that the following shall not constitute Enforcement Action:

- the taking of any action falling above which is necessary (but only to the extent necessary) to preserve the validity, existence or priority of claims in respect of liabilities, including the registration of such claims before any court or governmental authority and the bringing, supporting or joining of proceedings to prevent any loss of the right to bring, support or join proceedings by reason of applicable limitation periods;
- a Senior Secured Creditor or Senior Subordinated Creditor bringing legal proceedings against any person solely for the purpose of: (a) obtaining injunctive relief (or any analogous remedy outside England and Wales) to restrain any actual or putative breach of any debt document to which it is party, (b) obtaining specific performance (other than specific performance of an obligation to make a payment) with no claim for damages or (c) requesting judicial interpretation of any provision of any debt document to which it is party with no claim for damages;
- bringing legal proceedings against any person in connection with any securities violation, securities or listing regulations or common law fraud;
- to the extent entitled by law, the taking of any action against any creditor (or any agent, trustee or receiver acting on behalf of that creditor) to challenge the basis on which any sale or disposal is to take place pursuant to the powers granted to those persons under any relevant documentation; or
- any person consenting to, or the taking of any other action pursuant to or in connection with, any merger, consolidation, reorganization or any other similar or equivalent step or transaction initiated or undertaken by a member of the Group (or any analogous procedure or step in any jurisdiction) that is not prohibited by the terms of the Secured Debt Documents to which it is a party.

Permitted Senior Subordinated Enforcement

The restrictions set out in the caption "—Restrictions on Enforcement by Senior Subordinated Creditors" above will not apply if:

(i) an event of default under any Senior Subordinated Notes indenture or Permitted Senior Subordinated Debt agreement (the "Relevant Senior Subordinated Default") is continuing;

(ii) each Senior Agent has received a notice of the Relevant Senior Subordinated Default specifying the event or circumstance in relation to the Relevant Senior Subordinated Default from the Senior Subordinated Notes Trustee or the Permitted Senior Subordinated Debt representative, as the case may be;

(iii) a Senior Subordinated Standstill Period (as defined below) has elapsed; and

(iv) the Relevant Senior Subordinated Default is continuing at the end of the relevant Senior Subordinated Standstill Period.

Promptly upon becoming aware of an event of default under the relevant Senior Subordinated Notes indenture or Permitted Senior Subordinated Debt agreement, the Senior Subordinated Notes Trustee or the Permitted Senior Subordinated Debt representative, as the case may be, may by notice (a "Senior Subordinated Enforcement Notice") in writing notify the Senior Agents of the existence of such event of default.

Senior Subordinated Standstill Period

In relation to a Relevant Senior Subordinated Default, a Senior Subordinated Standstill Period shall mean the period beginning on the date (the "Senior Subordinated Standstill Start Date") the relevant Senior Agent serves a Senior Subordinated Enforcement Notice on each of the Senior Agents in respect of such Relevant Senior Subordinated Default and ending on the earliest to occur of:

(i) the date falling 179 days after the Senior Subordinated Standstill Start Date;

(ii) the date the Senior Secured Parties take any Enforcement Action in relation to a particular guarantor of the Senior Subordinated Notes and any Permitted Subordinated Financing Debt (a "Senior Subordinated Guarantor"), provided, however, that if a Senior Subordinated Standstill Period ends pursuant to this paragraph, the Senior Subordinated Notes finance parties and the Permitted Senior Subordinated Debt creditors may only take the same Enforcement Action in relation to the Senior Subordinated Guarantor as the Enforcement Action taken by the Senior Secured Parties against such Senior Subordinated Guarantor and not against any other member of the Group;

(iii) the date of an insolvency event in relation to the Senior Subordinated Debt Issuer or a particular Senior Subordinated Guarantor against whom Enforcement Action is to be taken;

(iv) the expiry of any other Senior Subordinated Standstill Period outstanding at the date such first mentioned Senior Subordinated Standstill Period commenced (unless that expiry occurs as a result of a cure, waiver or other permitted remedy);

(v) the date on which the consent of each of the Senior Lender, any Senior Notes Trustee (acting on behalf of the Senior Note holders) and any representative of creditors under Permitted Senior Financing Debt (acting on instructions of the creditors of any Permitted Senior Financing Debt) has been obtained; and

(vi) a failure to pay the principal amount outstanding under the Senior Subordinated Notes or on any Permitted Subordinated Financing Debt, as the case may be, at the final stated maturity of the amounts outstanding under the Senior Subordinated Notes or on the Permitted Subordinated Financing Debt, as the case may be (subject to certain conditions), (the "Senior Subordinated Standstill Period").

Turnover by Primary Creditors

Subject to certain exceptions, the Intercreditor Agreement provides that if at any time prior to the Senior Discharge Date any Primary Creditor receives or recovers, or otherwise realizes, the proceeds of any enforcement of any security (or, following a distress event which is continuing, any other proceeds of, or arising from, any of the assets subject to the security which should otherwise have been received, recovered or realized by the Security Agent pursuant to the terms of the Debt Documents) except in accordance with provisions under the caption "—Application of Proceeds," that Primary Creditor will:

(a) in relation to receipts and recoveries not received or recovered by way of set-off:

  (i) hold an amount of that receipt or recovery equal to the relevant liabilities (or if less, the amount received or recovered) on trust for the Security Agent and promptly pay that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and

  (ii) promptly pay an amount equal to the amount (if any) by which the receipt or recovery exceeds the relevant liabilities to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and

(b) in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that receipt or recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Turnover by Senior Subordinated Creditors and Subordinated Creditors

Subject to certain exceptions, the Intercreditor Agreement provides that if at any time prior to the Senior Discharge Date any Senior Subordinated Creditor or at any time prior to the Final Discharge Date any Subordinated Creditor receives or recovers from any member of the Group (other than the relevant Senior Subordinated Debt Issuer):

(i) any payment or distribution of, or on account of or in relation to, any of the Senior Subordinated Notes Liabilities, the Permitted Subordinated Financing Liabilities or the Subordinated Liabilities which is not either: (A) a payment or distribution not otherwise prohibited by the terms of the Intercreditor Agreement; (B) or made in accordance with the provisions set out below under the caption "—Application of Proceeds;"

(ii) subject to certain exceptions, any amount by way of set-off in respect of any of the liabilities owed to it which does not give effect to a payment or distribution not otherwise prohibited by the terms of the Intercreditor Agreement;

(iii) any amount:

  (A) on account of, or in relation to, any of the Senior Subordinated Notes Liabilities, the Permitted Subordinated Financing Liabilities or the Subordinated Liabilities after the occurrence of a distress event (including as a result of any other litigation or proceedings against a member of the Group other than after the occurrence of an insolvency event in respect of that member of the Group); or

  (B) by way of set-off in respect of any of the Senior Subordinated Notes Liabilities, the Permitted Subordinated Financing Liabilities or the Subordinated Liabilities owed to it after the occurrence of a distress event,

other than, in each case, (A) any amount received or recovered in accordance with the provisions set out below the caption "—Application of Proceeds" and (B) in the case of intra group liabilities, any amount received or recovered in accordance with the Intercreditor Agreement; or

(iv) subject to certain exceptions, any distribution in cash or in kind or payment of, or on account of or in relation to, any of the Senior Subordinated Notes Liabilities, the Permitted Subordinated Financing Liabilities or the Subordinated Liabilities owed by any member of Group which is not in accordance with the provisions set out in the caption "—Application of Proceeds" and which is made as a result of, or after, the occurrence of an insolvency event in respect of that member of Group,

that Senior Subordinated Creditor or Subordinated Creditor (as applicable) will: (i) in relation to receipts and recoveries not received or recovered by way of set-off (x) hold an amount of that receipt or recovery equal to the relevant liabilities (or if less, the amount received or recovered) on trust for the Security Agent and subject to receiving payment instructions and any other relevant information from the Security Agent, promptly pay that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement and (y) subject to receiving payment instructions and any other relevant information from the Security Agent, promptly pay an amount equal to the amount (if any) by which the receipt or recovery exceeds the relevant liabilities to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and (ii) in relation to receipts and recoveries received or recovered by way of set-off, subject to receiving payment instructions and any other relevant information from the Security Agent, promptly pay an amount equal to that receipt or recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Enforcement of Security

Enforcement Instructions

The Security Agent may refrain from enforcing the security unless instructed otherwise by: (i) an Instructing Group (as defined below); or (ii) if required as set out under the third paragraph of this section, the Majority Senior Subordinated Creditors (as defined below).

Subject to the security having become enforceable in accordance with its terms: (i) an Instructing Group; or (ii) to the extent permitted to enforce or to require the enforcement of the security prior to the Senior Discharge Date, the Majority Senior Subordinated Creditors, may give or refrain from giving, instructions to the Security Agent to enforce, or refrain from enforcing, the security as they see fit.

Prior to the Senior Discharge Date, (i) if an Instructing Group has instructed the Security Agent not to enforce or to cease enforcing the security or (ii) in the absence of instructions from an Instructing Group, and, in each case, an Instructing Group has not required any Debtor to make a distressed disposal, the Security Agent shall give effect to any instructions to enforce the security which the Majority Senior Subordinated Creditors are then entitled to give to the Security Agent under the terms of the Intercreditor Agreement.

If at any time any Senior Subordinated Notes Trustee in respect of any Senior Subordinated Notes that are outstanding (the "Senior Subordinated Notes Representative") is then entitled to give the Security Agent instructions as set out above to enforce the security and a Senior Subordinated Notes Representative gives such an instruction, the Instructing Group may give such instructions to the Security Agent to enforce the security as the Instructing Group sees fit (provided that such instructions are otherwise in accordance with the terms of the Intercreditor Agreement and the relevant security documents) in lieu of any instructions to enforce the security given by a Senior Subordinated Notes Representative in accordance with the above paragraph and the Security Agent shall act on those instructions received from the Instructing Group.

Subject to certain provisions of the Intercreditor Agreement, no Secured Party shall have any independent power to, or to have recourse to, any security or to exercise any rights or powers arising under the security documents nor enforce or have any recourse to security except through the Security Agent.

"*Instructing Group*" means at any time:

(a) prior to the Senior Discharge Date:

 (i) in relation to any instructions to the Security Agent to enforce the security or refrain or cease from enforcing the security or to take any other Enforcement Action or to stop any payment of Intra-Group Liabilities if at the time on the payment, an Acceleration Event is continuing and the Security Agent has delivered written Notice to the Company stating that no payments may be made in respect of Intra Group Liabilities:

  (A) those Senior Instructing Group Creditors whose Senior Secured Credit Participations at that time aggregate to more than $66^2/_3$% of the Total Senior Instructing Group Credit Participations at that time; and/or

  (B) prior to the Senior Lender Discharge Date, Senior Creditors, whose credit participations at that time aggregate more than $66^2/_3$% of the aggregate of all commitments (whether drawn or undrawn) under the Revolving Credit Facility and all Hedging Liabilities (the "Majority Senior Creditors"),

 in each case as applicable in accordance with the provisions set out under the caption "—Consultation Period;" or

 (ii) in relation to any other matter:

  (A) those Senior Instructing Group Creditors whose Senior Secured Credit Participations at that time aggregate to more than $66^2/_3$% of the Total Senior Instructing Group Credit Participations at that time; and

  (B) prior to the Senior Lender Discharge Date, the Majority Senior Creditors; and

(b) on or after the Senior Discharge Date but before the discharge of all Senior Subordinated Liabilities, and subject always to the provisions set out under the caption "—Restrictions on Enforcement by Senior Subordinated Creditors," the Majority Senior Subordinated Creditors.

In this definition of "Instructing Group":

"*Majority Senior Subordinated Creditors*" means, at any time, those Senior Subordinated Creditors whose Senior Subordinated Credit Participations at that time aggregate to more than $66^2/_3$% of the total aggregate amount of all Senior Subordinated Credit Participations at that time.

"*Senior Instructing Group Creditors*" means:

(a) prior to the Senior Lender Discharge Date, the Senior Secured Creditors (other than the Senior Creditors); and

(b) on and after the Senior Lender Discharge Date, the Senior Secured Creditors (other than the Senior Lender).

"*Senior Lender Discharge Date*" means the first date on which all Senior Lender liabilities have been fully and finally discharged, whether or not as the result of an enforcement, and the Senior Lender is under no further obligation to provide financial accommodation to any of the Debtors under any of the Revolving Credit Facility documents.

"*Senior Notes/Permitted Financing Credit Participations*" means the aggregate of all the Senior Secured Credit Participations at any time of the Senior Note holders and the Permitted Senior Financing Debt creditors.

"*Senior Subordinated Credit Participation*" means:

(a) in relation to a Senior Subordinated Notes holder, the principal amount of outstanding Senior Subordinated Notes Liabilities held by that Senior Subordinated Note holder; and

(b) in relation to a Permitted Subordinated Financing Debt Creditor, the aggregate amount of its commitments under each Permitted Subordinated Financing Debt agreement (drawn or undrawn and calculated in a manner consistent with the senior commitments) and/or the principal amount of outstanding Permitted Subordinated Financing Debt held by that Permitted Subordinated Financing Debt creditor (as applicable and without double counting).

"*Senior Secured Credit Participation*" means:

(a) in relation to a Senior Creditor, its Senior Credit Participation in relation to the Revolving Credit Facility and the hedging agreements only;

(b) in relation to a Senior Note holder, the principal amount of outstanding Senior Notes liabilities held by that Senior Note holder; and

(c) in relation to a Permitted Senior Financing Debt creditor, the aggregate amount of its commitments under each Permitted Senior Financing Debt agreement (drawn or undrawn and calculated in a manner consistent with the senior commitments) and/or the principal amount of outstanding Permitted Senior Financing Debt held by that Permitted Senior Financing Debt creditor (as applicable and without double counting).

"*Total Senior Instructing Group Credit Participations*" means:

(a) prior to the Senior Lender Discharge Date, the aggregate of all the Senior Secured Credit Participations at any time (excluding the Senior Secured Credit Participations of the Senior Creditors); and

(b) on and after the Senior Lender Discharge Date, the aggregate of all the Senior Secured Credit Participations at any time (excluding the Senior Secured Credit Participations of the Senior Lender).

Manner of Enforcement

If the security is being enforced as set forth above under the caption "—Enforcement Instructions," the Security Agent shall enforce the security in such manner (including, without limitation, the selection of any administrator, examiner or equivalent officer of any Debtor to be appointed by the Security Agent) as:

(a) an Instructing Group; or

(b) prior to the Senior Discharge Date, if (i) the Security Agent has, pursuant to the third paragraph of the "—Enforcement of Security" section above, given effect to instructions given by the Majority Senior Subordinated Creditors to enforce the security; and (ii) an Instructing Group has not given instructions as to the manner of enforcement of the security, the Majority Senior Subordinated Creditors, shall instruct, or, in the absence of any such instructions, as the Security Agent sees fit.

Consultation Period

(a) Subject to paragraph (d) below, before giving any instructions to the Security Agent to enforce the security or refrain or cease from enforcing the security or to take any other Enforcement Action, the agent(s) of the creditors represented in the Instructing Group concerned (and, if applicable, any relevant Hedge Counterparties) shall consult with each other agent, Hedge Counterparty and the Security Agent in good faith about the instructions to be given by the Instructing Group for a period of not less than 30 days from the date on which details of the proposed instructions are received by such agents, Hedge Counterparties and the Security Agent (or such shorter period as each agent, Hedge Counterparty and the Security Agent shall agree) (the "Consultation Period"), and only following the expiry of a Consultation Period shall the Instructing Group be entitled to give any instructions to the Security Agent to enforce the security or refrain or cease from enforcing the security or take any other Enforcement Action.

(b) Subject to paragraph (c) below, in the event conflicting instructions are received from any other Instructing Group, the Security Agent shall enforce the security, refrain or cease from enforcing the security or, as the case may be, take the relevant other Enforcement Action in accordance with the instructions given by those Senior Instructing Group Creditors whose Senior Secured Credit Participations at that time aggregate to more than $66^2/_3\%$ of the Total Senior Instructing Group Credit Participations at that time (in each case provided that such instructions are consistent with any applicable requirements of the Intercreditor Agreement and the security documents) and the terms of all instructions given by any other Instructing Group shall be deemed revoked.

(c) Prior to the Senior Lender Discharge Date, if:

(i) the Senior Creditors have not been fully repaid within six months of the end of the first Consultation Period;

(ii) the Security Agent has not commenced any enforcement of the security (or a transaction in lieu thereof) or other Enforcement Action within three months of the end of the first Consultation Period; or

(iii) an insolvency event has occurred and the Security Agent has not commenced any enforcement of the security (or a transaction in lieu thereof) or other Enforcement Action at that time, then the Security Agent shall follow the instructions given by the Majority Senior Creditors (in each case provided that such instructions are consistent with any applicable requirements of the Intercreditor Agreement and the security documents).

(d) Subject to paragraph (c) above, no agent or Hedge Counterparty shall be obliged to consult in accordance with paragraph (a) above and an Instructing Group shall be entitled to give any instructions to the Security Agent to enforce the security or take any other Enforcement Action prior to the end of a Consultation Period (in each case provided that such instructions are consistent with any applicable requirements of the Intercreditor Agreement and the security documents) if:

(i) the security has become enforceable as a result of an insolvency event; or (ii) the Instructing Group or any agent of the creditors represented in the Instructing Group determines in good faith (and notifies each other agent, the Hedge Counterparties and the Security Agent) that to enter into such consultations and thereby delay the commencement of enforcement of the security would reasonably be expected to have a material adverse effect on:

(A) the Security Agent's ability to enforce any of the security; or

(B) the realization proceeds of any enforcement of the security,

and, where this paragraph (d) applies:

(1) any instructions shall be limited to those necessary to protect or preserve the interests of the Senior Secured Creditors on behalf of which the relevant Instructing Group is acting in relation to the matters referred to in (A) and (B) above; and

(2) the Security Agent shall act in accordance with the instructions first received.

Proceeds of Disposals

Non-Distressed Disposals

The Security Agent is irrevocably authorized and instructed (at the request and cost of the relevant Debtor or the Parent) to promptly release (or procure that any other relevant person releases):

(i) any security (and/or any other claim relating to a debt document) over any asset which is the subject of:

(A) a disposal not prohibited by the terms of the Revolving Credit Facility Agreement, the Senior Notes indenture, any Permitted Senior Financing Debt agreement, the Senior Subordinated Notes indenture and any Permitted Subordinated Financing Debt agreement (each a "Debt Financing Agreement") (including a disposal to a member of the Group, but without prejudice to any obligation of any member of the Group in a Debt Financing Agreement to provide replacement security); or

(B) any other transaction not prohibited by the terms of any Debt Financing Agreement pursuant to which that asset will cease to be held or owned by a member of the Group;

(ii) any security (and/or any other claim relating to a debt document) over any document or other agreement requested in order for any member of the Group to effect any amendment or waiver in respect of that document or agreement or otherwise exercise any rights, comply with any obligations or take any action in relation to that document or agreement (in each case to the extent not prohibited by the terms of any Debt Financing Agreement);

(iii) any security (and/or any other claim relating to a debt document) over any asset of any member of the Group which has ceased to be a Debtor; and

(iv) any security (and/or any other claim relating to a debt document) over any other asset to the extent that such release is in accordance with the terms of the Debt Financing Agreements.

In the case of a disposal of shares or other ownership interests in a Debtor (or any holding company of any Debtor), or any other transaction pursuant to which a Debtor (or any holding company of any Debtor) (in each case to the extent not prohibited by the terms of any Debt Financing Agreement) will cease to be a member of the Group or a Debtor, the Security Agent shall promptly release (or procure the release of) that Debtor and its subsidiaries from all present and future liabilities under the Secured Debt Documents and the respective assets of such Debtor and its subsidiaries from the security and the Secured Debt Documents.

Distressed Disposals

A "Distressed Disposal" is a disposal of an asset which is (a) being effected at the request of an Instructing Group in circumstances where the security has become enforceable in accordance with the terms of the relevant security documents, (b) being effected by enforcement of security in accordance with the terms of the relevant security documents or (c) being disposed of by a Debtor to a third party subsequent to a distress event.

If a Distressed Disposal of any asset is being effected, the Security Agent is irrevocably authorized (at the cost of the relevant Debtor or the Parent and without any consent, sanction, authority or further confirmation from any creditor or Debtor):

(i) to release the security or any other claim over that asset and execute and deliver or enter into any release of that security or claim and issue any letters of non-crystallization of any floating charge or any consent to dealing that may, in the discretion of the Security Agent, be considered necessary or desirable;

(ii) if the asset which is disposed of consists of shares in the capital of a Debtor to release:

(A) that Debtor and any subsidiary of that Debtor from all or any part of its borrowing liabilities, its guarantee liabilities and its other liabilities;

(B) any security granted by that Debtor or any subsidiary of that Debtor over any of its assets; and

(C) any other claim of an investor, an intra-group lender, or another Debtor over that Debtor's assets or over the assets of any subsidiary of that Debtor,

on behalf of the relevant creditors, Debtors and agents;

(iii) if the asset which is disposed of consists of shares in the capital of any holding company of a Debtor, to release:

(A) that holding company and any subsidiary of that holding company from all or any part of its borrowing liabilities, its guarantees liabilities and its other liabilities;

(B) any security granted by that holding company or any subsidiary of that holding company over any of its assets; and

(C) any other claim of any investor, any intra-group lender or another Debtor over that holding company's assets or the assets of any subsidiary of that holding company,

on behalf of the relevant creditors, Debtors and agents;

(iv) if the asset which is disposed of consists of shares in the capital of a Debtor or the holding company of a Debtor and the Security Agent (acting in accordance with the Intercreditor Agreement) decides to dispose of all or any part of the liabilities or the Debtor liabilities owed by that Debtor or holding company or any subsidiary of that Debtor or holding company:

(A) (if the Security Agent (acting in accordance with the Intercreditor Agreement) does not intend that any transferee of those liabilities or Debtor liabilities (the "Transferee") will be treated as a Primary Creditor or the Security Agent, any receiver or delegate and each of the agents, the arrangers, the Senior Secured Creditors and the Senior Subordinated Creditors (each a "Secured Party") for the purposes of the Intercreditor Agreement), to execute and deliver or enter into any agreement to dispose of all or part of those liabilities or Debtor liabilities, *provided* that, notwithstanding any other provision of any debt document, the Transferee shall not be treated as a Primary Creditor or a Secured Party for the purposes of the Intercreditor Agreement; and

(B) (if the Security Agent (acting in accordance with the Intercreditor Agreement) does intend that any Transferee will be treated as a Primary Creditor or a Secured Party for the purposes of the Intercreditor Agreement), to execute and deliver or enter into any agreement to dispose of: all (and not part only) of the liabilities owed to the Primary Creditors and all or part of any other liabilities and the Debtor liabilities,

on behalf of, in each case, the relevant creditors and Debtors;

(v) if the asset which is disposed of consists of shares in the capital of a Debtor or the holding company of a Debtor (the "Disposed Entity") and the Security Agent (acting in accordance with the Intercreditor Agreement) decides to transfer to another Debtor (the "Receiving Entity") all or any part of the Disposed Entity's obligations or any obligations of any subsidiary of that Disposed Entity in respect of the intra-group liabilities or the Debtor liabilities, to execute and deliver or enter into any agreement to:

(A) agree to the transfer of all or part of the obligations in respect of those intra-group liabilities or Debtor liabilities on behalf of the relevant intra-group lenders and Debtors to which those obligations are owed and on behalf of the Debtors which owe those obligations; and

(B) (if the Receiving Entity is a holding company of the Disposed Entity which is also a guarantor of Senior Liabilities) to accept the transfer of all or part of the obligations in respect of those intra-group liabilities or Debtor liabilities on behalf of the Receiving Entity or Receiving Entities to which the obligations in respect of those intra-group liabilities or Debtor liabilities are to be transferred.

The net proceeds of each Distressed Disposal (and the net proceeds of any disposal of liabilities or Debtor liabilities) shall be paid to the Security Agent for application in accordance with the provisions set out under the caption "*—Application of Proceeds*" as if those proceeds were the proceeds of an enforcement of the security and, to the extent that any disposal of liabilities or Debtor liabilities has occurred, as if that disposal of liabilities or Debtor liabilities had not occurred.

In the case of a Distressed Disposal (or a disposal of liabilities) effected by, or at the request of, the Security Agent (acting in accordance with the Intercreditor Agreement), the Security Agent shall take reasonable care to obtain a fair market price in the prevailing market conditions (though the Security Agent shall not have any obligation to postpone any such Distressed Disposal or disposal of liabilities in order to achieve a higher price).

If a Distressed Disposal is effected at a time when the Majority Senior Subordinated Creditors are entitled to give, or have given, instructions as to enforcement or the manner of enforcement (acting in accordance with the Intercreditor Agreement), the Security Agent is not authorized to release any Debtor or any other member of the Group from any borrowing liabilities or guarantor liabilities owed to any Senior Secured Creditor unless those borrowing liabilities or, as the case may be guarantor liabilities, together with any other Senior Secured Liabilities will be paid or repaid in full (or, in the case of any contingent liability relating to a letter of credit or an ancillary facility, made subject to cash collateral arrangements acceptable to the relevant Senior Creditor) following that release.

Where borrowing liabilities in respect of any Senior Liabilities would otherwise be released pursuant to the Intercreditor Agreement, the creditor concerned may elect to have those borrowing liabilities transferred to the Parent, in which case the Security Agent is irrevocably authorized (to the extent legally possible and at the cost of the relevant Debtor or the Parent and without any consent, sanction, authority or further confirmation from any creditor or Debtor) to execute such documents as are required to so transfer those borrowing liabilities.

Subject to the immediately following paragraph, in the case of a Distressed Disposal effected by or at the request of the Security Agent (acting in accordance with the Intercreditor Agreement), unless the consent of each Senior Agent is otherwise obtained, it is a further condition to any release, transfer or disposal that the proceeds of such disposal are in cash (or substantially all in cash) and such sale or disposal is made pursuant to a public auction in respect of which the Primary Creditors are entitled to participate or where a financial adviser selected by the Security Agent has delivered an opinion in respect of such sale or disposal that the amount received in connection therewith is fair from a financial point of view.

If prior to the discharge date for the Senior Subordinated Notes or any Permitted Subordinated Financing Debt, a Distressed Disposal is being effected such that the guarantees of any Senior Subordinated Notes and the guarantees of any Permitted Subordinated Financing Debt or any security over the assets of a Senior Subordinated Debt Issuer or any Senior Subordinated Guarantor will be released and/or the Senior Subordinated Notes Liabilities and any Permitted Subordinated Financing Liabilities will be released or disposed of, it is a further condition to the release that either:

(i) the Senior Subordinated Notes Trustee and any Permitted Senior Subordinated Debt representative have approved the release; or

(ii) where shares or assets of a guarantor of Senior Subordinated Notes or Permitted Senior Subordinated Debt or assets of a Senior Subordinated Debt Issuer are sold:

  (A) the proceeds of such sale or disposal are in cash (or substantially in cash);

  (B) all claims of the Senior Secured Creditors (other than in relation to performance bonds or guarantees or similar instruments) against a member of the Group (if any), all of whose shares (other than any minority interest not owned by members of the Group) are sold or disposed of pursuant to such Enforcement Action, are unconditionally released and discharged or sold or disposed of concurrently with such sale (and are not assumed by the purchaser or one of its affiliates), and all security under the security documents in respect of the assets that are sold or disposed of is simultaneously and unconditionally released and discharged concurrently with such sale, provided that if each Senior Agent (acting reasonably and in good faith):

    (I) determines that the Senior Secured Creditors will recover a greater amount if such claim is sold or otherwise transferred to the purchaser or one of its affiliates and not released or discharged; and

    (II) serves a written notice on the Security Agent confirming the same, the Security Agent shall be entitled to sell or otherwise transfer such claim to the purchaser or one of its affiliates; and

  (C) such sale or disposal is made:

    (I) pursuant to a public auction in respect of which the Primary Creditors are entitled to participate; or

    (II) where a financial adviser selected by the Security Agent has delivered an opinion in respect of such sale or disposal that the amount received in connection therewith is fair from a financial point of view.

Application of Proceeds

Order of Application

The Intercreditor Agreement provides that all amounts from time to time received or recovered by the Security Agent pursuant to the terms of any debt document or in connection with the realization or enforcement of all or any part of the security (for the purposes of this "—Application of Proceeds" section and the "—Equalization of the Senior Secured Creditors" section, the "Recoveries") shall be applied by the Security Agent at any time as the Security Agent (in its discretion) sees fit, to the extent permitted by applicable law (and subject to the provisions of this "—Application of Proceeds" section), in the following order of priority:

(i) in discharging any sums owing to any Permitted Senior Financing Creditor representative (in respect of amounts due to that Permitted Senior Financing Creditor representative), any Permitted Senior Subordinated Debt creditor representative (in respect of amounts due to such representative) or any Senior Notes Trustee amounts or Senior Subordinated Notes Trustee amounts, or any sums owing to the Security Agent, any receiver or any delegate on a *pro rata* and *pari passu* basis;

(ii) in payment of all costs and expenses incurred by any agent or Primary Creditor in connection with any realization or enforcement of the security taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent under the Intercreditor Agreement;

(iii) in payment to the Senior Facility Representative and the Hedge Counterparties, for application towards the discharge of:

  (I) the Senior Lender Liabilities (in accordance with the terms of the relevant finance documents); and

  (II) the Hedging Liabilities (on a *pro rata* basis between the Hedging Liabilities of each Hedge Counterparty);

  on a *pro rata* basis and *pari passu* between the immediately preceding paragraphs (I) and (II) above;

(iv) in payment to each Senior Notes Trustee on its own behalf and on behalf of the Senior Note holders; and each Senior Creditor representative on its own behalf and on behalf of the arrangers with respect to the Permitted Senior Financing Debt and the Permitted Senior Financing Debt creditors, for application towards the discharge of:

  (I) the Senior Notes Liabilities (other than sums owing to the Security Agent) (in accordance with the terms of the Senior Notes finance documents); and

  (II) the liabilities of the Debtors owed to the arrangers of the Permitted Senior Financing Debt and the Permitted Senior Financing Liabilities (other than the liabilities owing to a creditor representative) (in accordance with the terms of the relevant finance documents);

  on a *pro rata* basis and *pari passu* between the immediately preceding paragraphs (I) and (II) above;

(v) in payment to each Senior Subordinated Notes Trustee on its own behalf and on behalf of the Senior Subordinated Note holders; and each other Senior Subordinated Creditor representative on its own behalf and on behalf of the arrangers under the Permitted Subordinated Financing Debt and the Permitted Subordinated Financing Debt creditors; for application towards the discharge of:

  (I) the Senior Subordinated Notes Liabilities (other than any sums owing to the Security Agent) (in accordance with the terms of the Senior Subordinated Notes finance documents); and

  (II) the liabilities of the Debtors owed to the arrangers of the Permitted Subordinated Financing Debt and the Permitted Subordinated Financing Liabilities (other than the liabilities owing to a creditor representative) (in accordance with the terms of the relevant finance documents),

  on a *pro rata* basis and *pari passu* between the immediately preceding paragraphs (I) and (II) above;

(vi) if none of the Debtors is under any further actual or contingent liability under any Secured Debt Document, in payment to any person to whom the Security Agent is obliged to pay in priority to any Debtor; and

(vii) the balance, if any, in payment to the relevant Debtor.

Liabilities of the Senior Subordinated Debt Issuer

All amounts from time to time received or recovered by the Security Agent from or in respect of a Senior Subordinated Debt Issuer pursuant to the terms of any debt document (other than in connection with the realization or enforcement of all or any part of the security) shall be held by the Security Agent on trust to apply them at any time as the Security Agent (in its discretion) sees fit, to the extent permitted by applicable law (and subject to the provisions of this "—Application of Proceeds" section) in the following order of priority:

(i) in accordance with paragraph (i) of the section captioned "—Application of Proceeds—Order of Application;"

(ii) in accordance with paragraph (ii) of the section captioned "—Application of Proceeds—Order of Application;"

(iii) in accordance with paragraphs (iii), (iv) and (v) of the section captioned "—Application of Proceeds—Order of Application," provided that payments will be made on a *pro rata* basis and *pari passu* between each of the payments referred to in paragraphs (iii), (iv) and (to the extent relating to liabilities in respect of Senior Subordinated Notes and/or Permitted Subordinated Financing Debt where the relevant Senior Subordinated Debt Issuer is the issuer or, as the case may be, the borrower) (v);

(iv) if none of the Debtors is under any further actual or contingent liability under any Secured Debt Document, in payment to any person to whom the Security Agent is obliged to pay in priority to any Debtor; and

(v) the balance, if any, in payment to the relevant Debtor.

Equalization of the Senior Secured Creditors

The Intercreditor Agreement provides that if, for any reason:

(i) any Senior Creditor Liabilities remain unpaid after the enforcement date and the resulting losses are not borne by the Senior Creditors in the proportions which their respective exposures at the enforcement date bore to the aggregate exposures of all the Senior Creditors at the enforcement date, the Senior Creditors will make such payments among themselves as the Security Agent shall require to put the Senior Creditors in such a position that (after taking into account such payments) those losses are borne in those proportions; and

(ii) any Senior Notes Liabilities and/or Permitted Senior Financing Liabilities remain unpaid after the enforcement date and the resulting losses are not borne by the Senior Notes Creditors and Permitted Senior Financing Creditors in the proportions which their respective exposures at the enforcement date bore to the aggregate exposures of all the Senior Notes Creditors and the Permitted Senior Financing Creditors at the enforcement date, the Senior Notes Creditors and the Permitted Senior Financing Creditors will make such payments among themselves as the Security Agent shall require to put the Senior Notes Creditors and the Permitted Senior Financing Creditors in such a position that (after taking into account such payments) those losses are borne in those proportions.

Required Consents

The Intercreditor Agreement provides that, subject to certain exceptions, it and/or a security document may be amended or waived only with the written consent of:

(i) if the relevant amendment or waiver (the "Proposed Amendment") is prohibited by the Revolving Credit Facility Agreement, the Senior Facility Representative;

(ii) if the Proposed Amendment is prohibited by the terms of the relevant Senior Notes indenture, the Trustee;

(iii) if any Permitted Senior Financing Debt has been incurred and the Proposed Amendment is prohibited by the terms of the relevant Permitted Senior Financing Debt agreement, the representative in respect of that Permitted Senior Financing Debt (if applicable, acting on the instructions of the Majority Permitted Senior Financing Creditors);

(iv) if any Senior Subordinated Notes have been issued and the Proposed Amendment is prohibited by the terms of the relevant Senior Subordinated Notes indenture, the Senior Subordinated Notes Trustee;

(v) if any Permitted Subordinated Financing Debt has been incurred and the Proposed Amendment is prohibited by the terms of the relevant Permitted Subordinated Financing Debt agreement, the representative in respect of that Permitted Subordinated Financing Debt (if applicable, acting on the instructions of the Majority Permitted Subordinated Financing Creditors);

(vi) if a Hedge Counterparty is providing hedging to a Debtor under a hedging agreement, that Hedge Counterparty (in each case only to the extent that the relevant amendment or waiver adversely affects the continuing rights and/or obligations of that Hedge Counterparty or is an amendment or waiver which is expressed to require the consent of that Hedge Counterparty under the applicable hedging agreement, as notified by the Parent to the Security Agent at the time of the relevant amendment or waiver);

(vii) the investors as permitted under the Intercreditor Agreement; and

(viii) the Parent.

Notwithstanding the foregoing, any amendment or waiver of any Secured Debt Document that is made or effected in connection with any incurrence of additional and/or refinancing debt or non-Distressed Disposal is binding on all parties to the Intercreditor Agreement.

The Intercreditor Agreement or a security document may be amended or waived by the Parent and the Security Agent without the consent of any other party, to cure defects or omissions, resolve ambiguities or inconsistencies or reflect changes in each case of a minor technical or administrative nature, or as otherwise for the benefit of all or any of the Secured Parties. Any amendment, waiver or consent which relates only to the rights or obligations applicable to creditors under a particular Debt Financing Agreement (and which does not materially and adversely affect the rights or interests of creditors under other Debt Financing Agreements) may be approved with only the consent of the agent in respect of that Debt Financing Agreement and the Parent.

Option to Purchase

If an acceleration event occurs and is continuing and notice has been given by creditors holding a simple majority of the Senior Notes Liabilities or creditors holding a simple majority of Permitted Senior Financing Liabilities, they shall have the right to purchase the Senior Lender Liabilities as set forth in the Intercreditor Agreement.

If a senior acceleration event occurs and is continuing and notice has been given by the Senior Subordinated Agents, they shall have the right to purchase Senior Secured Liabilities (including the Notes) as set forth in the Intercreditor Agreement.

Appointment of Administrator

In order to provide some protection against the risk of the Security Agent not being able to appoint its own administrator as a consequence of the Security Agent not holding a qualifying floating charge with respect to the Collateral, no member of the Group may appoint any administrator other than one of the following: Deloitte, Ernst & Young, KPMG and PwC.

Miscellaneous

The Intercreditor Agreement contains provisions dealing with:

(a) close-out rights for the Hedging Liabilities;

(b) permitted payments (including without limitation, the repayment of Senior Subordinated Liabilities and the payment of permitted distributions in each case to the extent permitted under the terms of the finance documents relating to the Senior Secured Debt, the Senior Subordinated Notes and the Permitted Subordinated Financing Debt);

(c) incurrence of future debt that will allow certain creditors and agents with respect to such future debt, to accede to the Intercreditor Agreement and benefit from, and be subject to, the provisions of the Intercreditor Agreement so long as not prohibited under the Revolving Credit Facility Agreement or the Indenture and in compliance with the agreed parameters for such class of debt set out in the Indenture;

(d) the ability to replace the Revolving Credit Facility with a replacement facility benefiting from a similar position under the terms of the Intercreditor Agreement; and

(e) payments received by creditors which are not permitted by the Intercreditor Agreement shall be required to be held on trust for the Security Agent and provided to the Security Agent for application in accordance with the provisions set forth under "—Application of Proceeds."

Governing Law

The Intercreditor Agreement is governed by and construed in accordance with English law.

DESCRIPTION OF THE NOTES

On March 16, 2017, the Issuer issued and the Guarantors guaranteed £190.0 million aggregate principal amount of floating rate senior secured notes due 2022 (the "Original Floating Rate Notes") and £405.0 million aggregate principal amount of 4.875% senior secured notes due 2022 (the "Original Fixed Rate Notes") pursuant to the Indenture (as defined herein). The Issuer will issue and the Guarantors will guarantee a further issuance of £150,000,000 million floating rate senior secured notes due 2022 (the "New Floating Rate Notes" and, together with the Original Floating Rate Notes, the "Floating Rate Notes" and, the Original Fixed Rate Notes together with the Floating Rate Notes, the "Notes") under the Indenture (as defined herein) in this offering. The New Floating Rate Notes will be issued by Stonegate Pub Company Financing plc (the "Issuer"), a public limited company which has been organized as a special purpose finance subsidiary to facilitate the offering of debt securities and which has no operations and no assets other than its rights under the on-loans of proceeds to the Company (as defined herein) pursuant to the Proceeds Loan Agreement (as defined herein) and, following the issuance of the New Floating Rate Notes and the use of proceeds thereof, will additionally have rights under the New Proceeds Loan Agreement (as defined herein).The Issuer will be dependent on payments by the Company on the New Proceeds Loan (as defined herein) in order to service the New Floating Rate Notes.

In this "Description of the Notes," the "Company" refers only to Stonegate Pub Company Limited, the direct parent of the Issuer, and any successor obligor to Stonegate Pub Company Limited on the Parent Guarantee (as defined herein), and not to any of its subsidiaries, including the Issuer; and the "Issuer" refers only to Stonegate Pub Company Financing plc, and any successor obligor to Stonegate Pub Company Financing plc on the Notes.

The Issuer will issue the New Floating Rate Notes under the indenture dated March 16, 2017 (the "Indenture") among the Issuer, the Guarantors (as defined herein) and Deutsche Trustee Company Limited, as trustee (the "Trustee"). The New Floating Rate Notes will be issued in private transactions that are not subject to the registration requirements of the Securities Act (as defined herein). See "Transfer Restrictions." The terms of the New Floating Rate Notes include those stated in the Indenture. The Indenture is not qualified under and does not incorporate provisions by reference to or is not otherwise subject to the Trust Indenture Act of 1939, as amended.

The Indenture, the Notes and the Note Guarantees (as defined herein) are and will be subject to the terms of the Intercreditor Agreement (as defined herein) and any additional intercreditor agreements entered into in the future. The terms of the Intercreditor Agreement are important to understand the terms and ranking of the Liens on the Collateral securing the Notes and the Note Guarantees. See "Description of Other Indebtedness—Intercreditor Agreement" for a description of the material terms of the Intercreditor Agreement.

This "Description of the Notes" is intended to be an overview of the material provisions of the Indenture, the Notes, the Note Guarantees, the Proceeds Loan Agreement and the New Proceeds Loan Agreement. Since this description of the terms of the Notes is only a summary, you should refer to the Indenture for complete descriptions of the obligations of the Issuer and the Guarantors and your rights.

Copies of the Indenture, the form of Notes, the Note Guarantees and the Intercreditor Agreement are available as set forth under "Where to find additional information."

The Indenture is unlimited in aggregate principal amount, but this issuance of the New Floating Rate Notes is limited to £150.0 million aggregate principal amount of the New Floating Rate Notes. No additional Original Fixed Rate Notes or additional Original Floating Rate Notes will be issued in this issuance. The New Floating Rate Notes will be issued as Additional Notes (as defined under "—Additional Notes") under the Indenture. We may issue an unlimited principal amount of Additional Notes under the Indenture subject to the procedures described therein; *provided* that we will only be permitted to issue Additional Notes in compliance with the covenants contained in the Indenture, including the covenant restricting the Incurrence of Indebtedness (as described below under "—Certain Covenants—Limitation on Indebtedness"). Except as otherwise specified with respect to the New Floating Rate Notes, the New Floating Rate Notes will have the same terms as the Original Floating Rate Notes and will constitute a single class of debt securities with the Original Floating Rate Notes under the Indenture, including with respect to waivers, amendments, redemptions and offers to purchase. However, the New Floating Rate Notes will not form part of the same series of notes as the Original Floating Rate Notes. See "—Additional Notes." Unless the context otherwise requires, in this "Description of the Notes," references to the "Notes" include the Original Fixed Rate Notes, the Original Floating Rate Notes, the New Floating Rate Notes and further Additional Notes that are actually issued.

The New Floating Rate Notes will bear a different rate of interest to the Original Floating Rate Notes and have new international securities identification numbers ("ISINs") and common code numbers, and will not be fungible with the Original Floating Rate Notes.

Summary Description of the Notes

The Notes

- are senior obligations of the Issuer and rank equal in right of payment with any existing or future Indebtedness of the Issuer that is not expressly subordinated to the Notes;
- are secured by the Collateral described below along with obligations under the Revolving Credit Facilities Agreement (although any liabilities in respect of obligations under any Revolving Credit Facilities Agreement and certain Hedging Obligations that are secured by the Collateral will receive priority over the Holders with respect to any proceeds received upon any enforcement action over the Collateral);
- are senior in right of payment to any future Subordinated Indebtedness (as defined herein) of the Issuer;
- are effectively senior in right of payment to any existing or future unsecured obligations of the Issuer to the extent of the value of the Collateral that is available to satisfy the obligations under the Notes; and
- are unconditionally guaranteed on a senior secured basis by the Guarantors.

Principal and Maturity

On the date of the issuance of the New Floating Rate Notes, the Issuer will issue £150.0 million in aggregate principal amount of the New Floating Rate Notes. The New Floating Rate Notes will mature on March 15, 2022. The New Floating Rate Notes will be issued in minimum denominations of £100,000 and in integral multiples of £1,000 in excess thereof. The rights of holders of beneficial interests in the Notes to receive the payments on such Notes are subject to applicable procedures of Euroclear and/or Clearstream.

If the due date for any payment in respect of any Notes is not a Business Day, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day, and will not be entitled to any further interest or other payment as a result of any such delay.

Interest

Interest on the Original Fixed Rate Notes

Interest on the Original Fixed Rate Notes accrues at the rate of 4.875% per annum computed against the principal outstanding on the Original Fixed Rate Notes. Interest on the Original Fixed Rate Notes is payable, in cash, semi-annually in arrears on March 15 and September 15 of each year, to holders of record on the immediately preceding March 14 and September 14, respectively. Interest on the Original Fixed Rate Notes accrues from the most recent date to which interest has been paid or, if no interest has been paid, from the date of original issuance. Interest on the Original Fixed Rate Notes is computed on the basis of a 360 day year comprised of twelve 30 day months. Each interest period ends on (but does not include) the relevant interest payment date.

Interest on the Floating Rate Notes

The Original Floating Rate Notes bear interest at a rate per annum computed against the principal outstanding on the Original Floating Rate Notes (the "Original Floating Rate Note Applicable Rate"), reset quarterly, equal to GBP LIBOR plus 4.375%, as determined by an agent appointed by the Issuer to calculate GBP LIBOR for the purposes of the Indenture (the "Calculation Agent"), which is currently Deutsche Bank AG, London Branch. The New Floating Rate Notes will bear interest at a rate per annum computed against the principal outstanding on the New Floating Rate Notes (the "New Floating Rate Note Applicable Rate" and together, with the Original Floating Rate Note Applicable Rate, the "Applicable Rates"), reset quarterly, equal to GBP LIBOR plus %, as determined by the Calculation Agent, which shall initially be Deutsche Bank AG, London Branch

Interest on the Original Floating Rate Notes is, and interest on the New Floating Rate Notes will be, payable quarterly in arrears on March 15, June 15, September 15 and December 15 of each year. The first interest payment date in respect of the New Floating Rate Notes will be March 15, 2019. If a particular interest payment date is not a Business Day, then the payment date will move to the next Business Day. Therefore the Interest Period will be one or more days longer. The Issuer will pay interest to the holders of record on the March 14, June 14, September 14 or December 14 immediately preceding the applicable interest payment date, as the case may be. The Original Floating Rate Notes bear interest from, and the New Floating Rate Notes will bear interest from, the date of their respective original issuance, or, if interest has already been paid, from the date it was most recently paid.

The Calculation Agent will, as soon as practicable after 11:00 a.m., London time, on each Determination Date, determine the Applicable Rates, and calculate the aggregate amount of interest payable on the Original Floating Rate Notes and the New Floating Rate Notes in respect of the following Interest Period (the "Interest Amounts"). The Interest Amounts will be calculated by applying the Applicable Rates to the principal amount of the Original Floating Rate Notes and the New Floating Rate Notes, respectively, outstanding at the commencement of the applicable Interest Period, multiplying each such amount by the actual number of days in the Interest Period concerned divided by 365.

All percentages resulting from any of the above calculations will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point, with five one-millionths of a percentage point being rounded upwards (*e.g.*, 4.876545% (or 0.04876545) being rounded to 4.87655% (or 0.0487655)). All pound sterling amounts used in or resulting from such calculations will be rounded to the nearest pound sterling cent (with one-half pound sterling cent being rounded upwards). The determination of the Applicable Rates and the Interest Amounts by the Calculation Agent shall, in the absence of wilful default, bad faith or manifest error, be binding on all parties. The Trustee and the Paying Agent shall not be responsible for, nor incur any liability in connection with, any loss resulting from any calculation made, or intended to be made, by the Calculation Agent.

The Calculation Agent will, upon the written request of the holder of any Original Floating Rate Notes or the New Floating Rate Notes, as the case may be, provide the interest rate then in effect with respect to such Floating Rate Notes. The rights of holders of beneficial interests in the Original Floating Rate Notes and the New Floating Rate Notes to receive the payments of interest on such Floating Rate Notes will be subject to applicable procedures of Euroclear and Clearstream, as applicable.

Interest will be computed on the basis of a 365-day year and the actual number of days elapsed. The Applicable Rates on the Original Floating Rate Notes and the New Floating Rate Notes, as the case may be, will in no event be higher than the maximum rate permitted by applicable law.

Set forth below is a summary of certain of the defined terms used in the Indenture relating to the calculation of interest on the Floating Rate Notes:

"Determination Date," with respect to an Interest Period, will be the day that is the first day of such Interest Period.

"GBP LIBOR," with respect to an Interest Period, will be the rate (expressed as a percentage per annum) for deposits in pound sterling for a three-month period beginning on (and including) the Determination Date that appears on Reuters Page LIBOR01 as of 11:00 a.m. London time, on the Determination Date. If Reuters Page LIBOR01 does not include such a rate or is unavailable on a Determination Date, the Issuer will request the principal London office of each of four major banks in the London interbank market, as selected by the Calculation Agent to provide such bank's offered quotation (expressed as a percentage per annum) as of approximately 11:00 a.m., London time, on such Determination Date, to prime banks in the London interbank market for deposits in a Representative Amount in pound sterling for a three-month period beginning on (and including) the Determination Date. If at least two such offered quotations are so provided, the rate for the Interest Period will be the arithmetic mean of such quotations. If fewer than two such quotations are so provided, the rate for the Interest Period will be the arithmetic mean of such rates quoted by major banks in London, selected by the Calculation Agent, at approximately 11:00 a.m., London time, on the Determination Date for loans in pound sterling to leading European banks for a three-month period beginning on (and including) the Determination Date and in a Representative Amount.

"Interest Period" means the period commencing on and including an interest payment date and ending on but excluding the next succeeding interest payment date, with the exception that (a) the first Interest Period for the Original Floating Rate Notes had commenced on and included the Issue Date and ended on and excluded June 15, 2017, (b) the first Interest Period for the New Floating Rate Notes will commence on and include the date of the issuance of the New Floating Rate Notes and will end on and exclude March 15, 2019.

"Representative Amount" means the greater of (a) £1.0 million and (b) an amount that is representative for a single transaction in the relevant market at the relevant time.

"Reuters Page LIBOR01" means the display page so designated on Reuters (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor).

General

If the interest payment date in respect of any Notes is not a Business Day, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day, and will not be entitled to any further interest or other payment as a result of any such delay.

Additional Notes

From time to time, subject to the Company's compliance with the covenant described under the heading "—Certain Covenants—Limitation on Indebtedness" the Issuer is permitted to issue additional Notes, which shall have terms substantially identical to the Notes except in respect of any of the following terms which shall be set forth in an Officer's Certificate supplied to the Trustee ("Additional Notes," consisting of "Additional Floating Rate Notes" or "Additional Fixed Rate Notes," as the case may be):

(1) the title of such Additional Notes;

(2) the aggregate principal amount of such Additional Notes;

(3) the date or dates on which such Additional Notes will be issued;

(4) the rate or rates (which may be fixed or floating) at which such Additional Notes shall bear interest and, if applicable, the interest rate basis, formula or other method of determining such interest rate or rates, the date or dates from which such interest shall accrue, the interest payment dates on which such interest shall be payable or the method by which such dates will be determined, the record dates for the determination of holders thereof to whom such interest is payable and the basis upon which such interest will be calculated;

(5) the currency or currencies in which such Additional Notes shall be denominated and the currency in which cash or government obligations in connection with such series of Additional Notes may be payable;

(6) the date or dates and price or prices at which, the period or periods within which, and the terms and conditions upon which, such Additional Notes may be redeemed, in whole or in part;

(7) if other than denominations of £100,000 and in integral multiples of £1,000 in excess thereof, the denominations in which such Additional Notes shall be issued and redeemed; and

(8) the ISIN, Common Code, CUSIP or other securities identification numbers with respect to such Additional Notes.

Unless the context otherwise requires, for all purposes of the Indenture and this "Description of the Notes," references to (i) "Notes" shall be deemed to include references to Floating Rate Notes and Fixed Rate Notes and shall be deemed to include the Notes initially issued on the Issue Date as well as any Additional Notes, (ii) "Additional Notes" shall be deemed to include references to Additional Floating Rate Notes and Additional Fixed Rate Notes, (iii) "Floating Rate Notes" shall be deemed to include references to Floating Rate Notes initially issued on the Issue Date as well as any Additional Floating Rate Notes and (iv) "Fixed Rate Notes" shall be deemed to include references to Original Fixed Rate Notes initially issued on the Issue Date as well as any Additional Fixed Rate Notes. Additional Notes shall be treated, along with all other Notes, as a single class for the purposes of the Indenture with respect to waivers, amendments and all other matters which are not specifically distinguished for such series. For all purposes other than U.S. federal income tax purposes, Additional Notes shall be deemed to form one series with any Notes previously issued if they have terms substantially identical in all material respects to such other Notes. If the Additional Notes are not fungible with the Notes for U.S. federal income tax purposes, the Additional Notes shall have a separate ISIN or Common Code.

Methods of Receiving Payments on the Notes

Principal, premium, if any, interest and Additional Amounts (as defined under "—Additional Amounts"), if any, on the Global Notes (as defined under "—Transfer and Exchange") will be payable at the specified office or agency of one or more Paying Agents (as defined under "—Paying Agent, Registrar and Transfer Agent for the Notes"); provided that all such payments with respect to Notes represented by one or more Global Notes registered in the name of or held by a nominee of Euroclear or Clearstream, as applicable, will be made by wire transfer of immediately available funds to the account specified by the Holder or Holders thereof.

Principal, premium, if any, interest and Additional Amounts, if any, on any certificated securities ("Definitive Registered Notes") will be payable at the specified office or agency of one or more Paying Agents maintained for such purposes. In addition, interest on the Definitive Registered Notes may be paid by check mailed to the Person entitled thereto as shown on the register for the Definitive Registered Notes. See "—Paying Agent, Registrar and Transfer Agent for the Notes."

Paying Agent, Registrar and Transfer Agent for the Notes

The Issuer will maintain one or more paying agents (each, a "Paying Agent") for the Notes for so long as the Notes are held in registered form. The initial Paying Agent for the Notes will be Deutsche Bank AG, London Branch.

The Issuer will also maintain (i) one or more registrars (each, a "Registrar") and (ii) a transfer agent (the "Transfer Agent"). The initial Registrar and Transfer Agent will be Deutsche Bank Luxembourg S.A. The Registrar and the Transfer Agent will maintain a register reflecting ownership of Definitive Registered Notes outstanding from time to time, if any, and will make payments on and facilitate transfers of Definitive Registered Notes on behalf of the Issuer. The Transfer Agent shall perform the functions of a transfer agent.

The Issuer may change any Paying Agent, Registrar or Transfer Agent for the Notes without prior notice to the Holders. However, for so long as the Notes are listed on the Official List of The International Stock Exchange (the "Exchange"), and if and to the extent that the rules of the Exchange so require, the Issuer will notify the Exchange of any change of Paying Agent, Registrar or Transfer Agent. The Issuer or any of its Subsidiaries may act as Paying Agent or Registrar in respect of the Notes.

Transfer and Exchange

The New Floating Rate Notes will be issued in the form of one or more registered notes in global form without interest coupons, as follows:

- Each series of the New Floating Rate Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "144A Global Notes").
- The 144A Global Notes will, on the date of the issue of the New Floating Rate Notes, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.
- Each series of the New Floating Rate Notes sold to persons who are not U.S. persons and are outside the United States in offshore transactions pursuant to Regulation S under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "Regulation S Global Notes" and, together with the 144A Global Notes, the "Global Notes").
- The Regulation S Global Notes will, on the date of the issue of the New Floating Rate Notes, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the Global Notes ("Book-Entry Interests") will be limited to Persons that have accounts with Euroclear or Clearstream or Persons that may hold interests through such participants. Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "Transfer Restrictions." In addition, transfers of Book-Entry Interests between participants in Euroclear or participants in Clearstream will be effected by Euroclear or Clearstream, as applicable, pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream, as applicable, and their respective participants.

Book-Entry Interests in the 144A Global Notes may be transferred to a Person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Notes only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the Securities Act.

The New Floating Rate Notes offered hereby will have new ISINs and common codes, and will not be fungible with the Original Floating Rate Notes.

Prior to 40 days after the date of initial issuance of the Notes, ownership of Book-Entry Interests in Regulation S Global Notes will be limited to Persons that have accounts with Euroclear or Clearstream or

Persons who hold interests through Euroclear or Clearstream, and any sale or transfer of such interest to U.S. persons shall not be permitted during such period unless such resale or transfer is made pursuant to Rule 144A under the Securities Act. Subject to the foregoing, Regulation S Book-Entry Interests may be transferred to a Person who takes delivery in the form of 144A Book-Entry Interests only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a Person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "Transfer Restrictions" and in accordance with any applicable securities law of any other jurisdiction.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book- Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of £100,000 aggregate principal amount and integral multiples of £1,000 in excess thereof, upon receipt by the Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, as applicable, from the participant that owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Board of Directors or an Officer of the Company or the Issuer to be in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under "Transfer Restrictions."

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged in whole or in part, in minimum denominations of £100,000 in aggregate principal amount and integral multiples of £1,000 in excess thereof. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging Holder to, among other things, furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee at Euroclear or Clearstream, as applicable, to furnish certain certificates and opinions, and to pay any Taxes in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the Holder, other than any Taxes payable in connection with such transfer.

Notwithstanding the foregoing, the Issuer is not required to register the transfer or exchange of any Notes:

(1) for a period of 15 days prior to any date fixed for the redemption of such Notes;

(2) for a period of 15 days immediately prior to the date fixed for selection of such Notes to be redeemed in part;

(3) for a period of 15 days prior to the record date with respect to any interest payment date applicable to such Notes;

(4) which the Holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer (as defined under "—Change of Control") or an Asset Disposition Offer (as defined under "—Limitation on Sales of Assets and Subsidiary Stock"); or

(5) to register the transfer of or to exchange a Note between a record date and the next succeeding interest payment date.

The Issuer, the Trustee, the Paying Agent, the Registrar and the Transfer Agent will be entitled to treat the Holder as the owner of it for all purposes.

Restricted Subsidiaries and Unrestricted Subsidiaries

All the Company's Subsidiaries are Restricted Subsidiaries. In the circumstances described below under the definition of "Unrestricted Subsidiary," the Company will be permitted to designate Restricted Subsidiaries as Unrestricted Subsidiaries. Unrestricted Subsidiaries will not be subject to any of the restrictive covenants contained in the Indenture.

Note Guarantees

The obligations of the Issuer pursuant to the Original Floating Rate Notes and the Original Fixed Rate Notes are, and in the case of the New Floating Rate Notes will be, unconditionally guaranteed, jointly and severally, by the Company and by each existing material Wholly Owned Restricted Subsidiary of the Company, subject to certain exceptions. Each Restricted Subsidiary that provided a guarantee of the Notes (a "Subsidiary Note Guarantee") is referred to herein as a "Subsidiary Guarantor," and together with the Company as the "Guarantors." The Subsidiary Guarantors consist of (i) Plato Company 3 Limited, (ii) Town And City Pub Group Limited, (iii) Barley Pub Company Limited, (iv) Hops Pub Company Limited, (v) Plato Restaurant Holdings Limited, (vi) Bay Restaurant Holdings Limited, (vii) Bay Restaurant Group Limited, (viii) Slug and Lettuce Company Limited, (ix) Hull Propco Limited, (x) Falcon Propco 1 Limited, (xi) Intertain Limited, (xii) Intertain (Bars) Limited, (xiii) Intertain (Bars) II Limited, (xiv) Intertain (Bars) III Limited and (xv) Intertain (Bars) IV Limited and include each entity that has guaranteed, or is a borrower under, the Revolving Credit Facilities Agreement (other than the Issuer) as at the Issue Date.

In addition, subject to the Agreed Security Principles, if the Company or any of its Restricted Subsidiaries acquires or creates a Restricted Subsidiary (other than an Immaterial Subsidiary) after the Issue Date or any Restricted Subsidiary guarantees or becomes liable for certain Indebtedness, the Company will cause such new Subsidiary to provide a Subsidiary Note Guarantee. The new Guarantor will also, subject to the Agreed Security Principles, be required to pledge assets in favor of the Subsidiary Note Guarantee as described under "—Security."

The Agreed Security Principles apply to the granting of guarantees and security in favor of obligations under the Revolving Credit Facilities Agreement and the Notes. The Agreed Security Principles include restrictions on the granting of guarantees where, among other things, such grant would be restricted by general statutory limitations, financial assistance, corporate benefit, fraudulent preference, "thin capitalization" rules, retention of title claims and similar matters.

Each Note Guarantee is limited to the maximum amount that would not render the Guarantor's obligations subject to avoidance under applicable fraudulent conveyance provisions of the United States Bankruptcy Code or any comparable provision of foreign or state law, or as otherwise required under the Agreed Security Principles to comply with corporate benefit, financial assistance and other laws. By virtue of this limitation, a Guarantor's obligation under its Note Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Note Guarantee. See "Risk Factors—Risks Related to Our Structure—Each Note Guarantee is subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability."

The Note Guarantee provided by the Company (the "Parent Guarantee" and together with the Subsidiary Note Guarantees, the "Note Guarantees") and the Subsidiary Note Guarantee of a Subsidiary Guarantor will terminate upon:

(1) in the case of a Subsidiary Note Guarantee only, a sale or other disposition (including by way of consolidation or merger) of Capital Stock of the relevant Guarantor or of a Parent thereof, such that such Guarantor ceases to be a Restricted Subsidiary, or the sale or disposition of all or substantially all the assets of the relevant Guarantor (other than to the Company or a Restricted Subsidiary), in each case in a transaction otherwise permitted by the Indenture;

(2) in the case of a Subsidiary Note Guarantee only, the designation in accordance with the Indenture of the relevant Guarantor as an Unrestricted Subsidiary;

(3) defeasance or discharge of the Notes, as provided in "—Defeasance" and "—Satisfaction and Discharge;"

(4) in the case of a Subsidiary Note Guarantee only (other than a Subsidiary Note Guarantee issued on the Issue Date), to the extent that the relevant Guarantor is not an Immaterial Subsidiary solely due to the operation of clause (i) of the definition of "Immaterial Subsidiary," upon the relevant release of the guarantee or discharge of Indebtedness referred to in such clause;

(5) in the case of any Note Guarantee given by any parent of the IPO Pushdown Entity, pursuant to the provisions described below under "—IPO Pushdown;"

(6) upon full payment of all obligations of the Issuer and the Guarantors under the Indenture and the Notes; or

(7) in connection with certain enforcement actions taken by the creditors under certain of our secured Indebtedness as provided under the Intercreditor Agreement.

Substantially all the operations of the Company are conducted through its Subsidiaries. Claims of creditors of non-guarantor Subsidiaries, including trade creditors, secured creditors and creditors holding debt and guarantees issued by those Subsidiaries, and claims of preferred and minority stockholders (if any) of those Subsidiaries will have priority with respect to the assets and earnings of those Subsidiaries over the claims of creditors of the Company, including Holders. The Notes and each Note Guarantee therefore will be effectively subordinated to creditors (including trade creditors) and preferred and minority stockholders (if any) of any future Subsidiaries of the Company that do not become Guarantors.

Security

The Collateral

Subject to the operation of the Agreed Security Principles described below, the Security Documents and the grant of further Permitted Collateral Liens, security interests in all the following (collectively, the "Collateral") has been granted or will be granted, as applicable, to the Security Agent for the benefit of the secured parties (which includes the Trustee on behalf of the Holders):

(a) the Issuer and the Guarantors, as applicable, have granted or will grant, as applicable, security interests over (i) all the shares in the Issuer and each Subsidiary Guarantor, (ii) all bank accounts in England and Wales of each Guarantor, (iii) certain other material assets of each Guarantor, including certain properties, and (iv) the rights of the Issuer and Guarantors under intercompany receivables, including the Issuer's rights under the Proceeds Loan Agreement and the New Proceeds Loan Agreement, under insurance policies, under hedging agreements, pursuant to an English law governed debenture or, in the case of the security interest over the shares in any Subsidiary Guarantor incorporated in the Cayman Islands, pursuant to an equitable share mortgage governed by Cayman Islands law;

(b) the Group has granted or will grant, as applicable, security interests over (i) certain of the Group's freehold properties and (ii) certain of the Group's long leasehold properties with 50 years or more remaining under the lease term, pursuant to an English law governed charge by way of a legal mortgage;

(c) Stonegate Pub Company Midco Limited has granted or will grant, as applicable, a security interest over all the shares it holds in the Company, pursuant to a limited recourse third party equitable share mortgage governed by Cayman Islands law;

(d) the Group has granted or will grant, as applicable, security interests over the cargo ship, Tattershall Castle, pursuant to a ship mortgage and a deed of covenant and a ship lease (being a lease relating to the foreshore and bed of the River Thames); and

(e) the Group has granted or will grant, as applicable, security interests over (i) certain of the Group's freehold properties and (ii) certain of the Group's long leasehold properties with 50 years or more remaining under the lease term, acquired in the future by the Group and which are located in England and Wales, such security interests to be granted within 30 days after the date of acquisition pursuant to an English law governed charge by way of a legal mortgage;

provided that, in the case of (a), (b) and (e), no security interest will need to be granted:

(1) with regard to long leasehold properties with 50 years or more remaining under the lease term, if providing such security interest requires consent of a third party and such consent cannot be obtained;

(2) with regard to short leasehold properties with less than 50 years remaining under the lease term, if providing such security interest requires consent of a third party; and

(3) with regard to any properties outside of England and Wales (except that under certain circumstances security may be granted over certain future acquired properties located in Scotland);

provided further that, in the case of (c), the security granted by Stonegate Pub Company Midco Limited will be non-recourse to Stonegate Pub Company Midco Limited other than in relation to the charged shares.

Notwithstanding the foregoing, certain assets may not be secured or such security may not be perfected in accordance with the Agreed Security Principles, including:

- if the cost of providing security is not proportionate to the benefit accruing to the Holders and the other secured parties;
- if providing such security requires consent of a third party and, if the asset is material, such consent cannot be obtained after the use of reasonable efforts;
- if providing such security would be prohibited by applicable law, general statutory limitations, financial assistance, corporate benefit, fraudulent preference, "thin capitalization" rules or similar

matters or entering into the Security Documents would conflict with fiduciary duties of directors, contravene any legal or regulatory prohibition or result in a risk of personal or criminal liability on the part of directors or officers;

- if perfecting such security would have an unreasonable adverse effect on the ability of such Subsidiary to conduct its operations and business in the ordinary course as otherwise permitted by the Indenture; and
- in the case of bank accounts, notices to the banks with whom the accounts are maintained will only be served if required by local laws to perfect the relevant security.

Certain of the Liens on the Collateral will not be perfected on the date on which the New Floating Rate Notes are issued and will not be required to be perfected in some circumstances. See "Risk Factors—Risks Related to Our Financial Profile, the New Floating Rate Notes and the Note Guarantees—Security over certain Collateral will not be perfected on the date on which the New Floating Rate Notes are issued, and we will not be required to perfect security interests in some instances."

Administration and Enforcement of Security

The Security Documents and the Collateral will be administered by a Security Agent (or in certain circumstances a receiver or delegate) pursuant to the Intercreditor Agreement for the benefit of all the secured parties. For a description of the Intercreditor Agreement, see "Description of Other Indebtedness—Intercreditor Agreement."

The ability of Holders to realize the Collateral will be subject to various insolvency law limitations in the event of the Company's insolvency and various contractual limitations set out in the Intercreditor Agreement. See "Risk Factors—Risks Related to Our Structure—English and Cayman Islands insolvency laws and other jurisdictions may provide you with less protection than U.S. bankruptcy law" and "Risk Factors—Risks Related to Our Structure—Each Note Guarantee is subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability."

The Security Documents provide that the rights of the Holders with respect to the Collateral must be exercised by the Security Agent. Since the Holders are not a party to the Security Documents, Holders may not, individually or collectively, take any direct action to enforce any rights in their favor under the Security Documents. The Holders may only act through the Trustee or the Security Agent, as applicable. The Security Agent will agree to release a security interest created by the Security Documents at the direction of the Trustee that is in accordance with the Indenture and the Intercreditor Agreement without requiring any consent of the Holders. Subject to the terms of the Intercreditor Agreement and the Indenture, the Holders, in certain circumstances, share in the ability to direct the Trustee to direct the Security Agent to commence enforcement action under the Security Documents. See "Description of Other Indebtedness—Intercreditor Agreement."

Subject to the terms of the Security Documents, the Issuer and the Guarantors have the right to remain in possession and retain control of the Collateral securing the Notes (other than as set forth in the Security Documents), to freely operate the Collateral and to collect, invest and dispose of any income therefrom.

No appraisals of any of the Collateral have been prepared by or on behalf of the Company in connection with the issuance of the Notes. There can be no assurance that the proceeds from the sale of the Collateral remaining after the payment of obligations under the Revolving Credit Facilities Agreement or other super priority obligations would be sufficient to satisfy the obligations owed to the Holders as well as any other obligations secured on a *pari passu* basis. By its nature, some or all the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, there can be no assurance that the Collateral can be sold in a short period of time or at all. See "Risk Factors—Risks Related to Our Financial Profile, the New Floating Rate Notes and the Note Guarantees—The Notes are secured only to the extent of the value of the Collateral that has been, and will be, granted as security for the Notes and the Note Guarantees, and such security may not be sufficient to satisfy the obligations under the Notes and the Note Guarantees."

The creditors under the Revolving Credit Facilities Agreement and the Trustee for the Notes have, and by accepting a Note, each Holder will be deemed to have:

- irrevocably appointed Barclays Bank PLC, as Security Agent, in each case to act as its security agent under the Intercreditor Agreement and the other relevant documents to which the security agent is a party (including, without limitation, the Security Documents);

- irrevocably authorized the Security Agent to (i) perform the duties and exercise the rights, powers and discretions that are specifically given to it under the Intercreditor Agreement or other documents to which the Security Agent is a party, together with any other incidental rights, power and discretions; and (ii) execute each document expressed to be executed by the Security Agent on its behalf; and
- accepted the terms and conditions of the Intercreditor Agreement and any Additional Intercreditor Agreement (as defined herein) and each Holder will also be deemed to have authorized the Trustee to enter into any such Additional Intercreditor Agreement.

In addition, the terms of the Security Documents themselves provide for assets to cease to become subject to security in certain circumstances without the need for a formal release (such as the sale of assets which are subject to a charge) or the exclusion of certain assets from a debenture if such assets may not be subject to security (such as, for example, assets that may not be validly pledged or assets that are subject to a Permitted Lien).

Release of Liens

The Security Agent shall release, and the Trustee shall release and if so requested direct the Security Agent to release, without the need for consent of the Holders, Liens on the Collateral securing the Notes:

(1) upon payment in full of principal, interest and all other obligations on the Notes issued under the Indenture or discharge or defeasance thereof;

(2) upon release of a Note Guarantee (with respect to the Liens securing such Note Guarantee granted by such Guarantor);

(3) in connection with any disposition of Collateral to any Person; *provided* that if the Collateral is disposed to the Company or a Restricted Subsidiary, the relevant Collateral becomes immediately subject to a substantially equivalent Lien in favor of the Security Agent securing the Notes (but excluding any transaction subject to "—Certain Covenants—Merger and Consolidation—The Issuer and the Company"); *provided, further*, that, in each case, such disposition is permitted by the Indenture;

(4) if the Company designates any Subsidiary Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture, the release of the property, assets and Capital Stock of such Unrestricted Subsidiary;

(5) in connection with certain enforcement actions taken by the creditors under certain of our Secured Indebtedness as provided under the Intercreditor Agreement, or otherwise in compliance with the Intercreditor Agreement;

(6) as may be permitted by the covenant described under "—Certain Covenants—Impairment of Security Interest;"

(7) in connection with an IPO Pushdown, as specified in the Indenture; and

(8) in order to effectuate a merger, consolidation, conveyance or transfer conducted in compliance with the covenant described under "—Certain Covenants—Merger and Consolidation."

Each of these releases shall be effected by the Security Agent without the consent of the Holders or any action on the part of the Trustee.

IPO Pushdown

(a) On, in contemplation of, or following an IPO Event, the Company shall be entitled to require (by written notice to the Trustee (a "Pushdown Notice")) that the terms of the Indenture and the Intercreditor Agreement (or any Additional Intercreditor Agreement) shall operate (with effect from the date specified in the relevant Pushdown Notice (the "Pushdown Date")) on the basis that: (i) references to the Company and Restricted Subsidiaries (and all related provisions) shall apply only to the IPO Pushdown Entity and its Restricted Subsidiaries from time to time, although the Issuer shall remain the same entity and the shares of the Issuer shall be subject to a Lien in favor of the "Secured Parties" (as defined in the Intercreditor Agreement or any Additional Intercreditor Agreement), that is substantially equivalent to the pledge of the shares of the Issuer entered into in or about the Issue Date; (ii) all financial ratio, basket calculations and financial definitions shall exclude any Holding Company of the IPO Pushdown Entity and all reporting obligations shall be assumed at the level of the IPO Pushdown Entity; (iii) each reference in the Indenture and/or the Intercreditor

Agreement (or any Additional Intercreditor Agreement) to the "Company" shall be deemed to be a reference to the IPO Pushdown Entity (to the extent applicable and unless the context requires otherwise); and *provided* that nothing in this paragraph (a), including the deeming construct contemplated by this sub-paragraph (iii) and any action taken by the IPO Pushdown Entity prior to it being deemed to be the Company, shall, or shall be deemed to, directly or indirectly constitute or result in a breach of any covenant or other term in the Indenture or a Default or an Event of Default; (iv) none of the representations, warranties, undertakings, covenants or Events of Default in the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents shall apply to any entity of which the IPO Pushdown Entity is Subsidiary (whether in its capacity as a Guarantor or otherwise); (v) no event, matter or circumstance relating to any Holding Company of the IPO Pushdown Entity (whether in its capacity as a Guarantor or otherwise) shall, or shall be deemed to, directly or indirectly constitute or result in a breach of any covenant or other term in the Indenture or a Default or an Event of Default; (vi) each Holding Company of the IPO Pushdown Entity shall be irrevocably and unconditionally released from all obligations under the Indenture, the Intercreditor Agreement (or any Additional Intercreditor Agreement) and any security granted by any such Holding Company (subject to clause (i) above); and (vii) unless otherwise notified by the Company: (A) each person which is party to the Intercreditor Agreement (or any Additional Intercreditor Agreement) as a "Subordinated Creditor" shall be irrevocably and unconditionally released from the Intercreditor Agreement (or any Additional Intercreditor Agreement) and all obligations and restrictions under the Intercreditor Agreement or any Additional Intercreditor Agreement (and from the date specified by the Company that Person shall cease to be party to the Intercreditor Agreement (or any Additional Intercreditor Agreement) as a Subordinated Creditor and shall have no further rights or obligations under the Intercreditor Agreement (or any Additional Intercreditor Agreement) as a Subordinated Creditor); and (B) there shall be no obligation or requirement for any Person to become party to the Intercreditor Agreement (or any Additional Intercreditor Agreement) as a Subordinated Creditor; and (viii) in the event that any Person is released from or does not become party to the Intercreditor Agreement (or any Additional Intercreditor Agreement) as a Subordinated Creditor as a consequence of this paragraph (a), any term of the Indenture and/or the Intercreditor Agreement (or any Additional Intercreditor Agreement) which requires or assumes that any Person be a Subordinated Creditor or that any liabilities or obligations to such Person be subject to the Intercreditor Agreement (or any Additional Intercreditor Agreement) or otherwise subordinated shall cease to apply. An IPO Pushdown Notice may not be delivered if a Default or Event of Default has occurred and is continuing (disregarding any Default or Event of Default that could be deemed to arise in connection with the transactions contemplated by this provision).

(b) The Trustee and the Security Agent shall be required to enter into any amendment to the Indenture or amendment to or replacement of the Intercreditor Agreement or the Security Documents required by the Company in writing and/or take such other action as is required by the Company in order to facilitate or reflect any of the matters contemplated by paragraph (a) above (the "IPO Pushdown"); *provided* that such amendment, replacement or other document or instrument does not impose any personal obligations on the Trustee or, in the opinion of the Trustee, does not affect the rights, duties, liabilities, indemnification or immunities of the Trustee under such amendment replacement or other document or instrument. The Trustee and the Security Agent are each irrevocably authorized and instructed by the Holders (without any consent by the Holders) to execute any such amended or replacement documents and/or take other such action on behalf of the Holders (and shall do so on the request of and at the cost of the Company).

(c) For the purpose of this covenant, the "IPO Pushdown Entity" shall be the Company or any Restricted Subsidiary of the Company notified to the Trustee by the Company in writing as the Person to be treated as the IPO Entity in relation to the relevant IPO Event; *provided, that*: (i) the IPO Entity shall be a Restricted Subsidiary which will issue shares, or whose shares are to be sold, pursuant to that IPO Event (or a Holding Company of such member of the Group); (ii) the Issuer shall become a Restricted Subsidiary of the IPO Pushdown Entity; and (iii) the Company may not designate as the IPO Pushdown Entity any entity which is not a direct or indirect Holding Company of Restricted Subsidiaries constituting all or substantially all of the Group's assets.

(d) If the Company delivers a Pushdown Notice to the Trustee pursuant to paragraph (a) above in relation to a contemplated IPO Event, it shall be entitled to revoke that Pushdown Notice at any time prior to the occurrence of the relevant IPO Event by written notice to the Trustee. In the event that any Pushdown Notice is revoked in accordance with this paragraph (d): (i) the provisions of sub-paragraphs (a)(i) to (a)(vii) above shall cease to apply in relation to that Pushdown Notice; (ii) if any security has been released pursuant to paragraph (a) above in reliance on that Pushdown Notice, if required by the Trustee by prior written notice to the Company and subject to the Agreed Security Principles, the Company or the relevant Restricted Subsidiary shall as soon as reasonably practicable execute a replacement Security Document in respect of that security; and (iii) if any Person party to the Intercreditor Agreement (or any Additional Intercreditor Agreement) as a "Subordinated Creditor" has been released from the Intercreditor Agreement pursuant to sub-paragraph (a)(vii) above in reliance on that Pushdown Notice, if required by the Trustee by prior written notice to the Company and that Person, that Person shall as soon as reasonably practicable accede to the Intercreditor Agreement (or any Additional Intercreditor Agreement) as a Subordinated Creditor.

For the avoidance of doubt: (A) nothing in paragraph (d) above shall prohibit or otherwise restrict the Company from delivering a further Pushdown Notice in relation to any actual or contemplated IPO Event; and (B) revocation of a Pushdown Notice shall not, and shall not be deemed to, directly or indirectly constitute or result in a breach of any representation, warranty, undertaking or other term in the Indenture or the Intercreditor Agreement (or any Additional Intercreditor Agreement) or a Default or an Event of Default (whether by reason of any action or step taken by any Person, or any matter or circumstance arising or committed, while that Pushdown Notice was effective or otherwise).

Intercreditor Agreement

Pursuant to the terms of the Intercreditor Agreement, any liabilities in respect of obligations under the Revolving Credit Facilities Agreement and Hedging Agreements that are secured by Collateral that also secures our obligations under the Notes and the Note Guarantees will receive priority with respect to any proceeds received upon any enforcement action over any such assets. Any remaining proceeds received upon any enforcement action over any Collateral, after all obligations under the Revolving Credit Facilities Agreement and Hedging Agreements have been repaid from such recoveries, will be applied *pro rata* in repayment of all obligations under the Indenture and the Notes and any other indebtedness of the Issuer and the Guarantors permitted to be Incurred and secured by the Collateral pursuant to the Indenture and the Intercreditor Agreement.

Amendments to the Intercreditor Agreement and Additional Intercreditor Agreements

The Indenture provides that, at the request of the Company, in connection with the Incurrence or refinancing by the Issuer, the Company or its Restricted Subsidiaries of any Indebtedness secured or permitted to be secured on the Collateral, the Issuer, the Company, the relevant Restricted Subsidiaries, the Trustee and the Security Agent, as applicable, shall enter into an intercreditor or similar agreement or a restatement, amendment or other modification of the existing Intercreditor Agreement (an "Additional Intercreditor Agreement") with the holders of such Indebtedness (or their duly authorized representatives) on substantially the same terms as the Intercreditor Agreement (or on terms that in the good faith judgment of the Board of Directors or an Officer of the Company are not materially less favorable to the Holders), including containing substantially the same terms with respect to the application of the proceeds of the collateral held thereunder and the means of enforcement, it being understood that an increase in the amount of Indebtedness being subject to the terms of the Intercreditor Agreement or Additional Intercreditor Agreement will not be deemed to be less favorable to the Holders and will be permitted by this covenant if the Incurrence of such Indebtedness and any Lien in its favor is permitted by the "—Certain Covenants—Limitation on Indebtedness" and "—Certain Covenants—Limitation on Liens" covenants; *provided* that such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or, in the opinion of the Trustee, adversely affect the rights, duties, liabilities or immunities of the Trustee under the Indenture or the Intercreditor Agreement. As used herein, the term "Intercreditor Agreement" shall include references to any Additional Intercreditor Agreement that supplements or replaces the Intercreditor Agreement entered into on or prior to the Issue Date.

The Indenture provides that, at the written direction of the Issuer and without the consent of the Holders, the Trustee shall from time to time enter into one or more amendments to any Intercreditor Agreement to: (i) cure any ambiguity, omission, defect or inconsistency of any such agreement, (ii) increase the amount or types of Indebtedness covered by any such agreement that may be Incurred by the Issuer that is subject to any such agreement (provided that such Indebtedness is Incurred in compliance with the Indenture), (iii) add Restricted Subsidiaries to the Intercreditor Agreement, (iv) further secure the Notes (including Additional Notes Incurred in compliance with the Indenture), (v) make provision for equal and ratable pledges of the Collateral to secure Additional Notes Incurred in compliance with the Indenture or to implement any Permitted Collateral Liens (vi) effect the IPO Pushdown or (vii) make any other change to any such agreement that does not adversely affect the Holders in any material respect. The Issuer shall not otherwise direct the Trustee to enter into any amendment to any Intercreditor Agreement without the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding, except as otherwise permitted below under "—Amendments and Waivers" or as permitted by the terms of such Intercreditor Agreement, and the Issuer may only direct the Trustee to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or, in the opinion of the Trustee, adversely affect the rights, duties, liabilities or immunities of the Trustee under the Indenture relating to the Notes or any Intercreditor Agreement.

The Indenture provides that each Holder, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of any Intercreditor Agreement (whether then entered into or entered into in the future pursuant to the provisions described herein), and to have authorized the Trustee to enter into any one or more amendments to any Intercreditor Agreement as contemplated above.

The New Proceeds Loan

Upon the issuance of the New Floating Rate Notes, the Issuer, as lender, and the Company, as borrower, will enter into the New Proceeds Loan Agreement (the "New Proceeds Loan Agreement") pursuant to which the Issuer will loan to the Company the gross proceeds from the issuance of the New Floating Rate Notes (the "New Proceeds Loan").

The New Proceeds Loan Agreement will be in pound sterling in aggregate principal amount equal to the gross proceeds of the New Floating Rate Notes. See "Use of proceeds." The New Proceeds Loan will provide for interest payment in an amount sufficient to service the debt on the New Floating Rate Notes. Interest on the New Proceeds Loan will be payable quarterly in arrears on or prior to the corresponding date for the payment of interest on the New Floating Rate Notes.

The New Proceeds Loan Agreement will provide that the Company will pay the Issuer interest and principal due and payable on the New Floating Rate Notes and any Additional Amounts due thereunder. All amounts payable under the New Proceeds Loan will be payable to such account or accounts with such Person or Persons as the Issuer may designate. The maturity date of the New Proceeds Loan will be the same as the maturity date of the New Floating Rate Notes. Except as otherwise required by law, all payments under the New Proceeds Loan Agreement will be made without deductions or withholding for, or on account of, any applicable tax. In the event that the Company is required to make any such deduction or withholding, the Company shall gross- up each payment to the Issuer to ensure that the Issuer receives and retains a net payment equal to the payment which it would have received had no such deduction or withholding been made.

The New Proceeds Loan will provide that the Company will make all payments pursuant thereto on a timely basis in order to ensure that the Issuer can satisfy its payment obligations under the Notes and the Indenture, taking into account the administrative and timing requirements under the Indenture with respect to amounts payable on the Notes.

The Issuer's rights under the New Proceeds Loan Agreement will be assigned by way of security to the Security Agent and will comprise part of the Collateral, as described above under "—Security—The Collateral."

Optional Redemption

Optional Redemption of the Original Fixed Rate Notes

Except as set forth herein and under "—Redemption for Taxation Reasons," the Original Fixed Rate Notes are not redeemable at the option of the Issuer.

At any time and from time to time on or after March 15, 2019, the Issuer may redeem the Original Fixed Rate Notes, in whole or in part, at its option, upon not less than 10 nor more than 60 days' prior notice at a redemption price equal to the applicable percentage of principal amount set forth below plus accrued and unpaid interest to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Period commencing	Percentage
March 15, 2019	102.438%
March 15, 2020	101.219%
March 15, 2021 and thereafter	100.000%

At any time and from time to time prior to March 15, 2019, the Issuer may redeem Original Fixed Rate Notes (i) with the Net Cash Proceeds received by the Company from any Equity Offering, upon not less than 10 nor more than 60 days' prior notice at a redemption price equal to 104.875%, in an aggregate principal amount for all such redemptions not to exceed 40% of the original aggregate principal amount of the Original Fixed Rate Notes (including Additional Fixed Rate Notes), plus (ii) accrued and unpaid interest to the redemption date; *provided* that:

(1) in each case the redemption takes place not later than 120 days after the closing of the related Equity Offering, and

(2) not less than 50% of the original aggregate principal amount of the Original Fixed Rate Notes (not including the principal amount of any Additional Fixed Rate Notes) remains outstanding immediately thereafter.

At any time prior to March 15, 2019, the Issuer may redeem the Original Fixed Rate Notes in whole or in part, at its option, upon not less than 10 nor more than 60 days' prior notice at a redemption price equal to 100% of the principal amount of such Notes plus the relevant Fixed Rate Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Optional Redemption of the Floating Rate Notes

Except as set forth herein and under "—Redemption for Taxation Reasons," the Floating Rate Notes are not redeemable at the option of the Issuer.

Prior to March 15, 2019, the Issuer may redeem the Floating Rate Notes, in whole or in part, at its option, upon not less than 10 nor more than 60 days' prior notice, at a redemption price equal to 101% of the principal amount of the Floating Rate Notes redeemed, plus accrued and unpaid interest to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date). On or after March 15, 2019, the Issuer may redeem the Floating Rate Notes, in whole or in part, at its option, upon not less than 10 nor more than 60 days' prior notice, at a redemption price equal to 100% of the principal amount of the Floating Rate Notes redeemed, plus accrued and unpaid interest to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

General

Notice of redemption will be provided as set forth under "—Selection and Notice" below.

If the Issuer effects an optional redemption of Notes of a series, it will, if and for so long as the Notes are listed on the Official List of the Exchange, and if and to the extent that the rules of the Exchange so require, inform the Exchange of such optional redemption and confirm the aggregate principal amount of the Notes of that series that will remain outstanding immediately after such redemption.

Any redemption and notice of redemption may, at the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent (including, in the case of a redemption related to an Equity Offering, the consummation of such Equity Offering). In addition, if such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice may state that, at the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed; *provided* that in no case shall the notice have been delivered less than 10 days or more than 60 days prior to the date on which such redemption (if any) occurs.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest will be paid to the Person in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to Holders whose Notes will be subject to redemption by the Issuer.

We may repurchase Notes at any time and from time to time in the open market or otherwise.

Sinking Fund

The Issuer is not required to make mandatory redemption payments or sinking fund payments with respect to the Notes.

Selection and Notice

If less than all the Notes are to be redeemed at any time, the Paying Agent or the Registrar will select the Notes for redemption in compliance with the requirements of the principal securities exchange, if any, on which the Notes are listed, as certified to the Trustee by the Issuer, and in compliance with the requirements of Euroclear and/or Clearstream, or if the Notes are not so listed or such exchange prescribes no method of selection and the Notes are not held through Euroclear and/or Clearstream or Euroclear and/or Clearstream prescribes no method of selection, on a *pro rata* basis or by use of a pool-factor; *provided, however*, that no Note of £100,000 in aggregate principal amount or less shall be redeemed in part. Neither the Trustee, the Paying Agent nor the Registrar shall be liable for selections made by it under this paragraph.

If and for so long as the Notes are listed on the Official List of the Exchange, and if and to the extent the rules of the Exchange so require, the Issuer shall notify the Exchange of such redemption and, in addition to such publication, not less than 10 nor more than 60 days prior to the redemption date, mail such notice to Holders by first-class mail, postage prepaid, at their respective addresses as they appear on the registration books of the Registrar.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note shall state the portion of the principal amount thereof to be redeemed, in which case a portion of the original Note will be issued in the name of the Holder thereof upon cancellation of the original Note. In the case of a Global Note, an appropriate notation will be made on such Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. Subject to the terms of the applicable redemption notice (including any conditions contained therein), Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of them called for redemption, unless the redemption price is not paid on the redemption date.

Redemption for Taxation Reasons

The Issuer or Successor Company (as defined herein) may redeem, and a Guarantor may cause the Issuer or Successor Company to redeem, the Notes in whole, but not in part, at any time upon giving not less than 10 nor more than 60 days' notice to the Holders (which notice will be irrevocable) at a redemption price equal to 100% of the outstanding principal amount thereof, together with accrued and unpaid interest, if any, to, but excluding, the date fixed for redemption (a "Tax Redemption Date") (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date) and all Additional Amounts (see "—Additional Amounts"), if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise, if any, if as a result of:

(1) any change in, or amendment to, the laws or treaties (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined under "—Additional Amounts") affecting taxation; or

(2) any change in, or amendment to, the application, administration or interpretation of such laws, treaties, regulations or rulings (including pursuant to a holding, judgment or order by a court of competent jurisdiction or a change in published practice) of a Relevant Taxing Jurisdiction (each of the foregoing in clauses (1) and (2), a "Change in Tax Law");

the Issuer, Successor Company or Guarantor are, or on the next interest payment date in respect of the Notes or any Note Guarantee would be, required to pay any Additional Amounts, and such obligation cannot be avoided by taking reasonable measures available to the Issuer, Successor Company or Guarantor (including, for the avoidance of doubt, the appointment of a new Paying Agent where this would be reasonable and, in the case of a payment by a Guarantor, having the Issuer or another Guarantor make the payment, but not including assignment of the obligation to make payment with respect to the Notes). In the case of redemption due to withholding as a result of a Change in Tax Law in a jurisdiction that is a Relevant Taxing Jurisdiction at the date of this Offering Memorandum, such Change in Tax Law must become effective on or after the date of this Offering Memorandum. In the case of redemption due to withholding as a result of a Change in Tax Law in a jurisdiction that becomes a Relevant Taxing Jurisdiction after the date of this Offering Memorandum, such Change in Tax Law must become effective on or after the date the jurisdiction becomes a Relevant Taxing Jurisdiction (or, in the case of a Successor Company, on or after the date of assumption by the Successor Company of the Issuer's obligations hereunder). Notice of redemption for taxation reasons will be published in accordance with the procedures described under "—Selection and Notice." Notwithstanding the foregoing, no such notice of redemption will be given (a) earlier than 90 days prior to the earliest date on which the Payor would be obliged to make such payment of Additional Amounts and (b) unless at the time such notice is given, such obligation to pay such Additional Amounts remains in effect. Prior to the publication or mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer, Successor Company or Guarantor will deliver to the Trustee (a) an Officer's Certificate stating that it is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right so to redeem have been satisfied and that it would not be able to avoid the obligation to pay Additional Amounts by taking reasonable measures available to it and (b) an opinion of an independent tax counsel of recognized standing to the effect that the Issuer, Successor Company or Guarantor has or have been or will become obligated to pay Additional Amounts as a result of a Change in Tax Law. The Trustee will accept such Officer's Certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, without further inquiry, in which event it will be conclusive and binding on the Holders.

Additional Amounts

All payments made by or on behalf of the Issuer or a Successor Company under or with respect to the Notes, or any Guarantor (each of the Issuer, Successor Company and Guarantor, a "Payor") with respect to any Note Guarantee, will be made free and clear of and without withholding or deduction for, or on account of, any Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

(1) the United Kingdom or any political subdivision or Governmental Authority thereof or therein having power to tax;

(2) any jurisdiction from or through which payment on any such Note or Note Guarantee is made by or on behalf of the Issuer, Successor Company, Guarantor or their agents, or any political subdivision or Governmental Authority thereof or therein having the power to tax; or

(3) any other jurisdiction in which the Payor is incorporated or organized, engaged in business for tax purposes, resident for tax purposes, or any political subdivision or Governmental Authority thereof or therein having the power to tax (each of clause (1), (2) and (3), a "Relevant Taxing Jurisdiction"),

will at any time be required from any payments made with respect to any Note or Note Guarantee, including payments of principal, purchase or redemption price, premium, if any, or interest, the Payor will pay (together with such payments) such additional amounts (the "Additional Amounts") as may be necessary in order that the net amounts received in respect of such payments by the Holders or the Trustee, as the case may be, after such withholding or deduction (including any such deduction or withholding from such Additional Amounts), will not be less than the amounts which would have been received in respect of such payments on any such Note or Note Guarantee in the absence of such withholding or deduction; *provided, however*, that no such Additional Amounts will be payable for or on account of:

(1) any Taxes that would not have been so imposed but for the existence of any present or former connection between the relevant Holder or the beneficial owner of a Note (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of power over the relevant Holder or beneficial owner, if the relevant Holder or beneficial owner is an estate, nominee, trust, partnership, limited liability company or corporation) and the Relevant Taxing Jurisdiction (including, but not limited to, being a citizen or resident or national or domiciliary of, or the existence of a business, a permanent establishment, a dependent agent, a place of business or a place of management present or deemed present in the Relevant Taxing Jurisdiction) but excluding, in each case, any connection arising solely from the acquisition, ownership or holding of such Note or Note Guarantee, the enforcement of rights under a Note or Note Guarantee or the receipt of any payment in respect thereof;

(2) any Taxes that are imposed, withheld or deducted by reason of the failure by the Holder or the beneficial owner of the Note to comply with a written request of the Payor addressed to the Holder or the beneficial owner, after reasonable notice, to provide certification, information, documents or other evidence concerning the nationality, residence, identity or connection with the Relevant Taxing Jurisdiction of the Holder or such beneficial owner or to make any declaration or similar claim or satisfy any certification, identification, information or other reporting requirement relating to such matters, required by applicable law, regulation, treaty or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from all or part of such Tax provided in each case the Holder or beneficial owner is legally eligible to do so;

(3) any Taxes that are payable otherwise than by deduction or withholding from a payment under or with respect to the Notes or any Note Guarantee;

(4) any estate, inheritance, gift, value added, sales, transfer, personal property or similar Taxes;

(5) any Taxes imposed with respect to any withholding or deduction that is imposed in connection with Sections 1471-1474 of the Code and U.S. Treasury regulations thereunder ("FATCA"), any intergovernmental agreement between the United States and any other jurisdiction implementing or relating to FATCA or any non-U.S. law, regulation or guidance enacted or issued with respect thereto;

(6) any Taxes which would not have been imposed if the Holder had presented the Note for payment (where presentation is permitted or required for payment) within 30 days after the relevant payment was first made available for payment to the Holder (except for Additional Amounts with respect to Taxes that would have been imposed had the Holder presented the Note for payment within such 30-day period);

(7) any Taxes imposed on or with respect to a payment to a Holder that is a fiduciary or partnership or any Person other than the sole beneficial owner of such payment or Note, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such partnership or the beneficial owner of such payment or Note would not have been entitled to the Additional Amounts had such beneficiary, settlor, member or beneficial owner been the actual Holder of such Note; or

(8) any combination of the above.

The Payor will (i) make any required withholding or deduction and (ii) remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law. The Payor will use all reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes, in such form as provided in the ordinary course by the Relevant Taxing Jurisdiction and as is reasonably available to the Payor, and will provide such certified copies to the Trustee. Such copies shall be made available to the Holders upon request and will be made available at the offices of the Registrar if the Notes are then listed on the Official List of the Exchange. The Payor will attach to each certified copy a certificate stating (x) that the amount of withholding Taxes evidenced by the certified copy was paid in connection with payments in respect of the principal amount of Notes then outstanding and (y) the amount of such withholding Taxes paid per £1,000 principal amount of the Notes.

If any Payor becomes aware that it will be obligated to pay Additional Amounts under or with respect to any payment made on any Note or Note Guarantee, at least 30 days prior to the date of such payment, the Payor will deliver to the Trustee and Paying Agent an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount so payable and such other information necessary to enable the Paying Agent to pay Additional Amounts to Holders on the relevant payment date (unless such obligation to pay Additional Amounts arises, or the Payor becomes aware of such obligation, less than 45 days prior to the relevant payment date, in which case the Payor may deliver such Officer's Certificate as promptly as practicable after the date that is 30 days prior to the payment date). The Trustee and Paying Agent shall be entitled to rely solely on such Officer's Certificate without further inquiry, as conclusive proof that such payments are necessary.

Wherever in the Indenture, the Note Guarantees or this "Description of the Notes" there are mentioned, in any context:

(1) the payment of principal;

(2) purchase or redemption prices in connection with a purchase or redemption of Notes;

(3) interest; or

(4) any other amount payable on or with respect to any of the Notes or Note Guarantees,

such reference shall be deemed to include payment of Additional Amounts as described under this heading to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Payor will pay any present or future stamp, court or documentary Taxes, or any other excise, property or similar Taxes that arise in any jurisdiction from the execution, delivery, registration or enforcement of any Notes, any Note Guarantee, the Indenture, the Proceeds Loan Agreement, the Security Documents or any other document or instrument in relation thereto (other than a transfer or exchange of the Notes) excluding any such Taxes, charges or similar levies imposed by any jurisdiction that is not a Relevant Taxing Jurisdiction.

The foregoing obligations of this "Additional Amounts" section will survive any termination, defeasance or discharge of the Indenture and will apply mutatis mutandis to any jurisdiction in which any successor to the Issuer or any Guarantor is organized or any political subdivision or taxing authority or agency thereof or therein.

Change of Control

If a Change of Control occurs, subject to the terms hereof, each Holder will have the right to require the Issuer to repurchase all (equal to £100,000 aggregate principal amount, and integral multiples of £1,000 in excess thereof) of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of the Notes, plus accrued and unpaid interest to the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided, however*, that the Issuer shall not be obliged to repurchase Notes as described under this "Change of Control" section in the event and to the extent that it has unconditionally exercised its right to redeem all of the Notes as described under "—Optional Redemption" or all conditions to such redemption have been satisfied or waived.

Unless the Issuer has unconditionally exercised its right to redeem all the Notes as described under "—Optional Redemption" or all conditions to such redemption have been satisfied or waived, no later than the date that is 60 days after any Change of Control, the Issuer will send a notice (the "Change of Control Offer") to each Holder of any such Notes, by mail or otherwise in accordance with the procedures set forth in the Indenture, with a copy to the Trustee:

(1) stating that a Change of Control has occurred or may occur and that such Holder has the right to require the Issuer to purchase all or any part of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of such Notes plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the date of purchase (subject to the right of Holders of record on a record date to receive interest on the relevant interest payment date) (the "Change of Control Payment");

(2) stating the repurchase date (which shall be no earlier than 10 days nor later than 60 days from the date such notice is sent) (the "Change of Control Payment Date");

(3) describing the circumstances and relevant facts regarding the transaction or transactions that constitute the Change of Control;

(4) describing the procedures determined by the Issuer, consistent with the Indenture, that a Holder must follow in order to have its Notes repurchased; and

(5) if such notice is mailed prior to the occurrence of a Change of Control, stating that the Change of Control Offer is conditional on the occurrence of such Change of Control.

On the Change of Control Payment Date, if the Change of Control shall have occurred, the Issuer will, to the extent lawful:

(1) accept for payment all Notes or portions thereof properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes so tendered;

(3) deliver or cause to be delivered to the Trustee an Officer's Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Issuer in the Change of Control Offer;

(4) in the case of Global Notes, deliver, or cause to be delivered, to the Paying Agent the Global Notes in order to reflect thereon the portion of such Notes or portions thereof that have been tendered to and purchased by the Issuer; and

(5) in the case of Definitive Registered Notes, deliver, or cause to be delivered, to the relevant Registrar for cancellation all Definitive Registered Notes accepted for purchase by the Issuer.

If any Definitive Registered Notes have been issued, the Paying Agent will promptly mail to each Holder of Definitive Registered Notes so tendered the Change of Control Payment for such Notes, and the Trustee or an authentication agent appointed by the Trustee will promptly authenticate (or cause to be authenticated) and mail (or cause to be transferred by book entry) to each Holder of Definitive Registered Notes a new Definitive Registered Note equal in an aggregate principal amount to the unpurchased portion of the Notes surrendered, if any; *provided* that each such new Note will be in an aggregate principal amount that is at least £100,000 or an integral multiple of £1,000 in excess thereof.

If and for so long as the Notes are listed on the Official List of the Exchange, and if and to the extent that the rules of the Exchange so require, the Issuer will notify the Exchange of any Change of Control Offer.

Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control, conditional upon such Change of Control; *provided* that the purchase date will be no earlier than 30 days from the date a notice of such Change of Control Offer is mailed.

The Change of Control provisions described above will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction. The existence of a Holder's right to require the Issuer to repurchase such Holder's Notes upon the occurrence of a Change of Control may deter a third party from seeking to acquire the Company or its Subsidiaries in a transaction that would constitute a Change of Control.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

If Holders of not less than 90% in aggregate principal amount of the applicable series of outstanding Notes validly tender and do not withdraw such Notes in a Change of Control Offer and the Issuer, or any third-party making a Change of Control Offer in lieu of the Issuer as described above, purchases all of the applicable series of Notes validly tendered and not withdrawn by such Holders, the Issuer or such third-party will have the right, upon not less than 10 nor more than 60 days' prior notice, given not more than 30 days following such purchase pursuant to the Change of Control Offer described above, to redeem all Notes of the applicable series that remain outstanding following such purchase at a price in cash equal to 101% of the aggregate principal amount of such Notes, plus accrued and unpaid interest on the Notes that remain outstanding to, but not including, the date of redemption (subject to the right of Holders of record on the relevant record date to receive interest due on an interest payment date that is on or prior to the redemption date). In determining whether the Holders of at least 90% of the aggregate principal amount of the applicable series of then outstanding Notes have validly tendered and not withdrawn Notes in a Change of Control Offer for all of the Notes of the applicable series, as applicable, Notes owned by an affiliate of the Issuer or by funds controlled or managed by any affiliate of the Issuer, or any successor thereof, shall be deemed to be outstanding for the purposes of such tender offer or other offer, as applicable.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations (or rules of any exchange on which the Notes are then listed) in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations (or exchange rules) conflict with provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations (or exchange rules) and will not be deemed to have breached its obligations under the Change of Control provisions of the Indenture by virtue of the conflict.

A Change of Control will result in a mandatory prepayment under the Revolving Credit Facilities Agreement. Future debt of the Company or its Subsidiaries, including the Issuer, may prohibit the Issuer from purchasing Notes in the event of a Change of Control or provide that a Change of Control is a default or may require repurchase upon a Change of Control. Moreover, the exercise by the Holders of their right to require the Issuer to purchase the Notes could cause a default under, or require a repurchase of, other debt, even if the Change of Control itself does not, due to the financial effect of the purchase on the Company or the Issuer.

Finally, the Issuer's ability to pay cash to the Holders following the occurrence of a Change of Control may be limited by the Issuer's and the Company's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See "Risk Factors—Risks Related to Our Structure—We may not be able to obtain the funds required to repurchase the Notes upon a change of control."

In addition, the definition of "Change of Control" and "Permitted Holders" expressly permit a third party to obtain control of the Company in a transaction which is a Specified Change of Control Event without any obligation to make a Change of Control Offer.

The definition of "Change of Control" includes a disposition of all or substantially all of the property and assets of the Company and its Restricted Subsidiaries taken as a whole to specified other Persons.

Although there is limited case law interpreting the phrase "substantially all," there is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the property or assets of a Person. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder may require the Issuer to make an offer to repurchase the Notes as described above.

The provisions of the Indenture relating to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the written consent of Holders of a majority in outstanding aggregate principal amount of the Notes under the Indenture.

Certain Covenants

Limitation on Indebtedness

The Company will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness); *provided, however*, that the Company and any Restricted Subsidiary may Incur Indebtedness if on the date of such Incurrence and after giving pro forma effect thereto (including pro forma application of the proceeds thereof), the Fixed Charge Coverage Ratio for the Company and its Restricted Subsidiaries for the most recently ended four full trading quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is Incurred would have been at least 2.0 to 1.0.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness:

(1) Indebtedness Incurred by the Company and any Restricted Subsidiary pursuant to any Credit Facility (including in respect of letters of credit or bankers' acceptances issued or created thereunder), and any Refinancing Indebtedness in respect thereof and Guarantees in respect of such Indebtedness in a maximum aggregate principal amount of Indebtedness then outstanding not exceeding (i) the greater of (x) £70.0 million and (y) 60.0% of Consolidated EBITDA, plus (ii) in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses Incurred in connection with such refinancing;

(2) (a) Guarantees by the Company or any Restricted Subsidiary of Indebtedness of the Company or any Restricted Subsidiary, in each case, so long as the Incurrence of such Indebtedness being guaranteed is permitted under the terms of the Indenture (other than pursuant to this clause (2)); *provided* that, if Indebtedness being guaranteed is subordinated to or *pari passu* with the Notes or a Guarantee, then the guarantee must be subordinated or *pari passu* to the Notes or Note Guarantees, as applicable, to the same extent as the Indebtedness guaranteed; or

(b) without limiting the covenant described under "—Certain Covenants—Limitation on Liens," Indebtedness arising by reason of any Lien granted by or applicable to such Person securing Indebtedness of the Company or any Restricted Subsidiary, in each case so long as the Incurrence of such Indebtedness is permitted under the terms of the Indenture;

(3) Indebtedness of the Company owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by the Company or any Restricted Subsidiary; *provided, however*, that:

(a) other than in respect of intercompany current liabilities Incurred in connection with credit management, cash management, cash pooling, netting, setting off or similar arrangements in the ordinary course of business of the Company and the Restricted Subsidiaries, if the Issuer or any Guarantor is the obligor on such Indebtedness and the payee is not the Issuer or a Guarantor, such Indebtedness must be unsecured and expressly subordinated to the prior payment in full in cash of all obligations then due (x) in the case of the Issuer, with respect to the Notes, or (y) in the case of a Guarantor, with respect to the Note Guarantee, in each case in the manner and to the extent provided for in the Intercreditor Agreement; and

(b) (i) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Company or a Restricted Subsidiary; and (ii) any sale or other transfer of any such Indebtedness to a Person other than the Company or a Restricted Subsidiary, shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (3) by the Company or such Restricted Subsidiary, as the case may be;

(4) Indebtedness represented by (a) the Notes (other than any Additional Notes) and the Note Guarantees, (b) any Indebtedness (other than Indebtedness described in clauses (1), (3), (4)(a) and (7) of this paragraph) of the Company or any Restricted Subsidiary entered into or outstanding on the Issue Date, (c) Refinancing Indebtedness Incurred in respect of any Indebtedness described in this clause (4) or clause (5) of this paragraph or Incurred pursuant to the first paragraph of this covenant, (d) Management Advances and (e) the Proceeds Loan;

(5) Indebtedness (i) of any Person Incurred and outstanding on the date on which such Person becomes a Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Company or any Restricted Subsidiary or (ii) Incurred to provide or refinance all or any portion of the funds utilized to consummate a transaction or series of related transactions pursuant to which a Person became a Restricted Subsidiary or was otherwise acquired by the Company or a Restricted Subsidiary or otherwise in connection with or contemplation of such acquisition; *provided, however*, with respect to this clause (5)(i) and (5)(ii), that at the time of such acquisition or other transaction (x) the Company and its Restricted Subsidiaries would have been permitted to Incur £1.00 of additional Indebtedness pursuant to the first paragraph of this covenant after giving pro forma effect to the relevant acquisition and Incurrence of such Indebtedness pursuant to this clause (5) or (y) the Fixed Charge Coverage Ratio for the Company and its Restricted Subsidiaries would not be lower than it was immediately prior to giving effect to such acquisition or other transaction;

(6) Indebtedness under Hedging Agreements entered into for bona fide hedging purposes of the Company or its Restricted Subsidiaries and not for speculative purposes (as determined in good faith by the Board of Directors or an Officer of the Company);

(7) Indebtedness consisting of (A) Capitalized Lease Obligations, mortgage financings, Purchase Money Obligations or other financings, Incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in a Similar Business or (B) Indebtedness otherwise Incurred to finance the purchase, lease, rental or cost of design, construction, installation or improvement of property (real or personal) or equipment that is used or useful in a Similar Business, whether through the direct purchase of assets or the Capital Stock of any Person owning such assets, and (C) any Refinancing Indebtedness and Guarantees in respect of (A) or (B), in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (7) then outstanding, will not exceed the greater of (i) £30.0 million and (ii) 4.1% of Total Assets;

(8) Indebtedness in respect of (a) workers' compensation claims, self-insurance obligations, performance, indemnity, surety, judgment, appeal, advance payment, customs, VAT or other tax or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Company or a Restricted Subsidiary or relating to liabilities, obligations, indemnities or guarantees Incurred in the ordinary course of business or for governmental or regulatory requirements, (b) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business, provided, however, that upon the drawing of such letters of credit or other instrument, such obligations are reimbursed within 30 days following such drawing, (c) the financing of insurance premiums in the ordinary course of business and (d) any credit management, cash management, cash pooling, netting, setting off or similar arrangements in the ordinary course of business of the Company and the Restricted Subsidiaries;

(9) Indebtedness arising from agreements providing for customary guarantees, indemnification, obligations in respect of earn-outs or other adjustments of purchase price or, in each case, similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than Guarantees of Indebtedness Incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition);

(10) (A) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided, however*, that such Indebtedness is extinguished within 60 Business Days of Incurrence;

(B) Indebtedness owed on a short-term basis of no longer than 60 days to banks and other financial institutions Incurred in the ordinary course of business of the Company and its Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Company and its Restricted Subsidiaries; and

(C) Indebtedness Incurred by a Restricted Subsidiary in connection with bankers' acceptances, discounted bills of exchange or the discounting or factoring of receivables for credit management purposes, in each case Incurred or undertaken in the ordinary course of business;

(11) Indebtedness in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness and Guarantees in respect thereof and the aggregate principal amount of all other Indebtedness Incurred pursuant to this clause (11) then outstanding, will not exceed the greater of (i) £30.0 million and (ii) 4.1% of Total Assets;

(12) Indebtedness (including any Refinancing Indebtedness and Guarantees in respect thereof) in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (12) and then outstanding, will not exceed 100% of the Net Cash Proceeds received by the Company from the issuance or sale (other than to a Restricted Subsidiary) of its Subordinated Shareholder Funding or its Capital Stock (other than Disqualified Stock, Designated Preference Shares or an Excluded Contribution) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock, Designated Preference Shares or an Excluded Contribution) of the Company, in each case, subsequent to the Issue Date; *provided, however*, that (i) any such Net Cash Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under the first paragraph and clauses (1), (6), (10) and (14) of the third paragraph of the covenant described below under "—Certain Covenants—Limitation on Restricted Payments" to the extent the Company and its Restricted Subsidiaries Incur Indebtedness in reliance thereon and (ii) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Indebtedness pursuant to this clause (12) to the extent the Company or any of its Restricted Subsidiaries makes a Restricted Payment under the first paragraph and/or clauses (1), (6), (10) or (14) of the third paragraph of the covenant described below under "—Certain Covenants—Limitation on Restricted Payments" in reliance thereon;

(13) Indebtedness Incurred by a Receivables Subsidiary in a Qualified Receivables Financing.

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

(i) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, the Company, in its sole discretion, will classify, and may from time to time reclassify, such item (or any portion of such item) of Indebtedness and only be required to include the amount and type of such Indebtedness in one of the clauses of the second paragraph or the first paragraph of this covenant;

(ii) Guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(iii) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to clause (1), (7) or (11) of the second paragraph above or the first paragraph above and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;

(iv) the principal amount of any Disqualified Stock of the Company or a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;

(v) for the purposes of determining "Consolidated EBITDA" under this covenant, (x) pro forma effect shall be given to Consolidated EBITDA on the same basis as for calculating the Consolidated Leverage Ratio for the Company and its Restricted Subsidiaries and (y) Consolidated EBITDA shall be measured on the most recent date on which new commitments are obtained (in the case of revolving facilities) or the date on which new Indebtedness is Incurred (in the case of term facilities) and for the period of the most recent four consecutive trading quarters ending prior to the date for which such internal consolidated financial statements of the Company are available;

(vi) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness; and

(vii) The amount of any Indebtedness outstanding as of any date shall be calculated as described under the definition of "Indebtedness," provided that the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined on the basis of IFRS.

Accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional Indebtedness, the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness due to a change in IFRS will not be deemed to be an Incurrence of Indebtedness for purposes of the covenant described under this "—Certain Covenants—Limitation on Indebtedness" covenant.

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary as of such date.

For purposes of determining compliance with any pound sterling-denominated restriction on the Incurrence of Indebtedness, the Sterling Equivalent of the aggregate principal amount of Indebtedness denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or, at the option of the Company, first committed, in the case of Indebtedness Incurred under a revolving credit facility; *provided* that (a) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than pound sterling, and such refinancing would cause the applicable pound sterling-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such pound sterling-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such Refinancing Indebtedness does not exceed the aggregate principal amount of such Indebtedness being refinanced; (b) the Sterling Equivalent of the aggregate principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date; and (c) if and for so long as any such Indebtedness is subject to a Currency Agreement with respect to the currency in which such Indebtedness is denominated covering principal amounts payable on such Indebtedness, the amount of such Indebtedness, if denominated in pound sterling, will be the amount of the principal payment required to be made under such Currency Agreement and, otherwise, the Sterling Equivalent of such amount plus the Sterling Equivalent of any premium which is at such time due and payable but is not covered by such Currency Agreement.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company or a Restricted Subsidiary may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Limitation on Restricted Payments

The Company will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:

(1) declare or pay any dividend or make any other distribution on or in respect of the Company's or any Restricted Subsidiary's Capital Stock (including any payment in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries) except:

  (a) dividends or distributions payable in Capital Stock of the Company (other than Disqualified Stock) or in options, warrants or other rights to purchase such Capital Stock of the Company or in Subordinated Shareholder Funding; and

  (b) dividends or distributions payable to the Company or a Restricted Subsidiary (and, in the case of any such Restricted Subsidiary making such dividend or distribution, to holders of its Capital Stock other than the Company or a Restricted Subsidiary on no more than a *pro rata* basis, measured by value);

(2) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Company or any direct or indirect Parent of the Company held by Persons other than the Company or a Restricted

Subsidiary (other than in exchange for Capital Stock of the Company (other than Disqualified Stock));

(3) make any principal payment on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness (other than (a) any such payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement or in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, due within one year of the date of payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement and (b) any Indebtedness Incurred pursuant to clause (3) of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Indebtedness");

(4) make any payment (other than by capitalization of interest) on or with respect to, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value any Subordinated Shareholder Funding; or

(5) make any Restricted Investment in any Person;

(any such dividend, distribution, payment, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (5) are referred to herein as a "Restricted Payment"), if at the time the Company or such Restricted Subsidiary makes such Restricted Payment:

(a) a Default shall have occurred and be continuing (or would result immediately thereafter therefrom);

(b) the Company and its Restricted Subsidiaries are not permitted to Incur an additional £1.00 of Indebtedness pursuant to the first paragraph of the covenant described under "—Certain Covenants—Limitation on Indebtedness" after giving effect, on a pro forma basis, to such Restricted Payment; or

(c) the aggregate amount of such Restricted Payment and all other Restricted Payments made subsequent to the Issue Date (and not returned or rescinded) (including Permitted Payments permitted below by clauses (5)(a) (without duplication of amounts paid pursuant to any other clause of the next succeeding paragraph), (6), (10), (11) and (12) of the next succeeding paragraph, but excluding all other Restricted Payments permitted by the next succeeding paragraph) would exceed the sum of (without duplication):

(i) 50% of Consolidated Net Income for the period (treated as one accounting period) from the first day of the first trading quarter commencing prior to the Issue Date to the end of the most recent trading quarter ending prior to the date of such Restricted Payment for which internal consolidated financial statements of the Company are available (or, in the case such Consolidated Net Income is a deficit, minus 100% of such deficit);

(ii) 100% of the aggregate Net Cash Proceeds, and the fair market value of property or assets or marketable securities, received by the Company from the issue or sale of its Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding subsequent to the Issue Date or otherwise contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Company subsequent to the Issue Date (other than (x) Net Cash Proceeds or property or assets or marketable securities received from an issuance or sale of such Capital Stock to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary, (y) Net Cash Proceeds or property or assets or marketable securities to the extent that any Restricted Payment has been made from such proceeds in reliance on clause (6) of the next succeeding paragraph and (z) Excluded Contributions);

(iii) 100% of the aggregate Net Cash Proceeds, and the fair market value of property or assets or marketable securities, received by the Company or any Restricted Subsidiary from the issuance or sale (other than to the Company or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary) by the Company or any Restricted Subsidiary subsequent to the Issue Date of any Indebtedness that has been converted into or exchanged for Capital Stock of the

Company (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding (plus the amount of any cash, and the fair market value of property or assets or marketable securities, received by the Company or any Restricted Subsidiary upon such conversion or exchange) but excluding Net Cash Proceeds to the extent that any Restricted Payment has been made from such proceeds in reliance on clause (6) of the next succeeding paragraph;

(iv) the amount equal to the net reduction in Restricted Investments made by the Company or any of its Restricted Subsidiaries resulting from:

(A) repurchases, redemptions or other acquisitions or retirements of any such Restricted Investment, proceeds realized upon the sale or other disposition to a Person other than the Company or a Restricted Subsidiary of any such Restricted Investment, repayments of loans or advances or other transfers of assets (including by way of dividend, distribution, interest payments or returns of capital) to the Company or any Restricted Subsidiary; or

(B) the redesignation of Unrestricted Subsidiaries as Restricted Subsidiaries (valued, in each case, as provided in the definition of "Investment") not to exceed, in the case of any Unrestricted Subsidiary, the amount of Investments previously made by the Company or any Restricted Subsidiary in such Unrestricted Subsidiary, which amount, in each case under this clause (iv), was included in the calculation of the amount of Restricted Payments referred to in the first sentence of this clause (c);

provided, however, that no amount will be included in Consolidated Net Income for purposes of the preceding clause (i) to the extent that it is (at the Company's option) included under this clause (iv); and

(v) the amount of the cash and the fair market value of property or assets or of marketable securities received by the Company or any of its Restricted Subsidiaries in connection with:

(A) the sale or other disposition (other than to the Company or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary) of Capital Stock of an Unrestricted Subsidiary of the Company; and

(B) any dividend or distribution made by an Unrestricted Subsidiary or Affiliate to the Company or a Restricted Subsidiary,

provided, however, that no amount will be included in Consolidated Net Income for purposes of the preceding clause (i) to the extent that it is (at the Company's option) included under this clause (v).

The foregoing provisions will not prohibit any of the following (collectively, "Permitted Payments"):

(1) any Restricted Payment made in exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the substantially concurrent sale of, Capital Stock of the Company (other than Disqualified Stock or Designated Preference Shares), Subordinated Shareholder Funding or a substantially concurrent contribution to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of the Company; *provided, however*, that to the extent so applied, the Net Cash Proceeds, or fair market value of property or assets or of marketable securities, from such sale of Capital Stock, Subordinated Shareholder Funding or such contribution will be excluded from clause (c)(ii) of the second preceding paragraph;

(2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness made in exchange for, or out of the proceeds of the substantially concurrent Incurrence of Refinancing Indebtedness permitted to be Incurred pursuant to the covenant described under "—Limitation on Indebtedness" above;

(3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Preferred Stock of the Company or a Restricted Subsidiary made in exchange for or out of the proceeds of the substantially concurrent sale of Preferred Stock of the Company or a Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred pursuant to the covenant described under "—Limitation on Indebtedness" above, and that in each case, constitutes Refinancing Indebtedness;

(4) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness:

(a) (i) from Net Available Cash to the extent permitted under "—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock" below, but only if (i) the Company shall have first complied with the terms described under "—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock" and purchased all Notes validly tendered pursuant to any offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest;

(b) to the extent required by the agreement governing such Subordinated Indebtedness, following the occurrence of a Change of Control (or other similar event described therein as a "change of control"), but only (i) if the Company shall have first complied with the terms of the covenant described under "—Change of Control," if required, and purchased all Notes validly tendered pursuant to the offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 101% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest; or

(c) (i) consisting of Acquired Indebtedness and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest and any premium required by the terms of any Acquired Indebtedness;

(5) (a) any dividends paid within 60 days after the date of declaration if at such date of declaration such dividend would have complied with this covenant, and (b) any payments associated with the Transactions;

(6) the purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement for value of Capital Stock of the Company, any Restricted Subsidiary or any Parent (including any options, warrants or other rights in respect thereof) and loans, advances, dividends or distributions by the Company to any Parent or any entity formed for the purpose of investing in Capital Stock of the Company or any Parent to permit any Parent or such entity to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Company, any Restricted Subsidiary or any Parent (including any options, warrants or other rights in respect thereof), or payments to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Company, any Restricted Subsidiary or any Parent (including any options, warrants or other rights in respect thereof), in each case from Management Investors; *provided* that such payments, loans, advances, dividends or distributions do not exceed an amount (net of repayments of any such loans or advances) equal to (A) £2.0 million plus (B) £1.0 million multiplied by the number of calendar years that have commenced since the Issue Date plus (C) the Net Cash Proceeds received by the Company or its Restricted Subsidiaries since the Issue Date (including through receipt of proceeds from the issuance or sale of its Capital Stock or Subordinated Shareholder Funding to a Parent) from, or as a contribution to the equity (in each case under this clause (C), other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Company from, the issuance or sale to Management Investors of Capital Stock (including any options, warrants or other rights in respect thereof), to the extent such Net Cash Proceeds are not included in any calculation under clause (c)(ii) of the first paragraph describing this covenant;

(7) the declaration and payment of dividends to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, Incurred in accordance with the terms of the covenant described under "—Certain Covenants—Limitation on Indebtedness" above;

(8) purchases, repurchases, redemptions, defeasances or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise of stock options, warrants or other rights in respect thereof if such Capital Stock represents a portion of the exercise price thereof;

(9) dividends, loans, advances or distributions to any Parent or any Affiliates or other payments by the Company or any Restricted Subsidiary in amounts equal to (without duplication):

(a) the amounts required for any Parent to pay any Parent Expenses or any Related Taxes; or

(b) amounts constituting or to be used for purposes of making payments (i) of fees, expenses and other payments in relation to the Transactions or (ii) to the extent specified in clauses (2), (3), (5), (7), (11), (12) and (13) of the second paragraph under "—Certain Covenants—Limitation on Affiliate Transactions,"

(10) so long as no Default or Event of Default has occurred and is continuing (or would result therefrom), the declaration and payment by the Company of, or loans, advances, dividends or distributions to any Parent to pay, dividends on the common stock or common equity interests of the Company or any Parent following a Public Offering of such common stock or common equity interests, in an amount not to exceed in any trading year the greater of (a) 6% of the Net Cash Proceeds received by the Company from such Public Offering or contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of the Company or loaned or contributed as Subordinated Shareholder Funding to the Company and (b) following the Initial Public Offering, an amount equal to the greater of (i) 6% of the Market Capitalization and (ii) 6% of the IPO Market Capitalization; *provided* that, in the case of (b) of this paragraph, after giving pro forma effect to such loans, advances, dividends or distributions, the Consolidated Leverage Ratio for the Company and its Restricted Subsidiaries shall be equal to or less than 4.25 to 1.0;

(11) so long as no Default or Event of Default has occurred and is continuing (or would result from), (a) Restricted Payments (including loans or advances) in an aggregate amount outstanding at any time not to exceed the greater of £25.0 million or 3.4% of Total Assets and (b) any Restricted Payment, provided that the Consolidated Leverage Ratio on a pro forma basis after giving effect to any such Restricted Payment does not exceed 3.75 to 1.0;

(12) payments by the Company, or loans, advances, dividends or distributions to any Parent to make payments, to holders of Capital Stock of the Company or any Parent in lieu of the issuance of fractional shares of such Capital Stock; *provided, however*, that any such payment, loan, advance, dividend or distribution shall not be for the purpose of evading any limitation of this covenant or otherwise to facilitate any dividend or other return of capital to the holders of such Capital Stock (as determined in good faith by the Board of Directors or an Officer of the Company);

(13) Restricted Payments in an aggregate amount outstanding at any time not to exceed the fair market value of Excluded Contributions, or consisting of non-cash Excluded Contributions, or Investments to the extent made in exchange for or using as consideration Investments previously made under this clause (13);

(14) (i) the declaration and payment of dividends to holders of any class or series of Designated Preference Shares of the Company issued after the Issue Date; and (ii) the declaration and payment of dividends to any Parent or any Affiliate thereof, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preference Shares of such Parent or Affiliate issued after the Issue Date; *provided, however*, that, in the case of clauses (i) and (ii), the amount of all dividends declared or paid pursuant to this clause (14) shall not exceed the Net Cash Proceeds received by the Company or the aggregate amount contributed in cash to the equity (other than through the issuance of Disqualified Stock or an Excluded Contribution or, in the case of Designated Preference Shares by Parent or an Affiliate the issuance of Designated Preference Shares) of the Company or loaned or contributed as Subordinated Shareholder Funding to the Company, from the issuance or sale of such Designated Preference Shares;

(15) dividends or other distributions of Capital Stock, Indebtedness or other securities of Unrestricted Subsidiaries; and

(16) payment of any Receivables Fees and purchases of Receivables Assets pursuant to a Receivables Repurchase Obligation in connection with a Qualified Receivables Financing.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Company or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment.

Limitation on Liens

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, Incur or suffer to exist any Lien upon any of its property or assets (including Capital Stock of a Restricted Subsidiary), whether owned on the Issue Date or acquired after that date, or any interest therein or any income or profits therefrom, which Lien is securing any Indebtedness (such Lien, the "Initial Lien"), except (a) in the case of any property or asset that does not constitute Collateral, (1) Permitted Liens or

(2) Liens on property or assets that are not Permitted Liens if the Notes (or a Note Guarantee in the case of Liens of a Guarantor) are secured equally and ratably with, or prior to, in the case of Liens with respect to Subordinated Indebtedness, the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured (provided that a Lien to secure Indebtedness pursuant to clauses (1) or (6) of such second paragraph of "—Certain Covenants—Limitation on Indebtedness" covenant may have priority not materially less favorable to the Holders than that accorded to the Revolving Credit Facilities Agreement pursuant to the Intercreditor Agreement), and (b) in the case of any property or assets that constitute Collateral, Permitted Collateral Liens.

Any such Lien created in favor of the Notes pursuant to clause (a)(2) of the preceding paragraph will be automatically and unconditionally released and discharged upon (i) the release and discharge of the Initial Lien to which it relates and (ii) otherwise as set forth under "Security—Release of Liens."

Limitation on Distributions from Restricted Subsidiaries

The Company will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

(A) pay dividends or make any other distributions in cash or otherwise on its Capital Stock to the Company or the Issuer or pay any Indebtedness or other obligations owed to the Company or the Issuer;

(B) make any loans or advances to the Company or the Issuer; or

(C) sell, lease or transfer any of its property or assets to the Company or the Issuer;

provided that (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill requirements to) loans or advances made to the Company or any Restricted Subsidiary to other Indebtedness Incurred by the Company or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

The provisions of the preceding paragraph will not prohibit:

(1) any encumbrance or restriction pursuant to (a) any Credit Facility, including the Revolving Credit Facilities Agreement, (b) the Indenture, the Notes, the Note Guarantees, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents or (c) any other agreement or instrument in effect at or entered into on the Issue Date, including, in each case, any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings, provided that the amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in those agreements referred to in clauses (a), (b) and (c) above, as applicable (as determined in good faith by the Board of Directors or an Officer of the Company);

(2) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Indebtedness of a Person, entered into on or before the date on which such Person was acquired by or merged, consolidated or otherwise combined with or into the Company or any Restricted Subsidiary, or was designated as a Restricted Subsidiary or on which such agreement or instrument is assumed by the Company or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by the Company or was merged, consolidated or otherwise combined with or into the Company or any Restricted Subsidiary entered into or in connection with such transaction) and outstanding on such date; *provided* that, for the purposes of this clause (2), if another Person is the Successor Company, any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed by the Company or any Restricted Subsidiary when such Person becomes the Successor Company;

(3) any encumbrance or restriction pursuant to an agreement or instrument effecting a refinancing of Indebtedness Incurred pursuant to, or that otherwise refinances, an agreement or instrument referred to in clause (1) or (2) of this paragraph or this clause (3) (an "Initial Agreement") or contained in any amendment, supplement or other modification to an agreement referred to in clause (1) or (2) of this

paragraph or this clause (3); *provided, however*, that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such agreement or instrument are no less favorable in any material respect to the Holders taken as a whole than the encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such refinancing or amendment, supplement or other modification relates (as determined in good faith by the Board of Directors or an Officer of the Company);

(4) any encumbrance or restriction:

(a) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any lease, license or other contract;

(b) contained in mortgages, pledges, charges or other security agreements permitted under the Indenture or securing Indebtedness of the Company or a Restricted Subsidiary permitted under the Indenture to the extent such encumbrances or restrictions restrict the transfer of the property or assets subject to such mortgages, pledges, charges or other security agreements; or

(c) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Company or any Restricted Subsidiary;

(5) any encumbrance or restriction pursuant to Purchase Money Obligations and Capitalized Lease Obligations permitted under the Indenture, in each case, that impose encumbrances or restrictions on the property so acquired or any encumbrance or restriction pursuant to a joint venture agreement that imposes restrictions on the transfer of the assets of the joint venture;

(6) any encumbrance or restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered into for the direct or indirect sale or disposition to a Person of all or substantially all the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;

(7) customary provisions in leases, licenses, joint venture agreements and other similar agreements and instruments entered into in the ordinary course of business;

(8) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation or order (including encumbrances or restrictions to make distributions in cash or Cash Equivalents as a dividend or otherwise that arise or exist by reason of applicable law or any applicable rule, regulation or order) or encumbrances or restrictions required by any regulatory authority;

(9) any encumbrance or restriction on cash or other deposits or net worth imposed by customers under agreements entered into in the ordinary course of business;

(10) any encumbrance or restriction pursuant to Hedging Agreements;

(11) any encumbrance or restriction arising pursuant to an agreement or instrument relating to any Indebtedness permitted to be Incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under "—Certain Covenants—Limitation on Indebtedness" if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Holders than (i) the encumbrances and restrictions contained in the Revolving Credit Facilities Agreement, together with the security documents associated therewith as in effect on the Issue Date or (ii) in comparable financings (as determined in good faith by the Board of Directors or an Officer of the Company) and where, in the case of clause (ii), the Company determines at the time such Indebtedness is Incurred that such encumbrances or restrictions will not adversely affect, in any material respect, the Issuer's ability to make principal or interest payments on the Notes or the ability of the Company to make principal or interest payments on the Proceeds Loan;

(12) any encumbrance or restriction existing by reason of any Lien permitted under "—Certain Covenants—Limitation on Liens;" or

(13) restrictions effected in connection with a Qualified Receivables Financing that, in the good faith determination of the Board of Directors or an Officer of the Company, are necessary or advisable to effect such Qualified Receivables Financing.

Limitation on Sales of Assets and Subsidiary Stock

The Company will not, and will not permit any of its Restricted Subsidiaries to, make any Asset Disposition unless:

(1) the Company or such Restricted Subsidiary, as the case may be, receives consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) at least equal to the fair market value (such fair market value to be determined on the date of contractually agreeing to such Asset Disposition) of the shares and assets subject to such Asset Disposition (including, for the avoidance of doubt, if such Asset Disposition is a Permitted Asset Swap); and

(2) in any such Asset Disposition, or series of related Asset Dispositions (except to the extent the Asset Disposition is a Permitted Asset Swap), at least 75% of the consideration from such Asset Disposition (excluding any consideration by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise, other than Indebtedness) received by the Company or such Restricted Subsidiary, as the case may be, is in the form of cash, Cash Equivalents or Temporary Cash Investments.

Within 365 days from the later of (A) the date of such Asset Disposition and (B) the receipt of such Net Available Cash from an Asset Disposition, the Company or such Restricted Subsidiary, as the case may be, may apply an amount equal to such Net Available Cash at the option of the Company or such Restricted Subsidiary:

(a) (i) to prepay, repay, purchase or redeem any Indebtedness Incurred under clause (1) or clause (13) of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Indebtedness," or any Refinancing Indebtedness in respect thereof; *provided, however*, that in connection with any prepayment, repayment, purchase or redemption of Indebtedness pursuant to this clause (a) (except in the case of any revolving Indebtedness, including but not limited to the Revolving Credit Facilities Agreement), the Company or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitment to be permanently reduced in an amount equal to the principal amount so prepaid, repaid, purchased or redeemed; or (ii) to prepay, repay, purchase or redeem Pari Passu Indebtedness at a price of no more than 100% of the principal amount of such Pari Passu Indebtedness plus accrued and unpaid interest to the date of such prepayment, repayment, purchase or redemption; *provided* that the Company shall redeem, repay, repurchase or redeem Pari Passu Indebtedness that is Public Debt pursuant to this clause (ii) only if the Company either (A) reduces the aggregate principal amount of the Notes on an equal or ratable basis with any such Pari Passu Indebtedness repaid pursuant to this clause (ii) by, at its option, (x) redeeming Notes as provided under "—Optional Redemption" and/or (y) purchasing Notes through open-market purchases or in privately negotiated transactions at market prices (which may be below par) and/or (B) makes (at such time or subsequently in compliance with this covenant) an offer to the Holders to purchase their Notes in accordance with the provisions set forth below for an Asset Disposition Offer on an equal or ratable basis with any such Pari Passu Indebtedness repaid pursuant to this clause (ii) (which offer shall be deemed to be an Asset Disposition Offer for purposes hereof); (iii) to purchase Notes through open market purchases or in privately negotiated transactions at market prices (which may be below par); (iv) to make (at such time or subsequently in compliance with this covenant) an offer to the Holders to purchase their Notes in accordance with the provisions set forth below for an Asset Disposition Offer (which offer shall be deemed to be an Asset Disposition Offer for purposes hereof) or (v) to redeem any series of Notes as described under "—Optional Redemption;"

(b) to the extent the Company or such Restricted Subsidiary elects, to invest in or commit to invest in Additional Assets (including by means of an investment in Additional Assets by a Restricted Subsidiary with Net Available Cash received by the Company or another Restricted Subsidiary) within 365 days from the later of (i) the date of such Asset Disposition and (ii) the receipt of such Net Available Cash; *provided, however*, that any such investment in Additional Assets made pursuant to a definitive binding agreement or a commitment approved by the Board of Directors or an Officer of the Company that is executed or approved within such time will satisfy this requirement, so long as such investment is consummated within 180 days of such 365th day;

(c) to make a capital expenditure within 365 days from the later of (i) the date of such Asset Disposition and (ii) the receipt of such Net Available Cash; *provided, however*, that any such capital expenditure made pursuant to a definitive binding agreement or a commitment approved by the Board of Directors or an Officer of the Company that is executed or approved within such time will satisfy this requirement, so long as such capital expenditure is consummated within 180 days of such 365th day; or

(d) any combination of the foregoing;

provided that, pending the final application of any such Net Available Cash in accordance with clause (a), (b), (c) or (d) above, the Company and its Restricted Subsidiaries may temporarily reduce Indebtedness or otherwise invest such Net Available Cash in any manner not prohibited by the Indenture.

If an amount less than the Net Available Cash from Asset Dispositions is applied or invested or committed to be applied or invested, or offered to be applied or invested, as provided in the preceding paragraph, an amount equal to the difference will be deemed to constitute "Excess Proceeds" under the Indenture. On the 366th day (or the 546th day, in the case of any Net Available Cash committed to be used pursuant to a definitive binding agreement or commitment approved by the Board of Directors or an Officer of the Company pursuant to clauses (b) or (c) of the second paragraph of this covenant) after the later of (A) the date of such Asset Disposition and (B) the receipt of such Net Available Cash from an Asset Disposition, or at such earlier date that the Company elects, if the aggregate amount of "Excess Proceeds" under the Indenture exceeds £15.0 million, the Company will be required to make an offer (or procure an offer is made) ("Asset Disposition Offer") to all Holders of Notes issued under the Indenture and, to the extent the Company so elects, to all holders of other outstanding Pari Passu Indebtedness, to purchase the maximum aggregate principal amount of Notes and any such Pari Passu Indebtedness to which the Asset Disposition Offer applies that may be purchased out of the "Excess Proceeds," at an offer price in respect of the Notes in an amount equal to (and, in the case of any Pari Passu Indebtedness, an offer price of no more than) 100% of the principal amount of such Notes and 100% of the principal amount of such Pari Passu Indebtedness, in each case, plus accrued and unpaid interest, if any, to, but excluding, the date of purchase, in accordance with the procedures set forth in the Indenture or the agreements governing the Pari Passu Indebtedness, as applicable.

To the extent that the aggregate principal amount of Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the "Excess Proceeds," the Company may use any remaining "Excess Proceeds" for general corporate purposes, subject to the other covenants contained in the Indenture. If the aggregate principal amount of the Notes surrendered in any Asset Disposition Offer by Holders and other Pari Passu Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of "Excess Proceeds," the "Excess Proceeds" shall be allocated among the Notes and Pari Passu Indebtedness to be purchased on a *pro rata* basis or by use of a pool factor on the basis of the aggregate principal amount of tendered Notes and Pari Passu Indebtedness, or by such other method as (i) the Trustee and (ii) the trustee, agent or similar representative of such Pari Passu Indebtedness, after consultation with the Company, deem fair and appropriate (and in such manner as complies with applicable legal, depositary and exchange requirements). For the purposes of calculating the aggregate principal amount of any such Indebtedness not denominated in pound sterling, such Indebtedness shall be calculated by converting any such aggregate principal amounts into their Sterling Equivalent determined as of a date selected by the Company that is within the Asset Disposition Offer Period (as defined herein). Upon completion of any Asset Disposition Offer, the amount of "Excess Proceeds" shall be reset at zero.

Any Net Available Cash payable in respect of the Notes pursuant to this covenant will be allocated between the Floating Rate Notes and the Original Fixed Rate Notes in proportion to the respective aggregate principal amounts of Floating Rate Notes and Original Fixed Rate Notes validly tendered and not withdrawn.

To the extent that any portion of Net Available Cash payable in respect of the Notes is denominated in a currency other than the currency in which the relevant Notes are denominated, the amount thereof payable in respect of such Notes shall not exceed the net amount of funds in the currency in which the relevant Notes are denominated that is actually received upon converting such portion of Net Available Cash into such currency.

The Asset Disposition Offer, in so far as it relates to the Notes, will remain open for a period of not less than 20 Business Days following its commencement (the "Asset Disposition Offer Period"). No later than five Business Days after the termination of the Asset Disposition Offer Period (the "Asset Disposition Purchase Date"), the Company will purchase (or procure the purchase of) the aggregate principal amount of Notes and, to the extent they so elect, any Pari Passu Indebtedness required to be purchased pursuant to this covenant (the "Asset Disposition Offer Amount") or, if less than the Asset Disposition Offer Amount has been so validly tendered, all Notes and Pari Passu Indebtedness validly tendered in response to the Asset Disposition Offer.

On or before the Asset Disposition Purchase Date, the Company will, to the extent lawful, accept for payment, on a *pro rata* basis to the extent necessary, the Asset Disposition Offer Amount of Notes and Pari Passu Indebtedness or portions of Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to the Asset Disposition Offer, or if less than the Asset Disposition Offer Amount has been validly tendered and not properly withdrawn, all Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn and, in the case of the Notes, in minimum denominations of £100,000 and in integral multiples of £1,000 in excess thereof. The Company will deliver to the Trustee an Officer's Certificate stating that such Notes or portions thereof were accepted for payment in accordance with the terms of this covenant. The Company or the Paying Agent, as the case may be, will promptly (but in any case not later than five Business Days after termination of the Asset Disposition Offer Period) mail or deliver (or procure the mail or delivery) to each tendering Holder an amount equal to the purchase price of the Notes so validly tendered and not properly withdrawn by such Holder, and accepted for purchase, and the Issuer will promptly issue a new Note (or amend the Global Note), and the Trustee, upon delivery of an Officer's Certificate from the Issuer, will (via an authenticating agent) authenticate and mail or deliver (or cause to be transferred by book entry) such new Note to such Holder, in an aggregate principal amount equal to any unpurchased portion of the Note surrendered; *provided* that each such new Note will be in an aggregate principal amount with a minimum denomination of £100,000 or in integral multiples of £1,000 in excess thereof. Any Note not so accepted will be promptly mailed or delivered (or transferred by book entry) by the Company or the Issuer to the Holder thereof.

For the purposes of clause (2) of the first paragraph of this covenant, the following will be deemed to be cash:

(1) the assumption by the transferee of Indebtedness of the Issuer or Indebtedness of the Company or a Restricted Subsidiary (other than Subordinated Indebtedness of the Issuer or a Guarantor) and the release of the Issuer, the Company or such Restricted Subsidiary from all liability on such Indebtedness in connection with such Asset Disposition;

(2) securities, notes or other obligations received by the Issuer, the Company or any Restricted Subsidiary from the transferee that are converted by the Issuer, the Company or such Restricted Subsidiary into cash or Cash Equivalents within 180 days following the closing of such Asset Disposition;

(3) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, to the extent that the Company and each other Restricted Subsidiary are released from any Guarantee of payment of such Indebtedness in connection with such Asset Disposition;

(4) consideration consisting of Indebtedness of the Issuer, the Company or any Restricted Subsidiary (other than Subordinated Indebtedness of the Issuer or a Guarantor) received after the Issue Date from Persons who are not the Issuer, the Company or any Restricted Subsidiary; and

(5) any Designated Non-Cash Consideration received by the Issuer, the Company or any Restricted Subsidiary in such Asset Dispositions having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant that is at that time outstanding, not to exceed the greater of £30.0 million and 4.1% of Total Assets (with the fair market value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value).

The Company will comply (or procure compliance), to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to the Indenture. To the extent that the provisions of any securities laws or regulations (or exchange rules) conflict with provisions of this covenant, the Company will comply (or procure compliance) with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of any conflict.

Maintenance of Listing

The Company will use its commercially reasonable efforts to obtain and maintain the listing of the Notes on the Official List of the Exchange for so long as such Notes are outstanding; provided that if the Company is unable to obtain admission to such listing or if at any time the Company determines that it will not maintain such listing, it will obtain and thereafter use its best efforts to maintain a listing of such Notes on another stock exchange deemed appropriate by the Board of Directors or an Officer of the Company.

Limitation on Affiliate Transactions

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or conduct any transaction or series of related transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with or for the benefit of any Affiliate of the Company (such transaction or series of related transactions being an "Affiliate Transaction") involving aggregate value in excess of £5.0 million unless:

(1) the terms of such Affiliate Transaction taken as a whole are not materially less favorable to the Company or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction or the execution of the agreement providing for such transaction in arm's length dealings with a Person who is not such an Affiliate;

(2) in the event such Affiliate Transaction involves an aggregate value in excess of £15.0 million, the terms of such transaction or series of related transactions have been approved by a majority of the members of the Board of Directors of the Company resolving that such transaction complies with clause (1) above; and

(3) in the event such Affiliate Transaction involves an aggregate consideration in excess of £30.0 million, the Company has received a written opinion from an Independent Financial Advisor that such Affiliate Transaction is fair, from a financial standpoint, to the Company and its Restricted Subsidiaries or that the terms are not materially less favorable than those that could reasonably have been obtained in a comparable transaction at such time on an arm's length basis from a Person that is not an Affiliate.

The provisions of the preceding paragraph will not apply to:

(1) any Restricted Payment permitted to be made pursuant to the covenant described under "—Certain Covenants—Limitation on Restricted Payments," any Permitted Payments (other than pursuant to clause (9)(b)(ii) of the third paragraph of the covenant described under "—Certain Covenants—Limitation on Restricted Payments") or any Permitted Investment;

(2) any issuance or sale of Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Company, any Restricted Subsidiary or any Parent, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultants' plans (including valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) or indemnities provided on behalf of officers, employees, directors or consultants approved by the Board of Directors of the Company, in each case in the ordinary course of business;

(3) any Management Advances and any waiver or transaction with respect thereto;

(4) any transaction between or among the Company and any Restricted Subsidiary (or entity that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries or any Receivables Subsidiary;

(5) the payment of reasonable fees and reimbursement of expenses to, and customary indemnities (including under customary insurance policies) and employee benefit and pension expenses provided on behalf of, directors, officers, consultants or employees of the Company, any Restricted Subsidiary or any Parent (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees);

(6) the Transactions and the entry into and performance of obligations of the Company or any of its Restricted Subsidiaries under the terms of any transaction arising out of, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on the Issue Date, as these agreements and instruments may be amended, modified, supplemented, extended, renewed or refinanced from time to time in accordance with the other terms of this covenant or to the extent not more disadvantageous to the Holders in any material respect in the good faith judgment of the Board of Directors or an Officer of the Company and the entry into and performance of any registration rights or other listing agreement in connection with any Public Offering;

(7) the execution, delivery and performance of any Tax Sharing Agreement and the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business;

(8) transactions with customers, clients, landlords, suppliers or purchasers or sellers of goods or services, which, in each case, are in the ordinary course of business and are either fair to the Company or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors or an Officer of the Company or the relevant Restricted Subsidiary or are on terms no less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;

(9) any transaction in the ordinary course of business between or among the Company or any Restricted Subsidiary and any Affiliate of the Company or an Associate or similar entity that would constitute an Affiliate Transaction solely because the Company or a Restricted Subsidiary or any Affiliate of the Company or a Restricted Subsidiary or any Affiliate of any Permitted Holder owns an equity interest in or otherwise controls such Affiliate, Associate or similar entity;

(10) (a) issuances or sales of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Company or options, warrants or other rights to acquire such Capital Stock or Subordinated Shareholder Funding; *provided* that the interest rate and other financial terms of such Subordinated Shareholder Funding are approved by a majority of the members of the Board of Directors or an Officer of the Company in their reasonable determination and (b) any amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding in compliance with the other provisions of the Indenture, the Intercreditor Agreement and any Additional Intercreditor Agreement, as applicable;

(11) without duplication in respect of payments made pursuant to clause (12) hereof, (a) payments by the Company or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) of annual management, consulting, monitoring or advisory fees and related expenses in an aggregate amount not to exceed the greater of £2.0 million and 2% of Consolidated EBITDA in each twelve month period that has commenced since the Issue Date and (b) customary payments by the Company or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) for financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including in connection with acquisitions or divestitures, which payments in respect of this clause (b) are approved by the Board of Directors or an Officer of the Company in good faith;

(12) payment to any Permitted Holder of all reasonable out of pocket expenses Incurred by such Permitted Holder in connection with its direct or indirect investment in the Company and its Subsidiaries; and

(13) any transaction effected as part of a Qualified Receivables Financing.

Reports

For so long as any Notes are outstanding, the Company will provide to the Trustee the following reports:

(1) within 120 days after the end of the Company's trading year beginning with the first trading year ending after the Issue Date, annual reports containing, to the extent applicable the following information: (a) audited consolidated balance sheets of the Company as of the end of the two most recent trading years and audited consolidated income statements and statements of cash flow of the Company for the two most recent trading years, including complete footnotes to such financial statements and the report of the independent auditors on the financial statements; (b) unaudited pro forma income statement information and balance sheet information of the Company (which, for the avoidance of doubt, shall not include the provision of a full income statement or balance sheet to the extent not reasonably available), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed trading year; (c) an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition and liquidity and capital resources of the Company, and a discussion of material commitments and contingencies and critical accounting policies; (d) description of the business, management and shareholders of the Company, all material affiliate transactions and a description of all material contractual arrangements, including material debt instruments; and (e) a description of material risk factors and material recent developments;

(2) within 75 days (or in the case of the first two trading quarters after the Issue Date, 90 days) following the end of the first three trading quarters in each trading year of the Company beginning with the first

trading quarter after the Issue Date, all quarterly reports of the Company containing the following information: (a) an unaudited condensed consolidated balance sheet as of the end of such trading quarter and unaudited condensed statements of income and cash flow for the most recently completed trading quarter year-to-date period ending on the unaudited condensed balance sheet date, and the comparable prior year periods, together with condensed footnote disclosure; (b) unaudited pro forma income statement information and balance sheet information of the Company (which, for the avoidance of doubt, shall not include the provision of a full income statement or balance sheet to the extent not reasonably available), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the relevant trading quarter; (c) an operating and financial review of the unaudited financial statements, including a discussion of the results of operations, financial condition and material changes in liquidity and capital resources of the Company, and a discussion of material changes not in the ordinary course of business in commitments and contingencies since the most recent report; and (d) material recent developments; and

(3) promptly after the occurrence of any material acquisition, disposition, restructuring, merger or similar transaction, or any senior executive officer changes at the Company or change in auditors of the Company or any other material event that the Company announces publicly, a report containing a description of such event.

All financial statement information shall be prepared in accordance with IFRS as in effect on the date of such report or financial statement (or otherwise on the basis of IFRS as then in effect) and on a consistent basis for the periods presented; *provided, however*, that the reports set forth in clauses (1), (2) and (3) above may, in the event of a change in applicable IFRS, present earlier periods on a basis that applied to such periods. Except as provided for above, no report needs to include separate financial statements for any Subsidiaries of the Company. At the Company's election it may also include financial statements of a Parent in lieu of those for the Company; *provided* that, if the financial statements of a Parent are included in such report, a reasonably detailed description of material differences between the financial statements of the Parent and the Company shall be included for any period after the Issue Date. Following an Initial Public Offering of the Capital Stock of an IPO Entity and/or the listing of such Capital Stock on a recognized stock exchange, the requirements of clauses (1), (2) and (3) above shall be considered to have been fulfilled if the IPO Entity complies with the reporting requirements of such stock exchange.

At any time that any of the Company's Subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries, if taken together as one Subsidiary, constitutes a Significant Subsidiary of the Company, then the annual and quarterly financial information required by the clauses (1) and (2) of the first paragraph of this covenant shall include either (i) a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Company and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Company or (ii) stand-alone audited or unaudited financial statements, as the case may be, of such Unrestricted Subsidiary or Unrestricted Subsidiaries (as a group or otherwise) together with an unaudited reconciliation to the financial information of the Company and its Subsidiaries, which reconciliation shall include the following items: turnover, net income, cash, total assets, total debt, shareholders equity, capital expenditures and interest expense.

Substantially concurrently with the issuance to the Trustee of the reports specified in clause (1), (2) and (3) of the first paragraph of this covenant, the Company shall also (a) use its commercially reasonable efforts (i) to post copies of such reports on such password protected website as may be then maintained by the Company and its Subsidiaries or (ii) otherwise to provide substantially comparable public availability of such reports (as determined by the Board of Directors or an Officer of the Company in good faith) or (b) to the extent the Board of Directors or an Officer of the Company determines in good faith that it cannot make such reports available in the manner described in the preceding clause (a) owing to applicable law or after the use of its commercially reasonable efforts, furnish such reports to the Holders and, upon their request, prospective purchasers of the Notes.

The Issuer will also make available copies of all reports required by clauses (1) through (3) of the first paragraph of this covenant, if and so long as the Notes are listed on the Official List of the Exchange, and if and to the extent the rules of the Exchange so require, at the offices of the Listing Sponsor in Jersey.

In addition, so long as the Notes remain outstanding and during any period during which the Company is not subject to Section 13 or 15(d) of the Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b), the Company shall furnish to the Holders and, upon their request, prospective purchasers of the Notes, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Delivery of any information, documents and reports to the Trustee pursuant to this section is for information purposes and the Trustee's receipt shall not constitute constructive notice of any information contained therein, including the Issuer's compliance with any of its covenants under the Indenture.

Merger and Consolidation

The Issuer and the Company

Neither the Issuer nor the Company will consolidate with or merge with or into, or convey, transfer or lease all or substantially all its assets to, any Person, unless:

(1) the resulting, surviving or transferee Person (the "Successor Company") (if not the Company or the Issuer, as applicable) will be a Person organized and existing under the laws of any Permissible Jurisdiction and the Successor Company (if not the Company or the Issuer, as applicable) will expressly assume (subject in each case to any limitation contemplated by the Agreed Security Principles), (a) by supplemental indenture, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all the obligations of the Company or the Issuer, as applicable, under the Notes and the Indenture and (b) to the extent required by applicable law to effect such assumption, all obligations of the Company or the Issuer, as applicable, under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents;

(2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Company or any Subsidiary of the Successor Company as a result of such transaction as having been Incurred by the Successor Company or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;

(3) only in case of a transaction involving the Company, immediately after giving effect to such transaction, either (a) the Successor Company would be permitted to Incur at least an additional £1.00 of Indebtedness pursuant to the first paragraph of the covenant described under "—Certain Covenants—Limitation on Indebtedness" or (b) the Fixed Charge Coverage Ratio for the Company and its Restricted Subsidiaries would not be lower than it was immediately prior to giving effect to such transaction; and

(4) the Company shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the Indenture, and that all conditions precedent therein provided for relating to such transaction have been complied with and an Opinion of Counsel to the effect that such supplemental indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the Successor Company and the Notes constitute legal, valid and binding obligations of the Successor Company, enforceable in accordance with their terms (in each case, in form and substance reasonably satisfactory to the Trustee); *provided* that in giving an Opinion of Counsel, counsel may rely on an Officer's Certificate as to any matters of fact, including as to satisfaction of clauses (2) and (3) above.

Any Indebtedness that becomes an obligation of the Company or any Restricted Subsidiary (or that is deemed to be Incurred by any Restricted Subsidiary that becomes a Restricted Subsidiary) as a result of any such transaction undertaken in compliance with this covenant, and any Refinancing Indebtedness with respect thereto, shall be deemed to have been Incurred in compliance with the covenant described under "—Certain Covenants—Limitation on Indebtedness."

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Company, which properties and assets, if held by the Company instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Company on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Company, as the case may be.

The Successor Company will succeed to, and be substituted for, and may exercise every right and power of, the Company under the Indenture and the Notes but in the case of a lease of all or substantially all its assets, the predecessor company will not be released from its obligations under the Indenture or the Notes.

Notwithstanding the preceding clauses (2) and (3) and the provisions described below under "—Subsidiary Guarantors" (which do not apply to transactions referred to in this sentence) and, other than with respect to the second preceding paragraph, clause (4) of the first paragraph of this covenant, (a) any Restricted Subsidiary may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to the Company and (b) any Restricted Subsidiary that is not a Guarantor may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to any other Restricted Subsidiary. Notwithstanding the preceding clauses (2) and (3) (which do not apply to the transactions referred to in this sentence), the Company may consolidate or otherwise combine with or merge into an Affiliate incorporated or organized for the purpose of changing the legal domicile of the Company, reincorporating the Company in another jurisdiction, or changing the legal form of the Company.

There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

The foregoing provisions (other than the requirements of clause (2) of the first paragraph of this covenant) will not apply to (i) any transactions which constitute an Asset Disposition if the Company has complied with the covenant described under "—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock" or (ii) the creation of a new subsidiary as a Restricted Subsidiary of the Company.

Subsidiary Guarantors

No Subsidiary Guarantor may (other than a Subsidiary Guarantor whose guarantee is to be released in accordance with the terms of the Indenture, the Intercreditor Agreement and any Additional Intercreditor Agreement);

(1) consolidate with or merge with or into any Person, or

(2) sell, convey, transfer or dispose of, all or substantially all its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions, to any Person, or

(3) permit any Person to merge with or into such Subsidiary Guarantor,

unless

(A) the other Person is the Company or any Restricted Subsidiary that is a Guarantor or becomes a Guarantor; or

(B) (1) either (x) a Guarantor is the continuing Person or (y) the resulting, surviving or transferee Person expressly assumes (in each case subject to any limitation contemplated by the Agreed Security Principles) all of the obligations of the Guarantor under its Note Guarantee and, to the extent required by applicable law to effect such assumption, the obligations under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents to which it is a party; and

(2) immediately after giving effect to the transaction, no Default has occurred and is continuing; or

(C) the transaction constitutes a sale or other disposition (including by way of consolidation or merger) of the Guarantor or the sale or disposition of all or substantially all the assets of the Guarantor (in each case other than to the Company or a Restricted Subsidiary) otherwise permitted by the Indenture.

Notwithstanding the preceding clause (B) and the provisions described under "—The Issuer and the Company" (which do not apply to transactions referred to in this sentence), (a) any Restricted Subsidiary may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to a Subsidiary Guarantor and (b) if there is more than one Subsidiary Guarantor, any Subsidiary Guarantor may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to any other Subsidiary Guarantor. Notwithstanding the preceding clause B(2) (which do not apply to the transactions referred to in this sentence), a Subsidiary Guarantor may consolidate or otherwise combine with or merge into an Affiliate incorporated or organized for the purpose of changing the legal domicile of the Subsidiary Guarantor reincorporating the Subsidiary Guarantor in another jurisdiction, or changing the legal form of the Subsidiary Guarantor.

There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

Suspension of Covenants on Achievement of Investment Grade Status

If on any date following the Issue Date, the Notes have achieved Investment Grade Status and no Default or Event of Default has occurred and is continuing (a "Suspension Event"), then, beginning on that day and continuing until the Reversion Date, the provisions of the Indenture summarized under the following captions will not apply to such Notes: "—Certain Covenants—Limitation on Restricted Payments," "—Certain Covenants—Limitation on Indebtedness," "—Certain Covenants—Limitation on Distributions from Restricted Subsidiaries," "—Certain Covenants—Limitation on Affiliate Transactions," "—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock," "—Certain Covenants—Additional Note Guarantees and Collateral" and the provisions of clause (3) of the first paragraph of the covenant described under "—Merger and Consolidation—The Issuer and the Company," and, in each case, any related default provision of the Indenture will cease to be effective and will not be applicable to the Company and its Restricted Subsidiaries. Such covenants and any related default provisions will again apply according to their terms from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Company properly taken during the continuance of the Suspension Event, and the "—Certain Covenants—Limitation on Restricted Payments" covenant will be interpreted as if it has been in effect since the date of the Indenture except that no Default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended. On the Reversion Date, all Indebtedness Incurred during the continuance of the Suspension Event will be classified, at the Company's option, as having been Incurred pursuant to the first paragraph of the covenant described under "—Certain Covenants—Limitation on Indebtedness" or one of the clauses set forth in the second paragraph of such covenant (to the extent such Indebtedness would be permitted to be Incurred thereunder as of the Reversion Date and after giving effect to Indebtedness Incurred prior to the Suspension Event and outstanding on the Reversion Date). To the extent such Indebtedness would not be so permitted to be Incurred under the first two paragraphs of the covenant described under "—Certain Covenants—Limitation on Indebtedness," such Indebtedness will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (4)(b) of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Indebtedness." The Issuer shall notify the Trustee that the conditions under this covenant have been satisfied, although such notification shall not be a condition for the suspension of the covenants set forth above to be effective. The Trustee shall not be obliged to notify Holders of such event.

Limited Condition Acquisition and Irrevocable Repayment

In connection with any action being taken in connection with a Limited Condition Acquisition or Irrevocable Repayment, for purposes of determining compliance with any provision of the Indenture which requires that no Default or Event of Default, as applicable, has occurred, is continuing or would result from any such action, as applicable, such condition shall, at the option of the Company, be deemed satisfied, so long as no Default or Event of Default, as applicable, exists on the date the definitive agreements for such Limited Condition Acquisition or Irrevocable Repayment are entered into after giving pro forma effect to the applicable Limited Condition Acquisition or Irrevocable Repayment. For the avoidance of doubt, if the Company has exercised its option under the first sentence of this paragraph, and any Default or Event of Default occurs following the date the definitive agreements for the applicable Limited Condition Acquisition or Irrevocable Repayment were entered into and prior to the consummation of such Limited Condition Acquisition or Irrevocable Repayment, any such Default or Event of Default shall be deemed to not have occurred or be continuing for purposes of determining whether any action being taken in connection with such Limited Condition Acquisition or Irrevocable Repayment is permitted hereunder.

In connection with any action being taken in connection with a Limited Condition Acquisition or Irrevocable Repayment for purposes of:

(1) determining compliance with any provision of the Indenture which requires the calculation of the Fixed Charge Coverage Ratio, the Consolidated Leverage Ratio or the Consolidated Senior Secured Leverage Ratio; or

(2) testing baskets set forth in the Indenture;

in each case, at the option of the Company (the Company's election to exercise such option in connection with any Limited Condition Acquisition or Irrevocable Repayment, an "LCA Election"), the date of determination of whether any such action is permitted hereunder, may be deemed to be the date the definitive agreements for such Limited Condition Acquisition or Irrevocable Repayment are entered into (the "LCA Test Date"). If, after giving pro forma effect to the Limited Condition Acquisition or

Irrevocable Repayment and the other transactions to be entered into in connection therewith (including any Incurrence of Indebtedness and the use of proceeds thereof) as if they had occurred at the beginning of the most recent four consecutive fiscal quarters ending prior to the LCA Test Date for which consolidated financial statements of the Company are available, the Company could have taken such action on the relevant LCA Test Date in compliance with such ratio or basket, such ratio or basket shall be deemed to have been complied with.

If the Company has made an LCA Election, then in connection with any subsequent calculation of any ratio or basket availability with respect to the Incurrence of Indebtedness or Liens, or the making of Asset Dispositions, mergers, the conveyance, lease or other transfer of all or substantially all of the assets of the Company or the designation of an Unrestricted Subsidiary on or following the relevant LCA Test Date and prior to the earlier of the date on which such Limited Condition Acquisition or Irrevocable Repayment is consummated or the definitive agreement for such Limited Condition Acquisition or Irrevocable Repayment is terminated or expires without consummation of such Limited Condition Acquisition or Irrevocable Repayment, any such ratio or basket shall be calculated on a pro forma basis assuming such Limited Condition Acquisition or Irrevocable Repayment and other transactions in connection therewith (including any Incurrence of Indebtedness and the use of proceeds thereof) have been consummated. If the Company has made an LCA Election and any of the ratios or baskets for which compliance was determined or tested as of the LCA Test Date are exceeded as a result of fluctuations in any such ratio or basket, including due to fluctuations in Consolidated EBITDA of the Company or the Person subject to such Limited Condition Acquisition or Irrevocable Repayment, at or prior to the consummation of the relevant transaction or action, such baskets or ratios will not be deemed to have been exceeded as a result of such fluctuations.

Additional Note Guarantees and Collateral

Subject to the Agreed Security Principles, the Intercreditor Agreement and any Additional Intercreditor Agreement, the Company will not cause or permit any of its Restricted Subsidiaries that are not Guarantors or the Issuer, directly or indirectly, to Guarantee any Indebtedness under the Revolving Credit Facilities Agreement (or other Indebtedness that is Incurred under clauses (1) or (6) of the second paragraph of "—Certain Covenants—Limitation on Indebtedness"), any Public Debt and any Refinancing Indebtedness thereof or any other Indebtedness of the Issuer or a Guarantor exceeding £2.0 million in principal amount, in whole or in part unless, in each case, such Restricted Subsidiary becomes a Guarantor on the date on which such other Guarantee is Incurred and, if applicable, executes and delivers to the Trustee a supplemental indenture in the form attached to the Indenture or other appropriate agreement pursuant to which such Restricted Subsidiary will provide a Guarantee on the same terms and conditions as those set forth in the Indenture, which Guarantee will be senior to or *pari passu* with such Restricted Subsidiary's Guarantee of such other Indebtedness.

A Restricted Subsidiary that is not a Guarantor may become a Guarantor if it executes and delivers to the Trustee a supplemental indenture in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide a Guarantee.

Following the provision of any additional Guarantees as described above, subject to the Agreed Security Principles, the Intercreditor Agreement and any Additional Intercreditor Agreement (if such security is being granted in respect of the other Indebtedness), any such Guarantor will provide security over certain of its material assets (excluding any assets of such Guarantor which are subject to a Permitted Lien at the time of the execution of such supplemental indenture if providing such security interest would not be permitted by the terms of such Permitted Lien or by the terms of any obligations secured by such Permitted Lien) to secure its Guarantee on a first priority basis consistent with the Collateral.

Each additional Guarantee or security will be limited as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, thin capitalization, distributable reserves, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Notwithstanding the foregoing paragraphs, the Company shall not be obligated to cause such Restricted Subsidiary to Guarantee the Notes or provide security to the extent and for so long as the Incurrence of such Guarantee could or the grant of such security would be inconsistent with the Intercreditor Agreement or the Agreed Security Principles.

Impairment of Security Interest

The Company shall not, and shall not permit any Restricted Subsidiary to, take or omit to take any action, which action or omission would have the result of materially impairing the security interest with respect to the Collateral (it being understood that the Incurrence of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the security interest with respect to the Collateral) for the benefit of the Trustee and the Holders, and the Company shall not, and shall not permit any Restricted Subsidiary to, grant to any Person other than the Security Agent, for the benefit of the Trustee and the Holders and the other beneficiaries described in the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement, any Lien over any of the Collateral that is prohibited by the covenant entitled "—Certain Covenants—Limitation on Liens;" provided, that the Company and its Restricted Subsidiaries may Incur any Lien over any of the Collateral that is not prohibited by the covenant entitled "—Certain Covenants—Limitation on Liens," including Permitted Collateral Liens, and the Collateral may be discharged or released in accordance with the Indenture, the applicable Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement.

Notwithstanding the above, nothing in this covenant shall restrict the discharge and release of any Lien in accordance with the Indenture, the applicable Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement.

Subject to the foregoing, the Security Documents may be amended, extended, renewed, restated or otherwise modified or released to (i) cure any ambiguity, omission, defect or inconsistency therein; (ii) provide for Permitted Collateral Liens; (iii) add to the Collateral; or (iv) make any other change thereto that does not adversely affect the Holders in any material respect; *provided, however*, that (except where permitted by the Indenture or the Intercreditor Agreement or to effect or facilitate the creation of Permitted Collateral Liens for the benefit of the Security Agent and holders of other Indebtedness Incurred in accordance with the Indenture) no Security Document may be amended, extended, renewed, restated or otherwise modified or released, unless contemporaneously with such amendment, extension, renewal, restatement or modification or release (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets), the Company delivers to the Security Agent and the Trustee, either (1) a solvency opinion, in form and substance reasonably satisfactory to the Security Agent and the Trustee, from an Independent Financial Advisor or appraiser or investment bank which confirms the solvency of the Company and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, modification or release, (2) a certificate from an Officer of the relevant Person which confirms the solvency of the Person granting such Lien after giving effect to any transactions related to such amendment, extension, renewal, restatement, modification or release (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets), or (3) an Opinion of Counsel (subject to any qualifications customary for this type of opinion of counsel), in form and substance reasonably satisfactory to the Trustee, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, modification or release (followed by an immediate retaking of a lien of at least equivalent ranking over the same assets), the Lien or Liens created under the Security Document, so amended, extended, renewed, restated, modified or released and retaken are valid and perfected Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, modification or release and retake and to which the new Indebtedness secured by the Permitted Collateral Lien is not subject. In the event that the Company and its Restricted Subsidiaries comply with the requirements of this covenant, the Trustee and the Security Agent shall (subject to customary protections and indemnifications) consent to such amendments without the need for instructions from the Holders.

Further Assurances

Subject to the Agreed Security Principles, the Company and its Restricted Subsidiaries will, at their own expense, execute and do all such acts and things and provide such assurances as the Security Agent may reasonably require (i) for registering any Security Documents in any required register and for perfecting or protecting the security intended to be afforded by such Security Documents and (ii) if such Security Documents have become enforceable, for facilitating the realization of all or any part of the assets which are subject to such Security Documents and for facilitating the exercise of all powers, authorities and discretions vested in the Security Agent or in any receiver of all or any part of those assets. Subject to the Agreed Security Principles, the Company and its Restricted Subsidiaries will execute all transfers, conveyances, assignments and releases of that property whether to the Security Agent or to its nominees and give all notices, orders and directions which the Security Agent may reasonably request.

Payments for Consent

The Indenture provides that the Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder for or as an inducement to any consent, waiver or amendment of any of the terms of the provisions of the Indenture or the Notes unless such consideration is offered to all Holders and is paid to all Holders that so consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement. Notwithstanding the foregoing, the Issuer, the Company and its Restricted Subsidiaries shall be permitted, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes, to exclude Holders in any jurisdiction where (i) the solicitation of such consent, waiver or amendment, including in connection with an exchange offer or an offer to purchase for cash, or (ii) the payment of the consideration therefor (A) would require the Issuer, the Company or any of its Restricted Subsidiaries to file a registration statement, prospectus or similar document under any applicable securities laws (including, but not limited to, the United States federal securities laws and the laws of the European Union or its member states), which the Issuer and the Company in their sole discretion determine (acting in good faith) would be materially burdensome; or (B) such solicitation would otherwise not be permitted under applicable law in such jurisdiction.

Events of Default

Each of the following is an "Event of Default" under the Indenture:

(1) default in any payment of interest or Additional Amounts, if any, on any Note when due and payable, continued for 30 days;

(2) default in the payment of the principal amount of or premium, if any, on any Note issued under the Indenture when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise;

(3) failure to comply for 30 days after written notice by the Trustee on behalf of the Holders or by the Holders of at least 30% in aggregate principal amount of the outstanding Notes with any of the Company's obligations under the covenants described under "—Change of Control" above or the obligations of the Company and the Restricted Subsidiaries under the covenants described under "—Certain Covenants" above (in each case, other than a failure to purchase Notes which will constitute an Event of Default under clause (2) above);

(4) failure to comply by the Company or any of its Restricted Subsidiaries for 60 days after written notice by the Trustee on behalf of the Holders or by the Holders of at least 30% in aggregate principal amount of the outstanding Notes with the Issuer's or the Guarantors' other agreements contained in the Indenture;

(5) default under any mortgage, Indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is Guaranteed by the Company or any of its Restricted Subsidiaries) other than Indebtedness owed to the Company or a Restricted Subsidiary whether such Indebtedness or Guarantee now exists, or is created after the Issue Date, which default:

    (a) is caused by a failure to pay principal at Stated Maturity on such Indebtedness, immediately upon the expiration of the grace period provided in such Indebtedness ("payment default"); or

    (b) results in the acceleration of such Indebtedness prior to its maturity (the "cross acceleration provision");

and, in each case, the aggregate principal amount of any such Indebtedness, together with the aggregate principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates £15.0 million or more;

(6) certain events of bankruptcy, insolvency or court protection of the Issuer, the Company or a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company and its Restricted Subsidiaries), would constitute a Significant Subsidiary (the "bankruptcy provisions");

(7) failure by the Issuer, the Company, a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company and its Restricted Subsidiaries), would constitute a Significant Subsidiary, to pay final judgments aggregating

in excess of £15.0 million (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments are not paid, discharged or stayed for a period of 60 days after the judgment becomes final and due (the "judgment default provision");

(8) any security interest under the Security Documents on any material Collateral having a fair market value in excess of £15.0 million shall, at any time, cease to be in full force and effect (other than in accordance with the terms of the relevant Security Document, the Intercreditor Agreement and the Indenture) for any reason other than the satisfaction in full of all obligations under the Indenture or the release or amendment of any such security interest in accordance with the terms of the Indenture, the Intercreditor Agreement or such Security Document or any such security interest created thereunder shall be declared invalid or unenforceable in a final non-appealable decision of a court of competent jurisdiction or the Issuer shall assert in writing that any such security interest is invalid or unenforceable and any such Default continues for 10 days (the "security default provisions"); and

(9) any Note Guarantee ceases to be in full force and effect (other than in accordance with the terms of the Intercreditor Agreement and the Indenture), or a Guarantor denies or disaffirms its obligations under its Note Guarantee in writing, other than in accordance with the terms thereof or upon release of the Note Guarantee in accordance with the Indenture.

However, a default under clauses (3), (4), (5) or (7) of this paragraph will not constitute an Event of Default until the Trustee or the Holders of at least 30% in aggregate principal amount of the outstanding Notes notify the Company of the default and, with respect to clauses (3), (4), (5) and (7) the Company does not cure such default (or arranges for such Default to be cured) within the time specified in clauses (3), (4), (5) or (7), as applicable, of this paragraph after receipt of such notice.

If an Event of Default (other than an Event of Default described in clause (6) above) occurs and is continuing, the Trustee by notice to the Company or the Holders of at least 30% in aggregate principal amount of the outstanding Notes by written notice to the Company and the Trustee, may, and the Trustee at the request of such Holders shall, declare the principal of, premium, if any, and accrued and unpaid interest, including Additional Amounts, if any, on all the Notes to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest, including Additional Amounts, if any, will be due and payable immediately. In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (5) of this "Events of Default" section has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (5) shall be remedied or cured, or waived by the holders of the Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, within 30 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except nonpayment of principal, premium or interest, including Additional Amounts, if any, on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

If an Event of Default described in clause (6) above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest, including Additional Amounts, if any, on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders.

The Holders of a majority in aggregate principal amount of the outstanding Notes under the Indenture may waive all past or existing Defaults or Events of Default (except with respect to (i) nonpayment of principal, premium or interest, or Additional Amounts, if any and (ii) a covenant or provision which under the Indenture cannot be modified or amended without the consent of the Holders of at least 90% of the principal amount of the Notes then outstanding, each of which may only be waived with the consent of the Holders of at least 90% of the principal amount of the Notes then outstanding) and rescind any such acceleration with respect to such Notes and its consequences if rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Subject to the provisions of the Indenture relating to the duties of the Trustee, if an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee indemnity and/or security (including by way of prefunding) satisfactory to the Trustee against any loss, liability or expense. Except to enforce the right to receive payment of principal or interest when due, no Holder may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such Holder has previously given the Trustee written notice that an Event of Default is continuing;

(2) Holders of at least 30% in aggregate principal amount of the outstanding Notes have requested in writing the Trustee to pursue the remedy;

(3) such Holders have offered in writing the Trustee indemnity and/or security (including by way of prefunding) satisfactory to the Trustee against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the written request and the offer of security and/or indemnity (including by way of prefunding); and

(5) the Holders of a majority in aggregate principal amount of the outstanding Notes have not given the Trustee a written direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

Subject to certain restrictions, the Holders of a majority in aggregate principal amount of the outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Indenture provides that, in the event an Event of Default has occurred and is continuing, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use in the conduct of its own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to indemnification and/or security (including by way of prefunding) satisfactory to it against all losses and expenses caused by taking or not taking such action.

The Indenture provides that if a Default occurs and is continuing and the Trustee is informed of such occurrence by the Company, the Trustee must give notice of the Default to the Holders within 90 days after being notified by the Company. Except in the case of a Default in the payment of principal of, or premium, if any, or interest on any Note, the Trustee may withhold notice if and so long as a committee of trust officers of the Trustee in good faith determines that withholding notice is in the interests of the Holders. The Company is required to deliver to the Trustee, within 120 days after the end of each trading year (and within 14 days upon request at any time after the 120 days), an Officer's Certificate indicating whether the signers thereof know of any Default that occurred during the previous year. The Company is required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any events of which it is aware which would constitute certain Defaults, their status and what action the Company is taking or proposes to take in respect thereof.

The Notes provide for the Trustee to take action on behalf of the Holders in certain circumstances, but only if the Trustee is indemnified to its satisfaction. It may not be possible for the Trustee to take certain actions in relation to the Notes and, accordingly, in such circumstances the Trustee will be unable to take action, notwithstanding the provision of an indemnity to it, and it will be for Holders to take action directly.

Holders may not enforce the Indenture or the Notes except as provided in the Indenture and may not enforce the Security Documents except as provided in such Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement.

Amendments and Waivers

Subject to certain exceptions, the Note Documents may be amended, supplemented or otherwise modified with the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes) and, subject to certain exceptions, any default or compliance with any provisions thereof may be waived with the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes); *provided* that (i) if any amendment, waiver or other modification will only amend one series of the Notes, only the consent of a majority in principal amount of the then outstanding Notes of such series shall be required and (ii) if any amendment, waiver or other modification will only affect the Original Fixed Rate Notes or the Floating Rate Notes, only the consent of the holders of at least a majority in principal amount of the then outstanding the Original Fixed Rate Notes or Floating Rate Notes (and not the consent of at least a majority of all Notes then outstanding), as the case may be, shall be required. However, without the consent of Holders holding not less than 90% (or, in the case of clause (8), 75%) of the then outstanding aggregate principal amount of Notes affected (including consents obtained in connection with a purchase of, or tender offer or exchange offer for the Notes), an amendment or waiver may not, with respect to any such series of the Notes held by a non-consenting Holder:

(1) reduce the principal amount of such Notes whose Holders must consent to an amendment, waiver or modification;

(2) reduce the stated rate of or extend the stated time for payment of interest on any such Note;

(3) reduce the principal of or extend the Stated Maturity of any such Note;

(4) reduce the premium payable upon the redemption of any such Note or change the time at which any such Note may be redeemed, in each case as described above under "—Optional Redemption" or "—Redemption for Taxation Reasons;"

(5) make any such Note payable in money other than that stated in such Note;

(6) amend the contractual right of any Holder to institute suit for the payment of principal or interest on or with respect to such Holder's Notes on or after the due dates thereof;

(7) make any change in the provision of the Indenture described under "—Additional Amounts" that adversely affects the right of any Holder of such Notes in any material respect or amends the terms of such Notes in a way that would result in a loss of an exemption from any of the Taxes described thereunder or an exemption from any obligation to withhold or deduct Taxes so described thereunder unless the Payor agrees to pay Additional Amounts, if any, in respect thereof;

(8) release all or substantially all the Guarantors from their obligations under their respective Note Guarantees or the Indenture, except otherwise in accordance with the terms of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement;

(9) release the security interest granted for the benefit of the Holders in the material Collateral, other than pursuant to the terms of the Security Document or the Indenture, as applicable, except as permitted by the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement;

(10) waive a Default or Event of Default with respect to the nonpayment of principal, premium, interest or Additional Amounts, if any, on the Notes (except pursuant to a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of such Notes and a waiver of the payment default that resulted from such acceleration); or

(11) make any change in the amendment or waiver provisions which require the Holders' consent described in this sentence.

Notwithstanding the foregoing, without the consent of any Holder, the Issuer, the Guarantors, the Trustee and the other parties thereto, as applicable, may amend or supplement any Note Documents to:

(1) cure any ambiguity, omission, defect, error or inconsistency, conform any provision of the Note Documents to this "Description of the Notes," or reduce the minimum denomination of the Notes;

(2) provide for the assumption by a successor Person of the obligations of the Issuer or the Guarantors under any Note Document;

(3) provide for uncertificated Notes in addition to or in place of certificated Notes (provided that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the Code, or in a manner such that the uncertificated Notes are described in Section 4701(b)(1)(B) of the Code) or change the minimum denominations for the Notes;

(4) add to the covenants or provide for a Note Guarantee for the benefit of the Holders or surrender any right or power conferred upon the Issuer, the Company or any Restricted Subsidiary;

(5) make any change that would provide additional rights or benefits to the Trustee or the Holders or does not adversely affect the rights of or benefits to the Trustee or any Holder in any material respect;

(6) make such provisions as necessary (as determined in good faith by the Board of Directors or an Officer of the Company) for the issuance of Additional Notes;

(7) to provide for any Restricted Subsidiary to provide a Note Guarantee in accordance with the covenant described under "—Certain Covenants—Limitation on Indebtedness" and "—Certain Covenants—Additional Note Guarantees and Collateral" to add Note Guarantees, to add security to or for the benefit of the Notes, or to confirm and evidence the release, termination, discharge or retaking of any Note Guarantee or Lien (including the Collateral and the Security Documents) or any amendment in

respect thereof with respect to or securing the Notes when such release, termination, discharge or retaking or amendment is permitted under the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents;

(8) to conform the text of the Indenture, the Note Guarantees, the Security Documents or the Notes to any provision of this "Description of the Notes" to the extent that such provision in this "Description of the Notes" was intended to be a verbatim recitation of a provision of the Indenture, a Note Guarantee, the Security Documents or the Notes;

(9) to evidence and provide for the acceptance and appointment under the Indenture of a successor Trustee pursuant to the requirements thereof or to provide for the accession by the Trustee to any Note Document; or

(10) in the case of the Security Documents, to mortgage, pledge, hypothecate or grant a security interest in favor of the Security Agent for the benefit of parties to the Revolving Credit Facilities Agreement in any property which is required by the Revolving Credit Facilities Agreement (as in effect on the Issue Date) to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted to the Security Agent, or to the extent necessary to grant a security interest for the benefit of any Person; *provided* that the granting of such security interest is not prohibited by the Indenture and the covenant described under "—Certain Covenants—Impairment of Security Interest" is complied with.

In formulating its decisions on such matters, the Trustee shall be entitled to rely on such evidence as it deems appropriate, including Officer's Certificates and Opinions of Counsel.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment of any Note Document. It is sufficient if such consent approves the substance of the proposed amendment. A consent to any amendment or waiver under the Indenture by any Holder given in connection with a tender of such Holder's Notes will not be rendered invalid by such tender.

If and for so long as the Notes are listed on the Official List of the Exchange, and if and to the extent that the rules of the Exchange so require, the Issuer will notify the Exchange of any amendment, supplement and waiver.

Acts by Holders

In determining whether the Holders of the required aggregate principal amount of the Notes have concurred in any direction, waiver or consent, any Notes owned by the Company or by any Person directly or indirectly controlled, or controlled by, or under direct or indirect common control with, the Company will be disregarded and deemed not to be outstanding.

Defeasance

The Issuer at any time may terminate all its and each Guarantor's obligations under the Notes and the Indenture ("legal defeasance") and cure all then existing Defaults and Events of Default, except for certain obligations, including those respecting the defeasance trust, the rights, powers, trusts, duties, immunities and indemnities of the Trustee and the obligations of the Issuer in connection therewith and obligations concerning issuing temporary Notes, registrations of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust. Subject to the foregoing, if the Issuer exercises its legal defeasance option, the Security Documents in effect at such time will terminate (other than with respect to the defeasance trust).

The Issuer at any time may terminate all its and each Guarantor's obligations under the covenants described under "—Certain Covenants" (other than with respect to clauses (1) and (2) of the covenant described under "—Merger and Consolidation—The Issuer and the Company" and the covenant described under "—Certain Covenants—Merger and Consolidation—Subsidiary Guarantors") and "—Change of Control" and the default provisions relating to such covenants described under "—Events of Default" above, the operation of the cross default upon a payment default, the cross acceleration provisions, the bankruptcy provisions, the judgment default provision, the guarantee default provision and the security default provision described under "—Events of Default" above ("covenant defeasance").

The Issuer at its option at any time may exercise its legal defeasance option notwithstanding its prior exercise of the covenant defeasance option. If the Issuer exercises its legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect to the Notes. If the Issuer exercises its covenant defeasance option with respect to the Notes, payment of the Notes may not be accelerated because of an Event of Default specified in clause (3) (other than with respect to clauses (1) and (2) of the covenant described under "—Certain Covenants—Merger and Consolidation" and the covenant described under "—Certain Covenants—Merger and Consolidation—Subsidiary Guarantors"), (4), (5), (6) (other than with respect to the Issuer and the Company), (7), (8) or (9) under "—Events of Default" above.

In order to exercise either defeasance option, the Issuer must irrevocably deposit in trust (the "defeasance trust") with the Trustee (or such other entity designated or appointed as agent by the Trustee for this purpose) cash in pound sterling, UK Government Obligations or a combination of cash in pound sterling and UK Government Obligations in such amounts as will be sufficient, in the good faith determination of the Board of Directors or an Officer of the Company, for the payment of principal, premium, if any, and interest on the Notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of:

(1) an Opinion of Counsel in the United States to the effect that Holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and in the case of legal defeasance only, such Opinion of Counsel in the United States must be based on a ruling of the U.S. Internal Revenue Service or other change in applicable U.S. federal income tax law since the Issue Date);

(2) an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying, defrauding or preferring any creditors of the Issuer;

(3) an Officer's Certificate and an Opinion of Counsel (which Opinion of Counsel may be subject to customary assumptions and exclusions), each stating that that all conditions precedent provided for or relating to legal defeasance or covenant defeasance, as the case may be, have been complied with;

(4) an Opinion of Counsel to the effect that the trust resulting from the deposit does not constitute, or is qualified as, a regulated investment company under the U.S. Investment Company Act of 1940; and

(5) all other documents or other information that the Trustee may reasonably require in connection with either defeasance option.

Satisfaction and Discharge

The Indenture, and the rights of the Trustee and the Holders under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Document will be discharged and cease to be of further effect (except as to surviving rights of conversion or transfer or exchange of the Notes, as expressly provided for in the Indenture) as to all outstanding Notes when (1) either (a) all the Notes previously authenticated and delivered (other than certain lost, stolen or destroyed Notes and certain Notes for which provision for payment was previously made and thereafter the funds have been released to the Issuer) have been delivered to the Trustee for cancellation; or (b) all Notes not previously delivered to the Trustee for cancellation (i) have become due and payable, (ii) will become due and payable at their Stated Maturity within one year or (iii) are to be called for redemption within one year under arrangements reasonably satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer; (2) the Issuer has deposited or caused to be deposited with the Trustee (or such other entity designated or appointed as agent by the Trustee for this purpose), cash in pound sterling, UK Government Obligations or a combination of cash in pound sterling and UK Government Obligations in an amount sufficient, in the good faith determination of the Board of Directors or an Officer of the Company to pay and discharge the outstanding aggregate principal amount of indebtedness on the Notes not previously delivered to the Trustee for cancellation, for principal, premium, if any, and interest to the date of deposit (in the case of Notes that have become due and payable), or to the Stated Maturity or redemption date, as the case may be; (3) the Issuer has paid or caused to be paid all other sums payable under the Indenture; and (4) the Issuer has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel each to the effect that all conditions precedent under the "—Satisfaction and Discharge" section of the Indenture relating to the satisfaction and discharge of the Indenture have been complied with; *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2) and (3)).

No Personal Liability of Directors, Officers, Employees and Shareholders

No director, officer, employee, incorporator or shareholder of the Issuer or the Company, any of the Company's Subsidiaries or any of their respective Affiliates, as such, shall have any liability for any obligations of the Issuer or the Guarantors under the Note Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws and it is the view of the SEC that such a waiver is against public policy.

Concerning the Trustee and Certain Agents

Deutsche Bank Trust Company Limited is Trustee under the Indenture. The Indenture provides that, except during the continuance of an Event of Default of which a responsible officer of the Trustee has received written notice, the Trustee will perform only such duties as are set forth specifically in the Indenture. During the existence of an Event of Default of which a responsible officer of the Trustee has received written notice, the Trustee will exercise such of the rights and powers vested in it under the Indenture and use the same degree of care that a prudent Person would use in conducting its own affairs. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture is not to be construed as an obligation or duty.

The Indenture imposes certain limitations on the rights of the Trustee, should it become a creditor of the Issuer, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee is permitted to engage in other transactions with the Company, the Issuer and their respective Affiliates and Subsidiaries.

The Indenture sets out the terms under which the Trustee may retire or be removed, and replaced. Such terms include, among others, (1) that the Trustee may be removed at any time by the Holders of a majority in principal amount of the then outstanding Notes, or may resign at any time by giving written notice to the Issuer and (2) that if the Trustee at any time (a) has or acquires a conflict of interest in its capacity as Trustee that is not eliminated, (b) fails to meet certain minimum limits regarding the aggregate of its capital and surplus or (c) becomes incapable of acting as Trustee or becomes insolvent or bankrupt, then the Issuer may remove the Trustee, or any Holder who has been a bona fide Holder for not less than six months may petition any court for removal of the Trustee and appointment of a successor Trustee.

Any removal or resignation of the Trustee shall not become effective until the acceptance of appointment by the successor Trustee.

The Indenture contains provisions for the indemnification of the Trustee for any loss, liability, taxes and expenses Incurred without negligence or willful misconduct on its part, arising out of or in connection with the acceptance or administration of the Indenture.

Notices

All notices to Holders will be validly given if mailed to them at their respective addresses in the register of the Holders, if any, maintained by the Registrar. In addition, if and for so long as the Notes are listed on the Official List of the Exchange, and if and to the extent that the rules of the Exchange so require, the Issuer will notify the Exchange of any notices with respect to the Notes. For so long as any Notes are represented by Global Notes, all notices to Holders will be delivered to Euroclear and Clearstream, delivery of which shall be deemed to satisfy the requirements of this paragraph, each of which will give such notices to the holders of Book-Entry Interests.

Each such notice shall be deemed to have been given on the date of such publication or, if published more than once on different dates, on the first date on which publication is made; *provided* that, if notices are mailed, such notice shall be deemed to have been given on the later of such publication and the seventh day after being so mailed. Any notice or communication mailed to a Holder shall be mailed to such Person by first-class mail or other equivalent means and shall be sufficiently given to such Holder if so mailed within the time prescribed. Failure to mail, cause to be delivered or otherwise transmit a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

Prescription

Claims against the Issuer or any Guarantor for the payment of principal, or premium, if any, on the Notes or any Note Guarantee will be prescribed five years after the applicable due date for payment thereof. Claims against the Issuer or any Guarantor for the payment of interest on the Notes will be prescribed three years after the applicable due date for payment of interest.

Currency Indemnity

Pound sterling is the sole currency of account and payment for all sums payable by the Issuer and the Guarantors under or in connection with the Notes and the relevant Guarantees, as the case may be, including damages. Any amount received or recovered in a currency other than pound sterling, whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer, any Guarantor or otherwise by any Holder or by the Trustee, in respect of any sum expressed to be due to it from the Issuer or a Guarantor will only constitute a discharge to the Issuer or such Guarantor, as applicable, to the extent of the pound sterling amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

If that pound sterling amount is less than the pound sterling amount expressed to be due to the recipient or the Trustee under any Note, the Issuer and the Guarantors will indemnify them against any loss sustained by such recipient or the Trustee as a result. In any event, the Issuer and the Guarantors will indemnify the recipient or the Trustee on a joint and several basis against the cost of making any such purchase. For the purposes of this currency indemnity provision, it will be prima facie evidence of the matter stated therein for the Holder or the Trustee to certify in a manner reasonably satisfactory to the Issuer (indicating the sources of information used) the loss it Incurred in making any such purchase. These indemnities constitute a separate and independent obligation from the Issuer's and the Guarantor's other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any Holder or the Trustee (other than a waiver of the indemnities set out herein) and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or to the Trustee.

Except as otherwise specifically set forth herein, for purposes of determining compliance with any pound sterling-denominated restriction herein, the Sterling Equivalent amount for purposes hereof that is denominated in a currency other than pound sterling shall be calculated based on the relevant currency exchange rate in effect on the date such non-pound sterling amount is Incurred or made, as the case may be.

Enforceability of Judgments

Since all the assets of the Issuer and the Guarantors are held or located outside the United States, any judgment obtained in the United States against the Issuer or any Guarantor, including judgments with respect to the payment of principal, premium, if any, interest, Additional Amounts, if any, and any redemption price and any purchase price with respect to the Notes or the Guarantees, may not be collectable within the United States.

Consent to Jurisdiction and Service

In relation to any legal action or proceedings arising out of or in connection with the Indenture and the Notes and the Note Guarantees, the Issuer and each Guarantor in the Indenture irrevocably submit to the jurisdiction of the federal and state courts in the Borough of Manhattan in the City of New York, County and State of New York, United States.

Governing Law

The Indenture and the Notes, including any Note Guarantees, and the rights and duties of the parties thereunder are governed by and construed in accordance with the laws of the State of New York.

Certain Definitions

Set forth below are certain defined terms used in the Indenture. Reference is made to the Indenture for a full disclosure of all defined terms used therein, as well as any other capitalized terms used herein for which no definition is provided.

"Acquired Indebtedness" means Indebtedness (1) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary, or (2) assumed in connection with the acquisition of assets from such Person, in each case whether or not Incurred by such Person in connection with such Person becoming a Restricted Subsidiary or such acquisition or (3) of a Person at the time such Person merges with or into or consolidates or otherwise combines with the Company or any Restricted Subsidiary. Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (1) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary and, with respect to clause (2) of the preceding sentence, on the date of consummation of such acquisition of assets and, with respect to clause (3) of the preceding sentence, on the date of the relevant merger, consolidation or other combination.

"Additional Assets" means:

(1) any property or assets (other than Indebtedness and Capital Stock) used or to be used by the Company, a Restricted Subsidiary or otherwise useful in a Similar Business (it being understood that capital expenditures on property or assets already used in a Similar Business or to replace any property or assets that are the subject of such Asset Disposition shall be deemed an investment in Additional Assets);

(2) the Capital Stock of a Person that is engaged in a Similar Business and becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Company or a Restricted Subsidiary; or

(3) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary.

"Affiliate" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control," when used with respect to any Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agreed Security Principles" means the agreed security principles as set out in an annex to the Revolving Credit Facilities Agreement, as applied reasonably and in good faith by the Board of Directors or an Officer of the Company.

"Asset Disposition" means any direct or indirect sale, lease (other than an operating lease entered into in the ordinary course of business), transfer, issuance or other disposition, or a series of related sales, leases (other than operating leases entered into in the ordinary course of business), transfers, issuances or dispositions that are part of a common plan, of shares of Capital Stock of a Subsidiary (other than directors' qualifying shares), property or other assets (each referred to for the purposes of this definition as a "disposition") by the Company or any of its Restricted Subsidiaries, including any disposition by means of a merger, consolidation or similar transaction; *provided* that the sale, conveyance or other disposition of all or substantially all the assets of the Company and its Restricted Subsidiaries taken as a whole will be governed by the provisions of the Indenture described above under the caption "—Change of Control" or the provisions described above under the caption "—Certain Covenants—Merger and Consolidation" and not by the provisions of the Asset Disposition covenant. Notwithstanding the preceding provisions of this definition, the following items shall not be deemed to be Asset Dispositions:

(1) a disposition by a Restricted Subsidiary to the Company or by the Company or a Restricted Subsidiary to a Restricted Subsidiary;

(2) a disposition of cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(3) a disposition of inventory or other assets in the ordinary course of business;

(4) a disposition of obsolete, surplus or worn out equipment or other assets, or equipment or other property that is no longer useful in the conduct of the business of the Company and its Restricted Subsidiaries;

(5) transactions permitted under "—Certain Covenants—Merger and Consolidation—The Issuer and the Company" or a transaction that constitutes a Change of Control;

(6) an issuance of Capital Stock by a Restricted Subsidiary to the Company or to another Restricted Subsidiary or as part of or pursuant to an equity incentive or compensation plan approved by the Board of Directors of the Company;

(7) any dispositions of Capital Stock, properties or assets in a single transaction or series of related transactions with a fair market value of less than the greater of (i) £15.0 million and (ii) 2.1% of Total Assets;

(8) any Restricted Payment that is permitted to be made, and is made, under the covenant described above under "—Certain Covenants—Limitation on Restricted Payments" and the making of any

Permitted Payments or Permitted Investments or, solely for purposes of the second paragraph under "—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock," asset sales, in respect of which (and only to the extent that) the proceeds of which are used to make such Restricted Payments or Permitted Investments;

(9) dispositions in connection with Permitted Liens;

(10) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(11) the licensing or sub-licensing of intellectual property or other general intangibles and licenses, sub-licenses, leases or subleases of other property, in each case, in the ordinary course of business;

(12) foreclosure, condemnation or any similar action with respect to any property or other assets;

(13) the sale or discount (with or without recourse, and on customary or commercially reasonable terms and for credit management purposes) of accounts receivable or notes receivable arising in the ordinary course of business, or the conversion or exchange of accounts receivable for notes receivable;

(14) any disposition of Capital Stock, Indebtedness or other securities or assets of an Unrestricted Subsidiary;

(15) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Company or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;

(16) any surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;

(17) any disposition of assets to a Person who is providing services related to such assets, the provision of which have been or are to be outsourced by the Company or any Restricted Subsidiary to such Person; *provided, however*, that the Board of Directors or an Officer of the Company shall certify that in the opinion of the Board of Directors or such Officer, the outsourcing transaction will be economically beneficial to the Company and its Restricted Subsidiaries (considered as a whole);

(18) any disposition with respect to property built, owned or otherwise acquired by the Company or any Restricted Subsidiary pursuant to customary sale and lease-back transactions, asset securitizations and other similar financings permitted by the Indenture; and

(19) sales or dispositions of receivables in connection with any Qualified Receivables Financing or any factoring transaction or in the ordinary course of business; and

(20) any dispositions in connection with the entry into a Capitalized Lease Obligation.

"Associate" means (i) any Person engaged in a Similar Business of which the Company or its Restricted Subsidiaries are the legal and beneficial owners of between 20% and 50% of all outstanding Voting Stock and (ii) any joint venture engaged in a Similar Business entered into by the Company or any Restricted Subsidiary.

"Board of Directors" means (1) with respect to the Company or any corporation, the board of directors or managers, as applicable, of the corporation, or any duly authorized committee thereof; (2) with respect to any partnership, the board of directors or other governing body of the general partner of the partnership or any duly authorized committee thereof; and (3) with respect to any other Person, the board or any duly authorized committee of such Person serving a similar function. Whenever any provision of the Indenture requires any action or determination to be made by, or any approval of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved by a majority of the directors (excluding employee representatives, if any) on any such Board of Directors (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval).

"Business Day" means each day that is not a Saturday, Sunday or other day on which banking institutions in London, United Kingdom, New York, New York, United States or the Channel Islands are authorized or required by law to close; *provided, however*, that for any payments to be made under the Indenture, such day shall also be a day on which the TARGET2 payment system is open for the settlement of payments.

"Capital Stock" of any Person means any and all shares of, rights to purchase, warrants or options for, or other equivalents of or partnership or other interests in (however designated), equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"Capitalized Lease Obligations" means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes on the basis of IFRS. The amount of Indebtedness represented by such obligation will be the capitalized amount of such obligation at the time any determination thereof is to be made as determined on the basis of IFRS, and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

"Cash Equivalents" means:

(1) securities issued or directly and fully Guaranteed or insured by a Permissible Jurisdiction or, in each case, any agency or instrumentality of thereof (provided that the full faith and credit of such country or such member state is pledged in support thereof), having maturities of not more than two years from the date of acquisition;

(2) certificates of deposit, time deposits, eurodollar time deposits, overnight bank deposits or bankers' acceptances (in each case, including any such deposits made pursuant to any sinking fund established by the Company or any Restricted Subsidiary) having maturities of not more than one year from the date of acquisition thereof issued by any lender party to a Credit Facility or by any bank or trust company (a) whose commercial paper is rated at least "A-1" or the equivalent thereof by S&P or at least "P-1" or the equivalent thereof by Moody's (or if at the time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or (b) (in the event that the bank or trust company does not have commercial paper which is rated) having combined capital and surplus in excess of £500 million;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) entered into with any bank meeting the qualifications specified in clause (2) above;

(4) commercial paper rated at the time of acquisition thereof at least "A-2" or the equivalent thereof by S&P or "P-2" or the equivalent thereof by Moody's or carrying an equivalent rating by a Nationally Recognized Statistical Rating Organization, if both of the two named rating agencies cease publishing ratings of investments or, if no rating is available in respect of the commercial paper, the issuer of which has an equivalent rating in respect of its long-term debt, and in any case maturing within one year after the date of acquisition thereof;

(5) readily marketable direct obligations issued by a Permissible Jurisdiction having one of the two highest rating categories obtainable from either Moody's or S&P (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of not more than two years from the date of acquisition;

(6) Indebtedness or Preferred Stock issued by Persons with a rating of "BBB-" or higher from S&P or "Baa3" or higher from Moody's (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of 12 months or less from the date of acquisition;

(7) bills of exchange issued in a Permissible Jurisdiction eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent); and

(8) interests in any investment company, money market or enhanced high yield fund which invests 95% or more of its assets in instruments of the type specified in clauses (1) through (7) above.

"Change of Control" means:

(1) the Company becomes aware that (by way of a report or any other filing pursuant to any regulatory filing, proxy, vote, written notice or otherwise) any "person" or "group" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Issue Date), other than one or more Permitted Holders, is or has become the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Issue Date), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Company, provided that for the purposes of this clause, (x) any holding company whose only material assets relate to ownership of the Capital Stock of the Company will not itself be considered a "person" or "group;" and (y) any Voting Stock of which any Permitted Holder is the "beneficial owner" (as so defined) shall not be included in

any Voting Stock of which any such person or group is the "beneficial owner" (as so defined), unless that person or group is not an affiliate of a Permitted Holder and has greater voting power with respect to that Voting Stock than any other Permitted Holder; or

(2) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all the assets of the Company and its Restricted Subsidiaries taken as a whole to a Person, other than a Restricted Subsidiary or one or more Permitted Holders;

provided that, in each case, a Change of Control shall not be deemed to have occurred if such Change of Control is also a Specified Change of Control Event.

Notwithstanding the preceding or any provision of Rule 13d-3 of the Exchange Act, (i) a Person or group shall not be deemed to beneficially own securities subject to an equity or asset purchase agreement, merger agreement or similar agreement (or voting or option or similar agreement related thereto) until the consummation of the transactions contemplated by such agreement, (ii) if any group includes one or more Permitted Holders, the issued and outstanding Voting Stock of the Company beneficially owned, directly or indirectly, by any Permitted Holders that are part of such group shall not be treated as being beneficially owned by any other member of such group for purposes of determining whether a Change of Control has occurred and (iii) a Person or group will not be deemed to beneficially own the Voting Stock of another person as a result of its ownership of Voting Stock or other securities of such other Person's Parent (or related contractual rights) unless it owns 50% or more of the total voting power of the Voting Stock of such Parent. For purposes of this definition and any related definition to the extent used for purposes of this definition, at any time when 50% or more of the total voting power of the Voting Stock of the Company is directly or indirectly owned by a Parent, all references to the Company shall be deemed to refer to its ultimate Parent (but excluding any Permitted Holder) that directly or indirectly owns such Voting Stock.

"Clearstream" means Clearstream Banking, *société anonyme* or any successor securities clearing agency.

"Code" means the United States Internal Revenue Code of 1986, as amended.

"Commodity Hedging Agreements" means, in respect of a Person, any commodity purchase contract, commodity futures or forward contract, commodities option contract or other similar contract (including commodities derivative agreements or arrangements), to which such Person is a party or a beneficiary.

"Company" means Stonegate Pub Company Limited and its successors and assigns.

"Consolidated EBITDA" for any period means, without duplication, the Consolidated Net Income for such period, plus the following to the extent deducted in calculating such Consolidated Net Income:

(1) Consolidated Interest Expense and Receivables Fees;

(2) Consolidated Income Taxes;

(3) consolidated depreciation expense;

(4) consolidated amortization or impairment expense;

(5) any expenses, charges or other costs related to any Equity Offering, Investment, acquisition (including amounts paid in connection with the acquisition or retention of one or more individuals comprising part of a management team retained to manage the acquired business; *provided* that such payments are made in connection with such acquisition and are consistent with the customary practice in the industry at the time of such acquisition), disposition, recapitalization or the Incurrence of any Indebtedness permitted by the Indenture (in each case whether or not successful) (including any such fees, expenses or charges related to the Transactions), in each case, as determined in good faith by the Board of Directors or an Officer of the Company;

(6) any minority interest expense (whether paid or not) consisting of income attributable to minority equity interests of third parties in such period or any prior period or any net earnings, income or share of profit of any Associates, associated company or undertaking;

(7) the amount of management, monitoring, consulting, employment and advisory fees and related expenses paid in such period to the Permitted Holders to the extent permitted by the covenant described under "—Certain Covenants—Limitation on Affiliate Transactions," and the cost (including Taxes) of one-time bonuses to be paid to management in connection with the acquisition of the Company by TDR Capital, not exceeding £2.0 million; and

(8) other non-cash charges, write-downs or items reducing Consolidated Net Income (excluding any such non-cash charge, write-down or item to the extent it represents an accrual of or reserve for cash charges in any future period) or other items classified by the Company as extraordinary, exceptional, unusual or nonrecurring items, less other non-cash items of income increasing Consolidated Net Income (other than any non-cash items increasing such Consolidated Net Income pursuant to clauses (1) through (13) of the definition of Consolidated Net Income and excluding any such non-cash item of income to the extent it represents a receipt of cash in any future period).

"Consolidated Financial Interest Expense" means, for any period (in each case, determined on the basis of IFRS), the sum of:

(1) consolidated net interest income/expense of the Company and its Restricted Subsidiaries related to Indebtedness (including (a) amortization of debt discount or premium, (b) all commissions, discounts and other fees and charges owed with respect to letters of credit or bankers acceptances, (c) the interest component of Capitalized Lease Obligations, and (d) net payments, if any, pursuant to interest rate Hedging Obligations with respect to Indebtedness) but not including any Pension Items, debt issuance costs and premiums, commissions, discounts and other fees and charges owed or paid with respect to financings, or costs associated with Hedging Obligations (other than those described in (d));

(2) dividends on other distributions in respect of all Disqualified Stock of the Company and all Preferred Stock of any Restricted Subsidiary, to the extent held by Persons other than the Company or a subsidiary of the Company; and

(3) any interest on Indebtedness of another Person that is guaranteed by the Company or any of its Restricted Subsidiaries or secured by a Lien on assets of the Company or any of its Restricted Subsidiaries.

"Consolidated Income Taxes" means Taxes or other payments, including deferred Taxes, based on income, profits or capital (including, without limitation, withholding Taxes) and corporation Tax and franchise Taxes of any of the Company and its Restricted Subsidiaries whether or not paid, estimated, accrued or required to be remitted to any Governmental Authority.

"Consolidated Interest Expense" means, for any period (in each case, determined on the basis of IFRS), the consolidated net interest income/expense of the Company and its Restricted Subsidiaries, whether paid or accrued, plus or including (without duplication) any interest, costs and charges consisting of:

(1) interest expense attributable to Capitalized Lease Obligations and the interest component of deferred payment obligations;

(2) amortization of debt discount or premium, amortization of debt issuance costs, fees, premium and expenses and the expensing of any financing fees;

(3) non-cash interest expense;

(4) the net payments (if any) of Hedging Agreements (excluding amortization of fees and discounts and unrealized gains and losses, costs associated with Hedging Obligations (including termination payments), foreign currency losses and any Receivables Fees);

(5) dividends on other distributions in respect of all Disqualified Stock of the Company and all Preferred Stock of any Restricted Subsidiary, to the extent held by Persons other than the Company or a subsidiary of the Company;

(6) the consolidated interest expense that was capitalized during such period;

(7) any interest on Indebtedness of another Person that is guaranteed by the Company or any of its Restricted Subsidiaries or secured by a Lien on assets of the Company or any of its Restricted Subsidiaries; and

(8) Pension Items.

"Consolidated Leverage" means the sum of the aggregate outstanding Indebtedness of the Company and its Restricted Subsidiaries (excluding Hedging Obligations) less cash and Cash Equivalents.

"Consolidated Leverage Ratio" means, as of any date of determination, the ratio of (x) Consolidated Leverage at such date to (y) the aggregate amount of Consolidated EBITDA for the period of the most recent four consecutive trading quarters ending prior to the date of such determination for which internal consolidated financial statements of the Company are available; *provided, however*, that for the purposes of calculating Consolidated EBITDA for such period, if, as of such date of determination:

(1) since the beginning of such period, the Company or any Restricted Subsidiary has closed or disposed of any company, any business or site, or any group of assets constituting an operating unit of a business or site (any such disposition, a "Sale") or if the transaction giving rise to the need to calculate the Consolidated Leverage Ratio is such a Sale, Consolidated EBITDA for such period will be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the company, business, site or group of assets which are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto, in each case, after giving pro forma effect to such Sale, including anticipated expense and cost savings, as if such Sale occurred on the first day of such period; *provided* that if any such Sale constitutes "discontinued operations" in accordance with IFRS, Consolidated Net Income shall be reduced by an amount equal to the Consolidated Net Income (if positive) attributable to the company, business, site or group of assets which are the subject of such Sale for such period or increased by an amount equal to the Consolidated Net Income (if negative) attributable thereto after giving pro forma effect to such Sale as if such Sale occurred on the first day of such period;

(2) since the beginning of such period, the Company or any Restricted Subsidiary (by merger or otherwise) has made an Investment in any Person that thereby becomes a Restricted Subsidiary, or otherwise has acquired any company, any business or site, or any group of assets constituting an operating unit of a business or site, or made a capital investment for the refurbishment of a site (any such Investment or acquisition, a "Purchase"), including any such Purchase occurring in connection with a transaction causing a calculation to be made hereunder, Consolidated EBITDA for such period will be calculated after giving pro forma effect thereto, including anticipated synergies and expenses and cost savings, as if such Purchase occurred on the first day of such period;

(3) since the beginning of such period, any Person (that became a Restricted Subsidiary or was merged or otherwise combined with or into the Company or any Restricted Subsidiary since the beginning of such period) will have made any Sale or any Purchase that would have required an adjustment pursuant to clause (1) or (2) above if made by the Company or a Restricted Subsidiary since the beginning of such period, Consolidated EBITDA for such period will be calculated after giving pro forma effect thereto, including anticipated synergies and expenses and cost savings, as if such Sale or Purchase occurred on the first day of such period; and

(4) since the beginning of such period, a transfer of shares of, or other transaction has occurred or is contractually committed with respect to, the Company or any Restricted Subsidiary, that constitutes an event that is contemplated by the definition of "Specified Change of Control Event" (any such transaction, a "Specified Change of Control Transaction"), and solely for the purpose of making the determination pursuant to "Specified Change of Control Event," Consolidated EBITDA for such period shall be calculated after giving pro forma effect thereto (including anticipated synergies and expenses and cost savings expected to be obtained from the Specified Change of Control Transaction) as if such Specified Change of Control Transaction (including such synergies and expenses and cost savings) had occurred on the first day of such period.

For the purposes of this definition and the definitions of Consolidated EBITDA, Consolidated Income Taxes, Consolidated Interest Expense and Consolidated Net Income, (a) calculations will be as determined in good faith by a responsible financial or accounting officer of the Company, including in respect of synergies and expenses and cost savings, as though the full effect of such synergies and expenses and cost savings were realized on the first day of the relevant period and shall also include the reasonably anticipated full run rate costs savings effect (as calculated in good faith by a responsible financial or chief accounting officer of the Company) of cost savings programs that have been initiated by the Company or its Restricted Subsidiaries as though such cost savings programs had been fully implemented on the first day of the relevant period, and (b) in determining the amount of Indebtedness outstanding on any date of determination, pro forma effect shall be given to any Incurrence, repayment, repurchase, defeasance or other acquisition, retirement or discharge of Indebtedness as if such transaction had occurred on the first day of the relevant period. For the purpose of calculating pro forma effect pursuant to clause (2) above, the definition of Fixed Charge Coverage Ratio and for the first paragraph and clause (5) of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Indebtedness," as well as clause (3) of the first paragraph of the covenant described under "—Certain Covenants—Merger and Consolidation—The Issuer and the Company," pro forma effect may also be given to anticipated acquisitions where the Indebtedness to be Incurred is to finance such acquisitions in whole or in part, which have not yet occurred but which have become subject to a definitive purchase agreement or contract.

"Consolidated Net Income" means, for any period, the profit/(loss) for the financial period of the Company and its Restricted Subsidiaries determined on a consolidated basis on the basis of IFRS; *provided, however*, that there will not be included in such Consolidated Net Income:

(1) subject to the limitations contained in clause (3) below, any profit/(loss) for the financial period of any Person if such Person is not a Restricted Subsidiary, except that the Company's equity in the profit/(loss) for the financial period of any such Person will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents that (x) actually have been distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution or return on investment and (y) only for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph of the covenant described under "—Certain Covenants—Limitation on Restricted Payments," could have been distributed, as reasonably determined by an Officer of the Company (subject, in the case of a dividend or other distribution or return on investment to a Restricted Subsidiary, to the limitations contained in clause (2) below);

(2) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph of the covenant described under "—Certain Covenants—Limitation on Restricted Payments," any the profit/(loss) for the financial period of any Restricted Subsidiary (other than Guarantors) if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to a Guarantor by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to or permitted under the Revolving Credit Facilities Agreement, the Notes or the Indenture, and (c) restrictions not prohibited by the covenant described under "—Certain Covenants—Limitation on Distributions from Restricted Subsidiaries"), except that the Company's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Company or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary, to the limitation contained in this clause) even if encumbrances or restrictions to make distributions in cash or Cash Equivalents arise or exist by reason of applicable law or any applicable rule, regulation or order;

(3) any net gain (or loss) realized upon the sale or other disposition of any asset or disposed operations of the Company or any Restricted Subsidiaries (including pursuant to any sale/leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by the Board of Directors or an Officer of the Company);

(4) any extraordinary, exceptional, unusual or nonrecurring gain, loss, charge or expense (as determined in good faith by the Board of Directors or an Officer of the Company), or any charges, expenses or reserves in respect of any restructuring, disposal, closing, redundancy or severance;

(5) the cumulative effect of a change in accounting principles;

(6) any non-cash compensation charge or expense arising from any grant of stock, stock options or other equity based awards and any non-cash deemed finance charges in respect of any Pension Items or other provisions;

(7) all deferred financing costs written off and premiums paid or other expenses Incurred directly in connection with any early extinguishment of Indebtedness and any net gain (loss) from any write-off or forgiveness of Indebtedness, and any provisions in respect of working capital;

(8) any unrealized gains or losses in respect of Hedging Obligations or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value of changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations;

(9) any unrealized foreign currency transaction gains or losses in respect of Indebtedness of any Person denominated in a currency other than the functional currency of such Person and any unrealized foreign exchange gains or losses relating to translation of assets and liabilities denominated in foreign currencies;

(10) any unrealized foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of the Company or any Restricted Subsidiary owing to the Company or any Restricted Subsidiary;

(11) any purchase accounting effects including, but not limited to, adjustments to inventory, property and equipment, software and other intangible assets and deferred revenue in component amounts required or permitted by IFRS and related authoritative pronouncements (including the effects of such adjustments pushed down to the Company and the Restricted Subsidiaries), as a result of any consummated acquisition, or the amortization or write-off of any amounts thereof (including any write-off of in process research and development);

(12) any goodwill or other intangible asset impairment, charge, amortization or write-off, including debt issuance costs;

(13) the impact of capitalized, accrued or accreting or pay-in- kind interest or principal on Subordinated Shareholder Funding;

(14) Consolidated Income Taxes to the extent in excess of cash payments made in respect of such Consolidated Income Taxes; and

(15) to the extent covered by insurance and actually reimbursed, or, so long as the Company has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer and only to the extent that such amount is (a) not denied by the applicable insurer in writing within 180 days and (b) in fact reimbursed within 365 days of the date of such evidence (with a deduction for any amount so added back to the extent not so reimbursed within 365 days), losses with respect to business interruption.

"Consolidated Senior Secured Leverage Ratio" means the Consolidated Leverage Ratio, but calculated by excluding all Indebtedness other than Senior Secured Indebtedness.

"Contingent Obligations" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that does not constitute Indebtedness ("primary obligations") of any other Person (the "primary obligor"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

 (a) for the purchase or payment of any such primary obligation; or

 (b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"Credit Facility" means, with respect to the Company or any of its Subsidiaries, one or more debt facilities, indentures or other arrangements (including the Revolving Credit Facilities Agreement or commercial paper facilities and overdraft facilities) with banks, other institutions or investors providing for revolving credit loans, term loans, notes, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended from time to time (whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or banks, other institutions or investors and whether provided under the Revolving Credit Facilities Agreement or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "Credit Facility" shall include any agreement or instrument (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the

Company as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

"Currency Agreement" means, in respect of a Person, any foreign exchange contract, currency swap agreement, currency futures contract, currency option contract, currency derivative or other similar agreement to which such Person is a party or beneficiary.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Designated Non-Cash Consideration" means the fair market value of non-cash consideration received by the Company or one of its Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Non-Cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of cash, Cash Equivalents or Temporary Cash Investments received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the covenant described under "—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock."

"Designated Preference Shares" means, with respect to the Company or any Parent, Preferred Stock (other than Disqualified Stock) (a) that is issued for cash (other than to the Company or a Subsidiary of the Company or an employee stock ownership plan or trust established by the Company or any such Subsidiary for the benefit of their employees to the extent funded by the Company or such Subsidiary) and (b) that is designated as "Designated Preference Shares" pursuant to an Officer's Certificate of the Company at or prior to the issuance thereof, the Net Cash Proceeds of which are excluded from the calculation set forth in clause (c)(ii) of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Restricted Payments."

"Disqualified Stock" means, with respect to any Person, any Capital Stock of such Person which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or upon the happening of any event:

(1) matures or is mandatorily redeemable for cash or in exchange for Indebtedness pursuant to a sinking fund obligation or otherwise;

(2) is convertible or exchangeable for Indebtedness or Disqualified Stock (excluding Capital Stock which is convertible or exchangeable solely at the option of the Company or a Restricted Subsidiary); or

(3) is or may become (in accordance with its terms) upon the occurrence of certain events or otherwise redeemable or repurchasable for cash or in exchange for Indebtedness at the option of the holder of the Capital Stock in whole or in part,

in each case on or prior to the earlier of (a) the Stated Maturity of the Notes or (b) the date on which there are no Notes outstanding; *provided, however*, that (i) only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock and (ii) any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require the Company to repurchase such Capital Stock upon the occurrence of a change of control or asset sale (howsoever defined or referred to) shall not constitute Disqualified Stock if any such redemption or repurchase obligation is subject to compliance by the relevant Person with the covenant described under "—Certain Covenants—Limitation on Restricted Payments."

"Equity Investors" means TDR Capital, funds managed by TDR Capital or any of its respective Affiliates, or any co-investment vehicle managed by TDR Capital or any of its respective Affiliates.

"Equity Offering" means a sale by the IPO Entity of (x) Capital Stock (other than Disqualified Stock) other than offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions, or (y) other securities, the proceeds of which are contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of, or as Subordinated Shareholder Funding to, the IPO Entity or any of its Restricted Subsidiaries.

"Euroclear" means Euroclear Bank SA/NV or any successor securities clearing agency.

"Exchange" means The Channel Islands Securities Exchange Authority Limited and its successors and assigns.

"Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"Excluded Contribution" means Net Cash Proceeds or property or assets received by the Company as capital contributions to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Company after the Issue Date or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Company, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of the Company.

"fair market value" may be conclusively established by means of an Officer's Certificate or a resolution of the Board of Directors of the Company setting out such fair market value as determined by such Officer or the Board of Directors of the Company in good faith.

"Fixed Charge Coverage Ratio" means, for any period, the ratio of:

(a) Consolidated EBITDA; to

(b) Consolidated Financial Interest Expense;

provided that in calculating the Fixed Charge Coverage Ratio or any element thereof for any period, pro forma calculations will be made in good faith by the Board of Directors or an Officer of the Company (including any pro forma synergies and expenses and cost savings that have occurred or are reasonably expected to occur within the next twelve months following the date of such calculation, including, without limitation, as a result of, or that would result from any actions taken by the Company or any of its Restricted Subsidiaries including, without limitation, in connection with any cost reduction or cost savings plan or program or in connection with any transaction, investment, acquisition, disposition, restructuring, corporate reorganization or otherwise, in the good faith judgment of the Board of Directors or an Officer of the Company (regardless of whether these synergies and expenses and cost savings could then be reflected in pro forma financial statements to the extent prepared)); *provided, further*, without limiting the application of the previous proviso, that for the purposes of calculating Consolidated EBITDA or Consolidated Financial Interest Expense for such period, if, as of such date of determination:

(1) since the beginning of such period, the Company or any Restricted Subsidiary has closed or disposed of any company, any business or site, or any group of assets constituting an operating unit of a business or site (any such disposition, a "Sale") or if the transaction giving rise to the need to calculate the Fixed Charge Coverage Ratio is such a Sale, (a) Consolidated EBITDA for such period will be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the company, business, site or group of assets which are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto after giving pro forma effect to such Sale as if such Sale occurred on the first day of such period; *provided* that if any such Sale constitutes "discontinued operations" in accordance with IFRS, Consolidated Net Income shall be reduced by an amount equal to the Consolidated Net Income (if positive) attributable to the company, business, site or group of assets which are the subject of such Sale for such period or increased by an amount equal to the Consolidated Net Income (if negative) attributable thereto after giving pro forma effect to such Sale as if such Sale occurred on the first day of such period; and (b) the Consolidated Financial Interest Expense for such period shall be reduced by an amount equal to the Consolidated Financial Interest Expense directly attributable to any Indebtedness of the Company or of any Restricted Subsidiary repaid, repurchased, defeased or otherwise discharged with respect to the Company and the continuing Restricted Subsidiaries in connection with such Asset Disposition for such same period (or, if the Capital Stock of any Restricted Subsidiary is sold, the Consolidated Financial Interest Expense for such period directly attributable to the Indebtedness of such Restricted Subsidiary to the extent the Company and the continuing Restricted Subsidiaries are no longer liable for such Indebtedness after such Sale);

(2) since the beginning of such period, the Company or any Restricted Subsidiary (by merger or otherwise) has made an Investment in any Person that thereby becomes a Restricted Subsidiary, or otherwise has acquired any company, any business or site, or any group of assets constituting an operating unit of a business or site, or made a capital investment for the refurbishment of a site (any

such Investment or acquisition, a "Purchase"), including any such Purchase occurring in connection with a transaction causing a calculation to be made hereunder, Consolidated EBITDA and Consolidated Financial Interest Expense for such period will be calculated after giving pro forma effect thereto, including anticipated synergies and expenses and cost savings, as if such Purchase occurred on the first day of such period pro forma effect thereto as if such Purchase occurred on the first day of such period; and

(3) since the beginning of such period, any Person (that became a Restricted Subsidiary or was merged or otherwise combined with or into the Company or any Restricted Subsidiary since the beginning of such period) will have made any Sale or any Purchase that would have required an adjustment pursuant to clause (1) or (2) above if made by the Company or a Restricted Subsidiary since the beginning of such period, Consolidated EBITDA and Consolidated Financial Interest Expense for such period will be calculated after giving pro forma effect thereto as if such Sale or Purchase occurred on the first day of such period.

If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest expense on such Indebtedness will be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness for a period equal to the remaining term of such Indebtedness).

For the purposes of this definition, (a) calculations will be as determined in good faith by a responsible financial or accounting officer of the Company (including in respect of anticipated synergies and expense and cost reductions, and as though the full effect of synergies and expense and cost reductions were realized on the first day of the relevant period) and (b) in determining the amount of Indebtedness outstanding on any date of determination, pro forma effect shall be given to any Incurrence, repayment, repurchase, defeasance or other acquisition, retirement or discharge of Indebtedness as if such transaction had occurred on the first day of the relevant period.

"Fixed Rate Applicable Premium" means, with respect to any Original Fixed Rate Note on any redemption date, the greater of:

(1) 1.0% of the principal amount of such Original Fixed Rate Note; or

(2) the excess of:

    (i) the present value at such redemption date of (x) the redemption price of such Original Fixed Rate Note at March 15, 2019 (such redemption price being set forth in the table appearing under the caption "—Optional Redemption"), plus (y) all required interest payments due on such Original Fixed Rate Note through March 15, 2019 (excluding accrued but unpaid interest), computed using a discount rate equal to the Gilt Rate as of such redemption date plus 50 basis points; over

    (ii) the outstanding principal amount of such Original Fixed Rate Note;

as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate. For the avoidance of doubt, calculation of the Fixed Rate Applicable Premium shall not be an obligation or duty of the Trustee, the Paying Agent, the Registrar or the Calculation Agent.

"Floating Rate Applicable Premium" means, with respect to any Floating Rate Note on any redemption date, the greater of:

(1) 1.0% of the principal amount of such Floating Rate Note; or

(2) the excess of:

    (i) the present value at such redemption date of (x) 101% of the principal amount of the Floating Rate Note, plus (y) all required interest payments due on such Floating Rate Note through March 15, 2018 (excluding accrued but unpaid interest), computed using a discount rate equal to the Gilt Rate as of such redemption date plus 50 basis points; over

    (ii) the outstanding principal amount of such Floating Rate Note;

as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate. For the avoidance of doubt, calculation of the Floating Rate Applicable Premium shall not be an obligation or duty of the Trustee, the Paying Agent, the Registrar or the Calculation Agent.

"Gilt Rate" means, as of any redemption date, the yield to maturity as of such redemption date of UK Government Obligations with a fixed maturity (as compiled by the debt management office statistics that have become publicly available at least two Business Days in London prior to such redemption date (or, if such statistics are no longer published, any publicly available source of similar market data)) most nearly equal to the period from such redemption date to March 15, 2018, in case of the Floating Rate Notes, or to March 15, 2019, in case of the Original Fixed Rate Notes; *provided, however*, that if the period from such redemption date to March 15, 2018, in case of the Floating Rate Notes, or to March 15, 2019, in case of the Original Fixed Rate Notes, is less than one year, the weekly average yield on actually traded UK Government Obligations denominated in pound sterling adjusted to a fixed maturity of one year shall be used.

"Governmental Authority" means any nation, sovereign or government, any state, province, territory or other political subdivision thereof, and any entity or authority exercising executive, legislative, judicial, regulatory, self-regulatory or administrative functions of or pertaining to government, including a central bank or stock exchange.

"Group" means the Company and its Restricted Subsidiaries (or the IPO Pushdown Entity and its Restricted Subsidiaries from the Pushdown Date).

"Guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or

(2) entered into primarily for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part),

provided, however, that the term "Guarantee" will not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"Guarantor" means the Company and any Restricted Subsidiary that Guarantees the Notes.

"Hedging Agreement" means any Interest Rate Agreement, Currency Agreement, Commodity Hedging Agreement or other agreement entered into by the Company or any of its Subsidiaries to offset or balance against risks related to any businesses, services or activities engaged in by the Company or any of its Subsidiaries or any Associates in the ordinary course.

"Hedging Obligations" of any Person means the obligations of such Person pursuant to any Hedging Agreement.

"Holder" means each Person in whose name the Notes are registered on the Registrar's books, which shall initially be the nominee of Euroclear or Clearstream.

"Holding Company" means, in relation to any Person, any Person of which it is a Subsidiary.

"IFRS" means the International Financial Reporting Standards (formerly, International Accounting Standards) endorsed from time to time by the European Union or any variation thereof with which the Company or its Restricted Subsidiaries are, or may be, required to comply, as in effect on the date of any calculation or determination required hereunder; *provided* that at any date after the Issue Date the Company may make an irrevocable election to establish that "IFRS" shall mean IFRS as in effect on a date that is on or prior to the date of such election. Except as otherwise set forth in the Indenture, all ratios and calculations based on IFRS contained in the Indenture shall be computed in accordance with IFRS.

"Immaterial Subsidiary" means any Restricted Subsidiary that (i) has not guaranteed, or is not a co-obligor under, any other Indebtedness of the Issuer or any Guarantor and (ii) (A) has Total Assets (as determined in accordance with IFRS) of less than 5% of the Company's consolidated Total Assets and (B) has Consolidated EBITDA of less than 5% of the Company's Consolidated EBITDA (in each case, measured (i) for the four trading quarters ended most recently for which internal financial statements are available, (ii) on a pro forma basis giving effect to any acquisitions or depositions of companies, division or lines of business since such balance sheet date or the start of such four trading quarter period, as applicable and (iii) on the basis of management accounts and excluding intercompany balances, investments in subsidiaries and joint ventures and intangible assets).

"Incur" means issue, create, assume, enter into any Guarantee of, incur, extend or otherwise become liable for; *provided, however*, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and the terms "Incurred" and "Incurrence" have meanings correlative to the foregoing and any Indebtedness pursuant to any revolving credit or similar facility shall only be "Incurred" at the time any funds are borrowed thereunder.

"Indebtedness" means, with respect to any Person on any date of determination (without duplication):

(1) the principal of indebtedness of such Person for borrowed money;

(2) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all reimbursement obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments plus the aggregate amount of drawings thereunder that have been reimbursed) (except to the extent such reimbursement obligations relate to trade payables and such obligations are satisfied within 30 days of Incurrence), in each case only to the extent that the underlying obligation in respect of which the instrument was issued would be treated as Indebtedness;

(4) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables), where the deferred payment is arranged primarily as a means of raising finance, which purchase price is due more than one year after the date of placing such property in service or taking final delivery and title thereto;

(5) Capitalized Lease Obligations of such Person;

(6) the principal component of all obligations, or liquidation preference, of such Person with respect to any Disqualified Stock or, with respect to any Restricted Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends);

(7) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided, however*, that the amount of such Indebtedness will be the lesser of (a) the fair market value of such asset at such date of determination (as determined in good faith by the Board of Directors or an Officer of the Company) and (b) the amount of such Indebtedness of such other Persons;

(8) Guarantees by such Person of the principal component of Indebtedness of other Persons to the extent Guaranteed by such Person; and

(9) to the extent not otherwise included in this definition, net obligations of such Person under Hedging Agreements (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time).

The term "Indebtedness" shall not include Subordinated Shareholder Funding or any lease, concession or license of property (or Guarantee thereof) which would be considered an operating lease under IFRS as in effect on the Issue Date or any deposit made in relation thereto, any asset retirement obligations, prepayments or deposits received from clients or customers, in each case, in the ordinary course of business, any income tax or other payables, any social security or tax obligations, any obligations with regard to Pension Items or any bonds in relation thereto, or obligations under any profit sharing agreement, license, permit or other approval (or Guarantees given in respect of such obligations) Incurred prior to the Issue Date or in the ordinary course of business.

The amount of Indebtedness of any Person at any time in the case of a revolving credit or similar facility shall be the total amounts of funds borrowed and then outstanding. The amount of Indebtedness of any Person at any date shall be determined as set forth above or otherwise provided in the Indenture, and (other than with respect to letters of credit or Guarantees or Indebtedness specified in clause (6), (7) or (8) above) shall be (a) in the case of any Indebtedness issued with original issue discount, the amount in respect thereof that would appear on the balance sheet (excluding any notes thereto) of such Person in accordance with IFRS and (b) the principal amount of the Indebtedness, in the case of any other Indebtedness.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

(i) Contingent Obligations Incurred in the ordinary course of business and obligations under or in respect of Qualified Receivables Financing;

(ii) in connection with the purchase by the Company or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; *provided, however*, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 30 days thereafter; or

(iii) for the avoidance of doubt, any obligations in respect of workers' compensation claims, early retirement or termination obligations, Pension Items or similar claims, obligations or contributions or social security or wage Taxes.

"Independent Financial Advisor" means an investment banking or accounting firm or any third party appraiser; *provided, however*, that such firm or appraiser is not an Affiliate of the Company.

"Initial Public Offering" means an Equity Offering of the Capital Stock of the IPO Entity following which there is a Public Market and, as a result of which, the Capital Stock of the IPO Entity in such offering are listed on an internationally recognized exchange or traded on an internationally recognized market.

"Intercreditor Agreement" means the intercreditor agreement dated March 16, 2017 made between the Security Agent, the agent for the Revolving Credit Facilities Agreement, certain hedging counterparties, the Trustee and the other parties named therein, as amended, restated or otherwise modified or varied from time to time.

"Interest Rate Agreement" means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement to which such Person is party or a beneficiary.

"Investment" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any direct or indirect advance, loan or other extensions of credit (other than advances or extensions of credit to customers, suppliers, directors, officers or employees of any Person in the ordinary course of business, and excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or the Incurrence of a Guarantee of any obligation of, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such other Persons and all other items that are or would be classified as investments on a balance sheet prepared on the basis of IFRS; *provided, however*, that endorsements of negotiable instruments and documents in the ordinary course of business will not be deemed to be an Investment. If the Company or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Company or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment at such time equal to the fair market value of the Capital Stock of such Subsidiary not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described above under the caption "—Certain Covenants—Limitation on Restricted Payments."

For purposes of "—Certain Covenants—Limitation on Restricted Payments":

(1) "Investment" will include the portion (proportionate to the Company's equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; *provided, however*, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Company will be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to (a) the Company's "Investment" in such Subsidiary at the time of such redesignation less (b) the portion (proportionate to the Company's equity interest in such Subsidiary) of the fair market value of the net assets (as conclusively determined in good faith by the Board of Directors or an Officer of the Company) of such Subsidiary at the time that such Subsidiary is so re-designated a Restricted Subsidiary; and

(2) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors or an Officer of the Company.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Company's option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

"Investment Grade Securities" means:

(1) securities issued or directly and fully guaranteed or insured by a Permissible Jurisdiction (other than Cash Equivalents);

(2) debt securities or debt instruments with a rating of "A–" or higher from S&P or "A3" or higher by Moody's or the equivalent of such rating by such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization, but excluding any debt securities or instruments constituting loans or advances among the Company and its Subsidiaries; and

(3) investments in any fund that invests exclusively in investments of the type described in clauses (1) and (2) above which fund may also hold cash and Cash Equivalents pending investment or distribution.

"Investment Grade Status" shall occur when the Notes receive both of the following:

(1) a rating of "BBB–" or higher from S&P; and

(2) a rating of "Baa3" or higher from Moody's;

or the equivalent of such rating by either such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization.

"IPO Entity" means the Company, any Parent or any Successor Company of the Company or any Parent.

"IPO Event" means the occurrence of an Initial Public Offering or a Listing.

"IPO Market Capitalization" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity at the time of closing of the Initial Public Offering multiplied by (ii) the price per share at which such shares of common stock or common equity interest are sold in such Initial Public Offering.

"Irrevocable Repayment" means any repayment, repurchase or refinancing of Indebtedness with respect to which an irrevocable notice of repayment (or similar irrevocable notice) has been delivered.

"Issue Date" means March 16, 2017, which is the original date of issuance of the Original Floating Rate Notes and the Original Fixed Rate Notes.

"Issuer" means Stonegate Pub Company Financing plc and its successors and assigns.

"Lien" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"Limited Condition Acquisition" means any acquisition, including by way of merger, amalgamation or consolidation, by the Company or one or more of its Restricted Subsidiaries whose consummation is not conditioned upon the availability of, or on obtaining, third party financing.

"Listing" means a listing of all or any part of the share capital of the Company or any Subsidiary of the Company on any recognized investment exchange (as that term is used in the Financial Services and Markets Act 2000) or any other sale or issue by way of flotation or public offering in relation to the Company or any such Subsidiary of the Company in any jurisdiction or country.

"Listing Sponsor" means the sponsor for the Issuer in respect of the listing of the Notes on the Exchange as the Issuer may appoint.

"Management Advances" means loans or advances made to, or Guarantees with respect to loans or advances made to any Management Investors:

(1) in respect of travel, entertainment or moving related expenses Incurred in the ordinary course of business;

(2) in respect of moving related expenses Incurred in connection with any closing or consolidation of any facility or office; or

(3) not exceeding £1.0 million in the aggregate outstanding at any time.

"Management Investors" means the officers, directors, employees and other members of the management of or consultants to any Parent, the Company or any of their respective Subsidiaries, or spouses, family members or relatives thereof, or any trust, partnership or other entity for the benefit of or the beneficial owner of which (directly or indirectly) is any of the foregoing, or any of their heirs, executors, successors and legal representatives, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Company, any Restricted Subsidiary or any Parent.

"Market Capitalization" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity on the date of the declaration of the relevant dividend multiplied by (ii) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days immediately preceding the date of declaration of such dividend.

"Moody's" means Moody's Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"Nationally Recognized Statistical Rating Organization" means a nationally recognized statistical rating organization within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act.

"Net Available Cash" from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring Person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

(1) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all Taxes paid or required to be paid or accrued as a liability under IFRS (after taking into account any available tax credits or deductions and any Tax Sharing Agreements), as a consequence of such Asset Disposition;

(2) all payments made on any Indebtedness which is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or which are required by applicable law to be repaid out of the proceeds from such Asset Disposition;

(3) all distributions and other payments required to be made to minority interest holders (other than any Parent, the Company or any of their respective Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Disposition; and

(4) the deduction of appropriate amounts required to be provided by the seller as a reserve, on the basis of IFRS, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Company or any Restricted Subsidiary after such Asset Disposition.

"Net Cash Proceeds," with respect to any issuance or sale of Capital Stock or Subordinated Shareholder Funding, means the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credits or deductions and any Tax Sharing Agreements).

"Note Documents" means the Notes (including Additional Notes), the Indenture, the Intercreditor Agreement, the Proceeds Loan Agreement and the Security Documents.

"Offering Memorandum" means the final offering memorandum in relation to the Notes.

"Officer" means, with respect to any Person, (1) any member of the Board of Directors, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer or the Secretary (a) of such Person or (b) if such Person is owned or managed by a single entity, of such entity, or (2) any other individual designated as an "Officer" for the purposes of the Indenture by the Board of Directors of such Person.

"Officer's Certificate" means, with respect to any Person, a certificate signed by one Officer of such Person.

"Opinion of Counsel" means a written opinion from legal counsel reasonably satisfactory to the Trustee. The counsel may be an employee of or counsel to the Company or its Subsidiaries.

"Parent" means any Person of which the Company at any time is or becomes a Subsidiary after the Issue Date and any holding companies established by any Permitted Holder for purposes of holding its investment in any Parent.

"Parent Expenses" means:

(1) costs (including all professional fees and expenses) Incurred by any Parent in connection with reporting obligations under or otherwise Incurred in connection with compliance with applicable laws,

rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to Indebtedness of the Company or any Restricted Subsidiary, including in respect of any reports filed with respect to the Securities Act, Exchange Act or the respective rules and regulations promulgated thereunder;

(2) customary indemnification obligations of any Parent owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person to the extent relating to the Company and its Subsidiaries;

(3) obligations of any Parent in respect of director and officer insurance (including premiums therefor) to the extent relating to the Company and its Subsidiaries;

(4) fees and expenses payable by any Parent, or the return of equity overfunding to any Parent as described in this Offering Memorandum;

(5) (a) general corporate overhead expenses, including professional fees and expenses and other operational expenses of any Parent or any Equity Investor or any of its Affiliates related to the ownership or operation of the business of the Company or any of its Restricted Subsidiaries and Equity Investor or any of its Affiliates (including, without limitation, accounting, legal, corporate reporting, and administrative expenses as well as payments made pursuant to operating partner arrangements or secondment, employment or similar agreements entered into between the Company and/or any of its Restricted Subsidiaries and/or any Parent and any Equity Investor or any of its Affiliates or any employee thereof) or (b) costs and expenses with respect to any litigation or other dispute relating to the Transactions or the ownership, directly or indirectly, of the Company by any Parent;

(6) other fees, expenses and costs relating directly or indirectly to activities of the Company and its Subsidiaries in an amount not to exceed £2.0 million in any trading year; and

(7) expenses Incurred by any Parent in connection with any Public Offering or other sale of Capital Stock or Indebtedness:

    (x) where the net proceeds of such offering or sale are intended to be received by or contributed to the Company or a Restricted Subsidiary,

    (y) in a pro-rated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed, or

    (z) otherwise on an interim basis prior to completion of such offering so long as any Parent shall cause the amount of such expenses to be repaid to the Company or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed.

"Pari Passu Indebtedness" means Indebtedness of the Company (other than Indebtedness of the Company pursuant to the Revolving Credit Facilities Agreement) or any Guarantor if such Indebtedness or Guarantee ranks equally in right of payment to the Notes or the Note Guarantees, as the case may be, and which, in each case, is secured by Liens on the Collateral.

"Paying Agent" means any Person authorized by the Issuer to pay the principal of (and premium, if any) or interest on any Note on behalf of the Issuer.

"Pension Items" means any costs, charges or liabilities, including contributions, made in respect of any pension funds or post-retirement benefit schemes, other than administration costs.

"Permissible Jurisdiction" means any state, commonwealth or territory of the United States or the District of Columbia, Canada or any province of Canada, Japan, any member state of the European Union as of the Issue Date (including for the avoidance of doubt the United Kingdom), Switzerland, Norway or any political subdivision, taxing authority, agency or instrumentality of any such state, commonwealth, territory, union, country or member state and, for purposes of the covenant described under "Merger and Consolidation—The Issuer and the Company" only, the Cayman Islands.

"Permitted Asset Swap" means the concurrent purchase and sale or exchange of assets used or useful in a Similar Business or a combination of such assets and cash, Cash Equivalents or Temporary Cash Investments between the Company or any of its Restricted Subsidiaries and another Person; *provided* that any cash or Cash Equivalents received in excess of the value of any cash or Cash Equivalents sold or exchanged must be applied in accordance with the covenant described under "—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock."

"Permitted Collateral Liens" means (A) Liens on the Collateral described in one or more of clauses (2), (3), (4), (5), (6), (8), (9), (10), (11), (12), (13), (14), (18), (19), (20), (22), (23), (24) and (27) of the definition of "Permitted Liens;" (B) Liens on the Collateral to secure Indebtedness of the Company or a Restricted Subsidiary that is permitted to be Incurred under clauses (1), (2) (in the case of (2), to the extent such Guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in this definition of Permitted Collateral Liens), (4)(a) and (c) (if the original Indebtedness was so secured), (5)(i) (covering only the shares and assets of the acquired Person the Indebtedness of which is so secured), (5)(ii), (6) or (11) of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Indebtedness;" *provided, however* (x) that such Lien ranks equal to all other Liens on such Collateral securing Indebtedness of the Company or such Restricted Subsidiary, as applicable (except that a Lien in favor of Indebtedness Incurred under clauses (1) and (6) of the second paragraph of "—Certain Covenants—Limitation on Indebtedness" may have super priority not materially less favorable to the Holders than that accorded to the Revolving Credit Facilities Agreement and Hedging Obligations, respectively, as provided in the Intercreditor Agreement as in effect on the Issue Date) and (y) that, in the case of Indebtedness of the Company or a Restricted Subsidiary that is permitted to be Incurred under clause (5)(i) or (5)(ii) of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Indebtedness," after giving pro forma effect to such transaction, the Consolidated Senior Secured Leverage Ratio of the Company would have been less than 5.2 to 1.0 or no higher than it was immediately prior to giving effect to the transaction; (C) Liens on the Collateral securing Indebtedness Incurred under the first paragraph of "—Certain Covenants—Limitation on Indebtedness," provided that, in the case of this clause (C), after giving pro forma effect to such Incurrence and the use of proceeds thereof, the Consolidated Senior Secured Leverage Ratio of the Company would have been less than 5.2 to 1.0; or (D) Liens on Collateral securing Refinancing Indebtedness in respect of any Indebtedness secured pursuant to the foregoing clauses (A), (B) and (C).

"Permitted Holders" means, collectively, (1) the Equity Investors and any Affiliate or Related Person of any of them, (2) any one or more Persons whose beneficial ownership constitutes or results in a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture, (3) Senior Management and (4) any Person who is acting as an underwriter in connection with a public or private offering of Capital Stock of any Parent or the Company, acting in such capacity. Any Person or group that includes a Permitted Holder shall also be deemed to be a Permitted Holder, provided that the Permitted Holders (before giving effect to this sentence) shall control at least 50% of the voting power of the Voting Stock of the Company owned by such Person or group. Any Person or group whose acquisition of beneficial ownership constitutes a Change of Control which is also a Specified Change of Control Event, will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"Permitted Investment" means (in each case, by the Company or any of its Restricted Subsidiaries):

(1) Investments in (a) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or the Company or (b) a Person (including the Capital Stock of any such Person) that is engaged in any Similar Business and such Person will, upon the making of such Investment, become a Restricted Subsidiary;

(2) Investments in another Person if such Person is engaged in any Similar Business and as a result of such Investment such other Person is merged, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all its assets to, the Company or a Restricted Subsidiary;

(3) Investments in cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(4) Investments in receivables owing to the Company or any Restricted Subsidiary created or acquired in the ordinary course of business;

(5) Investments in payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(6) Management Advances;

(7) Investments in Capital Stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Company or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor;

(8) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including an Asset Disposition, in each case, that was made in compliance with "—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock;"

(9) Investments in existence on, or made pursuant to legally binding commitments in existence on, the Issue Date;

(10) Hedging Agreements and related Hedging Obligations, which transactions or obligations are Incurred in compliance with "—Certain Covenants—Limitation on Indebtedness;"

(11) Investments, taken together with all other Investments made pursuant to this clause (11) and then outstanding, in an aggregate amount at the time of such Investment not to exceed the greater of 4.1% of Total Assets and £30.0 million; *provided* that, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under "—Certain Covenants—Limitation on Restricted Payments," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "Permitted Investments" and not this clause;

(12) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or Liens otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under the covenant described under "—Certain Covenants—Limitation on Liens;"

(13) any Investment to the extent made using Capital Stock of the Company (other than Disqualified Stock) or Subordinated Shareholder Funding or Capital Stock of any Parent as consideration;

(14) any transaction to the extent constituting an Investment that is permitted and made in accordance with the provisions of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Affiliate Transactions" (except those described in clauses (1), (3), (6), (8), (9) and (12) of that paragraph);

(15) Investments consisting of purchases and acquisitions of inventory, supplies, materials and equipment or licenses or leases of intellectual property, in any case, in the ordinary course of business and in accordance with the Indenture;

(16) Guarantees not prohibited by the covenant described under "—Certain Covenants—Limitation on Indebtedness" and (other than with respect to Indebtedness) guarantees, keepwells and similar arrangements in the ordinary course of business;

(17) Investments in Associates or Unrestricted Subsidiaries in an aggregate amount when taken together with all other Investments made pursuant to this clause (17) that are at the time outstanding not to exceed the greater of 4.1% of Total Assets and £30.0 million; and

(18) Investments in the Notes and any Additional Notes and Investments pursuant to the Proceeds Loan Agreement.

"Permitted Liens" means, with respect to any Person:

(1) Liens on assets or property of a Restricted Subsidiary that is not the Issuer or a Guarantor securing Indebtedness of any Restricted Subsidiary that is not the Issuer or a Guarantor;

(2) pledges, deposits or Liens under workmen's compensation laws, unemployment insurance laws, social security laws or similar legislation, or insurance related obligations (including pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements), or in connection with bids, tenders, completion guarantees, contracts (other than for borrowed money) or leases, or to secure utilities, licenses, public or statutory obligations, or to secure surety, indemnity, judgment, appeal or performance bonds, guarantees of government contracts (or other similar bonds, instruments or obligations), or as security for contested Taxes or import or customs duties or for the payment of rent, or other obligations of like nature, in each case Incurred in the ordinary course of business;

(3) Liens imposed by law, including carriers', warehousemen's, mechanics', landlords', materialmen's and repairmen's or other like Liens, in each case for sums not yet overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;

(4) Liens for Taxes not yet delinquent or which are being contested in good faith by appropriate proceedings; *provided* that appropriate reserves required pursuant to IFRS have been made in respect thereof;

(5) Liens in favor of issuers of surety, performance or other bonds, guarantees or letters of credit or bankers' acceptances (not issued to support Indebtedness for borrowed money) issued pursuant to the request of and for the account of the Company or any Restricted Subsidiary in the ordinary course of its business;

(6) encumbrances, ground leases, easements (including reciprocal easement agreements), survey exceptions, or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Company and its Restricted Subsidiaries or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Company and its Restricted Subsidiaries;

(7) Liens on assets or property of the Company or any Restricted Subsidiary securing Hedging Obligations permitted under the Indenture, or over assets or property of any Restricted Subsidiary which is not required to give a Guarantee pursuant to the Agreed Security Principles and which Lien is in favor of obligations under the Indenture;

(8) leases, licenses, subleases and sublicenses of assets (including real property and intellectual property rights), in each case entered into in the ordinary course of business;

(9) Liens arising out of judgments, decrees, orders or awards not giving rise to an Event of Default so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree, order or award have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(10) Liens on assets or property of the Company or any Restricted Subsidiary for the purpose of securing Capitalized Lease Obligations or Purchase Money Obligations, or securing the payment of all or a part of the purchase price of, or securing other Indebtedness Incurred to finance or refinance the acquisition, improvement or construction of, assets or property; *provided* that (a) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be Incurred under the Indenture and (b) any such Lien may not extend to any assets or property of the Company or any Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Indebtedness and any improvements or accessions to such assets and property or rents or other income or assets associated with such assets or property;

(11) Liens arising by virtue of any statutory or common law provisions or standard terms and procedures relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts, securities accounts or other funds maintained with a depositary or financial institution;

(12) Liens arising from Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases entered into by the Company and its Restricted Subsidiaries in the ordinary course of business;

(13) Liens existing on, or provided for or required to be granted under written agreements existing on, the Issue Date;

(14) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary (or at the time the Company or a Restricted Subsidiary acquires such property, other assets or shares of stock, including any acquisition by means of a merger, consolidation or other business combination transaction with or into the Company or any Restricted Subsidiary); *provided, however*, that such Liens are not created, Incurred or assumed in anticipation of or in connection with such other Person becoming a Restricted Subsidiary (or such acquisition of such property, other assets or stock); *provided, further*, that such Liens do not extend to or cover any property, other assets or stock of the Company and its Restricted Subsidiaries other than (A) the property, other assets or stock acquired or (B) the property, other assets or stock (plus improvements, accession, proceeds or dividends or distributions in connection with the original property, other assets or stock) of the Person acquired, merged with or into or consolidated or combined with the Company or a Restricted Subsidiary;

(15) Liens on assets or property of the Company or any Restricted Subsidiary securing Indebtedness or other obligations of the Company or such Restricted Subsidiary owing to the Company or another Restricted Subsidiary, or Liens in favor of the Company or any Restricted Subsidiary;

(16) Liens securing Refinancing Indebtedness Incurred to refinance Indebtedness that was previously so secured, and permitted to be secured under the Indenture; *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is or could be the security for or subject to a Permitted Lien hereunder;

(17) any interest or title of a lessor under any Capitalized Lease Obligation or operating lease;

(18) (a) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property over which the Company or any Restricted Subsidiary has easement rights or on any leased property and subordination or similar arrangements relating thereto and (b) any condemnation or eminent domain proceedings affecting any real property;

(19) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(20) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(21) Liens on cash accounts securing Indebtedness Incurred under clause (10)(C) or (13) of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Indebtedness;"

(22) Liens on cash set aside at the time of the Incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in an escrow account or similar arrangement to be applied for such purpose;

(23) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities, or liens over cash accounts securing cash pooling arrangements;

(24) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;

(25) Liens Incurred with respect to obligations which do not exceed £10.0 million at any one time outstanding;

(26) Permitted Collateral Liens;

(27) Liens on Capital Stock or other securities or assets of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;

(28) Liens on Receivables Assets Incurred in connection with a Qualified Receivables Financing;

(29) Liens securing Indebtedness permitted to be Incurred pursuant to clause (1) of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Indebtedness;" and

(30) any cash collateral arrangement securing the obligations of an ancillary lender, landlord, hedging counterparty or regulator in respect of ancillary facilities, leases, Hedging Obligations or capital, surety or other guarantee requirements under applicable regulations of the Issuer or its Restricted Subsidiaries.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

"Preferred Stock," as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"Proceeds Loan" means the loan of the proceeds of the Notes pursuant to the Proceeds Loan Agreement and all loans directly or indirectly replacing or refinancing such loans or a portion thereof.

"Proceeds Loan Agreement" means one or more loan agreements made as of the Issue Date of the net proceeds of the Notes by and among the Company, as borrower, and the Issuer, as lender.

"Public Debt" means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (1) a public offering registered under the Securities Act or (2) a private placement to institutional and other investors, in each case, that are not Affiliates of the Company, in accordance with Section 4(2) of and/or Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale.

"Public Market" means any time after:

(1) an Equity Offering has been consummated; and

(2) Capital Stock of the IPO Entity having a market value in excess of £70.0 million on the date of such Equity Offering have been distributed pursuant to such Equity Offering.

"Public Offering" means any offering, including an Initial Public Offering, of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include an offering pursuant to Rule 144A and/or Regulation S under the Securities Act to professional market investors or similar Persons).

"Purchase Money Obligations" means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

"Qualified Receivables Financing" means any Receivables Financing of a Receivables Subsidiary that meets the following conditions: (1) the Board of Directors or an Officer of the Company shall have determined in good faith that such Qualified Receivables Financing (including financing terms, covenants, termination events and other provisions) is in the aggregate economically fair and reasonable to the Company and the Receivables Subsidiary, (2) all sales of accounts receivable and related assets to the Receivables Subsidiary are made at fair market value, and (3) the financing terms, covenants, termination events and other provisions thereof shall be on market terms (as determined in good faith by the Board of Directors or an Officer of the Company) and may include Standard Securitization Undertakings.

The grant of a security interest in any accounts receivable of the Company or any of its Restricted Subsidiaries (other than a Receivables Subsidiary) to secure Indebtedness under a Credit Facility or Indebtedness in respect of the Notes shall not be deemed a Qualified Receivables Financing.

"Receivables Assets" means any assets that are or will be the subject of a Qualified Receivables Financing.

"Receivables Fees" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary in connection with, any Receivables Financing.

"Receivables Financing" means any transaction or series of transactions that may be entered into by the Company or any of its Subsidiaries pursuant to which the Company or any of its Subsidiaries may sell, convey or otherwise transfer to (a) a Receivables Subsidiary (in the case of a transfer by the Company or any of its Subsidiaries), or (b) any other Person (in the case of a transfer by a Receivables Subsidiary), or may grant a security interest in, any accounts receivable (whether now existing or arising in the future) of the Company or any of its Subsidiaries, and any assets related thereto, including all collateral securing such accounts receivable, all contracts and all guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and other assets which are customarily transferred or in respect of which security interest are customarily granted in connection with asset securitization transactions involving accounts receivable and any Hedging Obligations entered into by the Company or any such Subsidiary in connection with such accounts receivable.

"Receivables Repurchase Obligation" means any obligation of a seller of receivables in a Qualified Receivables Financing to repurchase receivables arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, off-set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"Receivables Subsidiary" means a Wholly Owned Subsidiary of the Company (or another Person formed for the purposes of engaging in a Qualified Receivables Financing with the Company in which the Company or any Subsidiary of the Company makes an Investment and to which the Company or any Subsidiary of the Company transfers accounts receivable and related assets) which engages in no activities other than in connection with the financing of accounts receivable of the Company and its Subsidiaries, all proceeds thereof and all rights (contractual or other), collateral and other assets relating thereto, and any business or activities incidental or related to such business, and which is designated by the Board of Directors of the Company of the Company (as provided below) as a Receivables Subsidiary and:

(1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is guaranteed by the Company or any other Restricted Subsidiary of the Company (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings), (ii) is subject to terms that are substantially equivalent in effect to a guarantee of any losses on securitized or sold receivables by the Company or any other Restricted Subsidiary of the Company, (iii) is recourse to or obligates the Company or any other Restricted Subsidiary of the Company in any way other than pursuant to Standard Securitization Undertakings, or (iv) subjects any property or asset of the Company or any of its Restricted Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;

(2) with which neither the Company nor any other Restricted Subsidiary of the Company has any contract, agreement, arrangement or understanding other than on terms which the Company reasonably believes to be no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Company; and

(3) to which neither the Company nor any other Restricted Subsidiary of the Company has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Board of Directors of the Company of the Company shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors of the Company giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing conditions.

"refinance" means refinance, refund, replace, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell, extend or increase (including pursuant to any defeasance or discharge mechanism) and the terms "refinances," "refinanced" and "refinancing" as used for any purpose in the Indenture shall have a correlative meaning.

"Refinancing Indebtedness" means Indebtedness that is Incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any Indebtedness existing on the date of the Indenture or Incurred in compliance with the Indenture (including Indebtedness of the Company that refinances Indebtedness of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of the Company or another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness; *provided, however*, that:

(1) if the Indebtedness being refinanced constitutes Subordinated Indebtedness, the Refinancing Indebtedness has a final Stated Maturity at the time such Refinancing Indebtedness is Incurred that is the same as or later than the final Stated Maturity of the Indebtedness being refinanced or, if shorter, of the Notes;

(2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced (plus, without duplication, any additional Indebtedness Incurred to pay interest or premiums required by the instruments governing such existing Indebtedness and costs, expenses and fees Incurred in connection therewith); and

(3) if the Indebtedness being refinanced is expressly subordinated to the Notes or the Guarantees, such Refinancing Indebtedness is subordinated to the Notes or the Guarantees on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced,

provided, however, that Refinancing Indebtedness shall not include Indebtedness of the Company or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary and provided, further, that the provisions of clause (3) above would not operate to preclude the refinancing of indebtedness with Indebtedness that is secured with a super priority status (or other preferential security status) if such security is otherwise permitted pursuant to the Indenture.

Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be Incurred from time to time after the termination, discharge or repayment of any such Credit Facility or other Indebtedness.

"Related Person" with respect to any Equity Investor, means:

(1) any controlling equity holder or Subsidiary of such Person;

(2) in the case of an individual, any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individual and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof;

(3) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiaries, stockholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein; or

(4) in the case of the Equity Investors any investment fund or vehicle managed, sponsored or advised by such Person or any successor thereto, or by any Affiliate of such Person or any such successor.

"Related Taxes" means

(1) any Taxes (other than (x) Taxes measured by gross or net income, receipts or profits and (y) withholding Taxes), required to be paid (provided such Taxes are in fact paid) by any Parent by virtue of its:

   (a) being organized or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than, directly or indirectly, the Company or any of the Company's Subsidiaries);

   (b) issuing or holding Subordinated Shareholder Funding;

   (c) being a Parent, directly or indirectly, of the Company or any of the Company's Subsidiaries;

   (d) receiving dividends from or other distributions in respect of the Capital Stock of, directly or indirectly, the Company or any of the Company's Subsidiaries; or

   (e) having made any payment in respect to any of the items for which the Company is permitted to make payments to any Parent pursuant to "—Certain Covenants—Limitation on Restricted Payments;" or

(2) if and for so long as the Company is a member of a group filing a consolidated or combined tax return with any Parent or party to a Tax Sharing Agreement, any consolidated or combined Taxes measured by income for which such Parent is liable up to an amount not to exceed the amount of any such Taxes that the Company and its Subsidiaries would have been required to pay on a separate company basis or on a consolidated basis if the Company and its Subsidiaries had paid Tax on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Company and its Subsidiaries; *provided* that distributions shall be permitted in respect of the income of an Unrestricted Subsidiary only to the extent such Unrestricted Subsidiary distributed cash for such purpose to the Company or its Restricted Subsidiaries.

"Restricted Investment" means any Investment other than a Permitted Investment.

"Restricted Subsidiary" means any Subsidiary of the Company other than an Unrestricted Subsidiary.

"Reversion Date" means, after the Notes have achieved Investment Grade Status, the date, if any, that such Notes shall cease to have such Investment Grade Status.

"Revolving Credit Facilities Agreement" means the senior secured revolving credit facilities agreement dated March 16, 2017 among the Company, the Security Agent and Barclays Bank PLC, as amended, supplemented, refinanced, replaced or otherwise modified from time to time.

"S&P" means Standard & Poor's Investors Ratings Services or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"SEC" means the U.S. Securities and Exchange Commission.

"Secured Indebtedness" means any Indebtedness secured by a Lien.

"Securities Act" means the U.S. Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"Security Agent" means Barclays Bank PLC acting as security agent pursuant to the Intercreditor Agreement or such successor Security Agent or any delegate thereof as may be appointed thereunder or any such security agent, delegate or successor thereof pursuant to an Additional Intercreditor Agreement.

"Security Documents" means the security agreements, pledge agreements, collateral assignments, and any other instrument and document executed and delivered pursuant to the Indenture or otherwise or any of the foregoing, as the same may be amended, supplemented or otherwise modified from time to time, creating the security interests in the Collateral as contemplated by the Indenture.

"Senior Management" means the officers, directors, and other current or former members of senior management of the Company or any of its Subsidiaries, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Company or any Parent.

"Senior Secured Indebtedness" means, with respect to any Person as of any date of determination, any Indebtedness that is Incurred under the first paragraph of the covenant described under "—Certain Covenants—Limitation on Indebtedness" or clauses (1), (4), (5), (6), (7), (12) or (13) of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Indebtedness" (in the case of clause (4), to the extent such Indebtedness constitutes Indebtedness under the Notes (excluding Additional Notes)) and any Refinancing Indebtedness in respect thereof, in each case secured by a Lien on the Collateral that is at least *pari passu* with the Liens securing the Notes.

"Significant Subsidiary" means any Restricted Subsidiary that meets any of the following conditions:

(1) the Company's and its Restricted Subsidiaries' investments in and advances to the Restricted Subsidiary exceed 10% of the Total Assets of the Company and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed trading year;

(2) the Company's and its Restricted Subsidiaries' proportionate share of the Total Assets (after intercompany eliminations) of the Restricted Subsidiary exceeds 10% of the Total Assets of the Company and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed trading year; or

(3) the Company's and its Restricted Subsidiaries' equity in the income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principle of the Restricted Subsidiary exceeds 10% of such income of the Company and its Restricted Subsidiaries on a consolidated basis for the most recently completed trading year.

"Similar Business" means (a) any businesses, services or activities engaged in by the Company or any of its Subsidiaries or any Associates on the Issue Date and (b) any businesses, services and activities engaged in by the Company or any of its Subsidiaries or any Associates that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

"Specified Change of Control Event" means the occurrence of any event that would constitute a Change of Control pursuant to the definition thereof; *provided* that the Consolidated Leverage Ratio would have been less than (x) 5.0 to 1.0 if the date of such occurrence is prior to the first eighteen months after the Issue Date or (y) 4.5 to 1.0 if the date of such occurrence is on or after the first eighteen months after the Issue Date, immediately prior to the occurrence of such event and immediately thereafter and giving pro forma effect thereto. Notwithstanding the foregoing, only one Specified Change of Control Event shall be permitted under the Indenture after the Issue Date; *provided, further,* that when calculating the Consolidated Leverage Ratio of the Company for the purposes of this definition, the Company shall be entitled at its option to make such calculations as it would if making calculations of baskets or ratios in connection with a Limited Condition Acquisition, and the date of determination of the Consolidated Leverage Ratio of the Company shall, upon such election by the Company, be the date of the definitive agreements in respect of such event with such pro forma adjustments as are appropriate and consistent with the pro forma provisions set forth in the definition of Consolidated Leverage Ratio after giving effect to such event and the other transactions to be entered into in connection therewith (including any incurrence of Indebtedness and the use of proceeds thereof) as if they occurred at the beginning of the applicable period for purposes of determining the ability for such event to qualify as a Specified Change of Control Event.

"Standard Securitization Undertakings" means representations, warranties, covenants, indemnities and guarantees of performance entered into by the Company or any Subsidiary of the Company which the Board of Directors or an Officer of the Company has determined in good faith to be customary in a Receivables Financing, including those relating to the servicing of the assets of a Receivables Subsidiary, it being understood that any Receivables Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking.

"Stated Maturity" means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any Contingent Obligations to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

"Sterling Equivalent" means, with respect to any monetary amount in a currency other than pound sterling, at any time of determination thereof by the Company or the Trustee, the amount of pound sterling obtained by converting such currency other than pound sterling involved in such computation into pound sterling at the spot rate for the purchase of pound sterling with the applicable currency other than pound sterling as published in The Financial Times in the "Currency Rates" section (or, if The Financial Times is no longer published, or if such information is no longer available in The Financial Times, such source as may be selected in good faith by the Board of Directors or an Officer of the Company) on the date of such determination.

"Subordinated Indebtedness" means, with respect to any Person, any Indebtedness (whether outstanding on the Issue Date or thereafter Incurred) which is expressly subordinated in right of payment to the Notes and any Guarantee pursuant to a written agreement.

"Subordinated Shareholder Funding" means, collectively, (i) the Company's existing preference shares and shareholder loans as of the Issue Date; and (ii) any funds provided to the Company by any Parent, any Affiliate of any Parent or any Permitted Holder or any Affiliate thereof, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case issued to and held by a Parent or a Permitted Holder, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; *provided, however*, that such Subordinated Shareholder Funding:

(1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity of the Notes (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Company or any funding meeting the requirements of this definition) or the making of any such payment prior to the date that is six months following the Stated Maturity of the Notes is restricted by the provisions of the Indenture as a "Restricted Payment,"

(2) does not require, prior to the first anniversary of the Stated Maturity of the Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts;

(3) contains no change of control or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the date that is six months following the Stated Maturity of the Notes;

(4) does not provide for or require any security interest or encumbrance over any asset of the Company or any of its Subsidiaries; and

(5) pursuant to the Intercreditor Agreement, any Additional Intercreditor Agreement or any other agreement is fully subordinated and junior in right of payment to the Notes pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding,

provided, further, however, that upon the occurrence of any event or circumstance that results in such Indebtedness ceasing to qualify as Subordinated Shareholder Funding, such Indebtedness shall constitute an Incurrence of such Indebtedness by the Company, and any and all Restricted Payments made through the use of the net proceeds from the Incurrence of such Indebtedness since the date of the original issuance of such Subordinated Shareholder Funding shall constitute new Restricted Payments that are deemed to have been made after the date of the original issuance of such Subordinated Shareholder Funding.

"Subsidiary" means, with respect to any Person:

(1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof; or

(2) any partnership, joint venture, limited liability company or similar entity of which:

(a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership interests or otherwise; and

(b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"Successor Company" means, with respect to any Person (other than a Parent), the resulting, surviving or transferee Person and, with respect to a Parent, means a Successor Parent.

"Successor Parent" means, with respect to a Parent, any other Person of which more than 50% of the total voting power of the Voting Stock, at the time such Parent becomes a Subsidiary of such other Person, is "beneficially owned" (as such term is defined in Rules 13d-3 and 13d-5 under the Exchange Act (as in effect on the Issue Date)) by one or more other Persons that, immediately prior to such Parent becoming a Subsidiary of such other Person, "beneficially owned" more than 50% of the total voting power of the Voting Stock of such Parent.

"TARGET2" means the second generation trans-European automated real time gross settlement express transfer payment system.

"Taxes" means all present and future taxes, levies, imposts, deductions, charges, duties and withholdings and any charges of a similar nature (including interest, penalties and other liabilities with respect thereto) that are imposed by any government or other taxing authority.

"Tax Sharing Agreement" means any tax sharing or profit and loss pooling or similar agreement with customary or arm's length terms or any arrangement to purchase tax losses or share group relief entered into with any Parent or Unrestricted Subsidiary, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof.

"TDR Capital" means TDR Capital LLP and its successors and assigns.

"Temporary Cash Investments" means any of the following:

(1) any investment in

(a) direct obligations of, or obligations Guaranteed by, (i) any Permissible Jurisdiction or (ii) any country in whose currency funds are being held specifically pending application in the making of an investment or capital expenditure by the Company or a Restricted Subsidiary in that country with such funds, or

(b) direct obligations of any country recognized by the United States of America rated at least "A" by S&P or "A-1" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(2) overnight bank deposits, and investments in time deposit accounts, certificates of deposit, bankers' acceptances and money market deposits (or, with respect to foreign banks, similar instruments) maturing not more than one year after the date of acquisition thereof issued by:

(a) any lender under the Revolving Credit Facilities Agreement,

(b) any institution authorized to operate as a bank in any of the countries or member states referred to in clause (1)(a) above, or

(c) any bank or trust company organized under the laws of any such country or member state or any political subdivision thereof,

in each case, having capital and surplus aggregating in excess of £250 million (or the foreign currency equivalent thereof) and whose long-term debt is rated at least "A" by S&P or "A-2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) or (2) above entered into with a Person meeting the qualifications described in clause (2) above;

(4) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than the Company or any of its Subsidiaries), with a rating at the time as of which any Investment therein is made of "P-2" (or higher) according to Moody's or "A-2" (or higher) according to S&P (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(5) Investments in securities maturing not more than one year after the date of acquisition issued or fully Guaranteed by any Permissible Jurisdiction, and rated at least "BBB" by S&P or "Baa3" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(6) bills of exchange issued in any Permissible Jurisdiction eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(7) any money market deposit accounts issued or offered by a commercial bank organized under the laws of a country that is a member of the Organization for Economic Co-operation and Development, in each case, having capital and surplus in excess of £250 million (or the foreign currency equivalent thereof) or whose long term debt is rated at least "A" by S&P or "A2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(8) investment funds investing 95% of their assets in securities of the type described in clauses (1) through (7) above (which funds may also hold reasonable amounts of cash pending investment and/or distribution); and

(9) investments in money market funds complying with the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the U.S. Investment Company Act of 1940, as amended.

"Total Assets" means the consolidated total assets of the Company and its Restricted Subsidiaries in accordance with IFRS as shown on the most recent balance sheet of such Person.

"Transactions" means the issuance of the Notes and the use of proceeds thereof, as described in "Use of proceeds" and the entry into the Revolving Credit Facilities Agreement.

"UK Government Obligations" means direct obligations of, or obligations guaranteed by, the United Kingdom, and the payment for which the United Kingdom pledges its full faith and credit.

"Uniform Commercial Code" means the New York Uniform Commercial Code.

"Unrestricted Subsidiary" means:

(1) any Subsidiary of the Company (other than the Issuer) that at the time of determination is an Unrestricted Subsidiary (as designated by the Board of Directors of the Company in the manner provided below); and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Company may designate any Subsidiary of the Company (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein), other than the Issuer, to be an Unrestricted Subsidiary only if:

(1) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of, or own or hold any Lien on any property of, the Company or any other Subsidiary of the Company which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and

(2) such designation and the Investment of the Company in such Subsidiary complies with "—Certain Covenants—Limitation on Restricted Payments."

Any such designation by the Board of Directors of the Company shall be evidenced to the Trustee by filing with the Trustee a resolution of the Board of Directors of the Company giving effect to such designation and an Officer's Certificate certifying that such designation complies with the foregoing conditions.

The Board of Directors of the Company may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided*, that immediately after giving effect to such designation (1) no Default or Event of

Default would result therefrom and (2)(x) the Company could Incur at least £1.00 of additional Indebtedness under the first paragraph of "—Certain Covenants—Limitation on Indebtedness" or (y) the Fixed Charge Coverage Ratio for the Company and its Restricted Subsidiaries would not be less than it was immediately prior to giving effect to such designation, in each case, on a pro forma basis taking into account such designation. Any such designation by the Board of Directors of the Company shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of the Board of Directors of the Company giving effect to such designation or an Officer's Certificate certifying that such designation complied with the foregoing provisions.

"Voting Stock" of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

"Wholly Owned Restricted Subsidiary" means a Restricted Subsidiary of the Company, all the Voting Stock of which (other than directors' qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the Company or another Wholly Owned Subsidiary) is owned by the Company or another Wholly Owned Restricted Subsidiary.

"Wholly Owned Subsidiary" means a subsidiary of the Company, all the Voting Stock of which (other than directors' qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the Company or another Wholly Owned Subsidiary) is owned by the Company or another Wholly Owned Subsidiary.

BOOK-ENTRY, DELIVERY AND FORM

General

The New Floating Rate Notes sold to qualified institutional buyers in reliance on Rule 144A under the Securities Act will initially be represented by a global note in registered form without interest coupons attached (the "Rule 144A Global Note"). The New Floating Rate Notes sold to persons who are not U.S. persons and are outside the United States in reliance on Regulation S under the Securities Act will initially be represented by a global note in registered form without interest coupons attached (the "Regulation S Global Note" and, together with the Rule 144A Global Note, the "Global Notes"). The Global Notes will be deposited, on the closing date, with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the Rule 144A Global Note ("Rule 144A Book-Entry Interests") and ownership of interests in the Regulation S Global Note (the "Regulation S Book-Entry Interests" and, together with the Rule 144A Book-Entry Interests, the "Book-Entry Interests") will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that hold interests through such participants. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries. Except under the limited circumstances described below, Book-Entry Interests will not be issued in definitive form.

Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream and their participants. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of those securities in definitive form. The foregoing limitations may impair your ability to own, transfer or pledge Book-Entry Interests. In addition, while the New Floating Rate Notes are in global form, holders of Book-Entry Interests will not have the New Floating Rate Notes registered in their names, will not receive physical delivery of the New Floating Rate Notes in certificated form and will not be considered the owners or "holders" of the New Floating Rate Notes for any purpose.

So long as the New Floating Rate Notes are held in global form, the common depositary for Euroclear and/or Clearstream (or its nominee), as applicable, will be considered the sole holders of the Global Notes for all purposes under the Indenture. In addition, participants must rely on the procedures of Euroclear and Clearstream, and indirect participants must rely on the procedures of Euroclear and Clearstream and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders of the New Floating Rate Notes under the Indenture.

Neither we, the Trustee, the Paying Agent, the Transfer Agent, the Registrar nor any of our or their respective agents will have any responsibility, or be liable, for any aspect of the records relating to the Book-Entry Interests.

Definitive Registered Notes

Under the terms of the Indenture, owners of the Book-Entry Interests will receive definitive Notes in registered form (the "Definitive Registered Notes"):

(1) if Euroclear or Clearstream notifies us that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by the Issuer within 120 days; or

(2) if the owner of a Book-Entry Interest requests such exchange in writing delivered through Euroclear or Clearstream following an Event of Default under the Indenture and enforcement action is being taken in respect thereof under the Indenture.

Euroclear and Clearstream have advised us that upon request by an owner of a Book-Entry Interest described in the immediately preceding clause (2), their current procedure is to request that we issue or cause to be issued the New Floating Rate Notes in definitive registered form to all owners of Book-Entry Interests.

In such an event, the Issuer will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear, Clearstream or us, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend as provided in the Indenture, unless that legend is not required by the Indenture or applicable law.

To the extent permitted by law, we, the Trustee, the Paying Agents, the Transfer Agent and the Registrar shall be entitled to treat the registered holder of any Global Note as the absolute owner thereof and no person will be liable for treating the registered holder as such. Ownership of the Global Notes will be evidenced through registration from time to time at the registered office of the Issuer, and such registration is a means of evidencing title to the New Floating Rate Notes.

We will not impose any fees or other charges in respect of the New Floating Rate Notes; however, owners of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and Clearstream.

Redemption of the Global Notes

In the event that any Global Note (or any portion thereof) is redeemed, Euroclear and/or Clearstream, as applicable, will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by them in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear and Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). We understand that, under the existing practices of Euroclear and Clearstream, if fewer than all of the New Floating Rate Notes are to be redeemed at any time, Euroclear and Clearstream will credit their participants' accounts on a proportionate basis (with adjustments to prevent fractions), by lot or on such other basis as they deem fair and appropriate, provided, however, that no Book-Entry Interest of less than £100,000 principal amount may be redeemed in part.

Payments on Global Notes

We will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, interest and additional amounts, if any) to the Paying Agent for onward payment to Euroclear and Clearstream. Euroclear and Clearstream will distribute such payments to participants in accordance with their customary procedures. We will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under "Description of the Notes—Additional Amounts." If any such deduction or withholding is required to be made, then, to the extent described under "Description of the Notes—Additional Amounts" above, we will pay additional amounts as may be necessary in order for the net amounts received by any holder of the Global Notes or owner of Book-Entry Interests after such deduction or withholding to equal the net amounts that such holder or owner would have otherwise received in respect of such Global Note or Book-Entry Interest, as the case may be, absent such withholding or deduction. We expect that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Indenture, we, the Trustee, the Paying Agent, the Registrar and the Transfer Agent will treat the registered holders of the Global Notes (*i.e.*, the common depositary for Euroclear or Clearstream (or its nominee)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of us, the Trustee or any of their agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest or for maintaining, supervising or reviewing the records of Euroclear or Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest;
- Euroclear, Clearstream or any participant or indirect participant; or
- the records of the common depositary.

Currency of Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid to holders of interests to such New Floating Rate Notes through Euroclear or Clearstream in pound sterling.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised us that they will take any action permitted to be taken by a holder of the New Floating Rate Notes (including the presentation of the New Floating Rate Notes for exchange as described above) only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of the New Floating Rate Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an Event of Default under the New Floating Rate Notes, Euroclear and Clearstream, at the request of the holders of the New Floating Rate Notes, reserve the right to exchange the Global Notes for Definitive Registered Notes, and to distribute such Definitive Registered Notes to their participants.

Transfers

Transfers between participants in Euroclear or Clearstream will be effected in accordance with Euroclear's or Clearstream's rules and will be settled in immediately available funds. If a holder of the New Floating Rate Notes requires physical delivery of Definitive Registered Notes for any reason, including to sell the New Floating Rate Notes to persons in states which require physical delivery of such securities or to pledge such securities, such holder of the New Floating Rate Notes must transfer its interests in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the procedures set forth in the Indenture.

The Global Notes will bear a legend to the effect set forth under "Transfer Restrictions." Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers and certification requirements discussed under "Transfer Restrictions."

Transfers of Rule 144A Book-Entry Interests to persons wishing to take delivery of Rule 144A Book-Entry Interests will at all times be subject to such transfer restrictions.

Rule 144A Book-Entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 under the Securities Act or any other exemption (if available under the Securities Act).

Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of a Rule 144A Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "Transfer Restrictions" and in accordance with any applicable securities laws of any other jurisdiction.

In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a Rule 144A Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note.

Definitive Registered Notes may be transferred and exchanged for Book- Entry Interests in a Global Note only as described in the Indenture and, if required, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such New Floating Rate Notes. See "Transfer Restrictions."

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Global Note and become a Book-Entry Interest in such other Global Note, and accordingly will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Information Concerning Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. We provide the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of the settlement system are controlled by the settlement system and may be changed at any time. Neither we, the Trustee, the Paying Agent, the Transfer Agent, the Registrar nor the Initial Purchaser are responsible for those operations or procedures.

We understand as follows with respect to Euroclear and Clearstream: Euroclear and Clearstream hold securities for participating organizations. They facilitate the clearance and settlement of securities transactions between their participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear and Clearstream participant, either directly or indirectly.

Because Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear and/or Clearstream system, or otherwise take actions in respect of such interest, may be limited by the lack of a definitive certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through the Euroclear or Clearstream systems will receive distributions attributable to the Global Notes only through Euroclear or Clearstream participants.

Global Clearance and Settlement Under the Book-Entry System

The New Floating Rate Notes represented by the Global Notes are expected to be listed on the Official List of the Exchange for the listing of and permission to deal in the New Floating Rate Notes on the Official List of the Exchange. Transfers of interests in the Global Notes between participants in Euroclear or Clearstream will be effected in the ordinary way in accordance with their respective system's rules and operating procedures.

Although Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of us, any guarantor, the Trustee or our or their respective agents will have any responsibility for the performance by Euroclear, Clearstream or their participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the New Floating Rate Notes will be made in pound sterling. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional bonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value of the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of Euroclear and Clearstream and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

TAX CONSIDERATIONS

If you are a prospective investor, you should consult your tax advisor as to the possible tax consequences of purchasing, holding or selling any New Floating Rate Notes under the laws of your country of citizenship, residence or domicile, including the effect of any local taxes applicable to you. The discussions that follow do not purport to be a comprehensive description of all tax considerations that may be relevant to a decision to purchase, hold or sell the New Floating Rate Notes. In particular, these discussions do not consider any specific facts or circumstances that may apply to you. The discussions that follow for each jurisdiction are based upon the applicable laws and interpretations thereof as in effect as of the date of this Offering Memorandum. These tax laws and interpretations are subject to change, possibly with retroactive or retrospective effect.

Certain United States Federal Income Tax Consequences

The following is a summary of certain United States federal income tax consequences of the purchase, ownership and disposition of the New Floating Rate Notes as of the date hereof. This summary deals only with the New Floating Rate Notes that are held as capital assets for United States federal income tax purposes by a U.S. holder (as defined below) who acquires the New Floating Rate Notes upon original issuance at their "issue price" (the first price at which a substantial amount of the New Floating Rate Notes is sold for money to investors, excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriter, placement agent or wholesaler).

As used herein, a "U.S. holder" means a beneficial owner of the New Floating Rate Notes that is for United States federal income tax purposes any of the following:

- an individual citizen or resident of the United States;
- a corporation (or any other entity treated as a corporation for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if it (1) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable United States Treasury Regulations ("Treasury Regulations") to be treated as a United States person.

This summary is based upon provisions of the United States Internal Revenue Code of 1986, as amended (the "Code"), and Treasury Regulations, rulings and judicial decisions as of the date hereof. Those authorities may be changed, perhaps retroactively, so as to result in United States federal income tax consequences different from those summarized below. This summary does not address all aspects of United States federal income taxation and does not address the effects of the Medicare contribution tax on net investment income or foreign, state, or local or other tax considerations that may be relevant to U.S. holders in light of their particular circumstances. In addition, it does not represent a detailed description of the United States federal income tax consequences applicable to you if you are subject to special treatment under the United States federal income tax laws. For example, this summary does not address:

- tax consequences to holders who may be subject to special tax treatment, such as dealers in securities or currencies, traders in securities that elect to use the mark-to-market method of accounting for their securities, financial institutions, regulated investment companies, real estate investment trusts, investors in partnerships or other pass-through entities for United States federal income tax purposes, tax-exempt entities or insurance companies;
- tax consequences to persons holding the New Floating Rate Notes as part of a hedging, integrated, constructive sale or conversion transaction or a straddle;
- an accrual method taxpayer required to recognize income for United States federal income tax purposes no later than when such income is taken into account in applicable financial statements;
- tax consequences to U.S. holders whose "functional currency" is not the United States dollar; or
- alternative minimum tax consequences, if any.

If a partnership (or other entity or arrangement treated as a partnership for United States federal income tax purposes) holds the New Floating Rate Notes, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding the New Floating Rate Notes, you should consult your tax advisors.

If you are considering the purchase of the New Floating Rate Notes, you should consult your own tax advisors concerning the particular United States federal income tax consequences to you of the purchase, ownership and disposition of the New Floating Rate Notes, as well as the consequences to you arising under the laws of any other taxing jurisdiction.

No Fungibility with the Original Floating Rate Notes

The New Floating Rate Notes are not being issued in a "qualified reopening" of the Original Floating Rate Notes for United States federal income tax purposes. Accordingly, the New Floating Rate Notes offered hereby will not be part of the same issue as the Original Floating Rate Notes and will not be treated as having the same issue date, issue price or adjusted issue price as the Original Floating Rate Notes or otherwise be treated as fungible with the Original Floating Rate Notes for United States federal income tax purposes.

Payments of Stated Interest

Subject to the foreign currency rules discussed below, stated interest on a New Floating Rate Note will generally be taxable to you as ordinary income at the time it is paid or accrued in accordance with your method of accounting for United States federal income tax purposes. In addition to interest on the New Floating Rate Notes (which includes any foreign tax withheld), you will be required to include in income any additional amounts paid in respect of any foreign tax withheld as described under "Description of the Notes—Additional Amounts" above. You may be entitled to deduct or credit any foreign tax withheld, subject to certain limitations (including that the election to deduct or credit foreign taxes applies to all of your applicable foreign taxes for a particular tax year). Stated interest income (including any additional amounts) generally will be considered foreign source income and, for purposes of the United States foreign tax credit, generally will be considered passive category income. You will generally be denied a foreign tax credit for foreign taxes imposed with respect to the New Floating Rate Notes where you do not meet a minimum holding period requirement during which you are not protected from risk of loss. The rules governing the foreign tax credit are complex. You are urged to consult your tax advisors regarding the availability of the foreign tax credit under your particular circumstances.

If you use the cash basis method of accounting for United States federal income tax purposes, you will be required to include in income the United States dollar value of the stated interest received, determined by translating the pound sterling received at the spot rate on the date such payment is received regardless of whether the payment is in fact converted into United States dollars. You will not recognize exchange gain or loss with respect to the receipt of such payment.

If you use the accrual method of accounting for United States federal income tax purposes, you may determine the amount of income recognized with respect to such stated interest in accordance with either of two methods. Under the first method, you will be required to include in income for each taxable year the United States dollar value of the stated interest that has accrued during such year, determined by translating such interest at the average rate of exchange for the period or periods during which such interest accrued or, in the case of an accrual period that spans two taxable years of a U.S. holder, the part of the period within the taxable year. Under the second method, you may elect to translate stated interest income at the spot rate on:

- the last day of the accrual period,
- the last day of the taxable year if the accrual period straddles your taxable year, or
- the date the stated interest payment is received if such date is within five business days of the end of the accrual period.

This election will apply to all debt obligations you hold from year to year and cannot be changed without the consent of the United States Internal Revenue Service ("IRS"). You should consult your own tax advisor as to the advisability of making the above election.

Upon receipt of a stated interest payment on a New Floating Rate Note (including, upon the sale of a New Floating Rate Note, the receipt of proceeds which include amounts attributable to accrued but unpaid interest previously included in income), you will recognize United States source ordinary income or loss in an amount equal to the difference, if any, between the United States dollar value of such payment (determined by translating the pound sterling received at the spot rate on the date such payment is received) and the United States dollar value of the stated interest income you previously included in income with respect to such payment (as determined above).

Original Issue Discount

A New Floating Rate Note with an "issue price" (as defined above) that is less than its stated principal amount generally will be treated as issued with OID for United States federal income tax purposes in an amount equal to that difference, if that difference is at least 0.25% of the stated principal amount multiplied by the number of complete years to maturity. If a New Floating Rate Note is issued with OID, you generally must include the OID in gross income (as foreign source ordinary income), on a constant yield to maturity basis, in advance of the receipt of the cash payment thereof and regardless of your regular method of accounting for United States federal income tax purposes.

The amount of OID, if any, that you must include in income for any taxable year with respect to a New Floating Rate Note will generally equal the sum of the "daily portions" of OID with respect to the New Floating Rate Note for each day during such taxable year on which you held that New Floating Rate Note ("accrued OID").

The daily portion is determined by allocating to each day in any "accrual period" a pro rata portion of the OID allocable to that accrual period. The "accrual period" may be of any length and may vary in length over the term of the New Floating Rate Notes, provided that each accrual period is no longer than one year and each scheduled payment of principal and interest occurs on the first day or the final day of an accrual period. The amount of OID allocable to any accrual period other than the final accrual period is an amount equal to the excess, if any, of

- the New Floating Rate Note's "adjusted issue price" at the beginning of the accrual period multiplied by its yield to maturity, determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period, over
- the aggregate of any stated interest allocable to the accrual period.

OID allocable to a final accrual period is the difference between the stated principal amount and the adjusted issue price at the beginning of the final accrual period. Special rules will apply for calculating OID for an initial short accrual period. The "adjusted issue price" of a New Floating Rate Note at the beginning of any accrual period is equal to its issue price increased by the accrued OID, if any, for each prior accrual period. Under these rules, you generally will have to include in income increasingly greater amounts of OID in successive accrual periods.

OID for the New Floating Rate Notes will be determined for any accrual period in pound sterling and then translated into United States dollars in the same manner as stated interest income accrued by a holder on the accrual basis, as described above under "—Payments of Stated Interest." You will recognize exchange gain or loss when OID is paid (including, upon the sale or other taxable disposition of a New Floating Rate Note, the receipt of amounts attributable to OID previously included in income) to the extent of the difference between the United States dollar value of such payment (determined by translating the pound sterling received at the spot rate on the date such payment is received) and the United States dollar value of the accrued OID (determined in the same manner as for accrued interest). Exchange gain or loss generally will be treated as United States source ordinary income or loss and generally will not be treated as an adjustment to interest income or expense.

The rules governing OID are complex. You are urged to consult your own tax advisors regarding the application of these rules in light of your particular circumstances.

Sale, Exchange, Redemption, Retirement and Other Taxable Disposition of the New Floating Rate Notes

Upon the sale, exchange, redemption, retirement or other taxable disposition of a New Floating Rate Note, you will recognize gain or loss equal to the difference between the amount realized upon the sale, exchange, redemption, retirement or other taxable disposition (less an amount equal to any accrued but unpaid stated interest, which will be taxable as interest income to the extent not previously included in income) and your adjusted tax basis in the New Floating Rate Note. Your adjusted tax basis in the New Floating Rate Note generally will be your United States dollar cost for that New Floating Rate Note, increased by any OID previously included in income. If you purchased your New Floating Rate Note with pound sterling, your cost generally will be the United States dollar value of the pound sterling paid for such

New Floating Rate Note determined at the spot rate on the date of such purchase. If your New Floating Rate Note is sold, exchanged, redeemed, retired or otherwise disposed of in a taxable transaction for pound sterling, the amount realized generally will be the United States dollar value of the pound sterling received based on the spot rate in effect on the date of sale, exchange, redemption, retirement or other taxable disposition. If you are a cash method taxpayer and the New Floating Rate Notes are traded on an established securities market, pound sterling paid or received will be translated into United States dollars at the spot rate on the settlement date of the purchase or sale. An accrual method taxpayer may elect the same treatment with respect to the purchase and sale of the New Floating Rate Notes traded on an established securities market, provided that the election is applied consistently to all debt instruments from year to year. Such election cannot be changed without the consent of the IRS.

Subject to the foreign currency rules discussed below, your gain or loss will generally be capital gain or loss and will be long-term capital gain or loss if at the time of sale, exchange, redemption, retirement or other taxable disposition, you have held the New Floating Rate Note for more than one year. Capital gains of non-corporate U.S. holders, including individuals, derived with respect to capital assets held for more than one year are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Gain or loss realized by you on the sale, exchange, redemption, retirement or other taxable disposition of a New Floating Rate Note would generally be treated as United States source gain or loss.

A portion of your gain or loss may be treated as exchange gain or loss with respect to the principal amount of a New Floating Rate Note. Exchange gain or loss will be treated as ordinary income or loss and generally will be United States source gain or loss. For these purposes, the principal amount of the New Floating Rate Note is your purchase price for the New Floating Rate Note calculated in pound sterling on the date of purchase and the amount of exchange gain or loss recognized is equal to the difference between (i) the United States dollar value of the principal amount determined on the date of the sale, exchange, redemption, retirement or other taxable disposition of the New Floating Rate Note and (ii) the United States dollar value of the principal amount determined on the date you purchased the New Floating Rate Note (or, possibly, in the case of cash basis or electing accrual basis U.S. holders, the settlement date of such disposition and/or purchase, provided the New Floating Rate Note is traded on an established securities market). The amount of exchange gain or loss realized on the disposition of a New Floating Rate Note (with respect to both principal and accrued interest) will be limited to the amount of overall gain or loss realized on the disposition of the New Floating Rate Note.

Exchange Gain or Loss with respect to Pound Sterling

Your tax basis in the pound sterling received as interest on a New Floating Rate Note or on the sale, exchange, redemption, retirement or other taxable disposition of a New Floating Rate Note will be equal to the United States dollar value of the pound sterling, determined at the time of receipt. Any gain or loss recognized by you on a sale, exchange or other taxable disposition of the pound sterling will be ordinary income or loss and generally will be United States source gain or loss.

Reportable Transactions

Treasury Regulations meant to require the reporting of certain tax shelter transactions could be interpreted to cover transactions generally not regarded as tax shelters, including certain foreign currency transactions. Under the Treasury Regulations, certain transactions are required to be reported to the IRS including, in certain circumstances, a sale, exchange, retirement or other taxable disposition of a foreign currency note, or foreign currency received in respect of a foreign currency note, to the extent that such sale, exchange, retirement or other taxable disposition results in a tax loss in excess of a threshold amount. Holders considering the purchase of the New Floating Rate Notes should consult with their own tax advisors to determine the tax return obligations, if any, with respect to an investment in the New Floating Rate Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement).

Backup Withholding and Information Reporting

Generally, information reporting requirements will apply to all payments of principal and interest (including OID, if any) on a New Floating Rate Note, or the proceeds from the sale of a New Floating Rate Note, unless you are an exempt recipient. Additionally, if you fail to provide your taxpayer identification number, or in the case of interest payments fail either to report in full dividend and interest income or to make certain certifications, you may be subject to backup withholding.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against your United States federal income tax liability provided the required information is timely furnished to the IRS. You are urged to consult your own tax advisors regarding backup withholding and information reporting requirements relating to your ownership and disposition of the New Floating Rate Notes.

Foreign Financial Asset Reporting

Certain U.S. holders are required to report information relating to an interest in the New Floating Rate Notes, subject to certain exceptions (including an exception for the New Floating Rate Notes held in accounts maintained by certain financial institutions), by attaching a complete IRS Form 8938, Statement of Specified Financial Assets, with their tax return for each year in which they hold an interest in the New Floating Rate Notes. You are urged to consult your own tax advisors regarding the application of these rules to your ownership of the New Floating Rate Notes and potential penalties for failure to comply.

Certain United Kingdom Taxation Considerations

The comments below are of a general nature based on current United Kingdom tax law as applied in England and Wales and HM Revenue & Customs ("HMRC") practice (which may not be binding on HMRC) and are not intended to be exhaustive. They assume that there will be no substitution of the Issuer or further issues of securities that will form a single series with the New Floating Rate Notes, and do not address the consequences of any such substitution or further issue (notwithstanding that such substitution or further issue may be permitted by the terms and conditions of the New Floating Rate Notes). They do not necessarily apply where the income is deemed for tax purposes to be the income of any other person. They relate only to the position of persons who are the absolute beneficial owners of their New Floating Rate Notes and any interest payable on their New Floating Rate Notes. Certain classes of persons such as dealers, certain professional investors, or persons connected with the Issuer may be subject to special rules and this summary does not apply to such holders of the New Floating Rate Notes. Any holders of the New Floating Rate Notes who are in doubt as to their own tax position, or who may be subject to tax in a jurisdiction other than the United Kingdom, should consult their professional advisors.

Withholding or Deduction of Tax on Payments of Interest by the Issuer or Under the Guarantee

Payments of Interest by the Issuer

If and while the New Floating Rate Notes continue to be listed on a "recognised stock exchange" within the meaning of Section 1005 of the Income Tax Act 2007, payments of interest by the Issuer may be made without withholding or deduction for or on account of United Kingdom income tax. The Exchange is a recognised stock exchange for these purposes. Securities will be treated for these purposes as listed on the Exchange where they are admitted to trading on the Exchange and are admitted to the Official List of the Exchange in accordance with provisions corresponding to those generally applicable in countries in the European Economic Area.

Interest on the New Floating Rate Notes may also be paid without withholding or deduction for or on account of United Kingdom income tax where the Issuer reasonably believes at the time the payment is made that (i) the person beneficially entitled to the interest is a United Kingdom resident company or a non-United Kingdom resident company that carries on a trade in the United Kingdom through a permanent establishment and the payment is one that the non-United Kingdom resident company is required to bring into account when calculating its profits subject to United Kingdom corporation tax or (ii) the person to whom the payment is made is one of the further classes of bodies or persons, and meets any relevant conditions, set out in Sections 935-937 of the Income Tax Act 2007, provided that in either case HMRC has not given a direction, the effect of which is that the payment may not be made without that withholding or deduction.

In most other cases, interest will generally be paid by the Issuer under deduction of United Kingdom income tax at the basic rate (currently 20%) unless the Issuer has received a direction to the contrary from HMRC in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

If interest were paid under deduction of United Kingdom income tax (*e.g.*, if the New Floating Rate Notes lost their listing), holders of the New Floating Rate Notes who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in an applicable double taxation treaty.

Direct Assessment

The interest has a United Kingdom source for tax purposes and accordingly may be chargeable to United Kingdom tax by direct assessment irrespective of the residence of the holder of the New Floating Rate

Notes. However, where the interest is paid without withholding or deduction on account of United Kingdom tax, the interest will not be assessed to United Kingdom tax in the hands of holders (other than certain trustees) who are not resident for tax purposes in the United Kingdom, except where the holder of the New Floating Rate Notes carries on a trade, profession or vocation in the United Kingdom through a branch or agency, or in the case of a corporate holder, carries on a trade through a permanent establishment in the United Kingdom, in connection with which the interest is received or to which the New Floating Rate Notes are attributable, in which case (subject to exemptions for interest received by certain categories of agent) tax may be levied on the United Kingdom branch or agency, or permanent establishment.

Holders of the New Floating Rate Notes should note that the provisions relating to additional amounts referred to in "Description of the Notes—Additional Amounts" above would not apply if HMRC sought to assess directly the person entitled to the relevant interest to United Kingdom tax. However exemption from, or reduction of, such United Kingdom tax liability might be available under an applicable double taxation treaty.

Payments Under a Note Guarantee

The United Kingdom withholding tax treatment of payments by a Guarantor under the terms of a Note Guarantee in respect of interest on the New Floating Rate Notes (or other amounts due under the New Floating Rate Notes other than the repayment of amounts subscribed for the New Floating Rate Notes) is uncertain. In particular, such payments by a Guarantor may not be eligible for the exemption from withholding on account of United Kingdom income tax in respect of securities listed on a recognised stock exchange described above in relation to payments of interest by the Issuer. Accordingly, if a Guarantor makes any such payments and they have a United Kingdom source, these may be subject to United Kingdom withholding tax at the basic rate (currently 20%).

Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

No United Kingdom stamp duty or SDRT is payable on the issue or transfer of a New Floating Rate Note or on its redemption.

Certain Cayman Islands Taxation Considerations

The comments below are of a general nature based on Cayman Islands laws presently in effect and are not intended to be exhaustive. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

The New Floating Rate Notes

Under current Cayman Islands laws:

- payments of interest and principal on the New Floating Rate Notes will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of interest and principal to any holder of the New Floating Rate Notes, nor will gains derived from the disposal of the New Floating Rate Notes be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax;
- no stamp duty is payable in respect of the issue or transfer of the New Floating Rate Notes, although Cayman Islands stamp duty shall be payable if the New Floating Rate Notes are executed in or brought into, or produced before a court of, the Cayman Islands; and
- certificates evidencing the New Floating Rate Notes, in registered form, to which title is not transferable by delivery, should not attract Cayman Islands stamp duty (provided such certificates are not executed in, or brought into, or produced before a court of, the Cayman Islands); however, an instrument transferring title to a Note, if brought to or executed in, or produced before a court of, the Cayman Islands, would be subject to nominal Cayman Islands stamp duty.

Payments Under a Guarantee

Under current Cayman Islands laws, payments made under the terms of a guarantee by a Cayman Islands guarantor will not be subject to taxation in the Cayman Islands and no withholding will be required on any such payments.

LIMITATIONS ON VALIDITY AND ENFORCEABILITY OF THE NOTE GUARANTEES AND SECURITY INTERESTS

The Issuer and the Guarantors are companies incorporated under the laws of the Cayman Islands and England and Wales (the "Obligors"). Set out below is a summary of certain limitations on the enforceability of the Note Guarantees and the security interests, and a brief description of certain aspects of insolvency law, in the Cayman Islands and England and Wales.

Cayman Islands

Fixed and Floating Charges

Security may be created by a Cayman Islands company as a fixed or floating charge over the whole or part of its assets. Under section 142 of the Companies Law (2018 Revision) of the Cayman Islands (the "Companies Law") a creditor who has any such security over the whole, or part of, the assets of a Cayman Islands company is entitled to enforce his security without leave of the court and without reference to the liquidator, notwithstanding that a winding up order has been made with respect to the company.

Fixed-charge security has a number of advantages over floating charge security, including: (a) general costs and expenses (including the liquidator's remuneration) properly incurred in a winding-up are payable out of floating charge assets to the extent the assets of the company available for unsecured creditors generally are otherwise insufficient to meet them in priority to floating charge claims; (b) until the floating charge security crystallizes, a company is, subject to any contractually agreed restrictions, entitled to deal with assets that are subject to floating charge security in the ordinary course of its business, meaning that such assets can be effectively disposed of by the charging company so as to give a third party good title to the assets free of the floating charge; and (c) floating charge security is subject to the claims of preferential creditors (including amounts due by the company to its employees in respect of salaries and on behalf of employees in respect of health insurance and pension contributions).

Under Cayman Islands law there is a possibility that a court might recharacterize as floating charges any security interests expressed to be created by a security document as fixed charges where the chargee does not have the requisite degree of control over the ability of the relevant chargor to deal with the relevant assets and the proceeds thereof or does not exercise such control in practice, as the description given to the charges in the relevant security document as fixed charges is not determinative. Where the chargor is free to deal with the secured assets without the consent of the chargee, the court is likely to hold that the security interest in question constitutes a floating charge, notwithstanding that it may be described as a fixed charge.

Challenges to Guarantees and Security

There are circumstances under Cayman Islands insolvency law in which the granting by a Cayman Islands company of security and guarantees may be challenged either by an official liquidator of such Cayman Islands company or by a creditor claiming to have been prejudiced by such grants.

The following paragraphs discuss potential grounds for challenge that may apply to guarantee and security interests granted by the Company.

Voidable Preference

Under section 145 of the Companies Law every conveyance or transfer of property, or charge thereon, and every payment obligation and judicial proceeding, made, incurred, taken or suffered by any company in favor of any creditor at a time when the company is unable to pay its debts within the meaning of Section 93 of the Companies Law with a view to giving such creditor a preference over other creditors shall be invalid if made, incurred, taken or suffered within six months immediately preceding the commencement of a liquidation of the company. A payment to a related party of the company (being a creditor which has the ability to control the company or exercise significant influence over the company in making financial and operating decisions) shall be deemed to have been made with a view to giving such creditor a preference.

Pursuant to Section 93 of the Companies Law, a company shall be deemed unable to pay its debts if: (a) a creditor to whom the company is indebted for an amount exceeding one hundred dollars then due, has served on the company a demand at its registered office requiring the company to pay the sum so due, and the company has neglected to pay such sum (or otherwise to secure or compound the same to the satisfaction of the creditor) within three weeks of the service of such demand; (b) execution of other process issued on a judgment, decree or order obtained in the Grand Court of the Cayman Islands in favor of any creditor in any proceedings instituted by such creditor against the company, is returned unsatisfied in whole or in part; or (c) it is proved to the satisfaction of the Grand Court of the Cayman Islands that the company is unable to pay its debts.

Transactions at an Undervalue

Under s146 of the Companies Law every disposition of property (including a mortgage or pledge) made at an undervalue by or on behalf of a company with intent to defraud its creditors (meaning an intention to wilfully defeat an obligation owed to a creditor) shall be voidable at the instance of its official liquidator. An obligation in this context means an obligation or liability (including a contingent liability) which existed on or prior to the date of the relevant disposition and the burden of establishing an intent to defraud is on the official liquidator.

Undervalue in relation to a disposition of a company's property means (i) the provision of no consideration for the disposition, or (ii) a consideration for the disposition the value of which in money or monies worth is significantly less than the value of the property which is the subject of the disposition.

In the event of a disposition being set aside on the basis that it was a transaction at an undervalue, then if the court is satisfied that the transferee has not acted in bad faith:

(a) the transferee shall have a first and paramount charge over the relevant property of an amount equal to the entire costs properly incurred by the transferee in the defense of the action or proceedings; and

(b) the relevant disposition shall be set aside subject to the proper fees, costs, pre-existing rights, claims and interests of the transferee (and of any predecessor transferee who has not acted in bad faith).

No action or proceedings shall be commenced by an official liquidator more than six years after the date of the relevant disposition.

Fraudulent Dispositions

Under the Fraudulent Dispositions Law (1996 Revision) of the Cayman Islands (the "Fraudulent Dispositions Law") every disposition of property (including a mortgage or pledge) made with an intent to defraud (meaning that the intention of the transferor was to wilfully defeat an obligation owed to a creditor) and at an undervalue shall be voidable at the instance of the creditor who is thereby prejudiced. An obligation in this context means an obligation or liability (including a contingent liability) which existed on or prior to the date of the relevant disposition and of which the transferor had notice and the burden of establishing intent to defraud is on the creditor seeking to set aside the disposition.

Undervalue in relation to a disposition of a company's property means (i) the provision of no consideration for the disposition, or (ii) a consideration for the disposition the value of which in money or monies worth is significantly less than the value of the property which is the subject of the disposition.

In the event of a disposition being set aside on the basis that it was a fraudulent disposition then if the court is satisfied that the transferee has not acted in bad faith:

(a) the transferee shall have a first and paramount charge over the relevant property of an amount equal to the entire costs properly incurred by the transferee in the defense of the action or proceedings (and not merely such costs as might otherwise be allowed by the court); and

(b) the relevant disposition shall be set aside subject to the proper fees, costs, pre-existing rights, claims and interests of the transferee (and of any predecessor transferee who has not acted in bad faith).

No action or proceedings shall be commenced by a creditor more than six years after the date of the relevant disposition.

A disposition shall be set aside under the Fraudulent Dispositions Law only to the extent necessary to satisfy the obligation to a creditor at whose instance the disposition has been set aside together with such costs as the court may allow.

England and Wales

Fixed and Floating Charges

Fixed-charge security has a number of advantages over floating charge security: (a) an administrator appointed to the company that granted the floating charge can dispose of floating charge assets for cash or collect receivables charged by way of floating charge and use the proceeds and/or cash subject to a floating charge, to meet administrative expenses (which can include the costs of continuing to operate the charging company's business while in administration) in priority to the claims of the floating charge holder; (b) a fixed charge, even if created after the date of a floating charge, may have priority as against the floating charge over the charged assets; (c) general costs and expenses (including the liquidator's remuneration) properly incurred in a winding-up are payable out of floating charge assets to the extent the assets of the company available for unsecured creditors generally are otherwise insufficient to meet them in priority to floating charge claims; (d) until the floating charge security crystallizes, a company is entitled to deal with assets that are subject to floating charge security in the ordinary course of its business, meaning that such assets can be effectively disposed of by the charging company so as to give a third party good title to the assets free of the floating charge and so as to give rise to the risk of security being granted over such assets in priority to the gloating charge security; (e) floating charge security is subject to certain challenges under English insolvency law (see "—Challenges to Guarantees and Security—Grant of Floating Charge"); and (f) floating charge security is subject to the claims of preferential creditors (such as occupational pension scheme contributions and salaries owed to employees (subject to a cap per employee) and holiday pay owed to employees) and, where the floating charge is not a security financial collateral arrangement, to the claims of unsecured creditors in respect of a ring-fenced amount of the proceeds (see "—Administration and Floating Charges").

Under English law there is a possibility that a court could recharacterize as floating charges any security interests expressed to be created by a security document as fixed charges where the chargee does not have the requisite degree of control over the relevant chargor's ability to deal with the relevant assets and the proceeds thereof or does not exercise such control in practice, as the description given to the charges in the relevant security document as fixed charges is not determinative. Where the chargor is free to deal with the secured assets without the consent of the chargee, the court is likely to hold that the security interest in question constitutes a floating charge, notwithstanding that it may be described as a fixed charge.

Administration and Floating Charges

Under English insolvency law, English courts are empowered to order the appointment of an administrator in respect of an English company in certain circumstances. An administrator can also be appointed out of court by an English company, its directors or the holder of a qualifying floating charge and different procedures apply according to the identity of the appointor. During the administration, in general no proceedings or other legal process may be commenced or continued against such company, or security enforced over such company's property, except with leave of the court or the consent of the administrator. The moratorium does not, however, apply to a "security financial collateral arrangement" (such as a charge over cash or financial instruments such as shares, bonds or tradable capital market debt instruments) under the Financial Collateral Arrangements (No. 2) Regulations 2003. During the administration of an English company, a creditor would not be able to enforce any security interest (other than security financial collateral arrangements) or guarantee granted by it without the consent of the administrator or the court. In addition, a secured creditor cannot appoint an administrative receiver.

The Security Agent can appoint its choice of administrator by the out- of-court route or appoint an administrative receiver if it is the holder of a qualifying floating charge (as defined in paragraph 14 of Schedule B1 of the United Kingdom Insolvency Act 1986, as amended). The essential characteristics of a qualifying floating charge are that (a) the charge states that the relevant statutory provision applies to it, (b) the charge must by its terms give the holder power to appoint an administrator (or an administrative receiver) and (c) the charge (or that and other charges taken together) must relate to the whole or substantially the whole of the relevant Obligor's property. Even if the Security Agent holds a qualifying floating charge, it can only appoint an administrative receiver if one of the exceptions to the general prohibition of appointing an administrative receiver applies. The most relevant exception to the prohibition on the appointment of an administrative receiver by the Security Agent is that the Security Agent can appoint an administrative receiver under security forming part of a "capital market arrangement" (as defined in the United Kingdom Insolvency Act 1986, as amended), which is the case if a party incurs debt of at least £50,000,000 during the life of the arrangement and the arrangement involves the issue of a "capital markets investment" (which is defined in the United Kingdom Insolvency Act 1986, as amended). Once an administrative receiver is appointed by the Security Agent the company or its directors will not be permitted to appoint an administrator by the out-of-court route and a court will only appoint an administrator if the charge under which the administrative receiver appointed is successfully challenged or the Security Agent agrees. If an administrator is appointed to a company, any administrative receiver then in office must vacate office and any receiver of part of the company's property must resign if requested to do so by the administrator.

An administrator, receiver (including administrative receiver) or liquidator of the company will be required to ring-fence a certain percentage of the proceeds of enforcement of floating charge security for the benefit of unsecured creditors. Under current law, this applies to 50% of the first £10,000 of floating charge realizations and 20% of the remainder over £10,000, with a maximum aggregate cap of £600,000. Whether the assets are subject to the floating charges and other security will constitute substantially the whole relevant Obligor's assets at the time that the floating charges are enforced will be a question of fact at that time.

Challenges to Guarantees and Security

There are circumstances under English insolvency law in which the granting by an English company of security and guarantees can be challenged.

The following paragraphs discuss potential grounds for challenge that may apply to guarantees and security interest.

Transaction at an Undervalue

Under English insolvency law, a liquidator or an administrator of an English company could apply to the court for an order to set aside a security interest (in certain cases) or a guarantee granted by the company (or give other relief) on the grounds that the creation of such security interest or guarantee constituted a transaction at an undervalue. The grant of a security interest or guarantee will only be a transaction at an undervalue if the transaction constitutes a gift or is made on terms that provide that the company receives no consideration or if the company receives consideration of significantly less value, in money or in money's worth, than the consideration given by such company. For a challenge to be made, the guarantee or security must be granted within a period of two years ending with the onset of insolvency (as defined in section 240 of the United Kingdom Insolvency Act 1986, as amended). In addition the company must have been "unable to pay its debts" at the time that it granted the guarantee or security or became "unable to pay its debts" as a result. A company will be "unable to pay its debts" if a statutory demand for over £750 is served on the company and remains unsatisfied for three weeks or an execution on or other process issued on a judgment, decree or order of a court in favor of a creditor is returned unsatisfied in whole or in part or if it is proved to the court's satisfaction that the company is not able to pay its debts as they fall due or that the value of the company's assets is less than the amount of its liabilities (taking into account contingent and prospective liabilities). A court will not make an order in respect of a transaction at an undervalue if it is satisfied that the company entered into the transaction in good faith and for the purpose of carrying on its business and that, at the time it did so, there were reasonable grounds for believing the transaction would benefit the company. Subject to this, if the court determines that the transaction was a transaction at an undervalue the court can make such order as it thinks fit to restore the position to what it would have been if the transaction had not been entered into (which could include reducing payments under the guarantees or setting aside any security interests granted or guarantees although there is protection for a third party that benefits from the transaction and has acted in good faith and for value). In any challenge proceedings, it is for the administrator or liquidator to demonstrate that the English company was unable to pay its debts unless a beneficiary of the transaction was a "connected person" (as defined in the United Kingdom Insolvency Act 1986, as amended), in which case there is a presumption that the company was unable to pay its debts and the connected person must demonstrate that the company was not unable to pay its debts at the time of the transaction.

Preference

Under English insolvency law, a liquidator or administrator of an English company could apply to the court for an order to set aside a security interest or a guarantee granted by such company (or give other relief) on the grounds such security interest or such guarantee constituted a preference. The grant of a security interest or guarantee is a preference if it has the effect of placing a creditor (or a surety or guarantor of the company) in a better position in the event of the company's insolvent liquidation than if the security interest or guarantee had not been granted. For a challenge to be made, the decision to prefer must be made within the period of six months ending with the onset of insolvency (as defined in section 240 of the United Kingdom Insolvency Act 1986, as amended) if the beneficiary of the security interest or the guarantee is not a connected person or two years if the beneficiary is a connected person. A court may not make an order in respect of a preference of a person unless it is satisfied that the company in deciding to give the preference was influenced by a desire to put that person in a better position. If the court determines that the transaction was a preference, the court can make such order as it thinks fit to restore the position to what it would have been if that preference had not been given (which could include reducing payments under the guarantees or setting aside the security interests or guarantees). There is protection for a third party that benefits from the transaction and acted in good faith and for value. In any proceedings, it is for the administrator or liquidator to demonstrate that the company was unable to pay its debts and that the company was influenced by a desire to produce the preferential effect, unless the beneficiary of the transaction was a connected person, in which case there is a presumption that the company was influenced by a desire to produce the preferential effect and the connected person must demonstrate in such proceedings that there was no such influence.

Transaction Defrauding Creditors

Under English insolvency law, a liquidator or an administrator of a company, or a person who is a victim of the relevant transaction can apply to the court for an order to set aside a security interest or guarantee granted by that company on the grounds the security interest or guarantee was a transaction defrauding creditors.

A transaction will constitute a transaction defrauding creditors if it is a transaction at an undervalue and the court is satisfied the substantial purpose of a party to the transaction was to put assets beyond the reach of actual or potential claimants against it or to prejudice the interest of such persons.

If the court determines that the transaction was a transaction defrauding creditors, then it may make such order as it may deem fit to restore the position to what it was prior to the transaction or protect the victims of the transaction (including reducing payments under the guarantee or setting aside the security interest or guarantees) but there is protection for a third party acting in good faith and for value without notice of the relevant circumstances. Any "victim" of the transaction (with the leave of the court if the company is in liquidation or administration) may apply to court under this provision and not just liquidators or administrators. There is no time limit in the English insolvency legislation within which the company must enter insolvency proceedings and the relevant company does not need to have been unable to pay its debts at the time of the transaction.

Grant of Floating Charge

Under English insolvency law, if an English company is unable to pay its debts at the time of (or as a result of) granting a floating charge then such floating charge can be avoided on the action of a liquidator or administrator if it was granted in the period of one year ending with the onset of insolvency (as defined in section 245 of the United Kingdom Insolvency Act 1986, as amended). The floating charge, however, will be validated to the extent of the value of the consideration provided for the creation of the charge in the form of money paid to, or goods or services supplied to, or any discharge or reduction of any debt of, the relevant English company at the same time as or after the creation of the floating charge plus interest payable on such amounts. Where the floating charge is granted to a "connected person," the charge can be challenged if given within two years of the onset of insolvency and the prerequisite to challenge that the company is unable to pay its debts does not apply. However, if the floating charge qualifies as a "security financial collateral arrangement" under the Financial Collateral Arrangements (No. 2) Regulations 2003, the floating charge will not be subject to challenge as described in this paragraph.

PLAN OF DISTRIBUTION

Barclays Bank PLC is the Initial Purchaser. Subject to the terms and conditions set forth in the Purchase Agreement to be dated as of the date of this Offering Memorandum, the Issuer has agreed to sell to the Initial Purchaser, and the Initial Purchaser has agreed to purchase from the Issuer the principal amount of the New Floating Rate Notes as set forth in the Purchase Agreement.

The Initial Purchaser proposes to offer the New Floating Rate Notes initially at the price indicated on the cover page hereof. After the initial offering, the offering price and other selling terms of the New Floating Rate Notes may from time to time be varied by the Initial Purchaser without notice.

Persons who purchase the New Floating Rate Notes from the Initial Purchaser may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the offering price set forth on the cover page hereof.

The Purchase Agreement provides that the obligations of the Initial Purchaser to pay for and accept delivery of the New Floating Rate Notes are subject to, among other conditions, the delivery of certain legal opinions by counsel. Subject to the terms and conditions set forth in the Purchase Agreement, the Initial Purchaser has agreed to purchase all of the New Floating Rate Notes sold under the Purchase Agreement if any of the New Floating Rate Notes are purchased.

The Purchase Agreement further provides that the Issuer will indemnify and hold harmless the Initial Purchaser against certain liabilities, including liabilities under the Securities Act, and will contribute to payments that the Initial Purchaser may be required to make in respect thereof. The Company has agreed, subject to certain limited exceptions, that neither it nor any of its subsidiaries or other controlled affiliates will offer, sell, contract to sell, issue or otherwise dispose of, except as provided under the Purchase Agreement, any debt securities of, or guaranteed by, the Issuer or any of the Guarantors and having a tenor of more than one year during the period from the date of the Purchase Agreement through and including the date that is 90 days after the date of the Purchase Agreement, without the prior written consent of the Initial Purchaser.

The New Floating Rate Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except to QIBs in reliance on Rule 144A and outside the United States in offshore transactions in reliance on Regulation S. Terms used in this paragraph have the meanings given to them by Regulation S. Resales of the New Floating Rate Notes are restricted as described under "Transfer Restrictions."

The Initial Purchaser has represented and warranted that it:

- has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Market Act 2000 (the "FSMA")) received by it in connection with the issue or sale of the New Floating Rate Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the New Floating Rate Notes in, from or otherwise involving the United Kingdom.
- no action has been taken in any jurisdiction, including the United States and the United Kingdom, by us or the Initial Purchaser that would permit a public offering of the New Floating Rate Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us or the New Floating Rate Notes in any jurisdiction where action for this purpose is required. Accordingly, the New Floating Rate Notes may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any other offering material or advertisements in connection with the New Floating Rate Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This Offering Memorandum does not constitute an offer to sell or a solicitation of an offer to purchase in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this Offering Memorandum comes are advised to inform themselves about and to observe any restrictions relating to the Offering, the distribution of this Offering Memorandum and resale of the New Floating Rate Notes. See "Transfer Restrictions."
- has not offered, sold or otherwise made available and will not offer, sell or otherwise make available the New Floating Rate Notes to any retail investor in the EEA. For the purposes of this paragraph the

expression “retail investor” means a person who is one (or more) of the following: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of the Insurance Mediation Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Currently there is no public market for the New Floating Rate Notes. Application will be made for the New Floating Rate Notes to be listed on the Exchange for the listing of and permission to deal in the New Floating Rate Notes on the Official List of the Exchange, however we cannot assure you that the New Floating Rate Notes will be approved for listing or that such listing will be maintained. The Initial Purchaser has advised us that it intends to make a market in the New Floating Rate Notes as permitted by applicable law. The Initial Purchaser is not obligated, however, to make a market in the New Floating Rate Notes, and any market making activity may be discontinued at any time at the sole discretion of the Initial Purchaser without notice. In addition, any such market making activity will be subject to the limits imposed by the Securities Act and the U.S. Exchange Act. Accordingly, we cannot assure you that any market for the New Floating Rate Notes will develop, that it will be liquid if it does develop or that you will be able to sell any New Floating Rate Notes at a particular time or at a price which will be favorable to you. See “Risk Factors—Risks Related to Our Structure—There may not be an active trading market for the New Floating Rate Notes, in which case your ability to sell the New Floating Rate Notes may be limited.”

The Initial Purchaser may engage in over allotment, stabilizing transactions, covering transactions and penalty bids in accordance with Regulation M under the U.S. Exchange Act. Over allotment involves sales in excess of the offering size, which creates a short position for the relevant Initial Purchaser. Stabilizing transactions permit bidders to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Covering transactions involve purchases of the New Floating Rate Notes in the open market after the distribution has been completed in order to cover short positions. Penalty bids permit the Initial Purchaser to reclaim a selling concession from a broker or dealer when the New Floating Rate Notes originally sold by that broker or dealer are purchased in a stabilizing or covering transaction to cover short positions. These stabilizing transactions, covering transactions and penalty bids may cause the price of the New Floating Rate Notes to be higher than it would otherwise be in the absence of these transactions. These transactions, if commenced, may be discontinued at any time. In connection with this Offering, a stabilizing manager, or person acting on its behalf, may engage in transactions that stabilize, maintain or otherwise affect the price of the New Floating Rate Notes. Specifically, a stabilizing manager, or person acting on its behalf, may bid for and purchase the New Floating Rate Notes in the open markets for the purpose of pegging, fixing or maintaining the price of the New Floating Rate Notes. A stabilizing manager may also over allot the Offering, creating a syndicate short position, and may bid for and purchase the New Floating Rate Notes in the open market to cover the syndicate short position. In addition, a stabilizing manager may bid for and purchase the New Floating Rate Notes in market making transactions as permitted by applicable laws and regulations and impose penalty bids. These activities may stabilize or maintain the respective market price of the New Floating Rate Notes above market levels that may otherwise prevail. A stabilizing manager is not required to engage in these activities, and may end these activities at any time. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the New Floating Rate Notes. See “Risk Factors—Risks Related to Our Structure—There may not be an active trading market for the New Floating Rate Notes, in which case your ability to sell the New Floating Rate Notes may be limited.”

These stabilizing transactions, covering transactions and penalty bids may cause the price of the New Floating Rate Notes to be higher than it would otherwise be in the absence of these transactions. These transactions may begin on or after the date on which adequate public disclosure of the terms of this Offering is made and, if commenced, may be discontinued at any time at the sole discretion of the Initial Purchaser. If these activities are commenced, they must end no later than the earlier of 30 days after the date of issuance of the New Floating Rate Notes and 60 days after the date of the allotment of the New Floating Rate Notes. These transactions may be effected in the over the counter market or otherwise.

The Initial Purchaser and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial investment banking, financial advising, investment management, principal investment, hedging, financing and brokerage activities. The Initial Purchaser and its affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business for which they have received or may receive customary fees and commissions. The Initial Purchaser or one of its affiliates is a lender under our Revolving Credit Facility and Senior Secured Credit Facility, in each case receiving customary fees and commissions in connection with such role. In addition, in the ordinary course of their business activities, the Initial Purchaser and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates (including the New Floating Rate Notes). The Initial Purchaser or its affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, the Initial Purchaser and its affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities (including potentially the New Floating Rate Notes). Any such short positions could adversely affect future trading prices of the New Floating Rate Notes. The Initial Purchaser and its affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

TRANSFER RESTRICTIONS

The New Floating Rate Notes have not been, and will not be, registered under the Securities Act or any state securities laws and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the New Floating Rate Notes offered hereby are being offered and sold only to qualified institutional buyers in reliance on Rule 144A under the Securities Act to persons who are not U.S. persons and are outside the United States in offshore transactions in reliance on Regulation S under the Securities Act.

In addition, until 40 days after the later of the commencement of this Offering and the closing date, an offer or sale of the New Floating Rate within the United States by a dealer (whether or not participating in this Offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than pursuant to Rule 144A.

Each purchaser of the New Floating Rate Notes by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with us and the Initial Purchaser as follows:

(1) It understands and acknowledges that the New Floating Rate Notes have not been registered under the Securities Act or any applicable state securities law; are being offered for resale in transactions not requiring registration under the Securities Act or any state securities law, including sales pursuant to Rule 144A and Regulation S; and may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act or any applicable state securities law, pursuant to an exemption therefrom or in any transaction not subject thereto and in each case in compliance with the conditions for transfer set forth in paragraph (5) below.

(2) It is not an "affiliate" (as defined in Rule 144 under the Securities Act) of the Issuer or acting on behalf of the Issuer and it is either:

 (i) a qualified institutional buyer and is aware that any sale of the New Floating Rate Notes to it will be made in reliance on Rule 144A and the acquisition of the New Floating Rate Notes will be for its own account or for the account of another qualified institutional buyer; or

 (ii) not a U.S. person and is purchasing the New Floating Rate Notes outside the United States in an offshore transaction in accordance with Regulation S.

(3) It acknowledges that neither we nor the Initial Purchaser, nor any person representing us or the Initial Purchaser, has made any representation to it with respect to this Offering or sale of any New Floating Rate Notes, other than the information contained in this Offering Memorandum, which Offering Memorandum has been delivered to it and upon which it is relying in making its investment decision with respect to the New Floating Rate Notes. It acknowledges that neither the Initial Purchaser nor any person representing the Initial Purchaser makes any representation or warranty as to the accuracy or completeness of the information contained in this Offering Memorandum. It also acknowledges that it has had access to such financial and other information concerning us and the New Floating Rate Notes as it has deemed necessary in connection with its decision to purchase any of the New Floating Rate Notes.

(4) It is purchasing the New Floating Rate Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act or any state securities laws, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell such New Floating Rate Notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the Securities Act.

(5) Each holder of the New Floating Rate Notes agrees on its own behalf and on behalf of any investor account for which it is purchasing the New Floating Rate Notes, and each subsequent holder of the New Floating Rate Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such New Floating Rate Notes prior to the date (the "Resale Restriction Termination Date") that is, in the case of the New Floating Rate Notes sold in reliance on Rule 144A, one year after the later of the date of the Issue Date; the last date on which the Issuer or any of its affiliates was the owner of such New Floating Rate Notes (or any predecessor thereto) or the last date on which the New Floating Rate Notes were issued and, in the case of the New Floating Rate Notes sold in reliance on Regulation S, 40 days after the later of the date of the Issue Date; the last date on which the Issuer or any of its affiliates was the owner of such New Floating Rate Notes (or any predecessor thereto) or

the last date on which the New Floating Rate Notes were issued only (i) to the Issuer or the Guarantors; (ii) pursuant to a registration statement that has been declared effective under the Securities Act; (iii) for so long as the New Floating Rate Notes are eligible pursuant to Rule 144A under the Securities Act, to a person it reasonably believes is a qualified institutional buyer that purchases for its own account or for the account of a qualified institutional buyer to whom notice is given that the transfer is being made in reliance on Rule 144A under the Securities Act; (iv) pursuant to offers and sales that occur outside the United States in compliance with Regulation S under the Securities Act or (v) pursuant to any other available exemption from the registration requirements of the Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and to compliance with any applicable state securities laws and any applicable local laws and regulations, and further subject to the Issuer's and the Trustee's rights prior to any such offer, sale or transfer (I) pursuant to clause (iv) or (v) to require the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them and (II) in each of the foregoing cases, to require that a certificate of transfer in the form appearing on the other side of the security is completed and delivered by the transferor to the Trustee. Each purchaser acknowledges that each note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE RESALE RESTRICTION TERMINATION DATE, WHICH IS [IN THE CASE OF SECURITY SOLD IN RELIANCE ON RULE 144A: ONE YEAR] [IN THE CASE OF SECURITY SOLD IN RELIANCE ON REGULATION S: 40 DAYS] AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF, THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY) OR THE LAST DATE ON WHICH NEW FLOATING RATE NOTES WERE ISSUED ONLY (A) TO THE ISSUER OR THE GUARANTORS, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT, OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND TO COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSES (D) OR (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE.

(6) It agrees that it will give to each person to whom it transfers the New Floating Rate Notes notice of any restrictions on transfer of such New Floating Rate Notes.

(7) It acknowledges that the transfer agent will not be required to accept for registration of transfer any New Floating Rate Notes except upon presentation of evidence satisfactory to us and the Trustee that the restrictions set forth therein have been complied with.

It acknowledges that we, the Initial Purchaser and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements and agrees that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by its purchase of the New Floating Rate Notes are no longer accurate, it will promptly notify the Initial Purchaser. If it is acquiring any New Floating Rate Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such investor account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.

LEGAL MATTERS

Certain legal matters relating to the validity of the New Floating Rate Notes and the Note Guarantees will be passed upon for the Issuer and the Guarantors by Simpson Thacher & Bartlett LLP, with respect to U.S. federal, New York state and English law. Certain legal matters in connection with this Offering will be passed upon for the Parent and the Company by Conyers Dill & Pearman, with respect to the laws of the Cayman Islands. Certain legal matters in connection with this Offering will be passed upon for the Initial Purchaser by Shearman & Sterling (London) LLP, with respect to U.S. federal, New York state and English law. Certain legal matters in connection with this Offering will be passed upon for the Initial Purchaser and the Company by Walkers, with respect to the laws of the Cayman Islands.

INDEPENDENT AUDITORS

The historical consolidated financial statements of Stonegate Pub Company Limited and its subsidiaries as of and for the 52 weeks ended September 25, 2016, as of and for the 52 weeks ended September 24, 2017 and as of and for the 53 weeks ended September 30, 2018, have been audited by KPMG LLP, independent auditors, as set forth in their reports appearing herein. KPMG LLP is a member of the ICAEW, the Institute of Chartered Accountants in England and Wales.

The independent auditors have given and not withdrawn their consent for their reports to be included in the listing particulars in the form and context in which they are included for purposes of the listing of the New Floating Rate Notes on the Official List of the Exchange in accordance with its rules. A consent under the listing rules of the Official List of the Exchange is different from a consent filed with the SEC under Section 7 of the Securities Act, which is applicable only to transactions involving securities registered under the Securities Act. As the New Floating Rate Notes have not been and will not be registered under the Securities Act, KPMG LLP has not filed a consent under Section 7 of the Securities Act.

WHERE TO FIND ADDITIONAL INFORMATION

Each purchaser of the New Floating Rate Notes from the Initial Purchaser will be furnished with a copy of this Offering Memorandum and, to the extent provided to the Initial Purchaser by us for such purpose, any related amendments or supplements to this Offering Memorandum. Each person receiving this Offering Memorandum and any related amendments or supplements to this Offering Memorandum acknowledges that:

(1) such person has been afforded an opportunity to request from us, and to review and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;

(2) such person has not relied on the Initial Purchaser or any person affiliated with the Initial Purchaser in connection with its investigation of the accuracy of such information or its investment decision; and

(3) except as provided pursuant to (1) above, no person has been authorized to give any information or to make any representation concerning the New Floating Rate Notes offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by us or the Initial Purchaser.

Each person receiving this Offering Memorandum and any related amendments or supplements to this Offering Memorandum may make a written request to receive a copy of the Intercreditor Agreement. Moreover, for so long as any of the New Floating Rate Notes remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, we will, during any period in which we are not subject to Section 13 or 15(d) under the Exchange Act, nor exempt from reporting thereunder pursuant to Rule 12g3-2(b) of the Exchange Act, make available to any holder or beneficial holder of an Additional Note, or to any prospective purchaser of an Additional Note designated by such holder or beneficial holder, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act upon the written request of any such holder or beneficial owner. Any such request should be directed to the Registrar. All the above documents will be available at the offices of the Registrar.

We are not currently subject to the periodic reporting and other information requirements of the Exchange Act. Pursuant to the Indenture and so long as the New Floating Rate Notes are outstanding, we will furnish periodic information to holders of the New Floating Rate Notes. See "Description of the Notes—Certain Covenants—Reports." For so long as the New Floating Rate Notes are listed on the Official List of the Exchange for dealing and the rules of that exchange so require, copies of the organizational documents of the Issuer and the Guarantors, our most recent audited consolidated directors' report and financial statements, the Indenture (which includes the Note Guarantees and the form of the New Floating Rate Notes) and the Intercreditor Agreement will be available for review during normal business hours on any business day at the office of the Registrar.

ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is a public limited company incorporated in England and Wales and its registered offices are in England and Wales. The Guarantors of the New Floating Rate Notes are incorporated in and have their respective principal executive offices or registered offices, as applicable, in the Cayman Islands and England and Wales. All of the directors of the Issuer and the majority of the directors and executive officers of the Guarantors are non-residents of the United States, and all of the assets of the Issuer and the Guarantors and such persons are located outside the United States. It may not be possible for investors to effect service of process within the United States upon the Issuer, a Guarantor or such persons or to enforce against any of the judgments obtained in U.S. courts predicated upon the civil liability provisions of the federal securities laws of the United States, and there is doubt as to the enforceability in England and Wales or the Cayman Islands of civil liabilities predicated upon the federal securities laws of the United States, either in original actions or in actions for enforcement of judgments of U.S. courts. Moreover, in light of recent decisions of the U.S. Supreme Court, actions of the Issuer and the Guarantors may not be subject to the civil liability provisions of the federal securities laws of the United States.

The United States and England currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments (as opposed to arbitration awards) in civil and commercial matters. Consequently, a final judgment for payment rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities laws, would not automatically be recognized or enforceable in England. In order to enforce any such U.S. judgment in England, proceedings must first be initiated before a court of competent jurisdiction in England. In such an action, the English court would not generally reinvestigate the merits of the original matter decided by the U.S. court (subject to what is described below) and it would usually be possible to obtain summary judgment on such a claim (assuming that there is no good defense to it). Recognition and enforcement of a U.S. judgment by an English court in such an action is conditional upon (among other things) the following:

- the U.S. court having had, at the time when proceedings were served, jurisdiction over the original proceedings according to English rules of international law;
- the U.S. judgment being final and conclusive on the merits in the sense of being final and unalterable in the court which pronounced it and being for a definite sum of money; and
- the U.S. judgment not being for a sum payable in respect of taxes, or other charges of a like nature or in respect of a penalty or fine or otherwise based on a U.S. law that an English court considers to relate to penal, revenue or other public law.

An English court may refuse to enforce such a judgment if the judgment debtor satisfies the court that:

- the U.S. judgment contravenes English public policy;
- the U.S. judgment has been arrived at by doubling, trebling or otherwise multiplying a sum assessed as compensation for the loss or damages sustained, is otherwise specified in Section 5 of the Protection of Trading Interests Act 1980 or is based on measures designated by the Secretary of State under Section 1 of the Act;
- the U.S. judgment has been obtained by fraud or in breach of English principles of natural or substantial justice;
- the U.S. judgment is a judgment on a matter previously determined by an English court or another court whose judgment is entitled to recognition in England or conflicts with an earlier judgment of such court;
- the English enforcement proceedings were not commenced within the relevant limitation period; or
- the U.S. judgment was obtained contrary to an agreement for the settlement of disputes under which the dispute in question was to be settled otherwise than by proceedings in a United States court (to whose jurisdiction the judgment debtor did not submit).

Only subject to the foregoing may investors be able to enforce in England judgments that have been obtained from U.S. federal or state courts. Notwithstanding the preceding, we cannot assure you that those judgments will be recognized or enforceable in England. In addition, we cannot assure you whether an English court would accept jurisdiction and impose civil liability if the original action was commenced in England, instead of the United States, and predicated solely upon U.S. federal securities laws.

The Cayman Islands currently have no treaties providing for the reciprocal recognition and enforcement of judgments (as opposed to arbitration awards) in civil and commercial matters with any jurisdiction (other than in respect of certain judgments of certain superior courts in the Commonwealth of Australia). Consequently, a final judgment for payment rendered by any U.S. federal or state court based on civil liability, whether or not predicated solely upon U.S. federal securities laws, would not automatically be recognized or enforceable in the Cayman Islands.

However, the courts of the Cayman Islands will recognize as a valid judgment, a final and conclusive judgment *in personam* obtained in U.S. federal or state courts under which a sum of money is payable (other than a sum of money payable in respect of multiple damages, taxes or other charges of a like nature or in respect of a fine or other penalty) or, in certain circumstances, an *in personam* judgment for non-monetary relief, and would give a judgment based thereon without any re-examination of the merits provided that:

(a) such U.S. courts had proper jurisdiction over the parties subject to such judgment as a matter of Cayman Islands law conflict of law rules;

(b) such U.S. courts did not contravene rules of natural justice;

(c) the judgment of such U.S. courts was not obtained by fraud,

(d) the enforcement of the judgment would not be contrary to the public policy of the Cayman Islands,

(e) no new admissible evidence relevant to the action is submitted prior to the rendering of the judgment by the courts of the Cayman Islands, and

(f) there is due compliance with the correct procedures under the laws of the Cayman Islands.

LISTING AND GENERAL INFORMATION

Listing Information

Application will be made to The International Stock Exchange Authority Limited (the "Authority") for the listing of the New Floating Rate Notes on the Official List of The International Stock Exchange (the "Exchange") and admission to trade on the Exchange. There can be no assurance that the New Floating Rate Notes will be listed on the Official List of the Exchange.

Neither the admission of the New Floating Rate Notes to the Official List of the Exchange nor the approval of this Offering Memorandum pursuant to the listing requirements of the Exchange shall constitute a warranty or representation by the Exchange as to the competence of the service providers to, or any other party connected with, the Issuers, the adequacy and accuracy of information contained in this Offering Memorandum or the suitability of the Issuers for investment or for any other purpose.

The New Floating Rate Notes are only intended to be offered in the primary market to, and held by, investors who are particularly knowledgeable in investment matters.

Clearing Information

The New Floating Rate Notes offered hereby will have new ISIN and common codes, and will not be fungible with the Original Floating Rate Notes. The New Floating Rate Notes sold pursuant to Regulation S and the New Floating Rate Notes sold pursuant to Rule 144A have been accepted for clearance through the facilities of Euroclear and Clearstream under common codes and , respectively. The ISIN for the New Floating Rate Notes sold pursuant to Regulation S is and the ISIN for the New Floating Rate Notes sold pursuant to Rule 144A is .

Issuer Legal Information

Stonegate Pub Company Financing plc was incorporated on March 19, 2014 as a public limited liability company under the laws of England and Wales. The registered office of the Issuer in the United Kingdom is Porter Tun House, 500 Capability Green, Luton, Bedfordshire, LU1 3LS, United Kingdom, and its telephone number at that address is +44 (0) 845 126 2944.

The Issuer has obtained all necessary consents, approvals and authorizations in the jurisdiction of its incorporation in connection with the issuance and performance of the New Floating Rate Notes. The creation and issuance of the New Floating Rate Notes will be authorized by the Issuer's board of directors dated prior to the closing of this Offering.

Company Legal Information

Stonegate Pub Company Limited was incorporated under the laws of the Cayman Islands on August 13, 2010 as an exempted company with limited liability. The registered office of the Company in the Cayman Islands is at the offices of Conyers Trust Company (Cayman) Limited, Boundary Hall, Cricket Square, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands and in the United Kingdom is Porter Tun House, 500 Capability Green, Luton, Bedfordshire, LU1 3LS, United Kingdom.

Subsidiary Guarantor Legal Information

Plato Company 3 Limited was incorporated under the laws of the Cayman Islands on March 4, 2008 as an exempted company with limited liability. The registered office of Plato Company 3 Limited in the Cayman Islands is at the offices of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.

Town & City Pub Group Limited was incorporated on November 27, 2007 as a private limited company under the laws of England and Wales. The registered office of Town & City Pub Group Limited in the United Kingdom is Porter Tun House, 500 Capability Green, Luton, Bedfordshire, LU1 3LS, United Kingdom, and its telephone number at that address is +44 (0) 845 126 2944.

Barley Pub Company Limited was incorporated on December 19, 2007 as a private limited company under the laws of England and Wales. The registered office of Barley Pub Company Limited in the United Kingdom is Porter Tun House, 500 Capability Green, Luton, Bedfordshire, LU1 3LS, United Kingdom, and its telephone number at that address is +44 (0) 845 126 2944.

Hops Pub Company Limited was incorporated on December 19, 2007 as a private limited company under the laws of England and Wales. The registered office of Hops Pub Company Limited in the United

Kingdom is Porter Tun House, 500 Capability Green, Luton, Bedfordshire, LU1 3LS, United Kingdom, and its telephone number at that address is +44 (0) 845 126 2944.

Plato Restaurant Holdings Limited was incorporated under the laws of the Cayman Islands on May 15, 2007 as an exempted company with limited liability. The registered office of Plato Restaurant Holdings Limited in the Cayman Islands is at the offices of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.

Bay Restaurant Holdings Limited was incorporated under the laws of the Cayman Islands on April 11, 2007 as an exempted company with limited liability. The registered office of Bay Restaurant Holdings Limited in the Cayman Islands is at the offices of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.

Bay Restaurant Group Limited was incorporated on December 19, 2007 as a private limited company under the laws of England and Wales. The registered office of Bay Restaurant Group Limited in the United Kingdom is Porter Tun House, 500 Capability Green, Luton, Bedfordshire, LU1 3LS, United Kingdom, and its telephone number at that address is +44 (0) 845 126 2944.

Slug and Lettuce Company Limited was incorporated on June 27, 2007 as a private limited company under the laws of England and Wales. The registered office of Slug and Lettuce Company Limited in the United Kingdom is Porter Tun House, 500 Capability Green, Luton, Bedfordshire, LU1 3LS, United Kingdom, and its telephone number at that address is +44 (0) 845 126 2944.

Hull Propco Limited was incorporated on September 18, 2015 as a private limited company under the laws of England and Wales. The registered office of Hull Propco Limited in the United Kingdom is Porter Tun House, 500 Capability Green, Luton, Bedfordshire, LU1 3LS, United Kingdom, and its telephone number at that address is +44 (0) 845 126 2944.

Falcon Propco 1 Limited was incorporated on January 27, 2017 as a private limited company under the laws of England and Wales. The registered office of Falcon Propco 1 Limited in the United Kingdom is Porter Tun House, 500 Capability Green, Luton, Bedfordshire, LU1 3LS, United Kingdom, and its telephone number at that address is +44 (0) 845 126 2944.

Intertain Limited was incorporated on August 20, 2009 as a private limited company under the laws of England and Wales. The registered office of Intertain Limited in the United Kingdom is Porter Tun House, 500 Capability Green, Luton, Bedfordshire, LU1 3LS, United Kingdom, and its telephone number at that address is +44 (0) 845 126 2944.

Intertain (Bars) Limited was incorporated on September 30, 2009 as a private limited company under the laws of England and Wales. The registered office of Intertain (Bars) Limited in the United Kingdom is Porter Tun House, 500 Capability Green, Luton, Bedfordshire, LU1 3LS, United Kingdom, and its telephone number at that address is +44 (0) 845 126 2944.

Intertain (Bars) II Limited was incorporated on March 10, 2015 as a private limited company under the laws of England and Wales. The registered office of Intertain (Bars) II Limited in the United Kingdom is Porter Tun House, 500 Capability Green, Luton, Bedfordshire, LU1 3LS, United Kingdom, and its telephone number at that address is +44 (0) 845 126 2944.

Intertain (Bars) III Limited was incorporated on May 14, 2015 as a private limited company under the laws of England and Wales. The registered office of Intertain (Bars) III Limited in the United Kingdom is Porter Tun House, 500 Capability Green, Luton, Bedfordshire, LU1 3LS, United Kingdom, and its telephone number at that address is +44 (0) 845 126 2944.

Intertain (Bars) IV Limited was incorporated on May 14, 2015 as a private limited company under the laws of England and Wales. The registered office of Intertain (Bars) IV Limited in the United Kingdom is Porter Tun House, 500 Capability Green, Luton, Bedfordshire, LU1 3LS, United Kingdom, and its telephone number at that address is +44 (0) 845 126 2944.

Financial Year and Annual Financial Statements

We will prepare and publish annual audited consolidated financial statements. Any future published financial statements prepared by Stonegate will be available, during normal business hours, at the executive offices of the Company.

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stonegate
PUB COMPANY

Annual report and financial statements

For the 53 weeks ended 30 September 2018

Registered number FC029833

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Company information

Directors
Manjit Dale
Ian Payne
David Ross
Simon Longbottom
Brian Magnus

Secretary
Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Registered office
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors of Stonegate Pub Company Limited ('the directors') have accepted responsibility for the preparation of the Strategic report, Director's report and non-statutory Group accounts for the period ended 30 September 2018 which are intended by them to give a true and fair view of the state of affairs of the Group and of the profit or loss for that period. They have decided to prepare the non-statutory Group accounts in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and applicable Cayman Island company law. In preparing these non-statutory Group accounts, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether they have been prepared in accordance with IFRS, as adopted by the EU;
- assessed the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- used the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for such internal control as they determine is necessary to enable the preparation of non-statutory Group accounts that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities

KPMG

KPMG LLP
Audit
Altius House
One North Fourth Street
Milton Keynes MK9 1NE
United Kingdom

Tel +44 (0) 1908 844800
Fax +44 (0) 1908 844888

Private & confidential
The Directors
Stonegate Pub Company Limited
Porter Tun House
500 Capability Green
Luton
LU1 3LS

Your ref

Our ref ab/

Contact Simon Haydn-Jones
Tel 0118 964 4971

23 January 2019

Dear Directors

Independent auditor's report to Stonegate Pub Company Limited ("the Company")

Opinion

We have audited the non-statutory Group accounts of Stonegate Pub Company Limited and its subsidiaries (collectively "the Group") for the 53 week period ended 30 September 2018 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement, and related notes, including the accounting policies in note 1. These non-statutory Group accounts have been prepared for the reasons set out in note 1 to the non-statutory Group accounts and on the basis of the financial reporting framework of International Financial Reporting Standards (IFRSs) as adopted by the EU.

In our opinion the non-statutory Group accounts:

- give a true and fair view of the state of the Group's affairs as at 30 September 2018 and of the Group's loss for the period then ended; and
- have been properly prepared in accordance with IFRSs as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and the terms of our engagement letter dated 13 January 2019. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to Britain exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as those assumptions determining the defined benefit pension liability and the impairment of property, plant, equipment and operating leases and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We took that uncertainty into account in our approach when assessing the Group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period".

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the non-statutory Group accounts. In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group's business model, including the impact of Brexit, and analysed how these risks might affect the Group's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group or the Company will continue in operation.

Other information

The directors are responsible for the other information, which comprises the Strategic report and the Directors' report. Our opinion on the non-statutory Group accounts does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our non-statutory Group accounts audit work, the information therein is materially misstated or inconsistent with the non-statutory Group accounts or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Directors' responsibilities

As explained more fully in their statement set out on page 14, the directors are responsible for: the preparation of the non-statutory Group accounts, which are intended by them to give a true and fair view; such internal control as they determine is necessary to enable the preparation of non-statutory Group accounts that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the non-statutory Group accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the non-statutory Group accounts.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

Our report has been prepared for the Stonegate Pub Company Limited ("the Company"), and their respective directors or executive officers ("the Addressees") solely in response to a request from the Addressees for an opinion from independent auditors on the truth and fairness of the non-statutory Group accounts. It has been released to the Addressees on the basis that our report shall not be copied, referred to or disclosed, in whole (save for the Addressees' own internal purposes) or in part, without our prior written consent.

Our report was designed to meet the agreed requirements of the Addressees determined by their needs at the time. Our report should not therefore be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Addressees for any purpose or in any context. Any party other than the Addressees who obtains access to our report or a copy and choose to rely on our report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, KPMG LLP will accept no responsibility or liability in respect of our report to any other party.

KPMG LLP
Chartered Accountants
23 January 2019

Consolidated Income Statement

For the 53 weeks ended 30 September 2018

		53 weeks ended 30 September 2018			52 weeks ended 24 September 2017		
	Notes	Pre-exceptional items	Exceptional items[1]	Total	Pre-exceptional items	Exceptional items[1]	Total
		£000	£000	£000	£000	£000	£000
Revenue	2	**774,390**	**—**	**774,390**	697,468	—	697,468
Operating costs		**(667,595)**	**(8,303)**	**(675,898)**	(600,400)	(15,393)	(615,793)
Operating profit / (loss) before depreciation, amortisation, impairment and loss on sale of non-current assets		**106,795**	**(8,303)**	**98,492**	97,068	(15,393)	81,675
Depreciation and impairment		**(49,997)**	**(2,715)**	**(52,712)**	(43,058)	(2,244)	(45,302)
Amortisation of operating leases and brand		**(8,709)**	**—**	**(8,709)**	(5,861)	—	(5,861)
Total depreciation, amortisation and impairment		**(58,706)**	**(2,715)**	**(61,421)**	(48,919)	(2,244)	(51,163)
Loss on disposal of non-current assets	12	**(7,214)**	**—**	**(7,214)**	(5,332)	—	(5,332)
Operating profit / (loss)	3	**40,875**	**(11,018)**	**29,857**	42,817	(17,637)	25,180
Finance income	5	**80**	**—**	**80**	101	—	101
Finance costs	6	**(34,354)**	**(64)**	**(34,418)**	(31,321)	(16,183)	(47,504)
Profit / (loss) before taxation		**6,601**	**(11,082)**	**(4,481)**	11,597	(33,820)	(22,223)
UK income tax charge	8	**(1,998)**	**(1,034)**	**(3,032)**	(1,580)	(327)	(1,907)
Profit / (loss) for the period attributable to owners of the parent company		**4,603**	**(12,116)**	**(7,513)**	10,017	(34,147)	(24,130)

1 Exceptional items are explained further in note 7.

The notes on pages F-14 to F-46 form part of these financial statements.

Consolidated Statement of Comprehensive Income

For the 53 weeks ended 30 September 2018

	Notes	53 weeks ended 30 September 2018	52 weeks ended 24 September 2017
		£000	£000
Loss for the period		**(7,513)**	(24,130)
Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit pension schemes	24	**3,300**	4,099
Tax charge relating to components of other comprehensive income	8	**(561)**	(697)
Other comprehensive income after tax		**2,739**	3,402
Total comprehensive loss for the period		**(4,774)**	(20,728)

The notes on pages F-14 to F-46 form part of these financial statements.

Consolidated Balance Sheet

At 30 September 2018

	Notes	30 September 2018	24 September 2017
		£000	**£000**
Assets			
Non-current assets			
Property, plant and equipment	9	**531,030**	520,916
Brand	10	**5,237**	1,810
Operating leases	10	**119,729**	78,669
Goodwill	10	**124,974**	114,141
Retirement benefit surplus	24	**912**	764
		781,882	716,300
Current assets			
Inventories	15	**12,410**	11,448
Trade and other receivables	16	**30,661**	32,228
Cash and cash equivalents		**26,454**	16,514
		69,525	60,190
Total assets		**851,407**	776,490
Liabilities			
Current liabilities			
Trade and other payables	17	**(119,867)**	(126,577)
Borrowings	18	**(103,819)**	(20,963)
		(223,686)	(147,540)
Non-current liabilities			
Borrowings	18	**(591,009)**	(589,835)
Deferred tax liabilities	14	**(14,383)**	(6,040)
Retirement benefit obligations	24	**(4,036)**	(10,213)
Provisions	20	**(16,294)**	(16,089)
		(625,722)	(622,177)
Total liabilities		**(849,408)**	(769,717)
Net assets		**1,999**	6,773
Equity			
Called up share capital	21	**1,685**	1,685
Share premium	21	**81,647**	81,647
Retained earnings		**(81,333)**	(76,559)
Total equity attributable to owners of the parent company		**1,999**	6,773

These financial statements were approved by the board of directors on 22 January 2019 and were signed on its behalf by:

David Ross
Director

Company registered number: FC029833

Consolidated Statement of Changes in Equity

For the 53 weeks ended 30 September 2018

	Share capital	Share premium	Retained earnings	Total equity
	£000	£000	£000	£000
Total equity at 25 September 2016	**1,500**	**135,453**	**(55,831)**	**81,122**
Total comprehensive income / (losses):				
Losses for the period	—	—	(24,130)	(24,130)
Other comprehensive income for the period	—	—	3,402	3,402
Total comprehensive losses for the period	—	—	(20,728)	(20,728)
Transactions with owners recorded directly in equity:				
Shares issued	185	40,065	—	40,250
Dividends paid	—	(93,871)	—	(93,871)
Total contributions by and distributions to owners of the Company	**185**	**(53,806)**	**—**	**(53,621)**
Total equity at 24 September 2017	**1,685**	**81,647**	**(76,559)**	**6,773**
Total comprehensive income / (losses):				
Losses for the period	—	—	(7,513)	(7,513)
Other comprehensive income for the period	—	—	2,739	2,739
Total comprehensive losses for the period	—	—	(4,774)	(4,774)
Total equity at 30 September 2018	**1,685**	**81,647**	**(81,333)**	**1,999**

Consolidated Cash Flow Statement

For the 53 weeks ended 30 September 2018

	53 weeks ended 30 September 2018	52 weeks ended 24 September 2017
	£000	£000
Cash flows from operating activities		
Loss for the period	**(7,513)**	(24,130)
Adjustments for:		
—Depreciation, amortisation and impairment	**61,421**	51,163
—Loss on sale of non-current assets	**7,214**	5,332
—Net finance costs	**34,338**	47,403
—UK income tax charge	**3,032**	1,907
	98,492	81,675
Changes in:		
—Inventories	**(18)**	(1,175)
—Receivables	**4,320**	(633)
—Payables	**(15,122)**	10,117
—Provisions	**(260)**	4,881
—Difference between pension contributions paid and amounts recognised in operating profit	**(3,244)**	(930)
Cash generated from operating activities	**84,168**	93,935
Interest paid	**(30,848)**	(46,857)
Income tax paid	**(9)**	—
Net cash flow from operating activities	**53,311**	47,078
Cash flows from investing activities		
Purchase of property, plant and equipment	**(71,384)**	(82,207)
Proceeds from sale of property, plant and equipment	**6,510**	7,399
Interest received	**16**	25
Payments for business acquisitions	**(64,773)**	(66,311)
Net cash acquired with trading sites	**4,855**	3,314
Net cash flow from investing activities	**(124,776)**	(137,780)
Cash flows from financing activities		
Advance of borrowings	**86,268**	603,000
Repayment of borrowings	**—**	(480,000)
Proceeds from share issue	**—**	40,250
Dividend payment	**—**	(93,871)
Financing costs	**(2,803)**	(4,012)
Net cash flow from financing activities	**83,465**	65,367
Net increase/(decrease) in cash and cash equivalents	**12,000**	(25,335)
Opening cash and cash equivalents	**3,551**	28,886
Closing cash and cash equivalents	**15,551**	3,551

Notes to the consolidated financial statements

1 Accounting policies

Stonegate Pub Company Limited (the "Company") is governed by Cayman Island Company Law and is limited by shares.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The consolidated financial statements have been prepared in accordance with Companies Law (2013 Revision) of the Cayman Islands. As the Cayman Islands do not have prescribed accounting standards, the Group has elected to prepare these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), as allowed under Cayman Island Company Law.

There is no statutory requirement for accounts to be audited in the UK; however, these accounts are being prepared and subject to a non-statutory audit for the purpose of filing accounts of the UK branch of this overseas Group and formally setting out the financial performance and position of the Group.

No parent company information is presented in these consolidated financial statements, Companies Law (2013 Revision) in the Cayman Islands does not require such information to be presented. The parent company information has been prepared under FRS 102. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis with the exception of derivative financial instruments which are measured at fair value. Non-current assets and disposal Groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

1.2 Going concern

The Group's principal activities, together with the principal risks and uncertainties factors likely to affect its future development, performance and position are set out in the Strategic and Directors' Reports on pages 2 to 13. The financial position of the Group is set out in the Consolidated Balance Sheet on page 17 which shows net assets of £1,999,000 (2017: £6,773,000). In addition, note 19 to the consolidated financial statements includes the Group's key exposures to credit risk and liquidity risk.

During the current period the Group has experienced a net cash inflow of £12,000,000 (2017: cash outflow of £25,335,000). The net cash inflow was a result of the Group's operating, investing and financing activities. During the prior period Stonegate Pub Company Limited issued share capital resulting in a £40,250,000 inflow, in order to purchase Intertain Limited; carried out a £595,000,000 refinancing on 16 March 2017 and paid out a £93,871,000 dividend on 5 May 2017.

The Group met its day-to-day working capital requirements through its standard trading cycle of cash generation and its £50,000,000 combined overdraft and revolving credit facility. The Directors consider that this is a normal feature of trading in this industry. Customers pay by cash resulting in minimal credit risk and the Group takes advantage of supplier credit terms. Therefore the Group typically operates with net current liabilities with this financial year seeing an increase from the bridging finance facilities utilised for acquisitions (current period net current liabilities of £154,161,000; 2017: net current liabilities of £87,350,000). In the forthcoming period the Group expects to continue to achieve year on year pre-exceptional operating profit growth (both organically and through acquisitions) and be cash generative at an operating cash flow level and at a total cash flow level. At the period end the Group had drawn down £25,000,000 of its revolving credit facility (2017: £8,000,000).

At the balance sheet date, the Group was financed by fixed and floating rate loan notes totalling £595,000,000 (2017: £595,000,000), details of which are set out in note 18. The Group also had a bridging finance facility in place relating to the purchase of Be At One Holdings Limited and the 15 sites from A3D2 Limited of £69,269,000 which is due for repayment 20 July 2019. The facility has the option to be extended until March 2022 if certain conditions are met and will incur an interest rate of 3 months LIBOR + 5%. The Group believes that meeting these conditions is probable and within their control.

Management have prepared a board paper on going concern showing the Group's forecasts and projections prepared for a period covering fifteen months from the date of approval of the financial

1 Accounting policies (Continued)

statements. Taking account of reasonable possible changes in trading performance, the board paper shows that the Group will be able to operate within the level of its current borrowing facility. Applying reasonably possible sales based sensitivities year on year the Group's forecasts show that it would continue to operate within its facility and within financial covenants.

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements and for the foreseeable future thereafter. Thus they adopt the going concern basis of accounting in preparing these financial statements.

1.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 30 September 2018. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the period are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

1.4 Classification of financial instruments issued by the Group

Following the adoption of IAS 32, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.5 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

1 Accounting policies (Continued)

1.6 Derivative financial instruments and hedging

Derivative financial instruments

The Group does not use interest rate swaps to hedge its exposure to interest rate fluctuations on its floating rate loan notes as the risk is considered to be minimal.

1.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- freehold properties are depreciated to their estimated residual values over 50 years;
- leasehold properties and improvements are depreciated over the shortest of 50 years, their estimated useful lives and their remaining lease periods;
- administration furniture, fixtures, fittings and equipment are depreciated over 2 to 15 years; and
- retail furniture, fixtures and equipment are depreciated over 3 to 15 years.

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

The group capitalises employment costs and related personal expenses of individuals whose job roles are fundamentally associated with managing or implementing the Group's capital development programme. Judgement is therefore applied in determining the element of internal labour costs which are directly attributable to capital projects. Where such an individual undertakes non-capital expenditure related activities as part of their job roles then a proportion of their cost is not capitalised unless the non-capital expenditure related activities are incidental to their role.

1.8 Sale and leaseback transactions

The Group enters into sale and leaseback transactions where land and buildings have been sold and the Group has immediately entered into a lease agreement with the acquirer. These land and buildings are no longer included within property, plant and equipment and the rentals paid are charged on a straight-line basis to the Consolidated Income Statement over the lease term.

1.9 Business combinations

Subject to the transitional relief in IFRS 1, all business combinations are accounted for by applying the acquisition method. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

Acquisitions post transition date

For acquisitions on or after 26 September 2011, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquire, if any; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred. Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

1 Accounting policies (Continued)

Acquisitions prior to IFRS transition date

IFRS 1 grants certain exemptions from the full requirements of Adopted IFRSs in the transition period. The Group elected not to restate business combinations that took place prior to transition date. In respect of acquisitions prior to transition date, goodwill is included at transition date or earlier if applicable on the basis of its deemed cost, which represents the amount recorded under UK GAAP which was broadly comparable save that only separable intangibles were recognised and goodwill was amortised. On transition, certain items recognised as other intangibles under Adopted IFRS have been separately accounted for with appropriate adjustments against property, plant and equipment and amortisation of goodwill ceased as required by IFRS 1.

1.10 Intangible assets and goodwill

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation in respect of acquisitions is capitalised. Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

Operating lease intangible assets

The fair values attached to operating leasehold interests on acquisitions are deemed to represent lease premiums, and are capitalised and carried as intangible assets. Amortisation is charged to the income statement on a straight-line basis over the lease lives.

Brand

Brand intangible assets recognised on acquisition are amortised on a straight-line basis over their estimated useful lives of 10 years.

1.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price less any costs of disposal. Cost is calculated using the first in first out method.

1.12 Impairment excluding inventories and deferred tax assets

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit (CGU) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of

1 Accounting policies (Continued)

money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest Group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Groups of assets (the "cash-generating unit").

The Group considers each of its individual pubs as a cash-generating unit. Each CGU is reviewed annually for indicators of impairment. When indicators of impairment are identified the carrying value of the individual pub is compared to its recoverable amount. The recoverable amount is determined as being the greater of its value in use and its fair value less costs to sell.

The Group annually tests whether goodwill has been impaired. Management makes judgements to allocate goodwill to the group of CGUs that benefits from the synergy of acquisitions and reflects the level at which goodwill is monitored, on this basis goodwill is allocated to the entire estate. The recoverable amount of the CGUs that the goodwill has been allocated to is determined based on value-in-use calculations which require estimating future cash flows and applying a suitable discount rate.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (Group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.13 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The Group determines the net interest on the net defined benefit liability/asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/asset.

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid. Re-measurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in profit or loss when the plan amendment or curtailment occurs.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited

1 Accounting policies (Continued)

to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. The gain or loss on a settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Group in connection with the settlement.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

1.14 Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A provision for onerous leases is made for sites for which future trading profits, or income from subleases, are not expected to cover rent. The provision takes several factors into account, including the expected future profitability of the pub and the amount estimated as payable on surrender of the lease, where this is a likely outcome.

1.15 Revenue

Revenue is measured at the fair value of the consideration received or receivable and is derived from the sale of food and drinks; admissions; hotel rooms and machine income to third parties, after deducting discounts and VAT. Revenue is recognised at the point of sale.

All revenue is derived from the one principal activity of the business, based solely within the United Kingdom.

In respect of the loyalty card scheme, the More card, as points are issued to customers the retail fair value of those points expected to be redeemed is deferred. When the points are used by customers they are recorded as revenue.

1.16 Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Financing income and expenses

Financing expenses comprise interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method and unwinding of the discount on provisions. Financing income comprise interest receivable on funds invested.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

1.17 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

1 Accounting policies (Continued)

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.18 Exceptional items

The Group presents separately on the face of the income statement those material items of income and expense which are outside of the normal course of trading, which management consider will distort comparability, in order to provide a trend measure of underlying performance. These costs are discussed further in note 7.

1.19 Key accounting judgements and estimates

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions in the application of accounting policies that affect reported amounts of assets, liabilities, revenues and expenses during the period.

Management periodically evaluates its estimates and judgements and bases them on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates.

Key accounting judgements

The following are the key judgements, apart from those involving estimations, dealt with separately below, that management have made in the process of applying the Group's accounting policies and which have the most significant effect on the amounts recognised in the financial statements.

Exceptional items

During the period certain items are identified and separately disclosed as exceptional. Judgement is applied as to whether the item meets the necessary criteria as per the accounting policy disclosed. This assessment covers the nature of the item, cause of occurrence and the scale of impact of that item on reported performance. Note 7 provides information on all of the items disclosed as exceptional in the current and previous period.

Key areas of estimation

The following are the key areas of estimation uncertainty that may have the most significant effect on the amounts recognised in the financial statements.

Impairment of property, plant, equipment and operating leases

Property, plant and equipment and operating leases are reviewed for impairment if there are any indicators to suggest that the carrying amount may not be recoverable. Recoverable amounts are determined based on value-in-use calculations and estimated sale proceeds. These calculations require assumptions to be made regarding projected cash flows and the choice of a suitable discount rate in order to calculate the present value of those cash flows. Actual outcomes may vary from these estimates. These are disclosed in note 11.

1 Accounting policies (Continued)

Onerous lease provisions

The Group provides for its onerous obligations under operating leases where the site is closed or for properties where rental expense is in excess of income. The estimated timings and amounts of cash flows are determined using management experience.

Defined pension benefit schemes

The present value of defined benefit pension scheme liabilities are determined on an actuarial basis and depend on a number of actuarial assumptions, which are disclosed in note 24. Any changes in these assumptions could impact the carrying amounts of retirement benefit assets / liabilities.

Business combinations

The Group identifies separate assets and liabilities upon acquisition and recognises those assets at their fair value. The assessment of fair value, particularly for property, plant, equipment and operating leases acquired, is undertaken with reference to current market conditions.

Note 12 describes the business combinations in the current and prior periods and provides details of the fair value adjustments made in arriving at the fair value of assets and liabilities acquired.

1.20 Segmental reporting

The Group operates predominately one type of business (pubs) in the United Kingdom. This includes the sale of food, beverages, admissions, hotel rooms and machine income and are collectively regarded and reported as one segment.

1.21 New standards, interpretations and amendments to existing standards

As at the date of approval of the financial statements there are a number of standards and interpretations issued by the IASB and IFRIC with an effective date after the date of these financial statements and which have not been early adopted by the Group. These are expected to be applied as follows:

- The IASB issued IFRS 16 Leases in January 2016. The new standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The new standard will be effective for periods beginning on or after 1 January 2019, and the group plans to adopt IFRS 16 in the period beginning 30 September 2019. For lessors, there is little change to the existing accounting in IAS 17 Leases. The application of IFRS 16 will have a material impact on the group's consolidated financial results and financial position. This includes recognition of interest and amortisation expense in place of fixed rental expense in the income statement and the recognition of right-of-use assets and lease liabilities for its operating lease portfolio on the balance sheet. There is no net cash flow impact on application of IFRS 16, although the classification of cash flows will be affected as operating lease payments under IAS 17 are presented as operating cash flows, whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

  The group has a comprehensive project under way to assess the overall impact of adopting IFRS 16, including: determining the preferred transition approach and quantifying the financial impacts; addressing the future data collection requirements and updating processes accordingly; and integrating IFRS 16 into all its reporting with effect from 30 September 2019. It is not practicable to provide a reasonable estimate of the financial effect of the initial application of IFRS 16 until this assessment project has been completed.

- The IASB issued IFRS 15 Revenue from Contracts with Customers in May 2014, and amended it in April 2016. The new standard provides a single, five-step revenue recognition model, applicable to all sales contracts, which is based upon the principle that revenue is recognised when the control of goods or services is transferred to the customer. The new standard is effective for accounting periods beginning on or after 1 January 2018, and will be adopted by the group from 1 October 2018. This standard replaces all existing revenue recognition guidance under current IFRS. The group has

1 Accounting policies (Continued)

completed an impact assessment and determined that the adoption of IFRS 15 will not have a material impact on its consolidated results and financial position, but will result in additional disclosure requirements.

- IFRS 9 Financial Instruments—IFRS 9 Financial Instruments was first issued in November 2009 with a complete version issued in July 2014 and is a replacement of IAS 39 Financial Instruments: Recognition and Measurement. The new standard becomes effective for annual periods beginning on or after 1 January 2018. The group has assessed the impact and determined that the adoption of IFRS 9 will not have a material impact on its consolidated results and financial position.

2 Revenue

Revenue disclosed in the consolidated income statement is analysed as follows:

	2018 53 weeks £000	2017 52 weeks £000
Sales of food, beverages, admissions, hotel rooms and machine income	**774,390**	697,468

3 Expenses

Included in operating profit are the following expenses:

	2018 53 weeks £000	2017 52 weeks £000
Drink and food costs	**204,409**	187,019
Employment costs	**205,033**	182,229
Operating lease rentals	**52,417**	54,040
Other costs	**214,039**	192,505
Depreciation, amortisation and impairment	**61,421**	51,163
Loss on disposal of non-current assets	**7,214**	5,332
Costs deducted from revenue to determine operating profit	**744,533**	672,288

Included within operating profit are £11,018,000 of costs (2017: £17,637,000) relating to exceptional items (see note 7).

4 Employees

The average number of persons employed by the Group (including directors) during the period, analysed by category, was as follows:

	2018 53 weeks	2017 52 weeks
Head office administration[1]	**376**	335
Retail[1]	**13,111**	12,577
	13,487	12,912

1 Employee numbers relate to actual employees rather than full-time employee equivalents.

At the period end the Group had 13,848 employees (2017: 13,408 employees).

The aggregate payroll costs of these persons were as follows:

	2018 53 weeks £000	2017 52 weeks £000
Wages and salaries	**190,141**	169,895
Social security costs	**13,189**	11,119
Pension costs	**1,703**	1,215
	205,033	182,229

5 Finance income

	2018 53 weeks £000	2017 52 weeks £000
Other interest receivable	**80**	101
Total finance income	**80**	101

6 Finance costs

	2018 53 weeks £000	2017 52 weeks £000
Interest payable on loan notes	**29,556**	29,530
Other interest payable	**1,987**	372
Net pensions finance charge	**219**	315
Debt issue costs amortisation	**1,947**	8,012
Refinancing costs	**191**	8,284
Unwinding of discount element of provisions	**235**	316
Non-utilisation and commitment fees	**283**	675
Total finance costs	**34,418**	47,504

Included within finance costs are £64,000 of costs (2017: £16,183,000) relating to exceptional items (see note 7).

7 Exceptional items

	2018 53 weeks £000	2017 52 weeks £000
Operating exceptional items		
Acquisition costs	**4,439**	5,545
Integration costs	**1,696**	2,975
Restructuring costs	**2,306**	—
Compensation for loss of office	**—**	494
Impairment of property, plant and equipment (note 11)	**2,684**	1,954
Impairment of operating leases (note 11)	**31**	290
Onerous lease provision	**8,096**	6,829
Onerous lease reversal	**(8,234)**	(450)
	11,018	17,637
Finance costs	**64**	16,183
UK income tax charge relating to exceptional items	**1,034**	327
Total exceptional items	**12,116**	34,147

Acquisition costs: Acquisition costs are items of expenditure incurred in connection with the business combination activities during the period (see note 12). These costs include legal and professional fees and stamp duties which are expensed as incurred.

Integration costs: In the period of acquisition and the period following acquisition, the Group incurred costs to combine and streamline the operations of the acquired businesses with the Group.

Restructuring costs: During the period the Group incurred costs relating to process and efficiency improvement.

Compensation for loss of office: Compensation payments relate to key management personnel.

Onerous leases: The onerous lease provision covers potential liabilities for onerous lease contracts for sites that have either closed, or where projected future trading revenue is insufficient to cover the lower of exit cost or value-in-use. The provision is based on the present value of expected future cash flows, discounted, relating to rents, rates and other property costs to the end of the lease terms net of expected sublet income. Reversals relate to provisions no longer required.

7 Exceptional items (Continued)

Finance costs: In the current period these costs relate to the short term increase in the Group's revolving credit facility. In the prior period these costs related to the refinancing on 16 March 2017. As part of this the Group incurred an early redemption penalty of £4,889,000, excess interest of £1,677,000, fees of £1,895,000 and wrote off existing debt issue costs of £6,046,000. In the prior period the Group also incurred corporate restructuring costs of £1,676,000.

8 Taxation

	2018 53 weeks £000	2017 52 weeks £000
Tax charged in the income statement		
Current tax:		
—UK corporation tax	**1,701**	—
—Group relief paid for previous year	**—**	—
Total current tax charge	**1,701**	—
Deferred tax (note 14):		
—Origination and reversal of temporary differences	**1,632**	2,563
—Adjustments in respect of previous periods	**(8)**	258
—Rate change	**(293)**	(914)
Total deferred tax charge	**1,331**	1,907
Total current and deferred tax charged in the income statement	**3,032**	1,907

	2018 53 weeks £000	2017 52 weeks £000
Tax credited in other comprehensive income		
Deferred tax:		
—Re-measurement of defined benefit pension schemes	**561**	697
Total tax charge recognised in other comprehensive income	**561**	697

Reconciliation of total tax charge

The effective rate of tax is different to the full rate of corporation tax. The differences are explained below:

	2018 53 weeks £000	2017 52 weeks £000
Loss before tax	**(4,481)**	(22,223)
Tax at current UK corporation tax rate of 19% (2017: 19.5%)	**(851)**	(4,333)
Expenses not deductible for tax purposes	**4,365**	7,413
Impact of rate change	**(293)**	(914)
Group relief not paid for	**—**	(517)
Adjustment in respect of previous periods	**(8)**	258
Deferred tax not recognised	**(181)**	—
Total tax charged in the income statement	**3,032**	1,907

9 Property, plant and equipment

	Land and buildings	Leasehold improvements	Furniture, fixtures and equipment	Total
	£000	£000	£000	£000
Cost				
At 25 September 2016	307,874	103,648	195,060	606,582
Acquisitions through business combinations	15,897	—	2,698	18,595
Additions	9,109	17,790	55,761	82,660
Disposals	(5,575)	(487)	(14,977)	(21,039)
Fully depreciated assets	(3)	(4,976)	(12,019)	(16,998)
Reclassification	2,423	(2,423)	—	—
At 24 September 2017	329,725	113,552	226,523	669,800
Acquisitions through business combinations	760	—	1,490	2,250
Additions	6,253	14,925	50,049	71,227
Disposals	(6,200)	(1,449)	(13,581)	(21,230)
Fully depreciated assets	(7)	(406)	(20,631)	(21,044)
At 30 September 2018	**330,531**	**126,622**	**243,850**	**701,003**
Depreciation				
At 25 September 2016	(7,216)	(32,009)	(90,634)	(129,859)
Charge for the year	(1,087)	(7,232)	(34,739)	(43,058)
Impairment (note 11)	(1,226)	(400)	(328)	(1,954)
Disposals	407	206	8,376	8,989
Fully depreciated assets	3	4,976	12,019	16,998
At 24 September 2017	(9,119)	(34,459)	(105,306)	(148,884)
Charge for the year	(1,403)	(9,046)	(39,548)	(49,997)
Impairment (note 11)	—	(1,753)	(931)	(2,684)
Disposals	938	1,206	8,404	10,548
Fully depreciated assets	7	406	20,631	21,044
At 30 September 2018	**(9,577)**	**(43,646)**	**(116,750)**	**(169,973)**
Net book value				
At 30 September 2018	**320,954**	**82,976**	**127,100**	**531,030**
At 24 September 2017	320,606	79,093	121,217	520,916
At 25 September 2016	300,658	71,639	104,426	476,723

During the current period the Group acquired £2,250,000 of property, plant and equipment through business combinations (2017: £18,595,000). See note 12 for details of these acquisitions.

Included in property, plant and equipment are properties with a net book value of £312,610,000 (2017: £312,959,000) over which the Group's borrowings are secured by way of fixed and floating charges.

Land and buildings includes £11,978,000 (2017: £12,473,000) relating to long leasehold sites; £192,324,000 of freehold land (2017: £194,556,000) and £116,652,000 of freehold properties (2017: £113,577,000).

10 Goodwill, operating leases and brand intangible assets

	Brand	Operating leases	Goodwill
	£000	£000	£000
Cost			
At 25 September 2016	—	55,265	111,232
Acquisitions through business combinations	2,000	42,029	7,400
Disposals	—	—	(681)
Fully depreciated assets	—	(841)	—
At 24 September 2017	2,000	96,453	117,951
Acquisitions through business combinations	3,728	51,299	12,075
Disposals	—	(2,597)	(1,242)
Fully depreciated assets	—	(156)	—
At 30 September 2018	**5,728**	**144,999**	**128,784**
Amortisation			
At 25 September 2016	—	(12,664)	(3,810)
Charge for the year	(190)	(5,671)	—
Impairment (note 11)	—	(290)	—
Fully depreciated assets	—	841	—
At 24 September 2017	(190)	(17,784)	(3,810)
Charge for the year	(301)	(8,408)	—
Impairment (note 11)	—	(31)	—
Disposals	—	797	—
Fully depreciated assets	—	156	—
At 30 September 2018	**(491)**	**(25,270)**	**(3,810)**
Net book value			
At 30 September 2018	**5,237**	**119,729**	**124,974**
At 24 September 2017	1,810	78,669	114,141

During the current period the Group acquired £3,728,000 of brand (2017: £2,000,000); £51,299,000 of operating leases (2017: £42,029,000) and £12,075,000 of goodwill (2017: £7,400,000) as a result of business combinations. See note 12 for details of these acquisitions.

11 Impairment losses

Property, plant and equipment and operating lease intangible assets

The Group considers each of its individual pubs as a cash-generating unit (CGU). Each CGU is reviewed annually for indicators of impairment, and impairment reversals for previously impaired CGUs. When indicators of impairment are identified the carrying value of the individual pub is compared to its recoverable amount. The recoverable amount is determined as being the higher of the expected net realisable value or the value in use.

The value in use is determined using the present value of the expected cash flows attributable to that site using a pre-tax discount rate of 8.42% (2017: 8.4%) applied to the future expected cash flows using budgeted earnings before interest, tax, depreciation and amortisation over a five year period, as prepared for the board. The cash flows continue to be risk adjusted to reflect a conservative outlook. The key assumptions are budgeted earnings and trading margin, which include past investments and staff costs, and have been reviewed by the board and deemed to be reasonable. Cash flows beyond five years are extrapolated using a 2.5% growth rate for five years, after which a nil percentage growth rate is applied into perpetuity.

Where a reliable estimate of the net realisable value is available and is higher than the carrying amount of the asset, the asset is not impaired and no value in use is calculated.

Indicators of impairment were found in each of the periods ended 30 September 2018 and 24 September 2017 on a small number of individual CGUs and consequently impairment reviews were carried out on the

11 Impairment losses (Continued)

affected CGUs. Impairments totalling £2,951,000 (2017: £2,244,000) were identified. Impairment reversals of £236,000 were also identified (2017: £Nil).

The Group's estimate of impairments is most sensitive to changes in the discount rate, growth rates and budgeted cash flows. Sensitivity analysis has been carried out by reference to these assumptions. This demonstrated that a 1% reduction in the growth rate, a 1% increase in the discount rate, or a 5% reduction in budgeted cash flow would not lead to an increase in the impairment charge. The minimal impact is mainly driven by factoring in the fair value less costs to sell for the CGUs.

Goodwill

Goodwill acquired via business combinations is tested annually for impairment. For this purpose, the goodwill is allocated to the 725 strong pub estate being a group of CGUs, as this represents the lowest level within the Group that goodwill is monitored for internal management purposes.

The carrying amount of goodwill has been compared to its recoverable amount and involved calculating an overall value in use, using discounted cash flow projections. The value in use calculation is based on budgeted earnings before interest and taxation over a five year period, the pre-tax discount rate and the growth rate used to extrapolate cash flows beyond the budgeted period. The pre-tax risk adjusted discount rate applied to cash flow projections was 8.42% (2017: 8.4%). Management have estimated the discount rate by reference to past experience and an industry average weighted cost of capital as adjusted for appropriate risk factors reflecting current economic conditions and the risk profile of the CGUs. Cash flows beyond five years are extrapolated using a 2.5% growth rate for five years, after which a nil percentage growth rate is applied into perpetuity.

The calculation is most sensitive to changes in the assumptions used for budgeted cash flow, pre-tax discount rate and growth rate. Management considers that reasonable possible changes in assumptions would be an increase in discount rate of 1%, a reduction in growth rate of 1% or a 5% reduction in budgeted cash flow. As an indication of sensitivity, when applied to the value-in-use calculation neither a 1% increase in discount rate, a 1% reduction in growth rate or a 5% reduction in cash flow would have resulted in an impairment of goodwill in the period.

12 Acquisitions and disposals

Acquisitions in the current period

Be At One Holdings Limited

On 23 July 2018 Stonegate Pub Company Limited acquired the entire issued share capital of Be At One Holdings Limited. The specialist cocktail bar operator has 33 bars in prime high street town and city locations throughout the UK. Be At One is a great fit with Stonegate's drink led strategy and our growing reputation for being the leading operator of high street bars in the UK's major towns and cities. The acquisition was funded by a bridging loan of £54,420,000, charging an annual interest rate of 3 months LIBOR + 5% and due for repayment 20 July 2019. The facility has the option to be extended until March

12 Acquisitions and disposals (Continued)

2022 if certain conditions are met and will incur an interest rate of 3 months LIBOR + 5%. A summary of the provisional fair values of the assets and liabilities acquired are given in the table below:

	Fair value
	£000
Operating leases	42,822
Property, plant and equipment	1,300
Brand	3,728
Inventory	866
Cash	4,826
Trade and other receivables	2,038
Trade and other payables	(6,385)
Provisions	(230)
Deferred tax	(5,631)
Net assets acquired	43,334
Purchase price satisfied by:	
Cash consideration	52,592
Goodwill	**9,258**

Goodwill is considered to represent the value of the acquired specialist cocktail-makers workforce and synergies benefits that will be gained from combining these sites with the Group's existing portfolio of brands and sites. The Group incurred acquisition-related costs of £1,821,000 related to stamp duty and external legal and professional fees. These costs have been included in 'operating exceptional costs' in the consolidated income statement (see note 7).

Operating leases: The fair value of lease premiums was derived through a fair value exercise, taking into account earnings (profit) and the key city centre locations the sites have.

Property, plant and equipment: Included in property, plant and equipment are fixtures and fittings with a valuation of £1,300,000.

Brand: Brand intangibles of £3,728,000 have been recognised to the extent that the Be At One format provides a profit benefit versus similar unbranded bars. Brand intangibles are being amortised over a useful economic life of 10 years.

Inventory: The fair value applied to inventory was that at the date of acquisition.

Provisions: The fair value of provisions also includes £230,000 relating to onerous leases on loss-making sites at acquisition.

Post-acquisition to 30 September 2018 Be At One Holdings Limited contributed £8,013,000 in revenue and £372,000 in loss before tax. If the acquisition of Be At One Holdings Limited had taken place at the start of the financial period the Group's consolidated revenue would have been £808,768,000 and its consolidated loss before tax would have been £4,031,000.

Novus Limited

On 23 July 2018 Stonegate Pub Company Limited exchanged on 15 sites from A3D2 Limited, trading as Novus, all of which are prime locations in London. By year end, 4 of the Novus leases had been assigned, with the remaining 11 assigned by December 2018 for cash consideration of £25,352,000. The acquisition was funded by a bridging loan of £14,849,000, charging an annual interest rate of 3 months LIBOR + 5% and due for repayment 20 July 2019. The facility has the option to be extended until March 2022 if certain conditions are met and will incur an interest rate of 3 months LIBOR + 5%.

12 Acquisitions and disposals (Continued)

A summary of the provisional fair values of the assets and liabilities acquired are given in the table below:

	Fair value
	£000
Operating leases	4,826
Property, plant and equipment	90
Inventory	78
Cash	29
Trade and other receivables	651
Deferred tax	(820)
Net assets acquired	4,854
Purchase price satisfied by:	
Cash consideration	6,052
Goodwill	**1,198**

Goodwill is considered to represent the value of the acquired workforces and the benefits that will be gained from combining these sites with the Group's existing portfolio of brands and sites.

The Group incurred acquisition-related costs of £706,000 related to stamp duty and external legal and professional fees. These costs have been included in 'operating exceptional costs' in the consolidated income statement (see note 7).

Operating leases: The fair value of lease premiums was derived through a fair value exercise, taking into account earnings (profit) and the prime central London locations these sites hold.

Property, plant and equipment: Included in property, plant and equipment are fixtures and fittings with a valuation of £90,000.

Inventory: The fair value applied to inventory was that at the date of acquisition.

Post-acquisition to 30 September 2018 these sites contributed £147,000 in revenue and £72,000 in profit before tax. If the sites had been acquired at the start of the financial period the Group's consolidated revenue would have been £782,458,000 and its consolidated loss before tax would have been £4,031,000.

Other acquisitions

During the current period the Group also acquired three additional sites, one being a freehold and two leasehold sites. Payments for these sites were £910,000. Payments of £2,200,000 were made to exit two leasehold sites from tied leases with Ei Group plc. Additionally, a payment of £2,715,000 was made to assign a leasehold site from the Administrator of the Tattershall Castle Group, being £1,400,000 of operating lease and £1,315,000 of goodwill. During the period a further consideration of £304,000 was paid for the acquisition of Bar Holdings Limited and is included in Goodwill additions.

Total payments for business acquisitions were £64,773,000.

Acquisitions in the prior period

Intertain Limited

On 6 December 2016 Stonegate Pub Company Limited acquired the entire issued share capital of Intertain Limited. The Intertain Limited group consists of twenty-nine freehold and leasehold sites. The acquisition was funded by an indirect investment in the Company by funds managed by TDR Capital LLP, the ultimate controlling parties. In connection with the investment and for the purposes of making the acquisition, the Company issued 18,488,745 ordinary shares of £0.01 each at an aggregate price of £40,250,000 to Stonegate Pub Company Midco Limited, the Company's immediate parent company. The proceeds from the share issue were used as consideration and also to repay Intertain Limited's existing debt at the acquisition date.

The estate is a very good fit with the Group's existing portfolio of pubs and bars. It also gives the opportunity to trade in some towns and cities in which Stonegate Pub Company Limited did not have any

12 Acquisitions and disposals (Continued)

sites, such as Carlisle and Lichfield, and also to utilise the Walkabout brand name. A summary of the fair values of the assets and liabilities acquired are given in the table below:

	Fair value
	£000
Operating leases	26,726
Property, plant and equipment	10,498
Brand	2,000
Inventory	683
Cash	2,991
Trade and other receivables	4,751
Trade and other payables	(5,988)
Provisions	(4,931)
Deferred tax	1,590
Net assets acquired	38,320
Purchase price satisfied by:	
Cash consideration	38,386
Goodwill	**66**

Goodwill is considered to represent the value of the acquired workforces and the benefits that will be gained from combining these sites with the Group's existing portfolio of brands and sites.

The Group incurred acquisition-related costs of £1,267,000 related to stamp duty and external legal and professional fees. These costs have been included in 'operating exceptional costs' in the consolidated income statement (see note 7).

Operating leases: The fair value of lease premiums was derived through a fair value exercise.

Property, plant and equipment: Included in property, plant and equipment is freehold property with a valuation of £9,098,000 and fixtures and fittings of £1,400,000.

Brand: Brand Intangibles of £2,000,000 have been recognised to the extent that the Walkabout format provides a profit benefit versus similar unbranded pubs. Brand intangibles are being amortised over a useful economic life of 10 years.

Inventory: The fair value applied to inventory was that at the date of acquisition.

Provisions: When considering the fair value of the assets and liabilities acquired the Group has also provided for an ongoing legal case in connection to the acquisition. Management expect that indemnification provided by the former owners of the business to cover any liability arising. The fair value of provisions also includes £2,427,000 relating to onerous leases on closed or loss-making sites at acquisition.

Deferred tax: The Group recognised a deferred tax asset on losses existing in Intertain Limited pre-acquisition.

Large Bars Limited

On 21 April 2017 Stonegate Pub Company Limited acquired the entire issued share capital of Large Bars Limited, consisting of three leasehold sites in the London area. Total consideration was £4,828,000 and was funded out of cash.

The business has been acquired for the purpose of integrating these sites into the Group's existing brands and approach to market where it is believed that synergies and economies of scale can be obtained.

12 Acquisitions and disposals (Continued)

A summary of the fair values of the assets and liabilities acquired are given in the table below:

	Fair value
	£000
Operating leases	4,403
Property, plant and equipment	150
Inventory	51
Cash	61
Trade and other receivables	450
Trade and other payables	(694)
Deferred tax	(765)
Net assets acquired	3,656
Purchase price satisfied by:	
Cash consideration	4,828
Goodwill	**1,172**

Goodwill is considered to represent the value of the acquired workforces and the benefits that will be gained from combining these sites with the Group's existing portfolio of brands and sites.

The Group incurred acquisition-related costs of £322,000 related to stamp duty and external legal and profession fees. These costs have been included in 'operating exceptional costs' in the consolidated income statement (see note 7).

Operating leases: The fair value of lease premiums was derived through a fair value exercise.

Property, plant and equipment: Included in property, plant and equipment is fixtures and fittings of £150,000.

Inventory: The fair value applied to inventory was that at the date of acquisition.

Bar Holdings Limited

On 13 September 2017 Stonegate Pub Company Limited acquired the entire issued share capital of Bar Holdings Limited. The Bar Holdings Limited group operates five prime London transport hub sites. Total consideration was £10,000,000 and was funded out of cash.

The business has been acquired for the purpose of operating in these key locations and consolidating the Group's strong position in sports-led entertainment.

A summary of the fair values of the assets and liabilities acquired are given in the table below:

	Fair value
	£000
Operating leases	5,500
Property, plant and equipment	250
Inventory	105
Cash	262
Trade and other receivables	1,274
Trade and other payables	(2,575)
Deferred tax	(978)
Net assets acquired	3,838
Purchase price satisfied by:	
Cash consideration	10,304
Goodwill	**6,466**

Goodwill is considered to represent the value of the benefits that will be gained from the location of these sites in key transport locations.

12 Acquisitions and disposals (Continued)

The Group incurred acquisition-related costs of £276,000 related to stamp duty and external legal and professional fees. These costs have been included in 'operating costs' in the consolidated income statement (see note 7).

Operating leases: The fair value of the lease premiums was derived through a third party valuation by Davis Coffer Lyons in December 2017. The valuations calculated the fair value of the operating leases based on the stabilised earnings (profit) methodology.

Property, plant and equipment: Included in property, plant and equipment is fixtures and fittings of £250,000.

Inventory: The fair value applied to inventory was that at the date of acquisition.

Other acquisitions in the prior period

During the current period the Group also acquired several sites from JD Wetherspoon plc, Faucet Inn Limited, Punch Taverns plc and Enterprise Inns plc. Total payments for these sites were £13,097,000, of which £6,799,000 was for land and buildings; £5,400,000 was for operating leases and £898,000 for fixtures and fittings.

The Group incurred acquisition-related costs for the purchase of these sites of £1,304,000 related to stamp duty and external legal and professional fees. These costs have been included in exceptional operating costs in the consolidated income statement (see note 7).

During the current period the Group also acquired two sites from JD Wetherspoon plc for £300,000 which was for the operating leases (see note 10). Total payments for business acquisitions were £98,590,000.

Disposals in the current period

During the period the Group disposed of twenty-two sites to third parties for consideration of £8,638,000, with associated costs of sale and closure costs of £2,128,000. Property, plant and equipment and operating leases with net book values of £8,415,000 and goodwill with net book values of £1,242,000 were disposed. Loss on disposal was £3,147,000.

During the period the Group also wrote off property, plant and equipment with net book values of £4,067,000 relating to sites developed during the period.

Total loss on disposal for the period was £7,214,000.

Disposals in the prior period

During the prior period the Group disposed of fifteen sites to third parties for consideration of £9,305,000, with associated costs of sale and closure costs of £1,906,000. Property, plant and equipment with net book values of £6,391,000 and goodwill with net book values of £681,000 were disposed. Profit on disposal was £327,000.

During the period the Group also wrote off property, plant and equipment with net book values of £5,659,000 relating to sites developed during the period.

Total loss on disposal for the period was £5,332,000.

13 Investments in subsidiaries

The Company has the following investments in subsidiaries.

Name of company	Country of incorporation	Class of shares held	Proportion held	Nature of business
Stonegate Pub Company Financing plc	England and Wales	Ordinary	100%	Financing
Plato Company 3 Limited	Cayman Islands	Ordinary	100%	Holding company
FTK Propco Limited	England and Wales	Ordinary	100%	Dormant
DW Propco Limited	England and Wales	Ordinary	100%	Dormant
BH Propco Limited	England and Wales	Ordinary	100%	Dormant
Hull Propco Limited	England and Wales	Ordinary	100%	Property company
SJT Propco Limited	England and Wales	Ordinary	100%	Dormant
AD Propco Limited	England and Wales	Ordinary	100%	Dormant
Large Bars Limited	England and Wales	Ordinary	100%	Operation of licensed bars
Falcon Propco 1 Limited	England and Wales	Ordinary	100%	Property company
Town and City Pub Group Limited*	England and Wales	Ordinary	100%	Holding company
Barley Pub Company Limited*	England and Wales	Ordinary	100%	Operation of licensed bars
Hops Pub Company Limited*	England and Wales	Ordinary	100%	Operation of licensed bars
Plato Restaurant Holdings Limited*	Cayman Islands	Ordinary	100%	Holding company
Bay Restaurant Holdings Limited*	Cayman Islands	Ordinary	100%	Holding company
Bay Restaurant Group Limited*	England and Wales	Ordinary	100%	Holding company
Slug and Lettuce Company Limited*	England and Wales	Ordinary	100%	Operation of licensed bars
Intertain Limited	England and Wales	Ordinary	100%	Holding company
Intertain (Bars) Limited*	England and Wales	Ordinary	100%	Operation of licensed bars
Intertain (Bars) II Limited*	England and Wales	Ordinary	100%	Operation of licensed bars
Intertain (Bars) III Limited*	England and Wales	Ordinary	100%	Operation of licensed bars
Intertain (Bars) IV Limited*	England and Wales	Ordinary	100%	Operation of licensed bars
Bar Holdings Limited	England and Wales	Ordinary	100%	Operation of licensed bars
Sports Bar And Grill (Canary Wharf) Limited*	England and Wales	Ordinary	100%	Operation of licensed bars
Sports Bar And Grill Farringdon Limited*	England and Wales	Ordinary	100%	Operation of licensed bars
Sports Bar And Grill St Katherine Dock Limited*	England and Wales	Ordinary	100%	Dormant
Sports Bar And Grill Victoria Limited*	England and Wales	Ordinary	100%	Operation of licensed bars
Sports Bar And Grill Waterloo Limited*	England and Wales	Ordinary	100%	Operation of licensed bars
Sports Bar And Grill (Piccadilly Circus) Limited*	England and Wales	Ordinary	100%	Operation of licensed bars
Sports Grill to Go Limited*	England and Wales	Ordinary	100%	Dormant
Be At One Holdings Limited	England and Wales	Ordinary	100%	Holding company
Be At One Limited*	England and Wales	Ordinary	100%	Operation of licensed bars

* Held indirectly

14 Deferred tax assets and liabilities

Movement in deferred tax during the period is as follows:

	30 September 2018	24 September 2017
	£000	£000
At beginning of period	**(6,040)**	(3,283)
Charged to income statement	**(1,331)**	(1,907)
Charged to equity	**(561)**	(697)
Acquisitions	**(6,451)**	(153)
At end of period	**(14,383)**	(6,040)

The movements in deferred tax assets and liabilities during the period are shown below:

Deferred tax assets

	Tax losses	Retirement benefit liabilities	Temporary differences	Total
	£000	£000	£000	£000
At 25 September 2016	3,922	2,408	43	6,373
Credited/(charged) to income statement	(2,509)	(105)	511	(2,103)
Recognised in other comprehensive income	—	(697)	—	(697)
Recognised in goodwill	2,688	—	—	2,688
At 24 September 2017	4,101	1,606	554	6,261
Charged to income statement	(3,599)	(71)	(523)	(4,193)
Recognised in other comprehensive income	—	(561)	—	(561)
At 30 September 2018	**502**	**974**	**31**	**1,507**

The Directors consider it reasonable to recognise deferred tax assets as it is probable that taxable profits will be available against which the temporary differences can be utilised.

Deferred tax liabilities

	Retirement benefit liabilities	Intangibles	Property, plant and equipment	Total
	£000	£000	£000	£000
At 25 September 2016	—	2,370	7,286	9,656
Charged/(credited) to income statement	—	466	(662)	(196)
Recognised in goodwill	—	—	2,841	2,841
At 24 September 2017	—	2,836	9,465	12,301
Charged/(credited) to income statement	155	466	(3,483)	(2,862)
Recognised in goodwill	—	—	6,451	6,451
At 30 September 2018	**155**	**3,302**	**12,433**	**15,890**

At the period end the Group had a net deferred tax liability of £14,383,000 (2017: liability of £6,040,000) and an unrecognised deferred tax asset of £890,000 (2017: £1,042,000) relating to unutilised losses in Intertain Limited.

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 30 September 2018 has been calculated based on these rates.

Note 23 discusses an ongoing enquiry with HMRC regarding Intertain (Bars) Limited over its valuation methodology on acquisition of properties in 2009.

14 Deferred tax assets and liabilities (Continued)

HMRC have disputed the Group's valuation methodology in respect of its acquisition of pubs in 2010. Whilst discussions are ongoing with HMRC and the outcome could be substantially higher, the financial statements reflect the Group's best estimate of the eventual outcome which is a utilisation of £9,200,000 tax losses.

15 Inventories

	30 September 2018	24 September 2017
	£000	£000
Goods held for resale	**12,410**	11,448
	12,410	11,448

The estimated replacement cost of stocks is not materially different from the above carrying values.

The Group consumed £204,409,000 of inventories during the period (2017: £187,019,000) and charged £Nil to the income statement for the write-down of inventories during the period (2017: £Nil).

16 Trade and other receivables

	30 September 2018	24 September 2017
	£000	£000
Trade receivables	**4,359**	5,959
Amounts due from group undertakings	**337**	—
Other receivables	**8,830**	7,699
Prepayments and accrued income	**17,135**	18,570
	30,661	32,228

There is an amount of £300,000 owing from Stonegate Pub Company Group S.a.r.l, a company incorporated in Luxembourg, which is repayable on demand. There is also an amount of £37,000 owing from TDR Capital LLP (2017: £39,000 payable), see note 25.

17 Trade and other payables

	30 September 2018	24 September 2017
	£000	£000
Trade payables	**54,607**	58,300
Amounts due to group undertakings	**2,557**	2,733
Other taxation and social security	**14,682**	16,499
Corporation tax payable	**1,701**	—
Other payables	**17,613**	23,890
Accruals	**28,707**	25,155
	119,867	126,577

There is an amount of £2,557,000 (2017: £2,694,000) owing to Stonegate Pub Company Midco Limited, the immediate parent company, at 30 September 2018. See note 25.

18 Borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate and foreign currency risk, see note 19.

	30 September 2018	24 September 2017
	£000	£000
Current liabilities		
Bank overdrafts	**10,903**	12,963
Revolving credit facility	**25,000**	8,000
Bank loans	**67,916**	—
	103,819	20,963
Non-current liabilities		
Secured loan notes issued by Stonegate Pub Company Financing plc	**591,009**	589,835
	591,009	589,835

Current liabilities include £25,000,000 (2017: £8,000,000) drawn down from the Group's revolving credit facility and charged annual interest of 3 month LIBOR +3% and is repayable on demand.

Current liabilities also include £69,268,000 of bridging loans in relation to the purchase of Be At One and the Novus sites, see note 12. These charge an annual interest rate of 3 months LIBOR + 5% and are due for repayment 20 July 2019. The facility has the option to be extended until March 2022 if certain conditions are met and will incur an interest rate of 3 months LIBOR + 5%. These are shown net of debt issue costs of £1,352,000.

Non-current secured loan notes are shown net of debt issue costs of £3,991,000 (2017: £5,165,000).

Terms and debt repayment schedule:

			Principal outstanding	
	Principal borrowed	Year of maturity	30 September 2018	24 September 2017
	£000		£000	£000
Secured fixed notes	405,000	2022	**405,000**	405,000
Secured floating notes	190,000	2022	**190,000**	190,000
			595,000	595,000

On 16 March 2017 Stonegate Pub Company Financing plc, a public limited company incorporated under the laws of England and Wales and a wholly owned subsidiary of Stonegate Pub Company Limited, received £595,000,000 from the issue of £405,000,000 fixed loan notes charging an annual interest rate of 4.875% and £190,000,000 floating loan notes charging an annual interest rate of 3 months LIBOR + 4.375%. The notes will mature on 15 March 2022 and are listed on the Channel Islands stock exchange. Amortised debt issue costs of £3,991,000 offset the loan balance at the period end.

19 Financial instruments

Fair values of financial instruments

Set out in the table below are the carrying values and fair values of all of the Group's financial instruments at 30 September 2018 and 24 September 2017.

	Fair value		Carrying value	
	2018	2017	2018	2017
	£000	£000	£000	£000
Financial assets—loans and receivables				
Trade receivables	**4,359**	5,959	**4,359**	5,959
Other receivables	**8,830**	7,699	**8,830**	7,699
Cash and cash equivalents	**26,454**	16,514	**26,454**	16,514
	39,643	30,172	**39,643**	30,172
Financial liabilities				
Trade payables	**54,607**	58,300	**54,607**	58,300
Other payables	**17,613**	23,890	**17,613**	23,890
Secured fixed notes	**399,140**	408,471	**405,000**	405,000
Secured floating notes	**187,769**	190,289	**190,000**	190,000
Bank loans and overdrafts	**105,171**	20,963	**105,171**	20,963
	764,300	701,913	**772,391**	698,153

The following assumptions were used to estimate the fair values:

Trade and other receivables—these are carried at amortised cost using the effective interest method and fair value is deemed to be the same as this.

Cash and cash equivalents—approximate to the carrying amounts stated in the accounts.

Trade and other payables—these are carried at amortised cost using the effective interest method and fair value is deemed to be the same as this.

Short-term loans and overdrafts—approximates to the carrying amount because of the short maturity of these instruments.

Long term loans—based on quoted market prices in the case of the securitised debt.

The Group's financial instruments consist of securitised loan notes, bank borrowings and cash, the main purpose of which is to raise finance for the Group's operations. The Group's other financial instruments, such as trade receivables and payables, arise directly from its operations.

Fair value hierarchy

IFRS 7 requires that the classification of financial instruments at fair value be determined by reference to the source of inputs used to derive fair value.

The classification uses the following three-level hierarchy:

- Level 1—quoted prices in active markets for identical assets or liabilities;
- Level 2—inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3—inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values disclosed in respect of securitised loan notes have been evaluated as level 1 within the hierarchy described above. All other financial instruments carried at fair value have been measured by a level 2 valuation method.

Capital risk management

The Group's capital structure consists of debt, issued share capital and reserves. These are managed effectively to minimise the Group's cost of capital, to add value to shareholders and to service debt

19 Financial instruments (Continued)

obligations. The Group's principal external debt is held within one securitisation. The securitised debt is monitored by a variety of measures, which are reported to the debt providers on a quarterly basis. The Group assesses the performance of the business, the level of available funds and the short to medium term strategic plans concerning capital spend as well as the need to meet financial covenants and such assessment influences the level of dividends payable.

The main risks from the Group's financial instruments are liquidity risk and credit risk.

The Directors do not consider there to be a significant risk to exposure to interest rates and the impact of the fluctuations from its floating rate loan notes. There is no currency risk as all of the revenues and costs of the Group are in sterling. The policy for managing each of the Group's risks is set out as follows.

Liquidity risk

Liquidity risk is risk that the Group may not be able to meet its financial obligations as they fall due. The Group seeks to manage financial risk to ensure sufficient liquidity is available to meet foreseeable needs. The Group also monitors the maturity of financial liabilities to avoid the risk of a shortage of funds. Surplus funds are placed on deposit and are available at short notice. The table below summarises the maturity profile of the Group's debt based on contractual, undiscounted cash flows including interest.

	Within 1 year	1 - 2 years	2 - 5 years	> 5 years	Total
	£000	£000	£000	£000	£000
At 30 September 2018					
Interest-bearing loans and borrowings					
—capital	**69,268**	**—**	**595,000**	**—**	**664,268**
—interest	**30,247**	**28,946**	**43,559**	**—**	**102,752**
Bank overdrafts	**10,903**	**—**	**—**	**—**	**10,903**
Revolving credit facility	**25,000**	**—**	**—**	**—**	**25,000**
Trade payables	**54,607**	**—**	**—**	**—**	**54,607**
Other payables	**17,613**	**—**	**—**	**—**	**17,613**
	207,638	**28,946**	**638,559**	**—**	**875,143**
	£000	£000	£000	£000	£000
At 24 September 2017					
Interest-bearing loans and borrowings					
—capital	—	—	595,000	—	595,000
—interest	28,750	28,580	71,160	—	128,490
Bank overdrafts	12,963	—	—	—	12,963
Revolving credit facility	8,000	—	—	—	8,000
Trade payables	58,300	—	—	—	58,300
Other payables	23,890	—	—	—	23,890
	131,903	28,580	666,160	—	826,643

Credit risk

Credit risk arises because a counter party may fail to perform its obligations. The principal financial assets of the Group are cash and cash equivalents, trade receivables and other receivables. The credit risk associated with the cash and cash equivalents is limited. Credit risk is managed by transacting with financial institutions with high quality credit ratings. Trade receivables comprise a large number of individually small amounts from unrelated customers and are shown net of a provision for doubtful debts. Management estimates the provision for doubtful debts based on a review of all individual receivable accounts, experience and known factors at the period end. The credit risk associated with these is minimal. The Group has no significant concentration of credit risk. The carrying amount of financial assets

19 Financial instruments (Continued)

represents the maximum credit exposure. The ageing of trade and other receivables at the balance sheet date, gross of the doubtful debt provision, is as follows:

	30 September 2018	24 September 2017
	£000	£000
Not past due	**13,177**	11,922
0 - 30 days past due	**13**	1,112
31 - 60 days past due	**339**	613
Greater than 60 days past due	**218**	337
	13,747	13,984

Trade receivables are shown gross of a provision of £221,000 (2017: £326,000). £19,000 was charged to the income statement during the period (2017: charged £87,000).

20 Provisions

	Onerous leases	Health and safety claims	Total
	£000	£000	£000
At 25 September 2016	4,180	1,781	5,961
Additions	5,301	700	6,001
Additions through business combinations	2,551	2,380	4,931
Discount rate revision	1,706	—	1,706
Utilised	(959)	(1,000)	(1,959)
Released	(551)	—	(551)
At 24 September 2017	12,228	3,861	16,089
Additions	8,096	1,891	9,987
Additions through business combinations	230	—	230
Utilised	(678)	(1,100)	(1,778)
Released	(8,234)	—	(8,234)
At 30 September 2018	**11,642**	**4,652**	**16,294**

The onerous lease provision includes amounts for lease rentals and costs of exiting closed and loss-making sites which the Group acquired during a prior period. The Directors have determined that these sites operate under onerous property leases and have provided the expected shortfall between operating income and rents payable for a property. The estimated period required to mitigate these losses is identified on an individual property basis. The release of the onerous lease provisions primarily relates to the successful exit of sites at a rate below originally expected.

The health and safety claims provision is an estimate of the claims which the Group expects to settle over the next two years. These claims generally relate to minor incidents of personal injury at sites and the level of provision has been based on managements' expected future successful claim rate. The Group has also provided for an ongoing legal case in connection to the acquisition of the Intertain Limited group of companies. Management expect that indemnification provided by the former owners of the business to cover any liability arising.

21 Share capital

	30 September 2018	24 September 2017
	£000	£000
Called up, allotted and fully paid:		
168,488,745 ordinary shares of £0.01 each	**1,685**	1,685

Ordinary shares

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

21 Share capital (Continued)

Share premium

Consideration received for shares issued above their nominal value net of transaction costs.

Retained earnings

Cumulative profit and loss net of distributions to owners.

22 Commitments

Operating leases relating to land and buildings

At the end of the reporting period, the future minimum lease payments under non-cancellable operating leases are payable as follows:

	30 September 2018	24 September 2017
	£000	£000
Future minimum rentals payable under non-cancellable operating leases:		
Within one year	**55,757**	47,853
Between one and five years	**210,947**	181,421
After five years	**516,786**	461,830
	783,490	691,104

Capital commitments

Capital commitments for property, plant and equipment:

	30 September 2018	24 September 2017
	£000	£000
Contracted but not provided	**14,360**	10,394

23 Contingent liability

Intertain (Bars) Limited has been in dispute with HMRC over its valuation methodology on acquisition of properties in 2009. The matter has not progressed significantly and the Directors are confident of the position adopted by Intertain (Bars) Limited as this follows generally accepted accounting practice and Royal Institute of Chartered Surveyors valuation guidance. However, HMRC are continuing to pursue the matter and therefore the Directors consider it appropriate to disclose this contingent liability which, in the unlikely event of HMRC being successful, could result in the utilisation of £7,981,000 tax losses and a potential cash outflow of £1,170,000.

24 Employee benefits

Defined contribution pension schemes

The Group operates three defined contribution stakeholder schemes for certain employees. The pension cost charge for the period represents contributions payable by the Group to the schemes and amounted to £1,703,000 (2017: £1,215,000). At the period end the Group had outstanding contributions payable to the schemes of £Nil (2017: £1,000).

Defined benefit pension schemes

On 21 June 2011, as part of the Plato Company 3 acquisition the Group acquired two defined benefit schemes, the Laurel Pub Pension scheme and the Yates Group Pension scheme, which are closed to new members and closed to further accruals for existing members. The assets of the schemes are held in single, separate trustee administered funds.

A full actuarial valuation for the Laurel Pub Pension scheme was carried out as at 28 February 2014. For the purposes of IAS19 the provisional results of the actuarial valuation for the Laurel Pub Pension scheme as at 28 February 2017, which was carried out by a qualified independent actuary, has been updated on an approximate basis to 30 September 2018.

24 Employee benefits (Continued)

A full actuarial valuation for the Yates Group Pension scheme was carried out as at 28 February 2017. For the purposes of IAS19 the actuarial valuation as at 28 February 2017, which was carried out by a qualified independent actuary, has been updated on an approximate basis to 30 September 2018.

The following tables illustrate the impact of both the Laurel Pub Pension scheme and the Yates Group Pension scheme on the consolidated income statement, the consolidated statement of comprehensive income (SOCI) and the consolidated balance sheet.

The amounts recognised in the balance sheet are as follows:

	30 September 2018	24 September 2017
	£000	£000
Laurel Pub Pension scheme		
Fair value of plan assets	**74,534**	73,485
Present value of defined benefit obligation	**(78,570)**	(83,698)
Net retirement benefit liability recognised in the balance sheet	**(4,036)**	(10,213)
	£000	£000
Yates Group Pension scheme		
Fair value of plan assets	**12,971**	14,322
Present value of defined benefit obligation	**(12,059)**	(13,558)
Surplus in scheme	**912**	764
Restriction of surplus	**—**	—
Net retirement benefit surplus recognised in the balance sheet	**912**	764
Total net retirement benefit recognised in the balance sheet	**(3,124)**	(9,449)

At the end of the life of the Yates Group Pension scheme, the Company has an unconditional right to a refund and any such refund would be paid out only on a net of tax basis.

Movements in the present value of scheme liabilities are as follows:

	30 September 2018	24 September 2017
	£000	£000
Laurel Pub Pension scheme		
Present value of scheme liabilities at beginning of period	**83,698**	90,046
Expenses	**26**	70
Interest cost	**2,285**	2,030
Actuarial gains	**(3,484)**	(5,315)
Benefits paid	**(3,955)**	(3,133)
Past service costs	**—**	—
Present value of scheme liabilities at end of period	**78,570**	83,698
	£000	£000
Yates Group Pension scheme		
Present value of scheme liabilities at beginning of period	**13,558**	14,622
Expenses	**—**	—
Interest cost	**357**	331
Actuarial gains	**(241)**	(974)
Benefits paid	**(1,615)**	(421)
Past service costs	**—**	—
Present value of scheme liabilities at end of period	**12,059**	13,558
Total present value of scheme liabilities at end of period	**90,629**	97,256

24 Employee benefits (Continued)

Movements in the fair value of scheme assets are as follows:

	30 September 2018	24 September 2017
	£000	£000
Laurel Pub Pension scheme		
Fair value of scheme assets at beginning of period	**73,485**	75,819
Interest income	**2,045**	1,714
Return on plan assets excluding interest income	**(311)**	(1,915)
Contributions paid by employer	**3,270**	1,000
Benefits paid	**(3,955)**	(3,133)
Fair value of scheme assets at end of period	**74,534**	73,485
	£000	£000
Yates Group Pension scheme		
Fair value of scheme assets at beginning of period	**14,322**	14,686
Interest income	**378**	332
Return on plan assets excluding interest income	**(114)**	(275)
Contributions paid by employer	**—**	—
Benefits paid	**(1,615)**	(421)
Fair value of scheme assets at end of period	**12,971**	14,322
Total fair value of scheme assets at end of period	**87,505**	87,807

Interest costs are shown in finance costs and service costs and expenses are recognised in operating costs. The amounts recognised in the income statement are as follows.

	2018 53 weeks	2017 52 weeks
	£000	£000
Laurel Pub Pension scheme		
Past service costs	**—**	—
Interest cost	**240**	316
Expenses	**26**	70
Net cost	**266**	386
	£000	£000
Yates Group Pension scheme		
Past service costs	**—**	—
Interest income	**(21)**	(1)
Expenses	**—**	—
Net income	**(21)**	(1)
Total net cost	**245**	385

24 Employee benefits (Continued)

Analysis of amounts recognised in the SOCI in the period:

	2018 53 weeks	2017 52 weeks
	£000	£000
Laurel Pub Pension scheme		
Return on plan assets excluding interest income	**(311)**	(1,915)
Experience gains	**(1,081)**	791
Effects of changes in demographic assumptions	**768**	2,125
Effects of changes in financial assumptions	**3,797**	2,399
Re-measurement losses recognised in the SOCI	**3,173**	3,400

	£000	£000
Yates Group Pension scheme		
Return on plan assets excluding interest income	**(114)**	(275)
Experience gains	**(257)**	366
Effects of changes in demographic assumptions	**158**	224
Effects of changes in financial assumptions	**340**	384
Re-measurement gains recognised in the SOCI	**127**	699
Total re-measurement losses recognised in the SOCI	**3,300**	4,099

Cumulative amounts recognised in the SOCI:

	30 September 2018	24 September 2017
	£000	£000
At beginning of period	**(10,231)**	(14,330)
Re-measurement losses in the period	**3,300**	4,099
At end of period	**(6,931)**	(10,231)

The history of experience adjustments on the schemes for the current and previous financial periods is as follows:

	2018	2017	2016	2015	2014
	£000	£000	£000	£000	£000
Laurel Pub Pension scheme					
Present value of retirement benefit liabilities	**(78,570)**	(83,698)	(90,046)	(69,332)	(65,734)
Fair value of plan assets	**74,534**	73,485	75,819	62,112	58,499
Net liability in the scheme	**(4,036)**	(10,213)	(14,227)	(7,220)	(7,235)
Experience adjustment on scheme liabilities	**(1,081)**	791	1,482	1,441	(152)
Percentage of scheme liabilities	**1.4%**	(0.9)%	(1.7)%	(2.1)%	0.2%
Experience adjustments on scheme assets	**(311)**	(1,915)	12,279	1,712	3,712
Percentage of scheme assets	**(0.4)%**	(2.6)%	16.2%	2.8%	6.3%

	£000	£000	£000	£000	£000
Yates Group Pension scheme					
Present value of retirement benefit liabilities	**(12,059)**	(13,558)	(14,622)	(12,569)	(13,041)
Fair value of plan assets	**12,971**	14,322	14,686	13,299	13,168
Net asset in the scheme	**912**	764	64	730	127
Experience adjustment on scheme liabilities	**(257)**	366	225	725	(44)
Percentage of scheme liabilities	**2.1%**	(2.7)%	(1.5)%	(5.8)%	0.3%
Experience adjustments on scheme assets	**(114)**	(275)	1,466	107	677
Percentage of scheme assets	**(0.9)%**	(1.9)%	10.0%	0.8%	5.1%

24 Employee benefits (Continued)

The Group has agreed with the trustees of the Laurel Pub Pension scheme that it will aim to eliminate the deficit by the payment of annual contributions of £2,000,000 each year until 2023. The Group will meet the other annual fees and expenses (excluding the annual PPF levy) incurred by the scheme subject to a cap of £250,000 per scheme year.

The Group does not expect to contribute to the Yates Group defined benefit plan in the next financial period.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

	30 September 2018	24 September 2017
Male retiring in 2018	**21.2 years**	21.5 years
Female retiring in 2018	**23.1 years**	23.4 years
Male retiring in 2043	**23.0 years**	23.7 years
Female retiring in 2043	**25.1 years**	25.7 years

The principal actuarial assumptions (expressed as weighted averages) at the period end were as follows:

	30 September 2018	24 September 2017
	£000	£000
Laurel Pub Pension Scheme		
Discount rate	**2.90%**	2.75%
Rate of increase in pension payment	**3.10%**	3.20%
Inflation (RPI)	**3.30%**	3.40%
Inflation (CPI)	**2.30%**	2.40%
Yates Group Pension Scheme		
Discount rate	**2.90%**	2.75%
Rate of increase in pension payment	**2.30%**	2.40%
Inflation (RPI)	**3.30%**	3.40%
Inflation (CPI)	**2.30%**	2.40%

The fair values of the plan assets and the return on those assets for both schemes were as follows:

	2018	2017
	£000	£000
Laurel Pub Pension Scheme		
Equities	**31,559**	39,164
Bonds	**42,711**	33,897
Cash	**264**	424
Fair value of plan assets	**74,534**	73,485
Actual return on plan assets	**1,734**	(201)
Yates Group Pension Scheme		
Equities	**4,977**	5,870
Bonds	**7,938**	7,805
Cash	**56**	52
Other	**—**	595
Fair value of plan assets	**12,971**	14,322
Actual return on plan assets	**264**	57

24 Employee benefits (Continued)

Analysis of the sensitivity to the principal assumptions of the present value of the defined benefit obligation is set out below:

	Change in assumption	Impact on scheme liabilities 30 September 2018	24 September 2017
		£000	£000
Laurel Pub Pension Scheme			
Discount rate	Increase of 0.10% p.a.	**(1,493)**	(1,758)
Rate of inflation	Increase of 0.10% p.a.	**1,414**	1,758
Rate of mortality	Increase in life expectancy of 1 year	**2,357**	2,762
Yates Group Pension Scheme			
Discount rate	Decrease of 0.25% p.a.	**374**	475
Rate of inflation	Increase of 0.25% p.a.	**301**	325
Rate of mortality	Increase in life expectancy of 1 year	**386**	407

The sensitivities shown above are approximate. Each sensitivity considers one change in isolation. The inflation sensitivity includes the impact of changes to the assumptions for revaluation and pension increases. The average duration of the defined benefit obligation at the period ending 30 September 2018 is 19 years for the Laurel Pub Pension scheme (2017: 22 years) and 13 years for the Yates Group Pension scheme (2017: 14 years).

The plan typically exposes the Group to actuarial risks such as investment risk, interest rate risk, mortality risk and longevity risk. A decrease in corporate bond yields, a rise in inflation or an increase in life expectancy would result in an increase to plan liabilities. This would detrimentally impact the balance sheet position and may give rise to increased charges in future income statements. This effect would be partially offset by an increase in the value of the plan's bond holdings, and in qualifying death in service insurance policies that cover the mortality risk. Additionally, caps on inflationary increases are in place to protect the Yates Group Pension scheme against extreme inflation.

25 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not contained in this note.

Transactions with key management personnel

Key management comprises the executive directors and management board. The key management personnel compensation is as follows:

	2018 53 weeks	2017 52 weeks
	£000	£000
Salaries and short-term employee benefits	**4,570**	3,880
Post-employment pension benefits	**203**	193
Compensation for loss of office	**—**	494
	4,773	4,567

Other related party transactions

During the year interest was charged on loans to management as part of the MEP scheme of £64,000 (2017: £76,000) and £197,000 was repaid during the period (2017: £417,000). One employee ceased employment resulting in £201,000 being cancelled. The amount outstanding at 30 September 2018 and included in other receivables was £1,113,000 (2017: £1,447,000).

There is an amount of £2,557,000 (2017: £2,694,000) owing to Stonegate Pub Company Midco Limited, the immediate parent company, at 30 September 2018 relating to this transaction. This is included in trade and other payables.

25 Related party transactions (Continued)

During a prior period the Group issued an interest free loan of £200,000 to Simon Longbottom, a director of Stonegate Pub Company Limited. At 30 September 2018 this amount remained outstanding and was included in other receivables.

Transactions with Group undertakings

During the year the Group was invoiced management charges of £2,012,000 (2017: £2,039,000) by TDR Capital LLP. The amount outstanding at 30 September 2018 was £501,000 (2017: £Nil). The Group also operated a handful of public houses on behalf of entities affiliated with investment funds managed by TDR Capital LLP, known as Cubitt House Limited. Purchases for these sites totalled £377,000 (2017: £189,000) and sales owing to the purchasing entities were £301,000 (2017: £230,000), resulting in a balance owing from entities affiliated with investment funds managed by TDR Capital LLP of £37,000 (2017: balance owed by Stonegate Pub Company Limited of £39,000). During the period the Group also disposed of one site to Cubitt House Limited for £1,600,000 which was settled in full.

26 Ultimate parent undertaking

The ultimate parent company is Stonegate Pub Company Holdings Limited, a company incorporated in the Cayman Islands. The ultimate controlling party is TDR Capital Stonegate L.P., an investment fund managed by TDR Capital LLP, a private equity management firm.

27 Post balance sheet events

On 26 October 2018, the High Court of Justice of England and Wales issued a judgment in a claim regarding the rights of members to equality of treatment in relation to pension benefits. The court ruling has made it clear that schemes are under a duty to equalise benefits for men and women in relation to guaranteed minimum pension benefits. The extent to which the judgement will increase the liabilities of the Scheme is under consideration, however initial estimates are an increase between 1-3% of gross liabilities, any adjustment is expected to be recognised in the second half of 2018/19.

stonegate
PUB COMPANY

Annual report and financial statements

For the 52 weeks ended 24 September 2017

Registered number FC029833

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Company information

Directors
Manjit Dale
Ian Payne
David Ross
Simon Longbottom
Brian Magnus

Secretary
Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Registered office
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors of Stonegate Pub Company Limited ('the directors') have accepted responsibility for the preparation of the Strategic report, Director's report and non-statutory Group accounts for the period ended 24 September 2017 which are intended by them to give a true and fair view of the state of affairs of the Group and of the profit or loss for that period. They have decided to prepare the non-statutory Group accounts in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and applicable Cayman Island company law. In preparing these non-statutory Group accounts, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether they have been prepared in accordance with IFRS, as adopted by the EU;
- assessed the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- used the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for such internal control as they determine is necessary to enable the preparation of non-statutory Group accounts that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities

KPMG

KPMG LLP
Audit
Altius House
One North Fourth Street
Milton Keynes MK9 1NE
United Kingdom

Tel +44 (0) 1908 844800
Fax +44 (0) 1908 844888

Private & confidential
The Directors
Stonegate Pub Company Limited
Porter Tun House
500 Capability Green
Luton
LU1 3LS

Your ref

Our ref ab/

Contact Simon Haydn-Jones
Tel 0118 964 4971

19 January 2018

Dear Directors

Independent auditor's report to Stonegate Pub Company Limited ("the Company")

Opinion

We have audited the non-statutory Group accounts of Stonegate Pub Company Limited and its subsidiaries (collectively "the Group") for the 52 week period ended 24 September 2017 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement, and related notes, including the accounting policies in note 1. These non-statutory Group accounts have been prepared for the reasons set out in note 1 to the non-statutory Group accounts and on the basis of the financial reporting framework of International Financial Reporting Standards (IFRSs) as adopted by the EU.

In our opinion the non-statutory Group accounts:

- give a true and fair view of the state of the Group's affairs as at 24 September 2017 and of the Group's loss for the period then ended; and
- have been properly prepared in accordance with IFRSs as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and the terms of our engagement letter dated 11 January 2018. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, the International Ethics Standards Board for Accountants (IESBA) ethical requirements. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the non-statutory Group accounts. We have nothing to report in these respects.

Other information

The directors are responsible for the other information, which comprises the Strategic report and the Directors' report. Our opinion on the non-statutory Group accounts does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our non-statutory Group accounts audit work, the information therein is materially misstated or inconsistent with the non-statutory Group accounts or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Directors' responsibilities

As explained more fully in their statement set out on page 13, the directors are responsible for: the preparation of the non-statutory Group accounts, which are intended by them to give a true and fair view; such internal control as they determine is necessary to enable the preparation of non-statutory Group accounts that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the non-statutory Group accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the non-statutory Group accounts.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

Our report has been prepared for the Stonegate Pub Company Limited ("the Company"), and their respective directors or executive officers ("the Addressees") solely in response to a request from the Addressees for an opinion from independent auditors on the truth and fairness of the non-statutory Group accounts. It has been released to the Addressees on the basis that our report shall not be copied, referred to or disclosed, in whole (save for the Addressees' own internal purposes) or in part, without our prior written consent.

Our report was designed to meet the agreed requirements of the Addressees determined by their needs at the time. Our report should not therefore be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Addressees for any purpose or in any context. Any party other than the Addressees who obtains access to our report or a copy and choose to rely on our report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, KPMG LLP will accept no responsibility or liability in respect of our report to any other party.

KPMG LLP
Chartered Accountants
19 January 2018

Consolidated Income Statement

For the 52 weeks ended 24 September 2017

	Notes	52 weeks ended 24 September 2017 Pre-exceptional items	Exceptional items[1]	Total	52 weeks ended 25 September 2016 Pre-exceptional items	Exceptional items[1]	Total
		£000	£000	£000	£000	£000	£000
Revenue	2	**697,468**	**—**	**697,468**	642,561	—	642,561
Operating costs		**(600,400)**	**(15,393)**	**(615,793)**	(554,360)	(14,834)	(569,194)
Operating profit before depreciation, amortisation, impairment and loss on sale of non-current assets		**97,068**	**(15,393)**	**81,675**	88,201	(14,834)	73,367
Depreciation and impairment		**(43,058)**	**(2,244)**	**(45,302)**	(37,407)	(2,703)	(40,110)
Amortisation of operating leases and brand		**(5,861)**	**—**	**(5,861)**	(4,104)	—	(4,104)
Total depreciation, amortisation and impairment		**(48,919)**	**(2,244)**	**(51,163)**	(41,511)	(2,703)	(44,214)
Loss on disposal of non-current assets	12	**(5,332)**	**—**	**(5,332)**	(318)	(10,308)	(10,626)
Operating profit	3	**42,817**	**(17,637)**	**25,180**	46,372	(27,845)	18,527
Finance income	5	**101**	**—**	**101**	132	—	132
Finance costs	6	**(31,321)**	**(16,183)**	**(47,504)**	(31,896)	(695)	(32,591)
Movement in fair value of interest rate swaps		**—**	**—**	**—**	1,393	—	1,393
Profit/(loss) before taxation		**11,597**	**(33,820)**	**(22,223)**	16,001	(28,540)	(12,539)
UK income tax (charge)/credit	8	**(1,580)**	**(327)**	**(1,907)**	481	791	1,272
Profit/(loss) for the period attributable to owners of the parent company		**10,017**	**(34,147)**	**(24,130)**	16,482	(27,749)	(11,267)

1 Exceptional items are explained further in note 7.

The notes on pages F-58 to F-89 form part of these financial statements.

Consolidated Statement of Comprehensive Income

For the 52 weeks ended 24 September 2017

	Notes	52 weeks ended 24 September 2017	52 weeks ended 25 September 2016
		£000	£000
Loss for the period		**(24,130)**	(11,267)
Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit pension schemes	24	**4,099**	(8,413)
Tax (charge)/credit relating to components of other comprehensive income	8	**(697)**	1,061
Other comprehensive income / (expense) after tax		**3,402**	(7,352)
Total comprehensive loss for the period		**(20,728)**	(18,619)

The notes on pages F-58 to F-89 form part of these financial statements.

Consolidated Balance Sheet

At 24 September 2017

	Notes	24 September 2017	25 September 2016
		£000	£000
Assets			
Non-current assets			
Property, plant and equipment	9	**520,916**	476,723
Other intangibles	10	**80,479**	42,601
Goodwill	10	**114,141**	107,422
Retirement benefit surplus	24	**764**	64
		716,300	626,810
Current assets			
Inventories	15	**11,448**	9,434
Trade and other receivables	16	**32,228**	26,720
Cash and cash equivalents		**16,514**	28,886
		60,190	65,040
Total assets		**776,490**	691,850
Liabilities			
Current liabilities			
Trade and other payables	17	**(126,577)**	(114,951)
Borrowings	18	**(20,963)**	—
		(147,540)	(114,951)
Non-current liabilities			
Borrowings	18	**(589,835)**	(472,306)
Deferred tax liabilities	14	**(6,040)**	(3,283)
Retirement benefit obligations	24	**(10,213)**	(14,227)
Provisions	20	**(16,089)**	(5,961)
		(622,177)	(495,777)
Total liabilities		**(769,717)**	(610,728)
Net assets		**6,773**	81,122
Equity			
Called up share capital	21	**1,685**	1,500
Share premium		**81,647**	135,453
Retained earnings		**(76,559)**	(55,831)
Total equity attributable to owners of the parent company		**6,773**	81,122

These financial statements were approved by the board of directors on 19 January 2018 and were signed on its behalf by:

David Ross
Director

Company registered number: FC029833

Consolidated Statement of Changes in Equity

For the 52 weeks ended 24 September 2017

	Share capital	Share premium	Retained earnings	Total equity
	£000	£000	£000	£000
Total equity at 27 September 2015	**1,500**	**135,453**	**(37,212)**	**99,741**
Total comprehensive losses:				
Income for the period	—	—	(11,267)	(11,267)
Other comprehensive losses for the period	—	—	(7,352)	(7,352)
Total comprehensive losses for the period	—	—	(18,619)	(18,619)
Total equity at 25 September 2016	**1,500**	**135,453**	**(55,831)**	**81,122**
Total comprehensive income/(losses):				
Losses for the period	—	—	(24,130)	(24,130)
Other comprehensive income for the period	—	—	3,402	3,402
Total comprehensive losses for the period	—	—	(20,728)	(20,728)
Transactions with owners recorded directly in equity:				
Shares issued	185	40,065	—	40,250
Dividends paid	—	(93,871)	—	(93,871)
Total contributions by and distributions to owners of the Company	185	(53,806)	—	(53,621)
Total equity at 24 September 2017	**1,685**	**81,647**	**(76,559)**	**6,773**

Consolidated Cash Flow Statement

For the 52 weeks ended 24 September 2017

	52 weeks ended 24 September 2017	52 weeks ended 25 September 2016
	£000	£000
Cash flows from operating activities		
Loss for the period	**(24,130)**	(11,267)
Adjustments for:		
—Depreciation, amortisation and impairment	**51,163**	44,214
—Loss on sale of non-current assets	**5,332**	10,626
—Net finance costs	**47,403**	32,459
—Movement in fair value of interest rate swaps	**—**	(1,393)
—UK income tax charge	**1,907**	(1,272)
	81,675	73,367
Changes in:		
—Inventories	**(1,175)**	(422)
—Receivables	**(633)**	(3,301)
—Payables	**10,117**	14,058
—Provisions	**4,881**	3,319
—Difference between pension contributions paid and amounts recognised in operating profit	**(930)**	(979)
Cash generated from operating activities	**93,935**	86,042
Interest paid	**(46,857)**	(26,519)
Income tax paid	**—**	—
Net cash flow from operating activities	**47,078**	59,523
Cash flows from investing activities		
Purchase of property, plant and equipment	**(82,207)**	(55,384)
Purchase of freehold reversions	**—**	(338)
Purchase of leasehold reversions	**—**	(1,750)
Proceeds from sale of property, plant and equipment	**7,399**	39,864
Interest received	**25**	66
Payments for business acquisitions	**(66,311)**	(98,590)
Net cash acquired with trading sites	**3,314**	217
Net cash flow from investing activities	**(137,780)**	(115,915)
Cash flows from financing activities		
Advance of borrowings	**603,000**	79,600
Repayment of borrowings	**(480,000)**	—
Proceeds from share issue	**40,250**	—
Dividend payment	**(93,871)**	—
Financing costs	**(4,012)**	(4,305)
Net cash flow from financing activities	**65,367**	75,295
Net increase/(decrease) in cash and cash equivalents	**(25,335)**	18,903
Opening cash and cash equivalents	**28,886**	9,983
Closing cash and cash equivalents	**3,551**	28,886

Notes to the consolidated financial statements

1 Accounting policies

Stonegate Pub Company Limited (the "Company") is governed by Cayman Island Company Law.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The consolidated financial statements have been prepared in accordance with Companies Law (2013 Revision) of the Cayman Islands. As the Cayman Islands do not have prescribed accounting standards, the Group has elected to prepare these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), as allowed under Cayman Island Company Law.

There is no statutory requirement for accounts to be audited in the UK; however, these accounts are being prepared and subject to a non-statutory audit for the purpose of filing accounts of the UK branch of this overseas Group and formally setting out the financial performance and position of the Group.

No parent company information is presented in these consolidated financial statements, Companies Law (2013 Revision) in the Cayman Islands does not require such information to be presented. The parent company information has been prepared under FRS 102.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis with the exception of derivative financial instruments which are measured at fair value. Non-current assets and disposal Groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

1.2 Going concern

The Group's principal activities, together with the principal risks and uncertainties factors likely to affect its future development, performance and position are set out in the Strategic and Directors' Reports on pages 2 to 12. The financial position of the Group is set out in the Consolidated Balance Sheet on page 16 which shows net assets of £6,773,000 (2016: £81,122,000). In addition, note 19 to the consolidated financial statements includes the Group's key exposures to credit risk and liquidity risk.

During the current period the Group has experienced a net cash outflow of £25,335,000 (2016: cash inflow of £18,903,000). The net cash outflow was a result of the Group's investing and refinancing activities. During the period Stonegate Pub Company Limited issued share capital resulting in a £40,250,000 inflow, in order to purchase Intertain Limited; carried out a £595,000,000 refinancing on 16 March 2017 and paid out a £93,871,000 dividend on 5 May 2017. The net cash inflow in the prior period was due to the sale of five London freehold properties as part of sale and lease-back transactions.

The Group met its day-to-day working capital requirements through its standard trading cycle of cash generation and its £50,000,000 combined overdraft and revolving credit facility. The Directors consider that this is a normal feature of trading in this industry. Customers pay by cash resulting in minimal credit risk and the Group takes advantage of supplier credit terms. Therefore the Group typically operates with net current liabilities (current period net current liabilities of £87,350,000; 2016: net current liabilities of £49,911,000). In the forthcoming period the Group expects to achieve year on year pre-exceptional operating profit growth (both organically and through acquisitions) and be cash generative at an operating cash flow level and at a total cash flow level. At the period end the Group had drawn down £8,000,000 of its revolving credit facility.

At the balance sheet date, the Group was financed by fixed and floating rate loan notes totalling £595,000,000 (2016: £480,000,000), details of which are set out in note 18.

Management have prepared a board paper on going concern showing the Group's forecasts and projections prepared for a period covering fifteen months from the date of approval of the financial statements. Taking account of reasonable possible changes in trading performance, the board paper shows that the Group should be able to operate within the level of its current borrowing facility. Applying reasonably possible sales based sensitivities year on year the Group's forecasts show that it would continue to operate within its facility and within financial covenants.

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements and

1 Accounting policies (Continued)

for the foreseeable future thereafter. Thus they adopt the going concern basis of accounting in preparing these financial statements.

1.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 24 September 2017. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the period are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

1.4 Classification of financial instruments issued by the Group

Following the adoption of IAS 32, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.5 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

1.6 Derivative financial instruments and hedging

Derivative financial instruments

The Group does not use interest rate swaps to hedge its exposure to interest rate fluctuations on its floating rate loan notes as the risk is considered to be minimal.

1 Accounting policies (Continued)

1.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- freehold properties are depreciated to their estimated residual values over 50 years;
- leasehold properties and improvements are depreciated over the shortest of 50 years, their estimated useful lives and their remaining lease periods;
- administration furniture, fixtures, fittings and equipment are depreciated over 2 to 15 years; and
- retail furniture, fixtures and equipment are depreciated over 3 to 15 years.

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.8 Sale and leaseback transactions

The Group enters into sale and leaseback transactions where land and buildings have been sold and the Group has immediately entered into a lease agreement with the acquirer. These land and buildings are no longer included within property, plant and equipment and the rentals paid are charged on a straight-line basis to the Consolidated Income Statement over the lease term.

1.9 Business combinations

Subject to the transitional relief in IFRS 1, all business combinations are accounted for by applying the acquisition method. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

Acquisitions post transition date

For acquisitions on or after 26 September 2011, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquire, if any; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred. Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Acquisitions prior to IFRS transition date

IFRS 1 grants certain exemptions from the full requirements of Adopted IFRSs in the transition period. The Group elected not to restate business combinations that took place prior to transition date. In respect of acquisitions prior to transition date, goodwill is included at transition date or earlier if applicable on the basis of its deemed cost, which represents the amount recorded under UK GAAP which was broadly comparable save that only separable intangibles were recognised and goodwill was amortised. On transition, certain items recognised as other intangibles under Adopted IFRS have been separately accounted for with appropriate adjustments against property, plant and equipment and amortisation of goodwill ceased as required by IFRS 1.

1 Accounting policies (Continued)

1.10 Intangible assets and goodwill

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation in respect of acquisitions is capitalised. Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

Operating lease intangible assets

The fair values attached to operating leasehold interests on acquisitions are deemed to represent lease premiums, and are capitalised and carried as intangible assets. Amortisation is charged to the income statement on a straight-line basis over the lease lives.

Brand

Brand intangible assets recognised on acquisition are amortised on a straight-line basis over their estimated useful lives.

1.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price less any costs of disposal. Cost is calculated using the first in first out method.

1.12 Impairment excluding inventories and deferred tax assets

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit (CGU) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest Group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Groups of assets (the "cash-generating unit").

The Group considers each of its individual pubs as a cash-generating unit. Each CGU is reviewed annually for indicators of impairment. When indicators of impairment are identified the carrying value of the individual pub is compared to its recoverable amount. The recoverable amount is determined as being the greater of its value in use and its fair value less costs to sell.

The Group annually tests whether goodwill has been impaired. Management makes judgements to allocate goodwill to the group of CGUs that benefits from the synergy of acquisitions and reflects the level at which

1 Accounting policies (Continued)

goodwill is monitored, on this basis goodwill is allocated to the entire estate. The recoverable amount of the CGUs that the goodwill has been allocated to is determined based on value-in-use calculations which require estimating future cash flows and applying a suitable discount rate.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (Group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.13 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The Group determines the net interest on the net defined benefit liability/asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/asset.

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid. Re-measurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in profit or loss when the plan amendment or curtailment occurs.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. The gain or loss on a settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Group in connection with the settlement.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

1 Accounting policies (Continued)

1.14 Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A provision for onerous leases is made for sites for which future trading profits, or income from subleases, are not expected to cover rent. The provision takes several factors into account, including the expected future profitability of the pub and the amount estimated as payable on surrender of the lease, where this is a likely outcome.

1.15 Revenue

Revenue is measured at the fair value of the consideration received or receivable and is derived from the sale of food and drinks; admissions; hotel rooms and machine income to third parties, after deducting discounts and VAT. Revenue is recognised at the point of sale.

All revenue is derived from the one principal activity of the business, based solely within the United Kingdom.

In respect of the loyalty card scheme, the More card, as points are issued to customers the retail fair value of those points expected to be redeemed is deferred. When the points are used by customers they are recorded as revenue.

1.16 Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Financing income and expenses

Financing expenses comprise interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method and unwinding of the discount on provisions. Financing income comprise interest receivable on funds invested.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

1.17 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1 Accounting policies (Continued)

1.18 Exceptional items

The Group presents separately on the face of the income statement those material items of income and expense which are outside of the normal course of trading, which management consider will distort comparability, in order to provide a trend measure of underlying performance.

1.19 Significant accounting estimates and judgements

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions in the application of accounting policies that affect reported amounts of assets, liabilities, revenues and expenses during the period.

Management periodically evaluates its estimates and judgements and bases them on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates.

The estimates and assumptions that have the most significant effect on the amounts recognised in the financial statements are discussed below:

Impairment of property, plant, equipment and operating leases

Property, plant and equipment and operating leases are reviewed for impairment if there are any indicators to suggest that the carrying amount may not be recoverable. Recoverable amounts are determined based on value-in-use calculations and estimated sale proceeds. These calculations require assumptions to be made regarding projected cash flows and the choice of a suitable discount rate in order to calculate the present value of those cash flows. Actual outcomes may vary from these estimates. These are disclosed in note 11.

Impairment of goodwill

The Group annually tests whether goodwill has been impaired. The recoverable amount of all cash-generating units (CGUs) grouped together is determined based on value-in-use calculations. These calculations require assumptions to be made regarding projected cash flows and the choice of an appropriate discount rate in order to calculate the value-in-use of those cash flows. These are disclosed in note 11. Actual outcomes could vary from these estimates.

Onerous lease provisions

The Group provides for its onerous obligations under operating leases where the site is closed or for properties where rental expense is in excess of income. The estimated timings and amounts of cash flows are determined using management experience.

Defined pension benefit schemes

The present value of defined benefit pension scheme liabilities are determined on an actuarial basis and depend on a number of actuarial assumptions, which are disclosed in note 23. Any changes in these assumptions could impact the carrying amounts of retirement benefit assets / liabilities.

Business combinations

The Group identifies separate assets and liabilities upon acquisition and recognises those assets at their fair value. The assessment of fair value, particularly for property, plant, equipment and operating leases acquired, is undertaken with reference to current market conditions.

Note 12 describes the business combinations in the current and prior periods and provides details of the fair value adjustments made in arriving at the fair value of assets and liabilities acquired.

1.20 Segmental reporting

The Group operates predominately one type of business (pubs) in the United Kingdom. This includes the sale of food, beverages, admissions, hotel rooms and machine income and are collectively regarded and reported as one segment.

1 Accounting policies (Continued)

1.21 New standards, interpretations and amendments to existing standards

As at the date of approval of the financial statements there are a number of standards and interpretations issued by the IASB and IFRIC with an effective date after the date of these financial statements and which have not been early adopted by the Group. These are expected to be applied as follows:

- IFRS 16 Leases—IFRS 16 'Leases' replaces IAS 17 and addresses the definition, recognition and measurement of leases. The key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet as a right-of-use asset and a lease liability based on discounted future lease payments. The asset will be depreciated over its useful economic life while the lease payment will be apportioned between a capital repayment of the lease liability and a finance charge. The impact of this standard is expected to be material. The choice of transition method is expected to be significant. The standard gives the option to either fully restate or recognise an asset equal to the value of the liability on the date of transition. The impact of the standard and choices are currently being assessed and it is not yet practicable to quantify the effect of IFRS 16 on these consolidated financial statements. This will be applicable to Stonegate for the financial year ending September 2020.
- IFRS 15 Revenue from Contracts with Customers—The IASB issued IFRS 15 Revenue from Contracts in May 2014. This standard replaces all existing revenue recognition guidance under current IFRS and becomes effective for annual periods beginning on or after 1 January 2018. The Group is currently considering the impact of IFRS 15 on its consolidated results and financial position.
- IFRS 9 Financial Instruments—IFRS 9 Financial Instruments was first issued in November 2009 with a complete version issued in July 2014 and is a replacement of IAS 39 Financial Instruments: Recognition and Measurement. The new standard becomes effective for annual periods beginning on or after 1 January 2018. The Group is currently considering the impact of IFRS 9 on its consolidated results and financial position.

2 Revenue

Revenue disclosed in the consolidated income statement is analysed as follows:

	2017 52 weeks	2016 52 weeks
	£000	£000
Sales of food, beverages, admissions, hotel rooms and machine income	**697,468**	642,561

3 Expenses

Included in operating profit are the following expenses:

	2017 52 weeks	2016 52 weeks
	£000	£000
Drink and food costs	**187,019**	174,115
Employment costs	**182,229**	167,900
Operating lease rentals	**54,040**	46,897
Other costs	**192,505**	180,282
Depreciation, amortisation and impairment	**51,163**	44,214
Loss on disposal of non-current assets	**5,332**	10,626
Costs deducted from revenue to determine operating profit	**672,288**	624,034

Included within operating profit are £17,637,000 of costs (2016: £27,845,000) relating to exceptional items (see note 7).

4 Employees

The average number of persons employed by the Group (including directors) during the period, analysed by category, was as follows:

	2017 52 weeks	2016 52 weeks
Head office administration[1]	**335**	298
Retail[1]	**12,577**	12,104
	12,912	12,402

1 Employee numbers relate to actual employees rather than full-time employee equivalents.

At the period end the Group had 13,408 employees (2016: 12,864 employees).

The aggregate payroll costs of these persons were as follows:

	2017 52 weeks	2016 52 weeks
	£000	£000
Wages and salaries	**169,895**	156,473
Social security costs	**11,119**	10,151
Pension costs	**1,215**	1,276
	182,229	167,900

5 Finance income

	2017 52 weeks	2016 52 weeks
	£000	£000
Other interest receivable	**101**	132
Total finance income	**101**	132

6 Finance costs

	2017 52 weeks	2016 52 weeks
	£000	£000
Interest payable on loan notes	**29,530**	28,252
Other interest payable	**372**	66
Net pensions finance charge	**315**	239
Debt issue costs amortisation	**8,012**	2,867
Refinancing costs	**8,959**	1,167
Unwinding of discount element of provisions	**316**	—
Total finance costs	**47,504**	32,591

Included within finance costs are £16,183,000 of costs (2016: £695,000) relating to exceptional items (see note 7).

7 Exceptional items

	2017 52 weeks £000	2016 52 weeks £000
Operating exceptional items		
Acquisition costs	**5,545**	7,033
Restructuring and integration costs	**2,975**	3,810
Compensation for loss of office	**494**	228
Impairment of property, plant and equipment (note 11)	**1,954**	2,617
Impairment of operating leases (note 11)	**290**	86
Onerous leases	**6,379**	3,763
	17,637	17,537
Loss on disposal of non-current assets (note 12)	**—**	10,308
Finance costs	**16,183**	695
UK income tax charge/(credit) relating to exceptional items	**327**	(791)
Total exceptional items	**34,147**	27,749

Acquisition costs: Acquisition costs are items of one-off expenditure incurred, primarily, in connection with the business combination activities during the period (see note 12). These costs include legal and professional fees and stamp duties which are expensed as incurred. The prior period expense relates to the purchase of 53 sites from the Administrator of Tattershall Castle Group.

Restructuring and integration costs: In the period of acquisition and the period following acquisition, the Group incurred costs to combine and streamline the operations of the acquired businesses with the Group.

Compensation for loss of office: Compensation payments relate to key management personnel.

Onerous leases: The onerous lease provision covers potential liabilities for onerous lease contracts for sites that have either closed, or where projected future trading revenue is insufficient to cover the lower of exit cost or value-in-use. The provision is based on the present value of expected future cash flows, discounted, relating to rents, rates and other property costs to the end of the lease terms net of expected sublet income.

Loss on disposal of non-current assets: During the prior period the Group wrote off £10,308,000 of tangible fixed assets. The disposals related primarily to assets in the original M&B estate which are no longer in use following the acceleration of the development programme of these sites. The tax credit relating to this was £791,000.

Finance costs: These costs primarily relate to the refinancing on 16 March 2017. As part of this the Group incurred an early redemption penalty of £4,889,000, excess interest of £1,677,000, fees of £1,895,000 and wrote off existing debt issue costs of £6,046,000. The Group has incurred corporate restructuring costs of £1,676,000.

8 Taxation

	2017 52 weeks £000	2016 52 weeks £000
Tax charged in the income statement		
Current tax:		
—UK corporation tax	**—**	—
—Group relief paid for previous year	**—**	610
Total current tax charge	**—**	610
Deferred tax (note 14):		
—Origination and reversal of temporary differences	**2,563**	1,861
—Adjustments in respect of previous periods	**258**	(2,744)
—Rate change	**(914)**	(999)
Total deferred tax charge/(credit)	**1,907**	(1,882)
Total current and deferred tax charged/(credited) in the income statement	**1,907**	(1,272)

	2017 52 weeks £000	2016 52 weeks £000
Tax credited in other comprehensive income		
Deferred tax:		
—Re-measurement of defined benefit pension schemes	**697**	(1,061)
Total tax charge/(credit) recognised in other comprehensive income	**697**	(1,061)

Reconciliation of total tax charge

The effective rate of tax is different to the full rate of corporation tax. The differences are explained below:

	2017 52 weeks £000	2016 52 weeks £000
Loss before tax	**(22,223)**	(12,539)
Tax at current UK corporation tax rate of 19.5% (2016: 20%)	**(4,333)**	(2,508)
Expenses not deductible for tax purposes	**7,413**	5,446
Impact of rate change	**(914)**	(999)
Group relief not paid for	**(517)**	(1,077)
Adjustment in respect of previous periods	**258**	(2,134)
Total tax charged/(credited) in the income statement	**1,907**	(1,272)

9 Property, plant and equipment

	Leasehold improvements	Land and buildings	Furniture, fixtures and equipment	Total
	£000	£000	£000	£000
Cost				
At 27 September 2015	92,719	257,053	176,323	526,095
Acquisitions through business combinations	—	86,014	1,560	87,574
Additions	12,153	3,920	39,044	55,117
Disposals	(482)	(38,775)	(21,836)	(61,093)
Reclassification	(742)	(338)	(31)	(1,111)
At 25 September 2016	103,648	307,874	195,060	606,582
Acquisitions through business combinations	—	15,897	2,698	18,595
Additions	17,790	9,109	55,761	82,660
Disposals	(487)	(5,575)	(14,977)	(21,039)
Fully depreciated assets	(4,976)	(3)	(12,019)	(16,998)
Reclassification	(2,423)	2,423	—	—
At 24 September 2017	**113,552**	**329,725**	**226,523**	**669,800**
Depreciation				
At 27 September 2015	(23,487)	(7,106)	(70,617)	(101,210)
Charge for the year	(6,643)	(553)	(30,211)	(37,407)
Impairment (note 11)	(2,096)	15	(536)	(2,617)
Disposals	178	158	10,699	11,035
Reclassification	39	270	31	340
At 25 September 2016	(32,009)	(7,216)	(90,634)	(129,859)
Charge for the year	(7,232)	(1,087)	(34,739)	(43,058)
Impairment (note 11)	(400)	(1,226)	(328)	(1,954)
Disposals	206	407	8,376	8,989
Fully depreciated assets	4,976	3	12,019	16,998
At 24 September 2017	**(34,459)**	**(9,119)**	**(105,306)**	**(148,884)**
Net book value				
At 24 September 2017	**79,093**	**320,606**	**121,217**	**520,916**
At 25 September 2016	71,639	300,658	104,426	476,723
At 27 September 2015	69,232	249,947	105,706	424,885

During the current period the Group acquired £18,595,000 of property, plant and equipment through business combinations (2016: £87,574,000). See note 12 for details of these acquisitions.

Included in property, plant and equipment are properties with a net book value of £312,959,000 (2016: £295,012,000) over which the Group's borrowings are secured by way of fixed and floating charges.

Land and buildings includes £12,473,000 (2016: £12,946,000) relating to long leasehold sites; £194,556,000 of freehold land (2016: £188,609,000) and £113,577,000 of freehold properties (2016: £99,103,000).

10 Goodwill, operating leases and brand intangible assets

	Brand	Operating leases	Goodwill
	£000	£000	£000
Cost			
At 27 September 2015	—	41,632	110,060
Acquisitions through business combinations	—	12,912	1,566
Disposals	—	(50)	(394)
Reclassification	—	771	—
At 25 September 2016	—	55,265	111,232
Acquisitions through business combinations	2,000	42,029	7,400
Disposals	—	—	(681)
Fully depreciated assets	—	(841)	—
At 24 September 2017	**2,000**	**96,453**	**117,951**
Amortisation			
At 27 September 2015	—	(8,487)	(3,810)
Charge for the year	—	(4,104)	—
Impairment (note 11)	—	(86)	—
Disposals	—	13	—
At 25 September 2016	—	(12,664)	(3,810)
Charge for the year	(190)	(5,671)	—
Impairment (note 11)	—	(290)	—
Fully depreciated assets	—	841	—
At 24 September 2017	**(190)**	**(17,784)**	**(3,810)**
Net book value			
At 24 September 2017	**1,810**	**78,669**	**114,141**
At 25 September 2016	—	42,601	107,422
At 27 September 2015	—	33,145	106,250

During the current period the Group acquired £2,000,000 of brand (2016: £Nil); £42,029,000 of operating leases (2016: £12,912,000) and £7,400,000 of goodwill (2016: £1,566,000) as a result of business combinations. See note 12 for details of these acquisitions.

Goodwill has been reduced in the period by £681,000 (2016: £394,000), representing the apportioned value of goodwill allocated to those sites disposed of during the period.

11 Impairment losses

Property, plant and equipment and operating lease intangible assets

The Group considers each of its individual pubs as a cash-generating unit (CGU). Each CGU is reviewed annually for indicators of impairment. When indicators of impairment are identified the carrying value of the individual pub is compared to its recoverable amount. The recoverable amount is determined as being the higher of the expected net realisable value or the value in use.

The value in use is determined using the present value of the expected cash flows attributable to that site using a pre-tax discount rate of 8.4% (2016: 8.9%) applied to the future expected cash flows using budgeted earnings before interest, tax, depreciation and amortisation over a five year period, as prepared for the board. The cash flows continue to be risk adjusted to reflect a conservative outlook. The key assumptions are budgeted earnings and trading margin, which include past investments and staff costs, and have been reviewed by the board and deemed to be reasonable. Cash flows beyond five years are extrapolated using a 2.5% growth rate for five years.

Where a reliable estimate of the net realisable value is available and is higher than the carrying amount of the asset, the asset is not impaired and there no value in use is calculated.

11 Impairment losses (Continued)

Indicators of impairment were found in each of the periods ended 24 September 2017 and 25 September 2016 on a small number of individual CGUs and consequently impairment reviews were carried out on the affected CGUs. Impairments totalling £2,244,000 (2016: £2,703,000) were identified.

The Group's estimate of impairments is most sensitive to changes in the discount rate, growth rates and budgeted cash flows. Sensitivity analysis has been carried out by reference to these assumptions. This demonstrated that neither a 1% reduction in the growth rate, nor a 1% increase in the discount rate would lead to an increase in the impairment charge. The minimal impact is mainly driven by factoring in the fair value less costs to sell for the CGUs.

Goodwill

Goodwill acquired via business combinations is tested annually for impairment. For this purpose, the goodwill is allocated to the 703 strong pub estate being a group of CGUs, as this represents the lowest level within the Group that goodwill is monitored for internal management purposes.

The carrying amount of goodwill has been compared to its recoverable amount and involved calculating an overall value in use, using discounted cash flow projections. The value in use calculation is based on budgeted earnings before interest and taxation over a five year period, the pre-tax discount rate and the growth rate used to extrapolate cash flows beyond the budgeted period. The pre-tax risk adjusted discount rate applied to cash flow projections was 8.4% (2016: 8.9%). Management have estimated the discount rate by reference to past experience and an industry average weighted cost of capital as adjusted for appropriate risk factors reflecting current economic conditions and the risk profile of the CGUs. Cash flows beyond five years are extrapolated using a 2.5% growth rate, based on management expectations.

The calculation is most sensitive to changes in the assumptions used for budgeted cash flow, pre-tax discount rate and growth rate. Management considers that reasonable possible changes in assumptions would be an increase in discount rate of 1%, a reduction in growth rate of 1% or a 5% reduction in budgeted cash flow. As an indication of sensitivity, when applied to the value-in-use calculation neither a 1% increase in discount rate, a 1% reduction in growth rate or a 5% reduction in cash flow would have resulted in an impairment of goodwill in the period.

12 Acquisitions and disposals

Acquisitions in the current period

Intertain Limited

On 6 December 2016 Stonegate Pub Company Limited acquired the entire issued share capital of Intertain Limited. The Intertain Limited group consists of twenty-nine freehold and leasehold sites. The acquisition was funded by an indirect investment in the Company by funds managed by TDR Capital LLP, the ultimate controlling parties. In connection with the investment and for the purposes of making the acquisition, the Company issued 18,488,745 ordinary shares of £0.01 each at an aggregate price of £40,250,000 to Stonegate Pub Company Midco Limited, the Company's immediate parent company. The proceeds from the share issue were used as consideration and also to repay Intertain Limited's existing debt at the acquisition date.

12 Acquisitions and disposals (Continued)

The estate is a very good fit with the Group's existing portfolio of pubs and bars. It also gives the opportunity to trade in some towns and cities in which Stonegate Pub Company Limited did not have any sites, such as Carlisle and Lichfield, and also to utilise the Walkabout brand name. A summary of the fair values of the assets and liabilities acquired are given in the table below:

	Fair value
	£000
Operating leases	26,726
Property, plant and equipment	10,498
Brand	2,000
Inventory	683
Cash	2,991
Trade and other receivables	4,751
Trade and other payables	(5,988)
Provisions	(4,931)
Deferred tax	1,590
Net assets acquired	38,320
Purchase price satisfied by:	
Cash consideration	38,386
Goodwill	**66**

Goodwill is considered to represent the value of the acquired workforces and the benefits that will be gained from combining these sites with the Group's existing portfolio of brands and sites.

The Group incurred acquisition-related costs of £1,267,000 related to stamp duty and external legal and professional fees. These costs have been included in 'operating exceptional costs' in the consolidated income statement (see note 7).

Operating leases: The fair value of lease premiums was derived through a fair value exercise.

Property, plant and equipment: Included in property, plant and equipment is freehold property with a valuation of £9,098,000 and fixtures and fittings of £1,400,000.

Brand: Brand Intangibles of £2,000,000 have been recognised to the extent that the Walkabout format provides a profit benefit versus similar unbranded pubs. Brand intangibles are being amortised over a useful economic life of 10 years.

Inventory: The fair value applied to inventory was that at the date of acquisition.

Provisions: When considering the fair value of the assets and liabilities acquired the Group has also provided for an ongoing legal case in connection to the acquisition. Management expect that indemnification provided by the former owners of the business to cover any liability arising. The fair value of provisions also includes £2,427,000 relating to onerous leases on closed or loss-making sites at acquisition.

Deferred tax: The Group recognised a deferred tax asset on losses existing in Intertain Limited pre-acquisition.

Post-acquisition to 24 September 2017 Intertain Limited has contributed £35,334,000 in revenue and £2,749,000 in pre-exceptional operating profit before depreciation, amortisation, impairment and loss on sale of non-current assets.

If the acquisition of Intertain Limited had taken place at the start of the financial period the Group's consolidated revenue would have been £706,781,000 and its consolidated pre-exceptional operating profit before depreciation, amortisation, impairment and loss on sale of non-current assets would have been £98,295,000.

Large Bars Limited

On 21 April 2017 Stonegate Pub Company Limited acquired the entire issued share capital of Large Bars Limited, consisting of three leasehold sites in the London area. Total consideration was £4,828,000 and was funded out of cash.

12 Acquisitions and disposals (Continued)

The business has been acquired for the purpose of integrating these sites into the Group's existing brands and approach to market where it is believed that synergies and economies of scale can be obtained.

A summary of the fair values of the assets and liabilities acquired are given in the table below:

	Fair value £000
Operating leases	4,403
Property, plant and equipment	150
Inventory	51
Cash	61
Trade and other receivables	450
Trade and other payables	(694)
Deferred tax	(765)
Net assets acquired	3,656
Purchase price satisfied by:	
Cash consideration	4,828
Goodwill	**1,172**

Goodwill is considered to represent the value of the acquired workforces and the benefits that will be gained from combining these sites with the Group's existing portfolio of brands and sites.

The Group incurred acquisition-related costs of £322,000 related to stamp duty and external legal and profession fees. These costs have been included in 'operating exceptional costs' in the consolidated income statement (see note 7).

Operating leases: The fair value of lease premiums was derived through a fair value exercise.

Property, plant and equipment: Included in property, plant and equipment is fixtures and fittings of £150,000.

Inventory: The fair value applied to inventory was that at the date of acquisition.

Post-acquisition to 24 September 2017 Large Bars Limited has contributed £1,304,000 in revenue and £157,000 in pre-exceptional operating profit before depreciation, amortisation, impairment and loss on sale of non-current assets.

If the acquisition of Large Bars Limited had taken place at the start of the financial period the Group's consolidated revenue would have been £699,482,000 and its consolidated pre-exceptional operating profit before depreciation, amortisation, impairment and loss on sale of non-current assets would have been £97,471,000.

Bar Holdings Limited

On 13 September 2017 Stonegate Pub Company Limited acquired the entire issued share capital of Bar Holdings Limited. The Bar Holdings Limited group operates five prime London transport hub sites. Total consideration was £10,000,000 and was funded out of cash.

The business has been acquired for the purpose of operating in these key locations and consolidating the Group's strong position in sports-led entertainment.

12 Acquisitions and disposals (Continued)

A summary of the fair values of the assets and liabilities acquired are given in the table below:

	Fair value
	£000
Operating leases	5,500
Property, plant and equipment	250
Inventory	105
Cash	262
Trade and other receivables	1,274
Trade and other payables	(2,575)
Deferred tax	(978)
Net assets acquired	3,838
Purchase price satisfied by:	
Cash consideration	10,000
Goodwill	**6,162**

Goodwill is considered to represent the value of the benefits that will be gained from the location of these sites in key transport locations.

The Group incurred acquisition-related costs of £276,000 related to stamp duty and external legal and professional fees. These costs have been included in 'operating costs' in the consolidated income statement (see note 7).

Operating leases: The fair value of the lease premiums was derived through a third party valuation by Davis Coffer Lyons in December 2017. The valuations calculated the fair value of the operating leases based on the stabilised earnings (profit) methodology.

Property, plant and equipment: Included in property, plant and equipment is fixtures and fittings of £250,000.

Inventory: The fair value applied to inventory was that at the date of acquisition.

Post-acquisition to 24 September 2017 Bar Holdings Limited has contributed £268,000 in revenue and £31,000 in pre-exceptional operating profit operating profit before depreciation, amortisation, impairment and loss on sale of non-current assets.

If the acquisition of Bar Holdings Limited had taken place at the start of the financial period the Group's consolidated revenue would have been £706,299,000 and its consolidated pre-exceptional operating profit before depreciation, amortisation, impairment and loss on sale of non-current assets would have been £97,826,000.

Other acquisitions

During the current period the Group also acquired several sites from JD Wetherspoon plc, Faucet Inn Limited, Punch Taverns plc and Enterprise Inns plc. Total payments for these sites were £13,097,000, of which £6,799,000 was for land and buildings; £5,400,000 was for operating leases and £898,000 for fixtures and fittings.

The Group incurred acquisition-related costs for the purchase of these sites of £1,304,000 related to stamp duty and external legal and professional fees. These costs have been included in exceptional operating costs in the consolidated income statement (see note 7).

Acquisitions in the prior period

On 29 September 2015, Stonegate Pub Company Limited acquired 53 freehold and leasehold sites from the Administrator of the Tattershall Castle Group. Total consideration was £98,291,000. As part of this transaction Stonegate Pub Company Limited issued a further £80,000,000 of fixed loan notes charging an annual interest rate of 5.75% and maturing on 15 April 2019. At the same time as this transaction the Group increased its existing bank facility by £15,000,000. The Group also entered into sale and operating leaseback transactions for five of the sites resulting in consideration of £34,000,000.

12 Acquisitions and disposals (Continued)

The business has been acquired for the purpose of integrating these sites into the Group's existing brands and approach to market where it is believed that synergies and economies of scale can be obtained.

A summary of the fair values of the assets and liabilities acquired are given in the table below:

	Fair value
	£000
Operating leases	10,862
Property, plant and equipment	87,236
Inventory	639
Cash	217
Deferred tax	(2,229)
Net assets acquired	96,725
Purchase price satisfied by:	
Cash consideration	98,291
Goodwill	**1,566**

Goodwill is considered to represent the value of the acquired workforces and the benefits that will be gained from combining these sites with the Group's existing portfolio of brands and sites.

The Group incurred acquisition-related costs of £6,957,000 related to stamp duty and external legal and professional fees. These costs have been included in 'operating costs' in the consolidated income statement (see note 7).

Operating leases: The fair value of lease premiums was derived through a fair value exercise.

Property, plant and equipment: Included in property, plant and equipment is freehold property with a valuation of £85,676,000 and fixtures and fittings of £1,560,000.

Inventory: The fair value applied to inventory was that at the date of acquisition.

Other acquisitions

During the current period the Group also acquired two sites from JD Wetherspoon plc for £300,000 which was for the operating leases (see note 10). Total payments for business acquisitions were £98,590,000.

Disposals in the current period

During the current period the Group disposed of fifteen sites to third parties for net consideration of £9,305,000, with associated costs of sale and closure costs of £1,906,000. Property, plant and equipment with net book values of £6,391,000 and goodwill with net book values of £681,000 were disposed. Profit on disposal was £327,000.

During the period the Group also wrote off property, plant and equipment with net book values of £5,659,000 relating to sites developed during the period.

Total loss on disposal for the period was £5,332,000.

Disposals in the prior period

During the current period the Group disposed of sixteen sites to third parties for net consideration of £6,756,000, with associated costs of sale and closure costs of £504,000, tangible fixed assets with net book values of £5,750,000, operating leases of £37,000 and goodwill with net book values of £394,000. Profit on disposal was £71,000.

During the period the Group also disposed of five sites on a sale and leaseback agreement. These sites were sold for net consideration of £34,000,000 with associated costs of sale of £389,000 and tangible fixed assets with net book values of £34,000,000. Loss on disposal was £389,000. The consideration was used to help finance the acquisition of 53 freehold and leasehold sites from the Administrator of the Tattershall Castle Group.

During the period the Group wrote off £10,308,000 of tangible fixed assets. The disposals related primarily to assets in the original M&B estate which are no longer in use following the acceleration of the development programme of these sites.

Total loss on disposal for the period was £10,626,000.

13 Investments in subsidiaries

The Company has the following investments in subsidiaries.

Name of company	Country of incorporation	Class of shares held	Proportion held	Nature of business
Stonegate Pub Company Financing plc	England and Wales	Ordinary	100%	Financing
Plato Company 3 Limited	Cayman Islands	Ordinary	100%	Holding company
FTK Propco Limited	England and Wales	Ordinary	100%	Property company
DW Propco Limited	England and Wales	Ordinary	100%	Property company
BH Propco Limited	England and Wales	Ordinary	100%	Property company
Hull Propco Limited	England and Wales	Ordinary	100%	Property company
SJT Propco Limited	England and Wales	Ordinary	100%	Property company
AD Propco Limited	England and Wales	Ordinary	100%	Property company
Large Bars Limited	England and Wales	Ordinary	100%	Operation of licensed bars
Falcon Propco 1 Limited	England and Wales	Ordinary	100%	Property company
Town and City Pub Group Limited*	England and Wales	Ordinary	100%	Holding company
Barley Pub Company Limited*	England and Wales	Ordinary	100%	Operation of licensed bars
Hops Pub Company Limited*	England and Wales	Ordinary	100%	Operation of licensed bars
Plato Restaurant Holdings Limited*	Cayman Islands	Ordinary	100%	Holding company
Bay Restaurant Holdings Limited*	Cayman Islands	Ordinary	100%	Holding company
Bay Restaurant Group Limited*	England and Wales	Ordinary	100%	Holding company
Slug and Lettuce Company Limited*	England and Wales	Ordinary	100%	Operation of licensed bars
Intertain Limited	England and Wales	Ordinary	100%	Holding company
Intertain (Bars) Limited*	England and Wales	Ordinary	100%	Operation of licensed bars
Intertain (Bars) II Limited*	England and Wales	Ordinary	100%	Operation of licensed bars
Intertain (Bars) III Limited*	England and Wales	Ordinary	100%	Operation of licensed bars
Intertain (Bars) IV Limited*	England and Wales	Ordinary	100%	Operation of licensed bars
Bar Holdings Limited	England and Wales	Ordinary	100%	Operation of licensed bars
Sports Bar And Grill (Canary Wharf) Limited*	England and Wales	Ordinary	100%	Operation of licensed bars
Sports Bar And Grill Farringdon Limited*	England and Wales	Ordinary	100%	Operation of licensed bars
Sports Bar And Grill St Katherine Dock Limited*	England and Wales	Ordinary	100%	Operation of licensed bars
Sports Bar And Grill Victoria Limited*	England and Wales	Ordinary	100%	Operation of licensed bars
Sports Bar And Grill Waterloo Limited*	England and Wales	Ordinary	100%	Operation of licensed bars
Sports Bar And Grill (Piccadilly Circus) Limited*	England and Wales	Ordinary	100%	Operation of licensed bars
Sports Grill to Go Limited*	England and Wales	Ordinary	100%	Operation of licensed bars

* Held indirectly

14 Deferred tax assets and liabilities

Movement in deferred tax during the period is as follows:

	24 September 2017	25 September 2016
	£000	£000
At beginning of period	**(3,283)**	(3,997)
(Charged)/credited to income statement	**(1,907)**	1,882
(Charged)/credited to equity	**(697)**	1,061
Acquisitions	**(153)**	(2,229)
At end of period	**(6,040)**	(3,283)

The movements in deferred tax assets and liabilities during the period are shown below:

Deferred tax assets

	Tax losses	Retirement benefit liabilities	Financial instruments	Property, plant and equipment	Temporary differences	Total
	£000	£000	£000	£000	£000	£000
At 27 September 2015	1,699	1,298	279	—	4	3,280
Credited/(charged) to income statement	2,223	49	(279)	—	39	2,032
Recognised in other comprehensive income	—	1,061	—	—	—	1,061
At 25 September 2016	3,922	2,408	—	—	43	6,373
(Charged)/credited to income statement	(2,509)	(105)	—	—	511	(2,103)
Recognised in other comprehensive income	—	(697)	—	—	—	(697)
Recognised in goodwill	2,688	—	—	—	—	2,688
At 24 September 2017	**4,101**	**1,606**	**—**	**—**	**554**	**6,261**

The Directors consider it reasonable to recognise deferred tax assets as they expect the Group to continue to be profitable in the future.

Deferred tax liabilities

	Intangibles	Property, plant and equipment	Temporary differences	Total
	£000	£000	£000	£000
At 27 September 2015	2,237	5,040	—	7,277
Charged to income statement	133	17	—	150
Recognised in goodwill	—	2,229	—	2,229
At 25 September 2016	2,370	7,286	—	9,656
Charged/(credited) to income statement	466	(662)	—	(196)
Recognised in goodwill	—	2,841	—	2,841
At 24 September 2017	**2,836**	**9,465**	**—**	**12,301**

At the period end the Group had a net deferred tax liability of £6,040,000 (2016: liability of £3,283,000) and an unrecognised deferred tax asset of £1,042,000 relating to unutilised losses in Intertain Limited.

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 24 September 2017 has been calculated based on these rates.

15 Inventories

	24 September 2017	25 September 2016
	£000	£000
Goods held for resale	**11,448**	9,434
	11,448	9,434

The estimated replacement cost of stocks is not materially different from the above carrying values.

The Group consumed £187,019,000 of inventories during the period (2016: £174,115,000) and charged £Nil to the income statement for the write-down of inventories during the period (2016: £Nil).

16 Trade and other receivables

	24 September 2017	25 September 2016
	£000	£000
Trade receivables	**5,959**	4,656
Other receivables	**7,699**	5,818
Prepayments and accrued income	**18,570**	16,246
	32,228	26,720

17 Trade and other payables

	24 September 2017	25 September 2016
	£000	£000
Trade payables	**58,300**	53,489
Amounts due to group undertakings	**2,733**	2,616
Other taxation and social security	**16,499**	13,988
Other payables	**23,890**	12,660
Accruals	**25,155**	32,198
	126,577	114,951

There is an amount of £2,694,000 (2016: £2,616,000) owing to Stonegate Pub Company Midco Limited, the immediate parent company, at 24 September 2017. See note 24.

18 Borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate and foreign currency risk, see note 19.

	24 September 2017	25 September 2016
	£000	£000
Current liabilities		
Bank overdrafts	**12,963**	—
Revolving credit facility	**8,000**	—
	20,963	—
Non-current liabilities		
Secured loan notes issued by Stonegate Pub Company Financing plc	**589,835**	472,306
	589,835	472,306

Current liabilities include £8,000,000 drawn down from the Group's revolving credit facility which was repaid shortly after the period end and charged annual interest of 3.24%.

Secured loan notes are shown net of debt issue costs of £5,165,000 (2016: £7,404,000), and a £110,000 discount accrual in the prior period.

18 Borrowings (Continued)

Terms and debt repayment schedule:

	Principal borrowed	Year of maturity	Principal outstanding 24 September 2017	25 September 2016
	£000		£000	£000
Secured fixed notes	340,000	2019	**—**	340,000
Secured floating notes	140,000	2019	**—**	140,000
Secured fixed notes	405,000	2022	**405,000**	—
Secured floating notes	190,000	2022	**190,000**	
			595,000	480,000

On 16 March 2017 Stonegate Pub Company Financing plc, a public limited company incorporated under the laws of England and Wales and a wholly owned subsidiary of Stonegate Pub Company Limited, received £595,000,000 from the issue of £405,000,000 fixed loan notes charging an annual interest rate of 4.875% and £190,000,000 floating loan notes charging an annual interest rate of 3 months LIBOR + 4.375%. The notes will mature on 15 March 2022 and are listed on the Channel Islands stock exchange. Amortised debt issue costs of £5,165,000 offset the loan balance at the period end.

The proceeds from the issue of the loan notes were used to repay the existing loan notes of £480,000,000; make a distribution to shareholders of £93,871,000; to pay fees in connection with the transaction and for general corporate purposes.

The previous loan notes of £480,000,000, due for maturity on 15 April 2019, were split into £340,000,000 of fixed loan notes charging an annual interest rate of 5.75% and £140,000,000 of floating loan notes charging an annual interest rate of 3 months LIBOR + 4.75%.

19 Financial instruments

Fair values of financial instruments

Set out in the table below are the carrying values and fair values of all of the Group's financial instruments at 24 September 2017 and 25 September 2016.

	Fair value 2017	Fair value 2016	Carrying value 2017	Carrying value 2016
	£000	£000	£000	£000
Financial assets—loans and receivables				
Trade receivables	**5,959**	4,656	**5,959**	4,656
Other receivables	**7,699**	5,818	**7,699**	5,818
Cash and cash equivalents	**16,514**	28,886	**16,514**	28,886
	30,172	39,360	**30,172**	39,360
Financial liabilities				
Trade payables	**58,300**	53,489	**58,300**	53,489
Other payables	**23,890**	12,660	**23,890**	12,660
Secured fixed notes	**408,471**	347,701	**405,000**	340,000
Secured floating notes	**190,289**	139,650	**190,000**	140,000
Bank loans and overdrafts	**20,963**	—	**20,963**	—
	701,913	553,500	**698,153**	546,149

The following assumptions were used to estimate the fair values:

Trade and other receivables—these are carried at amortised cost using the effective interest method and fair value is deemed to be the same as this.

Cash and cash equivalents—approximate to the carrying amounts stated in the accounts.

Trade and other payables—these are carried at amortised cost using the effective interest method and fair value is deemed to be the same as this.

19 Financial instruments (Continued)

Short-term loans and overdrafts—approximates to the carrying amount because of the short maturity of these instruments.

Long term loans—based on quoted market prices in the case of the securitised debt.

The Group's financial instruments, other than derivatives, consist of securitised loan notes, bank borrowings and cash, the main purpose of which is to raise finance for the Group's operations. The Group's other financial instruments, such as trade receivables and payables, arise directly from its operations.

Fair value hierarchy

IFRS 7 requires that the classification of financial instruments at fair value be determined by reference to the source of inputs used to derive fair value.

The classification uses the following three-level hierarchy:

- Level 1—quoted prices in active markets for identical assets or liabilities;
- Level 2—inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3—inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values disclosed in respect of securitised loan notes have been evaluated as level 1 within the hierarchy described above. All other financial instruments carried at fair value have been measured by a level 2 valuation method.

Capital risk management

The Group's capital structure consists of debt, issued share capital and reserves. These are managed effectively to minimise the Group's cost of capital, to add value to shareholders and to service debt obligations. The Group's principal external debt is held within one securitisation. The securitised debt is monitored by a variety of measures, which are reported to the debt providers on a quarterly basis. The Group assesses the performance of the business, the level of available funds and the short to medium term strategic plans concerning capital spend as well as the need to meet financial covenants and such assessment influences the level of dividends payable.

The main risks from the Group's financial instruments are liquidity risk and credit risk.

The Directors do not consider there to be a significant risk to exposure to interest rates and the impact of the fluctuations from its floating rate loan notes. There is no currency risk as all of the revenues and costs of the Group are in sterling. The policy for managing each of the Group's risks is set out as follows.

Liquidity risk

Liquidity risk is risk that the Group may not be able to meet its financial obligations as they fall due. The Group seeks to manage financial risk to ensure sufficient liquidity is available to meet foreseeable needs. The Group also monitors the maturity of financial liabilities to avoid the risk of a shortage of funds.

19 Financial instruments (Continued)

Surplus funds are placed on deposit and are available at short notice. The table below summarises the maturity profile of the Group's debt based on contractual, undiscounted cash flows including interest.

	Within 1 year	1 - 2 years	2 - 5 years	> 5 years	Total
	£000	£000	£000	£000	£000
At 24 September 2017					
Interest-bearing loans and borrowings					
—capital	**—**	**—**	**595,000**	**—**	**595,000**
—interest	**28,750**	**28,580**	**71,160**	**—**	**128,490**
Bank overdrafts	**12,963**	**—**	**—**	**—**	**12,963**
Revolving credit facility	**8,000**	**—**	**—**	**—**	**8,000**
Trade payables	**58,300**	**—**	**—**	**—**	**58,300**
Other payables	**23,890**	**—**	**—**	**—**	**23,890**
	131,903	**28,580**	**666,160**	**—**	**826,643**
	£000	£000	£000	£000	£000
At 25 September 2016					
Interest-bearing loans and borrowings					
—capital	—	—	480,000	—	480,000
—interest	26,983	26,943	25,100	—	79,026
—interest rate swaps	—	—	—	—	—
Bank overdrafts	—	—	—	—	—
Trade payables	53,489	—	—	—	53,489
Other payables	12,660	—	—	—	12,660
	93,132	26,943	505,100	—	625,175

Credit risk

Credit risk arises because a counter party may fail to perform its obligations. The principal financial assets of the Group are cash and cash equivalents, trade receivables and other receivables. The credit risk associated with the cash and cash equivalents is limited. Credit risk is managed by transacting with financial institutions with high quality credit ratings. Trade receivables comprise a large number of individually small amounts from unrelated customers and are shown net of a provision for doubtful debts. Management estimates the provision for doubtful debts based on a review of all individual receivable accounts, experience and known factors at the period end. The credit risk associated with these is minimal. The Group has no significant concentration of credit risk. The carrying amount of financial assets represents the maximum credit exposure. The ageing of trade and other receivables at the balance sheet date, gross of the doubtful debt provision, is as follows:

	24 September 2017	25 September 2016
	£000	£000
Not past due	**11,922**	6,846
0 - 30 days past due	**1,112**	1,936
31 - 60 days past due	**613**	707
Greater than 60 days past due	**337**	1,107
	13,984	10,596

Trade receivables are shown gross of a provision of £326,000 (2016: £122,000). £87,000 was charged to the income statement during the period (2016: charged £157,000); £124,000 was acquired as part of the acquisition of Intertain Limited and £7,000 was utilised (2016: £138,000).

20 Provisions

	Onerous leases	Health and safety claims	Total
	£000	£000	£000
At 27 September 2015	861	1,345	2,206
Additions	3,763	1,604	5,367
Utilised	(444)	(1,168)	(1,612)
At 25 September 2016	4,180	1,781	5,961
Additions	5,301	700	6,001
Additions through business combinations	2,551	2,380	4,931
Discount rate revision	1,706	—	1,706
Utilised	(959)	(1,000)	(1,959)
Released	(551)	—	(551)
At 24 September 2017	**12,228**	**3,861**	**16,089**

The onerous lease provision includes amounts for lease rentals and costs of exiting closed and loss-making sites which the Group acquired during a prior period. The Directors have determined that these sites operate under onerous property leases and have provided the expected shortfall between operating income and rents payable for a property. The estimated period required to mitigate these losses is identified on an individual property basis. The release of the onerous lease provisions primarily relates to the successful exit of sites at a rate below originally expected.

The health and safety claims provision is an estimate of the claims which the Group expects to settle over the next two years. These claims generally relate to minor incidents of personal injury at sites and the level of provision has been based on managements' expected future successful claim rate. The Group has also provided for an ongoing legal case in connection to the acquisition of the Intertain Limited group of companies. Management expect that indemnification provided by the former owners of the business to cover any liability arising.

21 Share capital

	24 September 2017	25 September 2016
	£000	£000
Called up, allotted and fully paid:		
168,488,745 ordinary shares of £0.01 each	**1,685**	—
150,000,000 ordinary shares of £0.01 each	**—**	1,500

On 5 December 2016 Stonegate Pub Company issued 18,488,745 ordinary shares of £0.01 at an aggregate price of £40,250,000 in order to acquire the Intertain Limited group on 6 December 2016.

22 Commitments

Operating leases relating to land and buildings

At the end of the reporting period, the future minimum lease payments under non-cancellable operating leases are payable as follows:

	24 September 2017	25 September 2016
	£000	£000
Future minimum rentals payable under non-cancellable operating leases:		
Within one year	**47,853**	40,116
Between one and five years	**181,421**	153,632
After five years	**461,830**	396,708
	691,104	590,456

22 Commitments (Continued)

Capital commitments

Capital commitments for property, plant and equipment:

	24 September 2017	25 September 2016
	£000	£000
Contracted but not provided	**10,394**	7,581

23 Contingent liability

Intertain (Bars) Limited has been in dispute with HMRC over its valuation methodology on acquisition of properties in 2009. The matter has not progressed significantly and the Directors are confident of the position adopted by Intertain (Bars) Limited as this follows generally accepted accounting practice and Royal Institute of Chartered Surveyors valuation guidance. However, HMRC are continuing to pursue the matter and therefore the Directors consider it appropriate to disclose this contingent liability which, in the unlikely event of HMRC being successful, could result in the utilisation of £7,981,000 or an unrecognised deferred tax asset and a potential cash outflow of £1,170,000.

24 Employee benefits

Defined contribution pension schemes

The Group operates three defined contribution stakeholder schemes for certain employees. The pension cost charge for the period represents contributions payable by the Group to the schemes and amounted to £1,215,000 (2016: £1,276,000). At the period end the Group had outstanding contributions payable to the schemes of £1,000 (2016: £7,000).

Defined benefit pension schemes

On 21 June 2011, as part of the Plato Company 3 acquisition the Group acquired two defined benefit schemes, the Laurel Pub Pension scheme and the Yates Group Pension scheme, which are closed to new members and closed to further accruals for existing members. The assets of the schemes are held in single, separate trustee administered funds. The latest full actuarial valuations of the schemes were last carried out by an independent qualified actuary at 28 February 2014 and the results have been updated for the purpose of calculating the disclosures at 24 September 2017.

The following tables illustrate the impact of both the Laurel Pub Pension scheme and the Yates Group Pension scheme on the consolidated income statement, the consolidated statement of comprehensive income (SOCI) and the consolidated balance sheet.

The amounts recognised in the balance sheet are as follows:

	24 September 2017	25 September 2016
	£000	£000
Laurel Pub Pension scheme		
Fair value of plan assets	**73,485**	75,819
Present value of defined benefit obligation	**(83,698)**	(90,046)
Net retirement benefit liability recognised in the balance sheet	**(10,213)**	(14,227)
	£000	£000
Yates Group Pension scheme		
Fair value of plan assets	**14,322**	14,686
Present value of defined benefit obligation	**(13,558)**	(14,622)
Surplus in scheme	**764**	64
Restriction of surplus	**—**	—
Net retirement benefit surplus recognised in the balance sheet	**764**	64
Total net retirement benefit recognised in the balance sheet	**(9,449)**	(14,163)

24 Employee benefits (Continued)

At the end of the life of the Yates Group Pension scheme, the Company has an unconditional right to a refund and any such refund would be paid out only on a net of tax basis.

Movements in the present value of scheme liabilities are as follows:

	24 September 2017	25 September 2016
	£000	£000
Laurel Pub Pension scheme		
Present value of scheme liabilities at beginning of period	**90,046**	69,332
Expenses	**70**	21
Interest cost	**2,030**	2,592
Actuarial (gains)/losses	**(5,315)**	20,000
Benefits paid	**(3,133)**	(1,899)
Past service costs	**—**	—
Present value of scheme liabilities at end of period	**83,698**	90,046
	£000	£000
Yates Group Pension scheme		
Present value of scheme liabilities at beginning of period	**14,622**	12,569
Expenses	**—**	—
Interest cost	**331**	467
Actuarial (gains)/losses	**(974)**	2,158
Benefits paid	**(421)**	(572)
Past service costs	**—**	—
Present value of scheme liabilities at end of period	**13,558**	14,622
Total present value of scheme liabilities at end of period	**97,256**	104,668

Movements in the fair value of scheme assets are as follows:

	24 September 2017	25 September 2016
	£000	£000
Laurel Pub Pension scheme		
Fair value of scheme assets at beginning of period	**75,819**	62,112
Interest income	**1,714**	2,327
Return on plan assets excluding interest income	**(1,915)**	12,279
Contributions paid by employer	**1,000**	1,000
Benefits paid	**(3,133)**	(1,899)
Fair value of scheme assets at end of period	**73,485**	75,819
	£000	£000
Yates Group Pension scheme		
Fair value of scheme assets at beginning of period	**14,686**	13,299
Interest income	**332**	493
Return on plan assets excluding interest income	**(275)**	1,466
Contributions paid by employer	**—**	—
Benefits paid	**(421)**	(572)
Fair value of scheme assets at end of period	**14,322**	14,686
Total fair value of scheme assets at end of period	**87,807**	90,505

24 Employee benefits (Continued)

Interest costs are shown in finance costs and service costs and expenses are recognised in operating costs. The amounts recognised in the income statement are as follows.

	2017 52 weeks £000	2016 52 weeks £000
Laurel Pub Pension scheme		
Past service costs	**—**	—
Interest cost	**316**	265
Expenses	**70**	21
Net cost	**386**	286

	£000	£000
Yates Group Pension scheme		
Past service costs	**—**	—
Interest income	**(1)**	(26)
Expenses	**—**	—
Net income	**(1)**	(26)
Total net cost	**385**	260

Analysis of amounts recognised in the SOCI in the period:

	2017 52 weeks £000	2016 52 weeks £000
Laurel Pub Pension scheme		
Return on plan assets excluding interest income	**(1,915)**	12,279
Experience gains	**791**	1,482
Effects of changes in demographic assumptions	**2,125**	964
Effects of changes in financial assumptions	**2,399**	(22,446)
Re-measurement losses recognised in the SOCI	**3,400**	(7,721)

	£000	£000
Yates Group Pension scheme		
Return on plan assets excluding interest income	**(275)**	1,466
Experience gains	**366**	225
Effects of changes in demographic assumptions	**224**	167
Effects of changes in financial assumptions	**384**	(2,550)
Re-measurement gains recognised in the SOCI	**699**	(692)
Total re-measurement losses recognised in the SOCI	**4,099**	(8,413)

Cumulative amounts recognised in the SOCI:

	24 September 2017 £000	25 September 2016 £000
At beginning of period	**(14,330)**	(5,917)
Re-measurement losses in the period	**4,099**	(8,413)
At end of period	**(10,231)**	(14,330)

24 Employee benefits (Continued)

The history of experience adjustments on the schemes for the current and previous financial periods is as follows:

	2017	2016	2015	2014	2013
	£000	£000	£000	£000	£000
Laurel Pub Pension scheme					
Present value of retirement benefit liabilities	**(83,698)**	(90,046)	(69,332)	(65,734)	(59,161)
Fair value of plan assets	**73,485**	75,819	62,112	58,499	54,004
Net liability in the scheme	**(10,213)**	(14,227)	(7,220)	(7,235)	(5,157)
Experience adjustment on scheme liabilities	**791**	1,482	1,441	(152)	(59)
Percentage of scheme liabilities	**(0.9)%**	(1.65)%	(2.08)%	0.2%	0.1%
Experience adjustments on scheme assets	**(1,915)**	12,279	1,712	3,712	3,072
Percentage of scheme assets	**(2.6)%**	16.2%	2.8%	6.3%	5.7%

	£000	£000	£000	£000	£000
Yates Group Pension scheme					
Present value of retirement benefit liabilities	**(13,558)**	(14,622)	(12,569)	(13,041)	(12,482)
Fair value of plan assets	**14,322**	14,686	13,299	13,168	12,549
Net asset in the scheme	**764**	64	730	127	67
Experience adjustment on scheme liabilities	**366**	225	725	(44)	(131)
Percentage of scheme liabilities	**(2.7)%**	(1.5)%	(5.8)%	0.3%	1.0%
Experience adjustments on scheme assets	**(275)**	1,466	107	677	419
Percentage of scheme assets	**(1.9)%**	10.0%	0.8%	5.1%	3.3%

The Group has agreed with the trustees of the Laurel Pub Pension scheme that it will aim to eliminate the deficit over a period of 7 years from 25 June 2014 by the payment of annual contributions of £1,000,000 each year until 2020 followed by a payment of £60,000 by 30 June 2021. The Group will meet the other annual fees and expenses (excluding the annual PPF levy) incurred by the scheme subject to a cap of £250,000 per scheme year.

The group is currently engaged in the latest triannual valuation relating to the year ending 28 February 2017.

The Group does not expect to contribute to the Yates Group defined benefit plan in the next financial period.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

	24 September 2017	25 September 2016
Male retiring in 2017	**21.5 years**	21.7 years
Female retiring in 2017	**23.4 years**	23.7 years
Male retiring in 2042	**23.7 years**	24.4 years
Female retiring in 2042	**25.7 years**	26.6 years

24 Employee benefits (Continued)

The principal actuarial assumptions (expressed as weighted averages) at the period end were as follows:

	24 September 2017	25 September 2016
	£000	£000
Laurel Pub Pension Scheme		
Discount rate	**2.75%**	2.30%
Rate of increase in pension payment	**3.20%**	2.90%
Inflation (RPI)	**3.40%**	3.00%
Inflation (CPI)	**2.40%**	2.00%
Yates Group Pension Scheme		
Discount rate	**2.75%**	2.30%
Rate of increase in pension payment	**2.40%**	2.10%
Inflation (RPI)	**3.40%**	3.00%
Inflation (CPI)	**2.40%**	2.00%

The fair values of the plan assets and the return on those assets for both schemes were as follows:

	2017	2016
	£000	£000
Laurel Pub Pension Scheme		
Equities	**39,164**	32,238
Bonds	**33,897**	42,315
Cash	**424**	1,266
Fair value of plan assets	**73,485**	75,819
Actual return on plan assets	**(201)**	14,606
Yates Group Pension Scheme		
Equities	**5,870**	5,627
Bonds	**7,805**	7,818
Cash	**52**	40
Other	**595**	1,201
Fair value of plan assets	**14,322**	14,686
Actual return on plan assets	**57**	1,959

Analysis of the sensitivity to the principal assumptions of the present value of the defined benefit obligation is set out below:

		Impact on scheme liabilities	
	Change in assumption	24 September 2017	25 September 2016
Laurel Pub Pension Scheme			
Discount rate	Increase of 0.10% p.a.	**(2.10)%**	5.50%
Rate of inflation	Increase of 0.10% p.a.	**2.10%**	4.40%
Rate of mortality	Increase in life expectancy of 1 year	**3.30%**	3.00%
Yates Group Pension Scheme			
Discount rate	Decrease of 0.25% p.a.	**3.50%**	3.60%
Rate of inflation	Increase of 0.25% p.a.	**2.40%**	2.40%
Rate of mortality	Increase in life expectancy of 1 year	**3.00%**	3.00%

The sensitivities shown above are approximate. Each sensitivity considers one change in isolation. The inflation sensitivity includes the impact of changes to the assumptions for revaluation and pension increases. The average duration of the defined benefit obligation at the period ending 24 September 2017 is 22 years for the Laurel Pub Pension scheme (2016: 22 years) and 14 years for the Yates Group Pension scheme (2016: 14 years).

24 Employee benefits (Continued)

The plan typically exposes the Group to actuarial risks such as investment risk, interest rate risk, mortality risk and longevity risk. A decrease in corporate bond yields, a rise in inflation or an increase in life expectancy would result in an increase to plan liabilities. This would detrimentally impact the balance sheet position and may give rise to increased charges in future income statements. This effect would be partially offset by an increase in the value of the plan's bond holdings, and in qualifying death in service insurance policies that cover the mortality risk. Additionally, caps on inflationary increases are in place to protect the Yates Group Pension scheme against extreme inflation.

25 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not contained in this note.

Transactions with key management personnel

Key management comprises the executive directors and management board. The key management personnel compensation is as follows:

	2017 52 weeks £000	2016 52 weeks £000
Salaries and short-term employee benefits	**3,880**	2,525
Post-employment pension benefits	**193**	140
Compensation for loss of office	**494**	228
	4,567	2,893

Other related party transactions

During the year the interest was charged on loans to management as part of the MEP scheme of £76,000 (2016: £66,000). Loans and interest of £321,000 were cancelled in the prior period as a result of one employee ceasing employment. £417,000 was repaid during the period (2016: £234,000). The amount outstanding at 24 September 2017 and included in other receivables was £1,447,000 (2016: £1,788,000).

There is an amount of £2,694,000 (2016: £2,616,000) owing to Stonegate Pub Company Midco Limited, the immediate parent company, at 24 September 2017 relating to this transaction. This is included in trade and other payables.

During a prior period the Group issued an interest free loan of £200,000 to Simon Longbottom, a director of Stonegate Pub Company Limited. At 24 September 2017 this amount remained outstanding and was included in other receivables.

Transactions with Group undertakings

During the year the Group was invoiced management charges of £2,039,000 (2016: £1,507,000) by TDR Capital LLP. The amount outstanding at 24 September 2017 was £Nil (2016: £Nil). The Group also operated a handful of public houses on behalf of entities affiliated with investment funds managed by TDR Capital LLP. Purchases for these sites totalled £189,000 (2016: £71,000) and sales owing to the purchasing entities were £230,000 (2016: £69,000), resulting in a balance owing to entities affiliated with investment funds managed by TDR Capital LLP of £39,000 (2016: balance owing to Stonegate Pub Company Limited of £2,000).

During the year £Nil (2016: £47,000) of rent was paid to Pub Freehold Acquisitions S.a.r.L, a company under common control of investment funds managed by TDR Capital LLP. The amount outstanding at 25 September 2016 was £Nil (2016: £Nil).

26 Ultimate parent undertaking

The ultimate parent company is Stonegate Pub Company Holdings Limited, a company incorporated in the Cayman Islands. The ultimate controlling parties are various investment funds managed by TDR Capital LLP, a private equity management firm.

27 Post balance sheet events

Subsequent to the year end, on 8 January 2018, Stonegate Pub Company Limited completed the assignment of one leasehold site from the Administrator of the Tattershall Castle Group. Total consideration is £2,715,000.

stonegate
PUB COMPANY

Annual report and financial statements

For the 52 weeks ended 25 September 2016

Registered number FC029833

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Company information

Directors
Manjit Dale
Marino Gudmundsson
Ian Payne
David Ross
Simon Longbottom
Brian Magnus

Secretary
Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Registered office
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors of Stonegate Pub Company Limited ('the directors') have accepted responsibility for the preparation of the Strategic report, Director's report and non-statutory accounts for the period ended 25 September 2016 which are intended by them to give a true and fair view of the state of affairs of the Group and of the profit or loss for that period. They have decided to prepare the non-statutory accounts in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and applicable Cayman Island company law.

In preparing these non-statutory accounts, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether they have been prepared in accordance with IFRS, as adopted by the EU;
- prepared the non-statutory accounts on the going concern basis as they believe that the Group will continue in business.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

KPMG LLP
Audit
Arlington Business Park
Theale, Reading
RG7 4SD
United Kingdom

Tel +44 (0) 1923 830000
Fax +44 (0) 1923 214500

Private & confidential
The Directors
Stonegate Pub Company Limited
Porter Tun House
500 Capability Green
Luton
LUl 3LS

Our ref da

Contact Simon Haydn-Jones
Tel 0118 964 4971

The Directors
Stonegate Pub Company Holdings Limited
c/o Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

TDR Capital II Holdings L.P.
acting by its manager
TDR Capital LLP
20 Bentinck Street
London
W1U 2EU

23 January 2017

Dear Sirs

Independent auditor's report to Stonegate Pub Company Limited ("the Company"), Stonegate Pub Company Holdings Limited, TDR Capital II 'A, L.P., TDR Capital II 'B, L.P., TDR Capital II 'C' L.P., TDR Capital II Associates L.P., and TDR Capital General Partner II L.P., these five limited partnerships each acting by their manager, TDR Capital LLP, and their respective directors or executive officers

We have audited the non-statutory Group accounts of Stonegate Pub Company Limited and its subsidiaries (collectively "the Group") for the 52 week period ended 25 September 2016 set out on pages 11 to 48. These non-statutory Group accounts have been prepared for the reasons set out in note 1 to the non-statutory Group accounts and on the basis of the financial reporting framework of International Financial Reporting Standards (IFRSs) as adopted by the EU.

Our report has been prepared for the Stonegate Pub Company Limited ("the Company"), Stonegate Pub Company Holdings Limited, and TDR Capital II 'A' L.P., TDR Capital II 'B' L.P., TDR Capital II 'C' L.P., TDR Capital II Associates L.P., and TDR Capital General Partner II L.P., these five limited partnerships each acting by their manager, TDR Capital LLP, and their respective directors or executive officers ("the Addressees") solely in response to a request from the Addressees for an opinion from independent auditors on the truth and fairness of the non-statutory Group accounts. It has been released to the Addressees on the basis that our report shall not be copied, referred to or disclosed, in whole (save for the Addressees' own internal purposes) or in part, without our prior written consent.

Our report was designed to meet the agreed requirements of the Addressees determined by their needs at the time. Our report should not therefore be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Addressees for any purpose or in any context. Any party other than the Addressees who obtains access to our report or a copy and chooses to rely on our report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, KPMG LLP will accept no responsibility or liability in respect of our report to any other party.

KPMG LLP
23 January 2017

Respective responsibilities of the Company's directors and KPMG LLP

As explained more fully in the Directors' Responsibilities Statement set out on page 10, the Company's directors are responsible for the preparation of the non-statutory Group accounts, which are intended by them to give a true and fair view. Our responsibility is to audit, and express an opinion on, the non-statutory Group accounts in accordance with the terms of our engagement letter dated 11 November 2014 and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the non-statutory Group accounts

An audit involves obtaining evidence about the amounts and disclosures in the non-statutory Group accounts sufficient to give reasonable assurance that the non-statutory Group accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the non-statutory Group accounts. In addition we read all the financial and non-financial information in the strategic report and the directors' report to identify material inconsistencies with the audited non-statutory Group accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on non-statutory Group accounts

In our opinion the non-statutory Group accounts:

- Give a true and fair view of the state of the Group's affairs as at 25 September 2016 and of the Group's loss for the period then ended; and
- Have been properly prepared in accordance with lFRSs as adopted by the EU.

KPMG LLP
Chartered Accountants
23 January 2017

Consolidated Income Statement

For the 52 weeks ended 25 September 2016

		52 weeks ended 25 September 2016			52 weeks ended 27 September 2015		
	Notes	Pre-exceptional items	Exceptional items(1)	Total	Pre-exceptional items	Exceptional items(1)	Total
		£000	£000	£000	£000	£000	£000
Revenue	2	**642,561**		**642,561**	561,632	—	561,632
Operating costs		**(554,360)**	**(14,834)**	**(569,194)**	(492,023)	(1,501)	(493,524)
Operating profit before depreciation, amortisation, impairment and loss on sale of non-current assets		**88,201**	**(14,834)**	**73,367**	69,609	(1,501)	68,108
Depreciation and impairment		**(37,407)**	**(2,703)**	**(40,110)**	(29,877)	(2,500)	(32,377)
Amortisation		**(4,104)**	**—**	**(4,104)**	(3,354)	—	(3,354)
Total depreciation, amortisation and impairment		**(41,511)**	**(2,703)**	**(44,214)**	(33,231)	(2,500)	(35,731)
Loss on disposal of non-current assets	12	**(318)**	**(10,308)**	**(10,626)**	(1,309)	—	(1,309)
Operating profit	3	**46,372**	**(27,845)**	**18,527**	35,069	(4,001)	31,068
Finance income	5	**132**	**—**	**132**	149	—	149
Finance costs	6	**(31,896)**	**(695)**	**(32,591)**	(26,817)	(177)	(26,994)
Movement in fair value of interest rate swaps		**1,393**	**—**	**1,393**	(28)	—	(28)
Profit/(loss) before taxation		**16,001**	**(28,540)**	**(12,539)**	8,373	(4,178)	4,195
UK income tax credit/(charge)	8	**481**	**791**	**1,272**	(3,740)	—	(3,740)
Profit/(loss) for the period attributable to owners of the parent company		**16,482**	**(27,749)**	**(11,267)**	4,633	(4,178)	455

(1) Exceptional items are explained further in note 7.

The notes on pages F-101 to F-128 form part of these financial statements.

Consolidated Statement of Comprehensive Income

For the 52 weeks ended 25 September 2016

	Notes	2016 52 weeks £000	2015 52 weeks £000
(Loss)/profit for the period		**(11,267)**	455
Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit pension schemes	23	**(8,413)**	(116)
Tax credit relating to components of other comprehensive income	8	**1,061**	23
Other comprehensive expense after tax		**(7,352)**	(93)
Total comprehensive (loss)/income for the period		**(18,619)**	362

The notes on pages F-101 to F-128 form part of these financial statements.

Consolidated Balance Sheet
At 25 September 2016

	Notes	25 September 2016 £000	27 September 2015 £000
Assets			
Non-current assets			
Property, plant and equipment	9	**476,723**	424,885
Operating leases	10	**42,601**	33,145
Goodwill	10	**107,422**	106,250
Retirement benefit surplus	23	**64**	730
		626,810	565,010
Current assets			
Inventories	15	**9,434**	8,374
Trade and other receivables	16	**26,720**	23,353
Cash and cash equivalents		**28,886**	12,981
		65,040	44,708
Total assets		**691,850**	609,718
Liabilities			
Current liabilities			
Trade and other payables	17	**(114,951)**	(99,297)
Borrowings	18	**—**	(2,998)
Derivative financial instruments	19	**—**	(279)
		(114,951)	(102,574)
Non-current liabilities			
Borrowings	18	**(472,306)**	(392,866)
Derivative financial instruments	19	**—**	(1,114)
Deferred tax liabilities	14	**(3,283)**	(3,997)
Retirement benefit obligations	23	**(14,227)**	(7,220)
Provisions	20	**(5,961)**	(2,206)
		(495,777)	(407,403)
Total liabilities		**(610,728)**	(509,977)
Net assets		**81,122**	99,741
Equity			
Called up share capital	21	**1,500**	1,500
Share premium		**135,453**	135,453
Retained earnings		**(55,831)**	(37,212)
Total equity attributable to owners of the parent company		**81,122**	99,741

These financial statements were approved by the board of directors on 19 January 2017 and were signed on its behalf by:

David Ross
Director

Company registered number: FC029833

Consolidated Statement of Changes in Equity
For the 52 weeks ended 25 September 2016

	Share capital	Share premium	Retained earnings	Total equity
	£000	£000	£000	£000
Total equity at 28 September 2014	**1,500**	**135,453**	**(37,574)**	**99,379**
Total comprehensive income / (losses):				
Income for the period	—	—	455	455
Other comprehensive losses for the period	—	—	(93)	(93)
Total comprehensive income for the period	—	—	362	362
Total equity at 27 September 2015	**1,500**	**135,453**	**(37,212)**	**99,741**
Total comprehensive income / (losses):				
Losses for the period	—	—	(11,267)	(11,267)
Other comprehensive losses for the period	—	—	(7,352)	(7,352)
Total comprehensive losses for the period	—	—	(18,619)	(18,619)
Total equity at 25 September 2016	**1,500**	**135,453**	**(55,831)**	**81,122**

Consolidated Cash Flow Statement

For the 52 weeks ended 25 September 2016

	2016 52 weeks	2015 52 weeks
	£000	£000
Cash flows from operating activities		
(Loss)/profit for the period	**(11,267)**	455
Adjustments for:		
—Depreciation, amortisation and impairment	**44,214**	35,731
—Loss on sale of non-current assets	**10,626**	1,309
—Net finance costs	**32,459**	26,845
—Movement in fair value of interest rate swaps	**(1,393)**	28
—UK income tax charge	**(1,272)**	3,740
	73,367	68,108
Changes in:		
—Inventories	**(422)**	(237)
—Receivables	**(3,301)**	4,580
—Payables	**14,058**	(680)
—Provisions	**3,319**	(111)
—Difference between pension contributions paid and amounts recognised in operating profit	**(979)**	(997)
Cash generated from operating activities	**86,042**	70,663
Interest paid	**(26,519)**	(24,030)
Income tax paid	**—**	—
Net cash flow from operating activities	**59,523**	46,633
Cash flows from investing activities		
Purchase of property, plant and equipment	**(55,384)**	(46,594)
Purchase of freehold reversions	**(338)**	(4,480)
Purchase of leasehold reversions	**(1,750)**	—
Proceeds from sale of property, plant and equipment	**39,864**	5,577
Interest received	**66**	27
Payments for business acquisitions	**(98,590)**	(13,776)
Net cash acquired with trading sites	**217**	38
Net cash flow from investing activities	**(115,915)**	(59,208)
Cash flows from financing activities		
Advance of borrowings	**79,600**	—
Financing costs	**(4,305)**	(996)
Net cash flow from financing activities	**75,295**	(996)
Net increase/(decrease) in cash and cash equivalents	**18,903**	(13,571)
Opening cash and cash equivalents	**9,983**	23,554
Closing cash and cash equivalents	**28,886**	9,983

Notes to the consolidated financial statements

1 Accounting policies

Stonegate Pub Company Limited (the "Company") is governed by Cayman Island Company Law.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The consolidated financial statements have been prepared in accordance with Companies Law (2013 Revision) of the Cayman Islands. As the Cayman Islands do not have prescribed accounting standards, the Group has elected to prepare these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), as allowed under Cayman Island Company Law.

There is no statutory requirement for accounts to be audited in the UK; however, these accounts are being prepared and subject to a non-statutory audit for the purpose of filing accounts of the UK branch of this overseas Group and formally setting out the financial performance and position of the Group.

No parent company information is presented in these consolidated financial statements, Companies Law (2013 Revision) in the Cayman Islands does not require such information to be presented. The parent company information has been prepared under FRS 102.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis with the exception of derivative financial instruments which are measured at fair value. Non-current assets and disposal Groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

1.2 Going concern

The Group's principal activities, together with the principal risks and uncertainties factors likely to affect its future development, performance and position are set out in the Strategic and Directors' Reports on pages 2 to 9. The financial position of the Group is set out in the Consolidated Balance Sheet on page F-32 which shows net assets of £81,122,000 (2015: £99,741,000). In addition, note 19 to the consolidated financial statements includes the Group's key exposures to credit risk and liquidity risk.

During the current period the Group has experienced a net cash inflow of £18,903,000 (2015: cash outflow of £13,571,000). The net cash outflow in the prior period was due to the purchase of fifteen sites during the year together with the Group's capital expenditure on its existing estate. During the period the Group generated cash inflow from operating activities of £86,042,000 (2015: £70,663,000).

The Group met its day-to-day working capital requirements through its standard trading cycle of cash generation and its overdraft facility. The Directors consider that this is a normal feature of trading in this industry. Customers pay by cash resulting in minimal credit risk and the Group takes advantage of supplier credit terms. Therefore the Group typically operates with net current liabilities (current period net current liabilities of £49,911,000; 2015: net current liabilities of £57,866,000). In the forthcoming period the Group expects to achieve year on year pre-exceptional operating profit growth (both organically and through acquisitions) and be cash generative at an operating cash flow level and at a total cash flow level.

At the balance sheet date, the Group was financed by fixed and floating rate loan notes totalling £480,000,000 (2015: £400,000,000), details of which are set out in note 18.

The Group met its day-to-day working capital requirements through cash generation and a £50,000,000 overdraft facility. Management have prepared a board paper on going concern showing the Group's forecasts and projections prepared for a period covering fifteen months from the date of approval of the financial statements. Taking account of reasonable possible changes in trading performance, the board paper shows that the Group should be able to operate within the level of its current borrowing facility. Applying reasonably possible sales based sensitivities year on year the Group's forecasts show that it would continue to operate within its facility and within financial covenants.

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements and

1 Accounting policies (Continued)

for the foreseeable future thereafter. Thus they adopt the going concern basis of accounting in preparing these financial statements.

1.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 25 September 2016. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the period are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

1.4 Classification of financial instruments issued by the Group

Following the adoption of IAS 32, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.5 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

1.6 Derivative financial instruments and hedging

Derivative financial instruments

The Group uses interest rate swaps to hedge its exposure to interest rate fluctuations on its floating rate loan notes.

1 Accounting policies (Continued)

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss. The Group does not currently hold any derivatives that qualify for hedge accounting.

1.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- freehold properties are depreciated to their estimated residual values over 50 years;
- leasehold properties and improvements are depreciated over the shortest of 50 years, their estimated useful lives and their remaining lease periods;
- administration furniture, fixtures, fittings and equipment are depreciated over 2 to 15 years; and
- retail furniture, fixtures and equipment are depreciated over 3 to 15 years.

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.8 Sale and leaseback transactions

The Group enters into sale and leaseback transactions where land and buildings have been sold and the Group has immediately entered into a lease agreement with the acquirer. These land and buildings are no longer included within property, plant and equipment and the rentals paid are charged on a straight-line basis to the Consolidated Income Statement over the lease term.

1.9 Business combinations

Subject to the transitional relief in IFRS 1, all business combinations are accounted for by applying the acquisition method. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

Acquisitions post transition date

For acquisitions on or after 26 September 2011, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquire, if any; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred. Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Acquisitions prior to IFRS transition date

IFRS 1 grants certain exemptions from the full requirements of Adopted IFRSs in the transition period. The Group elected not to restate business combinations that took place prior to transition date. In respect of acquisitions prior to transition date, goodwill is included at transition date or earlier if applicable on the basis of its deemed cost, which represents the amount recorded under UK GAAP which was broadly comparable save that only separable intangibles were recognised and goodwill was amortised. On

1 Accounting policies (Continued)

transition, certain items recognised as other intangibles under Adopted IFRS have been separately accounted for with appropriate adjustments against property, plant and equipment and amortisation of goodwill ceased as required by IFRS 1.

1.10 Intangible assets and goodwill

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation in respect of acquisitions is capitalised. Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

Operating lease intangible assets

The fair values attached to operating leasehold interests on acquisitions are deemed to represent lease premiums, and are capitalised and carried as intangible assets. Amortisation is charged to the income statement on a straight-line basis over the lease lives.

1.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price less any costs of disposal. Cost is calculated using the first in first out method.

1.12 Impairment excluding inventories and deferred tax assets

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit (CGU) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest Group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Groups of assets (the "cash-generating unit").

The Group considers each of its individual pubs as a cash-generating unit. Each CGU is reviewed annually for indicators of impairment. When indicators of impairment are identified the carrying value of the individual pub is compared to its recoverable amount. The recoverable amount is determined as being the greater of its value in use and its fair value less costs to sell.

The Group annually tests whether goodwill has been impaired. Management makes judgements to allocate goodwill to the group of CGUs that benefits from the synergy of acquisitions and reflects the level at which

1 Accounting policies (Continued)

goodwill is monitored, on this basis goodwill is allocated to the entire estate. The recoverable amount of the CGUs that the goodwill has been allocated to is determined based on value-in-use calculations which require estimating future cash flows and applying a suitable discount rate.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (Group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.13 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The Group determines the net interest on the net defined benefit liability/asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/asset.

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid. Re-measurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in profit or loss when the plan amendment or curtailment occurs.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. The gain or loss on a settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Group in connection with the settlement.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term

1 Accounting policies (Continued)

cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

1.14 Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.15 Revenue

Revenue is measured at the fair value of the consideration received or receivable and is derived from the sale of food and drinks; admissions; hotel rooms and machine income to third parties, after deducting discounts and VAT. Revenue is recognised at the point of sale.

All revenue is derived from the one principal activity of the business, based solely within the United Kingdom.

In respect of the loyalty card scheme, the More card, as points are issued to customers the retail fair value of those points expected to be redeemed is deferred. When the points are used by customers they are recorded as revenue.

1.16 Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Financing income and expenses

Financing expenses comprise interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method and unwinding of the discount on provisions. Financing income comprise interest receivable on funds invested.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

1.17 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1 Accounting policies (Continued)

1.18 Exceptional items

The Group presents separately on the face of the income statement those material items of income and expense which are outside of the normal course of trading, which management consider will distort comparability, in order to provide a trend measure of underlying performance.

1.19 Significant accounting estimates and judgements

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions in the application of accounting policies that affect reported amounts of assets, liabilities, revenues and expenses during the period.

Management periodically evaluates its estimates and judgements and bases them on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates.

The estimates and assumptions that have the most significant effect on the amounts recognised in the financial statements are discussed below:

Impairment of property, plant, equipment and operating leases

Property, plant and equipment and operating leases are reviewed for impairment if there are any indicators to suggest that the carrying amount may not be recoverable. Recoverable amounts are determined based on value-in-use calculations and estimated sale proceeds. These calculations require assumptions to be made regarding projected cash flows and the choice of a suitable discount rate in order to calculate the present value of those cash flows. Actual outcomes may vary from these estimates. These are disclosed in note 11.

Impairment of goodwill

The Group annually tests whether goodwill has been impaired. The recoverable amount of all cash-generating units (CGUs) grouped together is determined based on value-in-use calculations. These calculations require assumptions to be made regarding projected cash flows and the choice of an appropriate discount rate in order to calculate the value-in-use of those cash flows. These are disclosed in note 11. Actual outcomes could vary from these estimates.

Onerous lease provisions

The Group provides for its onerous obligations under operating leases where the site is closed or for properties where rental expense is in excess of income. The estimated timings and amounts of cash flows are determined using management experience.

Defined pension benefit schemes

The present value of defined benefit pension scheme liabilities are determined on an actuarial basis and depend on a number of actuarial assumptions, which are disclosed in note 23. Any changes in these assumptions could impact the carrying amounts of retirement benefit assets / liabilities.

Business combinations

The Group identifies separate assets and liabilities upon acquisition and recognises those assets at their fair value. The assessment of fair value, particularly for property, plant, equipment and operating leases acquired, is undertaken with reference to current market conditions.

Note 12 describes the business combinations in the current and prior periods and provides details of the fair value adjustments made in arriving at the fair value of assets and liabilities acquired.

1.20 Segmental reporting

The Group operates predominately one type of business (pubs) in the United Kingdom. This includes the sale of food, beverages, admissions, hotel rooms and machine income and are collectively regarded and reported as one segment.

1 Accounting policies (Continued)

1.21 New standards, interpretations and amendments to existing standards

As at the date of approval of the financial statements there are a number of standards and interpretations issued by the IASB and IFRIC with an effective date after the date of these financial statements and which have not been early adopted by the Group. These are expected to be applied as follows:

- IFRS 16 Leases—In January 2016, the IASB issued IFRS 16 Leases which requires lessees to recognise assets and liabilities for most leases. The new standard will be effective for annual periods beginning on or after 1 January 2019. The Group is currently considering the impact of adopting IFRS 16 on its consolidated results and financial position.
- IFRS 15 Revenue from Contracts with Customers—The IASB issued IFRS 15 Revenue from Contracts in May 2014. This standard replaces all existing revenue recognition guidance under current IFRS and becomes effective for annual periods beginning on or after 1 January 2018. The Group is currently considering the impact of IFRS 15 on its consolidated results and financial position.
- IFRS 9 Financial Instruments—IFRS 9 Financial Instruments was first issued in November 2009 with a complete version issued in July 2014 and is a replacement of IAS 39 Financial Instruments: Recognition and Measurement. The new standard becomes effective for annual periods beginning on or after 1 January 2018. The Group expects minimal impact on its financial position.

2 Revenue

Revenue disclosed in the consolidated income statement is analysed as follows:

	2016 52 weeks	**2015 52 weeks**
	£000	**£000**
Sales of food, beverages, admissions, hotel rooms and machine income	**642,561**	561,632

3 Expenses

Included in operating profit are the following expenses:

	2016 52 weeks	**2015 52 weeks**
	£000	**£000**
Drink and food costs	**174,115**	156,138
Employment costs	**167,900**	143,876
Operating lease rentals	**46,897**	40,061
Other costs	**180,282**	153,449
Depreciation, amortisation and impairment	**44,214**	35,731
Loss on disposal of non-current assets	**10,626**	1,309
Costs deducted from revenue to determine operating profit	**624,034**	530,564

Included within operating profit are £27,845,000 of costs (2015: £4,001,000) relating to exceptional items (see note 7).

4 Employees

The average number of persons employed by the Group (including directors) during the period, analysed by category, was as follows:

	2016 52 weeks	**2015 52 weeks**
Head office administration[(1)]	**298**	253
Retail[(1)]	**12,104**	11,990
	12,402	12,243

(1) Employee numbers relate to actual employees rather than full-time employee equivalents.

4 Employees (Continued)

At the period end the Group had 12,864 employees (2015: 12,102 employees).

The aggregate payroll costs of these persons were as follows:

	2016 52 weeks	2015 52 weeks
	£000	£000
Wages and salaries	**156,473**	134,520
Social security costs	**10,151**	8,391
Pension costs	**1,276**	965
	167,900	143,876

5 Finance income

	2016 52 weeks	2015 52 weeks
	£000	£000
Other interest receivable	**132**	149
Total finance income	**132**	149

6 Finance costs

	2016 52 weeks	2015 52 weeks
	£000	£000
Interest payable on loan notes	**28,252**	23,847
Other interest payable	**66**	126
Net pensions finance charge	**239**	263
Debt issue costs amortisation	**2,867**	1,981
Refinancing costs	**1,167**	777
Total finance costs	**32,591**	26,994

Included within finance costs are £695,000 of costs (2015: £177,000) relating to exceptional items (see note 7).

7 Exceptional items

	2016 52 weeks	2015 52 weeks
	£000	£000
Operating exceptional items		
Acquisition costs	**7,033**	746
Restructuring and integration costs	**4,038**	755
Impairment of property, plant and equipment (note 11)	**2,617**	2,475
Impairment of operating leases (note 11)	**86**	25
Onerous leases	**3,763**	—
	17,537	4,001
Loss on disposal of non-current assets (note 12)	**10,308**	—
Finance costs	**695**	177
UK income tax credit relating to exceptional items	**(791)**	—
Total exceptional items	**27,749**	4,178

Acquisition costs: Acquisition costs are items of one-off expenditure incurred, primarily, in connection with the purchase of 53 sites from the Administrator of Tattershall Castle Group during the current period and the purchase of 15 sites from the Administrator of Maclay Inns Limited during the prior period (see note 12). These costs include legal and professional fees and stamp duties which are expensed as incurred.

7 Exceptional items (Continued)

Restructuring and integration costs: In the period of acquisition and the period following acquisition, the Group incurred costs to combine and streamline the operations of the acquired businesses with the Group.

Onerous leases: The onerous lease provision covers potential liabilities for onerous lease contracts for sites that have either closed, or where projected future trading revenue is insufficient to cover the lower of exit cost or value-in-use. The provision is based on the present value of expected future cash flows, discounted at 8.9%, relating to rents, rates and other property costs to the end of the lease terms net of expected sublet income. For the 52 weeks to 25 September 2016, this resulted in an onerous lease charge of £3,763,000.

Loss on disposal of non-current assets: During the period the Group wrote off £10,308,000 of tangible fixed assets. The disposals related primarily to assets in the original M&B estate which are no longer in use following the acceleration of the development programme of these sites. The tax credit relating to this is £791,000.

Finance costs: As a result of the business combinations this period and last period the existing overdraft facility was increased by £15,000,000 and £10,000,000 respectively. The costs associated with are considered as exceptional in nature.

8 Taxation

	2016 52 weeks £000	2015 52 weeks £000
Tax charged in the income statement		
Current tax:		
—UK corporation tax	**—**	—
—Group relief paid for previous year	**610**	—
Total current tax charge	**610**	—
Deferred tax (note 14):		
—Origination and reversal of temporary differences	**1,861**	3,531
—Adjustments in respect of previous periods	**(2,744)**	232
—Rate change	**(999)**	(23)
Total deferred tax (credit)/charge	**(1,882)**	3,740
Total current and deferred tax (credited)/charged in the income statement	**(1,272)**	3,740

	2016 52 weeks £000	2015 52 weeks £000
Tax credited in other comprehensive income		
Deferred tax:		
—Re-measurement of defined benefit pension schemes	**(1,061)**	(23)
Total tax credit recognised in other comprehensive income	**(1,061)**	(23)

Reconciliation of total tax charge

The effective rate of tax is different to the full rate of corporation tax. The differences are explained below:

	2016 52 weeks £000	2015 52 weeks £000
(Loss)/profit before tax	**(12,539)**	4,195
Tax at current UK corporation tax rate of 20% (2015: 20.5%)	**(2,508)**	860
Expenses not deductible for tax purposes	**5,446**	3,743
Impact of rate change	**(999)**	(23)
Group relief not paid for/excess paid for group relief	**(1,077)**	(1,072)
Adjustment in respect of previous periods	**(2,134)**	232
Total tax (credited)/charged in the income statement	**(1,272)**	3,740

8 Taxation (Continued)

A prior year tax credit of £2,744,000 has been recognised in relation to an increased capital allowance claim agreed with HMRC during the period and in relation to all periods from 2011 onwards.

9 Property, plant and equipment

	Leasehold improvements	Land and buildings	Furniture, fixtures and equipment	Total
	£000	£000	£000	£000
Cost				
At 28 September 2014	84,109	242,079	149,854	476,042
Acquisitions through business combinations	—	11,730	1,615	13,345
Additions	11,030	8,317	31,986	51,333
Disposals	(2,420)	(5,073)	(7,132)	(14,625)
At 27 September 2015	92,719	257,053	176,323	526,095
Acquisitions through business combinations	—	86,014	1,560	87,574
Additions	12,153	3,920	39,044	55,117
Disposals	(482)	(38,775)	(21,836)	(61,093)
Reclassification	(742)	(338)	(31)	(1,111)
At 25 September 2016	**103,648**	**307,874**	**195,060**	**606,582**
Depreciation				
At 28 September 2014	(17,660)	(6,779)	(52,499)	(76,938)
Charge for the year	(5,920)	(495)	(23,462)	(29,877)
Impairment (note 11)	(1,453)	(579)	(443)	(2,475)
Disposals	1,546	747	5,787	8,080
At 27 September 2015	(23,487)	(7,106)	(70,617)	(101,210)
Charge for the year	(6,643)	(553)	(30,211)	(37,407)
Impairment (note 11)	(2,096)	15	(536)	(2,617)
Disposals	178	158	10,699	11,035
Reclassification	39	270	31	340
At 25 September 2016	**(32,009)**	**(7,216)**	**(90,634)**	**(129,859)**
Net book value				
At 25 September 2016	**71,639**	**300,658**	**104,426**	**476,723**
At 27 September 2015	69,232	249,947	105,706	424,885
At 28 September 2014	66,449	235,300	97,355	399,104

During the current period the Group acquired £87,236,000 of property, plant and equipment from the Administrator of the Tattershall Castle Group. The Group also purchased one freehold reversion during the period for £338,000.

Included in property, plant and equipment are properties with a net book value of £295,012,000 (2015: £261,798,000) over which the Group's borrowings are secured by way of fixed and floating charges.

Land and buildings includes £12,946,000 (2015: £9,349,000) relating to long leasehold sites; £188,609,000 of freehold land (2015: £166,641,000) and £99,103,000 of freehold properties (2015: £73,957,000).

10 Goodwill and operating lease intangible assets

	Operating leases	Goodwill
	£000	£000
Cost		
At 28 September 2014	41,362	110,451
Acquisitions through business combinations	270	61
Disposals	—	(452)
At 27 September 2015	41,632	110,060
Acquisitions through business combinations	12,912	1,566
Disposals	(50)	(394)
Reclassification	771	—
At 25 September 2016	**55,265**	**111,232**
Amortisation		
At 28 September 2014	(5,108)	(3,810)
Charge for the year	(3,354)	—
Impairment (note 11)	(25)	—
At 27 September 2015	(8,487)	(3,810)
Charge for the year	(4,104)	—
Impairment (note 11)	(86)	—
Disposals	13	—
At 25 September 2016	**(12,664)**	**(3,810)**
Net book value		
At 25 September 2016	**42,601**	**107,422**
At 27 September 2015	33,145	106,250
At 28 September 2014	36,254	106,641

During the current period operating leases of £10,862,000 were acquired as part of the acquisition of 53 sites from the Administrator of the Tattershall Castle Group on 29 September 2015. Goodwill associated with this business combination was £1,487,000.

During the current period the Group also acquired two sites from JD Wetherspoon plc for £300,000 which was for the operating leases. Furthermore, on 31 March 2016 the Group purchased one site, which it previously leased, from Pub Freehold Acquisitions S.a.r.L, for £1,750,000.

During the prior period operating leases of £210,000 were acquired as part of the acquisition of 15 sites from the Administrator of Maclay Inns Limited and a further one site was acquired as a separate acquisition from Ha Ha Bar and Grill Limited resulting in an operating lease addition of £60,000. Goodwill associated with the Maclay Inns Limited acquisition was £61,000 (see note 12).

Goodwill has been reduced in the period by £394,000 (2015: £452,000), representing the apportioned value of goodwill allocated to those sites disposed of during the period.

11 Impairment losses

Property, plant and equipment and operating lease intangible assets

The Group considers each of its individual pubs as a cash-generating unit (CGU). Each CGU is reviewed annually for indicators of impairment. When indicators of impairment are identified the carrying value of the individual pub is compared to its recoverable amount. The recoverable amount is determined as being the higher of the expected net realisable value or the value in use.

The value in use is determined using the present value of the expected cash flows attributable to that site using a pre-tax discount rate of 8.9% (2015: 11.8%) applied to the future expected cash flows using budgeted earnings before interest, tax, depreciation and amortisation over a five year period, as prepared for the board. The cash flows continue to be risk adjusted to reflect a conservative outlook. The key assumptions are budgeted earnings and trading margin, which include past investments and staff costs, and

11 Impairment losses (Continued)

have been reviewed by the board and deemed to be reasonable. Cash flows beyond five years are extrapolated using a 2.5% growth rate for five years.

Where a reliable estimate of the net realisable value is available and is higher than the carrying amount of the asset, the asset is not impaired and there no value in use is calculated.

Indicators of impairment were found in each of the periods ended 25 September 2016 and 27 September 2015 on a small number of individual CGUs and consequently impairment reviews were carried out on the affected CGUs. Impairments totalling £2,703,000 (2015: £2,500,000) were identified.

The Group's estimate of impairments is most sensitive to changes in the discount rate and growth rates. Sensitivity analysis has been carried out by reference to both these assumptions. This demonstrated that neither a 1% reduction in the growth rate, nor a 1% increase in the discount rate would lead to an increase in the impairment charge. The minimal impact is mainly driven by factoring in the fair value less costs to sell for the CGUs.

Goodwill

Goodwill acquired via business combinations is tested annually for impairment. For this purpose, the goodwill is allocated to the 654 strong pub estate being a group of CGUs, as this represents the lowest level within the Group that goodwill is monitored for internal management purposes.

The carrying amount of goodwill has been compared to its recoverable amount and involved calculating an overall value in use, using discounted cash flow projections. The value in use calculation is based on budgeted earnings before interest and taxation over a five year period, the pre-tax discount rate and the growth rate used to extrapolate cash flows beyond the budgeted period. The pre-tax risk adjusted discount rate applied to cash flow projections was 8.9% (2015: 11.8%). Management have estimated the discount rate by reference to past experience and an industry average weighted cost of capital as adjusted for appropriate risk factors reflecting current economic conditions and the risk profile of the CGUs. Cash flows beyond five years are extrapolated using a 2.5% growth rate, based on management expectations.

The calculation is most sensitive to changes in the assumptions used for budgeted cash flow, pre-tax discount rate and growth rate. Management considers that reasonable possible changes in assumptions would be an increase in discount rate of 1%, a reduction in growth rate of 1% or a 5% reduction in budgeted cash flow. As an indication of sensitivity, when applied to the value-in-use calculation neither a 1% increase in discount rate, a 1% reduction in growth rate or a 5% reduction in cash flow would have resulted in an impairment of goodwill in the period.

12 Acquisitions and disposals

Acquisitions in the current period

On 29 September 2015, Stonegate Pub Company Limited acquired 53 freehold and leasehold sites from the Administrator of the Tattershall Castle Group. Total consideration was £98,291,000. As part of this transaction Stonegate Pub Company Limited issued a further £80,000,000 of fixed loan notes charging an annual interest rate of 5.75% and maturing on 15 April 2019. At the same time as this transaction the Group increased its existing bank facility by £15,000,000. The Group also entered into sale and operating leaseback transactions for five of the sites resulting in consideration of £34,000,000.

The business has been acquired for the purpose of integrating these sites into the Group's existing brands and approach to market where it is believed that synergies and economies of scale can be obtained.

12 Acquisitions and disposals (Continued)

A summary of the fair values of the assets and liabilities acquired are given in the table below:

	Fair value
	£000
Operating leases	10,862
Property, plant and equipment	87,236
Inventory	639
Cash	217
Deferred tax liability	(2,229)
Net assets acquired	96,725
Purchase price satisfied by:	
Cash consideration	98,291
Goodwill	**1,566**

Goodwill is considered to represent the value of the acquired workforces and the benefits that will be gained from combining these sites with the Group's existing portfolio of brands and sites.

The Group incurred acquisition-related costs of £6,957,000 related to stamp duty and external legal and professional fees. These costs have been included in 'operating costs' in the consolidated income statement (see note 7).

Operating leases: The fair value of lease premiums was derived through a fair value exercise.

Property, plant and equipment: Included in property, plant and equipment is freehold property with a valuation of £85,676,000 and fixtures and fittings of £1,560,000.

Inventory: The fair value applied to inventory was that at the date of acquisition.

Post-acquisition to 25 September 2016 these sites have contributed £52,873,000 in revenue and £10,834,000 in operating profit, which is not materially different to that if the sites had been owned for a full year.

As at the balance sheet date there was one leasehold site yet to be assigned to Stonegate Pub Company Limited, which if assigned would result in additional consideration payable of £2,715,000.

Other acquisitions

During the current period the Group also acquired two sites from JD Wetherspoon plc for £300,000 which was for the operating leases (see note 10). Total payments for business acquisitions were £98,590,000.

Acquisitions in the prior period

On 17 July 2015, Stonegate Pub Company Limited acquired fifteen Scottish sites from the Administrator of Maclay Inns Limited. Total cash consideration was £13,601,000. At the same time as this transaction the Group increased its existing bank facility by £10,000,000.

The business has been acquired for the purpose of expanding Stonegate's prominence in Scotland and integrating these into the Group's existing brands and approach to market where it is believed that synergies and economies of scale can be obtained.

A summary of the fair values of the assets and liabilities acquired are given in the table below:

	Fair value
	£000
Operating leases	210
Property, plant and equipment	13,230
Inventory	62
Cash	38
Net assets acquired	13,540
Purchase price satisfied by:	
Initial cash consideration	13,601
Goodwill	**61**

12 Acquisitions and disposals (Continued)

Goodwill is considered to represent the value of the acquired workforces and the benefits that will be gained from combining these sites with the Group's existing portfolio of brands and sites.

The Group incurred acquisition-related costs of £685,000 related to stamp duty and external legal and professional fees. These costs have been included in 'operating costs' in the consolidated income statement (see note 7).

Operating leases: The fair value of lease premiums was derived through a third party valuation.

Property, plant and equipment: Included in property, plant and equipment is freehold property given a third party valuation of £11,730,000 and fixtures and fittings of £1,500,000.

Inventory: The fair value applied to inventory was that at the date of acquisition.

Post-acquisition to 27 September 2015 these sites have contributed £2,184,000 in revenue and £329,000 in operating profit. If the acquisition had taken place on 29 September 2014 the Group's consolidated revenue would have been £569,057,000 and its consolidated profit before tax would have been £5,318,000.

These fair values have not been remeasured in the current period.

Other acquisitions

On 23 March 2015, the Group also purchased one site from Ha Ha Bar and Grill Limited for £175,000. As part of the acquisition the Group purchased £115,000 of property, plant and equipment, £60,000 of operating lease and incurred £12,000 of acquisition-related costs. Total payments for business combinations were £13,776,000.

Disposals in the current period

During the current period the Group disposed of sixteen sites to third parties for net consideration of £6,756,000, with associated costs of sale and closure costs of £504,000, tangible fixed assets with net book values of £5,750,000, operating leases of £37,000 and goodwill with net book values of £394,000. Profit on disposal was £71,000.

During the period the Group also disposed of five sites on a sale and leaseback agreement. These sites were sold for net consideration of £34,000,000 with associated costs of sale of £389,000 and tangible fixed assets with net book values of £34,000,000. Loss on disposal was £389,000. The consideration was used to help finance the acquisition of 53 freehold and leasehold sites from the Administrator of the Tattershall Castle Group.

During the period the Group wrote off £10,308,000 of tangible fixed assets. The disposals related primarily to assets in the original M&B estate which are no longer in use following the acceleration of the development programme of these sites.

Total loss on disposal for the period was £10,626,000.

Disposals in the prior period

During the prior period the Group disposed of seventeen sites and sublet one site to third parties for net consideration of £6,355,000, with associated costs of sale and closure costs of £778,000. Property, plant and equipment with a net book value of £6,545,000 and goodwill of £452,000 was disposed. Onerous lease provisions were also released of £111,000. Total loss on disposal was £1,309,000.

13 Investments in subsidiaries

The Company has the following investments in subsidiaries.

Name of company	Country of incorporation	Class of shares held	Proportion held	Nature of business
Stonegate Pub Company Financing plc	England and Wales	Ordinary	100%	Financing
Plato Company 3 Limited	Cayman Islands	Ordinary	100%	Holding company
FTK Propco Limited	England and Wales	Ordinary	100%	Property company
DW Propco Limited	England and Wales	Ordinary	100%	Property company
BH Propco Limited	England and Wales	Ordinary	100%	Property company
Hull Propco Limited	England and Wales	Ordinary	100%	Property company
SJT Propco Limited	England and Wales	Ordinary	100%	Property company
AD Propco Limited	England and Wales	Ordinary	100%	Property company
Town and City Pub Group Limited*	England and Wales	Ordinary	100%	Holding company
Barley Pub Company Limited*	England and Wales	Ordinary	100%	Operation of licensed bars
Hops Pub Company Limited*	England and Wales	Ordinary	100%	Operation of licensed bars
Plato Restaurant Holdings Limited*	Cayman Islands	Ordinary	100%	Holding company
Bay Restaurant Holdings Limited*	Cayman Islands	Ordinary	100%	Holding company
Bay Restaurant Group Limited*	England and Wales	Ordinary	100%	Holding company
Slug and Lettuce Company Limited*	England and Wales	Ordinary	100%	Operation of licensed bars

* Held indirectly

14 Deferred tax assets and liabilities

Movement in deferred tax during the period is as follows:

	25 September 2016	27 September 2015
	£000	£000
At beginning of period	**(3,997)**	(280)
Credited/(charged) to income statement	**1,882**	(3,740)
Credited to equity	**1,061**	23
Acquisitions	**(2,229)**	—
At end of period	**(3,283)**	(3,997)

14 Deferred tax assets and liabilities (Continued)

The movements in deferred tax assets and liabilities during the period are shown below:

Deferred tax assets

	Tax losses	Retirement benefit liabilities	Financial instruments	Property, plant and equipment	Temporary differences	Total
	£000	£000	£000	£000	£000	£000
At 28 September 2014	3,544	1,422	273	4,440	10	9,689
(Charged)/credited to income statement	(1,845)	(147)	6	(4,440)	(6)	(6,432)
Recognised in other comprehensive income	—	23	—	—	—	23
At 27 September 2015	1,699	1,298	279	—	4	3,280
Credited/(charged) to income statement	2,223	49	(279)	—	39	2,032
Recognised in other comprehensive income	—	1,061	—	—	—	1,061
At 25 September 2016	**3,922**	**2,408**	**—**	**—**	**43**	6,373

The Directors consider it reasonable to recognise deferred tax assets as they expect the Group to continue to be profitable in the future.

Deferred tax liabilities

	Intangibles	Property, plant and equipment	Temporary differences	Total
	£000	£000	£000	£000
At 28 September 2014	4,185	5,784	—	9,969
Credited to income statement	(1,948)	(744)	—	(2,692)
At 27 September 2015	2,237	5,040	—	7,277
Charged to income statement	133	17	—	150
Recognised in goodwill	—	2,229	—	2,229
At 25 September 2016	**2,370**	**7,286**	**—**	9,656

At the period end the Group had a net deferred tax liability of £3,283,000 (2015: liability of £3,997,000).

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (Effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 25 September 2016 has been calculated based on these rates.

15 Inventories

	25 September 2016	27 September 2015
	£000	£000
Goods held for resale	**9,434**	8,374
	9,434	8,374

The estimated replacement cost of stocks is not materially different from the above carrying values.

The Group consumed £174,115,000 of inventories during the period (2015: £156,138,000) and charged £Nil to the income statement for the write-down of inventories during the period (2015: £Nil).

16 Trade and other receivables

	25 September 2016	27 September 2015
	£000	£000
Trade receivables	**4,656**	2,497
Other receivables	**5,818**	5,815
Prepayments and accrued income	**16,246**	15,041
	26,720	23,353

17 Trade and other payables

	25 September 2016	27 September 2015
	£000	£000
Trade payables	**53,489**	41,746
Amounts due to group undertakings	**2,616**	3,152
Other taxation and social security	**13,988**	11,279
Other payables	**12,660**	11,243
Accruals	**32,198**	31,877
	114,951	99,297

There is an amount of £2,616,000 (2015: £3,152,000) owing to Stonegate Pub Company Midco Limited, the immediate parent company, at 25 September 2016. See note 24.

18 Borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate and foreign currency risk, see note 19.

	25 September 2016	27 September 2015
	£000	£000
Current liabilities		
Bank overdrafts	**—**	2,998
	—	2,998
Non-current liabilities		
Secured loan notes issued by Stonegate Pub Company Financing plc	**472,306**	392,866
	472,306	392,866

Secured loan notes are shown net of debt issue costs of £7,404,000 (2015: £7,134,000) and a £110,000 discount accrual.

Terms and debt repayment schedule:

	Principal borrowed	Year of maturity	Principal outstanding 25 September 2016	Principal outstanding 27 September 2015
	£000		£000	£000
Secured fixed notes	340,000	2019	**340,000**	260,000
Secured floating notes	140,000	2019	**140,000**	140,000
			480,000	400,000

On 11 April 2014 Stonegate Pub Company Financing plc, a public limited company incorporated under the laws of England and Wales and a wholly owned subsidiary of the Company, received £400,000,000 from the issue of £260,000,000 fixed loan notes charging an annual interest rate of 5.75% and £140,000,000 floating loan notes charging an annual interest rate of 3 months LIBOR + 4.75%. On 29 September 2015 a further £80,000,000 of fixed loan notes were issued at a discounted amount of £79,600,000, charging an annual interest rate of 5.75%. The Notes will mature on 15 April 2019. Amortised debt issue costs of £7,404,000 and a £110,000 discount accrual offset the loan balance at the period end.

18 Borrowings (Continued)

The proceeds from the issue of the first tranche of loan notes were used to repay an existing bank loan; repay an existing shareholder PIK loan; make a distribution of £47,800,000 to shareholders; to pay fees in connection with the transaction and for general corporate purposes. The proceeds from the issue of the £80,000,000 of fixed loan notes on 29 September 2015 were used to purchase the 53 sites from the Administrator of the Tattershall Castle Group (see note 12).

On 12 August 2011 the Company entered into an interest rate swap linked to its external shareholder loan fixing the interest rate at 3% for the loan amount of £290,000,000. On 11 April 2014 the swap was reduced to £140,000,000 in line with the floating loan notes. The swap came to an end on 18 August 2016 and as such at the period end accrued swap interest payable of £Nil (2015: £269,000) was outstanding and included in current liabilities.

19 Financial instruments

Fair values of financial instruments

Set out in the table below are the carrying values and fair values of all of the Group's financial instruments at 25 September 2016 and 27 September 2015.

	Fair value		Carrying value	
	2016	2015	2016	2015
	£000	£000	£000	£000
Financial assets—loans and receivables				
Trade receivables	**4,656**	2,497	**4,656**	2,497
Other receivables	**5,818**	5,815	**5,818**	5,815
Cash and cash equivalents	**28,886**	12,981	**28,886**	12,981
	39,360	21,293	**39,360**	21,293
Financial liabilities				
Trade payables	**53,489**	41,746	**53,489**	41,746
Interest rate swaps	**—**	1,393	**—**	1,393
Secured fixed notes	**347,701**	265,171	**340,000**	260,000
Secured floating notes	**139,650**	141,504	**140,000**	140,000
Bank loans and overdrafts	**—**	2,998	**—**	2,998
	540,840	452,812	**533,489**	446,137

The following assumptions were used to estimate the fair values:

Trade and other receivables—these are carried at amortised cost using the effective interest method and fair value is deemed to be the same as this.

Cash and cash equivalents—approximate to the carrying amounts stated in the accounts.

Trade payables—these are carried at amortised cost using the effective interest method and fair value is deemed to be the same as this.

Short-term loans and overdrafts—approximates to the carrying amount because of the short maturity of these instruments.

Long term loans—based on quoted market prices in the case of the securitised debt.

The Group's financial instruments, other than derivatives, consist of securitised loan notes, bank borrowings and cash, the main purpose of which is to raise finance for the Group's operations. The Group's other financial instruments, such as trade receivables and payables, arise directly from its operations.

Fair value hierarchy

IFRS 7 requires that the classification of financial instruments at fair value be determined by reference to the source of inputs used to derive fair value.

19 Financial instruments (Continued)

The classification uses the following three-level hierarchy:

- Level 1—quoted prices in active markets for identical assets or liabilities;
- Level 2—inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3—inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values disclosed in respect of securitised loan notes have been evaluated as level 1 within the hierarchy described above. All other financial instruments carried at fair value have been measured by a level 2 valuation method.

Derivative financial instruments

The carrying values of derivative financial instruments in the balance sheet are as follows:

	25 September 2016	27 September 2015
	£000	£000
Interest rate swaps		
Current liabilities	—	279
Non-current liabilities	—	1,114
	—	1,393

The interest rate swap replaced the LIBOR rate on the Group's secured floating rate loan notes with a fixed rate. The Group decided not to apply hedge accounting for its interest rate swap given the additional costs of meeting the extensive documentation requirements of IAS 39. Consequently movements in fair value are recognised in the income statement. The swap came to an end on 18 August 2016.

Capital risk management

The Group's capital structure consists of debt, issued share capital and reserves. These are managed effectively to minimise the Group's cost of capital, to add value to shareholders and to service debt obligations. The Group's principal external debt is held within one securitisation. The securitised debt is monitored by a variety of measures, which are reported to the debt providers on a quarterly basis. The Group assesses the performance of the business, the level of available funds and the short to medium term strategic plans concerning capital spend as well as the need to meet financial covenants and such assessment influences the level of dividends payable.

The main risks from the Group's financial instruments are interest rate risk, liquidity risk and credit risk. There is no currency risk as all of the revenues and costs of the Group are in sterling. The policy for managing each of the Group's risks is set out as follows.

Interest rate risk

The Group finances its operations through a mixture of trading cash flows, bank overdraft facilities and fixed and floating rate secured loan notes. The Group seeks to minimise the impact of interest rate fluctuations from its floating rate loan notes and has used an interest rate swap to manage exposure. The swap came to an end on 18 August 2016 and the Directors do not consider there to be a significant risk of exposure to interest rates.

Liquidity risk

Liquidity risk is risk that the Group may not be able to meet its financial obligations as they fall due. The Group seeks to manage financial risk to ensure sufficient liquidity is available to meet foreseeable needs. The Group also monitors the maturity of financial liabilities to avoid the risk of a shortage of funds. Surplus funds are placed on deposit and are available at short notice. The table below summarises the maturity profile of the Group's debt based on contractual, undiscounted cash flows including interest

19 Financial instruments (Continued)

	Within 1 year	1 - 2 years	2 - 5 years	> 5 years	Total
	£000	**£000**	**£000**	**£000**	**£000**
At 25 September 2016					
Interest-bearing loans and borrowings					
—capital	**—**	**—**	**480,000**	**—**	**480,000**
—interest	**26,983**	**26,943**	**25,100**	**—**	**79,026**
—interest rate swaps	**—**	**—**	**—**	**—**	**—**
Bank overdrafts	**—**	**—**	**—**	**—**	**—**
Trade payables	**53,489**	**—**	**—**	**—**	**53,489**
	80,472	**26,943**	**505,100**	**—**	**612,515**
	£000	**£000**	**£000**	**£000**	**£000**
At 27 September 2015					
Interest-bearing loans and borrowings					
—capital	—	—	400,000	—	400,000
—interest	22,265	22,282	34,729	—	79,276
—interest rate swaps	1,215	—	—	—	1,215
Bank overdrafts	2,998	—	—	—	2,998
Trade payables	41,746	—	—	—	41,746
	68,224	22,282	434,729	—	525,235

Credit risk

Credit risk arises because a counter party may fail to perform its obligations. The principal financial assets of the Group are cash and cash equivalents, trade receivables and other receivables. The credit risk associated with the cash and cash equivalents is limited. Credit risk is managed by transacting with financial institutions with high quality credit ratings. Trade receivables comprise a large number of individually small amounts from unrelated customers and are shown net of a provision for doubtful debts. Management estimates the provision for doubtful debts based on a review of all individual receivable accounts, experience and known factors at the period end. The credit risk associated with these is minimal. The Group has no significant concentration of credit risk. The carrying amount of financial assets represents the maximum credit exposure. The ageing of trade and other receivables at the balance sheet date, gross of the doubtful debt provision, is as follows:

	25 September 2016	27 September 2015
	£000	**£000**
Not past due	**6,846**	6,884
0 - 30 days past due	**1,936**	693
31 - 60 days past due	**707**	457
Greater than 60 days past due	**1,107**	381
	10,596	8,415

Trade receivables are shown gross of a provision of £122,000 (2015: £103,000). £157,000 was charged to the income statement during the period (2015: charged £103,000) and £138,000 was utilised (2015: £35,000).

20 Provisions

	Onerous leases	Health and safety claims	Total
	£000	£000	£000
At 28 September 2014	1,083	1,345	2,428
Additions	79	1,473	1,552
Released	(111)	—	(111)
Utilised	(190)	(1,473)	(1,663)
At 27 September 2015	861	1,345	2,206
Additions	3,763	1,604	5,367
Utilised	(444)	(1,168)	(1,612)
At 25 September 2016	**4,180**	**1,781**	**5,961**

The onerous lease provision includes amounts for lease rentals and costs of exiting closed and loss-making sites which the Group acquired during a prior period. The Directors have determined that these sites operate under onerous property leases and have provided the expected shortfall between operating income and rents payable for a property. The estimated period required to mitigate these losses is identified on an individual property basis. The release of the onerous lease provisions primarily relates to the successful exit of sites at a rate below originally expected.

The health and safety claims provision is an estimate of the claims which the Group expects to settle over the next two years. These claims generally relate to minor incidents of personal injury at sites and the level of provision has been based on managements' expected future successful claim rate.

21 Share capital

	25 September 2016	27 September 2015
	£000	£000
Called up, allotted and fully paid:		
150,000,000 ordinary shares of £0.01 each	**1,500**	1,500

22 Commitments

Operating leases relating to land and buildings

At the end of the reporting period, the future minimum lease payments under non-cancellable operating leases are payable as follows:

	25 September 2016	27 September 2015
	£000	£000
Future minimum rentals payable under non-cancellable operating leases:		
Within one year	**40,116**	36,882
Between one and five years	**153,632**	142,137
After five years	**396,708**	405,697
	590,456	584,716

Capital commitments

Capital commitments for property, plant and equipment:

	25 September 2016	27 September 2015
	£000	£000
Contracted but not provided	**7,581**	3,589

23 Employee benefits

Defined contribution pension schemes

The Group operates three defined contribution stakeholder schemes for certain employees. The pension cost charge for the period represents contributions payable by the Group to the schemes and amounted to £1,276,000 (2015: £965,000). At the period end the Group had outstanding contributions payable to the schemes of £7,000 (2015: £Nil).

Defined benefit pension schemes

On 21 June 2011, as part of the Plato Company 3 acquisition the Group acquired two defined benefit schemes, the Laurel Pub Pension scheme and the Yates Group Pension scheme, which are closed to new members and closed to further accruals for existing members. The assets of the schemes are held in single, separate trustee administered funds. The latest full actuarial valuations of the schemes were last carried out by an independent qualified actuary at 28 February 2014 and the results have been updated for the purpose of calculating the disclosures at 25 September 2016.

The following tables illustrate the impact of both the Laurel Pub Pension scheme and the Yates Group Pension scheme on the consolidated income statement, the consolidated statement of comprehensive income (SOCI) and the consolidated balance sheet.

The amounts recognised in the balance sheet are as follows:

	25 September 2016	27 September 2015
	£000	£000
Laurel Pub Pension scheme		
Fair value of plan assets	**75,819**	62,112
Present value of defined benefit obligation	**(90,046)**	(69,332)
Net retirement benefit liability recognised in the balance sheet	**(14,227)**	(7,220)
	£000	£000
Yates Group Pension scheme		
Fair value of plan assets	**14,686**	13,299
Present value of defined benefit obligation	**(14,622)**	(12,569)
Surplus in scheme	**64**	730
Restriction of surplus	**—**	—
Net retirement benefit surplus recognised in the balance sheet	**64**	730
Total net retirement benefit recognised in the balance sheet	**(14,163)**	(6,490)

At the end of the life of the Yates Group Pension scheme, the Company has an unconditional right to a refund and any such refund would be paid out only on a net of tax basis.

Movements in the present value of scheme liabilities are as follows:

	25 September 2016	27 September 2015
	£000	£000
Laurel Pub Pension scheme		
Present value of scheme liabilities at beginning of period	**69,332**	65,734
Expenses	**21**	3
Interest cost	**2,592**	2,580
Actuarial losses	**20,000**	2,426
Benefits paid	**(1,899)**	(1,411)
Past service costs	**—**	—
Present value of scheme liabilities at end of period	**90,046**	69,332

23 Employee benefits (Continued)

	£000	£000
Yates Group Pension scheme		
Present value of scheme liabilities at beginning of period	**12,569**	13,041
Expenses	**—**	—
Interest cost	**467**	508
Actuarial losses/(gains)	**2,158**	(491)
Benefits paid	**(572)**	(489)
Past service costs	**—**	—
Present value of scheme liabilities at end of period	**14,622**	12,569
Total present value of scheme liabilities at end of period	**104,668**	81,901

Movements in the fair value of scheme assets are as follows:

	25 September 2016 £000	27 September 2015 £000
Laurel Pub Pension scheme		
Fair value of scheme assets at beginning of period	**62,112**	58,499
Interest income	**2,327**	2,312
Return on plan assets excluding interest income	**12,279**	1,712
Contributions paid by employer	**1,000**	1,000
Benefits paid	**(1,899)**	(1,411)
Fair value of scheme assets at end of period	**75,819**	62,112

	£000	£000
Yates Group Pension scheme		
Fair value of scheme assets at beginning of period	**13,299**	13,168
Interest income	**493**	513
Return on plan assets excluding interest income	**1,466**	107
Contributions paid by employer	**—**	—
Benefits paid	**(572)**	(489)
Fair value of scheme assets at end of period	**14,686**	13,299
Total fair value of scheme assets at end of period	**90,505**	75,411

Interest costs are shown in finance costs and service costs and expenses are recognised in operating costs. The amounts recognised in the income statement are as follows.

	2016 52 weeks £000	2015 52 weeks £000
Laurel Pub Pension scheme		
Past service costs	**—**	—
Interest cost	**265**	268
Expenses	**21**	3
Net cost	**286**	271

	£000	£000
Yates Group Pension scheme		
Past service costs	**—**	—
Interest income	**(26)**	(5)
Expenses	**—**	—
Net income	**(26)**	(5)
Total net cost	**260**	266

23 Employee benefits (Continued)

Analysis of amounts recognised in the SOCI in the period:

	2016 52 weeks	2015 52 weeks
	£000	£000
Laurel Pub Pension scheme		
Return on plan assets excluding interest income	**12,279**	1,712
Experience gains	**1,482**	1,441
Effects of changes in demographic assumptions	**964**	(2,031)
Effects of changes in financial assumptions	**(22,446)**	(1,836)
Re-measurement losses recognised in the SOCI	**(7,721)**	(714)
	£000	£000
Yates Group Pension scheme		
Return on plan assets excluding interest income	**1,466**	107
Experience gains	**225**	725
Effects of changes in demographic assumptions	**167**	45
Effects of changes in financial assumptions	**(2,550)**	(279)
Re-measurement gains recognised in the SOCI	**(692)**	598
Total re-measurement losses recognised in the SOCI	**(8,413)**	(116)

Cumulative amounts recognised in the SOCI:

	25 September 2016	27 September 2015
	£000	£000
At beginning of period	**(5,917)**	(5,801)
Re-measurement losses in the period	**(8,413)**	(116)
At end of period	**(14,330)**	(5,917)

	2016	2015	2014	2013	2012
	£000	£000	£000	£000	£000
Laurel Pub Pension scheme					
Present value of retirement benefit liabilities	**(90,046)**	(69,332)	(65,734)	(59,161)	(54,668)
Fair value of plan assets	**75,819**	62,112	58,499	54,004	49,303
Net liability in the scheme	**(14,227)**	(7,220)	(7,235)	(5,157)	(5,365)
Experience adjustment on scheme liabilities	**1,482**	1,441	(152)	(59)	(1,123)
Percentage of scheme liabilities	**(1.65)%**	(2.08)%	0.2%	0.1%	2.1%
Experience adjustments on scheme assets	**12,279**	1,712	3,712	3,072	1,330
Percentage of scheme assets	**16.2%**	2.8%	6.3%	5.7%	2.7%
	£000	£000	£000	£000	£000
Yates Group Pension scheme					
Present value of retirement benefit liabilities	**(14,622)**	(12,569)	(13,041)	(12,482)	(12,001)
Fair value of plan assets	**14,686**	13,299	13,168	12,549	12,107
Net asset / (liability) in the scheme	**64**	730	127	67	106
Experience adjustment on scheme liabilities	**225**	725	(44)	(131)	14
Percentage of scheme liabilities	**(1.5)%**	(5.8)%	0.3%	1.0%	(0.1)%
Experience adjustments on scheme assets	**1,466**	107	677	419	1,006
Percentage of scheme assets	**10.0%**	0.8%	5.1%	3.3%	8.3%

23 Employee benefits (Continued)

The history of experience adjustments on the schemes for the current and previous financial periods is as follows:

The Group has agreed with the trustees of the Laurel Pub Pension scheme that it will aim to eliminate the deficit over a period of 7 years from 25 June 2014 by the payment of annual contributions of £1,000,000 each year until 2020 followed by a payment of £60,000 by 30 June 2021.

The Group does not expect to contribute to the Yates Group defined benefit plan in the next financial period.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

	25 September 2016	27 September 2015
Male retiring in 2016	**21.7 years**	21.9 years
Female retiring in 2016	**23.7 years**	23.9 years
Male retiring in 2041	**24.4 years**	24.5 years
Female retiring in 2041	**26.6 years**	26.8 years

The principal actuarial assumptions (expressed as weighted averages) at the period end were as follows:

	25 September 2016	27 September 2015
	£000	£000
Laurel Pub Pension Scheme		
Discount rate	**2.30%**	3.80%
Rate of increase in pension payment	**2.90%**	3.00%
Inflation (RPI)	**3.00%**	3.10%
Inflation (CPI)	**2.00%**	2.10%
Yates Group Pension Scheme		
Discount rate	**2.30%**	3.80%
Rate of increase in pension payment	**2.10%**	2.20%
Inflation (RPI)	**3.00%**	3.10%
Inflation (CPI)	**2.00%**	2.10%

The fair values of the plan assets and the return on those assets for both schemes were as follows:

	2016	2015
	£000	£000
Laurel Pub Pension Scheme		
Equities	**32,238**	29,177
Bonds	**42,315**	26,445
Cash	**1,266**	6,490
Fair value of plan assets	**75,819**	62,112
Actual return on plan assets	**14,606**	4,024
Yates Group Pension Scheme		
Equities	**5,627**	5,149
Bonds	**7,818**	6,936
Cash	**40**	48
Other	**1,201**	1,166
Fair value of plan assets	**14,686**	13,299
Actual return on plan assets	**1,959**	620

23 Employee benefits (Continued)

Analysis of the sensitivity to the principal assumptions of the present value of the defined benefit obligation is set out below:

	Change in assumption	Impact on scheme liabilities 25 September 2016	27 September 2015
Laurel Pub Pension Scheme			
Discount rate	Decrease of 0.25% p.a.	**5.50%**	5.10%
Rate of inflation	Increase of 0.25% p.a.	**4.40%**	4.30%
Rate of mortality	Increase in life expectancy of 1 year	**3.00%**	2.40%
Yates Group Pension Scheme			
Discount rate	Decrease of 0.25% p.a.	**3.60%**	3.30%
Rate of inflation	Increase of 0.25% p.a.	**2.40%**	2.40%
Rate of mortality	Increase in life expectancy of 1 year	**3.00%**	2.40%

The sensitivities shown above are approximate. Each sensitivity considers one change in isolation. The inflation sensitivity includes the impact of changes to the assumptions for revaluation and pension increases. The average duration of the defined benefit obligation at the period ending 25 September 2016 is 22 years for the Laurel Pub Pension scheme (2015: 21 years) and 14 years for the Yates Group Pension scheme (2015: 14 years).

The plan typically exposes the Group to actuarial risks such as investment risk, interest rate risk, mortality risk and longevity risk. A decrease in corporate bond yields, a rise in inflation or an increase in life expectancy would result in an increase to plan liabilities. This would detrimentally impact the balance sheet position and may give rise to increased charges in future income statements. This effect would be partially offset by an increase in the value of the plan's bond holdings, and in qualifying death in service insurance policies that cover the mortality risk. Additionally, caps on inflationary increases are in place to protect the Yates Group Pension scheme against extreme inflation.

24 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not contained in this note.

Transactions with key management personnel

Key management comprises the executive directors and management board. The key management personnel compensation is as follows:

	2016 52 weeks £000	2015 52 weeks £000
Salaries and short-term employee benefits	**2,525**	1,767
Post-employment pension benefits	**140**	113
Compensation for loss of office	**228**	—
	2,893	1,880

Other related party transactions

During the year the Group made new loans to senior management of £Nil (2015: £Nil) as part of the MEP scheme and cancelled loans and interest totalling £321,000 (2015: £120,000) as a result of one employee ceasing employment. £234,000 was repaid during the period (2015: £52,000). Interest was charged on these loans during the year of £66,000 (2015: £122,000). The amount outstanding at 25 September 2016 and included in other receivables was £1,788,000 (2015: £2,277,000).

There is an amount of £2,616,000 (2015: £3,152,000) owing to Stonegate Pub Company Midco Limited, the immediate parent company, at 25 September 2016 relating to this transaction. This is included in trade and other payables.

24 Related party transactions (Continued)

During the prior period the Group issued an interest free loan of £200,000 to Simon Longbottom, a director of Stonegate Pub Company Limited. At 25 September 2016 this amount remained outstanding and was included in other receivables.

Transactions with Group undertakings

During the year the Group was invoiced management charges of £1,507,000 (2015: £2,051,000) by TDR Capital LLP. The amount outstanding at 25 September 2016 was £Nil (2015: £Nil). The Group also purchased inventory on TDR Capital LLP's behalf to operate a handful of public houses. Purchases totalled £71,000 and payments received from TDR for these were £69,000 during the period, resulting in a balance owing to Stonegate Pub Company Limited of £2,000.

During the year £47,000 (2015: £2,692,000) of rent was paid to Pub Freehold Acquisitions S.a.r.L, a company under common control of TDR Capital LLP. The amount outstanding at 25 September 2016 was £Nil (2015: £Nil). Furthermore, during the year £1,750,000 (2015: £4,480,000) was paid by the Group to purchase a long leasehold reversion from Pub Freehold Acquisitions S.a.r.L.

25 Ultimate parent undertaking

The ultimate parent company is Stonegate Pub Company Holdings Limited, a company incorporated in the Cayman Islands. The ultimate controlling parties are various investment funds managed by TDR Capital LLP, a private equity management firm.

26 Post balance sheet events

Subsequent to the year end, on 6 December 2016, Stonegate Pub Company Limited acquired the Intertain Limited group which operates 30 sites across the UK, most of which trade under the Walkabout brand. Total consideration was £39,500,000. Due to the proximity of this transaction to the finalisation of the statutory accounts the fair value accounting has not been finalised.

THE ISSUER

Stonegate Pub Company Financing plc
Porter Tun House, 500 Capability Green
Luton, Bedfordshire, LU1 3LS, United Kingdom

LEGAL ADVISOR TO THE ISSUER

As to matters of U.S. and English Law

Simpson Thacher & Bartlett LLP
CityPoint
One Ropemaker Street
London EC2Y 9HU, United Kingdom

LEGAL ADVISOR TO THE INITIAL PURCHASER

As to matters of U.S. and English Law

Shearman & Sterling (London) LLP
9 Appold Street
London EC2A 2AP, United Kingdom

INDEPENDENT AUDITORS
KPMG LLP
15 Canada Square
London E14 5GL, United Kingdom

TRUSTEE
Deutsche Trustee Company Limited
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

SECURITY AGENT
Barclays Bank PLC
5 The North Colonnade
London E14 4BB
United Kingdom

PAYING AGENT AND CALCULATION AGENT
Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

REGISTRAR AND TRANSFER AGENT

Deutsche Bank Luxembourg S.A.
2, Boulevard Konrad Adenauer
L-1115 Luxembourg, Luxembourg

LISTING AGENT

Carey Olsen Corporate Finance Limited
47 Esplanade
St Helier
Jersey JE1 0BD

LEGAL ADVISOR TO THE TRUSTEE

White & Case LLP
5 Old Broad Street
London EC2N 1DW, United Kingdom

stonegate
PUB COMPANY

Donnelley Financial Solutions 689695