

G

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

155(6)b

CHFP025

Please do not
write in this
margin

Pursuant to section 155(6) of the Companies Act 1985

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

To the Registrar of Companies
(Address overleaf - Note 5)

For official use

Company number



237511

Name of company

Note
Please read the notes
on page 3 before
completing this form

* Arcadia Group Limited

* insert full name
of company

† insert name(s) and
address(es) of all
the directors

XWe † Philip Green, Ian Allkins, John Readman and Paul Coakley
together with
Lord Anthony Grabiner QC and Ian Grabiner (each of whom are making on
the date of this declaration a declaration in the same form as this
declaration).

(See Attachment A for addresses).

† delete as
appropriate

~~XXXXXXXXXXXX~~ [all the directors]† of the above company (hereinafter called 'this company') do
solemnly and sincerely declare that:

§ delete whichever
is inappropriate

The business of this company is:

- (a) ~~the business of a person authorised under section 1 of the Insurance Companies Act 1982 to carry on~~
~~the business of a person authorised under section 1 of the Insurance Companies Act 1982 to carry on~~
~~the business of a person authorised under section 1 of the Insurance Companies Act 1982 to carry on~~
(b) ~~the business of a person authorised under section 1 of the Insurance Companies Act 1982 to carry on~~
~~the business of a person authorised under section 1 of the Insurance Companies Act 1982 to carry on~~
~~the business of a person authorised under section 1 of the Insurance Companies Act 1982 to carry on~~
(c) something other than the above§

This company is ~~not~~ [a] holding company of* Redcastle Limited
[Registered Number 3194733] which is
proposing to give financial assistance in connection with the acquisition of shares
in [this company] [~~the holding company of this company~~]

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

Allen & Overy
One New Change
London
EC4M 9QQ

Dx 44
BK:1042972

For official Use
General Section

Post room



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

Please do not write in this margin

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

The number and class of the shares acquired or to be acquired is: 210,204,416 ordinary shares

The assistance is to be given to: (note 2) _____

Taveta Investments Limited [Registered Number 04464926]
129-137 Marylebone Road, London NW1 5QD

The assistance will take the form of:

See Attachment B

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

† delete as appropriate

Taveta Investments Limited [Registered Number: 04464926]

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

See Attchement C

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

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

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

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

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

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

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

(b) [REDACTED] the Board to commence the winding up of the company, which, in the opinion of the Board, and I/we have formed the opinion that the company will be able to pay its debts in full within 12 months of the commencement of the winding up.]* (note 3)

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

Declared at

Colegrave House, 70 Berners street

on

Day	Month	Year
13	03	2003

before me ALASTAIR VERE NICOLL

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

Declarants to sign below

Paul Lockby

Maat

Jul. Ward

NOTES

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

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

or, for companies registered in Scotland:-

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

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

155(6)b

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Pursuant to section 155(6) of the Companies Act 1985

**Please complete
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bold block lettering**

**To the Registrar of Companies
(Address overleaf - Note 5)**

For official use

Company number

237511

Note
Please read the notes
on page 3 before
completing this form

Name of company

* Arcadia Group Limited

* insert full name
of company

XWe 6 Ian Grabiner together with Philip Green, Ian Allkins, John Readman, Paul Coakley and Lord Anthony Grabiner QC (each of whom are making on the date of this declaration a declaration in the same form as this declaration).

(See Attachment A for addresses).

† delete as appropriate

~~XXXXXXXXXXXX~~ [all the directors][†] of the above company (hereinafter called 'this company') do solemnly and sincerely declare that:

§ delete whichever
is inappropriate

The business of this company is:

- (a) ~~the business of providing life insurance or annuity contracts under the Internal Revenue Code of 1986~~
 (b) ~~the business of providing life insurance or annuity contracts under the Internal Revenue Code of 1986~~
 (c) something other than the above

This company is ~~not~~ [a] holding company of* Redcastle Limited
[Registered Number 3194733] _____ which is
proposing to give financial assistance in connection with the acquisition of shares
in [this company] [_____]

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

Allen & Overy
One New Change
London
EC4M 900

For official Use
General Section

Post room

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

Please do not write in this margin

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The assistance will take the form of:

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† delete as appropriate

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

See Attchement C

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

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

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

Please do not
write in this
margin

The date on which the assistance is to be given is

within 8 weeks of the date hereof

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

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

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

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

(b) ~~We have formed the opinion that this company will be unable to pay its debts in the event of its winding up, and I/we have formed the opinion that this company will be unable to pay its debts in the event of its winding up.]~~ (note 3)

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

Declared at

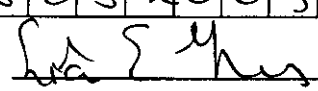
LONDON HEATHROW

Declarants to sign below

on

Day	Month	Year
13	03	2003

before me


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

NOTES

- 1 For the meaning of "a person incurring a liability" and "reducing or discharging a liability" see section 152(3) of the Companies Act 1985.
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Companies House
Crown Way
Cardiff
CF14 3UZ

or, for companies registered in Scotland:-

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

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See Attachment B

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Taveta Investments Limited [Registered Number: 04464926]

† delete as appropriate

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

See Attachment C

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

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

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

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The date on which the assistance is to be given is

within 8 weeks of the date hereof

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

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

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

(b) ~~I/we have formed the opinion that this company will be able to pay its debts as they fall due during the year immediately following that date.]~~ (note 3)

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

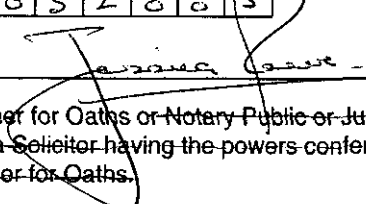
Declared at 1 ESSEX COURT

Declarants to sign below

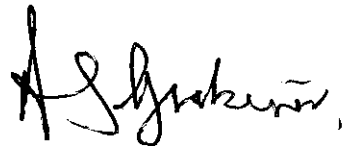
LONDON EC4

on

Day	Month	Year
13	03	2003

before me 

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



NOTES

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Cardiff
CF14 3UZ

or, for companies registered in Scotland:-

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

Page 1

Directors' names and addresses

Attachment A

ATTACHMENT A

Directors' names and addresses

(to statutory declaration Form 155(6)b – page 1)

Lord Anthony Grabiner, QC
1 Essex Court
Temple
London
EC4Y 9AR

Ian Mark Allkins
35 Brentham Way
London
W5 1BE

Paul Coackley
54, Bucknall Way
Langley Park
Beckenham
Kent
BR3 3XN

Philip Green
Le Formentour
1st Floor
27 Avenue Princess Grace
Monte Carlo MC 9800
Monaco

John Paul Readman
Jellystone Farm
Friezland Lane Greenfield
Oldham
Lancashire
OL1 7HB

Ian Grabiner
Daylesford
5 Methuen road
Glasgow G46 6TG

ATTACHMENT B

Form of Assistance

(to statutory declaration Form 155(6)a -- Box 1 page 2)

Definitions

In this statutory declaration the following expressions have the following meanings:

Agent means Bradford & Bingley plc.

Company means Redcastle Limited

Finance Party means a Lender, the Agent or the Security Trustee.

Lender means each of the following:

- (a) any Original Lender;
- (b) any bank, financial institution, trust fund or other entity which has become a party in accordance with clause 23 of the Facility Agreement,

which in each case has not ceased to be a party in accordance with the terms of the Facility Agreement.

Occupational Lease means any lease, tenancy, licence or other occupational arrangement granted by or directly held out of the interest of the Company (in its capacity as legal owner and landlord or grantor) of any part of the Security Property to any tenant or licensee (including Arcadia Group Limited or a member of the Group whose obligations under the Occupational Lease are guaranteed by Arcadia Group Limited) at any relevant time but (for the avoidance of doubt) excludes any lease, tenancy, licence or other occupational arrangement to which the Company is not for the time being the immediate reversioner or in respect of which the Company would not for the time being be entitled to accept a direct surrender or renunciation

Original Lender means Bradford & Bingley plc

Rent Account means any account opened at the request of the Agent (on terms stipulated by the Agent) at the Agent or any other bank into which Rental Income is to be paid from time to time, such account to be secured to the Security Trustee in a manner satisfactory to the Agent.

Rental Income means, at any time, the gross rents, licence fees and other monies reserved by or arising out of any Occupational Lease or any agreement for the grant of an Occupational Lease or (following the service of a Section 6 Notice) reserved by or arising out of any underlease to which any Occupational Lease is subject to which such Section 6 Notice relates, without limitation, derived by the Company from Security Property from time to time (including, without limitation, mesne profits).

Secured Obligations means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or alone or in any other capacity whatsoever) of the Borrower to the Lenders or to the other Finance Parties (or any of them) under any Finance Document

Form of Assistance

Attachment B

(as defined in the Facility Agreement) to which the Company is a party **provided** that no obligation or liability shall be included in the definition of "**Secured Obligations**" to the extent that, if it were so included, the relevant document (or any part of it) would constitute unlawful financial assistance within the meaning of sections 151 and 152 of the Companies Act 1985

Security Property means such properties as are set out in a schedule to the Facility Agreement and any future property that is deemed to be eligible as security for the facility by the Agent.

Security Trustee means Bradford & Bingley plc.

The assistance will take the form of:

1. the Company executing a facility agreement between, inter alia, the Company and Redcastle Property Mortgage Limited (the "**Borrower**"), Bradford & Bingley plc (in its capacity as Original Lender, Agent and Security Trustee) (the "**Facility Agreement**") pursuant to which:
 - (i) the Lenders (as defined in the Facility Agreement) will provide to the Borrower a ten year term loan facility of £80,000,000;
 - (ii) in order to secure the Borrower's obligations thereunder the Company is to enter into the Debenture, the Supplemental Debenture, the Northern Ireland Property Mortgage, the Scotland Property Mortgage, the Scotland Assignment of Rent, the Jersey Property Mortgage and the Guernsey Property Mortgage (each as defined below); and
 - (iii) the Company gives representations and warranties and provides a number of affirmative and negative covenants in respect of the property secured pursuant to the agreements referred to above.
2. the Company executing a debenture pursuant to which the Company grants:
 - (i) a fixed charge (and assignment where relevant) over its present and future right, title and interest in the freehold or leasehold property in England and Wales owned by it set out in a schedule to the Debenture together with any assets relating thereto (including agreements and insurance policies in relation to such property, the Occupational Leases and Rental Income and also any hedging arrangements entered into in respect of the Facility Agreement), and
 - (ii) a floating charge over all of the Company's present and future assets and undertaking and over all heritable property and all other property and assets in Scotland,in favour of the Security Trustee as security for the Secured Obligations (the "**Debenture**").
3. the Company executing a supplemental debenture pursuant to which the Company grants security in a similar form to the Debenture referred to above in respect of the Company's interests in certain properties that are not secured pursuant to the Debenture (the "**Supplemental Debenture**").
4. the Company executing a property mortgage pursuant to which the Company grants a fixed charge (and assignment where relevant) over its present and future right, title and interest in the freehold and leasehold property in Northern Ireland owned by it together with any assets relating thereto (including agreements and insurance policies in relation to such property, the

Occupational Leases, the Insurances and Rental Income) in favour of the Security Trustee as security for the Secured Obligations (the "**Irish Property Mortgage**").

5. the Company executing a property mortgage pursuant to which the Company grants a Standard Security over all those properties located in Scotland set out in a schedule thereto in favour of the Security Trustee as security for the Secured Obligations (the "**Scotland Property Mortgage**").
6. the Company executing an assignation of rent pursuant to which the Company assigns to the Security Trustee as security for the Secured Obligations all rent that the Company is entitled to receive from the tenants under the leases set out in a schedule thereto (the "**Scotland Assignation of Rent**").
7. the Company executing a limited recourse guarantee pursuant to which the Company guarantees the obligations of Redcastle Property Mortgage Limited pursuant to the Facility Agreement and a billet by which the Company acknowledges the guarantee and consents to the registration of the billet in the public registry of the Island of Jersey the said registration to operate as a hypothec on the properties referred to therein in favour of the Security Trustee as security for the Secured Obligations subject to a limit of £8,200,000 (the "**Jersey Property Mortgage**").
8. the Company executing a bond pursuant to which the Company will:
 - (i) provide a limited recourse guarantee in favour of the Security Trustee in respect of the Secured Obligations subject to a limit of £2,500,000; and
 - (ii) grant security over its interest in certain properties located in Guernsey in order to secure its obligations referred to in 7(i) above (the "**Guernsey Property Mortgage**").
9. The Company enters into a deed of priorities with Bradford and Bingley plc and the Governor and Company of the Bank of Scotland to govern the security granted by the Company referred to in the above paragraphs.

ATTACHMENT C

Principal Terms of Assistance

(to statutory declaration Form 155(6)a – Box 2 page 2)

1. FACILITY AGREEMENT

By executing the Facility Agreement, the Company will give certain representations and warranties and provide certain affirmative and negative covenants in respect of the security documents referred to below and the property owned by it and secured thereby.

2. DEBENTURE

By executing the Debenture:

Fixed Charge

The Company charges and agrees to charge all its present and future right, title and interest in and to the following assets which are at any time owned by it or in which it from time to time has an interest:

- (a) by way of first legal mortgage the Property (as defined in the Debenture);
- (b) by way of first fixed charge:
 - (i) all licences to enter upon or use the Property and the benefit of all other agreements relating to the Property;
 - (ii) all buildings and fixtures (including trade and tenant's fixtures belonging to it) now and in the future on the Property;
 - (iii) all other interests now and in the future belonging to it in or over the Property or the proceeds of sale of the Property;
 - (iv) all its rights to and interest in any proceeds of sale of the whole or any part of the Property (including, without limitation, any compensation received by it as a result of any notice or order from any planning authority or other statutory body which may at any time be held or received by it or anybody else on its behalf);
 - (v) all of its rights under the appointment of any managing agent of the Property;
- (c) by way of first fixed charge the Rent Account and all monies at any time standing to the credit of the Rent Account together with all interest from time to time accrued or accruing on such monies and all rights to repayment of any of the foregoing;
- (d) by way of first fixed charge all present and future policies of insurance and all claims and proceeds thereunder;

- (e) to the extent that any of the assets are not effectively assigned pursuant to Clause 3.2 (*Security assignments*), by way of first fixed charge those assets.

Security assignments

The Company assigns and agrees to assign absolutely (subject to a proviso for reassignment on redemption) by way of security all its present and future right, title and interest in and to:

- (a) the Rental Income;
- (b) the Occupational Leases; and
- (c) the benefit of any hedging arrangement entered into by the Company in respect of interest payable under the Facility Agreement.

Floating Charge

The Company charges and agrees to charge by way of floating charge all its present and future (1) assets and undertaking (wherever located) which is not effectively charged by way of first fixed mortgage or charge or assigned pursuant to the provisions of the Debenture, and (2) (whether or not effectively so charged) heritable property and all other property and assets in Scotland.

The floating charge shall:

- (a) only be enforceable against the Company immediately upon any formal steps being taken towards the presentation of a petition or the making of an application to the court for the making of an administration order in relation to Company or any formal steps being taken towards the appointment of an administrator of the Company;
- (b) only be enforced by the appointment of a receiver; and
- (c) shall only (except by operation of law) crystallise upon such formal steps being taken towards the presentation of a petition or other form of application to the court for the making of an administration order or towards the appointment of an administrator.

Further Assurance

Whenever requested by the Security Trustee the Company will at its own expense, promptly execute any deeds or documents and take any action required by the Security Trustee to create, perfect or protect the security created (or intended to be created) by or pursuant to the Debenture; or

- (a) to facilitate the realisation of any security or otherwise to enforce the security created by or pursuant to the Debenture; or
- (b) to exercise any of the rights of the Security Trustee or any receiver or any delegate or sub-delegate thereof under the Debenture,

including (without limitation) (1) the execution of any transfer, conveyance, assignment or assurance of any property or assets (whether to the Security Trustee or its nominees) and (2) the giving of any notice, order or direction and the making of any registration which, in any such case, the Security Trustee may think expedient.

3. SUPPLEMENTAL DEBENTURE

By executing the Supplemental Debenture the Company grants security on similar terms to those set out in the Debenture in respect of its interest in certain properties not charged under the Debenture.

4. IRISH PROPERTY MORTGAGE

By executing the Irish Property Mortgage:

Fixed Charge

The Company charges and agrees to charge all its present and future right, title and interest in and to the following assets which are at any time owned by it or in which it from time to time has an interest:

- (a) as beneficial owner and as continuing security for the payment or discharge of the Secured Obligations in respect of sub-clauses (i) and (ii) GRANTS and DEMISES unto the Lender and in respect of the other sub-clauses CHARGES unto the Security Trustee:
 - (i) ALL THAT the property more particularly set out in Schedule 1 of the Irish Property Mortgage TO HOLD the same unto the Security Trustee for the term of ten thousand years from the date hereof subject to the proviso for redemption hereinafter contained; and
 - (ii) ALL THAT the property more particularly set out in Part II of the Schedule 1 hereto TO HOLD the same unto the Security Trustee for the residue of the terms of years created by the respective leases short particulars of which are also set out in Part II of the First Schedule of the Irish Property Mortgage less the last ten days thereof subject to the provision for redemption hereinafter contained;
 - (iii) by way of first fixed charge the Rent Account and all monies at any time standing to the credit of the Rent Account together with all interest from time to time accrued or accruing on such monies and all rights to repayment of any of the foregoing;

Security assignments

The Company assigns and agrees to assign absolutely (subject to a proviso for reassignment on redemption) by way of security all its present and future right, title and interest in and to:

- (a) the Rental Income; and
- (b) the Occupational Leases.

Further Assurance

Whenever requested by the Security Trustee the Company will at its own expense, promptly execute any deeds or documents and take any action required by the Security Trustee to create, perfect or protect the security created (or intended to be created) by or pursuant to the Irish Property Mortgage; or

Form of Assistance

Attachment C

- (a) to facilitate the realisation of any security or otherwise to enforce the security created by or pursuant to the Irish Property Mortgage; or
- (b) to exercise any of the rights of the Security Trustee or any receiver or any delegate or sub-delegate thereof under the Irish Property Mortgage,

including (without limitation) (1) the execution of any transfer, conveyance, assignment or assurance of any property or assets (whether to the Security Trustee or its nominees) and (2) the giving of any notice, order or direction and the making of any registration which, in any such case, the Security Trustee may think expedient.

5. SCOTTISH PROPERTY MORTGAGE

By executing the Scottish Property Mortgage the Company grants a Standard Security over ALL and the WHOLE of those properties located in Scotland described in Part 1 of the Schedule thereto in favour of the Security Trustee as security for the Secured Obligations.

6. SCOTTISH ASSIGNATION OF RENT

By executing the Scottish Assigment of Rent the Company assigns to and in favour of the Security Trustee as security for the Secured Obligations its whole entitlement to receive from the tenants ("the **Tenants**") for the time being and from time to time under the leases detailed in the Schedule annexed to the Scottish Assigment of Rent, as the said leases may be varied or supplemented from time to time (hereinafter referred to as "the **Leases**"), all sums payable at the date of the agreement and in the future in terms of the leases by way of rent, including all interest or payments on late payment of such rent and the whole amount of any future increase in such rent resulting from the provisions of the Leases for review of rent (the "**Rents**").

7. JERSEY PROPERTY MORTGAGE

By executing the Jersey Property Mortgage the Company executes a guarantee pursuant to which the Company:

- 1. guarantees the repayment to the Lender of the capital sum of Eight million two hundred thousand pounds (£8,200,000) Sterling together with all interest due thereon and all charges and expenses incurred by the Lender enforcing or obtaining or endeavouring to enforce or obtain payment of the monies so advanced and interest thereon.
- 2. guarantees the performance by Redcastle Property Mortgage Limited (the "**Borrower**") of the obligations of the Borrower under the Facility Agreement and shall indemnify the Lender against any loss and expense suffered by the Lender as a result of the failure of the Borrower to perform the said obligations.

The obligations of the Company under the guarantee shall become primary obligations of the Company upon the bankruptcy of or the making of "cession générale de tous ses bien-meubles et héritages" by the Borrower.

Notwithstanding any other provision in the guarantee, the Lender confirms and agrees for the benefit of the Company that its recourse as against the Company under the guarantee shall be limited to its rights as judgement creditor pursuant to the *hypothèque Judiciaire* over the properties referred to therein resulting from the registration of the relevant Acte of the Royal Court in the Public Registry of the Island of Jersey and the Lender further hereby confirms and agrees that it will not seek payment

Form of Assistance

Attachment C

from any assets of the Company other than such property in the event of the Lender enforcing any of its rights under the guarantee.

The Company grants security (a judicial hypothec) over certain immovable property situate in Jersey and referred to in the billet in favour of the Security Trustee as security for the Secured Obligations subject to a limit of £820,000.

8. GUERNSEY PROPERTY MORTGAGE

By executing the Guernsey Property Mortgage the Company irrevocably and unconditionally:

1. guarantees to the Security Trustee as security trustee for the Finance Parties punctual performance by the Redcastle Property Mortgage Limited (the "**Borrower**") of all the Borrower's obligations under the Finance Documents; and
2. undertakes with the Security Trustee (as security trustee for the Finance Parties) that whenever the Borrower does not pay any amount when due under or in connection with any Finance Document, the Company shall immediately on demand pay that amount as if it was the principal obligor,

PROVIDED THAT (i) the liability of the Company under the Guernsey Property Mortgage shall not exceed the sum of **TWO MILLION FIVE HUNDRED THOUSAND POUNDS** together with interest on the foregoing day by day until full discharge as well before as after judgment calculated in accordance with the provisions of the Facility Agreement and (ii) the sole remedy of the Security Trustee in relation to the liability of the Company under the Guernsey Property Mortgage shall be by means of proceedings by way of "renonciation par loi outrée" (also known as "saisie" proceedings).

3. The guarantee contained in the Guernsey Property Mortgage is a continuing guarantee and will extend to the ultimate balance of sums payable by the Borrower under the Finance Documents (as defined in the Facility Agreement), regardless of any intermediate payment or discharge in whole or in part.

9. DEED OF PRIORITIES

By executing a deed of priorities with Bradford and Bingley plc and the Governor and Company of the Bank of Scotland to govern the security granted by the Company referred to in the above paragraphs.

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Private and confidential

The Directors
Arcadia Group Limited
Colegrave House
70 Berners Street
London
W1T 3NL

13 March 2003

Dear Sirs

Auditors' report to the directors of Arcadia Group Limited pursuant to Section 156(4) of the Companies Act 1985

We have examined the attached statutory declaration of the directors of Arcadia Group Limited ('the Company') dated 13 March 2003 in connection with the proposal that the Company's subsidiary undertaking, Redcastle Limited, should give financial assistance for reducing or discharging a liability incurred in connection with the purchase of the ordinary shares of the Company.

Basis of opinion

We have enquired into the state of the Company's affairs in order to review the bases for the statutory declaration.

Opinion

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

Yours faithfully

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors