

G

CHFP025

COMPANIES FORM No. 155(6)b

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

155(6)b

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

[]

383312

Name of company

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

* GALA LEISURE (1991) LIMITED

* insert full name
of company

X We ~~are~~ SEE ATTACHMENT 1

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

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) ~~that of a person authorised under section 3 of the Insurance Companies Act 1982 to carry on
insurance business in the United Kingdom~~
- (b) ~~that of a person authorised under section 3 of the Insurance Companies Act 1982 to carry on
insurance business in the United Kingdom~~
- (c) something other than the above

This company is ~~not~~ [a] holding company of * CANDESS INVESTMENTS LIMITED
the "subsidiary" which is
proposing to give financial assistance in connection with the acquisition of shares
in ~~XXXXXXXXXX~~ GALA GROUP II LIMITED
the holding company of this company.]

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

Asst
Broadwalk House
1 Appala Street
London
E20A 2BA
634 London/Clity
199 00005 00013

For official Use
General Section

Post room



A08

0170
07/02/05

15360

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

Please do not write in this margin

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

The number and class of the shares acquired or to be acquired is: SEE ATTACHMENT 2

The assistance is to be given to: (note 2) GALA GROUP FINANCE LIMITED (No. 4639243)
OF NEW CASTLE HOUSE, CASTLE BOULEVARD, NOTTINGHAM, NOTTINGHAMSHIRE NG7 1FT
("GGFL")

The assistance will take the form of:

SEE ATTACHMENT 3

The person who [has acquired] ~~will acquire~~ the shares is:
GGFL

† delete as appropriate

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

SEE ATTACHMENT 4

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 £ SEE ATTACHMENT 5

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

~~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)

(a) ~~X~~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) ~~X~~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 ~~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 Ashurst, Broadwalk House,
5 Appold Street, London
EC2A 2HA

Declarants to sign below

Day Month Year
on 24 01 2005

before me ALEXANDRA SMITH
Solicitor
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.
- 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

GALA LEISURE (1991) LIMITED

No. 383312

Attachments to Form 155(6)b

Attachment 1

List of Directors

John Michael Kelly of Prospect House, The Green, Finchingfield, Near Braintree, Essex CB7 4JZ.

Edward Matthew Giles Roberts of New Castle House, Castle Boulevard, Nottingham,
Nottinghamshire NG7 1FT.

1 



Attachment 2

Shares Acquired

8,207,992 A Ordinary Shares, 250,000 B Ordinary Shares, 175,000 C Ordinary Shares, 1,031,825 D Ordinary Shares and 250,000 Ordinary Shares in each case of £0.05 each of Gala Group II Limited (No. 3927901), subsequently reclassified as 49,574,085 Ordinary Shares of £0.01 each.



Attachment 3

Form of Financial Assistance

(Terms defined in this Attachment 3 have the same meaning when used elsewhere in this declaration, including the Attachments, unless a contrary indication occurs).

1. The execution by the Subsidiary of a senior facility agreement dated on or about the date hereof and made between, among others (1) Gala Group Limited, (previously known as Storeretro Limited) (2) the companies listed in Part I of Schedule 1 of the Senior Facility Agreement (as defined below) as original borrowers, (3) the companies listed in Part I of Schedule 1 of the Senior Facility Agreement as original guarantors, (4) Merrill Lynch International and The Royal Bank of Scotland plc as mandated lead arrangers, (5) the financial institutions listed in Part II of Schedule 1 of the Senior Facility Agreement as lenders, (6) The Royal Bank of Scotland plc as facility agent of the other "Finance Parties" (as defined in the Senior Facility Agreement and which for the purpose of any Security Document (as defined in the Senior Facility Agreement) only (unless stated therein) is deemed to include a Hedging Bank (as defined in the Senior Facility Agreement)), (7) The Royal Bank of Scotland plc as security trustee for the Finance Parties (the "**Security Trustee**"), (8) The Royal Bank of Scotland plc as issuer of letters of credit and bank guarantees (as such agreement, deed or document may be amended, novated or supplemented from time to time) (the "**Senior Facility Agreement**"), pursuant to which as an Original Guarantor the Subsidiary will, inter alia, indemnify and guarantee to the Finance Parties under or in connection with any "**Senior Finance Documents**" (as defined in the Senior Facility Agreement, and including, without limitation, fee letters setting out the arrangement, agency and security trustee fees, a hedging letter (if any) (the "**Hedging Letter**") setting out the basis on which the Group will hedge the senior and mezzanine facilities as described in the Finance Documents (as defined below), any hedging documents (the "**Hedging Documents**") entered into for the purpose of implementing the hedging strategy required by the Hedging Letter or the Senior Facility Agreement or Mezzanine Facility Agreement (as defined below) and the syndication strategy letter (the "**Syndication Side Letter**") setting out, among other things, the market flex provisions). By executing the Senior Facility Agreement, the Subsidiary may also give certain representations, warranties, covenants and indemnities to the Finance Parties to enable the Finance Parties to make available certain facilities under the Senior Facility Agreement.
2. The execution by the Subsidiary of a mezzanine facility agreement dated on or about the date hereof, made between among others, (1) Gala Group Finance Limited (previously known as Storerrepair Ltd) as the borrower, (2) the company listed in Part I of Schedule 1 (of the Mezzanine Facility Agreement (as defined below)) as borrower, (3) the companies listed in Part I of Schedule 1 (of the Mezzanine Facility Agreement) as original guarantors, (4) the Financial Institutions listed in Part II of Schedule 1 (of the Mezzanine Facility Agreement) as mezzanine lenders, (5) the parties named therein as arranger(s) and facility agent (the "**Mezzanine Finance Parties**"), (6) The Royal Bank of Scotland plc as Security Trustee (as such agreement, deed or document may be amended, novated or supplemented from time to time) (the "**Mezzanine Facility Agreement**"), pursuant to which as an Original Guarantor the Subsidiary will, inter alia, indemnify and guarantee to the Mezzanine Finance Parties under or in connection with any "**Mezzanine Finance Documents**" (as defined in the Mezzanine Facility Agreement, and including, without limitation, fee letters setting out the arrangement and agency fees, any Hedging Letter, the Hedging Documents and the Syndication Side Letter). By executing the Mezzanine Facility Agreement, the Subsidiary may also give certain representations, warranties, covenants and indemnities to the Mezzanine Finance Parties to enable the Mezzanine Finance Parties to make available certain facilities under the Mezzanine Facility Agreement.

3. The entry by the Subsidiary into an upstream loan agreement to be entered into between (1) Gala Group Finance Limited (previously known as Storerepair Limited) as borrower and (2) the **"Target Companies"** (defined therein and including the Subsidiary) as lenders (as such agreement, deed or document may be amended, novated or supplemented from time to time) (the **"Upstream Loan Agreement"**) pursuant to which the Target Companies (including the Subsidiary) agree to make certain drawings available under the Facility (as defined therein) to Gala Group Finance Limited.
4. The entry by the Subsidiary into an intercreditor deed (as such agreement, deed or document may be amended, novated or supplemented from time to time) to be entered into between among others (1) Gala Group Limited (previously known as Storereetro Limited) and certain of its subsidiaries (2) the senior lenders named therein (3) the mezzanine lenders named therein (4) the investors named therein and (5) the Hedging Banks (as defined therein) (if any) and certain other parties named therein (including the Subsidiary) (the **"Intercreditor Deed"**) pursuant to which the Subsidiary will become subject to priority and subordination arrangements between the parties.
5. The entry by the Subsidiary into a debenture (as such agreement, deed or document may be amended, novated or supplemented from time to time) between (1) the Subsidiary and certain other companies listed and defined therein as **"Chargors"** (including the Subsidiary) and (2) the Security Trustee, pursuant to which the Subsidiary will grant fixed and floating charges over the whole of its property, assets and undertaking to the Security Trustee to secure the Liabilities (as defined in the Senior Facility Agreement) of the Subsidiary and the other Chargors in accordance with the terms contained therein (the **"Debenture"**), for the purpose of securing all present and future obligations and Liabilities of the Chargors to any of the Finance Parties, Mezzanine Finance Parties and Security Trustee pursuant to the Senior Finance Documents and the Mezzanine Finance Documents (the **"Finance Documents"**).
6. To the extent that the Subsidiary is a party, the entry by the Subsidiary into a Scots law share pledge (as such agreement, deed or document may be amended, novated or supplemented from time to time) to which the Security Trustee is a party whereby the Subsidiary pledges in favour of the Security Trustee all its shares (if any) in the capital of its direct Scottish subsidiary/ies (each a **"Scottish Share Pledge"**). Any entry by the Subsidiary into such pledge agreement is, in each instance, for the purpose of securing all present and future liabilities of the Subsidiary and any other obligor to any of the Finance Parties and Mezzanine Finance Parties and Security Trustee pursuant to the Finance Documents.
7. To the extent that the Subsidiary is a party, the entry by the Subsidiary into a Scots law bond and floating charge (as such agreement, deed or document may be amended, novated or supplemented from time to time) to which the Security Trustee is a party, pursuant to which the Subsidiary will grant floating charges over the whole of its property, assets and undertaking to the Security Trustee to secure the Liabilities (as defined therein) of the Subsidiary in accordance with the terms contained therein (the **"Scottish Floating Charge"**), for the purpose of securing all present and future obligations and Liabilities of the Subsidiary to any of the Finance Parties and Mezzanine Finance Parties and the Security Trustee pursuant to the Finance Documents.
8. To the extent that the Subsidiary owns real property in Scotland, the entry by the Subsidiary into one Scots law standard security (as such agreement, deed or document may be amended, novated or supplemented from time to time) for each Scottish property in respect of which the Subsidiary is named as being the registered owner, pursuant to which the Subsidiary will give certain undertakings relating to the relevant property in favour of the Security Trustee to secure the Liabilities of the Subsidiary and the other obligors (defined as each of the borrowers and guarantors both as defined in the Senior Facility Agreement) (each an **"Obligor"**) in accordance with the terms contained therein (each a **"Standard Security"**), for the purpose of securing all present and future

obligations and Liabilities of the Chargors to any of the Finance Parties and Mezzanine Finance Parties and to the Security Trustee pursuant to the Finance Documents.

9. Assistance given in connection with:

- (a) the repayment by Gala Group Finance Limited to Gala Electric Casinos Limited of certain monies outstanding pursuant to the intra-group loan agreement entered into between the companies on 17 March 2003;
- (b) the repayment by Gala Electric Casinos Limited to Gala Group Two Limited of certain monies outstanding pursuant to the intra-group loan agreement entered into between the companies on 17 March 2003; and
- (c) the repayment by Gala Group Two Limited of certain shareholder loans entered into on or about 17 March 2003 (as amended and restated).



Attachment 4

Principal Terms of Financial Assistance

Terms defined in this Attachment 4 have the same meaning when used elsewhere in this declaration, including the Attachments, unless a contrary indication occurs.

1. By executing the Senior Facility Agreement as an Original Guarantor, the Subsidiary will, among other things:

- (a) Irrevocably and unconditionally, jointly and severally:
 - (i) guarantee to each Finance Party and each Hedging Bank (as defined in the Senior Facility Agreement) punctual performance by each Obligor of all that Obligor's obligations under the Senior Finance Documents;
 - (ii) undertake with each Finance Party and each Hedging Bank (as defined in the Senior Facility Agreement) that whenever an Obligor does not pay any amount when due under or in connection with any Senior Finance Document, that Guarantor shall immediately on demand pay that amount as if it was the principal obligor;
 - (iii) indemnify each Finance Party and each Hedging Bank (as defined in the Senior Facility Agreement) immediately on demand against any cost, loss or liability suffered by that Finance Party or, as the case may be, that Hedging Bank if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal;
- (b) make certain representations to the Finance Parties; and
- (c) undertake to comply with certain general undertakings, including an undertaking not to create or permit to subsist any security over any of its assets and not to dispose of any of its assets (in each case, subject to certain exceptions);

where in the context of the Senior Facility Agreement:

"Obligor" means each Original Borrower, Original Guarantor, Additional Borrower or Additional Guarantor (each as defined in the Senior Facility Agreement).

2. By executing the Mezzanine Facility Agreement as an Original Guarantor, the Subsidiary will, among other things:

- (a) Irrevocably and unconditionally, jointly and severally:
 - (i) guarantee to each Mezzanine Finance Party and each Hedging Bank (as defined in the Mezzanine Facility Agreement) punctual performance by each Obligor of all that Obligor's obligations under the Mezzanine Finance Documents;
 - (ii) undertake with each Mezzanine Finance Party and each Hedging Bank (as defined in the Mezzanine Facility Agreement) that whenever an Obligor does not pay any amount when due under or in connection with any Mezzanine Finance Document, that Guarantor shall immediately on demand pay that amount as if it was the principal Obligor;

- (iii) indemnify each Mezzanine Finance Party and each Hedging Bank (as defined in the Mezzanine Facility Agreement) immediately on demand against any cost, loss or liability suffered by that Mezzanine Finance Party or, as the case may be, that Hedging Bank if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal;
- (b) make certain representations and warranties to the Mezzanine Finance Parties; and
- (c) undertake to comply with certain general undertakings, including an undertaking not to create or permit to subsist any security over any of its assets and not to dispose of any of its assets (in each case, subject to certain exceptions) and give certain indemnities;

where in the context of the Mezzanine Facility Agreement:

"Obligor" means the Borrower, each Original Guarantor, or each Additional Guarantor (each as defined in the Mezzanine Facility Agreement).

- 3. Pursuant to the Upstream Loan Agreement, the Subsidiary undertakes to Gala Group Finance Limited (previously known as Storerepair Limited) that it will provide to Gala Group Finance Limited a loan facility in the maximum aggregate principal amount of £2,000,000,000 (two billion) as detailed therein. The sums drawn down by Gala Group Finance Limited under the Upstream Loan Agreement may be used (inter alia) to make payments due under the Senior Facility Agreement and Mezzanine Facility Agreement, to pay costs and expenses incurred directly or indirectly for the purpose of the acquisition by the Borrower (directly or indirectly) of any shares in the capital of the Subsidiary or any other lender under the Upstream Loan Agreement pursuant to the acquisition by Gala Group Finance Limited of the shares in Gala Group II Limited pursuant to, among others, a sale and purchase agreement dated 7 February 2003 (the **"Acquisition"**) and to pay any other liability occurred directly or indirectly for the purpose of this Acquisition. Outstanding amounts under the Upstream Loan Agreement will be repayable in accordance with the terms contained therein.
- 4. By executing the Debenture, the Subsidiary will, among other things:
 - (a) covenant to the Security Trustee to pay all Liabilities when due in accordance with its terms or, if they do not specify a time for payment, immediately on demand by the Security Trustee, and, within three Business Days (as defined in the Debenture) of demand, the amount of all costs, losses, liabilities and expenses (including legal fees) incurred by any Finance Party, any Mezzanine Finance Party, any Receiver or any Delegate (each as defined in the Debenture) in relation to any Finance Document;
 - (b) as security for the payment of all Liabilities, charge in favour of the Security Trustee (as trustee for the Finance Parties and the Mezzanine Finance Parties):
 - (i) by way of first legal mortgage, all Real Property in England and Wales (including that described in Schedule 3 (*Real Property*) to the Debenture) now belonging to it;
 - (ii) by way of first fixed equitable charge, all other Real Property (other than any heritable or leasehold property in Scotland) now belonging to it and all Real Property (other than any heritable or leasehold property in Scotland) acquired by it in the future;
 - (iii) by way of first fixed charge, all its present and future:
 - (A) Book Debts;

- (B) Bank Accounts;
 - (C) Investments (including the shares described in Schedule 4 (Investments) of the Debenture);
 - (D) uncalled capital and goodwill;
 - (E) Intellectual Property;
 - (F) beneficial interest in any pension fund;
 - (G) plant and machinery (except that mortgaged or charged by paragraph (i) or (ii) above);
 - (H) Insurances and all related proceeds, claims of any kind, returns of premium and other benefits;
 - (I) benefit of all Authorisations (as defined in the Senior Facility Agreement) held in connection with its business or the use of any Charged Asset and the right to recover and receive all compensation in respect of the same;
 - (J) benefit of any Hedging Documents (as defined in the Senior Facility Agreement) to which it is party, including all moneys payable to that Chargor under any Hedging Documents (as defined in the Senior Facility Agreement) to which it is a party;
- (iv) by way of first floating charge its undertaking and all its assets, both present and future (including (a) assets expressed to be charged under paragraphs (b)(i) to (iii) above or assigned under paragraph (c) below and (b) whether or not so expressed to be charged or assigned, all the undertaking and assets, both present and future of the Subsidiary, located in or otherwise governed by the laws of Scotland);
- (c) assign absolutely to the Security Trustee (as trustee for the Finance Parties and the Mezzanine Finance Parties) all its present and future:
- (i) right, title and interest in and to the Assigned Contracts, including all moneys payable to that Chargor, and any claims, awards and judgments in favour of receivable or received by that Chargor, under or in connection with pursuant to the Assigned Contracts; and
 - (ii) rights in relation to its Real Property (except those charged by paragraphs (b)(i) and (b)(ii) above), including all rights against all past, present and future undertenants of its Real Property and their respective guarantors and sureties;
- (d) promptly do whatever the Security Trustee requires (acting reasonably):
- (i) to perfect or protect the Charges or the priority of the Charges (including without limitation, the creation or perfection of any Encumbrance over any of its assets (whether a Charged Asset or not) in any other relevant jurisdiction);
 - (ii) so far as relating to any assets located in Scotland or otherwise governed by Scots law, to create such additional form of fixed or floating security or charge as the Security Trustee may require from time to time (such additional security being a Charge for the purposes of the Debenture); or

- (iii) to facilitate the realisation of the Charged Assets or the exercise of any rights vested in the Security Trustee or any Receiver,

including executing any transfer, conveyance, charge, assignment, standard security, assignation, pledge or assurance of the Charged Assets (whether to the Security Trustee or its nominees or otherwise), making any registration and giving any notice, order or direction;

- (e) promptly execute and deliver to the Security Trustee:

- (i) such legal charge of such of its Real Property from time to time in England and/or Wales; and/or
- (ii) such Standard Security (as defined in the Debenture) of such of its Real Property from time to time in Scotland,

in each case, as the Security Trustee requires;

- (f) promptly enter into and deliver to the Security Trustee a Scots Shares Pledge in respect of its Scots Investments (each as defined in the Debenture);
- (g) undertake (i) not to create or permit to subsist any Encumbrance over any Charged Asset, nor do anything else prohibited by Clause 24.1 (*Negative pledge*) of the Senior Facility Agreement or Clause 21.1 (*Negative pledge*) of the Mezzanine Facility Agreement, except as permitted by those clauses and (ii) not to (nor shall it agree to) enter into a single transaction or a series of transactions (whether related or not and whether voluntary or involuntary) to sell, lease, license, sub-license, transfer or otherwise dispose of any Charged Asset except as permitted by Clause 24.3 (*Disposals*) of the Senior Facility Agreement or Clause 21.3 (*Disposals*) of the Mezzanine Facility Agreement.

where in the Debenture:

"Assigned Contracts" means the contracts and documents listed in Schedule 45(Assigned Contracts) of the Debenture.

"Bank Accounts" of a Chargor means all current, deposit or other accounts with any bank or financial institution in which it now or in the future has an interest and (to the extent of its interest) all balances now or in the future standing to the credit of or accrued or accruing on those accounts.

"Book Debts" of a Chargor means all book and other debts of any nature, and all other rights to receive money (excluding Bank Accounts), now or in the future due, owing or payable to it and the benefit of all related negotiable instruments, rights, Encumbrances, guarantees and indemnities of any kind.

"Charged Assets" means the assets from time to time subject, or expressed to be subject, to the Charges or any part of those assets.

"Charges" means all or any of the Encumbrances created or expressed to be created by or pursuant to the Debenture.

"Chargors" means the companies (including the Subsidiary) listed in Schedule 1 of the Debenture.

"Encumbrance" means any standard security, assignation in security, bond and floating charge, mortgage, pledge, lien, charge, assignment for the purpose of providing security, hypothecation, right in security, security interest or trust arrangement for the purpose of providing security, and any other security agreement or other arrangement having the

effect of providing security (including, without limitation, the deposit of monies or property with a person with the primary intention of affording such person a right of set-off or lien).

"Fixtures" means fixtures, fittings (including trade fixtures and fittings) and fixed plant, machinery and apparatus.

"Insurances" of a Chargor means all contracts and policies of insurance of any kind now or in the future taken out by or on behalf of it or (to the extent of its interest) in which it now or in the future has an interest.

"Intellectual Property" of a Chargor means all trade marks, service marks, trade names, domain names, logos, get-up, patents, inventions, registered and unregistered design rights, copyrights, topography rights, database rights, rights in confidential information and know-how, and any associated or similar rights anywhere in the world, which it now or in the future owns or (to the extent of its interest) in which it now or in the future has an interest (in each case whether registered or unregistered and including any related licences and sub-licences of the same granted by it or to it, applications and rights to apply for the same).

"Investments" of a Chargor means:

- (a) securities and investments of any kind (including shares, stock, debentures, units, depositary receipts, bonds, notes, commercial paper and certificates of deposit);
- (b) warrants, options or other rights to subscribe for, purchase or otherwise acquire securities and investments;
- (c) all rights relating to securities and investments which are deposited with, or registered in the name of, any depositary, custodian, nominee, clearing house or system, investment manager, chargee or other similar person or their nominee, in each case whether or not on a fungible basis (including rights against any such person); and
- (d) all other rights attaching or relating to securities or investments and all cash or other securities or investments in the future deriving from Investments or such rights,

in each case now or in the future owned by it or (to the extent of its interest) in which it now or in the future has an interest.

"Liabilities" of a Chargor means all present and future moneys, debts and liabilities due, owing or incurred by it to any Finance Party or any Mezzanine Finance Party under or in connection with any Finance Document (in each case, whether alone or jointly, or jointly and severally, with any other person, whether actually or contingently and whether as principal, surety or otherwise) except for any money or liability which, if it were so included, would cause the infringement of Section 151 of the Companies Act 1985.

"Real Property" means freehold and leasehold property in England and Wales, heritable leasehold property in Scotland and other real property anywhere in the world (in each case including any estate or interest therein, all rights from time to time attached or relating thereto and all Fixtures from time to time therein or thereon).

"Security Trustee" means the security trustee for the benefit of the Finance Parties and the Mezzanine Finance Parties.

5. Pursuant to the Intercreditor Deed, the Subsidiary among other things covenants that it will pay the amounts owing under the Finance Documents, agrees that any sum owed to it by any other member of its group will be subordinated to sums owed by such members of

the group to the Finance Parties (including any Hedging Bank (as defined in the Senior Facility Agreement)) and gives certain indemnities and makes certain undertakings in favour of the Finance Parties.

6. Pursuant to the Scottish Share Pledge, the pledgors among other things covenant to repay the Liabilities (as defined in the Senior Facility Agreement) and all other monies which are or may become due under the Finance Documents, provide security over its shareholding of any of Eventday Limited, Stakis Casinos Limited, The North Rotunda Casino Limited, Stakis Inns Limited, Regency Casino (Glasgow) Limited, Kingsway Entertainments Limited or Patmor Limited as security for the performance of the Obligors to repay the Liabilities (as defined in the Senior Facility Agreement) and shall duly execute and deliver any and all such further instruments and documents as the Security Trustee may (acting reasonably) deem necessary for the purpose of obtaining the full benefit of the Scottish Share Pledge and of the rights and powers generated under it.
7. Pursuant to the Scottish Floating Charge, the Subsidiary among other things covenants to repay the Liabilities (as defined in therein) and all other monies which are or may become due under the Finance Documents, provide a floating charge over the whole of the property, assets and undertaking of the Subsidiary as security for the performance of the Obligors to repay the Liabilities (as defined in the Senior Facility Agreement) and shall execute and do all such assurances, acts and things as the Security Trustee may require for perfecting or protecting the security created by or pursuant to that Scottish Floating Charge over the Charged Assets (as defined therein) or for facilitating the realisation of such assets and the exercise of all powers, authorities and discretions vested in the Security Trustee or in any Receiver and shall, in particular, execute all fixed securities, floating charges, assignments, securities, transfers, dispositions and assurances of the Charged Assets whether to the Security Trustee or to its nominee(s), all as further provided in that Scottish Floating Charge.
8. Pursuant to each Standard Security, the Subsidiary among other things will give certain undertakings relating to the relevant property in favour of the Security Trustee to secure the Liabilities (as defined in the Senior Facility Agreement) of the Subsidiary and the other Obligors in accordance with the terms contained therein for the purpose of securing all present and future obligations and Liabilities (as defined in the Senior Facility Agreement) of the Obligors to any Finance Party and Mezzanine Finance Party and to the Security Trustee pursuant to the Finance Documents and Mezzanine Finance Documents.

For the purposes of paragraphs 6 to 8 above, "**Obligor**" means each Original Borrower, Original Guarantor, Additional Borrower or Additional Guarantor (each as defined in the Senior Facility Agreement) and the Borrower, each Original Guarantor and each Additional Guarantor (each as defined in the Mezzanine Facility Agreement).

9. By executing the documents listed in paragraph 1-8 of Attachment 3 above the Subsidiary will indirectly assist the discharge of liabilities incurred for the purpose of the acquisition of Gala Group II Limited.



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Attachment 5

Nil subject to any amounts paid under the Upstream Loan Agreement up to a maximum amount of £2,000,000,000.



The Directors
Gala Leisure (1991) Limited
New Castle House
Castle Boulevard
Nottingham
NG7 1FT

24 January 2005

Dear Sirs

Auditors' report to the directors of Gala Leisure (1991) Limited pursuant to Section 156(4) of the Companies Act 1985

We have examined the attached statutory declaration of the directors of Gala Leisure (1991) Limited (the "Company") dated 24 January 2005 in connection with the proposal that the Company's subsidiary undertaking, Candess Investments Limited, should give financial assistance for the purpose of reducing or discharging a liability incurred for the purchase of 8,207,992 A Ordinary Shares, 250,000 B Ordinary Shares, 175,000 C Ordinary Shares, 1,031,825 D Ordinary Shares and 250,000 Ordinary Shares (in each case of £0.05 each) of Gala Group II Limited (No. 3927901), a holding company of the Company, subsequently reclassified as 49,574,085 Ordinary Shares of £0.01 each. This report, including the opinion, has been prepared for and only for the Company and the Company's directors in accordance with Section 156 of the Companies Act 1985 and for no other purpose. We do not, in giving the opinion set out below, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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
Chartered Accountants and Registered Auditors

A08
COMPANIES HOUSE

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