

Appendix 1 - Form 155(6)b

Stonegate Farmers Limited (company number 00740635) (the "Company") in relation to the financial assistance to be given by Lincolnshire Chickens Limited (00683377) (the "Subsidiary") in relation to the proposed acquisition of the entire issued share capital of the Company

The assistance will take the form of the Subsidiary entering into -

- 1 a guarantee and indemnity ("**LTSBCF Guarantee**") in favour of Lloyds TSB Commercial Finance Limited ("**LTSBCF**"),
- 2 a chattels mortgage ("**LTSBCF Chattels Mortgage**") in favour of LTSBCF,
- 3 an all assets debenture ("**LTSBCF Debenture**") in favour of LTSBCF,
- 4 an omnibus guarantee and set off agreement ("**Guarantee and Set Off**") in favour of Lloyds TSB Bank plc ("the **Bank**");
- 5 a debenture (the "**Bank Debenture**") in favour of the Bank,
- 6 a freehold and leasehold mortgage (the "**Bank Mortgage**") in favour of the Bank,
- 7 a loan agreement (the "**Intra-Group Loan Agreement**") under which all the Lenders (as defined, including the Subsidiary) would agree to provide loan facilities of up to £50 million to Acraman (474) Limited (company number 06525806) (the "**Purchaser**") for the purpose of (amongst other things) enabling the Purchaser to fund the acquisition of the entire issued share capital of the Company (the "**Acquisition**"),
- 8 a deed of priority between (amongst others) LTSBCF, the Subsidiary and the Bank ("the "**Deed of Priority**"), and
- 9 an intercreditor deed between (amongst others) the Subsidiary, the Bank, LTSBCF and Pam and Richard Corbett ("**Intercreditor Deed**")

Appendix 2 - Form 155(6)b

Stonegate Farmers Limited (company number 00740635) (the "Company") in relation to the financial assistance to be given by Lincolnshire Chickens Limited (00683377) (the "Subsidiary") in relation to the proposed acquisition of the entire issued share capital of the Company

The principal terms on which the assistance will be given are as follows

1 Under the LTSBCF Guarantee

- 1 1 All undefined terms in this paragraph 1 shall bear the same meaning given to them in the LTSBCF Guarantee
- 1 2 As a continuing security the Subsidiary would guarantee the due performance of all the obligations of any of the companies named as Principal to LTSBCF and guarantee upon written demand by LTSBCF, the due payment of all amounts payable, both present and future to LTSBCF that are owing by the Principal including but not limited to, under or pursuant to the following agreements dated on or about the date of this declaration:-
- (i) a receivables finance agreement between LTSBCF and Stonegate Farmers Limited providing for invoice discounting facilities of up to £14,000,000,
 - (ii) a receivables finance agreement between LTSBCF and Clifford Kent Limited providing for invoice discounting facilities of up to £3,000,000,
 - (iii) a receivables finance agreement between LTSBCF and Stonegate Food Ingredients Limited providing for invoice discounting facilities of up to £3,000,000; and
 - (iv) a loan agreement between LTSBCF, Stonegate Farmers Limited, Lincolnshire Chickens Limited and Thames Valley Eggs (Production) Limited of up to £1,960,000
- (together the "LTSBCF Facilities Agreements").
- 1 3 The Subsidiary also agrees to hold harmless and indemnify fully LTSBCF against any loss LTSBCF may incur as a result of any failure by the Principal to comply with the terms of the LTSBCF Facilities Agreements or any other agreement between the Principal and LTSBCF

2 Under the LTSBCF Chattels Mortgage

- 2 1 All undefined terms in this paragraph 2 shall bear the same meaning given to them in the LTSBCF Chattels Mortgage.
- 2 2 As a continuing security the Subsidiary would charge by way of first fixed charge all its plant and machinery, vehicles, computers and other equipment of the Subsidiary including all spare parts, replacements, modifications and additions to secure on

demand all sums of money which have already been advanced or may be advanced in the future, including principal interest, all other liabilities whatsoever of the Subsidiary, whether present, future, actual and/or contingent and whether incurred alone, jointly and as principal or surety, including but not limited to under or pursuant to the LTSBCF Facilities Agreements and the LTSBCF Guarantee, together with all costs, expenses and interest that may be owing from time to time.

3 Under the LTSBCF Debenture

3.1 All undefined terms in this paragraph 3 shall bear the same meaning given to them in the LTSBCF Debenture

3.2 As a continuing security the Subsidiary would be required to charge to LTSBCF all of its property, rights, assets and undertaking, both present and future and wherever located, by way of legal mortgage, fixed and floating charges, as security for all sums of money (in any currency) which have already been advanced or may be advanced in the future by LTSBCF to the Subsidiary, all other liabilities whatsoever of the Subsidiary to LTSBCF, whether present, future, actual and/or contingent and whether incurred solely, jointly and as principal or surety, including but not limited to, under or pursuant to the LTSBCF Facilities Agreements and the LTSBCF Guarantee together with all discount charges, interest (as well after as before judgement), commission, fees and charges that may be owing from time to time to LTSBCF (together the "**Secured Liabilities**"), and

3.3 As continuing security for the payment and discharge of the Secured Liabilities the Subsidiary would charge with full title guarantee in favour of LTSBCF

3.3.1 by way of **legal mortgage**, the property (if any) described in Schedule 2 of the LTSBCF Debenture,

3.3.2 by way of **fixed charge** any other freehold or leasehold property at the date of the LTSBCF Debenture or in the future owned by the Subsidiary or in which the Subsidiary may have an interest,

3.3.3 by way of **fixed charge**, all buildings, fixtures and fittings (including trade fixtures and fittings) from time to time in, on or attached to any of the Subsidiary's freehold or leasehold property,

3.3.4 by way of **fixed charge** all the Subsidiary's plant and machinery and other equipment listed in Schedule 3 of the LTSBCF Debenture and all spare parts, replacements, modifications and additions for or to such Equipment and the benefit of all manuals, instructions, warranties and maintenance agreements relating to such Equipment,

3.3.5 by way of **fixed charge**, any other plant, machinery, vehicles, computer equipment, furniture, tools and other equipment not disposed of in the ordinary course of the Subsidiary's business not listed in Schedule 3 of the LTSBCF Debenture and all spare parts, replacements, modifications and additions for or to such Equipment and the benefit of all manuals, instructions, warranties and maintenance agreements relating to such Equipment;

- 3 3.6 by way of **fixed charge**, all Non Vesting Invoices and all cash in respect thereof,
 - 3 3.7 by way of **fixed charge**, all Other Invoices required by LTSBCF to be paid into a Nominated Account and all cash in respect thereof,
 - 3 3.8 by way of **fixed charge**, any credit balance on any Nominated Account,
 - 3 3.9 by way of **fixed charge**, all the Subsidiary's goodwill and uncalled capital present and future,
 - 3 3.10 by way of **fixed charge**, all the Subsidiary's Intellectual Property from time to time not disposed of in the ordinary course of the Subsidiary's business,
 - 3.3.11 by way of **fixed charge**, all Securities from time to time owned by the Subsidiary in which it has an interest,
 - 3.3.12 by way of **fixed charge**, all loan capital, indebtedness of liabilities on any account or in any manner owing to the Subsidiary from any subsidiary of the Subsidiary or a member of the Subsidiary's Group,
 - 3 3.13 by way of **fixed charge**, all the Subsidiary's rights and claims (including to the return of premiums) under all insurance policies in which the Subsidiary has an interest from time to time,
 - 3 3.14 by way of **floating charge**, all the Subsidiary's property, assets and rights from time to time not subject to a fixed charge under the LTSBCF Debenture (including any property or assets situated in Scotland)
- 4 **Under the Guarantee and Set Off**
- 4 1 All undefined terms in this paragraph 4 shall bear the same meaning given to them in the Guarantee and Set Off
 - 4 2 As a continuing security the Subsidiary would guarantee to the Bank all sums of money which have already been advanced or may be advanced in the future and all other liabilities whatsoever of any of the companies named as Principal, whether present, future, actual and/or contingent and whether incurred solely or jointly, as principal as a surety including but not limited to under or pursuant to a loan agreement between the Bank and Acraman (474) Limited providing for a loan facility of up to £14,500,000 (the "**Bank Facility Agreement**"), together with all banking, legal and other costs that may be owing from time to time to the Bank (the "**Principals' Liabilities**"),
 - 4 3 The Subsidiary also agrees to allow the Bank from time to time to -
 - 4 3.1 combine or consolidate all or any of the Accounts with all or any of the Principals' Liabilities, and
 - 4 3.2 set off or transfer any sum standing to the credit of an Account in or towards satisfaction of any of the Principals' Liabilities.
 - 4 4 The Subsidiary would also agree with full title guarantee to charge its Credit Balances

to the Bank to secure the Principals' Liabilities

5 Under the Bank Debenture

- 5 1 All undefined terms in this paragraph 5 shall bear the same meaning given to them in the Bank Debenture
- 5 2 the Subsidiary would be required to charge to the Bank all of its property, rights, assets and undertaking, both present and future by way of fixed and floating charges, as security for all sums of money which have already been advanced or may be advanced in the future by the Bank to the Subsidiary, all other liabilities whatsoever of the Subsidiary to the Bank, whether present, future, actual and/or contingent and whether incurred solely, jointly and as principal or surety, including, but not limited to, under or pursuant to the Bank Facility Agreement and the Guarantee and Set Off together with all costs and expenses, interest and charges that may be owing from time to time to the Bank (together the "**Secured Liabilities**"),
- 5 3 The Subsidiary would agree to indemnify the Bank and any agent appointed by it in relation to any rents, rates, taxes duties, charges, assessments and outgoings, whether present or future, together with all costs, claims, demands and expenses that may be owing from time to time in connection with any breach by the Subsidiary under or pursuant (but not limited to) the Bank Facility Agreement and the Guarantee and Set Off
- 5 4 As continuing security for the payment and discharge of the Secured Liabilities the Subsidiary would charge by way of fixed charge with full title guarantee in favour of the Bank
- 5 4 1 The freehold and leasehold property (if any) of the Subsidiary both present and future including (without prejudice to the generality of the foregoing) (by way of legal mortgage) the properties (if any) specified in the Schedule of the Bank Debenture (and, where any such property is leasehold, any present or future right or interest conferred upon the Subsidiary in relation thereto by virtue of any Enfranchising Legislation including any rights arising against any nominee purchaser pursuant thereto) and all buildings and fixtures (including trade fixtures) fixed plant and machinery from time to time on any such property and all liens, mortgages, charges, options, agreements and rights, titles and interests (whether legal or equitable) of the Subsidiary in or over land or the proceeds of sale thereof of whatever description both present and future and all the right, title and interest of the Subsidiary in any such plant and machinery from time to time hired, leased or rented by the Subsidiary from third parties or acquired by the Subsidiary from third parties on a hire, instalment or conditional purchase basis including (without prejudice to the generality of the foregoing) the Subsidiary's right to any refund of rentals or other payments
- 5 4 2 all book debts (including without limitation the Non-Vesting Debts) both present and future due or owing to the Subsidiary or in which the Subsidiary is legally, beneficially or otherwise interested (and the proceeds thereof) and the benefit of all rights relating thereto including (without prejudice to

the generality of the foregoing) the Related Rights, negotiable instruments, legal and equitable charges, reservation of proprietary rights, rights of tracing and unpaid vendors' liens and similar and associated rights

- 5 4 3 all other debts, claims, rights and choses in action both present and future of the Subsidiary or in which the Subsidiary is legally, beneficially or otherwise interested (and the proceeds thereof) including (without prejudice to the generality of the foregoing)
 - 5 4 3 1 deposits and credit balances held by the Subsidiary with the Bank or any third party from time to time both present and future (including choses in action which give rise or may give rise to a debt or debts) owing to the Subsidiary (and the proceeds thereof),
 - 5 4 3 2 any amounts owing to the Subsidiary by way of rent, licence fee, service charge or dilapidations by any tenant or licensee (in each case whether present or future) of any freehold or leasehold property from time to time forming part of the Charged Property and any ground rents and rent charges, rent deposits and purchase deposits owing to the Subsidiary (and, in each case, the proceeds thereof);
 - 5 4 3 3 any amounts owing or which may become owing to the Subsidiary under any building, construction or development contract or by virtue of the Subsidiary's rights under any retention or other trusts, whether or not any certificate as to the amount due has been issued in respect thereof (and the proceeds thereof);
 - 5 4 3 4 all rights (and the proceeds of such rights) present or future, actual or contingent, arising under or in connection with any contract whatsoever in which the Subsidiary has any right, title or interest (including, without limitation, all policies and contracts of insurance and assurance),
 - 5 4 3 5 any amounts owing or which may become owing to the Subsidiary by way of damages, compensation or otherwise under any judgment or order of any competent authority howsoever arising or by way of settlement or compromise of any legal proceedings, and
 - 5 4 3 6 the benefit of all rights relating to such debts, claims, rights and choses in action.
- 5 4 4 the Securities,
- 5 4 5 all rights in respect of or incidental to the Securities,
- 5 4 6 the interests in Securities,
- 5 4 7 the Intellectual Property Rights,

- 5 4 8 the goodwill and the uncalled capital of the Subsidiary both present and future;
- 5 4.9 all other plant and machinery, fittings and equipment (not in any such case being the Subsidiary's stock-in-trade or work in progress) at the date of the Bank Debenture or at any time thereafter belonging to the Subsidiary or in which the Subsidiary is legally, beneficially or otherwise interested, wherever situated and whether or not affixed to any freehold or leasehold property of the Subsidiary,
- 5.4 10 all the rights, interests and benefits of the Subsidiary under any present or future hire-purchase, conditional sale, credit sale, leasing or rental agreement to which the Subsidiary is a party in the capacity of hirer, purchaser or lessee including (without prejudice to the generality of the foregoing) the Subsidiary's right to any refund of rentals or other payments,
- 5 5 As continuing security for the payment and discharge of the Secured Liabilities the Subsidiary would charge by way of floating charge with full title guarantee in favour of the Bank the undertaking and all property and assets of the Subsidiary both present and future (if and in so far as the charges mentioned above shall for any reason be ineffective as fixed charges)

6. Under the Bank Mortgage

- 6 1 All undefined terms in this paragraph 6 shall bear the same meaning given to them in the Bank Mortgage
- 6 2 As a continuing security, the Subsidiary would be required with full title guarantee to -
- 6 2 1 charge to the Bank by way of legal mortgage the following properties
- Land on the north side of Main Street, Dorrington, Lincs (LL245418)
 - Roxholm Lodge, Roxholm, Lincs (LL245417)
 - Martin Airfield, Martin Moor, Blankney, Lincs (also known as Martin Airfield, Martin Moor, Metheringham) (LL261892)
 - Land on the south side of South Heath Lane, Fulbeck, South Kesteven, Lincs (LL245421)
 - West Lodge, Lincoln Road, Roxholm, Lincs, NG34 8NB (LL245391)
 - Land on the North side of Fen Road, Ruskington (LL260952)
 - The Bungalow, Bloxholm, Lincoln, LN4 3QF (LL261895)
 - Station Yard, Scopwick, North Kesteven, Lincs (LL245420)
 - Shaw's Farm, Thorpe Tilney (also known as Land to the south west of High Street, Walcott) (LL243639 / LL241158)

- 4 Brookside Close, Ruskington, Sleaford, Lincs (LL275712)

(and, where such property is leasehold, any present or future right or interest conferred upon the Subsidiary in relation thereto by virtue of any Enfranchising Legislation, including any rights arising against any nominee purchaser pursuant thereto), and all buildings and fixtures (including trade fixtures), fixed plant and machinery from time to time on any such property, and such expression shall include all or any part thereof (together the "**Mortgaged Property**") as security for all sums of money which have already been advanced or may be advanced in the future by the Bank to the Subsidiary and all other liabilities whatsoever of the Subsidiary to the Bank, whether present, future, actual and/or contingent and whether incurred alone or jointly as principal or as surety, including but not limited to, under or pursuant to the Bank Facility Agreement and the Guarantee and Set Off together with all banking, legal and other costs, expenses and interest that may be owing from time to time to the Bank (the "**Secured Obligations**"),

- 6 2 2 assign to the Bank all amounts now or hereafter owing to the Subsidiary by way of rent, rent charge, licence fee, service charge, dilapidations or otherwise by any tenant, licensee or occupier (in any such case whether present or future) of the Mortgaged Property, and by way of rent deposit or purchase deposit relating to the Mortgaged Property together with, in each case, the proceeds thereof and all rights to recover the same, subject to re-assignment on payment of all the Secured Obligations
- 6 2 3 charge by way of fixed charge all present and future book and other debts, other monetary claims and choses in action owing or belonging to the Subsidiary and arising in connection with the Mortgaged Property or any business at any time carried on thereat and the proceeds thereof including (without limitation)
- 6 2 3 1 any amounts owing to the Subsidiary by way of rent, licence fee, service charge or dilapidations by any tenant or licensee (in each case whether present or future) of the Mortgaged Property and any ground rents, rent-charges, rent deposits, purchase deposits and the proceeds of insurance claims owing to the Subsidiary in connection with the Mortgaged Property (and, in each case, the proceeds thereof),
- 6 2 3 2 any amounts owing or which may become owing to the Subsidiary under any building, construction or development contract entered into in connection with the Mortgaged Property or by virtue of the Subsidiary's rights under any retention or other trusts in connection therewith, whether or not any certificate as to the amount due has been issued in respect thereof (and the proceeds thereof),
- 6 2 3.3 the Non-Vesting Debts and the Related Rights; and
- 6 2 4 charge by way of floating charge all the Mortgaged Chattels
- 6 2 5 assign to the Bank the goodwill of the business (if any) now or at any time hereafter carried on by the Subsidiary at the Mortgaged Property and the

full benefit of the Mortgaged Licences (if any) and also the full right to recover and receive all compensation which may at any time become payable to the Subsidiary by virtue of the Licensing Act 1964 or any other statutory enactment, subject to re-assignment upon payment of all the Secured Obligations,

6 2.6 assign to the Bank the benefit of all guarantees or covenants by any surety or sureties of any of the lessee's obligations under any existing lease or underlease of the Mortgaged Property, subject to re-assignment upon payment of all the Secured Obligations,

6 2.7 where the Subsidiary (by virtue of an estate or interest in the Mortgaged Property) is or becomes entitled to a share or shares in any company connected with the Mortgaged Property, charge by way of fixed charge the entitlement to such share or shares, and such share or shares when issued and all rights, benefits and advantages at any time arising in respect of the same, and

6 2.8 assign to the Bank the Intellectual Property Rights that arise in connection with the business (if any) at the date of the Bank Mortgage or at any time thereafter carried on by the Subsidiary at the Mortgaged Property, subject to re-assignment on payment of all the Secured Obligations

7 The Intra-Group Loan Agreement

Under the terms of the Intra-Group Loan Agreement, the Subsidiary and the other Lenders (as defined in the Intra-Group Loan Agreement) would agree to provide a loan facility of up to £50 million to the Purchaser for the purpose of (amongst other things) (i) funding the Acquisition (ii) the payment of fees, costs and expenses in connection with the Acquisition and (iii) general corporate purposes from time to time

8. Deed of Priority

Under the terms of the Deed of Priority, the Subsidiary would acknowledge the agreed priority arrangements between the various holders of security relating to the assets of the Subsidiary

9 Intercreditor Deed

Under the terms of the Intercreditor Deed the Subsidiary would acknowledge the subordination of all amounts due and payable to Pamela and Richard Corbett in relation to their holding of redeemable preference shares in the Purchaser to all amounts due and payable to LTSBCF and the Bank.

Appendix 3 - Form 155(6)b

Stonegate Farmers Limited (company number 00740635) (the "Company") in relation to the financial assistance to be given by Lincolnshire Chickens Limited (00683377) (the "Subsidiary") in relation to the proposed acquisition of the entire issued share capital of the Company

The amount of cash to be transferred to the person assisted is up to £50 million under the Intra-Group Loan Agreement

Our Ref PNH/6



ALBERT
GOODMAN

PRIVATE AND CONFIDENTIAL

The Directors
Stonegate Farmers Limited
Whiteoaks Farm
The Old Sidings
Corsham Road
Lacock
Wiltshire
SN15 2LZ

Mary Street House
Mary Street
Taunton
Somerset
TA1 3NW

Tel 01823 286096
Fax 01823 257319

INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF STONEGATE FARMERS LIMITED ("THE COMPANY") PURSUANT TO SECTION 156(4) OF THE COMPANIES ACT 1985

We have examined the attached statutory declaration of the directors dated *18 June* 2008 in relation to the financial assistance to be given by the Company's subsidiary, Lincolnshire Chickens Limited, in relation to the proposed acquisition of the entire issued share capital of the Company

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

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

A handwritten signature in black ink that reads 'Albert Goodman'.

Albert Goodman
Registered Auditors

Date *18 June* 2008