

155(6)a

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

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

For official use

Company number

1191534

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

Name of company

* P.G.L. TRAVEL LIMITED ("COMPANY")

* insert full name
of company

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

XWe ø PETER JOHN CHURCHUS OF THE GROVE, 3 EASTFIELD ROAD, ROSS ON WYE, HEREFORDSHIRE, HR9 5AN
MARTIN DAVIES OF WOODHOUSE LODGE, BRIDSTOW, ROSS ON WYE, HEREFORDSHIRE, HR9 6JT
LINDA MARY WOOLF OF 3 BLENHEIM CLOSE, ROSS ON WYE, HEREFORDSHIRE, HR9 7XQ
IAN CAMPBELL OFFICER OF 3 CHESTNUT COTTAGE WALFORD ROSS ON WYE HEREFORDSHIRE, HR9 5QS
MARTIN HUDSON, 20 FALAISE CLOSE, ROSS ON WYE, HEREFORDSHIRE HR9 5UT AND
JOHN GORDON FIRTH, 23 HANBURY PARK ROAD, ST JOHNS, WORCESTER WR2 4PG

† delete as appropriate

~~One sole director~~ [all the directors] † of the above company do solemnly and sincerely declare that:

The business of the company is:

§ delete whichever
is inappropriate

[illegible]

(c) something other than the above \$

The company is proposing to give financial assistance in connection with the acquisition of shares in the

[company] ~~XXXXXXXXXXXXXXXXXXXX~~

The assistance is for the purpose of [that acquisition] XX

~~XXXXXXXXXXXXXXXXXXXXX. +~~

The number and class of the shares acquired or to be acquired is: SEE RIDER 1

Presentor's name address and
reference (if any) :
Gateley Wareing LLP
One Eleven
Edmund Street
Birmingham
B3 2HJ

13033 Birmingham 1
AXT/965934/53101.001

For official Use
General Section

Post room



A40 A1NAK866
COMPANIES HOUSE

0388
27/08/05

"The assistance is to be given to: (note 2) GW 207 LIMITED (COMPANY NUMBER 5346933) WHOSE
REGISTERED OFFICE IS AT ONE ELEVEN EDMUND STREET, BIRMINGHAM, B3 2HJ ("THE
PURCHASER")

Please do not
write in this
margin

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

The assistance will take the form of:

SEE RIDER 2

The person who ~~XXXXXXXXXX~~ [will acquire] † the shares is:

† delete as
appropriate

THE PURCHASER

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

SEE RIDER 3

The amount of cash to be transferred to the person assisted is £ SEE RIDER 4

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

The date on which the assistance is to be given is SEE RIDER 5

Form 155(6)a – PGL TRAVEL LIMITED (Company Number 1191534)

RIDER 1

1,300,000 A ordinary shares of 10p each, 44,074 B ordinary shares of 10p each and 450,000 cumulative redeemable preference shares of £1 each in the issued share capital of PGL Voyages Limited ("Voyages").

RIDER 2

The financial assistance will take the form of:-

1. a senior sterling term and ancillary facilities agreement ("**Senior Facilities Agreement**") to be entered into between the Purchaser (as parent) (1), the companies (including the Company) listed in part 1 of schedule 1 to that agreement (as the original borrowers ("**Original Borrowers**")) (2), the companies (including the Company) listed in part 1 of schedule 1 to that agreement (as the original guarantors ("**Original Senior Guarantors**")) (3), the Royal Bank of Scotland Plc ("**Bank**") (as arranger) (4), the financial institutions listed in part 2 of schedule 1 to that agreement (as original lenders ("**Original Senior Lenders**")) (5), the Bank (as agent ("**Senior Agent**")) (6), the Bank (as security trustee ("**Security Trustee**")) (7) and the Bank (as the ancillary lender ("**Ancillary Lender**")) (8). The Senior Facilities Agreement contains a guarantee to be entered into by the Original Senior Guarantors and others to secure all moneys and liabilities of, amongst others, the Original Borrowers pursuant to the Finance Documents (as defined in the Senior Facilities Agreement);
2. a mezzanine facility agreement ("**Mezzanine Facility Agreement**") to be entered into between the Purchaser (as parent) (1), the companies (including the Company) listed in part 1 of schedule 1 to that agreement (as the original guarantors ("**Original Mezzanine Guarantors**")) (2), the bank (as arranger) (3), the financial institutions listed in part 2 of schedule 2 to that agreement (as the original lenders ("**Original Mezzanine Lenders**")) (4), the Bank (as agent ("**Mezzanine Agent**")) (5) and the Security Trustee (6). The Mezzanine Facility Agreement contains a guarantee ("**Mezzanine Guarantee**") to be entered into by, amongst others, the Original Mezzanine Guarantors to secure all moneys and liabilities of, amongst others, the Purchaser (as a borrower under the Mezzanine Facility Agreement) pursuant to the Mezzanine Finance Documents (as defined in the Mezzanine Facility Agreement);
3. an ancillary facility letter ("**Ancillary Facility Letter**") to be entered into between the Company, the Purchaser, P.G.L Voyages Limited ("**Voyages**") and 3D Education and Adventure Limited ("**3D**") (1) and the Bank (2);

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AMW
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A

4. an intercreditor deed ("**Intercreditor Deed**") to be entered into between the Purchaser (as parent) (1), the companies (including the Company) as listed in schedule 2 to that deed (as original obligors, intra-group creditors and intra-group debtors) (2), the Security Trustee (3), the Senior Agent (4), the Original Senior Lenders (5), the Mezzanine Agent (6), the Original Mezzanine Lenders (7), the Bank (as initial hedge counterparty (8), the Ancillary Lender (9) and the parties listed in schedule 5 to that deed (as loan note holders) (10);
5. an unlimited debenture ("**Debenture**") to be entered into between the companies (including the Company) named in schedule 1 to the Debenture as (charging companies) (1) and the Security Trustee (2) securing all liabilities of, amongst others, the Company to the Bank, including those arising pursuant to the Finance Documents (as defined in the Debenture);
6. an intra-group loan agreement ("**Intra-Group Loan Agreement**") to be entered into between the Purchaser, the Company, Voyages, PGL Adventure Limited ("**Adventure**"), Freedom of France Limited ("**Freedom**") and 3D ("**Group**") (as borrowers) (1) and the Purchaser, the Company, Voyages, Adventure, Freedom and 3D (as lenders) (2);
7. a cross guarantee ("**Cross Guarantee**") to be entered into between the companies (including the Company) as listed in schedule 1 to the Cross Guarantee (as participants) ("**Participants**") (1) and the Security Trustee (2) to secure all moneys and liabilities of, amongst others, the borrowers under the Ancillary Facility Letter.
8. a composite set off agreement ("**Composite Set Off Agreement**") to be entered into between the companies (including the Company) as listed in Schedule 1 to the Composite Set Off Agreement (1) and the Bank (2);
9. a loan agreement to be entered into between the Company (as lender) (1) and Voyages (as borrower) (2) ("**Property Loan Agreement**");
10. a standard security to be entered into between the Company (1) and the Security Trustee (2) ("**Standard Security**") in relation to the Company's Scottish properties at Dalguise and Lochranza;
11. an assignment of a key-man insurance policy ("**Key-man Assignment**") over the life of Peter Churchus to be entered into between the Company (1) and the Security Trustee (2); and
12. a legal charge to be entered into between the Company (1) and the Security Trustee (2) ("**Legal Charge**") (on the same terms as the terms of the Debenture that relate to real property) in respect of the lease proposed to be granted to the Company in respect of Beam House Torrington Devon EX38 8JF ("Beam House") by Colin Edgar Osbourne and Henry Charles Kendall Osbourne for a term of 25 years, and the lease proposed to be granted to the Company in

respect of all that land at Barton Hall Chalet Hotel Kingskerwell ("Barton Hall") by Scottish and Newcastle plc for a term of 125 years.

RIDER 3

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

1. Pursuant to the Senior Facilities Agreement the Company will become an Original Senior Guarantor. As an Original Senior Guarantor, the Company will, amongst other things, enter into covenants in favour of the Bank and guarantee all moneys and liabilities now or at any time due, owing or incurred by the original Borrowers to the Bank. The following definitions shall apply to this paragraph 1 and in addition words and expressions in this paragraph 1 shall have the same meaning as in the Senior Facilities Agreement unless the context otherwise requires :-

"Borrower" means an Original Borrower or an Additional Borrower unless it has ceased to be a Borrower in accordance with clause 27 (*Changes to the Obligors*) of the Senior Facilities Agreement;

"Finance Document" means the Senior Facilities Agreement, any Accession Letter, any Ancillary Document, the Intra-Group Loan Agreement, any Compliance Certificate, any Fee Letter, any Hedging Agreement, the Intercreditor Deed, any Resignation Letter, any Selection Notice, any Transaction Security Document, any Utilisation Request and any other document designated as a "Finance Document" by the Agent and the Parent (each as defined in the Senior Facilities Agreement);

"Finance Party" means the Agent, the Arranger, the Security Trustee, a Lender, a Hedge Counterparty or the Ancillary Lender (each as defined in the Senior Facilities Agreement);

"Group" means the Parent, the Target and each of its Subsidiaries for the time being (each as defined in the Senior Facilities Agreement);

The principal terms of the guarantee are:-

1.1 Guarantee and indemnity

1.1.1 The Company irrevocably and unconditionally jointly and severally:

1.1.1.1 guarantees to each Finance Party punctual performance by each Borrower of all that Borrower's obligations under the Finance Documents;

1.1.1.2 undertakes with each Finance Party that whenever a 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; and

1.1.1.3 indemnifies each Finance Party immediately on demand against any cost, loss or liability suffered by that Finance Party if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal. The amount of the cost, loss or liability shall be equal to the amount which that Finance Party would otherwise have been entitled to recover.

1.1.2 Continuing guarantee

The guarantee under the Senior Facilities Agreement is a continuing guarantee and will extend to the ultimate balance of sums payable by the Company under the Finance Documents, regardless of any intermediate payment or discharge in whole or in part.

1.1.3 Reinstatement

If any payment by the Company or any discharge given by a Finance Party (whether in respect of the obligations of the Company or any security for those obligations or otherwise) is avoided or reduced as a result of insolvency or any similar event:

1.1.3.1 the liability of the Company shall continue as if the payment, discharge, avoidance or reduction had not occurred; and

1.1.3.2 each Finance Party shall be entitled to recover the value or amount of that security or payment from the Company, as if the payment, discharge, avoidance or reduction had not occurred.

1.1.4 Waiver of defences

The obligations of the Company under clause 20 (*Guarantee and indemnity*) of the Senior Facilities Agreement will not be affected by an act, omission, matter or thing which, but for the provisions of clause 20 (*Guarantee and indemnity*) of the Senior Facilities Agreement, would reduce or prejudice any of its obligations under clause 20 (*Guarantee and indemnity*) of the Senior Facilities Agreement (without limitation and whether or not known to it or any Finance Party) including:

1.1.4.1 any time, waiver or consent granted to, or composition with, the Company or other person;

1.1.4.2 the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;

- 1.1.4.3 the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, the Company or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- 1.1.4.4 any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of the Company or any other person;
- 1.1.4.5 any amendment (however fundamental) or replacement of a Finance Document or any other document or security;
- 1.1.4.6 any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or security; or
- 1.1.4.7 any insolvency or similar proceedings.

1.1.5 Immediate recourse

The Company waives any right it may have of first requiring any Finance Party (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from the Company under clause 20 (*Guarantee and indemnity*) of the Senior Facilities Agreement. This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.

1.1.6 Appropriations

Until all amounts which may be or become payable by the Company under or in connection with the Finance Documents have been irrevocably paid in full, each Finance Party (or any trustee or agent on its behalf) may:

- 1.1.6.1 *refrain from applying or enforcing any other monies, security or rights held or received by that Finance Party (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and the Company shall not be entitled to the benefit of the same; and*

1.1.6.2 hold in an interest-bearing suspense account any monies received from the Company or on account of the Company's liability under clause 20 (*Guarantee and indemnity*) of the Senior Facilities Agreement.

1.1.7 Deferral of Guarantors' rights

Until all amounts which may be or become payable by the Company under or in connection with the Finance Documents have been irrevocably paid in full and, unless the Senior Agent otherwise directs, the Company will not exercise any rights which it may have by reason of performance by it of its obligations under the Finance Documents:

1.1.7.1 to be indemnified by the Company;

1.1.7.2 to claim any contribution from any other guarantor of the Company's obligations under the Finance Documents; and/or

1.1.7.3 to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Finance Parties under the Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Finance Documents by any Finance Party.

1.1.8 A Finance Party may set off any matured obligation due from the Company under the Finance Documents (to the extent beneficially owned by that Finance Party) against any matured obligation owed by that Finance Party to the Company, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

2. Pursuant to the Mezzanine Facility Agreement the Company will become an Original Mezzanine Guarantor. As an Original Mezzanine Guarantor, the Company will enter into covenants in favour of the Bank and guarantee all moneys and liabilities now or at any time due, owing or incurred by, amongst others, the Purchaser to the Bank. The following definitions shall apply to this paragraph 2 and in addition words and expressions in this paragraph 2 shall have the same meaning as in the Mezzanine Facility Agreement unless the context otherwise requires.

"Finance Document" means the Mezzanine Facility Agreement, any Accession Letter, the Intra-Group Loan Agreement, any Compliance Certificate, any Fee Letter, any Hedging Agreement, the Intercreditor Deed, any Resignation Letter,

any Transaction Security Document, any Warrant Document, any Utilisation Request and any other document designated as a "Finance Document" by the Agent and the Parent (each as defined in the Mezzanine Facility Agreement);

"Finance Party" means the Agent, the Arranger, the Security Trustee, a Lender or a Hedge Counterparty (each as defined in the Mezzanine Facility Agreement);

The principal terms of the guarantee are:-

2.1 Guarantee and indemnity

The Company irrevocably and unconditionally jointly and severally:

- 2.1.1 guarantees to each Finance Party punctual performance by the Parent of all its obligations under the Finance Documents;
- 2.1.2 undertakes with each Finance Party that whenever the Parent 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; and
- 2.1.3 indemnifies each Finance Party immediately on demand against any cost, loss or liability suffered by that Finance Party if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal. The amount of the cost, loss or liability shall be equal to the amount which that Finance Party would otherwise have been entitled to recover.

2.2 Continuing guarantee

The guarantee under clause 19 (*Guarantee and indemnity*) of the Mezzanine Facility Agreement is a continuing guarantee and will extend to the ultimate balance of sums payable by the Company under the Finance Documents, regardless of any intermediate payment or discharge in whole or in part.

2.3 Reinstatement

If any payment by the Company or any discharge given by a Finance Party (whether in respect of the obligations of the Company or any security for those obligations or otherwise) is avoided or reduced as a result of insolvency or any similar event:

- 2.3.1 the liability of the Company shall continue as if the payment, discharge, avoidance or reduction had not occurred; and
- 2.3.2 each Finance Party shall be entitled to recover the value or amount of that security or payment from the Company, as if the payment, discharge, avoidance or reduction had not occurred.

2.4 Waiver of defences

The obligations of the Company under clause 19 (*Guarantee and indemnity*) of the Mezzanine Facility Agreement will not be affected by an act, omission, matter or thing which, but for clause 19 (*Guarantee and indemnity*) of the Mezzanine Facility Agreement, would reduce, release or prejudice any of its obligations under clause 19 (*Guarantee and indemnity*) of the Mezzanine Facility Agreement (without limitation and whether or not known to it or any Finance Party) including:

- 2.4.1 any time, waiver or consent granted to, or composition with, the Company or other person;
- 2.4.2 the release of any other Group company or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;
- 2.4.3 the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, the Company or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- 2.4.4 any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of the Company or any other person;
- 2.4.5 any amendment (however fundamental) or replacement of a Finance Document or any other document or security;
- 2.4.6 any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or security; or
- 2.4.7 any insolvency or similar proceedings.

2.5 Immediate recourse

The Company waives any right it may have of first requiring any Finance Party (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from that Guarantor under clause 19 (*Guarantee and indemnity*) of the Mezzanine Facility Agreement. This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.

2.6 Appropriations

Until all amounts which may be or become payable by the Company under or in connection with the Finance Documents have been irrevocably paid in full, each Finance Party (or any trustee or agent on its behalf) may:

2.6.1 refrain from applying or enforcing any other monies, security or rights held or received by that Finance Party (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and the Company shall not be entitled to the benefit of the same; and

2.6.2 hold in an interest-bearing suspense account any monies received from the Company or on account of the Company's liability under clause 19 (*Guarantee and indemnity*) of the Mezzanine Facility Agreement.

2.7 Deferral of Guarantors' rights

Until all amounts which may be or become payable by the Company under or in connection with the Finance Documents have been irrevocably paid in full and, unless the Mezzanine Agent otherwise directs, the Company will not exercise any rights which it may have by reason of performance by it of its obligations under the Finance Documents:

2.7.1 to be indemnified by the Company;

2.7.2 to claim any contribution from any other guarantor of the Company's obligations under the Finance Documents; and/or

2.7.3 to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Finance Parties under the Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Finance Documents by any Finance Party.

2.8 Set-off

A Finance Party may set off any matured obligation due from the Company under the Finance Documents (to the extent beneficially owned by that Finance Party) against any matured obligation owed by that Finance Party to that Company, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

3. Pursuant to the Ancillary Facility Letter the Company will enter into the same covenants and obligations as contained in the Senior Facilities Agreement;

4. Pursuant to the Intercreditor Deed the Company, amongst others, will give undertakings and obligations in favour of the Bank in respect of the liabilities of, amongst others, the Original Borrowers under the Senior Finance Documents (as defined in the Intercreditor Deed) and, amongst others, the Purchaser under the Mezzanine Finance Documents (as defined in the

Intercreditor Deed) will agree that amounts owed to it by to other members of the Group will be subordinated to such member of the Group to the Bank;

5. The Debenture will confer fixed and floating charges in favour of the Bank over all the assets of the Company both present and future to secure repayment to the Bank of all monies and liabilities of any time due, owing or incurred by, amongst others, the Company to the Bank. The following definitions shall apply to this paragraph 5 and in addition words and expressions in this paragraph 5 shall have the same meaning as in the Debenture unless the context otherwise requires.

"Assigned Assets" means the Security Assets expressed to be assigned pursuant to clause 4.2(*Security assignments*) of the Debenture;

"Charged Investments" means the Charged Securities and all present and future Related Rights accruing to all or any of the Charged Securities;

"Charged Securities" means:

- (i) the securities specified in part 2 of schedule 2 (*Details of Security Assets*) of the Debenture; and
- (ii) all other stocks, shares, debentures, bonds, warrants, coupons, negotiable instruments, certificates of deposit or other securities or "*investments*" (as defined in part 11 of schedule 11 to the Financial Services and Markets Act 2000 as in force at the date of the Debenture) now or in future owned (legally or beneficially) by the Company or in which the Company has an interest at any time;

"Event of Default" has the meaning given to that term:

- (i) before the Senior Discharge Date, in the Senior Facilities Agreement; and
- (ii) thereafter, in the Mezzanine Facility Agreement;

"Default Rate" means the rates of interest determined in accordance with clause 11.3 (*Default interest*) of the Senior Facilities Agreement (prior to the Senior Discharge Date and after the Mezzanine Discharge Date) and clause 10.4 (*Default interest*) of the Mezzanine Facility Agreement (after the Senior Discharge Date but prior to the Mezzanine Discharge Date);

"Mezzanine Agent" means the "**Agent**" as defined in the Mezzanine Facility Agreement;

"Mezzanine Discharge Date" has the meaning given to that term in the Intercreditor Deed;

"Permitted Disposal" has the meaning given to that term:

- (i) before the Senior Discharge Date and after the Mezzanine Discharge Date, in the Senior Facilities Agreement; and
- (ii) after the Senior Discharge Date but prior to the Mezzanine Discharge Date, in the Mezzanine Facility Agreement;

"Permitted Security" has the meaning given to that term :

- (i) before the Senior Discharge Date and after the Mezzanine Discharge Date, in the Senior Facilities Agreement; and
- (ii) after the Senior Discharge Date but before the Mezzanine Discharge Date, in the Mezzanine Facility Agreement;

"Related Rights" means, in relation to any Charged Security:

- (i) all dividends, distributions and other income paid or payable on the relevant Charged Security or on any asset referred to in paragraph (b) of this definition;
- (ii) all rights, monies or property accruing or offered at any time in relation to such Charged Security whether by way of redemption, substitution, exchange, bonus or preference, under option rights or otherwise;

"Relevant Contract" means each agreement agreed to be a relevant contract by the Agent and the Parent now or in the future (including each agreement specified in part 4 of schedule 2 (*Details of Security Assets*)) of the Debenture together with each other agreement supplementing or amending or novating or replacing the same;

"Security Account" has the meaning given to that term in clause 11.6.1(b) of the Debenture;

"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 any member of the Group to the Security Trustee and/or the other Secured Parties (or any of them) under or pursuant to any Finance Document (including all monies covenanted to be paid under this Deed), provided that:

- (i) no obligation or liability shall be included in the definition of **"Secured Obligations"** to the extent that, if it were so included, the Debenture (or any part of it) would constitute unlawful financial assistance within the meaning of sections 151 and 152 of the Companies Act 1985; and
- (ii) the maximum amount of the Secured Obligations due from PGL Travel Limited secured by the Debenture shall not exceed £27,500,000;

"Senior Discharge Date" has the meaning given to that term in the Intercreditor Deed;

The principal terms of the Debenture are:-

5.1 The Company, as principal obligor and not merely as surety, covenants in favour of the Security Trustee that it will pay and discharge the Secured Obligations from time to time when they fall due.

5.2 Default interest

5.2.1 Any amount which is not paid under the Debenture when due shall bear interest (both before and after judgment and payable on demand) from the due date until the date on which such amount is unconditionally and irrevocably paid and discharged in full on a daily basis at the rate and in the manner agreed in the Finance Document under which such amount is payable and, in the absence of such agreement, at the Default Rate from time to time.

5.3 Default interest will accrue from day to day and will be compounded at such intervals as the Security Trustee (acting on the instructions of the Senior Agent and, following the Senior Discharge Date, the Mezzanine Agent) states are appropriate.

5.4 Fixed charges

The Company charges and agrees to charge all of 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:

5.4.1 by way of first legal mortgage:

5.4.1.1 the Property (if any) specified in part 1 of schedule 2 (*Details of Security Assets*) of the Debenture; and

5.4.1.2 all other Property (if any) at the date of the Debenture vested in, or charged to, the Company (not charged by clauses 4.1.1 (a) of the Debenture);

5.4.2 by way of first fixed charge:

5.4.2.1 all other Property and all interests in Property (not charged by clause 4.1.1 of the Debenture); and

5.4.2.2 all licences to enter upon or use land and the benefit of all other agreements relating to land;

5.4.3 by way of first fixed charge all plant and machinery (not charged by clauses 4.1.1 or 4.1.2 of the Debenture) and the benefit of all contracts, licences and warranties relating to the same;

5.4.4 by way of first fixed charge:

5.4.4.1 all computers, vehicles, office equipment and other equipment (not charged by clause 4.1.3 of the Debenture); and

5.4.4.2 the benefit of all contracts, licences and warranties relating to the same;

5.4.5 by way of:

5.4.5.1 first fixed charge the Charged Securities referred to in part 2 of schedule 2 (*Details of Security Assets*) of the Debenture;

5.4.5.2 first fixed charge all other Charged Securities (not charged by clause 4.1.5 (a) of the Debenture),

in each case, together with (1) all Related Rights from time to time accruing to those Charged Securities and (2) all rights which the Company may have at any time against any clearance or settlement system or any custodian in respect of any Charged Investments;

5.4.6 by way of first fixed charge:

5.4.6.1 the Security Accounts and all monies at any time standing to the credit of the Security Accounts; and

5.4.6.2 all accounts of the Company with any bank, financial institution or other person not charged by clause 4.1.6 (a) of the Debenture and all monies at any time standing to the credit of such accounts,

in each case, together with all interest from time to time accrued or accruing on such monies, any investment made out of such monies or account and all rights to repayment of any of the foregoing;

5.4.7 by way of first fixed charge:

5.4.7.1 the Intellectual Property (if any) specified in part 3 of schedule 2 (*Details of Security Assets*) of the Debenture; and

5.4.7.2 all other Intellectual Property (if any) (not charged by clause 4.1.7 (a) of the Debenture);

- 5.4.8 to the extent that any Assigned Asset is not effectively assigned under clause 4.2 (*Security assignments*) of the Debenture, by way of first fixed charge, such Assigned Asset;
- 5.4.9 by way of first fixed charge (to the extent not otherwise charged or assigned in the Debenture):
 - 5.4.9.1 the benefit of all licences, consents, agreements and authorisations held or used in connection with the business of the Company or the use of any of its assets; and
 - 5.4.9.2 any letter of credit issued in favour of the Company and all bills of exchange and other negotiable instruments held by it; and
- 5.4.10 by way of first fixed charge all of the goodwill and uncalled capital of the Company.

5.5 Security assignments

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

- 5.5.1 the Relevant Contracts, all rights and remedies in connection with the Relevant Contracts and all proceeds and claims arising therefrom;
- 5.5.2 the Insurances, all claims under the Insurances and all proceeds of the Insurances; and
- 5.5.3 the Security Accounts and all monies at any time standing to the credit of the Security Accounts, together with all interest from time to time accrued or accruing on such monies, any investment made out of such monies or account and all rights to repayment of any of the foregoing; and
- 5.5.4 all other Receivables (not assigned under clause 4.2.1 or 4.2.2 or 4.2.3 of the Debenture).

To the extent that any Assigned Asset described in clause 4.2.2 or 4.5.2.2 of the Debenture is not assignable, the assignment which that clause purports to effect shall operate as an assignment of all present and future rights and claims of the Company to any proceeds of the Insurances.

5.6 Floating Charge

The Company charges and agrees to charge by way of first floating charge all of its present and future:

- 5.6.1 assets and undertaking (wherever located) which are not effectively charged by way of first fixed mortgage or charge or assigned pursuant to clause 4.1 (*Fixed charges*), clause 4.2 (*Security assignments*) or any other provision of the Debenture; and
- 5.6.2 (whether or not effectively so charged or assigned) heritable property and all other property and assets in Scotland.

5.7 Conversion of Floating Charge

5.7.1 Conversion by notice

The Security Trustee may, by written notice to the Company, convert the floating charge created under the Debenture into a fixed charge as regards all or any of the assets of the Company specified in the notice if:

- 5.7.1.1 an Event of Default has occurred and is continuing; or
- 5.7.1.2 the Security Trustee (acting reasonably) considers any Security Assets (whether or not those specified in the notice) to be in danger of being seized or sold under any form of distress, attachment, execution or other legal process or to be otherwise in jeopardy.

5.8 Small companies

The floating charge created under the Debenture by the Company shall not convert into a fixed charge solely by reason of a moratorium being obtained under the Insolvency Act 2000 (or anything done with a view to obtaining such a moratorium) in respect of the Company.

5.9 Automatic conversion

The floating charge created under the Debenture shall (in addition to the circumstances in which the same will occur under general law) automatically convert into a fixed charge:

- 5.9.1 in relation to any Security Asset which is subject to a floating charge if:
 - 5.9.1.1 the Company creates (or attempts or purports to create) any Security Interest on or over the relevant Security Asset without the prior written consent of the Security Trustee; or

5.9.1.2 any third party levies or attempts to levy any distress, execution, attachment or other legal process against any such Security Asset; and

5.9.1.3 over all Security Assets of the Company which are subject to a floating charge if an administrator is appointed in respect of the Company or the Security Trustee receives notice of intention to appoint such an administrator.

5.10 Partial conversion

The giving of a notice by the Security Trustee pursuant to clause 6.1 (*Conversion by notice*) of the Debenture in relation to any class of assets of the Company shall not be construed as a waiver or abandonment of the rights of the Security Trustee to serve similar notices in respect of any other class of assets or of any other right of the Security Trustee and/or the other Secured Parties.

5.11 Continuing Security

5.11.1 Continuing security

The Security is continuing and will extend to the ultimate balance of the Secured Obligations regardless of any intermediate payment or discharge in whole or in part. The Debenture shall remain in full force and effect as a continuing security for the duration of the Security Period.

5.12 Restrictions on dealing

The Company shall not do or agree to do any of the following without the prior written consent of the Security Trustee:

5.12.1 create or permit to subsist any Security on any Security Asset except a Permitted Security; or

5.12.2 sell, transfer, lease, lend or otherwise dispose of (whether by a single transaction or a number of transactions and whether related or not) the whole or any part of its interest in any Security Asset except for a Permitted Disposal.

5.13 Set-Off

5.13.1 Set-off

The Security Trustee and each other Secured Party may (but shall not be obliged to) set off any obligation which is due and payable by the Company and unpaid (whether under the Finance Documents or

which has been assigned to the Security Trustee or such other Secured Party by any other Charging Company) against any obligation (whether or not matured) owed by the Security Trustee or such other Secured Party to the Company, regardless of the place of payment, booking branch or currency of either obligation.

5.13.2 If the obligations are in different currencies, the Security Trustee or such other Secured Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

5.13.3 If either obligation is unliquidated or unascertained, the Security Trustee or such other Secured Party may set off in an amount estimated by it in good faith to be the amount of that obligation.

5.14 Time deposits

Without prejudice to clause 18.1 (*Set-off*) of the Debenture, if any time deposit matures on any account which the Company has with the Security Trustee or any other Secured Party at a time within the Security Period when:

5.14.1 this Security has become enforceable; and

5.14.2 no Secured Obligation is due and payable,

such time deposit shall automatically be renewed for such further maturity as the Security Trustee or such other Secured Party in its absolute discretion considers appropriate unless the Security Trustee or such other Secured Party otherwise agrees in writing.

5.15 Further Assurances

5.15.1 The Company shall (and the Parent shall procure that the Company will) promptly do all such acts or execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Security Trustee may reasonably specify (and in such form as the Security Trustee may reasonably require in favour of the Security Trustee or its nominee(s)):

5.15.1.1 to perfect the Security created or intended to be created under or evidenced by the Debenture (which may include the execution of a mortgage, charge, assignment or other Security over all or any of the assets which are, or are intended to be, the subject of the Debenture) or for the exercise of any rights, powers and remedies of the Security Trustee or the Finance Parties provided by or pursuant to the Debenture or by law;

- 5.15.1.2 to confer on the Security Trustee or confer on the Finance Parties Security over any property and assets of the Company located in any jurisdiction equivalent or similar to the Security intended to be conferred by or pursuant to the Debenture; and/or
 - 5.15.1.3 to facilitate the realisation of the assets which are, or are intended to be, the subject of the Debenture.
 - 5.15.2 For the avoidance of doubt and without prejudice to clauses 24.39.9 and 24.39.10 of the Senior Facilities Agreement and clauses 23.38.9 and 23.38.10 of the Mezzanine Facility Agreement, the Parent shall not be in breach of clause 20 (*Further Assurance*) of the Debenture by virtue of the Debenture not being registered at the Land Registry in respect of the Real Property with title number HE3953.
 - 5.15.3 The Company shall (and the Parent shall procure that each the Company shall) take all such action as is available to it (including making all filings and registrations) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any Security conferred or intended to be conferred on the Security Trustee or the Finance Parties by or pursuant to the Debenture.
 - 5.15.4 If the requirements of ABTA in relation to the limitation of security change so as to allow any limit on the Secured Obligations of the Company to be increased or removed, the Company shall promptly do all such acts or execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Security Trustee may reasonably specify (and in such form as the Security Trustee may reasonably require in favour of the Security Trustee or its nominee(s)) in order to increase its liability under the Debenture to the extent permitted by ABTA.
- 6. Pursuant to the Cross Guarantee the Company agrees to guarantee the Secured Liabilities (as defined in that Agreement) of each of the Participants (as defined in that Agreement);
 - 7. Pursuant to the Composite Set Off Agreement the Company authorises the Bank to apply any money standing to its credit in its Accounts (as defined in that Agreement) towards the Indebtedness (as defined in that Agreement);
 - 8. Pursuant to the Intra-Group Loan Agreement the Company agrees to make available to the borrowers under the Intra-Group Loan Agreement funds, amongst other things, to enable the Purchaser to make payments of capital, interest, fees or other monies or expenses due pursuant to the Senior Facilities

Agreement and the Mezzanine Facility Agreement from the Company to the Bank. Any advance to the Purchaser by the Company is repayable on demand;

9. Pursuant to the Property Loan Agreement, the Company agrees to make available to Voyages funds to enable the Purchaser to fund and carry out the Property Re-Organisation (as defined in the Property Loan Agreement). Any advance by the Company to Voyages is repayable on demand and interest is payable on the advance of £12, 400, 000 at a rate of 1% above the base rate of the Bank;
10. Pursuant to the Standard Security the Company agrees to grant a fixed charge to the Security Trustee over its properties at Dalguise and Lochranza;
11. Pursuant to the Key-man Assignment the Company assigns all of its rights under its key-man insurance policy over the life of Peter Churchus to the Security Trustee; and
12. Pursuant to the Legal Charge the Company agrees to grant a fixed charge to the Security Trustee over the leasehold properties at Beam House and Barton Hall once such proposed leases are granted to the Company.

RIDER 4

The amount of cash to be transferred to the Purchaser is the amount of cash to be transferred according to the Intra-Group Loan Agreement and the Property Loan Agreement which is subject to a maximum of £100,000,000.

RIDER 5

Within 8 weeks of the date of this declaration

Grant Thornton UK LLP
Chartered Accountants
UK member of
Grant Thornton International

Our Ref D29019/PTJB/MM

The Directors
PGL Travel Limited
Alton Court
Penyard Lane
Ross on Wye
Herefordshire
HR9 5GL

Dear Sirs

**AUDITORS' REPORT TO THE DIRECTORS OF PGL TRAVEL
LIMITED (THE COMPANY) PURSUANT TO SECTION 156(4) OF
THE COMPANIES ACT 1985**

We have examined the attached statutory declaration of the directors dated 19 August 2005 in connection with the proposal that the Company should give financial assistance for the purchase of the entire ordinary share capital of the Company's holding company, PGL Voyages Limited.

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.

Grant Thornton UK LLP

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19 August 2005

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No. OC307742. Registered office: Grant Thornton House, Melton Street, Euston Square, London NW1 2EP. A list of members is available from our registered office.

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