

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

155(6)b

— — — — —

* PARAMOUNT LIMITED

CHRISTOPHER MILLS of 10 Cliveden Place, London SW1 8LA

14-00000

0283
01/09/05

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: 83,153,808 ordinary shares
of 5p each

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

Craftbutton Limited (registration number 4905213) (the "Purchaser") of 15
Grosvenor Gardens, London SW1W 0BD

The assistance will take the form of:

See Annexure A

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

† delete as appropriate

The Purchaser

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

See Annexure B

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

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

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

Please do not
write in this
margin

The date on which the assistance is to be given is Within 8 weeks of date hereof

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

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

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

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

(b) ~~XXXXXX is intended to commence the winding up of this company, with XXXX months of the date, and XXXX have formed the opinion that this company will be able to pay its debts XXXX months of the date, and XXXX commence the winding up. (note 3)~~

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

Declared at

8-10 Grosvenor Gardens, SW1

Declarants to sign below

Day Month Year
on

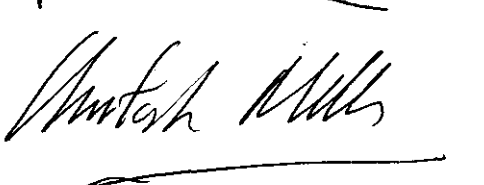
3	10	0	2	0	0	5
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before me



BIRCHAM DYSON BELL
Solicitors
50 BROADWAY
WESTMINSTER SW1H 0BL

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

FORM 155(6)b

Real Inns Limited (the "Subsidiary")

(Registration Number 26623388)

ANNEXURE A

1. The Subsidiary agreeing to execute or in the case of 1.3 below, having executed:
 - 1.1 the guarantee increase deed to be entered into by the Subsidiary relating to a term facilities agreement (the "**Facilities Agreement**") (containing a guarantee) dated 31 March 2005 and made between the Craftbutton Limited and HSBC Bank plc (the "**Bank**") to which the Subsidiary acceded on 20 May 2005 (the "**Guarantee Increase Deed**");
 - 1.2 a composite guarantee in favour of the Bank (the "**Guarantee**")
 - 1.3 a debenture dated 20 May 2005 and made between the Subsidiary and the Bank under which the secured obligations will extend to debt incurred in relation to the acquisition of shares in the company's holding company as a result of the execution of the Guarantee Increase Deed (the "**Bank Debenture**");
 - 1.4 a debenture and guarantee (the "**Loan Note Debenture**") relating to the £2,000,000 variable rate secured subordinated loan notes due 2010 (the "**Loan Notes**") issued by Craftbutton Limited under a loan note instrument dated 31 March 2005 to be granted by the Subsidiary in favour of Starlight Investments Limited (the "**Security Trustee**") as security trustee for the noteholders of the Loan Notes (the "**Noteholders**"); and
 - 1.5 a deed of accession in respect of a subordination deed (the "**Intercreditor Agreement**") dated 31 March 2005 and made between the Bank, Craftbutton Limited, the Security Trustee and others (the "**Intercreditor Accession Deed**").

2. ANNEXURE B

The principal terms on which assistance will be given are:

Guarantee Increase Deed

- 2.1 Under the terms of the guarantee contained in the Facilities Agreement as supplemented by the Guarantee Increase Deed, the Subsidiary irrevocably and unconditionally jointly and severally:
- (a) guarantees to the Bank punctual performance by each other Obligor (as defined therein) of all that Obligor's obligations under the Finance Documents (as defined therein) including the obligations under Facility A (as defined therein);
 - (b) undertakes with the Bank that whenever another Obligor does not pay any amount when due under in connection with any Finance Document, the Subsidiary shall immediately on demand pay that amount as if it was the principal obligor; and
 - (c) indemnifies the Bank immediately on demand against any cost, loss or liability suffered by the Bank 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 the Bank would otherwise have been entitled to recover.

Guarantee

- 2.2 Under the terms of the Guarantee the Borrower (as defined below) agrees to pay to the Bank on written demand the whole and each and every part of the Debt (as defined below).
- 2.2.1 In the Guarantee, "Debt" is defined as:
- (a) all monies and liabilities whatever, whenever and however incurred, whether with or without your knowledge or consent, and whether now or in the future due, or becoming due, from the Borrower to the Bank and whether incurred jointly or individually in any other capacity.
 - (b) This includes, but is not limited to (whether as originally given or subsequently varied, extended or increased in any way):
 - (i) overdrafts, personal and other loans or facilities and further advances of money;
 - (ii) guarantees and indemnities to the Bank and any of the Borrower's other contingent liabilities;
 - (iii) discount, commission and other lawful charges and expenses;
 - (iv) interest in accordance with any agreement between the Borrower and the Bank and, if there is no agreement, interest on any of the money and liabilities due from the Borrower at an annual rate of 3% above the Bank's base rate from time to time computed and compounded monthly and/or according to the Bank's then current

practice. Interest as above applies before and after any demand or judgment;

- (v) Any amount due under the indemnity in clause 13 (of the Guarantee); and
- (vi) Money agreed to be paid by the Subsidiary under clause 15 (of the Guarantee).

2.2.2 In the Guarantee, "Borrower" is defined as Groupe Chez Gerard Restaurants Limited and Craftbutton Limited.

Bank Debenture

Under the terms of the Bank Debenture:

2.3 The Subsidiary agrees to pay and discharge the Debt (as defined below) when the same is due to be paid and discharged. It acknowledges that the Debt shall, in the absence of express written agreement by the Bank contrary, be due and payable to the Bank upon demand.

2.3.1 The Subsidiary, with full title guarantee, and as security for the payment and discharge of the Debt, charges:-

2.3.2 By way of legal mortgage all freehold and leasehold land now vested in the Subsidiary together with all buildings, fittings and fixed plant machinery now or at any time afterwards on it. This includes (without limitation) the land described or referred to in Part I of the First Schedule of the Bank Debenture (other than any subject to an Exclusion unless and until the same is Satisfied (as defined therein)) subject only to the other mortgages or matters (if any) mentioned in Part 2 of the First Schedule of the Bank Debenture.

2.3.3 By way of fixed charge, the chattels (including all additions and improvements to, and replacements of, them from time to time), securities, intellectual property and/or other property mentioned in the Second Schedule of the Bank Debenture (other than any subject to an Exclusion unless and until the same is Satisfied (as defined therein)).

2.3.4 By way of first fixed charge (except as already charged above):

2.3.4.1 All the present and future right, title and interest of the Subsidiary in or to any freehold or leasehold land or other immovable property wherever situated and all fixtures, fittings and fixed plant and machinery now or at any time afterwards on it (other than any subject to an Exclusion unless and until the same is Satisfied (as defined therein)) ;

2.3.4.2 All chattels now or at any time afterwards belonging the Subsidiary. This excludes any of them for the time being forming part of the stock in trade or work-in-progress of the Subsidiary or which are, for the time being, otherwise effectively charged by way of legal mortgage or fixed charge by the Bank Debenture;

2.3.4.3 The benefit of all rights, licences, guarantees, rent deposits, contracts, deeds, undertakings and warranties relating to any land or

other property mentioned above and/or to any trade or business from time to time carried on by the Subsidiary;

- 2.3.4.4 All books debts and other debts and monetary claims and any rents, licence fees or other payments due from any lessee, licensee or occupier of any immovable property wherever situated now or at any time afterwards due owing or incurred to the Subsidiary. In addition, the full benefit of all guarantees and securities for them and liens, reservations of title and other rights enabling the Subsidiary to enforce any such debts or claims (collectively called the "debts"). This excludes such debts and claims (if any) as the Bank may from time to time have agreed in writing with the Subsidiary which shall not be subject to this fixed charge and also such debts and claims as charged in accordance with paragraph 2.3.4.5 below.
- 2.3.4.5 Any credit balance on any account of the Subsidiary with the Bank.
- 2.3.4.6 Any credit balance on any account of the Subsidiary with any bank (other than the Bank) or other person.
- 2.3.4.7 All goodwill and uncalled capital for the time being of the Subsidiary.
- 2.3.4.8 All stocks, shares, debentures bonds, loan capital and other securities of any description of any other person (including, without limitation, any subsidiary or subsidiary undertaking of the Subsidiary). In addition:
 - 2.3.4.8.1 All rights to subscribe to or convert other securities into or otherwise acquire any such securities now or at any time afterwards belonging to the Subsidiary;
 - 2.3.4.8.2 All dividends, interest and other income and all other rights of whatsoever kind deriving from or incidental to, any of these (together with any securities mentioned in the Second Schedule of the Bank Debenture, collectively called the "Securities").
- 2.3.4.9 All letters, patents, trademarks, service marks, designs, utility models, copyrights, design rights, applications for registration of any of them and the right to apply for them in any part of the world. In addition, moral rights, inventions, confidential information, know-how and rights of a similar nature arising or subsisting anywhere in the world in relation to all or any of the above (whether registered or unregistered) now or at any time afterwards belonging to the Subsidiary (together with any of the same mentioned in the Second Schedule of the Bank Debenture, collectively called the "intellectual property").
- 2.3.4.10 All policies of life insurance or assurance and all rights and claims to which the Subsidiary is now, or may at any time afterwards, become entitled in relation to the proceeds of them or of any other policies of insurance of any description (including, without limitation, the insurances mentioned in clause 8(a) of the Bank Debenture).
- 2.3.4.11 All rights and other property to which the Subsidiary is now, or may at any time afterwards, become entitled as a result of, or in connection with, any proceedings threatened or commenced under the Insolvency Act 1986 or any similar legislation in any jurisdiction.

- 2.3.4.12 The benefit of all agreements for the provision by the Subsidiary to any person of any loan or credit or other financial accommodation of any description (including, without limitation, any finance leases and hire or hire-purchase agreements) now, or any time afterwards, entered into by the Subsidiary.
- 2.3.4.13 The proceeds of sale of any property mentioned above.
- 2.3.5 By way of floating charge, all the undertaking of the Subsidiary and all its property whatsoever and wheresoever both present and future. This will not include any part of the same which is, for the time being, effectively charged by way of legal mortgage or fixed charge by this Bank Debenture and recognised as effectively so charged under the laws of the jurisdiction in which the same is situated.
- 2.3.6 The Subsidiary shall use its best endeavours to procure that any and all Exclusions applying to any charged property are Satisfied as soon as practicable after the date of the Bank Debenture (and in any event shall make an application for consent to any third party from whom consent is required for any Exclusion to be Satisfied within 2 days of the date of the Bank Debenture) and shall notify the Bank of the steps being taken in relation to procuring the same quarterly after the date of the Bank Debenture and promptly when any such Exclusion is Satisfied.
- 2.3.7 The Subsidiary shall hold on trust for the Lender all its interest in and to any and all charged property subject to an Exclusion until such Exclusion is Satisfied.
- 2.3.8 The Subsidiary is required to deposit with the Bank (and the Bank shall be entitled to retain) all deeds, certificates and other documents constituting or evidencing title to the fixed charged property (except insofar as the same are held, or required to be held by any third party in accordance with any obligation ranking in priority to the security created by the Bank Debenture).
- 2.3.9 On being reasonably required to do so by the Bank, and at the cost and expense of the Subsidiary the Subsidiary is required to:-
 - 2.3.9.1 execute, sign, deliver and do all things necessary (including, without limitation, the assignment of all or any of the debts and the transfer of all or any of the securities, to the Bank or its nominee and the giving of any notices and effecting of any registrations) and (and in such form as) the Bank may reasonably require. This is to perfect a legal mortgage, assignment or other fixed security in favour of the Bank of all or such part as shall be specified in such notice of the fixed charged property or otherwise to improve, perfect or protect the security intended to be created by the Bank Debenture or to facilitate the exercise of any powers, authorities and discretions conferred under or in accordance with the Bank Debenture; and
 - 2.3.9.2 endorse, or cause to be endorsed, on any documents constituting or evidencing title to the fixed charge property and give to third parties such notices of the security created by the Bank Debenture as the Bank may reasonably require.
- 2.3.10 In the Bank Debenture, "Debt" is defined as:
- 2.3.11 All money and liabilities whatever, whenever and however incurred now or in the future due, or become due, from the Subsidiary to the Bank.

- 2.3.12 This includes, but is not limited to:
- (a) overdrafts, loans or other facilities and further advances of money;
 - (b) guarantees and indemnities to the Bank and any of the Subsidiary's other contingent liabilities;
 - (c) discount, commission and other lawful charges and expenses;
 - (d) interest in accordance with any agreement between the Subsidiary and the Bank and, if there is no agreement, interest on any money and liabilities due from the Subsidiary at an annual rate of 3% above the Bank's base rate from time to time computed and compounded monthly and/or according to the Bank's then current practice. Interest as above applies before and after any demand or judgment; and
 - (e) money agreed to be paid by the Subsidiary under Clause 25 of the Bank Debenture.
- 2.3.13 In the Bank Debenture, "Exclusion" means a legal valid and binding restriction on the creation of security over an asset existing as at the date of this Debenture without the consent of a third party (other than a member of the Group (as defined therein)), breach of which would materially impair or destroy property or other rights of the Subsidiary in relation to or in connection with such asset.

Loan Note Debenture

- 2.4 Under the terms of the Loan Note Debenture:
- 2.4.1 The Subsidiary, as continuing security for the payment and discharge of the Secured Liabilities (as defined therein) and in the manner specified in Clause 2.2 of the Loan Note Debenture:
 - 2.4.2 charges in favour of the Security Trustee (as agent and trustee for itself and each of the other Junior Finance Parties (as defined below)) by way of legal mortgage all the property now belonging to it and specified in Schedule 1 of the Loan Note Debenture and all other interests in any freehold or leasehold property now or in the future belonging to it; and
 - 2.4.3 to the extent not validly and effectively charged by way of legal mortgage pursuant to Clause 2.1.1 of the Loan Note Debenture, charges in favour of the Security Trustee (as agent and trustee for itself and each of the other Junior Finance Parties) by way of a fixed charge;
 - 2.4.4 all interests in any freehold or leasehold property now or in the future belonging to it;
 - 2.4.5 any agreement relating to the acquisition of the Mortgaged Property (as defined therein) by it or for it and the benefit of all agreements, contracts, deeds, undertakings, guarantees, warranties and other documents now or hereafter in existence in relation to the Mortgaged Property;

- 2.4.6 all plant and machinery belonging to it and its interest in any plant or machinery in its possession and in all Fixtures (as defined therein);
- 2.4.7 all of its rights, benefits, claims and returns of premiums in respect of the Insurances and all proceeds thereof;
- 2.4.8 all monies standing to the credit of any account and with any person and the debts represented by them;
- 2.4.9 its goodwill and its uncalled capital;
- 2.4.10 its book and other debts, both uncollected and collected, the proceeds of the same and all monies otherwise due and owing to it;
- 2.4.11 the benefit of all rights, securities and guarantees of whatsoever nature enjoyed or held by it in relation to anything in Clause 2.1.2.7 (of the Loan Note Debenture);
- 2.4.12 the benefit of all permissions of whatsoever nature and whether statutory or otherwise, held in connection with the Mortgaged Property and the right to recover and receive all compensation which may be payable to it;
- 2.4.13 the benefit, to the extent vested in it, of all building contracts, professionals' appointments, guarantees, warranties and representations given or made by any building contractors, professional advisers or any other person in relation to the Mortgaged Property, including all rights and remedies available to it against such persons;
- 2.4.14 its rights and benefits in respect of any Intellectual Property (as defined therein);
- 2.4.15 all rights in respect of the proceeds of any order of the court made pursuant to sections 238(3), 239(3) or 244 of the Insolvency Act 1986 or any similar legislation in any jurisdiction;
- 2.4.16 the Securities (as defined therein) and the Derivative Assets (as defined therein);
- 2.4.17 all licences held now or in the future in connection with the business carried on upon all or any part of the Mortgaged Property and also the right to recover and receive all compensation which may at any time become payable to the Subsidiary under the Licensing Act 1964;
- 2.4.18 all chattels hired, leased or rented by the Subsidiary to any person together in each case with the benefit of the related hiring, leasing or rental contract and any guarantee, indemnity or other Security for the performance of the obligations of any person under or in respect of such contract;
- 2.4.19 each and every Hedging Agreement (as defined therein) and all rights and all proceeds paid or payable thereunder;
- 2.4.20 the benefit of all agreements for the provision by the Subsidiary to any person of any loan or credit or other financial accommodation of any description now or at any time afterwards entered into by the Subsidiary; and
- 2.4.21 the proceeds of sale of any property mentioned above.

- 2.4.22 The Subsidiary as security for the payment and discharge of the Secured Liabilities and in the manner specified in Clause 2.2 of the Loan Note Debenture charges in favour of the Security Trustee (as agent and security trustee for itself and each of the other Junior Finance Parties) by way of a floating charge all its assets whether or not effectively mortgaged or charged by way of fixed legal mortgage or fixed charge by Clause 2 (of the Loan Note Debenture).
- 2.4.23 Without prejudice to the provision of Section 2 of the Law of Property (Miscellaneous Provisions) Act 1994, the Subsidiary shall, at its own expense, take whatever action (including payment of all stamp duties and other registration fees) the Security Trustee or a Receiver (as defined therein) may reasonably require for:
- 2.4.24 perfecting or protecting the security intended to be created by this Deed over any Charged Asset (as defined therein); and
- 2.4.25 facilitating the realisation of any Charged Asset or the exercise of any right, power or discretion exercisable, by the Security Trustee or any Receiver or any of its or their delegates or sub delegates in respect of any Charged Asset, including the execution of any transfer, conveyance, assignment or assurance of any property whether to the Security Trustee or to its nominees or to any other person, and the giving of any notice, order or direction and the making of any registration, which in any such case, the Security Trustee may think expedient.
- 2.4.26 The Subsidiary irrevocably and unconditionally, as principal obligor:
- 2.4.27 guarantees to the Security Trustee (as agent and trustee for and on behalf of each of the Junior Finance Parties) the prompt payment, discharge and performance by each other Obligor of all of the Secured Liabilities owing by such Obligor and the due and punctual payment of all the sums comprised in the Secured Liabilities owing by each Obligor as and when they become due;
- 2.4.28 undertakes with the Security Trustee (as agent and trustee for and on behalf of each of the Junior Finance Parties) that whenever any relevant person (other than any Junior Finance Party) fails to pay any amount or perform or discharge any obligation in respect of the Secured Liabilities when due, the Subsidiary shall forthwith on demand by the Security Trustee pay that amount or perform or discharge such obligation as if the Subsidiary, instead of that person, were expressed to be the principal obligor; and
- 2.4.29 Undertakes as an additional and independent obligation to indemnify the Security Trustee (as agent and trustee for and on behalf of each of the Junior Finance Parties) on demand against any loss or liability suffered by any Junior Finance Party if any obligation guaranteed by the Subsidiary is or become unenforceable, invalid or illegal or arising from any failure by any of the other Obligors to pay the sum comprised in the Secured Liabilities.
- 2.4.30 In the Loan Note Debenture, "Junior Finance Parties" is defined as the Security Trustee and the Noteholders.

Intercreditor Agreement

- 2.5 Under the terms of the Intercreditor Agreement to which the Subsidiary is to become a party pursuant to the Intercreditor Accession Deed, the Subsidiary and the parties thereto undertake to regulate and agree to certain priority and ranking arrangements and the rights of the Subsidiary against other members of its group are subordinated to the rights of the Bank.



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The Directors
Paramount Limited
8-10 Grosvenor Gardens
London
SW1W 0DH

30 August 2005

Dear Sirs

Independent auditors' report to the directors of Paramount Limited (the "Company") pursuant to Section 156(4) of the Companies Act 1985

We have examined the attached statutory declaration of the directors of the Company dated 30 August 2005 in connection with the proposal that the Company's subsidiary undertaking, Real Inns Limited, should give financial assistance for the purchase of 83,153,808 of the ordinary shares of 5p each in the Company.

Our report has been prepared pursuant to the requirements of section 156(4) of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of section 156(4) of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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

BDO Stoy Hayward LLP

BDO Stoy Hayward LLP
Chartered Accountants and Registered Auditors