

G

CHFP025

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

155(6)b

Please do not
write in this
margin

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

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

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

For official use

Company number

[] [] [] [] [] []

02070200

Name of company

* Wickes Limited

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

* insert full name
of company

☒ We ☐ See Schedule 1

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

† delete as
appropriate

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

§ delete whichever
is inappropriate

The business of this company is:

- (a) ~~XXXXXX Incorporated under the Companies Act 1985~~
- (b) ~~XXXXXX person under the Companies Act 1985~~
- (c) something other than the above§

This company is ~~XXX~~ [a] holding company of* MD (1995) Group Limited

_____ which is
proposing to give financial assistance in connection with the acquisition of shares

in ~~XXXXXXXXXX~~ [Focus Wickes Limited

_____ the holding company of this company.]†

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

Clifford Chance LLP
200 Aldersgate Street
London
EC1A 4JJ

For official Use
General Section



LD6
COMPANIES HOUSE

LMY3LGNW

0282
11/12/02

Please do not
write in this
margin

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

10,169,085 "A" ORDINARY SHARES OF 1P EACH, 788,596 "B" ORDINARY SHARES OF 2P EACH AND 201,722,136,500 DEFERRED SHARES OF 1P EACH

office is 10 Snow Hill, London EC1A 2AL

See Schedule 2

De Facto 1014 Limited whose registered office is 10 Snow Hill, London EC1A 2AL.

† delete as appropriate

See Schedule 3

by giving it is Nil

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

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

Please do not write in this margin The date on which the assistance is to be given is within 8 weeks of the date

Please complete legibly, preferably in black type, or bold block lettering **X** We have formed the opinion, as regards this company's initial situation immediately following the date on which the assistance is proposed to be given, that there will be no ground on which it could then be found to be unable to pay its debts. (note 3)

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

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

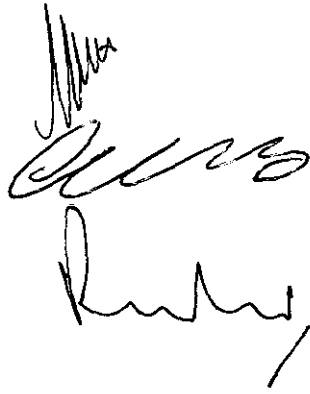
Declared at CLIFFORD CHANCE LLP,
200 ALDERSGATE STREET,
LONDON EC1A 4JJ

Declarants to sign below

Day Month Year
on

2	8	1	1	2	0	0	2
---	---	---	---	---	---	---	---

before me Laura Maltin (Solicitor)



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

NOTES

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

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

or, for companies registered in Scotland:-

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

WICKES LIMITED

Financial Assistance Declaration s155(6)b

SCHEDULE 1

Directors

We, William Ernest Archer of The Priory, 2 Astley Close, Knutsford, Cheshire WA16 8GJ,

Geoffrey Charles Wilson of Broadoaks, 237 Seabridge Lane, Newcastle under Lyme,
Staffordshire ST5 3TB, and

Richard Sidney Bird of 80 Wolsey Road, Northwood, Middlesex HA6 2EI

WICKES LIMITED

Financial Assistance Declaration s155(6)b

SCHEDULE 2

Form of Financial Assistance

The financial assistance will take the form of the execution, delivery and performance by Wickes Limited's subsidiary MD (1995) Group Limited (which for the purposes of schedules 2 and 3 to this Form 155(6)b only shall be defined as the "**Company**") of the following documents, as the same shall be amended, supplemented, novated and/or replaced from time to time (together, the "**Documents**");

- (a) a guarantee to be entered into by the Company by way of an accession deed in favour of the Security Agent (the "**Senior Guarantee**") contained in the Senior Credit Facilities Agreement to be dated on a date within eight weeks of the date hereof;
- (b) an accession deed to a debenture to be entered into by the Company to be made in favour of the Security Agent (the "**Senior Debenture**") under the Senior Credit Facilities Agreement to be dated on a date within eight weeks of the date hereof;
- (c) a guarantee to be entered into by the Company by way of accession deed in favour of the Security Agent (the "**Subordinated Guarantee**") contained in the Subordinated Credit Facilities Agreement to be dated on a date within eight weeks of the date hereof;
- (d) an accession deed to a debenture to be entered into by the Company to be made in favour of the Security Agent (the "**Subordinated Debenture**") under the Subordinated Credit Facilities Agreement to be dated on a date within eight weeks of the date hereof;
- (e) priority and subordination arrangements entered into by the Company with (among others) the Finance Parties pursuant to an intercreditor deed (the "**Intercreditor Deed**") to be dated on a date within eight weeks of the date hereof;
- (f) A standard security to be entered into by the Company in favour of the Security Agent under the Senior Credit Facilities Agreement and a standard security to be entered into by the Company in favour of the Security Agent under the Subordinated Credit Facility Agreement (together the "**Standard Security Agreements**");
- (g) a Scottish law deed of floating charge granted by the Company in favour of the Security Agent to secure the obligations of the borrowers under the Senior Finance Documents by way of a floating charge over all of the Company's property and undertakings (the "**Deed of Floating Charge**");
- (h) all amounts outstanding from time to time under interest rate hedging agreements, agreements evidencing derivative transactions and Hedging Instruments (including without limitation any ISDA Master Agreements and related confirmations) to be entered into on or after the date hereof between the Company, De Facto 1007 Limited as the Parent, Newco 5, De Facto 1014 Limited ("**Newco 6**"), the Guarantors and any

member of the Target Group which is currently or becomes an additional borrower on or after the date hereof under the Senior Credit Facilities Agreement (together the "**Hedging Agreements**");

- (i) upstream intercompany loan agreements between Newco 5, Newco 6, the Company and various members of the Target Group (together the "**Debt Service Intercompany Loan Agreements**") pursuant to which funds will be lent up-stream by various members of the Target Group to assist, *inter alia*, Newco 5 and Newco 6 in meeting their relevant payment obligations under the Senior Finance Documents, the Subordinated Finance Documents, various intercompany loan agreements and in relation to working capital requirements (should those companies have any working capital shortfalls) and any other fees incurred in connection with the Acquisition,

and by the performance of any other acts (including, without limitation, the payment of all fees (the "**Fees**") to professionals, third parties and others in connection with the Acquisition) or the execution of any other documents (as the same shall be amended, supplemented, novated and/or replaced from time to time, ancillary or otherwise) relating to the Documents.

In this Form 155(6)b the following terms have the meanings given to them below:

"**Acquisition**" means the acquisition of the Target Shares in accordance with the acquisition documents;

"**Act**" means the Companies Act 1985;

"**Completion**" means the completion of the sale and purchase of Target Shares in accordance with the acquisition documents;

"**Existing High Yield Notes**" shall have the meaning set out in the Senior Credit Facilities Agreement;

"**Existing PIK Notes**" means floating rate unsecured PIK notes in the principal amount of £25,000,000 issued by the Company on or around 31 December 2000;

"**Existing Senior Finance Documents**" shall have the meaning ascribed to it in the Senior Credit Facilities Agreement;

"**Group**" shall have the meaning ascribed to it in the Senior Credit Facilities Agreement;

"**Group Company**" shall have the meaning ascribed to it in the Senior Credit Facilities Agreement;

"**Guarantors**" means each Group Company listed in schedule 2 of the Senior Credit Facilities Agreement and each other Group Company which becomes a Guarantor thereunder;

"**Hedging Instruments**" shall have the meaning ascribed to it in the Senior Credit Facilities Agreement;

"**Security Agent**" means ING Bank N.V., London Branch;

"Senior Credit Facilities Agreement" means the senior term and revolving credit facilities agreement to be dated on or about the date hereof and made between, *inter alia*, De Facto 1007 as the Parent, Newco 6, Newco 5, ING Bank N.V., London Branch, The Governor and Company of the Bank of Scotland and Goldman Sachs International as the Joint Mandated Lead Arrangers, the Original Lenders named therein, ING Bank N.V., London Branch as the Facility Agent and the Security Agent (each capitalised term as defined therein);

"Senior Finance Documents" means the Senior Credit Facilities Agreement, each Security Document, the Intercreditor Deed, the Hedging Instruments, the Fee Letters, the Ancillary Documents, each Accession Document, each Transfer Certificate and any other document designated in writing as a Senior Finance Document by the Parent and the Facility Agent (each capitalised term as defined in the Senior Credit Facilities Agreement);

"Subordinated Facility Agreement" means the subordinated loan agreement dated on or about the date hereof between, *inter alia*, Newco 5 as borrower, the subordinated lenders named therein and ING Bank N.V., London Branch, as facility agent pursuant to which the Subordinated Loan is made available (each capitalised term as defined therein);

"Subordinated Finance Documents" means the Subordinated Facility Agreement, the Subordinated Debenture, the Intercreditor Deed, the Hedging Instruments, the Fee Letters, the Ancillary Documents, each Accession Document, each Transfer Certificate and any other document designated in writing a Subordinated Finance Document by the Parent and the Facility Agent (each capitalised term as defined in the Subordinated Facility Agreement);

"Target" means Focus Wickes Limited;

"Target Group" means the Target and each of its subsidiaries from time to time;

"Target Shares" means the entire issued share capital of the Target.

WICKES LIMITED

Financial Assistance Declaration s. 155(6)b

SCHEDULE 3

The principal terms upon which the assistance will be given

1. By executing the Senior and Subordinated Guarantees (the "**Guarantees**") and the Senior and Subordinated Debentures (the "**Debentures**"), the Company, the Target and each of its Principal Subsidiaries and each additional subsidiary from time to time which accedes thereto:
 - 1.1 unconditionally guarantees to the Security Agent the proper and punctual payment and performance of all moneys, obligations and liabilities which are from time to time due, owing or payable by or from Newco 6 and Newco 5 (the "**Borrowers**") to the Security Agent under or in connection with the Senior Finance Documents and/or the Subordinated Finance Documents (the "**Guaranteed Liabilities**") and undertakes to pay to the Security Agent from time to time any of the Guaranteed Liabilities which are not paid by the Borrowers when due; and
 - 1.2 agrees that any Finance Party may set off any obligation owed by it to that Finance Party against any obligation (whether or not due and payable) owed by that Finance Party to it;
 - 1.3 as continuing security for the payment of the Guaranteed Liabilities charges in favour of the Security Agent with full title guarantee the following assets both present and future, from time to time owned by it or in which it is from time to time interested:
 - 1.3.1 by way of first legal mortgage:
 - (a) all the freehold and leasehold property specified in schedule 2 to each of the Debentures together with all buildings and fixtures (including trade fixtures) at any time thereon; and
 - (b) all other freehold property and those leasehold properties held on long leases of a term over 21 years owned by it situated in England and Wales together with all buildings and fixtures (including trade fixtures) at any time thereon;
 - 1.3.2 by way of first fixed charge:
 - (a) all other interests in any freehold or leasehold property, the buildings and fixtures (including trade fixtures) at any time thereon, all proceeds of sale derived therefrom and the benefit of all covenants given in respect thereof and all licences to enter upon or use land and the benefit of all other agreements relating to land;

- (b) all plant, machinery, vehicles, computers, office and other equipment and the benefit of all contracts, licences and warranties relating thereto;
- (c) all book and other debts arising in the ordinary course of trading ("**Book Debts**") and all rights and claims against third parties and against any security in respect of Book Debts;
- (d) all the shares owned by the Company in its subsidiaries (the "**Subsidiary Shares**") (including those listed in schedule 3 to each of the Debentures), any stock, share, debenture, loan stock, security, interest in any investment fund and any other comparable investment (an "**Investment**") (whether or not marketable) whether owned directly by or to the order of the Company or by any trustee, fiduciary or clearance system on its behalf (including, unless the context otherwise requires, the Subsidiary Shares) and all corresponding dividends, distributions and other income paid or payable on an Investment or Subsidiary Share, together with all shares or other property derived from that Investment or a Subsidiary Share and all other allotments, accretions, rights, benefits and advantages of all kinds accruing, offered or otherwise derived from or incidental to that Investment or Subsidiary Share (whether by way of conversion, redemption, bonus, preference, option or otherwise);
- (e) all debts and monetary claims (other than Book Debts) and all rights against third parties in respect of such debts and claims;
- (f) all monies from time to time standing to the credit of any and all of its accounts (including without limitation accounts designated as "**Cash Collateral Accounts**", "**Nominated Accounts**" or "**Collection Accounts**") with any bank, financial institution or other person;
- (g) all its patents and patent applications, trade and service marks and trade and/or service mark applications (and all goodwill associated with any such applications), all brand and trade names, all copyrights and rights in the nature of copyright, all design rights, all registered designs and applications for registered designs, all trade secrets, know-how and all other intellectual property rights;
- (h) the benefit of all licences, consents, agreements and authorisations held or utilised by the Company in connection with its business or the use of any of its assets;
- (i) its goodwill and uncalled capital;

1.4 as further continuing security for the payment of the Guaranteed Liabilities, the Company charges with full title guarantee (but subject to any security interest permitted pursuant to the Senior Finance Documents) in favour of the Security Agent by way of

first floating charge all its present and future assets not effectively charged by way of first fixed charge;

- 1.5 as further continuing security for the payment of the Guaranteed Liabilities, the Company assigns (absolutely with full title guarantee) to the Security Agent all its rights, title and interest in the Assigned Agreements (as such term is defined in the Debentures), **provided that** until the occurrence of a Declared Default (as such term is defined in the Debentures), the Company shall be entitled to continue to deal with the counterparties to such Assigned Agreements and provided further that on payment or discharge in full of the Guaranteed Liabilities the Security Agent will at the request and cost of the Company re-assign the Assigned Agreements to the Company (or as it shall direct).
- 1.6 the Guarantees and the Debentures also contain negative pledges and covenants for further assurances.
2. Under the terms of the Standard Security Agreements, the obligations of the borrowers under the Senior Credit Facilities Agreement and the Subordinated Credit Facility Agreement will be secured by way of standard security over the freehold and leasehold properties set out in the schedule to the Standard Security Agreements.
3. Under the terms of the Hedging Instruments and pursuant to the terms of the Senior Credit Facilities Agreement and the Subordinated Credit Facility Agreement, the Company and certain other members of the Target Group will, *inter alia*, hedge interest rate and currency exposures in respect of certain amounts outstanding under the term loan facilities and guarantee facilities of the Senior Credit Facilities Agreement and the Subordinated Credit Facility Agreement.
4. Under the terms of the Deed of Floating Charge the obligations of the borrowers under the Senior Finance Documents will be secured by way of a floating charge over all of the Company's property and undertakings.
5. Under the terms of the Debt Services Intercompany Loan Agreements funds will be borrowed by various members of the Target Group and lent upstream to certain member of the Group to assist, *inter alia*, those companies in meeting their relevant payment obligations under the Senior Finance Documents, the Subordinated Finance Documents, various intercompany loan agreements, working capital requirements, should those companies have any working capital shortfalls and any other fees incurred in connection with the Acquisition.
6. Under the terms of the Intercreditor Deed the Company (amongst other things) will:
 - (a) covenant to pay the amounts owing under the Finance Documents; and
 - (b) agree that any sums owed to it by any other member of the Target Group will be subordinated to sums owed by such members of the group to the Finance Parties.

Unless otherwise stated, terms defined in this form shall have the same meaning as ascribed thereto in the Senior and Subordinated Debentures, the Senior Credit Facilities Agreement and the Subordinated Facility Agreement.



KPMG Audit Plc

St James' Square
Manchester
M2 6DS
United Kingdom

Tel +44 (0) 161 838 4093
Fax +44 (0) 161 838 4040
DX 716522 Manchester 3

Wickes Limited
Gawsworth House
Western Drive
Crewe
Cheshire
CW1 6XB

Our ref wae/sja/pjm

28 November 2002

Dear Sirs

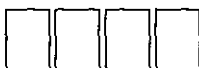
Auditors' report to the directors of Wickes Limited ("the company") pursuant to Section 156(4) of the Companies Act 1985

We have examined the attached statutory declaration of the directors dated 28 November 2002 in connection with the proposal that MD (1995) Group Limited, of which the company is a holding company, should give financial assistance for the purchase of the entire ordinary share capital of Focus Wickes Limited. We have enquired into the state of the company's affairs in order to review the bases of the statutory declaration.

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

KPMG Audit Plc



KPMG Audit Plc, a company
incorporated under the UK Companies
Acts, is a member of KPMG
International, a Swiss association

KPMG Audit Plc is
registered to carry on audit
work by the Institute of
Chartered Accountants in

England and Wales.
Registered in England
No 3110745

Registered office
8 Salisbury Square
London EC4Y 8BB