

CHFP014

Please do not
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COMPANIES FORM No. 155(6)(a)

Declaration in relation to assistance for the acquisition of shares

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

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

Name of company

* **POUNDLAND LIMITED**

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

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

**I/We Ø Robert Adams of The Hall, Shangton, Leicester LE8 0PG and David Dodd of
Old Coppice Lodge, Barrack Lane, Lelleshall Newport, Shropshire TF10 9ER and
George Oldridge of 102 Banbury Road, Stratford upon Avon, Warwickshire CV37
7HU**

Nigel Peckham of 7 Hanlee Brook, Great Baddow, Chelmsford, Essex CM2 8GB

† delete as appropriate

~~The 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

(a) ~~the KOCs~~ [recognised bank] [licensed institution]† within the meaning of the Banking Act 1978

(b) ~~the Financial Conduct Authority under section 30A of the Insurance Companies Act 1980 to carry on insurance business in the United Kingdom;~~

(c) something other than the above\$

The company is proposing to give financial assistance in connection with the acquisition of shares in the [company] ~~company's wholly owned~~

~~XXXXXX~~†

The assistance is for the purpose of [that acquisition][~~advertising or discharge of liability incurred by the~~
~~purpose of that acquisition~~]

The number and class of the shares acquired or to be acquired is: **50,000 ordinary shares of £1 each**

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

THEODORE GODDARD
Box 500
Companies House
21 Bloomsbury Street London WC1B 3XD

For official Use
General Section

Post room



A42
COMPANIES HOUSE

0284
18/06/02

Ref: 919/13068.16

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The assistance is to be given to: (note 2) **Poundland Willenhall Limited (the "Purchaser") a company incorporated in England and Wales under number 4386315 whose registered office is at Wellmans Road, Willenhall, West Midlands WV13 2QT.**

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:

PLEASE SEE ATTACHED SCHEDULE 1

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

[†] delete as
appropriate

THE PURCHASER

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

PLEASE SEE ATTACHED SCHEDULE 2

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**

The date on which the assistance is to be given is **WITHIN 8 WEEKS OF THE DATE HEREOF**

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

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

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

(b) [REDACTED]

[REDACTED]

[REDACTED]

Declared at INVERKEGON GOWARD
150 ACADEMY ST.
LONDON.

ROBERT ADAMS

DAVID DODD

GEORGE OLDRIDGE

NIGEL PECKHAM

Nigel Park

- 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:-

or, for companies registered in Scotland:-

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SCHEDULE 1 TO THE STATUTORY DECLARATION

dated 11 June 2002 in respect of
POUNDLAND LIMITED (the "Company")

Form of Assistance

The execution, delivery and performance by the Company of its obligations under:

1. a facility letter to be entered into (on or about the date hereof) by Bank of Scotland ("BoS") (1) and Poundland Willenhall Limited (the "**Purchaser**") and Poundland Limited (the "**Company**") (together the "**Borrowers**") (2) (the "**Facility Agreement**") in relation to BoS's provision of:
 - (a) a term loan in the sum of up to £12,000,000 to the Purchaser;
 - (b) a capital expenditure facility in the sum of up to £5,000,000 to the Borrowers;
 - (c) a revolving credit facility in the sum of up to £8,000,000 to the Borrowers; and
 - (d) ancillary working capital facilities in the sum of up to £4,300,000 to the Borrowers,pursuant to which the Borrowers will each deliver or procure delivery of the security documents defined in Part 1 of Schedule 1 to the Facility Agreement and pursuant to which the Borrowers will agree that moneys on deposit with BoS may be set off against moneys or liabilities owing to BoS by any other Borrower.
2. a debenture to be entered into (on or about the date hereof) by the Company in favour of BoS pursuant to which the Company will grant certain fixed and floating charges over its undertaking property and assets as security for the payment and discharge of all monies and liabilities from time to time owing to BoS (the "**Target Debenture**");
3. a Guarantee to be entered into (on or about the date hereof) by the Purchaser (1) the Company (2) and Poundland Holdings Limited (3) in favour of BoS pursuant to which the Company will guarantee to BoS the payment and discharge of all monies and liabilities of the Purchaser from time to time owing to BoS (the "**Guarantee**");
4. an inter-creditor agreement to be entered into (on or about the date hereof) between BoS (1), Advent European Co-Investment Program Limited and others (together the "**Subordinated Creditors**" as more particularly described in the Inter Creditor Agreement) (2), the Purchaser (3) the Company (4) and Poundland Holdings Limited pursuant to which the Company and the Purchaser will undertake not to secure, pay, prepay, redeem, purchase or otherwise discharge or release or otherwise amend any of the terms attaching to present and future sums, liabilities and obligations owing to the Subordinated Creditors (the "**Inter Creditor Agreement**").
5. an inter company loan agreement (dated on or about the date hereof) made between the Purchaser and the Company pursuant to which, inter alia, the Company agreed to make loans to the Parent from time to time (the "**Inter Company Loan Agreement**")

6. a legal mortgage over the freehold property known as 68 King Edward Street, Kingston Upon Hull with title number H5230913 (the "**Kingston Property**") and a legal mortgage over the leasehold property known as 76 Wellmans Road, Willenhall, West Midlands with title number H5230913 (the "**Willenhall Property**") each as security for all moneys due, owing or incurred by the Company to BoS from time to time (together the "**Legal Mortgages**");
7. the payment by the Company of a bonus to certain of its employees up to a maximum amount of £1,495,000.
8. In addition to the obligations referred to above the Company will also from time to time pay and discharge costs and expenses associated with the acquisition including but not limited to legal, accountancy and other professional fees. (the "**Associated Costs**")

SCHEDULE 2 TO THE SECTION 155 (6) a STATUTORY DECLARATION
dated 11 June 2002 in respect of

POUNDLAND LIMITED (the "Company")

Principal terms of the assistance

Terms defined in Schedule 1 shall have the same meaning when used in this Schedule 2

1. Facility Agreement

1.1 Pursuant to the Facility Agreement, BoS will make available the following facilities to the Company and/or the Purchaser:

- (a) a term loan of £12,000,000 will be made available to the Purchaser which shall be repayable or be discharged in full by 30 June 2009 of which up to £10,000,000 may be used by the Purchaser to assist in the acquisition of the entire issued share capital of the Company and up to £2,000,000 will be used for the capital expenditure requirements of the Company and other subsidiaries of the Company (the Company and the other subsidiaries of the Company hereinafter referred to as the **"Target Group"**);
- (b) a capital expenditure facility repayable or to be discharged by 30 June 2009 which may be used by the Purchaser and the Company to fund the expansion of the retail stores of the Target Group;
- (c) a revolving credit facility of up to £8,000,000 which may be used by the Purchaser and the Company for the working capital purposes of the Purchaser, the Company and the Target Group; and
- (d) ancillary facilities of up to £4,300,000 which may be utilised by the Purchaser and the Company for letters of credit or forward foreign exchange contracts provided that the aggregate principal amount outstanding under all ancillary facilities will not at any time exceed £4,300,000

and such facilities provided by BoS to the Company may be used by the Company for costs incurred in connection with the acquisition of the issued share capital of the Company by the Purchaser.

1.2 By executing the Facility Agreement the Company will, inter alia,:

- 1.2.1 covenant to deliver or procure delivery of the security detailed in Part 1 of Schedule 1 to the Facility Agreement, including but not limited to debentures from each of the Purchaser and Poundland Holdings Limited, the holding company of the purchaser, as security for the facilities referred to in (a) to (d) above and any other money owing or incurred to BoS by any Group Company; and
- 1.2.2 agree that any monies from time to time standing to its credit on any account with BoS may be retained as cover for and at any time without notice to the Company be applied by BoS in or towards payment or satisfaction of any moneys or matured

liabilities at the date of the Facility Agreement or from time to time due by the Borrowers to BoS in whatsoever manner, whether presently payable or not, whether actually or contingently, whether solely or jointly with any other person and whether as principal or surety.

- 1.3 covenant to deliver security in respect of future acquired properties, leases and Group Companies in respect of itself and other Group Companies as security for the Facilities referred to in (a) to (d) above and any other money owing or incurred to BoS by any Group Company,

and "**Group Company**" is defined in the Facility Agreement.

2. Guarantee

By executing the Guarantee the Company will:

- 2.1 unconditionally (jointly and severally with the Purchaser and Poundland Holdings Limited) guarantee the payment or discharge of all or any money and liabilities due to BoS from time to time by the Purchaser and Poundland Holdings Limited (the "**Guaranteed Liabilities**"). The Guaranteed Liabilities will include all or any money and liabilities which shall at any time (whether on or after demand) be due, owing or incurred in whatsoever manner and whether as principal or surety and whether on account of money advanced, bills of exchange, promissory notes, guarantees, indemnities or otherwise and which shall also include interest, discount, commission and other lawful charges or expenses which may be incurred by BoS;
- 2.2 agree that all sums of money not otherwise recoverable on the footing of a guarantee shall be recoverable from the Company as sole or principal debtor and shall be paid by the Company to BoS demand in writing by BoS;
- 2.3 agree that BoS may exercise a right of set-off or retention in respect of all money at any time standing to the credit of the Company's account to be held as security for the Guaranteed Liabilities.
- 2.4 agree that its liability shall not be reduced, discharged or mitigated by any act, omission, matter or thing which but for the relevant provision in the Guarantee would operate to release or otherwise exonerate or discharge or otherwise reduce or extinguish any of the Company's liability under the Guarantee.
- 2.5 agree that the Guarantee shall apply to the ultimate balance of the Guaranteed Liabilities and that until that balance has been discharged in full, it will not share in any security held or money received by BoS on account of the Guaranteed Liabilities and that it will waive its rights of subrogation.
- 2.6 the Company will agree that following an event of default or potential event of default that it will deposit with BoS such amount as BoS may specify not exceeding the amount of the Guaranteed Liabilities.
- 2.7 the Company will further agree that BoS will have a lien or all its securities or other property deeds and documents it holds from time to time.

- 2.8 the Company will further agree to execute whatever documents BoS may require to perfect the guarantees and indemnities purported to be given in the Guarantee.

3. Target Debenture

- 3.1 By executing the Target Debenture, the Company will covenant that it will on demand in writing pay or discharge all or any money and liabilities which shall at any time (whether on or after demand) be due, owing or incurred in whatsoever manner to BoS by the Company, whether actually or contingently, solely or jointly and whether as principal or surety and whether or not BoS shall have been an original party to the relevant transaction, and including interest, discount, commission and other lawful charges or expenses which BoS may in the course of its business charge or incur (the "**Secured Liabilities**").

- 3.2 By executing the Target Debenture, the Company will agree to charge:- .

- 3.2.1 by way of legal mortgage all the freehold and leasehold property (including the property described in part A of the schedule to the Target Debenture) vested in it at the date of the Target Debenture whether or not the title to the property is registered at H.M. Land Registry together with all present and future buildings, fixtures (including trade and tenant's fixtures), plant and machinery which are at any time on the property; and

- 3.2.2 by way of fixed charge:-

- (a) all future freehold and leasehold property belonging to the Company together with all buildings, fixtures, plant and machinery which are at any time on the property;
- (b) all present and future interests of the Company in or over land or the proceeds of sale of it and all present and future licences of the Company to enter upon or use land and the benefit of all other agreements relating to land to which it is or may become party or otherwise entitled and all fixtures, plant and machinery which are at any time on the property charged under the Target Debenture;
- (c) all the Company's goodwill and uncalled capital for the time being;
- (d) all present and future stocks, shares and other securities owned by the Company and all rights and interests accruing or offered at any time in relation to them, all rights and interests in and claims under all policies of insurance and assurance held or to be held by or insuring to the benefit of the Company and the benefit of all rights and claims to which the Company is at the date of the Target Debenture or may be entitled under any contracts;
- (e) all patents, patent applications, trade marks, trade mark applications, trading names, brand names, service marks, copyrights, rights in the nature of copyright, moral rights, inventions, design rights, registered designs, all trade secrets and know-how, computer rights, programmes, systems, tapes, disks, software, all applications for registration of any of them and other intellectual

property rights held or to be held by the Company or in which it may have an interest and the benefit of all present and future agreements relating to the use of or licensing or exploitation of any such rights (owned by the Company or others) and all present and future fees, royalties or similar income derived from or incidental to any of the foregoing in any part of the world;

- (f) all present and future book and other debts and monetary claims of the Company whether payable now or in the future and the benefit of all present and future rights and claims of the Company against third parties relating to them and capable of being satisfied by the payment of money (save as charged and referred to under paragraph (e) above);
- (g) all present and future plant and machinery not otherwise charged as referred to in this paragraph 3 and all other present and future chattels of the Company (excluding any of the same for the time being forming part of the Company's stock in trade or work in progress); and
- (h) all present and future bank accounts, cash at bank and credit balances of the Company with any bank or other person whatsoever and all rights relating or attaching to them (including the right to interest);

3.2.3 by way of floating charge the Assets not effectively otherwise charged by the Target Debenture as referred to in paragraph 3.2.2 above, including (without limitation) any immovable property of the Company in Scotland and any Assets (as defined below) in Scotland falling within any of the types mentioned in paragraph 3.2.2, but so that the Company is prohibited from creating any fixed security or mortgage or any other floating charge over the Assets having priority over or ranking pari passu with the floating charge referred to in this paragraph 3.2.3 (otherwise than in favour of BoS) and the Company will have no power without the consent of BoS to part with or dispose of any part of those Assets except by way of sale in the ordinary course of its business.

3.3 By executing the Target Debenture the Company will agree that it will not, without the previous written consent of BoS:-

- 3.3.1 create or attempt to create or permit to subsist any mortgage, charge, lien (other than a lien arising in the ordinary course of business by operation of law) or encumbrance on any Asset charged under the Target Debenture; or
- 3.3.2 dispose of or part with possession in any way (except on the determination of any lease, tenancy or licence) or share occupation of any Asset; or
- 3.3.3 in any way dispose of the equity of redemption of any such Asset or any interest in any such Asset

"Assets" is defined in the Target Debenture.

3.4 The Target Debenture contains a covenant for further assurances and shall remain in full force and effect notwithstanding any release, reassignment or discharge or such other right, remedy or security.

4. Intercreditor Agreement

- 4.1 Pursuant to the Intercreditor Agreement, the Company will acknowledge and agree the arrangements between themselves, BoS, the Subordinated Creditors (as defined in Schedule 1) (and their successors and assigns) and have given a number of undertakings, the purpose of which is to protect the arrangements between BoS and the Subordinated Creditors.

5. Legal Mortgages

- 5.1 By executing the Legal Mortgage of the Kingston Property (as defined in Schedule 1 to this Form 155(6)) (the "**Kingston Mortgage**") the Company will agree that on demand it will pay the Debt (as more particularly described in the BoS Commercial Charge Conditions (1995 Edition) to the Kingston Mortgage and includes all sums of money owed and all liabilities or obligations to be carried out to BoS at any time and from time to time by the Company or the Owner (as defined in the BoS Commercial Charge Conditions (1995 Edition) to the Kingston Mortgage) whether actual or contingent, as principal or surety or alone or jointly).
- 5.2 By executing the Kingston Mortgage the Company will agree to charge:
- 5.2.1 by way of a legal mortgage the Kingston Property;
 - 5.2.2 by way of a fixed charge all buildings and other structures on, and items fixed to, the Kingston Property;
 - 5.2.3 by way of a fixed charge any goodwill relating to the Kingston Property or the business or undertaking conducted at the Kingston Property;
 - 5.2.4 by way of a fixed charge all plant, machinery and other items affixed to and forming part of the Kingston Property on or at any time after the date of the Kingston Mortgage;
 - 5.2.5 by way of assignment the Rental Sums (as defined in the BoS Commercial Charge Conditions (1995 Edition) to the Kingston Mortgage) together with the benefit of all rights and remedies of the Company relating to them to hold to BoS absolutely subject to redemption upon repayment of the Debt;
 - 5.2.6 by way of fixed charge the proceeds of any claim made under any insurance policy relating to any of the property charged under the Kingston Mortgage; and
 - 5.2.7 by way of floating charge all unattached plant, machinery, chattels and goods at any time at the date of the Kingston Mortgage on or in or used in connection with the Kingston Property or the business or undertaking conducted at the Kingston Property.

- 5.3 By executing Legal Mortgage of the Willenhall Property (as defined in Schedule 1 to this Form 155(6)) (the "**Willenhall Mortgage**") the Company will agree that on demand it will pay the Debt (as more particularly described in the BoS Commercial Charge Conditions (1995 Edition) to the Willenhall Mortgage and includes all sums of money owed and all liabilities or obligations to be carried out to BoS at any time and from time to time by the Company or the Owner (as defined in the BoS Commercial Charge Conditions (1995 Edition) to the Willenhall Mortgage) whether actual or contingent, as principal or surety or alone or jointly).
- 5.4 By executing the Willenhall Mortgage the Company will agree to charge:
- 5.4.1 by way of a legal mortgage the Willenhall Property;
 - 5.4.2 by way of a fixed charge all buildings and other structures on, and items fixed to, the Willenhall Property;
 - 5.4.3 by way of a fixed charge any goodwill relating to the Willenhall Property or the business or undertaking conducted at the Willenhall Property;
 - 5.4.4 by way of a fixed charge all plant, machinery and other items affixed to and forming part of the Willenhall Property on or at any time after the date of the Willenhall Mortgage;
 - 5.4.5 by way of assignment the Rental Sums (as defined in the BoS Commercial Charge Conditions (1995 Edition) to the Willenhall Mortgage) together with the benefit of all rights and remedies of the Company relating to them to hold to BoS absolutely subject to redemption upon repayment of the Debt;
 - 5.4.6 by way of fixed charge the proceeds of any claim made under any insurance policy relating to any of the property charged under the Willenhall Mortgage; and
 - 5.4.7 by way of floating charge all unattached plant, machinery, chattels and goods at any time at the date of the Willenhall Mortgage on or in or used in connection with the Willenhall Property or the business or undertaking conducted at the Willenhall Property.
- 5.5 By executing the Legal Mortgages the Company will covenant at its own cost, and whenever required by BoS, to do anything and sign, seal and deliver all such deeds, instruments, notices or other documents of any kind, in such form as BoS may require, in order to enhance or perfect BoS' security under the Legal Mortgages, or to preserve the Kingston Property and/or the Willenhall Property or enable BoS either to enforce the Legal Mortgages or to exercise any of the powers and rights given by the BoS Commercial Charge Conditions (1995 Edition) to the Legal Mortgages or by law to BoS or the Receiver (as defined in the BoS Commercial Charge Conditions (1995 Edition)).
- 5.6 By executing the Legal Mortgages the Company will agree that it will not create or attempt or allow to be created or to exist (whether by a specific agreement imposed by rule of law or Act of Parliament) any charge or lien of any kind over the Kingston Property and/or the Willenhall Property without the prior written consent of BoS.

The Company will also agree not to sell, transfer, lease or otherwise dispose of all or any part of the Kingston Property and/or the Willenhall Property, or agree to so, whether at law or in equity, without the prior written consent of BoS.

- 5.7 The Legal Mortgages shall (subject to the provisions of Condition 14 of the BoS Commercial Charge Conditions (1995 Edition)) be a continuing security for the Debt until the Debt has been repaid in full and BoS has no further obligation to make any Loan (as defined in the BoS Commercial Charge Conditions (1995 Edition)) to the Company,

6. Intercompany Loan Agreement

- 6.1 By executing the Inter-Company Loan Agreement the Company will make a loan available to the Purchaser to enable the Purchaser to repay borrowings by it under:

- (a) the Facility Agreement; and
- (b) unsecured discounted bonds issued pursuant to a bond instrument dated on or about the date hereof redeemable on or before 30 June 2009 in a sum not exceeding ~~£28,077,000~~ in aggregate plus interest and expenses

28,166,999

to reduce liabilities incurred by the Purchaser for the purpose of the acquisition of the Company.

7. Employee Bonus

The Company shall pay a bonus to certain of its employees up to an aggregate amount of £1,495,000 in aggregate.

8. Associated Costs

- 8.1 In addition to the obligations referred to above the Company will also from time to time pay and discharge costs and expenses associated with the acquisition of the holding company of the Company including but not limited to legal, accountancy and other professional fees up to a maximum of £1,500,000.



2 Cornwall Street
Birmingham
B3 2DL
United Kingdom

Tel +44 (0) 121 232 3036
Fax +44 (0) 121 232 3692
DX 709850 Birmingham 26

The Directors
Poundland Ltd
Wellmans Road
Willenhall
West Midlands
WV13 2QT

Our ref mb/3/mb736_jun02

Contact Matthew Buckingham
0121 232 3036

11 June 2002

Dear Sirs

Auditors' report to the directors of Poundland Ltd pursuant to Section 156(4) of the Companies Act 1985

We have examined the attached statutory declaration of the directors dated 11 June 2002 in connection with the proposal that the company should give financial assistance for the purchase of the company's ordinary shares. We have enquired into the state of the company's affairs in order to review the bases for 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 sincerely

KPMG
Registered Auditors



KPMG, a partnership established under English law, is a member of KPMG International, a Swiss association

KPMG is registered to carry on audit work by the Institute of Chartered Accountants in England and Wales and

authorised by the Financial Services Authority for investment business activities. The principal place of

business is 8 Salisbury Square, London EC4Y 8BB where a list of partners' names is open to inspection