

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

155(6)b

* The Devonshire Pub Company Limited (the "Company")

XWe as specified in the attached Schedule 1

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

The business of this company is

(c) something other than the above §

This company is [the] ☒ holding company of* Pimco 2623 Limited (No 06181190)

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

in ~~XXXXXXXXXX~~ DPC Holdings Limited (No 03565254)

the holding company of this company] t

119516 Finsbury Square

Post room

TUESDAY



ARXONQCN

A46

12/06/2007

597

COMPANIES HOUSE

The assistance is for the purpose of ~~XXXXXXX~~ [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 as set out in Schedule 2

The assistance is to be given to (note 2) Honeycombe Leisure Plc (No 03517207)
whose registered office is at Derby House, Lytham Road, Fulwood, Preston,
Lancashire PR2 8JE (the "Purchaser")

The assistance will take the form of

Please see attached Schedule 3

The person who [has acquired] ~~XXXXXX~~ † the shares is
the Purchaser.

† delete as appropriate

The principal terms on which the assistance will be given are

Please see attached Schedule 4

The amount (if any) by which the net assets of the company which is giving the assistance will be reduced by giving it is as specified in the attached Schedule 5

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 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)

delete either (a) or
(b) as appropriate

(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)

[illegible]

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

CityPoint, One Ropemaker Street
London EC2Y 9AH

Day Month Year

on

07	96	2007
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before me

Not

Declarants to sign below

T. Dan Boett

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

The Devonshire Pub Company Limited – Company Number 03003849

(the "Company")

Pimco 2623 Limited

Form 155(6)b

These are the Schedules to the declaration in Form 155(6)b made by the directors of the Company

Schedule 1

James Edward Baer
7 Sunningdale Close
Kirkham
Lancashire
PR4 2TG

Tracey Crawford Alston
Glenroyd
Goosnargh Lane
Goosnargh
Lancashire
PR3 2BP

Schedule 2

52,800 'A' Ordinary Shares of £1 00 each

146,666 'B' Ordinary Shares of £1 00 each

430 'C' Ordinary Shares of £0 01 each

550 'D' Ordinary Shares of £0 01 each

475 'E' Ordinary Shares of £0 01 each

500 'F' Ordinary Shares of £0 01 each

Schedule 3

- 1 The assistance will take the form of the execution and delivery by the Company's subsidiary Pimco 2623 Limited ("**Pimco**") of the documents referred to in paragraph 2 below in favour of the Governor and Company of The Bank of Scotland (the "**Bank**") as lender pursuant to a facilities agreement dated 11 May 2007 entered into between (1) Honeycombe Leisure Plc (the "**Purchaser**") and (2) the Bank, pursuant to which the Bank will make available to the Purchaser term loan and revolving credit facilities of up to in aggregate £31,500,000 (the "**Facilities Agreement**")
 - 2 The relevant documents are -
 - 2 1 a guarantee in favour of the Bank between (1) the Purchaser (2) Robert Cain & Company Limited, Honeycombe Leisure Management Services Limited, the Company, DPC Holdings Limited ("**DPC**"), The Devonshire Leisure Group Limited ("**Devonshire Leisure**"), Pimco, Pimco 2621 Limited and Pimco 2622 Limited and (3) the Bank (the "**Guarantee**"),
 - 2 2 an intra group loan agreement to be made between Pimco and the other intra group lenders named therein as lenders and the Purchaser as the borrower pursuant to which, inter alia, Pimco will be obliged to lend monies to the Purchaser on the terms and conditions thereof (the "**Intra Group Loan Agreement**"),
 - 2 3 an intercreditor deed to be made between (1) the Bank (2) the junior creditors being Sudarghara Singh Dusanj, Ajmail Singh Dusanj and Stanhill Investments Limited and (3) the Purchaser, Honeycombe Leisure Management Services Limited, Robert Cain & Company Limited, DPC, the Company, Devonshire Pub, Pimco, Pimco 2621 Limited and Pimco 2622 Limited (the "**Intercreditor Deed**"),
 - 2 4 a debenture to be entered into by Pimco in favour of the Bank pursuant to which, among other things, Pimco will grant legal mortgages over its freehold and leasehold properties and fixed and floating charges over all its assets and undertaking as security for the obligations under the Facilities Agreement (the "**Debenture**"), and
 - 2 5 an accession letter to the Facility Letter to be made between (1) the Bank and (2) Pimco pursuant to which Pimco will accede to the terms and conditions of the Facility Letter as Capex Borrower (as defined in the Facility Letter) (the "**Accession Letter**"),
- (as each document may be amended, restated, substituted, novated or transferred from time to time, and the parties to such documents shall include their successors in title, permitted assigns and permitted transferees, together the "**Banking Documents**")

Schedule 4

The Principal Terms on which the assistance will be given are as follows -

- 1 By executing the Guarantee, Pimco will agree to -
 - 1 1 guarantee the payment or discharge of the Secured Liabilities and shall on demand in writing pay or discharge them to the Bank,
 - 1 2 indemnify and keep indemnified the Bank against all costs, losses or liabilities resulting from the failure by any of the Principals including Pimco to make due and punctual payment of the Secured Liabilities (or any part of them) or resulting from any of the Secured Liabilities being or becoming void, voidable, unenforceable or ineffective against any Principal, and
 - 1 3 pay on demand all sums of money which may not be recoverable on the footing of a guarantee as if it were sole or principal debtor
 - 1 4 Pimco shall not 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, trust agreement, declaration of trust, or trust arising by operation of law over or in respect of any asset or right of Pimco
 - 1 5 At all times prior to the unconditional and irrevocable payment or discharge in full of the Secured Liabilities, the Bank shall have a lien on all securities, property deeds and other documents of Pimco which it holds from time to time
 - 1 6 Pimco shall, on demand by the Bank, execute whatever documents the Bank may require to perfect its obligations under the Guarantee
- 2 By executing the Intra Group Loan Agreement, Pimco will agree that on request by the Purchaser it will be obliged to send such sums to the purchaser in the maximum aggregate amount of £42,000,000 The proceeds of each Advance may be used, inter alia, to assist the Purchaser to -
 - 2 1 comply with its obligations under the Facilities Agreement (including, without limitation, repayment of principal and payment of interest),
 - 2 2 make loans to such persons as the Purchaser may designate (to the extent not prohibited by the Facilities Agreement),
 - 2 3 pay the fees and expenses incurred in connection with the negotiation, preparation and execution of the Facilities Agreement, and
 - 2 4 make any dividend payments (to the extent not prohibited by the Facilities Agreement)
- 3 By executing the Intercreditor Deed Pimco, inter alia, will agree to make various undertakings as detailed therein
- 4 By executing the Debenture, Pimco will among other things -
 - 4 1 Pimco with full title guarantee hereby charges to the Bank as a continuing security for the payment or discharge of the Secured Liabilities -
 - 4 1 1 by way of legal mortgage all estates or interests in the freehold and leasehold property described in Schedule 1 to the Debenture together with

all present and future buildings, and fixtures (including trade and tenant's fixtures), which are at any time on or attached to the property,

4 1 2 by way of fixed charge -

- (a) all estates or interests in any freehold or leasehold property belonging to Pimco now or at any time after the date of the Debenture (other than any property charged in terms of clause 2 1 1 of the Debenture) together with all buildings, and fixtures (including trade and tenant's fixtures) which are at any time on or attached to the property,
- (b) all present and future interests of Pimco in or over land or the proceeds of sale of it and all present and future licences of Pimco to enter upon or use land,
- (c) the benefit of all other agreements relating to land which Pimco is or may become party or otherwise entitled,
- (d) all plant and machinery of Pimco now or in the future attached to property which is charged by the foregoing provisions of clause 2 1 of the Debenture,
- (e) all present and future stocks, shares and other securities owned (at law or in equity) by Pimco and all rights, money or property of a capital nature at any time accruing or offered in relation to them, whether by way of bonus, consolidation, conversion, exchange, option, preference, return of capital or otherwise,
- (f) all rights, money or property of an income nature at any time accruing or payable in relation to the stocks, shares and other securities charged by clause 2 1 2 5 of the Debenture, whether by way of dividend, distribution, interest or otherwise,
- (g) all rights and interests in and claims under all insurance contracts or policies now or in the future held by or insuring to the benefit of Pimco which relate to Fixed Charge Assets (including all money payable under such contracts and policies),
- (h) all rights and interest and claims under all other insurance or assurance contracts or policies now or in the future held by or insuring to the benefit of Pimco (including all money payable under them),
- (i) the Specified Intellectual Property and all other patents, utility models, registered and unregistered trade and service marks, rights in passing off, copyright, registered and unregistered rights in designs and database rights in each case now or in the future held by Pimco (whether alone or jointly with others) anywhere in the world and including any extensions and renewals of, and any application for such rights,
- (j) the benefit of all agreements and licences now or in the future entered into or enjoyed by Pimco relating to the use or exploitation by or on behalf of Pimco in any part of the world of any such rights as are referred to in clause 2 1 2 9 of the Debenture but owned by others,
- (k) all Pimco's rights now or in the future in relation to trade secrets, confidential information and know how in any part of the world,

- (l) all present and future book debts of Pimco,
 - (m) all other present and future debts or monetary claims of Pimco against third parties (excluding those charged under clause 2 1 2 7 or 2 1 2 8 of the Debenture or arising on fluctuating accounts with other Group Companies),
 - (n) the benefit of all warranties, instruments, guarantees, charges, pledges, and other security and all other rights and remedies available to Pimco in respect of any Fixed Charge Assets,
 - (o) all present and future bank accounts, cash at bank and credit balances of Pimco (excluding those arising on fluctuating accounts) with any bank or other person whatsoever and all rights relating or attaching to them (including the right to interest), and
 - (p) all rights, money or property accruing or payable to Pimco now or in the future under or by virtue of a Fixed Charge Asset except to the extent that such rights, money or property are for the time being effectively charged by fixed charge under the foregoing provisions of clause 2 1 of the Debenture,
- 4 1 3 by way of floating charge all the Assets not effectively otherwise mortgaged, charged or assigned by clause 2 of the Debenture, (including, without limitation, any immovable property of Pimco in Scotland and any Assets in Scotland falling within any of the types mentioned in clause 2 1 1 of the Debenture)
- 4 2 Pimco with full title guarantee hereby assigns as a continuing security for the payment or discharge of the Secured Liabilities in favour of the Bank (subject to the right of Pimco to require the re-assignment of it upon payment or discharge in full of the Secured Liabilities)
- (a) all the right, title and interest of Pimco in and to any interest rate hedging agreements now or in the future entered into with any person, and
 - (b) (insofar as they are capable of being assigned by way of security) all the right, title and interest of Pimco in and to any agreement to which Pimco is a party except to the extent that it is subject to any fixed charge created under any other provisions of this Debenture
- 4 3 To the extent that any such right, title and interest as is referred to in clause 2 2 of the Debenture is not assignable or capable of assignment, the assignment of it purported to be effected by such clause shall operate as an assignment of any and all compensation, damages, income, profit or rent which Pimco may derive from it or be awarded or entitled to in respect of it, in each case as a continuing security for the payment or discharge in full of the Secured Liabilities
- 4 4 Pimco will not without the prior written consent of the Bank -
- 4 4 1 create or attempt to create or permit to subsist any right in security, mortgage, charge, lien (other than a lien arising in the ordinary course of business by operation of law) or any encumbrance, trust agreement, declaration of trust or trust arising by operation of law over all or any Assets (except in favour of the Bank), or
 - 4 4 2 sell, transfer, assign, factor, lease or otherwise dispose of or part with possession in any way of all or any of its Assets (other than in terms of a Permitted Disposal), or

- 4 4 3 in any way dispose of the equity of redemption of any such Asset or any interest in any such Asset
- 4 5 Pimco will on demand in writing by the Bank execute and deliver in such form as the Bank may reasonably require a legal mortgage of any freehold or leasehold property of Pimco which is not effectively charged by clause 2 1 1 of the Debenture and of any freehold or leasehold property acquired by Pimco after the date of the Debenture
- 4 6 This security will be a continuing security for the Secured Liabilities notwithstanding any intermediate payment or settlement of all or any part of the Secured Liabilities or other matter or thing whatsoever and will be without prejudice and in addition to any other right, remedy or security of whatever sort which the Bank may hold at any time for the Secured Liabilities or any other obligation whatsoever and will not be affected by any release, reassignment or discharge of such other right remedy or security
- 5 By executing the Accession Letter Pimco, inter alia, is to take on the responsibilities of the Capex Borrowers (as defined in the Facility Letter) as set out in the Facility Letter

In entering into the various documents referred to above Pimco is entering into obligations, assuming liabilities and giving security in connection with the Acquisition and may in the future be called upon pursuant to any of the documents referred to in this declaration to discharge obligations and/or liabilities arising in connection with the Acquisition

Schedule 5

The amount of cash to be transferred to the person assisted is -

(a) Nil at today's date, but subject to

(b) Any amounts (up to a maximum of £42,000,000) to be transferred under the Intra Group Loan Agreement

Definitions

In these Schedules the following terms shall have the following meaning -

- "Acquisition"** means the acquisition of the entire issued share capital of DPC Holdings Limited by the Purchaser,
- "Advance"** means the principal amount of each advance made or to be made under the Intra Group Loan Agreement by Pimco to the Purchaser or, in each case, the principal amount of such advance outstanding from time to time to the Purchaser,
- "Assets"** means the whole of the property (including uncalled capital) which is or may be from time to time comprised in the property and undertaking of Pimco,
- "Fixed Charge Asset"** means an Asset for the time being comprised within a mortgage, fixed charge or assignment by way of security created by clause 121, 122 or 23 or (with effect from the date of its creation) any security created pursuant to clause 211 of the Debenture,
- "Group"** means the Purchaser and each of its Subsidiaries and **"Group Company"** shall be construed accordingly,
- "Permitted Disposal"** means
- (a) the disposal of stock subject only to the floating charge created by clause 214 of the Debenture on an arm's length basis in the ordinary course of trading,
 - (b) disposals of obsolete or redundant assets (other than Fixed Charge Assets, other Assets subject to a fixed charge or security in favour of the Bank and any other heritable or leased property in Scotland) which are no longer required for the business of any Group Company,
 - (c) disposals of assets (other than Fixed Charge Assets, other Assets subject to a fixed charge or security in favour of the Bank and other heritable or leased property in Scotland) in exchange for replacement assets comparable or superior as to type, value and quality,
- "Principal"** has the meaning ascribed thereto in the Guarantee,
- "Secured Liabilities"** means all or any money and liabilities which shall from time to time (and whether on or at any time after demand) be due, owing or incurred in whatsoever manner to the Bank by Pimco, whether actually or contingently, solely or jointly and whether as principal or surety (or guarantor or cautioner), including any money and liabilities of Pimco to a third party which have been assigned or novated to or otherwise vested in the Bank and including interest, discount, commission and other lawful charges or expenses which the Bank may in the course of its business charge or incur in respect of any of those matters or for keeping Pimco's account, and so that interest shall be computed and compounded according to the usual the Bank rates and practice (or otherwise agreed in

writing) after as well as before any demand made or judgment,

"Subsidiary"

means, in respect of any company, person or entity, any company, person or entity directly or indirectly controlled by such company, person or entity (including any Subsidiary acquired after the date of the Debenture) and "Subsidiaries" shall mean all or any of them , as appropriate

Tenon audit

Private and Confidential

The Board of Directors
The Devonshire Pub Company Limited
Derby House
Lytham Road
Fulwood
Preston
PR2 8JE

Email	david.spencer@tenongroup.com
Our ref	3014370/DES/RP/JLH
Date	7 June 2007

Dear Sirs

**Auditors' Report to the Directors of The Devonshire Pub Company Limited
("the Company") pursuant to Section 156(4) of the Companies Act 1985**

We have examined the attached statutory declaration of the directors dated 7 June 2007 in connection with the proposal that the Company's subsidiary Pimco 2623 Limited should give financial assistance in respect of the discharge of liabilities incurred by Honeycombe Leisure plc on the purchase of the entire issued share capital of the Company's parent company, DPC Holdings 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

Yours faithfully



Tenon Audit Limited
Registered Auditor

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Independent member of Monsoon International