

CHFP025

COMPANIES FORM No. 155(6)a

Declaration in relation to assistance for the acquisition of shares

155(6)a

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

03338454

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

Name of company

* HA! HA! BAR & CANTEEN LIMITED (The "Company")

* insert full name
of company

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

1/We o TIMOTHY SMALLEY of 53 PRIESTS LANE, SHEFFIELD, ESSEX CM15 8BX
AARON BROWN of 11 CAROLE CLOSE, LONDON N2 0QU
~~MARK GRUNNELL~~
STEVE BROWN of 17 MILL ROAD, MARLOW, BUCKS SL7 1PX

† delete as appropriate

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

The business of the company is:

§ delete whichever
is inappropriate

XXXXXXXXXXrecognizedbankXintheeastXinstinctivelyXXXXXXthe meaning of the banking act words
XXXXXXXXXXpassedXandnoticedXXXXXXsoonXXXXXXof the XXXXXXcomparedXXXXXXas they
inXXXXXXXXXXXX

(c) something other than the above\$

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

~~XXXXXX~~ [company's holding company YATES GROUP LIMITED

The assistance is for the purpose of [that acquisition] ~~(reducing or discharging a liability incurred for the purchase of that acquisition)~~

The number and class of the shares acquired or to be acquired is: 67,060,301 ordinary
shares of £1.00 each

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

Shearman & Sterling LLP
Broadgate West
9 Appold Street
London EC2A 2AP

For official Use
General Section



A56
COMPANIES HOUSE

0418
10/06/05

A18
COMPANIES HOUSE

0442
02/06/05

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

LAUREL PUB BIDCO LIMITED

Please do not
write in this
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Please complete
legibly, preferably
in black type, or
bold block
lettering

The assistance will take the form of:

SEE ATTACHMENT 1

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

† delete as
appropriate

LAUREL PUB BIDCO LIMITED

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

SEE ATTACHMENT 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 do not
write in this
margin

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

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

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

(b) ~~It is intended to commence the winding up of the company within 12 months of that date, and the~~
~~have formed the opinion that the company will be able to pay its debts in full within 12 months of the~~
~~commencement of 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

Declarants to sign below

9 Appold Street, London EC2

Day Month Year

20 05 2010

Commissioner for Oaths, London, England
Mr R. Campbell

Saville & Co.
Notaries Public
Princes House
95 Gresham Street
London EC2V 7NA

Telephone: +44 (0)20 7920 0088
Fax: +44 (0)20 7920 0088

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

Alan B.

John Smith

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
37 Castle Terrace
Edinburgh
EH1 2EB

Attachment 1 - Form 155(6)a

The financial assistance shall take the form of the execution, delivery and performance by the Company to the extent it is a party of:-

1. the Opco Facilities Agreement (as defined below) pursuant to which the Company would, inter alios, guarantee the prompt performance by each relevant obligor of the Opco Guaranteed Obligations (as defined in Attachment 2 below);
2. the Propco Facilities Agreement (as defined below) pursuant to which the Company would, inter alios, guarantee the prompt performance by each relevant obligor of the Propco Guaranteed Obligations (as defined in Attachment 2 below);
3. (a deed of release to be entered into by, inter alios, the Company and Kaupthing Bank hf, releasing the security granted under a debenture dated 15 December 2004 by, inter alios, the Company in favour of Kaupthing (the "**Deed of Release**");
4. a debenture (the "**Debenture**") to be entered into between, inter alios, the Company and Dresdner Bank AG, London Branch as Security Trustee pursuant to the Opco Facilities Agreement (as defined below) pursuant to which the Company would covenant to pay and discharge the Opco Guaranteed Obligations on the due date and create fixed and floating charges over substantially all its assets and undertaking by way of security for the same;
5. an opco security and undertaking agreement to be executed by, inter alios, Yates Propco Limited ("**Yates Propco**"), the Company and the Facility Agent (as defined therein) pursuant to which the Company will charge by way of first legal mortgage and first legal charge all estates and interests in any Property (as defined therein) now or subsequently owned by it, assigns all rights under any contract or policy of insurance in respect of damage or loss in respect of any Property (as defined therein) and assigns absolutely its rights under certain contracts, in each case for the payment and satisfaction of all the Secured Liabilities (as defined therein);
6. a subordination deed between, inter alios, Yates Bidco Limited, the Company and the Facility Agent (as therein defined) pursuant to which the Subordinated Creditors (as defined therein) agree to subordinate the Subordinated Debt (as defined therein) in right of payment to the Senior Debt (as defined therein) and agrees that the payment of any amount of the Subordinated Debt (as defined therein) is conditional upon the Senior Debt (as defined therein) having been irrevocably paid in full;
7. an intercreditor agreement (the "**Intercreditor Agreement**") regulating the priority arrangements between, inter alia, the Finance Parties (as defined in the Opco Facilities Agreement) and the Junior Creditors named therein and pursuant to which the Company will agree, among other things, that all sums payable at any time by each obligor under or in connection with the Opco Facilities will be repaid in full before the indebtedness owing to the Junior Creditors named therein is repaid;
8. the intra-group loan agreements listed in Attachment 4 (the "**Intra-Group Loan Agreements**") pursuant to which members will make available loans to each other members of the target group and subsidiaries (as defined in the Companies Act 1985) of Laskari Limited will make available to each other loans to be used in, inter alia, discharging existing indebtedness of the Target Companies, partly in discharging transaction costs, meeting the payment obligations under the Opco Facilities Agreement, the PIK Note Documents and the Investor Documents (as defined in the Opco Facilities Agreement) making loans in accordance with the purposes specified in the Yates Tax Structure Memorandum (as defined in the Propco Facilities Agreement) and towards general corporate purposes of Laurel Pub Bidco Limited ("**Laurel Bidco**") and its subsidiaries following the Acquisition and the Refinancing.
9. documentation in respect of the Property Reorganisation and the Property Transfers (as defined in Attachment 5) (the "**Property Transfer Documents**").

10. Scots law standard securities executed by the Company charging certain real property in favour of the Facility Agent (as defined therein) as continuing security for the obligations of the obligors under the Propco Facilities Agreement (the "**Standard Securities**");
11. Scots law rent assignments executed by the Company assigning certain rights to rental income relating to certain real property in favour of the Facility Agent (as defined therein) as continuing security for the obligations of the obligors under the Propco Facilities Agreement (the "**Rent Assignments**");
12. Scots law dispositions of certain real property executed by the Company in favour of Yates Propco (the "**Dispositions**");
13. Scots law assignments of certain real property executed by the Company in favour of Yates Propco (the "**Assignations**"). (Documents referred to at paragraphs (9)-(12) inclusive being collectively referred to as the "**Scottish Security Package**");

in each case pursuant to:-

- (a) facilities in a maximum aggregate amount of £151,103,944 to be made available to Laurel Bidco, certain of the Target Companies, Laurel High Street Estate Pubs Limited (the "**Laurel Target**") and certain of its subsidiaries (the "**Laurel Opco Group**") and used by Laurel Bidco and Laurel Pub Pikco Limited (the "**Parent**") partly:
 - (i) in repaying amounts outstanding under a £40,000,000 senior term, guarantee and revolving facilities agreement dated 15 December 2004 entered into between, among others, the Parent, Laurel Bidco and Kaupthing Bank hf to fund the acquisition of the Laurel Target and its subsidiaries by Laurel Bidco (the "**Original Opco Facility**") (the "**Refinancing**");
 - (ii) in discharging part of the purchase price payable to Thorium plc for the acquisition of the entire issued share capital of Yates Group Limited and The High Street Bar and Restaurant Group Limited (the "**Targets**", and together with their subsidiaries the "**Target Companies**") (the "**Acquisition**");
 - (iii) in guaranteeing the discharge of vendor loan notes associated with the acquisition of the Laurel Target;
 - (iv) in discharging existing indebtedness of the Target Companies; and
 - (v) in discharging transaction costs relating to the Acquisition and Opco Refinancing; and (the "**Opco Facilities**").
- (b) a facilities agreement originally dated 15 December 2004 (the "**Original Propco Facilities Agreement**") as amended and restated from time to time including by a supplemental agreement dated on or about the date of this statutory declaration between, among others, Pumpster Property Limited and The Governor and Company of the Bank of Scotland (the "**Propco Facilities Agreement**") under which the Original Propco Facilities Agreement is amended and restated to include the Yates Loans and the Additional Yates Loans (each as defined in the Propco Facilities Agreement) thereby increasing the maximum aggregate loan amount available to the Borrowers (as defined in the Propco Facilities Agreement) thereunder and more particularly making the Yates Loans (as defined above) available to Yates Propco upon its accession as a guarantor or borrower inter alia to acquire the Yates Original Properties (as defined therein) and to meet associated costs in accordance with the Yates Tax Structure Memorandum (as defined therein).

Attachment 2 - Form 155(6)a

Terms defined in Attachment 1 shall have the same meaning when used herein.

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

1. the Opco Facilities Agreement. The principal terms of Opco Facilities Agreement are that the Company will, inter alios:
 - (a) guarantee as principal obligor and not merely as surety the prompt performance by each relevant obligor of all obligations to the Finance Parties named therein (the "**Opco Finance Parties**") under the Opco Facilities Agreement and the other finance and security documents referred to therein (the "**Opco Finance Documents**") and the payment of all sums payable under or in connection with the Finance Documents as and when the same shall become due (including sums due from the Parent in connection with the Acquisition);
 - (b) undertake that it will on demand upon a default in the payment of any sum due under or in connection with the Opco Finance Documents pay such sum as if it was expressed to be the primary obligor together with interest payable thereon;
 - (c) give an indemnity to the Opco Finance Parties against any loss or liability suffered by them under the Opco Finance Documents as a result of any obligation guaranteed by it being or becoming unenforceable, invalid or illegal; and
 - (d) give various other representations and warranties, undertakings, covenants and indemnities to the Opco Finance Parties including, inter alia, an undertaking that it will at all times indemnify the Opco Finance Parties against all costs and expenses in connection with, inter alia, the negotiation, preparation, amendment, syndication and enforcement of the Opco Finance Documents (the "**Opco Guaranteed Obligations**").
2. the Debenture. The principal terms of the Debenture are that the Company will:
 - (a) as primary obligor and not merely as surety, covenant with the Security Agent that it will pay or discharge all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each relevant obligor to the Opco Finance Parties under the Opco Finance Documents (including the Opco Guaranteed Obligations) together with all costs, charges and expenses incurred by any Opco Finance Parties in connection with the protection, preservation or enforcement of its respective rights thereunder or any other document evidencing or securing any such liabilities; and
 - (b) as beneficial owner, as security for the payment, discharge and performance of the same, charge in favour of the Security Trustee substantially all its assets and undertaking by way of fixed and floating charges by way of security for the same.
3. the Intercreditor Agreement. The Intercreditor Agreement regulates the priority arrangements between, inter alia, the Finance Parties (as defined in the Opco Facilities Agreement) and the Junior Creditors named therein and pursuant to which the Company will agree, among other things, that all sums payable at any time by each obligor under or in connection with the Opco Facilities will be repaid in full before the indebtedness owing to the Junior Creditors named therein is repaid.
4. the Deed of Release. The Deed of Release releases the security granted by the Company in favour of Kaupthing Bank hf.
5. the Intra-Group Loan Agreements. The principal terms of the Intra-Group Loan Agreements are that the Company will provide financing to the other members of the target group and subsidiaries (as defined in the Companies Act 1985) of Laskari Limited and receive financing from other members of

the target group and subsidiaries (as defined in the Companies Act 1985) of Laskari Limited for application towards discharging existing indebtedness of other members of the target group, partly in discharging transaction costs, meeting the payment obligations under the Opco Facility Agreements, and the Investor Documents, the repayment of Intra-Group Loan Agreements, making loans in accordance with the Yates Tax Structure Memorandum (as defined in the Propco Facilities Agreement) and towards general corporate purposes of Laurel Bidco and its subsidiaries following the Acquisition.

6. the Yates Opco Security and Undertaking Agreement. The principal terms of Yates Opco Security and Undertaking Agreement are that the Company will, inter alia:

(a) charge

- (i) subject to proviso described in (ii) below by way of a first legal mortgage all estates or interests in any Property (as defined therein) now owned by it (save for those situate in Scotland); and
- (ii) (to the extent that they are not either the subject of a mortgage described under subparagraph (i) above or freehold, feuhold or leasehold property in Scotland) by way of first fixed charge all estates or interests in any Property (as defined therein) now or subsequently owned by it.

- (b) In respect of those Properties (as defined therein) which are leasehold and in respect of which Consent (as defined therein) is required, the charge created by clause 3.2 of the Yates Opco Security and Undertaking Agreement over each of such Properties (as defined therein) will not take effect until the earlier of the date when:

- (i) the reversioner or landlord of the Headlease (as defined therein) has given its consent in writing and a copy of the Consent (as defined therein) has been provided to the Facility Agent (as defined therein); and
- (ii) the Chargor (as defined therein) has obtained a declaration from the appropriate court that the Consent (as defined therein) is being unreasonably withheld (and has provided a copy of such declaration to the Facility Agent (as defined therein)) and the period for making an appeal against the declaration has expired without an appeal being made.

- (c) A reference in the Yates Opco Security and Undertaking Agreement to a mortgage or charge of any freehold or leasehold property (save for those situate in Scotland) includes:

- (i) all buildings, fixtures, fittings and fixed plant and machinery on that property;
- (ii) the benefit of any covenants for title given or entered into by any predecessor in title of a Chargor (as defined therein) in respect of that property or any moneys paid or payable in respect of those covenants; and
- (iii) any proceeds of sale of any such property.

- (d) In relation to any Property (as defined therein) situated in Scotland owned or to be owned by each Chargor (as defined therein) and capable of being secured by Standard Security (as defined therein), each Chargor (as defined therein) undertakes forthwith upon demand by the Facility Agent (as defined therein) to grant a Standard Security (as defined therein) and/or an Assignment of Rent (as defined therein).

- (e) Notwithstanding any other provision of the Yates Opco Security and Undertaking Agreement or any Finance Document (as defined therein), the tenant's interest in the Yates Opco Leases

shall not be subject to any Security Interest (as defined therein) pursuant to the Yates Security and Undertaking Agreement.

In addition under the Yates Opco Security and Undertaking Agreement, the Company:

- (f) assigns absolutely, subject to a proviso for re-assignment on redemption, all of its rights under any contract or policy of insurance in respect of damage to or loss in respect of any asset charged pursuant to Clause 3.2 of the Yates Opco Security and Undertaking Agreement taken out by it or on its behalf or in which it has an interest;
- (g) assigns absolutely, subject to a proviso for re-assignment on redemption, all of its rights:
 - (i) in respect of the Yates Opco Balance Agreement (as defined therein);
 - (ii) under each Lease Document (as defined therein);
 - (iii) in respect of all Rental Income (as defined therein);
 - (iv) under any guarantee of Rental Income (as defined therein) contained in or relating to any Lease Document (as defined therein);
 - (v) under each appointment of a Managing Agent (as defined therein) in respect of each Property (as defined therein) and to which it is a party; and
 - (vi) under any agreement (if any) for the purchase of a Property (as defined therein) by a Chargor (as defined therein); and
- (h) In addition, each Chargor (as defined therein) will procure that any Rental Income (as defined therein) received or to be received by it will be paid into the Yates Rent Account (as defined therein) for application in accordance with the Propco Facilities Agreement.

7. the Subordination Deed. The principal terms of the Subordination Deed are that:

- (a) except as provided by Clause 3.2 (a) of the Subordination Deed, during the Subordination Period (as defined therein) the Subordinated Creditors (as defined therein) must not:
 - (i) demand or receive payment of, or any distribution in respect or on account of, any of the Subordinated Debt (as defined therein) in cash or in kind from an Obligor (as defined therein) or any other source;
 - (ii) apply any money or assets in discharge of any Subordinated Debt (as defined therein);
 - (iii) discharge any of the Subordinated Debt (as defined therein) by set-off;
 - (iv) allow to exist or receive any Security Interest (as defined therein) for any of the Subordinated Debt (as defined therein);
 - (v) allow to exist or receive any guarantee or other assurance against loss in respect of any of the Subordinated Debt (as defined therein);
 - (vi) allow any of the Subordinated Debt (as defined therein) to be evidenced by a negotiable instrument; or

- (vii) take or omit to take any action which might impair the subordination achieved or intended to be achieved by the Subordination Deed.
- (b) Notwithstanding paragraph 3.2(a) of the Subordination Deed, the Subordinated Creditors (as defined therein) may:
 - (i) do any of the following if the Facility Agent (as defined therein) agrees:
 - (aa) pay or repay, or make any distribution in respect of, any of the Subordinated Debt (as defined therein), in cash or kind;
 - (bb) allow any of its Subsidiaries (as defined therein) to purchase or acquire any of the Subordinated Debt (as defined therein);
 - (cc) discharge any of the Subordinated Debt (as defined therein) by set-off;
 - (dd) create or allow to exist any Security Interest (as defined therein) over any of its assets for any of the Subordinated Debt (as defined therein); or
 - (ee) take or omit to take any action which might impair the subordination achieved or intended to be achieved by the Subordination Deed; and
 - (ii) receive any payment expressly allowed under the Subordination Deed.
- (c) In addition under the Subordination Deed, during the Subordination Period (as defined therein) neither the Subordinated Debtors (as defined therein) nor the Subordinated Creditors (as defined therein) may amend, waive or release any term of the Subordinated Documents (as defined therein), except for an amendment which:
 - (i) is a procedural, administrative or other change; and
 - (ii) does not prejudice any Senior Liability, any Finance Party or impair the subordination achieved or intended to be achieved by the Subordination Deed.
- (d) In addition under the Subordination Deed, if:
 - (i) a Subordinated Creditor (as defined therein) receives a payment or distribution in respect of any of the Subordinated Debt (as defined therein) from an Obligor (as defined therein) or any other source other than as allowed under the Subordination Deed;

or

 - (ii) a Subordinated Creditor (as defined therein) receives the proceeds of any enforcement of any Security Interest or any guarantee or other assurance against financial loss for any Subordinated Debt (as defined therein),

that Subordinated Creditor (as defined therein) must hold the amount received by it (up to a maximum of an amount equal to the Senior Debt (as defined therein) on trust for the Finance Parties (as defined therein) and immediately pay that amount (up to that maximum) to the Facility Agent (as defined therein) for application against the Senior Debt (as defined therein).
- (e) In addition under the Subordination Deed, if, for any reason, any of the Subordinated Debt (as defined therein) owed to it is discharged in any manner other than as permitted under the Subordination Deed, the relevant Subordinated Creditor (as defined therein) must immediately

pay an amount equal to the amount discharged to the Facility Agent (as defined therein) for application against the Senior Debt (as defined therein).

(f) In addition under the Subordination Deed, during the Subordination Period (as defined therein) each Subordinated Creditor (as defined therein) must not:

- (i) accelerate any of the Subordinated Debt (as defined therein) or otherwise declare any of the Subordinated Debt (as defined therein) prematurely payable;
- (ii) enforce the Subordinated Debt (as defined therein) by execution or otherwise;
- (iii) initiate or support or take any steps with a view to:
 - (A) any insolvency, liquidation, reorganisation, administration or dissolution proceedings; or
 - (B) any voluntary arrangement or assignment for the benefit of creditors; or
 - (C) any similar proceedings,

involving an Obligor (as defined therein), whether by petition, convening a meeting, voting for a resolution or otherwise; or

(iv) otherwise exercise any remedy for the recovery of the Subordinated Debt (as defined therein).

(g) In addition under the Subordination Deed, if any of the Senior Debt (as defined therein) is wholly or partially paid out of any proceeds received in respect of or on account of the Subordinated Debt (as defined therein), the Subordinated Creditor (as defined therein) will to that extent be subrogated to the Senior Debt (as defined therein) so paid (and all securities and guarantees for that Senior Debt (as defined therein)) but not before all the Subordination Period (as defined therein) has expired.

8. the Scottish Security package. By executing the Scottish Security Package the Company will in security of the payment, discharge and performance of the Secured Liabilities (as defined therein) grant a standard security in favour of the Facility Agent (as defined therein) and assigns to the Facility Agent free of all liens, charges and other encumbrances, rights of set-off and counterclaim competent to the Company, the Company's whole right, title, interest and benefit in and to the Rental Income (as defined therein) relating to certain real property.
9. By executing the Property Transfer Documents (which shall include Forms TR5, TR1, AP1, CS, RX1 and CH2) the Company will transfer certain rights, title or interest in real estate owned legally and/or beneficially by it to its directors indirect holding company or Yates Propco in connection with the Acquisition either at book value or at market value.

Attachment 4

The Intra Group Loan Agreements

Terms defined in Attachment 1 shall have the same meaning when used herein.

Laskari Limited loan of approximately £1.9m equity subscription to Yates Propco Limited

Laurel Pub Equity Holdings Limited loan of approximately £8m equity subscription to Laurel Pub Holdings Limited

Laurel Pub Holdings Limited loan of approximately £8m Laurel Pub Equity Holdings Limited loan to Laurel Pub Pikco Limited

Laurel Pub Pikco Limited loan of approximately £8m Pub Holdings Limited loan (less PIK interest) to Laurel Pub Bidco Limited

Laurel Pub Bidco Limited loan of approximately £108.8m debt drawn down under Opco Facilities to Yates Bidco Limited and debt drawn down under Propco Facilities

Loan of approximately £99m from Yates Propco Limited to Yates Group Limited in order to repay existing debt owed to Thorium plc and to on-loan to Yates's Wine Lodges Limited to repay existing debt owed to Thorium plc

Loan of approximately £49m from Yates Group Limited to Yates's Wine Lodges Limited in order to repay existing debt owed to Thorium plc

Loan of approximately £5.5m from Yates Bidco Limited to Ha! Ha! Bar & Canteen Limited in order to repay existing debt owed to Thorium plc

Loan of approximately £6.6m from Yates Bidco Limited to Yates Group Limited in order to repay existing debt owed to Thorium plc

Loan of approximately £6.6m from Yates Bidco Limited to High Street Bar and Restaurant Group in order to repay existing debt owed to Thorium plc

Loan of approximately £1.7m from Yates Propco Limited to Forno Vivo Limited relating to transfer of Tring property

Loan of approximately £1.7m from Forno Vivo Limited to Yates Group Limited relating to transfer of Tring property

Loan of approximately £3.1m from Yates Propco Limited to Yates Group Limited equal to market value of Huddersfield and Liverpool properties

Assignment by Yates Group Limited to Yates Propco No. 2 (Huddersfield) Limited of approximately £1.1m Tranche B loan from Yates Propco to Yates Group Limited relating to transfer of Huddersfield property

Assignment by Yates Group Limited to Yates Propco No. 3 (Liverpool) Limited of approximately £2m Tranche A loan from Yates Propco to Yates Group Limited relating to transfer of Liverpool property

Loan of approximately £1.1m from Yates Propco to Yates Propco No. 2 (Huddersfield Limited) relating to transfer of Huddersfield property

Loan of approximately £2m from Yates Propco to Yates Propco No. 3 (Liverpool Limited) relating to transfer of Liverpool property

Loan of approximately £23m from Yates Group Limited to Yates Propco Limited arising from transfer of properties by Yates Group Limited to Yates Propco

Deed of assignment by Yates Group Limited to Yates Bidco Limited of Yates Group Limited's rights under the approximately £23m loan from Yates Group Limited to Yates Propco Limited

Deed of assignment by Yates Bidco Limited to Laskari Limited of Yates Bidco Limited's rights under the approximately £23m loan from Yates Group Limited to Yates Propco Limited

Any intercompany loan arising as a result of the Target PIL Property Transfer (as defined in Attachment 5)

Loan from Yates Bidco Limited, Laurel High Street Estate Pubs Limited, Laurel High Street Bars Limited, Sapphire Property Portfolios Limited, The Laurel Pub Company Limited, Yates Group Limited, Yates's Wine Lodges Limited, Yates Brothers Limited and Ha!Ha! Bar & Canteen Limited to Laurel Pub Bidco Limited

and the repayment of the intra-group loan agreements.

Attachment 5

Property Transfer Documents

Terms defined in Attachment 1 shall have the same meaning when used herein.

Any document or instrument (including Forms TR5, TR1, AP1, CS, RX1 and CH2) giving effect to:

1. the grant by Yates Group Limited to Yates's Wine Lodges Limited and by Forno Vivo Limited to Yates Group Limited of short leases in respect of certain freehold and long leasehold properties (the "**Properties**") (the "**Property Reorganisation**");
2. the sale by Target PIL Core Limited of The Hogshead, Weathered House, Pound Lane, Marlow, and Edinburgh 2, 22-26 Castle Street/Rose Street, Edinburgh, Scotland to Laurel High Street Bars Limited, the leaseback of such properties by Laurel High Street Bars Limited to Laurel Pub Company Limited and their subsequent sale by Laurel High Street Bars Limited to Pumpster Property Limited (the "**Target PIL Property Transfer**"); and
3. the transfer by the Company of the freehold and long leasehold interests in the Properties (subject to and with the benefit of the short leases granted to Yates's Wine Lodges Limited and Forno Vivo Limited) to Propco or to Yates Propco No.2 (Huddersfield) Limited or Yates Propco No.3 (Liverpool) Limited (being wholly owned subsidiaries of Yates Propco) in satisfaction of certain indebtedness owed by the Company to Yates Propco and any remaining consideration to be left outstanding on intercompany account which will be subordinated and subject to obtaining any relevant landlord or banking consents (the "**Property Transfers**"),

(together the "**Property Transfer Documents**").

INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF HA! HA! BAR & CANTEEN LIMITED PURSUANT TO SECTION 156(4) OF THE COMPANIES ACT 1985

We have examined the attached statutory declaration of the directors of Ha! Ha! Bar & Canteen Limited (the "Company") dated 20 May 2005, prepared in accordance with applicable United Kingdom law, in connection with the proposed financial assistance to be given by the Company in relation to the purchase of the shares in Yates Group Limited, its holding company, particulars of which are given in the attached statutory declaration.

This report is made solely to the directors in accordance with Section 156(4) of the Companies Act 1985. Our work has been undertaken so that we might state to the directors those matters we are required to state to them in an auditors' report under section 156(4) and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the directors, for our audit work, for this report, or for the opinions we have formed.

BASIS OF OPINION

We have enquired into the state of affairs of the Company so far as necessary 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.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Luton
20 May 2005