

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

— — — — —

03525741

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

Name of company

* KANDAHAR ACADEMY II LIMITED

* insert full name
of company

XWe o Martin McGann and Amanda Jane Hill, each of the addresses specified in Appendix 1.

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

† delete as appropriate

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

The business of the company is

§ delete whichever
is inappropriate

[illegible]

(c) something other than the above §

The company is proposing to give financial assistance in connection with the acquisition of shares in the [company] ~~proposed to be formed~~

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

The number and class of the shares acquired or to be acquired is 50,000 ordinary shares of
GBP1.00 each

**Presenter's name address and
reference (if any)**
Paul Hastings Janofsky & Walker
(Europe) LLP
88 Wood Street, London
EC2V 7AJ

For official Use
General Section

WEDNESDAY



LD4 18/07/2007 336
COMPANIES HOUSE

The assistance is to be given to (note 2) Kandahar Academy Limited, a private limited
company organised under the laws of England and Wales with company number
05771268, whose registered address is Nuffield House, 41-46 Piccadilly, London
W1J ODS.

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

See Appendix II

The person who [has acquired] ~~owns~~ † the shares is

† delete as
appropriate

Kandahar Academy Limited

The principal terms on which the assistance will be given are

See Appendix III

The amount of cash to be transferred to the person assisted is £ See Appendix IV

The value of any asset to be transferred to the person assisted is £ N/A

~~X~~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)

[illegible]

Declared at

Declarants to sign below

88 WOOD STREET, LONDON

Martin McGarr

on

Day		Month		Year			
0	4	0	7	2	0	0	7

Amanda Hill

before me At

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
37 Castle Terrace
Edinburgh
EH1 2EB

Kandahar Academy II Limited
(company number 03525741)
Appendices to Form 155(6)(a)

Appendix 1: Details of directors' addresses

Martin McGann of 10 Westcombe Park road, Blackheath, London SE3 7RB

Amanda Jane Hill of 60A Quinton Street, Earlsfield, London SW18 3QS

Appendix II: Form of financial assistance

The assistance will take the form of

- 1 the execution and delivery of a guarantee under a facilities agreement made between, amongst others, The Governor and Company of the Bank of Scotland as Original Lender, Arranger, Agent and Security Trustee, Kandahar Group Limited as Borrower (the "**Borrower**") and the Company as Obligor (the "**Facilities Agreement**") under which the Company, among other things, guarantees the obligations of the Borrower under the Facilities Agreement (the "**Guarantee**"),
- 2 the execution and delivery of a debenture made by the Company in favour of The Governor and Company of the Bank of Scotland (the "**Security Trustee**") pursuant to which it will charge the whole of its property, assets and undertaking to the Security Trustee to secure its liabilities under the Guarantee (the "**Debenture**"),
- 3 the execution and delivery of an intra-group loan agreement under which the Company borrows from its parent, Kandahar Academy Limited a loan of up to £34,210,000 (the "**Downstream Loan**"),
- 4 the execution and delivery of a deed of subordination under which the Company subordinates all of its debts owed to the Subordinated Lender to those owed by the Borrower to the Security Trustee (the "**Subordination Deed**"),
- 5 the payment of costs, expenses and indemnity provisions under the Finance Documents (as that term is defined in the Facilities Agreement), and
- 6 the giving of various representations, warranties and undertakings under the Finance Documents (as that term is defined in the Facilities Agreement),

and by the performance of any other acts or the execution of any other documents ancillary or otherwise relating to the documents set out in paragraphs 1 to 5 above

Appendix III: The principal terms on which the financial assistance will be given

1 Guarantee

- 1.1** Under the Guarantee, in consideration of the Finance Parties, for the benefit of the Company in facilitating refinancing its existing debt at a lower cost, entering into the Facilities Agreement and consummating the transactions contemplated therein, the Company irrevocably and unconditionally jointly and severally
- 1.1.1** guarantees to each Finance Party punctual performance by the Borrower of all the Borrower's obligations under the Finance Documents,
- 1.1.2** undertakes with each Finance Party that whenever an Obligor does not pay any amount when due under or in connection with any Finance Document, it shall immediately on demand pay that amount as if it was the principal obligor, and
- 1.1.3** indemnifies each Finance Party immediately on demand against any cost, loss or liability suffered by that Finance Party if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal. The amount of the cost, loss or liability shall be equal to the amount which that Finance Party would otherwise have been entitled to recover
- 1.2** The Guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by any Obligor under the Finance Documents, regardless of any intermediate payment or discharge in whole or in part
- 1.3** If any payment by an Obligor or any discharge given by a Finance Party (whether in respect of the obligations of any Obligor or any security for those obligations or otherwise) is avoided or reduced as a result of insolvency or any similar event
- 1.3.1** the liability of each Obligor shall continue as if the payment, discharge, avoidance or reduction had not occurred, and
- 1.3.2** each Finance Party shall be entitled to recover the value or amount of that security or payment from each Obligor, as if the payment, discharge, avoidance or reduction had not occurred
- 1.4** The obligations of the Company under the Guarantee will not be affected by an act, omission, matter or thing which would reduce, release or prejudice any of its obligations under the Guarantee (without limitation and whether or not known to it or any Finance Party) including
- 1.4.1** any time, waiver or consent granted to, or composition with, any Obligor or other person,
- 1.4.2** the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of any member of the Group,
- 1.4.3** the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Obligor or other person or any non-presentation

- or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security,
- 1 4 4 any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of an Obligor or any other person,
 - 1 4 5 any amendment, novation, supplement, extension, restatement, (however fundamental and whether or not more onerous), or replacement, assignment, avoidance or termination of any Finance Document or any other document or security including any change in the purpose of, any extension of or any increase in any facility or the addition of any new facility under any Finance Document or other document or security,
 - 1 4 6 any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or security, or
 - 1 4 7 any insolvency or similar proceedings
- 1 5 The Company expressly confirms that it intends that the Guarantee shall extend from time to time to any (however fundamental) variation, increase, extension or addition of or to any of the Finance Documents and/or any facility or amount made available under any of the Finance Documents for the purposes of or in connection with any of the following business acquisitions of any nature, increasing working capital, enabling investor distributions to be made, carrying out restructurings, refinancing existing facilities, refinancing any other indebtedness, making facilities available to new borrowers, any other variation or extension of the purposes for which any such facility or amount might be made available from time to time, and any fees, costs and/or expenses associated with any of the foregoing
- 1 6 The Company will waive any right it may have of first requiring any Finance Party (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from the Company under the Guarantee The waiver applies irrespective of any law or any provision of a Finance Document to the contrary
- 1 7 Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full, each Finance Party (or any trustee or agent on its behalf) may
- 1 7 1 refrain from applying or enforcing any other moneys, security or rights held or received by that Finance Party (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and the Company shall not be entitled to the benefit of the same, and
 - 1 7 2 hold in an interest-bearing suspense account any moneys received from the Company or on account of the Company's liability under the Guarantee provided that, on each Interest Payment Date, interest accrued thereon shall

be applied in discharge of the Borrowers' obligations under the Facilities Agreement.

- 1 8 Until all amounts which may be or become payable by the Obligor under or in connection with the Finance Documents have been irrevocably paid in full and unless the Agent otherwise directs, the Company not exercise any rights which it may have by reason of performance by it of its obligations under the Finance Documents
- 1 8 1 to be indemnified by an Obligor,
- 1.8 2 to claim any contribution from any other guarantor of any Obligor's obligations under the Finance Documents, and/or
- 1 8 3 to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Finance Parties under the Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Finance Documents by any Finance Party
- 1 9 If the Company receives any benefit, payment or distribution in relation to such rights it shall hold that benefit, payment or distribution to the extent necessary to enable all amounts which may be or become payable to the Finance Parties by the Obligor under or in connection with the Finance Documents to be repaid in full on trust for the Finance Parties and shall promptly pay or transfer the same to the Agent or as the Agent may direct for application in accordance with Clause 33 (*Payment mechanics*) of the Facilities Agreement.

2 **Debenture**

Under the Debenture

- 2 1 The Company covenants with the Agent, the Security Trustee and the Lenders that it will
- 2 1 1 pay and discharge each and all of the Liabilities on demand, and
- 2 1 2 indemnify and keep the Finance Parties indemnified from and against all actions, charges, claims, costs, damages, proceedings and other liabilities occasioned by any breach of any covenants or other obligations of the Chargors to the Finance Parties
- 2 2 The Company charges by way of legal mortgage in favour of the Security Trustee as continuing security for the payment and discharge of the Liabilities with full title guarantee
- 2 2 1 each Property, and
- 2 2 2 any other freehold or leasehold property now vested in the Company
- 2 3 The Company charges by way of fixed charge in favour of the Security Trustee as continuing security for the payment and discharge of the Liabilities with full title guarantee each of the following including all rights of enforcement of the same

- 2 3 1 its interest in any freehold or leasehold property acquired after the date of the Debenture,
- 2 3 2 its interest in the Relevant Contracts,
- 2 3 3 all fixtures, fittings, plant machinery, manuals and other chattels in respect of a Property and all guarantees and warranties in respect of any of them,
- 2 3 4 all easements, licences and other rights relating to a Property in which it has an interest,
- 2 3 5 the Control Accounts and any other accounts of the Company,
- 2 3 6 its Intellectual Property,
- 2 3 7 the Investments,
- 2 3 8 if applicable its uncalled capital, and
- 2 3 9 its goodwill
- 2 4 The Company assigns in favour of the Security Trustee as continuing security for the payment and discharge of the Liabilities with full title guarantee subject to the provisions of Clause 10 (*Discharge*) of the Debenture, each of the following including all rights of enforcement of the same
 - 2.4 1 the Rents,
 - 2 4 2 the Disposal Proceeds,
 - 2 4 3 all book debts and other debts and all other monies due and owing to it;
 - 2 4 4 all monies standing to the credit of the Control Accounts and any other accounts of the Company,
 - 2 4 5 any Insurance Proceeds,
 - 2 4 6 the benefit of the copyright and similar rights vested in it in connection with a Property,
 - 2 4 7 all causes of action and other rights and remedies in which it has an interest,
 - 2 4 8 all monies payable to it under any Hedging Arrangement,
 - 2 4.9 the benefit of any monies paid or payable to it by way of compensation, endowment, gift, grant or otherwise, and
 - 2 4 10 its interest in any VAT recoveries
- 2 5 The Company charges by way of floating charge in favour of the Security Trustee as continuing security for the payment and discharge of the Liabilities with full title guarantee all its assets, property and undertaking both present and future

- 2 6 At any time whilst an Event of Default is continuing
- 2 6 1 the Security Trustee may convert any floating charge created by the Debenture into a fixed charge, and
- 2 6 2 the Company shall, on request of the Security Trustee, procure an absolute assignment of the Relevant Contracts
- 2 7 The Company shall execute and do at its own cost and in such form as reasonably required by the Security Trustee
- 2 7 1 such further additional mortgages, charges, assignments, transfers and conveyances,
- 2 7 2 such assurances, deeds, documents, acts and things, and
- 2.7 3 as the Security Trustee may reasonably require to perfect or protect the security created by the Debenture and/or to facilitate or effect any dealing with the Charged Assets in connection with the Debenture

3 **Downstream Loan**

Under the Downstream Loan (terms in this paragraph 3 shall have the same meaning given to them in the Downstream Loan)

- 3 1 Kandahar Academy Limited agrees to make available to the Company an on demand facility of up to £34,210,000 to be drawn by the Company in one or more amount(s)
- 3.2 The Company shall use the Facility as it sees fit
- 3 3 The rate of interest on an Advance shall be 6 75%
- 3 4 Subject to paragraph 3 5 below, all accrued interest shall be payable monthly in arrears on the last business day of each calendar month save that any interest accrued in the period from the last interest payment date up to the repayment date shall be paid on that date together with any break funding costs incurred by Kandahar Academy Limited
- 3 5 The obligation to pay interest shall be limited to an obligation to pay on the amount of Net Rent (if any) actually received by the Company
- 3 6 To the extent that the amount paid on pursuant to Clause 3 2 2 of the Downstream Loan is not sufficient to pay the interest accrued under Clause 3 2 1 of the Downstream Loan the unpaid balance shall be consolidated with the principal balance then outstanding and shall form part of the Advance
- 3 7 Subject to paragraph 3 8 below, the Advance shall be repayable on demand subject to not less than 1 business day's notice being given by Kandahar Academy Limited Following any duly given demand the Company shall repay the Advance together with all accrued and unpaid interest and any break funding costs incurred by Kandahar Academy Limited

- 3.8 The obligation to repay the Advance shall be limited to the extent such Advance can be repaid from Net Rent or Disposal Proceeds received by the Company

4 Subordination Deed

Under the Subordination Deed (terms in this paragraph 5 shall have the same meaning given to them in the Subordination Deed) and subject to certain exceptions mentioned in paragraph 4.9

- 4.1 The Subordinated Debt (which means the aggregate of all monies and liabilities of whatever nature (whether actual or contingent, as principal or surety) which are now or may at any future time be outstanding or otherwise due from the Borrower to the Subordinated Lenders on any account or in any manner) is subordinated to the Senior Debt in all respects
- 4.2 Each Obligor which includes the Company covenants with the Security Trustee that at all times during the Subordination Period that it will not
- 4.2.1 pay, prepay or repay, redeem, purchase or make any distribution in respect any of the Subordinated Debt in cash or in kind and whether on account of principal, interest or damages for breach of the terms of the Subordinated Debt;
 - 4.2.2 discharge, release or reduce any of the Subordinated Debt by set-off, netting, any right of combination of accounts or in any other manner,
 - 4.2.3 assign or transfer its rights or obligations in respect of the Subordinated Debt,
 - 4.2.4 create or permit to subsist any Security Interest over any of its assets for any of the Subordinated Debt,
 - 4.2.5 amend, vary, waive or release any term of the Subordinated Debt,
 - 4.2.6 enter into any arrangement under which the Subordinated Lender is not to enforce that Obligor's obligations in relation to the Subordinated Debt,
 - 4.2.7 enter into an arrangement for the benefit of the Subordinated Lender where the value provided by that Obligor exceeds the value received by that Obligor,
 - 4.2.8 provide credit to the Subordinated Lender, or provide a guarantee, or Security Interest in respect of any liability of the Subordinated Lender,
 - 4.2.9 make any distribution of its assets, whether in cash, shares or otherwise, to the Subordinated Lender, nor
 - 4.2.10 take or omit to take any action whereby the subordination of the Subordinated Debt under the Subordination Deed might be terminated, impaired or adversely affected

- 4 3 Each Subordinated Lender covenants with each Obligor and separately with the Security Trustee that at all times during the Subordination Period it will not
- 4 3 1 demand, sue, claim, prove for, accept or receive payment, prepayment or repayment of, or any distribution in respect or on account of, any of the Subordinated Debt in cash or in kind and whether on account of principal, interest or, damages for breach of the terms of the Subordinated Debt,
 - 4 3 2 discharge, release or reduce any of the Subordinated Debt by set-off, netting, any right of combination of accounts or in any other manner;
 - 4 3 3 assign or transfer its rights or obligations in respect of the Subordinated Debt,
 - 4 3 4 accept or permit to subsist any Security Interest over any of the assets of any Obligor or any other party for any of the Subordinated Debt,
 - 4 3 5 amend, vary, waive or release any term of any of the Subordinated Debt,
 - 4 3 6 enter into any arrangement under which the Subordinated Lender is not to enforce an Obligor's obligations in relation to the Subordinated Debt;
 - 4.3 7 enter into an arrangement for its benefit where the value provided by an Obligor exceeds the value received by that Obligor,
 - 4 3 8 receive credit from an Obligor, or permit an Obligor to grant any guarantee or Security Interest in respect of any of the Subordinated Lender's liabilities,
 - 4.3 9 receive any kind of distribution of the an Obligor's assets, whether in cash, shares or otherwise,
 - 4.3 10 take or omit to take any action whereby the subordination of the Subordinated Debt under the Subordination Deed might be terminated, impaired or adversely affected, nor
 - 4 3 11 make any application or take any step (including presentation of petition, convening a meeting or effective resolution) or otherwise give support for the insolvency or re-organisation of an Obligor
- 4 4 If, save for any Permitted Payment
- 4 4 1 a Subordinated Lender receives any benefit, payment, distribution or security in cash or in kind in respect of, or on account of, the Subordinated Debt,
 - 4 4 2 a Subordinated Lender receives the proceeds of enforcement of any Security Interest or guarantee in relation to the Subordinated Debt, or
 - 4 4 3 any of the Subordinated Debt is discharged by set-off, netting, counterclaim, or by exercise of any right of combination of accounts, or in any other manner,

- 4 4 4 that Subordinated Lender will hold the relevant amount on trust for the Security Trustee and will immediately pay to the Security Trustee the amount so received by the Subordinated Lender for application against, or retention on account of, the Senior Debt
- 4.5 If a Subordinated Lender fails to observe and perform its obligations in Clause 4 3 of the Subordination Deed, the Security Trustee is irrevocably authorised to affect the same on behalf of the Subordinated Lender
- 4 6 Each Subordinated Lender shall (at its cost) give all such notices and do all such things as the Security Trustee may direct to give effect to Clause 5 4 (Further Assurance)
- 4 7 Neither an Obligor nor a Subordinated Lender may assign transfer or otherwise part with its rights or obligations under the Subordination Deed without the prior written consent of the Security Trustee which, if given, shall be subject to the assignee/transferee entering into a subordination deed in the same form as the Subordination Deed, with the necessary changes
- 4 8 The priorities created under the Subordination Deed are continuing and extend to the balance from time to time, and the continued performance, of the Senior Debt irrespective of any intermediate payment or performance of the Senior Debt
- 4 9 The exceptions to the subordination and covenants set out in paragraphs 4 1 and 4 2 include the right for the Company to make and the Subordinated Lender to receive Permitted Payments

Appendix IV: The amount of cash to be transferred to the person assisted is £

Nil as at the date of this declaration but subject to the Company making available certain loan facilities to Kandahar Academy Limited under the Upstream Loan and paying interest to Kandahar Academy Limited under the Downstream Loan

Definitions

Unless the contrary intention is expressed, all defined terms in the Facilities Agreement have the same meaning in these appendices

“Agent” means The Governor and Company of the Bank of Scotland as agent of the Facility A Lenders and the Facility B Lenders

“Charged Assets” means each and all of the assets, property, undertaking and other interests from time to time assigned or charged or intended to be assigned or charged by the Debenture and the subject matter of each of them

“Control Accounts” means each

- (a) Rental Account,
- (b) Disposal Account, and
- (c) Holding Account

“Disposal Proceeds” means the consideration receivable by an Obligor (including any amount receivable in repayment of indebtedness) for any Disposal made by an Obligor except for Excluded Disposal Proceeds and after deducting

- (a) expenses reasonably incurred by such Obligor with respect to that Disposal to independent professional third parties, and
- (b) any Tax incurred and required to be paid by the seller in connection with that Disposal (as determined by the seller, on the basis of existing rates and taking account of any available credit, deduction or allowance)

“Event of Default” means any event or circumstance (whether or not declared) specified as such in Clause 27 (*Events of Default*) of the Facilities Agreement

“Finance Document” means

- (a) the Facilities Agreement,
- (b) any Accession Letter (as defined in the Facilities Agreement),
- (c) the Intra-Group Loan Agreement (as defined in the Facilities Agreement),
- (d) any Compliance Certificate (as defined in the Facilities Agreement),

- (e) any Fee Letter (as defined in the Facilities Agreement),
- (f) any Margin Letter (as defined in the Facilities Agreement),
- (g) any Hedging Agreement (as defined in the Facilities Agreement),
- (h) any Resignation Letter (as defined in the Facilities Agreement),
- (i) any Transaction Security Document (as defined in the Facilities Agreement),
- (j) any Utilisation Request (as defined in the Facilities Agreement),
- (k) any Duty of Care Agreement (as defined in the Facilities Agreement),
- (l) any Transfer Certificate (as defined in the Facilities Agreement), and
- (m) any other document designated as a "Finance Document" by the Agent and the Obligors' Agent

"Finance Parties" means the Agent, the Arranger, the Security Trustee, a Lender or a Hedge Counterparty

"Hedging Arrangement" means any master agreement, confirmation, schedule or other agreement in agreed form entered into or to be entered into by the Sponsor and a Hedge Counterparty and novated to the Borrower on or before the date of this Agreement for the purpose of hedging interest rate liabilities and/or any exchange rate fluctuations in relation to the Facilities in accordance with the Hedging Letter delivered to the Agent under Clause 4.1 (*Initial conditions precedent*) of the Facilities Agreement

"Insurance Proceeds" means the proceeds of any insurance and/or indemnity claim received or receivable by an Obligor except for Excluded Insurance Proceeds and after deducting any expenses in relation to that claim which are incurred by such persons to persons who are independent professional third parties

"Intellectual Property" means any patents, trade marks, service marks, designs, business names, copyrights, design rights, moral rights, inventions, confidential information, know how and other intellectual property rights and interests, whether registered or unregistered and the benefit of all applications and rights to use such assets of each member of the Group

"Investments" means the existing or future interest of the Company as set out in Section 3 of Schedule 1 of the Debenture in relation to

- (a) any stocks, shares (including all shares in any residents or management company connected with the Property), bonds, units or any form of loan or other capital of or in any legal entity, and
- (b) any warrant or other right to acquire any such investment,

in each case, including any income, offer, right or benefit in respect of any such investment

"Liabilities" means all monies, obligations and liabilities which shall from time to time (and whether on or at any time after any demand or judgment) be due, owing or incurred from the

Company to the Finance Parties under the Finance Documents whether actually or contingently and whether solely or jointly with any other person and in whatever style or name and whether as principal or surety, except for any obligation which, if it were so intended, would result in the Debenture contravening Section 151 of the Companies Act 1985

"Lenders" means any Original Facility A lender or Original Facility B Lender and any bank, financial institution, trust, fund or other entity which has become a Party to the Facilities Agreement

"Permitted Payment" means any payment permitted by the Finance Documents, any payment of interest (but not principal) under a Permitted Loan and payments of surplus cash from the General Account in accordance with Clause 20.6.3 and Clause 20.7 of the Facility Agreement

"Property" means all present and future freehold and leasehold property including the property details of which are set out in Section 2 of Schedule 1 (*The Properties*) of the Debenture including all.

- (a) land, cellars, vaults, underground tunnels, eaves, canopies, structures and the like used or enjoyed in connection with it now or in the future,
- (b) buildings, fixtures (including trade fixtures) and fixed plant and machinery and other structures now or in future on it, and
- (c) easements, access-rights, rights of way, wayleaves and rights attaching to it

"Relevant Contracts" means each and all of

- (a) each contract in respect of any disposal of any Charged Asset,
- (b) each Occupational Lease,
- (c) each Headlease,
- (e) any managing agent's agreement, and
- (f) all other agreements, in which a Chargor has an interest,

in each case, including any guarantees or sureties entered into in respect of them

"Rent" means all sums paid or payable to or for the benefit of the Company arising from the letting, use or occupation of all or any part of any Property, including, without limitation

- (a) rents, licence fees and equivalent sums reserved or made payable,
- (b) sums received (or receivable for the purposes of calculation of projections of future Rent) from any deposit held as security for performance of any tenant's obligations,
- (c) proceeds of insurance in respect of loss of rent or interest on rent,

- (d) receipts (or sums receivable for the purposes of calculating projections of future Rent) from or the value of consideration given for the grant, surrender or variation of any Occupational Lease,
- (e) any Service Charge Proceeds and insurance premia reimbursement,
- (f) proceeds paid (or payable for the purposes of calculating projections of future Rent) for a breach of covenant or dilapidations under any Occupational Lease in relation to a Property and for expenses incurred in relation to any such breach,
- (g) any contribution to a sinking fund paid by an occupational tenant under an Occupational Lease,
- (h) any contribution by an occupational tenant of a Property to ground rent due under any Occupational Lease out of which an Obligor derives its interest in that Property,
- (i) any payment from a guarantor or other surety in respect of any of the items listed in this definition,
- (j) interest, damages or compensation in respect of any of the items in the definition, and
- (k) any amount which represents VAT chargeable in respect of any such sum

“VAT” means value added tax as provided for in the Value Added Tax Act 1994 and any other tax of a similar nature

PricewaterhouseCoopers LLP
The Atrium
1 Harefield Road
Uxbridge Middlesex, UB8 1EX
Telephone +44 (0) 189 552 2000
Facsimile +44 (0) 189 552 2020

The Directors,
Kandahar Academy II Limited,
Nuffield House,
41-46 Piccadilly,
London W1T 0DS

4 July 2007

Dear Sirs

Report of the Independent Auditor to the directors of Kandahar Academy II Limited pursuant to Section 156(4) of the Companies Act 1985

We report on the attached statutory declaration of the directors dated 4 July 2007, prepared pursuant the Companies Act 1985, in connection with the proposal that the company should give financial assistance following the purchase of all of the shares of the company for the purpose of reducing or discharging the liability incurred at the time of such purchase. This report, including the opinion, has been prepared for and only for the company and the company's directors in accordance with Section 156(4) of the Companies Act 1985 and for no other purpose. We do not, in giving the opinion set out below, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

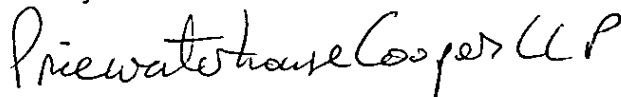
Basis of opinion

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 statutory 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



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors