

G

CHFP025

Please do not
write in this
margin

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

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

* insert full name
of company
§ insert name(s) and
address(es) of all
the directors

† delete as
appropriate

§ delete whichever
is inappropriate

Holdings Limited and
Holdings Limited

COMPANIES FORM No. 155(6)a
**Declaration in relation to
assistance for the acquisition
of shares**

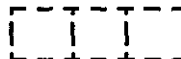
71
155(6)a

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

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

For official use

Company number



3550482

Name of company

* CITY LINK (CARDIFF) LIMITED

X We **DAVID WILLIAM BOWLER** of Timbers, 14 Watling Lane, Dorchester on
Thames, Oxfordshire OX10 7JG.
DAVID JOHN FINCH of Larchwood House, Magpies, Crocker End, Henley-on-
Thames, Oxon RG9 5BE.
STEPHEN JOHN EAST of Whiteladies, Birch Hill, Shirley Hills, Croydon,
Surrey CR0 5HT.
ROBERT THOMAS WARE of Woodley Lodge, Duffield Road, Woodley,
Berkshire RG5 4RL.

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

The business of the company is:

~~(a) that of a recognised bank, licensed institution within the meaning of the Banking Act 1978~~
~~(b) that of a person authorised under section 4 of the Insurance Companies Act 1982 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

~~XXXXXXXXXX~~ [company's holding company] City Link (Cardiff) Holdings

Limited]†

The assistance is for the purpose of ~~XXXXXXXXXX~~ [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 'A' ordinary shares

of £1 each and 50,000 'B' ordinary shares of £1 each in the capital of City Link (Cardiff)

10,500,000 redeemable preference shares of £1 each in the capital of City Link (Cardiff)

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

Berwin Leighton Paisner
, Adelaide House, London
Bridge, London, , EC4R 9HA
Ref: SM/N0084.440
#2369033

92 LONDON/CHANCERY LANE

For official Use
General Section

Post room



LD2
COMPANIES HOUSE

0495
20/06/03

The assistance is to be given to: (note 2) (i) Vinci (Holdings) Limited of Astral House, Imperial
Way, Watford, Hertfordshire WD24 4WW (ii) MEPC Cardiff Limited of Nations House, 103 Wignore
Street, London W1H 9AB and (iii) City Link Cardiff (Holdings) Limited of Astral House, Imperial
Way, Watford, Hertfordshire WD24 4WW.

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 Annexure 1

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

† delete as
appropriate

Vinci (Holdings) Limited in respect of 50,000 'B' ordinary shares of £1 each and 5,250,000
redeemable preference shares of £1 each and MEPC Cardiff Limited in respect of 50,000 "A" Ordinary

Share of £1 each and 5,250,000 redeemable preference shares of £1 each.

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

See Annexure 2

The amount of cash to be transferred to the person assisted is £ 10,500,000

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 7 days of today's date

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

~~X~~We have formed the opinion, as regards this company's initial situation immediately following the date on which the assistance is proposed to be given, that there will be no ground on which it could then be found to be unable to pay its debts. (note 3)

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

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


(b) ~~XXXXXX is intended to commence the winding up of this company, with XXXX from the XXXX date, and XXXX~~
~~XXXX has formed the opinion that this company will be able to pay its debts in full within 12 months of the~~
~~XXXX commencement of the winding up.* (note 3)~~

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

Declared at

Freshfield

Declarants to sign below



Day Month Year
on 05 06 2003

before me

R-A c HAN OH A R

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

SS Broadway
Lower set

Spent
with
Officer

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

CITY LINK (CARDIFF) LIMITED

Annexure 1

- 1 The execution by the Company of a Facilities Agreement (the "Facilities Agreement") between the Company and Barclays Bank Plc ("Barclays") in terms of which Barclays shall lend and advance to the Company a certain sum to a maximum of £30,000,000 (the "Facility").
- 2 The execution by the Company of a novation agreement (the "Novation Agreement") between the Company, Barclays and the Welsh Development Agency (the "WDA") in terms of which the Company in consideration for the payment to it of the maximum sum of £55,000,000 shall novate to Barclays its right title and interest in and to, and its obligations under and pursuant to the WDA Debt Instrument Deed (referred to in paragraph 5, below) including the Company's right to receive the payments from the WDA due under the WDA Debt Instrument Deed.
- 3 The execution by the Company of an upstream facility agreement (the "Upstream Facility Agreement") between the Company and City Link (Cardiff) Holdings Limited ("Holdings") in terms of which the Company shall lend and advance the sum of £10,500,000 to enable Holdings to redeem 10,500,000 redeemable preference shares of £1 each in the capital of Holdings (the "Redeemable Preference Shares") which Redeemable Preference Shares were issued in part consideration for the sale to Holdings of 50,000 'A' ordinary shares of £1 each and 50,000 'B' ordinary shares of £1 each in the capital of the Company by, respectively, MEPC Cardiff Limited ("MEPC") and Vinci (Holdings) Limited ("Vinci") pursuant to a share exchange agreement (the "Share Exchange Agreement") between Vinci, Vinci Investments Limited ("Investments"), MEPC, Holdings and the Company (the "Shares").
- 4 The payment by the Company of up to £2,000,000 to Investments and £2,000,000 to MEPC in part repayment of the subordinated loans of £2,658,309.50 made by each of Investments and MEPC to the Company (the "Subordinated Loans") under the terms of subordinated loan agreements dated 8 July 1999 between the Company and respectively, Investments and MEPC (the "Subordinated Loan Agreements").

- 5 The execution by the Company of a debt instrument deed (the "WDA Debt Instrument Deed") between the Company and the WDA in terms of which the WDA acknowledges to the Company that a certain sum (up to a maximum sum of £85,000,000) is due by the WDA to the Company and undertakes to make payment of such sums to the Company or any Permitted Transferee of the Company on the further terms set out in the WDA Debt Instrument Deed. The aforesaid sum derives from a portion of the unitary payments (the "Unitary Payments") outstanding by the WDA to the Company (and acknowledged to be so outstanding by the WDA to the Company under the WDA Debt Instrument Deed) under the terms of a project agreement (the "Project Agreement") dated 8 July 1999 between the Company and the Cardiff Bay Development Corporation (whose obligations under that agreement have now been assumed by the WDA) relating to the project for the development of Lloyd George Way, Cardiff (the "Project").
- 6 The payment by the Company of the costs incurred by itself, Barclays, MEPC, Vinci, Investments and Holdings for legal, accounting and other advice given to them in relation to the Share Exchange Agreement, the Upstream Facility Agreement, the Subordinated Loans, the Facilities Agreement, the Novation Agreement, the documents referred to below, and matters incidental thereto.
- 7 The execution by the Company of a security trust and inter-creditor deed between the Company, Investments and MEPC and Barclays, in its capacity as security trustee and hedging counterparty (the "Security Trustee") (the "Security Trust and Inter-Creditor Deed").
- 8 The execution by the Company of a debenture between the Company and the Security Trustee (the "Debenture").
- 9 The execution by the Company of three hedging documents (the "Hedging Documents"):
- 9.1 an ISDA Novation Agreement to be entered into between SMBC Capital Markets Inc., Barclays and the Company;
- 9.2 an ISDA Novation Agreement to be entered into between HBOS Treasury Services PLC, Barclays and the Company;
- 9.3 an ISDA Master Agreement and schedule between Barclays and the Company (the "ISDA Master Agreement and Schedule").

- 10 The execution by the Company of an agreement with the WDA and the Security Trustee in terms of which, *inter alia*, it is proposed that the WDA will agree not to terminate the Project Agreement other than in certain defined circumstances (the "WDA Direct Agreement").
- 11 The execution by the Company of an agreement with the Security Trustee and Norwest Holst Construction Limited in terms of which, *inter alia*, it is proposed that Norwest Holst Construction Limited will agree not to terminate its maintenance agreement for the maintenance and operation of Lloyd George Way with the Company dated 8 July 1999 other than in certain specified circumstances (the "O&M Direct Agreement").
- 12 The execution by the Company of a share mortgage (the "Share Mortgage") between Holdings, the Security Trustee and the Company.
- 13 The entering into by the Company of a deed of variation with the WDA varying the terms of the Project Agreement (the "Deed of Variation") containing the payment by the Company to the WDA of a fee of £3,000,000 towards future payments of unitary charge under the Project Agreement.
- 14 The execution by the Company of a Commercial Development Deed of Variation between the Company and MEPC (the "Commercial Development Deed of Variation").
- 15 The execution by the Company of a letter addressed by Barclays to the Company dealing with the arrangement fee payable by the Company to Barclays (the "Arrangement Fee Letter").
- 16 The execution by the Company of a letter addressed by Barclays to the Company in relation to the agency fees payable by the Company to Barclays (the "Agency Fee Letter").

CITY LINK (CARDIFF) LIMITED

Annexure 2

- 1 Under the Facilities Agreement, Barclays agrees to make available to the Company a term facility ("Term Facility") of a certain sum (to a maximum sum of £25,000,000) and a standby facility ("Standby Facility") of a certain sum (to a maximum sum of £5,000,000) (together the "Facility") on the following principal terms:
 - 1.1 following satisfaction of conditions precedent under the Facilities Agreement, the Term Facility shall be made available to the Company for the period of one month;
 - 1.2 following satisfaction of conditions precedent under the Facilities Agreement, the Standby Facility shall be made available to the Company for the period up to the date falling 6 months prior to the Final Maturity Date;
 - 1.3 the Term Facility and the Standby Facility shall attract interest at specified intervals (the "Interest Period") at the agreed interest rate plus LIBOR plus Reserve Costs;
 - 1.4 in respect of the Term Facility each Interest Period after the First Repayment Date shall be six months and no Interest Period shall expire later than the date of repayment of the Term Facility and the Standby Facility;
 - 1.5 in respect of the Standby Facility each Interest Period after the First Repayment Date shall be one month, two months, three months, six months (as elected by the Company) or as otherwise agreed by the Company and the Banks;
 - 1.6 the final date of repayment of the Term Facility is 29 February 2024 (the "Final Maturity Date");
 - 1.7 the Standby Facility is a revolving facility and accordingly, subject to the Company's right to redraw the same, the Company shall repay each Standby Advance on the last day of the Interest Period relating thereto;

- 1.8 the Company, on at least 5 business days' irrevocable prior written notice, shall be entitled to prepay the Term Facility in whole or in part (subject to agreed levels of minimum payment);
- 1.9 the Company agrees to give Barclays certain warranties, representations and undertakings;
- 1.10 Barclays shall be entitled on written notice to the Company to cancel the Facility or any part of it and demand immediate repayment of any sums outstanding under the Facility in certain defined circumstances which include the Company's failure to pay any sum due under the Facility Agreement within 5 business days of the due date for payment;
- 1.11 or, if such breach cannot be remedied within such 30 day period, the Company has not begun to remedy such failure within such 30 day period and has not remedied such failure within 60 days of such notice or such longer period as Barclays as the Facility Agent (acting reasonably) may allow;
- 1.12 the Facilities Agreement is a syndicated facility under which Barclays acts as the Original Bank, Facility Agent and Security Trustee;
- 1.13 unless and until outstandings under the Upstream Facility Agreement (including accrued but unpaid interest) have been repaid in full, the Company shall procure that distributions are first applied, by way of set-off, against sums due under the Upstream Facility Agreement.
- 2 Under the Novation Agreement, the Company novates to Barclays its right title and interest in and to, and its obligations under and pursuant to the WDA Debt Instrument Deed including the Company's right to receive payment from the WDA of a certain sum (up to the maximum sum of £85,000,000) (the "Receivables") on the following principal terms:
- 2.1 the novation sum (the "Novation Sum") payable by Barclays to the Company for the Receivables shall be up to the maximum sum of £55,000,000 which Novation Sum shall be paid by Barclays to the Company at completion of the Novation Agreement;
- 2.2 the WDA confirms that the WDA will from the date of such completion discharge its obligations under the WDA Debt Instrument Deed in favour of Barclays;

- 2.3 the Company shall give certain warranties (as at the date of the Novation Agreement except in the case of the warranty that the WDA has no right to set off or take similar action under the WDA Debt Instrument Deed (the "Set Off Warranty") which is a continuing warranty) to Barclays in respect of, *inter alia*, the Receivables, the rights and obligations outstanding under the WDA Debt Instrument Deed, the Company's authority to enter into the Receivables Purchase Agreement and the absence of any set off or construction;
- 2.4 The Company shall indemnify Barclays on a continuing basis and agrees to pay to Barclays on demand any amount by which the Novation Sum less any sums which have been received under the WDA Debt Instrument Deed at any relevant time by the Holder (under the terms of the WDA Debt Instrument Deed) exceeds the net present value of future payments to be received by the Holder thereunder by reason of the calculation performed by the Financial Model being incorrect in any respect;
- 2.5 Barclays shall be entitled on notice to the Company to require the Company to repurchase the Receivables for a sum equal to the Novation Sum less sums already received by Barclays in the event that the Set Off Warranty is materially incorrect;
- 2.6 the Company guarantees the obligations of the WDA to make payments under the WDA Debt Instrument Deed to the extent that if:-
- 2.6.1 the WDA shall fail to make any payment under the WDA Debt Instrument Deed; and
- 2.6.2 Barclays shall have exhausted all its remedies against the WDA; and
- 2.6.3 Barclays shall have served notice on the Company to that effect;

the Company shall make such payment to Barclays and the WDA shall forthwith indemnify the Company for such payment. For the avoidance of doubt the WDA will not be obliged to indemnify the Company for any liability, loss, cost or expense whatsoever incurred by the Company under this clause other than the payments which the WDA fails to make under the WDA Debt Instrument Deed.

- 3 Under the Upstream Facility Agreement, the Company undertakes to make the amount of £10,500,000 plus capitalised interest available to Holdings (the "Upstream Facility") on the following principal terms:
- 3.1 the Upstream Facility shall be made available to Holdings in one drawing (subject to Holdings being entitled to draw a lesser amount on at least 5 business days' notice to the Company before the date when the drawdown of the Upstream Facility is required);
- 3.2 the Upstream Facility shall attract interest at specified intervals (the "Interest Dates") at the agreed interest rate of £6.5% per annum (the "Interest");
- 3.3 each Interest Period shall be 6 months and no Interest Period may expire later than the date for repayment of the Upstream Facility;
- 3.4 the date of repayment of the Upstream Facility is 30 June 2025 (the "Repayment Date");
- 3.5 up and until the Repayment Date, the capital and interest outstanding by Holdings to the Company from time to time shall be set off to the extent of any dividends payable by the Company at the anticipated intervals set out in schedule 3 to the Upstream Facility Agreement;
- 3.6 Holdings, on at least 10 business days' irrevocable prior written notice, shall be entitled to prepay the Upstream Facility in whole or in part (subject to agreed levels of minimum payment);
- 3.7 Holdings agrees to give the Company certain warranties, representations and undertakings;
- 3.8 the Company shall be entitled on written notice to Holdings to cancel the Upstream Facility or any part of it and demand immediate repayment of any sums outstanding under the Upstream Facility in certain defined circumstances which include Holdings' failure to pay any sum due under the Upstream Facility Agreement on the due date for payment or a breach by Holdings of any undertaking or other obligation set out in the Upstream Facility Agreement which although capable of remedy is not remedied within 5 business days of receipt of written notice from the Company.

- 4 The Subordinated Loan Repayments shall be made in cash to each of Investments and MEPC. In making the Subordinated Loan Repayments, the Company will discharge a maximum of £2,000,000 of the £2,658,309.50 lent and advanced by each of Investments and MEPC under the terms of their respective Subordinated Loan Agreements. Under the terms of the Subordinated Loan Agreements, the loans are repayable by the Company to Investments and MEPC by instalments though if the lender under each of the Subordinated Loan Agreements is satisfied that the Company has sufficient available surplus cash, the lender may require the Company to discharge the whole or part of the debt at any time in an amount that is equal to a corresponding discharge of liabilities under the other Subordinated Loan Agreement (save that all repayments are subject to the Company's obligations under the Facilities Agreement and the obligations of MEPC and Investments under the Security Trust and Inter-creditor Deed). The Subordinated Loans are secured by debentures between the Company and, respectively, MEPC and Investments.
- 5 Under the WDA Debt Instrument Deed (the "Deed"), the WDA acknowledges that the Company has carried out a substantial portion of its obligations under the Project Agreement and undertakes to make payment by monthly instalments to the Company or any Permitted Transferee of the Company (as defined in the Deed) of the Payments on the following, further, principal terms:
- 5.1 the WDA shall have no right of set-off or counterclaim against payments to be made by it under the Deed and all such payment shall be made free and clear of and without any deduction for or on account of any set-off or counterclaim;
- 5.2 in the event that the WDA fails to make payment of any sum payable under the Deed within 10 business days of such sum becoming due then the Company (or its Permitted Transferee, as the case may be) shall be entitled on notice to the WDA to require the WDA to forthwith make payment to it of all sums outstanding under the Deed (together with accrued interest thereon);
- 5.3 interest at the rate of 4 per cent. above the base rate of Barclays Bank Plc from time to time shall accrue on any outstanding payment by the WDA under the Deed from the due date for payment until the date of actual payment; and
- 5.4 the Company may transfer its rights, benefits and obligations under the Deed to a permitted transferee by the delivery to the WDA of a duly completed and executed Transfer Certificate (as set out in the first schedule to the Deed) or as otherwise may be agreed between the Company and the WDA.

- 6 It is intended that the Company will pay the fees and expenses of Freshfields Bruckhaus Deringer, Berwin Leighton Paisner, RSM Robson Rhodes LLP, PricewaterhouseCoopers and Operis Group Plc, incurred by itself, Vinci, Investments, MEPC, Barclays and/or Holdings for legal, accounting and other advice given to or to be given in relation to the Share Exchange Agreement, the Upstream Facility Agreement, the Subordinated Loans, the Facilities Agreement, Novation Agreement, the WDA Debt Instrument Deed, the documents referred to below, and matters incidental thereto, which fees and expenses comprise less than 1 per cent. of the net assets of the Company.
- 7 Under the Security Trust & Inter-Creditor Deed, the Company undertakes that it will not, at any time before the Debt Discharge Date, except with the consent of the Security Trustee:
- 7.1 pay, prepay or repay, or make any distribution in respect of, or purchase or acquire, any of the Subordinated Debt in cash or in kind except for Permitted Subordinated Payments;
- 7.2 exercise any set-off against any Subordinated Debt, except to the extent that payment of such Subordinated Debt would constitute a Permitted Subordinated Payment;
- 7.3 create or permit to subsist any security over any of its assets for, or any guarantees or other assurance against financial loss for or in respect of, Subordinated Debt;
- 7.4 take or omit to take any action whereby the ranking and/or subordination of Subordinated Debt contemplated by this Deed is impaired.
- 8 Under the Debenture, the Company undertakes to discharge the Company's obligations of any kind (whether present or future, actual or contingent and whether incurred alone or jointly with another) under the Facilities Agreement and as a continuing security for such discharge and with full title guarantee, charges to the Security Trustee:
- 8.1 by way of first fixed equitable charge, all Real Property (if any) now vested in the Company and all Real Property acquired by it after the date of this Deed;
- 8.2 by way of first fixed charge:-

- 8.2.1 all plant, machinery and equipment now or hereafter owned by the Company (and not effectively charged under paragraph 8.1 above), and its interest in any plant, machinery, or equipment now or hereafter in its possession;
- 8.2.2 all Shares and their Related Rights now or hereafter beneficially owned by the Company;
- 8.2.3 all its rights under or in connection with any contracts or policies of insurance or indemnities taken out now or hereafter by or on behalf of the Company or (to the extent of its interest) in which the Company has an interest other than, in any such case, general public and products liability insurance, directors' and officers' liability insurance (other than in any of the foregoing cases monies receivable thereunder by the Company) and all insurances required by law, and all claims of whatsoever nature relating thereto and returns of premium in respect thereof;
- 8.2.4 all the present and future goodwill of the Company;
- 8.2.5 all the present and future uncalled capital of the Company;
- 8.2.6 all the present and future Intellectual Property Rights of the Company;
- 8.2.7 all book debts;
- 8.2.8 all Account Balances referable to the Secured Accounts;
- 8.2.9 all negotiable instruments;
- 8.2.10 all its rights under or in connection with all present and future licences held in connection with the business of the Company or the use of any Charged Asset (but excluding any such licence which requires the consent of the licensor for the creation of this Charge and in respect of which such consent has not been obtained), and the right to recover and receive all compensation which might be payable to it in respect of such licences;
- 8.3 by way of first floating charge, all its assets, including assets expressed to be charged by paragraphs 8.1 and 8.2 above.
- 9 Under the Hedging Documents the Company agrees to make fixed payments in respect of interest rates and indexation liabilities derived from the Facilities Agreement and Project Agreement in consideration for the payment by the Hedging Counterparty of floating payments in respect of such interest rate and indexation

liabilities. Failure to make the required payments may result in the Hedging Documents being terminated and the relevant trades being closed-out.

- 10 The Company joins in the WDA Direct Agreement for the purpose of:
 - 10.1 agreeing to the provisions of Clause 3.1 of the WDA Direct Agreement;
 - 10.2 acknowledging that after the occurrence of an Event of Default in respect of which the Security Trustee has made a declaration pursuant to Condition 10 of the Facilities Agreement that the Facility is immediately due and payable or the issue of a Termination Notice any payment properly made by the Security Trustee or the appointed Representative on its behalf pursuant to the Project Agreement or the WDA Direct Agreement shall create a liability on the part of the Company to reimburse the Security Trustee therefor;
 - 10.3 acknowledging that it has notice of and agrees to be bound by the provisions of the WDA Direct Agreement; and
 - 10.4 agreeing not knowingly to do nor to omit to do anything that may prevent any party from enforcing its rights under the WDA Direct Agreement otherwise than as may be necessary for the proper performance by the Company of its obligations under the Facilities Agreement and/or the Project Documents.
- 11 The Company joins in the O&M Direct Agreement for the purpose of:
 - 11.1 agreeing to the provisions of clause 4.1 of the O&M Direct Agreement;
 - 11.2 acknowledging that any payment made by the Security Trustee or the Representative on its behalf shall create a liability on the part of the Company to reimburse the Security Trustee therefor;
 - 11.3 acknowledging that it has notice of and agrees to be bound by the provisions of the O&M Direct Agreement; and
 - 11.4 agreeing not knowingly to do nor to omit to do anything that may prevent any party from enforcing its rights under the O&M Direct Agreement otherwise than as may be necessary for the proper performance by the Company of its obligations under the Facilities Agreement and/or the Project documentation.
- 12 Under the Share Mortgage, Holdings as security for the performance of the obligations of the Company (whether present or future, actual or contingent) under

the Facilities Agreement and with full title guarantee charges to the Security Trustee by way of a first legal mortgage its shareholding in the Company, namely 50,000 'A' ordinary shares of £1 each and 50,000 'B' ordinary shares of £1 each in the Company and any shares which may be subsequently acquired.

- 13 Under the Deed of Variation the Company and the WDA agree to vary the terms of the Project Agreement as follows:
 - 13.1 to reflect the creation of the WDA Debt Instrument Deed the Company shall pay to the WDA a fee of £3,000,000 towards future payments of Unitary charge;
 - 13.2 the ability of the WDA to require a CBDC Change in respect of services be deleted;
 - 13.3 the Company's obligation to fund the first £3m capital costs arising from CBDC Changes be deleted;
 - 13.4 the definition of Development Conditions Precedent will be corrected by replacing "or" with "and" at the end of paragraph (a) (i);
 - 13.5 following satisfaction or waiver of the Development Conditions Precedent, the Company will not be in breach of its obligations to Commence Development or Practically Complete (as the case may be) any Development if either the act or omission that would have otherwise constituted a breach is remedied within 6 months of the occurrence thereof or the Company establishes, as at the date of any such breach, to the satisfaction of CBDC (acting reasonably) either that the relevant Development Conditions Precedent have ceased to be satisfied or that there is no reasonable economic case to Commence Development or Practically Complete (as the case may be) the Development;
 - 13.6 to modify the formula for calculating compensation in the event of the Authority terminating the Project Agreement pursuant to Clause 38 of the Project Agreement.

- 14 Under the Commercial Development Deed of Variation the Company and MEPC agree to vary the terms of the Commercial Development Project Agreement dated 8 July 1999 so as to insert the word "irrevocably" into the security power of attorney.
- 15 Under the Arrangement Fee Letter, the Company agrees to pay to Barclays a fee for the arrangement of the sums to be advanced under the Facilities Agreement.
- 16 Under the Agency Fee Letter, the Company agrees to pay the fees of Barclays in the sum of £25,000 in aggregate per annum to Barclays.

RSM Robson Rhodes

5 June 2003

The Directors
City Link (Cardiff) Limited
Astral House
Imperial Way
Watford
Hertfordshire
WD24 4WW

RSM Robson Rhodes LLP
186 City Road, London EC1V 2NU
T 020 7251 1644 F 020 7250 0801
www.rsmi.co.uk/financialservices

Our Ref: GDW/RJB/LT

Dear Sirs

AUDITORS' REPORT TO THE DIRECTORS OF CITY LINK (CARDIFF) LIMITED PURSUANT TO SECTION 156(4) OF THE COMPANIES ACT 1985

We have examined the attached statutory declaration of the Directors of City Link (Cardiff) Limited ('the Company') dated 5 June 2003 in connection with the proposal that the Company should give financial assistance for the purchase of the shares of City Link (Cardiff) 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

RSM Robson Rhodes LLP

RSM Robson Rhodes LLP
Chartered Accountants and Registered Auditors

RSM Robson Rhodes LLP is a limited liability partnership and is an independent member firm of RSM International, an affiliation of independent accounting and consulting firms.

RSM Robson Rhodes LLP is registered to carry on audit work by the Institute of Chartered Accountants in England and Wales and is authorised by the Financial Services Authority. Licensed in accordance with the Employment Agencies Act SE (A) 2132

Offices at: Birmingham, Bristol, Cambridge, Dublin, Edinburgh, Hemel Hempstead, Leeds, Manchester. Registered office: 186 City Road, London EC1V 2NU at which a list of members may be inspected.

Registered in England and Wales No. OC304188



INVESTOR IN PEOPLE