

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

**155(6)b**

TUESDAY



LD4 03/07/2007 360  
COMPANIES HOUSE

Page 1

Please do not  
write in this  
margin

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

The assistance is to be given to (note 2) Chestnutbay AcquisitionCo Limited (company  
number 6259744) whose registered office is at Seventh Floor, 90 High Holborn,  
London WC1V 6XX

Please see Exhibit 2

† delete as appropriate

Please see Exhibit 3

The value of any asset to be transferred to the person assisted is £ None

Please do not  
write in this  
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The date on which the assistance is to be given is within 8 weeks of today's date

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

☒ 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) ☐ [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

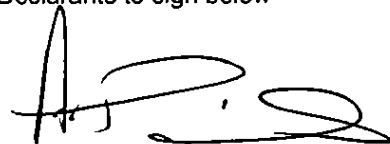
(b) ☒ ~~We have formed the opinion that this company will be unable to pay its debts as they fall due during the year immediately following that date]\* (note 3)~~

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

90 High Holborn, London WC1V 6XX

Declarants to sign below



on 

Day	Month	Year
28	06	2007

before me 

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



## NOTES

- 1 For the meaning of "a person incurring a liability" and "reducing or discharging a liability" see section 152(3) of the Companies Act 1985
- 2 Insert full name(s) and address(es) of the person(s) to whom assistance is to be given, if a recipient is a company the registered office address should be shown
- 3 Contingent and prospective liabilities of the company are to be taken into account - see section 156(3) of the Companies Act 1985
- 4 The auditors report required by section 156(4) of the Companies Act 1985 must be annexed to this form
- 5 The address for companies registered in England and Wales or Wales is -

The Registrar of Companies  
Companies House  
Crown Way  
Cardiff  
CF14 3UZ

or, for companies registered in Scotland -

The Registrar of Companies  
Companies House  
37 Castle Terrace  
Edinburgh  
EH1 2EB

**Company Number: 4134749**

**COMPANIES FORM 155(6)b**

**CHESTNUTBAY LIMITED**

**("the Company")**

**for**

**ACORNDRIVE LIMITED**

**("the Subsidiary Company")**

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**Exhibit 1**

This is Exhibit 1 to the Statutory Declaration and Companies House Form 155(6)b made by all the directors of the Company on 28 June 2007

In Exhibits 1, 2 and 3 capitalised terms, unless otherwise defined herein, shall have the meanings set out in Exhibit 4

The entire issued share capital of the Company, being

- 1 480,356 A Ordinary Shares of £1 00,
- 2 1,633,856 B Ordinary Shares of £0 01,
- 3 1 C Ordinary Share of £3, and
- 4 108,518 D Ordinary Shares of £0 01,

each in the capital of the Company

**Company Number: 4134749**

**COMPANIES FORM 155(6)b**

**CHESTNUTBAY LIMITED**

**("the Company")**

**for**

**ACORNDRIVE LIMITED**

**("the Subsidiary Company")**

---

**Exhibit 2**

This is Exhibit 2 to the Statutory Declaration and Companies House Form 155(6)b made by all the directors of the Company on 28 June 2007

In Exhibits 1, 2 and 3 capitalised terms, unless otherwise defined herein, shall have the meanings set out in Exhibit 4

The financial assistance given by the Subsidiary Company will take the form of

- 1      The execution, delivery and performance by the Subsidiary Company of its obligations under the Debenture
- 2      The execution, delivery and performance by the Subsidiary Company of its obligations under the Intra-Group Funding Agreement
- 3      The execution, delivery and performance by the Subsidiary Company of its obligations under the Intercreditor Agreement
- 4      The execution, delivery and performance by the Subsidiary Company of its obligations under an Accession Letter to the Credit Agreement
- 5      The execution, delivery and performance by the Subsidiary Company of its obligations under the Deed of Release
- 6      The performance of any acts or the execution of any documents, ancillary or otherwise relating to the above documents or transaction

**Company Number. 4134749**

**COMPANIES FORM 155(6)b**

**CHESTNUTBAY LIMITED**

**("the Company")**

**for**

**ACORNDRIVE LIMITED**

**("the Subsidiary Company")**

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**Exhibit 3**

This is Exhibit 3 to the Statutory Declaration and Companies House Form 155(6)b made by all the directors of the Company on 28 June 2007

In Exhibits 1, 2 and 3 capitalised terms, unless otherwise defined herein, shall have the meanings set out in Exhibit 4

The principal terms on which the financial assistance by the Subsidiary Company will be given are

- 1 By executing the Debenture the Subsidiary Company will, amongst other things
  - 1 1 undertake to pay each of its Liabilities when due in accordance with its terms or, if they do not specify a time for payment, immediately on demand by the Security Trustee,
  - 1 2 with full title guarantee and as security for the payment of all Liabilities (whether of the Subsidiary Company or any other Chargor, charge in favour of the Security Trustee (as Security Trustee and trustee for the Secured Parties)
    - 1 2 1 by way of first legal mortgage, all Real Property in England and Wales (including that described in Schedule 3 (Real Property) of the Debenture, now belonging to it,
    - 1 2 2 by way of first fixed equitable charge, all other Real Property now belonging to it and all Real Property acquired by it in the future, and
    - 1 2 3 by way of first fixed charge, all its present and future
      - 1 2 3 1 Book Debts,
      - 1 2 3 2 Bank Accounts,
      - 1 2 3 3 Investments,
      - 1 2 3 4 uncalled capital and goodwill,

1 2 3 5 Intellectual Property,

1 2 3 6 rental income,

1 2 3 7 beneficial interest in any pension fund,

1 2 3 8 plant and machinery (except that mortgaged or charged by the  
Debenture)

1 2 3 9 Insurances and all related proceeds, claims of any kind, returns of  
premium and other benefits

- 1 3 The Subsidiary Company with full title guarantee and as security for the payment of all Liabilities (whether of the Subsidiary Company or any other Chargor) assigns absolutely to the Security Trustee (as security trustee and trustee for the Secured Parties) all its rights, title and interest in the proceeds of any insurances and in the Assigned Agreements and any other agreements, contracts, deeds, undertakings, guarantees, warranties or other documents now or hereafter entered into by or given to the Subsidiary Company (to the extent that they are capable of being assigned) provided that on payment or discharge in full of all money or liabilities due whether in respect of principal, interest or otherwise owing or incurred to any Secured Party by the Subsidiary Company or any other Obligor, the Security Trustee will at the request and cost of the Subsidiary Company re-assign the Assigned Agreements to the Subsidiary Company (or as it shall direct)
- 1 4 Until the Security has become enforceable, but subject to clause 12 4 of the Debenture (*Assigned Agreements*), the Subsidiary Company may continue to deal with the counterparties to the relevant Assigned Agreements
- 1 5 The Subsidiary Company with full title guarantee and as security for the payment of all Liabilities (whether of the Subsidiary Company or any other Chargor), charges in favour of the Security Trustee (as Security Trustee and trustee for the Secured Parties) by way of first floating charge its undertaking and all its assets, both present and future (including assets expressed to be charged by Clause 3 (Fixed Charges) of the Debenture, as set out in paragraph 1 2 above
- 1 6 The floating Charge created by the Subsidiary Company pursuant to Clause 4 1 (Creation) of the Debenture is a "qualifying floating charge" for the purposes of paragraph 14 2(a) of Schedule B1 to the Insolvency Act 1986 Paragraph 14 of Schedule B1 to the Insolvency Act 1986 shall apply to the Debenture and the Security Trustee may appoint an Administrator of any Chargor pursuant to that paragraph
- 1 7 The floating charge created by the Subsidiary Company ranks
- 1 7 1 behind all fixed Charges created by the Subsidiary Company, but
- 1 7 2 in priority to any other Security over the Charged Assets of the Subsidiary Company except for Security ranking in priority in accordance with paragraph (f) of Schedule 2 (Rights of Receivers) of the Debenture

- 1 8 The Subsidiary Company shall not create or permit to subsist any Security over any Charged Assets nor do anything else prohibited by Clause 25 15 (Negative Pledge) of the Credit Agreement, except as permitted by that clause
- 1 9 The Subsidiary Company shall not (nor shall the Subsidiary Company agree to) enter into a single transaction or a series of transactions (whether related or not and whether voluntary or involuntary) to sell, lease, licence, sub-licence, transfer or otherwise dispose of any Charged Asset except as permitted by Clause 25 16 (Disposals) of the Credit Agreement
- 1 10 The Subsidiary Company shall promptly do whatever the Security Trustee requires
- 1 10 1 to perfect or protect the Charges or the priority of the Charges, or
- 1 10 2 to facilitate the realisation of the Charged Assets or the exercise of any rights vested in the Security Trustee or any Receiver,
- including executing any transfer, conveyance, charge, assignment or assurance of the Charged Assets (whether to the Security Trustee or its nominees or otherwise), making any registration and giving any notice, order or direction
- 1 11 The Subsidiary Company shall, within three Business Days of demand, pay to the Security Trustee the amount of all costs, losses, liabilities and expenses (including legal fees) incurred by any Secured Party, any Receiver or any Delegate in relation to any Finance Document (including the administration, protection, realisation, enforcement or preservation of any rights under or in connection with the Debenture, or any consideration by the Security Trustee as to whether to realise or enforce the same, and/or any amendment, waiver, consent or release of any Finance Document and/or any other document referred to in the Debenture
- 1 12 The Subsidiary Company shall indemnify each Secured Party against any and all costs, losses, liabilities or expenses together with any associated VAT incurred by each Secured Party arising (directly or indirectly) out of or in connection with
- 1 12 1 any breach or potential breach of or liability (whether civil and/or criminal) under any Environmental Law,
- 1 12 2 any responsibility on the part of any Secured Party in respect of any clean up, repair or other corrective action, or
- 1 12 3 the business or any Real Property of any Chargor
- 2 By executing the Intra-Group Funding Agreement (which is subject to the Intercreditor Agreement) the Subsidiary Company will, amongst other things
- 2 1 as a Lender (under and as defined in the Intra-Group Funding Agreement) grant to each borrower listed in Schedule 1 of the Intra-Group Funding Agreement being Chestnutbay Middleco Limited, Chestnutbay Acquisitionco Limited, Chestnutbay Limited, Acorndrive Limited, Acorndrift Limited, Asquith Court Holdings Limited, Goosebrook Limited,



Rivertide Day Nurseries Limited, Cheshire Plato LLP, Asquith Nurseries Limited, Asquith Nurseries Developments Limited, Kinderstart Day Nurseries Limited, Asquith Court Nurseries Limited and Secret Garden (Wilmington) Limited (each a "Borrower", and such term shall include the Subsidiary Company where the context so permits or requires) a revolving loan facility upon the terms and conditions of the Intra-Group Funding Agreement,

- 2 2 as a Borrower agree to pay interest at the rate of 10 per cent per annum which shall accrue from day to day (on the basis of a 365 day year) on the outstanding Advances and may be rolled up pursuant to the terms of the Intra-Group Funding Agreement,
  - 2 3 as a Borrower agree to pay, on demand and on a full indemnity basis, all costs and expenses including, without limitation, legal fees incurred from time to time by any Lender in connection with the Intra-Group Funding Agreement on a pro rata basis
  - 3 By executing the Intercreditor Agreement, the Subsidiary Company will, amongst other things
    - 3 1 until the Senior Discharge Date, the Subsidiary Company shall not except with the prior consent of the Majority Senior Lenders, amend or give any waiver or consent under any provision of any Hedging Document which would result in
      - 3 1 1 any Hedging Document ceasing to comply with the requirements of Clause 3 of the Intercreditor Agreement,
      - 3 1 2 any change to the amount to be paid or scheduled payment dates under any Hedging Document (subject to reductions for prepayments),
      - 3 1 3 any Obligor being subject to more onerous obligations as a whole than those contained in the Hedging Document as originally entered into or obligations which could conflict with any provision of the Intercreditor Agreement,
      - 3 1 4 any Obligor becoming liable to make an additional payment (or increase an existing payment) under any Hedging Document, other than any liability arising under the Hedging Documents as at the date of the Intercreditor Agreement, or
      - 3 1 5 the assignment of any of its rights or transfer of any of its rights or obligations under any Hedging Document to any person unless and until the Security Trustee receives an Accession Deed duly completed and signed on behalf of that person,
- other than any amendment, waiver or consent purely of a technical or administrative nature
- 3 2 until the Senior Discharge Date, the Subsidiary Company shall not, except with the prior consent of an Instructing Group, amend or give any waiver or consent under any provision of any Parent Document which would result in

- 3 2 1 the interests of the Senior Finance Parties or the ranking and/or subordination contemplated by the Intercreditor Agreement, being adversely affected,
  - 3 2 2 any change to the basis on which any amounts (including fees) accrue, are calculated or are payable under any Parent Document,
  - 3 2 3 any member of the Group being subject to more onerous obligations as a whole than those contained in the Parent Documents at the date of the Intercreditor Agreement or obligations which would conflict with any provision of the Intercreditor Agreement, or
  - 3 2 4 any member of the Group becoming liable to make an additional payment (or increase an existing payment) under any Parent Document, other than any liability arising under the Parent Documents as originally entered into,
- other than any amendment, waiver or consent purely of a technical or administrative nature
- 3 3 until the Senior Discharge Date, the Subsidiary Company shall not, except with the prior consent of an Instructing Group, amend or give any waiver or consent under any provision of any Parent Investor Document which would result in
- 3 3 1 the interests of the Senior Finance Parties or the ranking and/or subordination contemplated by the Intercreditor Agreement, being adversely affected,
  - 3 3 2 any charge to the basis on which any amounts (including fees) accrue, are calculated or are payable under any Parent Investor Document,
  - 3 3 3 any member of the Group being subject to more onerous obligations as a whole than those contained in the Parent Investor Documents at the date of the Intercreditor Agreement or obligations which would conflict with any provision of the Intercreditor Agreement, or
  - 3 3 4 any member of the Group becoming liable to make an additional payment (or increase an existing payment) under any Parent Investor Document, other than any liability arising under the Parent Investor Documents as originally entered into,
- other than any amendment, waiver or consent purely of a technical or administrative nature
- 3 4 until the Senior Discharge Date, the Subsidiary Company shall not, except with the prior consent of an Instructing Group
- 3 4 1 demand or receive payment, repayment or prepayment of any principal, interest or other amount on or in respect of, or any distribution in respect

- of, any Intra-Group Debt in cash or in kind or apply any money or property in or towards discharge of any Intra-Group Debt, except as permitted by Clause 9 2 (Permitted Intra-Group Payments) or Clause 12 3 (Filing of claims) of the Intercreditor Agreement,
  - 3 4 2 exercise any set-off against any Intra-Group Debt, except as permitted by Clause 9 2 (Permitted Intra-Group Payments) or Clause 12 3 (Filing of claims) of the Intercreditor Agreement,
  - 3 4 3 permit to subsist or receive any Security, or any guarantee, for, or in respect of, any Intra-Group Debt,
  - 3 4 4 claim or rank as a creditor in the insolvency, winding-up, bankruptcy or liquidation of any member of the Group other than in accordance with Clause 12 3 (Filing of claims) of the Intercreditor Agreement,
  - 3 4 5 sue, claim or bring proceedings against any Obligor or Intra-Group Borrower for breach of any representation, warranty or undertaking by any Obligor or Intra-Group Borrower under or in connection with any Intra-Group Document, or
  - 3 4 6 take or omit to take any action whereby the ranking and/or subordination contemplated by the Intercreditor Agreement may be impaired
- 3 5 until the Senior Discharge Date, the Subsidiary Company shall not, except with the prior consent of an Instructing Group
  - 3 5 1 pay, repay or prepay any principal, interest or other amount on or in respect of, or make any distribution in respect of, or redeem, purchase or defease, any Intra-Group Debt in cash or in kind, except as permitted by Clause 9 2 (Permitted Intra-Group Payments) or Clause 12 3 (Filing of claims) of the Intercreditor Agreement,
  - 3 5 2 exercise any set-off against any Intra-Group Debt, except as permitted by Clause 9 2 (Permitted Intra-Group Payments) or Clause 12 3 (Filing of claims) of the Intercreditor Agreement,
  - 3 5 3 create or permit to subsist any Security over any of its assets, or give any guarantee, for, or in respect of, any Intra-Group Debt, or
  - 3 5 4 take or omit to take any action whereby the ranking and/or subordination contemplated by the Intercreditor Agreement may be impaired
- 3 6 until the Senior Discharge Date, the Subsidiary Company shall not (and the Parent shall ensure that no member of the Group will), except with the prior consent of the Majority Senior Lenders
  - 3 6 1 pay, repay or prepay any principal, interest or other amount on or in respect of, or make any distribution in respect of, or redeem, purchase or

- defease, any Hedging Debt in cash or in kind, except as permitted by Clause 9 1 (Permitted Hedging Payments) or Clause 12 3 (Filing of claims) of the Intercreditor Agreement,
- 3 6 2 exercise any set-off against any Hedging Debt, except as permitted by Clause 9 1 (Permitted Hedging Payments) or Clause 12 3 (Filing of claims),
- 3 6 3 create or permit to subsist any Security (excluding Transaction Security) over any of its assets, or give any guarantee, for, or in respect of, any Hedging Debt,
- 3 6 4 terminate (or close out any transaction under) any Hedging Document prior to its stated maturity, except in accordance with Clause 3 2 (Hedging Documents) of the Intercreditor Agreement,
- 3 7 until the Senior Discharge Date, the Subsidiary Company shall not (and the Parent shall ensure that no member of the Group will), except with the prior consent of an Instructing Group
- 3 7 1 pay, repay or prepay any principal, interest or other amount on or in respect of, or make any distribution in respect of, or redeem, purchase or defease, any Subordination Debt in cash or in kind, except for the capitalisation of interest in accordance with the Finance Documents or as permitted by Clause 9 (Permitted Payments) or Clause 12 3 (Filing of claims) of the Intercreditor Agreement,
- 3 7 2 exercise any set-off against any Subordinated Debt, except as permitted by Clause 9 (Permitted Payments) or Clause 12 3 (Filing of claims) of the Intercreditor Agreement,
- 3 7 3 create pr permit to subsist any Security (excluding Transaction Security) over any of its assets, or give any guarantee, for, or in respect of, any Subordinated Debt,
- 3 7 4 amend, terminate or give any waiver or consent under any Finance Document, other than any amendment, termination, waiver or consent purely of a technical or administrative nature, or
- 3 7 5 take or omit to take any action whereby the ranking and/or subordination contemplated by the Intercreditor Agreement may be impaired
- 3 8 if any trust intended to arise pursuant to Clause 11 1 (Turnover of Non-Permitted Payments) or Clause 12 4 (Distributions) in the Intercreditor Agreement fails or for any reason (including the laws of any jurisdiction in which any assets, moneys, payments or distributions may be situated) cannot be given effect to, the relevant Party will pay to the Security Trustee for application in accordance with Clause 18 1 (Order of application) of the Intercreditor Agreement an amount equal to the amount (or the value of the relevant assets) intended to be so held on trust for the Security Trustee

- 3 9 if the Subsidiary Company is obliged to pay any amount to the Security Trustee in accordance with Clause 11 (Turnover of Non-Permitted Payments) or Clause 14 (Subordination on insolvency)
- 3 9 1 the relevant Obligor or Intra-Group Borrower shall indemnify the Subsidiary Company (to the extent of its liability for the relevant amount so paid) for any costs, liabilities and expenses incurred by it as a result of it having to make that payment, and
- 3 9 2 the relevant Debt in respect of which the Subsidiary Company made that payment to the Security Trustee will be deemed not to have been reduced or discharge in any way or to any extent by the relevant payment, distribution, proceeds or other discharge
- 3 10 to the extent not already paid under another Finance Document, the Subsidiary Company and each Subordinated Party will, within three Business Days of demand, pay to each Secured Party, for its own account only, the amount of all costs and expenses (including legal fees) incurred by that Secured Party in connection with the enforcement or preservation of that person's rights against the Subsidiary Company or Subordinated Party under the Intercreditor Agreement
- 4 By executing the Accession Letter, the Subsidiary Company will, amongst other things
- 4 1 irrevocably and unconditionally jointly and severally guarantee to each Finance Party punctual performance by each other Obligor of all that Obligor's obligations under the Finance Documents,
- 4 2 undertake with each Finance Party that whenever another Obligor does not pay any amount when due under or in connection with any Finance Document, the Subsidiary Company shall immediately on demand pay that amount as if it was the principal obligor,
- 4 3 indemnify 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 costs, loss or liability shall be equal to the amount which that Finance Party would otherwise have been entitled to recover,
- 4 4 immediately on demand indemnify the Issuing Bank against any cost, loss or liability incurred by the Issuing Bank (otherwise than by reason of the Issuing Bank's gross negligence or wilful misconduct) in acting as the Issuing Bank under the Letter of Credit,
- 4 5 immediately on demand reimburse any Lender for any payment it makes to the Issuing Bank under Clause 7 3 of the Credit Agreement in respect of the Letter of Credit,
- 4 6 if any sum due from the Subsidiary Company under the Finance Documents (a "Sum"), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the "First Currency") in which that Sum is payable into another currency (the "Second Currency") for the purpose of

- 4 6 1 making or filing a claim or proof against the Subsidiary Company, or
- 4 6 2 obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

the Subsidiary Company shall as an independent obligation, within three Business Days of demand, indemnify the Arranger and each other Secured Party to whom that Sum is due against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that person at the time of its receipt of that Sum

- 4 7 waive any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency or currency unit other than that in which it is expressed to be payable,
- 4 8 promptly indemnify the Security Trustee and every Receiver and Delegate against any cost, loss or liability incurred by any of them as a result of
  - 4 8 1 the taking, holding, protection or enforcement of the Transaction Security,
  - 4 8 2 the exercise of any of the rights, powers, discretions and remedies vested in the Security Trustee and each Receiver and Delegate by the Finance Documents or by law, and
  - 4 8 3 any default by any Obligor in the performance of any of the obligations expressed to be assumed by it in the Finance Documents
- 4 9 guarantee to each Finance Party punctual performance by each other Obligor of all that Obligor's obligations under the Finance Documents,
- 4 10 undertake with each Finance Party that whenever another Obligor does not pay any amount when due under or in connection with any Finance Document, the Subsidiary Company shall immediately on demand pay that amount as if it was the principal obligor,
- 4 11 indemnify 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
- 5 By executing the Deed of Release, the Subsidiary Company will, amongst other things
  - 5 1 pay all costs in connection with the execution of all such additional deeds, documents, memoranda, agreements or instruments, as may be reasonably necessary to give effect to the discharges and releases and re-assignments effected by the Deed of Release

Company Number. 4134749

**COMPANIES FORM 155(6)b**

**CHESTNUTBAY LIMITED**

**("the Company")**

**for**

**ACORNDRIVE LIMITED**

**("the Subsidiary Company")**

---

**Exhibit 4**

This is Exhibit 4 to the Statutory Declaration and Companies House Form 155(6)b made by all the directors of the Company on 28 June 2007

In Exhibits 1, 2 and 3 capitalised terms, unless otherwise defined herein, shall have the following meanings

<b>"Accession Deed"</b>	means a deed substantially in the form set out in Schedule 3 (Form of Accession Deed) of the Intercreditor Agreement,
<b>"Accession Letter"</b>	means a document substantially in the form set out in Schedule 7 (Form of Accession Letter) of the Credit Agreement,
<b>"Administrator"</b>	means an administrator appointed under Schedule B1 to the Insolvency Act 1986,
<b>"Advances"</b>	means an advance made or to be made by any Lender (as listed in Schedule 1 to the Intra-Group Funding Agreement) to any "Borrower" (as listed in Schedule 1 to the Intra-Group Funding Agreement) under the loan facility provided for in Clause 2.1 of the Intra-Group Funding Agreement,
<b>"Arranger"</b>	Kaupthing Bank hf,
<b>"Assigned Agreements"</b>	means the Insurances, the Intra-Group Funding Agreement and the leases in respect of leasehold property to which the Subsidiary Company is a party and that is secured by the Debenture

<b>"Bank"</b>	means Kaupthing Bank hf,
<b>"Bank Accounts"</b>	means all current, deposit or other accounts with any bank or financial institution in which the Subsidiary Company now or in the future has an interest and (to the extent of its interest) all balances now or in the future standing to the credit of or accrued or accruing on those accounts,
<b>"Book Debts"</b>	means all book and other debts of any nature, and all other rights to receive money (excluding Bank Accounts), now or in the future due, owing or payable to the Subsidiary Company and the benefit of all related negotiable instruments, rights, Security, guarantees and indemnities of any kind,
<b>"Business Days"</b>	means a day on which banks are open for business in London, other than Saturday or Sunday,
<b>"Charges"</b>	means all or any of the Security created or expressed to be created pursuant to the Debenture,
<b>"Charged Assets"</b>	means the assets from time to time subject, or expressed to be subject, to the Charges or any part of those assets,
<b>"Chargor"</b>	means Goosebrook Limited, Rivertide Day Nurseries Limited, Kinderstart Day Nurseries Limited, Chestnutbay Limited, Acorndrive Limited, Asquith Court Holdings Limited, Acorndrift Limited, Asquith Nurseries Developments Limited, Asquith Nurseries Limited, Asquith Court Nurseries Limited and Secret Garden (Wilmington) Limited,
<b>"Credit Agreement"</b>	a credit agreement between, among others, Newco and the Bank for the provision of a term loan of £75,000,000 and a £4,000,000 revolving credit facility,
<b>"Debenture"</b>	means a fixed and floating security document to be entered into by, amongst others, the Subsidiary Company in favour of the Bank acting as Security Trustee,



<b>"Debt"</b>	means any Senior Debt, Hedging Debt or Subordinated Debt,
<b>"Deed of Release"</b>	means a deed of release between, amongst others, HSBC Bank Plc and the Subsidiary Company,
<b>"Delegate"</b>	means a delegate or sub-delegate appointed under Clause 16.2 (Delegation) of the Debenture,
<b>"Environmental Law"</b>	means any applicable law or regulation which relates to <ul style="list-style-type: none"> <li>(a) the pollution or protection of the environment,</li> <li>(b) harm to or the protection of human health,</li> <li>(c) the conditions of the workplace, or</li> <li>(d) any emission or substance capable of causing harm to any living organism or the environment,</li> </ul>
<b>"Facility Limit"</b>	means the maximum aggregate amount due and owing from time to time pursuant to the Transaction Documents, including but not limited to amounts of principal, interest, all and any fees, costs and expenses (including any gross-up payments together with any other amount owed by any Obligor to any party under the Transaction Documents from time to time, <b>provided that</b> such amount does not in any event exceed £79,000,000,
<b>"Finance Document"</b>	mean the Credit Agreement, any Accession Letter, the Intra-Group Funding Agreement, any Compliance Certificate, any Fee letter, the Hedging Agreement, the Intercreditor Agreement, any Resignation Letter, any Selection Notice, any Transaction Security Document, any Utilisation Request and any other document designated as a "Finance Document" by the Agent and the Parent under the Credit Agreement (as such terms are defined in the Credit Agreement),

<b>"Group"</b>	means the Parent, the Subsidiary Company and each of their respective Subsidiaries for the time being,
<b>"Hedging Document"</b>	means each document entered into or to be entered into between an Obligor and a Hedge Counterparty (as defined in the Intercreditor Agreement) or approved by the Security Trustee under Clause 28.2 (Accession of Hedge Counterparty) of the Intercreditor Agreement,
<b>"Hedging Debt"</b>	means all present and future moneys, debts and liabilities due, owing or incurring by an Obligor to any Hedge Counterparty (as defined in the Intercreditor Agreement) under or in connection with any Hedging Document (in each case, whether alone or jointly, or jointly and severally, with any other person, whether actually or contingently, and whether as principal, surety or otherwise) together with any related Additional Debt (as defined in the Intercreditor Agreement),
<b>"Instructing Group"</b>	means the Majority Senior Lenders,
<b>"Insurances"</b>	means all contracts and policies of insurance of any kind now or in the future taken out by or on behalf of the Subsidiary Company or (to the extent of its interest) in which it now or in the future has an interest,
<b>"Intellectual Property"</b>	means all trade marks, service marks, trade names, domain names, logos, get-up, patents, inventions, registered and unregistered design rights, copyrights, topography rights, database rights, rights in confidential information and know-how, and any associated or similar rights anywhere in the world, which the Subsidiary Company now or in the future owns or (to the extent of its interest) in which it now or in the future has an interest (in each case whether registered or unregistered and including any related licences and sub-licences of the same granted by it or to it, applications and rights to apply for the same),

**"Intercreditor Agreement"**

means an intercreditor agreement between, amongst others, Newco, the Subsidiary Company, the Security Trustee, the Original Parent Investors (as defined therein) and the Bank pursuant to the terms of which the parties acknowledge the arrangements between themselves and their rights, responsibilities, claims, priorities and subordination against and in respect of each other,

**"Intra-Group Borrower"**

means

- (a) any Original Intra-Group Borrower, and
- (b) any member of the Group which has become an Intra-Group Borrower in accordance with Clause 28.8 (Assignments and transfers by Intra-Group Lenders and Intra-Group Borrowers) or Clause 28.9 (Accession of Intra-Group Borrowers and Intra-Group Lenders) of the Intercreditor Agreement,

**"Intra-Group Debt"**

all present and future moneys, debts and liabilities due, owing or incurred by an Intra-Group Borrower to any Intra-Group Lender (in each case, whether alone or jointly, or jointly and severally, with any other person, whether actually or contingently, and whether as principal, surety or otherwise) together with any related Additional Debt (as defined in the Intercreditor Agreement),

**"Intra-Group Document"**

means all documents, agreements and instruments evidencing any Intra-Group Debt,

**"Intra-Group Funding Agreement"**

means an intra-group funding agreement between Newco, and certain of the Subsidiary Company's subsidiaries whereby the Subsidiary Company and certain of its subsidiaries would, if requested by Newco, lend to Newco such sums as Newco considers necessary to meet its payment obligations under and in respect of, amongst other things, the Credit Agreement,

**"Intra-Group Lender"**

means

- (a) any Original Intra-Group Lender, and
- (b) any member of the Group which has become an Intra-Group Lender in accordance with Clause 28.9 (Assignments and transfer by Intra-Group Lenders and Intra-Group Borrowers) or Clause 28.10 (Accession of Intra-Group Borrowers and Intra-Group Lenders) of the Intercreditor Agreement,

which in each case has not ceased to be an Intra-Group Borrower in accordance with the Intercreditor Agreement,

**"Investments"**

means

- (a) securities and investments of any kind (including shares, stock, debentures, units, depositary receipts, bonds, notes, commercial paper and certificates of deposit),
- (b) warrants, options or other rights to subscribe for, purchase or otherwise acquire securities and investments,
- (c) all rights relating to securities and investments which are deposited with, or registered in the name of, any depositary, custodian, nominee, clearing house or system, investment manager, chargee or other similar person or their nominee, in each case whether or not on a fungible basis (including rights against any such person), and
- (d) all other rights attaching or relating to securities or investments and all cash or other securities or investments in the future deriving from Investments or such rights,

in each case now or in the future owned by the Subsidiary Company or (to the extent of

	its interest) in which it nor or in the future has an interest,
<b>"Issuing Bank"</b>	means Kaupthing Bank hf,
<b>"Letter of Credit"</b>	means <ul style="list-style-type: none"> <li>(a) a letter of credit, substantially in the form set out in Schedule 12 (Form of Letter of Credit) of the Credit Agreement or in any other form requested by Newco (or the Parent on its behalf) and agreed by the Agent and the Issuing Bank, or</li> <li>(b) any guarantee, indemnity or other instrument in a form requested by Newco (or the Parent on its behalf) and agreed by the Agent and the Issuing Bank,</li> </ul>
<b>"Liabilities"</b>	means all present and future moneys, debts and liabilities due, owing or incurred by the Subsidiary Company to any Secured Party under or in connection with any Finance Document (in each case, whether alone or jointly, or jointly and severally, with any other person, whether actually or contingently and whether as principal, surety or otherwise),
<b>"Majority Senior Lenders"</b>	means the Majority Lenders as defined in the Credit Agreement,
<b>"Newco"</b>	means Chestnutbay AcquisitionCo Limited,
<b>"Obligor"</b>	means Newco, Parent or a company which becomes a Guarantor in accordance with Clause 28 (Changes to the Obligors) of the Credit Agreement,
<b>"Parent"</b>	means Chestnutbay MiddleCo Limited,
<b>"Parent Document"</b>	means <ul style="list-style-type: none"> <li>(a) the loan agreement between the Parent and Newco, and</li> <li>(b) any other document (including articles of association or other constitutional</li> </ul>

documents), agreement or instrument under or pursuant to which any sum is or becomes or is capable of becoming due, owing or incurred from or by any Obligor to the Parent in its capacity as Parent (and not as an officer or employee or otherwise),

**"Parent Investor Documents"**

means

- (a) the loan notes issued by the Parent Investors to the Parent, and
- (b) any other document (including articles of association or other constitutional documents), agreement or instrument under or pursuant to which any sum is or becomes or is capable of becoming due, owing or incurred from or by any Obligor to any Parent Investor in its capacity as Parent Investor (and not as an officer or employee or otherwise),

**"Properties"**

has the meaning given to that term in the Credit Agreement,

**"Real Property"**

means freehold property as set out in Schedule 3 (Real Property) of the Debenture in England and Wales and other real property anywhere in the world (in each case including any estate or interest therein, all rights from time to time attached or relating thereto and all Fixtures (as defined in the Debenture) from time to time therein or thereon),

**"Receiver"**

means a receiver and manager or other receiver appointed in respect of the Charged Assets and shall, if allowed by law, include an administrative receiver,

**"Secured Parties"**

means each Finance Party from time to time party to the Credit Agreement and any Receiver or Delegate,

**"Security"**

means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other

	agreement or arrangement having a similar effect,
<b>"Security Trustee"</b>	means Kaupthing Bank hf,
<b>"Senior Debt"</b>	means all present and future moneys, debts and liabilities due, owing or incurred by any Obligor to any Senior Finance Party under or in connection with any Senior Finance Document, (in each case, whether alone or jointly, or jointly and severally, with any other person, whether actually or contingently, and whether as principal, surety or otherwise), together with any related Additional Debt but excluding any Hedging Debt,
<b>"Senior Default"</b>	means an Event of Default as defined in the Credit Agreement,
<b>"Senior Declared Default"</b>	means a Senior Default which has resulted in the Senior Agent exercising any of its rights under Clause 26 19 (Acceleration) of the Credit Agreement,
<b>"Senior Discharge Date"</b>	means the date on which the Security Trustee is satisfied that all Senior Debt and Hedging Debt has been fully and irrevocably paid or discharged and all commitments of the Senior Finance Parties and the Hedge Counterparty in respect of the Senior Debt or, as the case may be, the Hedging Debt have expired or been cancelled,
<b>"Senior Finance Documents"</b>	means the Finance Documents (as defined in the Credit Agreement) and any other document documenting New Senior Commitments but excluding the Hedging Documents,
<b>"Senior Finance Parties"</b>	means the Finance Parties as defined in the Credit Agreement,
<b>"Subordinated Debt"</b>	means any Parent Debt, Parent Investor Debt or Intra-Group Debt,
<b>"Transaction Document"</b>	means the Finance Documents, the Acquisition Documents, the Shareholders' Agreements, the Shareholders' Loan

	Agreement, the Vendors' Note Documents, the Guarantee Facility Agreement and the Constitutional Documents (as such documents are defined in the Credit Agreement),
<b>"Transaction Security"</b>	means the Security created or expressed to be created in favour of the Security Trustee pursuant to the Transaction Security Documents,
<b>"Transaction Security Documents"</b>	means each of the documents listed as being a Transaction Security Document in paragraph 3(f) of Part IA of Schedule 2 (Conditions Precedent) and any document required to be delivered to the Agent under paragraph 2(b) of Part IB of Schedule 2 (Conditions Precedent) of the Credit Agreement together with any other document entered into by any Obligor creating or expressed to create any Security over all or any part of its assets in respect of the obligations of any of the Obligors under any of the Finance Documents,
<b>"VAT"</b>	means value added tax as provided for in the Value Added Tax Act 1994 and any other tax of a similar nature,
<b>"Vendor"</b>	means Lyceum Capital Partners LLP,
<b>"Vendor Documents"</b>	means <ul style="list-style-type: none"> <li>(a) the £8,000,000 series A floating rate unsecured guaranteed loan notes due 2008 of Newco,</li> <li>(b) any other document, agreement or instrument under or pursuant to which any sum is or becomes or is capable of becoming due, owing or incurred from or by any Obligor to any Vendor in its capacity as Vendor</li> </ul>



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28 June 2007

Dear Sirs

**Report of the Independent Auditor to the directors of Chestnutbay Limited (the "Company") pursuant to Section 156(4) of the Companies Act 1985**

We report on the attached statutory declaration dated 28 June 2007, prepared pursuant to the Companies Act 1985, in connection with the proposal that the Company's subsidiary undertaking, Acorndrive Limited, should give financial assistance for the purchase of the entire issued share capital of the Company. This report, including the opinion, has been prepared for and only for the Company and the Company's directors in accordance with Section 156 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