

DATED 8 May 2003

(1) CGIS GROUP (NO. 3) LIMITED

(2) C.G.I.S. LITTLEHAMPTON LIMITED

SUBORDINATED LOAN AGREEMENT

Landwell
Southwark Towers
32 London Bridge
SE1 9AE

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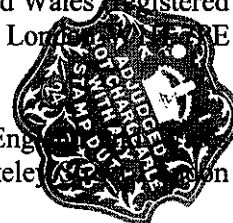


AGREEMENT

DATED 8 May 2003

BETWEEN:

- (1) **CGIS GROUP (NO. 3) LIMITED**, a company incorporated in England and Wales (registered number 4608483), having its registered office at 10 Upper Berkeley Street London W1H 7PE (the "**Lender**"); and
- (2) **C.G.I.S. LITTLEHAMPTON LIMITED**, a company incorporated in England (registered number 4316344), having its registered office at 10 Upper Berkeley Street London W1H 7PE (the "**Borrower**").



PRELIMINARY:

- (A) The Borrower is a direct subsidiary of the Lender.
- (B) The Borrower wishes to borrow from the Lender and the Lender wishes to lend to the Borrower on the terms and subject to the conditions of this Agreement.

IT IS AGREED as follows:

1 DEFINITIONS AND INTERPRETATION

In this Agreement, unless inconsistent with the context or otherwise specified:

1.1 the following expressions have the following meanings:

"Amount"	:	£50,757;
"Event of Default"	:	one or more of the events referred to in clause 7;
"Loan"	:	the loan to be made available by the Lender to the Borrower pursuant to this Agreement;
"Maturity Date"	:	30 June 2003;
"Shares"	:	irredeemable preference shares of £0.01 each in the capital of the Borrower; and
"Term"	:	the period commencing on the date of this Agreement and ending on the Maturity Date,

1.2 references to clauses are to clauses of this Agreement; and

1.3 clause headings are included for the convenience of the parties only and do not affect its interpretation.

2 THE LOAN

The Lender hereby makes available to the Borrower, upon the terms and subject to the conditions contained in this Agreement, a loan in an aggregate maximum principal amount of £7,095,995.

3 DRAWDOWN

The Borrower shall drawdown the whole of the Loan on the date hereof and the Lender shall forthwith pay the amount drawdown to the Borrower.

4 SUBORDINATION

The rights of the Lender under this Agreement are subject to the terms of a deed of subordination executed or to be executed by the Borrower, the Lender and any other subsidiary of the Lender in favour of Bayerische Hypo-und Vereinsbank Aktiengesellschaft, London Branch (as security trustee) in respect of inter alia moneys due from the Borrower to the Lender (including without limitation the Loan).

5 CONSIDERATION

The consideration to be given by the Borrower in respect of the Loan shall be the repayment of the principal amount of the Loan and the allotment and issue to C.G.I.S. (No.3) Finance Four Limited, a wholly owned subsidiary of the Lender, on the Maturity Date, of such number of Shares as have, in aggregate, a market value of the Amount on the date of issue.

6 REPAYMENT AND PREPAYMENT

6.1 At the end of the Term the Borrower shall repay the Loan.

6.2 The Borrower may, without giving the Lender prior notice to that effect, prepay the whole but not part of the Loan.

6.3 In the event of the Borrower making pre-payment of the Loan:

6.3.1 the number of Shares to be allotted and issued to C.G.I.S. (No.3) Finance Four Limited pursuant to clause 5 shall be such number of Shares as have, in aggregate, a market value on the date of their issue of:

$\text{the Amount} \times (D/A)$

where D is the number of days which have elapsed between the date on which the Loan was drawn down pursuant to clause 3 and the date of pre-payment, including the day on which the Loan was drawn down but not including the day on which it was prepaid; and

where A is the number of days between the date on which the Loan was drawn down pursuant to clause 3 and the Maturity Date, including the day on which the Loan was drawn down but not including the Maturity Date,

6.3.2 such Shares shall, notwithstanding that the Loan shall have been prepaid, be allotted and issued to C.G.I.S. (No.3) Finance Four Limited by the Borrower on the date of prepayment.

7 EVENTS OF DEFAULT

7.1 Notwithstanding the provisions of clause 6, the Borrower shall become liable immediately to repay the Loan to the Lender, and to allot and issue to C.G.I.S. (No.3) Finance Four Limited such number of the Shares calculated in accordance with the formula set out in clause 6.3.1 above (with references in clause 6.3 to the date of pre-payment being the date of the occurrence

of the relevant Event of Default), and all the obligations of the Lender hereunder shall immediately terminate, upon the occurrence of any of the following events:

- 7.1.1 the Borrower fails to pay any amount payable hereunder as and when such amount becomes payable if such failure is not remedied on or before the thirtieth (30th) calendar day after it occurs;
- 7.1.2 the Borrower fails to perform or observe any covenant or agreement contained herein to be performed or observed by it, if such failure is not remedied on or before the thirtieth (30th) calendar day after it occurs;
- 7.1.3 any representation or warranty made pursuant to this Agreement proves to have been incorrect, incomplete or misleading in any material respect at the time it was made or repeated or deemed to have been made or repeated;
- 7.1.4 the Borrower fails to perform or observe any covenant or agreement to be performed or observed by the Borrower contained in any other agreement or instrument evidencing any amounts payable by the Borrower to the Lender;
- 7.1.5 the Borrower shall:
 - (a) apply for or consent to the appointment of, or the taking of possession by, a receiver, liquidator, administrator or similar office holder or appointee of itself or of all or a substantial part of its property or assets;
 - (b) make a general assignment for the benefit of its creditors;
 - (c) fail or be unable to pay its debts generally as they fall due;
 - (d) file a petition seeking to take advantage of, or relief under any law relating to liquidation, administration, dissolution or composition or adjustment of debts; or
 - (e) take any corporate action for the purpose of or with a view to effecting any of the foregoing,
- 7.1.6 a proceeding is commenced, without the application or consent of the Borrower, in any competent jurisdiction, seeking:
 - (a) the liquidation, administration or dissolution of the Borrower, or the composition or readjustment of its debts;
 - (b) the appointment of a receiver, liquidator, administrator or similar office holder or appointee for it or for all or a substantial part of its property or assets; or
 - (c) similar relief in respect thereof under any law relating to bankruptcy, insolvency, administration, reorganisation, winding-up, or composition or adjustment of debts,

and such proceeding shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of sixty (60) or more calendar days;

- 7.1.7 any governmental authority or court takes any action that, in the reasonable opinion of the Lender, adversely affects the condition of the Borrower or its ability to perform its obligations under this Agreement, if such action is not rescinded on or before the thirtieth (30th) calendar day after it occurs or if such rescission ceases to be in effect;
- 7.1.8 any change in control of the Borrower occurs (and for the purposes of this Agreement "control" has the meaning given to such expression in section 416 of the Income and Corporation Taxes Act 1988); or
- 7.1.9 the Borrower sells or otherwise disposes of all or a substantial part of its property or assets or ceases to conduct all or a substantial part of its business as now conducted, or merges or consolidates with any other company without the prior written consent of the Lender.

7.2 The rights provided for herein are cumulative and are not exclusive of any other rights, powers, privileges or remedies provided by law.

8 COVENANTS

- 8.1 The Lender and the Borrower shall each obtain, make and keep in full force and effect all authorisations from and registrations with governmental authorities that are necessary for it to obtain, make and/or keep for the validity or enforceability of this Agreement.
- 8.2 The Borrower shall promptly give notice to the Lender of any such event that constitutes an Event of Default or that with the passage of time or the giving of notice could become an Event of Default, and of such other event that has or might have a material adverse effect on the Borrower's ability to perform its obligations under this Agreement.
- 8.3 The Borrower shall maintain sufficient unissued authorised share capital to enable it at any time (whether or not at any such time it is under legal obligations so to do) to issue the Shares to C.G.I.S. (No.3) Finance Four Limited.

9 TAXES

All payments to be made by the Borrower to the Lender under this Agreement shall be made free and clear of and without deduction for or on account of tax unless the Borrower is required to make such a payment subject to the deduction or withholding of tax.

10 DEFAULT INTEREST

If any sum due and payable by the Borrower hereunder is not paid when due, the Borrower shall on demand made by the Lender from time to time pay interest on such overdue amount (including overdue default interest) from the due date up to the date of actual payment at a rate per annum which is the sum from time to time of the base rate for the time being of the Bank of Scotland plc and one per cent. (1%).

11 PAYMENTS

All payments to be made by the Lender or by the Borrower under this Agreement shall be made by payment in pounds sterling and in immediately available, freely transferable, cleared funds to such account of the Borrower, or as the case may be the Lender, as the relevant party shall from time to time have specified to the other party for this purpose.

12 WARRANTIES

12.1 Each of the Lender and the Borrower hereby warrants, represents and undertakes to the other that:

12.1.1 it has the legal right and full power and authority to execute and deliver, and to exercise its rights and perform its obligations under, this Agreement;

12.1.2 all corporate action required by it validly and duly to authorise the execution and delivery of, and the exercise of its rights and performance of its obligations under, this Agreement, has been duly taken; and

12.1.3 this Agreement (when executed) will constitute valid and binding obligations of it enforceable in accordance with their respective terms.

13 FURTHER ASSURANCE

At any time (whether before or after the date of this Agreement) each party hereto shall do and execute, or procure to be done and executed, all necessary acts, deeds, documents and things as may be reasonably requested of it by the other party to give effect to this Agreement.

14 BENEFIT OF AGREEMENT

This Agreement shall be binding upon and enure to the benefit of each party hereto and its successors and assigns provided always that neither party hereto shall assign or transfer all or any of its rights, benefits and obligations hereunder without the prior written consent of the other.

15 REMEDIES AND WAIVERS

No failure by either party to exercise, nor any delay by either party in exercising, any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise thereof or the exercise of any other right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any rights or remedies provided by law.

16 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

A person who is not a party to this agreement has no right under The Contracts (Rights of Third Parties) Act 1999 to enforce any terms of this agreement, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

17 PARTIAL INVALIDITY, ILLEGALITY OR UNENFORCEABILITY

The invalidity, illegality or unenforceability of any provision of this Agreement shall not affect the continuation in force of the remainder of this Agreement.

18 NOTICES

18.1 Each demand, notice or other communication to be made hereunder shall (save as otherwise may be agreed by the Lender and the Borrower) be made in writing.

19 GOVERNING LAW

20 COUNTERPARTS

IN WITNESS WHEREOF the parties hereto or their duly authorised representatives have executed this Agreement the day and year first above written.

3) *Shm*

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