

G

CHFP025

COMPANIES FORM No. 155(6)b

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

155(6)b

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

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

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

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

For official use

Company number

[] [] [] [] [] []

SC037323

Name of company

* Compco Holdings Limited

XWe Ø Mark Neil Steinberg of 11 Wadham Gardens, London NW3 3DN; Terence
Shelby Cole of 10 Upper Berkeley Street, London W1H 7PE; Steven Ross
Collins of 70 Marlborough Place, St Johns Wood, London NW8 0PL; Sir
Christopher Kingston Howes KCVO CB of Westerly House, Aldeburgh,
Suffolk IP15 5EL and Bruce Smith Anderson of 2 Bramdean View,
Edinburgh EH10 6JX.

† delete as
appropriate

[XXXXXXXXXXXX] [all the directors]† of the above company (hereinafter called 'this company') do
solemnly and sincerely declare that:

§ delete whichever
is inappropriate

The business of this company is:

- (a) ~~that of a person authorised under section 1 of the Insurance Companies Act 1982 to carry on~~
~~insurance business in the United Kingdom~~
(b) ~~that of a person authorised under section 3 or 4 of the Insurance Companies Act 1982 to carry on~~
~~insurance business in the United Kingdom~~
(c) something other than the above§

This company is ~~not~~ [a] holding company of* Compco Brighton Limited

_____ which is
proposing to give financial assistance in connection with the acquisition of shares
in [this company] [_____
_____ ~~XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX~~

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

Denton Wilde Sapte
1 Fleet Place
London
EC4M 7WS

For official Use
General Section



6647558

The assistance is for the purpose of ~~the acquisition~~ [reducing or discharging a liability incurred for the purpose of that acquisition].† (note 1)

Please do not write in this margin

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

The number and class of the shares acquired or to be acquired is: 37,376,123 ordinary shares
of 20 pence each

The assistance is to be given to: (note 2) City & General Securities Limited
(Registered company number 04772368) having its registered office at 10
Upper Berkeley Street, London W1H 7PE

The assistance will take the form of:

See Part I of the attached Schedule

The person who [has acquired] ~~will acquire~~ the shares is:
City & General Securities Limited

† delete as appropriate

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

See Part II of the attached Schedule

The amount (if any) by which the net assets of the company which is giving the assistance will be reduced by giving it is Nil

The amount of cash to be transferred to the person assisted is £ Nil

The value of any asset to be transferred to the person assisted is £ Nil 6647558 Page 2

Please do not
write in this
margin

The date on which the assistance is to be given is Within 8 weeks of this declaration

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) ~~It is intended to commence the winding up of this company within 12 months of that date, and we have formed the opinion that this company will be able to pay its debts in full within 12 months of the commencement of the winding up.]~~* (note 3)

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

Declared at

Declarants to sign below

10 Upper Berkeley Street London.

Day Month Year
on 27 04 2004

before me

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

[Signatures]

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

CHFP025

155(6)b

6647558

The assistance is for the purpose of ~~XXXXXX~~ [reducing or discharging a liability incurred for the purpose of that acquisition].† (note 1)

Please do not
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Please complete
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in black type, or
bold block
lettering

The number and class of the shares acquired or to be acquired is: 37,376,123 ordinary shares
of 20 pence each

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(Registered company number 04772368) having its registered office at 10
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See Part I of the attached Schedule

The person who [has acquired] ~~XXXXXX~~ the shares is:
City & General Securities Limited

† delete as
appropriate

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

See Part II of the attached Schedule

The amount (if any) by which the net assets of the company which is giving the assistance will be reduced
by giving it is Nil

The amount of cash to be transferred to the person assisted is £ Nil

The value of any asset to be transferred to the person assisted is £ Nil

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The date on which the assistance is to be given is within 9 weeks of this declaration

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)

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

(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)

[illegible]

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

Declarants to sign below

Day Month Year
on 2/7 0/4 2/0/0/4

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.
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Crown Way
Cardiff
CF14 3UZ

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

Las Vegas, Nevada 12/99

**Schedule to the statutory declaration of the directors of Compco Holdings Limited
regarding Compco Brighton Limited (the Company)
pursuant to Section 155(6) of the Companies Act 1985**

PART I

The assistance will take the form of the execution, delivery and performance by the Company of its obligations as:

- (a) a Guarantor under:
 - (i) the Mezzanine Facility;
 - (ii) the Senior A Facility Agreement; and
 - (iii) the Senior B Facility Agreement;to each of which the Company will accede by delivery of a duly completed Accession Letter;
- (b) an Obligor under the Intercreditor Deed to which the Company will accede by way of an accession deed; and
- (c) chargor under the Debenture.

**Schedule to the statutory declaration of the directors of Compco Holdings Limited
regarding Compco Brighton Limited (the Company)
pursuant to Section 155(6) of the Companies Act 1985**

PART II

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

1 Under each of the Facility Agreements

(a) Guarantee and indemnity

Each Guarantor irrevocably and unconditionally jointly and severally:

- (i) guarantees to each Finance Party punctual performance by each Obligor of all that Obligor's obligations under the Finance Documents;
- (ii) undertakes with each Finance Party that whenever an Obligor does not pay any amount when due under or in connection with any Finance Document, that Guarantor shall immediately on demand pay that amount as if it was the principal obligor; and
- (iii) 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.

The guarantee referred to above 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.

(b) Mandatory Prepayment

Subject to payment of accrued interest and certain costs and fees, pursuant to the Senior A Facility Agreement and the Senior B Facility Agreement, where any Property or Properties (or the shares in any Obligor holding an interest in a Property or properties) is or are sold (whether voluntarily or compulsorily) in the case of the Senior A Facility Agreement and the Senior B Facility Agreement, prior to the Termination Date in accordance with clause 21.4 (*Disposals*) of such Facility Agreements, the Borrower shall pay or procure that the Net Sale Proceeds are immediately paid into the Bank Account. Immediately upon the date of such payment into the Bank Account (a "**Prepayment Date**"), the Borrower shall apply the Net Sale Proceeds in prepaying the relevant Facility according to the agreed order of prepayment; provided that if the Prepayment Date is a date other than the end of the then current Interest Period for the relevant Loan, the Net Sale Proceeds may at the option of the Borrower be retained in the Bank Account until the end of the then current Interest Period for that Loan, when they shall be applied in repayment of the Loan on that date.

(c) Default interest

If an Obligor fails to pay any amount payable by it under a Finance Document on its due date, interest shall accrue on the overdue amount from the due date up to the date

of actual payment (both before and after judgment) at a rate which, subject to clause 8.3(b) of the relevant Facility Agreement, is two per cent (2.0%) higher than the rate which would have been payable if the overdue amount had, during the period of non-payment, constituted a Loan for successive Interest Periods or quarters, as applicable, each of a duration selected by the Agent (acting reasonably). Any interest accruing under clause 8.3 of the relevant Facility Agreement shall be immediately payable by the Obligor on demand by the Agent.

(d) Tax gross-up

- (i) Each Obligor shall make all payments to be made by it under the Finance Documents without any Tax Deduction, unless a Tax Deduction is required by law.
- (ii) If a Tax Deduction is required by law to be made by an Obligor, the amount of the payment due from that Obligor shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.
- (iii) If an Obligor is required to make a Tax Deduction, that Obligor shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.
- (iv) Within thirty days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Obligor making that Tax Deduction shall deliver to the Agent for the Finance Party entitled to the payment evidence reasonably satisfactory to that Finance Party that the Tax Deduction has been made or (as applicable) that any appropriate payment has been paid to the relevant taxing authority.

(e) Value added tax

- (i) All consideration expressed to be payable under a Finance Document by any Obligor to a Finance Party shall be deemed to be exclusive of any VAT. If VAT is chargeable on any supply made by any Finance Party to any Obligor in connection with a Finance Document, that Obligor shall pay to the Finance Party (in addition to and at the same time as paying the consideration) an amount equal to the amount of the VAT.
- (ii) Where a Finance Document requires an Obligor to reimburse a Finance Party for any costs or expenses, that Obligor shall also at the same time pay and indemnify the Finance Party against all VAT incurred by the Finance Party in respect of the costs or expenses to the extent that the Finance Party reasonably determines that it is not entitled to credit or repayment in respect of the VAT.

(f) Currency indemnity

If any sum due from an Obligor 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 (i) making or filing a claim or proof against that Obligor; (ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings, that Obligor shall as an independent obligation, within three Business Days of demand, indemnify each

Finance 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.

(g) Other indemnities

The Borrower shall (or shall procure that an Obligor will), within three Business Days of demand, indemnify each Finance Party against any cost, loss or liability incurred by that Finance Party as a result of:

- (i) the occurrence of any Event of Default including without limitation, any cost, loss or liability arising as a result of clause 27 (*Sharing among the Finance Parties*) of the relevant Facility Agreement;
- (ii) funding, or making arrangements to fund, its participation in a Loan requested by the Borrower in a Utilisation Request but not made by reason of the operation of any one or more of the provisions of the relevant Facility Agreement (other than by reason of default or negligence by that Finance Party alone); or
- (iii) a Loan (or part of a Loan) not being prepaid in accordance with a notice of prepayment given by the Borrower.

(h) Amendment costs

If (a) an Obligor requests an amendment, waiver or consent or (b) an amendment is required pursuant to clause 28.9 (*Change of currency*) of the relevant Facility Agreement the Obligor shall, within three Business Days of demand, reimburse the Agent for the amount of all costs and expenses (including legal fees) reasonably incurred by the Agent in responding to, evaluating, negotiating or complying with that request or requirement.

(i) Further Support

Each Obligor undertakes to grant or procure the grant of further support to the Agent and the Lenders in the following manner:

- (i) If otherwise than pursuant to the Offer any Obligor acquires any Subsidiary with the prior written consent of the Agent pursuant to clause 21.9 (*Mergers and Acquisitions*) of the relevant Facility Agreement or a Dormant Company ceases to be Dormant, that Subsidiary will within 5 Business Days of demand by the Agent execute and deliver to the Agent an Accession Letter in accordance with clause 24.2 (*Additional Guarantors*) of the relevant Facility Agreement. Upon receipt by the Agent of such an Accession Letter from such Subsidiary, such Subsidiary shall automatically become an Additional Guarantor.
- (ii) Each Obligor will procure that each Subsidiary which is to execute an Accession Letter pursuant to paragraph 1(i) (i) above also constitutes in favour of the Security Trustee by no later than its delivery of the Accession Letter a Debenture (or a standard security in the agreed form (or in the absence of agreement, in the form specified by the Agent) in respect of any Property situated in Scotland) ("**Further Security Documents**") and undertakes

simultaneously therewith to procure the delivery to the Agent of such documents required by the Agent (acting reasonably), together with such other evidence that such Accession Letter and Further Security Documents are legal, valid and binding and enforceable obligations of such Subsidiary, as the Agent may request.

- (iii) Each Obligor shall, and shall procure that each of its Subsidiaries will, create and deliver to the Agent any other document that the Agent may from time to time reasonably require to be granted in accordance with the provision of any of the Finance Documents.

(j) Additional Guarantors

At any time on the date each Target Group Chargor delivers to the Agent the documents and evidence referred to in clause 21.31(a) and subject to compliance with sections 151-155 of the Companies Act 1985, the Borrower may request that any of its Subsidiaries become an Additional Guarantor. That Subsidiary shall become an Additional Guarantor if:

- (i) the Borrower delivers to the Agent a duly completed and executed Accession Letter; and
- (ii) the Agent has confirmed the receipt of all of the documents and other evidence listed in part II of schedule 2 (*Conditions Precedent to Utilisation*) in relation to that Additional Guarantor, each in form and substance satisfactory to the Agent.

The Agent shall notify the Borrower and the Lenders promptly upon being satisfied that it has received (in form and substance satisfactory to it) all the documents and other evidence listed in part II of schedule 2 (*Conditions Precedent to Utilisation*).

(k) Set-Off

Following the occurrence of an Event of Default which is continuing, a Finance Party may set off any matured obligation due from an Obligor under the Finance Documents (to the extent beneficially owned by that Finance Party) against any matured obligation owed by that Finance Party to that Obligor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off. The Obligor shall indemnify the Finance Party in respect of all costs, charges and expenses incurred by the Finance Party in connection with the conversion.

2 Under the Intercreditor Deed

(a) Senior A Facility Agreement

Subject to clause 4 of the Intercreditor Deed, after the Bridging Facility Discharge Date and until the Senior A Facility Discharge Date, unless the A Majority Lenders (or the A Agent on their behalf) shall have consented in writing, no Obligor shall:

- (i) (other than as permitted under the Intercreditor Deed) pay, prepay or repay, or make any distribution in respect of, or purchase or acquire any of the Senior B Facility Debt, the Senior C Facility Debt, the Revolving Facility Debt or the Mezzanine Debt; or

- (ii) permit any person to purchase or acquire any of the Senior B Facility Debt, the Senior C Facility Debt, the Revolving Facility Debt or the Mezzanine Debt than in accordance with clause 23 of each of the Senior B Facility Agreement and the Mezzanine Facility; or
- (iii) discharge any of the Senior B Facility Debt, the Senior C Facility Debt, the Revolving Facility Debt or the Mezzanine Debt by set-off or any right of combination of accounts (excluding for the avoidance of doubt any mandatory set-off under the insolvency laws);
- (iv) unless otherwise provided for in the Senior B Facility Finance Documents and the Mezzanine Finance Documents create or permit to subsist any Security Interest over any of its assets for any of the Senior B Facility Debt, the Hedging B Liabilities, the Senior C Facility Debt, the Hedging C Liabilities, the Revolving Facility Debt, the Hedging Revolving Liabilities, the Mezzanine Debt or the Hedging Mezzanine Liabilities; or
- (v) amend, vary or release any material term of the Senior B Facility Finance Documents or the Mezzanine Finance Documents; or
- (vi) take or omit any action whereby the subordination contemplated by the Intercreditor Deed may be impaired.

(b) Senior B Facility Agreement, Senior C Facility & Revolving Credit Facility

Subject to clause 4 of the Intercreditor Deed, after the Senior A Facility Discharge Date and until the Senior B Facility Discharge Date, unless the B Majority Lenders shall have consented in writing, no Obligor shall:

- (i) (other than as permitted under the Intercreditor Deed) pay, prepay or repay, or make any distribution in respect of, or purchase or acquire any of the Mezzanine Debt; or
- (ii) permit any person to purchase or acquire any of the Mezzanine Debt other than in terms of clause 23 of the Mezzanine Facility; or
- (iii) discharge any of the Mezzanine Debt by set-off or any right of combination of accounts (excluding for the avoidance of doubt any mandatory set-off under the insolvency laws); or
- (iv) unless otherwise provided for in the Mezzanine Finance Documents create or permit to subsist any Security Interest over any of its assets for any of the Mezzanine Debt or the Hedging Mezzanine Liabilities;
- (v) amend, vary or release any material term of any Mezzanine Finance Document; or
- (vi) take or omit any action whereby the subordination contemplated by the Intercreditor Deed may be impaired.

(c) Senior A Facility Agreement interest and other costs

Notwithstanding the restrictions set out in clauses 2 and 3 of the Intercreditor Deed, the Obligors may pay in cash, and the Senior A Facility Finance Parties may receive and retain payment in cash, all scheduled payments of Interest on the Senior A Facility Debt under the Senior A Facility Finance Documents not earlier than the date the same are scheduled to be due and payable in accordance with the original terms of the Senior A Facility Finance

Documents on a *pari passu* basis provided that, on and immediately before the time of payment and after the time of (and taking account of) such payment all payments accrued due and payable by the Obligors under the Bridging Finance Documents have been made in full.

(d) Senior A Facility Agreement principal

Notwithstanding the restrictions set out in clauses 2 and 3 of the Intercreditor Deed, the Obligors may pay in cash, and the Senior A Facility Finance Parties may receive and retain payment in cash, of repayments or prepayments of principal of the Senior A Facility Debt under the Senior A Facility Finance Documents in accordance with clauses 6 and 7 of the Senior A Facility Agreement provided that, on and immediately before the time of payment and immediately after (and taking account of) such payment:

- (i) all scheduled payments of interest accrued due and payable by the Obligors and referred to in clause 4.1 of the Intercreditor Deed have been made in full; and
- (ii) the proviso specified in clause 4.1 of the Intercreditor Deed is satisfied.

(e) Senior B Facility Agreement interest and other costs

Notwithstanding the restrictions set out in clauses 2 and 3 of the Intercreditor Deed, the Obligors may, pay in cash and the Senior B Facility Lenders may receive and retain payment in cash, of scheduled payments of interest on the Senior B Facility and fees, costs and expenses under the Senior B Facility not earlier than the date the same are scheduled to be due and payable in accordance with the original terms of the Senior B Facility Agreement on a *pari passu* basis provided that, on and immediately before the time of payment and after the time of (and taking account of) such payment all payments accrued due and payable by the Obligors under the Bridging Facility Finance Documents and the Senior A Facility Finance Documents have been made in full.

(f) Senior B Facility Agreement principal

Notwithstanding the restrictions set out in clauses 2 and 3 of the Intercreditor Deed, the Borrower may pay in cash, and the Senior B Facility Lenders may receive and retain payment in cash, repayments or prepayments of principal of the Senior B Facility under the Senior B Facility in accordance with clauses 6 and 7 of the Senior B Facility Agreement provided that, on and immediately before the time of payment and immediately after (and taking account of) such payment:-

- (i) all scheduled payments of interest accrued due and payable by the Obligor and referred to in clause 4.3 of the Intercreditor Deed have been made in full; and
- (ii) the proviso specified in clause 4.3 of the Intercreditor Deed is satisfied

(g) Senior C Facility interest and other costs

Notwithstanding the restrictions set out in clauses 2 and 3 of the Intercreditor Deed, the Obligors may, pay in cash and the Senior C Facility Lenders may receive and retain payment in cash, of scheduled payments of interest on the Senior C Facility and fees, costs and expenses under the Senior C Facility not earlier than the date the same are scheduled to be due and payable in accordance with the original terms of the Senior C Facility on a *pari passu* basis provided that, on and immediately before the time of payment and after the time of (and taking account of) such payment all payments accrued due and payable by the Obligors under the Bridging Facility Finance Documents and the Senior A Facility Finance Documents and the Senior B Facility have been made in full.

(h) Senior C Facility principal

Notwithstanding the restrictions set out in clauses 2 and 3 of the Intercreditor Deed, the Borrower may pay in cash, and the Senior B Facility Lenders may receive and retain payment in cash, repayments or prepayments of principal of the Senior C Facility under the Senior C Facility in accordance with clauses 6 and 7 of the Senior B Facility Agreement provided that, on and immediately before the time of payment and immediately after (and taking account of) such payment:-

- (i) all scheduled payments of interest accrued due and payable by the Obligor and referred to in clause 4.5 of the Intercreditor Deed have been made in full; and
- (ii) the proviso specified in clause 4.5 of the Intercreditor Deed is satisfied.

(i) Revolving Credit Facility interest and other costs

Notwithstanding the restrictions set out in clauses 2 and 3 of the Intercreditor Deed, the Obligors may pay in cash and the Senior B Facility Lenders may receive and retain payment in cash, of scheduled payments of interest on the Revolving Facility and fees, costs and expenses under the Revolving Facility not earlier than the date the same are scheduled to be due and payable in accordance with the original terms of the Revolving Facility on a *pari passu* basis provided that, on and immediately before the time of payment and after the time of (and taking account of) such payment all payments accrued due and payable by the Obligors under the Bridging Facility Finance Documents, the Senior A Facility Finance Documents and the Senior B Facility and the Senior C Facility have been made in full.

(j) Revolving Credit Facility principal

Notwithstanding the restrictions set out in clauses 2 and 3 of the Intercreditor Deed, the Borrower may pay in cash, and the Senior B Facility Lenders may receive and retain payment in cash, repayments or prepayments of principal of the Revolving Credit Facility under the Revolving Credit Facility in accordance with clauses 6 and 7 of the Senior B Facility Agreement provided that, on and immediately before the time of payment and immediately after (and taking account of) such payment:-

- (i) all scheduled payments of interest accrued due and payable by the Obligor and referred to in clause 4.7 of the Intercreditor Deed have been made in full; and
- (ii) the proviso specified in clause 4.5 of the Intercreditor Deed is satisfied; and
- (iii) subject to compliance with the terms of clause 4.5 of the Intercreditor Deed and the Senior B Facility Agreement, any amounts of the Revolving Credit Facility repaid may be redrawn by the Borrower.

(k) Mezzanine Facility interest and other costs

Notwithstanding the restrictions set out in clauses 2 and 3 of the Intercreditor Deed, the Obligors may, pay in cash, and the Mezzanine Lenders may receive and retain payment in cash, of scheduled payments of interest on the Mezzanine Debt or under the Mezzanine Finance Documents and fees, costs and expenses under the Mezzanine Facility not earlier than the date the same are scheduled to be due and payable in accordance with the original terms of the Mezzanine Facility on a *pari passu* basis provided that, on and immediately before the time of payment and after the time of (and taking account of) such payment all payments accrued due and payable by the Obligors under the Bridging Finance Documents, the Senior A

Facility Finance Documents and the Senior B Facility Finance Documents have been made in full.

(l) Mezzanine Facility principal

Notwithstanding the restrictions set out in clauses 2 and 3 of the Intercreditor Deed, the Obligors may pay in cash, and the Mezzanine Lenders may receive and retain payment in cash, repayments or prepayments of principal of the Mezzanine Debt under the Mezzanine Finance Documents in accordance with clauses 6 and 7 of the Mezzanine Facility provided that, on and immediately before the time of payment and immediately after (and taking account of) such payment:

- (i) all scheduled payments of interest accrued due and payable by the Obligors and referred to in clause 4.9 of the Intercreditor Deed have been made in full; and
- (ii) the proviso specified in 4.9 of the Intercreditor Deed is satisfied.

3 Under the Debenture

(a) Covenant to Pay

- (i) The Company covenants with the Security Trustee (for itself and as security trustee for the Finance Parties) that it will pay or discharge the Secured Liabilities when due in the manner provided for in the Finance Documents.
- (ii) At any time after the occurrence of an Event of Default which is continuing, the Security Trustee shall be entitled to appropriate moneys and/or assets to satisfy the Secured Liabilities in such manner or order as it sees fit (subject to clauses 18 (*Application of Proceeds*) and 19 (*No Liability as Mortgagee in Possession*) of the Debenture) and any such appropriation shall override any appropriation by the Company or any other person.

(b) Fixed Charges

- (i). The Company as continuing security for the payment and discharge of all Secured Liabilities, charges, with full title guarantee, in favour of the Security Trustee (for itself and as security trustee for the Finance Parties):
 - (a) by way of first legal mortgage, the property specified in the schedule of Properties below which is identified with an asterisk, together with all liens, charges, options, agreements, rights and interests in or over such property and all buildings and Fixtures thereon and all rights, easements and privileges appurtenant to, or benefiting, the same;
 - (b) (i) by way of first fixed charge (to the extent not the subject of a legal mortgage by virtue of paragraph 4(b)(i)(a) above) all present and future freehold and leasehold property wheresoever situate (other than any heritable property in Scotland) at the date of the Debenture or from time to time thereafter owned by the Company or in which the Company may have an interest, together with all liens, charges, options, agreements, rights and interests in or over such property or the proceeds of sale of such property and all buildings and

Fixtures thereon and all rights, easements and privileges appurtenant to, or benefiting, the same;

- (ii) by way of first fixed charge, all plant, machinery and other equipment at the date of the Debenture or from time to time thereafter owned by the Company or in which the Company has an interest and the benefit of all contracts and warranties relating to the same;
- (iii) by way of first fixed charge, all stocks, shares, bonds and securities of any kind whatsoever (including warrants and options to acquire or subscribe any of the same) whether marketable or otherwise (and whether held in certificated form or in uncertificated form by a member of CREST or any other similar system) and all other interests (including but not limited to loan capital) in any person, at the date of the Debenture or from time to time thereafter owned by the Company or in which the Company has an interest, including all allotments, rights, benefits and advantages whatsoever at any time accruing, offered or arising in respect of or incidental to the same and all money or property accruing or offered at any time by way of conversion, redemption, bonus, preference, option, dividend, distribution, interest or otherwise in respect thereof;
- (iv) by way of first fixed charge, all book and other debts, revenues and claims, whether actual or contingent, whether arising under contracts or in any other manner whatsoever at the date of the Debenture or from time to time thereafter owned by the Company or in which the Company has an interest (whether originally owing to the Company or purchased or otherwise acquired by it) and all things in action which may give rise to any debt, revenue or claim, together with the full benefit of any Security, Collateral Instruments and any other rights relating thereto (whether as creditor or beneficiary) including, without limitation, reservations of proprietary rights, rights of tracing and unpaid vendor's liens and associated rights, but excluding any assets the subject of paragraphs 4(b)(i)(v) and (vi) below;
- (v) by way of first fixed charge, the proceeds of collection of all Debts and any and all amounts from time to time standing to the credit of all present and future accounts of the Company with any bank, financial institution or other person including without limitation each Bank Account;
- (vi) by way of first fixed charge, all moneys from time to time payable to the Company under or pursuant to the Insurances including without limitation the right to the refund of any premiums;
- (vii) without prejudice to paragraph 4(b)(i)(ix) below, all rights, title and interests of the Company (and the proceeds of such rights, title and interests) present or future, actual or contingent arising under or in connection with any contract

whatsoever in which the Company has any right, title or interests;

- (viii) without prejudice to paragraph 4(b)(i)(vii) above, any amounts owing or which may become owing to the Company under or by virtue of any other building, construction or development contract whether or not any certificate as to the amount due has been issued in respect thereof (and the proceeds thereof);
- (ix) any amounts owing or which become owing to the Company by way of damages, compensation or otherwise under any judgment or order or any competent authority howsoever arising or by way of settlement or compromise of any legal proceedings;
- (x) the benefit of all rights relating to the property described in paragraphs 4(b)(i)(v) to (ix) above;
- (xi) by way of first fixed charge, the goodwill and uncalled capital of the Company ;
- (xii) by way of first fixed charge, all patents, trade marks and service marks (whether registered or not) and applications for the same, trade names, registered designs, design rights, copyrights, computer programmes, know-how and trade secrets and all other intellectual or intangible property or rights and all licences, agreements and ancillary and connected rights relating to, intellectual and intangible property, in each case at the date of the Debenture or from time to time thereafter owned by the Company and all proceeds of collection of any of the foregoing and all other benefits deriving therefrom and thereunder including but not limited to royalties, fees, profit sharing agreements and income arising therefrom;
- (xiii) the benefit of all present and future licences statutory (to the extent capable of being charged) or otherwise held or to be held in connection with its business or the use of any of the Security Assets the subject of the security pursuant to paragraph (a) above and the right to recover and receive all compensation which may at any time become payable to it in respect thereof;
- (xiv) (to the extent they are not subject to an effective assignment under clause 3(2) of the Debenture) all their rights under the Hedging Agreements;
- (xv) (to the extent they are not subject to an effective assignment under clause 3(2) of the Debenture) all their rights under the Occupational Leases;
- (xvi) all its present and future beneficial interest, claim or entitlement in any pension fund;

- (xvii) their rights under the appointment of any managing agent of the Mortgaged Property;
 - (xviii) their rights under the agreement or agreements relating to the purchase of the Mortgaged Property by the Company ;
 - (xix) all Shares held at the date of the Debenture or in the future by it and/or any nominee on its behalf.
- (ii) The Company assigned to the Security Trustee (for itself and as security trustee for the Finance Parties) by way of security:
 - (a) all its rights under the Occupational Leases;
 - (b) the Gross Rental Income (exclusive of VAT); and
 - (c) all its rights under the Hedging Agreements.
- (c) **Floating Charge**

The Company, with full title guarantee, charged in favour of the Security Trustee by way of first floating charge as a continuing security for the payment and discharge of the Secured Liabilities (i) its undertaking and all its property, assets and rights whatsoever and wheresoever both present and future, other than any property or assets from time to time effectively charged by way of legal mortgage or fixed charge or assignment pursuant to paragraph 4(b) above or otherwise pursuant to the Debenture (without limitation and whether or not so effectively charged), and (ii) any of its property and assets situated in Scotland or otherwise governed by Scots law (without limitation and whether or not so effectively charged).

Definitions:

A Agent means BoS and its permitted successors and assigns.

A Majority Lenders means:

- (a) if there are no Loans then outstanding under the Senior A Facility Agreement, a Lender or Lenders under Facility A whose Total Commitments under the Senior A Facility Agreement aggregate more than 66²/₃% of the Total Commitments of all Lenders under the Senior A Facility Agreement; or
- (b) at any other time, a Lender or Lenders whose participations in the Loans (as defined in the Senior A Facility Agreement) then outstanding under the Senior A Facility Agreement aggregate more than 66²/₃% of the Loans (as defined in the Senior A Facility Agreement) then outstanding under the Senior A Facility Agreement.

Accession Letter means a document substantially in the form set out in schedule 6 (*Form of Accession Letter*) of each of the Facility Agreements.

Additional Guarantor means a company which becomes an Additional Guarantor in accordance with clause 24 (*Changes to the Obligors*) of each of the Facility Agreements.

Agent means, in relation to a Facility, BoS as agent of the Lenders, or any permitted successor or assign of any such agent.

Arranger means, in relation to a Facility, BoS as arranger or any permitted successor or assign of any such an arranger.

Bank Account means an account of the Borrower with the Agent at Sort Code 80-20-00 Account Number 06018569 or any replacement account agreed to be designated as such by the Agent.

B Majority Lenders means:

- (a) if there are no Loans then outstanding under the Senior B Facility Agreement a Lender or Lenders under the Senior B Facility Agreement whose total commitments under the Senior B Facility Agreement aggregate more than $66 \frac{2}{3} \%$ of the total commitments of all Lenders under the Senior B Facility Agreement; or
- (b) at any other time, a Lender or Lenders whose participation in the Loans (as defined in the Senior B Facility) then outstanding under the Senior B Facility aggregate more than $66 \frac{2}{3} \%$ of the Loans (as defined in the Senior B Facility Agreement) then outstanding under the Senior B Facility.

Borrower means City & General Securities Limited a company incorporated under the laws of England and Wales (Registered Number 4772368), having its registered office at 10 Upper Berkeley Street, London W1H 7PE, and its permitted successors and assigns.

BoS means the Governor and Company of the Bank of Scotland incorporated under Act of Scots Parliament dated 1695 and having its head office at The Mound, Edinburgh, EH1 1YZ.

Business Day means a day (other than a Saturday or Sunday) on which banks are open for general business in London and Edinburgh.

Collateral Instruments means notes, bills of exchange, certificates of deposit and other negotiable and non-negotiable instruments, guarantees and any other documents or instruments which contain or evidence an obligation (with or without security) to pay, discharge or be responsible directly or indirectly for, any liabilities of any person and includes any document or instrument creating or evidencing any Security.

Debenture means a debenture in the agreed form to be entered into by the Company as Chargor in favour of the Security Trustee and the Agent, including an assignment of rents in respect of each Occupational Lease.

Debts means all book and other debts, revenues and claims, whether actual or contingent, whether arising under contracts or in any other manner whatsoever now or from time to time hereafter owned by the Company or in which the Company has an interest (whether originally owing to the Company or purchased or otherwise acquired by it) and all things in action which may give rise to any debt, revenue or claim, together with the full benefit of any Security, Collateral Instruments and any other rights relating thereto (whether as creditor or beneficiary) including, without limitation, reservations of proprietary rights, rights of tracing and unpaid vendor's liens and associated rights, but excluding any assets the subject of Clauses 3(1)(b)(v) and (vi) of the Debenture;

Dormant means, at any time, a company which:

- (a) is dormant within the meaning of Section 249AA of the Companies Act 1985 (or any equivalent legislation in the jurisdiction of incorporation of a particular company);

- (b) is not trading or conducting business and has not done so at any time during the previous twelve months;
- (c) has gross assets not exceeding £10,000 (or its equivalent); and
- (d) has gross liabilities not exceeding £10,000 (or its equivalent).

Dormant Company means each Group Company which is Dormant from time to time.

Event of Default means in relation to any Facility Agreement any event or circumstance specified as such in its clause 22 (*Events of Default*).

Facility means, in relation to a Facility Agreement, the facility or facilities provided or to be provided thereunder.

Facility Agreements mean the Mezzanine Facility, the Senior A Facility Agreement and the Senior B Facility Agreement.

Finance Document means the Facility Agreements, any fee letter, the syndication letter, any Accession Letter, the Security Documents, the Hedging Agreements, the Refinancing Facilities, the Intercreditor Deed and any other document designated as such by the Agent and the Borrower, all as amended, varied, supplemented, assigned or novated, from time to time.

Finance Party means, in relation to any Finance Document, the Agent, the Arranger, the Security Trustee, a Lender and (wherever used in each of the Security Documents and where so indicated in the relevant Facility Agreement) BoS in its capacity as Hedging Guarantor.

Fixtures means in relation to any freehold or leasehold property charged by or pursuant to the Debenture all fixtures and fittings (including trade fixtures and fittings other than occupational tenants' fixtures and fittings) and fixed plant and machinery whether or not constituting a fixture at law from time to time thereon, the property wherein is vested in the Company.

Gross Rental Income means all rents, licence fees, insurance premia, service charges, VAT and other monies received or receivable from time to time in respect of or arising out of any and all leases (or agreements for lease) or tenancies relating to the Properties or any part of a Property and all interest and other income received or receivable from time to time, including (without duplication or limiting the generality of the foregoing) each of the following amounts so payable:

- (a) rent, licence fees, hire charges (and any amount equivalent thereto) payable whether it is variable or not and however or whenever it is described, reserved or made payable;
- (b) any increase of rent payable by virtue of an offer falling within the proviso of Section 3 (1) of the Landlord and Tenant Act 1927;
- (c) any rent payable by virtue of a determination made by the Court under Section 24 (A) of the Landlord and Tenant Act 1954;
- (d) sums appropriated from any deposit held as security for performance of any tenant's obligations (excluding any sum which is payable to that tenant);
- (e) any other moneys payable in respect of occupation and/or usage of a Property and every fixture and fitting therein and any and every fixture thereon for display or advertisement, or otherwise;
- (f) any profits awarded or agreed to be payable as a result of any proceeding taken or claim made for the same;

- (g) any damages, compensation, settlement or expenses for or representing loss of rent or interest thereon awarded, paid or agreed to be payable as a result of any proceedings taken or claim made for the same net of any costs, fees and expenses paid (and which have not been reimbursed to, and which are not recoverable by, the Obligors from any party) in furtherance of such proceedings so taken or claim so made (other than any damages, compensation or settlement received in respect of a breach of non monetary covenants in any Occupational Lease to the extent only that such sums are utilised forthwith in remedying the breach in respect of which the damages have been paid);
- (h) any moneys payable under any policy of insurance in respect of loss of rent or interest thereon;
- (i) any sum payable or the value of any consideration given or to be given by or on behalf of a tenant for the surrender or variation of any Occupational Lease or occupancy agreement;
- (j) sums received from any guarantor of any occupational tenant under any Occupational Lease;
- (k) service charge; and
- (l) subject to the exclusion in paragraph (d) above, any interest payable on any sum referred to above and any damages, compensation or settlement payable in respect of the same.

Group means the Borrower and its Subsidiaries for the time being and **Group Company** means any of them.

Guarantor means, in relation to any Finance Document, a company which becomes a Guarantor in accordance with clause 24 (*Changes to Obligors*) of that Facility Agreement unless it has ceased to be a Guarantor in accordance with that clause.

Hedging Agreements means (i) each document evidencing, or in connection with, the interest rate hedging facilities entered into or to be entered into from time to time by or between any Group Company and the Hedging Counterparty and (ii) the guarantee and counter-indemnity to be entered into between BoS and HBOS Treasury Services plc pursuant to the documentation referred to in paragraph (i) of this definition.

Hedging Liabilities means all present and future liabilities (actual or contingent) payable or owing by the Company under or in connection with the Counter-Indemnity together with:

- (a) any novation, deferral or extension of any of those liabilities;
- (b) any claim for damages or restitution in the event of rescission of any of those liabilities or otherwise in connection with the Counter-Indemnity;
- (c) any claim against any Obligor flowing from any recovery by an Obligor of a payment or discharge in respect of those liabilities on grounds of preference or otherwise; and
- (d) any amounts (such as post-insolvency interest) which would be included in any of the above but for any discharge, non-provability, unenforceability or non-allowability of the same in any insolvency or other proceedings.

Hedging A Liabilities means an amount equal to:

Hedging Liabilities	x	<u>Senior A Facility Debt</u> Bridging Debt, Senior A Facility Debt, Senior B Facility Debt, Senior C Facility Debt, Revolving Debt, & Mezzanine Debt
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Hedging B Liabilities means an amount equal to:

Hedging Liabilities	x	<u>Senior B Facility Debt</u> Bridging Debt, Senior A Facility Debt, Senior B Facility Debt, Senior C Facility Debt, Revolving Debt, & Mezzanine Debt
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Hedging C Liabilities means an amount equal to:

Hedging Liabilities	x	<u>Senior C Facility Debt</u> Bridging Debt, Senior A Facility Debt, Senior B Facility Debt, Senior C Facility Debt, Revolving Debt, & Mezzanine Debt
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Hedging Counterparty means HBOS Treasury Services plc, a company incorporated in England and Wales (Registered Number 02692890) having its registered office at 33 Old Broad Street, London, EC2N 1HZ.

Hedging Guarantor means BoS in terms of the Hedging Agreements and its permitted successors and assigns.

Hedging Mezzanine Liabilities means an amount equal to:

Hedging Liabilities	x	<u>Mezzanine Debt</u> Bridging Debt, Senior A Facility Debt, Senior B Facility Debt, Senior C Facility Debt, Revolving Debt, & Mezzanine Debt
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Hedging Revolving Liabilities means an amount equal to:

Hedging Liabilities	x	<u>Revolving Facility Debt</u> Bridging Debt, Senior A Facility Debt, Senior B Facility Debt, Senior C Facility Debt, Revolving Debt, & Mezzanine Debt
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Insurances means all contracts and policies of insurance or indemnities which are from time to time taken out by or on behalf of the Company or (to the extent of the Company's interest) in which the Company from time to time has an interest.

Intercreditor Deed means the intercreditor deed dated 11 June 2003 between the Borrower, the Lenders under each of the Facility Agreements, BoS (as Arranger and as Agent in respect of each Facility, as hedging guarantor and as Security Trustee).

Interest Period means, in relation to any Loan under the Acquisition Bridging Facility Agreement, the Senior A Facility Agreement and the Senior B Facility Agreement, each period determined in accordance with clause 9 (*Interest Periods*) thereof and, in relation to an Unpaid Sum, each period determined in accordance with clause 8.3 (*Default interest*) thereof.

Junior Debt means:

- (a) the Hedging A Liabilities (to the extent outstanding);
- (b) the Hedging B Liabilities (to the extent outstanding);
- (c) the Hedging C Liabilities (to the extent outstanding);
- (d) the Hedging Revolving Liabilities (to the extent outstanding);
- (e) the Hedging Mezzanine Liabilities (to the extent outstanding);
- (f) the Senior A Facility Debt (to the extent outstanding);
- (g) the Senior B Facility Debt (to the extent outstanding);
- (h) the Senior C Facility Debt (to the extent outstanding);
- (i) the Revolving Facility Debt (to the extent outstanding); and
- (j) the Mezzanine Debt (to the extent outstanding).

Junior Finance Document means a finance document under the Senior A Facility Agreement, the Senior B Facility Agreement or the Mezzanine Facility.

JV Properties means each property specified as such by the Agent and the Borrower.

Lender means in relation to any Loan:

- (a) any Original Lender; and
- (b) any bank or financial institution which has become a party to the relevant Facility Agreement, in accordance with the terms of that Facility Agreement;

which in each case has not ceased to be such a party in accordance with the terms of that Facility Agreement.

Loan means, in relation to a Facility Agreement, each loan made or to be made under that agreement or the principal amount outstanding for the time being of that loan.

Mezzanine Debt means all present and future liabilities (actual or contingent) payable or owing by the Obligors to the Mezzanine Lenders under or in connection with the Mezzanine Facility together with:

- (a) any refinancing, novation, refunding, deferral or extension of any of those liabilities;
- (b) any further advances made by the Mezzanine Lenders to an Obligor under any agreement expressed to be supplemental to the Mezzanine Facility plus all interest, fees and costs in connection therewith;
- (c) any claim for damages or restitution in the event of rescission of any of those liabilities or otherwise in connection with the Mezzanine Facility;

- (d) any claim against any Obligor flowing from any recovery by an Obligor of a payment or discharge in respect of those liabilities on grounds of preference or otherwise; and
- (e) any amounts (such as post-insolvency interest) which would be included in any of the above but for any discharge, non-provability, unenforceability or non-allowability of the same in any insolvency or other proceedings.

Mezzanine Facility means the mezzanine facility agreement dated 11 June 2003 between the Borrower and BoS (as Arranger, as Agent and as a Lender) in respect of a term loan facility of up to £47,100,000.

Mezzanine Lenders means BoS and its permitted successors and assigns.

Mortgaged Property means the property legally mortgaged by the Debenture and any other freehold or leasehold property the subject of the Debenture (and shall include, for the avoidance of doubt, and without prejudice to the foregoing generality, the properties listed in part 1 of schedule 1 of the Debenture).

Net Sale Proceeds means the Sale Proceeds of a disposal of a Property or, for the purposes of Clause 7.6 only of the relevant Facility Agreement, in respect of any part of the Liverpool Property an amount which is equal to 75% of the Net Sale Proceeds after deducting (i) any amount of capital expenditure attributable to the relevant part of the Liverpool Property; (ii) any amount due to be repaid under a duly documented intercompany loan as a condition of such sale; (iii) any amounts owing to any third party lender in respect of amounts borrowed in respect of the relevant part of the Liverpool Property including, for the avoidance of doubt, amounts owing under the facility letter dated 16 May 2001 between Borderpark Limited and Barclays Bank plc regarding a loan facility in an aggregate amount of £3,000,000; and (iv) any costs, expenses, fees or taxes incurred or to be incurred in relation to the relevant part of the Liverpool Property including those incurred or to be incurred in relation to such part of the Liverpool Property for refurbishment and/or development and for the purposes of acquiring any underlease, any leasehold interest and any adjoining or adjacent property net of (a) VAT and Taxes and (b) reasonable and properly incurred fees, costs and expenses and disbursements incurred by a Group Company in connection with that disposal which have been approved by the Agent.

Obligor means the Borrower or a Guarantor.

Occupational Lease means any occupational lease or licence or other right of occupation to which an Obligor's interest in any Property may be subject from time to time.

Offer means the offer on behalf of the Borrower to acquire the entire issued and to be issued share capital of the Target to be made substantially on the terms and conditions referred to in the Press Announcement and the Offer Document, as that offer may be waived, revised, varied or amended with the prior written consent of the Agent.

Offer Document means the document pursuant to which the Offer will be made.

Original Lender means BoS.

Press Announcement means the press announcement to be released by or on behalf of the Borrower announcing the terms of the Offer.

Properties means (i) each of the properties set out in the Schedule of properties below which has not been disposed of by an Obligor in accordance with the provisions of the Facility Agreements and any other property from time to time acquired by any Obligor and "Property" means any one of them and

(ii) for the purpose of clauses 19, 20, 21 and 22 of the Senior B Facility Agreement, each of the JV Properties which have been refinanced by a Loan under the Senior C Facility.

Refinancing Facilities means each of (i) the Senior A Facility Agreement and (ii) the Senior B Facility Agreement (incorporating the Senior B Facility, the Senior C Facility and the Revolving Credit Facility).

Revolving Credit Facility means the revolving credit facility of up to £10,000,000 provided or to be provided by the Lenders to the Borrower.

Revolving Facility Debt means all present and future liabilities (actual or contingent) payable or owing by the Obligor to the Senior B Facility Lenders under or in connection with the Revolving Facility together with:

- (a) any refinancing, novation, refunding, deferral or extension of any of those liabilities;
- (b) any further advances made by the Senior B Facility Lenders to an Obligor under any agreement expressed to be supplemental to the Revolving Facility plus all interest, fees and costs in connection therewith;
- (c) any claim for damages or restitution in the event of rescission of any of those liabilities or otherwise in connection with the Revolving Facility;
- (d) any claim against any Obligor flowing from any recovery by an Obligor of a payment or discharge in respect of those liabilities on grounds of preference or otherwise; and
- (e) any amounts (such as post-insolvency interest) which would be included in any of the above but for any discharge, non-provability, unenforceability or non-allowability of the same in any insolvency or other proceedings.

Sale Proceeds means the consideration received by an Obligor in respect of the disposal of its interest in a Property or of the shares in a subsidiary which holds a Property.

Secured Liabilities means, in respect of the Company, all of its present and future obligations and liabilities to the Security Trustee and each of the Finance Parties under the Debenture, each of the Facility Agreements and each of the other Finance Documents, whether actual, contingent, sole, joint and/or several or otherwise, including without limitation, all obligations to indemnify (to the extent expressly contained in a Finance Document) the Security Trustee and each of the other Finance Parties.

Security means a mortgage, charge, encumbrance, standard security, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

Security Assets means all assets, rights and property of the Company the subject of any security created pursuant to the Debenture.

Security Documents means (i) the Debenture, (ii) share certificates and stock transfer forms executed in blank in respect of all Target's Shares and (iii) any other document that the Agent may from time to time reasonably require to be granted by any Group Company to the Security Trustee in connection with clause 21 of the relevant Facility Agreement guaranteeing and/or creating or evidencing rights in security for, or otherwise in support of, all or any part of the obligations of any Obligor under the Finance Documents and designated as such by the Agent.

Security Interest means any mortgage, pledge, lien, charge, assignment, hypothecation or security interest or any other agreement or arrangement having the effect of conferring security.

Security Trustee means BoS and its permitted successors and assigns as agent under and in connection with each Debenture and any present or future document conferring or evidencing any *Security Interest for or in respect of any Facility or any Finance Document*.

Senior A Facility means the term loan facility of up to £213,060,000 provided or to be provided by the Lenders to the Borrower.

Senior A Facility Agreement means the facility agreement dated 11 June 2003 between the Borrower and the BoS (as Arranger, as Agent and as Lender) in respect of the Senior A Facility.

Senior A Facility Debt means all present and future liabilities (actual or contingent) payable or owing by the Obligors to the Senior A Facility Finance Parties under or in connection with the Senior A Facility together with:

- (a) any refinancing, novation, refunding, deferral or extension of any of those liabilities;
- (b) any further advances made by the Senior A Facility Lenders to an Obligor under any agreement expressed to be supplemental to any Senior A Facility Finance Document plus all interest, fees and costs in connection therewith;
- (c) any claim for damages or restitution in the event of rescission of any of those liabilities or otherwise in connection with any Senior A Facility Finance Document;
- (d) any claim against any Obligor flowing from any recovery by an Obligor of a payment or discharge in respect of those liabilities on grounds of preference or otherwise; and
- (e) any amounts (such as post-insolvency interest) which would be included in any of the above but for any discharge, non-provability, unenforceability or non-allowability of the same in any insolvency or other proceedings.

Senior A Facility Discharge Date means the date upon which the A Agent certifies that the Hedging A Liabilities and the Senior A Facility Debt have been repaid or discharged in full.

Senior A Facility Finance Documents means the Finance Documents as defined in the Senior A Facility Agreement.

Senior A Facility Finance Parties means the Finance Parties as defined in the Senior A Facility Agreement.

Senior B Facility means the term loan facility of up to £38,050,000 provided or to be provided by the Lenders to the Borrower.

Senior B Facility Agreement means the facility agreement dated 11 June 2003 made between amongst others the Borrower and the Agent and Arranger relating to the provision of the Senior B Facility, the Senior C Facility and the Revolving Credit Facility.

Senior B Facility Debt means all present and future liabilities (actual or contingent) payable or owing by the Obligors to the Senior B Facility Lenders under or in connection with the Senior B Facility Agreement together with:

- (a) any refinancing, novation, refunding, deferral or extension of any of those liabilities;

- (b) any further advances made by the Senior B Facility Lenders to an Obligor under any agreement expressed to be supplemental to the Senior B Facility plus all interest, fees and costs in connection therewith;
- (c) any claim for damages or restitution in the event of rescission of any of those liabilities or otherwise in connection with the Senior B Facility Agreement;
- (d) any claim against any Obligor flowing from any recovery by an Obligor of a payment or discharge in respect of those liabilities on grounds of preference or otherwise; and
- (e) any amounts (such as post-insolvency interest) which would be included in any of the above but for any discharge, non-provability, unenforceability or non-allowability of the same in any insolvency or other proceedings.

Senior B Facility Finance Documents means the Finance Documents as defined in the Senior B Facility Agreement relating to the Senior B Facility, the Senior C Facility and the Revolving Credit Facility.

Senior B Facility Lenders means BoS and its permitted successors and assigns.

Senior C Facility means the term loan facility of up to £7,940,000 provided or to be provided by the Lenders to the Borrower

Senior C Facility Debt means all present and future liabilities (actual or contingent) payable or owing by the Obligors to the Senior C Facility Lenders under or in connection with the Senior C Facility together with:

- (a) any refinancing, novation, refunding, deferral or extension of any of those liabilities;
- (b) any further advances made by the Senior B Facility Lenders to an Obligor under any agreement expressed to be supplemental to the Senior C Facility plus all interest, fees and costs in connection therewith;
- (c) any claim for damages or restitution in the event of rescission of any of those liabilities or otherwise in connection with the Senior C Facility;
- (d) any claim against any Obligor flowing from any recovery by an Obligor of a payment or discharge in respect of those liabilities on grounds of preference or otherwise; and
- (e) any amounts (such as post-insolvency interest) which would be included in any of the above but for any discharge, non-provability, unenforceability or non-allowability of the same in any insolvency or other proceedings.

Senior C Lenders means BoS and its permitted successors and assigns.

Shares means the entire issued share capital of any Subsidiary of the Company.

Subsidiary means a subsidiary within the meaning of section 736 of the Companies Act 1985.

Target means Compco Holdings plc (now known as Compco Holdings Limited).

Target Group means the Target and its Subsidiary (including any joint venture company).

Target Group Chargor means in respect of the Senior A Facility Agreement and the Mezzanine Facility, each of the members of the Target Group.

Target's Shares means all of the existing issued shares in the capital of Target and any further such shares which are to be issued and in respect of which the Offer is made.

Tax means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

Tax Deduction means a deduction or withholding for or on account of Tax from a payment under a Finance Document.

Termination Date means, in relation to a Facility Agreement, the date falling on the first anniversary of the initial Utilisation Date under that Facility Agreement.

Unconditional Date means the date on which the Offer becomes, or is declared, unconditional in all respects.

Unpaid Sum means any sum due and payable but unpaid by an Obligor under the Finance Documents.

Utilisation means, in relation to a Facility, a utilisation of that facility.

Utilisation Date means the date of a Utilisation, being the date on which the relevant Loan is to be made.

Utilisation Request means a notice substantially in the form set out in schedule 3 (*Requests*) of the relevant Facility Agreement.

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

Schedule of Properties

Property	Owner
The Terraces, Madeira Drive, Brighton, East Sussex	Compeco Holdings Limited

The Directors
Compco Holdings Limited
c/o 10 Upper Berkeley Street
London
W1H 7PE

27 April 2004

DRR/ARP/C11261/TAJ

Dear Sirs

Auditors' report to the directors of Compco Holdings Limited pursuant to Section 156(4) of the Companies Act 1985

We have examined the attached statutory declaration of the directors of Compco Holdings Limited ('the Company') dated 27 April 2004 in connection with the proposal that the Company's subsidiary undertakings, as set out in the attachment to this letter, should give financial assistance for the purchase of the whole of the issued ordinary shares of this Company.

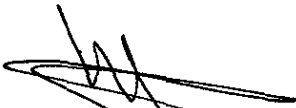
Basis of opinion

We have enquired into the state of the Company's affairs in order to review the basis 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



Haysmacintyre
Chartered Accountants &
Registered Auditors

The Directors
Compco Holdings Limited
27 April 2004
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The Directors
Compco Holdings Limited

Attachment:

Compco Holdings Limited – subsidiary undertakings giving financial assistance for the purchase of the whole of the issued ordinary shares of this Company:

Compco Brighton Limited