

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

**155(6)b**

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\* Bishop's Group Limited



31  
30/06/2006

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 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: \_\_\_\_\_

130,050,837 ordinary shares of 10p each

The assistance is to be given to: (note 2) Musgrave Investments plc

1/15 Dargan Crescent, Duncrue Road, Belfast BT3 9HJ

The assistance will take the form of:

See attached Rider B to this Form.

CM  
AS  
→  
M  
7.7  
M

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

Musgrave Investments plc

† delete as appropriate

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

See attached Rider C to this Form.

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

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

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

(a) ~~We~~ 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) ~~XXXXX intended to subordinate the working group at the company, with 12 months of that date and XXXX~~  
~~XXXXX formed the opinion that this company will be able to pay its debts in full within 12 months of the~~  
~~XXXXX occurred at the working group\* (note 3)~~

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

Declared at MUSGRAVE HOUSE, WIDEWATER PLACE,  
MOORHALL ROAD, HAREFIELD,  
MIDDLESEX, UB9 6PE

Declarants to sign below

on 

Day	Month	Year
22	06	2006

before me

DEBORAH YAM

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

**Bishop's Group Limited**  
**Company Number 103407**

**RIDERS TO FORM NO. 155(6)B**

**RIDER A**

1. Christopher Nicholas Martin of The Old School House, Bovington Green, Marlow, Buckinghamshire SL7 2JH;
2. Michael John Taylor of The Vine, Nethen Winchendon, Aylesbury, Buckinghamshire HP18 0DY;
3. Martin John Hyson of White Rose Cottage, Poplar Lane, Hurst, Reading, Berkshire RG10 0DJ;
4. Aidan Finbar Dunlea of 39 Redwood Place, Beaconsfield, Buckinghamshire HP9 1RP; and
5. Timothy Kenny of 10 Carrickbrack Heath, Sutton, Dublin 13.

## RIDER B

### The financial assistance will take the form of:

- (a) the execution and delivery by Budgens Stores Limited (the "Subsidiary") of an accession letter to a €573,000,000 facility agreement dated 8 June 2006 made between (1) Musgrave Group plc (the "Parent"), (2) the subsidiaries of the Parent listed in Part I of Schedule 1 thereto together with the Parent as original borrowers, (3) the Parent and the subsidiaries of the Parent listed in Part I of Schedule 1 thereto as original guarantors, (4) Allied Irish Banks, p.l.c., Barclays Capital, The Governor and Company of the Bank of Ireland and Ulster Bank Ireland Limited as mandated lead arrangers, (5) the financial institutions listed in Part II of Schedule 1 thereto as lenders, (6) The Governor and Company of the Bank of Ireland as agent, (7) Allied Irish Banks, p.l.c., as issuing bank, (8) Allied Irish Banks, p.l.c., BNP Paribas S.A., IIB Bank p.l.c., The Governor and Company of the Bank of Ireland and Ulster Bank Ireland Limited as original hedging banks and (9) The Governor and Company of the Bank of Ireland as an original ancillary lender (the "Facility Agreement"). The Subsidiary will accede to the Facility Agreement as an Additional Borrower and as an Additional Guarantor. Pursuant to the Facility Agreement, the Lenders (as defined in the Facility Agreement) made available various facilities to the Parent and certain of its subsidiaries which were used, inter alia, to refinance the consideration paid by Musgrave Investments plc for the acquisition by it of the shares of Musgrave (UK) Limited;
- (b) the execution and delivery by the Subsidiary of an accession deed to an intercreditor deed dated 8 June 2006 made between (1) the Parent as the company, (2) the subsidiaries of the Parent named in Part A of Schedule 1 thereto as borrowers or guarantors (the "Subsidiaries"), (3) Musgrave Ireland Limited, (4) Musgrave Luxembourg S.à r.L., (5) Musgrave Limited, (6) Rabobank Ireland plc ("Rabobank"), (7) Black Draught Investments, (8) The Governor and Company of the Bank of Ireland as agent for itself and for the other finance parties referred to therein and (9) certain other entities named in Part B of Schedule 1 thereto ("Intercreditor Deed"). The Subsidiary will accede to the Intercreditor Deed as an Additional Obligor (as defined therein); and
- (c) the execution and delivery by the Subsidiary of an accession letter to the Intercreditor Deed. The Subsidiary will accede to the Intercreditor Deed as an Additional Rabo Guarantor. Pursuant to the Intercreditor Deed the Subsidiary provided first, a guarantee in favour of Rabobank of the punctual performance by the Parent of its obligations under (i) the counter-indemnity in respect of the Rabobank €26m Guarantee, (ii) the Follow On Loan Agreement and (iii) the Rabobank Transaction Subordinated Debt Documents and second, an indemnity in favour of Rabobank against any loss, cost or liability suffered if any Follow On Loan Guaranteed Obligation or Rabobank Transaction Subordinated Debt (as appropriate) guaranteed by it becomes unenforceable, invalid or illegal.

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## RIDER C

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

### Under the Intercreditor Deed:

1.1 the Subsidiary undertakes that until the Senior Discharge Date:

(a) it shall not, except with the prior consent of the Majority Lenders:-

- (i) 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 Rabobank Follow On Loan Debt in cash or in kind, except as permitted under the Intercreditor Deed;
- (ii) exercise any set-off against any Rabobank Follow On Loan Debt, except as permitted under the Intercreditor Deed;
- (iii) create or permit to subsist any Security over any of its assets, or give any guarantee, for, or in respect of, any Rabobank Follow On Loan Debt other pursuant to the Rabobank Follow On Loan Debt Documents; or
- (iv) take or omit to take any action whereby the ranking and/or priorities contemplated by the Intercreditor Deed would be impaired; and

(b) subject to any permitted payments under the Intercreditor Deed, it shall not, except with the prior consent of the Majority Lenders:

- (i) 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 Rabobank Transaction Subordinated Debt in cash or in kind;
- (ii) exercise any set-off against any Rabobank Transaction Subordinated Debt; or
- (iii) create or permit to subsist any Security over any of its assets, or give any guarantee, for, or in respect of, any Rabobank Transaction Subordinated Debt, other than under any Rabobank Transaction Subordinated Debt Document;

1.2 the Subsidiary irrevocably and unconditionally jointly and severally with the other Obligors:-

- (a) guarantees to Rabobank punctual performance by the Parent of all of its obligations under the counter-indemnity in respect of the Rabobank €26m Guarantee and the Follow On Loan Agreement (together, the "Follow On Loan Guaranteed Obligations") and the Rabobank Transaction Subordinated Debt Documents;
- (b) undertakes with Rabobank that whenever a member of the Group does not pay any amount when due under or in connection with any Follow On Loan Guaranteed Obligation or Rabobank Transaction Subordinated Debt (as appropriate), the Subsidiary shall immediately on demand pay that amount as if it was the principal obligor; and
- (c) indemnifies Rabobank immediately on demand against any cost, loss or liability suffered by Rabobank if any Follow On Loan Guaranteed Obligation or Rabobank Transaction Subordinated Debt (as appropriate) guaranteed by it is or becomes unenforceable, invalid or illegal;

1.3 the guarantee described in paragraph 1.2 above (the "Guarantee") is a continuing guarantee and extends to the ultimate balance of sums payable as stated in paragraph 1.2 above regardless of any intermediate payment or discharge in whole or in part;

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- 1.4 the Subsidiary waives any right it may have of first requiring Rabobank (or any trustee or agent on its behalf) to proceed against or enforce any other rights or Security or claim payment from any person before claiming from the Subsidiary under the Guarantee; and
- 1.5 until all amounts which may be or become payable by the Parent under or in connection with the Rabobank Follow On Loan Debt Documents and the Rabobank Transaction Subordinated Debt Documents have been paid irrevocably in full and unless Rabobank otherwise directs, the Subsidiary will not exercise any rights which it may have by reason of performance by it of its obligations under the Intercreditor Deed:-
- (a) to be indemnified by the Parent;
  - (b) to claim any contribution from any other guarantor of the Parent's obligations under the Rabobank Follow On Loan Debt Documents or the Rabobank Transaction Subordinated Debt Documents; and/or
  - (c) to take the benefit (in whole or in part and whether by subrogation or otherwise) of any rights of Rabobank under the Rabobank Follow On Loan Debt Documents or the Intercreditor Deed or of any other guarantee or Security taken pursuant to, or in connection with, the Rabobank Follow On Loan Debt Documents or the Rabobank Transaction Subordinated Debt Documents by Rabobank.

#### **Under the Facility Agreement:**

#### **2.1 Guarantee and indemnity**

The Subsidiary irrevocably and unconditionally jointly and severally:

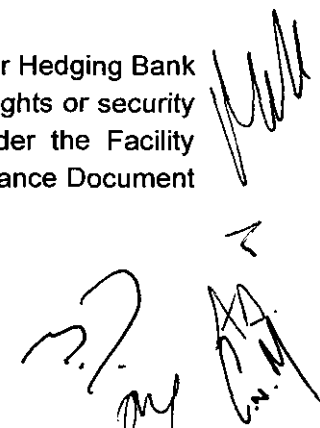
- (a) guarantees to each Finance Party and Hedging Bank punctual performance by each Borrower of all that Borrower's obligations under the Finance Documents;
- (b) undertakes with each Finance Party and Hedging Bank that whenever a Borrower does not pay any amount when due under or in connection with any Finance Document, the Subsidiary shall immediately on demand pay that amount as if it was the principal obligor; and
- (c) indemnifies each Finance Party and Hedging Bank immediately on demand against any cost, loss or liability suffered by that Finance Party or Hedging Bank (as applicable) 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 or Hedging Bank would otherwise have been entitled to recover.

#### **2.2 Continuing guarantee**

The guarantee described in paragraph 2.1 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.

#### **2.3 Immediate recourse**

The Subsidiary waives any right it may have of first requiring any Finance Party or Hedging Bank (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from the Subsidiary under the Facility Agreement. This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.



## 2.4 Appropriations

Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full, each Finance Party and Hedging Bank (or any trustee or agent on its behalf) may in order to maximise recoveries:

- (a) refrain from applying or enforcing any other moneys, security or rights held or received by that Finance Party or Hedging Bank (as applicable) (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and the Subsidiary shall not be entitled to the benefit of the same; and
- (b) hold in an interest-bearing suspense account any moneys received from the Subsidiary or on account of the Subsidiary's liability under the Facility Agreement.

## 2.5 Deferral of Subsidiary's rights

Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full and unless the agent otherwise directs, the Subsidiary will not exercise any rights which it may have by reason of performance by it of its obligations under the Finance Documents:

- (a) to be indemnified by an Obligor;
- (b) to claim any contribution from any other guarantor of any Obligor's obligations under the Finance Documents; and/or

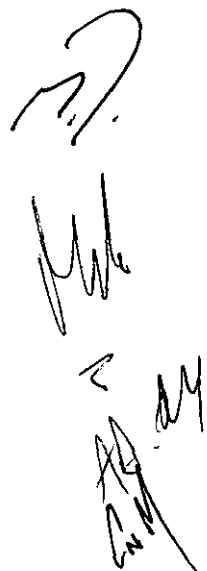
to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Finance Parties and the Hedging Banks under the Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Finance Documents by any Finance Party or any Hedging Bank.





In this Form 155(6)b the following terms have the following meanings:

"Additional Rabo Guarantor"	has the meaning given in the Intercreditor Deed;
"Borrower"	has the meaning given in the Facility Agreement;
"Finance Document"	has the meaning given in the Facility Agreement;
"Finance Party"	has the meaning given in the Facility Agreement;
"Follow On Loan Agreement"	means the £26,540,192 credit facility agreement dated 16 June 2004 between Rabobank and the Parent;
"Follow On Loan Guaranteed Obligation"	has the meaning given in the Intercreditor Deed;
"Group"	has the meaning given in the Intercreditor Deed;
"Hedging Bank"	has the meaning given in the Facility Agreement;
"Majority Lenders"	has the meaning given in the Intercreditor Deed;
"Obligors"	means a Borrower (as defined in the Facility Agreement) or a Guarantor (as defined in the Facility Agreement);
"Rabobank €26m Guarantee"	means the guarantee dated 16 June 2004 between Rabobank as guarantor, Black Draught Investments as the beneficiary and the Parent as counter-indemnifier;
"Rabobank Follow On Loan Debt"	has the meaning given in the Intercreditor Deed;
"Rabobank Follow On Loan Debt Documents"	means the Follow On Loan Agreement, the Rabobank €26m Guarantee the extent they secure amounts due under the other and the Guarantee;
"Rabobank Transaction Excluded Debt"	has the meaning given in the Intercreditor Deed;
"Rabobank Transaction Excluded Debt Documents"	has the meaning given in the Intercreditor Deed;
"Rabobank Transaction Subordinated Debt"	has the meaning given in the Intercreditor Deed;
"Rabobank Transaction Subordinated Debt Documents"	has the meaning given in the Intercreditor Deed;
"Security"	has the meaning given in the Intercreditor Deed; and
"Senior Discharge Date"	has the meaning given in the Intercreditor Deed.



The Directors  
Bishop's Group Limited  
Musgrave House  
Widewater House  
Moorhall Road  
Harefield  
Middlesex UB9 6PE

22 June 2006

Dear Sirs

**Auditors' report to the directors of Bishop's Group Limited pursuant to Section 156(4) of the Companies Act 1985**

We have examined the attached statutory declaration of the directors of Bishop's Group Limited (the "Company") dated 22 June 2006 in connection with the proposal that the Company's subsidiary undertaking, Budgens Stores Limited, should give financial assistance in the form of, amongst other things, a guarantee to the external financiers of the Musgrave Group plc as part of the Group's overall debt facility and, amongst other things, a guarantee separately to Rabobank Ireland plc. 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 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

**PricewaterhouseCoopers LLP**  
West London Office  
The Atrium  
1 Harefield Road  
Uxbridge  
UB8 1EX  
Telephone +44 (0) 1895 522000  
Facsimile +44 (0) 1895 522020  
[www.pwc.com/uk](http://www.pwc.com/uk)

## BUDGENS STORES LIMITED

### BOARD MEMORANDUM

*C.M.*  
Memorandum in connection with the proposed arrangement whereby Budgens Stores Limited (the "Company") will give financial assistance in connection with the acquisition of shares in Musgrave (UK) Limited, particulars of which are given in the statutory declaration made by the directors on today's date pursuant to Section 155(6)a of the Companies Act 1985.

The directors confirm the following matters to the best of their knowledge and belief.

- 23 April C.M.*  
(i) At the close of business on ~~22 June~~ 2006, the aggregate of the Company's assets as stated in its accounting records exceeded the aggregate of its liabilities as so stated.
- (ii) From our knowledge of events since that date and of the likely course of the Company's business, the directors have formed the opinion that the aggregate of the Company's assets will exceed the aggregate of its liabilities immediately before the proposed financial assistance is given, and that the giving of such financial assistance will not reduce the net assets of the Company.

SIGNED ON BEHALF OF THE BOARD

*P.N. Markin*

DATED

2006