

Page 1

The assistance is for the purpose of ~~XXXXXXXXXX~~ [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: 210,204,416 ordinary shares
of nominal value £0.80 each

The assistance is to be given to: (note 2) _____

Taveta Investments Limited (Registered Number 4464926)
129-137 Marylebone Road, London, NW1 5QD

The assistance will take the form of:

See Attachment B

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

† delete as
appropriate

Taveta Investments Limited (Registered Number 4464926)

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

See Attachment C

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 £ See Attachment D

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

Please do not
write in this
margin

The date on which the assistance is to be given is See Attachment E

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

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

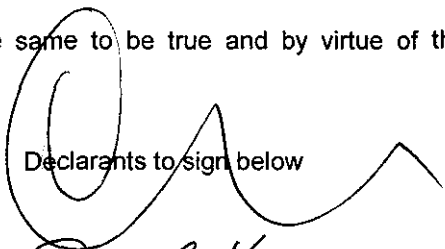
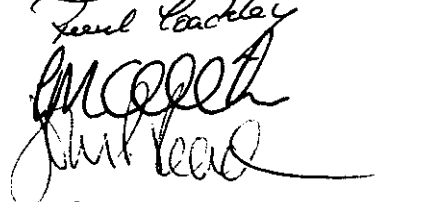
(a) ☒ We have formed the opinion that this company will be able to pay its debts as they fall due during the year immediately following that date)* (note 3)

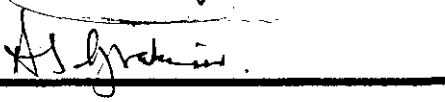
* delete either (a) or
(b) as appropriate

(b) ~~We are 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 as they fall due during the year immediately following that date)* (note 3)~~

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

Declared at Colegrave House
70 Berners Street
London W1T 3NH

Declarants to sign below

David Leadley

Stuart Leadley

B. Bondg

A. Graham

Day Month Year
on

11	12	20	14
----	----	----	----

before me Inogen Hardy
A Commissioner for Oaths or Notary Public or Justice of the Peace or a Solicitor having the powers conferred on a Commissioner for Oaths.
INOGEN HARDY

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

ATTACHMENT A

Directors' names and addresses

(to statutory declaration Form 155(6)b – page 1)

Ian Mark Allkins
35 Brentham Way
Ealing
London
W5 1BE

Paul Everard Budge
16 Overland Crescent
Bradford
BD10 9TG

Paul Coackley
54 Bucknall Way
Beckenham
Kent
BR3 3XN

Lord Anthony Grabiner
1 Essex Court
Temple
London
EC4Y 9AR

Ian Michael Grabiner
Daylesford
5 Methven Road
Glasgow
Scotland

Philip Nigel Ross Green
129 Marylebone Road
London
NW1 5QD
G46 6TG

John Paul Readman
Jellystone Farm
Freizland Lane
Greenfield
Oldham
Lancashire
OL3 7HB

ATTACHMENT B

Form of Assistance

Definitions

Accession Letter means a document substantially in the form set out in schedule 6 of the Credit Agreement (*Form of Accession Letter*);

Additional Borrower means a company which becomes an Additional Borrower in accordance with clause 26 (*Changes to the Obligors*) of the Credit Agreement;

Additional Guarantor means a company which becomes an Additional Guarantor in accordance with clause 26 (*Changes to the Obligors*) of the Credit Agreement;

Affiliate means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company;

Agent means BoS in its capacity as agent for the Lenders;

Ancillary Document means each document relating to or evidencing the terms of an Ancillary Facility;

Ancillary Facility means any ancillary facility made available by an Ancillary Lender in accordance with clause 7 (*Ancillary Facilities*) of the Credit Agreement;

Ancillary Lender means each Lender (or Affiliate of a Lender) which makes available an Ancillary Facility in accordance with clause 7 (*Ancillary Facilities*) of the Credit Agreement;

Arranger means BoS in its capacity as arranger of the facilities under the Credit Agreement;

Assigned Assets means the Security Assets expressed to be assigned pursuant to clause 4.2 (*Security assignments*) of the Debenture;

Bilateral Facilities means a bilateral working capital facilities, up to an aggregate amount of £50,000,000, which may be made available by BoS to TIL2 and any other Obligor from time to time;

Bilateral Facility Letter means any letter pursuant to which BoS makes available the Bilateral Facilities;

Borrower means TIL2 and any Additional Borrower;

BoS means The Governor and Company of the Bank of Scotland;

Charged Investments means the Charged Securities and all present and future Related Rights accruing to all or any of the Charged Securities;

Charged Securities means:

- (a) the securities specified in of schedule 2 (*Details of Security Assets*) of the Debenture; and
- (b) all other stocks, shares, debentures, bonds, warrants, coupons, negotiable instruments, certificates of deposit or other securities or investments (as defined in part II of schedule II to the Financial Services and Markets Act 2000 in force at the date of the Debenture) now or in future owned (legally or beneficially) by a Charging Company or in which such Charging Company has an interest at any time;

Charging Companies means Arcadia Group Holding Limited, Arcadia Group Limited, TIL2, Arcadia Group Brands Limited, Wallis Retail Limited, Miss Selfridge Retail Limited, Redcastle Limited, Arcadia Card Services Limited, Arcadia Group Design and Development Limited and Arcadia Group Fashion Holdings Limited (each a **Charging Company**);

Chargor Company means Redcastle Limited;

CIGLA Borrower means Taveta Investments (No. 2) Limited and Arcadia Group Limited;

Company Intra-Group Loan Advance means any advance made or to be made under the Company Intra-Group Loan Agreement by a Lender;

Company Intra-Group Loan Agreement means the loan agreement in the agreed form between TIL2, Parent and certain other members of the Group pursuant to which facilities to, among others, TIL2, will be made available;

Credit Agreement means the credit agreement between, among others, TIL2 as borrower and BoS as arranger, agent and security trustee dated 14th December, 2004;

Debenture means the debenture between, among others, the Chargor Company and the BoS as security trustee dated 14th December, 2004;

Declared Default means an Event of Default that is continuing and in respect of which notice has been given by the Agent to TIL2 in accordance with clause 24.13 (*Acceleration*) of the Credit Agreement;

Event of Default means any event or circumstance specified as such in clause 24 (*Events of Default*) of the Credit Agreement;

Facility A means the term loan facility made available under the Credit Agreement as described in clause 2 (*The Facilities*) of the Credit Agreement;

Fee Letter means any letter or letters dated on or about the date of the Credit Agreement between the Arranger and TIL2 (or the Agent and TIL2) setting out any of the fees referred to in clause 13 (*Fees*) of the Credit Agreement;

Finance Document means the Credit Agreement, any Fee Letter, the Security Documents, any Accession Letter, any Resignation Letter, the Company Intra-Group Loan Agreement, any Ancillary Document, any Utilisation Request, any Selection Notice and any other document designated as such by the Agent and the TIL2;

Finance Party means the Agent, the Arranger, the Security Trustee, a Lender or an Ancillary Lender;

Group means TIL2 and its Subsidiaries for the time being;

Guarantor means an Original Guarantor or an Additional Guarantor;

Holding Company means, in relation to a company or corporation, any other company or corporation in respect of which it is a Subsidiary;

Insurances means all policies of insurance in which any Charging Company from time to time has an interest save for third party liability insurance;

Intellectual Property means all present and future legal and/or equitable interests (including, without limitation, the benefit of all licences in any part of the world) of the Charging Companies in, or relating to, registered and unregistered trade marks and service marks, patents, registered designs, utility models, applications for any of the foregoing, trade names, copyrights, design rights, unregistered designs, inventions, confidential information, know-how, registrable business names, database rights, domain names and any other rights of every kind deriving from or through the exploitation of any of the aforementioned rights of the Charging Companies;

Lender means:

- (a) any Original Lender; and
- (b) any bank, financial institution, trust, fund or other entity which has become a Party in accordance with clause 25 (*Changes to the Lenders*) of the Credit Agreement;

Obligor means a Borrower or a Guarantor;

Original Guarantor means Arcadia Group Holding Limited, Arcadia Group Limited, TIL2, Arcadia Group Brands Limited, Wallis Retail Limited, Miss Selfridge Retail Limited, Redcastle Limited, Arcadia Card Services Limited, Arcadia Group Design and Development Limited and Arcadia Group Fashion Holdings Limited;

Original Lenders means each of the financial institutions listed in part 2 of schedule 1 (*The Original Parties*) of the Credit Agreement;

Parent means Taveta Investments Limited;

Party means a party to the Credit Agreement;

Receivables means all present and future book debts and other debts, rentals, royalties, fees, VAT and monetary claims and all other amounts at any time recoverable or receivable by, or due or owing to, any of the Charging Companies (whether actual or contingent and whether arising under contract or in any other manner whatsoever) together with:

- (c) the benefit of all rights, guarantees, Security and remedies relating to any of the foregoing (including without limitation, negotiable instruments, indemnities, reservations of property rights, rights of tracing and unpaid vendor's liens and similar associated rights); and
- (d) all proceeds of any of the foregoing;

Related Rights means, in relation to any Charged Securities:

- (a) all dividends, distributions and other income paid or payable on the relevant Charged Securities or any asset referred to in paragraph (ii) below;
- (b) all rights, monies or property accruing or offered at any time in relation to the Charged Securities whether by way of redemption, substitution, exchange, bonus or preference, under option rights or otherwise;

Resignation Letter means a letter substantially in the form set out in schedule 7 (*Form of Resignation Letter*) of the Credit Agreement;

Secured Finance Documents means the Finance Documents and the Bilateral Facilities Letter;

Secured Obligations means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or alone or in any other capacity whatsoever) of the Charging Companies to the Security Trustee and/or the other Security Beneficiaries (or any of them) under or pursuant to any Secured Finance Document to which a Charging Company is a party (including all monies covenanted to be paid under the Debenture), provided that no obligation or liability shall be included in the definition of **Secured Obligations** to the extent that, if it were so included, the Debenture (or any part of it) would constitute unlawful financial assistance within the meaning of sections 151 and 152 of the Companies Act 1985;

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

Security Account has the meaning given to that term in clause 11.6.1(b) of the Debenture;

Security Assets means all property and assets from time to time mortgaged, charged or assigned (or expressed to be mortgaged, charged or assigned) by or pursuant to the Debenture;

Security Beneficiaries has the meaning given to that term in the Security Trust Deed;

Security Documents means the Debenture and any other documents entered into by any Obligor creating or expressed to create any Security over all or any part of its assets in respect of the obligations of any of the Obligors under any of the Finance Documents;

Security Trust Deed means a security trust deed dated on or about the date of the Credit Agreement and made between the Security Trustee, the Agent and the Original Lenders;

Security Trustee means BoS, in its capacity as security trustee for the Security Beneficiaries;

Selection Notice means a notice substantially in the form set out in part 2 of schedule 3 (*Requests*) of the Credit Agreement given in accordance with clause 11 (*Interest Periods*) of the Credit Agreement in relation to Facility A;

Subsidiary means a subsidiary undertaking within the meaning of section 258 of the Companies Act 1985;

TIL2 means Taveta Investment (No.2) Limited;

Utilisation Request means a notice substantially in the form set out in part 1 of schedule 3 (*Requests*) of the Credit Agreement;

The assistance will take the form of:

1. the execution, delivery and performance by the Chargor Company of the Credit Agreement under the terms of which the Chargor Company, inter alia, guarantees to the Finance Parties the performance of the obligations of each Borrower under the Credit Agreement and the payment when due of all liabilities of each Borrower under the Credit Agreement and gives certain indemnities to the Finance Parties against loss;
2. execution, delivery and performance by the Chargor Company of the Debenture pursuant to which the Chargor Company, inter alia, grants fixed and floating charges over its assets and undertakings (with the exception of its freehold and leasehold property) in favour of the Security Trustee as security for the Secured Obligations under the Secured Finance Documents; and
3. entry by the Chargor Company of the Company Intra-Group Loan Agreement under which the Chargor Company will make available to each CIGLA Borrower a committed term loan facility up to an aggregate amount of £850,000,000.

ATTACHMENT C
Principal Terms of Assistance

(to statutory declaration Form 155(6)(b) – Box 2 page 2)

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

1. CREDIT AGREEMENT

By executing the Credit Agreement, the Chargor Company, with each other Guarantor, irrevocably and unconditionally jointly and severally:

Guarantee and Indemnity

- (a) guarantees to each Finance Party punctual performance by each Borrower of all that Borrower's obligations under the Finance Documents;
- (b) undertakes with each Finance Party that whenever a Borrower 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
- (c) 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.

2. DEBENTURE

By executing the Debenture, the Chargor Company as a Charging Company, with each other Charging Company:

Covenant to Pay

covenants in favour of the Security Trustee that it will pay and discharge the Secured Obligations from time to time when they fall due;

Fixed charges

charges and agrees to charge all the present and future right, title and interest of such Charging Company in and to the following assets which are at any time owned by such Charging Company, or in which such Charging Company from time to time has an interest:

- (a) by way of first fixed charge all plant and machinery and the benefit of all contracts, licences and warranties relating to the same;
- (b) by way of first fixed charge:

- (i) all computers, vehicles, office equipment and other equipment; and
 - (ii) the benefit of all contracts, licences and warranties relating to the same;
- (c) by way of:
 - (i) first fixed equitable charge all the Charged Securities referred to in schedule 2 (*Details of Charged Securities*) of the Debenture;
 - (ii) first fixed charge all other Charged Securities (not charged by paragraph (c)(i) above),

in each case, together with (1) all Related Rights from time to time accruing to those Charged Securities and (2) all rights which such Charging Company may have at any time against any clearance or settlement system or any custodian in respect of any Charged Investments;
- (d) by way of first fixed charge:
 - (i) the Security Accounts and all monies at any time standing to the credit of the Security Accounts; and
 - (ii) all monies standing to the credit of such Charging Company from time to time on any and all accounts with any bank, financial institution or other person not otherwise charged by paragraph (d)(i) above,

in each case, together with all interest from time to time accrued or accruing on such monies, any investment made out of such monies or account and all rights to repayment of any of the foregoing;
- (e) by way of first fixed charge all Intellectual Property;
- (f) to the extent that any of the Assigned Assets are not effectively assigned under paragraph headed "Security assignments", (below) by way of first fixed charge those Assigned Assets;
- (g) by way of first fixed charge (to the extent not otherwise charged or assigned in the Debenture):
 - (i) the benefit of all licences, consents, agreements and authorisations held or used in connection with the business of such Charging Company or the use of any of its assets;
 - (ii) any letter of credit issued in favour of such Charging Company and all bills of exchange and other negotiable instruments held by it; and
 - (iii) by way of first fixed charge all of the goodwill and uncalled capital of such Charging Company.

Security assignments

assigns and agrees to assign absolutely (subject to a proviso for reassignment on redemption) all its present and future right, title and interest in and to:

- (h) the Insurances, all claims under the Insurances and all proceeds of the Insurances provided that, prior to the occurrence of a Declared Default that is continuing, the relevant Charging Company may exercise its rights in respect of such Insurances and proceeds; and
- (i) the Receivables provided that, prior to the occurrence of a Declared Default that is continuing, the relevant Charging Company may exercise its rights in respect of such Receivables and proceeds.

To the extent that any Assigned Asset described in paragraph (a) above is not assignable, the assignment which that clause purports to effect shall operate as an assignment of all present and future rights and claims of such Charging Company to any proceeds of the Insurances.

Floating Charge

charges and agrees to charge by way of first floating charge all of its present and future:

- (j) assets and undertaking (wherever located) which are not effectively charged by way of first fixed mortgage or charge or assigned pursuant to the provisions set out in the paragraph headed "Fixed charges" (above), in the paragraph headed "Security assignment" (above) or any other provision of the Debenture; and
- (k) (whether or not effectively so charged) heritable property and all other property and assets in Scotland.

Grant of Security

creates or makes all Security and dispositions by or pursuant to the Debenture:

- (a) in favour of the Security Trustee;
- (b) with full title guarantee in accordance with the Law of Property (Miscellaneous Provisions) Act 1994; and
- (c) as continuing security for payment of all of the Secured Obligations.

Qualifying floating charge

Paragraph 14 of Schedule B1 to the Insolvency Act 1986 applies to any floating charge created by or pursuant to the Debenture (and each such floating charge is a qualifying floating charge for the purposes of the Insolvency Act 1986).

3. COMPANY INTRA-GROUP LOAN AGREEMENT

By entering into the Company Intra-Group Loan Agreement, the Chargor Company will individually agree to:

- (a) grant to the CIGLA Borrowers (or any of them) a committed term loan facility of up to an aggregate amount of £850,000,000 pursuant to which it will make Company Intra-Group Loan Advances; and

- (b) make available to the CIGLA Borrowers amounts to be drawn under this term loan facility to the extent that:
- (i) such Company Intra-Group Loan Advance is permitted to be made by the terms of the Finance Documents;
 - (ii) the aggregate of all monies standing to the credit of all bank accounts in the United Kingdom of Great Britain and Northern Ireland of the Chargor Company exceeds the proportion of such Company Intra-Group Loan Advance which it is proposed be made by the Chargor Company;
 - (iii) the CIGLA Borrower requires the proposed Company Intra-Group Loan Advance for one of the purposes specified in clause 3.1 of the Company Intra-Group Loan Agreement;
 - (iv) in respect of any payment required for one of the purposes specified in clauses 3.1.1 to 3.1.2 (inclusive) of the Company Intra-Group Loan Agreement, the payment to be made by the CIGLA Borrower, which is to be funded (in whole or in part) from the proceeds of any Company Intra-Group Loan Advance, falls due for payment no more than 5 Business Days after the date on which the Company Intra-Group Loan Advance is proposed to be made;
 - (v) the approval of, or the making of, the Company Intra-Group Loan Advance does not give rise to any offence by any person under the Companies Act 1985 or the Insolvency Act 1986 and is not otherwise illegal; and
 - (vi) the CIGLA Borrower is not on the date on which the Company Intra-Group Loan Advance is proposed to be made in liquidation or administration or the subject of a voluntary arrangement in accordance with part 1 of the Insolvency Act 1986,

provided that the Chargor Company shall cease to have an obligation to make any Company Intra-Group Loan Advance to such CIGLA Borrower under the Company Intra-Group Loan Agreement from such time as it ceases to be a Subsidiary of TIL2.

ATTACHMENT D

Amount of cash to be transferred
(to statutory declaration Form 155(6)b – page 2)

By means of a Company Intra Group Loan Agreement in a maximum amount of £850,000,000.

ATTACHMENT E

Date on which assistance is to be given

(to statutory declaration Form 155(6)b - page 2)

Within 8 weeks of the date hereof.

The Directors
Arcadia Group Limited
Colegrave House
70 Berners Street
London
W1T 3NL

14 December 2004

Dear Sirs

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

We have examined the attached statutory declaration of the directors of Arcadia Group Limited (the "Company") dated 14 December 2004 in connection with the proposal that the Company's subsidiary undertaking, Redcastle Limited, should give financial assistance for reducing or discharging a liability incurred in connection with the purchase of the ordinary shares of the Company.

This report, including the opinion, has been prepared for and only for the Company and the Company's directors in accordance with Section 156 of the Companies Act 1985 and for no other purpose. We do not, in giving the opinion set out below, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

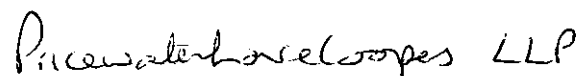
Basis of opinion

We have enquired into the state of the Company's affairs in order to review the bases for the statutory declaration.

Opinion

We are not aware of anything to indicate that the opinion expressed by the directors in their 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