

CHFP025

COMPANIES FORM No. 155(6)a

Declaration in relation to assistance for the acquisition of shares

155(6)a

Please do not
write in this
margin

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

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

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

For official use

Company number

02664542

Note
Please read the notes
on page 3 before
completing this form.

Name of company

* Virgin Active Group Limited

* insert full name
of company

X/We See Rider 1

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

† delete as appropriate

~~The said directors~~ [all the directors] † of the above company do solemnly and sincerely declare that:

The business of the company is:

§ delete whichever
is inappropriate

[illegible]

(c) something other than the above §

The company is proposing to give financial assistance in connection with the acquisition of shares in the

[company] ~~XXXXXXXXXXXXXXXXXXXXXXXXXXXX~~

The assistance is for the purpose of [that acquisition] XXXXXXXX XXXXXXXXXXXXX XXXXXXXXXXXXXX

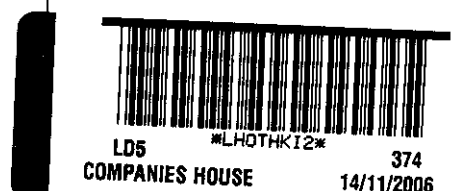
XXXXXXXXXXXXXXXXXXXXX. †

The number and class of the shares acquired or to be acquired is: See Rider 2

Presenter's name address and
reference (if any) :
Allen & Overy LLP
One Bishops Square
London
E1 6AO

BK: 4973460

For official Use
General Section



The assistance is to be given to: (note 2) See Rider 2

Please do not
write in this
margin

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

The assistance will take the form of:

See Rider 3

The person who ~~XXXXXXXXXX~~ [will acquire] † the shares is:

† delete as
appropriate

Holmes Place Health and Fitness Holdings Limited

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

See Rider 3

The amount of cash to be transferred to the person assisted is £ See Rider 4

The value of any asset to be transferred to the person assisted is £ See Rider 4

The date on which the assistance is to be given is See Rider 5

PROJECT SAUCE

RIDERS TO FORM 155(6)(a) IN RESPECT OF A DECLARATION MADE BY THE DIRECTORS OF VIRGIN ACTIVE GROUP LIMITED (THE COMPANY) (REGISTERED NUMBER 02664542) IN RELATION TO FINANCIAL ASSISTANCE GIVEN BY THE COMPANY

Rider 1

Matthew William Bucknall
The Old Rectory, High Street, Stoke Goldington, Newport Pagnell, Buckinghamshire, MK16 8NP

Simon Gordon
104 Salford Road, Aspley Guise, Milton Keynes, Buckinghamshire, MK17 8HZ

Patrick Charles Kingdon McCall
Bartons, Stroughton, Chichester, West Sussex, PO18 9JQ

Peter Michael Russell Norris
Monks Pool, Rectory Road, Meppershall, Hitchin, Bedfordshire, SG17 5NB

Mark Poole
Suite Chemin Rayes, 27 1222 Vesenaz, Geneva, Switzerland

Rider 2

The number and class of shares to be acquired is up to 1,971,201 D shares of 0.1p each in the share capital of the Company.

The assistance is to be given to Holmes Place Health and Fitness Holdings Limited (**HPHFHL**) (registered number 05400953) whose registered office is at 100 Aldersgate Street, London, EC1A 4LX.

Rider 3

Background to the Financial Assistance

On 4th September 2006 the Company agreed to acquire the entire issued share capital of Holmes Place Health Clubs Limited (**HPHCL**) pursuant to a Sale and Purchase Agreement (the **SPA**) dated 4th September, 2006 (the **HPHCL Acquisition**).

As part of the consideration, up to 1,971,201 D shares of 0.1p each in the share capital of the Company will be transferred to HPHFHL.

In addition, the Company will issue a Note to HPHFHL.

On 4 September 2006, a £142,000,000 facilities agreement was entered into between, among others, Virgin Active Holdings Limited (**VAHL**), UBS Limited as Arranger, UBS Limited acting as Agent and UBS Limited acting as Security Trustee (the **Facilities Agreement**) to refinance existing financial indebtedness of the group of which the Company is a part (including financial indebtedness owed by HPHCL to HPHFHL) and to fund part of the costs payable in respect of the HPHCL Acquisition.

Pursuant to the Facilities Agreement, an intercreditor agreement will be entered into on 31st October, 2006 between, among others, the Company and UBS Limited (the **Intercreditor Agreement**), under which the Company will agree to subordinate any loan, credit or other similar financial arrangement owed to it by any Obligor.

Following the HPHCL Acquisition, the Company and VAHL will enter into a deed of assignment pursuant to which the Company will assign to VAHL its rights under the SPA for no consideration (the **Deed of Assignment**).

The form of the financial assistance and the principal terms on which it will be given are as follows - the Company:

- (a) paying the Fixed Cash Consideration to HPHFHL;
- (b) if applicable, paying the Variable Cash Consideration to HPHFHL
- (c) issuing the Note to HPHFHL;
- (d) entering into the Intercreditor Agreement under which the Company will agree, *inter alia*, to subordinate any loan, credit or other similar financial arrangement owed to it by any Obligor;
- (e) entering into the Deed of Assignment;
- (f) incurring any fees in connection with the HPHCL Acquisition and/or the Finance Documents;
- (g) giving any other representations, undertakings or indemnities which it is required to give under any of the Finance Documents, and which may be construed as being financial assistance pursuant to the Companies Act 1985; and
- (h) giving undertakings to take any further actions with relation to the Finance Documents (including the provision of further security).

Rider 4

The amount of cash to be transferred to the person assisted is £455,000 (the **Fixed Cash Consideration**) plus, if necessary, the Variable Cash Consideration (as such term is defined in the SPA).

The value of any asset to be transferred to the person assisted is up to 1,971,201 D shares of 0.1p each in the share capital of the Company and the Note issued by the Company in favour of HPHFHL.

Rider 5

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

Interpretation

Unless a contrary indication appears a reference in this Companies Form No.155(6)(a) to:

- (a) The 'Agent', the 'Arranger', any 'Finance Party', any 'Issuing Bank', any 'Lender', any 'Obligor', any 'Party', the 'Security Trustee' or any other person shall be construed so as to include its successors in title, permitted assigns and permitted transferees and, in the case of the Security Trustee, any person for the time being appointed as Security Trustee or Security Trustees in accordance with the Finance Documents;
- (b) a 'Finance Document' or an 'agreement' includes such Finance Document or agreement as amended, novated, supplemented, extended, replaced or restated (in each case however fundamentally); and
- (c) a 'person' includes any person, firm, company, corporation, government, state or agency of a state or any association, trust or partnership (whether or not having a separate legal personality) of two or more of the foregoing.

Defined Terms:

Unless otherwise defined within this Companies Form No.155(6)(a), the following terms shall have the following meanings:

Additional Borrower means a company which becomes a Borrower in accordance with clause 30 of the Facilities Agreement.

Additional Guarantor means a company which becomes a Guarantor in accordance with clause 30 of the Facilities Agreement.

Agent means UBS Limited.

Agreed Form means, in relation to any document, the form of that document which has been initialled for the purposes of identification by or on behalf of the Seller and the Purchaser with such changes as the Seller and the Purchaser may agree in writing before Completion.

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.

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 9 of the Facilities Agreement.

Ancillary Lender means each Lender (or Affiliate of a Lender) which makes available an Ancillary Facility in accordance with clause 9 of the Facilities Agreement.

Arranger means UBS Limited.

Borrower means an Original Borrower or an Additional Borrower unless it has ceased to be a Borrower in accordance with clause 30 of the Facilities Agreement.

Completion means completion of the sale and purchase of the Shares in accordance with the SPA.

Finance Documents means the Facilities Agreement, the Intercreditor Agreement, any Ancillary Document, any Hedging Agreement, any Transaction Security Document, (each as defined herein) and the Syndication Letter, any accession letter to the Facilities Agreement, any Compliance Certificate, any Fee Letter, any Resignation Letter, any Selection Notice, any Utilisation Request (each as defined in the Facilities Agreement), and any other document designated as a 'Finance Document' by the Agent and the Parent.

Finance Party means the Agent, the Arranger, the Security Trustee, a Lender, the Issuing Bank, a Hedge Counterparty or any Ancillary Lender.

Group means the Parent, the Target and each of their respective Subsidiaries for the time being excluding the South African Subsidiary.

Group Companies means HPHCL and those subsidiaries which are listed in part 1 of schedule 2 to the SPA and **Group Company** means any of them.

Guarantor means an Original Guarantor or an Additional Guarantor, unless it has ceased to be a Guarantor in accordance with clause 30 of the Facilities Agreement.

Hedge Counterparty means a person which has become a party to the Intercreditor Agreement as a Hedge Counterparty in accordance with the provisions of the Intercreditor Agreement.

Hedging Agreement means any master agreement, confirmation, schedule or other agreement in agreed form entered into or to be entered into by VAHL and a Hedge Counterparty for the purpose of hedging interest rate liabilities in relation to the Facilities Agreement.

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

Issuing Bank means any Lender which has notified the Agent that it has agreed to the Parent's request to be an Issuing Bank pursuant to the terms of the Facilities Agreement.

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 29 of the Facilities Agreement,

which in each case has not ceased to be a Party in accordance with the terms of the Facilities Agreement.

Lender Accession Undertaking means an undertaking in substantially the form set out in schedule 2 to the Intercreditor Agreement.

Note means the unsecured loan note of the Purchaser to be issued pursuant to the Note Instrument whose aggregate nominal value (as may be adjusted) shall be determined in accordance with the following formula:

$(A/B) - A$ where:

A is the amount paid up in full of the Purchaser Notes and the aggregate amount of all interest and dividends accrued but unpaid on the Purchaser Notes up to and including Completion; and

B is 0.88,

as may be amended from time to time.

Note Instrument means the instrument in the Agreed Form to be executed by the Purchaser on Completion.

Obligor means a Borrower or a Guarantor.

Original Borrower means VAHL.

Original Guarantor means the companies listed in Part 1 of Schedule 1 to the Facilities Agreement as Original Guarantors.

Original Lender means UBS Limited.

Parent means Virgin Active Group Investments Limited.

Party means a party to the Facilities Agreement.

Purchaser means the Company.

Purchaser Notes means the loan notes and preference shares issued at the date of the SPA by HPHCL and certain other Group Companies to certain Virgin Entities and certain managers of Group Companies.

Secured Parties means the Security Trustee, any Receiver (as such term is defined in the Intercreditor Agreement) or Delegate (as such term is defined in the Intercreditor Agreement) and the Senior Creditors from time to time but, in the case of the Agent or a Senior Creditor, only if it is a party to the Intercreditor Agreement or has delivered to the Security Trustee a duly executed Lender Accession Undertaking accepted by the Security Trustee and the Agent.

Security Trustee means UBS Limited.

Seller means HPHFHL.

Shares means all the shares in the capital of HPHCL, being 60,350,000 ordinary shares of £1 each in the capital of the Company and 350,000 ordinary B shares of 50p each in the capital of HPHCL and any additional shares issued pursuant to paragraph 1(b) of schedule 6 to the SPA.

Senior Creditors means the Senior Lenders and the Hedge Counterparties.

Senior Lenders means each Lender, Issuing Bank and Ancillary Lender.

South African Subsidiary means Virgin Active Holdings (SA) Limited and each of its Subsidiaries.

Subsidiary means, in relation to any company or corporation, a company or corporation:

- (a) which is controlled, directly or indirectly, by the first mentioned company or corporation;
- (b) more than half the issued share capital of which is beneficially owned, directly or indirectly by the first mentioned company or corporation; or
- (c) which is a Subsidiary of another Subsidiary of the first mentioned company or corporation,

and for this purpose, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.

Target means HPHCL.

Transaction Security Document means each of the documents listed as being a Transaction Security Document in paragraph 3(f) of Part I of Schedule 2 to the Facilities Agreement and any document required to be delivered to the Agent under paragraph 10 of Part II of Schedule 2 to the Facilities Agreement together with any other document entered into by any member of the Group creating, evidencing or expressed to create or evidence any security over all or any part of its assets in respect of the obligations of members of the Group under any of the Finance Documents.

Variable Cash Consideration means the amount (if any) in immediately available funds equal to the amount by which the Debt Repayment (as such term is defined in the SPA) is more than the Final Intercompany Debt (as such term is defined in the SPA).

Virgin Entity means any person or undertaking specified in paragraphs (a) to (e) below:

- (a) Sir R.C.N. Branson together with the trustees of any settlement created by him;
- (b) any spouse or the individual specified in (a) above, or any child or remoter issue of the individual's grandparents or any spouse of such child or issue;

- (c) the trustee or trustees for the time being of any settlement made by any person mentioned in (b) above;
- (d) any personal representative or the individual specified in (a) above;
- (e) any undertaking (as defined in section 259 Companies Act 1985) in any jurisdiction or other entity in which any person specified in (a) to (d) above himself or together with any other person or persons mentioned in (a) to (d) inclusive above holds (directly or indirectly) more than 50% of the shares (as defined in section 259 Companies Act 1985) or otherwise has control (as defined in section 416 Income and Corporation Taxes Act 1988).



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The Directors
Virgin Active Group Limited
21 North Fourth Street
Central Milton Keynes
MK9 1HL

Our ref kb/jh/137

Contact Keith Buck
020 7311 1000
Ext 5250

31 October 2006

Dear Sirs

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

We have examined the attached statutory declaration of the directors dated 31 October 2006 in connection with the proposal that Virgin Active Group Limited (the "Company") should give financial assistance, particulars of which are given in the attached copy of the statutory declaration, for the purpose of the acquisition of up to 1,971,201 D ordinary shares of 0.1p in the share capital of the Company.

This report is made solely to the Company's directors as a body in accordance with section 156(4) of the Companies Act 1985. Our work has been undertaken so that we as the Company's auditors might state to the Company's directors those matters we are required to state to them in a report under section 156(4) of that Act and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's directors as a body for our work under section 156(4) of that Act or for this report.

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

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

KPMG LLP, Registered Auditor