

BANK OF SCOTLAND

CORPORATE

Intermediary Commercial Finance First
Floor
Pentland House
8 Lochside Avenue
EDINBURGH
EH129DJ

6th December 2006

Pentacle Gamma Limited
A Company Incorporated under the Companies Acts And
having its Registered Office at
Access House
Manor Road
Eating
London
W13 ODG

Company No. 05995326
'the Borrower'

Dear Sirs,

Development Overdraft Facility of £1,011,000

Bank of Scotland, (herein called 'the Bank') are pleased to offer you a Facility on the following terms and conditions ('this Offer')

1. Main Financial Provisions

- 1.1 Amount: £1,011,000 (the Facility')
- 1.2 An Arrangement Fee of £10,110 is payable in respect of the Facility and will be deducted at First Drawdown ..
- 1.3 Period of the Facility: 18 months from the date upon which the Facility or any part thereof is first drawn.
- 1.4 All overdrafts are repayable on demand, so the Borrower must immediately pay the Bank the Cleared Debit Balance on the Borrower's account(s) (plus interest and charges accrued but not yet added), whenever the Bank requires the Borrower to do so. The Facility will cease to be available as from the date of any such demand. Please note that in some circumstances the Bank may demand payment if the Bank considers that: -
- (a) any of the terms or conditions of the Facility have been breached; or
- (b) the financial condition of the Borrower has altered in any material way; or
- (c) the Facility was agreed on the basis of incorrect or incomplete information from the Borrower; or
- (d) the basis upon which the Facility was agreed by the Bank has altered in any material way.
- 1.5 Interest will be calculated by the Bank on a day-to-day basis on the Cleared Debit Balance on the Borrower's account(s). Interest accruing will be applied to the account(s) on the Bank's Interest Application Dates which are 14 days after the Borrower's account statement date. Where more than one statement is produced each month, the Interest Application Date will be 14 days after the date of the first statement in the month. Where statements are produced less frequently than monthly the date in the month on which statements are produced will be the relevant date for each month. The interest rate will be one and three quarters per cent over the Bank's Base Rate per annum, as fluctuating from time to time.

Part of the HBOS Group.
The Governor and Company of the Bank of Scotland,
constituted by an Act of Parliament 1695. I'm... LA .,1,1
Head Office: The Mound Edinburgh EH1 1YZ. - V
Authorised and regulated by the Financial Services Authority.

www.bankofscotland.co.uk/corporate

- 1.6 The Bank's Base Rate at the date of this Offer is 5.00% per annum. Changes are notified in national newspapers and all the Bank's Branches.
- 1.7 Provided no Event of Default has occurred, your liability for repayment of capital hereunder will be postponed during the period of the Facility. The Facility is repayable in full at the expiry of the Facility or earlier upon the occurrence of an Event of Default.

Use of Facility

- 1.8 Once all the Conditions Precedent have been satisfied the Facility may be utilised, only as follows:-
- £ 342,500 towards the purchase of the freehold land at 174c Bow Common Lane, London, E3 subject to a maximum of 75% of the Market Value/Purchase Price, whichever is lower.

Solicitors shall confirm that the funds in respect of the purchase have been/will be so utilised.

- £ 668,500 towards the development, the associated costs and professional fees, VAT and roll up of interest at the proposed development at 174c Bow Common Lane, London, E3 subject to a maximum of 75% of total of said costs.

Funds will be released in tranches of not less than £10,000 against sight of the quantity surveyor's certificates together with the quantity surveyor's monthly reports and updated projected budget figures. The Quantity Surveyor will be appointed to monitor the development, at the expense of the Borrower, on behalf of the Bank and will be required to approve each certificate prior to the release of funds and confirm that the development is progressing on time and within budget.

2. Early repayment of the Facility

- 2.1 Any sums repaid early may not be re drawn.

Conditions Precedent

The Conditions Precedent which require to be satisfied before draw down are as follows:-

3. Security Conditions

The Borrower will grant or cause to be granted to the Bank (or continues to hold) security documentation in the Bank's standard form as a continuing security as cover for not only the amounts owing to the Bank under this Offer but also for all sums due and to become due to the Bank as follows:-

- 3.1 A first and only Debenture over the whole assets and undertakings of the Borrower including the uncalled capital
- 3.2 A First Legal Charge over the freehold land at 174c Bow Common Lane, London E3 (herein called 'the Property').
- 3.3 A Company Secretary's Certificate approving the acceptance of the Facility and the granting of the Security Documents.
- 3.4 Our Solicitors report, to our satisfaction, on any leases/licences/letting agreements or any trading companies relating to the Property.
- 3.5 Warranties on the Bank's standard forms, containing step-in rights into the building contract and professional appointments (should the borrower default on the loan) in respect of the development; from:-
- the main contractor
 - sub contractors with design responsibility
 - all consultants engaged in the project, including but without limitation the Architect, Quantity Surveyor, Mechanical and Electrical Engineer, Structural Engineer and Planning Supervisor.

- f) an acknowledgement / agreement of all of the above warranties from the appropriate professional indemnity insurers of the main contractor / sub contractor / consultants.

3.6 Deeds of Appointment of the above consultants engaged in the developments either:

- a) On the Employer's or contractor's (if a JCT 98 with contractor's design form of contract) Form as suitably amended to take into account the Bank's requirements.
- b) On the appropriate industry standard forms as issued by the Royal Institute of British Architects, Royal Institute of Chartered Surveyors, or Association of Consulting engineers as suitably amended to take into account the Bank's requirements.

3.7 Letter(s) of Postponement in respect of any Directors/Shareholders/Inter Company loans.

The Borrower will be liable for all legal costs for the instruction, preparation and completion of the foregoing security documentation whether or not any Borrower draws down any part of the Facility.

We will have received from our Solicitors a Report on Title in regard to the Property in a form and substance acceptable to the Bank.

4. Other Conditions - Purchase

4.1 (a) An Arrangement Fee of £10,011 will be deducted at First Drawdown.

- (b) The Borrower shall pay the Bank's in-house legal fees of £200 for the approval of documents presented to the Bank and for the instruction or preparation of the Security Documents. This sum will be deducted by the Bank from the amount of First Drawdown.

4.2 Your Solicitor will have confirmed in writing:-

- (a) the purchase price of the site and that he has seen evidence of same.
- (b) That you have at least £380,000 available in cash towards this and any related expenses without recourse to any other borrowings and that he has seen evidence of same.
- (c) The source of your financial contribution, and that he has seen evidence of same.
- (d) The corporate powers of the Borrower and if appropriate the other companies to grant the required Security.

4.3 The Bank and/or its advisors are to be satisfied with/that:-

- (a) A certified list of directors and officers together with a certified copy of the Certificate of Incorporation.
- (b) The authorised and issued share capital, the identity of the directors and shareholders and their shareholdings.
- (c) Details of any trading or non trading subsidiaries and any other Group arrangement pursuant to the Borrower.
- (d) The information and evidence in respect of the Borrower required by Bank of Scotland to comply with its anti money laundering procedures.
- (e) Satisfactory insurance details in respect of the Property and evidence of compliance with the applicable provisions of the Security Documentation relating to insurance.
- (f) A satisfactory valuation report from an independent valuer as approved by the Bank at its absolute discretion. The valuer to provide commentary upon the value of the site as is, and on the basis of the completed development project. The valuer should also comment on the likely demand for the property/properties/units for sale, timescales involved and any restrictions, listed building issues or other unusual aspects of the development and costings.

Development Conditions - Development.

- 4.4 Your Solicitor will have confirmed/provided in writing (to the Bank's satisfaction) :-
- (a) Evidence that a valid Planning Permission and Building Regulation Consent have been obtained and all other statutory requirements which are in force from time to time, including but not limited to the Construction (Design and Management) Regulations 1994, have been fulfilled for the proposed development.
 - (b) that the Bonower holds/will hold at completion a copy of the up to date Health & Safety File for the Property and that a declaration has been served on the Health & Safety Executive identifying the Bonower as the client under Regulation 4 of the CDM Regulations 1994.
 - (c) that the Main Contractor has adequate public liability insurance together with adequate contract works insurance cover and, if a Design & Build Contract, Professional Indemnity Insurance.
 - (d) that the Planning Supervisor and Architect have adequate Professional Indemnity Insurance.
 - (e) that the warranties referred to in condition 3.5 above do not limit in any way the Architect's or main contractor's duties to comply with Planning Permission, Building Regulation Consent and the Construction (Design and Management) Regulations 1994.
 - (f) that your insurers have been notified in respect of the extent of the works being carried out at the property.
 - (g) That agreements with the appropriate authorities are held in respect of the construction and adoption of all necessary sewers, drains and highways together with bonds in support thereof.
- 4.5 The Bank and/or its Solicitors are to be satisfied with/that:-
- (a) sight of signed JCT Standard Form of Building Contract suitably amended to achieve a guaranteed maximum price with the Building Contractor.
 - (b) estimates in respect of the works to be carried out.
 - (c) confirmation from your Quantity Surveyor that the total budgeted cost is considered sufficient to fully complete the proposed works including VAT, planning fees, costs, commissions and fixtures and fittings.
 - (d) reference enquiries in respect of the Main Contractor and other main professionals. Please arrange for the enclosed Status Enquiry Consent Forms to be completed.
 - (e) a geotechnical engineer's confirmation addressed to the Bank that ground conditions are suitable for the proposed development.
 - (f) that agreements with the appropriate authorities are held in respect of the construction and adoption of all necessary sewers, drains and highways together with bonds in support thereof.
 - (g) a development appraisal and cash flow/profit and loss forecasts for the project.
 - (h) an independent Project Manager approved by the Bank will be required to monitor the development at the Borrower's expense and will provide monthly report detailing progress, any cost variances/slippage's.
 - (i) The bonower to have NHBC insurance in place to satisfy the council of mortgage lenders.
 - (j) An independent Project Manager approved by the Bank will be required to monitor the development at the Borrower's expense.

- (k) Site investigation report addressed to the bank confirming that the ground conditions are suitable for the proposed structure/development.

5. Financial Conditions

The Borrower shall supply to the Bank the following Financial Information:

- 5.1 within 180 days after the end of each financial year of the Borrower a copy of its Financial Statements;
- 5.2 within 45 days after the end of each quarter in each financial year of the Borrower, management accounts (including profit and loss account and balance sheet).
- 5.3 such further financial information as the Bank may from time to time reasonably require.

The Borrower shall ensure that: -

5.4 Security Cover

The Realisation Value of the Property charged in favour of the Bank shall not be less than 133% of the amount of the Term Loan outstanding from time to time.

Upon receipt of the annual audited Financial Statements the Bank may, at its absolute discretion and at the cost of the Borrower, instruct a re-valuation of the Property (ies) from a Valuer acceptable to the Bank.

In the event the Realisation Value does not equal or exceed 133% of the Borrower's total indebtedness under the Facility, then, upon written demand by the Bank, the Borrower shall either: -

- i) reduce the amount of the Facility; or
- ii) provide additional security which will ensure compliance with the financial covenant.

and the Borrower shall comply with any such demand within 28 days thereof.

6. Miscellaneous Conditions

- 6.1 The terms and conditions contained in the Bank's Lending Terms and Conditions (Single Company), Booklet dated 5th February 1993 ('the Booklet') will apply and a copy is enclosed with this Offer.
Following the Undertaking by HBOS PLC to The Secretary of State for Trade and Industry and The Chancellor of the Exchequer under section 88(2) of the Fair Trading Act 1973 the clause 3.1.1 contained in this booklet is amended from 'it will not borrow money from or grant any security to any person other than the bank' to now read 'it will not grant any security to any person other than the bank'.
- 6.2 In addition to the events of default detailed in Clause 4 of the Booklet, the Bank may declare that an event of default has occurred if the Borrower repays (in whole or in part) any loan that may have been granted to the Borrower by any of its Directors from time to time without having obtained the prior written consent of the Bank.
- 6.3 It shall be an Event of Default if control of the Borrower passes to any person or persons without the prior written consent of the Bank.
- 6.4 The Borrower hereby warrants that it will comply with the Construction (Design and Management) Regulations 1994 and maintain an up to date Health and Safety File for each relevant Property.
- 6.5 Where the Facility is used for the purchase, refinance or development of an asset or property then any proceeds of sale or a percentage proportion of any proceeds of such an asset or property in whole or in part shall be repaid to the Bank in reduction or repayment of the Facility.
- 6.6 In the event of any discrepancy between the terms of this letter and the Booklet the terms of this letter shall prevail.

- 6.7 The Bank will utilise its own Solicitors for the preparation and completion of its security and you will be liable for all costs incurred including VAT whether the matter proceeds or not to completion. Please ensure that your Solicitors give the Bank's Solicitors an Undertaking that all costs involved, including all necessary post completion matters, will be paid. This undertaking must be received prior to any work being done by the Bank's Solicitors.
- 6.8 The Certificate of Practical Completion and Building Regulations Certificate of Completion upon completion of the development.
- 6.9 The Borrower will supply to the Bank within one month of completion of the development, an updated reinstatement valuation from a duly qualified professional approved by the Bank at the BOITower's expense together with evidence that the appropriate insurance arrangements are in place.
- 6.10 It shall be an event of default should the development not be completed within 12 months or if the Bank has reason to believe the development will not be completed.
- 6.11 The Bank will be satisfied that 100% of sales proceeds will be utilised to reduce the outstanding facilities.
- 6.12 Any **cost overruns to be the sole responsibility of the Borrower.**

7 Payment

In the event that (i) any currency in which any of the obligations under the Bank documents are denominated from time to time is changed or replaced at any time after the date of this agreement (whether as a result of the introduction of changeover to or operation of a single or unified European currency or otherwise) and / or (ii) any price source for the ECU or the national currency of any European Union member state disappears or is replaced and / or (iii) any market conventions relating to the fixing and / or calculation of interest are changed or replaced the Bank documents will be amended to the extent that the Bank, acting reasonably, considers to be required in order to reflect those circumstances.

8. Taxes and Increased Cost

- 8.1 All payments by the Borrower to the Bank (being a Qualifying Bank) under this letter shall be free and without deduction of tax unless the Borrower is required by law to make a payment subject to deduction or withholding of tax, in which case the amount payable by the Borrower will be sufficiently increased to ensure that the Bank receives and retains a net sum equal to that which it would have received and retained were no deduction or withholding made. If the Bank subsequently receives a tax credit which is referable to the increased payment and which enhances its position, then it will reimburse the Borrower sufficient to redress the position up to the amount received so long as by so doing it does not prejudice receipt or retention of the tax credit.
- 8.2 If the Bank incurs an Increased Cost, then the Borrower will indemnify it and will promptly pay to it the amount the Bank certifies as payable. The Bank will disclose, in reasonable detail, the basis of its calculation but not any matter that it considers confidential.

9 EMU Compliance

If the introduction of, changeover to or operation of a single or unified European currency results in:

- 9.1 the currency in which the facility is provided changing or being replaced or the Bank (in its reasonable opinion) requiring to amend either this facility letter or the Security due to changes in price sources for any European Union member state national currency or the ECU or market conventions relating to the calculation of interest; and/or
- 9.2 the Bank incurring an additional or Increased Cost in relation to its providing the facility;

then the Borrower agrees that in the case of 9.1 above, it will permit the facility letter and/or the Security to be amended to the extent necessary (in the Bank's reasonable opinion) to reflect those changed circumstances and in the case of 9.2 above, to indemnify the Bank in respect of that additional or Increased Cost.

10. Assignment

10.1 The Bank will be entitled (after consultation with the Borrower) to (1) assign, novate or transfer and (2) permit a participation in all or any part of its rights and obligations under this letter to or by any other Qualifying Bank or Banks. The Borrower undertakes to execute and to procure that it will execute all documents the Bank may reasonably require to give effect to an assignment, novation or transfer. If the Bank does enter into a participation arrangement, the Borrower will continue to deal directly with the Bank as agent.

10.2 The Bank will be entitled to disclose to any prospective or actual assignee, transferee or participant or any other member of the Bank group confidential information concerning the Borrower and its financial condition and any other information which may be given to the Bank in relation to this letter.

11. Law

Notwithstanding the general administrative provisions contained in the attached Booklet, this Offer and the Booklet will be governed by the Laws of England and Wales. However this does not limit the Bank's right to institute proceedings in any other jurisdiction.

12. Definitions

'Financial Statements' means the audited annual profit and loss account and balance sheet of the relevant company for each of its financial years (consolidated for each financial year during which that company has a subsidiary) together with related directors' and auditors' reports.

'Increased Cost' means -

1. an additional or increased cost incurred by the Bank as a result of it having entered into or performing, maintaining or funding its obligations under this letter; or
2. that portion of an additional or increased cost incurred by the Bank in making, funding or maintaining all or any advances comprised in a class of advances formed by or including the Term Loan; or
3. a reduction in any amount payable to the Bank or in the effective return to the Bank under the Term Loan or on its capital; or
4. the foregone amount of any payment made or interest or other return on or calculated by reference to any amount received or receivable by the Bank under the Term Loan:

in each case arising as a result of any change, introduction, interpretation or administration of any law or regulation after the date of this letter with any law or regulation relating to reserve assets, special deposits, cash ratios, liquidity or capital adequacy requirements or any other form of banking or monetary control (including controls and requirements of the Bank of England, the Financial Services Authority the European Central Bank or any other governmental or regulatory authority) or the introduction of changeover to or operation of a single or unified European currency or otherwise but excluding (1) costs compensated for by the Mandatory Liquid Assets Costs or (2) payments in respect of tax under clause 9.1 of this agreement or (3) costs not generally applicable to UK Banks.

'Net Interest Charges' means in relation to any of your accounting reference periods, the aggregate of all amounts of interest, commission and other equivalent financial expenses attributable to such period, having offset any creditor interest due to you.

'Qualifying Bank' means a bank for the purposes of Section 349 of the Income and Corporation Taxes Act 1988 which is within the charge to UK corporation tax as regards any interest payable to it under or in connection with this letter and/or any other Bank document at the time when such interest is paid.

'Sterling' and the figure £ means the lawful currency of the U.K.

To accept this Offer, each Borrower named on page 1 should please sign below where indicated and the completed Offer should be returned to the Bank at the above address within **14 days** from the date of this Offer.

Yours faithfully,
FOR AND ON BEHALF OF THE
GOVERNOR AND CaMP ANY OF
THE BANK OF SCOTLAND

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lll Mike Allen
Vr Director

We accept this Offer and acknowledge receipt of the original, of which the foregoing letter is a true copy, together with the Booklet.

Data Protection Act Declaration

By signing this document

- I confirm that I have read the information sheet "Uses of Data" and agree that the information I have provided in this application may be processed and disclosed in the ways described .
- I agree that any sensitive information obtained will only be processed in order to provide the service requested.

You should consult your lawyer, accountant or other independent professional advisor before entering into this agreement.

Signed and delivered by :

Pentacle Gamma Limited

Dated ..j.lJ::~.J/2t1{~.c.

acting by

..... P.N.) .. Q
f.f.\~~,~.~.~. Q

Full name of Director

and e..g46 ...:P(Y!ff:2.

N'£rry~

Full name of Secretary/Director

Signature of Director

Signature of Secretary/Director

DM