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The Directors, whose names appear on page 5 of this document, accept responsibility for the information contained in this document (save for the information on Chestnut Hill). To the best of the knowledge and belief of each of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document (save for the information on Chestnut Hill) is in accordance with the facts, and makes no omission likely to affect the import of such information.

The directors of Chestnut Hill accept responsibility for the information on Chestnut Hill contained in this document. To the best of the knowledge and belief of each of the directors of Chestnut Hill (who have taken all reasonable care to ensure such is the case) the information contained in this document on Chestnut Hill is in accordance with the facts and makes no omission likely to affect the import of such information.

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## Millwall Holdings plc

*(Incorporated and registered in England and Wales with Registered No. 2355508)*

### Notice of Extraordinary General Meeting regarding *inter alia* a convertible loan facility from Chestnut Hill Ventures LLC and the issue of warrants to it and the associated approval of the waiver to be granted by The Panel on Takeovers and Mergers

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Seymour Pierce Limited, which is regulated by The Financial Services Authority, is acting as financial adviser exclusively for the Company in connection with the Proposals and is not acting for any other person and will not be responsible to any other person for providing the protections afforded to customers of Seymour Pierce Limited or for advising any other person in connection with the Proposals.

Notice of an Extraordinary General Meeting of Millwall to be held at The Den, Zampa Road, London SE16 3LN at 10.00 a.m. on 28 March 2007 is set out at the end of this document. A Form of Proxy for use at the meeting is enclosed with this document and should be returned as soon as possible and in any event so as to be received by 10.00 a.m. on 26 March 2007 being 48 hours before the time appointed for the holding of the meeting.

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## DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

“Act”	the Companies Act 1985 (as amended)
“AIM”	the AIM market operated by the London Stock Exchange plc
“Board” or “Directors”	the directors of the Company other than the Proposed Directors
“Chestnut Hill” or “CHV”	Chestnut Hill Ventures LLC
“Club”	The Millwall Football & Athletic Company (1985) plc
“Code”	The City Code on Takeovers and Mergers
“Company” or “Millwall”	Millwall Holdings plc
“Completion”	first drawdown of the Loan pursuant to the terms of the Facility Agreement
“Directors’ Loan Notes”	the unsecured convertible loan notes in the principal amount of £530,000 to be subscribed for by certain of the Directors and Peter de Savary, a former director of the Company, further details of which are set out on page 8 and in paragraph 5 of Appendix Three
“Existing Ordinary Shares”	the existing issued Ordinary Shares
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company to be held at 10 a.m. on 28 March 2007 (or any adjournment thereof), notice of which is set out at the end of this document
“Facility Agreement”	the facility agreement entered into between the Company, the Club and Chestnut Hill on 1 March 2007 setting out the terms of the Loan which is conditional, <i>inter alia</i> , upon the passing of the Resolutions numbered 1, 2, 3 and 6, further details of which are set out on page 6 and in paragraph 4 of Appendix Three
“Form of Proxy”	the form of proxy for use by Shareholders in connection with the EGM, which is enclosed with this document
“Group”	Millwall, its subsidiaries and associated undertakings
“Loan”	the convertible loan facility of up to £5 million to be made available to Millwall by Chestnut Hill
“New Ordinary Shares”	up to 37,262,464,880 new Ordinary Shares being the maximum number of Ordinary Shares to be issued on conversion of the Loan, the Directors’ Loan Notes and the NFL Loan Notes, any interest accrued but unpaid on them and the exercise of the Warrants
“NFL”	Nash Fitzwilliams Limited
“NFL Loan Notes”	the secured convertible loan notes in the principal amount of up to £1,500,000 to be subscribed for at any time up to 31 March 2007 by clients of NFL, further details of which are set out on page 8 and in paragraph 5 of Appendix Three
“Ordinary Shares”	the ordinary shares of 0.01p each in the capital of the Company
“Panel”	the Panel on Takeovers and Mergers
“Proposals”	the making of the Loan, the conversion of the Loan and interest accrued but unpaid on the Loan into New Ordinary Shares and the issue of the Warrants to Chestnut Hill
“Proposed Directors”	John G. Berylson and Demos Kouvaris
“Resolutions”	the resolutions to be put to Shareholders at the Extraordinary General Meeting
“Shareholders”	holders of Existing Ordinary Shares

“Warrants”

warrants to be issued, subject, *inter alia* to Shareholders approval, by the Company to Chestnut Hill immediately prior to Completion to subscribe for up to 6,136,657,201 Ordinary Shares at 0.04p per Ordinary Share, further details of which are set out on page 6 and paragraph 4 of Appendix Three

# LETTER FROM THE CHAIRMAN OF MILLWALL

## Millwall Holdings plc

*(Incorporated and registered in England and Wales with Registered No. 2355508)*

### *Directors*

Heather Rabbatts (*Chairman*)  
Jeffrey Burnige  
Constantine Gonticas  
Trevor Keyse  
Stewart Till

### *Registered Office*

The Den  
Zampa Road  
London SE16 3LN

### *Proposed Directors*

John G. Berylson  
Demos Kouvaris

2 March 2007

Dear Shareholder,

## INTRODUCTION

Your Board has for some time been seeking further investment in the Company in order to support Millwall football club and to further the property development opportunities outlined in the Company's last fundraising document dated 20 March 2006.

CHV have conditionally agreed to advance up to £5 million to the Company by way of the Loan which (together with interest accrued thereon) will be convertible in whole or in part into New Ordinary Shares. It is also proposed that immediately prior to Completion the Company will issue to Chestnut Hill warrants to subscribe for up to 6,136,657,201 Ordinary Shares at 0.04p per Ordinary Share.

The conversion of the Loan and accrued interest thereon and the exercise of the Warrants in whole or in part will result in Chestnut Hill owning more than 30 per cent. of the Company's enlarged issued voting share capital which, as Millwall is a company which is subject to the Code, would pursuant to Rule 9 of the Code ordinarily result in CHV having to make an offer to acquire the remainder of the Ordinary Shares not owned by it. However, as described in further detail below, the Panel have granted a waiver of this obligation subject to Shareholder approval.

The main purpose of this document is to seek Shareholder approval of the waiver granted by the Panel in respect of the Proposals.

## BACKGROUND TO AND REASONS FOR THE PROPOSALS

In the fundraising document sent to Shareholders on 20 March 2006, the Directors stated that it was their belief that there were opportunities to develop both the Club's ground and property in the immediate area.

The Club's stadium is situated within an area of light employment and land which is under-utilised. The land surrounding the stadium currently comprises a mix of light industrial buildings, low grade housing, ageing commercial premises, redundant warehousing and wasteland which has been allowed to deteriorate over many years despite its inherent potential and proximity to the financial and corporate heart of the City of London. It is one of the last areas with potential for redevelopment close to the City of London. London Bridge station is a 4 minute train journey from South Bermondsey station which serves the stadium and the City of London can be reached in approximately 15 minutes by taxi.

The stadium is occupied under a long lease from Lewisham Council expiring in 2143. It stands in 12 acres of land straddling the boroughs of Lewisham and Southwark, is modern and was purpose

built 14 years ago as one of the first new stadia to be constructed after publication of the Taylor Report which made recommendations regarding the provision of safety at sporting events in response to the 1989 Hillsborough disaster. Adjoining the stadium is the Lions Sports Centre which houses the Millwall Community Scheme, a registered charity providing sports and educational facilities for Lewisham and Southwark and owning a near full size indoor pitch which is used by the Club.

An ambitious mixed use scheme known as “Sport City” is being progressed by the Chairman, who has extensive experience in leading major developments in London, with the support of a high calibre professional team. Both in the UK and Europe, football stadia lying at the heart of residential/commercial redevelopment are becoming a major feature of the architectural urban landscape.

The Club is the catalyst for the scheme in co-operation with the local authorities. The regeneration opportunity would, if completed, transform a significant area of south-east London. The scale of this endeavour is ambitious with a plan that envisages major residential, retail, sport, healthcare, hospitality, leisure and community facilities.

**The Company requires additional funding at this time to continue with the regeneration proposals and to provide the Club with working capital to support its activities throughout the remainder of this season and the next. Your Directors have for some time been seeking investment for the Company. Having explored several options, and taken advice from Seymour Pierce Limited, the Board is of the view that the Proposals represent the best option for the Company and that no other source of investment of a similar magnitude is available to the Company or the Club within the necessary timescale. If the Proposals are not approved at the EGM, the Company will not be able to raise alternative funding in the time available and may have to consider ceasing to trade.**

#### DETAILS OF THE LOAN AND USE OF PROCEEDS

On 1 March 2007 the Company, the Club and Chestnut Hill entered into the Facility Agreement which is conditional, *inter alia*, on Shareholders approving the Resolutions numbered 1, 2, 3 and 6. Pursuant to the terms of the Facility Agreement, Chestnut Hill agreed to provide a loan facility of up to £5 million repayable on or before the third anniversary of funds being drawn down under it and convertible (in whole or in part) at any time by Chestnut Hill into New Ordinary Shares at a subscription price per New Ordinary Share of 0.03p in respect of amounts drawn down in the period commencing on Completion and ending 18 months thereafter (and any interest accrued thereon) and 0.04p in respect of amounts drawn down after that date but before the third anniversary of Completion (and any interest accrued thereon). The Loan will carry interest at the rate of 9.5 per cent. per annum compounded monthly and payable quarterly in cash or (at the election of the Company) by the issue of payment in kind notes which are convertible into New Ordinary Shares and which also carry interest at the same rate. In the event that Chestnut Hill converts any part of the Loan, any accrued but unpaid interest in respect of such part of the Loan shall also be converted into Ordinary Shares. Whilst the Loan remains outstanding Chestnut Hill will have the right to appoint two directors to the boards of each of Millwall and the Club and the right to appoint a further director to the board of each company upon conversion in full of the Loan into New Ordinary Shares. The Loan will be secured against the assets of the Company and the Club by fixed and floating charges. The Facility Agreement contains further undertakings and covenants in favour of Chestnut Hill details of which are set out in paragraph 4 of Appendix Three. Chestnut Hill will be paid a commitment fee of 2 per cent. of the principal amount of the Loan on first drawdown under the Facility Agreement.

Upon Completion, John G. Berylson will be appointed as non-executive chairman and director of Millwall and a non-executive director of the Club and Demos Kouvaris will be appointed as a non-executive director of Millwall and the Club. Further, upon Completion, Millwall’s audit committee will be increased to three members to include Demos Kouvaris and Millwall’s remuneration committee will be increased to three members to include John G. Berylson.

The Company will immediately prior to Completion, issue to Chestnut Hill Warrants to subscribe for up to 6,136,657,201 Ordinary Shares, representing 10 per cent. of the Company’s fully diluted share capital after conversion of the Loan and accrued interest thereon, exercise in full of the

Warrants, conversion of the Directors' Loan Notes and accrued interest thereon, conversion of a maximum of £1.5 million of the NFL Loan Notes and accrued interest thereon and exercise of all existing outstanding share options and those to be granted to Heather Rabbatts pursuant to her service agreement. The issue of the Warrants is conditional upon the approval by Shareholders of the Resolutions numbered 1, 2, 3 and 6. The right to exercise the Warrants is conditional upon drawdown of the Loan and the Warrants will not be exercisable (in whole or in part) unless the board of the Company at the time of the exercise includes a representative of CHV. The Warrants are exercisable at 0.04p per Ordinary Share.

Chestnut Hill has made loans to the Club of £500,000 on 20 December 2006 and a further £500,000 on 2 February 2007, which provided the Group with short term working capital. Part of the Loan will be used at Completion to repay these loans and interest accrued but unpaid thereon, costs and the Club's overdraft with its current bankers. The remainder of the Loan will be used for working capital and, with the consent of Chestnut Hill, the initial stages of the regeneration of the Club's properties.

### THE CITY CODE ON TAKEOVERS & MERGERS

The entry into by the Company of the Loan, which is convertible by Chestnut Hill (in whole or in part) into New Ordinary Shares and the issue of the Warrants to Chestnut Hill, give rise to certain considerations under the Code. Brief details of the Panel, the Code and the protections they afford to Shareholders are described below.

The Code is issued and administered by the Panel. Millwall's Shareholders are entitled to the protections afforded by the Code.

Under Rule 9 of the Code, any person who acquires an interest (as defined in the Code) in shares which, taken together with shares in which he is already interested and in which persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights of a company which is subject to the Code, is normally required to make a general offer to all the remaining shareholders to acquire their shares.

Similarly, when any person, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of such a company but does not hold shares carrying more than 50 per cent. of such voting rights, a general offer will normally be required if any further interests in shares are acquired by any such person.

An offer under Rule 9 must be made in cash and at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares of the company during the 12 months prior to the announcement of the offer.

On conversion of the Loan and all interest accrued thereon (and assuming that no other person converts any convertible securities or exercises any options or any other right to subscribe for shares in the Company), CHV will be interested in 22,137,843,300 Ordinary Shares representing approximately 50.08 per cent. of the Company's enlarged issued voting share capital. Assuming conversion of the Loan and interest accrued thereon and exercise in full by CHV of the maximum number of Warrants issued as part of the Proposals (and assuming that no other person converts any convertible securities or exercises any options or any other right to subscribe for shares in the Company), CHV would be interested in 28,274,500,501 Ordinary Shares, representing 56.16 per cent. of the Company's enlarged issued voting share capital. The earliest date on which the Warrants can be exercised is at Completion. A table showing CHV's interests in Ordinary Shares in the circumstances described in this paragraph is set out in paragraph 1.8 of Appendix Three.

The Panel has agreed however to waive the obligation to make a general offer that would otherwise arise as a result of the Proposals and/or the exercise of the Warrants, subject to the approval of independent Shareholders. Accordingly, resolution 6 is being proposed at the Extraordinary General Meeting, and will be taken on a poll of independent Shareholders.

On conversion of the Loan in part and all interest accrued thereon, CHV may be interested in shares carrying 30 per cent. or more of the Company's voting share capital but may not hold shares

carrying more than 50 per cent. of such voting rights and any further increase in that interest in shares, other than by way of the exercise of the Warrants or a further conversion of the Loan, will be subject to the provisions of Rule 9.

On conversion of the Loan in full and all interest accrued thereon and exercise of the Warrants in full (on the basis calculated above) CHV will hold more than 50 per cent. of the Company's issued voting share capital and may accordingly increase its interests in shares without incurring any obligation under Rule 9 to make a general offer.

Other than the addition of the Proposed Directors and its right to appoint an additional director to the boards of the Company and the Club upon conversion in full of the Loan, Chestnut Hill has confirmed that it is not proposing any further changes to the Board and has further confirmed that, following any increase in its shareholding as a result of the Proposals, the business of the Company would be allowed to continue in substantially the same manner as at present with no major strategic changes save that the property development opportunity would be further progressed. The Directors and the Proposed Directors have confirmed that the existing employment rights, including the pension rights, of all employees of the Company and the existing locations of the Company's business would be maintained. The Directors and the Proposed Directors have further confirmed that there is no current intention to re-deploy the Company's fixed assets.

## **DIRECTORS' LOAN NOTES AND OTHER ARRANGEMENTS WITH DIRECTORS**

Certain of the Directors and Peter de Savary have undertaken to subscribe for Directors' Loan Notes following Chestnut Hill entering into the Facility Agreement, the repayment of the Club's existing overdraft facility with Bank of Cyprus and the release by Bank of Cyprus of their personal guarantees in respect of the overdraft facility. The Directors' Loan Notes which are conditional on the passing of the Resolutions are unsecured, convertible into Ordinary Shares at 0.03p per Ordinary Share and bear interest at a rate of 9.5 per cent. per annum. They are convertible at any time at the election of the loan note holder and if not converted are repayable on the third anniversary of the date of issue provided that principal and interest due on the Loan and the NFL Loan Notes is repaid pro-rata. Further details of the proposed terms of the Directors' Loan Notes are set out in paragraph 5 of Appendix Three.

As a condition of the Facility Agreement, Heather Rabbatts will enter into a new service agreement with the Company immediately prior to Completion. Details of the service agreement are set out in paragraph 2 of Appendix Three. Under the terms of her agreement Ms Rabbatts will be granted options to subscribe for Ordinary Shares, details of which are set out in paragraph 1.3 of Appendix Three.

## **NFL LOAN NOTES**

NFL have entered into an agreement with the Company whereby they will seek to procure subscribers for up to £1.5 million of NFL Loan Notes prior to 31 March 2007. The NFL Loan Notes are to be issued on the same terms as the Directors' Loan Notes save that they will be secured against the assets of the Company and the Club and that they will be conditional upon Completion. Further details of the proposed terms of the NFL Loan Notes are set out in paragraph 5 of Appendix Three.

## **EXTRAORDINARY GENERAL MEETING**

At the EGM the following resolutions will be proposed;

1. to approve the terms of the Facility Agreement, to grant the Directors' authority under section 80 of the Act to allot relevant securities pursuant to the entering into by the Company of the Facility Agreement and to disapply the statutory pre-emption rights in relation thereto;
2. to approve the issue of the Warrants, to grant the Directors' authority under section 80 of the Act to issue the Warrants and to disapply the statutory pre-emption rights in relation thereto;
3. to approve the issue of the Directors' Loan Notes, to grant the Directors authority under section 80 of the Act to issue the Directors' Loan Notes and to disapply the statutory pre-emption rights in relation thereto;

4. to approve the issue of the NFL Loan Notes, to grant the Directors authority under section 80 of the Act to issue the NFL Loan Notes and to disapply the statutory pre-emption rights in relation thereto;
5. to approve the supply of documents or information to Shareholders by way of electronic communication which will considerably reduce the cost to the Company of communicating with its Shareholders and will reduce the environmental impact of wasted paper usage, printing and distribution and hopefully, by way of updated communication strategies, achieve an overall enhancement in the level and quality of communication with Shareholders. You will find enclosed with this document a letter to Shareholders seeking their individual consents to receiving communications electronically. If a Shareholder wishes to continue to receive documents in hard copy, he may continue to do so; and
6. to approve the waiver from the Panel referred to above of the obligation for Chestnut Hill to make a general offer to Shareholders under Rule 9 of the Code which would otherwise arise as a result of the conversion in whole or in part of the Loan and interest accrued on it into New Ordinary Shares and the exercise of the Warrants.

Resolutions 1 to 4 will be proposed, as special resolutions of the Company, each requiring a majority of 75 per cent. of the votes attaching to the Ordinary Shares voted on such resolution, and resolutions 5 and 6 will be proposed as ordinary resolutions of the Company, each requiring a majority of the votes attaching to the Ordinary Shares voted on such resolution.

#### **ACTION TO BE TAKEN**

The Proposals will not proceed unless Resolutions 1, 2, 3 and 6 are passed.

A Form of Proxy is enclosed for use by Shareholders at the Extraordinary General Meeting. Whether or not Shareholders intend to be present at the Extraordinary General Meeting they are asked to complete, sign and return the Form of Proxy to the Company's registrars, Computershare Investor Services PLC, PO Box 82, The Pavilions, Bridgwater Road, Bristol BS99 3EA as soon as possible but in any event so as to arrive no later than 10 a.m. on 26 March 2007. The completion and return of a Form of Proxy will not preclude Shareholders from attending the Extraordinary General Meeting and voting in person should they wish to do so. **Accordingly, whether or not Shareholders intend to attend the Extraordinary General Meeting, they are urged to complete and return the Form of Proxy as soon as possible.**

#### **RECOMMENDATION**

Your Directors have for some time been seeking investment for the Company. Having explored several options, and taken advice from Seymour Pierce Limited, the Board is of the view that the Proposals represent the best option for the Company and that no other source of investment of a similar magnitude is available to the Company or the Club within the necessary timescale. If the Proposals are not approved at the EGM, the Company will not be able to raise alternative funding in the time available and may have to consider ceasing to trade.

The Directors, who have been so advised by Seymour Pierce Limited, consider that the Loan and the Warrants and the waiver of the obligation of Chestnut Hill to make a mandatory offer for the Company which would otherwise arise under Rule 9 of the Code upon conversion (in whole or in part) of the Loan and interest accrued on it and/or the exercise of the Warrants, are in the best interests of the Company and Shareholders as a whole. In providing advice to the Directors, Seymour Pierce Limited has taken into account the Directors' commercial assessments.

Accordingly, the Directors recommend that Shareholders vote in favour of the resolutions to be proposed at the EGM as they intend to do in respect of their own beneficial holdings, amounting in aggregate to 2,653,905,517 Ordinary Shares representing approximately 12.02 per cent. of the Company's issued voting share capital.

Yours sincerely

**Heather Rabbatts**  
*Chairman*

# APPENDIX ONE

## INFORMATION ON CHESTNUT HILL

### 1. Business

Chestnut Hill was formed as a Delaware limited liability company on January 30, 2002. Chestnut Hill's business address is 60 William Street, Suite 230, Wellesley, MA 02481, USA and its registered address is c/o The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801. Richard A. Smith, the former Chairman and Chief Executive Officer of GC Companies, Inc. ("GCX"), and John G. Berylson, the President of GCC Investments, Inc., who managed a portfolio of investments previously held by direct and indirect subsidiaries of GCX (the "Portfolio Investments"), formed CHV for the sole purpose of acquiring the Portfolio Investments pursuant to GCX's plan of reorganisation, which is further described below.

On January 30, 2002, GCX and certain of its subsidiaries (the "Debtors") filed with the United States Bankruptcy Court for the District of Delaware a disclosure statement in connection with its first amended plan of reorganisation under chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code"). The disclosure statement described the Debtors' history and the events leading to their bankruptcy filing and summarized the terms of the first amended plan of reorganisation. After being approved by the bankruptcy court, the disclosure statement, the first amended plan of reorganisation and a ballot to vote on the plan were distributed to creditors of the Debtors entitled to vote on the plan. On March 1, 2002, the Debtors filed with the bankruptcy court a modified first amended plan of reorganisation (as so modified, the "Plan"), which amended some of the terms of the previously-filed first amended plan of reorganisation. On March 18, 2002, the bankruptcy court entered an order, confirming the Plan. All of the terms contained in the Plan became effective and binding on the Debtors and all of the Debtors' creditors on March 29, 2002.

Under the Plan, AMC Entertainment, Inc. ("AMCE") purchased all of GCX's assets, including its movie theatre business and the Portfolio Investments. As part of the Plan, CHV acquired the Portfolio Investments from AMCE by acquiring all of the membership interests of GCC Investments, LLC. The acquisition of the Portfolio Investments by CHV closed on March 29, 2002.

The current portfolio includes investments in ACA Capital Holdings, Inc. (NYSE: ACA), FleetCor Technologies, Inc. and Vanguard Modular Building Systems, LLC.

### 2. Ownership and Management

Chestnut Hill is owned primarily by Smith Family members and affiliated companies and trusts. The Smith Family members include Richard A. Smith, his wife Susan F. Smith, his sister Nancy Lurie Marks, their children, in-laws and grandchildren. In aggregate, the Smith Family members control over 98 per cent. of CHV. Individually, and through various trusts and foundations controlled by him, Richard A. Smith controls approximately 66 per cent. of the member interests in CHV. John G. Berylson, along with his wife (both Smith Family members) and through various trusts and foundations controlled by them own approximately 30 per cent. of the member interests in CHV. The remaining 4 per cent. of CHV is owned by other Smith Family members and entities, as well as by several investment funds managed by Gabelli Asset Management.

CHV's day to day operations are managed by its investment manager, JD Capital Partners LLC ("JD"). JD is owned and controlled by John G. Berylson and Demos Kouvaris. CHV also has a board of managers comprised of Richard A. Smith and John G. Berylson.

### 3. Investment approach

As of 31 December 2005, CHV had net assets of US\$93.5 million, comprised of total investment assets of US\$103.1 million less debt and other liabilities of US\$9.6 million.

CHV is funded by the Smith Family and/or third party borrowings guaranteed by certain Smith Family members.

CHV seeks opportunities in industry segments where it has significant economic or operational experience. CHV typically targets small to middle market companies with an enterprise value of up

to US\$100 million which offer the potential for significant value creation through growth, operational improvement or strategic acquisition.

Investment targets must be proven revenue generators with a competitive position, barriers to entry, and a strong management team whose economic incentives are aligned with CHV's. CHV prefers a proven, profitable, business model, but will also consider strong growth companies and troubled situations where a clear path to positive cash flow is identified.

CHV seeks opportunities to leverage its hands-on operating and private equity experience to bring performance improvement to each of its investments. In addition, by utilising its transaction experience CVH seeks to optimise capital structures to balance the need for both financial returns and operational flexibility.

#### **FleetCor Technologies, Inc.**

FleetCor, is a worldwide leader in fuel card processing. FleetCor processes fuel card transactions both domestically and internationally. FleetCor provides card processing solutions marketed for the business fleet marketplace through branded products including CCS, CFN, FleetNet, Fuelman, KeyFuels and Mannatec. FleetCor's industry-leading fleet card programs and its partnerships with major U.S. oil companies and independent petroleum marketers help clients purchase over 4 billion gallons of fuel annually.

#### **ACA Capital Holdings, Inc.**

ACA Capital is a holding company which provides asset management services and credit protection products to participants in the global credit derivatives markets, structured finance capital markets and municipal finance capital markets. ACA Capital's asset management services are provided through its asset management subsidiaries, ACA Management, L.L.C. and ACA Capital Management (U.K.) Pte. Limited, and its credit protection products are provided through its "A" rated financial guaranty insurance subsidiary, ACA Financial Guaranty Corporation. ACA Capital Management (U.K.) Pte. Limited is authorised and regulated by the Financial Services Authority.

ACA Capital operates through three strategic business units: CDO Asset Management, Structured Credit and Municipal Finance. Each of these businesses relies on core competencies of credit analysis, transaction structuring, risk management and surveillance. Applying these competencies across its entire platform allows ACA Capital to create efficiencies in its operations and to deliver a wide range of services and products to its institutional customers.

#### **Vanguard Modular Building Systems, LLC**

Vanguard is one of the leading suppliers of modular space for commercial and educational users in the eastern United States. Vanguard's high quality, cost-effective pre-engineered buildings can be utilized in a wide range of applications, including office space, medical and laboratory facilities, permanent or portable classrooms, training facilities, daycares and churches and correctional facilities. Vanguard is headquartered in Malvern, PA, and has sales and technical offices throughout the Northeast, Mid-Atlantic, Southeast and South Central United States.

Vanguard's project teams are experienced and knowledgeable in all local, state and regional construction codes and requirements to offer solutions for all its customers building needs, including site planning, design, construction and installation.

#### **4. Directors and Officers**

##### **John G. Berylson, aged 53**

Mr. Berylson has been Chairman and Chief Executive Officer of Chestnut Hill since March 2002. Prior to Chestnut Hill, he was the President of GCC Investments, LLC, a subsidiary of GC Companies, Inc. Mr. Berylson has served on the boards of numerous private and public companies, including ACA Capital Holdings, Inc (former chairman); FleetCor Technologies, Inc. (former chairman); MotherNature.Com, Inc. (former chairman); GrandVision SA; Vision Express Limited (former deputy chairman); PrimaCom AG and Youngworld Stores Group, Inc. Prior to joining GC Companies in August 1993, Mr. Berylson was Vice President and Managing Director of Advent

International Financial Services, Inc., which he joined in 1989. From 1984 to 1989, he was a Special Limited Partner and founder of Cowen & Company's investment banking and Corporate Finance division. Upon his graduation from Harvard Business School in 1979, Mr. Berylson joined Blyth Eastman Paine Webber, where he was a Vice President. Mr. Berylson received an AB degree from Brown University, an MBA from Harvard University and an MS from New York University. In addition, Mr. Berylson is a trustee of the Brown University Sports Foundation, a director of the Brown University Library System and Chairman of the Boston Police Activities League board of directors. He is also a trustee of the Smith Family Foundation and the Berylson Family Foundation. In addition, he is an overseer or trustee of a number of other charitable organisations.

Mr Berylson is currently a director of Chestnut Hill, ACA Capital Holdings, Inc. and FleetCor Technologies, Inc. and is currently a partner of JD Capital Partners LLC. Mr Berylson was a director of MotherNature.com, Inc. and Youngworld Stores Group, Inc. within the past five years.

#### **Demos Kouvaris, aged 41**

Mr. Kouvaris has been Chief Operating Officer and Chief Financial Officer of Chestnut Hill since March 2002. Prior to Chestnut Hill, Mr. Kouvaris was the Vice President of Finance for GCC Investments, LLC. He was in this capacity since 1996. Prior to this position, Mr. Kouvaris was Manager of Financial Reporting for all three Harcourt General affiliated companies (Harcourt General, The Neiman Marcus Group and GC Companies). Before joining Harcourt General, Mr. Kouvaris was a senior manager with Coopers & Lybrand LLP (predecessor to PricewaterhouseCoopers) in Boston. Mr. Kouvaris' past and present board memberships include ACA Capital Holdings, Inc., Vanguard Modular Building Systems, LLC, and FleetCor Technologies, Inc. Mr. Kouvaris holds a BS in Accountancy from Boston College and is a Certified Public Accountant. In addition Mr Kouvaris has been a volunteer and is an incoming board member of Housing Families, Inc., a not-for-profit organisation which is one of the largest providers of shelter to homeless families in the state of Massachusetts.

Mr Kouvaris is currently a partner of JD Capital Partners LLC and a director of Vanguard Modular Building Systems, LLC and was a director of ACA Capital Holdings, Inc. and FleetCor Technologies, Inc. in the past five years.

#### **Richard A. Smith**

*Former Chairman of the Board, The Neiman Marcus Group, Inc.  
Co-Chairman, Richard and Susan Smith Family Foundation*

Mr. Smith has held a wide range of influential business and civic positions over the course of his career. He was the former Chairman of the Board and CEO of Harcourt General, The Neiman Marcus Group, and GC Companies. He has held directorships at The First National Bank of Boston, Liberty Mutual Insurance Company, and Wang Laboratories.

Mr. Smith is also currently involved in numerous other civic activities including: Board member of Year Up; Board of Directors, Member, American Academy of Arts & Sciences; Vice Chair of the Board, Dana Farber; Trustee, Joslin Diabetes Center; Trustee, Boston Symphony Orchestra; Harvard University Committee on Science; Honorary Trustee, Beth Israel Hospital and Combined Jewish Philanthropies of Greater Boston, Inc.

His former principal civic activities include: Chairman of the Board of Trustees, Facing History & Ourselves Foundation; Fellow of Harvard College; Joint Committee on Appointments, Harvard University; Former Member, Board of Overseers, Harvard University; former Board member of Harvard Management Company, Inc.; Vice President, United Cerebral Palsy Research and Education Foundation; Director Emeritus, John F. Kennedy Library Foundation; Chairman and President, Dana-Farber Cancer Institute.

Mr. Smith holds a BS from Harvard College and honorary doctorate degrees from Harvard University and Boston College.

## APPENDIX TWO

### FINANCIAL INFORMATION ON MILLWALL

#### PART A:

#### Interim Consolidated Profit and Loss Account for the six months ended 30 November 2006

	<i>Operations excluding player amortisation and trading 30 November 2006</i>	<i>Player amortisation and trading 30 November 2006</i>	<i>Unaudited six months ended 30 November 2006</i>	<i>Unaudited six months ended 30 November 2005</i>	<i>Audited year ended 31 May 2006</i>
<i>Notes</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Turnover	2,403	—	2,403	2,830	6,246
Staff costs	(3,064)	—	(3,064)	(3,115)	(6,504)
Amortisation of players' registrations	—	(37)	(37)	(134)	(244)
Depreciation	(199)	—	(199)	(180)	(366)
Profit on disposal of players' registrations	—	296	296	8	545
Other administrative expenses	(2,169)	—	(2,169)	(1,663)	(3,700)
	(5,432)	259	(5,173)	(5,084)	(10,269)
<b>Operating Loss</b>	<b>(3,029)</b>	<b>259</b>	<b>(2,770)</b>	<b>(2,254)</b>	<b>(4,023)</b>
Interest receivable			13	2	3
Interest payable and similar charges			(103)	(107)	(277)
<b>Loss on ordinary activities before taxation</b>			<b>(2,860)</b>	<b>(2,359)</b>	<b>(4,297)</b>
Taxation	3		—	—	—
<b>Loss for the financial period</b>			<b>(2,860)</b>	<b>(2,359)</b>	<b>(4,297)</b>
Loss per share – basic and diluted	4		(0.013)p	(0.039)p	(0.057)p

There are no recognised gains or losses in the period, other than the loss for that period.

#### Notes

- 1 The figures are for the period 1 June 2006 to 30 November 2006.
- 2 This interim report has been prepared on the basis of the accounting policies set out in the Group's 2006 statutory accounts.
- 3 No taxation is payable in respect of any period due to the incidence of losses available.
- 4 The basic and diluted loss per share is calculated based on the loss after taxation and on the weighted average number of shares in issue and ranking for dividend in the period.

	<i>30 November 2006</i>	<i>30 November 2005</i>	<i>31 May 2006</i>
Weighted average number of shares in issue	21,417,251,942	6,092,087,167	7,540,109,611

- 5 The Directors do not recommend the payment of an interim dividend (2005: nil).
- 6 These interim figures are un-audited and do not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. A copy of the Group's statutory accounts for the year ended 31 May 2006, has been filed with the Registrar of Companies. The auditors' report on those accounts included an emphasis of matter paragraph with regards to the going concern basis of preparation of the financial statements. However, their opinion was not qualified in this respect.
- 7 Copies of this report are available to the public at the Company's registered office and on our website at [www.millwallfc.co.uk](http://www.millwallfc.co.uk).

## PART B:

The financial information on the Group set out below does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985 ("Companies Act"). The financial information relating to the three years ended 31 May 2006, 2005 and 2004 has been extracted without material adjustment from the audited consolidated financial statements of the Group for the years ended 31 May 2006, 2005 and 2004, in respect of all of which, the Company's auditors, BDO Stoy Hayward LLP of 8 Baker Street, London W1U 3LL, have made reports under section 235 of the Companies Act which were not qualified (within the meaning of section 262(1) of the Companies Act), and did not contain any statements made under section 237(2) of the Companies Act.

### Consolidated Profit and Loss Account

		<i>Year Ended</i> <i>31 May</i> <i>2004</i> <i>Total</i> <i>£000</i>	<i>Year Ended</i> <i>31 May</i> <i>2005</i> <i>Total</i> <i>£000</i>	<i>Year Ended</i> <i>31 May</i> <i>2006</i> <i>Total</i> <i>£000</i>
<b>Turnover</b>	1	10,162	7,356	6,246
<b>Administrative expenses</b>				
Staff costs	5	(7,891)	(8,099)	(6,504)
Amortisation of players' registrations	9	(485)	(653)	(244)
Depreciation	10	(356)	(356)	(366)
Profit on disposal of players' Registrations		2,744	3,213	545
Other administrative expenses		(4,208)	(4,148)	(3,700)
<b>Total administrative expenses</b>		<u>(10,196)</u>	<u>(10,043)</u>	<u>(10,269)</u>
<b>Operating loss</b>		<u>(34)</u>	<u>(2,687)</u>	<u>(4,023)</u>
Interest receivable and similar income	2	4	15	3
Interest payable and similar charges	3	(73)	(92)	(277)
<b>Loss on ordinary activities before taxation</b>	4	<u>(103)</u>	<u>(2,764)</u>	<u>(4,297)</u>
Taxation on loss on ordinary activities	7	—	—	—
<b>Retained loss for the year</b>	17	<u><u>(103)</u></u>	<u><u>(2,764)</u></u>	<u><u>(4,297)</u></u>
<b>Loss per share – basic and diluted</b>	8	<u><u>(0.002)p</u></u>	<u><u>(0.047)p</u></u>	<u><u>(0.057)p</u></u>

All the Group's operations were continuing.

There were no recognised gains and losses in any years, other than the respective profits and losses reported in this Consolidated Profit and Loss Account.

## Consolidated Balance Sheet

		<i>31 May</i>		
		<i>2004</i>	<i>2005</i>	<i>2006</i>
	<i>Notes</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<b>Fixed assets</b>				
Intangible assets	9	756	606	66
Tangible assets	10	16,539	16,227	15,942
		<u>17,295</u>	<u>16,833</u>	<u>16,008</u>
<b>Current assets</b>				
Stocks	11	157	112	92
Debtors – due within one year	12	2,639	2,419	1,694
– due after more than one year	12	—	550	—
Cash at bank and in hand		362	199	777
		<u>3,158</u>	<u>3,280</u>	<u>2,563</u>
<b>Creditors: Amounts falling due within one year</b>	13	<u>(5,333)</u>	<u>(6,972)</u>	<u>(3,651)</u>
<b>Net current liabilities</b>		<u>(2,175)</u>	<u>(3,692)</u>	<u>(1,088)</u>
<b>Total assets less current liabilities</b>		15,120	13,141	14,920
<b>Creditors: Amounts falling due after more than one year</b>	14	<u>(3,323)</u>	<u>(3,133)</u>	<u>(4,885)</u>
<b>Net assets</b>		<u><u>11,797</u></u>	<u><u>10,008</u></u>	<u><u>10,035</u></u>
<b>Capital and reserves</b>				
Called up share capital	16	2,842	2,942	4,171
Share premium account	17	7,117	7,992	11,087
Capital reserve	17	21,474	21,474	21,474
Profit and loss account	17	<u>(19,636)</u>	<u>(22,400)</u>	<u>(26,697)</u>
<b>Shareholders' funds</b>	18	<u><u>11,797</u></u>	<u><u>10,008</u></u>	<u><u>10,035</u></u>

## Consolidated Cash Flow Statement

		<i>Year Ended 31 May 2004 £000</i>	<i>Year Ended 31 May 2005 £000</i>	<i>Year Ended 31 May 2006 £000</i>
<b>Net cash outflow from operating activities</b>	19	(2,872)	(3,922)	(4,326)
<b>Returns on investments and servicing of finance</b>				
Interest received		4	15	3
Interest paid		(71)	(90)	(257)
Interest element of finance lease and hire purchase payments		(2)	(2)	(20)
<b>Net cash outflow from returns on investments and servicing of finance</b>		<u>(69)</u>	<u>(77)</u>	<u>(274)</u>
<b>Capital expenditure and financial investment</b>				
Purchase of tangible fixed assets		(71)	(32)	(55)
Purchase of players' registrations		(266)	(802)	(135)
Proceeds of sale of tangible fixed assets		3	12	—
Proceeds of sale of players' registrations		2,815	2,282	825
<b>Net cash inflow from investing activities</b>		<u>2,481</u>	<u>1,460</u>	<u>635</u>
<b>Net cash outflow before financing</b>		<u>(460)</u>	<u>(2,539)</u>	<u>(3,965)</u>
<b>Financing</b>				
Proceeds of share placements/issues		2,500	1,000	4,917
Associated costs of share issue		(334)	(25)	(592)
Proceeds of sale and leaseback of training ground		—	—	1,850
Capital element of finance lease and hire purchase loans		(17)	(11)	(66)
<b>Net cash inflow from financing</b>		<u>2,149</u>	<u>964</u>	<u>6,109</u>
<b>Increase/(decrease) in cash</b>	20	<u><u>1,689</u></u>	<u><u>(1,575)</u></u>	<u><u>2,144</u></u>

## Notes to the Accounts

### 1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the financial periods.

#### *Basis of accounting*

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

#### *Going Concern – 31 May 2006 and 31 May 2005*

The directors continually monitor the financial position of the Group, taking into account the latest cash flow forecasts and the ability of the Group to generate cash. The Directors have prepared the financial statements on a going concern basis having had regard to the fund raisings subsequent to the year end and the cash flow projections for the period to 31 October 2007. The Directors have also considered the impact of player trading, which is an integral part of the Group's activities and the cash flows associated with this trading activity.

While there will always remain some inherent uncertainty, the Directors remain confident that they will be able to manage the Group's finances and operations so as to achieve the forecasted cash flows and, as a result, that it is appropriate to draw up the financial statements on a going concern basis.

The financial statements do not include any adjustments that would result if the going concern basis of preparation were to become no longer appropriate.

#### *Basis of consolidation*

The group accounts consolidate the accounts of the Company and the Club drawn up to 31 May using the acquisition method of accounting. The results of the subsidiary undertaking are included from the date of acquisition.

#### *Players' registrations*

The cost of players' registrations, comprising transfer fees payable and signing on fees, is capitalised and the cost is amortised over the period of the contract to which the registration relates. The carrying value is reviewed to take into account any perceived impairment of the value of the registrations. Contingent transfer fees payable are recognized once crystallisation of the contingent liability becomes probable.

Transfer fees receivable are recognised in the period in which the registration is transferred and any profit or loss arising is dealt with in the profit and loss account. Contingent transfer fees receivable are recognized once the contingent conditions have been met.

#### *Tangible fixed assets*

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets except freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life, as follows:

Long leasehold premises	–	2% per annum
Fixtures and fittings	–	20% per annum
Motor vehicles	–	25% per annum

Residual value is calculated on prices prevailing at the date of acquisition or valuation.

#### *Investments*

Fixed asset investments are shown at cost less provision for impairment.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price, less further costs expected to be incurred to disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

### *Taxation*

Corporation tax payable is provided on taxable profits at the current rate.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the Company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

### *Pension costs and other post retirement benefits*

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Where the Group is a member of a multi-employer scheme and a reliable identification of its assets and liabilities cannot be made then in accordance with FRS 17: "Retirement Benefits" the contributions to the scheme are accounted for as though the scheme were a defined contribution scheme.

### *Foreign currency*

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

### *Leases*

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

The Group has entered into a sale and leaseback transaction where the risks and rewards of ownership have not been substantially transferred to the lessor. This has been treated as a finance lease in these financial statements. The rent payable by the Group throughout the term of the lease is apportioned as a partial repayment of the related liabilities and secondly, as interest charged to profits. Any increase in rent under the terms of the lease will be charged to the profit and loss account.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

### *Turnover*

Turnover represents amounts receivable from gate receipts, season tickets, programme sales, League awards, catering and shop revenue, advertising and sponsorship, broadcasting rights and sundry other income net of VAT and excludes transfer fees receivable. Turnover is wholly attributable to the principal activity and arises solely within the United Kingdom.

### Grants

Grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the profit and loss account as the related expenditure is incurred.

### Financial instruments

In relation to the disclosures made in note 22:

- short term debtors and creditors are not treated as financial assets or financial liabilities (other than for currency disclosures); and
- the Group does not hold or issue derivative financial instruments for trading purposes.

### 2 Interest receivable and similar income

	<i>Year Ended 31 May 2004 £000</i>	<i>Year Ended 31 May 2005 £000</i>	<i>Year Ended 31 May 2006 £000</i>
Interest receivable and similar income	4	15	3

### 3 Interest payable and similar charges

	<i>Year Ended 31 May 2004 £000</i>	<i>Year Ended 31 May 2005 £000</i>	<i>Year Ended 31 May 2006 £000</i>
Bank loans and overdrafts	71	90	247
Finance leases and hire purchase contracts	2	2	20
Other	—	—	10
	<u>73</u>	<u>92</u>	<u>277</u>

### 4 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging/(crediting):

	<i>Year Ended 31 May 2004 £000</i>	<i>Year Ended 31 May 2005 £000</i>	<i>Year Ended 31 May 2006 £000</i>
Depreciation and amounts written off tangible fixed assets			
– owned	342	349	358
– held under finance leases and hire purchase contracts	14	7	8
Amortisation of grant	(104)	(104)	(104)
Amortisation of player registrations	485	653	244
Operating lease rentals			
– plant and machinery	42	32	35
– other	79	171	66
Auditors' remuneration			
– audit services	25	25	25
– non-audit services	—	—	55
Directors' remuneration	—	—	16
Profit on sale of players' registrations	(2,744)	(3,213)	(545)
Loss/(profit) on sale of fixed assets	15	(4)	—

Turnover generated from the FA Cup amounted to £280,000 (2005: £69,000, 2004: £3.2 million) with associated costs of £33,000 (2005: £4,000, 2004: £700,000).

## 5 Staff costs

The average monthly number of employees (including executive Directors) was:

	<i>Year Ended 31 May 2004 Number</i>	<i>Year Ended 31 May 2005 Number</i>	<i>Year Ended 31 May 2006 Number</i>
Football team management	9	10	10
Administrative and ground staff	52	53	52
Players	58	51	40
	<u>119</u>	<u>114</u>	<u>102</u>

In addition, the Group employs on average, a further 220 temporary staff on match days.

Aggregate remuneration comprised:

	<i>Year Ended 31 May 2004 £000</i>	<i>Year Ended 31 May 2005 £000</i>	<i>Year Ended 31 May 2006 £000</i>
Wages and salaries	7,051	7,231	5,821
Social security costs	769	837	611
Defined contribution pension costs	71	31	72
	<u>7,891</u>	<u>8,099</u>	<u>6,504</u>

## 6 Directors' remuneration, interests and transactions

The only director of the Company to receive remuneration for her services during the year was Ms H Rabbatts, Executive Deputy Chairman. She received £15,890 (2005: £nil, 2004: £nil) from The Millwall Football and Athletic Company (1985) Plc in the year.

### *Directors' share options*

Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire ordinary shares in the Company granted to or held by the Directors or companies they control. Details of the options are as follows:

	<i>1 June 2003</i>	<i>1 June 2004</i>	<i>Granted</i>	<i>Exercised</i>	<i>Lapsed</i>	<i>31 May 2005</i>	<i>Exercise price £</i>
Mr T Paphitis	<u>58,997,204</u>	<u>58,997,204</u>	<u>—</u>	<u>—</u>	<u>58,997,204</u>	<u>—</u>	<u>1p</u>
		<i>1 June 2005</i>	<i>Granted</i>	<i>Exercised</i>	<i>Lapsed</i>	<i>31 May 2006</i>	<i>Exercise price £</i>
Mr P de Savary		<u>—</u>	<u>1,838,344,046</u>	<u>—</u>	<u>—</u>	<u>1,838,344,046</u>	<u>0.04p</u>

Mr Paphitis' options were exercisable between 25 October 1998 and 2 December 2004 and have now lapsed. The options were granted to Independent Managers Limited, a company controlled by Mr T Paphitis.

Mr de Savary's options were exercisable between 19 April 2006 and 18 April 2013. Mr de Savary's right to exercise the option was conditional upon him being a director of the Company or the Club at the time of exercise. Mr de Savary resigned as a director of the Company and the Club on 27 October 2006, consequently the option lapsed on 27 October 2006.

The mid market price of the ordinary shares at 31 May 2006 was 0.05p and the range during the financial year ended 31 May 2006 was 0.07p to 0.04p.

The interests of the Directors in office at the year end and their families in the Company's ordinary shares of 0.01 p each at the beginning and end of the year are set out below:

	<i>31 May 2004</i>	<i>31 May 2005</i>	<i>31 May 2006</i>
	<i>Beneficial</i>	<i>Beneficial</i>	<i>Beneficial</i>
	<i>Number</i>	<i>Number</i>	<i>Number</i>
Theodoros Paphitis (Resigned 19 July 2006)	382,111,720	382,111,720	3,507,111,720
Peter de Savary (Appointed 22 November 2005 resigned 27 October 2006)	—	—	1,250,000,000
Jeffrey David Burnige	13,400,517	13,400,517	638,400,517
Timothy John Jackaman (Resigned 30 December 2005)	4,583,330	4,583,330	—
Richard Edward Towner (Resigned 9 January 2007)	6,229,162	6,229,162	141,611,087
Constantine Gonticas (appointed 29 December 2005)	—	—	375,000,000
Heather Rabbatts (Appointed 3 May 2006)	—	—	—
Stewart Till (Appointed 3 May 2006)	—	—	—
Trevor Keyse (Appointed 18 May 2006)	—	—	—
	<u>                    </u>	<u>                    </u>	<u>                    </u>

Included in the beneficial shareholding above for Mr Paphitis are 54,857,912 (2005: 54,857,912, 2004: 54,857,912) shares which are held by trustees of a pension fund of which Mr Paphitis is a beneficiary. Also included in the beneficial shareholding for Mr Paphitis are 267,528,396 (2005: 267,528,396, 2004: 267,528,396) shares beneficially owned by Xunely Limited, a company controlled by Mr Paphitis.

## 7 Tax on loss on ordinary activities

No taxation charge arises due to the incidence of losses incurred and capital allowances claimed during the year (2005: £nil, 2004: £nil).

The tax assessed for the years differs to the standard rate of corporation tax in the UK. The differences are explained below:

	<i>Year Ended 31 May 2004 £000</i>	<i>Year Ended 31 May 2005 £000</i>	<i>Year Ended 31 May 2006 £000</i>
Loss on ordinary activities before tax	(103)	(2,764)	(4,297)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 30% in each year	(31)	(829)	(1,289)
Effects of:			
Expenses not deductible for tax purposes	3	25	23
Income not charged to UK corporation tax	(31)	—	—
Capital allowances in excess of depreciation	106	47	56
Other timing differences – pension contributions	(4)	—	—
Taxation on proceeds of sale and leaseback	—	—	461
Losses carried forward in year	42	757	749
Losses utilized in year	(85)	—	—
Current tax charge for year	—	—	—

## 8 Loss per ordinary share

The calculation of loss per ordinary share is based on the loss for the year of £4,297,000 (2005 loss: £2,764,000, 2004 loss: £103,000) and on 7,540,109,611 (2005: 5,908,525,523, 2004: 4,928,152,741) ordinary shares, being the weighted average number of ordinary shares in issue and ranking for dividend during the year. There is no potential dilution on the loss per ordinary share (2005: no potential dilution on loss per ordinary share, 2004: no potential dilution on loss per ordinary share). There is no difference between basic and diluted earnings per share in each year. As at 31 May 2006 the number of options which could potentially dilute basic earnings per share in the future was 3,648,560,000 (2005: Nil, 2004: Nil). These have not been included in the calculation of diluted earnings per share because they are anti-dilutive for that period.

## 9 Intangible fixed assets

	<i>Players' Registrations £000</i>
<b>Cost</b>	
1 June 2003	2,118
Additions	485
Disposals	(526)
	<hr/>
31 May 2004	2,077
Additions	485
Disposals	(526)
	<hr/>
31 May 2005	1,422
Additions	135
Disposals	(794)
	<hr/>
31 May 2006	763
	<hr/>
<b>Depreciation</b>	
1 June 2003	1,217
Charge for the year	485
Disposals	(381)
	<hr/>
31 May 2004	1,321
Charge for the year	653
Disposals	(1,158)
	<hr/>
31 May 2005	816
Charge for the year	244
Disposals	(363)
	<hr/>
31 May 2006	697
	<hr/>
<b>Net book value</b>	
31 May 2006	66
	<hr/> <hr/>
31 May 2005	606
	<hr/> <hr/>
31 May 2004	756
	<hr/> <hr/>

## 10 Tangible fixed assets

	<i>Long leasehold premises £000</i>	<i>Freehold land £000</i>	<i>Fixtures and fittings £000</i>	<i>Motor vehicles £000</i>	<i>Total £000</i>
<b>Cost</b>					
1 June 2003	17,629	300	3,112	68	21,109
Additions	—	—	71	—	71
Disposals	—	—	(205)	(13)	(218)
31 May 2004	17,629	300	2,978	55	20,962
Additions	—	—	52	—	52
Disposals	—	—	(14)	(30)	(44)
31 May 2005	17,629	300	3,016	25	20,970
Additions	—	28	36	17	81
31 May 2006	17,629	328	3,052	42	21,051
<b>Accumulated depreciation</b>					
1 June 2003	1,775	—	2,441	51	4,267
Charge for the year	176	—	171	9	356
Disposals	—	—	(187)	(13)	(200)
31 May 2004	1,951	—	2,425	47	4,423
Charge for the year	176	—	178	2	356
Disposals	—	—	(12)	(24)	(36)
31 May 2005	2,127	—	2,591	25	4,743
Charge for the year	176	3	186	1	366
31 May 2006	2,303	3	2,777	26	5,109
<b>Net book value</b>					
31 May 2006	15,326	325	275	16	15,942
31 May 2005	15,502	300	425	—	16,227
31 May 2004	15,678	300	553	8	16,539

The amounts classified as Long leasehold premises represent costs associated with the building of a football stadium at Senegal Fields.

### *2006*

The amount classified as Leasehold land represents the cost of purchasing the Club's training ground which was subsequently sold for a consideration of £1,850,000 and leased back for a period of 20 years. This has been treated as a finance lease in these financial statements. Future obligations under this arrangement are included in obligations under finance leases and hire purchase contracts in Notes 13 and 14.

### *2004 and 2005*

The amounts classified as Freehold land represent a put option exercisable between 11 December 2000 and 10 December 2005 at a cost of £300,000. On exercise of the put option, the ownership of the freehold land transfers to the Group. The liability for this put option is included within other creditors in note 15.

Included in the net book value of motor vehicles and fixtures and fittings is £27,000 (2005: £21,000, 2004: £16,000) relating to assets acquired under finance lease and hire purchase agreements. The depreciation charge for the year in respect of these assets is £7,000 (2005: £7,000, 2004: £15,000).

## 11 Stocks

	<i>31 May</i> <i>2004</i> <i>£000</i>	<i>31 May</i> <i>2005</i> <i>£000</i>	<i>31 May</i> <i>2006</i> <i>£000</i>
Goods for resale	157	112	92

## 12 Debtors

	<i>31 May</i> <i>2004</i> <i>£000</i>	<i>31 May</i> <i>2005</i> <i>£000</i>	<i>31 May</i> <i>2006</i> <i>£000</i>
Trade debtors	227	257	232
Other debtors	2,212	2,149	849
Prepayments and accrued income	200	563	613
	<u>2,639</u>	<u>2,969</u>	<u>1,694</u>

All amounts shown under debtors in respect of the current year fall due for payment within one year. In 2005 an amount of £550,000 (2004: £nil) was included in other debtors, due from Crystal Palace FC with respect to the transfer of Darren Ward. This amount was due between one and two years.

## 13 Creditors: Amounts falling due within one year

	<i>31 May</i> <i>2004</i> <i>£000</i>	<i>31 May</i> <i>2005</i> <i>£000</i>	<i>31 May</i> <i>2006</i> <i>£000</i>
Bank loans and overdrafts	1,200	2,612	1,046
Signing on fees	231	165	25
Obligations under finance leases and hire purchase contracts	7	6	73
Taxation and social security	421	831	806
Other creditors	2,790	1,847	1,030
Accruals and deferred income	684	1,511	671
	<u>5,333</u>	<u>6,972</u>	<u>3,651</u>

The bank loans and overdrafts are secured by a fixed and floating charge over the assets of the Group.

### *2004 and 2005*

Included within other creditors is an amount of £300,000 in relation to the put option for the freehold land as set out in note 10.

Included within accruals and deferred income is an amount of £113,000 (2005: £982,000, 2004: £222,000) relating to amounts received in advance, in respect of season tickets, executive boxes and sponsorship relating to the following year.

## 14 Creditors: Amounts falling due after more than one year

	<i>31 May</i> <i>2004</i> <i>£000</i>	<i>31 May</i> <i>2005</i> <i>£000</i>	<i>31 May</i> <i>2006</i> <i>£000</i>
Signing on fees	85	22	2
Other creditors	67	34	166
Obligations under finance leases and hire purchase contracts	—	10	1,753
Accruals and deferred income	3,171	3,067	2,964
	<u>3,323</u>	<u>3,133</u>	<u>4,885</u>

The amount referred to as accruals and deferred income relate to grants received in respect of the long leasehold premises and other fixtures and fittings.

Financial liabilities are due:

	<i>Finance leases</i>			<i>Signing on fees</i>			<i>Total</i>		
	<i>31 May</i> <i>2004</i> <i>£000</i>	<i>31 May</i> <i>2005</i> <i>£000</i>	<i>31 May</i> <i>2006</i> <i>£000</i>	<i>31 May</i> <i>2004</i> <i>£000</i>	<i>31 May</i> <i>2005</i> <i>£000</i>	<i>31 May</i> <i>2006</i> <i>£000</i>	<i>31 May</i> <i>2004</i> <i>£000</i>	<i>31 May</i> <i>2005</i> <i>£000</i>	<i>31 May</i> <i>2006</i> <i>£000</i>
Amount payable									
– within one year	7	6	73	231	165	25	238	171	98
– after one year but within two years	—	10	72	85	22	2	85	32	74
– after two years but within five years	—	—	202	—	—	—	—	—	202
– after more than 5 years	—	—	1,479	—	—	—	—	—	1,479
	<u>7</u>	<u>16</u>	<u>1,826</u>	<u>316</u>	<u>187</u>	<u>27</u>	<u>323</u>	<u>203</u>	<u>1,853</u>

## 15 Provisions for liabilities and charges

A deferred taxation asset has not been created on trading losses of £31,513,291 (2005: £29,014,302, 2004: £24,173,117) given the inherent uncertainty of future profits. The unprovided deferred tax asset is £11,842,417 (2005: £10,260,476, 2004: £7,251,935).

## 16 Called up share capital

	<i>31 May</i> <i>2004</i> <i>Number</i>	<i>31 May</i> <i>2005</i> <i>Number</i>	<i>31 May</i> <i>2006</i> <i>Number</i>
Authorised			
Ordinary shares of 0.01p each	86,881,838,777	86,881,838,777	86,881,838,777
Deferred shares of 0.09p each	2,592,087,167	2,592,087,167	2,592,087,167
	<u>89,473,925,944</u>	<u>89,473,925,944</u>	<u>89,473,925,944</u>
Allotted, called up and fully paid			
Ordinary shares of 0.01p each	5,092,087,167	6,092,087,167	18,383,440,467
Deferred shares of 0.09p each	2,592,087,167	2,592,087,167	2,592,087,167
	<u>7,684,174,334</u>	<u>8,684,174,334</u>	<u>20,975,527,634</u>

	<i>31 May</i> <i>2004</i> <i>£000</i>	<i>31 May</i> <i>2005</i> <i>£000</i>	<i>31 May</i> <i>2006</i> <i>£000</i>
Authorised			
Ordinary shares of 0.01p	8,688	8,688	8,688
Deferred shares of 0.09p	2,333	2,333	2,333
	<u>11,021</u>	<u>11,021</u>	<u>11,021</u>
Allotted, called up and fully paid			
Ordinary shares of 0.01p	509	609	1,838
Deferred shares of 0.09p	2,333	2,333	2,333
	<u>2,842</u>	<u>2,942</u>	<u>4,171</u>

#### 2004

On the 25 June 2003, the Company issued by way of an Open Offer 2,500,000,000 new ordinary shares of 0.01p each (immediately following a capital reconstruction) at 0.1p per share raising a total of £2,500,000 (nominal value £250,000) before expenses (£2,166,000 net of expenses). The shares were issued to provide working capital for the Group. Under the capital reorganisation each existing ordinary share of 0.1p in issue was sub-divided into one new ordinary share of 0.01p and one deferred share of 0.09p. In addition, each of the authorised but unissued ordinary shares of 0.1p each were re-designated as 10 new ordinary shares of 0.01p each.

The rights attaching to the deferred shares which have not been admitted to trading on AIM or any other recognised investment exchange, render them effectively valueless. The deferred shares do not carry any voting rights, rights to payment of a dividend or any rights to assets on the winding up of the Company.

#### 2005

On 29 June 2004, the Company placed 500,000,000 ordinary shares with Pershing Keen Nominees Ltd at 0.1p each, raising £500,000 (nominal value £50,000) with costs of £25,000; subsequently a further 500,000,000 ordinary shares on 15 September 2004, were placed by the Company's brokers Seymour Pierce Ellis Limited, at 0.1p per share raising an additional £500,000 (nominal value £50,000). The purpose of the two placings was to raise working capital for the 2004/05 season.

#### 2006

On 19 April 2006 as a result of a Placing and Open Offer the Company issued 12,291,353,300 New Ordinary Shares of 0.01p each at an Issue price of 0.04p each, raising a total of £4,916,541 (before expense of £592,000). The purpose of the Placing and Open Offer was to provide working capital for the Company and its subsidiary for at least 12 months from the date of issue and to repay certain bank borrowings.

#### Deferred shares

The rights attaching to the deferred shares which were not admitted to trading on AIM or any other recognised investment exchange, render them effectively valueless. The deferred shares do not carry any voting rights or rights to payment of a dividend. On a winding up of the Company or on a return of capital the deferred shares entitle the shareholders only to the repayment of the amounts paid up on those shares after the repayment of the capital paid up on the ordinary shares and the payment of £100,000 on each ordinary share. The deferred shares are non redeemable.

## 17 Reserves

	<i>Share premium account £000</i>	<i>Capital reserves £000</i>	<i>Profit and loss account £000</i>
1 June 2003	5,201	21,474	(19,533)
Share issues	2,250	—	—
Share issue – costs	(334)	—	—
Loss for the year	—	—	(103)
31 May 2004	7,117	21,474	(19,636)
Share issues	900	—	—
Share issues – costs	(25)	—	—
Loss for the year	—	—	(2,764)
31 May 2005	7,992	21,474	(22,400)
Share issues	3,687	—	—
Share issues – costs	(592)	—	—
Loss for the year	—	—	(4,297)
31 May 2006	<u>11,087</u>	<u>21,474</u>	<u>(26,697)</u>

## 18 Reconciliation of movements in shareholders' funds

	<i>31 May 2004 £000</i>	<i>31 May 2005 £000</i>	<i>31 May 2006 £000</i>
Brought forward	9,734	11,797	10,008
New shares issued (net of issue costs)	2,166	975	4,324
Loss for the financial year	(103)	(2,764)	(4,297)
Carried forward	<u>11,797</u>	<u>10,008</u>	<u>10,035</u>

## 19 Reconciliation of operating loss to net cash outflow from operating activities

	<i>Year Ended 31 May 2004 £000</i>	<i>Year Ended 31 May 2005 £000</i>	<i>Year Ended 31 May 2006 £000</i>
Operating loss	(34)	(2,687)	(4,023)
Depreciation	356	356	366
Loss/(profit) on sale of fixed assets	15	(4)	—
Amortisation of grants	(104)	(104)	(104)
Amortisation of players' registrations	485	653	244
Profit on disposal of players' registrations	(2,744)	(3,213)	(545)
(Increase)/decrease in stocks	(49)	45	20
(Increase)/decrease in debtors	(2,354)	1,453	1,425
Increase/(decrease) in creditors and deferred income	1,557	(421)	(1,709)
Net cash outflow from operating activities	<u>(2,872)</u>	<u>(3,922)</u>	<u>(4,326)</u>

## 20 Analysis and reconciliation of net debt

	<i>31 May 2003 £000</i>	<i>Cash flow £000</i>	<i>Non cash changes £000</i>	<i>31 May 2004 £000</i>
Cash in hand and at bank	56	306	—	362
Overdrafts and short term loans	(1,953)	753	—	(1,200)
	(1,897)	1,059	—	(838)
Debt due within one year	(630)	630	—	—
Finance leases	(24)	17	—	(7)
	(2,551)	1,706	—	(845)
	<i>31 May 2004 £000</i>	<i>Cash flow £000</i>	<i>Non cash changes £000</i>	<i>31 May 2005 £000</i>
Cash in hand and at bank	362	(163)	—	199
Overdrafts and short term loans	(1,200)	(1,412)	—	(2,612)
	(838)	(1,575)	—	(2,413)
Finance leases	(7)	11	(20)	(16)
	(845)	(1,564)	(20)	(2,429)
	<i>31 May 2005 £000</i>	<i>Cash flow £000</i>	<i>Non cash changes £000</i>	<i>31 May 2006 £000</i>
Cash in hand and at bank	199	578	—	777
Overdrafts and short term loans	(2,612)	1,566	—	(1,046)
	(2,413)	2,144	—	(269)
Finance leases	(16)	(1,784)	(26)	(1,826)
	(2,429)	360	(26)	(2,095)
	<i>Year Ended 31 May 2004 £000</i>	<i>Year Ended 31 May 2005 £000</i>	<i>Year Ended 31 May 2006 £000</i>	
Increase/(decrease) in net cash in the year	1,689	(1,575)	2,144	
Cash flow from lease financing	17	11	(1,784)	
Non-cash changes	—	(20)	(26)	
	1,706	(1,584)	334	
Movement in net debt in the year	(2,551)	(845)	(2,429)	
Net debt at 1 June				
Net debt at 31 May	(845)	(2,429)	(2,095)	

## 21 Financial commitments and contingent assets/liabilities

### a) Contractual commitments

At the 31 May 2006 the Group is committed to pay £27,000 (2005: £187,000, 2004: £316,000) in respect of players' signing on fees under current contracts. These amounts have been capitalised as a component of players' registrations and the cost is accrued in these accounts.

### b) Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows:

	<i>Group Land and buildings</i>			<i>Group Other assets</i>		
	<i>31 May 2004 £000</i>	<i>31 May 2005 £000</i>	<i>31 May 2006 £000</i>	<i>31 May 2004 £000</i>	<i>31 May 2005 £000</i>	<i>31 May 2006 £000</i>
Expiry date:						
– within one year	—	30	—	21	14	—
– between two and five years	30	—	—	12	9	21
– after five years	49	49	49	2	—	—
	<u>79</u>	<u>79</u>	<u>49</u>	<u>35</u>	<u>23</u>	<u>21</u>

### c) Pensions

The football club is one of 54 participating employers in The Football League Pension and Life Assurance Scheme. Until 31 August 1999, this scheme was a defined benefit scheme. After that date, the scheme was closed and a new scheme started to provide benefits on a defined contribution basis.

Contributions to the defined benefit scheme were determined in accordance with the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit credit method. The most recent valuation was conducted on 31 August 2005 on scheme data.

The valuation carried out on 31 August 2005 was in accordance with the Statutory Minimum Funding Requirement basis laid out in the Pensions Act 1995. This valuation showed that the deficit had decreased although as people are generally living longer, the Actuary had to take into his calculations the fact that pensions will be in payment longer. The valuation has indicated that the Club's share of the deficit is £83,281 as at 1 April 2006. This is being repaid over a ten year period, at a monthly repayment of £1,025. During the years ended 31 May 2005 and 31 May 2004, the Company's subsidiary's share of the scheme's deficit was not recalculated by the scheme actuaries.

At 31 May 2006, 1 (2005: 1, 2004: 1) of the subsidiary's employees was a member of the scheme. Contributions were paid by the subsidiary being 10.4% (2004: 10.4%, 2003: 10.4%) of the member's pensionable salary for the period. The Group is unable to identify its share of the underlying assets and liabilities on a consistent and reasonable basis so the scheme has been treated as a multi-employer scheme in these financial statements. The directors do not believe any deficiency will be material for the Group.

Certain other employees of the Group, except for football players who are responsible for their own pension arrangements, are eligible to be members of defined contribution schemes. The assets of any schemes are held in funds separate from the Group.

*d) Transfer fees payable/receivable*

Under the terms of certain contracts with other football clubs in respect of player transfers, additional amounts would be receivable/payable by the Group if conditions as to future team selection are met. The maximum that could be receivable is £75,000 (2005: £1,125,000, 2004: £650,000). The maximum that could be payable is £Nil (2005: £32,500, 2004: £622,500). These amounts are not provided for in the financial statements.

## **22 Derivatives and other financial instruments**

The disclosures in this note deal with financial assets and financial liabilities as defined in Financial Reporting Standard 13 “Derivatives and other financial instruments: Disclosures” (FRS 13). Certain financial assets such as investments in subsidiary companies are excluded from the scope of these disclosures.

The Group’s financial instruments comprise borrowings, cash and items such as trade debtors and creditors that arise as a result of normal operations. The Group does not enter into derivative transactions and does not trade in financial instruments.

### *Interest rate profile*

The Group operates a bank overdraft facility with the Bank of Cyprus Limited. The variable interest rate is 1.25% (2005: 2.5%, 2004: 2.5%.) above the bank’s base rate. The overdraft was renewed on 6 November 2006. Finance lease interest is charged at fixed rates varying between 6% and 10% for all years.

The main risk arising from the Group’s financial instruments is interest rate risk. The Board reviews and has agreed methods for managing this risk. These methods have remained unchanged for the duration of the financial periods.

### *Financial assets*

Financial assets comprise of sterling balances on deposit which may be withdrawn on demand. Interest is earned on cleared balances at 4.5% as and when monetary deposits are made. At the 31 May 2006 the Group had £777,000 on deposit (2005: £199,000, 2004: £362,000).

### *Maturity of financial liabilities*

The overdraft facility is repayable on demand. At 31 May 2006, the Group had drawn down borrowing facilities, in respect of which all conditions precedent had been met, of £1,046,000 (2005: £2,612,000, 2004: £400,000). The maturity profile of the Group’s other financial liabilities, finance leases, is shown in note 14. At 31 May 2006 the undrawn amounts on the overdraft facility was £1,266,000 (2005: £138,000, 2004: £1.1m)

### *Currency exposures*

The Group had no foreign currency exposures at 31 May 2006 (2005: £nil, 2004: £nil). The Group does not currently have extensive transactions denominated in foreign currencies and therefore does not engage in any form of currency hedging transactions.

### *Fair values*

The fair value of the financial assets and liabilities at 31 May 2006, 31 May 2005 and 31 May 2004 are not materially different from their book values.

## **23 Related Party Transactions**

Mr T Paphitis (a non-executive director of the Company during all three years) is a director and major shareholder of Ryman Limited to which sales of £Nil (2005: £21,159, 2004: £122,205) and from which purchases of £5,305 (2005: £9,801, 2004: £13,839) were made during the year. All transactions were conducted on an arm’s length basis on normal trading terms. At 31 May 2006 with respect to trading with Ryman Limited, £Nil (2005: £195, 2004: £7,126) was due to the Group and £799 (2005: £4,244, 2004: £2,176) was due from the Group.

Mr T Paphitis was a director of Octagon Movie Media Sports Limited, a company which introduced the shirt sponsors Beko Limited. The amount of commission paid to Octagon was £Nil (2005: £7,500, 2004: £nil) representing 6.25% of the sponsorship amount and this was all paid during the year.

During the year end 31 May 2004, Ryman Limited entered into a contract with The Millwall Football and Athletic Company (1985) Plc for £50,000 as the main sponsor of the Club for the football season 2003/2004. As at 31 May 2004, all amounts due under this contract were settled.

#### **24 Post balance sheet events**

Subsequent to the 31 May 2006 two private placings raised a further £1.475 million (before issue costs of £41,015) and as a consequence a further 3,687,500,000 New Ordinary Shares were issued.

## APPENDIX THREE

### ADDITIONAL INFORMATION

#### 1. Disclosure of Interests and Dealings in Shares

##### 1.1 *Definitions*

For the purposes of this Appendix Three:

- (a) “**acting in concert**” has the meaning attributed to it in the Code;
- (b) “**arrangement**” includes any indemnity or option arrangements and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing;
- (c) “**associate**” of any company means:
  - (i) its parent, subsidiaries and fellow subsidiaries, their associated companies and companies of which any such parent, subsidiaries, fellow subsidiaries or associated companies are associated companies (for this purpose, ownership or control of 20 per cent. or more of equity share capital is regarded as the test of “associated company” status);
  - (ii) its connected advisers and persons controlling, controlled by or under the same control as such connected advisers;
  - (iii) its directors and the directors of any company covered in (i) above (together, in each case, with their close relatives and related trusts and any person acting in concert with them); and
  - (iv) its pension funds or the pension funds of any company covered in (i) above;
- (d) “**connected adviser**” has the meaning attributed to it under the Code;
- (e) “**connected person**” has the meaning attributed to it in section 346 of the Act;
- (f) “**control**” means a holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether the holding or aggregate holding give de facto control;
- (g) “**dealing**” or “**dealt**” includes the following:
  - (i) the acquisition or disposal of relevant securities, of the right (whether conditional or absolute) to exercise or direct the exercise of voting rights attached to relevant securities, or of general control of relevant securities;
  - (ii) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any relevant securities;
  - (iii) subscribing or agreeing to subscribe for relevant securities;
  - (iv) the exercise or conversion of any relevant securities carrying conversion or subscription rights;
  - (v) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, variation of, a derivative referenced, directly or indirectly, to relevant securities;
  - (vi) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities; and
  - (vii) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position;

- (h) “**derivative**” includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of the underlying security but which does not include the possibility of delivery of such underlying security;
- (i) “**disclosure date**” means 1 March 2007, being the latest practicable date prior to the posting of this document;
- (j) “**disclosure period**” means the period commencing on 1 March 2006 (being the date 12 months before the date of this document) and ending on the disclosure date;
- (k) “**exempt principal trader**” or “**exempt fund manager**” has the meaning attributed to it in the Code;
- (l) being “**interested**” in relevant securities includes where a person:
  - (i) owns relevant securities;
  - (ii) has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities or has general control of them;
  - (iii) by virtue of any agreement to purchase, option or derivative, has the right or option to acquire relevant securities or call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or
  - (iv) is party to any derivative whose value is determined by reference to its price and which results or may result in his having a long position in it;
- (m) “**paragraph 1 associate**” means, in relation to a company, its parent, subsidiaries and fellow subsidiaries, their associated companies, and companies of which such parent, subsidiaries, fellow subsidiaries or associated companies are associated companies (for this purpose, ownership or control of 20 per cent. or more of equity share capital of a company is regarded as the test of “associated company” status);
- (n) “**relevant CHV securities**” means shares in CHV (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof;
- (o) “**relevant Millwall securities**” means shares in Millwall (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof;
- (p) “**relevant securities**” means relevant CHV securities or relevant Millwall securities;
- (q) “**short position**” means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

1.2 The interests of the Directors and the Proposed Directors and their immediate families, related trusts and connected persons (all of which are beneficial unless otherwise stated) in the issued voting share capital of the Company as at the date of this document together with the percentages which such interests represent of the Ordinary Shares in issue are as follows:

<i>Directors</i>	<i>Number of Ordinary Shares</i>	<i>per cent. of issued voting share capital</i>
Heather Rabbatts	nil	—
Constantine Gonticas	500,000,000	2.27%
Jeffrey Burnige	638,400,517	2.89%
Trevor Keyse	1,265,505,000	5.66%
Stewart Till	250,000,000	1.13%
 <i>Proposed Directors</i>		
John G. Berylson	nil	—
Demos Kouvaris	nil	—

- 1.3 No options have been granted to the Directors or Proposed Directors and their respective immediate families, related trusts and connected persons. Pursuant to the service agreement to be entered into by Heather Rabbatts immediately prior to Completion, she will be entitled to options to subscribe for Ordinary Shares (a) to an aggregate value of £100,000 at an exercise price of 0.03p per Ordinary Share and to an aggregate value of £100,000 at an exercise price of 0.04p per Ordinary Share each exercisable after the first anniversary of the date of the service agreement and (b) to an aggregate value of £100,000 at an exercise price of 0.03p per Ordinary Share and to an aggregate value of £100,000 at an exercise price of 0.04p per Ordinary Share each exercisable after the second anniversary of the date of the service agreement. The options will be exercisable within the period of 7 years from the date of the service agreement and will lapse if Ms Rabbatts ceases to be an employee or full time executive director of the Company or the Club. Ms Rabbatts will also be entitled to be granted options under the Company's approved and unapproved share schemes on the basis determined by the Board.
- 1.4 Warrants exercisable at any time over up to 6,136,657,201 Ordinary Shares at 0.04p per Ordinary Share will be issued to Chestnut Hill immediately prior to Completion. The issue of the Warrants is conditional upon the passing of the Resolutions numbered 1, 2, 3 and 6 and the Facility Agreement becoming unconditional in all respects. The Warrants will not be exercisable (in whole or in part) unless the board of the Company at the time of exercise includes a representative of CHV and will lapse on the tenth anniversary of the date of issue if not exercised before that date. Further details of the terms of the Warrants are set out in paragraph 4 below.
- 1.5 As at the close of business on the disclosure date Seymour Pierce Limited, stockbroker to Millwall, held 11,325,376 Ordinary Shares either on its own behalf or on behalf of discretionary clients. Seymour Pierce Limited or its affiliated companies dealt for value either on its behalf or on behalf of discretionary clients in the following shares in the 12 months prior to the date of this document:

<i>Date</i>	<i>Buy / sell</i>	<i>No. of shares</i>	<i>Price</i>
13/04/06	B	400,000,000	0.04p
29/06/06	S	5,000,000	0.041p
14/07/06	S	40,000,000	0.041p
19/07/06	S	93,500,000	0.041p
24/07/06	S	7,000,000	0.041p
15/08/06	S	7,000,000	0.041p
23/08/06	S	5,000,000	0.040p

- 1.6 Seymour Pierce Limited or its affiliated companies dealt for value on behalf of non discretionary clients in the following shares in the 12 months prior to the date of this document:

<i>Date</i>	<i>Buy / sell</i>	<i>No. of shares</i>	<i>Price</i>
23/03/06	S	208,000	0.05p
13/04/06	B	2,295,794,944	0.04p
19/04/06	B	150,000,000	0.04p
25/04/06	S	50,000,000	0.055p
26/04/06	S	100,000,000	0.04p
28/04/06	S	500,000,000	0.04p
28/04/06	B	500,000,000	0.04p
09/05/06	B	400,000,000	0.045p
09/05/06	S	200,000,000	0.045p
22/05/06	S	115,000,000	0.045p
22/05/06	B	115,000,000	0.045p
23/05/06	S	5,000,000	0.041p
31/05/06	S	5,000,000	0.041p
02/06/06	S	5,000,000	0.041p
09/06/06	S	1,136,000	0.035p

<i>Date</i>	<i>Buy / sell</i>	<i>No. of shares</i>	<i>Price</i>
23/06/06	S	5,000,000	0.041p
30/06/06	S	21,000,000	0.041p
30/06/06	B	7,500,000	0.041p
11/07/06	S	213,380	0.04p
14/06/06	S	105,000,000	0.041p
14/06/06	B	120,000,000	0.041p
19/07/06	S	66,500,000	0.041p
19/07/06	B	160,000,000	0.041p
21/08/06	S	12,500	0.04p
27/09/06	S	50,000,000	0.035p
03/10/06	S	2,000,000	0.04p
05/10/06	S	4,000,000	0.035p
13/10/06	S	10,000,000	0.034p

- 1.7 Dealings in Ordinary Shares by the Directors, the Proposed Directors and Chestnut Hill, or by persons connected with them, during the disclosure period, but pre-dating any discussions with Chestnut Hill were:

	<i>Trade</i>	<i>Date</i>	<i>Price per Ordinary Share</i>	<i>No. of Ordinary Shares</i>
Constantine Gonticas	Bought	19/04/06	0.04p	375,000,000
	Bought	21/06/06	0.04p	125,000,000
Jeffrey Burnige	Bought	19/04/06	0.04p	625,000,000
Trevor Keyse	Bought	21/06/06	0.04p	1,250,000,000
Stewart Till	Bought	21/06/06	0.04p	250,000,000

- 1.8 Chestnut Hill is not currently interested in any Ordinary Shares. Chestnut Hill's interests in the issued voting share capital of the Company following conversion of the Loan and any accrued interest and exercise of the Warrants in full (on the basis that £1.5m of NFL Loan Notes have been subscribed for), assuming no other person converts any convertible securities or exercises any options or any other rights to subscribe for Ordinary Shares, will be as follows:

<i>No. of New Ordinary Shares</i>	<i>On conversion of the Loan and accrued interest % of issued voting share capital</i>	<i>No. of New Ordinary Shares</i>	<i>On conversion of the Loan and accrued interest and exercise of the Warrants in full % of issued voting share capital</i>
22,137,843,300	50.08%	28,274,500,501	56.16%

- 1.9 On conversion in full of the Directors' Loan Notes and accrued interest thereon, the interests of the Directors in the Ordinary Shares, on the basis that the Loan and any accrued interest thereon is converted into Ordinary Shares at 0.03p per Ordinary Share would be as follows:

<i>Directors</i>	<i>Number of Ordinary Shares</i>	<i>per cent. of issued voting share capital</i>
Heather Rabbatts	221,378,433	0.48%
Constantine Gonticas	942,756,866	2.03%
Jeffrey Burnige	638,400,517	1.37%
Trevor Keyse	1,398,332,059	3.00%
Stewart Till	471,378,433	1.01%

- 1.10 As at the close of business on the disclosure date, save as disclosed in this Appendix Three:

- (a) CHV had no interest in or right to subscribe for, or had any short position in relation to, any relevant Millwall securities, nor had it dealt in any relevant Millwall securities during the disclosure period;
- (b) none of the CHV directors (including any members of such directors' respective immediate families, related trusts or connected persons) had an interest in or a right to subscribe for, or had any short position in relation to, any relevant Millwall securities, nor had any such person dealt in any relevant Millwall securities during the disclosure period;
- (c) no person acting in concert with CHV had an interest in or a right to subscribe for, or had any short position in relation to, any relevant Millwall securities, nor had any such person dealt in any relevant Millwall securities during the disclosure period;
- (d) no person referred to in 1.10 (a), (b) or (c) has dealt in any relevant Millwall securities in the disclosure period;
- (e) none of the Directors (including any members of such Directors' respective immediate families, related trusts or connected persons) had an interest in or a right to subscribe for, or had any short position in relation to, any relevant Millwall securities;
- (f) no paragraph 1 associate of Millwall had any interest in, or right to subscribe for, or had any short position in relation to, any relevant Millwall securities;
- (g) no pension fund of Millwall or of a paragraph 1 associate of Millwall had any interest in or right to subscribe for, or had any short position in relation to, any relevant Millwall securities;
- (h) no employee benefit trust of Millwall or of a paragraph 1 associate of Millwall had any interest in or right to subscribe for, or had any short position in relation to, any relevant Millwall securities;
- (i) no connected advisor to Millwall or to a paragraph 1 associate of Millwall or to a person acting in concert with Millwall, nor any person controlling, controlled by or under the same control as any such connected adviser (except for an exempt principal trader or exempt fund manager) had any interest in or right to subscribe for, or had any short position in relation to, any relevant Millwall securities;
- (j) neither Millwall nor any of the Directors (including any members of such Directors' respective immediate families, related trusts or connected persons) had any interest in or right to subscribe for, or had any short position in relation to, any relevant CHV securities;
- (k) Millwall has not redeemed or purchased any relevant Millwall securities during the disclosure period;
- (l) there were no arrangements which existed between Millwall or any associate of Millwall and any other person;
- (m) there were no arrangements which existed between CHV or any person acting in concert with CHV, and any other person;
- (n) neither CHV nor any person acting in concert with CHV had borrowed or lent any relevant Millwall securities, save for any borrowed shares which have either been on-lent or sold; and
- (o) neither Millwall nor any person acting in concert with Millwall had borrowed or lent any relevant Millwall securities, save for any borrowed shares which have either been on-lent or sold.

## 2. Service Agreements

- 2.1 (a) Heather Rabbatts entered into a service agreement with the Company on 2 May 2006 ("Original Agreement") whereby she agreed to act as executive deputy chairman of the Company and a director of the Company and the Club. Her employment began on 2 May 2006 and continued thereafter unless and until Ms Rabbatts or the Company

notified the other on or before 31 July 2006 (“Initial Term”) that it would terminate on that date. Ms Rabbatts was required to devote at least 3 days per week to her duties and to attend first team match days whenever practicable and would be paid a total salary of £55,000 in respect of the Initial Term inclusive of director’s fees. It was agreed that prior to 31 July 2006 the Company and Ms Rabbatts would discuss the nature of her role and if agreed she would continue as executive deputy chairman on the terms of a new agreement, substantially on the terms of the Original Agreement but she would work full time for an initial term of two years, terminable at or after the end of the two year term by three months notice and would receive a salary of or not exceeding £220,000 per annum and be granted an option to subscribe for Ordinary Shares to an aggregate value of £200,000 at an exercise price of 0.04p and further options to subscribe for Ordinary Shares to an aggregate value of £100,000 at an exercise price of 0.06p and to an aggregate value of £100,000 at an exercise price of 0.08p per Ordinary Share. The options would be exercisable within the period of 7 years from 1 August 2006 and would lapse if she ceased to be an employee or full time executive director of the Company or the Club. Ms Rabbatts would also be entitled to a bonus at the discretion of the Board. Ms Rabbatts has continued to work for the Company on the terms of the Original Agreement and no new agreement had been entered into as at the date of this document.

- (b) It is a condition of the Facility Agreement that prior to Completion, Heather Rabbatts enters into a new service agreement with the Company (“New Agreement”). Under the terms of the New Agreement, Ms Rabbatts will act as a full time deputy executive chairman of the Company and a director of the Company and the Club for an initial period of two years and thereafter unless and until her employment is terminated by six months written notice served by either party to expire on or at any time after the end of the two year term. Ms Rabbatts will undertake not to provide her services to any other person which might affect the performance of her duties, without the Board’s consent. Ms Rabbatts will be entitled to receive a salary of £220,000 per annum, reviewable annually and inclusive of director’s fees. She will also be granted options to subscribe for Ordinary Shares (a) to an aggregate value of £100,000 at an exercise price of 0.03p per Ordinary Share and to an aggregate value of £100,000 at an exercise price of 0.04p per Ordinary Share each exercisable after the first anniversary of the date of the New Agreement and (b) to an aggregate value of £100,000 at an exercise price of 0.03p per Ordinary Share and to an aggregate value of £100,000 at an exercise price of 0.04p per Ordinary Share each exercisable after the second anniversary of the date of the New Agreement. The options will be exercisable within the period of 7 years from the date of the New Agreement and will lapse if Ms Rabbatts ceases to be an employee or full time executive director of the Company or the Club. Ms Rabbatts will also be entitled to be granted options under the Company’s approved and unapproved share schemes and a bonus, each at the discretion of the Board. Ms Rabbatts will be entitled to participate in the Group’s private medical expenses insurance scheme and will be reimbursed the cost of permanent health insurance taken out by her.

- 2.2 Constantine Gonticas has entered into a letter of appointment with the Company dated 20 March 2006 whereby he has agreed to act as a non-executive director of the Company. The appointment is terminable *inter alia* upon not less than 6 months notice given by the Company or 3 months notice given by him. The letter provides that Mr Gonticas will not receive any directors’ fees or other remuneration in respect of the services provided by him but will be entitled to reimbursement of expenses.
- 2.3 Jeffrey Burnige has entered into a letter of appointment with the Company dated 20 March 2006 whereby he has agreed to act as a non-executive director of the Company. The appointment is terminable *inter alia* upon not less than 6 months notice given by the Company or 3 months notice given by him. The letter provides that Mr Burnige will not receive any directors’ fees or other remuneration in respect of the services provided by him but will be entitled to reimbursement of expenses.

- 2.4 Trevor Keyse has entered into a letter of appointment with the Company dated 16 June 2006 whereby he has agreed to act as a non-executive director of the Company. The appointment is terminable *inter alia* upon not less than 6 months notice given by the Company or 3 months notice given by him. The letter provides that Mr Keyse will not receive any directors' fees or other remuneration in respect of the services provided by him but will be entitled to reimbursement of expenses.
- 2.5 Stewart Till has entered into a letter of appointment with the Company dated 24 May 2006 whereby he has agreed to act as a non-executive director of the Company. The appointment is terminable *inter alia* upon not less than 6 months notice given by the Company or 3 months notice given by him. The letter provides that Mr Till will not receive any directors' fees or other remuneration in respect of the services provided by him but will be entitled to reimbursement of expenses.
- 2.6 John G. Berylson will immediately prior to Completion enter into a letter of appointment with the Company whereby he agrees to act as a non-executive director of the Company and the Club and as non-executive Chairman of the Company. Whilst any Loans are outstanding the appointment is terminable by written notice served on the Company by CHV and thereafter by not less than 1 months' notice given by the Company or Mr Berylson. The letter provides that Mr Berylson will not receive any directors' fees or other remuneration in respect of the services provided by him but CHV will be entitled to reimbursement of its expenses on the basis set out in the summary of the Facility Agreement at paragraph 4.1.12 below.
- 2.7 Demos Kouvaris will immediately prior to Completion enter into a letter of appointment with the Company whereby he agrees to act as a non-executive director of the Company and the Club. Whilst any Loans are outstanding the appointment is terminable by written notice served on the Company by CHV and thereafter by not less than 1 months' notice given by the Company or Mr Kouvaris. The letter provides that Mr Kouvaris will not receive any directors' fees or other remuneration in respect of the services provided by him but CHV will be entitled to reimbursement of its expenses on the basis set out in the summary of the Facility Agreement at paragraph 4.1.12 below.
- 2.8 Save for the agreements set out above there are no service contracts of any Director or Proposed Director with the Company or any of its subsidiaries where such contracts have more than 12 months to run. None of the service contracts have been amended in the last six months. As referred to above, Heather Rabbatts will immediately prior to Completion enter into the new service agreement.
- 2.9 Save as disclosed in this paragraph 2, there has been no waiver of emoluments during the financial year immediately preceding the date of this document.
- 2.10 Save as disclosed in this paragraph 2, no contracts of employment of Directors have been entered into or amended within 6 months prior to the date of this document.

### 3. Middle Market Quotations

The closing middle market quotations for Ordinary Shares, as derived from the AIM Appendix of the London Stock Exchange Daily Official List, on the first dealing day of each of the six months prior to the publication of this document, and on 1 March 2007, being the latest practicable date prior to publication of this document, were:

1 September 2006	0.04p
2 October 2006	0.0375p
1 November 2006	0.0275p
1 December 2006	0.032p
1 January 2007	0.032p
1 February 2007	0.032p
1 March 2007	0.032p

#### 4. Material Contracts and Warrants

4.1 The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company and its subsidiaries within the period of two years preceding the date of this document and are or may be material:

4.1.1 (a) A letter from The Bank of Cyprus to the Club dated 26 October 2005 offering a bridging loan facility of £300,000 at 2.5 per cent. above its base rate to purchase Ravensbourne Sports Ground, (Millwall's training ground) (the "Training Ground"). The loan was available for a period of 24 months and was secured *inter alia* by a first legal charge over the Training Ground.

(b) A sale and purchase agreement between Fairview Enfield Limited and the Club dated 20 December 2005 pursuant to which the Club purchased the freehold interest in the Training Ground for a consideration of £300,000. The Club is obliged to make an additional payment in the event that it obtains planning permission for the development of the Training Ground.

(c) A sale and leaseback agreement ("Sale and Leaseback Agreement") dated 15 March 2006 between the Company, the Club and the President and Scholars of St John Baptist College in the University of Oxford ("St John's College") pursuant to which the Club agreed to sell the Training Ground for £1.85 million to St John's College and St John's College agreed to lease it back to the Club for a term of 20 years at an initial annual rent of £152,625. The rent is reviewable annually and will be increased in line with the change in the Retail Prices Index between the first and last day of the rental year. On 15 March 2006 pursuant to the Sale and Leaseback Agreement the Club entered into a transfer of the Training Ground in favour of St John's College and a lease, guaranteed by the Company on the basis set out in the Sale and Leaseback Agreement.

4.1.2 A placing agent agreement dated 8 March 2006 between the Company and NFL whereby it was agreed that NFL would act as a placing agent to the Company, having the exclusive right to place up to £3,000,000 Ordinary Shares at 0.04p. In consideration for its services, NFL received a commission of 5 per cent. on the aggregate value of monies received by the Company from investors procured by NFL and options (to be granted to NFL or, subject to the prior approval of the Company (such approval not to be unreasonably withheld) such of its associates and sub agents as it shall specify in writing) to subscribe for such number of Ordinary Shares at 0.04p as equals 10 per cent. of the aggregate value of monies received by the Company from investors procured by NFL. The options are exercisable in whole or in part and would lapse if not exercised on 19 October 2007. NFL was also entitled to receive commission and options (which are assignable to its associates) to subscribe for Ordinary Shares on the above basis on any monies received by the Company on the subscription of Ordinary Shares by investors procured by NFL within a period of 12 months from 19 April 2006 or if earlier from the termination of NFL's engagement. These options are exercisable for a period of 18 months from admission of the Ordinary Shares subscribed for by the investors to AIM. To date NFL and its associates are entitled to options over a total of 366,500,000 Ordinary Shares under this agreement.

4.1.3 An underwriting agreement dated 20 March 2006 between Seymour Pierce Limited (1) Seymour Pierce Ellis Limited (2), and the Company (3), pursuant to which Seymour Pierce Limited agreed, subject to certain conditions, to make the open offer as agent of the Company ("Open Offer") and Seymour Pierce Ellis Limited agreed to use its reasonable endeavours to procure subscribers for the first 3,750,000,000 of Ordinary Shares the subject of the Open Offer at 0.04p subject to those shares not having been taken up by qualifying shareholders under the Open Offer, failing which, it would itself subscribe for such Ordinary Shares. The agreement contained certain limited warranties given by the Company in favour of Seymour Pierce Limited and Seymour

Pierce Ellis Limited as to, *inter alia*, the accuracy of information contained in this document and an indemnity from the Company in favour of Seymour Pierce Limited and Seymour Pierce Ellis Limited.

- 4.1.4 A share option agreement dated 20 March 2006 between the Company and Seymour Pierce Ellis Limited entered into pursuant to the terms of the underwriting agreement referred to in paragraph 4.1.3 above. Pursuant to the terms of the share option agreement, Seymour Pierce Ellis Limited was granted an option to subscribe for 325,000,000 Ordinary Shares at 0.04p per Ordinary Share. The option is exercisable in whole or in part and will lapse to the extent not exercised on 19 October 2007.
- 4.1.5 An agreement dated 20 March 2006 between the Company, Seymour Pierce Limited and Mark Child pursuant to which Mark Child agreed to procure, through NFL, subscribers for 1,250,000,000 Ordinary Shares to raise £500,000, failing which he would himself subscribe for such Ordinary Shares. The agreement was conditional *inter alia* upon the underwriting agreement detailed at 4.1.3 above being duly executed. In consideration of his services, the Company agreed to grant to Mr. Child an option to subscribe for Ordinary Shares detailed at paragraph 4.1.6 below.
- 4.1.6 A share option agreement dated 20 March 2006 between the Company and Mark Child entered into pursuant to the terms of the underwriting agreement referred to in paragraph 4.1.5 above. Pursuant to the terms of the share option agreement, Mark Child was granted an option to subscribe for 125,000,000 Ordinary Shares at 0.04p in consideration of his agreeing to enter into the underwriting agreement referred to in paragraph 4.1.5 above. The option is exercisable in whole or in part and will lapse to the extent not exercised on 19 October 2007.
- 4.1.7 A share option agreement dated 20 March 2006 between the Company and Peter de Savary pursuant to which Mr de Savary was granted an option to subscribe for 3,023,560,000 Ordinary Shares at 0.04p. The option was conditional upon the minimum amount being raised under the Open Offer and subject thereto is exercisable in whole or in part and lapsed to the extent not exercised within 7 years of the date of the option agreement. The option was only exercisable whilst Mr de Savary was a director of the Company and lapsed upon his resignation.
- 4.1.8 Undertakings entered into on various dates from the directors and certain former directors of the Company and the Club in favour of the Company pursuant to which each of them agreed not to compete directly or indirectly with the Group in property development opportunities in the Boroughs of Lewisham and Southwark whilst in office and for a periods of two years thereafter.
- 4.1.9 (a) A share option scheme adopted by the Company on 18 April 2006 and to be approved by HM Revenue & Customs (the 'Approved Scheme') enabling options over Ordinary Shares to be granted to full-time directors and employees of the Group. The Board may at any time and from time to time within ten years of the date of adoption of the Approved Scheme at its discretion grant to any eligible full-time director or employee one or more options to acquire Ordinary Shares. Options may not be granted at a date more than ten years after the adoption date. The scheme may be terminated at any time by the Board or by the Company in general meeting and on such termination no further options may be granted, but the subsisting rights of the participants are not affected by such termination.
- (b) A share option scheme adopted by the Company on 18 April 2006 and not approved or to be approved by HM Revenue & Customs (the 'Unapproved Scheme') providing more flexibility than the Approved Scheme. Non-executive directors in addition to full-time directors and employees are eligible to participate in the Unapproved Scheme. An option may be exercised at any time within five years from the date of grant subject to the discretion of the Board which may determine an appropriate period for exercise at the date of grant.

- 4.1.10 (a) A loan agreement dated 20 December 2006 between the Company, the Club and Chestnut Hill (the 'Interim Loan Agreement') pursuant to which Chestnut Hill agreed, subject to certain conditions, to make a loan of £500,000 to the Club at an interest rate of 10 per cent. The loan was secured by a debenture over the Club's assets dated 19 January 2007 and a guarantee by the Company in favour of Chestnut Hill also dated 19 January 2007.
- (b) An amendment and restatement agreement dated 2 February 2007 between the Company, the Club and Chestnut Hill pursuant to which the Interim Loan Agreement was varied to reflect that Chestnut Hill had agreed to provide an additional loan of £500,000 on substantially the same terms as the Interim Loan Agreement on the basis that certain of the directors and a former director of the Company agreed to enter into unconditional and irrevocable undertakings in favour of Chestnut Hill (further details of which are set out at paragraph 4.1.11 below).
- 4.1.11 Irrevocable and unconditional undertakings from each of Heather Rabbatts, Constantine Gonticas, Stewart Till, Trevor Keyse and Peter de Savary and the Company and the Club in favour of Chestnut Hill dated 2 March 2007 pursuant to which the directors and former director undertook that on release of the personal guarantees and cash collateral granted by them to the Bank of Cyprus in respect of facilities made available by the Bank of Cyprus to the Club and the provision by Chestnut Hill of the Loan, to invest in cash for Directors' Loan Notes in an amount of not less than £500,000.
- 4.1.12 A facility agreement entered into on 1 March 2007 between the Company, the Club and Chestnut Hill pursuant to which CHV agreed to make available to the Company the Loan. The agreement is conditional, *inter alia*, on the Resolutions numbered 1, 2, 3 and 6 being passed and Heather Rabbatts entering into a new service agreement with the Company. The Loan is repayable in full on the third anniversary of the first drawdown date. CHV may convert all or part of any of the Loan, interest accrued but unpaid thereon and any payment in kind notes issued by the Company in lieu of an interest payment at any time into New Ordinary Shares at a subscription price per New Ordinary Share of 0.03p in respect of amounts drawn down in the period commencing on Completion and ending 18 months thereafter (and any interest accrued thereon) and 0.04p in respect of amounts drawn down after that date but before the third anniversary of Completion (and any interest accrued thereon) by serving notice on the Company. The Company may prepay all or part of the Loan in integral amounts of £100,000 upon giving to CHV 25 business days notice and provided CHV has not issued a conversion notice before the relevant prepayment date. Unless a conversion notice has been issued by CHV or otherwise agreed between the Company and CHV, the Loan is repayable in full upon a sale of substantially all of the assets of the Group and on a change of control. The Loan will also be repayable on the occurrence of an event of default. The Loan bears interest at a rate of 9.5 per cent. per annum compounded monthly and payable quarterly in cash or (at the election of the Company) by the issue of payment in kind notes which are convertible into New Ordinary Shares and which also bear interest at the same rate. In the event that Chestnut Hill converts any part of the Loan, any accrued but unpaid interest in respect of such part of the Loan shall also be converted into Ordinary Shares. The Company has agreed to pay to CHV an arrangement fee of £100,000 on Completion and to reimburse the costs and expenses reasonably incurred by CHV in relation to the Facility Agreement and the documents entered into pursuant to it. The Loan will be secured by debentures from the Company and the Club, including a legal charge over the Club's properties, and a guarantee in favour of CHV from the Club. The agreement contains warranties from the Company and the Club in favour of CHV which will be deemed to be repeated, *inter alia*, on the date of each drawdown of the Loan.

The agreement also contains obligations on the Company to deliver to CHV audited accounts and management accounts within specified periods and to produce annual budgets for the approval of CHV. In addition it contains positive and negative undertakings of the Company and the Club. The positive undertakings include: not to appoint or remove any person as a director without the consent of CHV; to appoint two additional non-executive directors to the boards of each of the Company and the Club, the first of which will be John G. Berylson and Demos Kouvaris; upon exercise of the conversion rights and the conversion of all of the Loan into New Ordinary Shares to appoint a further non-executive director; and to appoint John G. Berylson as non-executive chairman of the Company. The negative undertakings include a limit on the amount of indebtedness that can be incurred by the Group (which does not apply to certain subordinated debt); restrictions on granting security; restrictions on issuing Ordinary Shares (save in specified circumstances); and restrictions on acquiring and disposing of assets. CHV will be entitled to re-imburement of the costs and expenses incurred by its nominated directors up to an aggregate maximum of £60,000 per annum such cap to be reviewed to reflect increased costs with effect from the first anniversary of the date of the Facility Agreement and each year thereafter but being no less than the previous cap and no more than 105 per cent. of the previous cap.

- 4.1.13 The Company will enter a warrant instrument immediately prior to Completion pursuant to which it will issue to CHV warrants to subscribe for up to 6,136,657,201 Ordinary Shares at 0.04p per Ordinary Share representing 10 per cent. of the issued ordinary share capital of the Company on the basis that all of the Warrants are exercised in full, all of the Loan, and interest accrued thereon, have been converted into Ordinary Shares, the Directors' Loan Notes and NFL Loan Notes and accrued interest have been converted into Ordinary Shares and all existing outstanding options in the Company (including options to be granted to Heather Rabbatts) have been exercised. The Warrants may be exercised in whole or in part at any time from Completion until the tenth anniversary of the date of the warrant instrument ("Final Date") and may be exercised conditional upon the occurrence of a change in control or a demerger occurring. The rights to subscribe for Ordinary Shares under the Warrants will not be capable of exercise if on the exercise date the directors of the Company do not include a representative of CHV and if not exercised by the Final Date all rights under the warrant instrument will lapse. The Warrants may be transferred in whole or in part by CHV to any member of its group of companies or to an associated company but must be transferred to another member of the CHV group or associated company if the transferee ceases to be a member of the CHV group or an associated company. A holder of Warrants will be entitled to receive the annual report and accounts of the Company and to attend and speak at but not to vote at general meetings of the Company. Whilst the Warrants are outstanding, the Company must use all reasonable endeavours to maintain its admission to AIM and may not, without the consent in writing of Warrant holders entitled to subscribe for 75 per cent. of the Ordinary Shares to be issued pursuant to the Warrants, *inter alia*, vary or modify the rights attaching to any class of shares in the Company or amend its memorandum or articles of association in a way which would adversely affect the rights of the holders of Warrants in a material respect.
- 4.1.14 A letter of engagement dated 1 March 2007 between the Company and NFL varying the terms of its placing agreement referred to at paragraph 4.1.2 above whereby it was agreed that NFL would on behalf of the Company seek subscribers for the NFL Loan Notes prior to 31 March 2007. In consideration for its services, NFL would receive a corporate finance fee of £50,000 plus VAT, commission of 5 per cent. of the aggregate amounts raised under the NFL Loan Notes up to £1m and if in excess of £1m is raised, an additional placing fee of £25,000 in satisfaction

of any sums due to it under the placing agreement and for its services in relation to the NFL Loan Notes. The Company also agreed to extend the period for exercise of the existing options of NFL and its associates to the third anniversary of Completion.

- 4.1.15 An engagement letter from Seymour Pierce Limited to the Company dated 28 February 2007 and setting out the terms on which Seymour Pierce Limited would act for the Company in connection with the Proposals. In consideration of its services Seymour Pierce Limited will be paid a corporate finance fee of £40,000 together with VAT thereon. The Company will also reimburse Seymour Pierce Limited for all costs and expenses reasonably and properly incurred by it in connection with the provision of its services.
- 4.2 Save for the documents referred to in paragraphs 4.1.10 to 4.1.13 above, no contracts (not being contracts entered into in the ordinary course of business) have been entered into by Chestnut Hill and its subsidiaries within the period of two years preceding the date of this document which may be material.

## 5. Directors' Loan Notes and NFL Loan Notes

Set out below is a summary of the proposed terms of the instruments constituting the Directors' Loan Notes and the NFL Loan Notes and the intercreditor deed to be entered into by the Company and others in relation to the ranking of the security for the Loan and the NFL Loan Notes.

- 5.1 An instrument to be entered into by the Company immediately prior to Completion constituting Directors' Loan Notes which Heather Rabbatts, Stewart Till, Trevor Keyse Constantine Gonticas and Peter de Savary have undertaken to subscribe for following Chestnut Hill entering into the Facility Agreement, the repayment of the Club's existing overdraft facility with Bank of Cyprus and the release by Bank of Cyprus of their personal guarantees in respect of the overdraft facility. The Directors' Loan Notes if not converted will be repayable on the third anniversary of issue provided that principal and interest due on the Loan is repaid pro-rata. Holders may convert all or part of any of the Directors' Loan Notes, interest accrued thereon and any payment in kind notes issued by the Company in lieu of an interest payment at any time into New Ordinary Shares at a subscription price per New Ordinary Share of 0.03p by serving notice on the Company. The Company may prepay all or part of the Directors' Loan Notes upon giving to the holder 25 business days notice and provided the holder has not issued a conversion notice before the relevant prepayment date. Unless a conversion notice has been issued by the holder or otherwise agreed between the Company and the holder, the Directors' Loan Notes will be repayable in full upon a sale of substantially all of the assets of the Group and on a change of control. The Directors' Loan Notes will also be repayable on the occurrence of an event of default. The Directors Loan Notes will bear interest at a rate of 9.5 per cent. per annum compounded monthly and payable quarterly in cash or (at the election of the Company) by the issue of payment in kind notes which are convertible into New Ordinary Shares and which also bear interest at the same rate.
- 5.2 An instrument to be entered into by the Company immediately prior to Completion constituting NFL Loan Notes. The NFL Loan Notes if not converted will be repayable on the third anniversary of issue provided that principal and interest due on the Loan is repaid pro-rata. Holders may convert all or part of any of the NFL Loan Notes, interest accrued thereon and any payment in kind notes issued by the Company in lieu of an interest payment at any time into New Ordinary Shares at a subscription price per New Ordinary Share of 0.03p by serving notice on the Company. The Company may prepay all or part of the NFL Loan Notes upon giving to the holder 25 business days notice and provided the holder has not issued a conversion notice before the relevant prepayment date. Unless a conversion notice has been issued by the holder or otherwise agreed between the Company and the holder, the NFL Loan Notes will be repayable in full upon a sale of substantially all of the assets of the Group and on a change of control. The NFL Loan Notes will also be repayable on the occurrence of an event of default. The NFL Loan Notes bear interest at a rate of 9.5 per cent. per annum

compounded monthly and payable quarterly in cash or (at the election of the Company) by the issue of payment in kind notes which are convertible into New Ordinary Shares and which also bear interest at the same rate. The holders of the NFL Loan Notes will appoint a security trustee to act on their behalf. The NFL Loan Notes will be secured by debentures from the Company and the Club including a legal charge over the Club's properties and a guarantee in favour of the security trustee from the Club. The holders of the NFL Loan Notes will rank *pari passu* with CHV upon the enforcement of this security. The instrument will be conditional on Completion.

- 5.3 An intercreditor deed to be entered into between CHV, the holders of the NFL Loan Notes (from time to time), the security trustee for the holders of the NFL Loan Notes, the holders of the Directors' Loan Notes, the Company and the Club whereby the holders of the NFL Loan Notes and CHV agree that their security will rank *pari passu*. The agreement contains undertakings from each member of the Group not to discharge or pay any amounts in respect of the principal and interest of the NFL Loan Notes and the Directors' Loan Notes without the consent of CHV other than *inter alia* if *pro rata* payments are made to CHV and the holders of the Directors' Loan Notes and/or the holders of the NFL Loan Notes as appropriate, and no event of default under the Facility Agreement is continuing. The agreement also limits the ability of the holders of the NFL Loan Notes to enforce their security unless *inter alia* CHV has enforced its security.

## 6. Consents

Seymour Pierce Limited has given and has not withdrawn its written consent to the inclusion of references to its name in the form and context in which they appear.

## 7. Other Information

- 7.1 There has been no material change in the financial or trading position of the Company since the publication of the audited accounts for the year ended 31 May 2006.
- 7.2 Save for the Facility Agreement, the Warrants, the Directors' Loan Notes, the NFL Loan Notes and the service agreement proposed to be entered into between the Company and Heather Rabbatts immediately prior to Completion, further details of which are set out in paragraphs 2, 4 and 5, no agreement, arrangement or understanding (including any compensation arrangement), exists between the Company or Chestnut Hill or any other person acting in concert with them and any of the Directors, Proposed Directors, Shareholders, recent directors or recent shareholders of the Company which has any connection with or dependence upon the Proposals.
- 7.3 There is no agreement, arrangement or understanding whereby the beneficial ownership of any New Ordinary Shares to be acquired by Chestnut Hill pursuant to the conversion of the Loan and interest on it and the exercise of the Warrants will be transferred to any other person save that CHV may transfer such New Ordinary Shares to another member of its group of companies or an affiliate.
- 7.4 There are no external financing arrangements being sourced in connection with the Proposals other than the provision of the Loan by Chestnut Hill, the Directors' Loan Notes and the NFL Loan Notes. There are therefore no other arrangements in place nor any required for the payment of interest on, repayment of or security for any liability (contingent or otherwise) as a result of the Proposals in this document.

## 8. Documents Available for Inspection

Copies of the following documents may be inspected at the offices of the Company, The Den, Zampa Road, London SE16 3LN during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) until immediately prior to the EGM:

- 8.1 The Memorandum and Articles of Association of Millwall;
- 8.2 The published audited report and accounts of Millwall Holdings plc for the periods ending 31 May 2004, 2005 and 2006;

- 8.3 The written consent referred to in paragraph 6 above;
- 8.4 The material contracts referred to in paragraph 4 above and the draft contracts referred to in paragraph 5 above; and
- 8.5 The service contracts summarised in paragraph 2 above.
- 8.6 The full list of dealings summarised in paragraph 1 above.

## Millwall Holdings plc

### NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS GIVEN that an EXTRAORDINARY GENERAL MEETING of Millwall Holdings plc (“the Company”) will be held at 10 a.m. on 28 March 2007 at the Company’s registered office, The Den, Zampa Road, London SE16 3LN for the purpose of considering and, if thought fit, passing the following resolutions, which will be proposed as to resolutions 1, 2, 3 and 4 as special resolutions and as to resolutions 5 and 6 as ordinary resolutions of the Company:

#### SPECIAL RESOLUTIONS

1. THAT:

- a. the convertible loan facility of up to £5 million to be made available to the Company by Chestnut Hill Ventures LLC (“CHV”) on the terms of the Facility Agreement (as defined in the circular to the shareholders of the Company dated 2 March 2007 (the “Circular”)) and the principal terms of which are set out in paragraph 4 of Appendix Three of the Circular, in the form produced to the Meeting and initialled by the Chairman for the purposes of identification be and it is hereby approved and the directors (or a duly authorised committee of the directors) are hereby authorised to conclude and implement the same in accordance with such terms and conditions and to agree such amendments and variations to such terms and conditions (provided such amendments or variations are not of a material nature) as they may in their absolute discretion think fit;
- b. the directors be and they are hereby unconditionally authorised, in accordance with section 80 of the Companies Act 1985 (the “Act”) and in addition to any other authority to allot relevant securities, to exercise all the powers of the Company to allot relevant securities (within the meaning of that section) to a maximum nominal amount of £2,213,785 pursuant to the Facility Agreement, such authority to expire on 28 April 2010 but so that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry, and the directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired;
- c. in relation to the authority conferred in paragraph (b) above, the directors be and are hereby empowered pursuant to section 95 of the Act to allot equity securities (as defined in section 94 of the Act) for cash as if section 89(1) did not apply to such allotment.

2. THAT:

- a. the instrument constituting warrants (“Warrant Instrument”) to subscribe for up to 6,136,657,201 ordinary shares of 0.01p each in the capital of the Company to be issued by the Company to CHV, the principal terms of which are set out in paragraph 4 of Appendix Three of the Circular, in the form produced to the Meeting and initialled by the Chairman for the purposes of identification be and it is hereby approved and the directors (or a duly authorised committee of the directors) are hereby authorised to conclude and implement the same in accordance with such terms and conditions and to agree such amendments and variations to such terms and conditions (provided such amendments or variations are not of a material nature) as they may in their absolute discretion think fit;
- b. the Directors be and they are hereby unconditionally authorised, in accordance with section 80 of the Act and in addition to any other authority to allot relevant securities, to exercise all the powers of the Company to enter into the Warrant Instrument and issue the Warrants (as defined in the Circular) and to allot relevant securities (within the meaning of that section) pursuant thereto to a maximum nominal amount of £613,666 such authority to expire on 27 March 2012 but so that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be

allotted after such expiry, and the directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired; and

- c. in relation to the authority conferred in paragraph (b) above, the directors be and are hereby empowered pursuant to section 95 of the Act to allot equity securities (as defined in section 94 of the Act) for cash as if section 89(1) did not apply to such allotment.

3. THAT:

- a. the instrument (“Directors Loan Note Instrument”) constituting unsecured convertible directors’ loan notes in the principal amount of £530,000 to be issued to certain of the directors and a former director of the Company and the principal terms of which are set out in paragraph 5 of Appendix Three of the Circular, in the form produced to the Meeting and initialled by the Chairman for the purposes of identification be and it is hereby approved and the directors (or a duly authorised committee of the directors) are hereby authorised to conclude and implement the same in accordance with such terms and conditions and to agree such amendments and variations to such terms and conditions (provided such amendments or variations are not of a material nature) as they may in their absolute discretion think fit;
- b. the directors be and they are hereby unconditionally authorised, in accordance with section 80 of the Act and in addition to any other authority to allot relevant securities, to exercise all the powers of the Company to enter into the Directors’ Loan Note Instrument and issue the Directors’ Loan Notes (as defined in the Circular) and to allot relevant securities (within the meaning of that section) pursuant thereto to a maximum nominal amount of £234,662 such authority to expire on 28 April 2010 but so that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry, and the directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired; and
- c. in relation to the authority conferred in paragraph (b) above, the directors be and are hereby empowered pursuant to section 95 of the Act to allot equity securities (as defined in section 94 of the Act) for cash as if section 89(1) did not apply to such allotment.

4. THAT:

- a. the instrument (“NFL Loan Note Instrument”) constituting secured convertible loan notes in the principal amount of up to £1,500,000 to be issued to investors procured by NFL and the principal terms of which are set out in paragraph 5 of Appendix Three of the Circular, in the form produced to the Meeting and initialled by the Chairman for the purposes of identification be and it is hereby approved and the directors (or a duly authorised committee of the directors) are hereby authorised to conclude and implement the same in accordance with such terms and conditions and to agree such amendments and variations to such terms and conditions (provided such amendments or variations are not of a material nature) as they may in their absolute discretion think fit;
- b. the directors be and they are hereby unconditionally authorised, in accordance with section 80 of the Act and in addition to any other authority to allot relevant securities, to exercise all the powers of the Company to enter into the NFL Loan Note Instrument and issue the NFL Loan Notes (as defined in the Circular) and to allot relevant securities (within the meaning of that section) pursuant thereto to a maximum nominal amount of £664,136 such authority to expire on 28 April 2010 but so that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry, and the directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired; and

- c. in relation to the authority conferred in paragraph (b) above, the directors be and are hereby empowered pursuant to section 95 of the Act to allot equity securities (as defined in section 94 of the Act) for cash as if section 89(1) did not apply to such allotment.

#### ORDINARY RESOLUTIONS

5. THAT the Company may send or supply documents or information to members by making them available on a website or by other electronic means.
6. THAT the waiver by the Panel on Takeovers and Mergers of any requirement for Chestnut Hill Ventures LLC to make a general offer under Rule 9 of the City Code on Takeovers and Mergers which would otherwise arise by reason of the conversion in whole or in part of the Loan (as defined in the circular to the shareholders of the Company dated 2 March 2007 (“the Circular”)) and interest on it and the exercise of the Warrants (as defined in the Circular) be and is hereby approved.

Dated: 2 March 2007

By Order of the Board

*Registered Office:*  
The Den  
Zampa Road  
London SE16 3LN

#### Notes:

- (i) A member entitled to vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote on his or her behalf. A proxy need not be a member of the Company. A form of proxy is attached to this notice for use at the meeting.
- (ii) To be valid, the instrument appointing a proxy (together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power of authority in accordance with section 3 of the Powers of Attorney Act 1971) must be deposited at or posted to the office of the registrars of the Company, Computershare Investor Service PLC PO Box 1075, The Pavilions, Bridgwater Road, Bristol BS99 3EA, to be received no less than 48 hours before the time fixed for the meeting. Completion and return of the form of proxy will not preclude shareholders from attending or voting at the meeting in person.
- (iii) In order to comply with the City Code on Takeovers and Mergers, Resolution 6 will be taken on a poll of independent shareholders.

