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COMPANIES FORM No. 395

Particulars of a mortgage or charge

395

Pursuant to section 395 of the Companies Act 1985

CHA 116

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

*insert full name
of company

To the Registrar of Companies

For official use

Company number

383312

Name of company

* GALA LEISURE (1991) LIMITED (the "Company")

Date of creation of the charge

20th May, 1999

Description of the instrument (if any) creating or evidencing the charge (note 2)

Legal charge dated 20th May, 1999 and made between the Company and Morgan Guaranty Trust Company of New York (the "Agent") supplemental to a first debenture dated 15th December, 1997 and made between the Company, Cangard Limited (the "Parent"), Gala Leisure Limited, certain other subsidiaries of the Company and

Amount secured by the mortgage or charge

All Secured Sums.

"Borrowers" means the borrowers under the Facilities Agreement.

"Creditors" means the Lenders, the Agent, the Overdraft Fronting Bank, and any Hedging Bank.

"Deposit Agreement and Charge on Cash Deposits" means the agreement dated 15th December, 1997 (as amended and restated by the Amending Agreement dated 6th July, 1998 between the Agent and the Parent) and made between the Parent as depositor and the Agent as security agent and trustee for the Lenders.

Names and addresses of the mortgagees or persons entitled to the charge

Morgan Guaranty Trust Company of New York as security agent and trustee
60 Victoria Embankment
London
EC4Y 0JP

Presentor's name address and reference (if any):

Slaughter and May
35 Basinghall Street
London

EC2V 5DB

PTJ/SQ

Time critical reference

For official use
Mortgage Section

1 Post room



Short particulars of all the property mortgaged or charged

(A) by way of first legal mortgage free from encumbrances (other than as permitted by Clause 21.1(C) of the Facilities Agreement) all the freehold land at Tooting Broadway, London registered at H.M. Land Registry with Title Number SGL448044 together with all buildings and Fixtures thereon owned by the Company and the proceeds of sale of all or any part thereof and all interests therein which the Company has power at law or equity to charge (the "New Property");

(B) by way of first fixed equitable charge free from encumbrances (other than as permitted by Clause 21.1(C) of the Facilities Agreement), all of the New Property not effectively charged by (A) above;

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Particulars as to commission allowance or discount (note 3)

Nil

Signed

Slaughter and May

Date

20th May, 1999

On behalf of ~~company~~ [mortgagee/chargee] [†]

[†] delete as
appropriate

NOTES

- 1 The original instrument (if any) creating or evidencing the charge, together with these prescribed particulars correctly completed must be delivered to the Registrar of Companies within 21 days after the date of creation of the charge (section 395). If the property is situated and the charge was created outside the United Kingdom delivery to the Registrar must be effected within 21 days after the date on which the instrument could in due course of post, and if dispatched with due diligence, have been received in the United Kingdom (section 398). A copy of the instrument creating the charge will be accepted where the property charged is situated and the charge was created outside the United Kingdom (section 398) and in such cases the copy must be verified to be a correct copy either by the company or by the person who has delivered or sent the copy to the Registrar. The verification must be signed by or on behalf of the person giving the verification and where this is given by a body corporate it must be signed by an officer of that body. A verified copy will also be accepted where section 398(4) applies (property situate in Scotland or Northern Ireland) and Form No. 398 is submitted.
- 2 A description of the instrument, eg "Trust Deed", "Debenture", "Mortgage" or "Legal charge", etc, as the case may be, should be given.
- 3 In this section there should be inserted the amount or rate per cent. of the commission, allowance or discount (if any) paid or made either directly or indirectly by the company to any person in consideration of his;
 - (a) subscribing or agreeing to subscribe, whether absolutely or conditionally, or
 - (b) procuring or agreeing to procure subscriptions, whether absolute or conditional,for any of the debentures included in this return. The rate of interest payable under the terms of the debentures should not be entered.
- 4 If any of the spaces in this form provide insufficient space the particulars must be entered on the prescribed continuation sheet.

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**Particulars of a mortgage or charge
(continued)**

Continuation sheet No 1
to Form No 395 and 410 (Scot)

CHA 116

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Company Number

383312

Name of Company

GALA LEISURE (1991) LIMITED (the "Company")

Limited*

* delete if
inappropriate

Description of the instrument creating or evidencing the mortgage or charge (continued) (note 2)

the Agent (the "Debenture") as amended and restated on or about 6th
July, 1998 by means of a Supplemental and Accession Deed.

"Facilities Agreement" means the agreement dated 15th December, 1997 between the Obligors, the Lenders listed in Schedule 1 to that agreement (the "Lenders"), J P Morgan Securities Limited as arranger and the Agent under which the Lenders have agreed to make available to the Parent, the Company and Gala Leisure Limited credit facilities up to £144,250,000 as amended and restated pursuant to the Supplemental and Accession Agreement.

"Hedging Bank" means any Lendor or any affiliate or any Lender who is from time to time a party to a Hedging Contract.

"Hedging Contract" means a contract entered into by the Parent as part of its implementation of the hedging policy required by the Facilities Agreement.

"Obligors" means the Company, the Parent, Gala Leisure Limited, certain other subsidiaries of the Company, Spicegold Limited and Ritz Clubs Limited which are parties to the Facilities Agreement.

"Secured Sums" means all moneys and liabilities (whether actual or contingent) which are at the date of the Debenture or thereafter due, owing or payable, or expressed to be due owing or payable, to any Creditor from or by any Obligor under or in connection with the Facilities Agreement, a Hedging Contract, the Deposit Agreement and Charge on Cash Deposits or the Debenture.

"Supplemental and Accession Agreement" means a supplemental and accession agreement dated on or about 6th July, 1998 between the Obligors, the Lenders and the Agent amending and restating the Facilities Agreement to, inter alia, increase the credit facilities to £159,250,000.

"Supplemental and Accession Deed" means a supplemental and accession deed dated on or about 6th July, 1998 between the parties to the Debenture amending and restating the Debenture as originally executed on 15th December, 1997.

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Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

Please complete
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(C) by way of first fixed charge free from encumbrances (other than as permitted by Clause 21.1(C) of the Facilities Agreement):-

(i) all plant, machinery and equipment now or hereafter owned by the Company and not effectively charged by clause (A) or (B) above situated now or in the future on the New Property and its interest in any such plant, machinery and equipment now or hereafter in its possession;

(ii) all Rights and interests of the Company under or in connection with any policies or contracts of insurance or indemnities relating to the New Property taken out now or thereafter by or on behalf of the Company or (to the extent of its interests) in which the Company has an interest, and all claims of whatsoever nature relating thereto and returns of premium in respect thereof providing that this clause C(ii) shall be subject to the provisions of clause 3.7 of the Debenture; and

(iii) all its Rights under or in connection with all present and future licences held in connection with its business or which relate to the new Property or its use (but excluding any such licence which requires the consent of the licensor for the creation of this charge and in respect of which such consent has not been obtained, any licence which is held by an employee of Gala and any licence incapable of being charged), and the right to recover and receive all compensation which might be payable to it in respect of such licences.

"Fixtures" means fixtures, fittings (including trade fixtures and fittings) and fixed plant, machinery and equipment.

"Rights" means rights, benefits, powers, privileges, authorities, discretions, remedies, liberties, easements, quasi-easements and appurtenances (in each case, of any nature whatsoever).

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FILE COPY



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

Pursuant to section 401(2) of the Companies Act 1985

COMPANY No. 00383312

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A LEGAL CHARGE DATED THE 20th MAY 1999 AND CREATED BY GALA LEISURE (1991) LIMITED FOR SECURING ALL MONIES AND LIABILITIES WHICH ARE AT THE DATE OF THE DEBENTURE DUE OR TO BECOME DUE FROM ANY OBLIGOR (AS DEFINED) TO MORGAN GUARANTY TRUST COMPANY OF NEW YORK, AS SECURITY AGENT AND TRUSTEE UNDER OR IN CONNECTION WITH THE FACILITIES AGREEMENT DATED 15th DECEMBER 1997, A HEDGING CONTRACT, THE DEPOSIT AGREEMENT AND CHARGE ON CASH DEPOSITS OR THE DEBENTURE (ALL AS DEFINED) WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 21st MAY 1999.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 26th MAY 1999.

Handwritten signature



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES



C O M P A N I E S H O U S E