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*insert full name
of company

COMPANIES FORM No. 395

Particulars of a mortgage or charge

395

Pursuant to section 395 of the Companies Act 1985

To the Registrar of Companies

For official use

Company number

[31915]

02850597

Name of company

* MERCURY TAVERNS PLC (THE "CHARGOR")

Date of creation of the charge

24 SEPTEMBER 1998

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

SUPPLEMENTAL CHARGE (THE "SUPPLEMENTAL CHARGE") DATED 24 SEPTEMBER 1998 MADE BETWEEN MERCURY TAVERNS PLC ("MERCURY") (1), THE COMPANIES SET OUT IN PART I OF THE SCHEDULE HERETO (2), BARCLAYS BANK PLC (AS MERCURY SWAP COUNTERPARTY) (3) AND HSBC INVESTMENT BANK PLC (AS SECURITY TRUSTEE) (4).

Amount secured by the mortgage or charge

ALL MONIES OWED TO THE MERCURY SWAP COUNTERPARTY BY MERCURY PUSUANT TO THE FIXED RATE INTEREST RATE SWAP IN THE NOTIONAL PRINCIPAL AMOUNT OF £15,850,000 ENTERED INTO BY MERCURY AND THE MERCURY SWAP COUNTERPARTY EXPIRING SEPTEMBER 2000.

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

HSBC INVESTMENT BANK PLC OF THAMES EXCHANGE, 10 QUEEN STREET PLACE, LONDON, EC4R 1BL IN ITS CAPACITY AS SECURITY TRUSTEE.

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

Lovell White Durrant
65 Holborn Viaduct
London
EC1A 2DY

A7/BP/AJAP/20121-1

Time critical reference

For official use
Mortgage Section

Post room



Short particulars of all the property mortgaged or charged

SEE PART II OF THE SCHEDULE.

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Particulars as to commission allowance or discount (note 3)

NIL

Signed

Loell White Dorval

Date

12th October 1998

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.

SCHEDULE TO FORM 395 - MERCURY TAVERNS PLC

Part I

Section A

Pubmaster Group Limited	No. 3276276
Cousin of Pubmaster Limited	No. 2585754
Son of Pubmaster Limited	No. 2625703
Daughter of Pubmaster Limited	No. 2664808

Section B

Pubmaster Limited	No. 3321199
Cousin of Pubmaster Limited	No. 2585754

Section C

Mercury Taverns (Holdings) Limited	No. 03205806
Mercury Taverns plc	No. 02850597
The Dublin Pub Company Limited	No. 02895196

Part II

Particulars of Property Mortgaged or Charged

1. Under clause 3 of the Supplemental Charge, the Chargor with full title guarantee (except in the cases of paragraphs (a), (b) and (d) where the Chargor gave limited title guarantee) charged to the Security Trustee with the payment and discharge of all moneys and liabilities covenanted to be paid or discharged by it or otherwise secured under the Debenture:
 - (a) by way of legal mortgage, all its freehold and leasehold property the title to which is registered at HM Land Registry for England and Wales (including but not limited to the interest of the Chargor in the properties described in the Legal Mortgages) together with all buildings, fixtures and fixed plant and machinery at any time thereon;
 - (b) by way of legal mortgage, all other freehold and leasehold property now vested in it and not registered at HM Land Registry for England and Wales (including, but not limited to, the interest of the Chargor in the properties described in the Legal Mortgages) together with all buildings, fixtures and fixed plant and machinery at any time thereon;
 - (c) by way of fixed charge, all future freehold and leasehold property of the Chargor together with all buildings, fixtures and fixed plant and machinery at any time thereon save where the Chargor has entered into contractual arrangements on or before the date of the Supplemental Charge to acquire or take assignment of such property in which case the charge will be by way of limited title guarantee;
 - (d) by way of fixed charge, all estates and interests not before effectively charged under the Supplemental Charge then or thereafter belonging to the Chargor in or over land wheresoever situate or the proceeds of sale of land and all licences then or thereafter held by the Chargor to enter upon or use land and the benefit of all other agreements relating to land to which the Chargor is or may become a party or otherwise entitled, and all trade and tenants' fixtures, plant and machinery owned by the Chargor then

or thereafter annexed to all freehold and leasehold property its estate or interest in which stands charged under the Supplemental Charge;

- (e) by way of fixed charge, all book debts both present and future due or owing to the Chargor and the full benefit of all rights relating thereto including (without prejudice to the generality of the foregoing) negotiable instruments, guarantees, debentures, legal and equitable charges, reservation of proprietary rights, rights of tracing and unpaid vendors' lien and similar and associated rights and remedies;
- (f) by way of fixed charge, all other monetary debts and claims both present and future including things in action which give rise or may give rise to a debt or debts then or thereafter due or owing to the Chargor and the full benefit of all rights and remedies relating thereto including (without prejudice to the generality of the foregoing) such rights as are described in sub-clause (e) above, and claims arising pursuant to the Hedging Agreements or any other interest rate and/or currency management agreements from time to time entered into by the Chargor;
- (g) by way of fixed charge:
 - (i) all stocks and shares and other interests both present and future including (without prejudice to the generality of the foregoing) loan capital, indebtedness or liabilities on any account or in any manner owing to the Chargor in (and from) any company including, without limitation, in (and from) any company which is a Subsidiary of any of the Companies; and
 - (ii) the full benefit of all stocks, shares and securities which, or the certificates of which, are now or may at any time hereafter be lodged with or held by or transferred to or registered in the name of the Security Trustee or its nominees; and
 - (iii) all rights in respect of or incidental to the property described at (i) and (ii) above (the property described at (i)) to (iii) inclusive charged under the Debenture being thereafter and hereinafter called the "Securities"); and
 - (iv) all stocks, shares, rights, moneys or property accruing or offered at any time by way of conversion, redemption, bonus, rights, preference, option, capital reorganisation, or otherwise to or in respect of any of the Securities, including all dividends, interest and other income payable in connection therewith (all of which property described at (i) to (iv) inclusive, charged under the Debenture are thereafter and hereinafter called "Interests in Securities"),

but so that neither the Security Trustee nor any of the Beneficiary shall in any circumstances incur any liability whatsoever in respect of any calls, instalments or otherwise in connection with Interests in Securities;

- (h) by way of fixed charge, the goodwill, patents and applications therefor, Trade Marks and trade mark applications (and all goodwill associated therewith), service marks, all brand name and trade names, copyrights, rights in the nature of copyright, design rights, registered designs, all trade secrets and know-how, all licences, sub-licences and registered user agreements granted to or by the Chargor in respect of any of the above rights and all applications for any of the foregoing and all other intellectual property rights worldwide then or thereafter obtained by the Chargor or (to the extent that the same may be capable of becoming the subject of a valid charge) in which the Chargor may have an interest and the benefits of all present and future agreements

entered into or the benefit of which is enjoyed by the Chargor relating to the use of or licensing or exploitation of rights of such nature as are described in this paragraph (h), whether owned by the Chargor or others, and the uncalled capital of the Chargor both present and future;

- (i) by way of fixed charge each Realisation Account, each Designated Account (as defined in paragraph 2(a) below) and all credit balances of the Chargor with the Security Trustee or any other party to the Facility Agreement whatsoever;
- (j) by way of fixed charge, the benefit of all rights and claims to which the Chargor is now or may be entitled under any contracts relating to the business of the Group or otherwise including, but not limited to, the benefit of any justices licences;
- (k) by way of floating charge, all the undertaking and all property and assets of the Chargor whatsoever and wheresoever both present and future including (without prejudice to the generality of the foregoing) all bank accounts, cash at bank and credit balances with any person whatsoever including the proceeds of book debts and claims charged pursuant to clauses (e) and (f) which proceeds are for any reason not paid into the accounts referred to in paragraph (i) above or are for any reason not covered by the fixed charge created in paragraph (i) above, heritable property and all other property and assets in Scotland, Northern Ireland and the Republic of Ireland and the property described in paragraphs (a) to (j) inclusive and in clauses 4.2 and 4.3 of each of the Debentures, but the floating charge thereby created shall rank after any fixed charge created by the Supplemental Charge except if and so far as the charges thereon (or assignments thereof) or on any part thereof therein contained shall for any reason be ineffective as fixed charges.

Covenants and Restrictions

1. Under clause 3 of the Supplemental Charge, without prejudice to the generality of the other terms of the Supplemental Charge, the Chargor agreed that it would at all times:
 - (a) not without the prior written consent of the Security Trustee:
 - (i) permit any person other than the relevant one of the Chargor, the Security Trustee or its nominee to be registered as holder of Interests in Securities or any part thereof; or
 - (ii) create or permit to subsist any mortgage, debenture, charge, lien or encumbrance (other than in favour of the Security Trustee or otherwise as permitted by the Facilities Agreement) on or over Interests in Securities or any part thereof or interest therein; or
 - (iii) sell, transfer or otherwise dispose of Interests in Securities or any part thereof or interest therein or attempt or agree so to do; and
 - (b) not do or cause or permit to be done anything which may in any way depreciate, jeopardise or otherwise materially prejudice the value of Interests in Securities to the Security Trustee or the Beneficiary.
2. Under clause 3 of the Supplemental Charge, the Chargor covenanted that during the continuance of the security it would:

- (a) get in and realise all book debts and other monetary debts and claims charged under the Supplemental Charge and pay all moneys which it may receive in respect thereof into the account(s) specified in a letter from the Security Trustee to the Chargor and/or Pubmaster Limited and expressed to be the "Account Designation Letter" (each such account being a "Designated Account") forthwith on receipt and, pending such payment, shall hold all moneys so received upon trust for the Security Trustee and the Beneficiary and shall not without the prior consent of the Security Trustee in writing purport to sell, charge, factor, discount or encumber or assign or otherwise sell or dispose of the same (or any interest therein) in favour of any other person and shall if called upon to do so by the Security Trustee at any time:
 - (i) execute a legal assignment of such book debts and other debts and claims, and/or its accounts into which such debts are or have been paid, to the Security Trustee and give notice thereof to the relevant debtor or the account-holding bank as the case may be in the form required by the Security Trustee and use its best endeavours to procure the execution and delivery to the Security Trustee of the acknowledgement of notice of such assignment; and/or
 - (ii) deliver such particulars as to the amount and nature of such book and other debts and claims as the Security Trustee may from time to time reasonably require;
- (b) if and whenever the Security Trustee shall reasonably require, forthwith cause to be given such new or additional charge or other security over such assets or classes of assets available for security as the Security Trustee may from time to time specify to secure the monies and liabilities covenanted to be paid or discharged under any of the Security Documents (including under the Supplemental Charge), where such assets have not been previously charged to the Security Trustee (on behalf of itself and the Beneficiary) or, if so charged, where the Security Trustee reasonably believes that such new or additional charge or other security is necessary to maintain or protect the rights of itself or any Beneficiary over such assets, together with (in the case of security created on assets situated outside England and Wales) such legal opinions (if any) as the Security Trustee may reasonably require from lawyers acceptable to it in relation to such new or additional charge or other security, provided that the Chargor shall not be required when giving such new or additional charge or other security to enter into covenants and/or obligations more onerous than those contained in any of the Security Documents unless the same are necessary for the effective creation or enforcement of such new or additional charge or other security;
- (c) ensure that the amounts guaranteed under the Supplemental Charge to be paid by the Chargor will at all times constitute the direct, unconditional and general obligations of the Chargor and, unless the Security Trustee otherwise agrees or as permitted by the Facilities Agreement, will rank (save in respect of statutory preferential debts and Permitted Encumbrances) prior to all present and future outstanding indebtedness issued, created, assumed or guaranteed by the Companies;
- (d) not, without the consent in writing of the Security Trustee (and save for any security created in favour of the Security Trustee or Permitted Encumbrances) create, incur or permit to subsist any Encumbrance on any of its present or future property assets or revenues to secure any liability, actual or contingent;
- (e) deliver to the Security Trustee and/or such other bank or banks as the Security Trustee may from time to time nominate in writing to the Principal Borrower such undated,

stamped and executed stock transfer forms relating to the Securities as the Security Trustee shall require to transfer the Securities to or have the Securities registered in the name of the Security Trustee or such bank or banks as the Security Trustee may from time to time nominate, or its or their nominees or agents.

Definitions

- "Agent" means HSBC Investment Bank plc in its capacity as agent and security trustee for the Beneficiary and any successor agent appointed under the terms of the Facilities Agreement;
- "Bank" means before any transfer under clause 22.2 (Assignment and Transfer) of the Facilities Agreement each of the Underwriters and thereafter each of the Underwriters and the Transferor under that clause (and, in each case, each of their respective successors is title) but only for so long as it has any rights or obligations the Senior Finance Documents (but, in this case, not including the Hedging Agreement);
- "Beneficiary" means the Mercury Swap Counterparty;
- "Companies" means all the companies listed in Part I of this Schedule as supplemented from time to time; and "Company" means one or more of them, as the context may require;
- "Debentures" means:
- (a) the guarantee and debenture dated 25 November 1996 between the Companies set out in section A of Part I of this Schedule (1) and HSBC Investment Bank plc (as agent and security trustee) (2);
 - (b) the guarantee and debenture dated 4 August 1997 between the Companies set out in section B of Part I of this Schedule (1) and HSBC Investment Bank plc (as agent and security trustee) (2); and
 - (c) the guarantee and debenture dated 11 June 1998 between the Companies set out in section C of Part I of this Schedule (1) and HSBC Investment Bank plc (as agent and security trustee) (2),
- which expression shall include any amendments, supplements, accessions, variations or additions to such agreements;
- "Encumbrance" includes any mortgage, pledge, lien, hypothecation, charge, assignment or deposit by way of security or any other agreement or arrangement (whether conditional or not and whether relating to existing or to future assets), having the effect of providing any form of security to a creditor (but shall not include title retention arrangements entered into in the ordinary course of business by the relevant Group Company);

"Facilities Agreement"	means the facilities agreement dated 6 November 1996 and made between the Principal Borrower (1), the Companies listed in Part A of Schedule II thereof (as Borrowers) (2), HSBC Investment Bank plc and the Governor and Company of the Bank of Scotland (as Underwriters) (3), the other Banks listed in Schedule VIII of the Appendix (4), HSBC Investment Bank plc and the Governor and Company of the Bank of Scotland (as Joint Arrangers) (5), HSBC Investment Bank plc (as Agent) (6) and HSBC Investment Bank plc (as Security Trustee) (7) (as amended pursuant to a deed of amendment dated 5 June 1997, an amendment agreement dated 4 August 1997, a second amendment agreement dated 5 September 1997 and a third amendment agreement dated 11 June 1998) and shall include any amendments, supplements, accessions, variations or additions to such agreement, (including without limitation the Novation and changes to the facilities provided thereunder or increases in their maximum amount);
"Group"	means at any time the Principal Borrower and its Subsidiaries at that time (currently the Companies and the Local Pub Company Limited) and "Group Company" means any of them;
"Hedging Agreements"	means the interest rate and/or currency management agreements referred to in clause 15.26 (Hedging Agreements) of the Facilities Agreement and any other agreements entered into between a Hedging Counterparty and any Group Company at any time for the purpose of managing or hedging the interest rate and/or currency risk under the Facilities Agreement whether by way of cap, collar, swap or otherwise and "Hedging Agreement" shall be construed accordingly;
"Hedging Counterparty"	means any Bank which is a counterparty under any Hedging Agreement and "Hedging Counter parties" shall be construed accordingly;
"Legal Mortgages"	means each of the legal mortgages, supplemental to the Debentures, executed or to be executed by each of the Companies or any other Obligor creating security in favour of the Security Trustee by way of first priority legal mortgage over the Properties owned by that Company or Obligor (with the exception of the Legal Mortgages(s) executed or to be executed by Daughter of Pubmaster Limited, which shall rank behind the Whitbread Security);
"Obligor"	means one or more of the Companies;
"Permitted Encumbrances"	means: <ul style="list-style-type: none">(i) Encumbrances granted with the prior consent of the Agent;(ii) rights of set off arising by operation of law in the normal court of business or in favour of tax

authorities and retention of title clauses in suppliers' standard terms and conditions of business in respect of contracts entered into in the normal course of business;

- (iii) Encumbrances comprised in the Security Documents or arising under any agreement in favour of any Bank in connection with audit balances held by that Bank which permit the netting off of such credit balances;
- (iv) the arrangements contemplated in this Agreement in relation to the Realisation Account or any escrow account into which disposal proceeds may be paid;
- (v) liens arising by statute or by operation of law in the ordinary course of business in respect of a debt:
 - (i) which is not more than 90 days overdue for payment; or
 - (ii) which has become due and payable to the extent that the payment of such debt is the subject of dispute which the Principal Borrower is conducting in good faith, if necessary by appropriate proceedings; or
 - (iii) which has not yet become due and payable having regard to the custom of the relevant trade with regard to the settlement of accounts; or
- (vi) the debenture dated 4th June 1992 granted by Daughter of Pubmaster Limited in favour of Whitbread plc;
- (vii) Encumbrances arising under any conditional purchase, hire purchase or finance lease arrangement which is a Permitted Borrowing;
- (viii) any Encumbrance created in favour of a plaintiff or defendant in any action or the court or tribunal before whom such action is brought as security for costs or expenses in any case up to £100,000 in aggregate where the relevant Group Company is prosecuting or defending such action in its bone fide interests;
- (ix) any Encumbrance pursuant to any garnishee order or injunction restraining disposal of assets or similar legal process arising in connection with court proceedings.

The inclusion of paragraphs (viii) and (ix) above shall not disapply the application of an Event of Default under the

Facilities Agreement which would be constituted by the relevant litigation or the underlying events;

"Principal Borrower"

means Pubmaster Group Limited, a private company limited by shares and registered in England with number 3276276 under the Act;

"Properties"

means, at any time, all interests in freehold and leasehold property then owned by an Obligor, and includes any real property acquired by any Obligor after 6 November 1996 but excludes any such property sold by any Obligor as permitted under clause 15.4 (*Restrictions on Disposals*) of the Facilities Agreement;

"Realisation Account"

means a Sterling deposit account (bearing interest at market rates) in the name of the relevant Obligor opened in the books of such bank as the Agent may nominate entitled "name of Agent" - Realisation Account re "Group Company" into which Net Disposal Proceeds are to be paid under clause 9.4 (*Disposal Proceeds*) of the Facilities Agreement;

"Security Documents"

means the Debentures and the Legal Mortgages, and shall include any substituted or additional security entered into by any Group Company in favour of the Security Trustee (on behalf of the Beneficiary) from time to time;

"Security Trustee"

means HSBC Investment Bank plc acting as security trustee for the Beneficiary which expression shall include any successor substituted in accordance with the Facilities Agreement. Any third party may rely on a deed of transfer of mortgage executed by the Security Trustee and by its successor as conclusive evidence of any change of Security Trustee;

"Subsidiary"

means:

- (a) a subsidiary as defined in Section 736 of the Companies Act 1985 as amended by section 144 of the Companies Act 1989; and
- (b) for the purposes of clause 16 (Information Covenants) of the Facilities Agreement and clause 17 (Financial Covenants) of the Facilities Agreement, a subsidiary undertaking as defined in Section 258 of the Act;

and "wholly owned Subsidiary" has the meaning given to it in Section 736(2) of the Companies Act 1985;

"Trade Marks"

means all registered trade marks and all brand, trade and/or business names, including the Brand Names, owned by any of the Companies from time to time;

"Whitbread Security"

means the debenture dated 4 June 1992 executed by Daughter of Pubmaster Limited in favour of Whitbread plc.

FILE COPY



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

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

COMPANY No. 02850597

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A SUPPLEMENTAL CHARGE DATED THE 24th SEPTEMBER 1998 AND CREATED BY MERCURY TAVERNS PLC FOR SECURING ALL MONIES OWED TO THE MERCURY SWAP COUNTERPARTY BY MERCURY TAVERNS PURSUANT TO THE FIXED RATE INTEREST RATE SWAP IN THE NOTIONAL PRINCIPAL AMOUNT OF £15,850,000 ENTERED INTO BE MERCURY AND THE MERCURY SWAP COUNTERPARTY EXPIRING SEPTEMBER 2000 WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 13th OCTOBER 1998.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 15th OCTOBER 1998.

A handwritten signature in dark ink, appearing to be 'P. D. [unclear]'.

P. D. [unclear]

FOR THE REGISTRAR

for the Registrar of Companies

A large, stylized handwritten signature in dark ink, possibly reading 'P. D. [unclear]'.

P. D. [unclear]



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