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CHFP025

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

*insert full name
of Company

COMPANIES FORM No. 395

Particulars of a mortgage or charge

A fee of £10 is payable to Companies House in respect
of each register entry for a mortgage or charge.

Pursuant to section 395 of the Companies Act 1985

To the Registrar of Companies
(Address overleaf - Note 6)

For official use Company number

[219]

02850597



Name of company

* Mercury Taverns plc (the "Company")

Date of creation of the charge

15 July 1999

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

Standard Security by the Company in favour of Bankers Trustee Company
Limited dated 5 July 1999

Amount secured by the mortgage or charge

All monies and liabilities whatsoever constituting the Pubmaster Secured
Amounts which now or at any time hereafter may (whether before or after
demand) become due, owing or payable pursuant to Clause 2 of the Deed of
Charge dated 5 July 1999 (the "Pubmaster Deed of Charge") made between
Pubmaster Limited, Cousin of Pubmaster Limited ("Cousin"), Son of
Pubmaster Limited ("SOP"), Daughter of Pubmaster Limited ("DOP"),
Mercury Taverns (Holdings) Limited ("MTHL"), the Company, Pubmaster
Finance Limited (the "Issuer"), Pubmaster Group Limited ("Topco") and
Bankers Trustee Company Limited, and any variation or alteration
thereof.

(For definitions in this Form 395 please see Schedule attached).

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

Bankers Trustee Company Limited (the "Security Trustee" which expression
shall include such person and all other persons for time being acting as
the security trustee or trustees pursuant to the Pubmaster Deed of
Charge) whose Registered Office is at 1 Appold Street, Broadgate, London

Postcode EC2A 2HE

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

Tods Murray WS
66 Queen Street
Edinburgh
Scotland
EH2 4NE

GMB.B1369.011

Time critical reference

For official Use
Mortgage Section

Post room



Short particulars of all the property mortgaged or charged

That piece of ground extending to 0.507 acre being the subjects described in and shown coloured pink on the plan annexed to Feu Charter by the Trustees of John Andrew de Moleyns and Others in favour of Louis Morrison Kinsley dated 18 and 21 November and recorded in the Division of the General Register of Sasines for the County of Midlothian on 2 December 1955, together with the public house presently known as The Duddingston Mull Inn, 189 Duddingston Park South, Edinburgh and the whole other buildings on the said area of ground.

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

Particulars as to commission allowance or discount (note 3)

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Signed

T. Morrison Kinsley

Date

23rd July 1999

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

A fee of £10 is payable to Companies House in respect of each register entry for a mortgage or charge. (See Note 5)

† 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.
- 5 Cheques and Postal Orders are to be made payable to **Companies House**.
- 6 The address of the Registrar of Companies is:-

Companies House, Crown Way, Cardiff CF4 3UZ

Company No: 02850597

Definitions

Account Bank means Lloyds TSB Bank plc of 81/82 Cheapside, London EC2V 8ED or such other bank which is a bank for the purposes of section 349 of the Income and Corporation Taxes Act 1988 and has the Requisite Rating as the Security Trustee and the Rating Agencies shall have previously approved in accordance with clause 8 of the Servicing and Cash Management Agreement;

Acquisition Account means the interest bearing deposit account maintained in the name of the Borrower (account number 90926560, sort code 77-91-65) with the Account Bank;

Agency Agreement means the agreement dated on or about the Closing Date and made between the Issuer, the Principal Paying Agent, the Registrar, the Luxembourg Paying Agent, the Agent Bank, the Note Trustee and the Security Trustee;

Agent Bank means Bankers Trust Company, London or such person or persons from time to time appointed as agent bank, subject to and in accordance with the terms of the Agency Agreement;

AWP Machine Agreements means:

- (a) the agreement dated 21 July 1998 between Pubmaster Limited and Stretton Leisure Limited;
- (b) the agreement dated 3 March 1999 between Pubmaster Limited and Rank Leisure Machine Services;
- (c) the agreement dated 25 August 1998 between Pubmaster Limited and Kunick Leisure Limited (trading as Bell-Fruit); and
- (d) the agreement dated 21 July 1998 between Pubmaster Limited and Claremont Automatics Limited;

Bank Account means for the purposes of clause 6.2 of the Pubmaster Deed of Charge, the relevant Fixed Account;

Bank Agreement means the agreement dated on or about the Closing Date and made between each Obligor, the Security Trustee and the Account Bank;

Borrower's Charged Property means the property, rights and assets of the Borrower that are the subject of security interests created by the Borrower in favour of the Security Trustee pursuant to clauses 3 and 4 of the Pubmaster Deed of Charge;

Borrower Subordinated Loan means the loan made to the Borrower by Pubmaster Group Limited pursuant to the Borrower Subordinated Loan Agreement;

Borrower Subordinated Loan Agreement means the borrower subordinated loan agreement dated on or about the Completion Date made between the Borrower, Pubmaster Group Limited and the Security Trustee;

Borrower Subordinated Loan Facility means the loan facility made to the Borrower by Pubmaster Group Limited pursuant to the Borrower Subordinated Loan Agreement;

Call Option Agreement means the call option agreement dated 25 June 1999 between Cousin and each of the Lessors;

Cap means the interest rate cap transaction entered into between the Cap Provider, the Issuer and the Security Trustee, on or about the Completion Date and any additional cap purchased by the Issuer pursuant to the Issuer/Borrower Facility Agreement;

Cap Provider means Deutsche Bank AG, London;

Churn Account means the interest bearing deposit account maintained in the name of the Borrower (account number 90917568, sort code 77-91-65) with the Account Bank;

Class A Conditions means, in relation to the Original Class A Notes, the terms and conditions applicable to the Original Class A Notes in the form set out in the Fifth Schedule to the Trust Deed and, in relation to any Further Class A Notes, the terms and conditions applicable thereto in the form set out or referred to in the supplemental deed relating thereto, as any of the same may from time to time be altered in accordance with the provisions of the Trust Deed and any reference in the Trust Deed or in any other Transaction Document to a particular numbered Condition shall be construed accordingly; reference to any particular numbered Condition shall be construed, in relation to any Further Class A Notes, as a reference to the provision (if any) in the Conditions thereof which corresponds to that particular Condition in the Original Class A Notes;

Class A Notes means the Class A1 Notes, the Class A2 Notes and the Class A3 Notes;

Class A1 Notes means any of the Original Class A1 Notes and/or Further Class A1 Notes, as the case may be, and references to the Class A1 Notes shall, except where the context otherwise requires, include the Class A Conditions applicable thereto;

Class A Note Subscription Agreement means the agreement dated 26 June 1999 between the Issuer, the Parent Guarantor, each Obligor and the Managers (as the same may be amended and/or supplemented from time to time) relating to the purchase and issue of the Original Class A Notes;

Class A1 Noteholders means the several persons who are for the time being holders of the Class A1 Notes (being, if and to the extent that the Class A1 Notes are represented by the Definitive Class A1 Notes, the bearers thereof and, if and to the extent that the Class A1 Notes are represented by the Class A1 Global Notes, the persons for the time being shown in the records of DTC, Euroclear and Cedelbank (other than Cedelbank, if Cedelbank shall be an account holder of Euroclear and other than Euroclear, if Euroclear shall be an account holder of Cedelbank) as being holders of the Class A1 Notes) in which regard any certificate or other document issued by Cedelbank, DTC or Euroclear as to the Principal Amount Outstanding of Class A1 Notes standing to the account of any person shall be conclusive and binding for all purposes (other than for the purposes of payments in respect thereof the right to which shall be vested, as against the Issuer and the Note Trustee, solely in the bearer of the Class A1 Global Notes in accordance with and subject to their respective terms and the terms of the Trust Deed) and the words *holder* and *holders* of Class A1 Notes shall (where appropriate) be construed accordingly;

Class A1 Global Note means a note to be issued by the Issuer pursuant to clause 3 of the Trust Deed representing the Class A1 Notes, substantially in the form of Part A or B (as the case may be) of the First Schedule to the Trust Deed;

Class A2 Noteholders means the several persons who are for the time being holders of the Class A2 Notes (being, if and to the extent that the Class A2 Notes are represented by the Definitive Class A2 Notes, the bearers thereof and, if and to the extent that the Class A2 Notes are represented by the Class A2 Global Notes, the persons for the time being shown in the records of DTC, Euroclear and Cedelbank (other than Cedelbank if Cedelbank shall be an account holder of Euroclear and other than Euroclear if Euroclear shall be an account holder of Cedelbank) as being holders of the Class A2 Notes) in which regard any certificate or other document issued by Cedelbank, DTC or Euroclear as to the Principal Amount Outstanding of Class A2 Notes standing to the account of any person shall be conclusive and binding for all purposes (other than for the purposes of payments in respect thereof the right to which shall be vested, as against the Issuer and the Note Trustee, solely in the bearer of the Class A2 Global Notes in accordance with and subject to their respective terms and the terms of the Trust Deed), and the words *holder* and *holders* of Class A2 Notes shall (where appropriate) be construed accordingly;

Class A2 Notes means any of the Original Class A2 Notes and/or Further Class A2 Notes, as the case may be, and references to the Class A2 Notes shall, except where the context otherwise requires, include the Class A Conditions applicable thereto;

Class A2 Global Note means a global note to be issued by the Issuer pursuant to clause 3 of the Trust Deed representing the Class A2 Notes, substantially in the form of Part A or B (as the case may be) of the Second Schedule to the Trust Deed;

Class A3 Noteholders means the several persons who are for the time being holders of the Class A3 Notes (being, if and to the extent that the Class A3 Notes are represented by the Definitive Class A3 Notes, the bearers thereof and, if and to the extent that the Class A3 Notes are represented by the Class A3 Global Notes, the persons for the time being shown in the records of DTC, Euroclear and Cedelbank (other than Cedelbank if Cedelbank shall be an account holder of Euroclear and other than Euroclear if Euroclear shall be an account holder of Cedelbank) as being holders of the Class A3 Notes) in which regard any certificate or other document issued by Cedelbank, DTC or Euroclear as to the Principal Amount Outstanding of Class A3 Notes standing to the account of any person shall be conclusive and binding for all purposes (other than for the purposes of payments in respect thereof the right to which shall be vested, as against the Issuer and the Note Trustee, solely in the bearer of the Class A3 Global Notes in accordance with and subject to their respective terms and the terms of the Trust Deed), and the words *holder* and *holders* of Class A3 Notes shall (where appropriate) be construed accordingly;

Class A3 Notes means any of the Original Class A3 Notes and/or Further Class A3 Notes, as the case may be, and references to the Class A3 Notes shall, except where the context otherwise requires, include the Class A Conditions applicable thereto;

Class A3 Global Note means a global note to be issued by the Issuer pursuant to clause 3 of the Trust Deed representing the Class A3 Notes, substantially in the form of Part A or B (as the case may be) of the Third Schedule to the Trust Deed;

Class B Notes means the Original Class B Notes and the Further Class B Notes or, as the context may require, any combination of the same and references to the Class B Notes shall, except where the context otherwise requires, include the Class B Conditions applicable thereto;

Class B Global Note means a global note to be issued by the Issuer pursuant to clause 3 of the Trust Deed representing the Class B Notes, substantially in the form of Part A or B (as the case may be) of the Fourth Schedule to the Trust Deed;

Class B Conditions means, in relation to the Original Class B Notes, the terms and conditions applicable to the Original Class B Notes in the form set out in the Sixth Schedule to the Trust Deed and, in relation to any Further Class B Notes, the terms and conditions applicable thereto in the form set out or referred to in the supplemental deed relating thereto, as any of the same may from time to time be altered in accordance with the provisions of the Trust Deed and any reference in the Trust Deed or in any Transaction Document to a particular numbered Condition shall be construed accordingly; reference to any particular numbered Condition shall be construed, in relation to any Further Class B Notes, as a reference to the provision (if any) in the

Conditions thereof which corresponds to that particular Condition in the Original Class B Notes;

Class B Noteholders means the several persons who are for the time being holders of the Class B Notes (being, if and to the extent that the Class B Notes are represented by the Definitive Class B Notes, the bearers thereof and, if and to the extent that the Class B Notes are represented by the Class B Global Notes, the persons for the time being shown in the records of DTC, Euroclear and Cedelbank (other than Cedelbank if Cedelbank shall be an account holder of Euroclear and other than Euroclear if Euroclear shall be an account holder of Cedelbank) as being holders of the Class B Notes) in which regard any certificate or other document issued by Cedelbank, DTC or Euroclear as to the Principal Amount Outstanding of Class B Notes standing to the account of any person shall be conclusive and binding for all purposes (other than for the purposes of payments in respect thereof the right to which shall be vested, as against the Issuer and the Note Trustee, solely in the bearer of the Class B Global Notes in accordance with and subject to their respective terms and the terms of the Trust Deed) and the words *holder* and *holders* of Class B Notes shall (where appropriate) be construed accordingly;

Class B Note Subscription Agreement means the agreement dated 26 June 1999 between the Issuer, the Parent, each Obligor and the Class B Managers relating to the purchase and issue of the Original Class B Notes;

Closing Date means the date of the closing of the issue of the Original Notes;

Completion Date means the date of completion of the ScotAm Acquisition;

Conditions means in relation to any Original Notes, the Class A Conditions and the Class B Conditions, as applicable, and in relation to any Further Notes, the terms and conditions applicable thereto in the form set out or referred to in the supplemental deed relating thereto;

Corporate Services Agreement means the corporate services agreement dated on or about the Closing Date made between the Issuer, the Parent Guarantor, the Security Trustee and SPV Management Limited;

Cousin means Cousin of Pubmaster Limited (registered in England and Wales No. 02585754);

DCR means Duff & Phelps Credit Rating Co. and includes any successor to its rating business;

Debt Service Cover Ratio has the meaning attributed thereto in clause 15.1(a) of the Issuer/Borrower Facility Agreement;

Definitive Class A1 Notes means the registered notes in definitive form which may be issued in respect of the Class A1 Notes pursuant to, and in the circumstances specified in, clause 3 of the Trust Deed and includes any replacements for Definitive Class A1

Notes issued pursuant to Class A Condition 14 and are issued substantially in the form described in the Trust Deed and as set out in Part C or D (as the case may be) of the First Schedule to the Trust Deed;

Definitive Class A2 Notes means the registered notes in definitive form which may be issued in respect of the Class A2 Notes pursuant to, and in the circumstances specified in, clause 3 to the Trust Deed and includes any replacements for Definitive Class A2 Notes issued pursuant to Class A Condition 14 and are issued substantially in the form described in the Trust Deed and as set out in Part C or D (as the case may be) of the Second Schedule to the Trust Deed;

Definitive Class A3 Notes means the registered notes in definitive form which may be issued in respect of the Class A3 Notes pursuant to, and in the circumstances specified in, clause 3 of the Trust Deed and includes any replacements for Definitive Class A3 Notes issued pursuant to Class A Condition 14 and are issued substantially in the form described in the Trust Deed and as set out in Part C or D (as the case may be) of the Third Schedule to the Trust Deed;

Definitive Class B Notes means the registered notes in definitive form which may be issued in respect of the Class B Notes pursuant to, and in the circumstances specified in, clause 3 of the Trust Deed and includes any replacements for Definitive Class B Notes issued pursuant to Class B Condition 14 and are issued substantially in the form described in the Trust Deed and as set out in Part C or D (as the case may be) of the Fourth Schedule to the Trust Deed;

Depository Agreement means the depository agreement dated on or about the Closing Date made between the Depository, the Issuer, the Note Trustee and the Security Trustee;

Depository means Bankers Trust Company, New York;

Dividends means those cash amounts which are from time to time paid by the Borrower to the Parent Guarantor by way of dividend out of retained earnings;

DOP means Daughter of Pubmaster Limited (registered in England and Wales number No. 02664808);

DSCR means Debt Service Cover Ratio;

DTC means The Depository Trust Company;

Eligible Investments means:

- (a) sterling gilt-edged securities; and
- (b) sterling demand or time deposits, certificates of deposit and short-term debt obligations (including commercial paper),

provided that in all cases:

- (i) such investments have a maturity date falling no later than the next following Interest Payment Date and the short-term unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being an authorised bank under the Banking Act 1987) are rated "A-1" or "D-1" (or equivalent) or higher by the Rating Agencies or as otherwise acceptable to the Rating Agencies; and
- (ii) interest therein is payable without withholding or deduction for or on account of tax;

Encumbrance includes any mortgage, standard security, charge (whether legal or equitable), assignation in security, pledge, lien, hypothecation or other encumbrance securing any obligation of any person (including, without limitation, title transfer and retention arrangements (other than those entered into in the ordinary course of business), sale and leaseback, sale and repurchase arrangements or any other agreement, trust or arrangement having the effect of providing security);

Euroclear means Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System or the successor for the time being to such business;

Excess Cash means cash available to the Borrower from time to time after having met all ongoing operating costs and expenses (excluding for the avoidance of doubt any capital expenditure) of the Securitisation Group (including, without limitation, all payments to the Floor Purchaser under the Floor (if any), the Issuer under the Issuer/Borrower Facility Agreement, and all liabilities of the Securitisation Group in respect of Tax and national insurance but excluding all costs and expenses in relation to certain permitted financial indebtedness);

Exchange Rate Agency Agreement means the exchange rate agency agreement dated on or about the Closing Date made between the Exchange Rate Agent, the Depositary, the Issuer and the Security Trustee;

Exchange Rate Agent means Bankers Trust Company, New York;

Financial Advisory Services Agreement means the agreement dated on or about the Closing Date between the Obligors, the Parent Guarantor, the Financial Adviser and the Security Trustee;

Finance Lease means a contract between a lessor and a lessee treated as a finance lease in accordance with Accounting Principles;

Financial Indebtedness means in relation to any Obligor at any time any indebtedness incurred (other than between Obligors) in respect of:

- (a) the principal amount, and the capitalised element (if any), of money borrowed or raised and debit balances at banks and premiums if any and capitalised interest in respect thereof;

- (b) the principal, premiums (if any) and capitalised interest (or the issue price thereof if issued at a discount) in respect of any debenture, bond note, loan stock or similar debt instrument;
- (c) liabilities in respect of any letter of credit, standby letter of credit, acceptance credit, bill discounting or note purchase facility and any receivables purchase, factoring or discounting arrangements (save to the extent there is no recourse to such Obligor in respect thereof);
- (d) rental or hire payments under any Finance Lease;
- (e) the deferred purchase price of assets or services save for any such arrangement entered into in the ordinary course of trading and having a term not exceeding six months from the date on which the liability was originally incurred;
- (f) liabilities in respect of any foreign exchange agreement, currency swap or interest purchase or swap or other derivative transactions or similar arrangements (other than the Floor);
- (g) all obligations to purchase, redeem, retire, defease or otherwise acquire for value any share capital of any person or any warrants, rights or options to acquire such share capital pursuant to transactions which in each such case have the commercial effect of borrowing or which otherwise finance its or the Pubmaster Group's operations or capital requirements;
- (h) any other transactions having the commercial effect of borrowing entered into by such Obligor; and
- (i) all Financial Indebtedness of other persons (other than Obligors) of the kinds referred to in paragraphs (a) to (h) above guaranteed or indemnified directly or indirectly in any manner by such Obligor or having the commercial effect of being guaranteed or indemnified directly or indirectly by such Obligor or any other form of financial assurance;

Financial Quarter shall have the meaning ascribed thereto in clause 15.6(d) of the Issuer/Borrower Facility Agreement;

Fixed Accounts means each of:

- (a) the Reserve Account;
- (b) the Acquisition Account;
- (c) the Churn Account;
- (d) the Segregated Account;
- (e) the Stamp Duty Reserve Account;

(f) the Rentals Account; and

(g) the Sales Account;

Floor means any interest rate floor transaction entered into on or after the Closing Date between the Floor Purchaser, the Borrower and the Security Trustee;

Floor Purchaser means the purchaser of the Floor;

Further Class A Notes means the Further Class A1 Notes, the Further Class A2 Notes and the Further Class A3 Notes or, as the context may require, any combination of the same;

Further Class A1 Notes means any Class A1 Notes of the Issuer constituted by a deed supplemental to the Trust Deed pursuant to clause 2.3 of the Trust Deed and for the time being outstanding or, as the context may require, a specific number thereof and includes the Class A1 Global Note (or any part thereof) representing the same and (if issued) the Definitive Class A1 Notes (or any of them) representing the same;

Further Class A2 Notes means any Class A2 Notes of the Issuer constituted by a deed supplemental to the Trust Deed pursuant to clause 2.3 of the Trust Deed and for the time being outstanding or, as the context may require, a specific number thereof and includes the Class A2 Global Note (or any part thereof) representing the same and (if issued) the Definitive Class A2 Notes (or any of them) representing the same;

Further Class A3 Notes means any Class A3 Notes of the Issuer constituted by a deed supplemental to the Trust Deed pursuant to clause 2.3 of the Trust Deed and for the time being outstanding or, as the context may require, a specific number thereof and includes the Class A3 Global Note (or any part thereof) representing the same and (if issued) the Definitive Class A3 Notes (or any of them) representing the same;

Further Class B Notes means any Class B Notes of the Issuer constituted by a deed supplemental to the Trust Deed pursuant to clause 2.3 of the Trust Deed and for the time being outstanding or, as the context may require, a specific number thereof and includes the Class B Global Note (or any part thereof) representing the same and (if issued) the Definitive Class B Notes (or any of them) representing the same;

Further Notes means the Further Class A1 Notes, the Further Class A2 Notes, the Further Class A3 Notes and the Further Class B Notes or, as the context may require, any combination of the same;

Further Term Advance means, save as otherwise provided, an advance made or to be made by the Issuer under a Further Term Facility;

Further Term Facility means a term facility ranking *pari passu* with and forming part of a term facility then outstanding requested of the Issuer by the Borrower pursuant to clause 2.6 of the Issuer/Borrower Facility Agreement and made available to the Borrower by the Issuer in accordance with and subject to the provisions of clause 2.6 of the Issuer/Borrower Facility Agreement;

Guarantors means the Original Guarantors and **Guarantor** shall be construed accordingly;

Insurance Policies means each of the policies of insurance set out in the Insurance Register and any policies of insurance (other than the policies of life assurance or life insurance) taken out by or on behalf of any Obligor, in which any Obligor may now or hereafter have an interest;

Insurance Register means the register of insurance policies set out in Schedule 3 of the Pubmaster Deed of Charge;

Intellectual Property means all interests in any part of the world in or relating to registered and unregistered trade marks and service marks, patents, registered designs, trade names, titles, registered or unregistered copyrights in published and unpublished works, unregistered designs, inventions registered or unregistered, any other intellectual property rights and any applications for any of the foregoing;

Intra-Group Loan means any loan made by an Obligor to another Obligor;

Interest Payment Date has the meaning given to that term in the Conditions;

Issuer means Pubmaster Finance Limited (incorporated in the Cayman Islands with limited liability and registered in the United Kingdom as an overseas company under the Companies Act 1985);

Issuer/Borrower Facility Agreement means the agreement dated on or about the Closing Date made between the Obligors, the Issuer, the Agent Bank and the Security Trustee pursuant to which the Issuer shall agree to make available, from time to time, certain loan facilities to the Borrower upon and subject to the terms set out therein;

Issuer Charged Property means the whole of the right, title, benefit and interest of the Issuer in and to the property, assets and rights of the Issuer from time to time described or referred to in clause 3 of the Issuer Deed of Charge (including, without limitation, any Additional Issuer Charged Property) and clause 3 of the Supplemental Issuer Deed of Charge together with all other property, assets and rights whatsoever of the Issuer and wheresoever situate, present and future, including without limitation any uncalled share capital of the Issuer (other than the sum of £1 retained by the Issuer);

Issuer Deed of Charge means the deed dated on or about the Closing Date made between the Issuer, the Parent Guarantor, the Security Trustee, the Note Trustee, the Liquidity Facility Provider, the Agent Bank, the Account Bank, the Servicer, the Principal Paying Agent, the Registrar, the Depositary and the Luxembourg Paying Agent;

Issuer Obligations means the aggregate of all moneys and other liabilities for the time being due or owing by the Issuer:

- (a) to the Security Trustee, the Note Trustee, the Class A1 Noteholders, the Class A2 Noteholders, the Class A3 Noteholders, the Class B Noteholders and any

New Noteholders under or pursuant to the Class A1 Notes, the Class A2 Notes, the Class A3 Notes, the Class B Notes, any New Notes, the Issuer Deed of Charge, the Trust Deed, the Agency Agreement, and any other Transaction Document to which the Issuer is a party;

- (b) to the Liquidity Facility Provider under the Liquidity Facility Agreement and the Issuer Deed of Charge;
- (c) to the Agent Bank under the Agency Agreement and the Issuer Deed of Charge;
- (d) to the Account Bank and the Servicer under the Servicing and Cash Management Agreement and the Issuer Deed of Charge; and
- (e) to the Principal Paying Agent, the Registrar, the Depositary and the Luxembourg Paying Agent under the Agency Agreement, the Depositary Agreement and the Issuer Deed of Charge;

Issuer Secured Creditors means each of:

- (a) the Security Trustee;
- (b) the Note Trustee;
- (c) the Class A1 Noteholders;
- (d) the Class A2 Noteholders;
- (e) the Class A3 Noteholders;
- (f) the Class B Noteholders;
- (g) the New Noteholders;
- (h) the Liquidity Facility Provider;
- (i) the Agent Bank;
- (j) the Account Bank;
- (k) the Servicer;
- (l) the Principal Paying Agent;
- (m) the Registrar;
- (n) the Depositary; and
- (o) the Luxembourg Paying Agent;

Lessors means ScotAm, Glasgow City Council (as successor to the Strathclyde Regional Council), The Council of the Borough of South Tyneside Council as

administering authority for the Tyne and Wear Pension Fund and South Yorkshire Pensions Authority;

Liquidity Facility Agreement means the agreement dated on or about the Closing Date between the Issuer, the Liquidity Facility Provider and the Security Trustee pursuant to which the Liquidity Facility Provider will agree to provide the Issuer, from time to time, with advances for the purposes specified therein, subject to and in accordance with the terms thereof;

Liquidity Facility Provider means Lloyds TSB Bank plc, 71 Lombard Street, London EC3P 3BS and/or such other bank or banks which is a Qualifying Bank whose short-term, unsecured, unsubordinated and unguaranteed debt is rated at least equal to the Requisite Rating which agrees to provide a liquidity facility to the Issuer on substantially similar terms to the Liquidity Facility Agreement;

Luxembourg Paying Agent means Bankers Trust Luxembourg S.A. or such other person from time to time appointed as Luxembourg paying agent, subject to and in accordance with the terms of the Agency Agreement;

Master Definitions and Construction Schedule means the master definitions and construction schedule, signed for the purposes of identification by Freshfields and Clifford Chance on or about 30 June 1999;

Material Contracts means, as at the Closing Date, the contracts and agreements which are listed in the Sixth Schedule to the Issuer/Borrower Facility Agreement, as varied or replaced by further contracts relating to the supply of beer and other beverages or further AWP machine agreements and other similar revenue generating contracts from time to time and notified to the Security Trustee in accordance with the Issuer/Borrower Facility Agreement;

Mercury means Mercury Taverns plc (registered in England and Wales No. 02850597);

MTHL means Mercury Taverns Holdings Limited (registered in England and Wales No. 3205806);

New Noteholders means the holders of New Notes from time to time;

New Notes means any Notes of the Issuer which do not form a single series with the existing Notes (and, as the context may require, includes any Replacement Notes) and which are constituted by a deed supplemental to the Trust Deed pursuant to clause 2.3 of the Trust Deed and for the time being outstanding or, as the context may require, a specific number thereof and includes the new global note (or any part thereof) representing the same and (if issued) the definitive new notes (or any of them) representing the same;

New Tenancy Agreement means any Tenancy Agreement entered into by any Obligor after the Closing Date;

Original Class B Notes means the £55,000,000 8.44 per cent. Class B Secured Notes due 2025 constituted by the Trust Deed or the principal amount thereof for the time being outstanding or, as the context may require, a specific number thereof and includes the Class B Global Note (or any part thereof) representing the same, and (if issued) the Definitive Class B Notes (or any of them) representing the same and references to the Class B Notes shall, except where the context otherwise requires, include the Class B Conditions applicable thereto;

Original Guarantors means Cousin, SOP, DOP, MTHL and Mercury;

Original Securities means the securities listed in Schedule 2 of the Pubmaster Deed of Charge and any other securities which with the prior written consent of the Security Trustee, may be substituted therefor together with any other rights, title, interest and benefit of the Obligors in any securities from time to time;

Parent Guarantor means Pubmaster Holdings Limited (registered in England and Wales No. 3720775);

Parent Guarantor Charged Property means, subject to any contrary indication, the undertaking and assets of the Parent Guarantor from time to time charged in favour of, or assigned (whether at law or equity) to the Security Trustee by or pursuant to the Parent Guarantor Deed of Charge;

Parent Guarantor Deed of Charge means the deed of charge dated 5 July 1999 between the Parent Guarantor, the Security Trustee, and the note Trustee;

Permitted Acquisition means an acquisition in accordance with clause 16.9 of the Issuer/Borrower Facility Agreement;

Permitted Disposal means a disposal made in accordance with clause 16.5 to 16.8 inclusive of the Issuer/Borrower Facility Agreement;

Permitted Encumbrances means:

- (a) subject to clause 16.2(n) of the Issuer/Borrower Facility Agreement, the Tenancy Agreements;
- (b) liens arising solely by operation of law (or by agreement having substantially the same effect) and in the ordinary course of any Obligor's business securing obligations not more than 3 months overdue;
- (c) rights of set-off existing in the ordinary course of business between any Obligor and its respective suppliers or customers;
- (d) the rights of the owners and/or lessors of any assets or property acquired by any Obligor under any hire purchase or Finance Lease transaction which falls within sub-clause (g) of the definition of Permitted Transaction;
- (e) an Encumbrance arising under the Security Documents; and

- (f) any other Encumbrance created with the prior written consent of the Security Trustee;

Permitted Transaction means:

- (a) any Permitted Development;
- (b) any Permitted Acquisition;
- (c) prepayment of the Term Facilities in the manner set out in clause 9 of the Issuer/Borrower Facility Agreement;
- (d) any Permitted Disposal;
- (e) Intra-Group Loans;
- (f) subject to clauses 16.3 and 16.4 of the Issuer/Borrower Facility Agreement, any Financial Indebtedness incurred by the Borrower provided that it is made on arm's length terms and is fully subordinated to the obligations of the Securitisation Group under any Transaction Document other than the Borrower Subordinated Loan Facility;
- (g) Financial Indebtedness arising under and/or in respect of Finance Leases and/or hire purchase agreements not exceeding £3,000,000 in aggregate principal amount outstanding at any time;
- (h) disposals of stock in trade by an Obligor in its ordinary course of trade;
- (i) disposals and the replacement of obsolete or redundant plant and equipment not required for the efficient operation of its business, on arm's length terms;
- (j) the grant of any New Tenancy Agreement or, subject to clause 16.2(n) of the Issuer/Borrower Facility Agreement, the termination or variation of a Tenancy Agreement made in the ordinary course of business;
- (k) the sale of an asset (other than a Pubmaster Mortgaged Property or any other cash generating asset) or the grant of a licence of Intellectual Property on arm's length terms where the entire proceeds thereof does not exceed £250,000;
- (l) a purchase or sale of Eligible Investments provided that any acquisition is wholly financed out of Excess Cash or out of funds standing to the credit of the Acquisition Account;
- (m) the termination of the Floor by the Borrower provided that:
 - (i) the termination date thereunder is an Interest Payment Date;
 - (ii) the settlement amount or purchase price is paid out of Excess Cash; and

- (iii) the DSCR for the last Financial Quarter and the four preceding Financial Quarters is at least 1.5:1;
- (n) the purchase of Notes by the Borrower in accordance with the terms of the Issuer/Borrower Facility Agreement;
- (o) the payment of any Dividend or Restricted Payment Amount permitted by the terms of the Issuer/Borrower Facility Agreement;
- (p) the payment of any sum out of Excess Cash to enable Pubmaster Group Limited (company number 03276276) to meet any liability to Tax in respect of any payment, accrual or capitalisation of interest on the Borrower Subordinated Loan;
- (q) the repayment of any subordinated funding permitted by clause 17.3 the Issuer/Borrower Facility Agreement;
- (r) the sale of any floors substantially on equivalent terms as the Floor being terminated or then outstanding and as part of the issue of Further Notes and the making of Further Term Advances; and
- (s) any other transaction consented to in advance by the Security Trustee;

Potential Pubmaster Event of Default means the occurrence of any event which with the giving of notice, any relevant certificate, the lapse of time, determination of materiality or fulfilment of any other condition (or any combination of the foregoing) might reasonably be expected to become a Pubmaster Event of Default;

Principal Amount Outstanding has the meaning given to it in Class A Condition 5(f) or Class B Condition 5(f), as the case may be;

Principal Paying Agent means Bankers Trust Company, New York or such other person from time to time appointed as the principal paying agent, subject to and in accordance with the terms of the Agency Agreement;

Pubmaster Charged Property means the Borrower's Charged Property and each Obligor's Charged Property or any of them as the context may require;

Pubmaster Event of Default means any of those events specified in clause 17.1 of the Issuer/Borrower Facility Agreement and, if applicable to the event in question, where the provisions of clauses 17.2 to 17.7 (inclusive) of the Issuer/Borrower Facility Agreement shall not have been complied with;

Pubmaster Group means Pubmaster Group Limited (company number 03276276) and its subsidiaries from time to time;

Pubmaster Mortgaged Properties means the freehold and leasehold properties in England and Wales details of which are set out in Part 1 of Schedule 1 to the Pubmaster Deed of Charge, together with the Scottish Properties, and which are

subject to or intended to be subject to a legal mortgage or, in Scotland, standard security in favour of the Security Trustee under the Pubmaster Deed of Charge or the Pubmaster Standard Securities from time to time and any other freehold, heritable or leasehold properties that may be mortgaged or subject to a standard security in favour of the Security Trustee from time to time and *Pubmaster Mortgaged Property* shall be construed accordingly;

Pubmaster Secured Amounts means the moneys and liabilities which each Obligor covenants and undertakes in clause 2.1 of the Pubmaster Deed of Charge to pay or discharge and all claims, demands and damages for breach of any such covenant, and references to the Pubmaster Secured Amounts includes references to any of them and following substitution of the Issuer in accordance with clause 12.2 of the Issuer/Borrower Facility Agreement, also includes the Issuer Obligations;

Pubmaster Secured Parties means:

- (a) until the substitution of the Issuer pursuant to clause 12.2 of the Issuer/Borrower Facility Agreement:
 - (i) the Issuer;
 - (ii) the Floor Purchaser (if any);
 - (iii) the Security Trustee;
 - (iv) any Receiver; and
 - (v) Pubmaster Group Limited;
- (b) upon the substitution of the Issuer pursuant to clause 12.2 of the Issuer/Borrower Facility Agreement:
 - (i) the Issuer Secured Creditors
 - (ii) the Floor Purchaser (if any);
 - (iii) the Security Trustee;
 - (iv) any Receiver; and
 - (v) Pubmaster Group Limited;

and *Pubmaster Secured Party* means any of them;

Pubmaster Standard Securities means the standard securities granted over the Scottish Properties or any other heritable or leasehold property in Scotland pursuant to clause 3.2 of the Pubmaster Deed of Charge in either of the forms set out in Schedule 8 to the Pubmaster Deed of Charge and *Pubmaster Standard Security* shall be construed accordingly;

Qualifying Bank means an institution which is beneficially entitled to interest payable under the Liquidity Facility Agreement and is for the time being a bank as defined for the purposes of Section 840A of the Income and Corporation Taxes Act 1988 (as in force in the United Kingdom at the date hereof) and which is, at the time of any payment of interest to it pursuant to the Liquidity Facility Agreement within the charge to United Kingdom corporation tax as respects such interest;

Rating Agencies means the rating agencies currently rating the Notes and which as at the Closing Date means DCR and S&P or two other internationally recognised credit rating agencies acceptable to the Security Trustee;

Receiver means any person or persons appointed (and any additional person or persons appointed or substituted) as administrative receiver, receiver, manager, or receiver and manager of the Issuer Charged Property, the Parent Guarantor Charged Property or the Pubmaster Charged Property, as the context may require, by the Security Trustee under the Issuer Deed of Charge or the Supplemental Issuer Deed of Charge or the Parent Guarantor Deed of Charge or the Pubmaster Deed of Charge as the context may require, or otherwise;

Registrar means Bankers Trust Company, New York or such other person from time to time appointed as the registrar, subject to and in accordance with the terms of the Agency Agreement;

Relevant Change means any variation (but excluding any variation in accordance with the terms of the relevant Tenancy Agreement), concession, waiver or change (whether temporary or permanent) to the provisions in a Tenancy Agreement relating to the payment of rents (and other amounts equivalent to rack rental payments) thereunder including the amount of rack rents payable thereunder (together the **TA Receivables**);

Relevant Documents means:

- (a) the Transaction Documents;
- (b) the Material Contracts; and
- (c) any other agreement or document, from time to time, agreed to be as such by the Security Trustee and the Issuer;

Rentals Account means each interest bearing deposit account maintained in the name of the Borrower and Mercury (account numbers 90917160, sort code 77-91-65 and 90924660, sort code 77-91-65 respectively) with the Account Bank;

Replacement Notes means any notes issued pursuant to Class A Condition 16(b) or Class B Condition 16(b), as the case may be;

Requisite Rating means:

- (a) in relation to the Liquidity Facility Agreement, "D-1" by DCR and "A-1" by S&P or such other short term rating as is commensurate with the equivalent

long term rating assigned to the highest ranking Notes then outstanding by the Rating Agencies from time to time or which is otherwise acceptable to such Rating Agencies; or

- (b) in relation to the Cap Provider and/or the Account Bank, "A" (or its equivalent) by the Rating Agencies or such other long term rating as is commensurate with the rating assigned to the highest ranking Notes then outstanding by the Rating Agencies from time to time;

Reserve Account means the interest bearing deposit account maintained in the name of the Borrower (account number 90918660, sort code 77-91-65) with the Account Bank;

Restricted Payment Amount has the meaning given to it in clause 16.4 of the Issuer/Borrower Facility Agreement;

Sales Account means:

- (a) in respect of Mercury, the interest bearing deposit account (account number 90920168, sort code 77-91-65) with the Account Bank; and
- (b) in respect of Cousin, the interest bearing deposit account (account number 90920860, sort code 77-91-65) with the Account Bank;

ScotAm means Scottish Amicable Life Assurance Society;

ScotAm Acquisition means the purchase by Cousin from the Lessors of the reversions to the ScotAm Pubs pursuant to the ScotAm Agreements and any other related documents referred to therein or related thereto;

ScotAm Agreements means the Call Option Agreement, the ScotAm Transfers and any other related documents required to give effect to the ScotAm Acquisition;

ScotAm Option means the option to purchase the ScotAm Pubs granted by the Call Option Agreement;

ScotAm Pubs means the Properties (as defined in the Call Option Agreement);

ScotAm Transfers means the transfers of the ScotAm Pubs made between each Lessor and Cousin pursuant to exercise of the ScotAm Option to be dated the Completion Date;

Scottish Declaration of Trust means the declaration of trust dated the Closing Date in respect of the Scottish Properties granted by Mercury in favour of the Borrower;

Scottish Properties means the heritable and leasehold properties situated in Scotland, details of which are set out in Part 2 of Schedule 1 to the Pubmaster Deed of Charge and **Scottish Property** shall be construed accordingly;

Scottish Trust Property has the meaning ascribed thereto in the Scottish Declaration of Trust;

Securitisation Group means the Parent Guarantor and its subsidiaries from time to time, and any other Obligor which grants security to the Security Trustee pursuant to the Pubmaster Deed of Charge, any Supplemental Pubmaster Deed of Charge or the Pubmaster Standard Securities;

Security Documents means:

- (a) the Pubmaster Deed of Charge (including any Supplemental Pubmaster Deed of Charge);
- (b) the Issuer Deed of Charge (including any Supplemental Issuer Deed of Charge);
- (c) the Pubmaster Standard Securities; and
- (d) the Parent Guarantor Deed of Charge;

together with any other document or instrument granted in favour of the Security Trustee (on behalf of the Pubmaster Secured Parties or Issuer Secured Creditors (as the case may be)) creating or evidencing security for all or any part of the obligations and liabilities of the Obligors or the Parent or any of them under any of the Transaction Documents whether by way of personal covenant, charge, security interest, mortgage, standards security, pledge or otherwise, and **Security Document** shall be construed accordingly;

Security Interests means any Encumbrance;

Segregated Account means the interest bearing deposit account maintained in the name of the Borrower (account number 90919468, sort code 71-91-65) with the Account Bank;

Servicer means the Borrower;

Servicing and Cash Management Agreement means the agreement dated on or about the Closing Date between the Issuer, the Servicer, the Parent Guarantor, the Account Bank and the Security Trustee pursuant to which the Servicer and the Account Bank will agree to provide the Issuer and the Security Trustee with certain administration and cash management services, upon and subject to the terms set out therein;

SOP means Son of Pubmaster Limited (registered in England and Wales No. 02625703);

S&P means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. and includes any successor to its rating business;

Stamp Duty Reserve Account means the interest bearing deposit account maintained in the name of the Borrower (account number 90919060, sort code 77-91-65) with the Account Bank;

Subscription Agreements means the Class A Note Subscription Agreement and the Class B Note Subscription Agreement;

Supplemental Declaration of Trust means any supplemental declaration of trust made by an Obligor in favour of the Borrower pursuant to clause 3.3 of the Pubmaster Deed of Charge;

Supplemental Issuer Deed of Charge means:

- (a) the deed dated on or about the Completion Date made between the Issuer, the Security Trustee, the Note Trustee, the Liquidity Facility Provider, the Agent Bank, the Account Bank, the Servicer, the Principal Paying Agent, the Registrar, the Depositary and the Luxembourg Paying Agent; or
- (b) any assignation in security made by the Issuer in favour of the Security Trustee pursuant to clause 3.11 of the Issuer Deed of Charge in the form set out in Schedule 3 thereto,

(as the case may be);

Supplemental Pubmaster Deed of Charge means any assignation in security made by the Borrower in favour of the Security Trustee pursuant to clause 3.3(c) of the Pubmaster Deed of Charge in the form set out in Schedule 9 thereto;

Supply Agreements means the agreements set out in the Eighth Schedule to the Issuer/Borrower Facility Agreement;

TA Receivables has the meaning given to it in the definition of Relevant Change;

Tax Deed of Covenant means the deed of covenant dated on or about the Closing Date made between the Issuer, each member of the Pubmaster Group and the Security Trustee;

Taxes means all present and future income and other taxes, levies, assessments, imposts, deductions, charges and withholdings whatsoever together with interest thereon, additions to tax and penalties and surcharges and fines with respect thereto, if any, and any payments made on or in respect thereof, and *Tax* and *Taxation* shall be construed accordingly;

Tenancy Agreement means an occupational lease (which shall include, for the avoidance of doubt, a tenancy at will (or its Scottish equivalent)) entered into between any Obligor and the operator of a public house in respect of a particular Pubmaster Mortgaged Property;

Tenant means the tenant for the time being of a Pubmaster Mortgaged Property pursuant to a Tenancy Agreement;

Term A1 Facility shall bear the meaning ascribed to it in clause 2.1 of the Issuer/Borrower Facility Agreement;

(u) the Borrower Subordinated Loan Agreement,

and any documents evidencing the terms of any other agreement or document that may be entered into or executed pursuant to any of the foregoing by the Obligors or the Issuer or any of them and any other agreement or document designated in writing as a *Transaction Document* by the Security Trustee and the Parent Guarantor together;

Trust Deed means the trust deed dated on or about the Closing Date between the Issuer, the Parent Guarantor and the Note Trustee constituting the Class A Notes and the Class B Notes together with any deed supplemental thereto.

A handwritten signature in black ink, appearing to read "T. J. Murray", is located on the right side of the page.



COMPANIES FORM No. 398

398

**Notice of registration in
Scotland or Northern Ireland
of a charge comprising property
situate there**

CHA 116

Please do not
write in
this margin

Pursuant to section 398(4) of the Companies Act 1985

Please complete
legibly, preferably
in black type, or
bold block letteringTo the Registrar of Companies
(Address overleaf)

Company number

02850597

* insert full name
of company

Name of company

* Mercury Taverns plc (the "Company")

Graham Mathieson Burnside

of Tods Murray WS

66 Queen Street

Edinburgh

EH2 4NE

§ give date and
parties to chargecertify that the charge § comprising Standard Security by the Company in favour of
Bankers Trustee Company Limited (as "Security Trustee" therein stated) dated 5
July 1999† delete as
appropriateof which a true copy is annexed to this form was presented for registration on 15 July 19 99
in [Scotland] ~~Northern Ireland~~†

Signed

Date 23.7.99

Presenter's name address and
reference (if any):Tods Murray WS
66 Queen Street
Edinburgh
Scotland
EH2 4NE
DX: 58 Edinburgh
GMB.B1369.011For official Use
Mortgage Section

Post room

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 STANDARD SECURITY WHICH WAS PRESENTED FOR REGISTRATION IN SCOTLAND ON 15th JULY 1999 AND DATED THE 5th JULY 1999 AND CREATED BY MERCURY TAVERNS PLC FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM THE COMPANY TO BANKERS TRUSTEE COMPANY LIMITED, THE SECURITY TRUSTEE ON ANY ACCOUNT WHATSOEVER PURSUANT TO CLAUSE 2 OF THE DEED OF CHARGE DATED 5th JULY 1999 (THE "PUBMASTER DEED OF CHARGE"), AS DEFINED WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 24th JULY 1999.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 28th JULY 1999.



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES



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