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in black type, or
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*insert full name
of company

COMPANIES FORM No. 395

Particulars of a mortgage or charge

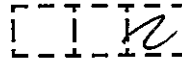
395

Pursuant to section 395 of the Companies Act 1985

To the Registrar of Companies

For official use

Company number



3016931

Name of company

* TERRACE HILL ESTATES LIMITED (the "Company")

Date of creation of the charge

1st March, 1996

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

MORTGAGE OF SHARES

Amount secured by the mortgage or charge

PLEASE SEE ATTACHED.

A
E - - Each Obligor to
T - - Each Finance Document.

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

BAYERISCHE HYPOTHEKEN- UND WECHSEL-BANK AKTIENGESSELLSCHAFT, LONDON
BRANCH of 29 Gresham Street, London EC2V 7HN (the "Bank")

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

Richard de Basto
Allen & Overy
One New Change
London EC4M 9QQ
Tel. 0171-330 3000

Ref: RJDB/B1:54094

Time critical reference

For official use
Mortgage Section

Post room



KLO *KTJOYJNO* 743
COMPANIES HOUSE 07/03/96

Short particulars of all the property mortgaged or charged

PLEASE SEE ATTACHED.

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legibly, preferably
in black type, or
bold block
lettering

Particulars as to commission allowance or discount (note 3)

Nil

Signed

Alb & Over

Date

6th March 1996

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

† delete as
appropriate

- 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.

Company Name: Terrace Hill Estates Limited
Cont: 1

Company No: 3016931

Amount due or owing to the Mortgage or Charge

All present and future obligations and liabilities whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever of each Obligor to the Bank under each Finance Document.

"Charge over Shares" means the charge dated 1st March, 1996 over the shares in Melrose Energy plc between Terrace Hill Developments Limited and the Bank.

"Debenture" means the debenture dated 14th February, 1996 executed by Terrace Hill (Paley Street) Limited in favour of the Bank.

"Finance Document" means the Loan Agreement, the Debenture, the Legal Charge, the Subordination Deed, the Mortgage of Shares, the Charge over Shares, any interest rate hedging agreement entered into by Terrace Hill (Paley Street) Limited or any other document designated as such by Terrace Hill (Paley Street) Limited and the Bank.

"Guarantors" means the Company, Terrace Hill Limited and Terrace Hill Group PLC and **"Guarantor"** means any one of them.

"Legal Charge" means a legal charge executed by Terrace Hill (Paley Street) Limited in favour of the Bank substantially in the agreed form.

"Loan Agreement" means the loan agreement dated 1st December, 1995 between each Obligor and the Bank.

"Mortgage of Shares" means the mortgage of shares dated 1st March, 1996 executed by the Company in favour of the Bank accompanying this Form 395.

"Obligors" means Terrace Hill (Paley Street) Limited, Terrace Hill Developments Limited and the Guarantors and **"Obligor"** means any one of them.

"Subordination Deed" means the subordination deed dated 1st March, 1996 between Terrace Hill (Paley Street) Limited, Terrace Hill Limited and the Bank.

References to a Finance Document or another document is a reference to that Finance Document or other document as amended, novated or supplemented.

References to a person includes its successors and assigns.

Company Name: Terrace Hill Estates Limited
Cont: 2

Company No: 3016931

(Short Particulars (continued - 1))

By way of a first legal mortgage:

- (a) mortgages and charges the Shares; and
- (b) mortgages and charges and agrees to mortgage and charge:
 - (i) all dividends paid or payable after 1st March, 1996 on all or any of the Shares;
 - (ii) all stocks, shares, securities, rights, moneys or property accruing or offered at any time (whether by way of redemption, bonus, preference, option rights or otherwise) to or in respect of any of the Shares or in substitution or exchange for or otherwise derived from, any of the Shares; and
 - (iii) all dividends, interest or other income in respect of any such asset as is referred to in (ii) of this paragraph (b).

"Shares" means one hundred Ordinary Shares of one pound each in Terrace Hill (Paley Street) Limited.

NB.

1. The mortgages and charges created by the Mortgage of Shares are made with full title guarantee.
2. Please note that the Company is restricted from creating any security interest over or disposing of the assets which are the subject of the Mortgage of Shares.

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CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

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

COMPANY No. 03016931

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A MORTGAGE OF SHARES DATED THE 1st MARCH 1996 AND CREATED BY TERRACE HILL ESTATES LIMITED FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM EACH OBLIGOR TO BAYERISCHE HYPOTHEKEN- UND WECHSEL-BANK AKTIENGESELLSCHAFT UNDER THE TERMS OF EACH FINANCE DOCUMENT WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 7th MARCH 1996.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 11th MARCH 1996.

FIONA M. SANGSTER

for the Registrar of Companies



COMPANIES HOUSE

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