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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 £13 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

[4][1][1][1]

03724890

Name of company

* ESH Holdings Limited (the "Chargor")

Date of creation of the charge

17 October 2007

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

Legal Charge over Shares (the "Legal Charge")

Amount secured by the mortgage or charge

All indebtedness and all obligations or liabilities of any kind which may
at the date of the Legal Charge or at any time in the future be due, owing
or incurred by the Chargor under any of the Finance Documents to the
Beneficiaries (or any of them), whatever their nature or basis, in any
currency or currencies and however they are described together with
Interest and Expenses (the "Secured Obligations")

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

National Australia Bank Limited (A B N 12004044937) of 4 Victoria Place,
Manor Road, Leeds in its capacity as Security Trustee (the "Security
Trustee")

Postcode LS11 5AE

Presentor's name address and
reference (if any)

Eversheds LLP
Bridgewater Place, Water
Lane, Leeds
LS11 5DR

C6 CHANTEPS 1502225

Time critical reference

For official Use (06/2005)

Mortgage Section

Post room

SATURDAY



A03 27/10/2007 295
COMPANIES HOUSE

Short particulars of all the property mortgaged or charged

Please see Schedule 1.

Please do not
write in
this margin

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

Particulars as to commission allowance or discount (note 3)

Nil

Signed

Eversheds LLP

Date

26th October

2007

On behalf of ~~XXXXXXXXXXXX~~ (chargee) †

**A fee 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 A fee of £13 is payable to Companies House in respect of each register entry for a mortgage or charge Cheques and Postal Orders must be made payable to **Companies House**.
- 6 The address of the Registrar of Companies is Companies House, Crown Way, Cardiff CF14 3UZ

ESH Holdings Limited (Company Number: 03724890)

Schedule 1 to Form 395

Short particulars of the property mortgaged or charged:

- 1 The Chargor, as a continuing security for the payment, discharge and performance of the Secured Obligations, charges and agrees to charge in favour of the Security Trustee
- 1 1 by way of first legal mortgage, the Shares,
- 1 2 by way of first equitable mortgage, the Distribution Rights from time to time accruing to or on the Shares; and
- 1 3 to the extent not validly and effectively charged by way of mortgage pursuant to Clauses 3.1.1 or 3.1.2 of the Legal Charge (referred to at paragraphs 1.1 and 1.2 above), by way of first fixed charge, the Secured Property and all the Chargor's interest in the Secured Property

NOTE: NEGATIVE PLEDGE

The Chargor is not to create, extend or permit to subsist any security over any of the Secured Property.

Capitalised terms used in this Schedule 1 are defined in the main body of the form itself or Schedule 2 to this form

ESH Holdings Limited (Company Number: 03724890)

Schedule 2 to Form 395

Definitions

"Additional Site" means each site to be purchased or purchased by the Borrower following the delivery of the relevant documents and other evidence listed in Part II of Schedule 2 (*Conditions Precedent*) of the Facilities Agreement to the Agent pursuant to Clause 4.2.2 of the Facilities Agreement in form and substance satisfactory to the Agent in respect of such site

"Affiliate" means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company

"Agent" means National Australia Bank Limited (A.B.N. 12004044937) as agent of the other Finance Parties

"Ancillary Document" means each document relating to or evidencing the terms of an Ancillary Facility

"Ancillary Facility" means any ancillary facility made available by the Ancillary Lender to the Borrower including an overdraft

"Ancillary Lender" means each Lender (or Affiliate of a Lender) which makes available an Ancillary Facility

"Arranger" means National Australia Bank Limited (A B.N 12004044937) and Barclays Bank PLC as lead arranger (whether acting individually or together)

"Beneficiaries" means as defined in the Security Trust Deed and **"Beneficiaries"** means all of them

"Borrower" means Dunelm (Castle Homes) Limited, a company incorporated in England and Wales with company number 03053078

"Compliance Certificate" means a certificate substantially in the form set out in Schedule 7 (*Form of Compliance Certificate*) to the Facilities Agreement

"Delegate" means any delegate, agent, attorney or co-trustee appointed by the Security Trustee

"Distribution Rights" means

- (a) all dividends, distributions, interest and other income paid or payable on any Share; T
- (b) all shares or other property derived from any Share (whether by way of conversion, consolidation, subdivision, substitution, redemption, bonus, preference, option or otherwise); and +
?
- (c) all other allotments, accretions, rights, benefits and advantages of all kinds accruing, offered or otherwise derived from or incidental to any Share T

"Enforcement Party" means any of the Security Trustee, a Receiver or a Delegate

"Expenses" means all fees, discounts, commissions and other banking or service charges, legal and other professional fees, premiums, costs or expenses, in each case

calculated on a full indemnity basis and together with VAT, incurred by any Enforcement Party in connection with the Secured Property, the preparation, negotiation and creation of the Legal Charge, taking, perfecting, enforcing or exercising any power under the Legal Charge, the appointment of any Receiver or Delegate, the breach of any provision of the Legal Charge and / or the protection, realisation or enforcement of the Legal Charge, and includes any payments made under clause 7.4 (Power to remedy) of the Legal Charge

"Facilities Agreement" means the agreement dated 17 October 2007 as amended, varied, supplemented, substituted, novated, restated and/or replaced from time to time made between the Borrower and the Original Lenders, the Agent, the Arranger (each as defined therein) and the Security Trustee providing for revolving credit facilities to be made available to the Borrower upon and subject to the terms thereof, and any Transfer Certificates and/or Accession Letters (each as defined therein) and other agreements or instruments supplemental thereto

"Facility" means the revolving credit facility made available under the Facilities Agreement as described in clause 2.1 of the Facilities Agreement

"Finance Document" means the Facilities Agreement, any Ancillary Document, any Compliance Certificate, the Parent Company Undertaking, any Hedging Agreement, the Security Trust Deed, any Transaction Security Document, any Utilisation Request and any other document designated as a **"Finance Document"** by the Agent and the Borrower

"Finance Party" means the Agent, the Arranger, the Security Trustee or a Lender

"General Utilisation" means any Utilisation other than the first Utilisation or any Site Purchase Utilisation

"Hedge Counterparty" means a person which has become a party to the Security Trust Deed as a Hedge Counterparty in accordance with the provisions of the Security Trust Deed

"Hedging Agreement" means any master agreement, confirmation, schedule or other agreement entered into or to be entered into by the Borrower and a Hedge Counterparty in accordance with the Hedging Strategy

"Hedging Strategy" means an appropriate interest rate protection arrangement to be entered into by the Borrower with the Hedge Counterparty in respect of the interest rate liabilities of the Borrower in relation to a minimum of 60% of the amount of the first Utilisation under the Facility for such period as may be agreed between the Lenders and the Borrower

"Holding Company" means, in relation to a company or corporation, any other company or corporation in respect of which it is a Subsidiary

"Interest" means interest at the rate provided in and calculated and compounded in accordance with the Facilities Agreement both before and after judgement

"Lender" means:

- (a) any Original Lender, and
- (b) any bank, financial institution, trust, fund or other entity which has become a Party in accordance with Clause 24 (*Changes to the Parties*) of the Facilities Agreement,

which in each case has not ceased to be a Party in accordance with the terms of the Facilities Agreement

"Loan" means a loan made or to be made under the Facility or the principal amount outstanding for the time being of that loan

"Original Lender" means the financial institutions listed in Schedule 1 (*The original Parties*) of the Facilities Agreement, being, at the date of the Legal Charge, National Australia Bank Limited, HSBC Bank plc and Barclays Bank PLC

"Parent Company Undertaking" means the parent company undertaking dated 17 October 2007 and made between the Chargor and, among others, National Australia Bank Limited as Security Trustee and Agent

"Party" means a party to the Facilities Agreement

"Receiver" means any one or more receivers and managers or (if the Security Trustee so specifies in the relevant appointment) receivers appointed by the Security Trustee pursuant to the Legal Charge in respect of the Chargor or in respect of the Secured Property or any of them

"Security" means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect

"Secured Property" means the assets charged at clause 3 (*Charging clause*) of the Legal Charge and includes any part or parts of them

"Security Trust Deed" means the Security Trust Deed dated 17 October 2007 made between (among others) the Chargor, the Borrower and the Security Trustee pursuant to which (among other things) the Security Trustee is appointed as trustee for the purpose of the Transaction Security Documents

"Security Trustee" means National Australia Bank Limited acting in its capacity as trustee and security agent for the Beneficiaries (including itself) in relation to the Transaction Security Documents, or such other trustee and security agent as may from time to time be appointed in that capacity pursuant to clause 16 of the Security Trust Deed

"Shares" means all and any shares and also all other stocks, shares, debentures, bonds, warrants, coupons or other securities owned by the Chargor or in which it has an interest, as specified in Schedule 1 (*Shares*) of the Legal Charge, being 1,082,181 Ordinary Shares held by the Chargor in the Borrower

"Site Purchase Utilisation" means a Utilisation drawn or to be drawn for the purpose of funding the purchase of an Additional Site

"Subsidiary" means a subsidiary undertaking within the meaning of section 258 of the Companies Act 1985

"Transaction Security Document" means each of the documents listed in paragraph 1.2 of Part I of Schedule 2 (*Conditions precedent*) and paragraph 1 of Part II of Schedule 2 (*Conditions precedent*) of the Facilities Agreement, together with any other document entered into by the Borrower creating or expressed to create any Security over all or any part of its assets in respect of the obligations of the Borrower under any of the Finance Documents

"Utilisation" means a Loan

"Utilisation Request" means

- (a) in respect of the first Utilisation, a notice substantially in the form set out in Part I of Schedule 3 (*Requests*) of the Facilities Agreement,
- (b) in respect of a General Utilisation, a notice substantially in the form set out in Part II of schedule 3 (*Requests*) of the Facilities Agreement, and
- (c) in respect of a Site Purchase Utilisation, a notice substantially in the form set in Part III of schedule 3 (*Requests*) of the Facilities Agreement.

Construction

In this Form 395 and its Schedules the following applies:

- 1. **"assets"** includes present and future properties, revenues, rights and interests of every kind and reference to an **"asset"** includes any part of such asset;
- 2. **"security"** includes any assignment by way of security, charge, lien, mortgage, pledge or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect;
- 3. the **"Chargor"**, the **"Security Trustee"** or any **"Party"** shall be construed so as to include its successors in title, permitted assigns and permitted transferees;
- 4. where something (or a list of things) is introduced by the word **"including"**, or by the phrase **"in particular"**, or is followed by the phrase **"or otherwise"**, the intention is to state an example (or examples) and not to be exhaustive (and the same applies when other similar words or phrases are used);
- 5. references to any Security **"created by the Legal Charge"** are to be deemed to include such Security created, constituted, given, made or extended by, under or pursuant to the Legal Charge, or by, under or pursuant to any Deed of Accession;
- 6. a **"Finance Document"** or any other agreement or instrument is a reference to that Finance Document or other agreement or instrument as amended, novated, supplemented, extended or restated;
- 7. **"guarantee"** means any guarantee, letter of credit, bond, indemnity or similar assurance against loss, or any obligation, direct or indirect, actual or contingent, to purchase or assume any indebtedness of any person or to make an investment in or loan to any person or to purchase assets of any person where, in each case, such obligation is assumed in order to maintain or assist the ability of such person to meet its indebtedness,
- 8. **"indebtedness"** includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;
- 9. a **"person"** includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium or partnership (whether or not having separate legal personality), and
- 10. **"set-off"** includes analogous rights and obligations in jurisdictions other than England and Wales

All terms defined in this Schedule 2 apply to Schedule 1 to the form and to the form itself

FILE COPY



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

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

COMPANY No 03724890

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A LEGAL CHARGE OVER SHARES DATED THE 17th OCTOBER 2007 AND CREATED BY ESH HOLDINGS LIMITED FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM THE COMPANY TO THE BENEFICIARIES OR ANY OF THEM ON ANY ACCOUNT WHATSOEVER UNDER THE TERMS OF THE AFOREMENTIONED INSTRUMENT CREATING OR EVIDENCING THE CHARGE WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 27th OCTOBER 2007

GIVEN AT COMPANIES HOUSE, CARDIFF THE 1st NOVEMBER 2007

A handwritten signature in black ink, consisting of a stylized 'R' followed by a flourish.



Companies House

— for the record —



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES