

17c No/ 00400/56

M

COMPANIES FORM No. 395

Particulars of a mortgage or charge

395

CHFP025

Please do not write in this margin

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

* insert full name of Company

A fee of £13 is payable to Companies House in respect of each register entry for a mortgage or charge.

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

For official use

2

Company number

05657491

Name of company

* FIVE STAR HOLDINGS LTD

Date of creation of the charge

13th JULY 2007

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

GUARANTEE AND DEBENTURE (the "Debenture")

Amount secured by the mortgage or charge

By clause 2 1 of the Debenture the Company

covenants that it will on demand pay to Venture all moneys and discharge all obligations and liabilities now or hereafter due, owing or incurred by it to Venture whether express or implied, present, future or contingent, joint or several, incurred as principal or surety denominated in whatever currency or incurred on any banking account or in any manner whatsoever, including without limitation, all Indebtedness under or pursuant to the Finance Documents when the same become due for payment or discharge and interest (as well after as before judgment) to date of payment at such rates and upon terms as may from time to time be payable and all commission, fees, expenses and other charges and all legal and other costs when the same become due for payment or discharge, and

(Please see Addendum 2/4)

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

Venture Finance Plc (Company Number 2281768) whose registered office is at Sussex House, Perrymount Road, Haywards Heath, West Sussex ("Venture")

Postcode RH16 1DN

Presenter's name address and reference (if any)
Venture Finance PLC, Sussex House, Perrymount Rd, Haywards Heath, West Sussex, RH16 1DN

Time critical reference

For official Use (02/00)

Mortgage Section

Post room

WEDNESDAY



A40

ARAASRJN

25/07/2007

502

COMPANIES HOUSE

Short particulars of all the property mortgaged or charged

By clause 3 1 of the Debenture the Company with full title guarantee, has charged to Venture as a continuing security for the payment and discharge of the Secured Obligations (such that each charge listed below is a separate charge)

- (a) by way of first fixed charge, the Property (if any) specified in Schedule 2 (Properties) of the Debenture,
- (b) by way of first fixed charge (to the extent not the subject of a fixed charge by virtue of clause 3 1(a) of the Debenture) all present and future Properties now or from time to time hereafter owned by the Company or in which the Company may have an interest,
- (c) by way of first fixed charge, the Equipment (if any) specified in Schedule 3 (Equipment) of the Debenture and the benefit of all contracts and warranties relating to the same,

(Please see Addendum 4/4)

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)

None

Signed

CK Nicholson

Date

23/07/07

On behalf of

†

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

Notes

† 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 situated 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

M395 Continuation

Company number

05657491

Name of company

* insert full name
of company

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Addendum 1/4

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

Addendum 2/4

2 Amount due or owing on the mortgage or charge (continued)

(b) irrevocably and unconditionally

(i) guarantees the due performance by each and every other Security Obligor of all its obligations to Venture including, without limitation, under or pursuant to the Finance Documents, and

(ii) guarantees the payment of all moneys now or hereafter due, owing or incurred to Venture including, without limitation, under or pursuant to the Finance Documents by each other Security Obligor, and

(iii) undertakes that, if for any reason any other Security Obligor fails to discharge any such obligation or to pay any such moneys, it shall immediately on demand by Venture discharge such obligation or, as the case may be, pay such moneys to Venture

(collectively the "Secured Obligations")

M395 Continuation

Company number

05657491

Name of company

* insert full name
of company

*

Addendum 3/4

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

05657491

Name of company

* insert full name
of company

Addendum 4/4

4 Short particulars of all the property mortgaged or charged (continued)

(d) by way of first fixed charge, all Equipment (other than any property specified in Schedule 3 (Equipment) of the Debenture now or from time to time hereafter owned by the Company or in which the Company has an interest and the benefit of all contracts and warranties relating to the same,

(e) by way of first fixed charge, all Securities now or from time to time hereafter owned by the Obligor or in which the Obligor has an interest,

(f) by way of first fixed charge, all debts now or from time to time hereafter owned by the Company or in which the Company has an interest (whether originally owing to the Company or purchased or otherwise acquired by it) other than the Non-Vesting Debts and the Other Debts,

(g) by way of first fixed charge any and all amounts from time to time standing to the credit of all present and future accounts of the Company with any bank, financial institution or other person including, without limitation, the Accounts,

(h) by way of first fixed charge, all moneys from time to time payable to the Company under or pursuant to the Insurances including without limitation the right to the refund of any premiums,

(i) by way of first fixed charge, the proceeds of all other sums of money received by the Company, other than those specified in clauses 3 1(f), 3 1(g) and/or 3 1(h) of the Debenture,

(j) by way of first fixed charge, the goodwill and uncalled capital of the Company,

(k) by way of first fixed charge, the Intellectual Property (if any) specified in Schedule 4 (Intellectual Property) of the Debenture, and

(l) by way of first fixed charge, all Intellectual Property (other than any Intellectual Property specified in Schedule 4 (Intellectual Property) of the Debenture), now or from time to time hereafter owned by the Company or in which the Company may have an interest

By clause 3 2 of the Debenture, the Company, with full title guarantee charges to Venture as a continuing security for the payment and discharge of the Secured Obligations (such that each charge listed below is a separate charge)

(a) by way of first fixed charge, all Non-Vesting Debts and their proceeds,

(b) by way of first fixed charge, all Related Rights to all Non-Vesting Debts,

(c) by way of fixed charge, all Other Debts now or from time to time hereafter owned by the Company or in which the Company has an interest (whether originally owing to such the Company or purchased or otherwise acquired by it), and

(d) by way of first fixed charge, the proceeds of collection of all Other Debts and all moneys standing to the credit of the Receivables Account

By clause 3 3 of the Debenture, the Company with full title guarantee, assigns to Venture absolutely

(a) the Rentals, together with the benefit of all rights and remedies of the Company relating to them, and

(b) the goodwill of the business carried out at the Properties and the Scottish Property

to be held to Venture subject to reassignment on payment and discharge in full of the Secured Obligations

By clause 3 4 of the Debenture, the Company with full title guarantee, charges to Venture by way of first floating charge as a continuing security for the payment and discharge of the Secured Obligations its undertaking and all its property,

05657491

Name of company

* insert full name
of company

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assets and rights whatsoever and wheresoever both present and future, including, without limitation, its Inventory other than any property or assets from time to time effectively charged by way of legal mortgage or fixed charge or assignment pursuant to clause 3 1 (Security Obligor Fixed Charges) of the Debenture, clause 3 2 (Fixed Charges on Non-Vesting and Other Debts) of the Debenture and clause 3 3 (Assignment) of the Debenture or otherwise pursuant to the Debenture but including (without limitation and whether or not so effectively charged) any of its property, assets and rights situated in Scotland. In addition, the Scottish Security Obligor is to enter into the Scottish Floating Charge

NOTE

(A) By clause 3 5 of the Debenture it is agreed that the provisions of paragraph 14 of Schedule B1 Insolvency Act 1986 apply to the floating charges in clause 3 4 (Floating Charges) of the Debenture, which shall be enforceable at any time on or after the Enforcement Date

(B) By clause 3 6 of the Debenture, the Company has covenanted that it will not

- (a) dispose of all or any of its Properties or the Scottish Properties in whole or in part,
- (b) dispose of all or any of the Equipment specified in Schedule 3 (Equipment) of the Debenture except for disposals for which Venture's consent has been requested in the form set out in Schedule 5 Part 1 (Disposal of Charged Assets) of the Debenture and expressly granted by Venture in the form set out in Schedule 5 Part 2 (Form of Letter of Request to dispose of Charged Assets) of the Debenture,
- (c) dispose of all or any of the other Fixed Charge Assets without the prior written consent of Venture,
- (d) dispose of its Inventory or any other Charged Asset the disposal of which is not otherwise restricted by the express terms of the Debenture otherwise than for full value in the ordinary course of business,
- (e) create or attempt to create or permit to subsist in favour of any person other than Venture any Encumbrance on or affecting the Charged Assets or any part thereof except a lien arising by operation of law in the ordinary course of trading over property other than land

(C) By clause 6 1 of the Debenture the Company shall if and when at any time required by Venture (acting reasonably) execute such further Encumbrances and assurances in favour or for the benefit of Venture and do all such acts and things as Venture shall from time to time require over or in relation to all or any of the Charged Assets to

- (a) secure the Secured Obligations,
- (b) perfect or protect Venture's security over the Charged Assets or any part thereof,
- (c) facilitate the realisation of the same, and
- (d) to give effect to the terms of the debenture

(D) By clause 11 4 of the Debenture, the Company has undertaken to indemnify and keep indemnified Venture, any Administrator or Receiver and any attorney, agent or other person appointed by Venture under this deed and Venture's officers and employees (each an "Indemnified Party") in respect of all costs, losses, actions, claims, expenses, demands or liabilities whether in contract, tort or otherwise and whether arising at common law, in equity or by statute which may be incurred by, or made against, any of the Indemnified Parties (or by or against any manager, agent, officer or employee for whose liability, act or omission any of them may be answerable) at any time relating to or arising directly or indirectly out of or as a consequence of

- (a) anything done or omitted in the exercise or purported exercise of the powers contained in the debenture, or
- (b) any breach by a Security Obligor of any of its obligations under the debenture, or
- (c) an Environmental Claim made or asserted against an Indemnified Party which would not have arisen if the

05657491

Name of company

* insert full name
of company

debenture had not been executed and which was not caused by the gross negligence or wilful default of the relevant Indemnified Party

(E) By clause 13.1 of the Debenture and the obligations of each Security Obligor under the Debenture (including, without limitation, the Guarantees) shall extend to the ultimate balance from time to time owing in respect of the Secured Obligations and shall be a continuing security notwithstanding any intermediate payment, partial settlement or other matter whatsoever

DEFINITIONS

"Account" means each account other than any Trust Account and/or the Receivables Account from time to time opened or maintained by a Security Obligor at such branch of the Account Bank as Venture may approve and all rights, benefits and proceeds in respect of such account

"Account Bank" means any bank with which a Security Obligor maintains a Receivables Account or one or more Accounts

"Administrator" means any person appointed under Schedule B1 Insolvency Act 1986 to manage a Security Obligor's affairs, business and property

"Charged Assets" means, in relation to a Security Obligor, all assets of that Security Obligor described in clauses 3.1 (Security Obligor Fixed Charges) of the Debenture, 3.3 (Assignment) of the Debenture and 3.4 (Floating Charges) of the Debenture and in addition in relation to the Obligor all assets described in clause 3.2 (Fixed Charge on Non-Vesting and Other Debts) of the Debenture

"Collateral Instruments" means notes, bills of exchange, certificates of deposit and other negotiable and non-negotiable instruments, guarantees and any other documents or instruments which contain or evidence an obligation (with or without security) to pay, discharge or be responsible directly or indirectly for, any liabilities of any person and includes any document or instrument creating or evidencing an Encumbrance

"Debt" has the meaning given to it in the Master Facilities Agreement

"Encumbrance" means any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, standard security, assignment by way of security, trust arrangement for the purpose of providing security or other security interest of any kind securing or preferring any obligation of any person or any other arrangement having the effect of conferring rights of retention or set-off or other disposal rights over an asset (including, without limitation, title transfer and/or retention arrangements having a similar effect) and includes any agreement to create any of the foregoing

"Enforcement Date" means the date on which an Event of Default occurs and is continuing as described in the Master Facilities Agreement or, if earlier, the date on which

- (a) Venture receives from any person a notice of intention to appoint an Administrator,
- (b) a Security Obligor requests Venture to appoint an Administrator or a Receiver,
- (c) an application is made for the appointment of an Administrator,
- (d) a petition is presented for an administration order in respect of a Security Obligor,
- (e) an Administrator is appointed in relation to a Security Obligor

"Environment" means

- (a) land, including, without limitation, surface land, sub-surface strata, sea bed and river bed under water (as defined in paragraph (b) below) and natural and man-made structures,
- (b) water, including, without limitation, coastal and inland waters, surface waters, aquatic sediment, ground waters and water in drains and sewers,
- (c) air, including, without limitation, air inside buildings and other natural and man-made structures above or below ground, and
- (d) any living systems or organisms supported by the media set out in (a), (b) or (c) above

05657491

Name of company

* insert full name
of company

"Environmental Claim" means in relation to the Environment and Environmental Law any written claim, demand, suit or notice from a third party or any order of a court of competent jurisdiction, any suit, claim, demand or notice from any Environmental Regulator any charge or condition imposed by any Environmental Regulator, any notice served by any Environmental Regulator requiring Remediation or any written indication from any Environmental Regulator that a requirement to carry out Remediation will be imposed

"Environmental Law" means all European Community, national, state, federal, regional or local laws, common law, statutes, ordinances, directives, directions, regulations, notices, relevant clean-up standards, judgments, decrees or orders, codes of practice, the requirements and conditions of all Environmental Licences both express and implied, covenants, agreements, circulars, guidance notes (statutory or otherwise), judicial and administrative interpretations of each of the foregoing concerning (without limitation) the protection of human health or the Environment or the conditions of the workplace and worker health and safety and process safety, or the generation, transportation, storage, treatment or disposal of any Relevant Substance, as enacted, amended, replaced or supplemented from time to time

"Environmental Licence" means any permits, consents, licences, certificates, notices, filings, lodgements, agreements, directions, declarations, exemptions, variations, renewals and amendments and other authorisations and approvals required or provided under Environmental Law

"Environmental Regulator" means any governmental entity or other public or quasi- public authority or privatised utility having responsibility for any matters concerning the Environment or Environmental Law

"Equipment" means machinery, equipment, furniture, furnishings, fittings and fixtures and other tangible personal property (other than Inventory), including, without limitation, data processing hardware and software, motor vehicles, aircraft, dies, tools, jigs and office equipment, together with all present and future additions thereto, replacements or upgrades thereof, components and auxiliary parts and supplies used or to be used in connection therewith and all substitutes for any of the foregoing, and all manuals, drawings, instructions, warranties and rights with respect thereto wherever any of the foregoing is located and any other asset which would be treated as a fixed asset under GAAP

"Event of Default" has the meaning given to it in the Master Facilities Agreement

"Finance Documents" has the meaning given to it in the Master Facilities Agreement

"Fixed Charge Assets" means the assets of each Security Obligor described in clause 3 1 (Security Obligor Fixed Charges) of the Debenture and the assets of the Obligor described in clause 3 2 (Fixed Charges on Non-Vesting and Other Debts) of the Debenture

"Fixtures" means, in relation to a Property, all fixtures and fittings (including trade fixtures and fittings), fixed plant and machinery and other items attached to that property, whether or not constituting a fixture at law

"GAAP" means accounting principles which are for the time being generally acceptable in the United Kingdom

"Guarantee" means, in relation to a Security Obligor, the obligations of that Security Obligor pursuant to clause 2 1(b) (Covenant to pay Guarantees) of the Debenture and includes the obligations of that Security Obligor arising by virtue of clauses 2 2 (Secured Obligor as principal debtor Indemnity) of the Debenture and 13 (Continuing Security and Other Matters) of the Debenture

"Incapacity" means, in relation to a person, the insolvency, liquidation, dissolution, winding-up, administration, receivership, amalgamation, reconstruction or other incapacity of that person whatsoever (and, in the case of a partnership, includes the termination or change in the composition of the partnership)

"Indebtedness" means any obligation for the payment or repayment of money, whether as principal or surety and whether present or future, actual or contingent

"Indemnified Parties" has the meaning given to it in clause 11 4 (Indemnity) of the debenture

"Insurances" means, in relation to a Security Obligor, all present and future contracts or policies of insurance (including

05657491

Name of company

* insert full name
of company

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life assurance policies) taken out by that Security Obligor or in which that Security Obligor from time to time has an interest

"Intellectual Property" means all patents (including applications for and rights to apply for patents), trade marks and service marks (whether registered or not) and applications for the same, trade names, registered designs, design rights, semi-conductor topography rights, database rights, copyrights, computer programs, know-how and trade secrets and all other intellectual or intangible property or rights and all licences, agreements and ancillary and connected rights relating to intellectual and intangible property including any renewals, revivals or extensions thereof and wherever in the world subsisting

"Inventory" means inventory, goods and merchandise, wherever located, raw materials, work-in-progress, finished goods, returned goods and materials and supplies of any kind, nature or description used in connection with a Security Obligor's business or used in connection with the manufacture, packing, shipping, advertising, selling or finishing of such goods, merchandise and such other specified property, and all documents of title or other documents representing them

"Leases" means all agreements for lease, leases, underleases, tenancies or licences to which all or any part of the Property or Scottish Property (as the case may be) is subject from time to time and "Lease" shall be construed accordingly

"Master Facilities Agreement" means the master facilities agreement entered into between the Obligor and Venture on 23 April 2007 pursuant to which certain asset based lending facilities and Debt purchase facilities are provided to the Obligor

"Non-Vesting Debts" means all and any Debts purportedly assigned to Venture pursuant to the Master Facilities Agreement but which do not, for any reason, vest absolutely and effectively in Venture from time to time

"Obligors" means each of the companies details of which are listed Schedule 1 Part 1 of the Debenture (Obligors) and "Obligor" means any one of them

"Other Debts" means (at all times excluding all and any Debts vesting in Venture pursuant to the Master Facilities Agreement and all and any Non-Vesting Debts, and in each case their Related Rights) book and other debts, revenues and claims, whether actual or contingent, whether arising under contracts or in any other manner whatsoever and all things in action which may give rise to any debt, revenue or claim, together with the full benefit of any Encumbrances, Collateral Instruments and any other rights relating thereto (whether as creditor or beneficiary) including, without limitation, reservations of proprietary rights, rights of tracing and unpaid vendor's liens and associated rights

"Property" means freehold and leasehold property wherever situate (other than any heritable property in Scotland), and includes all liens, charges, options, agreements, rights and interests in or over such property or the proceeds of sale of such property and all buildings and Fixtures thereon and all rights, easements and privileges appurtenant to, or benefiting, the same and "Properties" means all or any of the same, as the context requires

"Receivables Account" means the account with a Security Obligor's bank, financial institution or other person to which the proceeds of realisation of Other Debts are to be paid

"Receiver" means, in relation to a Security Obligor, any receiver and/or manager not being an administrative receiver (within the meaning of section 29(2) Insolvency Act 1986) appointed by Venture pursuant to clause 9 1 (Appointment and powers of Receiver) of the Debenture

"Related Rights" has the meaning given to it in the Master Facilities Agreement

"Relevant Substance" means any natural or artificial substance (in solid or liquid form or in the form of a gas or vapour) whether alone or in combination with any substance capable of causing harm to man or any other living organism supported by the Environment or damaging the Environment or public health or welfare including, but not limited to, any controlled, special, hazardous, toxic or dangerous waste

"Remediation" means any and all investigating, sampling, analysing, removing, remedying, cleaning-up, abating, containing or ameliorating the presence in or effect on the Environment of any contamination or pollution including,

05657491

Name of company

* insert full name
of company

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without limitation, the removal, treatment and disposal of material and the treatment and monitoring of ground waters and gases and emissions to air and the obtaining of expert technical and legal advice (including all project management functions) in relation thereto

"Rentals" means all rents, profits, income, fees and other sums at any time and from time to time payable by any tenants, under-tenants or licencees to a Security Obligor pursuant to the terms of a Lease excluding any sums payable in respect of (a) services provided to tenants, under-tenants or licensees (b) insurance premiums and (c) reasonable professional fees and expenses

"Scottish Floating Charge" means the floating charge in Scottish form to be entered into by the Scottish Security Obligors in favour of Venture on or around even date herewith

"Scottish Property" means heritable and leasehold property situated in Scotland, and includes all liens, charges, options, agreements, rights and interests in or over such property or the proceeds of sale of such property and all buildings and Fixtures thereon and all rights, easements and privileges appurtenant to, or benefiting, the same and "Scottish Properties" means all or any of the same, as the context requires

"Scottish Security Obligors" means each of the companies details of which are listed in Schedule 1 Part 3 of the Debenture (Scottish Security Obligors) and any other company which subsequently becomes a party to this deed pursuant to a Supplemental Deed and "Scottish Security Obligor" means any one of them

"Securities" means stocks, shares, bonds and securities of any kind whatsoever (including warrants and options to acquire or subscribe any of the same) whether marketable or otherwise and all interests (including but not limited to loan capital) in any person, including all allotments, rights, benefits and advantages whatsoever at any time accruing, offered or arising in respect of or incidental to the same and all money or property accruing or offered at any time by way of conversion, redemption, bonus, preference, option, dividend, distribution, interest, or otherwise in respect thereof

"Security Obligors" means each of the companies details of which are listed in Schedule 1 Part 2 (Security Obligors) of the debenture and any other company which subsequently becomes a party to the Debenture pursuant to a supplemental deed and "Security Obligor" means any one of them

"Supplemental Deed" means a deed supplemental to this deed in form and substance satisfactory to Venture by virtue of which a company becomes bound by this deed in the capacity of a Security Obligor

"Trust Account" has the meaning given to it in the Master Facilities Agreement

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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. 05657491

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT GUARANTEE & DEBENTURE DATED THE 13th JULY 2007 AND CREATED BY FIVE STAR HOLDINGS LIMITED FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM THE COMPANY TO VENTURE FINANCE PLC 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 25th JULY 2007.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 30th JULY 2007

A handwritten signature in black ink, appearing to be 'P. R.' or similar.



Companies House

— for the record —



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES