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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

[18]

00057422

Name of company

* Gibbs Mew Limited (the "Chargor")

Date of creation of the charge

10th August, 1998

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

Guarantee and debenture dated 10th August, 1998 between the Chargor and the Trustee (as defined below) (the "Chargor").

Amount secured by 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 any Finance Party under the Finance Documents except for any obligation which, if it were so included, would result in the guarantee and debenture accompanying this Form 395 constituting unlawful financial assistance for the purposes of Section 151 and 152 of the Companies Act 1985 (the "Secured Liabilities").

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

HSBC Investment Bank PLC, Vintners Place, 68 Upper Thames Street, London EC4V 3BJ (the "Trustee").

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

Allen & Overy
One New Change
London
EC4M 9QQ

B1:145489.1

Time critical reference

For official use
Mortgage Section

Post room



Please see continuation sheets

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Particulars as to commission allowance or discount (note 3)

Nil

Signed

Allen & Owen

Date

19/8/98

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

† delete as
appropriate

NOTES

- 1 The original instrument (if any) creating or evidencing the charge, together with these prescribed particulars correctly completed must be delivered to the Registrar of Companies within 21 days after the date of creation of the charge (section 395). If the property is situated and the charge was created outside the United Kingdom delivery to the Registrar must be effected within 21 days after the date on which the instrument could in due course of post, and if dispatched with due diligence, have been received in the United Kingdom (section 398). A copy of the instrument creating the charge will be accepted where the property charged is situated and the charge was created outside the United Kingdom (section 398) and in such cases the copy must be verified to be a correct copy either by the company or by the person who has delivered or sent the copy to the Registrar. The verification must be signed by or on behalf of the person giving the verification and where this is given by a body corporate it must be signed by an officer of that body. A verified copy will also be accepted where section 398(4) applies (property situate in Scotland or Northern Ireland) and Form No. 398 is submitted.
- 2 A description of the instrument, eg "Trust Deed", "Debenture", "Mortgage" or "Legal charge", etc, as the case may be, should be given.
- 3 In this section there should be inserted the amount or rate per cent. of the commission, allowance or discount (if any) paid or made either directly or indirectly by the company to any person in consideration of his;
 - (a) subscribing or agreeing to subscribe, whether absolutely or conditionally, or
 - (b) procuring or agreeing to procure subscriptions, whether absolute or conditional,for any of the debentures included in this return. The rate of interest payable under the terms of the debentures should not be entered.
- 4 If any of the spaces in this form provide insufficient space the particulars must be entered on the prescribed continuation sheet.

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Continuation sheet 1

1. The Chargor, with full title guarantee and as security for the payment of all the Secured Liabilities, charged in favour of the Trustee:
 - (a) by way of a first legal mortgage all the Shares held by it and/or any nominee on its behalf and all Related Rights;
 - (b) by way of first fixed charge and to the extent that they are not the subject of a mortgage under paragraph (a) above, its interest in all the Shares held now or in the future by it and/or any nominee on its behalf and all Related Rights;

2. The Chargor, with full title guarantee and as security for the payment of all of the Secured Liabilities, charged in favour of the Trustee by way of a first floating charge all its undertaking and assets whatsoever and wheresoever both present and future.

A reference in the Charge to a charge of any freehold or leasehold property includes:

- (i) all buildings and Fixtures on that property;
 - (ii) the proceeds of sale of any part of that property; and
 - (iii) the benefit of any covenants for title given or entered into by any predecessor in title of the Chargor in respect of that property or any moneys paid or payable in respect of those covenants.
3. The Chargor undertook in the Charge that it will not create or permit to subsist any Security Interest on any of its assets other than:-
 - (a) any Security Interest constituted by or evidenced by a Security Document;
 - (b) a lien arising by statute or by operation of law in the ordinary course of business in respect of a debt:-
 - (i) which is not more than 90 days overdue for payment; or
 - (ii) which has become due and payable to the extent that the payment of such debt is the subject of dispute which the Chargor is conducting in good faith, if necessary by appropriate proceedings; or
 - (iii) which has not yet become due and payable having regard to the custom of the relevant trade with regard to the settlement of accounts;
 - (c) any other Security Interest created by the Chargor with the consent of the Majority Banks;
 - (d) any banker's right of set-off arising by operation of law;
 - (e) any rights by way of reservation of title over chattels acquired in the ordinary course of business which are required by the supplier of such chattels in the normal course of such supplier's business;

- (f) a Security Interest over assets acquired by the Chargor subsisting at the time of acquisition provided that the principal amount of Financial Indebtedness secured by that Security Interest is not increased and that, in any event, that Security Interest is released within 60 days of the date of the acquisition;
- (g) a Security Interest over any asset of the Chargor subsisting at the time the Chargor becomes a Subsidiary provided that the principal amount of the Financial Indebtedness secured by that Security Interest is not increased and that, in any event, that Security Interest is released within 60 days of the date on which the Target became a private company; and
- (h) any rent deposits paid by the Chargor before it became a Subsidiary.

DEFINITIONS

In this Form 395 the following definitions have the following meanings:

"Agent"

means HSBC Investment Bank plc.

"Agreed Form"

means the form of a document signed for identification by the Agent and the Borrower or otherwise in form and substance satisfactory to the Agent.

"Arranger"

means HSBC Investment Bank plc.

"Bank"

means each of the following:

- (a) each bank and financial institution whose name is set out in Schedule 1 of the Credit Agreement;
- (b) any bank or financial institution to which rights and/or obligations under the Finance Documents are assigned or transferred in accordance with the provisions of the Credit Agreement, whether or not by way of Novation Certificate;
- (c) the successor or successors in title of any of the foregoing;

except that a Bank shall only be such so long as it has any rights or obligations under the Finance Documents (or would have had such rights or obligations but for any breach of any obligation, representation or warranty of the Borrower under any of the Finance Documents).

"Borrower"

means Enterprise Inns plc.

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Continuation sheet 3

"Borrower Debenture"

means a debenture dated 13th March, 1998 executed by the Borrower in favour of the Trustee.

"Charged Property"

means any freehold or leasehold property the subject of the security created by the Charge.

"Credit Agreement"

means the Credit Agreement dated 2nd February, 1998 (as may be amended novated or supplemented from time to time) between the Borrower and HSBC Investment Bank plc as the agent, arranger, fronting bank, issuing bank, and security trustee, Deutsche Morgan Grenfell as the Co-arranger and the Banks and Financial Institutions listed in Schedule 1 of the Credit Agreement.

"Discovery"

means Discovery Inns Limited (Registered No. 2699064).

"Discovery Companies"

means each of Discovery and Discovery North.

"Discovery North"

means Discovery Inns (North) Limited (Registered No. 2874218).

"Disposal Bridge Commitment"

means:

- (a) in relation to a Bank which is a Bank on the date of the Credit Agreement, the amount set opposite the name of that Bank in Part 1 of Schedule 1 of the Credit Agreement under the column headed "Disposal Bridge Commitments"; and
- (b) in relation to a Bank which becomes a Bank after the date of the Credit Agreement, the amount of Disposal Bridge Commitment acquired by it under Clause 27 (Changes to the Parties) of the Credit Agreement,

to the extent not cancelled, reduced or transferred under the Credit Agreement.

"Disposal Bridge Facility"

means the term loan facility referred to in Clause 2.1(b) (Facility) of the Credit Agreement.

"Disposal Bridge Loan"

means, subject to Clause 10 (Interest Periods) of the Credit Agreement, the principal amount of borrowings by the Borrower under the Disposal Bridge Facility or the principal amount outstanding of those borrowings.

"Enterprise Inns (No. 1)"

means Enterprise Inns (No. 1) Limited (registered no. 2499149).

"Enterprise Inns (No. 2)"

means Enterprise Inns (No. 2) Limited (registered no. 2686643).

"Enterprise Inns (No.3)"

means Enterprise Inns (No.3) Limited (registered no. 2720377).

"Event of Default"

means an event specified as such in Clause 19.1 (Events of Default) of the Credit Agreement.

"Fee Letters"

means:

- (a) the letter dated on or about the date of this Credit Agreement between the Arranger, the Fronting Bank, the Issuing Bank and the Borrower setting out the amount of the front-end fee, Fronting Bank fee and Issuing Bank fee referred to in Clause 21.3 (Front-end fee) and 21.4 (Fronting Bank and Issuing Bank fee) of the Credit Agreement respectively; and
- (b) the letter dated on or about the date of this Credit Agreement between the Agent and the Borrower setting out the amount of the agency fee referred to in Clause 21.2 (Agent's fee) of the Credit Agreement.

"Finance Party"

means the Arranger, a Bank, the Agent, the Trustee, the Issuing Bank, the Fronting Bank or the Overdraft Bank.

"Finance Documents"

means the Loan Documents, the Security Documents, each Hedging Arrangement and any other document designated as a Finance Document by the Borrower and the Agent.

"Financial Indebtedness"

means any indebtedness outstanding and/or contingent liability in respect of:

- (a) moneys borrowed and debit balances at banks;
- (b) any debenture, bond, note, loan stock or other security;
- (c) any acceptance credit;
- (d) receivables sold or discounted (otherwise than on a non-recourse basis);

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- (e) the acquisition cost of any asset to the extent payable more than 90 days after the time of acquisition or possession by the party liable where the deferred payment is arranged primarily as a method of raising finance or financing the acquisition of that asset provided that any deferred consideration in respect of an acquisition of a company or its business which is dependent upon the performance of such company or its business after the date of its acquisition as shown by its next succeeding audited accounts or such other financial statement shall not be counted as indebtedness for the purposes of this paragraph (e);
- (f) leases entered into primarily as a method of raising finance or financing the acquisition of the asset leased;
- (g) currency swap or interest swap, cap or collar or such other arrangements;
- (h) amounts raised under any other transaction having the commercial effect of a borrowing or raising of money; or
- (i) any guarantee, indemnity or similar assurance for any indebtedness referred to in paragraphs (a) to (h) above in respect of any person.

For the purposes of any calculation of the amount of any Financial Indebtedness, adjustments shall be made so as to exclude any double counting of any liability.

"Fixtures"

means all landlords fixtures and fittings (including trade fixtures and fittings) and fixed plant and machinery from time to time on the Charged Property.

"Fronting Bank"

means HSBC Investment Bank plc.

"Gibbs Subsidiary"

means Centric Pub Company Limited.

"Group"

means the Borrower and, without prejudice to the provisions of Clause 18.15(b) (General obligations) of the Credit Agreement, its Subsidiaries from time to time.

"Guarantee"

means any guarantee issued by an Issuing Bank under Clause 5.4 (Issue of Guarantees) of the Credit Agreement at the request of the Borrower in connection with the Kickstart Scheme.

"Hedging Arrangements"

means the hedging arrangements referred to in Clause 18.18 (Hedging Arrangements) of the Credit Agreement.

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"Issuing Bank"

means HSBC Investment Bank PLC.

"Kickstart Scheme"

means the arrangement under which a Bank may agree to provide loan finance to new tenants to enable new tenants to purchase fixtures and/or fittings from an Obligor and/or former tenants.

"Labatt Companies"

means each of Enterprise Inns (No. 1), Enterprise Inns (No. 2), Enterprise Inns (No.3) and P-K Holdings.

"Loan Documents"

means the Credit Agreement, each Guarantee, the Overdraft Letter, each Fee Letter, a Novation Certificate and any other document designated as such by the Agent and the Borrower.

"Loans"

means the Disposal Bridge Loan, a Revolving Loan, the Share Bridge Loan or the Term Loan.

"Majority Banks"

means, at any time, Banks:

- (a) whose participations in the Loans aggregate not less than sixty six and two thirds per cent. of all the Utilisations then outstanding; or
- (b) if there are no Utilisations then outstanding whose Commitments then aggregate not less than sixty six and two thirds per cent. of the Total Commitments; or
- (c) if there are no Utilisations then outstanding and the Total Commitments have been reduced to nil, whose Commitments aggregated not less than sixty six and two thirds per cent. of the Total Commitments immediately before the reduction,

provided that for the purpose only of determining the Majority Banks in the context of any decision whether or not to enforce any Security Interest constituted by the Security Documents following the occurrence of a continuing Event of Default, the participation of the Overdraft Bank in the Utilisations, and the amount of the Utilisations then outstanding, shall be deemed to include the aggregate net amount owed by the Borrower to the Overdraft Bank at that time under the Overdraft Letter.

"Novation Certificate"

has the meaning ascribed thereto in Clause 27.3 (Procedure for Novations) of the Credit Agreement.

"Obligor"

means:

- (a) the Borrower;

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- (b) Enterprise Inns (No. 1);
- (c) Enterprise Inns (No. 2);
- (d) Enterprise Inns (No. 3);
- (e) P-K Holdings;
- (f) Discovery;
- (g) Discovery North; or
- (h) any other member of the Group which executes a Security Document in favour of the Finance Parties.

"Overdraft Bank"

means any bank (being a Bank) which provides an Overdraft Facility in favour of the Borrower.

"Overdraft Facility"

means an overdraft facility (or facilities) of up to £15,000,000 in aggregate provided or to be provided to the Borrower by an Overdraft Bank under an Overdraft Letter.

"Overdraft Letter"

means a letter made between the Borrower and an Overdraft Bank which records the terms of an Overdraft Facility.

"P-K Holdings"

means P-K Holdings Limited (registered no. 2679005).

"Related Rights"

means, in relation to the Shares, all dividends and interest paid or payable in relation thereto and all shares, securities, rights, moneys on property accruing or offered or properly accruing or offered at any time in relation thereto by way of redemption, substitution, exchange, bonus, or preference under option rights or otherwise.

"Request"

means a request to borrow a Loan or for the issue of the Bank Guarantee or a Guarantee substantially in the form set out in Schedule 4 of the Credit Agreement with such changes as the Agent and the Borrower may agree in writing.

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Continuation sheet 8

"Revolving Commitment"

means:

- (a) in relation to a Bank which is a Bank on the date of the Credit Agreement, the amount set opposite the name of that Bank in the Credit Agreement; and
- (b) in relation to a Bank which becomes a Bank after the date of the Credit Agreement, the amount of the Revolving Commitment acquired by it in the Credit Agreement, as may be increased under the provisions of the Share Bridge Loan, to the extent not cancelled, reduced or transferred under the Credit Agreement.

"Revolving Facility"

means the revolving credit and guarantee facility referred to in Clause 2.1(c) (Facility) of the Credit Agreement.

"Revolving Loan"

means, subject to Clause 10 (Interest Periods) of the Credit Agreement, the principal amount of each cash borrowing by the Borrower under the Revolving Facility or the principal amount outstanding of that borrowing.

"Security Documents"

means:

- (a) the Borrower Debenture;
- (b) a Subsidiary Debenture;
- (c) a Target Debenture;
- (d) any document supplemental to the Borrower Debenture, Subsidiary Debenture, Target Debenture or the Charge; and
- (e) any other document executed or to be executed in order to give (or evidence) the Banks' security or any other form of support in connection with the Finance Documents .

"Security Interest"

means any mortgage, pledge, lien, charge assignment, hypothecation or security interest or any other agreement or arrangement having the effect of conferring security.

"Shares"

means any stocks, shares, debentures, bonds or other securities and investments beneficially owned by the Chargor.

"Share Bridge Commitment"

means:

- (a) in relation to a Bank which is a Bank on the date of the Credit Agreement, the amount set opposite the name of that Bank in the Credit Agreement; and
- (b) in relation to a Bank which becomes a Bank after the date of the Credit Agreement, the amount of the Share Bridge Commitment acquired by it under the Credit Agreement,

to the extent not cancelled, reduced or transferred under the Credit Agreement.

"Share Bridge Facility"

means the term loan facility referred to in Clause 2.1(d) (Facility) of the Credit Agreement.

"Share Bridge Loan"

means, subject to Clause 10 (Interest Periods) of the Credit Agreement, the principal amount of borrowings by the Borrower, under the Share Bridge Facility or the principal amount outstanding of those borrowings.

"Subsidiary"

means:

- (a) a subsidiary within the meaning of Section 736 of the Companies Act 1985; and
- (b) a subsidiary undertaking within the meaning of Section 258 of the Companies Act 1985,

but excluding any company which is dormant for so long as it is dormant.

"Subsidiary Debenture"

means a guarantee and debenture, to be provided by each of the other Labatt Companies and the Discovery Companies and any other Subsidiary if required by Clause 18.24 (Obligors) of the Credit Agreement in favour of the Trustee as a condition subsequent under Clause 18.23 (Conditions subsequent) of the Credit Agreement substantially in the Agreed Form.

"Target Debenture"

means the Charge and a guarantee and debenture, one to be provided by each of the TargetCos in favour of the Trustee as a condition subsequent under Clause 18.23 (Conditions Subsequent) of the Credit Agreement substantially in the Agreed Form.

"TargetCo"

means the Chrgor and Gibbs Subsidiary.

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Continuation sheet 10

"Term Commitment"

means:

- (a) in relation to a Bank which is a Bank at the date of the Credit Agreement, the amount set out opposite that name of that Bank in the Credit Agreement; and
- (b) in relation to a Bank which becomes a Bank after the date of the Credit Agreement, the amount of the Term Commitment acquired by it under the Credit Agreement,

to the extent not cancelled, reduced or transferred under the Credit Agreement.

"Term Facility"

means the term loan facility referred to in Clause 2.1(a) (Facility) of the Credit Agreement.

"Term Loan"

means, subject to Clause 10 (Interest Periods) of the Credit Agreement, the principal amount of borrowings by the Borrower under the Term Facility or the principal amount outstanding of those borrowings.

"Total Commitment"

means the aggregate for the time being of the Total Disposal Bridge Commitments, the Total Revolving Commitments, the Total Share Bridge Commitments and Total Term Commitments, being at the date of the Credit Agreement £177,500,000.

"Total Disposal Bridge Commitments"

means the aggregate for the time being of the Disposal Bridge Commitments, being at the date of the Credit Agreement £15,000,000.

"Total Revolving Commitments"

means the aggregate for the time being of the Revolving Commitments, being at the date of the Credit Agreement £50,000,000.

"Total Share Bridge Commitments"

means the aggregate for the time being of the Share Bridge Commitments, being at the date of the Credit Agreement £12,500,000.

"Total Term Commitments"

means the aggregate for the time being of the Term Commitments, being at the date of the Credit Agreement £100,000,000.

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Continuation sheet 11

"Utilisation"

means:

- (a) a Loan, which is the subject of a Request served by the Borrower; and
- (b) the Bank Guarantee or a Guarantee which is the subject of a Request served by the Borrower.

"Utilisation Date"

means:

- (a) in the case of a Loan, the date for the making of the Loan; or
- (b) in the case of the Bank Guarantee or a Guarantee, the date of issue of the Bank Guarantee or Guarantee.

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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. 00057422

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT GUARANTEE & DEBENTURE DATED THE 10th AUGUST 1998 AND CREATED BY GIBBS MEW LIMITED FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM EACH OBLIGOR TO HSBC INVESTMENT BANK PLC (THE "TRUSTEE") UNDER THE FINANCE DOCUMENTS EXCEPT FOR ANY OBLIGATION WHICH, IF IT WERE SO INCLUDED, WOULD RESULT IN THE GUARANTEE AND DEBENTURE CONSTITUTING UNLAWFUL FINANCIAL ASSISTANCE FOR THE PURPOSES OF SECTION 151 AND 152 OF THE COMPANIES ACT 1985 WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 20th AUGUST 1998.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 24th AUGUST 1998.

RICHARD NEIL OWENS

for the Registrar of Companies

LC
24/8
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C O M P A N I E S H O U S E