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COMPANIES FORM No. 395

395

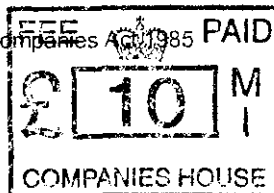
Particulars of a mortgage or charge

CHWP000

Please do not
write in
this marginPlease complete
legibly, preferably
in black type, or
bold black lettering* Insert full name
of Company

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

610095

Name of company

* **Waterstone's Booksellers Limited ("the Company").**

Date of creation of the charge

15th May 2002.

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

Security Agreement dated 15th May 2002 made between the Company and the Agent (as defined below) (the "Deed").

Amount secured by the mortgage or charge

All present and future obligations and liabilities (whether actual or contingent and whether owned jointly or severally or in any other capacity whatsoever) of the Chargor to any Secured Party under each Finance Document and Transaction Document to which the Chargor is a party except for any obligation which, if it were so included, would result in the Deed contravening Article 161 of the Companies (Northern Ireland) Order 1986 (the "Secured Liabilities").

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

The Royal Bank of Scotland plc**135 Bishopsgate****London**

Postcode

EC2M 3URPresentor's name address and
reference (if any):**Harrisons Solicitors
54/58 Chichester St.
Belfast BT1 4HN
Ref; JH0287**

Time critical reference

For official Use
Mortgage Section

Post room

A24
COMPANIES HOUSE0476
31/05/02

Short particulars of all the property mortgaged or charged

See continuation sheets 1,2,3,4,5 and 6.

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)

N/A

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

Signed Hammers

Date 29th May 2002

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

Company: Waterstone's Booksellers Limited

Registered Number: 610095

Continuation Sheet 1

Land

(A) The Chargor as beneficial owner

- (i) Grants and conveys unto the Facility Agent so much of the Mortgaged Property as is of freehold tenure (save any part of the ownership of which is registered or is in the course of being registered in the Land Registry of Northern Ireland ("Land Registry") but including any part which is held additionally for any other estate or interest) TO HOLD the same unto and to the use of the Facility Agent for the term of ten thousand years; and
- (ii) Demises unto the Facility Agent so much of the Mortgaged Property as is of leasehold tenure (save any part of the ownership of which is registered or is in the course of being registered in the Land Registry but including any part which is held additionally for any other estate or interest) TO HOLD the same unto the Facility Agent for all the residue of the term or respective terms of years under which the Chargor holds the same less the last day of such term or terms; and
- (iii) Charges unto the Facility Agent so much of the Mortgaged Property the ownership of which or in the case of leasehold property the leasehold interest in which is registered or is in the course of being registered in the Land Registry with payment of the Secured Liabilities and the Chargor assents to the registration of this charge as a burden on the Mortgaged Property;

together with

- a) all buildings, fixtures, fittings and fixed plant, stocks and machinery on the Mortgaged Property; and
- b) 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; and
- c) the proceeds of sale of any part of the Mortgaged Property (together with all such buildings and fixtures).
- d) (To the extent that they are not the subject of a mortgage under sub-paragraphs (i) (ii) or (iii) above) the Chargor charges by way of first fixed charge all estates or interests in any freehold or leasehold property and agrees to execute a legal mortgage of such property in favour of the Facility Agent in such form as the Facility Agent may reasonably require.

(B) Insurances

The Chargor assigns by way of security all of its rights in respect of any of the contracts or policies of insurance taken out by it or on its behalf or in which it has an interest specified in Schedule 2 to this Form 395.

(C) Floating charge

The Chargor charges by way of a first floating charge all its assets not at any time otherwise effectively mortgaged, charged or assigned by way of fixed mortgage, charge or assignment under paragraphs (A) and (B) above.

(D) The Chargor as Tenant

The Chargor attorns tenant to the Facility Agent of any part of the Mortgaged Property at the yearly rent of five pence (if demanded) provided always that the Facility Agent may at any time without notice to the Chargor determine the tenancy hereby created and enter upon the Mortgaged Property but so that neither the receipt of the said rent nor the said tenancy shall render the Facility Agent liable to account to any person as mortgagee in possession.

(E) Possession of Reversion

The Chargor stands possessed of the reversion immediately expectant upon the term of years hereby granted in any part of the Mortgaged Property in trust for the Facility Agent and to assign, convey or dispose of the same as the Facility Agent may direct (subject to the proviso for redemption) and the Facility Agent may at any time during the continuance of the security hereby created remove the Chargor or any other person, persons or body corporate from being a trustee of the trust declared by this clause and on the death or removal of the Chargor or such other person, persons or body corporate appoint a new trustee or trustees in its place.

NB

1. The Chargor shall not:
 - (i) create or permit to subsist any Security Interest on any Security Asset; or
 - (ii) sell, transfer, licence, lease or otherwise dispose of any Security Asset,except as expressly allowed under the Credit Agreement.
2. All the security created under the Deed:
 - (i) is created in favour of the Facility Agent;
 - (ii) is created over present and future assets of the Chargor;
 - (iii) is security for the payment of all the Secured Liabilities; and
 - (iv) is made by the Chargor as beneficial owner.
3. (a) If the rights of the Chargor under a document can not be secured within the consent of a party to that document:
 - (i) the Chargor must notify the Facility Agent promptly;

- (ii) this Security will secure all amounts which the Chargor may receive, or has received, under that document but subject to paragraph (b) below exclude the document itself; and
 - (iii) unless the Facility Agent otherwise requires, the Chargor must forthwith apply for consent and use all reasonable endeavours to obtain the consent of the relevant party to that document being secured under this Deed.
 - (b) For the purposes of paragraph 3(a)(ii) above only, a lease of the Mortgaged Property named in Schedule 1 to this Form 395 where landlord's consent to charge is required but consent cannot be unreasonably withheld (whether expressly or implied by statute) such a document shall be deemed to be a document for which no consent is required and the Security will be effective from the date of this Deed.
4. The Facility Agent may by notice to the Chargor convert the floating charge created by the Chargor under paragraph (C) above into a fixed charge as regards any of the Chargor's assets specified in that notice, if:
- (i) an Event of Default is outstanding; or
 - (ii) the Facility Agent reasonably considers those assets to be in danger of being seized or sold under any form of distress, attachment, execution or other legal process or to be otherwise in jeopardy.
5. The Facility Agent holds the benefit of the Deed on trust for the Secured Parties.

In this Form 395:

Accession Agreement means a letter, substantially in the form of Schedule 8 (Form of Accession Agreement) to the Credit Agreement;

Additional Borrower means a member of the Group which becomes a Borrower after the date of the Credit Agreement.

Additional Guarantor means a member of the Group which becomes a Guarantor after the date of the Credit Agreement.

Administrative Party means a Mandated Lead Arranger, the Issuing Bank, the Security Trustee or the Facility Agent;

Borrower means HMV Group Plc or an Additional Borrower.

Chargor means the Company;

Credit Agreement means the £425,000,000 credit agreement dated 24th April, 2002, between (among others) HMV Group plc (as borrower) and the Facility Agent;

EMI means EMI Group PLC.

EMI Counter Indemnity means a deed of counter indemnity dated on or about 28th March 1998 between, amongst others, HMV Group plc and EMI in respect of any payment made by EMI or certain of its Subsidiaries under various guarantees, bonds, letters of comfort and similar undertakings entered into by EMI and its Subsidiaries in respect of rent payable by the Group for certain of the properties owned by members of the Group.

Company: Waterstone's Booksellers Limited

Registered Number: 610095

Continuation Sheet 4

Event of Default means an event specified as such in the Credit Agreement.

Facility means a credit facility made available under the Credit Agreement;

Fee Letter means any letter entered into by reference to the Credit Agreement between one or more Administrative Parties and HMV Group plc setting out the amount of certain fees referred to in the Credit Agreement;

Finance Document means:

- (a) the Credit Agreement;
- (b) a Security Document;
- (c) a Fee Letter;
- (d) the Intercreditor Agreement;
- (e) the Syndication Agreement;
- (f) an Accession Agreement; or
- (g) any other document designated as such by the Facility Agent and HMV Group plc;

Finance Party means a Lender or an Administrative Party;

Group means HMV Group plc and its Subsidiaries;

Guarantor means HMV Group plc or an Additional Guarantor;

Intercreditor Agreement means the intercreditor agreement between, amongst others, HMV Group plc, EMI and the Security Trustee in form and substance satisfactory to the Facility Agent;

Issuing Bank means The Royal Bank of Scotland plc;

Lender means:

- (a) an Original Lender; or
- (b) any person which becomes a Lender after the date of the Credit Agreement;

Mandated Lead Arranger means Dresdner Kleinwort Wasserstein (acting on behalf of Dresdner Bank AG, London Branch) and The Royal Bank of Scotland plc;

Mortgaged Property means the property specified in Schedule 1 to this Form 395;

Obligor means a Borrower or a Guarantor;

Original Lender means Dresdner Kleinwort Wasserstein (acting on behalf of Dresdner Bank AG, London Branch) and The Royal Bank of Scotland plc;

Secured Party means each Finance Party and EMI Group PLC as agent and trustee for the EMI Guarantors (as defined in the EMI Counter Indemnity);

Company: Waterstone's Booksellers Limited

Registered Number: 610095

Continuation Sheet 5

Security Agreement means a security agreement in substantially the form of Schedule 11 (Form of Security Agreement) to the Credit Agreement;

Security Assets means all assets of the Chargor the subject of any security created by the Deed;

Security Document means:

- (a) each Security Agreement; and
- (b) any other document evidencing or creating security over any asset of an Obligor to secure any obligation of any Obligor to a Finance Party under the Finance Documents, which for the avoidance of doubt includes the Deed;

Security Interest means any mortgage, pledge, lien, charge, assignment, hypothecation or security interest or any other agreement or arrangement having similar effect;

Security Trustee means The Royal Bank of Scotland plc as security trustee under the Intercreditor Agreement;

Subsidiary means an entity of which an person has direct or indirect control or owns directly or indirectly more than 50% of the voting capital or similar right of ownership and "control" for this purpose means the power to direct the management and the policies of the entity whether through the ownership of voting capital, by contract or otherwise;

Syndication means the primary syndication of the Facilities by the Mandated Lead Arrangers;

Syndication Agreement means the syndication agreement entered into in connection with Syndication in substantially the form of Part II of Schedule 5 (Form of Syndication Agreement) to the Credit Agreement;

Transaction Document means the EMI Counter Indemnity.

SCHEDULE 1

THE MORTGAGED PROPERTY

8 Royal Avenue and 16,18 and 20 Berry Street, Belfast

Held

1. As to all that and those the premises being the ground floor of No 8 Royal Avenue, Belfast under a Lease dated 26 October 1984 from Kenlin Investments Limited and David G Logan (1) to Brendan P MacMahon (2) (registered in the Registry of Deeds, Belfast on 19 November 1984 Book 183 No 249) ("the Lease") for the term of 24 years from 1 October 1983 subject to the rents, covenants and conditions therein contained as varied by a Licence dated 24 February 1988 and made between Kenlin Investments Limited and Muriel E Gray (1) Brendan P MacMahon (2) and Waterstone and Company Limited (3); and
2. As to those premises being the ground and first floors of 16, 18 and 20 Berry Street, Belfast held under a Supplemental Lease dated 10 January 1995 made between Milestone Trust Limited (1) Carmel McGuickan (2) and Waterstones Booksellers Limited (3) ("the Supplemental Lease") for the residue of the term of years created by the Lease subject to the rents, covenants and conditions therein contained; and together with all appurtenances enjoyed therewith.

Title to the Lease and Supplemental Lease was acquired by the Chargor by an Assignment made 5th March 1999 between Fine Recordings Club Limited (1) and the Chargor (2).

SCHEDULE 2

INSURANCES

All insurances touching upon or in respect of the Mortgaged Property whether taken out by the Chargor and/or its Landlord.

016929/20.

COMPANIES FORM No. 398**Notice of registration in
Scotland or Northern Ireland
of a charge comprising property
situate there****398**

CHFP025

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

610095

* insert full name
of company

Name of company

* Waterstone's Booksellers Limited

Jonathan Harris Edwin Hool, Solicitor

of Harrisons Solicitors, Victoria House, 54-58 Chichester Street,
Belfast, BT1 4HN, Northern Ireland§ give date and
parties to chargecertify that the charges made 15th May 2002 between Waterstone's Booksellers
Limited ("Chargor") and The Royal Bank of Scotland Plc
("Facility Agent")

of which a true copy is annexed to this form was presented for registration on 24th May 2002

† delete as
appropriatein ~~Scotland~~ [Northern Ireland]† at the Companies Registry, IDB House, 64
Chichester Street, Belfast.

Signed

W Hool for Harrisons

Date 29.5.02

Presentor's name address and
reference (if any):Harrisons Solicitors
Victoria House
54-58 Chichester Street
Belfast
BT1 4HN
Northern Ireland
Ref JH0287For 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. 00610095

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A STANDARD SECURITY WHICH WAS PRESENTED FOR REGISTRATION IN SCOTLAND ON THE 24TH MAY 2002 AND DATED THE 15th MAY 2002 AND CREATED BY WATERSTONE'S BOOKSELLERS LIMITED FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM THE COMPANY TO THE ROYAL BANK OF SCOTLAND plc 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 31st MAY 2002.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 6th JUNE 2002.

CANCELLED

THIS CERTIFICATE
HAS BEEN CANCELLED
IN FAVOUR OF A NEW
CERTIFICATE DATED
20th June 2002



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES



Companies House

— for the record —

FILE COPY



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

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

COMPANY No. 00610095

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A STANDARD SECURITY WHICH WAS PRESENTED FOR REGISTRATION IN NORTHERN IRELAND ON THE 24TH MAY 2002 AND DATED THE 15th MAY 2002 AND CREATED BY WATERSTONE'S BOOKSELLERS LIMITED FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM THE COMPANY TO THE ROYAL BANK OF SCOTLAND plc 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 31st MAY 2002.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 20th JUNE 2002.



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES



Companies House

— for the record —