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* insert full name
of company

COMPANIES FORM No. 395

Particulars of a mortgage or charge

RBS f10

073822

395

Pursuant to section 395 of the Companies Act 1985

To the Registrar of Companies

For official use

Company number

[] [] [] [] [] [] [] [] [] []

1883082

Name of company

* A & P SOUTHAMPTON LIMITED ("the Chargor")

Date of creation of the charge

16th August 2001

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

DEED OF RELEASE AND VARIATION OF A GUARANTEE AND DEBENTURE DATED 23
DECEMBER 1997 ("the Deed")

Amount secured by the mortgage or charge

The actual, contingent, present and/or future obligations and
liabilities of the Chargor to any of the Secured Parties under, or
pursuant to, all or any of the Secured Documents provided that the sum
recoverable by the Secured Parties shall not exceed the Limit ("the
Secured Obligations").

continued on continuation sheet 1, page 2

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

THE GOVERNOR AND COMPANY OF THE BANK OF SCOTLAND, The Mound, Edinburgh
EH1 1YZ ("the Bank").

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

DLA
3 Noble Street
London EC2V 7EE

JMG/ams/Banking

Swana AP South.lfd

Time critical reference

For official use
Mortgage Section

Post room



A38
COMPANIES HOUSE

0306
31/08/01

1. FIXED CHARGES AND FLOATING CHARGES

1.1 The Chargor, with full title guarantee, as continuing security for the payment of the Secured Obligations charged in favour of the Security Trustee (as agent and trustee for the Secured Parties):

(a) by way of legal mortgage all estates or interests in the freehold, leasehold and other immovable property described in the First Schedule hereto and all buildings and trade and other Fixtures on any such property belonging to or charged to the Chargor and all the proceeds of sale thereof ("the Legally Mortgaged Property");

(b) by way of fixed charge all estates or interests in any freehold, leasehold and other immovable property as at 16th August 2001 or at any time during the continuance of the security belonging to the Chargor (other than the Legally Mortgaged Property) and the proceeds of sale thereof and all buildings and trade and other Fixtures from time to time on any such property belonging to or charged to the Chargor;

continued on continuation sheet 1, page 4

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Particulars as to commission allowance or discount (note 3)

N/A

Signed DCA

Date 30/08/01

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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**Particulars of a mortgage or charge
(continued)**

Continuation sheet No 1
to Form No 395 and 410 (Scot)

CHA 116

Please complete
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Company Number

1883082

Name of Company

A & P SOUTHAMPTON LIMITED ("the Chargor")

~~limited~~*

* delete if
inappropriate

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

NOTE.

In this form:-

"Charged Property" means the property, assets and/or undertaking charged by the Chargor to the Bank, including the Real Property to the extent so charged;

"Credit Agreement" means the credit agreement dated 23rd December 1997 and made between (1) the Chargor, (2) certain banks and (3-5) The Governor and Company of the Bank of Scotland (in its various capacities;

"Default" has the meaning ascribed to such term in the Credit Agreement;

"Encumbrance" has the meaning ascribed to such term in the Credit Agreement;

"Excluded Real Property" means any right, title or interest that the Chargor has in the Land at North Shields registered at the Land Registry under title number TY91842;

"Fixtures" means in relation to any freehold or leasehold property charged by or pursuant to the Guarantee and Debenture, all fixtures and fittings (including trade fixtures and fittings) and fixed plant and machinery from time to time thereon;

"Group" has the meaning ascribed to such term in the Credit Agreement;

"Guarantee and Debenture" means the guarantee and debenture dated 23rd December 1997 and made between (1) the Chargor and (2) the Bank (as amended by the Deed);

"Limit" means the sum equivalent to the proceeds of enforcement or other realisation of the security under the Guarantee and Debenture over the Land at North Shields registered at HM Land Registry under title number TY91842;

"Permitted Encumbrance" has the meaning ascribed to such term in the Credit Agreement;

"Real Property" means the real property described in the Second Schedule hereto but excluding the Excluded Real Property;

"Receiver" means an administrative receiver or a receiver appointed pursuant to the provisions of the Guarantee and Debenture or pursuant to any applicable law and such expression shall include, without limitation, a receiver and manager;

"Secured Documents" means all and each of the Credit Agreement, the Mezzanine Loan Agreement, the Interest Rate Protection Agreements, the Fees Letter and the Security Documents (all as more particularly defined in the Credit Agreement) including the Guarantee and Debenture;

"Secured Parties" means all and each of the Security Trustee, the Senior Banks, the Mezzanine Lenders, the Facility Agent and the Mezzanine Agent (all as more particularly defined in the Credit Agreement);

continued on continuation sheet 2, page 2

Please complete
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Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

Page 3

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(c) by way of fixed charge all plant, machinery, vehicles, computers and office and other equipment owned by the Chargor both present and future;

(d) by way of fixed charge all book debts and other debts as at 16th August 2001 and from time to time due or owing to the Chargor ("the Debts") and (subject to the provisions of Clause 6.2 of the Guarantee and Debenture) all moneys which the Chargor receives in respect thereof;

(e) by way of fixed charge (but subject to the provisions of Clause 6.2 of the Guarantee and Debenture) all balances standing to the credit of any current, deposit or other account of the Chargor with the Secured Parties (including, inter alia, any account designated a realisations account for the proceeds of disposals of any of the assets of the Chargor) or with other bankers, financial institutions or similar third parties ("the Credit Balances");

(f) by way of fixed charge all stocks, shares, debentures, bonds, notes, loan capital of:

- (i) any Subsidiary of the Chargor; and
- (ii) any other body corporate;

and all rights to subscribe for, redeem, convert other securities into or otherwise acquire any of the same which may as at 16th August 2001 or thereafter belong to the Chargor, together with all dividends, interest and other income and all other rights of whatsoever kind deriving from or incidental to any of the foregoing;

(g) by way of fixed charge the goodwill of the Chargor and its uncalled capital as at 16th August 2001 or at any time thereafter in existence;

(h) by way of fixed charge all copyrights, patents, patent applications, licences, trade marks, tradenames, know-how and inventions or other rights of every kind deriving from therefrom as at 16th August 2001 or at any time thereafter belonging to the Chargor and all fees, royalties and other rights of every kind deriving from such copyrights, patents, trade marks, tradenames, know-how and inventions; and

(i) by way of floating charge the whole of the Chargor's undertaking and all its property, assets and rights, whatsoever and wheresoever, present and future, other than any property or assets from time to time or for the time being effectively mortgaged or charged to the Security Trustee by way of fixed charge by Clause 3.1(i) of the Guarantee and Debenture or any other Security Document ("the Floating Charge Property").

1.3 The security constituted by or pursuant to the Guarantee and Debenture shall be in addition to and shall be independent of every bill, note, guarantee, mortgage, pledge or other security which the Security Trustee or any other Secured party may at any time hold in respect of any of the Secured Obligations and the Chargor declared that no prior security held by the Security Trustee or any other Secured Party over the Charged Property or any part thereof shall merge in the security created by or pursuant to the Guarantee and Debenture.

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**Particulars of a mortgage or charge
(continued)**

Continuation sheet No 2
to Form No 395 and 410 (Scot)

CHA 116

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Company Number

1883082

Name of Company

A & P SOUTHAMPTON LIMITED ("the Chargor")

~~limited~~

* delete if
inappropriate

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

"Security Documents" has the meaning ascribed to such term in the Credit Agreement;

"Security Trustee" means The Governor and Company of the Bank of Scotland;

"Senior Banks" means each of the Banks, the Issuing Bank and the Overdraft Bank (all as more particularly defined in the Credit Agreement) and shall be deemed to include a Bank in its capacity as a party to any Interest Rate Protection Agreement and "Senior Bank" shall be construed accordingly;

"Subsidiary" means has the meaning ascribed to such term in the Credit Agreement;

SCHEDULES.

FIRST SCHEDULE

Legally Mortgaged Property

Freehold

All that freehold property known as land and buildings at North Shields registered at HM Land Registry under title number TY91842.

Leasehold

1. All that leasehold property known as Number 5 Berth and land adjoining at Chatham Docks, Gillingham, Kent more particularly demised by a lease dated 11th February 1991 made between Medway (Chatham) Dock Company Limited (1) and A&P Appledore Ship Repairers Limited (2);
2. All that leasehold property known as land on the south side of Poulton Close, Dover registered at HM Land Registry under title number K716346;
3. All that leasehold property known as land and buildings at No. 7 Dry Docks and adjoining premises, Western Avenue, Southampton Dry Docks Estate registered at H M Land Registry under title number HP512915
4. All that leasehold property known as land and buildings to the south side of Camp Road, Wallsend registered at H M Land Registry under title number TY45899.

continued on continuation sheet 3, page 2

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

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2. NEGATIVE PLEDGE

The Chargor has covenanted that without the prior written consent of the Security Trustee it shall not nor shall it agree or purport to:

(a) create or permit to subsist any Encumbrance (other than a Permitted Encumbrance) whether in any such case ranking in priority to or *passu* with or after the security created by the Guarantee and Debenture save to the extent permitted or required under the Credit Agreement; or

(b) sell, discount, factor, transfer, lease, lend or otherwise dispose of, whether by means of one or a number of transactions related or not and whether at one time or over a period of time, the whole or any part or its undertaking or assets except as permitted under the Credit Agreement.

3. FURTHER ASSURANCE

3.1 The Chargor from time to time, at the request of the Security Trustee and at the Chargor's cost, execute in favour of the Security Trustee, or as it may direct, such further or other legal assignments, transfers, mortgages, charges or other documents as in any such case the Security Trustee (acting reasonably) shall stipulate over the Chargor's estate or interest in any property or assets of whatsoever nature or tenure and wheresoever situate, for the purpose of more effectively providing security to the Security Trustee for the payment or discharge of the Secured Obligations. Without prejudice to the generality of the foregoing, such assignments, transfers, mortgages, charges or other documents shall be in such form as the Security Trustee (acting reasonably) shall stipulate and may contain provisions such as are contained in the Deed or provisions to the like effect and/or such other provisions of whatsoever kind as the Security Trustee (acting reasonably) shall consider requisite for the improvement or perfection of the security constituted by or pursuant to the Guarantee and Debenture provided that none of the Secured Parties shall be entitled to acquire any right which is more onerous than the rights intended to be granted in its favour under the terms of the Guarantee and Debenture. The obligations of the Chargor under Clause 5.1 of the Guarantee and Debenture shall be in addition to and not in substitution for the covenants for further assurance deemed to be included in the Guarantee and Debenture by virtue of the Law of Property (Miscellaneous Provisions) Act 1994.

3.2 The Chargor shall immediately after the execution of the Deed (or upon becoming possessed thereof at any time after 16th August 2001) deposit with the Security Trustee all deeds, certificates and other documents constituting or evidencing title to its real property comprised within the Charged Property or any part thereof and to any of the assets and rights charged under Clause 3.1 (f) of the Guarantee and Debenture.

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**Particulars of a mortgage or charge
(continued)**

Continuation sheet No. 3
to Form No 395 and 410 (Scot)

CHA 116

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Company Number

1883082

Name of Company

A & P SOUTHAMPTON LIMITED ("the Chargor")

~~limited~~

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

SECOND SCHEDULE

Real Property

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Title Number (if any)	County/London Borough and Description of Property	Registered Proprietor
TY177407	Land lying to the east of Fisher Street, Walker TY177407 (leasehold forms part of TY200348)	A&P Southampton Limited
TY45899	Land on the south west of Benton Way and the North West side of Gainers Terrace, Wallsend	A&P Southampton Limited
TY13708	6-32 (even) Gainers Terrace Wallsend	A&P Southampton Limited
	No 5 Berth, Chatham Docks, Gillingham, Kent Leasehold	A&P Southampton Limited
HP512915	No.7, Dry Docks, Western Avenue, Southampton Leasehold	A&P Southampton Limited
K716346	South side of Poulton Close Dover Leasehold	A&P Southampton Limited

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

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4. DEBTS

With reference to the Debts the Chargor shall collect in the Debts and shall, in the absence of specific written instructions from the Security Trustee to the contrary, pay into the Chargor's current account with the Security Trustee and/or if so directed by the Security Trustee into a special or specifically designated account with the Security Trustee or any Senior Bank either in the name of the Chargor or the Security Trustee or such Senior Bank or in the joint names of the Chargor and the Security Trustee or such Senior Bank or into such other account as the Security Trustee may direct all moneys which the Chargor may receive in respect of the Debts and shall not without the prior written consent in writing of the Security Trustee sell, factor, discount or otherwise charge or assign the Debts in favour of any other person or purport to do so and at any time while a Default is continuing the Chargor shall if called upon to do so by the Security Trustee execute legal assignments of the Debts to the Security Trustee in forms approved by the Security Trustee.

5. CONVERSION OF FLOATING CHARGE AND AUTOMATIC CRYSTALLISATION

5.1 If, at any time, the Security Trustee has reasonable cause to believe that any assets of the Chargor are in danger of being seized or sold under any form of distress, execution or other similar process then without prejudice to the provisions of Clause 7.2 of the Guarantee and Debenture the Security Trustee may, by notice in writing to the Chargor, convert the floating charge created by the Guarantee and Debenture into a fixed charge in relation to those assets and the Security Trustee shall further be entitled (but not bound) to take possession of or appoint a Receiver of such assets.

5.2 If, other than by way of a Permitted Encumbrance, the Chargor charges, pledges or otherwise encumbers (whether by way of fixed or floating security) any of the property, assets and income comprising the Floating Charge Property or attempts so to do without the prior consent in writing of the Security Trustee or if any creditor or other person levies any distress, execution, sequestration or other process against any of the said property, assets and income then in the absence of any notice or other action by the Security Trustee pursuant to Clause 7.1 of the Guarantee and Debenture the floating charge created by the Guarantee and Debenture shall automatically operate as a fixed charge against those properties, assets or incomes forthwith upon the occurrence of such event.

6. CONTINUING SECURITY

The security constituted by the Deed shall be continuing and shall not be considered as satisfied or discharged by any intermediate payment or settlement of the whole or any part of the Secured Obligations and shall be binding until all the Secured Obligations have been discharged in full to the satisfaction of the Security Trustee and all of the Secured Parties have ceased to have any obligation whether actual or contingent to make any credit or accommodation available to any company within the Group.

FILE COPY



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

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

COMPANY No. 01883082

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A DEED OF RELEASE AND VARIATION OF A GUARANTEE AND DEBENTURE DATED 23 DECEMBER 1997 ("THE DEED") DATED THE 16th AUGUST 2001 AND CREATED BY A & P SOUTHAMPTON LIMITED FOR SECURING THE ACTUAL, CONTINGENT, PRESENT AND/OR FUTURE OBLIGATIONS AND LIABILITIES OF THE COMPANY DUE OR TO BECOME DUE TO ANY OF THE SECURED PARTIES UNDER, OR PURSUANT TO, ALL OR ANY OF THE SECURED DOCUMENTS PROVIDED THAT THE SUM RECOVERABLE BY THE SECURED PARTIES SHALL NOT EXCEED THE LIMIT (ALL TERMS AS DEFINED) WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 31st AUGUST 2001.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 3rd SEPTEMBER 2001.



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES



Companies House

— for the record —

P. Row