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COMPANIES FORM No. 395

143758 | 286

Particulars of a mortgage or charge

395

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

CHFP025

Please do not write in this margin

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

*insert full name of Company

Pursuant to section 395 of the Companies Act 1985

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

For official use

Company number

4 1 1 1 1

5768129

Name of company

* LONDON & REGIONAL (HEALTH CLUBS NO 4) LIMITED (the "Company")

Date of creation of the charge

3 NOVEMBER 2008

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

Amendment Deed dated 3 November 2008 (the "**Amendment Deed**"), relating to a Debenture originally dated 3 June 2007, made between (1) The Charging Companies specified in Schedule 1 attached hereto, and (2) The Bank of Scotland plc (as "**Security Agent**") (the "**Debenture**")

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 alone in any other capacity whatsoever) of each present or future member of the Group to the Security Agent and/or the other Secured Parties (or any of them) under or pursuant to any Finance Document (including all monies covenanted to be paid under the Debenture), provided that no obligation or liability shall be included in the definition of "Secured Obligations" to the extent that, if it were so included, the Debenture (or any part of it) would constitute unlawful financial assistance within the meaning of sections 151 and 152 of the Companies Act 1985 (the "**Secured Obligations**")

(continued on Addendum 2/4)

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

Bank of Scotland plc of New Uberior House, 11 Earl Grey Street, Edinburgh

Postcode EH3 9BN

Presenter's name address and reference (if any)

Stacey Holloway
DLA Piper UK LLP
3 Noble Street
London
EC2V 7EE

UDR 21767134

Time critical reference

For official Use (02/06)

Mortgage Section

Post room

WEDNESDAY



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A14

19/11/2008

47

COMPANIES HOUSE

1. GRANT OF SECURITY

1.1 Nature of security

All Security and dispositions created or made by or pursuant to the Debenture are created or made

- (a) in favour of the Security Agent,
 - (b) with full title guarantee in accordance with the Law of Property (Miscellaneous Provisions) Act 1994, and
 - (c) as continuing security for payment of the Secured Obligations
- (continued on 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

DLA PAPER UK LLP

Date

18/11/2008

On behalf of ~~XXXXXXXXXXXXXXXXXXXX~~ ^{CHARGE} Bank of Scotland plc

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

† delete as appropriate

Notes

- 1 The original instrument (if any) creating or evidencing the charge, together with these prescribed particulars correctly completed must be delivered to the Registrar of Companies within 21 days after the date of creation of the charge (section 395) If the property is situated and the charge was created outside the United Kingdom delivery to the Registrar must be effected within 21 days after the date on which the instrument could in due course of post, and if dispatched with due diligence, have been received in the United Kingdom (section 398) A copy of the instrument creating the charge will be accepted where the property charged is situated and the charge was created outside the United Kingdom (section 398) and in such cases the copy must be verified to be a correct copy either by the company or by the person who has delivered or sent the copy to the Registrar The verification must be signed by or on behalf of the person giving the verification and where this is given by a body corporate it must be signed by an officer of that body A verified copy will also be accepted where section 398(4) applies (property situate in Scotland or Northern Ireland) and Form No 398 is submitted
- 2 A description of the instrument, eg "Trust Deed", "Debenture", "Mortgage", or "Legal charge", etc, as the case may be, should be given
- 3 In this section there should be inserted the amount or rate per cent of the commission, allowance or discount (if any) paid or made either directly or indirectly by the company to any person in consideration of his,
 - (a) subscribing or agreeing to subscribe, whether absolutely or conditionally, or
 - (b) procuring or agreeing to procure subscriptions, whether absolute or conditional,for any of the debentures included in this return The rate of interest payable under the terms of the debentures should not be entered
- 4 If any of the spaces in this form provide insufficient space the particulars must be entered on the prescribed continuation sheet
- 5 A fee of £13 is payable to Companies House in respect of each register entry for a mortgage or charge Cheques and Postal Orders must be made payable to **Companies House**.
- 6 The address of the Registrar of Companies is **Companies House, Crown Way, Cardiff CF14 3UZ**

Name of company

*insert full name
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* LONDON & REGIONAL (HEALTH CLUBS NO 4) LIMITED (the "Company")

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)

NOTE:

"Agreed Security Principles" means the principles set out in schedule 14 (*Agreed Security Principles*) of the Senior Facilities Agreement,

"Agent" means Bank of Scotland plc,

"Assigned Assets" means the Security Assets expressed to be assigned pursuant to clause 4.2 (*Security assignments*) of the Debenture,

"Cash Collateral Accounts" means each

- (a) Mandatory Prepayment Account (as defined in the Debenture), and
- (b) Holding Account (as defined in the Debenture),

and including the accounts (if any) specified as such in part 3 of schedule 2 (*Details of Security Assets*) of the Senior Facilities Agreement,

"Charged Investments" means the Charged Securities and all present and future Related Rights accruing to all or any of the Charged Securities,

"Charged Securities" means

- (a) the securities specified in part 2 of Schedule 2 (*Details of Security Assets*), and
- (b) all other stocks, shares, debentures, bonds, warrants, coupons, negotiable instruments, certificates of deposit or other securities or *"investments"* (as defined in part II of schedule II to the Financial Services and Markets Act 2000 as in force at the date of the Debenture) now or in future owned (legally or beneficially) by a Charging Company or held by a nominee, trustee, fiduciary or clearance system on its behalf or in which such Charging Company has an interest at any time,

"Charging Companies" means

- (a) the Original Charging Companies, and
- (b) any other company which accedes to the Debenture pursuant to an Accession Deed (as defined in the Senior Facilities Agreement),

"Collection Accounts" has the meaning given to it in clause 11.8(a) (iii) of the Debenture,

"Declared Default" means an Event of Default has occurred and is continuing and in respect of which any notice has been issued and rights exercised by

- (a) the Agent under the Senior Facilities Agreement under clause 28.20 (*Rights on a default*) of the Senior

Name of company

*insert full name
of Company

* LONDON & REGIONAL (HEALTH CLUBS NO 4) LIMITED (the "Company")

Facilities Agreement, or

- (b) the Agent under the Mezzanine Facility Agreement under clause 24 20 (*Rights on a default*) of the Mezzanine Facility Agreement,

"Delegate" means any delegate, sub-delegate, agent, attorney or co-trustee appointed by the Security Agent or be a Receiver,

"Event of Default" means any event or circumstance specified as such in clause 28 (*Events of Default*) of the Senior Facilities Agreement,

"Finance Document" means any Senior Finance Document and any Mezzanine Finance Document (as defined in the Senior Facilities Agreement),

"Insurances" means all policies of insurance (and all cover notes) which are at any time held by or written in favour of a Charging Company, or in which a Charging Company from time to time has an interest (including, without limitation

- (a) all present and future Key-man Policies, and
- (b) the policies of insurance (if any) specified in part 6 of schedule 2 (*Details of Security Assets*) of the Senior Facilities Agreement,

"Intellectual Property" means all present and future legal and/or equitable interests (including, without limitation, the benefit of all licences in any part of the world) of each Charging Company in, or relating to

- (a) any patents, registered and unregistered trade marks and service marks, registered designs, utility models, trade names, copyrights, design rights, unregistered designs, inventions, confidential information, know-how, registrable business names, database rights, domain names, and
- (b) the benefit of all applications for, all rights to use, and any other rights of every kind deriving from or through the exploitation of, any of assets mentioned in paragraph (a) of this definition,

(including, without limitation, the intellectual property rights (if any) specified in part 4 of schedule 2 (*Details of Security Assets*) in the Senior Facilities Agreement),

"Intercreditor Agreement" means the intercreditor agreement dated on or about the date hereof and made between (1) the Bank of Scotland plc as Senior Agent, (2) the Bank of Scotland plc as Security Agent, (3) the financial institutions listed in part 1 of schedule 1 therein as Original Senior Lenders, (4) the financial institutions listed in part 2 of schedule 1 therein as Original Hedging Counterparties, (5) the Bank of Scotland plc as Original Ancillary Lender, (6) the Bank of Scotland plc as Original Issuing Bank, (7) the Bank of Scotland plc as Mezzanine Agent, (8) the financial institutions listed in part 3 of schedule 1 therein as Original Mezzanine Lenders, (9) Bank of Scotland PLC as Euro Bridge lender, (10) David Lloyd Leisure Operations Holdings Limited as Parent, (11) the persons named in part 4 of schedule 1 therein as Investors and (12) the Companies listed in schedule 2 as Original Obligors, Intra-Group Creditors and Intra Group Debtors,

"Key-man Policy" means each key-man life assurance policy (in form and substance reasonably satisfactory to the Agent and with such insurer as the Agent may reasonably approve) taken out and maintained by the Company in respect of the death and disability and critical illness of the following individuals and in not less than the following respective amounts and terms

Name of individual	Amount (£)	Term
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Name of company

*insert full name
of Company

* LONDON & REGIONAL (HEALTH CLUBS NO 4) LIMITED (the "Company")

Scott Lloyd	500,000	5 years
Ian Harris	250,000	5 years
Nicholas Backhouse	250,000	5 years
Paul Guyer	250,000	5 years

and any substitute or replacement policy entered into relating to the same,

"Mezzanine Facility Agreement" means the Amended and Restated Mezzanine Agreement as defined in the Amendment and Restatement Agreement dated 3 November 2008,

"Occupational Lease" means any occupational lease or licence or other right of occupation to which the Real Property may be subject from time to time,

"Parent" means David Lloyd Leisure Operations Holdings Limited,

"Permitted Disposal" means any sale, lease, licence, transfer or other disposal which is on arm's-length terms

- (a) of trading stock or cash made by any member of the Group in the ordinary course of trading of the disposing entity,
- (b) of any asset by a member of the Group (the **"Disposing Company"**) to another member of the Group (the **"Acquiring Company"**), but if
 - (i) the Disposing Company is an Obligor, the Acquiring Company must also be an Obligor,
 - (ii) the Disposing Company had given Security over the asset, the Acquiring Company must give equivalent Security over that asset, and
 - (iii) the Disposing Company is a Guarantor, the Acquiring Company must be a Guarantor guaranteeing at all times an amount no less than that guaranteed by the Disposing Company,
- (c) provided no Financial Event of Default has occurred which is continuing, of assets (other than shares, businesses, Intellectual Property and Real Property) the proceeds of which are applied in exchange for other assets comparable or superior as to type, value or quality as soon as possible but in any event within twelve months of receipt or such longer period as the Majority Lenders may agree,
- (d) to a Joint Venture, to the extent permitted by the definition of Permitted Joint Ventures,
- (e) of assets compulsory acquired by any governmental authority,
- (f) which is a lease or licence of property in the ordinary course of business,
- (g) of assets originally purchased by a member of the Group using New Equity or Free Cash which are then disposed of by way of sale and leaseback,
- (h) arising as a result of a Permitted Transaction,
- (i) arising as a result of any Permitted Security,
- (j) of obsolete or redundant vehicles, plant and equipment for cash,

Name of company

*insert full name
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* LONDON & REGIONAL (HEALTH CLUBS NO 4) LIMITED (the "Company")

- (k) of Cash Equivalent Investments for cash or in exchange for other Cash Equivalent Investments,
- (l) constituted by a licence of intellectual property rights permitted by clause 27 29 (*Intellectual Property*) of the Senior Facilities Agreement,
- (m) to which the Majority Lenders have given their prior consent,
- (n) by an Obligor to a Non-Obligor where the greater of the market value or net considerations received does not exceed £500,000 (or its equivalent in another currency) in any Financial Year,
- (o) of the Development Sites and the Dutch Business, and
- (p) of assets for cash where the net consideration receivable (when aggregated with the net consideration receivable for any other sale, lease, licence, transfer or other disposal not allowed under the preceding paragraphs or as a Permitted Transaction) does not exceed £1,000,000 (or its equivalent) in any Financial Year of the Parent

"Permitted Transaction" means

- (a) any Disposal required by the terms of the Finance Documents or the Mezzanine Finance Documents,
- (b) any Financial Indebtedness (as defined in the Senior Facilities Agreement) arising under the Finance Documents or the Mezzanine Finance Documents,
- (c) any guarantee or indemnity entered into in favour of any Finance Party under the Finance Documents or the Mezzanine Finance Documents, or
- (d) any Security or Quasi-Security granted in favour of any Finance Party under the Finance Documents or the Mezzanine Finance Documents, or
- (e) any loan arising under the Finance Documents or the Mezzanine Finance Documents,
- (f) step or action contemplated in the Structure Memorandum,
- (g) any step or action contemplated in the European Structure Memorandum,
- (h) the entry into, by a member of the Group of leases of Real Property at market rents and in the ordinary course of business,
- (i) the solvent liquidation or reorganisation of any Non-Obligor (as defined in the Senior Facilities Agreement) so long as any payments or assets distributed as a result of such liquidation or reorganisation are distributed to other members of the Group or (in the case of a member of the Group which is not wholly-owned) to other members of the Group and the holders of any minority interest in the shares in proportions which entail the members of the Group receiving a proportion of assets at least equal to their proportionate shareholding,
- (j) any loan or capital contribution or subscription for shares made to or subscription for shares in a member of the Group to enable that member of the Group to repay any of its Financial Indebtedness permitted under this Agreement provided that any subscription for shares in the Parent shall only be permitted if it falls within paragraph (a) of the definition of Permitted Share Issue,
- (k) where necessary to comply with tax or other legislation, any conversion of intra-Group loans into distributable reserves or, if required to so comply, registered share capital,

Name of company

*insert full name
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* LONDON & REGIONAL (HEALTH CLUBS NO 4) LIMITED (the "Company")

- (l) any acquisition by a member of the Group or loan to a trust or special purpose vehicle to fund the acquisition of, shares and loan notes of directors and employees whose appointment and/or contract is terminated up to a maximum aggregate amount of £1,000,000 (or its equivalent at any time), or
- (m) by way of franchising certain brand, know-how and intellectual property rights of the Group in a country in which the Group does not operate an Existing Club at the relevant time provided that the aggregate amount of costs and expenses of the Group incurred in any such activities does not exceed £250,000 in aggregate in any Financial Year,

"Quasi-Security" has the meaning given to that term in clause 27 15 (*Negative pledge*) of the Senior Facilities Agreement,

"Real Property" means all estates and interests in freehold, leasehold and other immovable property (wherever situated) now or in future belonging to any Charging Company, or in which any Charging Company has an interest at any time (specified in Schedule 2) together with

- (a) all buildings and fixtures (including trade fixtures) and fixed plant and machinery at any time thereon,
- (b) all easements, rights and agreements in respect thereof,
- (c) all proceeds of sale of that property, and
- (d) the benefit of all covenants given in respect thereof,

"Receivables" means all present and future book debts and other debts, rentals, royalties, fees, VAT and monetary claims and all other amounts at any time recoverable or receivable by, or due or owing to, any Charging Company (whether actual or contingent and whether arising under contract or in any other manner whatsoever) together with

- (a) the benefit of all rights, and remedies relating to any of the foregoing (including, without limitation, negotiable instruments, indemnities, reservations of property rights, rights of tracing and unpaid vendor's liens and similar associated rights), and
- (b) all proceeds of any of the foregoing,

"Receiver" means any receiver, receiver and manager or administrative receiver appointed by the Security Agent under the Debenture,

"Related Rights" means, in relation to any Charged Securities

- (a) all dividends, distributions and other income paid or payable on the relevant Charged Security or on any asset referred to in paragraph (b) of this definition, and
- (b) all rights, monies or property accruing or offered at any time in relation to such Charged Security whether by way of redemption, substitution, exchange, bonus or preference, under option rights or otherwise,

"Relevant Contract" means

- (a) each Acquisition Document, and
- (b) each agreement specified in part 5 of Schedule 2 (*Details of Security Assets*) or specified in any Accession Deed as a *"Material Contract"*,

Name of company

* insert full name
of Company

* LONDON & REGIONAL (HEALTH CLUBS NO 4) LIMITED (the "Company")

together with each other agreement supplementing or amending or novating or replacing the same,

"Secured Parties" means each Finance Party from time to time party to the Senior Facilities Agreement, any Finance Party as defined in the Mezzanine Facility Agreement, any Receiver or Delegate,

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

"Security Assets" means all property and assets from time to time mortgaged, charged or assigned (or expressed to be mortgaged, charged or assigned) by or pursuant to the Debenture,

"Security Period" means the period beginning on the date of the Debenture and ending on the date on which

- (a) all the Secured Obligations have been unconditionally and irrevocably paid and discharged in full, and
- (b) no Secured Party has any further commitment, obligation or liability under or pursuant to the Finance Documents,

"Senior Discharge Date" has the meaning given to that term in the Intercreditor Agreement (as defined in the Senior Facilities Agreement),

"Senior Facilities Agreement" means the Amended and Restated Senior Agreement as such term is defined in the Amendment and Restatement Agreement, and

"Transaction Security Documents" means each of the documents specified in paragraphs 3(d) and 3(h) of part 1 of schedule 2 (*Conditions precedent*) of the Senior Facilities Agreement together with any other document entered into by any Obligor creating or expressed to create any Security in favour of any Finance Party in relation to the obligations of any Obligor under any Finance Document

SCHEDULE 1

(Please see Schedule 1 on the continuation pages attached)

SCHEDULE 2

(Please see Schedule 2 on the continuation pages attached)

Addendum 3/4

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

Addendum 4/4

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

1.2 Qualifying floating charge

Paragraph 14 of Schedule B1 to the Insolvency Act 1986 applies to any floating charge created by or pursuant to the

Name of company

*insert full name
of Company

* LONDON & REGIONAL (HEALTH CLUBS NO 4) LIMITED (the "Company")

Debenture (and each such floating charge is a qualifying floating charge for the purposes of the Insolvency Act 1986)

2. COVENANT TO PAY

2.1 Covenant to pay

- (a) The Company, as principal obligor and not merely as surety, covenants in favour of the Security Agent that it will pay on demand from the Security Agent and discharge the Secured Obligations from time to time when they fall due
- (b) Every payment by the Company of a Secured Obligation which is made to or for the benefit of a Secured Party to which that Secured Obligation is due and payable in accordance with the Finance Document under which such sum is payable to that Secured Party, shall operate to satisfy and discharge the Secured Obligations to the same extent

2.2 Default interest

Any amount which is not paid under the Debenture when due shall bear interest (both before and after judgment and payable on demand) from the due date until the date on which such amount is unconditionally and irrevocably paid and discharged in full on a daily basis at the rate and in the manner agreed in the Finance Document under which such amount is payable

3. FIXED SECURITY

3.1 Fixed charges

The Company charges and agrees to charge all of its present and future right, title and interest in and to the following assets which are at any time owned by it, or in which it from time to time has an interest

- (a) by way of first legal mortgage
 - (i) the Real Property (if any) specified in part 1 of Schedule 2 (*Details of Security Assets*), and
 - (ii) all other Real Property (if any) at the date of the Debenture vested in, or charged to, the Company (not charged by clause 3 1(a)(i)),
- (b) by way of first fixed charge
 - (i) all other Real Property and all interests in Real Property (not charged by clause 3 1(a)),
 - (ii) all licences to enter upon or use land and the benefit of all other agreements relating to land, and
 - (iii) the proceeds of sale of all Real Property,
- (c) by way of first fixed charge all plant and machinery (not charged by clause 3 1(a) or 3 1(b)) and the benefit of all contracts, licences and warranties relating to the same,
- (d) by way of first fixed charge
 - (i) all computers, vehicles, office equipment and other equipment (not charged by clause 3 1(c)), and
 - (ii) the benefit of all contracts, licences and warranties relating to the same,

Name of company

*insert full name
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* LONDON & REGIONAL (HEALTH CLUBS NO 4) LIMITED (the "Company")

other than any which are for the time being part of the Company's stock-in-trade or work-in-progress),

(e) by way of first fixed charge

(i) the Charged Securities referred to in part 2 of Schedule 2 (*Details of Security Assets*), and

(ii) all other Charged Securities (not charged by clause 3 1(e)(i)),

in each case, together with (A) all Related Rights from time to time accruing to those Charged Securities and (B) all rights which the Company may have at any time against any clearance or settlement system or any custodian in respect of any Charged Investments,

(f) by way of first fixed charge

(i) the Cash Collateral Accounts and all monies at any time standing to the credit of the Cash Collateral Accounts,

(ii) the Collection Accounts and all monies at any time standing to the credit of the Collection Accounts, and

(iii) all accounts of the Company with any bank, financial institution or other person at any time (not charged by clauses 3 1(f)(i) or 3 1(f)(ii)) and all monies at any time standing to the credit of such accounts,

in each case, together with all interest from time to time accrued or accruing on such monies, any investment made out of such monies or account and all rights to repayment of any of the foregoing,

(g) by way of first fixed charge

(i) the Intellectual Property (if any) specified in part 4 of Schedule 2 (*Details of Security Assets*), and

(ii) all other Intellectual Property (if any) (not charged by clause 3 1(g)(i)),

(h) to the extent that any Assigned Asset is not effectively assigned under clause 3 2 (*Security assignments*), by way of first fixed charge such Assigned Asset,

(i) by way of first fixed charge (to the extent not otherwise charged or assigned in the Debenture)

(i) the benefit of all licences, consents, agreements and authorisations held or used in connection with the business of the Company or the use of any of its assets, and

(ii) any letter of credit issued in favour of the Company and all bills of exchange and other negotiable instruments held by it, and

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

3.2 Security assignments

The Company assigns and agrees to assign absolutely (subject to a proviso for reassignment on redemption) all of its present and future right, title and interest in and to

(a) the Relevant Contracts, all rights and remedies in connection with the Relevant Contracts and all proceeds and claims arising therefrom,

Name of company

*insert full name
of Company

* LONDON & REGIONAL (HEALTH CLUBS NO.4) LIMITED (the "Company")

- (b) each of the following
- (i) all Insurances specified in part 6 of Schedule 2 (*Details of Security Assets*),
 - (ii) key-man insurances specified in part 7 of Schedule 2 (*Details of Security Assets*), and
 - (iii) all other Insurances (not assigned by clause 3 2(b)(i)),
- and all claims under the Insurances and all proceeds of the Insurances, and
- (c) all other Receivables (not assigned under clauses 3 2(a) or 3 2(b)) (for the avoidance of doubt the Security Agent shall not be entitled to serve any notice of assignment in relation to an assignment of Receivables until a Declared Default has occurred)

To the extent that any Assigned Asset described in clause 3 2(b) is not assignable, the assignment which that clause purports to effect shall operate as an assignment of all present and future rights and claims of the Company to any proceeds of the Relevant Contract or such Insurances

3.3 Assigned Assets

The Security Agent is not obliged to take any steps necessary to preserve any Assigned Asset, to enforce any term of a Relevant Contract against any person or to make any enquiries as to the nature or sufficiency of any payment received by it pursuant to the Debenture

3.4 Leasehold restrictions on charging

There shall be excluded from the charge created by clause 3 1 (*Fixed charges*) and from the operation of clause 22 (*Further Assurances*) of the Debenture any leasehold property held by the Company under a lease which has a term of seven years or less and which either precludes absolutely or conditionally (including requiring the consent of any third party) the Company from creating any charge over its leasehold interest in that property

3.5 Intellectual Property rights restricting charging

- (a) There shall be excluded from the charge created by clause 3 1 (*Fixed charges*) and from the operation of clause 22 (*Further Assurances*) of the Debenture any Intellectual Property in which the Company has an interest under any licence or other agreement which either precludes absolutely or conditionally (including requiring the consent of any third party) the Company from creating any charge over its interest in that Intellectual Property (each an "**Excluded Intellectual Property Right**") until the relevant condition or waiver has been satisfied or obtained
- (b) For each Excluded Intellectual Property Right, the Company undertakes to apply for the relevant consent or waiver of prohibition or condition within 21 days of the date of this deed or the date of acquisition of such Excluded Intellectual Property Right (as applicable) and, in respect of any licence or agreement which provides that the relevant third party will not unreasonably withhold its consent to charging (for this purpose a "**Relevant Intellectual Property Right**"), to use its reasonable endeavours to obtain such consent as soon as possible and to keep the Security Agent informed of the progress of its negotiations
- (c) Forthwith upon receipt of the relevant waiver or consent, the relevant formerly Excluded Intellectual Property Right shall stand charged to the Security Agent under clause 3 1 (*Fixed charges*) (or, as the case may be, clause 22 (*Further Assurances*) of the Debenture) If required by the Security Agent, at any time following receipt of that waiver or consent, the Company will promptly execute a valid fixed charge or legal assignment in such form as the Security Agent shall reasonably require

Name of company

*insert full name
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* LONDON & REGIONAL (HEALTH CLUBS NO 4) LIMITED (the "Company")

4. FLOATING CHARGE

The Company charges and agrees to charge by way of first floating charge all of its present and future

- (a) assets and undertaking (wherever located) which are not otherwise effectively charged by way of first fixed mortgage or charge or assigned pursuant to clause 3 1 (*Fixed charges*) or clause 3 2 (*Security assignments*) or any other provision of the Debenture, and
- (b) (whether or not effectively so charged or assigned) heritable property and all other property and assets in Scotland

5. CONVERSION OF FLOATING CHARGE**5.1 Conversion by notice**

The Security Agent may, by written notice to the Company, convert the floating charge created under the Debenture into a fixed charge as regards all or any of the assets of the Company specified in the notice if

- (a) a Declared Default has occurred, or
- (b) the Security Agent (acting reasonably) considers any Security Assets to be in actual danger of being seized or sold under any form of distress, attachment, execution or other legal process or to be otherwise in jeopardy

5.2 Small companies

The floating charge created under the Debenture by the Company shall not convert into a fixed charge solely by reason of a moratorium being obtained under the Insolvency Act 2000 (or anything done with a view to obtaining such a moratorium) in respect of the Company

5.3 Automatic conversion

The floating charge created under the Debenture shall (in addition to the circumstances in which the same will occur under general law) automatically convert into a fixed charge

- (a) in relation to any Security Asset which is subject to a floating charge if
 - (i) the Company creates (or attempts or purports to create) any Security (other than a Permitted Security) on or over the relevant Security Asset without the prior written consent of the Security Agent, or
 - (ii) any third party levies or attempts to levy any distress, execution, attachment or other legal process against any such Security Asset, and
- (b) over all Security Assets of the Company which are subject to a floating charge if an administrator is appointed in respect of the Company or the Security Agent receives notice of intention to appoint such an administrator (as contemplated by the Insolvency Act 1986)

5.4 Scottish property

Clause 5 3 (*Automatic conversion*) will not apply to any assets situated in Scotland if, and to the extent that, a Receiver would not be capable of exercising his powers in Scotland pursuant to section 72 of the Insolvency Act

Name of company

*insert full name
of Company

* LONDON & REGIONAL (HEALTH CLUBS NO 4) LIMITED (the "Company")

1986 by reason of such automatic conversion

5.5 Partial conversion

The giving of a notice by the Security Agent pursuant to clause 5.1 (*Conversion by notice*) in relation to any class of assets of the Company shall not be construed as a waiver or abandonment of the rights of the Security Agent to serve similar notices in respect of any other class of assets or of any other right of the Security Agent and/or the other Secured Parties

6. CONTINUING SECURITY**6.1 Continuing security**

The Debenture Security is continuing and will extend to the ultimate balance of the Secured Obligations regardless of any intermediate payment or discharge in whole or in part. The Debenture shall remain in full force and effect as a continuing security for the duration of the Security Period.

6.2 Additional and separate security

The Debenture is in addition to, without prejudice to, and shall not merge with, any other right, remedy, guarantee or Security which the Security Agent and/or any other Secured Party may at any time hold for any Secured Obligation.

6.3 Right to enforce

The Debenture may be enforced against the Company without the Security Agent and/or any other Secured Party first having recourse to any other right, remedy, guarantee or Security held by or available to it or any of them.

7. LIABILITY OF CHARGING COMPANIES RELATING TO SECURITY ASSETS

Notwithstanding anything contained in the Debenture or implied to the contrary, the Company remains liable to observe and perform all conditions and obligations assumed by it in relation to the Security Assets. The Security Agent is under no obligation to perform or fulfil any such condition or obligation or to make any payment in respect of any such condition or obligation.

8. ACCOUNTS

No monies at any time standing to the credit of any account (of any type and however designated) of the Company with the Security Agent and/or any other Secured Party (or any of them) or in which the Company has an interest (and no rights and benefits relating thereto) shall be capable of being assigned to any person other than a Secured Party.

9. UNDERTAKINGS BY THE CHARGING COMPANIES**9.1 Negative pledge and Disposals**

Except as expressly permitted by the Finance Documents, the Company shall not do or agree to do any of the following without the prior written consent of the Security Agent:

- (a) create or permit to subsist any Security or Quasi-Security on any Security Asset, or
- (b) sell, transfer, lease, lend or otherwise dispose of (whether by a single transaction or a number of transactions and whether related or not and whether voluntarily or involuntarily) the whole or any part of its

Name of company

*insert full name
of Company

* LONDON & REGIONAL (HEALTH CLUBS NO 4) LIMITED (the "Company")

interest in any Security Asset (except for a Permitted Disposal or a Permitted Transaction)

9.2 Security Assets generally

The Company shall not, except with the prior written consent of the Security Agent (such consent not to be unreasonably withheld or delayed), enter into any onerous or restrictive obligation affecting any of the Security Assets (except as expressly permitted under the Senior Facilities Agreement (before the Senior Discharge Date) and thereafter under the Mezzanine Facility Agreement)

9.3 Real Property undertakings - maintenance

- (a) The Company shall not, except with the prior written consent of the Security Agent (or as expressly permitted under the Senior Facilities Agreement (before the Senior Discharge Date) and thereafter under the Mezzanine Facility Agreement)
 - (i) confer on any person any lease or tenancy of any of the Real Property or accept a surrender of any lease or tenancy (whether independently or under any statutory power),
 - (ii) confer on any person any right or licence to occupy any land or buildings forming part of the Real Property, or
 - (iii) grant any licence to assign or sub-let any part of the Real Property
- (b) The Company shall not intentionally do, or permit to be done, anything as a result of which any lease may be liable to forfeiture or otherwise be determined except in circumstances permitted by the Senior Facilities Agreement
- (c) The Company shall permit the Security Agent and any person nominated by it at all reasonable times with reasonable notice to enter any part of the Real Property and view the state of it subject to the terms of any relevant Occupational Lease

9.4 Operation of Cash Collateral Accounts

The Company shall not withdraw or attempt or be entitled to withdraw (or direct any transfer of) all or any part of the monies in any Cash Collateral Account unless expressly permitted to do so under the Senior Facilities Agreement (before the Senior Discharge Date) and thereafter the Mezzanine Facility Agreement or the Intercreditor Agreement or with the prior written consent of the Security Agent and the Security Agent shall be entitled (in its absolute discretion) to refuse to give such consent

10. KEY-MAN INSURANCE

The Company shall not intentionally do or permit to be done anything which would or might prevent the Security Agent, any other Secured Party or any person claiming title through any of them from receiving any monies payable under the Key-man Policy after the occurrence of a Declared Default or otherwise depreciate, jeopardise or prejudice the value or validity of any Key-man Policy (or make any omission which has such an effect)

11. SET-OFF**12.1 Set-off rights**

- (a) Following the occurrence of an Event of Default which is continuing the Security Agent and each other Secured Party may set off any matured obligation due from the Company under the Finance Documents (to the extent beneficially owned by the Security Agent or that Secured Party) against any matured obligation owed by the Security Agent or such other Secured Party to the Company, regardless of the place of

Name of company

*insert full name
of Company

* LONDON & REGIONAL (HEALTH CLUBS NO.4) LIMITED (the "Company")

payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Security Agent or such other Secured Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

- (b) At any time after the Debenture Security has become enforceable (and in addition to its rights under clause 20.1(a) of the Debenture), the Security Agent and each other Secured Party may (but shall not be obliged to) set-off any contingent liability owed by the Company under any Finance Document against any obligation (whether or not matured) owed by the Security Agent or such other Secured Party to the Company, regardless of the place of payment, booking branch or currency of either obligation.
- (c) For the avoidance of doubt and without prejudice to any other rights that any Secured Party may have, for the purposes of the Bankruptcy (Netting, Contractual Subordination and Non-Petition Provisions) (Jersey) Law 2005 (the "Netting Law") the Debenture constitutes an "agreement" and this clause 13.1 is a "set-off provision" as defined in the Netting Law.

13. FURTHER ASSURANCES

13.1 Further action

Subject to the Agreed Security Principles the Company shall (and the Parent shall procure that the Company shall) at its own expense, promptly upon request do all acts and execute all documents as the Security Agent or a Receiver may reasonably specify (and in such form as the Security Agent or a Receiver may reasonably require) for

- (a) creating, perfecting or protecting the Security intended to be created by this deed or any other Transaction Security Document,
- (b) after the Debenture Security has become enforceable facilitating the realisation of any Security Asset,
- (c) facilitating the exercise of any rights, powers and remedies exercisable by the Security Agent, any other Secured Party or any Receiver or any Delegate in respect of any Security Asset or provided by or pursuant to the Finance Documents or by law, or
- (d) creating or perfecting Security in favour of the Security Agent or the Secured parties over any property and assets of the Company located in any jurisdiction outside England and Wales equivalent or similar to the Security intended to be created by or pursuant to the Debenture or any other Transaction Security Document.

This includes

- (e) the re-execution of the Debenture or such Transaction Security Document,
- (f) the execution of any legal mortgage, charge, transfer, conveyance, assignment, assignation or assurance of any property, whether to the Security Agent or to its nominee, and
- (g) the giving of any notice, order or direction and the making of any filing or registration,

which, in any such case, the Security Agent may reasonably require.

13.2 Specific Security

Without prejudice to the generality of clause 14.1 of the Debenture (Further action), the Company will promptly upon request by the Security Agent execute any document contemplated by that clause over any Security Asset which is subject to or intended to be subject to any fixed security under the Debenture (including any fixed security arising or intended to arise pursuant to clause 6 of the Debenture (Conversion of Floating Charge)).

Company number

5768129

Name of company

*insert full name
of Company

* LONDON & REGIONAL (HEALTH CLUBS NO 4) LIMITED (the "Company")

14. POWER OF ATTORNEY

The Company, by way of security, irrevocably and severally appoints the Security Agent, each Receiver and any Delegate to be its attorney to take any action following enforcement of the Debenture Security which the Company is obliged to take under the Debenture, including under clause 13 (*Further Assurances*) or, if no Declared Default has occurred, following a failure to take steps to comply, within 10 Business Days, of a written request from the Security Agent, which the Company has failed to take at the times and in the manner contemplated. The Company ratifies and confirms whatever any attorney does or purports to do pursuant to its appointment under this clause.

LONDON & REGIONAL (HEALTH CLUBS NO 4) LIMITED

SCHEDULE 1

The Original Charging Companies

Company name	Registered number	Registered office
David Lloyd Leisure Operations Holdings Limited	6589948	Quadrant House, Floor 6, 17 Thomas More Street, Thomas More Square, London E1W 1YW
David Lloyd Leisure Group Limited	6261643	Quadrant House, Floor 6, 17 Thomas More Street, London E1W 1YW
David Lloyd Leisure Limited	1516226	Quadrant House, Floor 6, 17 Thomas More Street, London E1W 1YW
Burton Waters (HL & R) Limited	3600431	Quadrant House, Floor 6, 17 Thomas More Street, London E1W 1YW
Castledene Leisure Limited	2546423	Quadrant House, Floor 6, 17 Thomas More Street, London E1W 1YW
David Lloyd Leisure Nurseries Limited	3562049	Quadrant House, Floor 6, 17 Thomas More Street, London E1W 1YW
Grasspost Limited	1584666	Quadrant House, Floor 6, 17 Thomas More Street, London E1W 1YW
Racquets and Healthtrack Group Limited	3065807	Quadrant House, Floor 6, 17 Thomas More Street, London E1W 1YW
Next Generation Clubs Limited	3273728	Quadrant House, Floor 6, 17 Thomas More Street, London E1W 1YW
Harbour Club Operations Limited	3895092	Quadrant House, Floor 6, 17 Thomas More Street, London E1W 1YW
Harbour Club Limited	2822643	Quadrant House, Floor 6, 17 Thomas More Street, London E1W 1YW
N G C Project Management Limited	4023713	Quadrant House, Floor 6, 17 Thomas More Street, London E1W 1YW

LONDON & REGIONAL (HEALTH CLUBS NO 4) LIMITED

Company name	Registered number	Registered office
Odyssey Glory Mill Limited	3851509	Quadrant House, Floor 6, 17 Thomas More Street, London E1W 1YW
Next Generation Amida Services Limited	3863923	Quadrant House, Floor 6, 17 Thomas More Street, London E1W 1YW
Next Generation Amida Beckenham Limited	3568290	Quadrant House, Floor 6, 17 Thomas More Street, London E1W 1YW
Next Generation Amida Hampton Limited	3456185	Quadrant House, Floor 6, 17 Thomas More Street, London E1W 1YW
David Lloyd Leisure Development Sites Limited	6704885	Quadrant House, Floor 6, 17 Thomas More Street, London E1W 1YW
Next Generation Clubs (Holdings) Limited	70101 (Jersey)	22 Grenville Street, St Helier, Jersey JE4 8PX
David Lloyd Leisure Nominee No 1 Limited	6589485	Quadrant House, Floor 6, 17 Thomas More Street, London E1W 1YW
David Lloyd Leisure Nominee No 2 Limited	6589483	Quadrant House, Floor 6, 17 Thomas More Street, London E1W 1YW
London & Regional (Health Clubs No 3) Limited	5768139	Quadrant House, Floor 6, 17 Thomas More Street, London E1W 1YW
London & Regional (Health Clubs No 4) Limited	5768129	Quadrant House, Floor 6, 17 Thomas More Street, London E1W 1YW

LONDON & REGIONAL (HEALTH CLUBS NO 4) LIMITED

SCHEDULE 2

Details of Security Assets

Part 1 - Real Property

Registered land		
Property name	Short description	Title number
Brighton	Health and Fitness Club, Leisure Site, Brighton Marina Village, Brighton BN2 5UF	ESX227453
Eastbourne	David Lloyd Racquet and Fitness Centre, Broadwater Way, Hampden Park, Eastbourne BN22 9PZ	ESX120704 ESX287413
Fulham	Unit 24, Fulham Broadway Retail Centre, Fulham Road, SW6 1BW	BGL62435
Kingston Upon Thames	David Lloyd Club, The Rotunda, Clarence Street, Kingston upon Thames KT1 1QJ	SGL647523
Leicester	David Lloyd Leisure Club and adjoining land, Meridian Leisure Park, Lubbesthorpe Way, Leicester LE3 2JZ	LT300150 LT333331
Luton	David Lloyd Club, 910 Capability Green, Luton, Bedfordshire LU1 3LU	BD224210
Maidenhead	The David Lloyd Club, Grenfell Island, Grenfell Place, Maidenhead SL16 1HJ	BK370201 BK366203
Maidstone	David Lloyd Health and Fitness Club, Lockmeadow Leisure Complex, Barker Road, Maidstone ME16 8LW	K789120
Port Solent	David Lloyd Leisure Club, The Boardwalk, Port Solent, Portsmouth PO6 4TB	PM5616
Stevenage	David Lloyd, Leisure Unit 2, Stevenage Leisure Park, Kingsway, Stevenage SG1 2AU	HD348001

LONDON & REGIONAL (HEALTH CLUBS NO 4) LIMITED

Leasehold Property

Charging Company	Address	Administrative Area	Title number
None			

The European Properties

Charging Company	Address	Administrative Area	Title number
None			

Unregistered land

Charging Company	Address	Document describing the Real Property		
		Date	Document	Parties
None				

Part 2 - Charged Securities

Charging Company	Name of company in which shares are held	Class of shares held	Number of shares held	Issued share capital
None				

Part 3 - Charged Accounts

Cash Collateral Accounts

LONDON & REGIONAL (HEALTH CLUBS NO 4) LIMITED

Account Holder	Account Number	Type – Holding or Mandatory Prepayment	Account Bank	Account bank branch address and sort code
None				

Collection Accounts				
Account Holder	Account Number	Type – Holding or Mandatory Prepayment	Account Bank	Account bank branch address and sort code
None				

Part 4 - Intellectual Property

Part 4A - Trade marks				
Proprietor/ADP number	TM number	Jurisdiction/apparent status	Classes	Mark text
None				
Part 4B - Patents				
Proprietor/ADP number	Patent number		Description	
None				

Part 5 - Material Contracts

Charging Company	Date of Relevant Contract	Parties	Details of Relevant Contract
None			

LONDON & REGIONAL (HEALTH CLUBS NO 4) LIMITED

Part 6 - Insurances

Charging Company	Insurer	Policy number
None		

Part 7 - Keyman Policies**Scott Lloyd**

Insurer	Legal and General
Policy Number	012997857-3
Sum Assured	£500,000 00
Amount of Critical Illness cover	£500,000 00
Date of Policy	17/09/2008
Term	5 Years

Nick Backhouse

Insurer	Legal and General
Policy Number	013002755-0
Sum Assured	£250,000 00
Amount of Critical Illness cover	£250,000 00
Date of Policy	18/07/2008
Term	5 Years

Paul Guyer

LONDON & REGIONAL (HEALTH CLUBS NO 4) LIMITED

Insurer	Legal and General
Policy Number	012997580-1
Sum Assured	£250,000 00
Amount of Critical Illness cover	£250,000 00
Date of Policy	21/07/2008
Term	5 Years

Ian Harris

Insurer	Legal and General
Policy Number	012997913-4
Sum Assured	£250,000 00
Amount of Critical Illness cover	£250,000 00
Date of Policy	31/07/2008
Term	5 Years

(END OF SCHEDULE)



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

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

**COMPANY NO. 5768129
CHARGE NO. 4**

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES
HEREBY CERTIFIES THAT AN AMENDMENT DEED RELATING
TO A DEBENTURE ORIGINALLY DATED 03 JUNE 2007 AND
DATED 3 NOVEMBER 2008 AND CREATED BY LONDON &
REGIONAL (HEALTH CLUBS NO.4) LIMITED FOR SECURING
ALL MONIES DUE OR TO BECOME DUE FROM EACH PRESENT
OR FUTURE MEMBER OF THE GROUP TO BANK OF SCOTLAND
AND/OR THE OTHER SECURED PARTIES (OR ANY OF THEM)
ON ANY ACCOUNT WHATSOEVER UNDER THE TERMS OF THE
AFOREMENTIONED INSTRUMENT CREATING OR EVIDENCING
THE CHARGE WAS REGISTERED PURSUANT TO CHAPTER 1
PART XII OF THE COMPANIES ACT 1985 ON THE 19 NOVEMBER
2008

GIVEN AT COMPANIES HOUSE, CARDIFF THE 19 NOVEMBER
2008



Companies House
— for the record —



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES

PJ