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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



1370220

Name of company

* REVOLVER RECORDS LIMITED (the "Company")

Date of creation of the charge

28 MARCH 1998

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

A debenture (the "Debenture") dated 28 March 1998 and made between the Company in favour of Swiss Bank Corporation as Security Agent.

Amount secured by the mortgage or charge

See Schedules 1 and 2

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

Swiss Bank Corporation, 2 Finsbury Avenue, London, EC2M 2PP as "Security Agent" which expression shall include any person for the time being appointed as security trustee or as an additional trustee for the purpose of, and in accordance with, the Senior Facility Agreement.

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

Clifford Chance
200 Aldersgate Street
London
EC1A 4JJ

DO\$12\$8.15

Time critical reference

KMN/M2130/5112/SGP

For official use
Mortgage Section

Post room



See Schedules 3-5.

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Particulars as to commission allowance or discount (note 3)

None

Signed

Clifford Chance

Date 8 April 1998

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.

SCHEDULE 1

DEFINITIONS

In this Form 395:

"Accounting Principles" means:

- (a) in relation to any financial statements in respect of any Group Entity, the accounting principles generally accepted in the relevant jurisdiction of such Group Entity in effect from time to time, consistently applied; and
- (b) in relation to any financial statements in respect of the Group and for the purposes of the financial covenants contained in the Senior Facility Agreement, the accounting principles generally accepted in the United Kingdom in effect from time to time, consistently applied;

"Adjusted EBITDA" means for any Relevant Period, the consolidated net income of the Group before:

- (a) any provision on account of taxation;
- (b) any interest, commissions, discounts and other fees incurred or (in the case of any discounts) received or receivable by any Group Entity in respect of Indebtedness for Borrowed Money and of the costs related to hedging permitted under the Permitted Treasury Transactions;
- (c) any amount attributable to amortisation of intangible assets, depreciation on fixed assets and amortisation, or the writing off of transaction expenses (in connection with the acquisitions that were the subject of the Senior Facility Agreement);
- (d) any interest earned by any Group Entity and any amounts received pursuant to hedging arrangements permitted under the Permitted Treasury Transactions; and
- (e) items treated as extraordinary or exceptional income/charges under the Accounting Principles.

"Agent" means Swiss Bank Corporation and includes any person appointed as agent for the purpose of, and in accordance with, the Senior Facility Agreement provided that such person shall have

executed and delivered to the Security Agent a duly completed accession undertaking which has been countersigned by the outgoing Agent;

"Agreements for Lease" means (severally) all agreements, contracts, options or undertakings whether now or hereafter in existence for or relating to the creation of any estate, interest or right in or over the Principal Property or any part thereof (including without limitation any lease, licence, tenancy or right to occupy whether on a fixed term or periodic basis and whether in all cases in respect of the whole or any part of the Principal Property);

"Agreements for Sale" means (severally) all agreements, contracts or options now or hereafter in existence for or in relation to the assignment or transfer or disposal by way of sale of the whole or any part of or for or in relation to the creation of any estate or interest in the Principal Property or any part thereof upon the sale thereof or in relation to or under which any capital sum is or is to be derived from the Principal Property or any part thereof;

"Arrangers" means the Joint Lead-Arrangers and any additional arrangers appointed from time to time as agreed between the parties;

"Authorised Signatory" in relation to any Obligor and any communication to be made, or any document to be executed or certified, by it means, at any time, any person:

- (i) who is duly authorised at such time to make such communication, or to execute or certify such document on its behalf; and
- (ii) in respect of whom the Agent has received a certificate signed by a director or other authorised officer of it, or by another of its Authorised Signatories, setting out the name and, where such person is authorised to execute or certify documents, signature of such person and confirming such person's authority to act as aforesaid;

"Banks" means Merrill Lynch Capital Corporation and Swiss Bank Corporation;

"Beneficiaries" means the Agent, the Arrangers, the Banks (including the Fronting Bank) any Hedge Counterparty and the Security Agent, and **"Beneficiary"** means any of them and provided that any successor, assignee or transferee of any Beneficiary shall have executed and delivered to the Security Agent a duly completed accession undertaking under the Senior Facility Agreement which has been countersigned by the Agent;

"Charged Property" means, subject to any contrary indication, the undertaking and assets of the Company from time to time charged in favour of, or assigned (whether at law or in equity) to, the Security Agent by or pursuant to the Debenture;

"Claims" means the book and other debts and monetary claims referred to in Schedule 3 paragraph 1.1(c) (other than those referred to in Schedule 3 paragraph 1.1(c)(iv));

"Collateral Accounts" means an interest bearing account in the name of the Company with the Security Agent (or such other person as the Joint Lead-Arrangers may require) (bearing interest at the market rate applicable at such time to any such interest bearing accounts held with such bank) which is pledged, charged or assigned to the Security Agent pursuant to the Debenture to secure all amounts due and from which the only withdrawals which may be made by the Company are to repay amounts due to the Beneficiaries as permitted under the Senior Facility Agreement and such other separate and denominated account or accounts with the Security Agent or such other bank or banks as may from time to time be specified in writing by the Security Agent as the account or accounts into which the proceeds of the getting in or the realisation of the Claims are to be paid;

"Collateral Deposits" means all moneys now or at any time hereafter standing to the credit of any Collateral Accounts together with all rights relating or attaching thereto (including the right to interest);

"Commitment" means, in relation to any Bank, the aggregate amount of such Bank's commitments under the Senior Facility Agreement;

"Documents" means the following agreements together with all supplemental agreements thereto:

- (a) Agreement made between, *inter alia*, HMV Media Group plc (formerly Doublecapital Public Limited Company) and EMI Group plc dated 25 February 1998 relating to the sale and purchase of the entire issued share capital of EMI Group Home Electronics (UK) Limited and the HMV division of EMI Group Hong Kong Limited and the HMV division of EMI Group Canada Inc. and any agreements entered into pursuant thereto.
- (b) Agreement made between, *inter alia*, HMV Media Group plc (formerly Doublecapital Public Limited Company), WH Smith Limited and WH Smith Group plc dated 25 February 1998 relating to the sale and purchase of the entire issued share capital of Waterstone's Booksellers Limited, Waterstone's Booksellers Belgium S.A. and WH Smith Amsterdam B.V. and any agreements entered into pursuant thereto;

"Encumbrance" means (a) a mortgage, charge, pledge, lien or other encumbrance securing any obligation of any person, (b) any arrangement under which money or claims to, or the benefit of, a bank or other account may be applied, set off or made subject to a combination of accounts so as to effect discharge of any sum owed or payable to any person or (c) any other type of preferential arrangement (including any title transfer and retention arrangement) having a similar effect;

"Enforcement Event" means each or any of the following:

- (a) the occurrence of an event of default pursuant to the Senior Facility Agreement which, is continuing;
- (b) action is taken by the Agent pursuant to the Senior Facility Agreement; and
- (c) the occurrence of any event or the receipt by the Security Agent of any information or the coming to the attention of the Security Agent of any other matter or thing whatsoever which causes the Security Agent to believe that all or any part of the Charged Property is in danger of compulsory acquisition, seizure, distress, diligence or other legal process or that all or any part of the Security is otherwise for any reason whatsoever in jeopardy if such event, matter or thing would have a Material Adverse Effect;

"Excluded Entity" means any member of the Group incorporated in any part of the United Kingdom or Ireland which is wholly dormant and which does not carry on any trade or business, whether as principal or agent, and which has no assets other than amounts due to it from any other Group Entity or liabilities above in each case £5,000 in aggregate;

"Facility Documents" means the Senior Facility Agreement, the Security Documents, each letter of credit, the Intercreditor Deed, the ancillary documents referred to in the Senior Facility Agreement, the Hedging Agreements, any accession memorandum, the fee letters referred to in the Senior Facility Agreement, any documents evidencing the terms of any other agreement or document that may be entered into or executed pursuant to any of the foregoing by the Obligors or any of them and any other agreement or document designated in writing as a **"Facility Document"** by the Parent and the Agent;

"Financial Quarter" means each of those periods of approximately three calendar months in any financial year of the Group ending on any Quarter Date;

"Fronting Bank" means any Bank as may have been agreed in writing with the Parent and the Joint Lead-Arrangers to issue any letter of credit in accordance with the provisions of the Senior Facility Agreement;

"Group" means the Parent and its subsidiaries from time to time;

"Group Entity" means any member of the Group;

"Hedge Counterparty" means any Bank which has entered into a Hedging Agreement with any member of the Group;

"Hedging Agreements" means each of the agreements entered into or to be entered into by the Group Entities in accordance with the Hedging Strategy Letter;

"Hedging Strategy Letter" means the hedging strategy letter identified as such and agreed between the Parent and the Joint Lead-Arrangers under the Senior Facility Agreement;

"Indebtedness for Borrowed Money" means any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) any amount raised pursuant to any issue of shares which are expressed to be redeemable;
- (e) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with generally accepted accounting principles in the relevant jurisdiction, be treated as a finance or capital lease;
- (f) the amount of any liability in respect of any advance or deferred purchase agreement if one of the primary reasons for entering into such agreement is to raise finance;

- (g) receivables sold or discounted (other than on a non-recourse basis or on a basis where recourse is limited solely to warranty claims relating to title or objective characteristics of the relevant receivables);
- (h) any agreement or option to re-acquire an asset if one of the primary reasons for entering into such agreement or option is to raise finance;
- (i) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing; and
- (j) all indebtedness for borrowed money of other persons of the kinds referred to in paragraphs (a) to (j) above guaranteed or indemnified directly or indirectly in any manner by a Group Entity, or having the commercial effect of being guaranteed or indemnified directly or indirectly by a Group Entity;

"Instructing Group" means a Bank or group of Banks whose aggregate Commitments, calculated on the date on which the Agent seeks instructions from the Banks, amount (or, if each Bank's Commitment has been reduced to zero, did immediately before such reduction to zero, amount) in aggregate to at least sixty six and two-thirds per cent. ($66\frac{2}{3}\%$) of the Total Commitments;

"Insurance Policies" means any policies of insurance in which the Company may now or hereafter have an interest;

"Intercreditor Deed" means the deed dated 28 March 1998 as amended and restated from time to time made between (*inter alia*) Merrill Lynch Capital Corporation and SBC Warburg Dillon Read (a Division of Swiss Bank Corporation) as Joint Lead-arrangers, Swiss Bank Corporation as agent, Swiss Bank Corporation as security agent, Merrill Lynch Capital Corporation and SBC Warburg Dillon Read as senior lenders, EMI Group plc, Advent International Corporation, Advent Global Management Limited Partnership, Advent International Limited Partnership, Advent Global GECC III Limited Partnership, Advent PGGM Global Limited Partnership, Global Private Equity III Limited Partnership, Global Private Equity III-A Limited Partnership, Global Private Equity III-B Limited Partnership, Global Private Equity III-C Limited Partnership and GPE III Co-Investment Fund Limited Partnership as investors and EMI Group plc as vendor, and in which the parties thereto agreed that certain claims should be regulated and/or subordinated in the manner set out therein;

"Intra-Group Borrower" means any Group Entity by whom any Intra-Group Liabilities from time to time may be payable or owing or any Group Entity who guarantees or who may be otherwise actually or contingently liable for any Intra-Group Liabilities after the date hereof;

"Intra-Group Documents" means any and all agreements and other instruments under or by which any Intra-Group Liabilities are outstanding, evidenced, secured or guaranteed in each case as, and including any instrument pursuant to which the same is novated, varied, supplemented or amended from time to time;

"Intra-Group Lender" means the Company and any other Group Entity to whom any Intra-Group Liabilities become outstanding after 28 March 1998 and who accedes to the Debenture in accordance with the following provision: if after the date hereof any additional Intra-Group Liability comes into existence, the Parent shall notify the Agent and upon request by the Agent shall procure that the creditor in respect of such Intra-Group Liability becomes a party hereto as an Intra-Group Lender by execution of an accession agreement substantially in the form set out in the Senior Facility Agreement;

"Intra-Group Liabilities" means all present and future sums, liabilities and obligations whatsoever (actual or contingent) payable, owing, due or incurred by any Intra-Group Borrower to any Intra-Group Lender (whether pursuant to any Intra-Group Loan or otherwise);

"Intra-Group Loan" means any loan between Group Entities;

"Joint Lead-Arrangers" means Merrill Lynch Capital Corporation and SBC Warburg Dillon Read (a division of Swiss Bank Corporation);

"Lease" or **"Leases"** means (severally) any lease, underlease, sublease, licence agreement, option, occupation agreement or any other document governing the use or occupation of the Real Property or any part thereof;

"Material Adverse Effect" means any effect:

- (a) which is, or in the opinion of an Instructing Group based on reasonable grounds is reasonably likely to be, materially adverse to:
 - (i) the business, assets, condition (financial or otherwise) or prospects of the Group (as a whole) or any Material Group Entity satisfying any of the tests set out in paragraphs (a), (b) or (c) of the definition thereof; or
 - (ii) the ability of any Material Group Entity satisfying any of the tests set out in paragraphs (a), (b) or (c) of the definition thereof to perform all or any of its obligations under any of the Facility Documents; or

- (b) subject to the Reservations which may result in any of the Facility Documents not being legal, valid and binding on and enforceable against any party thereto and/or in the case of any Security Document not providing to the Security Agent or the Beneficiaries security over the assets expressed to be secured under that Security Document;

"Material Group Entity" means the Parent, any Group Entity incorporated in any part of the United Kingdom other than any Excluded Entity and at any time, a subsidiary of the Parent other than Hawk USA inc. a Delaware Corporation, Hawk USA Inc. of Massachusetts Delaware Corporation; and Hawk Inc. of New York a Delaware Corporation until such time as the aggregate net income, net assets or turnover of such companies is equal to or greater than twice the aggregate net income, net assets or turnover respectively of such companies on the date hereof which has:

- (a) net income (consolidated for a subsidiary which itself has subsidiaries) calculated on the same basis as Adjusted EBITDA representing 5 per cent. or more of Adjusted EBITDA;
- (b) net assets (consolidated for a subsidiary which itself has subsidiaries) representing 5 per cent. or more of consolidated net assets of the Group; or
- (c) turnover (consolidated for a subsidiary which itself has subsidiaries) representing 5 per cent. or more of consolidated turnover of the Group,

in each case as determined by reference to the most recent compliance certificate delivered pursuant to the Senior Facility Agreement executed by (a) the Parent's auditors in relation to the latest annual statements and/or (b) two Directors of the Parent in relation to the latest quarterly consolidated financial statements of the Group, provided that:

- (i) if the subsidiary has been acquired since the date as at which the latest quarterly consolidated financial statements were prepared, the calculation shall be made by reference to the latest quarterly financial statements of the Group, having made an adjustment to such financial statements in order to take into account the acquisition of such subsidiary (such adjustment being certified by the auditor and/or an Authorised Signatory of the Parent as representing an accurate reflection of the revised Adjusted EBITDA, assets or turnover of the Group, after taking into account the acquisition of such subsidiary); and

- (ii) if, in the case of any subsidiary which itself has subsidiaries, no quarterly consolidated financial statements are prepared, its consolidated net income, consolidated assets or turnover shall be determined on the basis of *pro forma* consolidated quarterly financial statements of the relevant subsidiary and its subsidiaries; or
- (iii) in relation to any subsidiary not falling within paragraph (a), (b) or (c) above but which, as a result of any intra-group transfer or re-organisation would, adopting any test referred to in paragraph (a), (b) or (c) above and as if the financial statements referred to in such paragraph had been drawn up immediately following such transfer or reorganisation, be a Material Group Entity provided that such subsidiary shall only become a Material Group Entity upon the completion of such transfer or reorganisation,

and a report by the auditors of the Parent (which the Parent or the Agent may at any time request) that a subsidiary is or is not a Material Group Entity shall, in the absence of manifest error, be conclusive and binding on all parties hereto;

"Notice of Assignment" means a notice of assignment in substantially the form set out in the Senior Facility Agreement;

"Obligor" means the Parent and any additional borrowers and/or guarantors acceding to the Senior Facility Agreement from time to time and as agreed between the parties;

"Parent" means HMV Media Group plc;

"Permitted Treasury Transactions" means the Treasury Transactions entered into in accordance with the Senior Facility Agreement and any other foreign exchange transactions for spot delivery and forward or other contracts entered into in the ordinary course of business (and not for investment or speculative purposes) to hedge currency exposures incurred by the Group in the ordinary course of trade or in respect of any financial indebtedness permitted by the Senior Facility Agreement;

"Principal Property" means such of the Real Property as is:

- (a) specified in Schedule 4; or
- (b) hereafter acquired by the Company pursuant to the criteria set out in the Debenture;

"Real Property" means all estates and other interests in freehold, feuhold, leasehold and other immovable or heritable property wheresoever situate now or hereafter belonging to the Company of which the Company is the registered proprietor, owner specified, entitled to an interest, and all buildings, trade and other fixtures, fixed plant and machinery from time to time on any such freehold, feuhold, leasehold and other heritable or immovable property and any reference to the Real Property shall be taken to refer to the whole or any part or parts of any property comprised therein at any time;

"Relevant Period" means the period of four Financial Quarters ending on the date on which the relevant calculation falls to be made (or such other period as is referred to in the definition of "Rolling Basis");

"Reservations" means the principle that equitable remedies are remedies which may be granted or refused at the discretion of the court, the limitation of enforcement by laws relating to bankruptcy, insolvency, liquidation, reorganisation, court schemes, moratoria, administration and other laws generally affecting the rights of creditors, the time barring of claims under any applicable limitation acts, the possibility that a court may strike out provisions of a contract as being invalid for reasons of oppression, undue influence or similar reasons and any other reservations or qualifications of law (but not of fact) expressed in any of the legal opinions delivered pursuant to the Senior Facility Agreement;

"Secured Obligations" means all sums and liabilities covenanted to be paid and discharged by the Company in Schedule 2 hereto;

"Security" means the security from time to time constituted by or pursuant to the Debenture;

"Security Documents" means each of the documents in the agreed form delivered to the Agent pursuant to the Senior Facility Agreement together with any other document entered into by any Group Entity creating or evidencing security for all or any part of the obligations of the Obligors or any of them under any of the Facility Documents whether by way of personal covenant, charge, security interest, mortgage, pledge or otherwise;

"Senior Facility Agreement" means the senior facility agreement as amended and restated from time to time dated 28 March 1998 made between HMV Media Group plc as parent, Merrill Lynch Capital Corporation and SBC Warburg Dillon Read, a Division of Swiss Bank Corporation, as joint lead-arrangers, Swiss Bank Corporation as agent and as security agent and Merrill Lynch Capital Corporation and Swiss Bank Corporation as banks, and in which the banks have agreed to make available term loan facilities of up to £400,000,000 and working capital facilities of up to

£100,000,000 (or the equivalent, in each case, in certain other currencies) on the terms set out therein.

"Senior Facility Documents" means the Senior Facility Agreement, each letter of credit, the Security Documents, the Hedging Agreements, the Debenture, the fees letters whereby each of the Obligors authorises each Bank to apply any credit balance to which such Obligor is entitled on any account of such Obligor with that Bank in satisfaction of any sum due and payable from such Obligor to such Bank hereunder but unpaid, any transfer certificates, any documents evidencing the terms of any other agreement or document that may be entered into or executed pursuant to any of the foregoing by the Obligors or any of them and any other agreement or document designated in writing as a **"Senior Facility Document"** by the Parent and the Agent;

"Settlement System" and **"Nominee"** thereof mean respectively any settlement system of any exchange (whether in the United Kingdom or elsewhere) and any nominee thereof as may from time to time be used in connection with transactions relating to Investments;

"Share" shall have the meaning ascribed to it in Section 744 of the Companies Act 1985 or article 2 of the Companies (Northern Ireland) Order 1986 as the case may be;

"Subsidiary Shares" means those Shares listed in Schedule 5 hereto; and

"Successor" in relation to any person means an assignee or successor in title of such person or any person who, under the laws of its jurisdiction of incorporation or domicile, has assumed the rights and obligations of such first-mentioned person or to whom under such laws the same have been transferred;

"Total Commitments" means the aggregate for the time being of the Banks' Commitments;

"Treasury Transaction" means any currency or interest rate purchase, cap or collar agreement, forward rate agreements, interest rate or currency future or option contract, foreign exchange or currency purchase or sale agreement, interest rate swap, currency swap or combined interest rate and currency swap agreement and any other similar agreement entered into on or after the closing date agreed under the Senior Facility Agreement by any Group Entity.

SCHEDULE 2

Amount secured by the mortgage or charge

The Company shall discharge each and every liability which the Company may now or hereafter have to the Security Agent (whether for its own account or as trustee for the Beneficiaries) or any of the other Beneficiaries (and whether solely or jointly with one or more persons and whether as principal or as surety) under or pursuant to the Senior Facility Agreement (including the Debenture) including any liability in respect of any further advances made thereunder and pay to the Security Agent when due and payable every sum (of principal, interest or otherwise) now or hereafter owing, due or incurred by the Company to the Security Agent (whether for its own account or as trustee for the Beneficiaries) or any of the other Beneficiaries in respect of any such liabilities Provided that:

- (a) there shall be excluded from the foregoing covenant any liability or sum which would, but for this proviso, cause such covenant or the security which would otherwise be constituted by this Debenture for such liability or sum to constitute unlawful financial assistance prohibited by Section 151 of the Companies Act 1985 or equivalent legislation in Northern Ireland; and
- (b) every payment by the Company of any sum in respect of the liabilities herein covenanted to be discharged by the Company to or for the account of the Beneficiary to whom the same is due and payable which is made in accordance with the terms of the Senior Facility Agreement under which such sum is payable to such Beneficiary shall operate in satisfaction *pro tanto* of such covenant.

SCHEDULE 3

Short particulars of all the property charged

1. Assignments, Fixed and Floating Charges

1.1 Pursuant to the Debenture, the Company has:

FIXED CHARGES

(a) charged in favour of the Security Agent as trustee for the Beneficiaries with the payment and discharge of the Secured Obligations by way of first fixed charge (which so far as it relates to land in England and Wales vested in the Company at the date hereof shall be a charge by way of legal mortgage) each of the following, namely:

(i) Principal Property

the Principal Property owned by it at the date of this Debenture other than (a) any heritable or leasehold property in Scotland and all buildings, trade and other fixtures, fixed plant, machinery, installations and apparatus from time to time on any such property in Scotland and (b) any Principal Property in Northern Ireland;

(ii) Accounts with the Security Agent

all rights and claims to which the Company is now or may hereafter become entitled in relation to all moneys now or at any time hereafter standing to the credit of any bank accounts (including any Collateral Accounts but excluding any bank accounts in which cash is deposited with a bank securing liabilities in respect of (a) a letter of credit or (b) a guarantee, issued by or to such bank in support of obligations of a member of the Group which obligations constitute Indebtedness for Borrowed Money (other than any netting or set-off arrangement entered into by any member of the Group in the normal course of the banking arrangements of itself or the Group for the purpose of netting debit and credit balances or in respect of a Collateral Account)) opened or maintained with the Security Agent together with all rights relating or attaching thereto (including the right to interest);

(iii) **Northern Ireland Principal Property**

charged the Principal Property specified in Part 2 of Schedule 4 hereto in relation to the Company insofar as it consists of land registered in the Land Registry of Northern Ireland with the payment and discharge of the Secured Obligations, the Company hereby assenting to the registration of the charge hereby created as a burden affecting the said lands and the Company as beneficial owner hereby grants, conveys and assigns to the Security Agent as trustee for the Beneficiaries as security for the payment and discharge of the Secured Obligations and by way of first fixed charge so much of the Principal Property in Northern Ireland as is held by it in fee simple specified in Part 2 of Schedule 4 TO HOLD the same unto the Security Agent in fee simple and, the Company as beneficial owner hereby demises unto the Security Agent as trustee for the Beneficiaries as security for the payment and discharge of the Secured Obligations by way of first fixed charge so much of the Principal Property of leasehold tenure as is owned by it and is specified in Part 2 of Schedule 4 TO HOLD the same unto the Security Agent for the residue of the respective terms of years for which the Company holds the same respectively (less the last three days thereof) subject as to all the Principal Property to the proviso for redemption hereinafter contained;

EQUITABLE CHARGES

- (b) charged by way of equitable charge any equitable interests in the Principal Property.

ASSIGNMENTS

- (c) assigned to the Security Agent as trustee for the Beneficiaries all the Company's right, title and interest in and to each of the following:

(i) **Property Rights**

- (a) all rights and claims to which the Company is now or may hereafter become entitled in relation to the Principal Property including those against any manufacturer, supplier or installer of such property, any builder, contractor or professional adviser engaged in relation to any such property and any lessee, sub-lessee or licensee of any of the Principal Property and any guarantor or surety for the obligations of such person, the rights under the hiring, leasing or rental contract and any guarantee, indemnity or security for

the performance of the obligations of such person and any other rights and benefits relating thereto;

- (b) the benefit of the Agreements for Sale and Agreements for Lease to which the Company is party and all the proceeds of any payment of any claims, awards, judgments, sums or damages arising out of such Agreements payable to the Company thereunder and all the Company's rights or remedies now or hereafter in existence arising thereunder;
- (c) the benefit of all covenants, agreements, undertakings or obligations entered into by any other party to any Lease to which the Company is party or to any licences, deeds, rent deposit agreements or other deeds or documents supplemental or collateral to any such Lease and of all guarantees or indemnities in any of the aforesaid;

(ii) **Insurance**

all rights and claims to which the Company is now or may hereafter become entitled in relation to the proceeds of any of the Insurance Policies;

(iii) **Debts**

all present and future book and other debts and monetary claims now or at any time hereafter due or owing to the Company (including, without limitation, claims now or at any time hereafter due or owing to the Company in respect of any Intra-Group Loans) which are not otherwise subject to a fixed charge or assigned (whether at law or in equity) to the Security Agent by or pursuant to this Debenture and all rights relating thereto including any security or remedies therefor;

(iv) **Accounts with another bank**

all rights and claims to which the Company is now or may hereafter become entitled in relation to all moneys now or at any time hereafter standing to the credit of any bank accounts (including any Collateral Accounts but excluding any bank accounts in which cash is deposited with a bank securing liabilities in respect of (a) a letter of credit or (b) a guarantee, issued by or to such bank in support of obligations of a member of the Group which obligations constitute Indebtedness for Borrowed Money (other than any netting or set-off arrangement entered into by any member of the

Group in the normal course of the banking arrangements of itself or the Group for the purpose of netting debit and credit balances or in respect of a Collateral Account) opened or maintained with a bank other than the Security Agent and all rights relating or attaching thereto (including the right to interest) as well as any VAT recoveries due to the Company;

(v) **Section 238, 239 and 244 orders**

all rights to which the Company is now or may hereafter become entitled in respect of the proceeds of any order of the court made pursuant to sections 238(3), 239(3) or 244 of the Insolvency Act 1986; and

(vi) **Subsidiary Shares**

all Subsidiary Shares;

FLOATING CHARGE

- (d) charged in favour of the Security Agent as trustee for the Beneficiaries with the payment and discharge of the Secured Obligations by way of first floating charge the whole of the Company's undertaking and assets, present and future, other than any assets for the time being effectively charged to the Security Agent by way of fixed charge pursuant to the provisions of Clause 1.1(a) and any bank accounts in which cash is deposited with a bank securing liabilities in respect of (a) a letter of credit or (b) a guarantee, issued by or to such bank in support of obligations of a member of the Group which obligations constitute Indebtedness for Borrowed Money, by way of equitable charge pursuant to the provisions of Clause 1.1(b), or effectively assigned (whether at law or in equity) to the Security Agent pursuant to the provisions of Clause 1.1(c) or otherwise subject to an effective fixed security in favour of the Security Agent and including any heritable, leasehold or corporeal moveable property in Scotland where such property is hereby charged by way of first floating charge.

1.2 Deposits

All moneys now or at any time hereafter standing to the credit of any bank accounts (whether deposit or current accounts or otherwise howsoever designated) opened or maintained by the Company with the Security Agent (including any Collateral Accounts) and all or any rights and benefits relating thereto shall be incapable of assignment (and each deposit of any such moneys shall be made on such terms accordingly) and the Company shall not purport to

assign or otherwise dispose of any interest in any such moneys or any such rights and benefits.

- 1.3 The Company declared and agreed that, subject to the charges and assignments created or made pursuant to the foregoing provisions of this Clause 1, it shall hold all of its right and title, interest and benefit in and to all of its property and assets whatsoever and wheresoever present and future on trust for application in accordance with the priority of payments specified in the Intercreditor Deed.

2. Negative Pledge

2.1 The Company shall not itself, and shall procure that no Group Entity shall, without the prior written consent of an Instructing Group create (or agree to create) or permit to subsist any Encumbrance over all or any of its present or future revenues or assets or undertaking other than an Encumbrance permitted by the Senior Facility Agreement.

2.2 The Company hereby undertakes, but subject to the terms of the Debenture and save as permitted under the Senior Facility Agreement that at no time during the subsistence of the Security will the Company, except with the prior written consent of the Security Agent:

- (b) dispose or enter into any binding agreement to dispose of, or create or enter into any binding agreement to create, any legal or equitable estate or interest in or over, or relating to the enjoyment of, all or any part of the Charged Property or grant or agree to grant any licence or consent, whether expressly or by conduct, for assignment, parting with or sharing possession or occupation, underletting, change of use or alterations in relation to any lease to which any of the Charged Property may from time to time be subject and the Company will procure that no person shall become entitled to assert any proprietary interest or right over, or which may affect the value of, any of the Charged Property where, in the case of any of the foregoing, to do so would have a Material Adverse Effect; or
- (c) exercise any of the powers reserved to a mortgagor by Sections 99 and 100 of the Law of Property Act 1925 or otherwise grant or agree to grant any lease or tenancy or licence of or relating to all or any part of the Charged Property or accept or agree to accept a surrender, cancellation, assignment, charge or any other disposal of any lease, tenancy, licence, credit sale agreement or hire purchase agreement thereof or relating thereto or agree to vary the provisions of any lease, tenancy or licence

thereof or relating thereto where, in the case of any of the foregoing, to do so would have a Material Adverse Effect.

2.3 None of the foregoing prohibitions in this Clause 2 shall be construed as limiting any powers exercisable by any Receiver appointed by the Security Agent under or pursuant to the Debenture.

3. Appointment of Receiver

On or at any time after the occurrence of an Enforcement Event or after having been requested to do so by the Company, the Security Agent may, without notice to the Company, appoint one or more persons to be a receiver or receiver and manager or administrative receiver of the whole or any part of the Charged Property (individually or together with any other or additional persons appointed or substituted as receiver, receiver and manager or administrative receiver, a "Receiver" or the "Receivers", as the case may be). The Security Agent may:

- (a) (so far as it is lawfully able) remove any Receiver; and
- (b) appoint another person or persons as Receiver or Receivers either in the place of a Receiver who has been so removed or who has ceased to act or to act jointly with any other Receiver.

SCHEDULE 4

Principal Property

Part 1 - Principal Property in England and Wales

Part A

Registered Land

(Freehold or leasehold property (if any) in England
and Wales of which the Company is registered
as the proprietor at H.M. Land Registry)

County and District/
London Borough

Description of
Property

Title Number

Part B

Unregistered Land

(Freehold or leasehold property (if any) in England and Wales
title to which is not registered at H.M. Land Registry
of which the Company is the owner)

SCHEDULE 5

Shares

**Name of Company
(Number of Company)
Shares**

**Issued Share
Capital**

**Description and
Number of
Held**

FILE COPY



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

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

COMPANY No. 01370220

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A DEBENTURE DATED THE 28th MARCH 1998 AND CREATED BY REVOLVER RECORDS LIMITED FOR SECURING IN FAVOUR OF SWISS BANK CORPORATION AS "SECURITY AGENT", WHICH EXPRESSION SHALL INCLUDE ANY PERSON FOR THE TIME BEING APPOINTED AS SECURITY TRUSTEE OR AS AN ADDITIONAL TRUSTEE FOR THE PURPOSE OF, AND IN ACCORDANCE WITH, THE SENIOR FACILITY AGREEMENT, THE COMPANY SHALL DISCHARGE EACH AND EVERY LIABILITY WHICH THE COMPANY MAY NOW OR HEREAFTER HAVE TO THE SECURITY AGENT (WHETHER FOR ITS OWN ACCOUNT OR AS TRUSTEE FOR THE BENEFICIARIES) OR ANY OF THE OTHER BENEFICIARIES UNDER OR PURSUANT TO THE SENIOR FACILITY AGREEMENT (INCLUDING THE DEBENTURE) INCLUDING ANY LIABILITY IN RESPECT OF ANY FURTHER ADVANCES MADE THEREUNDER AND PAY TO THE SECURITY AGENT WHEN DUE AND PAYABLE EVERY SUM (OF PRINCIPAL, INTEREST OR OTHERWISE) NOW OR HEREAFTER OWING, DUE OR INCURRED BY THE COMPANY TO THE SECURITY AGENT (WHETHER FOR ITS OWN ACCOUNT OR AS TRUSTEE FOR THE BENEFICIARIES) OR ANY OF THE OTHER BENEFICIARIES IN RESPECT OF ANY SUCH LIABILITIES WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 9th APRIL 1998.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 15th APRIL 1998.

A handwritten signature in dark ink, appearing to read 'R. N. Owens'.

RICHARD NEIL OWENS

for the Registrar of Companies



COMPANIES HOUSE

LC
1514
[Signature]