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legibly, preferably
in black type, or
bold block lettering

*insert full name
of Company

COMPANIES FORM No. 395

Particulars of a mortgage or charge

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

Pursuant to section 395 of the Companies Act 1985

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

Name of company

* Merchant Retail Group PLC (the "Obligor")

Date of creation of the charge

28 July 1999

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

Security Interest Agreement over shares between the Obligor (1) and
Barclays Bank PLC (2) (the "Security Trustee") (the "Agreement")

Amount secured by the mortgage or charge

See Part II of the attached Schedule

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

Barclays Bank PLC (as Security Trustee)
50 Pall Mall
P O Box No. 15161R
London

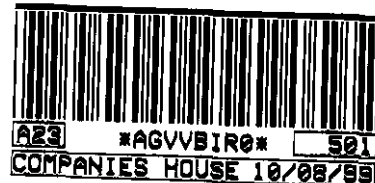
Postcode SW1A 1QA

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

Lovell White Durrant
65 Holborn Viaduct
London
EC1A 2DY

For official Use
Mortgage Section

Post room



Time critical reference
A7/CLR/AA/568889

Short particulars of all the property mortgaged or charged

See Part III of the Attached Schedule

NB Part IV of the attached Schedule contains covenants by and restrictions on the Obligor which protects and further defines the charges and which must be read as part of the charges created.

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

Particulars as to commission allowance or discount (note 3)

N/A

Signed

Lowell White Oarrant

Date

9 August 1999

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

A fee of £10 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 Cheques and Postal Orders are to be made payable to **Companies House**.
- 6 The address of the Registrar of Companies is:-
Companies House, Crown Way, Cardiff CF4 3UZ

SCHEDULE TO FORM 395 FOR SECURITY INTEREST AGREEMENT OVER SHARES

Part I

Definitions

"Beneficiaries"	collectively the Agent, the Security Trustee, the Banks, the Underwriter, the Working Capital Banks (as defined in the Facilities Agreement) and Barclays Bank PLC;
"Business Day"	a day (other than a Saturday or Sunday) on which retail banks are open for normal banking business in London;
"Company"	A De Gruchy Holdings Limited;
"Debenture"	the English law guarantee and debenture of even date herewith granted by the Obligor and others in favour of the Security Trustee;
"Encumbrance"	any mortgage, charge, pledge, lien, assignment, hypothecation, title retention, security interest, trust arrangement or any other agreement or arrangement which has the effect of creating security;
"Event of Default"	any of the events or circumstances specified in clause 8 of the Agreement;
"Facilities Agreement"	the facilities agreement dated 24 May 1999 and made between, inter alia, Merchant Retail Group plc (as Principal Borrower) and Barclays Bank PLC (as Underwriter, Working Capital Bank, Agent and Security Trustee) as the same may be amended and restated from time to time;
"Law"	the Security Interests (Jersey) Law, 1983;
"Obligations"	the meaning given to it in Part II of this Schedule;
"Security Trustee"	Barclays Bank PLC in its capacity as security trustee for, amongst others, the Beneficiaries and any successor security trustee appointed under the terms of the Facilities Agreement;
"Secured Sums"	means all monies and liabilities covenanted and/or guaranteed to be paid or discharged by the Obligor to the Beneficiaries under a First Guarantee and Debenture dated 28 July 1999 made between the Obligors and others (1) and Barclays Bank PLC (as security trustee) (2);
"Shares"	10, 016,479 ordinary shares in the Company held by the Obligor.

Part II

Amount secured by Mortgage or Charge

By clause 3 of the Agreement, the Obligor agreed that the grant of security interest set out in clause 2 of the Agreement shall secure as a continuing security the payment and/or discharge on demand of the Secured Sums by the Obligor to the Security Trustee and / or the Beneficiaries together with all moneys and liabilities due under the Agreement and all other lawful charges and expenses (including, without limitation, legal fees on a full and unqualified indemnity basis) of the Security Trustee (together the "Obligations").

Part III

Particulars of Property Mortgaged or Charged

By clause 2.1(a) of the Agreement, the Obligor agreed that without affecting and in addition to the Security Trustee's other rights under or pursuant to the Agreement, the Obligor to the intent that the Security Trustee shall have a security interest in the Shares in accordance with the Law:

- (a) assigned, transferred and otherwise made over to the Security Trustee title to the Shares, the beneficial interest and all other rights of the Obligor in the Shares, including all dividends and distributions payable in respect thereof (subject to the terms of the Agreement).

Part IV

Covenants and Restrictions

1. By clause 4 of the Agreement the Obligor acknowledged, agreed and undertook that:
 - (b) it will not sell, transfer, assign, lease, charge, encumber or otherwise deal with the Shares without the consent of the Security Trustee;
 - (c) it will provide all notices concerning the Shares to the Security Trustee; and
 - (d) it will deliver to the Security Trustee share certificates and stock transfer forms executed in blank in respect of the Shares on the date of the Agreement.
2. By clause 6 of the Agreement, the Obligor covenanted and undertook to the Security Trustee to the intent that the same shall be continuing covenants and undertakings throughout the continuance of the Agreement:
 - (a) without the prior written consent of the Security Trustee the Obligor will not permit or agree to any variation of the rights attaching to any of the Shares or exercise any voting or other rights in any way which would reasonably be likely to have a material adverse effect on the Security Trustee; and
 - (b) at any time after an Event of Default the Obligor shall not exercise any voting rights in respect of the Shares without prior written consent from the Security Trustee and shall, if requested by the Security Trustee in writing, exercise such voting rights as directed by the Security Trustee.

- (c) that the Obligor will reimburse the Security Trustee on demand for all sums which the Security Trustee may from time to time pay or become liable for in the protection, maintenance or enforcement (or attempted enforcement) of the security interest created by the Agreement or in or in relation to the exercise by the Security Trustee of any of the powers vested in it under or pursuant to the Agreement together with interest on such sums at the rate of 1.5% per annum above the Sterling base rate of the Security Trustee from time to time.
- 3. By clause 15.1 of the Agreement the Obligor covenanted with the Bank that it shall:
 - (a) not assign or transfer, all or any part of its rights, benefits and/or obligations under the Agreement; and
 - (b) by clause 15.2 of the Agreement, the Obligor agreed that each Beneficiary may assign or transfer all or any of its respective rights under the Agreement or hold its rights under the Agreement on trust for its successors or assigns or transferees subject always to the provision of clause 22 (Assignments and Transfers) of the Facilities Agreement.

FILE COPY



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

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

COMPANY No. 01465195

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A SECURITY INTEREST AGREEMENT OVER SHARES DATED THE 28th JULY 1999 AND CREATED BY MERCHANT RETAIL GROUP PLC FOR SECURING THE SECURED SUMS (AS DEFINED) BY THE OBLIGOR TO BARCLAYS BANK PLC (AS "SECURITY TRUSTEE") AND/OR THE BENEFICIARIES (AS DEFINED) TOGETHER WITH ALL MONIES AND LIABILITIES DUE OR TO BECOME DUE FROM THE COMPANY TO BARCLAYS BANK PLC (THE "SECURITY TRUSTEE") WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 10th AUGUST 1999.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 16th AUGUST 1999.



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES

P. J. J. J.



C O M P A N I E S H O U S E