



Registration of a Charge

Company name: **DURESTA UPHOLSTERY LIMITED**

Company number: **00341415**

Received for Electronic Filing: **08/09/2020**



X9D54NMZ

Details of Charge

Date of creation: **07/09/2020**

Charge code: **0034 1415 0013**

Persons entitled: **TYROLESE (789) LIMITED**

Brief description:

Contains fixed charge(s).

Contains floating charge(s) (floating charge covers all the property or undertaking of the company).

Contains negative pledge.

Authentication of Form

This form was authorised by: **a person with an interest in the registration of the charge.**

Authentication of Instrument

Certification statement: **I CERTIFY THAT SAVE FOR MATERIAL REDACTED PURSUANT TO S.859G OF THE COMPANIES ACT 2006 THE ELECTRONIC COPY INSTRUMENT DELIVERED AS PART OF THIS APPLICATION**

**FOR REGISTRATION IS A CORRECT COPY OF THE ORIGINAL
INSTRUMENT.**

Certified by:

KATIE PARK



CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 341415

Charge code: 0034 1415 0013

The Registrar of Companies for England and Wales hereby certifies that a charge dated 7th September 2020 and created by DURESTA UPHOLSTERY LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 8th September 2020 .

Given at Companies House, Cardiff on 9th September 2020

The above information was communicated by electronic means and authenticated by the Registrar of Companies under section 1115 of the Companies Act 2006



Companies House



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES

DATED 7 September **2020**

1869 LIMITED

SOFA BRANDS INTERNATIONAL LIMITED

DURESTA UPHOLSTERY LIMITED

PARKER KNOLL UPHOLSTERY LIMITED

G PLAN UPHOLSTERY LIMITED

COLLINS AND HAYES FURNITURE LIMITED

THE LOUNGE CO. (FURNITURE) LIMITED
(Chargors)

AND

TYROLESE (789) LIMITED
(Trustee)

DEBENTURE

TABLE OF CONTENTS

1. DEFINITIONS AND INTERPRETATION	1
2. COVENANT TO PAY.....	8
3. CHARGES	8
4. NOTICES OF CHARGE OR ASSIGNMENT	11
5. UNDERTAKINGS.....	12
6. FURTHER ASSURANCE.....	19
7. CERTAIN POWERS OF THE TRUSTEE	19
8. APPOINTMENT AND POWERS OF RECEIVER	22
9. APPLICATION OF PROCEEDS	24
10. PROTECTION OF THIRD PARTIES	24
11. DELEGATION	24
12. INDEMNITIES	25
13. POWER OF ATTORNEY	25
14. MISCELLANEOUS.....	26
15. PARTIAL INVALIDITY	27
16. REMEDIES AND WAIVERS	27
17. NOTICES	27
18. CALCULATIONS AND CERTIFICATES.....	28
19. SET OFF	28
20. CURRENCY	29
21. ASSIGNMENT	29
22. COUNTERPARTS.....	29
23. GOVERNING LAW	29
SCHEDULE 1 PROPERTIES	31
SCHEDULE 2 FORM OF NOTICE TO THE BANK OR INSTITUTION OPERATING AN ACCOUNT	32
SCHEDULE 3 FORM OF ACKNOWLEDGEMENT FROM BANK OR INSTITUTION OPERATING AN ACCOUNT.....	34
SCHEDULE 4 FORM OF NOTICE TO OCCUPATIONAL TENANTS	35
SCHEDULE 5 FORM OF ACKNOWLEDGEMENT FROM OCCUPATIONAL TENANTS	36
SCHEDULE 6 FORM OF NOTICE OF ASSIGNMENT	37
SCHEDULE 7 FORM OF ACKNOWLEDGEMENT	38

DEBENTURE

This Deed is made on 7 September 2020

BETWEEN

- (1) **1869 Limited** a company incorporated in England and Wales with company number 09364401 and having its registered address at 1 Hampton Park West, Melksham, Wiltshire, England, SN12 6GU;
- (2) **Sofa Brands International Limited** a company incorporated in England and Wales with company number 05456332 and having its registered address at 1 Hampton Park West, Melksham, Wiltshire, England, SN12 6GU;
- (3) **Duresta Upholstery Limited** a company incorporated in England and Wales with company number 00341415 and having its registered address at 1 Hampton Park West, Melksham, Wiltshire, England, SN12 6GU;
- (4) **Parker Knoll Upholstery Limited** a company incorporated in England and Wales with company number 01121102 and having its registered address at 1 Hampton Park West, Melksham, Wiltshire, England, SN12 6GU;
- (5) **G Plan Upholstery Limited** a company incorporated in England and Wales with company number 00149073 and having its registered address at 1 Hampton Park West, Melksham, Wiltshire, England, SN12 6GU;
- (6) **Collins and Hayes Furniture Limited** a company incorporated in England and Wales with company number 10879511 and having its registered address at 1 Hampton Park West, Melksham, Wiltshire, England, SN12 6GU; and
- (7) **The Lounge Co. (Furniture) Limited** a company incorporated in England and Wales with company number 09988872 and having its registered address at 1 Hampton Park West, Melksham, Wiltshire, England, SN12 6GU,

(collectively the **Chargors**)

and

- (8) **Tyrolese (789) Limited** as security trustee for the Secured Parties (as defined below) (**Trustee**).

IT IS AGREED

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Deed, unless the context otherwise requires:

Accounts means any account of a Chargor with any bank, financial institution or other person.

Affiliate means in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

Authorisation means an authorisation, consent, approval, resolution, licence, exemption, filing or registration.

Business Day means a day (other than a Saturday or Sunday) on which banks are open for general business in London.

Charged Assets means all the undertaking, property and assets of each Chargor described in clause 3.1 (*Legal mortgage and fixed charge*), clause 3.2 (*Assignment*) and clause 3.3 (*Floating charge*) including any part thereof and any interest therein.

CML Lenders' Handbook means the Council of Mortgage Lenders Lenders' Handbook for England and Wales for the time being, a copy of the latest edition of which is available at www.cml.org.uk.

Collateral Instruments means instruments, guarantees, indemnities and other assurances against financial loss and any other documents which contain or evidence an obligation to pay or discharge any liabilities of any person.

Debts means the assets of each Chargor described in clause 3.1(b)(x).

Default Rate means the highest rate of interest referred to in the Loan Note Instrument.

Event of Default means any event or circumstance specified as an event of default (howsoever described) in the Loan Note Instrument.

Financial Indebtedness means any indebtedness for or in respect of:

- (a) moneys borrowed and debit balances at banks or other financial institutions;
- (b) any acceptance under any acceptance credit or bill discounting facility (or dematerialised equivalent);
- (c) any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of finance leases;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any Treasury Transaction (and, when calculating the value of that Treasury Transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that Treasury Transaction, that amount) shall be taken into account);
- (g) any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution in respect of an underlying liability which liability would fall within one of the other paragraphs of this definition;
- (h) any amount raised by the issue of shares which are redeemable (other than at the option of the issuer) before the Notes (as defined in the Loan Note Instrument) are repaid or are otherwise classified as borrowings under GAAP);

- (i) any amount of any liability under an advance or deferred purchase agreement if (i) one of the primary reasons behind entering into the agreement is to raise finance or to finance the acquisition or construction of the asset or service in question or (ii) the agreement is in respect of the supply of assets or services and payment is due more than 10 days after the date of supply;
- (j) any amount raised under any other transaction (including any forward sale or purchase, sale and sale back or sale and leaseback agreement) having the commercial effect of a borrowing of a borrowing or otherwise classified as borrowings under GAAP; and
- (k) the amount of any liability in respect of any guarantee for any of the items referred to in paragraphs (a) to (j) above.

Floating Charge Assets means the assets of each Chargor in clause 3.3 (*Floating charge*).

GAAP means generally accepted accounting principles in the jurisdiction of incorporation of the relevant Chargor, including IFRS.

Hedging Agreement means an agreement or instrument entered into by a Chargor in order to hedge its exposure to fluctuations in exchange or interest rates and any other instrument evidencing a futures or treasury transaction.

Holding Company means in relation to a company or corporation, any other company or corporation in respect of which it is a Subsidiary.

IFRS means international accounting standards within the meaning of IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements.

Insurances means all contracts or policies of insurance in which a Chargor has an interest.

Intellectual Property means:

- (a) all rights in trademarks, service marks, logos, get up, trade names, internet domain names, rights in any designs, copyright (including rights in computer software), database rights, moral rights, patents, utility models, topography rights, plant breeders' rights, rights protecting goodwill and reputation, applications for any of the foregoing, and all rights and forms of protection of a similar nature or having equivalent effect to any of the foregoing anywhere in the world in each case whether registered or unregistered, that are owned by or licensed to a Chargor (or any nominee of a Chargor) whether now or at any time in the future;
- (b) all rights in confidential information and knowhow (including inventions, secret formulae and processes, market information, and lists of suppliers and customers) that is in the possession or control of a Chargor (or any nominee of a Chargor) whether now or at any time in the future; and
- (c) all rights to enforce any of the intellectual property rights described in paragraphs (a) to (b) inclusive above, including, but not limited to, the right to sue for past, present or future infringement.

Intercreditor Agreement means the intercreditor deed dated on or about the date of this Deed entered into between, amongst others, the Senior Lender, the Investors listed therein, Tyrolese (789) Limited and the Companies listed therein.

Interest Payment Date has the meaning given in the Loan Note Instrument.

Investments means any shares, stocks, debenture security, securities, bonds and investments of any type whatever, including but not limited to, negotiable instruments, certificates of deposit, eligible debt securities, interests in collective investment schemes, or other investments referred to in section 22, and as defined in Part II of Schedule 2 of the Financial Services and Markets Act 2000 and Part III of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, whether certificated or uncertificated, physical or dematerialised, registered or unregistered, held by a Chargor or by a trustee or clearance system or nominee.

Loan Note Instrument means the loan note instrument constituting the £63,305,000 12% secured redeemable loan notes due 2023 created by 1869 Limited (together with any payment in kind notes issued by 1869 Limited in satisfaction of accrued interest payable in respect of those secure redeemable loan notes) on 30 July 2015 as amended by an amendment deed on or about the date of this Deed.

LPA means the Law of Property Act 1925.

Material Adverse Effect means a material adverse effect on:

- (a) the business, assets or financial condition of a Chargor and/or
- (b) the ability of a Chargor to perform any of its obligations under the Transaction Documents, including the Loan Note Instrument and/or
- (c) the value or enforceability of the Security held by the Trustee (as trustee for the Secured Parties) in respect of the Secured Liabilities.

New Loan Note Debenture means the debenture dated on or about the date of this Deed granted in favour of the Trustee by the Chargors in connection with the loan note instrument constituting the £2,500,000 6.75% secured redeemable loan notes due 2023.

Noteholders means the holder of any Notes (as defined in the Loan Note Instrument) issued pursuant to the Loan Note Instrument from time to time.

Occupational Lease means any agreement for lease or licence or any occupational lease or licence to which a Property may be subject for the time being and in respect of which a Chargor is landlord or licensor.

Party means a party to this Deed and includes its successors in title, permitted assigns and permitted transferees, whether immediate or derivative.

Permitted Financial Indebtedness means:

- (a) any indebtedness to the Secured Parties arising under or in connection with the Loan Note Instrument;
- (b) any indebtedness arising under or in connection with the loan note instrument constituting the £2,500,000 6.75% secured redeemable loan notes due 2023 created by 1869 Limited on or about the date of this Deed, as amended from time to time;
- (c) any Refinancing (as defined in the Loan Note Instrument); and
- (d) any indebtedness to the Senior Lender arising under or in connection with any Senior Security Document or otherwise.

Permitted Security means:

- (a) the Security created by this deed;

- (b) the Senior Security Documents;
- (c) the New Loan Note Debenture;
- (d) any lien arising by operation of law and in the ordinary course of trading and not as a result of any default or omission by any Chargor;
- (e) any netting or set-off arrangement entered into by any Chargor in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances;
- (f) any Security arising under any retention of title, hire purchase or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to any Chargor in the ordinary course of trading and on the suppliers standard or usual terms and not arising as a result of any default or omission by any Chargor; or
- (g) any Security permitted by the Trustee in writing.

Planning Acts means the Town and Country Planning Act 1990, the Planning (Listed Buildings and Conservation Areas) Act 1990, the Planning (Hazardous Substances) Act 1990, the Planning (Consequential Provisions) Act 1990, the Planning and Compensation Act 1991 and the Planning and Compulsory Purchase Act 2004 and any regulations or subordinate legislation made (before or after this Deed) under those statutes and any other statute or regulation governing or controlling the use or development of land and buildings.

Properties means the assets of each Chargor described in clauses 3.1(a) and 3.1(b)(i) (*Legal mortgage and fixed charge*) now or hereafter vested in such Chargor together with all buildings, fixtures and fixed plant and machinery on such property, the proceeds of sale of the whole or any part of such property and all rights appurtenant to or benefiting any such property (each a **Property**).

Receiver means any one or more receivers and/or managers appointed by the Trustee pursuant to this Deed in respect of a Chargor or over all or any of the Charged Assets.

Related Rights means in respect of any Investment:

- (a) all moneys paid or payable in respect of that Investment (whether as income, capital or otherwise);
- (b) all shares, investments or other assets derived from that Investment; and
- (c) all rights derived from or incidental to that Investment.

Rental Income means the aggregate of all amounts payable to, or for the benefit or account of, any Chargor in connection with the letting or permitted third party occupation or use of the whole or any part of a Property.

Secured Liabilities means all present and future monies, obligations and liabilities of the Chargors under the Transaction Documents, whether actual or contingent and whether owed jointly or severally, as principal or surety or in any other capacity to any Secured Party, together with all interest (including default interest) accruing in respect of those monies, obligations or liabilities.

Secured Party has the meaning given in the Trust Agreement.

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 Period means the period from the date of this Deed until the date on which the Trustee confirms in writing to the Chargors that all the Secured Liabilities have been unconditionally and irrevocably paid and discharged in full and no Secured Party has any continuing obligation to make facilities available to any Chargor.

Senior Lender means Clydesdale Bank Plc (also trading as Yorkshire Bank).

Senior Security Documents means each of the debentures:

- (a) dated 8 June 2015 and entered into between 1869 Limited and the Senior Lender;
- (b) dated 8 June 2015 and entered into between Sofa Brands International Limited and the Senior Lender;
- (c) dated 8 June 2015 and entered into between Duresta Upholstery Limited and the Senior Lender; and
- (d) dated 8 June 2015 and entered into between Parker Knoll Upholstery Limited and the Senior Lender;
- (e) dated 8 June 2015 and entered into between G Plan Upholstery Limited and the Senior Lender;
- (f) dated 13 June 2018 and entered into between Collins and Hayes Furniture Limited and the Senior Lender; and
- (g) dated 13 July 2016 and entered into between The Lounge Co. (Furniture) Limited and the Senior Lender.

Subsidiary means a subsidiary undertaking within the meaning of section 1162 of the Companies Act 2006.

Transaction Documents has the meaning given in the Trust Agreement.

Treasury Transaction means any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price.

Trust Agreement means the trust agreement dated on or about the date of this deed and entered into between the Trustee, the Original Chargors (as defined therein) and the Original Noteholders (as defined therein).

Valuation means a valuation report by the Valuer addressed to the Trustee containing in particular a valuation of a Property on the basis of the market value in accordance with the Statements of Asset Valuation Practice and Guidance Notes issued by the Royal Institution of Chartered Surveyors from time to time.

Valuer means any surveyor or valuer as may be appointed or approved by the Trustee from time to time.

1.2 **Construction**

- (a) Any reference in this Deed to:
 - (i) **assets** includes present and future property, revenues and rights of every description;
 - (ii) **clauses and schedules** are references to clauses and schedules of this Deed;

- (iii) **this Deed** or any other agreement or instrument is a reference to this Deed or that other agreement or instrument as the same may have been, or may from time to time be, amended, novated, replaced, restated, supplemented or varied provided that, where the consent of a Secured Party is required to such amendment, novation, replacement, restatement, supplement or variation, such consent has been obtained;
- (iv) **indebtedness** includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;
- (v) a **guarantee** includes any guarantee, indemnity, counter indemnity or other assurance in respect of the indebtedness of any person;
- (vi) a **person** includes any person, firm, company, corporation, government, state or agency of a state or any association, trust or partnership (whether or not having separate legal personality) or two or more of the foregoing and includes its successors and (in the case of each Secured Party only) its permitted assignees and transferees;
- (vii) a **regulation** includes any regulation, rule, official directive, request or guideline (whether or not having the force of the law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
- (viii) a reference to **determines** or **determined** means a determination made in the absolute discretion of the person making the determination;
- (ix) a provision of law is a reference to that provision as amended or re-enacted;
- (x) any provision in the **CML Lenders' Handbook** shall be treated (where and when applicable) as being a reference to the corresponding provision (or provisions) that most nearly corresponds to it in any amendment to or replacement of the CML Lenders' Handbook as at the date of this letter; and
- (xi) a **charge** or **mortgage** of any freehold or leasehold property includes:
 - (A) all buildings, fixtures and fixed plant and machinery on that property;
 - (B) the proceeds of sale of the whole or any part of that property; and
 - (C) all rights appurtenant to or benefiting that property.
- (b) Clause and schedule headings are for ease of reference only.
- (c) An Event of Default is **continuing** if it has not been:
 - (i) remedied to the satisfaction of the Trustee; or
 - (ii) waived by the Trustee in writing.
- (d) This Deed is intended to take effect as a deed notwithstanding that a Party may have executed it under hand only.
- (e) Any grant of rights with full title guarantee shall be deemed to contain all of the covenants and warranties implied in respect of any conveyance with full title guarantee pursuant to section 1(2) of the Law of Property (Miscellaneous Provisions) Act 1994.
- (f) The terms of the Transaction Documents and of any side letters between any Parties in relation to any Transaction Document are incorporated in this deed to the extent required to ensure that any purported disposition of any freehold or leasehold property contained in

this deed is a valid disposition in accordance with Section 2(1) of the Law of Property (Miscellaneous Provisions) Act 1989.

(g) Words importing the plural shall include the singular and vice versa.

1.3 **Qualifying floating charge**

This Deed contains a qualifying floating charge and paragraph 14 of Schedule B1 to the Insolvency Act 1986 applies to the floating charge created by clause 3.3 (*Floating charge*).

1.4 **Administration**

- (a) Any reference in this Deed, or any other document entered into in connection with it, to the making of an administration order shall be treated as including a reference to the appointment of an administrator under paragraph 14 (by the holder of a qualifying floating charge in respect of a Chargor's assets) or 22 (by a Chargor or the directors of a Chargor) of Schedule B1 to the Insolvency Act 1986 or any steps taken toward such order or appointment.
- (b) Any reference in this Deed or any other document entered into or in connection with it, to making an application for an administration order by petition shall be treated as including a reference to making an administration application to the court under Schedule B1 to the Insolvency Act 1986, appointing an administrator under paragraph 14 or 22 of that Schedule, or giving notice under paragraph 15 or 26 of that Schedule of intention to appoint an administrator or any steps taken towards such application or notice.

1.5 **Third party rights**

- (a) Unless expressly provided to the contrary in this Deed, a person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or enjoy the benefit of any term of this Deed.
- (b) The consent of any person which is not a Party is not required to rescind or vary this Deed or any other agreement entered into under or in connection with it.

2. **COVENANT TO PAY**

2.1 **Covenant**

Each Chargor covenants with the Trustee, as trustee for the Secured Parties under the Trust Agreement, that it will on demand pay or discharge the Secured Liabilities on the due date for payment in the manner provided for in the Transaction Documents.

2.2 **Interest on late payments**

If a Chargor fails to pay any amount payable by it under this Deed on its due date, interest shall accrue on the overdue amount from the due date up to the date of actual payment (both before and after judgment) at the Default Rate. Such interest (if unpaid) shall be compounded monthly.

3. **CHARGES**

3.1 **Legal mortgage and fixed charge**

Each Chargor charges to the Trustee (as trustee for the Secured Parties under the Trust Agreement), as a continuing security for the payment and discharge of the Secured Liabilities, the following assets, both present and future:

- (a) by way of legal mortgage:
 - (i) all the property described in Schedule 1 (*Properties*); and
 - (ii) all estates or interests in any freehold, leasehold or commonhold property in England and Wales now belonging to such Chargor;
- (b) by way of fixed charge:
 - (i) (to the extent that they are not the subject of an effective mortgage under clause 3.1(a)) all estates or interests in any freehold, leasehold or commonhold property in England and Wales now or hereafter belonging to such Chargor;
 - (ii) all other interests belonging to it in or over land or the proceeds of sale of land and all licences now or in the future held by it to enter on or use land;
 - (iii) the benefit of all other agreements relating to each Property to which it is or may become a party or otherwise entitled;
 - (iv) all plant, machinery and equipment owned by such Chargor and its interest in any plant, machinery and equipment in its possession;
 - (v) its rights under the appointment of any managing agent of any of the Properties;
 - (vi) all its rights, title and interest in the Insurances;
 - (vii) its Investments together with all Related Rights;
 - (viii) all its Intellectual Property;
 - (ix) the amount from time to time standing to the credit of any Account and the debt represented by it;
 - (x) all of its book and other debts and their proceeds and all monies due and owing to it together with the full benefit of all Security, Collateral Instruments and other rights relating to any of the foregoing;
 - (xi) all its goodwill and uncalled capital;
 - (xii) the benefit of all Authorisations held in connection with its business or the use of any Charged Assets and the right to recover and receive all compensation which may be payable to it in respect of such Authorisations or the Charged Assets; and
 - (xiii) if and in so far as any assignment in clause 3.2 (*Assignment*) shall for any reason be ineffective as an assignment, the assets referred to in that clause.

3.2 Assignment

Each Chargor assigns to the Trustee (as trustee for the Secured Parties under the Trust Agreement) absolutely subject to the proviso for reassignment on redemption as a continuing security for the payment and discharge of the Secured Liabilities all its rights, title and interest both present and future in and to:

- (a) the Rental Income and all such Chargor's other rights, title and interest under each Occupational Lease; and
- (b) any Hedging Agreement.

On the unconditional and irrevocable payment and discharge in full of the Secured Liabilities, the Trustee will, at the request and cost of the relevant Chargor, reassign the Charged Assets referred to in this clause 3.2 to such Chargor or as it may direct.

3.3 Floating charge

Each Chargor charges to the Trustee (as trustee for the Secured Parties under the Trust Agreement) as a continuing security for the payment and discharge of the Secured Liabilities by way of floating charge all its undertaking, property and assets whatsoever and wheresoever both present and future, other than any property or assets from time to time effectively charged by way of legal mortgage or fixed charge pursuant to clause 3.1 (*Legal mortgage and fixed charge*) or assigned pursuant to clause 3.2 (*Assignment*).

3.4 Priority

The mortgages, charges and assignments created by this Deed:

- (a) subject to clause 3.8, rank as first charges or assignments; and
- (b) are given with full title guarantee.

3.5 Conversion of floating charge by notice

The Trustee may by notice to the Chargors convert the floating charge created by this Deed into a fixed charge as regards all or any of the Chargors' assets specified in the notice if:

- (a) an Event of Default is continuing; or
- (b) the Trustee considers those assets to be in danger of being seized or sold under any form of distress, attachment, execution, sequestration or other process or to be otherwise in jeopardy.

3.6 Automatic conversion

If, without the prior written consent of the Trustee or as permitted under this Deed:

- (a) a Chargor creates any Security (whether by way of fixed or floating Security) over, or otherwise encumbers, any of the Charged Assets subject to a floating charge under this Deed or attempts to do so;
- (b) any person levies or attempts to levy any distress, attachment, execution, sequestration or other process against any of the Charged Assets; or
- (c) any action, proceedings, procedure or steps are taken for the winding up, dissolution, administration or reorganisation of any Chargor,

the floating charge created by this Deed over such of the Charged Assets shall automatically without notice operate and have effect as a fixed charge instantly such event occurs.

3.7 Small company moratorium

Where a Chargor is an eligible company within the meaning of paragraphs 2 to 4 (inclusive) of Schedule A1 of the Insolvency Act 1986, then the obtaining of a moratorium, including any preliminary decision, or investigation in terms of paragraph 43 of Schedule A1 of the Insolvency Act 1986 shall not cause the floating charge created by this Deed to crystallise into a fixed charge, nor cause restrictions which would not otherwise apply to be imposed on the disposal of its property and assets by such Chargor.

3.8 Senior debt and Security

- (a) The Security created by this Deed is created in addition to and does not affect the Security created by the Senior Security Documents.
- (b) The Security created by this Deed will be a third ranking Security ranking subject to the equivalent Security created by the Senior Security Documents and the New Loan Note Debenture until such time as the Senior Security Documents cease to have effect, at which time the Security created by the New Loan Note Debenture will be a first ranking security and the security created by this Deed will be a second ranking security. At such time as the New Loan Note Debenture ceases to have effect, the Security created by this Deed will be a first ranking Security (if this Deed still has effect).
- (c) Where notices of assignment are to be delivered under Clauses 4.1, 4.2 and 4.3, these are required to be in the form agreed between the Chargors and the Trustee prior to the date of this Deed.
- (d) Where a clause requires the delivery of any document or evidence to the Trustee, each Chargor will be deemed to have fulfilled its obligation under that clause to the extent it has already delivered that document or evidence to the Senior Lender under the Senior Security Documents, provided that such Chargor directs the Senior Lender to deliver such document or evidence to the Trustee when the Security created by the Senior Security Documents cease to have effect (if this Deed still has effect).
- (e) Where a right or asset has been assigned (subject to a proviso for re-assignment on redemption) under the Senior Security Documents and the same asset or right is purported to be assigned (subject to a proviso for re-assignment on redemption) again under this Deed, that second assignment will take effect as a fixed charge over that right or asset and will only take effect as an assignment if the relevant security created by the Senior Security Documents ceases to have effect at a time when this Deed still has effect.
- (f) The terms of this Debenture are subject to the terms of the Intercreditor Agreement and, in the case of any conflict between any provision of this Debenture and any provision of the Intercreditor Agreement, the applicable provision of the Intercreditor Agreement will prevail.

4. NOTICES OF CHARGE OR ASSIGNMENT

4.1 Charge over Account

- (a) Each Chargor shall give notice in the form specified in Schedule 2 to the financial institution at which any Account is held that such Chargor has created a fixed charge over the balance standing to the credit of that Account.
- (b) Each Chargor will give the notices referred to in clause 4.1(a):
 - (i) in the case of an Account held by a Chargor at the date of this Deed, on the date of this Deed; and
 - (ii) in the case of an Account opened after the date of this Deed, on that Account being opened.
- (c) Each Chargor shall use reasonable endeavours to procure that the recipient of each such notice acknowledges that notice substantially in the form specified in schedule 3 within 5 Business Days of that notice being given.

4.2 Occupational Leases

- (a) Each Chargor shall give notice in the form specified in schedule 4 to the other parties to each Occupational Lease that such Chargor has assigned to the Trustee all its right, title and interest in each Occupational Lease.
- (b) Each Chargor shall give the notices referred to in clause 4.2(a):
 - (i) in the case of each Occupational Lease in existence as at the date of this Deed, on the date of this Deed; and
 - (ii) in the case of each Occupational Lease coming into existence after the date of this Deed, on that Occupational Lease coming into existence.
- (c) Each Chargor shall use reasonable endeavours to procure that the recipient of each such notice acknowledges that notice in substantially the form specified in Schedule 5 within 5 Business Days of that notice being given.

4.3 Hedging

- (a) Each Chargor shall give notice in the form specified in Schedule 6 to each other party to each Hedging Agreement that such Chargor has assigned to the Trustee all its right, title and interest in each Hedging Agreement.
- (b) Each Chargor shall give the notices referred to in clause 4.3(a):
 - (i) in the case of each Hedging Agreement in existence as at the date of this Deed, on the date of this Deed; and
 - (ii) in the case of each Hedging Agreement coming into existence after the date of this Deed, on that Hedging Agreement coming into existence.
- (c) Each Chargor shall use reasonable endeavours to procure that the recipient of each such notice acknowledges that notice in substantially the form specified in Schedule 7 within 5 Business Days of that notice being given.

5. REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties

Each Chargor makes the representations and warranties set out in this Clause 5.1 to the Trustee.

- (a) It is the sole legal and beneficial owner of the Charged Assets over which it purports to grant Security.
- (b) Save for the Permitted Security, the Charged Assets are free from any Security other than the Security created by this Deed.
- (c) It does not have any Financial Indebtedness outstanding other than Permitted Financial Indebtedness.
- (d) It has not received, or acknowledged notice of, any adverse claim by any person in respect of the Charged Assets or any interest in them.
- (e) There are no covenants, agreements, reservations, conditions, interests, rights or other matters whatsoever that materially and adversely affect the Charged Assets.

- (f) There is no breach of any law or regulation that materially and adversely affects the Charged Assets.
- (g) No Security expressed to be created under this Deed is liable to be avoided, or otherwise set aside, on the liquidation or administration of such Chargor or otherwise.
- (h) This Deed constitutes and will constitute its legal, valid, binding and enforceable obligations, and is, and will continue to be, effective Security over all and every part of the Charged Assets in accordance with its terms.
- (i) The Investments are fully paid and are not subject to any option to purchase or similar rights.
- (j) No constitutional document of an issuer of the Investments, nor any other agreement:
 - (i) restricts or inhibits any transfer of the Investments on creation or enforcement of the Security constituted by this Deed; or
 - (ii) contains any rights of pre-emption in relation to the Investments.

5.2 Times for making representations and warranties

Each of the representations and warranties set out in this Deed are deemed to be made by each Chargor by reference to the facts and circumstances then subsisting on (a) the date of this Deed and (b) each Interest Payment Date.

6. UNDERTAKINGS

6.1 Duration

The undertakings in this clause 6 remain in force during the Security Period.

6.2 Negative Pledge

No Chargor shall create or permit to subsist any Security over any of its assets, other than Permitted Security.

6.3 Debts

Each Chargor will:

- (a) collect in the ordinary course of its business and pay into an Account specified by the Trustee all Rental Income, Debts and all other amounts received by it and hold the proceeds of such Rental Income, Debts and all other amounts received by it (until payment into such Account) on trust for the Trustee;
- (b) not, without the prior written consent of the Trustee:
 - (i) set off, vary, postpone or release any of the Debts; or
 - (ii) do or omit to do anything which may delay or prejudice the full recovery of any Debt.

6.4 Deposit of deeds

Each Chargor will deposit with the Trustee (to be held at the risk of such Chargor) all deeds and documents of title relating to the Properties and such other Charged Assets as the Trustee may require.

6.5 Compliance with covenants

Each Chargor will:

- (a) observe and perform all covenants, burdens, stipulations, requirements and obligations from time to time affecting the Charged Assets or the use, ownership, occupation, possession or other enjoyment of the Charged Assets whether imposed by statute, contract, lease or otherwise where failure to do so has or is reasonably likely to have a Material Adverse Effect;
- (b) do all acts necessary to preserve its rights, title and interest in and to the Charged Assets; and
- (c) not, without the written prior consent of the Trustee, enter into any onerous or restrictive obligations affecting any of the Charged Assets.

6.6 Property outgoings

Each Chargor will punctually pay, or cause to be paid, and indemnify the Trustee and any Receiver against, all present and future rent, rates, taxes, duties, charges, assessments, impositions and outgoings now or at any time payable in respect of the Properties or any part thereof or by any owner or occupier.

6.7 Development and alterations

- (a) No Chargor will, without the prior written consent of the Trustee make or permit others to make any application for planning permission in respect of any part of the Properties or make any structural or material alteration or addition to the Properties or carry out or permit to be carried out any development on, or permit any change of use of (as each such expression is defined in the Planning Acts) any part of the Properties.
- (b) In the event that, during the Security Period, any Property is intended to be developed or is in the course of development (in each case with the consent of the Trustee), the relevant Chargor shall:
 - (i) proceed diligently and to the satisfaction of the Trustee and any competent authority with such development in all respects in conformity with all planning and by-law consents which shall together with the plans and specifications be produced to the Trustee for approval prior to the commencement of any works of development; and
 - (ii) obtain such further insurance as shall be required and specified by the Trustee.

6.8 Repair

Each Chargor will keep all its buildings, fixtures, fittings, plant and machinery (or procure that they are kept) in good repair and in good working order and condition (fair wear and tear excepted in the case of fixtures, plant and machinery) and fully protected against damage or deterioration.

6.9 Access

Each Chargor will permit any person appointed by the Trustee, without the Trustee becoming liable to account as mortgagee in possession (at reasonable times and on reasonable notice and subject to the terms of the Occupational Leases), to enter on and inspect the state of the Properties and other premises (if any) on which such Chargor shall from time to time be carrying out any contract or other works.

6.10 Information

Each Chargor will produce to the Trustee such documents or information relating to the Charged Assets as the Trustee may from time to time reasonably request and promptly deliver to the Trustee a copy of any notice or proceedings served by any person on it concerning the Charged Assets or alleging any breach of its obligations relating to the Charged Assets.

6.11 Notice of misrepresentation and breaches

Each Chargor shall, promptly on becoming aware of any of the same, notify the Trustee in writing of:

- (a) any representation or warranty set out in clause 5 which is incorrect or misleading in any material respect when made or deemed to be repeated; and
- (b) any breach of any covenant set out in this Deed.

6.12 Notices

- (a) Each Chargor will, within 5 Business Days of receipt, give full particulars to the Trustee of any notice, order or direction having specific application to any of the Properties or to the area in which any Property is situate, given or made by any planning authority or other public body or authority whatever.
- (b) Each Chargor will, if requested by the Trustee, without delay and at its own cost take all reasonable or necessary steps to comply with any such notice, order or direction.
- (c) Each Chargor will further, if requested by the Trustee, but at its own cost, make or join with the Trustee in making such objections or representations against or in respect of any such notice, order or direction as the Trustee shall reasonably deem expedient.
- (d) Any compensation received by any Chargor as a result of any notice or order shall be applied in repayment of the Secured Liabilities.

6.13 Planning Acts

Each Chargor will:

- (a) not do or knowingly omit or knowingly suffer to be done or omitted any act, matter or thing in, on or in respect of any Property required to be done or omitted by the Planning Acts or which shall contravene the provisions of the Planning Acts; and
- (b) indemnify the Trustee on demand against all actions, proceedings, costs, expenses, claims and demands whatsoever suffered by the Trustee in respect of any such act, matter or thing so contravening the provisions of the Planning Acts.

6.14 Headlease

- (a) Each Chargor will pay the rents reserved by, and observe and perform the covenants, stipulations and conditions contained in, the leases of the leasehold properties forming part of the Properties (if any) and on the part of the tenant to be paid, observed and performed.
- (b) Each Chargor will use all reasonable endeavours to procure the observance and performance by the landlord under such leases of the covenants, stipulations and conditions on the part of the landlord to be observed and performed.

6.15 Compliance with law

Each Chargor will at all times acquire and maintain all Authorisations required by its ownership, use or occupation of the Properties or for the conduct of its business or the ownership and use of its assets and will comply with all terms and conditions relating to such Authorisations and with all other applicable laws and will not do or permit any act or omission whereby any such Authorisations would be liable to be varied or revoked.

6.16 Jeopardy

No Chargor will do, or cause or permit to be done, anything which may depreciate, jeopardise or otherwise prejudice the value of the Charged Assets without the prior written consent of the Trustee.

6.17 Land Registration Acts

No Chargor will, without the prior written consent of the Trustee:

- (a) permit any person to be registered as proprietor under the Land Registration Acts of any Property;
- (b) create or knowingly permit to arise or subsist any overriding interest affecting any Property; or
- (c) permit any person to become entitled to any proprietary right or interest which might reasonably be expected adversely to affect the value of any Property or any other Charged Asset.

6.18 Additional Property

- (a) Each Chargor will inform the Trustee immediately on contracting to purchase any estate or interest in any property and will supply the Trustee with such details of any such purchase as the Trustee may from time to time reasonably require.
- (b) Each Chargor will, on demand by the Trustee, and at the cost of such Chargor, execute and deliver to the Trustee a legal mortgage (or equivalent security in the relevant jurisdiction) in favour of the Trustee over any property which becomes vested in it after the date of this Deed in form and substance satisfactory to the Trustee. If title to that property is registered at H.M. Land Registry or required to be so registered, give H.M. Land Registry written notice of this Security and if applicable, ensure that this Security is correctly noted in the Register of Title against that title at H.M. Land Registry.

6.19 Chargers' waiver of set-off

Each Chargor waives any present or future right of set-off it may have in respect of the Secured Liabilities (including any sums payable by such Chargor under this Deed).

6.20 Financial Indebtedness

No Chargor shall incur or allow to remain outstanding any Financial Indebtedness, other than Permitted Financial Indebtedness.

6.21 Insurances

- (a) Each Chargor shall effect:
 - (i) insurance of the Charged Assets in accordance with paragraph 6.13 of the CML Lenders' Handbook save that:

- (A) the excesses in respect of such insurance shall not exceed the amounts specified by the Trustee;
 - (B) the insurance shall be for the full reinstatement value of the Charged Assets (which in the case of any Property shall be deemed to be the value of that Property as specified in the most recent Valuation);
 - (ii) insurance against acts of terrorism; and
 - (iii) insurance against 3 years loss of rent,
- all such Insurances to be in amount and in a form and with an insurance company or underwriters acceptable to the Trustee (acting reasonably).
- (b) Each Chargor will procure that the Trustee is either joint insured or, if so agreed by the Trustee, noted as mortgagee and loss payee on each such insurance policy and that every such policy shall contain:
 - (i) a standard mortgagee clause whereby such insurance shall not be vitiated or avoided as against a mortgagee in the event or as a result of any misrepresentation, act or neglect or failure to make disclosure on the part of the insured party or any circumstance beyond the control of the insured party; and
 - (ii) terms providing that it shall not be invalidated so far as the Trustee is concerned for failure to pay any premium due without the insurer first giving to the Trustee not less than 10 Business Days' notice.
 - (c) No Chargor will be in breach of paragraphs (a) and (b) above if it has complied with the equivalent provisions relating to Insurance in the Senior Security Documents while the Senior Security Documents continue to have effect.
 - (d) Each Chargor will promptly on request supply copies of its Insurances and will notify the Trustee of new policies, renewals made and material variations or cancellations of policies made or, to the knowledge of such Chargor, threatened or pending.
 - (e) No Chargor shall do or permit to be done anything which may make void or voidable any of the Insurances.
 - (f) Each Chargor shall promptly pay all premiums and do all other things necessary to keep all of the Insurances.
 - (g) If any Chargor fails to comply with any of the provisions of this clause 6.21, the Trustee shall immediately be entitled to effect the Insurances concerned at the expense of the relevant Chargor.
 - (h) Subject to clause 6.21(i), each Chargor shall apply all monies received or receivable under any Insurance (other than any insurance in respect of any third party liability) towards replacing, restoring or reinstating the relevant asset. Any proceeds of insurance received by any Chargor shall, pending such replacement, restoration or reinstatement of the Property, be credited to an Account specified by the Trustee.
 - (i) To the extent that any Insurance and any Occupational Lease does not restrict the proceeds of insurance being used to prepay the Secured Liabilities, the proceeds of insurance shall:
 - (i) if at the relevant time an Event of Default has occurred and is continuing; or
 - (ii) at any other time, if the Trustee requests or requires it in writing,
 be used to prepay the Secured Liabilities.

6.22 Investments

- (a) On the later of:
 - (i) the date of this Deed; and
 - (ii) the date of acquisition of those Investments or Related Rightseach Chargor shall:
 - (A) deliver to the Trustee all certificates of title and other documents of title or evidence of ownership in respect of its Investments and the Related Rights; and
 - (B) deliver to the Trustee stock transfer forms or other transfer documents (with the transferee left blank) or any other documents as the Trustee may require or otherwise request in respect of those Investments and Related Rights.
- (b) Until any steps are taken to enforce the Security created by or under this Deed, each Chargor shall be entitled to receive and retain all dividends, distributions and other moneys receivable in respect of its Investments and Related Rights.
- (c) No Chargor shall exercise its voting and other rights in respect of its Investments and Related Rights in a manner which is likely to be prejudicial to the interests of the Trustee.
- (d) Each Chargor shall make all payments which may become due and payable in respect of any of its Investments and Related Rights. If it fails to make any such payments, the Trustee may but shall not be obliged to make such payment on behalf of the relevant Chargor. Any sums so paid by the Trustee shall be repayable by the relevant Chargor to the Trustee on demand and pending such repayment shall constitute part of the Secured Liabilities.
- (e) Each Chargor shall remain liable to observe and perform all of the conditions and obligations assumed by it in respect of its Investments and Related Rights and the Trustee shall not be required to perform or fulfil any obligation of any Chargor in respect of any Investments or Related Rights.
- (f) Each Chargor shall comply with any notice served on it under the Companies Act 2006 or pursuant to its articles of association or any other constitutional document in respect of or in connection with the Investments or Related Rights and will promptly provide to the Trustee a copy of that notice.
- (g) Each Chargor shall ensure that none of its Investments in any of its Subsidiaries are converted into uncertificated form without the prior written consent of the Trustee.
- (h) Immediately on conversion of any Investment or Related Rights from a certificated to an uncertificated form, and on the acquisition of any Investments or Related Rights in an uncertificated form, the relevant Chargor shall give such instructions or directions and take such other steps and enter into such documentation as the Trustee may require in order to protect or preserve the Security intended to be created by this Deed.

6.23 Restrictions on dealing with Charged Assets

- (a) No Chargor will without the prior written consent of the Trustee (whether by a single transaction or a series of related or unrelated transactions and whether at the same time or over a period of time) sell, transfer, lease or otherwise dispose of any of the Charged Assets (other than Floating Charge Assets) or agree to do so.

- (b) No Chargor will dispose of any Floating Charge Assets other than in the ordinary course of its business.
- (c) No Chargor shall exercise any of the powers of leasing or of accepting surrenders of leases conferred by sections 99 and 100 of the LPA or by common law or vary any lease or tenancy agreement or reduce any sum payable under the same.

6.24 Power to remedy

- (a) If any Chargor at any time defaults in complying with any of its obligations contained in this Deed, the Trustee shall, without prejudice to any other rights arising as a consequence of such default, be entitled to make good such default and the relevant Chargor irrevocably authorises the Trustee and its employees and agents by way of security to do all such things necessary or desirable in connection with the same.
- (b) Any moneys so expended by the Trustee shall be repayable by the relevant Chargor to the Trustee on demand together with interest at the Default Rate from the date of payment by the Trustee until such repayment, both before and after judgment.

6.25 Intellectual Property

- (a) Each Chargor shall take all necessary action to safeguard and maintain present and future rights in, or relating to, the Intellectual Property including (without limitation) by observing all covenants and stipulations relating to those rights, and by paying all applicable renewal fees, licence fees and other outgoings.
- (b) Each Chargor shall use all reasonable efforts to register applications for the registration of any Intellectual Property, and shall keep the Trustee informed of all matters relating to each such registration.
- (c) No Chargor shall permit any Intellectual Property to be abandoned, cancelled or to lapse.

7. FURTHER ASSURANCE

7.1 Further assurance

Each Chargor shall, at its own expense, if and when required by the Trustee or a Receiver:

- (a) Execute such further Security and assurances in favour of the Trustee and do all such acts and things as the Trustee or a Receiver shall from time to time require over or in relation to all or any of the Charged Assets to secure the Secured Liabilities or to create, perfect, protect or maintain the Security intended to be created by this Deed over the Charged Assets or any part thereof or to facilitate the realization of the same; and
- (b) Affix to such items of the Charged Assets or endorse or cause to be endorsed thereon such labels, signs, memoranda or other recognizable identification markings as the Trustee shall require referring or drawing attention to the Security constituted by or pursuant to this Deed.

Such further Security and assurances shall be prepared by or on behalf of the Trustee, at the expense of the relevant Chargor, and shall contain an immediate power of sale without notice, a clause excluding section 93 of the LPA, a clause excluding the restrictions contained in section 103 of the LPA and such other clauses for the benefit of the Secured Parties as the Trustee may reasonably require.

8. CERTAIN POWERS OF THE TRUSTEE

8.1 Powers on enforcement

At any time while an Event of Default is continuing, or if requested by a Chargor, the Trustee may in its absolute discretion, without further notice and whether or not a Receiver shall have been appointed, enforce all or any part of this Security in any manner it sees fit. The power of sale and other powers conferred on mortgagees by the LPA, as varied or extended by this Deed, and all the powers and discretions conferred by this Deed on a Receiver either expressly or by reference, will be immediately exercisable at any time after this Security has become enforceable.

8.2 Subsequent Security

- (a) If the Trustee receives notice of any subsequent Security affecting the Charged Assets or any part thereof, the Trustee may open a new account for the Chargors.
- (b) If it does not open a new account then, unless the Trustee gives express written notice to the contrary to the Chargors, it shall nevertheless be treated as if it had opened a new account at the time when it received such notice and as from that time all payments made by or on behalf of the Chargors to the Trustee shall be credited or be treated as having been credited to the new account and shall not operate to reduce the Secured Liabilities outstanding at the time when it received such notice.

8.3 Statutory power of leasing

The Trustee shall have the power to lease and make agreements for leases at a premium or otherwise, to accept surrenders of leases and to grant options on such terms as the Trustee shall consider expedient and without the need to observe any of the provisions of sections 99 and 100 of the LPA.

8.4 Contingencies

- (a) If the Trustee enforces the security constituted by this Deed at a time when no amount in respect of the Secured Liabilities is due and payable, the Trustee (or the Receiver) may pay the proceeds of any recoveries effected by it into a suspense account.
- (b) The Trustee may (subject to the payment of any claims having priority to this Security) withdraw amounts standing to the credit of such account for application as follows:
 - (i) paying all costs, charges and expenses incurred and payments made by the Trustee (or the Receiver) in the course of such enforcement;
 - (ii) paying remuneration to the Receiver as and when the same becomes due and payable; and
 - (iii) paying amounts due and payable in respect of the Secured Liabilities as and when the same become due and payable.

8.5 Redemption of prior Security

If an Event of Default is continuing or if requested by a Chargor, the Trustee may:

- (a) redeem any prior Security against any Charged Asset; and/or
- (b) procure the transfer of that Security to itself; and/or

- (c) settle and pass the accounts of the prior mortgagee, chargee or encumbrancer and any accounts settled and passed will be conclusive and binding on the Chargors.

The Chargors shall pay on demand all principal moneys, interest, costs, charges and expenses in connection with any such redemption and/or transfer.

8.6 Investments

- (a) If an Event of Default is continuing, each Chargor shall on request by the Trustee:
 - (i) deliver to the Trustee such pre-stamped stock transfer forms or other transfer documents as the Trustee may require to enable the Trustee or its nominee or nominees to be registered as the owner of, and to obtain legal and beneficial title to, the Investments and/or Related Rights referred to in such request;
 - (ii) provide to the Trustee certified copies of all resolutions and authorisations approving the execution of such transfer forms and registration of such transfers as the Trustee may reasonably require;
 - (iii) procure that each such transfer is promptly registered by the relevant company; and
 - (iv) procure that, immediately on their issue, all share certificates or other documents of title in the appropriate form, in respect of the relevant Investments and/or Related Rights, are delivered to the Trustee in each case showing the registered holder as the Trustee or its nominee or nominees (as applicable).
- (b) Subject to paragraph (c) below, at any time while an Event of Default is continuing, the Trustee may, in its discretion (in the name of a Chargor or otherwise and without any further consent or authority from any Chargor) exercise (or refrain from exercising) any voting rights in respect of all or part of any Investment and Related Rights.
- (c) The Trustee may, in its absolute discretion and without any consent or authority from the Chargors, by notice to the Chargors (which notice shall be irrevocable) elect to give up the right to exercise (or refrain from exercising) all voting rights in respect of any Investments and Related Rights conferred or to be conferred on the Trustee pursuant to paragraph (b) above. Once a notice has been issued by the Trustee under this paragraph, on and from the date of such notice the Trustee shall cease to have the right to exercise or refrain from exercising voting rights in respect of such Investments and Related Rights conferred or to be conferred on it pursuant to paragraph (c) above or any other provision of this Deed and all such rights will be exercisable by the Chargors. The Chargors shall be entitled on and from the date of such notice, to exercise all voting rights in relation to the Investments subject only to the proviso contained in paragraph (d) below.
- (d) No Chargor shall exercise (and shall procure that any nominee acting on its behalf shall not exercise) its voting rights in any manner, or otherwise permit or agree to any:
 - (i) variation of the rights attaching to or conferred by all or any part of any Investments and Related Rights;
 - (ii) increase in the issued share capital;
 - (iii) exercise, renunciation or assignment of any right to subscribe for any Investments or Related Rights; or
 - (iv) reconstruction, amalgamation, sale or other disposal (including the exchange, conversion or reissue of any Investments or Related Rights or securities as a consequence thereof),

of any company whose Investments or Related Rights are included in the Charged Assets, which in the opinion of the Trustee would prejudice the value of, or the ability of the Trustee to realise, the Security created by this Deed provided that the proceeds of the exercise of those rights shall form part of the Charged Assets.

- (e) At any time while an Event of Default is continuing, the Trustee may complete the transfer documents delivered to it under clause 6.22(a)(ii)(B) or clause 8.6(a) in favour of itself or such other person or nominee as it shall select.
- (f) At any time while an Event of Default is continuing, the Trustee and its nominee or nominees may sell all or any of the Investments or Related Rights of the Chargors in any manner permitted by law and on such terms as the Trustee shall in its absolute discretion determine.
- (g) At any time after steps have been taken to enforce the Security created by or under this Deed, if a Chargor receives any dividends, distributions or other moneys in respect of its Investments and Related Rights, the relevant Chargor shall immediately pay such sums received directly to the Trustee for application in accordance with clause 10 and shall hold all such sums on trust for the Trustee pending payment of them to such account as the Trustee shall direct.

8.7 Power of sale and right of consolidation

Sections 93 and 103 of the LPA do not apply to the security constituted by this Deed.

9. APPOINTMENT AND POWERS OF RECEIVER

9.1 Appointment

- (a) At any time while an Event of Default is continuing, or if requested by a Chargor, the Trustee may by instrument in writing executed as a deed or under the hand of any duly authorised officer appoint a Receiver of the Charged Assets or any part thereof.
- (b) Where more than one Receiver is appointed, each joint Receiver shall have power to act severally and independently of any other joint Receivers, except to the extent that the Trustee may specify to the contrary in the appointment.
- (c) The Trustee may (subject to clause 45 of the Insolvency Act 1986) remove any Receiver so appointed and appoint another in his place.
- (d) Except as provided below, any restriction imposed by law on the right of a mortgagee to appoint a Receiver (including under section 109(1) of the Act) does not apply to this Deed.
- (e) The Trustee is not entitled to appoint a Receiver solely as a result of the obtaining of a moratorium (or anything done with a view to obtaining a moratorium) under Section 1A of the Insolvency Act 1986.
- (f) The Trustee may not appoint an administrative receiver (as defined in section 29(2) of the Insolvency Act 1986) over the Charged Assets if the Trustee is prohibited from so doing by section 72A of the Insolvency Act 1986 and no exception to the prohibition on appointing an administrative receiver applies.

9.2 Receiver as agent

A Receiver shall be the agent of the Chargors and the Chargors shall be solely responsible for his acts or defaults and for his remuneration. The Trustee will not incur any liability (either to the Chargors or to any other person) by reason of the appointment of a Receiver or for any other reason.

9.3 Powers of Receiver

A Receiver shall have all the powers conferred from time to time on receivers and administrative receivers by statute and power on behalf and at the expense of the Chargors to do, or omit to do, anything which any of the Chargors could do, or omit to do, in relation to the Charged Assets or any part thereof including:

- (a) take possession of, collect and get in, and give a good discharge for, all or any of the Charged Assets; and/or
- (b) exercise in respect of the Charged Assets all voting or other powers or rights available to a registered or other holder in such manner as he may think fit; and/or
- (c) carry on, manage, develop, reconstruct, amalgamate or diversify the business of any Chargor or any part thereof; and/or
- (d) lease or otherwise acquire and develop or improve properties or other assets without being responsible for loss or damage; and/or
- (e) raise or borrow any money from or incur any other liability to any Secured Party or others on such terms, with or without security, as he may think fit and so that any such security may be or include a charge on the whole or any part of the Charged Assets ranking in priority to this security or otherwise; and/or
- (f) sell, let, surrender or accept surrenders, grant licences or otherwise dispose of or deal with all or any of the Charged Assets by public auction or private contract and for such consideration and generally on such terms and conditions as he may think fit. The consideration for such sale, lease or disposition may be for cash, debentures or other obligations, shares, stock, securities or other valuable consideration and be payable immediately or by instalments spread over such period as he shall think fit and so that any consideration received or receivable shall immediately be and become charged with the payment of all the Secured Liabilities; and/or
- (g) promote the formation of companies with a view to the same becoming a Subsidiary of a Chargor and purchasing, leasing, licensing or otherwise acquiring interests in all or any of the Charged Assets or otherwise, arrange for such companies to trade or cease to trade and to purchase, lease, license or otherwise acquire all or any of the Charged Assets on such terms and conditions as he may think fit; and/or
- (h) make any arrangement or compromise or enter into, or cancel, any contracts which he shall think expedient; and/or
- (i) make and effect such repairs, renewals and improvements to the Charged Assets or any part thereof as he may think fit and maintain, renew, take out or increase insurances; and/or
- (j) appoint and discharge managers, agents, officers and employees for any of the purposes referred to in this clause 9.3; and/or
- (k) make calls conditionally, or unconditionally, on the members of any Chargor in respect of uncalled capital; and/or

- (l) institute, continue, enforce, defend, settle or discontinue any actions, suits or proceedings in relation to the Charged Assets or any part thereof or submit to arbitration as he may think fit; and/or
- (m) exercise all voting and other rights attaching to the Investments and stocks, shares and other securities owned by the Chargors and comprised in the Charged Assets in such manner as he may think fit; and/or
- (n) delegate his powers in accordance with clause 12 (*Delegation*); and/or
- (o) sign any document, execute any deed and do all such other acts and things as may be considered by him to be incidental or conducive to any of the matters or powers referred to in this clause 9.3 or to the realisation of the Security created by or pursuant to this Deed and to use the name of the Chargors for all the purposes referred to in this clause 9.3.

9.4 Remuneration

The Trustee may from time to time determine the remuneration of any Receiver and section 109(6) of the LPA shall be varied accordingly.

9.5 Exercise of Receiver powers by the Trustee

To the fullest extent allowed by law, any right, power or discretion conferred by this Deed (either expressly or impliedly) or by law on a Receiver may after this Security becomes enforceable be exercised by the Trustee in relation to any Charged Asset without first appointing a Receiver and notwithstanding the appointment of a Receiver.

10. APPLICATION OF PROCEEDS

All moneys received by the Trustee or by any Receiver pursuant to this Deed shall be applied, after the discharge of the remuneration and expenses of the Receiver and all liabilities having priority to the Secured Liabilities, in or towards satisfaction of such of the Secured Liabilities and in such order as the Secured Parties may from time to time conclusively agree, except that the Trustee may credit the same to a suspense account for so long and in such manner as the Trustee may from time to time determine and the Receiver may retain the same for such period as he and the Trustee consider expedient. Any balance of such moneys remaining after the Secured Liabilities have been repaid in full shall be paid to the Chargors. This clause is subject to the Intercreditor Agreement and to the payment of any other claims having priority over this Deed.

11. PROTECTION OF THIRD PARTIES

11.1 Deemed right to enforce

In favour of any purchaser (as defined in section 205 of the LPA) or person dealing in good faith, the Secured Liabilities shall be deemed to become due, and all rights of enforcement conferred on the Trustee by the LPA, as varied and extended by this Deed, shall be deemed to arise, immediately after the execution of this Deed.

11.2 No enquiry required

No purchaser or other person dealing with the Trustee or a Receiver shall be bound or concerned to enquire whether any power exercised or purported to be exercised under this Deed

has become exercisable or whether any money is due on the Security of this Deed or as to the propriety or regularity of any sale by, or other dealing with, the Trustee or such Receiver or be concerned with notice to the contrary. Any such sale or dealing shall be deemed to be within the powers conferred by this Deed and to be valid and effectual accordingly.

12. DELEGATION

The Trustee and any Receiver may delegate by power of attorney or in any other manner to any person any right, power or discretion exercisable by it under this Deed. Any such delegation may be made on the terms (including power to sub-delegate) and subject to any regulations which the Trustee or such Receiver (as the case may be) may think fit. Neither the Trustee nor any Receiver will be in any way liable or responsible to the Chargors for any loss or liability arising from any act, default, omission or misconduct on the part of any such delegate or sub-delegate.

13. INDEMNITIES

13.1 Enforcement costs

Each Chargor shall pay to the Trustee on demand the amount of all costs and expenses (including legal fees, stamp duties and any value added tax) incurred by the Trustee or any Receiver in connection with the enforcement, preservation or release of any rights under this Deed on a full indemnity basis.

13.2 Indemnity from Charged Assets

The Trustee and any Receiver, attorney, agent or other person appointed by the Trustee under this Deed and the officers and employees of the Trustee and any such Receiver, attorney, agent or other person (each an **Indemnified Party**) shall be entitled to be indemnified out of the Charged Assets in respect of all costs and losses which may be incurred by, or made against, any of them (or by or against any manager, agent, officer or employee for whose liability, act or omission any of them may be answerable) at any time relating to or arising out of or as a consequence of:

- (a) anything done or omitted in the exercise, or purported exercise, of the powers contained in this Deed; or
- (b) any breach by any Chargor of any of its obligations under this Deed; or
- (c) any claim made or asserted against an Indemnified Party under any law which would not have arisen if this Deed had not been executed and which was not caused by the gross negligence or wilful default of the relevant Indemnified Party.

14. POWER OF ATTORNEY

14.1 Power of attorney

Each Chargor, by way of security irrevocably appoints each of the Trustee and any Receiver and their respective delegates severally to be its attorney in its name and on its behalf:

- (a) to execute and complete any documents or instruments which the Trustee or such Receiver may require for perfecting the title of the Trustee to the Charged Assets or for vesting the same in the Trustee, its nominee or any purchaser;
- (b) to sign, execute, seal and deliver, and otherwise perfect, any further Security or document referred to in clause 7.1 (*Further assurance*); and
- (c) otherwise generally to sign, seal, execute and deliver all deeds, agreements and other documents and to do all acts and things which may be required for the full exercise of all or any of the powers conferred on the Trustee or a Receiver under any Transaction Document or which may be deemed expedient by the Trustee or a Receiver in connection with any disposition, realisation or getting in of the Charged Assets or any part thereof or in connection with any other exercise of any power under this Deed.

14.2 Ratification

Each Chargor ratifies and confirms and agrees to ratify and confirm all acts and things which any attorney pursuant to clause 14.1 (*Power of attorney*) shall do, or purport to do, in the exercise of his powers under clause 14.1 (*Power of attorney*).

15. MISCELLANEOUS

15.1 Continuing security

This Deed and the obligations of each Chargor under this Deed shall:

- (a) secure the ultimate balance of the Secured Liabilities and shall be a continuing Security notwithstanding any settlement of account or other matter whatsoever;
- (b) be in addition to, and not prejudice or affect, any present or future Collateral Instrument, Security, right or remedy held by or available to any Secured Party; and
- (c) not merge with, or be in any way prejudiced or affected by the existence of, any such Collateral Instrument, Security, right or remedy.

15.2 Settlements conditional

Any settlement or discharge between any Secured Party and any Chargor shall be conditional on no Security granted to, or disposition or payment to, that Secured Party (whether by that Chargor or otherwise) being avoided or reduced as a result of insolvency or any similar event and the Trustee shall be entitled to recover the value or amount of any such Security or payment from that Chargor and to enforce this Deed as if such settlement or discharge had not occurred.

15.3 Retention

The Trustee will be entitled to retain this Deed for 6 months after repayment in full of the Secured Liabilities. If within that period any application is made, a petition is presented or a resolution is passed or other steps are taken for the winding up, the administration or the bankruptcy of any Chargor or any other person who is liable in respect of, or has discharged any of, the Secured Liabilities, the Trustee may retain this Deed for so long as it requires in respect of any liability of the Chargors under this Deed.

15.4 Deposits

Without prejudice to any right of set-off which any Secured Party may have, if any time deposit matures on any account any Chargor has with a Group Member at any time when:

- (a) this Security has become enforceable; and
- (b) no amount of the Secured Liabilities is due and payable,

that time deposit shall automatically be renewed for any further maturity which the relevant Secured Party considers appropriate. Any Group Member may rely on this clause 14.4 subject to the provisions of the Contracts (Rights of Third Parties) Act 1999.

15.5 Land Registry

- (a) In respect of any Property, the title to which is or is to be registered at the Land Registry, each Chargor consents to an application being made to the Chief Land Registrar for registration of a restriction on the register of title of all present and future registered freehold, leasehold or commonhold property of such Chargor (and any unregistered properties subject to compulsory first registration at the date of this Deed).
- (b) Each Chargor confirms that so far as any of the Property is unregistered, such Property is not affected by any disclosable overriding interests within the meaning of the Land Registration Act 2002 or the Land Registration Rules 2003.

15.6 No responsibility for loss

Neither the Trustee nor any Receiver shall be responsible for any loss occasioned by the timing of the exercise of its powers under this Deed.

15.7 No liability as mortgagee in possession

Neither the Trustee nor any Receiver shall be liable to account as mortgagee in possession in respect of all or any of the Charged Assets or be liable for any loss on realisation or for any neglect or default of any nature whatsoever for which a mortgagee in possession may be liable.

15.8 Perpetuity period

The perpetuity period for the trusts created by this Deed shall be 125 years from the date of this Deed.

16. PARTIAL INVALIDITY

If, at any time, any provision of this Deed is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provisions under the law of any other jurisdiction will in any way be affected or impaired.

17. REMEDIES AND WAIVERS

No failure to exercise, nor any delay in exercising, on the part of the Trustee or any Secured Party, any right or remedy available to it under this Deed or otherwise in respect of the Secured Liabilities shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise of or exercise of any other right or remedy. The

rights and remedies provided in this Deed and in any other agreement providing for or entered into in connection with the Secured Liabilities are cumulative and not exclusive of any rights or remedies provided by law. Any Secured Party may rely on this clause 16 subject to the provisions of the Contracts (Rights of Third Parties) Act 1999.

18. NOTICES

18.1 Any communication to be made under or in connection with this Deed shall be made in writing and, unless otherwise stated, may be made by fax or letter.

18.2 The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with this Deed is:

- (a) in the case of each Chargor, that identified with its name below; and
- (b) in the case of the Trustee, that identified with its name below

or any substitute address, fax number or department or officer as either Party may notify to the other by not less than 5 Business Days' notice.

18.3

- (a) Any communication or document made or delivered by one person to another under or in connection with this Deed will only be effective:
 - (i) if by way of fax, when received in legible form; or
 - (ii) if by way of letter, when it has been left at the relevant address or 5 days after being deposited in the post postage prepaid in an envelope addressed to it at that address, and, if a particular department or officer is specified as part of its address details provided under clause 18.2, if addressed to that department or officer.
- (b) Any communication or document to be made or delivered to the Trustee will be effective only when actually received by the Trustee and then only if it is expressly marked for the attention of the department or officer identified with the Trustee's name below (or any substitute department or officer as the Trustee shall specify for this purpose).

19. CALCULATIONS AND CERTIFICATES

19.1 Accounts

In any litigation or arbitration proceedings arising out of or in connection with this Deed, the entries made in the accounts maintained by a Secured Party are prima facie evidence of the matters to which they relate.

19.2 Certificates and determinations

Any certification or determination by the Trustee or a Secured Party under this Deed or the Transaction Documents including the Loan Note Instrument is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

19.3 No set off by the Chargors

All payments to be made by the Chargors under this Deed shall, subject to the terms of the Transaction Documents including the Loan Note Instrument, be calculated and be made without (and free and clear of any deduction for) set off or counterclaim.

20. SET OFF

The Trustee or a Secured Party may set off any matured obligation due from any Chargor against any matured obligation owed by the Trustee or that Secured Party to that Chargor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Trustee or that Secured Party may convert either obligation at a market rate of exchange in its usual course of business for the purposes of the set off. Any Secured Party may rely on this clause 20 subject to the provisions of the Contracts (Rights of Third Parties) Act 1999.

21. CURRENCY

If a payment is made to the Trustee under this Deed in a currency other than the currency in which it is expressed to be payable (**Contractual Currency**), the Trustee may convert that payment into the Contractual Currency at a market rate of exchange in its usual course of business on or around the date of the payment and to the extent that the converted amount of the payment falls short of the amount due and payable the Chargors will remain liable for such shortfall and such shortfall shall form part of the Secured Liabilities.

22. ASSIGNMENT

22.1 The Trustee or any Secured Party may at any time assign or otherwise transfer all or any part of its rights and obligations under this Deed or any Security created by or under it.

22.2 The Trustee and each Secured Party may disclose to any person:

- (a) to (or through) whom it assigns or transfers (or may potentially assign or transfer) all or any of:
 - (i) the Secured Liabilities; and/or
 - (ii) its rights and obligations under this Deed;
- (b) with (or through) whom it enters into (or may potentially enter into) any sub-participation in relation to, or any other transaction under which payments are to be made by reference to, the Secured Liabilities or a Chargor;
- (c) to whom, and to the extent that, information is required to be disclosed by any applicable law or regulation; or
- (d) who is its Affiliate,
any information about the Chargors and this Deed as the Trustee or that Secured Party shall consider appropriate.

22.3 No Chargor may assign any of its rights or transfer any of its rights or obligations under this Deed.

22.4 Any Secured Party may rely on this clause 22 subject to the provisions of the Contracts (Rights of Third Parties) Act 1999.

23. COUNTERPARTS

This Deed may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Deed.

24. GOVERNING LAW

24.1 Governing law

This Charge and all non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with English law.

24.2 Jurisdiction

- (a) The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Deed (including a dispute relating to non-contractual obligations arising from or in connection with this Deed, or a dispute regarding the existence, validity or termination of this Deed or the consequences of its nullity) (a “Dispute”).
- (b) The Parties hereto agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party shall argue to the contrary.
- (c) This Clause 24.2 is for the benefit of the Trustee only. As a result, the Trustee shall not be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Trustee may take concurrent proceedings in any number of jurisdictions.

This Deed has been entered into at the date stated at the beginning of this Deed.

SCHEDULE 1
PROPERTIES

[intentionally left blank]

SCHEDULE 2

FORM OF NOTICE TO THE BANK OR INSTITUTION OPERATING AN ACCOUNT

[Date]

To: [insert name of account bank]

Attention: [•]

Dear Sirs

Notice of charge

Account number: (Account)

Sort code:

Account holder: [relevant Chargor]

We give you notice that we have charged by fixed charge to Tyrolease (789) Limited (Trustee) all our right, title and interest in and to the moneys from time to time standing to the credit of the Account.

We hereby irrevocably and unconditionally authorise and instruct you:

1. to hold all moneys from time to time standing to the credit of the Account to the order of the Trustee and accordingly to pay all or any part of those moneys to the Trustee (or as it may direct) promptly following receipt of written instructions from the Trustee to that effect; and
2. to disclose to the Trustee such information relating to us and the Account as the Trustee may from time to time request you to provide.

By countersigning this notice, the Trustee authorises you to permit us to withdraw and otherwise deal with funds standing to the credit of the Account until:

- (a) you receive a notice in writing to the contrary from the Trustee;
- (b) a petition is presented for a winding up order in respect of us or an application is made for an administration order in respect of us,

(whichever occurs first).

Within 5 days of receipt of this notice, please sign and return the acknowledgement attached to one enclosed copy of this notice to the Trustee and the other copy to us.

This notice shall be governed by and construed in accordance with English law.

Yours faithfully

.....
For and on behalf of
[relevant Chargor]

Countersigned by the Trustee

.....
For and on behalf of
Tyrolese (789) Limited

SCHEDULE 3
FORM OF ACKNOWLEDGEMENT FROM BANK OR INSTITUTION OPERATING AN
ACCOUNT

[Date]

To: **Tyrolese (789) Limited**
[Address]

Attention: [•]

To: 1869 Limited
Sofa Brands International Limited
Duresta Upholstery Limited
Parker Knoll Upholstery Limited
G Plan Upholstery Limited
Collins and Hayes Furniture Limited
The Lounge Co. (Furniture) Limited (**Chargors**)
[Address]

Attention: [•]

Dear Sirs

Acknowledgement of notice

We acknowledge receipt of the notice of charge (Notice) dated [•]. Terms defined in the Notice have the same meaning when used in this acknowledgment.

We confirm that:

- (a) we shall act in accordance with the Notice;
- (b) as at the date of this acknowledgement we have not received any notice of assignment or charge or other security over the Chargors' interest in the Account in favour of any other person; and
- (c) we will not exercise any right of combination of accounts, set-off or lien over any moneys standing to the credit of the Account.

This acknowledgement shall be governed by and construed in accordance with English law.

Yours faithfully

.....
For and on behalf of
[insert name of account bank]

SCHEDULE 4
FORM OF NOTICE TO OCCUPATIONAL TENANTS

[Date]

To: *[insert name of tenant]*

Dear Sirs

[Insert details of the Property] (Property)

We refer to the [lease/licence] in respect of the Property dated [•] and made between [•] (1) and [•] (2) (Lease).

We give you notice that by a debenture dated [•] 20[•], we assigned to Tyrolese (789) Limited (Trustee) all our right, title and interest in and to the Lease and the moneys from time to time due to us under the Lease.

We irrevocably and unconditionally instruct and authorise you, until you receive notice from the Trustee to the contrary, to pay any sums payable by you under the Lease to the following account:

Account name: [•]

Account number: [•]

Sort code: [•]

Bank address: [•]

Please confirm your agreement to these instructions and authorisations by signing and returning the enclosed acknowledgement within 5 days of receipt of this notice direct to the Trustee at [•] marked for the attention of [•], with a copy to ourselves.

The instructions in this notice may not be revoked or amended without the prior written consent of the Trustee.

This notice shall be governed by and construed in accordance with English law.

Yours faithfully

.....
For and on behalf of
[relevant Chargor]

SCHEDULE 5
FORM OF ACKNOWLEDGEMENT FROM OCCUPATIONAL TENANTS

[Date]

To: [•]
 [Address]

Attention: [•]

Dear Sirs

Acknowledgement of notice

We acknowledge receipt of a notice addressed to us by [relevant Chargor] (**Chargor**) dated [•] (Notice) in relation to the Lease (as defined in the Notice) and we accept the instructions and authorisations contained in the Notice.

We confirm that we have not received notice that any third party has or will have any right or interest in, or has made or will be making any claim on or taking any action in respect of, the rights of the Chargor under the Lease (as defined in the Notice).

This acknowledgement shall be governed by and construed in accordance with English law.

Yours faithfully

.....
For and on behalf of
[insert name of tenant]

cc

SCHEDULE 6
FORM OF NOTICE OF ASSIGNMENT OF HEDGING AGREEMENTS

To: [insert name of hedging counterparty]

Dated: [●]

Dear Sirs

Notice of assignment by way of security

We give you notice that by a debenture dated [●] 20[●], we assigned to Tyrolese (789) Limited (Trustee) all of our rights, title and interest in and to the [●] dated [●] between ourselves and you (Hedging Agreement).

Please note that:

1. our duties and obligations under the Hedging Agreement have not been novated and consequently we are still responsible to you for all such duties and obligations as set out in the Hedging Agreement;
2. we may not without the prior written consent of the Trustee:
 - (a) make or agree to any modification, variation or amendment of the terms of the Hedging Agreement;
 - (b) consent or agree to any waiver or release of any of your obligations under the Hedging Agreement; or
 - (c) make or agree to any claim that the Hedging Agreement is frustrated in whole or in part.

Please remit to the Trustee all sums due and owing to us under or pursuant to the Hedging Agreement to the following account:

Account number: [●]

Sort code: [●]

These instructions may not be varied save with the written consent of the Trustee.

Please confirm your agreement to these instructions by signing and returning the enclosed acknowledgement within 5 days of receipt of this notice direct to the Trustee at [●] marked for the attention of [●], with a copy to ourselves.

This notice shall be governed by and construed in accordance with English law.

Yours faithfully

.....
For and on behalf of
[relevant Chargor]

SCHEDULE 7

FORM OF ACKNOWLEDGEMENT FROM HEDGE COUNTERPARTY

[Date]

To: Tyrolese (789) Limited
[Address]

Attention: [•]

Dear Sirs

Acknowledgement of notice

We acknowledge receipt of the notice of assignment dated [•] (Notice). Terms defined in the Notice shall have the same meaning when used in this acknowledgment. We confirm that:

1. we have not received any other notice of assignment or charge regarding the Hedging Agreement;
2. we consent to the assignment of the benefit of the Hedging Agreement by the Chargor to the Trustee; and
3. we shall remit to you all sums due and owing to the Chargor under or pursuant to the Hedging Agreement in accordance with the terms of the Notice.

This acknowledgement shall be governed by and construed in accordance with English law.

Yours faithfully

.....
For and on behalf of
[insert name of contract counterparty]

cc [relevant Chargor]

SIGNATURES

Chargors

EXECUTED as a deed on behalf of
1869 LIMITED

acting by:

)
)
)
)

Director

[Redacted Signature]

in the presence of:

Witness signature:

[Redacted Signature]

Witness name:

LOUISE ANTHONY

Witness address:

[Redacted Address]

Witness occupation:

Admin Support officer

Notices (Clause 18)

Address:

1 Hampton Park West, Melksham, Wiltshire, England, SN12 6GU

Attention:

Duncan Miller

EXECUTED as a deed on behalf of
SOFA BRANDS INTERNATIONAL
LIMITED
acting by:

)
)
)
)

.....
Director

in the presence of:

Witness signature:.....

Witness name: *LOUISE ANTHONY*.....

Witness address:.....

Witness occupation: *Admin support officer*

Notices (Clause 18)

Address: 1 Hampton Park West, Melksham, Wiltshire, England, SN12 6GU

Attention: Duncan Miller

EXECUTED as a deed on behalf of
DURESTA UPHOLSTERY LIMITED
acting by:

)
)
)



Director

in the presence of:

Witness signature: 

Witness name: LOUISE ANTHONY

Witness address: 

Witness occupation: Admin support officer

Notices (Clause 18)

Address: 1 Hampton Park West, Melksham, Wiltshire, England, SN12 6GU

Attention: Duncan Miller

EXECUTED as a deed on behalf of
PARKER KNOLL UPHOLSTERY
LIMITED
acting by:

)
)
)
)

[Redacted]

Director

in the presence of:

Witness signature: [Redacted]

Witness name: LOUISE ANTHONY

Witness address: [Redacted]

Witness occupation: Admin support office

Notices (Clause 18)

Address: 1 Hampton Park West, Melksham, Wiltshire, England, SN12 6GU

Attention: Duncan Miller

EXECUTED as a deed on behalf of
G PLAN UPHOLSTERY LIMITED
acting by:

)
)
)

[Redacted Signature]

Director

in the presence of:

Witness signature: [Redacted Signature]

Witness name: LOUISE ANTHONY

Witness address: [Redacted Address]

Witness occupation: Admin support officer

Notices (Clause 18)

Address: 1 Hampton Park West, Melksham, Wiltshire, England, SN12 6GU

Attention: Duncan Miller

EXECUTED as a deed on behalf of
COLLINS AND HAYES FURNITURE
LIMITED
acting by:

)
)
)
)

Director

in the presence of:

Witness signature: 

Witness name: LOUISE ANTHONY

Witness address: 

Witness occupation: Admin support office

Notices (Clause 18)

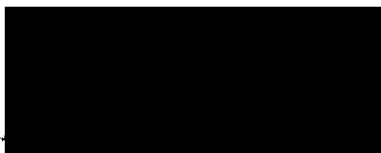
Address: 1 Hampton Park West, Melksham, Wiltshire, England, SN12 6GU

Attention: Duncan Miller

EXECUTED as a deed on behalf of
THE LOUNGE CO. (FURNITURE)
LIMITED

acting by:

)
)
)
)
) Director



in the presence of:

Witness signature:



Witness name: LOUISE ANTHONY

Witness address:



Witness occupation: Admin support officer

Notices (Clause 18)

Address: 1 Hampton Park West, Melksham, Wiltshire, England, SN12 6GU

Attention: Duncan Miller

Trustee

EXECUTED as a deed on behalf of
TYROLESE (789) LIMITED
acting by:

)
)
)

Director

in the presence of:

Witness signature:.....

Witness name: LOUISE ANTHONY.....

Witness address:.....

Witness occupation: Admin support officer

Notices (Clause 18)

Address: 10 Lennox Gardens Mews, London, SW1X 0DP

Attention: Mark Clarke