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## COMPANIES FORM NO. 395

## Particulars of a mortgage or charge

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

**395**

Please do not  
write in  
this margin

Pursuant to section 395 of the Companies Act 1985

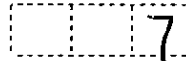
Please complete  
legibly, preferably  
in black type, or  
bold block lettering

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

For official use

Company number

00922893



\*Insert full name  
of Company

Name of company

Performance Sailcraft Europe Limited (the "Borrower")

Date of creation of the charge

12 April 2007

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

Debenture, dated 12 April 2007 between (1) Gavel Securities Limited, (2) Performance Sailcraft Europe Limited, (3) Laser Sailboats Limited, and (4) Barclays Bank PLC (the "Debenture")

Amount secured by the mortgage or charge

See Part 1 of the attached Schedule, and the definitions set out in Part 3 of the attached Schedule

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

Barclays Bank PLC (the "Lender")

1 Churchill Place

London

Postcode

E14 5HP

Presentor's name and address and  
reference (if any)  
Our Ref: Osborne Clarke  
Apex Plaza  
Forbury Road  
Reading  
RG1 1AX  
Ref: 0916190/3577975/VBS

Time critical reference

For official Use  
Mortgage Section

Post room

FRIDAY



\*ATB0GP2L\*

A50

27/04/2007

280

COMPANIES HOUSE

Short particulars of all the property mortgaged or charged

See Part 2 of the attached Schedule, and the definitions set out in Part 3 of the attached Schedule

Please do not  
write in  
this margin

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

Particulars as to commission allowance or discount (note 3)

Nil

Signed

Date

Osborne Clarke

26<sup>th</sup> April 2007

On behalf of mortgagee/chargee†

A fee of £13 is  
payable to  
Companies House  
in respect of each  
register entry for a  
mortgage or  
charge.  
(See Note 5)

Notes

†delete as  
appropriate

- 1 The original instrument (if any) creating or evidencing the charge, together with these prescribed particulars correctly completed must be delivered to the Registrar of Companies within 21 days after the date of creation of the charge (section 395). If the property is situated and the charge was created outside the United Kingdom delivery to the Registrar must be effected within 21 days after the date on which the instrument could in due course of post, and if dispatched with due diligence, have been received in the United Kingdom (section 398). A copy of the instrument creating the charge will be accepted where the property charged is situated and the charge was created outside the United Kingdom (section 398) and in such cases the copy must be verified to be a correct copy either by the company or by the person who has delivered or sent the copy to the registrar. The verification must be signed by or on behalf of the person giving the verification and where this is given by a body corporate it must be signed by an officer of that body. A verified copy will also be accepted where section 398(4) applies (property situate in Scotland or Northern Ireland) and Form No 398 is submitted.
- 2 A description of the instrument, eg "Trust Deed", "Debenture", "Mortgage" or "Legal Charge", etc, as the case may be, should be given.
- 3 In this section there should be inserted the amount or rate per cent of the commission, allowance or discount (if any) paid or made either directly or indirectly by the company to any person in consideration of his,
  - (a) subscribing or agreeing to subscribe, whether absolutely or conditionally, or
  - (b) procuring or agreeing to procure subscriptions, whether absolute or conditional,for any of the debentures included in this return. The rate of interest payable under the terms of the debentures should not be entered.
- 4 If any of the spaces in this form provide insufficient space the particulars must be entered on the prescribed continuation sheet.
- 5 Cheques and postal orders are to be made payable to Companies House.
- 6 The address of the Registrar of Companies is -  
  
Companies House, Crown Way, Cardiff CF4 3UZ, DX 33050 Cardiff

**Performance Sailcraft Europe Limited (the "Borrower")**

**Company Number 00922893**

**Schedule to Form 395 – Debenture**

**Part 1**

**Amount secured by the mortgage or charge:**

- By clause 2.1 of the Debenture, the Borrower covenants with the Lender to pay to the Lender or discharge on demand all the Secured Liabilities when the Secured Liabilities become due
- By clause 2.2 of the Debenture, the Borrower irrevocably and unconditionally covenants with and guarantees to the Lender that it will indemnify and keep indemnified the Lender on demand (and on a full indemnity basis) from and against all and any costs (including legal costs), charges, losses, expenses and damages incurred by the Lender as a result of any failure by the Borrower to pay to the Lender or discharge on demand all the Secured Liabilities when the Secured Liabilities become due or as a result of any of the Secured Liabilities being or becoming void, voidable, unenforceable or ineffective for any reason whatsoever
- By clause 3 of the Debenture the Borrower shall pay to the Lender interest on the Secured Liabilities (after as well as before any demand made or judgment obtained or the liquidation or administration of the Borrower) at the Default Rate upon such days as the Lender from time to time may determine and such interest shall be compounded in the event of it not being paid punctually with quarterly rests in accordance with the usual practice of the Lender but without prejudice to the right to require payment of such interest when due
- By clause 13 of the Debenture, the Borrower will, on demand, pay to the Lender or the Receiver, or discharge (as the case may be), all Costs reasonably incurred by it in connection with
  - (a) the negotiation, preparation, printing and execution of,
  - (b) any amendment, variation or release (in whole or in part), including the negotiation, preparation, printing and execution of any amendment, variation or release, of, and
  - (c) the enforcement of, or preservation of rights under,

the Debenture, on a full and unlimited indemnity basis, together with interest at the Default Rate from the date the relevant Cost was expended, incurred or suffered (whichever is the earlier) by the Lender or the Receiver (as the case may be) until full payment or discharge of such Cost and such Cost shall form part of the Secured Liabilities

## **Part 2**

### **Short particulars of all the property mortgaged or charged:**

By clause 4.1 of the Debenture, and by way of continuing security in favour of the Lender for the payment and discharge of the Secured Liabilities, the Borrower charges to the Lender the following

#### **4.2 Scheduled Property**

Subject to the provisions of paragraph 3 of Section 2 of the Debenture, the Borrower charges, with full title guarantee, by way of first legal mortgage, the Scheduled Property and all Rights relating to the Scheduled Property

#### **4.3 Other Property**

The Borrower charges, with full title guarantee, by way of first fixed charge, the Property (except the Scheduled Property validly charged in Clause 4.2 (*Scheduled Property*) above) and all Rights relating to such Property,

#### **4.4 Contracts**

The Borrower assigns, with full title guarantee, by way of absolute legal assignment, the Contracts

#### **4.5 Book Debts**

The Borrower charges, with full title guarantee, by way of first fixed charge, the Book Debts,

#### **4.6 Intellectual Property Rights**

- (a) The Borrower charges, with full title guarantee by way of first fixed charge, all the Intellectual Property Rights now or in the future owned, possessed or controlled by the Borrower (whether alone or with others) anywhere in the world
- (b) The Borrower charges, with full title guarantee by way of first fixed charge, the benefit of all agreements and licences now or in the future entered into or enjoyed by or on behalf of the Borrower relating to the use or exploitation by or on behalf of the Borrower anywhere in the world of any Intellectual Property Rights owned by others
- (c) The Borrower charges, with full title guarantee, all of its rights now or in the future in relation to trade secrets, confidential information, and know how in any part of the world

#### **4.7 Plant and Machinery**

The Borrower charges, with full title guarantee, by way of first fixed charge, the Plant and Machinery

#### **4 8 Shares and Derivative Assets**

- (a) The Borrower charges, with full title guarantee, by way of first fixed charge, the Shares
- (b) The Borrower charges, with full title guarantee, by way of first fixed charge, all Derivative Assets of a capital nature
- (c) The Borrower charges, with full title guarantee, by way of first fixed charge, all Derivative Assets of an income nature

#### **4 9 Bank Accounts**

The Borrower charges, with full title guarantee, by way of first fixed charge, all present and future bank accounts, cash at bank and credit balances of the Borrower (excluding those arising on fluctuating accounts) with any bank or other person and all rights relating to or attaching to them (including the right to interest)

#### **4 10 Goodwill**

The Borrower charges, with full title guarantee, by way of first fixed charge, all the goodwill and uncalled capital for the time being of the Borrower

#### **4 11 Insurance**

- (a) The Borrower charges, with full title guarantee, by way of first fixed charge, all present and future insurances in respect of any Fixed Charge Assets and the proceeds of such insurances
- (b) The Borrower charges, with full title guarantee, by way of first fixed charge, all other present and future insurances and the proceeds of such insurances
- (c) The Borrower charges, with full title guarantee, by way of first fixed charge, the benefit of all warranties, instruments, guarantees, charges, pledges, and other security and all other rights and remedies available to the Borrower in respect of any Fixed Charge Asset

#### **4 12 Hedging Documents**

The Borrower charges, with full title guarantee, by way of absolute legal assignment, the Hedging Documents

#### **4 13 Accruals etc**

- (a) The Borrower charges, with full title guarantee, by way of absolute legal assignment, all rights, money or property accruing or payable to the Borrower now or in the future under or by virtue of a Fixed Charge Asset, except to the extent such rights, money or property are for the time being effectively charged under the provisions of Clauses 4 2 (*Scheduled Property*) to 4 12 (*Hedging Documents*) (inclusive)
- (b) The Borrower charges, with full title guarantee, by way of first fixed charge, the

Borrower's rights now or hereafter to recover any VAT on any supplies made to it relating to the Assets any tax refund, rebate or repayment, and any sums so recovered

#### 4 14 Floating Charge

- (a) The Borrower charges, with full title guarantee, by way of first floating charge, all the undertaking and assets of the Borrower whatsoever, wherever situate, whether movable, immovable, present or future, including, without limitation, its uncalled capital for the time being and all the undertaking and assets of the Borrower referred to above which are, for any reason, not validly charged or assigned pursuant to Clauses 4 2 (*Scheduled Property*) to 4 13 (*Accruals etc*) (inclusive) of the Debenture
- (b) The floating charge created by the Debenture is a qualifying floating charge for the purpose of paragraph 14 of Schedule B1 to the Insolvency Act 1986

4 15 The assignments set out in Clauses 4 4 (*Contracts*), 4 12 (*Hedging documents*) and 4 13 (*Accruals etc*) are absolute assignments for the purposes of section 136 LPA and are not made by way of charge only

- By clause 5 1 of the Debenture, the Lender may by notice to the Borrower convert the floating charge contained in the Debenture into a fixed charge as regards such Charged Property as the Lender may specify (whether generally or specifically) in that notice (i) if the Lender considers that it would be desirable to do so in order to protect, preserve or supplement the charges over the Charged Property or the priority of those charges or (ii) an Event of Default has occurred and is continuing, or both, **provided that** the floating charge contained in the Debenture may not be converted into a fixed charge solely by reason of the obtaining of a moratorium, or anything done with a view to obtaining a moratorium, as a preliminary to a creditors voluntary arrangement, by an eligible company (as determined in Schedule A1 of the Insolvency Act) under the Insolvency Act
- By clause 5 2 of the Debenture, If, without the prior written consent of the Lender, (i) the Borrower creates any Security over any of the Charged Property not expressed to be subject to a fixed charge under the Debenture, or attempts to do so, or (ii) if any person levies or attempts to levy any distress, attachment, execution or other legal process against any of such Charged Property, or (iii) if any steps are taken for the appointment of, or notice is given of intention to appoint, or a petition is filed or application is made, or a competent court makes an order for the appointment of an administrator, in relation to the Borrower, or (iv) if the Lender reasonably considers the Charged Property to be in jeopardy in any respect, then the floating charge created by the Debenture over the Charged Property, the subject of such Security or process will automatically, without notice, be converted into a fixed charge as soon as such event occurs, **provided that** the floating charge contained in the Debenture may not be converted into a fixed charge solely by reason of the obtaining of a moratorium, or anything done with a view to obtaining a moratorium, as a preliminary to a creditors voluntary arrangement, by an eligible company (as determined by Schedule A1 of the Insolvency Act) under the Insolvency Act
- By clause 6 of the Debenture, the Borrower shall give to the Lender the following Notices of Assignment and Charge

#### Notice of Assignment

The Borrower will, at the request of the Lender and at the Borrower's expense, promptly give notice of assignment of any Contract or Hedging Document to any relevant person as required by the Lender and shall use its reasonable endeavours to procure that each such person executes and delivers to the Lender an acknowledgement of such notice in form and substance satisfactory to the Lender

## **Notice of Charge**

The Borrower will, at the request of the Lender and at the Borrower's expense, promptly affix to, or register, endorse or cause to be registered or endorsed on such documents of title of, such of the Charged Property as the Lender reasonably requires, identifying thereby the charge constituted by or pursuant to the Debenture

## **Notices to Third Parties**

The Borrower will, at the request of the Lender and at the Borrower's expense, promptly deliver any notices to any third party having rights or liabilities in or to all or any of the Charged Property as the Lender reasonably requires, notifying thereby the charge constituted by or pursuant to the Debenture, and will use its reasonable endeavours to ensure that each such person executes and delivers to the Lender an acknowledgement of such notice in form and substance satisfactory to the Lender

- By clause 7 of the Debenture, the Borrower shall also provide the following further assurances at any time if required by the Lender and at its own expense
  - (a) execute and deliver to the Lender such further legal or other mortgages, charges, assignments, securities, authorities, documents, acts and things as the Lender may in its discretion require of the whole or such part of the Assets as the Lender may specify, in such form as the Lender in its discretion may require, to secure the payment or discharge of the Secured Liabilities or to vest the whole or such part of the Assets in the Lender, the nominee of the Lender or in any purchaser from the Lender or the Receiver or to perfect or protect the mortgages, charges and assignments created by the Debenture, and
  - (b) pending the execution and delivery of any such assignments, hold such Assets upon trust for the Lender or in any other manner required by the Lender subject to the provisions of the Debenture
- By clause 8 of the Debenture, Borrower will, during the continuance of the security constituted by the Debenture, deposit with the Lender
  - (a) all deeds and documents of title relating to the Scheduled Property and the Property (including, without limitation, all Occupational Leases),
  - (b) all stock and share certificates or other documents of title to or representing the Shares and the Derivative Assets (together with duly executed blank transfers),
  - (c) all such deeds and documents of title (if any) relating to the Book Debts as the Lender may from time to time specify, and
  - (d) copies of all the Contracts certified to be true copies by one director or the company secretary of, or solicitor acting for, the Borrower

The Lender shall be entitled to provide for the safe custody by third parties of all stock and share certificates and documents of title deposited with the Lender or its Nominees at the expense of the Borrower and shall not be responsible for any loss of or damage to any such certificates or documents

- By clause 9 of the Debenture, until all the security constituted by the Debenture is discharged, the Borrower will

- (a) collect and realise all Book Debts in the ordinary course of its business (for the avoidance of doubt, it is hereby declared that for the purposes of the Debenture, the ordinary course of business of the Borrower does not include or extend to the selling, assigning or in any other way factoring or discounting any Book Debts),
  - (b) hold the proceeds of such collection and realisation of the Book Debts upon trust for the Lender pending payment of such proceeds into the Book Debts Account,
  - (c) pay the proceeds of such collection and realisation into the Book Debts Account,
  - (d) not, except with the prior written consent of the Lender, withdraw from the Book Debts Account all or any monies standing to the credit of the Book Debts Account, and
  - (e) if called upon so to do by the Lender, execute a legal assignment of the Book Debts to the Lender in such terms as the Lender in its discretion may require, give such notice of that legal assignment to the debtors from whom the Book Debts are due, owing or incurred and take any such other step as the Lender in its discretion may require to perfect such legal assignment
- By clause 12.3 of the Debenture, the Borrower will not, without the express prior written consent of the Lender
    - (a) *Prohibition*
      - (i) convey, assign, transfer, factor, lease or otherwise dispose of, nor agree to convey, assign, transfer, factor, lease or otherwise dispose of the whole or any part of the Charged Property or their rights in and to the Charged Property (except in favour of the Lender),
      - (ii) create or attempt to create or permit any trust agreement, declaration of trust, or trust arising by operation of law over all or any of the Charged Property (except in favour of the Lender),
      - (iii) permit or agree to any variation of the rights attaching to the whole or any part of the Charged Property,
      - (iv) do, cause or permit to be done anything which may, in the opinion of the Lender, in any way depreciate, jeopardise or otherwise prejudice the value to the Lender (whether monetary or otherwise) of the whole or any part of the Charged Property,
      - (v) release, exchange, compound, set-off, grant time or indulgence in respect of, or in any other manner deal with, all or any of the Book Debts (save as expressly provided in this Debenture), nor
      - (vi) take any steps for the appointment of an administrator without first giving to the Lender 5 Business Days' notice of intention to do so
    - (b) *Permitted Disposals*

Clause (a) (*Prohibition*) does not apply to any sale, lease, transfer or other Disposal

      - (i) of assets which are charged solely by the floating charges created by the Debenture, ("**Floating Charge Assets**") and which are made in the ordinary course of trading of the Borrower,



- (ii) of assets in exchange for other assets comparable or superior as to type, value and quality, where such replacement asset is acquired within 60 days of the date of the relevant Disposal,
- (iii) of assets which are obsolete for the purpose for which such an asset is normally utilised, where such asset is accounted for as obsolete in the relevant Accounts,
- (iv) of assets between Group Companies, where the transferee has granted Full Group Security to the Lender over its assets,
- (v) of Floating Charge Assets where the higher of the market value or consideration receivable (when aggregated with the higher of the market value or consideration receivable for any other sale, lease, transfer or other disposal, other than any permitted under Clause 12 3(b)(i) to 12 3(b)(iv) (*Permitted Disposals*) above) does not exceed £50,000 (or its equivalent in another currency or currencies) in any Financial Year

and, in any event, provided that no Default has occurred

- By clause 12 4 of the Debenture the Borrower will not, without the express prior written consent of the Lender, create, nor purport to create, nor permit to subsist any Security (other than a Permitted Security Interest) over any of its assets

The Borrower will not, without the express prior written consent of the Lender

- (i) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or will be leased to or re-acquired by an Obligor or any other member of the Group,
- (ii) sell, transfer or otherwise dispose of any of its receivables on recourse terms,
- (iii) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts, nor
- (iv) enter into any other preferential arrangement having a similar effect in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset

Clauses 12 4(a) and 12 4(b) (*Negative pledge – security - Prohibitions*) above do not apply to

- (i) any netting or set-off arrangement entered into in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances, but only so long as (a) such arrangement does not permit credit balances to be netted or set off against debit balances of members of the Group which are not Obligors and (b) such arrangement does not give rise to other Security over the assets of Obligors in support of liabilities of members of the Group which are not Obligors,
- (ii) any lien arising by operation of law and in the ordinary course of trading,
- (iii) any goods purchased in the ordinary course of trading subject to retention of title provisions,
- (iv) any Security that is being discharged with the proceeds of the first Utilisation of the Facility , simultaneously or immediately after such Utilisation,

- (v) any Security entered into pursuant to any Finance Document (as defined in the Credit Agreement) or consented to by the Lender in an intercreditor deed, and
  - (vi) Security not falling within the other paragraphs of this Clause 12.4(c) (*Negative Pledge – security*) and which secures Financial Indebtedness (as defined in the Credit Agreement) not exceeding £50,000 in aggregate for the Group at any one time
- By clause 12.11 of the Debenture, the Borrower will not, without the express prior written consent of the Lender, except in the normal course of business and at full market value
  - (a) grant nor agree to grant (whether in exercise of any statutory power or otherwise) any lease, underlease, tenancy or agreement for lease affecting the Property,
  - (b) confer nor agree to confer on any other person any other right or licence to occupy any land or buildings forming part of the Property nor grant any licence to assign or sub-let the Property or any part thereof,
  - (c) waive, release nor vary or agree to waive, release or vary any of the terms of any lease, underlease, tenancy or agreement for lease affecting the Property including the determination or review of any rent payable thereunder nor exercise any power to terminate or extend the same,
  - (d) forfeit nor commence proceedings for forfeiture nor exercise any right of re-entry nor accept the surrender of any lease, underlease, tenancy or agreement for lease affecting the Property, nor
  - (e) change nor permit or suffer to be changed the present user of any part of the Property
- By clause 12.12 of the Debenture, the Borrower will not grant, create, or permit to be acquired, any easement, right or privilege relating to or affecting the whole or any part of the Charged Property

**Notes.**

By clause 26 of the Debenture, If there subsists any prior Security against the Charged Property and either any step is taken to exercise any power or remedy conferred by such Security or the Lender or the Receiver exercises any power of sale pursuant to the Debenture, then the Lender may redeem such prior Security or procure the transfer of such Security to itself and may settle and pass the accounts of the person entitled to such Security. Any accounts so settled and passed are conclusive and binding on the Borrower.

The Borrower shall reimburse the Lender for any Costs incurred by the Lender in exercise of its rights under Clause 26 (*Prior charges*) of the Debenture.

### **Part 3**

#### **Definitions:**

For the purpose of these short particulars

**"Assets"** mean the whole of the property or undertaking (including uncalled share capital) which is or may from time to time be comprised in the property and undertaking of the Borrower

**"Book Debts"** mean

- (f) all book and other debts in existence from time to time (including, without limitation, any sums whatsoever owed by banks or similar institutions), both present and future, due, owing to or which may become due, owing to or purchased or otherwise acquired by the Borrowers, and
- (g) the benefit of all rights whatsoever relating to the debts referred to above including, without limitation, any related agreements, documents, rights and remedies (including, without limitation, negotiable or non-negotiable instruments, guarantees, indemnities, legal and equitable charges, reservation of proprietary rights, rights of tracing, unpaid vendor's liens and all similar connected or related rights and assets)

**"Book Debts Account"** means such separate and denominated account or accounts with the Lender or such bank as may be specified in writing by the Lender for the purpose of receiving payment of the proceeds of realisation and collection of Book Debts

**"Borrowers"** means Gavel Securities Limited (company number 01898682), Performance Sailcraft Europe Limited (company number 00922893) and Laser Sailboats Limited (company number 01614216) and **"Borrower"** shall be construed accordingly

**"Charged Property"** means the whole or any part of the property, assets, income and undertaking of the Borrowers from time to time mortgaged, charged or assigned to the Lender pursuant to this Debenture, including, where the context permits, the proceeds of sale or realisation thereof

**"Contracts"** mean all the Borrower's rights, title, interest and benefit in and to any contract in respect of the whole or any part of the Charged Property to which the Borrower is party

**"Costs"** mean all costs, fees, charges or expenses of whatsoever nature (including, without limitation, legal fees) including, without limitation, disbursements and any Value Added Tax to be charged on such costs, charges, expenses and disbursements

**"Credit Agreement"** means the term loan facility of up to £7,500,000 made available under the Credit Agreement as dated 12 April 2007 between among others, the Borrower and the Lender

**"Default Rate"** means the default rate of interest set out in the Credit Agreement

**"Derivative Assets"** mean all stocks, shares, warrants or other securities, rights, dividends, interest or other property accruing, offered, issued or deriving at any time by way of dividend, bonus, redemption, exchange, purchase, substitution, conversion, consolidation, subdivision, preference, option or otherwise attributable to any of the Shares or any Derivative Assets previously described

**"Event of Default"** means any event or circumstance specified as such in Clause 22 of the Credit Agreement

**"Facility"** means the term loan facility made available under the Credit Agreement dated 12 April 2007 between among others the Borrower and the Lender

**"Fixed Charge Asset"** means an asset for the time being comprised within a mortgage, fixed charge or assignment by way of security created by Clause 4 (*Security*) of the Debenture, or (with effect from the date of its creation) any security created pursuant to Clause 7 (*Further Assurance*) of the Debenture

**"Fixtures"** mean all assets of whatsoever nature, apart from land and buildings, forming part of any freehold or leasehold property owned by the Borrowers and deemed by law to be immovable property other than tenant's fixtures

**"Group"** means the Company, the Target and each of their subsidiaries from time to time and **"Group Company"** means any of them and **"member of the Group"** shall be construed accordingly

**"Guarantors"** mean the Original Guarantors (together with any other company that executes or accedes to a guarantee in favour of the Lender in a manner satisfactory to the Lender), and **"Guarantor"** shall be construed accordingly

**"Hedging Documents"** means the documents detailing the terms of the Hedging Arrangements

**"Hedging Arrangements"** means any and all interest rate management and/or foreign currency and/or other hedging arrangements entered into or committed to be entered into in respect of the Facility by any member of the Group as have from time to time been agreed in writing between the Company and the Lender to constitute the Hedging Arrangements

**"Intellectual Property Rights"** means all subsisting patents and subsisting rights of a similar nature held in any part of the world, applications for patents and such rights, divisions and continuations of such applications for patents, registered and unregistered trade marks, registered and unregistered service marks, registered designs, utility models (in each case for their full period and all extensions and renewals of them), applications for any of them and the right to apply for any of them in any part of the world, inventions, confidential information, Know-how, business names, trade names, brand names, copyright and rights in the nature of copyright, design rights and get-up and any similar rights existing in any country, and the benefit (subject to the burden) of any and all agreements, arrangements and licences in connection with any of the foregoing

**"Know-how"** means all the body of knowledge, technical experience, expertise and skills, technical processes, secret processes, formulae and technical information held by each of the Borrowers and relating to its business, which is not in the public domain

**"Nominees"** mean the Lender, its agents, nominees and any other person holding the Shares and the Derivative Assets on behalf of the Lender from time to time

**"Obligor"** means a Borrower or a Guarantor

**"Occupational Leases"** mean all leasehold interests and other occupational rights whatsoever (including, without limitation, all licences and agreements for leases) in existence from time to time relating to the whole or any part of the Property, the immediate reversion to which is vested in the Borrower

**"Original Guarantors"** mean the Borrower, Performance Sailcraft Europe Limited and Laser Sailboat Limited and **"Original Guarantor"** shall be construed accordingly

**"Plant and Machinery"** means all plant and machinery, equipment, fittings, installations and apparatus, tools, motor vehicles and all other similar assets (other than Fixtures), wherever they are situated, which are now, or at any time after the date of the Debenture become, the property of the Borrower

**"Property"** means all estates and other interests in any freehold, leasehold or other immovable property (including, without limitation, all Fixtures on such property), but excluding any interest in land in Scotland, which are now, or at any time after the date of the Debenture become, the property of the Borrower, all proceeds of sale derived from such property and the benefit of all covenants to which the Borrower are entitled in respect of such property, and **"Properties"** shall be construed accordingly

**"Receiver"** means any receiver appointed pursuant to the Debenture, including, for the avoidance of doubt, a receiver and manager, a manager or an administrative receiver

**"Rights"** mean all the Borrower's rights, title and interest from time to time in any lease, licence or occupational right whatsoever together with the entire benefit of all the Borrower's rights, title and interest from time to time in any renewal of, replacement of or variation to any such lease, licence or occupational right (including, without limitation, all its rights, title and interest in any Occupational Lease, agreement for any Occupational Lease and any associated agreements which may be granted by the Borrowers or any person deriving title from the Borrower from time to time over or in respect of the whole or any part of the Property and any other properties (freehold or leasehold) in which the Borrower has an interest)

**"Secured Liabilities"** mean all money, debts, obligations and liabilities from time to time due, owing or incurred by the Borrower to the Lender or its assignee or successor on any current or other account whatever or otherwise in any manner whatever, in each case

- (a) whether present or future,
- (b) whether alone or jointly with any other person,
- (c) whether actual or contingent,
- (d) whether as principal or as surety,
- (e) whether express or implied,
- (f) in whatever name, form or style,
- (g) in whatever currency it is denominated,
- (h) whether originally owing to the Lender or purchased or otherwise acquired by the Lender, its assignee or successor, or
- (i) otherwise,

including, without limitation

- (a) all liabilities under or in connection with foreign exchange transactions, interest rate swaps and other arrangements entered into for the purpose of limiting exposure to fluctuations in interest or exchange rates,
- (b) all liabilities arising from the issue, acceptance, endorsement, confirmation or discount of any negotiable instruments, notes, bills, bonds, guarantees, indemnities, documentary or other credits or any instruments of any kind from time to time entered into by the Lender for or at the request of the Borrower, and
- (c) interest (which will accrue after as well as before any judgment) to the date of payment at such rates and upon such terms as may from time to time be agreed and all commission, fees and other charges and all legal and other costs, charges and expenses on a full and unqualified indemnity basis which are incurred by the Lender in connection with the Secured Liabilities or generally in respect of the Borrower or the Security Documents (including, without limitation, legal fees) on a full indemnity basis,

but excluding any obligation which, if it were included, would result in the Debenture contravening Section 151 of the Act

**"Scheduled Property"** means all the leasehold property short particulars of which are set out in Schedule 1 below (*The Scheduled Property*) (if any), including, without limitation, all Fixtures on such property

**"Shares"** mean the shares listed in Schedule 2 below (*The Shares*), if any, to this Debenture

**"Target"** means Quarter Moon, Incorporated a company incorporated in the State of Rhode Island whose place of business is at 300 Highpoint Road, Portsmouth, Rhode Island

**"Utilisation"** means a utilisation of the Facility

## **The Schedule 1 to the Debenture**

### **The Scheduled Property**

<b>Short Description of Property</b>	<b>Title Number (if any)</b>
Swan Close Road, Banbury, Oxon OX16 8AQ	
Part of the Ground Floor and Part of the Second Floor of Station Works, Station Road, Long Buckby, Northamptonshire NN6 7PF	
Unit 4 Tramway Industrial Estate, Tramway Road, Banbury, Oxfordshire	
Unit 6 Tramway Industrial Estate, Tramway Road, Banbury, Oxfordshire	

## **The Schedule 2 to the Debenture**

### **The Shares**

<b>Name of Company</b>	<b>Class of Shares</b>	<b>Number of Shares held</b>	<b>Registered holder</b>
Performance Sailcraft Europe Limited	Ordinary	50,000	Gavel Securities Limited
Laser Sailboat Limited	Ordinary	4,000,000	Gavel Securities



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## CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

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

COMPANY No 00922893

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A DEBENTURE DATED THE 12th APRIL 2007 AND CREATED BY PERFORMANCE SAILCRAFT EUROPE LIMITED FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM THE COMPANY TO BARCLAYS BANK PLC ON ANY ACCOUNT WHATSOEVER WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 27th APRIL 2007

GIVEN AT COMPANIES HOUSE, CARDIFF THE 2nd MAY 2007

*Drawn*



*Companies House*

— for the record —



THE OFFICIAL SEAL OF THE  
REGISTRAR OF COMPANIES