



Registration of a Charge

Company name: **Champneys Springs Limited**

Company number: **02467338**



X51ZFUQB

Received for Electronic Filing: **03/03/2016**

Details of Charge

Date of creation: **29/02/2016**

Charge code: **0246 7338 0009**

Persons entitled: **SANTANDER UK PLC**

Brief description: **CHAMPNEYS SPRINGS, LOCATED AT ASHBY DE LA ZOUCH, LEICESTERSHIRE REGISTERED AT THE LAND REGISTRY WITH TITLE NUMBERS LT223964 AND LT223965 AND 16 IVEAGH CLOSE AND GARAGE, MEASHAM, LEICESTERSHIRE REGISTERED AT THE LAND REGISTRY WITH TITLE NUMBER LT136934.**

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: **ADDLESHAW GODDARD LLP**



CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 2467338

Charge code: 0246 7338 0009

The Registrar of Companies for England and Wales hereby certifies that a charge dated 29th February 2016 and created by Champneys Springs Limited was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 3rd March 2016 .

Given at Companies House, Cardiff on 4th March 2016

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 29TH FEBRUARY 2016

CHAMPNEYS HENLOW LIMITED
as Borrower

CHAMPNEYS SPRINGS LIMITED
FITNESS AND LEISURE HOLDINGS LIMITED
CHAMPNEYS FOREST MERE LIMITED
MAPLESUDDEN LIMITED
CHAMPNEYS TRING LIMITED
THE CHAMPNEYS INTERNATIONAL COLLEGE LIMITED
as Guarantors

SANTANDER UK PLC
as Lender

DEBENTURE

Contents

Clause	Page
1 Definitions and interpretation.....	1
2 Covenant to pay	4
3 Charging provisions.....	4
4 Continuing security	7
5 Negative pledge.....	7
6 Restrictions on disposals.....	8
7 Further assurance	8
8 Land Registry	8
9 Future property	9
10 Notices of assignments and charges	9
11 Subsidiary Shares and Investments.....	11
12 Security power of attorney.....	12
13 Enforcement of security.....	13
14 Receiver	15
15 Delegation	19
16 Application of monies	20
17 Remedies and waivers	20
18 Protection of third parties	20
19 Additional security	21
20 Settlements conditional	21
21 Subsequent Security	21
22 Set-off.....	21
23 Notices.....	21
24 Invalidity.....	21
25 Assignment.....	21
26 Releases.....	22
27 Currency clauses.....	22
28 Certificates and determinations	22
29 Indemnity	22
30 Exclusion of liability	23
31 Fees, costs and expenses.....	23
32 Counterparts.....	24
33 Governing law.....	24
34 Enforcement.....	24
 Schedule	
1 The Chargors.....	26
2 Subsidiary Shares	27
3 Properties	28
4 UK registered trademarks	29
5 Occupational Leases.....	30
Part 1 - Form of notice of assignment	30
Part 2 - Form of acknowledgement	32
6 Relevant Agreements.....	33
Part 1 - Form of notice of assignment	33
Part 2 - Form of acknowledgement	35
7 Relevant Policies	36
Part 1 - Form of notice of assignment	36

	Part 2 - Form of acknowledgement.....	38
8	Blocked Accounts.....	39
	Part 1 - Form of notice of charge.....	39
	Part 2 - Form of acknowledgement.....	40
9	Charged Accounts.....	41
	Part 1 - Form of notice of charge.....	41
	Part 2 - Form of acknowledgement.....	42

This **Debenture** is made on 29 February 2016

Between

- (1) **Champneys Henlow Limited** registered in England & Wales with number 01297142 whose registered office is at Palladium House, 1-4 Argyll Street, London W1F 7LD (**Borrower**);
- (2) **The Subsidiaries** of the Borrower listed in schedule 1 (The Chargors) (**Guarantors**); and
- (3) **Santander UK plc** (**Lender**).

It is agreed

1 Definitions and interpretation

1.1 Definitions

In this Deed:

Blocked Account means:

- (a) the Remediation Account
- (b) the Proceeds Account
- (c) the FF&E Reserve Account and
- (d) any other account designated as a Blocked Account by any Chargor and the Lender

Charged Account has the meaning given to it in clause 3.4(i) (First fixed charges)

Chargors means the Borrower and each of the Guarantors

Debts has the meaning given to it in clause 3.4(g) (First fixed charges)

Facility Agreement means the facility agreement originally dated 27 March 2013 between the Borrower, the Guarantors and the Lender as amended on 20 January 2015 and as further amended and restated on or around the date of this Deed pursuant to an amendment and restatement agreement between the Borrower, the Guarantors and the Lender under which the Lender made available a term loan facility to the Borrower

Fixtures means, in respect of any Secured Property, all fixtures and fittings (including trade fixtures and fittings) and fixed plant and machinery belonging to the Chargor now or at any time after the date of this Deed on that Secured Property

Floating Charge Assets means all the assets and undertaking from time to time subject to the floating charge created under clause 3.5 (Floating charge)

Intellectual Property means:

- (a) the registered trademarks described in schedule 4 (UK registered trademarks)
- (b) any patents, trade marks (excluding the registered trade marks described in paragraph (a) above), service marks, designs, business names, copyrights, database rights, design rights, topography rights, domain names, moral rights, inventions, confidential information, confidential knowhow and any other associated or similar

intellectual property rights and interests anywhere in the world (which may now or in the future subsist), and in each case whether registered or unregistered and

- (c) the benefit of all applications, rights to apply for and rights to use such assets (including, without limitation, any licences and sub-licences of the same) (which may now or in the future subsist)

Investments means any shares, stocks, debenture security, securities, bonds and investments of any type (other than the Subsidiary Shares) 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 of, and as defined in Part II of Schedule 2 to, 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 the relevant Chargor or by a trustee or clearance system or nominee

Party means a party to this Deed

Properties means the properties described in schedule 3 (Property)

Receiver means any receiver, manager or administrative receiver appointed by the Lender pursuant to this Deed in respect of a Chargor or any of the Secured Assets

Related Rights means, in respect of any Investment or Subsidiary Share:

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

Relevant Agreement means:

- (a) each Hedging Agreement
- (b) each Lease Document
- (c) each Day Spa Lease
- (d) each document evidencing or under which any Subordinated Loan is made available and
- (e) each other agreement designated as a Relevant Agreement by the Borrower and the Lender in writing

Relevant Policies means, in respect of a Chargor, all policies of insurance (including the Life Policy) present and future in which it has an interest (other than policies in respect of third party liability and the Life Policy) together with all monies payable in respect of those policies

Secured Assets means, in respect of any Chargor, all of the assets and undertaking the subject of any Security created by, under or supplemental to, this Deed in favour of the Lender

Secured Obligations means, in respect of any Chargor, all monies and liabilities now or after the date of this Deed due owing or incurred by that Chargor to the Lender whatsoever under the Finance Documents (or any of them) in any manner and in any currency or currencies and whether present or future, actual or contingent, whether incurred solely or jointly with any other person and whether as principal or surety, together with all interest accruing on such monies and liabilities and all costs, charges and expenses incurred by the Lender in respect of those monies or liabilities

Secured Property means, at any time, the Property and all other freehold, leasehold or commonhold property which is subject to any Security created by, under or supplemental to, this Deed

Security Period means the period beginning on the date of this Deed and ending on the date on which the Lender is satisfied that the Secured Obligations have been irrevocably and unconditionally satisfied in full and all facilities made available by the Lender to the Borrower under the Finance Documents have been cancelled

Subsidiary Shares means, in respect of a Chargor, all shares present and future held by it in its Subsidiaries (including those listed in schedule 2 (Subsidiary Shares))

Supporting Documents means the Security Documents, the Reports and any legal or other opinion or other report held or obtained by the Lender in connection with the Finance Documents

1.2 Interpretation

- (a) Unless otherwise defined in this Deed, a term defined in the Facility Agreement has the same meaning when used in this Deed or any notices, acknowledgements or other documents issued under or in connection with this Deed.
- (b) In this Deed the term **dispose** includes any sale, lease, licence, transfer or loan.
- (c) Clause 1.2 (Interpretation) of the Facility Agreement is incorporated in this Deed as if set out here in full but so that each reference in that clause to **this Agreement** shall be read as a reference to this Deed.

1.3 Third party rights

- (a) Unless expressly provided to the contrary in any Finance Document, 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 or any other Finance Document issued or entered into under or in connection with it but this does not affect any right or remedy of a third party which exists or is available apart from the Contracts (Rights of Third Parties) Act 1999.
- (b) Unless expressly provided to the contrary in any Finance Document the consent of any person who is not a Party is not required to rescind or vary this Deed or any other Finance Document entered into under or in connection with it.

1.4 Administration

- (a) Any reference in this Deed, or any other Finance Document entered into under or 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 the 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 Finance Document entered into under 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 Incorporated terms

The terms of the Finance Documents and of any side letters relating to the Finance Documents and the Secured Obligations are incorporated into this Deed to the extent required for any purported disposition of any Secured Assets contained in this Deed to be a valid disposition in accordance with section 2(1) of the Law of Property (Miscellaneous Provisions) Act 1989.

2 Covenant to pay

Each Chargor covenants with the Lender to pay and discharge the Secured Obligations when they become due for payment and discharge.

3 Charging provisions

3.1 General

All Security created by a Chargor under clause 3.2 (First legal mortgages) to clause 3.5 (Floating charge) inclusive is:

- (a) a continuing security for the payment and discharge of the Secured Obligations;
- (b) granted with full title guarantee;
- (c) granted in respect of all the right, title and interest (if any), present and future, of that Chargor in and to the relevant Secured Asset;
- (d) granted in favour of the Lender;
- (e) granted subject to all Security created under the Barclays Marine Mortgage and excludes the Champneys Yacht for so long as the Barclays Marine Mortgage remains to be discharged; and
- (f) granted subject to the Intellectual Property licence granted pursuant to the Boots Agreements.

3.2 First legal mortgages

Each Chargor charges by way of first legal mortgage its interest in the Properties and all Fixtures on each of the Properties.

3.3 Assignments

Each Chargor assigns:

- (a) all rental income and all other sums payable under any Occupational Lease;
- (b) the Relevant Agreements to which it is a party; and
- (c) the Relevant Policies to which it is a party.

Each Chargor shall remain liable to perform all its obligations under each Occupational Lease, each Relevant Agreement and each Relevant Policy to which it is a party.

3.4 First fixed charges

Each Chargor charges by first fixed charge:

- (a) all its interests and estates in any freehold, leasehold or commonhold property (other than any freehold, leasehold or commonhold property effectively charged by way of legal mortgage under clause 3.2) and, in each case, the Fixtures on each such property;
- (b) the proceeds of sale of its Secured Property and all licences to enter on or use any Secured Property;
- (c) the benefit of all other agreements, instruments and rights relating to its Secured Property;
- (d) all its plant, machinery, vehicles, computers, office and other equipment, all furniture, furnishings, equipment and tools and any removals or replacement of them, present and future and the benefit of all contracts, licences, warranties, maintenance contracts relating to them and any renewals and replacements of them;
- (e) the Subsidiary Shares together with all Related Rights;
- (f) the Investments together with all Related Rights;
- (g) all book and other debts due to the relevant Chargor and their proceeds (both collected and uncollected) (together **Debts**) and all rights, guarantees, security or other collateral in respect of the Debts (or any of them) and the benefit of any judgment or order to pay a sum of money and all rights to enforce the Debts (or any of them);
- (h) all monies from time to time standing to the credit of each Blocked Account;
- (i) all monies from time to time standing to the credit of each account (other than any Blocked Account) including, without limitation, the Current Accounts held by the relevant Chargor with any bank, building society, financial institution or other person (each a **Charged Account**);
- (j) all its Intellectual Property;
- (k) all its goodwill and uncalled capital;
- (l) all its rights and interests under and relating to the Boots Agreements;
- (m) the benefit of all Authorisations held or utilised by it in connection with its business or the use of any of its assets and the right to recover and receive compensation payable in respect of any of them; and

- (n) to the extent that any assignment in clause 3.3 (Assignments) is ineffective as an assignment, the assets referred to in that clause.

3.5 Floating charge

Each Chargor charges by way of first floating charge all its assets and undertaking wherever located both present and future other than any assets effectively charged by way of legal mortgage or fixed charge or assigned under clause 3.2 (First legal mortgages), clause 3.3 (Assignments) or clause 3.4 (First fixed charges).

3.6 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 or under this Deed.

3.7 Conversion of floating charge to a fixed charge

The Lender may, at any time during the Security Period by notice in writing to any Chargor, convert the floating charge created under clause 3.5 (Floating charge) into a fixed charge as regards any Floating Charge Asset as it shall specify in the notice if:

- (a) an Event of Default is continuing; or
- (b) in the opinion of the Lender that Floating Charge Asset is in danger of being seized or any legal process or execution is being enforced against that Floating Charge Asset.

3.8 Automatic conversion of floating charge to a fixed charge

If (unless permitted in writing by the Lender or expressly permitted under the terms of any Finance Document):

- (a) a Chargor creates or attempts to create any Security over any of its Floating Charge Assets (excluding, for the avoidance of doubt, any Permitted Security);
- (b) any person levies or attempts to levy any distress, attachment, execution or other legal process against any Floating Charge Asset; or
- (c) any corporate action, legal proceedings or other procedures or steps are taken for the winding up, dissolution, administration or reorganisation of any Chargor,

the floating charge created by this Deed will automatically and immediately without notice be converted into a fixed charge over the relevant assets or, in the circumstances described in clause 3.8(c) over all of the Floating Charge Assets.

3.9 Documents of title

Each Chargor shall, upon request by the Lender:

- (a) promptly deposit with the Lender:
 - (i) any further deeds, certificates and other documents constituting or evidencing title to the Secured Assets, on coming into possession of that Chargor;

- (ii) any other documents relating to the Secured Assets which the Lender may from time to time require for perfecting its title, or the title of any purchaser, and / or

- (b) procure that any such deeds, certificates and other documents are held to the order of the Lender on terms acceptable to the Lender (acting reasonably).

3.10 Small company moratorium

Where a Chargor is an eligible company within the meaning of paragraphs 2 to 4 (inclusive) of Schedule A1 to the Insolvency Act 1986, then the obtaining of a moratorium, including any preliminary decision, or investigation in terms of paragraph 43 of Schedule A1 to the Insolvency Act 1986 shall not cause any of the floating charges 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 that Chargor.

4 Continuing security

4.1 Continuing security

The Security constituted by this Deed shall be continuing security and shall remain in full force and effect regardless of any intermediate payment or discharge by any Chargor or any other person of the whole or any part of the Secured Obligations.

4.2 Recourse

The Security constituted by this Deed:

- (a) is in addition to any other Security which the Lender may hold at any time for the Secured Obligations (or any of them); and
- (b) may be enforced without first having recourse to any other rights of the Lender.

5 Negative pledge

5.1 No Chargor shall create or permit to subsist any Security over any of its assets.

5.2 No Chargor shall:

- (a) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by a Chargor;
- (b) sell, transfer or otherwise dispose of any of its receivables on recourse terms;
- (c) 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; or
- (d) 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.

5.3 Clause 5.1 and clause 5.2 do not apply to any Security, arrangement or transaction which is Permitted Security.

6 Restrictions on disposals

- 6.1 No Chargor shall, without the prior written consent of the Lender, enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any Secured Assets.
- 6.2 Clause 6.1 does not apply to any Permitted Disposal.

7 Further assurance

- 7.1 Each Chargor shall promptly do all such acts and execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Lender may reasonably specify (and in such form as the Lender may reasonably require) in favour of the Lender or its nominee(s):
- (a) to create, perfect, protect and maintain the Security created or intended to be created under or evidenced by this Deed or for the exercise of any rights, powers and remedies of the Lender provided by or pursuant to this Deed or by law; and/or
 - (b) (if an Event of Default is continuing) to facilitate the realisation of the assets which are, or are intended to be, the subject of the Security created by or under this Deed.
- 7.2 If requested by the Lender (acting reasonably) each Chargor shall take all such action as is available to it (including making all filings and registrations) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any Security conferred or intended to be conferred on the Lender by or pursuant to this Deed.
- 7.3 Nothing in this Deed shall oblige any Chargor to give notice to any of its clients, customers or suppliers of any Security created in favour of the Lender or to take any action in respect of Intellectual Property outside of the United Kingdom, nor shall the Lender give any such notice or require any such action unless an Event of Default is continuing.
- 7.4 Unless the Lender has exercised any rights in accordance with clause 26.18 (Acceleration) of the Facility Agreement, nothing in this Deed shall require any Obligor to:
- (a) file an application for the registration of any Intellectual Property; or
 - (b) threaten or commence any legal proceedings in respect of any infringement or dispute in respect of Intellectual Property including any agreement in respect of Intellectual Property (other than where such Intellectual Property is material to the Businesses and failure to do so has or is reasonably likely to have a Material Adverse Effect, in which case it shall use its commercially reasonable endeavours to attempt to resolve the relevant matter).
- 7.5 Any document required to be executed by a Chargor under this clause 7 will be prepared at the cost of that Chargor.

8 Land Registry

8.1 Application for registration

- (a) In relation to land and buildings situated in England and Wales, title to which is registered 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 that 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 Secured Property is unregistered, such land is not affected by any disclosable overriding interests within the meaning of the Land Registration Act 2002 or the Land Registration Rules 2003.

8.2 Tacking and further advances

The Lender is, subject to the terms of the Facility Agreement, under an obligation to make further advances to the Borrower and this security has been made for securing such further advances. The Lender and each Chargor by this Deed consent to an application being made to the Chief Land Registrar to enter a note of such obligation on the register of title to Properties specified in schedule 3 (Property) and future freehold, leasehold or commonhold property of that Chargor (and any unregistered properties subject to compulsory first registration at the date of this Deed).

9 Future property

If any Chargor acquires (or intends to acquire) any freehold or leasehold or other interest in property after the date of this Deed it must:

- (a) notify the Lender immediately of such acquisition or its intention to acquire such property;
- (b) immediately on request by the Lender and at the cost of the Chargor, execute and deliver to the Lender, a legal mortgage in favour of the Lender of such property in such form as the Lender may require;
- (c) obtain such consents as are required for the Security referred to in this clause 9;
- (d) if the title to such freehold or leasehold property is registered at the Land registry or required to be so registered, to give the Land Registry written notice of the Security; and
- (e) if applicable, ensure that the Security is correctly noted in the register of title against that title at the Land Registry .

10 Notices of assignments and charges

10.1 Rental income

- (a) Each Chargor which is a landlord under an Occupational Lease shall give notice in the form specified in part 1 (Form of notice of assignment) of schedule 5 to each tenant under each Occupational Lease that the Chargor has assigned to the Lender all its right, title and interest in the rental income and other monies payable under that Occupational Lease.
- (b) Each Chargor shall give the notices referred to in clause 10.1(a):
 - (i) in the case of an Occupational Lease subsisting at the date of this Deed, if requested by the Lender following the occurrence of an Event of Default which is continuing; and

- (ii) in the case of an Occupational Lease coming into existence after the date of this Deed, upon the request of the Lender.
- (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 part 2 (Form of acknowledgement) of schedule 5 within 10 Business Days of that notice being given.

10.2 Relevant Agreements

- (a) Each Chargor which is a party to a Relevant Agreement shall give notice in the form specified in part 1 (Form of notice of assignment) of schedule 6 to the other parties to each Relevant Agreement that the Chargor has assigned to the Lender all its right, title and interest in that Relevant Agreement.
- (b) The relevant Chargor shall give the notices referred to in clause 10.2(a):
 - (i) in the case of a Relevant Agreement subsisting at the date of this Deed, if requested by the Lender following the occurrence of an Event of Default which is continuing; and
 - (ii) in the case of a Relevant Agreement coming into existence and/or designated as such after the date of this Deed, upon the request of the Lender.
- (c) The relevant Chargor shall use reasonable endeavours to procure that the recipient of each such notice acknowledges that notice in substantially the form specified in part 2 (Form of acknowledgement) of schedule 6 within 10 Business Days of that notice being given.

10.3 Insurance policies

- (a) Each Chargor which is an insured party under a Relevant Policy shall give notice in the form specified in part 1 (Form of notice of assignment) of schedule 7 to the relevant insurer under each Relevant Policy that the Chargor has assigned to the Lender all its right, title and interest in that Relevant Policy.
- (b) The relevant Chargor shall give the notices referred to in clause 10.3(a):
 - (i) in the case of each Relevant Policy subsisting at the date of this Deed, on the date of this Deed; and
 - (ii) in the case of each Relevant Policy coming into existence after the date of this Deed, on that Relevant Policy being put on risk.
- (c) The relevant Chargor shall use reasonable endeavours to procure that the recipient of each such notice acknowledges that notice in substantially the form specified in part 2 (Form of acknowledgement) of schedule 7 within 10 Business Days of that notice being given.

10.4 Blocked Accounts

- (a) Each Chargor holding a Blocked Account shall give notice in the form specified in part 1 (Form of notice of charge) of schedule 8 to the financial institution at which each Blocked Account is held (if such financial institution is not the Lender) that the

Chargor has created a fixed charge over the balance standing to the credit of that Blocked Account.

- (b) The relevant Chargor shall give the notices referred to in clause 10.4(a):
 - (i) in the case of a Blocked Account held by the Chargor at the date of this Deed, on the date of this Deed; and
 - (ii) in the case of a Blocked Account opened after the date of this Deed, on that Blocked Account being opened.
- (c) The relevant Chargor shall use reasonable endeavours to procure that the recipient of each such notice acknowledges that notice in substantially the form specified in part 2 (Form of acknowledgement) of schedule 8 within 10 Business Days of that notice being given.

10.5 Charged Accounts

- (a) Each Chargor holding a Charged Account shall give notice in the form specified in part 1 (Form of notice of charge) of schedule 9 to the financial institution at which each Charged Account is held (if such financial institution is not the Lender) that the Chargor has created a fixed charge over the balance standing to the credit of that Charged Account.
- (b) The relevant Chargor will give the notices referred to in clause 10.5(a):
 - (i) in the case of a Charged Account held by the Chargor at the date of this Deed, on the date of this Deed; and
 - (ii) in the case of a Charged Account opened after the date of this Deed, on that Charged Account being opened.
- (c) The relevant Chargor shall use reasonable endeavours to procure that the recipient of each such notice acknowledges that notice substantially in the form specified in part 2 (Form of acknowledgment) of schedule 9 within 10 Business Days of that notice being given.

11 Subsidiary Shares and Investments

11.1 Delivery of documents

On the later of:

- (a) the date of this Deed; and
- (b) the date of acquisition of those Subsidiary Shares, Investments or Related Rights,

each Chargor shall:

- (i) deliver to the Lender all certificates of title and other documents of title or evidence of ownership in respect of its Subsidiary Shares or Investments and the Related Rights; and

- (ii) deliver to the Lender such transfer documents (with the transferee left blank) or any other documents as the Lender may require or otherwise request in respect of those Subsidiary Shares, Investments and Related Rights.

11.2 Dividends

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 monies receivable in respect of its Subsidiary Shares, Investments and Related Rights.

11.3 Voting rights

No Chargor shall exercise its voting and other rights in respect of its Subsidiary Shares, Investments and Related Rights in a manner which is reasonably likely to be prejudicial to the interests of the Lender.

11.4 Payments

Each Chargor shall make all payments which may become due and payable in respect of any of its Subsidiary Shares, Investments and Related Rights. If it fails to make any such payments, the Lender may but shall not be obliged to make such payment on behalf of the relevant Chargor. Any sums so paid by the Lender shall be repayable by the relevant Chargor to the Lender on demand and pending such repayment shall constitute part of the Secured Obligations.

11.5 Obligations

Each Chargor shall remain liable to observe and perform all of the conditions and obligations assumed by it in respect of its Subsidiary Shares, Investments and Related Rights and the Lender shall not be required to perform or fulfil any obligation of any Chargor in respect of any Investments or Related Rights.

11.6 Compliance with notices

Each Chargor shall comply with any notice served on it under CA 2006 or pursuant to the articles of association or any other constitutional document of any relevant entity in respect of or in connection with the Subsidiary Shares, Investments or Related Rights, in each case, where failure to do so would be reasonably likely to be prejudicial to the interests of the Lender, and will promptly provide to the Lender a copy of that notice.

11.7 Conversion

Immediately on conversion of any of its Subsidiary Shares, Investments or Related Rights from a certificated to an uncertificated form, and on the acquisition by it of any Subsidiary Shares, Investments or Related Rights in an uncertificated form, each Chargor shall give such instructions or directions and take such other steps and enter into such documentation as the Lender may require in order to protect or preserve the Security intended to be created by this Deed.

12 Security power of attorney

Each Chargor, by way of security, irrevocably and severally appoints the Lender, each Receiver and any of their delegates or sub-delegates to be its attorney to take any action which the Chargor is obliged to take under this Deed. Each Chargor ratifies and confirms

whatever any attorney does or purports to do pursuant to its appointment under this clause 12.

13 Enforcement of security

13.1 When security is enforceable

The security created by a Chargor under this Deed shall become enforceable:

- (a) on the occurrence of any Event of Default which is continuing; or
- (b) if any Chargor so requests.

13.2 Acts of enforcement

The Lender may, at its absolute discretion, at any time after the Security created by or under this Deed is enforceable:

- (a) enforce all or any part of the Security created by or under this Deed in any manner it sees fit;
- (b) exercise its rights and powers conferred upon mortgagees by the Law of Property Act 1925, as varied and extended by this Deed, and rights and powers conferred on a Receiver by this Deed, whether or not it has taken possession or appointed a Receiver to any of the Secured Assets;
- (c) appoint one or more qualified persons (as defined in clause 14.1(b) (Appointment of Receiver)) to be a Receiver to all or any part of the Secured Assets;
- (d) appoint an administrator in respect of any Chargor and take any steps to do so;
- (e) exercise its power of sale under section 101 of the Law of Property Act 1925 (as amended by this Deed); or
- (f) if permitted by law, appoint an administrative receiver in respect of any Chargor.

13.3 Right of appropriation

To the extent that the Security created by this Deed constitutes a "security financial collateral arrangement" and the Secured Assets constitute "financial collateral" for the purpose of the Financial Collateral Arrangements (No 2) Regulations 2003 (**Regulations**), the Lender shall have the right on giving prior notice to the relevant Chargor, at any time after the Security becomes enforceable, to appropriate all or any part of those Secured Assets in or towards discharge of the Secured Obligations. The parties agree that the value of the appropriated Secured Assets shall be, in the case of cash, the amount of cash appropriated and, in the case of Subsidiary Shares and Investments, determined by the Lender by reference to any available publicly available market price in the absence of which by such other means as the Lender (acting reasonably) may select including, without limitation, an independent valuation. For the purpose of Regulation 18(1) of the Regulations, each Chargor agrees that any such determination by the Lender will constitute a valuation "in a commercially reasonable manner",

13.4 Statutory powers - general

- (a) For the purposes of all powers implied by statute, the Secured Obligations are deemed to have become due and payable on the date of this Deed.
- (b) Section 103 of the Law of Property Act 1925 and section 93 of the Law of Property Act 1925 do not apply to the Security constituted by or under this Deed.
- (c) The statutory powers of leasing conferred on the Lender are extended so that, without the need to comply with any provision of section 99 or section 100 of the Law of Property Act 1925, the Lender is empowered to lease and make agreements for lease at a premium or otherwise, accept surrenders of leases and grant options or vary or reduce any sum payable under any leases or tenancy agreements as it may think fit.
- (d) Each Receiver and the Lender is entitled to all the rights, powers, privileges and immunities conferred by the Law of Property Act 1925 and the Insolvency Act 1986 on mortgagees and Receivers.

13.5 Contingencies

If the Lender enforces the Security constituted by or under this Deed at a time when no amounts are due to it under the Finance Documents but at a time when amounts may or will become so due, the Lender (or the Receiver) may pay the proceeds of any recoveries effected by it into an interest bearing suspense account.

13.6 Mortgagee in possession - no liability

Neither the Lender nor any Receiver will be liable, by reason of entering into possession of a Secured Asset, to account as mortgagee in possession or for any loss on realisation or for any default or omission for which a mortgagee in possession might otherwise be liable.

13.7 Redemption of prior mortgages

At any time after the Security created by or under this Deed has become enforceable, the Lender may, at the sole cost of the relevant Chargor (payable to the Lender on demand):

- (a) redeem any prior form of Security over any Secured Asset; and/or
- (b) procure the transfer of that Security to itself; and/or
- (c) settle and pass the accounts of any prior mortgagee, chargee or encumbrancer which once so settled and passed shall be conclusive and binding on that Chargor.

13.8 Subsidiary Shares and Investments - following an Event of Default

- (a) If an Event of Default is continuing, each Chargor shall on request by the Lender:
 - (i) (if not already deposited with the Lender), deliver to the Lender such stock transfer forms or other transfer documents as the Lender may require to enable the Lender or its nominee or nominees to be registered as the owner of, and to obtain legal and beneficial title to the Subsidiary Shares, the Investments and/or Related Rights referred to in such request;

- (ii) provide to the Lender certified copies of all resolutions and authorisations approving the execution of such transfer forms and registration of such transfers as the Lender may reasonably require;
 - (iii) procure that each such transfer is promptly registered by the relevant company or other entity;
 - (iv) procure that, immediately on their issue, all share certificates or other documents of title in the appropriate form, in respect of the relevant Subsidiary Shares, Investments and/or Related Rights, are delivered to the Lender in each case showing the registered holder as the Lender or its nominee or nominees (as applicable); and
 - (v) exercise all voting rights in respect of its Subsidiary Shares, Investments and Related Rights only in accordance with the instructions of the Lender.
- (b) At any time while an Event of Default is continuing, the Lender may complete any transfer documents held by it in respect of the Subsidiary Shares, Investments and/or Related Rights in favour of itself or such other person or nominee as it shall select.
 - (c) At any time after the Security created by or under this Deed has become enforceable, the Lender and its nominee or nominees may sell all or any of the Subsidiary Shares, Investments or Related Rights of the Chargors (or any of them) in any manner permitted by law and on such terms as the Lender shall in its absolute discretion determine.
 - (d) If any Chargor receives any dividends, distributions or other monies in respect of its Subsidiary Shares, Investments and Related Rights at a time when the Lender has made a request under clause 13.8(a) or taken any steps to enforce Security created by or under this Deed under clause 13.2 (Acts of enforcement), the relevant Chargor shall immediately pay such sums received directly to the Lender for application in accordance with clause 16 (Application of monies) and shall hold all such sums on trust for the Lender pending payment of them to such account as the Lender shall direct.

14 Receiver

14.1 Appointment of Receiver

- (a)
 - (i) At any time after any Security created by or under this Deed is enforceable, the Lender may appoint a Receiver to all or any part of the Secured Assets in accordance with clause 13.2(c) (Acts of enforcement).
 - (ii) At any time, if so requested in writing by any Chargor, without further notice, the Lender may appoint one or more qualified persons to be a Receiver to all or any part of the Secured Assets of that Chargor as if the Lender had become entitled under the Law of Property Act 1925 to exercise the power of sale conferred under the Law of Property Act 1925.
- (b) In this Deed **qualified person** means a person who, under the Insolvency Act 1986, is qualified to act as a receiver of the property of any company with respect to which he is appointed.

- (c) Any Receiver appointed under this Deed shall be the agent of the relevant Chargor and that Chargor shall be solely responsible for his acts or defaults and for his remuneration and liable on any contracts or engagements made or entered into by him and in no circumstances whatsoever shall the Lender be in any way responsible for any misconduct, negligence or default of the Receiver.
- (d) Where a Chargor is an eligible company within the meaning of paragraphs 2 to 4 (inclusive) of Schedule A1 to the Insolvency Act 1986:
 - (i) obtaining a moratorium; or
 - (ii) anything done with a view to obtaining a moratorium including any preliminary decision or investigation in terms of paragraph 43 of Schedule A1 to the Insolvency Act 1986,

shall not be grounds for appointment of a Receiver.

14.2 **Removal**

The Lender may by written notice remove from time to time any Receiver appointed by it (subject to the provisions of section 45 of the Insolvency Act 1986 in the case of an administrative receiver) and, whenever it may deem appropriate, appoint a new Receiver in the place of any Receiver whose appointment has terminated.

14.3 **Powers of Receiver**

(a) **General**

- (i) In addition to those conferred by the Law of Property Act 1925 on any Receiver appointed under that Act, each Receiver has, and is entitled to exercise, all of the rights, powers and discretions set out in this clause 14.3.
- (ii) If there is more than one Receiver holding office at the same time, unless the document appointing him states otherwise, each Receiver may exercise all of the powers conferred on a Receiver under this Deed or under the Insolvency Act 1986 individually and to the exclusion of any other Receivers.
- (iii) A Receiver of a Chargor has all the rights, powers and discretions of an administrative receiver under the Insolvency Act 1986 in relation to and to the extent applicable to the Secured Assets.
- (iv) A Receiver may, in the name of any Chargor:
 - (A) do all other acts and things which he may consider expedient for realising any Secured Asset; and
 - (B) exercise in relation to any Secured Asset all the powers, authorities and things which he would be capable of exercising if he were its absolute beneficial owner.

(b) **Borrow money**

A Receiver may raise and borrow money (either unsecured or on the security of any Secured Asset, either in priority to the security constituted by this Deed or otherwise) on any terms and for whatever purpose which he thinks fit. No person lending that

money need enquire as to the propriety or purpose of the exercise of that power or to check the application of any money so raised or borrowed.

(c) **Carry on business**

A Receiver may carry on the business of any relevant Chargor as he thinks fit and, for the avoidance of doubt, a Receiver may apply for such Authorisations as he considers in his absolute discretion appropriate.

(d) **Compromise**

A Receiver may settle, adjust, refer to arbitration, compromise and arrange any claims, accounts, disputes, questions and demands with or by any person who is or claims to be a creditor of any relevant Chargor or relating in any way to any Secured Asset.

(e) **Delegation**

A Receiver may delegate his powers in accordance with clause 15 (Delegation).

(f) **Employees**

For the purposes of this Deed, a Receiver as he thinks appropriate, on behalf of the relevant Chargor or for itself as Receiver, may:

- (i) appoint and discharge managers, officers, agents, accountants, servants, workmen and others upon such terms as to remuneration or otherwise as he may think proper; and
- (ii) discharge any such persons appointed by the relevant Chargor.

(g) **Leases**

A Receiver may let any Secured Asset for any term and at any rent (with or without a premium) which he thinks proper and may accept a surrender of any lease or tenancy of any Secured Assets on any terms which he thinks fit (including the payment of money to a lessee or tenant on a surrender).

(h) **Legal actions**

A Receiver may bring, prosecute, enforce, defend and abandon all actions, suits and proceedings or submit to arbitration or any form of alternative dispute resolution in the name of the relevant Chargor in relation to any Secured Asset as he considers expedient.

(i) **Possession**

A Receiver may take immediate possession of, get in and collect any Secured Asset.

(j) **Protection of assets**

A Receiver may, in each case as he may think fit:

- (i) make and effect all repairs and insurances and do all other acts which the relevant Chargor might do in the ordinary conduct of its business be they for

the protection or for the improvement of the Secured Assets;

- (ii) commence and/or complete any building operations on the Secured Property or other Secured Asset; and
- (iii) apply for and maintain any planning permission, building regulation approval or any other permission, consent or licence.

(k) **Receipts**

A Receiver may give valid receipts for all monies and execute all assurances and things which may be expedient for realising any Secured Asset.

(l) **Sale of assets**

A Receiver may sell, exchange, convert into monies and realise any Secured Asset by public auction or private contract in any manner and on any terms which he thinks proper. The consideration for any such transaction may consist of cash, debenture or other obligations, shares, stock or other valuable consideration and any such consideration may be payable in a lump sum or by instalments spread over such period as he thinks fit. Fixtures and any plant and machinery annexed to any part of the Secured Property may be severed and sold separately from the property containing them without the consent of the relevant Chargor.

(m) **Subsidiaries**

A Receiver may form a Subsidiary of the relevant Chargor and transfer to that Subsidiary any Secured Asset.

(n) **Deal with Secured Assets**

A Receiver may, without restriction sell, let or lease, or concur in selling, letting or leasing, or vary the terms of, determine, surrender or accept surrenders of, leases or tenancies of, or grant options and licences over or otherwise dispose of or deal with, all or any part of the Secured Assets without being responsible for loss or damage, and so that any such sale, lease or disposition may be made for cash payable by instalments, loan stock or other debt obligations or for shares or securities of another company or other valuable consideration. The Receiver may form and promote, or concur in forming and promoting, a company or companies to purchase, lease, licence or otherwise acquire interests in all or any of the Secured 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 Secured Assets on such terms and conditions whether or not including payment by instalments secured or unsecured as he may think fit.

(o) **Voting rights**

A Receiver may exercise all voting and other rights attaching to the Subsidiary Shares, Investments, Related Rights and stocks, shares and other securities owned by that Chargor and comprised in the Secured Assets in such manner as he may think fit.

(p) Security

A Receiver may redeem any prior Security and settle and pass the accounts of the person entitled to the prior Security so that any accounts so settled and passed shall (subject to any manifest error) be conclusive and binding on that Chargor and the money so paid shall be deemed to be an expense properly incurred by the Receiver.

(q) Acquire land

The Receiver may purchase or acquire any land and purchase, acquire or grant any interest in or right over land.

(r) Development

A Receiver may implement or continue the development of (and obtain all consents required in connection therewith) and/or complete any buildings or structures on, any real property comprised in the Secured Property and do all acts and things incidental to the Secured Property.

(s) Landlord's obligations

A Receiver may on behalf of any Chargor and without consent of or notice to that Chargor exercise all the powers conferred on a landlord or a tenant by the Landlord and Tenants Acts, the Rents Acts and Housing Acts or any other legislation from time to time in force in any relevant jurisdiction relating to rents or agriculture in respect of any part of the Secured Property.

(t) Uncalled capital

A Receiver may make calls conditionally or unconditionally on the members of any relevant Chargor in respect of uncalled capital.

(u) Incidental matters

A Receiver may do all other acts and things including without limitation, signing and executing all documents and deeds as may be considered by the Receiver to be incidental or conducive to any of the matters or powers listed here or granted by law or otherwise incidental or conducive to the preservation, improvement or realisation of the Secured Assets and to use the name of the relevant Chargor for all the purposes set out in this clause 14.

14.4 Remuneration

The Lender may from time to time fix the remuneration of any Receiver appointed by it.

15 Delegation

- 15.1 The Lender and any Receiver may delegate by power of attorney or in any other manner all or any of the powers, authorities and discretions which are for the time being exercisable by the Lender and the Receiver (as appropriate) under this Deed to any person or persons as it shall think fit. Any such delegation may be made upon such terms and conditions (including the power to sub-delegate) as the Lender and Receiver (as appropriate) may think fit.

- 15.2 The Lender and any Receiver will not be liable or responsible to any Chargor or any other person for any losses, liabilities or expenses arising from any act, default, omission or misconduct on the part of any delegate.

16 Application of monies

- 16.1 Sections 109(6) and (8) (Appointment, powers, remuneration and duties of receiver) of the Law of Property Act 1925 shall not apply to a Receiver appointed under this Deed.
- 16.2 All monies received by the Lender or any Receiver under this Deed and applied in discharge of the Secured Obligations shall be applied to the Secured Obligations in such order as the Lender may determine.
- 16.3 The Lender and any Receiver may place any money received, recovered or realised pursuant to this Deed in an interest bearing suspense account and it may retain the same for such period as it considers expedient without having any obligation to apply the same or any part of it in or towards discharge of the Secured Obligations.

17 Remedies and waivers

- 17.1 No failure to exercise, nor any delay in exercising, on the part of the Lender or any Receiver, any right or remedy under this Deed shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Deed are cumulative and not exclusive of any rights or remedies provided by law.
- 17.2 A waiver given or consent granted by the Lender under this Deed will be effective only if given in writing and then only in the instance and for the purpose for which it is given.

18 Protection of third parties

- 18.1 No person (including a purchaser) dealing with the Lender or a Receiver or its or his agents has an obligation to enquire of the Lender, Receiver or others:
- (a) whether the Secured Obligations have become payable;
 - (b) whether any power purported to be exercised has become exercisable;
 - (c) whether any Secured Obligations or other monies remain outstanding;
 - (d) how any monies paid to the Lender or to the Receiver shall be applied; or
 - (e) the status, propriety or validity of the acts of the Receiver or Lender.
- 18.2 The receipt of the Lender or any Receiver shall be an absolute and a conclusive discharge to a purchaser and shall relieve him of any obligation to see to the application of any monies paid to or by the direction of the Lender or any Receiver.
- 18.3 In clause 18.1 and clause 18.2 **purchaser** includes any person acquiring, for money or monies worth, any lease of, or Security over, or any other interest or right whatsoever in relation to, the Secured Assets or any of them.

19 Additional security

The Security created by or under this Deed is in addition to and is not in any way prejudiced by any guarantee or security now or subsequently held by the Lender.

20 Settlements conditional

- 20.1 If the Lender (acting reasonably) believes that any amount paid by a Chargor or any other person in respect of the Secured Obligations is capable of being avoided or set aside for any reason, then for the purposes of this Deed, such amount shall not be considered to have been paid.
- 20.2 Any settlement, discharge or release between a Chargor and the Lender shall be conditional upon no Security or payment to or for the Lender by that Chargor or any other person being avoided or set aside or ordered to be refunded or reduced by virtue of any law relating to bankruptcy, insolvency or liquidation or otherwise.

21 Subsequent Security

If the Lender receives notice of any other subsequent Security or other interest affecting all or any of the Secured Assets it may open a new account or accounts for the relevant Chargor in its books. If it does not do so then, unless it gives express written notice to the contrary to the relevant Chargor, as from the time of receipt of such notice by the Lender, all payments made by that Chargor to the Lender shall be treated as having been credited to a new account of that Chargor and not as having been applied in reduction of the Secured Obligations.

22 Set-off

The Lender may, set off any matured obligation due from a Chargor (to the extent beneficially owned by the Lender) against any matured obligation owed by the Lender to that Chargor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies the Lender may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

23 Notices

Any communication under this Deed or any other Security or Finance Document created by or under this Deed, shall be made and given in accordance with the terms of clause 32 (Notices) of the Facility Agreement.

24 Invalidity

Clause 34 (Partial invalidity) of the Facility Agreement shall apply to this Deed as if set out here in full but so that references to the Finance Documents shall be construed as references to this Deed and any Security created by or under it.

25 Assignment

The Lender may assign or otherwise transfer all or any part of its rights under this Deed or any Security created by or under it in accordance with the terms of the Finance Documents.

26 Releases

Upon the expiry of the Security Period or if required by a Chargor in connection with a Permitted Disposal, the Lender shall, at the request and cost of the Chargors, take whatever action is necessary to release and reassign to each relevant Chargor:

- (a) its relevant rights arising under this Deed;
 - (b) the relevant Secured Assets from the Security created by and under this Deed,
- and return all relevant documents or deeds of title delivered to it under this Deed.

27 Currency clauses

27.1 Clause 30.5 (Change of currency) of the Facility Agreement shall apply to this Deed as if set out here in full but so that references to the Finance Documents shall be construed as references to this Deed and any Security created by or under it and references to the Borrower shall be construed as references to the Chargors.

27.2 If a payment is made to the Lender under this Deed in a currency (**Payment Currency**) other than the currency in which it is expressed to be payable (**Contractual Currency**), the Lender may convert that payment into the Contractual Currency at the rate at which it (acting reasonably and in good faith) is able to purchase the Contractual Currency with the Payment Currency on or around the date of receipt 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.

28 Certificates and determinations

Clause 33.2 (Certificates and determinations) of the Facility Agreement shall apply to this Deed as if set out here in full but so that references to the Finance Documents shall be construed as references to this Deed and any Security created by or under it.

29 Indemnity

29.1 Chargors' indemnity

- (a) Each Chargor shall promptly indemnify the Lender and every Receiver and Delegate (each an **Indemnified Person**) against any cost, loss or liability together with any associated VAT incurred by any of them as a result of:
 - (i) the taking, holding, protection or enforcement of any Security Document;
 - (ii) the exercise of any of the rights, powers, discretions and remedies vested in the Lender and each Receiver and Delegate by the Finance Documents, the Supporting Documents or by law; and
 - (iii) any default by any Obligor in the performance of any of the obligations expressed to be assumed by it in the Finance Documents.
- (b) Each Chargor shall indemnify the Lender against any and all costs, losses, liabilities or expenses together with any associated VAT incurred by the Lender arising (directly or indirectly) out of or in connection with:
 - (i) any Chargor's breach or potential breach of or liability (whether civil and/or

criminal) under any Environmental Law;

- (ii) any responsibility on the part of the Lender in respect of any clean-up, repair or other corrective action as a result of any Chargor's action or inaction; or
 - (iii) the Secured Assets.
- (c) The Lender may indemnify itself out in respect of, and pay and retain, all sums necessary to give effect to the indemnity in this clause and shall have a lien on the Security Documents and the proceeds of the enforcement of the Security Documents for all monies payable to it.

30 Exclusion of liability

30.1 No liability

- (a) The Lender will not be liable for any action taken by it (or any omission to take action) under or in connection with any Supporting Document unless directly caused by its breach of contract, gross negligence or wilful misconduct.
- (b) Neither the Lender nor any Receiver shall be liable in respect of all or any part of the Secured Assets or for any loss or damage which arises out of the exercise or the attempted or purported exercise of, or the failure to exercise any of, their respective powers unless such loss or damage is caused by its breach of contract, gross negligence or wilful acts of default and recklessness.

30.2 Officers and agents

No Chargor may take proceedings against any officer, employee or agent of the Lender in respect of any claim it might have against the Lender or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Supporting Document and any officer, employee or agent of the Lender may rely on this clause.

31 Fees, costs and expenses

31.1 Transaction expenses

The Chargors shall promptly on demand pay the Lender the amount of all costs, fees and expenses (including legal fees) together with any associated VAT incurred by it in connection with the negotiation, preparation, printing, execution and perfection of this Deed and each other Finance Documents and the Supporting Documents.

31.2 Amendment costs

If a Chargor requests an amendment, waiver or consent of this Deed or any other Finance Documents and the Supporting Documents, the relevant Chargor shall, within 3 Business Days of demand, reimburse the Lender for the amount of all costs and expenses (including legal fees) together with any associated VAT reasonably incurred by the Lender in responding to, evaluating, negotiating or complying with the request or requirement.

31.3 Enforcement and preservation costs

The Chargors shall, within 3 Business Days of demand, pay to the Lender the amount of all costs, fees and expenses (including legal fees) together with any associated VAT incurred by the Lender in connection with the enforcement of or the preservation of any rights under any

Finance Documents and the Supporting Documents and proceedings instituted by or against the Lender as a consequence of taking or holding the Security or enforcing these rights.

31.4 Interest on late payments

- (a) 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 rate of interest provided for under clause 10.3 (Default interest) of the Facility Agreement (in respect of non-payment under this Deed) (without double-counting, if default interest is paid pursuant to the Facility Agreement in respect of a non-payment under this Deed rather than under this Deed itself). Any interest accruing under this clause 31.4 shall be immediately payable by the Chargor on demand by the Lender.
- (b) Default interest (if unpaid) arising on Unpaid Sums will be compounded with the overdue amount at the end of each Interest Period applicable to that Unpaid Sum but will remain immediately due and payable.

32 Counterparts

This Deed or any Finance Document entered into under or in connection with this Deed may be executed in any number of counterparts, and by each party on separate counterparts. Each counterpart is an original, but all counterparts shall together constitute one and the same instrument. Delivery of a counterpart of this Deed or any such Finance Document entered into under or in connection with this Deed by e-mail attachment or telecopy shall be an effective mode of delivery.

33 Governing law

This Deed and any non-contractual obligations arising out of or in connection with it are governed by English law.

34 Enforcement

34.1 Jurisdiction of English courts

- (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 the existence, validity or termination of this Deed or any non-contractual obligation arising out of or in connection with this Deed) (**Dispute**).
- (b) The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.
- (c) This clause 34 is for the benefit of the Lender. As a result, the Lender shall not be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Lender may take concurrent proceedings in any number of jurisdictions.

34.2 Service of process

- (a) Without prejudice to any other mode of service allowed under any relevant law, each Chargor (other than a Chargor incorporated in England and Wales):

- (i) irrevocably appoints the Borrower as its agent for service of process in relation to any proceedings before the English courts in connection with this Deed (and the Borrower by its execution of this Deed, accepts that appointment); and
 - (ii) agrees that failure by an agent for service of process to notify the relevant Chargor of the process will not invalidate the proceedings concerned.
- (b) If any person appointed as an agent for service of process is unable for any reason to act as agent for service of process, the Borrower (on behalf of all the Chargors) must immediately (and in any event within 10 days of such event taking place) appoint another agent on terms acceptable to the Lender. Failing this, the Lender may appoint another agent for this purpose.

This Deed has been entered into as a deed on the date given at the beginning of this Deed.

Schedule 1**The Chargors**

Name	Jurisdiction of Incorporation	Registered Number
Champneys Henlow Limited	England & Wales	01297142
Champneys Springs Limited	England & Wales	02467338
Fitness and Leisure Holdings Limited	England & Wales	02911543
Champneys Forest Mere Limited	England & Wales	03047435
Maplesudden Limited	Scotland	SC138475
Champneys Tring Limited	England & Wales	00474937
The Champneys International College Limited	England & Wales	03636116

Schedule 2

Subsidiary Shares

Chargor	Name and registered number of Subsidiary	Number and class of shares
Champneys Henlow Limited	Fitness and Leisure Holdings Limited (Company no. 02911543)	19,472,000 ordinary shares
Champneys Henlow Limited	Champneys Forest Mere Limited (Company no. 03047435)	1,000 ordinary shares
		3,000,000 preference shares
Champneys Henlow Limited	Champneys Springs Limited (Company no. 02467338)	99 ordinary shares
Fitness and Leisure Holdings Limited	Maplesudden Limited (Company no. SC138475)	3,000,000 ordinary A shares
		7,058,824 ordinary shares
Maplesudden Limited	Champneys Tring Limited (Company no. 00474937)	1,407,900,000 ordinary shares

Schedule 3

Properties

Owner	Description (Property Definition)	Title Number
Champneys Tring Limited	Champneys Tring, Wigginton, Nr. Tring, Hertfordshire (Champneys Tring)	HD358492
Champneys Forest Mere Limited	Champneys Forest Mere, located at Portsmouth Road, Liphook, Hampshire (Champneys Forest Mere)	SX51682, SX91951 and WSX111547
Champneys Springs Limited	Champneys Springs, located at Ashby de la Zouch, Leicestershire (Champneys Springs)	LT223964 and LT223965
Champneys Henlow Limited	Champneys Henlow Grange, located at Coach Road, Henlow, Bedfordshire (Champneys Henlow Grange) and all rights title and interest in the land shown edged and numbered 4 in blue on the title plan for title number BD167974	BD167974 and BD173449
Champneys Henlow Limited	College House, located at 41 High Street, Henlow, Bedfordshire (College House)	BD170013
Champneys Henlow Limited	8 and 10 Oak Drive, Henlow Leicestershire (Oak Drive)	BD162608 and BD162039
Champneys Springs Limited	16 Iveagh Close and garage, Measham, Leicestershire (Iveagh Close)	LT136934

Schedule 4**UK registered trademarks**

Mark	Territory	Status	Classes	Application Date	Application No.	Registered Proprietor
CHAMPNEYS	United Kingdom	Registered	42	01.10.1986	1277594	Champneys Tring Limited
CHAMPNEYS	United Kingdom	Registered	03 30 32	02.05.1989	1382369	Champneys Tring Limited
AGE EXCELLENCE (Series of 4)	United Kingdom	Registered	03	30.01.2008	2478374	Champneys Tring Limited

Schedule 5**Occupational Leases****Part 1 - Form of notice of assignment**

To: ♦

Dated: ♦

Dear Sirs

The lease described in the attached schedule (Lease)

We hereby notify you that we have assigned to Santander UK plc (**Lender**) all our right, title and interest in and to the Lease (including all rental income and other monies payable under the Lease).

We hereby irrevocably and unconditionally authorise and instruct you:

- 1 without notice or reference to or further authority from us and without enquiring as to the justification or the validity of those instructions, to comply only with any instructions from time to time received by you from the Lender relating to the Lease; [and]
- 2 [to pay all sums payable by you under the Lease directly to [♦]; and]
- 3 [if so directed by the Lender in writing] to pay all sums payable by you under the Lease directly to the Lender at:

Bank: ♦

Account number: ♦

Sort code: ♦

or such other account as the Lender may specify from time to time.

We remain liable to perform all our obligations [as landlord] under the Lease and the Lender is under no obligation of any kind whatsoever under the Lease nor under any liability whatsoever in the event of any failure by us to perform our obligations under the Lease.

Please sign and return the acknowledgement attached to one enclosed copy of this notice to the Lender and the other copy to us.

The provisions of this notice are governed by English law.

Yours faithfully

.....
for and on behalf of

♦ **Limited**

Schedule

[Description of Lease]

[Attach form of acknowledgment]

Part 2 - Form of acknowledgement

To: [name of Lender]
[address]

To: [name of Chargor] (**Chargor**)
[address]

We acknowledge receipt of the notice of assignment (**Notice**) of which the enclosed is a duplicate. Terms defined in the Notice shall have the same meaning when used in this acknowledgement. We confirm that:

- 1 we will not agree to any amendment, waiver or release of any provision of the Lease without the prior written consent of the Lender;
- 2 we shall act in accordance with the Notice;
- 3 the Chargor will remain liable to perform all its obligations under the Lease and the Lender is under no obligation of any kind whatsoever under the Lease nor under any liability whatsoever in the event of any failure by the Chargor to perform its obligations under the Lease;
- 4 no breach or default on the part of the Chargor of any of the terms of such Lease will be deemed to have occurred unless we have given notice of such breach to the Lender specifying how to make good such breach;
- 5 we have made all necessary arrangements for all future payments payable under such Lease to be made [to the managing agent] [into the account specified in the Notice];
- 6 as at the date of this acknowledgement we have not received any notice of assignment or charge of the Chargor's interest in the Lease in favour of any other person; and
- 7 we do not have and have not claimed or exercised any right or claim against the Chargor or exercised or attempted to exercise any right of set-off, counterclaim or other right relating to the Lease.

The provisions of this acknowledgement are governed by English law.

.....
for and on behalf of
[Tenant]

Schedule 6

Relevant Agreements

Part 1 - Form of notice of assignment

To: ♦

Dated: ♦

Dear Sirs

The agreement described in the attached schedule (Agreement)

We hereby notify you that we have assigned to Santander UK plc (**Lender**) all our right, title and interest in and to the Agreement.

We hereby irrevocably and unconditionally authorise and instruct you:

- 1 without notice or reference to, or further authority from us and without enquiring as to the justification or the validity of those instructions, to comply only with any instructions from time to time received by you from the Lender relating to the Agreement and any rights under or in connection with the Agreement; and
- 2 to pay all sums payable by you under the Agreement directly to the Lender at:

Bank: ♦

Account number: ♦

Sort code: ♦

or such other account as the Lender may specify from time to time.

Please sign and return the acknowledgement attached to one enclosed copy of this notice to the Lender and the other copy to us.

The provisions of this notice are governed by English law.

Yours faithfully

.....
for and on behalf of

♦ **Limited**

Schedule

Date	Parties	Description
◆	◆	◆

[Attach form of acknowledgment]

Part 2 - Form of acknowledgement

To: [name of Lender]
[address]

To: [name of Chargor] (**Chargor**)
[address]

We acknowledge receipt of the notice of assignment (**Notice**) of which the enclosed is a duplicate. Terms defined in the Notice shall have the same meaning when used in this acknowledgement. We confirm that:

- 1 there has been no amendment, waiver or release of any rights or interests in the Agreement since the date of the Agreement;
- 2 we will not agree to any amendment, waiver or release of any provision of the Agreement without the prior written consent of the Lender;
- 3 we shall act in accordance with the Notice;
- 4 as at the date of this acknowledgement we have not received any notice of assignment or charge of the Chargor's interest in the Agreement in favour of any other person;
- 5 as at the date of this acknowledgement, we are not aware of any breach by the Chargor of the terms of the Agreement; and
- 6 we do not have and have not claimed or exercised any right or claim against the Chargor or exercised or attempted to exercise any right of set-off, counterclaim or other right relating to the Agreement.

The provisions of this acknowledgement are governed by English law.

.....
for and on behalf of

◆

Schedule 7

Relevant Policies

Part 1 - Form of notice of assignment

To: [insurer]

Dated: ♦

Dear Sirs

The insurance policies described in the attached schedule (Relevant Policies)

We hereby notify you that we have assigned to Santander UK plc (**Lender**) all our right, title and interest in and to the Relevant Policies.

We hereby irrevocably and unconditionally authorise and instruct you:

- 1 without notice or reference to or further authority from us and without enquiring as to the justification or the validity of those instructions, to comply only with any instructions from time to time received by you from the Lender relating to the Relevant Policies (or any of them); and
- 2 to pay all sums (other than in respect of third party liability insurance, business interruption insurance and claims for £50,000 or less) payable by you under the Relevant Policies (or any of them) directly to the Lender at:

Bank: ♦
Account name: [Proceeds Account]
Account number: ♦
Sort code: ♦

or such other account as the Lender may specify from time to time.

Please sign and return the acknowledgement attached to one enclosed copy of this notice to the Lender and the other copy to us.

The provisions of this notice are governed by English law.

Yours faithfully

.....
for and on behalf of
♦ **Limited**

Schedule

Date of policy	Insured	Policy type	Policy number
♦	♦	♦	♦

[Attach form of acknowledgment]

Part 2 - Form of acknowledgement

To: [name of Lender]
[address]

To: [name of Chargor] (**Chargor**)
[address]

We acknowledge receipt of the notice of assignment (**Notice**) of which the enclosed is a duplicate. Terms defined in the Notice shall have the same meaning when used in this acknowledgement. We confirm that:

- 1 there has been no amendment, waiver or release of any rights or interests in any Relevant Policy since the date of such policy;
- 2 we have noted the Lender's interest as mortgagee and first loss payee on each Relevant Policy;
- 3 we will not agree to any amendment, waiver or release of any provision of any Relevant Policy without the prior written consent of the Lender;
- 4 we shall act in accordance with the Notice;
- 5 as at the date of this acknowledgement we have not received any notice of assignment or charge of the Chargor's interest in any Relevant Policy or the proceeds of any Relevant Policy in favour of any other person; and
- 6 we do not have and have not claimed or exercised any right or claim against the Chargor or exercised or attempted to exercise any right of set-off, counterclaim or other right relating to any Relevant Policy.

The provisions of this acknowledgement are governed by English law.

.....
for and on behalf of
[insurance company]

Schedule 8

Blocked Accounts

Part 1 - Form of notice of charge

To: [insert name and address of account holding institution]

Dated: ♦

Dear Sirs

Account number: ♦ (Blocked Account)

Sort code: ♦

Account holder: ♦ Limited

We hereby notify you that we have charged by way of first fixed charge to Santander UK plc (**Lender**) all our right, title and interest in and to the monies from time to time standing to the credit of the Blocked Account.

We hereby irrevocably and unconditionally authorise and instruct you:

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

We also advise you that:

- (a) we may not withdraw any monies from the Blocked Account without first having obtained the prior written consent of the Lender; and
- (b) the provisions of this notice may only be revoked or varied with the prior written consent of the Lender.

Please sign and return the acknowledgement attached to one enclosed copy of this notice to the Lender and the other copy to us.

The provisions of this notice are governed by English law.

Yours faithfully

.....
for and on behalf of
♦ Limited

[Attach form of acknowledgment]

Part 2 - Form of acknowledgement

To: [name of Lender]
[address]

To: [name of Chargor] (**Chargor**)
[address]

We acknowledge receipt of the notice of charge (**Notice**) of which the enclosed is a duplicate. Terms defined in the Notice shall have the same meaning when used in this acknowledgement.

We confirm that:

- 1 we shall act in accordance with the Notice;
- 2 as at the date of this acknowledgement we have not received any notice of assignment or charge over the Chargor's interest in the Blocked Account in favour of any other person; and
- 3 we will not exercise any right of combination of accounts, set-off or lien over any monies standing to the credit of the Blocked Account.

The provisions of this acknowledgement are governed by English law.

.....
for and on behalf of
[account holding institution]

Schedule 9

Charged Accounts

Part 1 - Form of notice of charge

To: [insert name and address of account holding institution]

Account number: ♦ (Charged Account)

Sort code: ♦

Account holder: ♦ Limited

We hereby notify you that we have charged by way of first fixed charge to Santander UK plc (**Lender**) all our right, title and interest in and to the monies from time to time standing to the credit of the Charged Account.

We hereby irrevocably and unconditionally authorise and instruct you:

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

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

- (a) you receive a notice in writing to the contrary from the Lender;
- (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).

Please sign and return the acknowledgement attached to one enclosed copy of this notice to the Lender and the other copy to us.

The provisions of this notice are governed by English law.

Yours faithfully

.....
for and on behalf of
♦ Limited

Countersigned for and on behalf of
the Lender:

.....

[Attach form of acknowledgment]

Part 2 - Form of acknowledgement

To: [name of Lender]

[address]

To: [name of Chargor] (**Chargor**)

[address]

We acknowledge receipt of the notice of charge (**Notice**) of which the enclosed is a duplicate. Terms defined in the Notice shall have the same meaning when used in this acknowledgement.

We confirm that:

- 1 we shall act in accordance with the Notice;
- 2 as at the date of this acknowledgement we have not received any notice of assignment or charge or other security over the Chargor's interest in the Charged Account in favour of any other person; and
- 3 we will not exercise any right of combination of accounts, set-off or lien over any monies standing to the credit of the Charged Account.

The provisions of this acknowledgement are governed by English law.

For and on behalf of

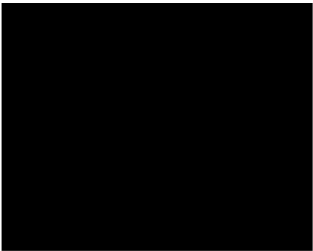
[account holding institution]

SIGNATORIES TO THE DEBENTURE

Borrower

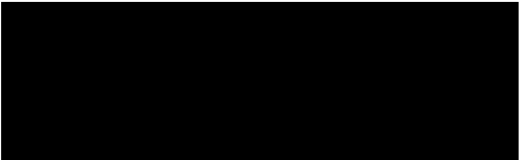
Champneys Henlow Limited

The common seal of)
Champneys Henlow Limited was affixed in)
the presence of:)



Director

..



Director/Secretary

..

Guarantors

Champneys Springs Limited

The common seal of)
Champneys Springs Limited was affixed in)
the presence of:)



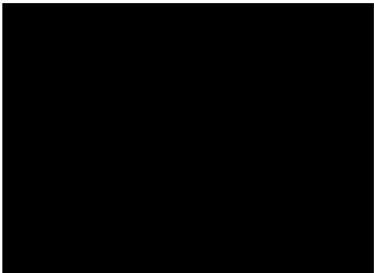
Director



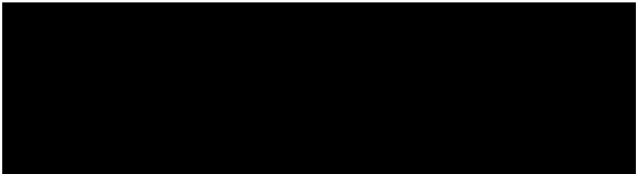
Director/Secretary

Fitness and Leisure Holdings Limited

The common seal of)
Fitness & Leisure Holdings Limited)
was affixed in the presence of:)



Director



Director/Secretary

Champneys Forest Mere Limited

The common seal of
Champneys Forest Mere Limited
was affixed in the presence of:

)
)
)



Director

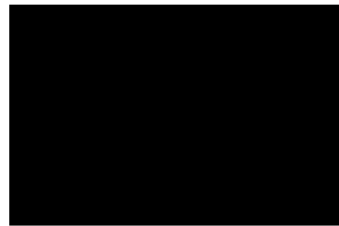
Director/Secretary



Maplesudden Limited

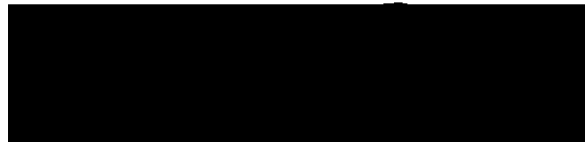
The common seal of
Maplesudden Limited was affixed in
the presence of:

)
)
)



Director

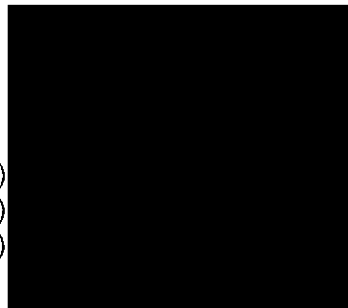
Director/Secretary



Champneys Tring Limited

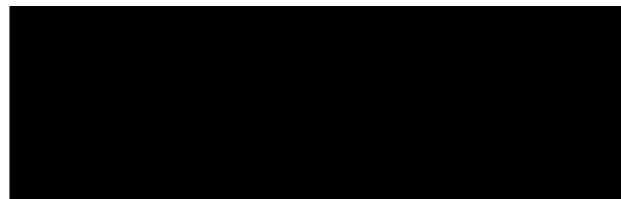
The common seal of
Champneys Tring Limited was affixed in
the presence of:

)
)
)



Director

Director/Secretary



The Champneys International College Limited

The common seal of)
The Champneys International College)
Limited was affixed in the presence of:)

Director

Director/Secretary

Lender

Santander UK plc

Signed as a deed on behalf of **Santander UK**)
plc acting by its duly authorised signatory in the)
presence of)

Signature of witness

Name AMY DAVIES

Address 17 ULSTER TERRACE

REGENTS PARK LONDON, NW1 4PJ