



**Registration of a Charge**

Company name: **CELTIC AEROSPACE VENTURES LIMITED**

Company number: **04113377**



X43XKD57

Received for Electronic Filing: **25/03/2015**

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**Details of Charge**

Date of creation: **19/03/2015**

Charge code: **0411 3377 0006**

Persons entitled: **DAVID OWEN MCFARLANE**

Brief description:

**Contains fixed charge(s).**

**Contains negative pledge.**

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**Authentication of Form**

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

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**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: **ZOE DITCH**



## **CERTIFICATE OF THE REGISTRATION OF A CHARGE**

Company number: 4113377

Charge code: 0411 3377 0006

The Registrar of Companies for England and Wales hereby certifies that a charge dated 19th March 2015 and created by CELTIC AEROSPACE VENTURES LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 25th March 2015 .

Given at Companies House, Cardiff on 26th March 2015

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

2015

and

### Share Charge

Signed.....  
Printed.....

Date 24.03.2015

Muckle LLP  
Time Central  
32 Gallowgate  
Newcastle upon Tyne  
NE1 4BF

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Dated 19 March 2015

**Parties**

- (1) Celtic Aerospace Ventures Limited incorporated and registered in England and Wales with company number 04113377 whose registered office is at c/o Muckle LLP, Time Central, 32 Gallowgate, Newcastle upon Tyne, NE1 4BF(CAVL); and
- (2) David Owen McFarlane of Duke Willey, Allendale Road, Hexham, Northumberland, NE46 2NJ (OMC).

**Background**

- (A) On the date of this Agreement, OMC holds £4,651,479 guaranteed Loan Notes issued by CAVL (Loan Notes) pursuant to a loan note instrument dated 13 July 2010 between CAVL and SNK-Europe Ausserhandels GmbH (SNK-Europe) (Loan Note Instrument).
- (B) CAVL has agreed to charge the Charged Shares to OMC until the Loan Notes have been redeemed in full in accordance with their terms.

**1 Definitions and Interpretation**

**1.1 The following definitions apply in this Charge:**

<b>Accruing Property</b>	all stocks, shares or other securities, rights or other property accruing, offered or issued at any time by way of bonus, redemption, exchange, purchase, substitution, conversion, preference, option or otherwise in respect of any of the Charged Shares including previous Accruing Property;
<b>Attorney</b>	an attorney of CAVL appointed under clause 4.4;
<b>Business Day</b>	a day (other than a Saturday or Sunday) on which banks are open for general business in London;
<b>Company</b>	CAV Advanced Technologies Limited incorporated and registered in England and Wales with company number 06714060 whose registered office is c/o Muckle LLP, Time Central, 32 Gallowgate, Newcastle upon Tyne, NE1 4BF;
<b>Charged Shares</b>	the 760,950 ordinary shares of £1 each in the capital of

the Company as well as:

- a) all Accruing Property;
- b) all rights accruing or incidental to the Charged Shares from time to time; and
- c) all dividends, interest and other income in respect of the Charged Shares;

arising out of, or accruing due in respect of, Charged Shares (and references to the Charged Shares include references to all or any of the above property and rights);

**Costs**

all costs, charges, expenses and liabilities of any kind including, without limitation, costs and damages in connection with litigation, professional fees, disbursements and any value added tax charged on Costs;

**Encumbrance**

any mortgage, charge (whether fixed or floating, legal or equitable), pledge, lien, assignment by way of security or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect;

**Loan Notes**

the £4,651,479 loan notes constituted by the Loan Note Instrument and outstanding as at the date of this Charge;

**Loan Note Instrument**

the loan note instrument dated 13 July 2010 between the CAVL and SNK-Europe pursuant to which CAVL constituted up to £8,100,000 Guaranteed Loan Notes;

**Secured Liabilities**

all present and future monies, obligations and liabilities owed by CAVL to OMC, whether actual or contingent and whether owed jointly or severally, as principal or surety and/or in any other capacity whatsoever, under or

in connection with the Loan Notes, together with all interest accruing on such monies and liabilities;

**Security Period**

the period starting on the date of this Charge and ending on the date on which all the Secured Liabilities have been unconditionally and irrevocably paid and discharged in full and no further Secured Liabilities are capable of being outstanding;

**SNK-Europe**

SNK-Europe Aussenhandels GmbH incorporated and registered in Germany with company number HRB 532159 whose registered office is at SNK-Europe Aussenhandels GmbH, Daimlerstr. 37, D-73037, Göppingen-Ursenwang, Germany; and

**Warranties**

the representations and warranties set out in Schedule 1.

1.2 Unless the context otherwise requires, the following rules of interpretation apply in this Charge;

1.2.1 clause, Schedule and paragraph headings shall not affect the interpretation of this Charge;

1.2.2 a person includes a natural person and a corporate or unincorporated body (whether or not having a separate legal personality);

1.2.3 a reference to this Charge (or any specified provision of it) or any other document shall be construed as a reference to this Charge, that provision or that document as in force for the time being and as amended, novated, varied or supplemented from time to time;

1.2.4 the Schedules form part of this Charge and shall have effect as if set out in full in the body of this Charge and any reference to this Charge includes the Schedules;

1.2.5 a reference to a company shall include any company, corporation or other body corporate, wherever and however incorporated or established,

1.2.6 reference to an investment includes stocks, shares, loan capital, securities, bonds, warrants or any other investment;

- 1.2.7 words in the singular shall include the plural and vice versa;
- 1.2.8 a reference to one gender shall include a reference to the other gender;
- 1.2.9 a reference to a statute or statutory provision is a reference to it as it is in force for the time being, taking account of any amendment, extension, or re-enactment and includes any subordinate legislation for the time being in force made under it;
- 1.2.10 a reference to writing or written includes faxes but not e-mail; and
- 1.2.11 references to clauses and Schedules are to the clauses and Schedules of this Charge; references to paragraphs are to paragraphs of the relevant Schedule.

## **2. Covenant to Pay**

CAVL shall pay to OMC and discharge the Secured Liabilities when they become due.

## **3. Grant of Security**

As continuing security for the payment and discharge of the Secured Liabilities, CAVL with full title guarantee, charges to OMC, by way of first fixed charge, the Charged Shares.

## **4. Deposit of Title Documents**

### **4.1 CAVL shall:**

- 4.1.1 terminate with immediate effect all nominations it may have made under sections 145 and 146 of the Companies Act 2006 in respect of any Charged Shares and pending such termination procure that any person so nominated:
  - 4.1.1.1 does not exercise any rights in respect of the Charged Shares without the prior written approval of OMC; and
  - 4.1.1.2 immediately upon receipt, forwards to OMC all communications or other information received in respect of the Charged Shares for which it has been so nominated.
- 4.1.2 on the execution of this Charge, deposit with OMC all share certificates in relation to the Charged Shares;
- 4.1.3 on the accrual, offer, issue or receipt of any Accruing Property or other rights accruing or incidental to any present or future Charged Shares, deliver or pay or procure the delivery or payment to OMC in respect of such Accruing Property and other rights, including the deposit with OMC of the stock or share certificates or other documents of title to or representing such Accruing Property and other rights,



- together with executed blank stock transfer forms so that OMC may at any time after this Charge has become enforceable without notice present them for registration.
- 4.2 CAVL shall not during the Security Period exercise any rights to nominate any person (other than OMC) to enjoy or exercise any rights relating to any of the Charged Shares.
- 4.3 CAVL shall, at the direction of OMC given at any time, forthwith execute and deliver to OMC all transfers and other documents and do all such things as may be necessary or desirable:
- 4.3.1 to register all or any of the Charged Shares in the name of OMC; or
- 4.3.2 for creating, registering, perfecting, maintaining or protecting the security created by this Charge; or
- 4.3.3 for creating a fixed charge over any of the Charged Shares; or
- 4.3.4 to facilitate the realisation of all or any of the Charged Shares after this Charge has become enforceable or the exercise of any right, power or discretion vested in OMC or the Attorney in relation to any Charged Shares or this Charge.
- 4.4 By way of security CAVL irrevocably appoints OMC to be the attorney of CAVL and in its name and on its behalf and as its act and deed:
- 4.4.1 to execute any documents and do any acts and things which CAVL is required to execute and do to give effect to this Charge, including execute any document required by OMC under clause 4; and
- 4.4.2 to execute any documents, and do any acts and things which the Attorney may deem proper or desirable in exercising any of the powers, authorities and discretions conferred by this Charge or by law on OMC.
- 4.5 By this Charge CAVL ratifies and confirms and agrees to ratify and confirm anything, which the Attorney may do in the proper and lawful exercise or purported exercise of all or any of the powers, authorities and discretions referred to in this clause 4.
- 5. Protection of Security**
- 5.1 Notwithstanding the security created by this Charge, CAVL shall promptly pay all calls, instalments and other payments due on any of the Charged Shares, failing which OMC may, at its discretion but without obligation, make such payments on behalf of CAVL.
- 5.2 Any sum paid by OMC on behalf of CAVL under clause 5.1:
- 5.2.1 shall be reimbursed by CAVL on demand by OMC on a full indemnity basis;

5.2.2 is, pending reimbursement, secured by this Charge; and

5.2.3 shall bear interest accruing daily in arrears from the date of its payment at the default rate of interest specified in the Loan Note Instrument.

## **6. Liability of CAVL**

6.1 The liability of CAVL under this Charge in respect of any of the Secured Liabilities shall not be discharged, prejudiced or affected by:

6.1.1 any Encumbrance, guarantee, indemnity, remedy or other right held by or available to OMC being or becoming wholly or partially illegal, void or unenforceable on any ground;

6.1.2 OMC renewing, determining, varying or increasing any facility or other transaction in any manner or concurring in, accepting or varying any compromise, arrangement or settlement or omitting to claim or enforce payment from any other person; or

6.1.3 any other act or omission which but for this provision might have discharged or otherwise prejudiced or affected the liability of CAVL.

6.2 CAVL waives any right it may have of requiring OMC to:

6.2.1 enforce any security or other right; or

6.2.2 claim any payment from or otherwise proceed against any other person;  
before enforcing this Charge against CAVL.

## **7. Representations and Warranties**

The Warranties are made by CAVL on the date of this Charge and shall be deemed to be repeated on each day of the Security Period with reference to the facts and circumstances then existing.

## **8. CAVL Covenants**

CAVL covenants with OMC during the continuance of the security constituted by this Charge in the terms set out in Schedule 2.

## **9. Rights of OMC**

9.1 OMC may at his discretion (in the name of CAVL or otherwise after this Charge has become enforceable and without any consent or authority from CAVL) exercise the following rights and powers in respect of the Charged Shares:

9.1.1 any voting rights and any powers or rights which may be exercised by a person in whose name the Charged Shares are registered, and

- 9.1.2 all the powers exercisable by a trustee in respect of securities or property subject to a trust.
- 9.2 After the security constituted by this Charge has become enforceable:
- 9.2.1 all dividends, interest and other distributions paid in respect of the Charged Shares and received by or on behalf of CAVL shall be held on trust for OMC and forthwith paid into an account designated by OMC or, if received by OMC, may be applied by OMC as though they were the proceeds of sale; and
- 9.2.2 all voting and other rights and powers attaching to the Charged Shares shall be exercised by, or at the direction of, OMC and CAVL shall, and shall procure that its nominees shall, comply with any directions OMC may, in its absolute discretion, give concerning the exercise of those rights and powers.
- 9.3 The powers conferred on OMC by this Charge are solely to protect his interests in the Charged Shares and shall not impose any duty on OMC to exercise any of those powers.
- 9.4 OMC shall not, in respect of any of the Charged Shares, have any duty or incur any liability for:
- 9.4.1 ascertaining or taking action in respect of any calls, instalments, conversions, exchanges, maturities, tenders or other matters relating to the Charged Shares or the nature or sufficiency of any payment whether or not OMC has or is deemed to have knowledge of such matters; or
- 9.4.2 taking any necessary steps to preserve rights against prior parties or any other rights pertaining to any of the Charged Shares.
- 9.5 OMC shall not be liable to account as a mortgagee in possession in respect of the Charged Shares and shall not be liable in connection with the Charged Shares for:
- 9.5.1 any loss on realisation; or
- 9.5.2 any failure to present any interest coupon or any bond or stock drawn for repayment, or
- 9.5.3 any failure to pay any call or instalment; or
- 9.5.4 the acceptance of any offer or the notification of CAVL of any such offer; or
- 9.5.5 any failure to ensure that the correct amounts are paid or received in respect of the Charged Shares; or

9.5.6 any negligence or default by its nominees; or

9.5.7 any other loss of any nature whatsoever.

## **10. Powers of OMC**

OMC shall have the powers set out in Schedule 3.

## **11. Enforcement**

11.1 This Charge shall be enforceable if any of the circumstances set out in paragraph 1 of Schedule 4 occur. The parties to this Charge agree that the provisions of Schedule 4 shall apply to this and shall be binding between them.

11.2 At any time after this Charge has become enforceable, OMC and any nominee of OMC may (without prejudice to any other right which OMC may have) without further notice to CAVL exercise the power to sell or otherwise dispose of the whole or any part of the Charged Shares.

11.3 Any sale or disposal under clause 11.2 may be made in such manner, on such terms and for such consideration (whether payable immediately or by instalments) as OMC shall in his absolute discretion think fit and without liability for loss.

11.4 OMC may (without prejudice to any right which it may have under any other provision of this Charge) treat any part of the Charged Shares consisting of money as if it were the proceeds of a sale or other disposal under clause 11.2.

11.5 OMC shall apply the proceeds of a sale or other disposal under clause 11.2 (without prejudice to the right of OMC to recover any shortfall from CAVL) in or towards the satisfaction of the Secured Liabilities in such order as OMC in its absolute discretion may from time to time determine subject to OMC's rights under paragraph 2 of Schedule 4.

## **12. Costs and Indemnity**

12.1 CAVL shall pay to or reimburse OMC on demand, on a full indemnity basis, all Costs incurred by OMC in relation to:

12.1.1 protecting, perfecting, preserving or enforcing (or attempting to do so) any of OMC's rights under this Charge; or

12.1.2 taking proceedings for, or recovering any of, the Secured Liabilities;

(including, without limitation, the Costs of any proceedings in relation to this Charge, the Charged Shares or the Secured Liabilities) together with, in the case of clause 12.1.1 and

clause 12.1.2, interest on the amount due from the date of demand until payment at the default rate of interest specified in the Loan Note Instrument.

12.2 OMC and his agents shall be indemnified on a full indemnity basis out of the Charged Shares in respect of all actions, liabilities and Costs incurred or suffered in or as a result of:

12.2.1 the exercise or purported exercise of any of the powers, authorities or discretions vested in them under this Charge;

12.2.2 any matter or thing done or omitted to be done in relation to the Charged Shares under those powers; or

12.2.3 any default or delay by CAVL in performing any of its obligations under this Charge.

Any past or present agent may enforce the terms of this clause 12.2 subject to and in accordance with the provisions of the Contracts (Rights of Third Parties) Act 1999.

### 13. Release by OMC

Subject to clause 15.3, upon the expiry of the Security Period (but not otherwise) OMC shall, at the request and cost of CAVL, take whatever action is necessary to release the Charged Shares from the security constituted by this Charge.

### 14. Assignment

14.1 Except as provided otherwise in this Charge, no party may assign, or grant any Encumbrance or security interest over, any of its rights under this Charge or any document referred to in it.

14.2 Each party that has rights under this Agreement is acting on its own behalf.

### 15. Further Provisions

15.1 This Charge shall be in addition to, and independent of, every other Encumbrance or guarantee which OMC may at any time hold for any of the Secured Liabilities.

15.2 This Charge shall remain in full force and effect as a continuing security for the Secured Liabilities, notwithstanding any settlement of account or intermediate payment or other matter or thing whatsoever, unless and until OMC discharges this Charge in writing.

15.3 Any release, discharge or settlement between CAVL and OMC shall be deemed conditional upon no payment or security received by OMC in respect of the Secured Liabilities being avoided, reduced or ordered to be refunded pursuant to any provision of any law relating to insolvency, bankruptcy, winding-up, administration, receivership or otherwise and, notwithstanding any such release, discharge or settlement:

- 15.3.1 OMC or its nominee shall be at liberty to retain this Charge and the security created by this Charge, including all certificates and documents relating to the whole or any part of the Charged Shares, for such period as OMC shall deem necessary to provide OMC with security against any such avoidance, reduction or order for refund; and
- 15.3.2 OMC shall be entitled to recover the value or amount of such security or payment from CAVL subsequently as if such release, discharge or settlement had not occurred.
- 15.4 A certificate or determination by OMC as to any amount for the time being due to it from CAVL shall (in the absence of any manifest error) be conclusive evidence of the amount due.
- 15.5 The rights and powers of OMC conferred by this Charge are cumulative, may be exercised as often as OMC considers appropriate and are in addition to its rights and powers under the general law.
- 15.6 Any waiver or variation of any right by OMC (whether arising under this Charge or under the general law) shall only be effective if it is in writing and signed by OMC and applies only in the circumstances for which it was given and shall not prevent OMC from subsequently relying on the relevant provision.
- 15.7 No act or course of conduct or negotiation by or on behalf of OMC shall in any way preclude OMC from exercising any right or power under this Charge or constitute a suspension or variation of any such right or power.
- 15.8 No delay or failure to exercise any right or power under this Charge shall operate as a waiver.
- 15.9 No single or partial exercise of any right under this Charge shall prevent any other or further exercise of that or any other such right.
- 15.10 The invalidity, unenforceability or illegality of any provision (or part of a provision) of this Charge under the laws of any jurisdiction shall not affect the validity, enforceability or legality of the other provisions.
- 15.11 This Charge may be executed and delivered in any number of counterparts, each of which is an original and which together have the same effect as if each party had signed the same document.
- 15.12 Save as expressly provided in clause 12.2, a third party (being any person other than CAVL and OMC) has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce, or to

enjoy the benefit of, any term of this Charge and no consent and no consent of any third party is required for any variation or termination of this Charge. Notwithstanding any term of this Charge, the consent of any person who is not a party to this Charge is not required to rescind or vary this Charge at any time.

15.13 The perpetuity period applicable to all trusts declared by this Charge shall be 80 years.

## 16. Notices

16.1 Any notice or other communication given under this Charge shall be in writing and shall be served by delivering it personally or by sending it by pre-paid first class post to the address and for the attention of the relevant party as set out in Schedule 5 or such other address as may be notified in writing from time to time by the relevant party to the other party.

16.2 Receipt of any notice, given under clause 16.1 above, shall be deemed to be received:

16.2.1 if delivered personally, at the time of delivery; or

16.2.2 in the case of pre-paid first class letter, 48 hours from the date of posting,

but if deemed receipt occurs:

16.2.2.1 before 9.00 am on a Business Day, the notice shall be deemed to have been received at 9.00 am on that day, or

16.2.2.2 after 5.00 pm on a Business Day or on a day that is not a Business Day, the notice shall be deemed to have been received at 9.00 am on the next Business Day.

16.3 In proving service of a notice, it shall be sufficient to prove that the envelope containing such notice was addressed to the address of the relevant party as set out in Schedule 5 (or as otherwise notified by that party under clause 16.1) and delivered either:

16.3.1 to that address; or

16.3.2 into the custody of the postal authorities as a prepaid first-class letter.

16.4 Notice given under this Charge shall not be validly served if sent by e-mail or fax.

## 17. Governing Law and Jurisdiction

17.1 This Charge and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the law of England and Wales.

17.2 The parties to this Charge irrevocably agree that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with this Charge or its subject matter or formation (including non-contractual disputes or claims). Accordingly, any proceedings relating to or in connection with this Charge may be brought in such courts.

Executed in the manner set out below on the date hereof.



## **Schedule 1**

### **Representations and Warranties**

#### **1. Ownership of Charged Shares**

CAVL is the sole legal and beneficial owner and registered holder of all the Charged Shares free from any Encumbrance other than this Charge.

#### **2. Validity of Issue**

The Charged Shares have been duly authorised and validly issued and are and will be free from any restrictions on transfer or rights of pre-emption.

#### **3. Fully Paid**

The Charged Shares are fully paid up and there are no monies or liabilities outstanding in respect of any of the Charged Shares.

#### **4. No Conflicting Rights or Breach**

This Charge does not and will not conflict with or result in any breach or constitute a default under any agreement, instrument or obligation to which CAVL is a party or by which it is bound.

#### **5. Enforceable Security**

This Charge constitutes and will continue to constitute the legal valid binding and enforceable obligations of CAVL and is and will continue to be effective security over all and every part of the Charged Shares in accordance with its terms.

#### **6. Avoidance of Security**

This Charge is not liable to be avoided or otherwise set aside on the liquidation or administration of CAVL or otherwise.

#### **7. Existence and Authorisation**

##### **7.1 CAVL:**

7.1.1 is duly incorporated and validly existing under the law of its country of incorporation;

7.1.2 has the necessary capacity, power and authority to enter into and perform its obligations under this Charge; and

7.1.3 has obtained all necessary authorisations and consents, which will remain in full force and effect so long as this Charge subsists, to enable and entitle it to enter into this Charge.

## **Schedule 2**

### **Covenants**

#### **1. Disposals**

CAVL has not sold, transferred, granted options over, disposed of, assigned, created an Encumbrance over or encumbered in any manner and during the continuance of the security created by this Charge, will not and will not agree or attempt to sell, transfer, grant options over, dispose of, assign, create an Encumbrance over or encumber in any manner all, any or any part of the Charged Shares or any of its title, rights or interests in them.

#### **2. Additional Registration Obligations**

##### **2.1 CAVL grants and agrees to:**

2.1.1 procure as necessary, all consents, waivers, approvals and permissions which are necessary, under the articles of association of the Company or otherwise, for the transfer of the Charged Shares to OMC or its nominee or to a purchaser upon enforcement of this Charge; and

2.1.2 if requested by OMC, procure the amendment of the share transfer provisions of the articles of association of the Company in such manner as OMC may require in order to permit such a transfer.

#### **3. Nominations**

CAVL shall not at any time during the Security Period nominate any person, other than OMC, to enjoy or exercise any right relating to any of the Charged Shares.

#### **4. No Alteration of Rights and Liabilities**

CAVL shall not, without the prior written consent of OMC, amend, or agree to the amendment of, the memorandum or articles of association of the Company or any of the rights or liabilities attaching to any of the Charged Shares.

#### **5. Preservation of Charged Shares**

5.1 CAVL shall ensure (insofar as it is able by the exercise of all voting rights, powers of control and other means available to it) that CAVL will not:

5.1.1 consolidate or subdivide any of its stock or shares or reduce or reorganise its share capital in any way; or

5.1.2 issue any new shares or stock; or

5.1.3 refuse to register any transfer of any of its shares which may be lodged for registration by or on behalf of OMC or CAVL in accordance with this Charge

**6. Investment Information**

CAVL shall, promptly following receipt, send to OMC copies of all notices, circulars, reports, accounts and other documents, which are received by CAVL, or any nominee of it, in respect of any of the Charged Shares.

**7. No Adverse Actions or Variations**

CAVL shall not cause or permit to be done anything which may adversely affect the security created by this Charge or which is a variation or abrogation of the rights attaching to or conferred on all or any part of the Charged Shares by this Charge, without the prior written consent of OMC.

### **Schedule 3**

#### **Powers of OMC**

##### **1. Power to Remedy**

OMC shall be entitled (but shall not be bound) to remedy a breach at any time by CAVL of any of its obligations contained in this Charge and CAVL irrevocably authorises OMC and its agents to do all such things as are necessary or desirable for that purpose.

##### **2. Exercise of Rights**

The rights of OMC under paragraph 1 of this Schedule 3 are without prejudice to any other rights of OMC under this Charge and the exercise of those rights shall not make OMC liable to account as a mortgagee in possession.

##### **3. Indulgence**

OMC may at its discretion grant time or other indulgence or make any other arrangement, variation or release with any person or persons not being a party to this Charge (whether or not such person or persons are jointly liable with CAVL) in respect of any of the Secured Liabilities or of any other Encumbrance for them without prejudice either to this Charge or to the liability of CAVL for the Secured Liabilities.

## Schedule 4

### Enforcement

#### 1 Enforcement Events

##### 1.1 This Charge shall be enforceable if:

- 1.1.1 any of the Secured Liabilities are not paid or discharged when the same ought to be paid or discharged by CAVL (whether on demand or at scheduled maturity or by acceleration or otherwise, as the case may be); or
- 1.1.2 CAVL is in breach of any of its obligations under this Charge or Loan Notes and that breach (if capable of remedy) has not been remedied to the satisfaction of OMC within 14 days of notice by OMC to CAVL to remedy the breach; or
- 1.1.3 any representation, warranty or statement made by CAVL in, or in connection with, this Charge is or proves to have been incorrect or misleading when made; or
- 1.1.4 CAVL:
  - 1.1.4.1 becomes unable to pay its debts as they fall due or the value of CAVL's assets is less than the amount of its liabilities, taking into account CAVL's contingent and prospective liabilities; or
  - 1.1.4.2 commences negotiations with any one or more of its creditors with a view to the general readjustment or rescheduling of its indebtedness; or
  - 1.1.4.3 makes a general assignment for the benefit of, or a composition with, its creditors; or
- 1.1.5 CAVL passes any resolution or takes any corporate action or a petition is presented or proceedings are commenced or any action is taken by any person for its winding-up, dissolution, administration or reorganisation or for the appointment of a receiver, administrative receiver, administrator, trustee or similar officer of it or of any or all of its revenues and assets; or
- 1.1.6 a distress, execution, attachment or other legal process is levied or enforced upon or sued against all or any part of the assets of CAVL and remains undischarged for seven days; or

1.1.7 any event occurs which under any jurisdiction has a similar or analogous effect to any of the events mentioned in paragraph 1.1.4, paragraph 1.1.5 or paragraph 1.1.6 of this Schedule 4;

and in any such event (whether or not the event is continuing) OMC or any nominee of OMC may without further notice, without regard to the restrictions contained in section 103 of the Law of Property Act 1925 and without prejudice to any of OMC's other rights, immediately exercise all the powers conferred on mortgagees by the Law of Property Act 1925 as varied or extended by this Charge without any restrictions.

## **2. Power of Sale**

Notwithstanding that as between OMC and a purchaser from OMC, the power of sale arises on and is exercisable at any time after the execution of this Charge, OMC shall not exercise that power of sale until an event (as specified in the paragraph 1 of this Schedule 4) entitling OMC to enforce its security has occurred.

## **3. Protection of Third Parties**

3.1 No purchaser, mortgagee or other person dealing with OMC or its nominee shall be concerned to:

3.1.1 enquire whether any of the Secured Liabilities have become due or payable or remain unpaid or not discharged, or whether the power OMC is purporting to exercise has become exercisable; or

3.1.2 see to the application of any money paid to OMC or its nominee.

## **4. Appropriation**

Neither OMC nor any nominee of OMC shall be bound (whether by virtue of section 109(8) of the Law of Property Act 1925, which is varied accordingly, or otherwise) to pay or appropriate any receipt or payment first towards interest rather than principal or otherwise in any particular order as between any of the Secured Liabilities.

## **5. Statutory Protection**

All the protection to purchasers contained in sections 104 and 107 of the Law of Property Act 1925, section 42(3) of the Insolvency Act 1986 or in any other appropriate legislation shall apply to any person purchasing from OMC or any nominee of OMC as a result of OMC exercising or purporting to exercise its power of sale under this Charge.

**Schedule 5**

**Notice Details**

**CAVL:**

**Name:** Celtic Aerospace Ventures Limited

**Address:** c/o Muckle LLP, Time Central, 32 Gallowgate, Newcastle upon Tyne, NE1  
4BF

**For the attention of:** Andy Jones

**OMC:**

**Name:** David Owen McFarlane

**Address:** Duke Willey, Allendale Road, Hexham, Northumberland, NE46 2NJ

**For the attention of:** David Owen McFarlane

Signed as a deed by

David Owen McFarlane

(signature)

in the presence of

Signature of witness

Name of witness

Address

Occupation

Signed as a deed by

Celtic Aerospace Ventures Limited

in the presence of

Signature of witness

STEPHANIE PHILLIPS

Name of witness

Address

ACCOUNTANT.

Occupation