



Registration of a Charge

Company Name: **XAARJET (OVERSEAS) LIMITED**

Company Number: **04312431**



Received for filing in Electronic Format on the: **19/06/2023**

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Details of Charge

Date of creation: **14/06/2023**

Charge code: **0431 2431 0001**

Persons entitled: **HSBC UK BANK PLC**

Brief description: **THE CHARGOR CHARGES BY WAY OF FIRST FIXED CHARGE ALL OF ITS RIGHTS, TITLE AND INTEREST FROM TIME TO TIME IN: - THE REAL PROPERTY AND ALL RELATED RIGHTS; AND - THE INTELLECTUAL PROPERTY AND ALL RELATED RIGHTS AS DEFINED IN THE INSTRUMENT**

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: **WE 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:

BIRKETTS LLP



CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 4312431

Charge code: 0431 2431 0001

The Registrar of Companies for England and Wales hereby certifies that a charge dated 14th June 2023 and created by XAARJET (OVERSEAS) LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 19th June 2023 .

Given at Companies House, Cardiff on 20th June 2023

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 14 June 2023

THE PERSONS LISTED IN SCHEDULE 1 (1)
AS CHARGORS

IN FAVOUR OF

HSBC UK BANK PLC
AS THE LENDER (2)

SECURITY AGREEMENT

TABLE OF CONTENTS

| Clause | Page |
|--|------|
| 1. DEFINITIONS AND INTERPRETATION | 4 |
| 3. COMMON PROVISIONS | 9 |
| 4. FIXED SECURITY | 9 |
| 5. FLOATING CHARGE | 11 |
| 6. PROVISIONS AS TO SECURITY AND PERFECTION | 12 |
| 8. SHARES AND INVESTMENTS | 18 |
| 9. ACCOUNTS | 20 |
| 10. ENFORCEMENT OF SECURITY | 20 |
| 11. EXTENSION OF POWERS AND RIGHT OF APPROPRIATION | 21 |
| 12. APPOINTMENT OF RECEIVER OR ADMINISTRATOR | 22 |
| 13. POWERS OF RECEIVERS | 24 |
| 14. APPLICATION OF MONEYS | 24 |
| 15. PROTECTION OF PURCHASERS | 25 |
| 16. POWER OF ATTORNEY | 25 |
| 17. EFFECTIVENESS OF SECURITY | 26 |
| 18. PRIOR SECURITY INTERESTS | 30 |
| 19. SUBSEQUENT SECURITY INTERESTS | 30 |
| 20. SUSPENSE ACCOUNTS | 30 |
| 21. RELEASE OF SECURITY | 31 |
| 22. SET-OFF | 31 |
| 23. DISCRETION AND DELEGATION | 31 |
| 24. COUNTERPARTS | 32 |
| 25. GOVERNING LAW | 32 |
| 26. JURISDICTION | 32 |
| Schedule 1 - CHARGORS | 34 |
| Schedule 2 - MORTGAGED PROPERTY | 35 |
| Schedule 3 - RELEVANT SHARES | 36 |
| Schedule 4 – INTELLECTUAL PROPERTY | 37 |
| SCHEDULE 5 – CHARGED ACCOUNTS | 38 |
| Schedule 6 - LEASES AND INSURANCES | 40 |
| Part 1 | 40 |
| Part 2 | 41 |
| Schedule 7 - ACCOUNTS | 43 |
| Part 1 | 43 |
| Part 2 | 44 |

Schedule 8 – ASSIGNED LOANS 45

 Part 1 45

 Part 2 47

Schedule 9 - CONTRACTS 48

 Part 1 48

 Part 2 50

THIS SECURITY AGREEMENT is made by way of deed on 14 June 2023
BETWEEN

1. **THE PERSONS** listed in Schedule 1 (*Chargors*) (each a **Chargor** and together the **Chargors**) in favour of:
2. **HSBC UK BANK PLC** as lender (the **Lender**).

IT IS AGREED as follows:

1. **DEFINITIONS AND INTERPRETATION**

1.1 **Definitions**

| | |
|---------------------------|---|
| Acceleration Event | the giving of notice pursuant to Clause 25.17 (<i>Acceleration</i>) of the Facility Agreement; |
| Accounts | <ol style="list-style-type: none"> (a) the accounts specified in Schedule 5 (<i>Charged Accounts</i>); (b) any other account designated as such by the Lender and a Chargor; and (c) at any time when an Event of Default is continuing, any other account of a Chargor which the Lender designates as an Account; |
| Assigned Loans | each and every sum paid or payable from time to time by the relevant debtor(s) under the Inter-company Loan Agreement(s) to any Chargor and any other sum from time to time paid or payable by any member of the Group or Obligor for the time being to any Chargor; |
| Borrower | Xaar plc, a company incorporated and registered in England and Wales whose company number is 03320972 and whose registered office is at 3950 Cambridge Research Park, Waterbeach, Cambridge, England CB25 9PE; |
| Facility Agreement | the facility agreement dated on or around the date of this Security Agreement between, amongst others, the Borrower and the Lender as varied, amended, novated, supplemented and/or restated from time to time; |

| | | |
|--------------------------------|-------------|--|
| Intellectual Property | | the intellectual property specified in Schedule 4 (<i>Intellectual Property</i>) and any patents, trademarks, service marks, designs, business and trade names, copyrights, database rights, design rights, moral rights, inventions, confidential information, knowhow and other intellectual property rights and interests, whether registered or unregistered, and the benefit of all applications and rights to use such assets in which any Chargor may from time to time have an interest; |
| Inter-company Agreement | Loan | any shareholder or inter-company loan agreement entered into from time to time between a Chargor, as lender, and any other member of the Group or Obligor, as borrower; |
| Insurances | | means any contract or policy of insurance to which any Chargor is a party or may at any time have an interest; |
| Investment | | all Shares, securities, certificates of deposit and other investments, all interests in collective investment schemes and partnerships and all warrants, options and rights to subscribe for any investment whether held directly by or to the order of any Chargor or by any trustee, nominee, custodian, fiduciary or clearance system on its behalf (including all rights against any such trustee, nominee, custodian, fiduciary or clearance system); |
| Lease Documents | | <p>(a) a lease under which an Obligor holds title to any part of any Real Property;</p> <p>(b) any lease or other right of occupation or right to receive rent to which a Real Property may at any time be subject and any guarantee of a tenant's obligations under the same and any agreement to grant the same; or</p> <p>(c) any other document designated, in writing, as such by the Lender and a Chargor;</p> |
| Mortgaged Property | | the freehold and leasehold property specified in Schedule 2 (<i>Mortgaged Property</i>); |

| | |
|----------------------------|--|
| Real Property | (including as provided in Clause 1.5 (<i>Real Property</i>)), the Mortgaged Property and any present or future freehold or leasehold or immoveable property and any other interest in land or buildings and all rights relating thereto in which any Chargor has an interest; |
| Receiver | a receiver, receiver and manager or, where permitted by law, an administrative receiver of the whole or any part of the Security Assets and that term will include any appointee made under a joint or several appointment; |
| Related Rights | <p>in relation to any asset:</p> <ul style="list-style-type: none">(a) the proceeds of sale or rental of any part of that asset;(b) all rights under any licence, agreement for sale or agreement for lease in respect of that asset;(c) all rights, powers, benefits, claims, causes of action, contracts, warranties, remedies, security, guarantees, indemnities or covenants for title in respect of or derived from that asset; and(d) any moneys and proceeds paid or payable in respect of that asset; |
| Relevant Share | any Share listed in Schedule 3 (<i>Relevant Shares</i>) and all of any Chargor's other present and future Shares in any subsidiary of any Chargor for the time being; |
| Secured Liabilities | all present and future obligations and liabilities (whether actual or contingent, whether owed jointly or severally or in any other capacity whatsoever and whether originally incurred by an Obligor) of each Obligor to the Lender under each Finance Document; |
| Secured Parties | the Lender and any Receiver or Delegate; |

| | |
|----------------------------------|--|
| Security Assets | each of the assets and undertaking of each Chargor which from time to time are, or are expressed to be, the subject of any Security created or expressed to be created by it in favour of the Lender by or pursuant to this Security Agreement; |
| Security Period | the period beginning on the date of this Security Agreement and ending on the date on which the Lender is satisfied that the Secured Liabilities have been irrevocably and unconditionally paid or discharged in full and the Lender is not under any further actual or contingent obligation to make advances or provide other financial accommodation to any Chargor or any other person under any of the Finance Documents; |
| Share | any stock, share, debenture or other security; and |
| Supplemental Legal Charge | a charge by way of legal mortgage granted by a Chargor in favour of, and in a form approved of by, the Lender. |

1.2 Terms defined in the Facility Agreement

Unless defined in this Security Agreement, or the context otherwise requires, a term defined in the Facility Agreement has the same meaning in this Security Agreement or any notice given under or in connection with this Security Agreement, as if all references in those defined terms to the Facility Agreement were a reference to this Security Agreement or that notice.

1.3 Construction

Clauses 1.2 (*Construction*) and 1.4 (*Currency symbols and definitions*) of the Facility Agreement will apply as if incorporated in this Security Agreement or in any notice given under or in connection with this Security Agreement, as if all references in that Clause to the Facility Agreement were a reference to this Security Agreement or that notice.

1.4 Application of provisions in Facility Agreement

Clauses 1.5 (*Third party rights*), 11.3 (*Default interest*), 15 (*Tax gross up and indemnities*), 17 (*Other indemnities*), 19 (*Costs and expenses*), 27.1 (*Assignments and transfers by Obligors*), 28 (*Payment mechanics*), 30 (*Notices*), 31.1 (*Accounts*), 31.2 (*Certificates and determinations*) and 34 (*Amendments and waivers*) of the Facility Agreement are deemed to form part of this Security Agreement as if expressly incorporated into it and as if all references in those clauses to the Facility Agreement were references to this Security Agreement.

1.5 Real Property

A reference in this Security Agreement to a mortgage, assignment or charge of any freehold, leasehold or commonhold property includes all buildings, fixtures and fittings from time to time on or forming part of that property and all Related Rights.

1.6 Present and future assets

1.6.1 A reference in this Security Agreement to any Mortgaged Property, Security Asset or other asset includes, unless the contrary intention appears, present and future Mortgaged Property, Security Assets and other assets.

1.6.2 The absence of or incomplete details of any Security Assets in any Schedule shall not affect the validity or enforceability of any Security under this Security Agreement.

1.7 Disposition of Property

The terms of the Facility Agreement and each other Finance Document and of any side letters between the Parties in relation to the Finance Documents are incorporated into this Security Agreement and each other Finance Document to the extent required for any purported disposition of any Real Property contained in any Finance Document to be a valid disposition in accordance with Section 2(1) of the Law of Property (Miscellaneous Provisions) Act 1989.

1.8 Fixed Security

Clauses 4.1 (*Mortgage*) to 4.3 (*Fixed charges*) shall be construed as creating a separate and distinct mortgage, fixed charge or assignment by way of security over each relevant asset within any particular class of assets defined under this Security Agreement and the failure to create an effective mortgage, fixed charge or assignment by way of security (whether arising out of this Security Agreement or any act or omission by any party) on any one asset shall not affect the nature of any mortgage, fixed charge or assignment imposed on any other asset whether within that same class of assets or not.

1.9 No obligation

The Lender shall not be under any obligation in relation to the Security Assets as a consequence of this Security Agreement and the Chargor shall at all times remain liable to perform all obligations expressed to be assumed by it in respect of the Security Assets.

1.10 Trusts

The perpetuity period for any trusts created by this Security Agreement is 125 years.

2. COVENANT TO PAY

Each Chargor covenants with the Lender that it shall, on demand of the Lender pay, discharge and satisfy the Secured Liabilities in accordance with their respective terms.

3. COMMON PROVISIONS

3.1 Common provisions as to all Security

All the Security constituted by or pursuant to this Security Agreement is:

- 3.1.1 created with full title guarantee;
- 3.1.2 created in favour of the Lender; and
- 3.1.3 continuing security for the payment and discharge of all the Secured Liabilities.

4. FIXED SECURITY

4.1 Mortgage

Each Chargor charges, by way of first legal mortgage, its Mortgaged Property.

4.2 Assignment by way of Security

Each Chargor assigns and agrees to assign absolutely (to the extent not validly and effectively charged by way of first legal mortgage pursuant to Clause 4.1 (*Mortgage*)) and to the fullest extent assignable or capable of assignment without infringing any contractual provision restricting the same, all of its rights, title and interest from time to time in and to each of the following assets:

- 4.2.1 any agreements, contracts, deeds, leases, licences, undertakings, guarantees, covenants, warranties, representations and other documents entered into by, given to or otherwise benefiting that Chargor in respect of the Real Property and all other Related Rights;
- 4.2.2 any sums paid or payable to or for the benefit of that Chargor arising from the letting, use or occupation of all or any part of any Real Property and all sums paid or payable and any other consideration given or to be given for the disposal of an interest in all or part of any Real Property or of any shares in any person which owns or whose subsidiary owns all or

any part of any Real Property and the right to make demand for and receive the same;

4.2.3 any contract or agreement to which that Chargor is a party and all Related Rights;

4.2.4 any policy of insurance in respect of the Security Assets and in which that Chargor may at any time have an interest and all proceeds paid or payable thereunder and all other Related Rights;

4.2.5 each Account and any account maintained by that Chargor and the debt or debts represented thereby and all other Related Rights; and

4.2.6 the Assigned Loans, together with all Related Rights.

4.3 Fixed charges

Each Chargor charges, to the extent not validly and effectively charged by way of first legal mortgage pursuant to Clause 4.1 (*Mortgage*) or assigned pursuant to Clause 4.2 (*Assignment by way of Security*) by way of first fixed charge, all of its rights, title and interest from time to time in and to each of the following assets:

4.3.1 the Real Property and all Related Rights;

4.3.2 each Account and each of its accounts with any bank, building society, financial institution or other person (including any replacement account or sub-division or sub-account of that account) and the debt or debts represented thereby and all other Related Rights;

4.3.3 book and other debts and monetary claims owing to it and any proceeds of those debts and claims (including any claims or sums of money deriving from or in relation to any court order or judgment), the proceeds of any insurance policy, any contract or agreement to which any Chargor is a party and any other assets, property, rights or undertaking of that Chargor and all Related Rights;

4.3.4 patents, trademarks, service marks, designs, business and trade names, copyrights, design rights, moral rights, inventions, confidential information, know-how and other intellectual property rights and interests to which it is entitled, whether registered or unregistered, the benefit of all applications and its rights to use such assets and all Related Rights;

4.3.5 the Intellectual Property and all Related Rights;

- 4.3.6 plant, machinery, office equipment, computers, vehicles, furniture, fittings and other chattels (excluding any for the time being forming part of any Chargor's stock in trade or work in progress) and all Related Rights;
- 4.3.7 the benefit of any authorisation, consent, approval, resolution, licence exemption, filing, notarisation or registration held in connection with its use of any Security Asset;
- 4.3.8 goodwill and rights and claims in relation to its uncalled share capital;
- 4.3.9 rights to recover any VAT on any supplies made to it relating to the Security Assets and any sums so recovered;
- 4.3.10 the Relevant Shares and all dividends, interest and other moneys payable in respect of the Relevant Shares and all other Related Rights (whether derived by way of redemption, bonus, preference, options, substitution, conversion, compensation or otherwise);
- 4.3.11 Investments and all Related Rights (including all rights against any trustee, nominee, fiduciary or clearance system in respect of those Investments) to the extent not charged pursuant to Clause 4.3.10 above; and
- 4.3.12 each of the assets which are specified in Clause 4.2 (*Assignment by way of Security*).

5. FLOATING CHARGE

5.1 Floating charge

- 5.1.1 Subject to Clause 5.1.2 below, each Chargor charges, by way of first floating charge, all present and future assets and undertaking of that Chargor not otherwise effectively mortgaged, charged or assigned under clause 4.1 to 4.3 inclusive.
- 5.1.2 The floating charge created by Clause 5.1.1 above shall be deferred in point of priority to all fixed Security validly and effectively created by that Chargor under the Finance Documents in favour of the Lender as security for the Secured Liabilities.
- 5.1.3 Paragraph 14 of Schedule B1 to the Insolvency Act 1986 applies to the floating charge created by Clause 5.1.1 above.

5.2 Conversion of floating charge to fixed Security

5.2.1 The Lender may at any time, while this Security Agreement is enforceable in accordance with Clause 10 (*Enforcement of security*), by written notice to any Chargor convert the floating charge constituted under Clause 5.1 (*Floating charge*) with immediate effect into a fixed charge as regards any asset which is the subject of the floating charge or which is specified in the notice.

5.2.2 In addition, without prejudice to any law which may have a similar effect, the floating charge constituted under Clause 5.1 (*Floating charge*) will automatically be converted (without notice) with immediate effect into a fixed charge as regards all assets the subject of the floating charge if:

5.2.2.1 any Chargor creates or attempts to create any Security (other than any Security permitted under the terms of the Facility Agreement), over any of the Security Assets;

5.2.2.2 any person levies or attempts to levy any distress, execution or other process against any of the Security Assets;

5.2.2.3 a Receiver is appointed over all or any of the Security Assets;

5.2.2.4 a resolution is passed for the voluntary winding-up of any Chargor;

5.2.2.5 a petition is presented for the compulsory winding-up of any Chargor;

5.2.2.6 a provisional liquidator is appointed to any Chargor; or

5.2.2.7 a resolution is passed or an order is made for the dissolution or reorganisation of any Chargor,

or any analogous procedure or formal step is taken in any jurisdiction.

6. PROVISIONS AS TO SECURITY AND PERFECTION

6.1 Negative pledge and restriction on dealings

Except where agreed in writing by the Lender or as permitted under the Finance Documents, no Chargor will at any time during the Security Period create or permit to subsist any Security over all or any part of the Security Assets or dispose of or otherwise deal with any part of the Security Assets.

6.2 Implied covenants for title

- 6.2.1 The covenants set out in Sections 3(1), 3(2) and 6(2) of the Law of Property (Miscellaneous Provisions) Act 1994 will not extend to Clauses 4 (*Fixed Security*) or 5 (*Floating charge*).
- 6.2.2 It shall be implied in respect of Clauses 4 (*Fixed Security*) and 5 (*Floating charge*) that each Chargor is disposing of the Security Assets free from all charges and incumbrances (whether monetary or not) and from all other rights exercisable by third parties (including liabilities imposed and rights conferred by or under any enactment).

6.3 Notices of Security: Leases and Insurances

Within 5 Business Days of request by the Lender:

- 6.3.1 in relation to all Lease Documents relating to the Real Property in existence on the date of this Security Agreement or, if later, upon any Chargor entering into a Lease Document, each Chargor shall:
- 6.3.1.1 deliver to the Lender a duly executed notice addressed to each relevant person which is party to any Lease Document of the Security constituted by this Security Agreement, such notice being substantially in the form set out in Schedule 6 (*Leases and Insurances*),
 - 6.3.1.2 in respect of Clause 6.3.1.1 above, use reasonable endeavours to procure from each relevant person an acknowledgement in the form set out in such notice of security.
- 6.3.2 in relation to all Insurances in existence on the date of this Security Agreement or, if later, upon any Chargor entering into any Insurances, each Chargor shall:
- 6.3.2.1 deliver to the Lender a duly executed notice addressed to each relevant person which is party to any Insurances of the Security constituted by this Security Agreement, such notice being substantially in the form set out in Schedule 6 (*Leases and Insurances*),
 - 6.3.2.2 in respect of clause 6.3.2.1 above, use reasonable endeavours to procure from each relevant person an acknowledgement in the form set out in such notice of security.

6.4 Notice of Security: Accounts

Within 5 Business Days of request by the Lender:

- 6.4.1 in relation to each Account maintained by it which is the subject of the Security created by this Security Agreement, each Chargor shall:
- 6.4.1.1 deliver to the Lender a duly executed notice addressed to each relevant bank, building society or other person of the Security constituted by this Security Agreement, such notice being substantially in the form set out in Schedule 7 (*Accounts*);
 - 6.4.1.2 in respect of Clause 6.4.1 above, procure from each relevant person an acknowledgement in the form set out in such notice of security; and
 - 6.4.1.3 in respect of Clause 6.4.1 above, use reasonable endeavours to procure from each relevant person an acknowledgement in the form set out in such notice of security.

6.5 Notice of Security: Assigned Loans

- 6.5.1 Each Chargor acknowledges the security granted under this Security Agreement over each Assigned Loan in respect of which it is a debtor.
- 6.5.2 Immediately upon the date of this Security Agreement in relation to all Assigned Loans in existence on the date of this Security Agreement (other than any Assigned Loan in respect of which a Chargor is the relevant debtor), or, if later, upon the entry into of any such Assigned Loan,
- each Chargor shall:
- 6.5.2.1 deliver to the Lender a duly executed notice addressed to each debtor in respect of such Assigned Loans of the Security constituted by this Security Agreement, such notice being substantially in the form set out in Schedule 9 (*Assigned Loans*), and
 - 6.5.2.2 use its best endeavours to procure from the relevant debtor an acknowledgement in the form set out such notice of security.

6.6 Notices of Security: other assets

Except to the extent already provided for in this Clause 6, each Chargor shall join the Lender in giving notices of security (in such form as may be specified by the Lender (acting reasonably)) in respect of any asset which is the subject of an assignment or charge pursuant to Clause 4 (*Fixed Security*) promptly upon the request of the Lender from time to time and will use reasonable endeavours to procure from each recipient of those notices, an acknowledgement in a form satisfactory to the Lender (acting reasonably).

6.7 Delivery of share certificates

Each Chargor shall:

- 6.7.1 on the date of this Security Agreement, deposit with the Lender (or procure the deposit of) all certificates or other documents of title to the Relevant Shares (other than any Shares held in a Subsidiary which is not a Material Company) and stock transfer forms (executed in blank by it or on its behalf); and
- 6.7.2 promptly upon a Subsidiary becoming a Material Company, deposit with the Lender (or procure the deposit of) all certificates or other documents of title to the Relevant Shares and stock transfer forms (executed in blank by it or on its behalf);
- 6.7.3 promptly upon the accrual, offer or issue of any stocks, shares, warrants or other securities in respect of or derived from the Relevant Shares (other than any Shares held in a Subsidiary which is not a Material Company) (or upon acquiring any interest therein), notify the Lender of that occurrence and procure the delivery to the Lender of (a) all certificates or other documents of title representing such items and (b) such stock transfer forms or other instruments of transfer (executed in blank by it or on its behalf) in respect thereof as the Lender may request (acting reasonably).

6.8 Deposit of title deeds

Each Chargor shall promptly following request by the Lender, deposit (or procure the deposit) with the Lender all deeds, certificates and other documents constituting or evidencing title to the Security Assets or procure that an undertaking in form and substance satisfactory to the Lender (acting reasonably) is given by the relevant Chargor's solicitor to hold such deeds, certificates and other documents to the order of the Lender.

6.9 Application to the Land Registry

Each Chargor consents to an application being made by the Lender for the entry of the following restriction against its title to the Mortgaged Property at the Land Registry and shall provide the Lender with all necessary assistance and/or documentation to permit entry of the restriction:

"No disposition of the registered estate by the proprietor of the registered estate, or by the proprietor of any registered charge, not being a charge registered before the entry of this restriction, is to be registered without a written consent signed by the proprietor for the time being of the charge dated [•] in favour of HSBC Bank UK plc referred to in the charges register or their conveyancer."

6.10 Registration of Intellectual Property

Each Chargor shall, if requested by the Lender, execute all such documents and do all such acts as the Lender may reasonably require to record the interest of the Lender in any registers relating to any registered Intellectual Property.

6.11 Further advances

6.11.1 Subject to the terms of the Facility Agreement, the Lender is under an obligation to make further advances to each Chargor and that obligation will be deemed to be incorporated in this Security Agreement as if set out in this Security Agreement.

6.11.2 Each Chargor consents to an application being made to the Land Registry to enter the obligation to make further advances on the Charges Register of any registered land forming part of the Security Assets.

6.12 Assigned Loans

6.12.1 No Chargor shall take, or omit to take, any action which might result in (a) the alteration or impairment of any rights in the Assigned Loans, (b) any default of any of its obligations under any Inter-company Loan Agreement or in respect of any Assigned Loan, (c) any right to terminate any Inter-company Loan Agreement or any Assigned Loan becoming exercisable by any other party to that agreement, or (d) any counterclaims or rights of set-off arising under any Inter-company Loan Agreement or any Assigned Loan.

6.12.2 The Lender shall not be under any obligation in relation to any Assigned Loan or any Inter-company Loan Agreement as a consequence of this Security Agreement and each Chargor shall at all times remain liable to perform all obligations expressed to be assumed by it in respect of the Assigned Loans and each Inter-company Loan Agreement.

7. FURTHER ASSURANCE

7.1 Further Assurance

- 7.1.1 The covenant set out in Section 2(1)(b) of the Law of Property (Miscellaneous Provisions) Act 1994 shall extend to include the obligations set out in clause 7.1.2 below.
- 7.1.2 Each Chargor shall promptly, at its own cost, take all such action (including filings, registrations and notarisations and applying for relief against forfeiture) and execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Lender may specify (and in such form as the Lender may require (acting reasonably)) in favour of the Lender or its nominee(s) to:
- 7.1.2.1 create, perfect, protect and/or maintain the Security created or intended to be created in respect of the Security Assets in accordance with the rights vested in it under this Security Agreement (which may include the execution by that Chargor of a mortgage, charge or assignment over all or any of the assets constituting, or intended to constitute, Security Assets) or for the exercise of any of the rights, powers and remedies of the Lender provided by or pursuant to this Security Agreement or by law;
 - 7.1.2.2 enter into a Supplemental Legal Charge in favour of the Lender over any Real Property in England and Wales not already the subject of a registrable legal mortgage created pursuant to Clause 4.1 (*Mortgage*);
 - 7.1.2.3 confer on the Lender Security over any asset or undertaking of that Chargor located in any jurisdiction outside England and Wales equivalent or similar to the security intended to be conferred by or pursuant to this Security Agreement; and/or
 - 7.1.2.4 while an Event of Default is continuing or this Security Agreement is otherwise enforceable in accordance with Clause 10 (*Enforcement of Security*), facilitate the realisation of the Security Assets.

8. SHARES AND INVESTMENTS

8.1 Dividends prior to an Event of Default

Prior to the occurrence of an Event of Default which is continuing, each Chargor shall be entitled to receive all dividends, interest and other moneys arising from the Relevant Shares.

8.2 Dividends after an Event of Default

Upon the occurrence of an Event of Default which is continuing, the Lender may, at its discretion, (in the name of the relevant Chargor or otherwise and without any further consent or authority from any Chargor) apply all dividends, interest and other moneys arising from the Relevant Shares as though they were the proceeds of sale in accordance with Clause 14 (*Application of Moneys*).

8.3 Voting rights prior to notice

Prior to the giving of notice pursuant to Clause 8.4 (*Voting rights after notice*), each Chargor shall be entitled to exercise all voting rights in relation to the Relevant Shares.

8.4 Voting rights after notice

Upon the occurrence of an Acceleration Event, the Lender may (but without having any obligation to do so) give notice to the relevant Chargor that this Clause 8.4 will apply. With effect from the giving of that notice the Lender may, at its discretion, in the name of the relevant Chargor or otherwise and without any further consent or authority from the relevant Chargor:

8.4.1 exercise (or refrain from exercising) any voting rights in respect of the Relevant Shares; and

8.4.2 exercise (or refrain from exercising) the powers and rights conferred on or exercisable by the legal or beneficial owner of the Relevant Shares including the right, in relation to any company whose shares or other securities are included in the Relevant Shares, to concur or participate in:

8.4.2.1 the reconstruction, amalgamation, sale or other disposal of such company or any of its assets or undertaking (including the exchange, conversion or reissue of any shares or securities as a consequence thereof);

8.4.2.2 the release, modification or variation of any rights or liabilities attaching to such shares or securities; and

8.4.2.3 the exercise, renunciation or assignment of any right to subscribe for any shares or securities,

in each case in the manner and on the terms the Lender thinks fit, and the proceeds of any such action shall form part of the Relevant Shares.

8.5 Shares: Voting rights

8.5.1 No Chargor shall exercise (and shall procure that any nominee acting on its behalf does not exercise) its voting rights in relation to the Relevant Shares or other Investments in any manner, or otherwise permit or agree to or concur or participate in any:

8.5.1.1 variation of the rights attaching to or conferred by all or any part of the Relevant Shares;

8.5.1.2 increase in the issued share capital of any company whose shares are charged pursuant to this Security Agreement;

8.5.1.3 exercise, renunciation or assignment of any right to subscribe for any shares or securities; or

8.5.1.4 reconstruction, amalgamation, sale or other disposal of such company or any of its assets or undertaking (including the exchange, conversion or reissue of any shares or securities as a consequence thereof), in relation to any company whose shares or other securities are included in the Relevant Shares,

which in the opinion of the Lender (acting reasonably) would prejudice the value of, or the ability of the Lender to realise, the security created by this Security Agreement provided that the proceeds of any such action shall form part of the Relevant Shares.

8.6 Investments and Shares: Payment of calls

The relevant Chargor shall pay when due all calls or other payments which may be or may become due in respect of any of the Relevant Shares or other Investments, and in any case of default by it in such payment, the Lender may, if it thinks fit, make such payment on its behalf in which case any sums paid by the Lender shall be reimbursed by each Chargor to the Lender within 3 Business Days of demand and shall carry interest from the date of payment by the Lender until reimbursed at the rate from time to time applicable to unpaid sums specified in the Facility Agreement.

8.7 Shares: PSC notices

Each relevant Chargor shall:

8.7.1 within the relevant timeframe, comply with any notice it receives pursuant to Part 21A of the Companies Act 2006 from the issuer of any Relevant Share or other Investment; and

8.7.2 promptly provide the Lender with a copy of any such notice.

8.8 Investments: Exercise of rights

No Chargor shall exercise any of its rights and powers in relation to any of the Investments in any manner which would prejudice the value of, or the ability of the Lender to realise, the Security created pursuant to this Security Agreement.

9. ACCOUNTS

The Lender may, at any time while this Security Agreement is enforceable in accordance with Clause 10 (*Enforcement of security*), without prior notice:

9.1 set-off, transfer or apply any Account and any other account which is the subject of the security created by this Security Agreement and any debt represented thereby in or towards satisfaction of all or any part of the Secured Liabilities; and

9.2 demand and receive all and any moneys due under or arising out of each Account which has been assigned by this Security Agreement and exercise all rights that any Chargor was then entitled to exercise in relation to that Account or might, but for the terms of this Security Agreement, exercise.

10. ENFORCEMENT OF SECURITY

10.1 Enforcement

On and at any time after the occurrence of:

10.1.1 an Event of Default (as long as it is continuing); or

10.1.2 a request from any Chargor to the Lender that it exercise any of its powers under this Security Agreement,

the Security created by or pursuant to this Security Agreement is, immediately enforceable and the Lender may, without notice to any Chargor or prior authorisation from any court, in its absolute discretion:

10.1.2.1 enforce all or any part of that Security (at the times, in the manner and on the terms it thinks fit) and take possession of and hold or dispose of all or any part of the Security Assets (at the times, in the manner and on the terms it thinks fit (including whether for cash or non-cash consideration)); and

- 10.1.2.2 whether or not it has appointed a Receiver, exercise all or any of the rights, powers, authorities and discretions conferred by the Law of Property Act 1925 (as varied or extended by this Security Agreement) on mortgagees and by this Security Agreement on any Receiver or otherwise conferred by law on mortgagees or Receivers.

10.2 Effect of Moratorium

The Lender shall not be entitled to exercise its rights under Clause 10.1 (*Enforcement*) or Clause 5.2 (*Conversion of floating charge to fixed Security*) where the right arises as a result of an Event of Default occurring solely due to any person obtaining or taking steps to obtain a moratorium pursuant to Schedule A1 of the Insolvency Act 1986.

11. EXTENSION OF POWERS AND RIGHT OF APPROPRIATION

11.1 Extension of powers

The power of sale or other disposal conferred on the Lender and on any Receiver by this Security Agreement shall operate as a variation and extension of the statutory power of sale under Section 101 of the Law of Property Act 1925 and such power shall arise (and the Secured Liabilities shall be deemed due and payable for that purpose) on execution of this Security Agreement and shall become immediately exercisable upon and at any time after this Security Agreement is enforceable in accordance with Clause 10 (*Enforcement of Security*).

11.2 Restrictions

The restrictions contained in Sections 93 and 103 of the Law of Property Act 1925 shall not apply to this Security Agreement or to the exercise by the Lender of its right to consolidate all or any of the security created by or pursuant to this Security Agreement with any other security in existence at any time or to its power of sale, which powers may be exercised by the Lender without notice to any Chargor on or at any time after this Security Agreement has become enforceable in accordance with Clause 10 (*Enforcement of Security*).

11.3 Power of leasing

- 11.3.1 The statutory powers of leasing may be exercised by the Lender at any time on or after this Security Agreement has become enforceable in accordance with Clause 10 (*Enforcement of Security*) and the Lender and any Receiver may make any lease or agreement for lease, accept surrenders of leases and grant options on such terms as it shall think fit,

without the need to comply with Sections 99 and 100 of the Law of Property Act 1925.

11.3.2 For the purposes of Sections 99 and 100 of the Law of Property Act 1925, the expression "Mortgagor" will include any incumbrancer deriving title under any Chargor and neither Sub-section (18) of Section 99 nor Sub-section (12) of Section 100 of the Law of Property Act 1925 will apply.

11.3.3 No Chargor shall have, at any time during the Security Period, the power pursuant to Section 99 of the Law of Property Act 1925 to make any lease in respect of any Real Property without the prior written consent of the Lender or as permitted pursuant to the terms of the Facility Agreement.

11.4 Right of appropriation

To the extent that the provisions of the Financial Collateral Arrangements (No. 2) Regulations 2003 (the **Regulations**) apply to a Security Asset, the Lender shall have the right to appropriate all or any part of that Security Asset in or towards the payment or discharge of the Secured Liabilities and may exercise such right to appropriate upon giving written notice to the Chargors. For this purpose, a commercially reasonable method of valuing a Security Asset shall be:

11.4.1 in the case of cash, the amount standing to the credit of each Account or to the credit of any other account with any bank, building society, financial institution or otherwise, together with any accrued but unposted interest, at the time of appropriation; and

11.4.2 in the case of any Investments or Shares, their market value determined by the Lender by reference to a public index, independent valuation or by such other process as the Lender may select.

In each case, the parties agree that the method of valuation provided for in this Security Agreement shall constitute a commercially reasonable method of valuation for the purposes of the Regulations.

12. APPOINTMENT OF RECEIVER OR ADMINISTRATOR

12.1 Appointment and removal

After the Security created by or pursuant to this Security Agreement has become enforceable in accordance with Clause 10 (*Enforcement of security*), the Lender may by deed or otherwise (acting through an authorised officer of the Lender):

- 12.1.1 without prior notice to any Chargor:
- 12.1.1.1 appoint one or more persons to be a Receiver of the whole or any part of the Security Assets; or
 - 12.1.1.2 appoint two or more Receivers of separate parts of the Security Assets; or
 - 12.1.1.3 remove (so far as it is lawfully able) any Receiver so appointed; or
 - 12.1.1.4 appoint another person(s) as an additional or replacement Receiver(s); or
 - 12.1.1.5 appoint one or more persons to be an administrator of any Chargor pursuant to paragraph 14 of Schedule B1 of the Insolvency Act 1986; and
 - 12.1.1.6 appoint one or more persons to be an administrator of any Chargor pursuant to paragraph 12 of Schedule B1 of the Insolvency Act 1986.

12.2 Capacity of Receivers

Each person appointed to be a Receiver pursuant to Clause 12.1 (*Appointment and removal*) shall be:

- 12.2.1 entitled to act individually or together with any other person appointed or substituted as Receiver;
- 12.2.2 for all purposes deemed to be the agent of each Chargor which shall be solely responsible for his acts, defaults and liabilities (other than in the case of misconduct, negligence or fraud) and for the payment of his remuneration and no Receiver shall at any time act as agent for the Lender; and
- 12.2.3 entitled to remuneration for his services at a rate to be fixed by the Lender from time to time (without being limited to the maximum rate specified by the Law of Property Act 1925).

12.3 Statutory powers of appointment

The powers of appointment of a Receiver shall be in addition to all statutory and other powers of appointment of the Lender under the Law of Property Act 1925 (as extended by this Security Agreement) or otherwise and such powers shall remain

exercisable from time to time by the Lender in respect of any part of the Security Assets.

13. POWERS OF RECEIVERS

Every Receiver shall (subject to any restrictions in the instrument appointing him but notwithstanding any winding-up or dissolution of any Chargor) have and be entitled to exercise, in relation to the Security Assets (and any assets which, when got in, would be Security Assets in respect of which he was appointed), and as varied and extended by the provisions of this Security Agreement (in the name of or on behalf of any Chargor or in his own name and, in each case, at the cost of that Chargor):

- 13.1 all the powers conferred by the Law of Property Act 1925 on mortgagors and on mortgagees in possession and on receivers appointed under that Act;
- 13.2 all the powers of an administrative receiver set out in Schedule 1 to the Insolvency Act 1986 (whether or not the Receiver is an administrative receiver);
- 13.3 all the powers and rights of an absolute owner and power to do or omit to do anything which any Chargor itself could do or omit to do; and
- 13.4 the power to do all things (including bringing or defending proceedings in the name or on behalf of any Chargor) which seem to the Receiver to be incidental or conducive to:
 - 13.4.1 any of the functions, powers, authorities or discretions conferred on or vested in him;
 - 13.4.2 the exercise of any rights, powers and remedies of the Lender provided by or pursuant to this Security Agreement or by law (including realisation of all or any part of the assets in respect of which that Receiver was appointed); or
 - 13.4.3 bringing to his hands any assets of any Chargor forming part of, or which when got in would be, Security Assets.

14. APPLICATION OF MONEYS

All moneys received or recovered and any non-cash recoveries made or received by the Lender or any Receiver pursuant to this Security Agreement or the powers conferred by it shall (subject to the claims of any person having prior rights thereto and by way of variation of the provisions of the Law of Property Act 1925) be applied first in the payment or other discharge of the costs, charges and expenses incurred and payments made by the Receiver, the payment or other discharge of his remuneration and the discharge of any liabilities incurred by the Receiver in, or

incidental to, the exercise of any of his powers, and thereafter shall be applied by the Lender (notwithstanding any purported appropriation by any Chargor) in accordance with the terms of the Facility Agreement.

15. PROTECTION OF PURCHASERS

15.1 Consideration

The receipt of the Lender or any Receiver shall be conclusive discharge to a purchaser and, in making any sale or disposal of any of the Security Assets or making any acquisition, the Lender or any Receiver may do so for such consideration (whether cash or non-cash), in such manner and on such terms as it thinks fit.

15.2 Protection of purchasers

No purchaser or other person dealing with the Lender or any Receiver shall be bound to inquire whether the right of the Lender or such Receiver to exercise any of its powers has arisen or become exercisable or be concerned with any propriety or regularity on the part of the Lender or such Receiver in such dealings.

16. POWER OF ATTORNEY

16.1 Appointment and powers

16.1.1 Each Chargor by way of security irrevocably appoints the Lender and any Receiver severally upon a Default that is continuing to be its attorney and in its name, on its behalf and as its act and deed to execute, deliver and perfect a Supplemental Legal Charge over any Real Property not already the subject of a registrable legal mortgage pursuant to Clause 4.1 (*Mortgage*), and at any time to execute, deliver and perfect all documents and do all things which the attorney may consider to be required or desirable for:

16.1.1.1 carrying out any obligation imposed on any Chargor by this Security Agreement or any other agreement binding on such Chargor to which the Lender is party (including the execution and delivery of any deeds, charges, assignments or other security and any transfers of the Security Assets and perfecting and/or releasing the security created or intended to be created in respect of the Security Assets) where a Chargor is obliged but has failed to carry out such obligation within any applicable grace period; and

16.1.1.2 enabling the Lender and any Receiver to exercise, or delegate the exercise of, any of the rights, powers and authorities

conferred on them by or pursuant to this Security Agreement or by law (including, after this Security Agreement has become enforceable in accordance with Clause 10 (*Enforcement of security*)), the exercise of any right of a legal or beneficial owner of the Security Assets.

16.2 Ratification

Each Chargor shall ratify and confirm all things done and all documents executed by any attorney in the exercise or purported exercise of all or any of his powers.

17. EFFECTIVENESS OF SECURITY

17.1 Continuing security

17.1.1 The Security created by or pursuant to this Security Agreement shall remain in full force and effect as a continuing security for the Secured Liabilities unless and until discharged by the Lender in writing.

17.1.2 No part of the Security from time to time intended to be constituted by this Security Agreement will be considered satisfied or discharged by an intermediate payment, discharge or satisfaction of the whole or any part of the Secured Liabilities.

17.2 Cumulative rights

The Security created by or pursuant to this Security Agreement shall be cumulative, in addition to and independent of every other Security which the Lender or any Secured Party may at any time hold for the Secured Liabilities or any other obligations or any rights, powers and remedies provided by law and shall operate as an independent security notwithstanding any receipt, release or discharge endorsed on or given in respect of or under any such other Security. No prior Security held by the Secured Parties over the whole or any part of the Security Assets shall merge into the Security constituted by this Security Agreement.

17.3 No prejudice

The Security created by or pursuant to this Security Agreement shall not be prejudiced by any unenforceability or invalidity of any other agreement or document or by any time or indulgence granted to each Chargor or any other person, by the Secured Parties or by any variation of the terms of the trust upon which the Lender holds the security or by any other thing which might otherwise prejudice that Security.

17.4 Remedies and Waivers

No failure on the part of the Lender to exercise, nor any delay on its part in exercising, any right, power or remedy under this Security Agreement, shall operate as a waiver of that right, power or remedy or, power constitute an election to affirm this Security Agreement. No election to affirm this Security Agreement on the part of the Lender shall be effective unless it is in writing. The rights, powers and remedies provided in this Security Agreement are cumulative and not exclusive of any provided by law. No single or partial exercise of any right, power or remedy shall preclude any further or other exercise of that or any other right or remedy.

17.5 No liability

None of the Lender, its nominee(s) nor any Receiver shall be liable:

17.5.1 to account as a mortgagee or mortgagee in possession; or

17.5.2 for any loss arising by reason of taking any action permitted by this Security Agreement or any neglect or default in connection with the Security Assets or taking possession of or realising all or any part of the Security Assets,

except in the case of gross negligence, misconduct, fraud or wilful default upon its part.

17.6 Partial invalidity

If, at any time, any provision of this Security Agreement is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of this Security Agreement nor of such provision under the laws of any other jurisdiction shall in any way be affected or impaired thereby and, if any part of the security intended to be created by or pursuant to this Security Agreement is invalid, unenforceable or ineffective for any reason, that shall not affect or impair any other part of the security.

17.7 Waiver of defences

The obligations of, and the Security created by, each Chargor under this Security Agreement and the rights and remedies provided by this Security Agreement will not be affected by any act, omission, matter or thing which, but for this Clause 17.7, would reduce, release or prejudice any of its obligations under, or the Security created by, this Security Agreement and whether or not known to that Chargor or Secured Party including:

- 17.7.1 any time, waiver or consent granted to, or composition with, any Obligor or other person;
- 17.7.2 the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of any Obligor;
- 17.7.3 the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or Security over assets of, any Obligor or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any Security;
- 17.7.4 any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of, any Obligor or any other person;
- 17.7.5 any amendment, novation, supplement, extension (whether of maturity or otherwise) or restatement (in each case however fundamental and of whatsoever nature, and whether or not more onerous) or replacement of a Finance Document or any other document or security or of the Secured Liabilities (including, without limitation, any change in the purpose of, any extension of, or any variation or increase in any facility or amount made available under any facility or the addition of any new facility under any Finance Document or other documents);
- 17.7.6 any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or Security or of the Secured Liabilities; and
- 17.7.7 any insolvency or similar proceedings.

17.8 **Chargor intent**

Without prejudice to the generality of Clause 17.7 (*Waiver of Defences*), each Chargor expressly confirms that it intends that the Security created under this Security Agreement and the rights and remedies arising thereunder, shall extend from time to time to any (however fundamental and of whatsoever nature, and whether or not more onerous) variation, increase, extension or addition of or to any of the Finance Documents and/or any facility or amount made available under any of the Finance Documents for the purposes of or in connection with any of the following: acquisitions of any nature; increasing working capital; enabling investor distributions to be made; carrying out restructurings; refinancing existing facilities; refinancing any other indebtedness; making facilities available to new borrowers; any other variation or

extension of the purposes for which any such facility or amount might be made available from time to time; and any fees, costs and/or expenses associated with any of the foregoing.

17.9 Immediate recourse

Each Chargor waives any right it may have of first requiring any Secured Party (or any trustee or agent on its behalf) to proceed against or enforce any other rights or Security or claim payment from any other person before claiming from any Chargor under this Security Agreement. This waiver applies irrespective of any law or any provision of this Security Agreement to the contrary.

17.10 Deferral of rights

Until the end of the Security Period, no Chargor will exercise any rights which it may have by reason of performance by it of its obligations under this Security Agreement:

- 17.10.1 to be indemnified by an Obligor;
- 17.10.2 to claim any contribution from any guarantor of any Obligor's obligations under this Security Agreement;
- 17.10.3 to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any right of the Secured Parties under this Security Agreement or of any other guarantee or Security taken pursuant to, or in connection with, this Security Agreement by any Secured Party;
- 17.10.4 to bring legal or other proceedings for an order requiring any Obligor to make any payment, or perform any obligation, in respect of which any Obligor has given a guarantee, undertaking or indemnity under any Finance Document;
- 17.10.5 to exercise any right of set-off against any Obligor; or
- 17.10.6 to claim or prove as a creditor of any Obligor in competition with any Secured Party.

If a Chargor receives any benefit, payment or distribution in relation to such rights it shall hold that benefit, payment or distribution on trust for the Lender to the extent necessary to enable all amounts which may be or become payable to any Secured Party by the Obligors under or in connection with this Security Agreement to be repaid in full and shall promptly and in any event within 5 Business Days of receipt pay or transfer the same to the Lender or as the Lender may direct for application in accordance with Clause 14 (*Application of Moneys*).

17.11 Indemnity

Each Chargor shall, notwithstanding any release or discharge of all or any part of the Security created by or pursuant to this Security Agreement, indemnify the Lender, its agents, attorneys and any Receiver against any action, proceeding, claims, losses, liabilities and costs which it may sustain as a consequence of any breach by any Chargor of the provisions of this Security Agreement, the exercise or purported exercise of any of the rights and powers conferred on them by this Security Agreement or otherwise relating to the Security Assets.

18. PRIOR SECURITY INTERESTS

18.1 In the event of any action, proceeding or step being taken to exercise any powers or remedies conferred by any prior ranking Security against any of the Security Assets or in case of exercise by the Lender or any Receiver of any power of sale under this Security Agreement, the Lender may redeem such prior Security or procure the transfer thereof to itself.

18.2 The Lender may settle and agree the accounts of the prior Security and any accounts so settled and agreed will be conclusive and binding on each Chargor.

18.3 All principal moneys, interest, costs, charges and expenses of and incidental to any redemption or transfer will be paid by each Chargor to the Lender on demand together with accrued interest thereon as well as before judgment at the rate from time to time applicable to unpaid sums specified in the Facility Agreement from the time or respective times of the same having been paid or incurred until payment thereof (as well as after as before judgment).

19. SUBSEQUENT SECURITY INTERESTS

If the Secured Parties at any time receives or is deemed to have received notice of any subsequent Security, assignment or transfer affecting all the Security Assets or any part of the Security Assets which is prohibited by the terms of any Finance Document, all payments thereafter by or on behalf of that Chargor to the Lender (whether in its capacity as trustee or otherwise) or any of the Secured Parties will (in the absence of any express contrary appropriation by that Chargor) be credited or treated as having been credited to a new account of that Chargor and not as having been applied in reduction of the Secured Liabilities at the time that notice was received.

20. SUSPENSE ACCOUNTS

All moneys received, recovered or realised by the Lender under this Security Agreement (including the proceeds of any conversion of currency) may in the discretion of the Lender be credited to any interest bearing suspense or impersonal

account(s) maintained with a bank, building society, financial institution or other person as it considers appropriate (including itself) for so long as it may think fit (the interest being credited to the relevant account) pending their application from time to time at the Lender's discretion, in or towards the discharge of any of the Secured Liabilities and save as provided herein no party will be entitled to withdraw any amount at any time standing to the credit of any suspense or impersonal account referred to above.

21. RELEASE OF SECURITY

21.1 Release of Security

Upon the expiry of the Security Period, the Lender shall, at the request and cost of each Chargor, release and cancel the security constituted by this Security Agreement and procure the reassignment to that Chargor of the property and assets assigned to the Lender pursuant to this Security Agreement, in each case without recourse to, or any representation or warranty by, the Lender or any of its nominees.

21.2 Clawback

If the Lender considers that any amount paid or credited to Secured Party is capable of being avoided or reduced by virtue of any bankruptcy, insolvency, liquidation or similar laws, the liability of each Chargor under this Security Agreement and the Security constituted by that document will continue and such amount will not be considered to have been irrevocably discharged.

22. SET-OFF

Each Chargor authorises the Lender (but the Lender shall not be obliged to exercise such right), after the occurrence of an Event of Default which is continuing, to set off against the Secured Liabilities any amount or other obligation (contingent or otherwise) owing by the Lender to each Chargor and apply any credit balance to which each Chargor is entitled on any account with the Lender in accordance with Clause 14 (*Application of Moneys*) (notwithstanding any specified maturity of any deposit standing to the credit of any such account).

23. DISCRETION AND DELEGATION

23.1 Discretion

Any liberty or power which may be exercised or any determination which may be made under this Security Agreement by the Lender or any Receiver may, subject to the terms and conditions of the Facility Agreement, be exercised or made:

23.1.1 unless otherwise expressly stated in the Finance Documents, in its absolute and unfettered discretion; and

23.1.2 without any obligation to give reasons.

23.2 Delegation

Each of the Lender and any Receiver shall have full power to delegate (either generally or specifically) the powers, authorities and discretions conferred on it by this Security Agreement (including the power of attorney) on such terms and conditions as it shall see fit which delegation shall not preclude either the subsequent exercise, any subsequent delegation or any revocation of such power, authority or discretion by the Lender or the Receiver itself.

24. COUNTERPARTS

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

25. GOVERNING LAW

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

26. JURISDICTION

26.1 English courts

The courts of England have exclusive jurisdiction to settle any dispute arising out of, or in connection with this Security Agreement (including a dispute relating to the existence, validity or termination of this Security Agreement or the consequences of its nullity or any non-contractual obligations arising out of or in connection with this Security Agreement) (a **Dispute**).

26.2 Convenient Forum

Each Chargor agrees that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly that no Chargor will argue to the contrary.

26.3 Exclusive Jurisdiction

Notwithstanding Clause 26.1 (*English courts*), the Lender may take 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.

THIS SECURITY AGREEMENT has been executed and delivered as, and is intended to take effect as, a deed by each Chargor and has been signed by the Lender on the date written on the first page of this Security Agreement.

SCHEDULE 1
CHARGORS

| Name | Jurisdiction | Registered Office | Company Number |
|----------------------------|---------------------|--|-----------------------|
| Xaar plc | England and Wales | 3950 Cambridge Research Park, Waterbeach, Cambridge, England, CB25 9PE | 03320972 |
| Xaar Technology Limited | England and Wales | 3950 Cambridge Research Park, Waterbeach, Cambridge, England, CB25 9PE | 02469592 |
| Xaarjet Limited | England and Wales | 3950 Cambridge Research Park, Waterbeach, Cambridge, England, CB25 9PE | 03375961 |
| Xaarjet (Overseas) Limited | England and Wales | 3950 Cambridge Research Park, Waterbeach, Cambridge, England, CB25 9PE | 04312431 |
| Xaar Digital Limited | England and Wales | 3950 Cambridge Research Park, Waterbeach, Cambridge, England, CB25 9PE | 03588121 |
| FFEI Limited | England and Wales | 3950 Cambridge Research Park, Waterbeach, Cambridge, England, CB25 9PE | 03244452 |
| Megnajet Limited | England and Wales | 3950 Cambridge Research Park, Waterbeach, Cambridge, England, CB25 9PE | 07160441 |

SCHEDULE 2

MORTGAGED PROPERTY

| Chargor Name | Property Description | Title Number |
|--------------|----------------------|--------------|
| N/A | | |

SCHEDULE 3**RELEVANT SHARES**

| Chargor Name | Name of undertaking | No of Shares |
|---------------------|--|---------------------|
| Xaar plc | £1 Ordinary shares in Xaar Technology Limited | 4,445,322 |
| Xaar plc | £1 Ordinary shares in Xaarjet Limited | 2 |
| Xaar plc | £1 Ordinary shares in Xaarjet (Overseas) Limited | 1 |
| Xaar plc | £1 Ordinary shares in Xaar Digital Limited | 100 |
| Xaar plc | £1 Ordinary shares in FFEI Limited | 100,000 |
| Xaar plc | £1 Ordinary shares in Megnajet Limited | 1 |

SCHEDULE 4

INTELLECTUAL PROPERTY

| Applicant | Trademark Number | Title | Class(es) |
|-----------|---------------------|-------|-----------|
| N/A | | | |

SCHEDULE 5
CHARGED ACCOUNTS

| Account Holder | Account Number | Sort Code | Account Bank |
|------------------------|----------------|------------|--|
| XAAR DIGITAL LTD | [REDACTED] | [REDACTED] | HSBC |
| XAAR DIGITAL LTD | [REDACTED] | [REDACTED] | HSBC |
| XAARJET LTD | [REDACTED] | [REDACTED] | HSBC HSBC HSBC HSBC HSBC HSBC Bank of Scotland Bank of Scotland Bank of Scotland |
| XAAR PLC | [REDACTED] | [REDACTED] | HSBC HSBC Bank of Scotland |
| XAAR TECHNOLOGY LTD | [REDACTED] | [REDACTED] | HSBC |
| MEGNAJET LIMITED | [REDACTED] | [REDACTED] | HSBC Barclays Barclays |
| XAARJET (OVERSEAS) LTD | [REDACTED] | - | HSBC |

| | | | |
|--------------|--|--|--|
| FFEI LIMITED | | | HSBC HSBC HSBC Barclays Bank PLC Barclays Bank PLC Barclays Bank PLC Barclays Bank PLC Barclays Bank PLC Barclays Bank PLC Barclays Bank PLC Barclays Bank PLC |
|--------------|--|--|--|

SCHEDULE 6**LEASES AND INSURANCES****Part 1****NOTICE OF SECURITY: LEASES**

To: [Headlease holder/Tenant]

Date: [•]

Dear Sirs,

We give you notice that, by a Security Agreement dated, we have created security [by way of equitable assignment] in favour of HSBC UK Bank plc (the **Lender**) over all our rights, title and interest in and to the *[describe Lease (date/term/parties/premises)]* (including all moneys payable thereunder and the proceeds of all claims and judgments for breach of covenant) (the **Lease**).

We will remain liable to perform all our 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 us to perform our obligations under the Lease.

Please note that:

1. all remedies provided for under the Lease or available at law or in equity are exercisable by, or at the direction of, the Lender; and
2. all rights, title and interest whatsoever accruing to or for the benefit of us arising under the Lease (including all rights to compel performance) belong to, and are exercisable by, or at the direction of, the Lender.

This letter and all non-contractual obligations arising out of or in connection with it are governed by and will be construed in accordance with the laws of England and Wales.

Would you please confirm your agreement to the above by sending the enclosed acknowledgement to the Lender with a copy to us.

Yours faithfully

[Chargor Name]

Part 2**NOTICE OF SECURITY: INSURANCES**

To: [Insurer]

Date: [•]

Dear Sirs,

We give you notice that, by a Security Agreement dated, we have created security by way of equitable assignment in favour of HSBC UK Bank plc (the **Lender**) over all our rights, title and interest in, and to the *[describe Insurances including policy number]* effected by us or on our behalf in relation to the risk to *[describe Property]* (including all moneys payable thereunder, proceeds of all claims, awards and judgments) and all other insurances entered into supplemental to or in replacement of such policy of insurance (the **Policy**).

We will remain liable to perform all our obligations under the Policy and the Lender is under no obligation of any kind whatsoever under the Policy nor under any liability whatsoever in the event of any failure by us to perform our obligations under the Policy.

With effect from your receipt of this notice we irrevocably instruct and authorise you to disclose to the Lender, without further approval from us, such information regarding the Policy as the Lender may from time to time reasonably request and to send it copies of all notices issued by you under the Policy.

Please note that:

1. all remedies provided for under the Policy or available at law or in equity are exercisable by the Lender; and
2. all rights, title and interest whatsoever accruing to or for the benefit of us arising under the Policy (including all rights to compel performance) belong to, and are exercisable by or at the direction of, the Lender.

This letter and all non-contractual obligations arising out of or in connection with it are governed by and will be construed in accordance with the laws of England and Wales. Would you please confirm your agreement to the above by sending the enclosed acknowledgement to the Lender with a copy to us.

Yours faithfully
[Chargor Name]

Part 3**ACKNOWLEDGEMENT**

To: HSBC UK Bank plc (as **Lender**)

Date: [•]

Dear [CHARGOR]

We confirm receipt of a notice dated of security created by *[Chargor Name]* (the **Chargor**) in favour of HSBC UK Bank plc (the **Lender**) over all of the **Chargor's** rights, title and interest in and to the [Lease/Policy] (as specified in that notice) to which we are a party.

We confirm that:

3. we will comply with the terms of such notice; and
4. we have not received notice of any prior security over, or interest of any third party in, the [Lease/Policy].

We further confirm that the **Chargor** will remain liable to perform all its obligations under the [Lease/Policy] and the **Lender** is under no obligation of any kind whatsoever under the [Lease/Policy] nor under any liability whatsoever in the event of any failure by the **Chargor** to perform its obligations under the [Lease/Policy].

This letter and all non-contractual obligations arising out of or in connection with it are governed by and will be construed in accordance with the laws of England and Wales.

Yours faithfully

[Headlease holder/Tenant/Insurer] cc. *[Chargor Name]*

SCHEDULE 7

ACCOUNTS

Part 1

NOTICE OF SECURITY TO ACCOUNT BANK

To: *[Bank or other financial institution holding the Account]*

Date: *[•]*

Dear *[BANK]*

We give you notice that, by a Security Agreement dated, we have created security [by way of equitable assignment] in favour of HSBC UK Bank plc (the Lender) over any accounts and all moneys (including interest) from time to time standing to the credit of the accounts listed below and the debt or debts represented thereby.

We further instruct and authorise you to act only in accordance with the Lender's instructions following receipt by you of a notice of the occurrence of an Event of Default issued by the Lender. Until such notice is received by you, we are authorised by the Lender to receive, withdraw or otherwise transfer any credit balance from time to time on *[specify account]*.

We irrevocably instruct and authorise you to disclose to the Lender without any reference to or further authority from us and without any inquiry by you as to the justification for such disclosure, such information relating to [any] account[s] maintained with you from time to time as the Lender may request you to disclose to it.

This letter and all non-contractual obligations arising out of or in connection with it are governed by and will be construed in accordance with the laws of England and Wales.

Would you please confirm your agreement to the above by sending the enclosed acknowledgement to the Lender with a copy to us.

Yours faithfully

[Chargor Name]

Part 2

ACKNOWLEDGEMENT

To: HSBC UK Bank plc as Lender

Date: [•]

Dear [CHARGOR]

We confirm receipt of a notice dated of security created by *[Chargor Name]* (the **Chargor**) in favour of HSBC UK Bank plc (the **Lender**) over all moneys (including interest) from time to time standing to the credit of the Chargor's accounts (as specified in that notice) (the **Account[s]**) which [is/are] maintained with us and the debt or debts represented thereby.

We confirm that:

1. we will comply with the terms of that notice; and
2. we have not received notice of any prior security over or interest of any third party in [any of] the Account[s].

This letter and all non-contractual obligations arising out of or in connection with it are to be governed by and will be construed in accordance with the laws of England and Wales.

Yours faithfully

[Bank or other financial institution holding the Account] cc. [Chargor Name]

SCHEDULE 8

ASSIGNED LOANS

Part 1

NOTICE OF ASSIGNMENT

To: [•]

Date: [•]

Dear Sirs,

We give you notice that by a Security Agreement dated we have created security by way of equitable assignment in favour of **HSBC UK Bank plc** (the Lender) over all our rights, title and interest in and to all moneys payable by you to us in respect of *[details of relevant inter-company loan/describe loan agreement]* and all payments by you to us arising under it (the **Inter-company Loan**).

We shall continue to be solely responsible for the performance of our obligations under or in connection with the Inter-company Loan and the Lender is under no obligation of any kind whatsoever under the Inter-company Loan nor under any liability whatsoever in the event of any failure by us to perform our obligations under the Inter-company Loan.

With effect from the date of your receipt of this notice:

1. all rights, interests and benefits whatsoever accruing to or for the benefit of ourselves arising from the payments under the Inter-company Loan shall be exercisable by, or at the direction of, the Lender;
2. all remedies in respect of the Inter-company Loan shall be exercisable by [Chargor Name],

in each case unless you receive written notification from the Lender to the contrary.

3. You are authorised and instructed, without requiring further approval from us, to provide the Lender with such information relating to the Inter-company Loan as it may from time to time request and to send copies of all notices issued by you under the Inter-company Loan Agreement to the Lender as well as to us.
4. These instructions may not be revoked, nor may the terms of the Inter-company Loan Agreement be amended, varied, waived or terminated, without the prior written consent of the Lender.
5. Please acknowledge receipt of this notice by signing the acknowledgement on the enclosed copy letter and returning it to the Lender at [•] marked for the attention of [•].

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

Yours faithfully

For and on behalf of [Chargor Name]

Part 2

ACKNOWLEDGEMENT

To: HSBC UK Bank plc as Lender

Date: [•]

Dear Sirs

We confirm receipt of a notice dated of security created by *[Chargor Name]* (the **Chargor**) in favour of HSBC UK Bank plc as Lender over all of the Chargor's rights, title and interest in and to the Inter-company Loan described in that notice.

We confirm that we will comply with the terms of the notice received from the Chargor and that we have not received notice of any prior security over, or interest of any third party in, the Inter-company Loan.

We further confirm that:

1. we will comply with the terms of that notice until we receive written notification from you to the contrary.
2. we have not claimed or exercised, and waive all future rights to claim or exercise, any rights of set-off, lien, counterclaim or other similar right now or in the future relating to the Inter-company Loan; and
3. no amendment, waiver, release or termination of any rights, interests and benefits in and to Inter-company Loan shall be effective without your prior written consent.

For and on behalf of [relevant counterparty]

By:

Dated:

SCHEDULE 9

CONTRACTS

Part 1

NOTICE OF SECURITY

To: [Contract counterparty]
Date: [•]

Dear Sirs,

We give you notice that, by a Security Agreement dated (the **Security Agreement**), we have created security by way of equitable assignment in favour of HSBC UK Bank plc (the **Lender**) over all our rights, title and interest in, to and under the *[describe contract]* dated [•] between [•] relating to [•] including all monies payable thereunder (the **Contract**).

We will remain liable to perform all our obligations under the Contract and the Lender is under no obligation of any kind whatsoever under the Contract nor under any liability whatsoever in the event of any failure by us to perform our obligations under the Contract.

1. Please note that with effect from the date of your receipt of this notice:
 - 1.1 all payments by you to us arising from the Contract shall be paid to, or at the direction of, the Lender;
 - 1.2 all remedies provided for under the Contract (or otherwise available) are exercisable by, or at the direction of, the Lender; and
 - 1.3 all rights, title and interest whatsoever accruing to or for the benefit of ourselves arising under the Contract (including all rights to compel performance) shall be exercisable by, or at the direction of, the Lender.

You are authorised and instructed to disclose to the Lender, without further approval from us, such information regarding the Contract as the Lender may from time to time request and to send copies of all notices issued by you under the Contract to the Lender as well as to us.

These instructions may not be revoked, nor may the terms of the Contract be amended, varied, waived or terminated, without the prior written consent of the Lender.

This letter and all non-contractual obligations arising out of or in connection with it are governed by and will be construed in accordance with the laws of England and Wales.

Would you please confirm your agreement to the above by sending the enclosed acknowledgement to the Lender with a copy to us.

Yours faithfully

[Chargor Name]

Part 2

ACKNOWLEDGEMENT OF SECURITY

To: HSBC UK Bank plc (as Lender)

Date: [•]

Dear Sirs

We confirm receipt of a notice dated of security created by [*Chargor Name*] (the **Chargor**) in favour of HSBC UK Bank plc (the **Lender**) over all the **Chargor's** rights, title and interest in and to the Contract (as specified in that notice).

We confirm that:

1. we will comply with the terms of such notice; and
2. we have not received notice of any prior security over, or the interest of any third party in, the Contract.

We further confirm that:

3. no amendment, waiver or release of any such rights, interests and benefits will be effective without the prior written consent of the Lender;
4. no termination of such rights, title and interest will be effective unless we have given the Lender 21 days' written notice of the proposed termination and specifying the action necessary to avoid such termination;
5. the **Chargor** will remain liable to perform all its obligations under the Contract and the Lender is under no obligation of any kind whatsoever under the Contract nor under any liability whatsoever in the event of any failure by the **Chargor** to perform its obligations under the Contract; and
6. no breach or default on the part of the **Chargor** of any of the terms of the Contract will be deemed to have occurred unless we have given notice of such breach to the Lender specifying how to make good such breach.

We confirm that we have made all necessary arrangements for all future payments payable under the Contract to be made as specified in the notice.

We have not claimed or exercised, and waive all future rights to claim or exercise, any rights of set-off, lien, counterclaim or other similar right now or in the future relating to amounts owed to us by the **Chargor**.

This letter and all non-contractual obligations arising out of or in connection with it are governed by and will be construed in accordance with the laws of England and Wales.

Yours faithfully

[Contract counterparty] cc. *[Chargor Name]*

EXECUTION PAGE

THE CHARGORS

Executed as a deed by
XAAR PLC acting by

)

Ian Tichias

in the presence of:

Signature of Director

)

Signature of Witness:

Julia Crane

Name (in BLOCK
CAPITALS):

Address:

Executed as a deed by
**XAAR TECHNOLOGY
LIMITED** acting by

)

Ian Tichias

in the presence of:

Signature of Director

)

Signature of Witness:

Julia Crane

Name (in BLOCK
CAPITALS):

Address:

Executed as a deed by)
XAARJET LIMITED acting)
by)  Ian Tichias
195549339AF79439...

in the presence of: Signature of Director

Signature of Witness:)

1735B626666465...

Name (in BLOCK CAPITALS): Julia Crane

Address: 
195549339AF79439...

Executed as a deed by)
XAARJET (OVERSEAS))
LIMITED acting by)  Ian Tichias
195549339AF79439...

in the presence of: Signature of Director

Signature of Witness:)

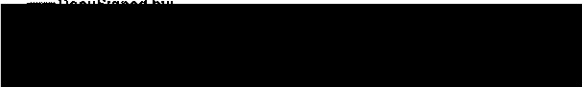
21C2D5266663946D...

Name (in BLOCK CAPITALS): Julia Crane

Address: 
195549339AF79439...

Executed as a deed by)
XAAR DIGITAL LIMITED)
acting by)  Ian Tichias
19694939AF79439...

in the presence of: Signature of Director

Signature of Witness:) 

Name (in BLOCK)
CAPITALS): Julia Crane

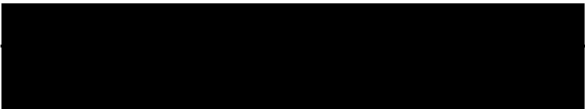
Address: 

Executed as a deed by FFEI)
LIMITED acting by)  Ian Tichias
19694939AF79439...

in the presence of: Signature of Director

Signature of Witness:) 

Name (in BLOCK)
CAPITALS): Julia Crane

Address: 

MEGNAJET LIMITED acting)
by)
in the presence of:

DocuSigned by:
Ian Tichias Ian Tichias
19694939AF79439...
Signature of Director

Signature of Witness:

)
[Redacted Signature]
Julia Crane

Name (in BLOCK CAPITALS):

Address:

[Redacted Address]

THE LENDER

Executed as a deed by)
Jason Simthers)
.....)
as attorney for HSBC UK
BANK PLC in the presence
of:

DocuSigned by:
[Redacted Signature]
Signature of Authorised Signatory

Signature of Witness:

)
[Redacted Signature]
Lisa J Ray

Name (in BLOCK CAPITALS):

Address:

[Redacted Address]
