

MR01

Particulars of a charge

127102-13



Companies House

A fee is payable with this form.
Please see 'How to pay' on the
last page

You can use the WebFiling service to file this form online.
Please go to www.companieshouse.gov.uk

☒ **What this form is for**
You may use this form to register
a charge created or evidenced by
an instrument

☒ **What this form is NOT for**
You may not use this form to
register a charge which is not
an instrument. Use form MR02

SATURDAY



A24 12/04/2014 #207
COMPANIES HOUSE
A08 05/04/2014 #131
COMPANIES HOUSE

This form must be delivered to the Registrar for registration
21 days beginning with the day after the date of creation of
the charge. If it is delivered outside of the 21 days it will be rejected unless it is
delivered with a court order extending the time for delivery.



You must enclose a certified copy of the instrument with this form. This will be
scanned and placed on the public record

1 Company details

Company number

0 6 8 3 2 9 7 0

Company name in full

Reaqua Systems Limited

For official use

→ Filing in this form

Please complete in typescript or in
bold black capitals

All fields are mandatory unless
specified or indicated by *

2 Charge creation date

Charge creation date

3 1 0 3 2 0 1 4

3 Names of persons, security agents or trustees entitled to the charge

Please show the names of each of the persons, security agents or trustees
entitled to the charge

Name

SCOTTISH EQUITY PARTNERS LLP (AS SECURITY TRUSTEE)

Name

Name

Name

If there are more than four names, please supply any four of these names then
tick the statement below

☐

I confirm that there are more than four persons, security agents or
trustees entitled to the charge

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Particulars of a charge

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Description

Please give a short description of any land (including buildings), ship, aircraft or intellectual property registered (or required to be registered) in the UK which is subject to this fixed charge or fixed security

Continuation page

Please use a continuation page if you need to enter more details

Description

All estates and interests in freehold, leasehold and other immovable property (wherever situated) now or in future belonging to the chargor or in which the chargor has an interest, together with
a. all buildings and fixtures (including trade fixtures) and fixed plant and machinery at any time thereon,
b. all easements, rights and agreements in respect thereof, and
c. the benefit of all covenants given in respect thereof

All legal and/or equitable interests (including, without limitation, the benefit of all licences in any part of the world) of the chargor in, or relating to

a any patents, trade marks, service marks, designs, business names, copyrights, database rights, domain names, moral rights, inventions, confidential information, know-how and other intellectual property rights and interests (which may now or in future subsist), whether registered or unregistered, and
b the benefit of all applications and rights to use such assets of the chargor (which may now or in future subsist)

5

Fixed charge or fixed security

Does the instrument include a fixed charge or fixed security over any tangible or intangible (or in Scotland) corporeal or incorporeal property not described above? Please tick the appropriate box

☒ **Yes**

☐ **No**

6

Floating charge

Is the instrument expressed to contain a floating charge? Please tick the appropriate box

☒ **Yes** Continue

☐ **No** Go to **Section 7**

Is the floating charge expressed to cover all the property and undertaking of the company?

☐ **Yes**

7

Negative Pledge

Do any of the terms of the charge prohibit or restrict the chargor from creating any further security that will rank equally with or ahead of the charge? Please tick the appropriate box.

☒ **Yes**

☐ **No**

MR01

Particulars of a charge

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Trustee statement ¹

You may tick the box if the company named in Section 1 is acting as trustee of the property or undertaking which is the subject of the charge



¹ This statement may be filed after the registration of the charge (use form MR06)

9

Signature

Please sign the form here.

Signature

Signature

X *David Filleton*

X

This form must be signed by a person with an interest in the charge

**Presenter information**

We will send the certificate to the address entered below. All details given here will be available on the public record. You do not have to show any details here but, if none are given, we will send the certificate to the company's Registered Office address.

Contact name **J Davies**

Company name **VSHLaw**

Address

Post town

County/Region

Postcode

Country

DX **701612 Thrapston**

Telephone **01832 732161**

**Certificate**

We will send your certificate to the presenter's address if given above or to the company's Registered Office if you have left the presenter's information blank.

**Checklist**

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following.

- ☐ The company name and number match the information held on the public Register
- ☐ You have included a certified copy of the instrument with this form
- ☐ You have entered the date on which the charge was created
- ☐ You have shown the names of persons entitled to the charge
- ☐ You have ticked any appropriate boxes in Sections 3, 5, 6, 7 & 8.
- ☐ You have given a description in Section 4, if appropriate.
- ☐ You have signed the form
- ☐ You have enclosed the correct fee
- ☐ Please do not send the original instrument, it must be a certified copy.

**Important information**

Please note that all information on this form will appear on the public record.

**How to pay**

A fee of £13 is payable to Companies House in respect of each mortgage or charge filed on paper.

Make cheques or postal orders payable to 'Companies House'

**Where to send**

You may return this form to any Companies House address. However, for expediency, we advise you to return it to the appropriate address below.

For companies registered in England and Wales
The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ
DX 33050 Cardiff

For companies registered in Scotland.
The Registrar of Companies, Companies House,
Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post)

For companies registered in Northern Ireland
The Registrar of Companies, Companies House,
Second Floor, The Linenhall, 32-38 Linenhall Street,
Belfast, Northern Ireland, BT2 8BG
DX 481 N R Belfast 1

**Further information**

For further information, please see the guidance notes on the website at www.companieshouse.gov.uk or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.companieshouse.gov.uk



FILE COPY

CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 6832970

Charge code. 0683 2970 0007

The Registrar of Companies for England and Wales hereby certifies that a charge dated 31st March 2014 and created by REAQUA SYSTEMS LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 12th April 2014

Dox

Given at Companies House, Cardiff on 23rd April 2014



Companies House



**THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES**

DATED

31 MARCH

2014

(1) REAQUA SYSTEMS LIMITED
as Chargor

- and -

(2) SCOTTISH EQUITY PARTNERS LLP
as Security Trustee

DEBENTURE

This Debenture is subject to an Intercreditor Agreement dated on or around the date of this Debenture and made between (1) Scottish Equity Partners LLP (as Security Trustee), (2) the Parties set out at Schedule 1 thereto (as Super Senior Creditors) (3) the Parties set out at Schedule 2 thereto (as Senior Creditors) (4) the Parties set out at Schedule 3 thereto (as Subordinated Creditors) and (5) Reaqua Systems Limited.

EDINBURGH.....3/4.....20 14
CERTIFIED A TRUE COPY


SOLICITOR

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THIS DEBENTURE is made on

31 MARCH

2014

BETWEEN:

- (1) **REAQUA SYSTEMS LIMITED**, a company incorporated and registered under the laws of England and Wales with number 06832970 whose registered office is at Montague House, Chancery Lane, Thrapston Kettering, Northamptonshire, NN14 4LN (the "**Chargor**"), and
- (2) **SCOTTISH EQUITY PARTNERS LLP**, a Scottish limited liability partnership incorporated under the Limited Liability Partnerships Act 2000 under number SO301884 and having its registered office at 17 Blythswood Square, Glasgow G2 4AD (as security trustee for the Secured Parties (as defined below)) (in such capacity the "**Security Trustee**")

IT IS AGREED:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Deed

- (a) terms defined in, or construed for the purposes of, the Loan Note Instrument (as defined below) have the same meanings when used in this Deed (unless the same are otherwise defined in this Deed), and

- (b) at all times the following terms have the following meanings

"**Act**" means the Law of Property Act 1925,

"**Assigned Assets**" means the Security Assets expressed to be assigned pursuant to clause 4 2 (*Security assignments*),

"**Charged Investments**" means the Charged Securities and all present and future Related Rights accruing to all or any of the Charged Securities,

"**Charged Securities**" means all stocks, shares, debentures, bonds, warrants, coupons, negotiable instruments, certificates of deposit or other securities or "**investments**" (as defined in part II of schedule II to the Financial Services and Markets Act 2000 as in force at the date of this Deed) now or in future owned (legally or beneficially) by the Chargor, held by a nominee, trustee, fiduciary or clearance system on its behalf or in which the Chargor has an interest at any time,

"**Debenture Security**" means the Security created or evidenced by or pursuant to this Deed or any Accession Deed,

"**Default Rate**" means the rate of interest determined in accordance with clause 5 of the Loan Note Instrument,

"**Delegate**" means any delegate, sub-delegate, agent, attorney or co-trustee appointed by the Security Trustee or by a Receiver,

"Insurances" means all policies of insurance (and all cover notes) which are at any time held by or written in favour of the Chargor or in which the Chargor from time to time has an interest;

"Intellectual Property" means all legal and/or equitable interests (including, without limitation, the benefit of all licences in any part of the world) of the Chargor in, or relating to

- (a) any patents, trademarks, service marks, designs, business names, copyrights, database rights, design rights, domain names, moral rights, inventions, confidential information, know-how and other intellectual property rights and interests (which may now or in the future subsist), whether registered or unregistered, and
- (b) the benefit of all applications and rights to use such assets of the Chargor (which may now or in the future subsist),

"Intercreditor Agreement" means the agreement dated on or around the date of this Deed and made between (1) the Security Trustee, (2) the Parties set out at Schedule 1 thereto (as Super Senior Creditors) (3) the Parties set out at Schedule 2 thereto (as Senior Creditors) (4) the Parties set out at Schedule 3 thereto (as Subordinated Creditors) and (5) the Chargor,

"Loan Notes" means any loan notes issued pursuant to the Loan Note Instrument and shall be construed as meaning all or any of the "Loan Notes" as the context shall require,

"Loan Note Documents" means together the Loan Note Instrument and the Loan Notes (each, a "Loan Note Document"),

"Loan Note Instrument" means the loan note instrument by the Company dated on or around the date hereof and pursuant to which it constitutes £1,027,000 secured convertible deep discount loan notes 2016,

"Party" means a party to this Deed,

"Planning Acts" means (a) the Town and Country Planning Act 1990, (b) the Planning (Listed Buildings and Conservation Areas) Act 1990, (c) the Planning (Hazardous Substances) Act 1990, (d) the Planning (Consequential Provisions) Act 1990, (e) the Planning and Compensation Act 1991, (f) any regulations made pursuant to any of the foregoing and (g) any other legislation of a similar nature,

"Real Property" means all estates and interests in freehold, leasehold and other immovable property (wherever situated) now or in future belonging to the Chargor or in which the Chargor has an interest at any time, together with

- (a) all buildings and fixtures (including trade fixtures) and fixed plant and machinery at any time thereon,
- (b) all easements, rights and agreements in respect thereof, and
- (c) the benefit of all covenants given in respect thereof,

"Receivables" means all present and future book debts and other debts, rentals, royalties, fees, VAT and monetary claims and all other amounts at any time recoverable or receivable by, or due or owing to, the Chargor (whether actual or contingent and whether arising under contract or in any other manner whatsoever) together with

(a) the benefit of all rights, guarantees, Security and remedies relating to any of the foregoing (including, without limitation, negotiable instruments, indemnities, reservations of property rights, rights of tracing and unpaid vendor's liens and similar associated rights), and

(b) all proceeds of any of the foregoing;

"Receiver" means a receiver, or receiver and manager or administrative receiver of the whole or any part of the Security Assets appointed by the Security Trustee under this Deed,

"Related Rights" means, in relation to any Charged Security

(a) all dividends, distributions and other income paid or payable on the relevant Charged Security or on any asset referred to in paragraph (b) of this definition, and

(b) all rights, monies or property accruing or offered at any time in relation to such Charged Security whether by way of redemption, substitution, exchange, bonus or preference, under option rights or otherwise,

"Secured Obligations" means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or alone or in any other capacity whatsoever) of the Chargor to the Secured Parties under or pursuant to (1) the Loan Note Documents and (2) this deed,

"Secured Parties" means (1) the Security Trustee and (2) any party who is the holder of Loan notes from time to time,

"Security" means any mortgage, pledge, lien, charge, assignment by way of security, hypothecation, security interest, title retention, preferential right or trust arrangement or any other security agreement or arrangement having the effect of security,

"Security Assets" means all property and assets from time to time mortgaged, charged or assigned (or expressed to be mortgaged, charged or assigned) by or pursuant to this Deed,

"Security Period" means the period beginning on the date of this Deed and ending on the date on which.

(a) all the Secured Obligations have been unconditionally and irrevocably paid and discharged in full, and

(b) no Secured Party has any further commitment, obligation or liability under or pursuant to any Loan Note Document

"Security Trust Deed" means the security trust deed dated on or around the date hereof and made between the Chargor and the Security Trustee

1.2 Interpretation

(a) Unless a contrary indication appears, in this Deed.

(i) the provisions of Schedule 2 (*Interpretation*) of the Loan Note Instrument apply to this Deed as though they were set out in full in this Deed, except that references to "*this Instrument*" will be construed as references to this Deed, and

- (b) Unless a contrary indication appears, any reference in this Deed to
 - (i) the "**Chargor**", the "**Security Trustee**" or any other Secured Party or any other person shall, where relevant, be construed so as to include its successors in title, permitted assigns and permitted transferees,
 - (ii) "**this Deed**", a "**Loan Note Document**" or any other agreement or instrument is a reference to this Deed, the Loan Note Document or that other agreement or instrument as amended, supplemented, extended, restated, novated and/or replaced in any manner from time to time (however fundamentally and even if any of the same increases the obligations of the Chargor or provides for further advances),
 - (iii) "**Secured Obligations**" includes obligations and liabilities which would be treated as such but for the liquidation, administration or dissolution of or similar event affecting the Chargor
- (c) Each undertaking of the Chargor (other than a payment obligation) contained in this Deed
 - (i) must be complied with at all times during the Security Period, and
 - (ii) is given by the Chargor for the benefit of the Security Trustee and each other Secured Party
- (d) If the Security Trustee reasonably considers that an amount paid by the Chargor to a Secured Party under any Loan Note Document is capable of being avoided or otherwise set aside on the liquidation or administration of the Chargor, then that amount shall not be considered to have been irrevocably paid for the purposes of this Deed
- (e) The Parties intend that this document shall take effect as a deed notwithstanding the fact that a Party may only execute this document under hand

1.3 Third party rights

A person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or enjoy the benefit of any term of this Deed

1.4 Trust

All Security and dispositions made or created and all obligations and undertakings contained in this Deed to, in favour of or for the benefit of the Security Trustee are made, created and entered into in favour of the Security Trustee as trustee for the Secured Parties from time to time on the terms of the Security Trust Deed. The perpetuity period for the trusts in this Deed is 80 years

1.5 Inconsistency between this Deed and the Intercreditor Agreement

If there is any conflict or inconsistency between any provision of this Deed and any provision of the Intercreditor Agreement, the provision of the Intercreditor Agreement shall prevail

2. COVENANT TO PAY

2.1 Covenant to pay

- (a) The Chargor, as principal obligor and not merely as surety, covenants in favour of the Security Trustee that it will pay and discharge the Secured Obligations from time to time when they fall due
- (b) Every payment by the Chargor of a Secured Obligation which is made to or for the benefit of the Security Trustee to which that Secured Obligation is due and payable in accordance with the Loan Note Documents shall operate in satisfaction to the same extent of the covenant contained in clause 2.1(a)

2.2 Default interest

- (a) Any amount which is not paid under this Deed when due shall bear interest (both before and after judgment and payable on demand) from the due date until the date on which such amount is unconditionally and irrevocably paid and discharged in full at the Default Rate
- (b) Default interest will accrue from day to day on a year of 365 days and will be compounded at such intervals as the Security Trustee states are appropriate

3. GRANT OF SECURITY

3.1 Nature of security

All Security and dispositions created or made by or pursuant to this Deed are created or made

- (a) in favour of the Security Trustee;
- (b) with full title guarantee in accordance with the Law of Property (Miscellaneous Provisions) Act 1994, and
- (c) as continuing security for payment of the Secured Obligations

3.2 Qualifying floating charge

Paragraph 14 of Schedule B1 to the Insolvency Act 1986 applies to any floating charge created by or pursuant to this Deed (and each such floating charge is a qualifying floating charge for the purposes of the Insolvency Act 1986)

4. FIXED SECURITY

4.1 Fixed charges

The Chargor charges and agrees to charge all of its present and future right, title and interest in and to the following assets which are at any time owned by the Chargor, or in which it from time to time has an interest

- (a) by way of first legal mortgage all Real Property (if any) at the date of this Deed vested in, or charged to, the Chargor,
- (b) by way of first fixed charge
 - (i) all Real Property and all interests in Real Property (not charged by clause 4 1(a)),
 - (ii) all licences to enter upon or use land and the benefit of all other agreements relating to land, and
 - (iii) the proceeds of sale of all Real Property,
- (c) by way of first fixed charge all plant and machinery (not charged by clause 4 1(a) or 4 1(b)) and the benefit of all contracts, licences and warranties relating to the same,
- (d) by way of first fixed charge
 - (i) all computers, vehicles, office equipment and other equipment (not charged by clause 4 1(c)), and
 - (ii) the benefit of all contracts, licences and warranties relating to the same,
- (e) by way of first fixed charge the Charged Securities, together with (A) all Related Rights from time to time accruing to those Charged Securities and (B) all rights which the Chargor may have at any time against any clearance or settlement system or any custodian in respect of any Charged Investments
- (f) by way of first fixed charge all accounts of the Chargor with any bank, financial institution or other person at any time and all monies at any time standing to the credit of such accounts, in each case, together with all interest from time to time accrued or accruing on such monies, any investment made out of such monies or account and all rights to repayment of any of the foregoing,
- (g) by way of first fixed charge all Intellectual Property,
- (h) to the extent that any Assigned Asset is not effectively assigned under clause 4 2 (*Security assignments*), by way of first fixed charge such Assigned Asset,
- (i) by way of first fixed charge (to the extent not otherwise charged or assigned in this Deed)
 - (i) the benefit of all licences, consents, agreements and Authorisations held or used in connection with the business of the Chargor or the use of any of its assets, and
 - (ii) any letter of credit issued in favour of the Chargor and all bills of exchange and other negotiable instruments held by it, and
- (j) by way of first fixed charge all of the goodwill and uncalled capital of the Chargor

4.2 Security assignments

The Chargor assigns and agrees to assign absolutely (subject to a proviso for reassignment on redemption) all of its present and future right, title and interest in and to

- (a) each of the following
 - (i) all Insurances, and
 - (ii) all claims under the Insurances and all proceeds of the Insurances, and
- (b) all other Receivables (not assigned under clauses 4.2(a))

To the extent that any Assigned Asset described in clause 1 1(a) is not assignable, the assignment which that clause purports to effect shall operate as an assignment of all present and future rights and claims of the Chargor to any proceeds of such Insurances

4.3 Assigned Assets

The Security Trustee is not obliged to take any steps necessary to preserve any Assigned Asset or to make any enquiries as to the nature or sufficiency of any payment received by it pursuant to this Deed

5. FLOATING CHARGE

The Chargor charges and agrees to charge by way of first floating charge all of its present and future.

- (a) assets and undertaking (wherever located) not otherwise effectively charged by way of fixed mortgage or charge or assigned pursuant to clause 4 1 (*Fixed charges*), clause 4 2 (*Security assignments*) or any other provision of this Deed, and
- (b) (whether or not effectively so charged or assigned) heritable property and all other property and assets in Scotland

6. CONVERSION OF FLOATING CHARGE

6.1 Conversion by notice

The Security Trustee may, by written notice to the Chargor, convert the floating charge created under this Deed into a fixed charge as regards all or any of the assets of the Chargor specified in the notice if

- (a) an Event of Default has occurred and is continuing, or
- (b) the Security Trustee considers any Security Assets to be in danger of being seized or sold under any form of distress, attachment, execution or other legal process or to be otherwise in jeopardy

6.2 Small companies

The floating charge created under this Deed by the Chargor shall not convert into a fixed charge solely by reason of a moratorium being obtained under the Insolvency Act 2000 (or anything done with a view to obtaining such a moratorium) in respect of the Chargor

6.3 Automatic conversion

The floating charge created under this Deed shall (in addition to the circumstances in which the same will occur under general law) automatically convert into a fixed charge

- (a) in relation to any Security Asset which is subject to a floating charge if
 - (i) the Chargor creates (or attempts or purports to create) any Security on or over the relevant Security Asset without the prior written consent of the Security Trustee, or
 - (ii) any third party levies or attempts to levy any distress, execution, attachment or other legal process against any such Security Asset, and
- (b) over all Security Assets of the Chargor which are subject to a floating charge if an administrator is appointed in respect of the Chargor or the Security Trustee receives notice of intention to appoint such an administrator (as contemplated by the Insolvency Act 1986)

6.4 Scottish property

Clause 6.3 (*Automatic conversion*) will not apply to any assets situated in Scotland if, and to the extent that, a Receiver would not be capable of exercising his powers in Scotland pursuant to section 72 of the Insolvency Act 1986 by reason of such automatic conversion

6.5 Partial conversion

The giving of a notice by the Security Trustee pursuant to clause 6.1 (*Conversion by notice*) in relation to any class of assets of the Chargor shall not be construed as a waiver or abandonment of the rights of the Security Trustee to serve similar notices in respect of any other class of assets or of any other right of the Security Trustee and/or the other Secured Parties

7. CONTINUING SECURITY

7.1 Continuing security

The Debenture Security is continuing and will extend to the ultimate balance of the Secured Obligations regardless of any intermediate payment or discharge in whole or in part. This Deed shall remain in full force and effect as a continuing security for the duration of the Security Period

7.2 Additional and separate security

This Deed is in addition to, without prejudice to, and shall not merge with, any other right, remedy, guarantee or Security which the Security Trustee may at any time hold for any Secured Obligation

7.3 Right to enforce

This Deed may be enforced against the Chargor without the Security Trustee and/or any other Secured Party first having recourse to any other right, remedy, guarantee or Security held by or available to it

8. LIABILITY OF THE CHARGOR RELATING TO SECURITY ASSETS

Notwithstanding anything contained in this Deed or implied to the contrary, the Chargor remains liable to observe and perform all conditions and obligations assumed by it in relation to the Security Assets. The Security Trustee is under no obligation to perform or fulfil any such condition or obligation or to make any payment in respect of any such condition or obligation.

9. ACCOUNTS

No monies at any time standing to the credit of any account (of any type and however designated) of the Chargor with the Security Trustee and/or any other Secured Party (or any of them) or in which the Chargor has an interest (and no rights and benefits relating thereto) shall be capable of being assigned to any person other than a Secured Party.

10. REPRESENTATIONS

10.1 General

The Chargor makes the representations and warranties set out in this clause 10 to the Security Trustee and to each other Secured Party.

10.2 No Security Interests

No Security or Quasi-Security exists over all or any of the present or future Security Assets of the Chargor other than

- (a) as created by this Deed; and
- (b) as permitted by (and set out more particularly in) the Intercreditor Agreement.

10.3 Ranking

The Debenture Security has or will have the priority which it is expressed to have in this Deed, subject to the terms of the Intercreditor Agreement.

10.4 Ownership of Security Assets

The Chargor is the sole legal and beneficial owner of all the Security Assets.

10.5 No proceedings pending or threatened

No litigation, arbitration or administrative proceedings or investigations of, or before, any court, arbitral body or agency which would result in the Chargor incurring any material liability have, to the best of its knowledge and belief (having made due and careful enquiry), been started or threatened against it.

10.6 Time when representations made

All the representations and warranties in this clause 10 are made by the Chargor on the date of this Deed.

11. UNDERTAKINGS BY THE CHARGOR

11.1 Negative pledge and Disposals

The Chargor shall not do or agree to do any of the following without the prior written consent of the Security Trustee

- (a) (save for any Security created on or prior to the date hereof) create or permit to subsist any Security or Quasi-Security on any Security Asset other than as created by this Deed, or
- (b) sell, transfer, lease, lend or otherwise dispose of (whether by a single transaction or a number of transactions and whether related or not and whether voluntarily or involuntarily) the whole or any part of its interest in any Security Asset, save that the Chargor may, in the ordinary course of business and on arm's length commercial terms
 - (i) deal in Security Assets which are subject only to an uncrystallised floating charge, and/or
 - (ii) grant licences under the Intellectual Property

11.2 Security Assets generally

The Chargor shall:

- (a) notify the Security Trustee within 14 days of receipt of every notice, order, application, requirement or proposal given or made in relation to, the Security Assets by any competent authority, and (if required by the Security Trustee)
 - (i) immediately provide it with a copy of the same, and
 - (ii) either (A) comply with such notice, order, application, requirement or proposal or (B) make such objections to the same as the Security Trustee may require or approve,
- (b) pay all rates, rents, and other outgoings owed by it in respect of the Security Assets,
- (c) comply with
 - (i) all obligations in relation to the Security Assets under any present or future regulation or requirement of any competent authority or any Authorisation, and
 - (ii) all covenants and obligations affecting any Security Asset (or its manner of use),
- (d) not, except with the prior written consent of the Security Trustee, enter into any onerous or restrictive obligation affecting any part of any of the Security Assets (except as expressly permitted under the Loan Note Instrument),
- (e) provide the Security Trustee with all information which it may reasonably request in relation to the Security Assets, and

- (f) not do, cause or permit to be done anything which may in any way depreciate, jeopardise or otherwise prejudice the value or marketability of any Security Asset (or make any omission which has such an effect)

11.3 Deposit of documents and notices

The Chargor shall

- (a) unless the Security Trustee otherwise confirms in writing (and without prejudice to clause 11 8(a)), deposit with the Security Trustee
 - (i) all deeds and documents of title relating to the Security Assets, and
 - (ii) all local land charges, land charges and HM Land Registry search certificates and similar documents received by or on behalf of the Chargor,(each of which the Security Trustee may hold throughout the Security Period), and
- (b) immediately on request by the Security Trustee, affix to any plant, machinery, fixtures, fittings, computers, vehicles, office equipment, other equipment and other asset for the time being owned by it (in a prominent position) a durable notice of this Deed (in any form required by the Security Trustee)

11.4 Real Property undertakings - acquisitions and notices to HM Land Registry

- (a) The Chargor shall notify the Security Trustee immediately upon the acquisition of any estate or interest in any freehold or leasehold property
- (b) The Chargor shall, in respect of any freehold or leasehold Real Property which is acquired by it after the date of this Deed, the title which is registered at HM Land Registry or the title to which is required to be so registered
 - (i) give HM Land Registry written notice of this Deed, and
 - (ii) procure that notice of this Deed is clearly noted in the Register to each such title

11.5 Real Property undertakings - maintenance

- (a) The Chargor shall maintain all buildings and erections forming part of the Security Assets in a good state of repair.
- (b) The Chargor shall not, except with the prior written consent of the Security Trustee (or as expressly permitted under the Loan Note Instrument)
 - (i) confer on any person any lease or tenancy of any of the Real Property or accept a surrender of any lease or tenancy (whether independently or under any statutory power),
 - (ii) confer on any person any right or licence to occupy any land or buildings forming part of the Real Property, or
 - (iii) grant any licence to assign or sub-let any part of the Real Property

- (c) The Chargor shall not carry out any development within the meaning of the Planning Acts in or upon any part of the Real Property without first obtaining such permissions as may be required under or by virtue of the Planning Acts and, in the case of development involving a substantial change in the structure of, or a change of use of, any part of the Real Property, without first obtaining the written consent of the Security Trustee
- (d) The Chargor shall not do, or permit to be done, anything as a result of which any lease may be liable to forfeiture or otherwise be determined.
- (e) The Chargor shall permit the Security Trustee and any person nominated by it at all reasonable times with reasonable notice to enter any part of the Real Property and view the state of it

11.6 Insurance Policies

- (a) The Chargor shall at all times comply with any obligations as to insurance contained in the Loan Note Instrument
- (b) If at any time the Chargor defaults in
 - (i) effecting or keeping up the insurances (A) required under the Loan Note Instrument, or
 - (ii) producing any insurance policy or receipt to the Security Trustee on demand,

the Security Trustee may (without prejudice to its rights under clause 12 (*Power to remedy*)) take out or renew such policies of insurance in any sum which the Security Trustee may reasonably think expedient. All monies which are expended by the Security Trustee in doing so shall be deemed to be properly paid by the Security Trustee and shall be reimbursed by the Chargor on demand.
- (c) The Chargor shall notify the Security Trustee if any claim arises or may be made under the Insurances
- (d) The Chargor shall, subject to the rights of the Security Trustee under clause 11 6(e), diligently pursue its rights under the Insurances
- (e) In relation to the proceeds of Insurances
 - (i) the Security Trustee shall have the sole right to settle or sue for any such claim (but, before an Event of Default shall do so as agent for the Chargor) and to give any discharge for insurance monies; and
 - (ii) all claims and monies received or receivable under any Insurances shall (subject to the rights or claims of any lessor or landlord of any part of the Security Assets) be applied in accordance with the Loan Note Instrument or (if no requirement as to application is so imposed) in repairing, replacing, restoring or rebuilding the property damaged or destroyed or, after the occurrence of an Event of Default, in permanent reduction of the Secured Obligations.

11.7 Dealings with and realisation of Receivables and operation of Security Accounts

- (a) The Chargor shall
 - (i) without prejudice to clause 11.1 (*Negative pledge and Disposals*) (but in addition to the restrictions in that clause), not, without the prior written consent of the Security Trustee, sell, assign, charge, factor or discount or in any other manner deal with any Receivable,
 - (ii) collect all Receivables promptly in the ordinary course of trading as agent for the Security Trustee, and
 - (iii) immediately upon receipt pay all monies which it receives in respect of the Receivables into such account as the Security Trustee may specify or approve for such purpose from time to time, and
 - (iv) pending such payment, hold all monies so received upon trust for the Security Trustee
- (b) The Chargor shall deal with all Receivables (both collected and uncollected) and the account or accounts into which such Receivables are paid in accordance with any directions given in writing from time to time by the Security Trustee and, in default of and subject to such directions, in accordance with this Deed
- (c) The Chargor shall deliver to the Security Trustee such information as to the amount and nature of its Receivables as the Security Trustee may from time to time reasonably require
- (d) The Chargor shall not whilst an Event of Default is continuing, withdraw, attempt or be entitled to withdraw (or direct any transfer of) all or any of the monies in any account specified or approved by the Security Trustee pursuant to clause 11.7(a)(iii) above without the prior written consent of the Security Trustee and the Security Trustee shall be entitled (in its absolute discretion) to refuse to permit any such withdrawal or transfer
- (e) If the right of the Chargor to withdraw the proceeds of any Receivables standing to the credit of any account specified or approved by the Security Trustee pursuant to clause 11.7(a)(iii) above results in the charge over such account being characterised as a floating charge, that will not affect the nature of any other fixed security created by the Chargor under this Deed on all its outstanding Receivables

11.8 Charged Investments - protection of Security

- (a) The Chargor shall, immediately upon request by the Security Trustee, by way of security for the Secured Obligations
 - (i) deposit with the Security Trustee (or as the Security Trustee may direct), all certificates and other documents of title or evidence of ownership to the Charged Securities and their Related Rights, and
 - (ii) execute and deliver to the Security Trustee
 - (A) instruments of transfer in respect of the Charged Securities (executed in blank and left undated), and/or

- (B) such other documents as the Security Trustee shall require to enable it (or its nominees) to be registered as the owner of or otherwise to acquire a legal title to the Charged Securities and their Related Rights (or to pass legal title to any purchaser)
- (b) The Chargor shall
 - (i) promptly give notice to any custodian of any agreement with the Chargor in respect of any Charged Investment in a form the Security Trustee may require, and
 - (ii) use its best endeavours to ensure that the custodian acknowledges that notice in a form the Security Trustee may require
- (c) If so requested by the Security Trustee, the Chargor shall
 - (i) instruct any clearance system to transfer any Charged Investment held by it for the Chargor or its nominee to an account of the Security Trustee or its nominee with such clearance system, and
 - (ii) take whatever action the Security Trustee may request for the dematerialisation or rematerialisation of any Charged Investment held in a clearance system
- (d) Without prejudice to the rest of this clause 11 7(b), the Security Trustee may, at the expense of the Chargor, take whatever action is required for the dematerialisation or rematerialisation of the Charged Investments
- (e) The Chargor shall promptly pay all calls or other payments which may become due in respect of the Charged Investments
- (f) The Chargor shall not nominate another person to enjoy or exercise all or any of its specified rights in relation to its Charged Investments, as contemplated by section 145 of the Companies Act 2006 or otherwise
- (g) Without limiting its obligations under clause 11 2(e), the Chargor shall comply with all requests for information within its knowledge relating to the Charged Investments which are made under section 793 of the Companies Act 2006 and, if it fails to do so, the Security Trustee may provide such information as it may have on behalf of the Chargor

11.9 Rights in respect of Charged Investments

- (a) Until an Event of Default occurs, the Chargor shall be entitled to
 - (i) receive and retain all dividends, distributions and other monies paid on or derived from its Charged Securities, and
 - (ii) exercise all voting and other rights and powers attaching to its Charged Securities, provided that it must not do so in a manner which
 - (A) has the effect of changing the terms of such Charged Securities (or any class of them) or of any Related Rights unless permitted by the Loan Note Instrument, or

- (B) which is prejudicial to the interests of the Security Trustee and/or the other Secured Parties
- (b) At any time following the occurrence of an Event of Default, the Security Trustee may complete the instrument(s) of transfer for all or any Charged Securities on behalf of the Chargor in favour of itself or such other person as it may select.
- (c) At any time when any Charged Security is registered in the name of the Security Trustee or its nominee, the Security Trustee shall be under no duty to
- (i) ensure that any dividends, distributions or other monies payable in respect of such Charged Security are duly and promptly paid or received by it or its nominee, or
 - (ii) verify that the correct amounts are paid or received, or
 - (iii) take any action in connection with the taking up of any (or any offer of any) Related Rights in respect of or in substitution for, any such Charged Security

12. POWER TO REMEDY

12.1 Power to remedy

If at any time the Chargor does not comply with any of its obligations under this Deed, the Security Trustee (without prejudice to any other rights arising as a consequence of such non-compliance) shall be entitled (but not bound) to rectify that default. The Chargor irrevocably authorises the Security Trustee and its employees and agents by way of security to do all such things (including entering the property of the Chargor) which are necessary or desirable to rectify that default.

12.2 Mortgagee in possession

The exercise of the powers of the Security Trustee under this clause 12 shall not render it or any other Secured Party liable as a mortgagee in possession.

12.3 Monies expended

The Chargor shall pay to the Security Trustee on demand any monies which are expended by the Security Trustee in exercising its powers under this clause 12, together with interest at the Default Rate from the date on which those monies were expended by the Security Trustee (both before and after judgment) and otherwise in accordance with clause 2.2 (*Default interest*).

13. WHEN SECURITY BECOMES ENFORCEABLE

13.1 When enforceable

This Debenture Security shall become immediately enforceable upon the occurrence of an Event of Default and shall remain so for so long as such Event of Default is continuing.

13.2 Statutory powers

The power of sale and other powers conferred by section 101 of the Act (as amended or extended by this Deed) shall be immediately exercisable upon and at any time after the occurrence of any Event of Default and for so long as such Event of Default is continuing

13.3 Enforcement

After this Debenture Security has become enforceable, the Security Trustee may in its absolute discretion enforce all or any part of the Debenture Security in such manner as it sees fit

14. ENFORCEMENT OF SECURITY

14.1 General

For the purposes of all rights and powers implied by statute, the Secured Obligations are deemed to have become due and payable on the date of this Deed. Sections 93 and 103 of the Act shall not apply to the Debenture Security.

14.2 Powers of leasing

The statutory powers of leasing conferred on the Security Trustee are extended so as to authorise the Security Trustee to lease, make agreements for leases, accept surrenders of leases and grant options as the Security Trustee may think fit and without the need to comply with section 99 or 100 of the Act

14.3 Powers of Security Trustee

- (a) At any time after the Debenture Security becomes enforceable (or if so requested by the Chargor by written notice at any time), the Security Trustee may without further notice (unless required by law).
 - (i) appoint any person (or persons) to be a receiver, receiver and manager or administrative receiver of all or any part of the Security Assets and/or of the income of the Security Assets, and/or
 - (ii) appoint or apply for the appointment of any person who is appropriately qualified as administrator of the Chargor, and/or
 - (iii) exercise all or any of the powers conferred on mortgagees by the Act (as amended or extended by this Deed) and/or all or any of the powers which are conferred by this Deed on a Receiver, in each case without first appointing a Receiver or notwithstanding the appointment of any Receiver, and/or
 - (iv) exercise (in the name of the Chargor and without any further consent or authority of the Chargor) any voting rights and any powers or rights which may be exercised by any person(s) in whose name any Charged Investment is registered or who is the holder of any of them
- (b) The Security Trustee is not entitled to appoint a Receiver in respect of any Security Assets which are subject to a charge which (as created) was a floating charge solely by reason of a moratorium being obtained under the Insolvency Act 2000 (or anything done with a view to obtaining such a moratorium) in respect of the Chargor

14.4 Redemption of prior mortgages

At any time after the Debenture Security has become enforceable, the Security Trustee may

- (a) redeem any prior Security against any Security Asset, and/or
- (b) procure the transfer of that Security to itself, and/or
- (c) settle and pass the accounts of the holder of any prior Security and any accounts so settled and passed shall be conclusive and binding on the Chargor

All principal, interest, costs, charges and expenses of and incidental to any such redemption and/or transfer shall be paid by the Chargor to the Security Trustee on demand

14.5 Privileges

- (a) Each Receiver and the Security Trustee is entitled to all the rights, powers, privileges and immunities conferred by the Act on mortgagees and receivers when such receivers have been duly appointed under the Act, except that section 103 of the Act does not apply
- (b) To the extent that the Security Assets constitute "*financial collateral*" and this Deed and the obligations of the Chargor under this Deed constitute a "*security financial collateral arrangement*" (in each case for the purpose of and as defined in the Financial Collateral Arrangements (No 2) Regulations 2003 (SI 2003 No 3226)) each Receiver and the Security Trustee shall have the right after this Security has become enforceable to appropriate all or any part of that financial collateral in or towards the satisfaction of the Secured Obligations
- (c) For the purpose of clause 14 5(b) above, the value of the financial collateral appropriated shall be such amount as the Receiver or Security Trustee reasonably determines having taken into account advice obtained by it from an independent investment or accountancy firm of national standing selected by it

14 6 No liability

- (a) Neither the Security Trustee, any other Secured Party nor any Receiver shall be liable (A) in respect of all or any part of the Security Assets or (B) for any loss or damage which arises out of the exercise or the attempted or purported exercise of, or the failure to exercise any of, its or his respective powers (unless such loss or damage is caused by its or his gross negligence or wilful misconduct)
- (b) Without prejudice to the generality of clause 14 6(a), neither the Security Trustee, any other Secured Party nor any Receiver shall be liable, by reason of entering into possession of a Security Asset, to account as mortgagee in possession or for any loss on realisation or for any default or omission for which a mortgagee in possession might be liable

14.7 Protection of third parties

No person (including a purchaser) dealing with the Security Trustee or any Receiver or Delegate will be concerned to enquire

- (a) whether the Secured Obligations have become payable; or

- (b) whether any power which the Security Trustee or the Receiver is purporting to exercise has become exercisable, or
- (c) whether any money remains due under any Loan Note Document, or
- (d) how any money paid to the Security Trustee or to the Receiver is to be applied.

15. RECEIVER

15.1 Removal and replacement

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

15.2 Multiple Receivers

If at any time there is more than one Receiver of all or any part of the Security Assets and/or the income of the Security Assets, each Receiver shall have power to act individually (unless otherwise stated in the appointment document)

15.3 Remuneration

Any Receiver shall be entitled to remuneration for his services at a rate to be fixed by agreement between him and the Security Trustee (or, failing such agreement, to be fixed by the Security Trustee)

15.4 Payment by Receiver

Only monies actually paid by a Receiver to the Security Trustee in relation to the Secured Obligations shall be capable of being applied by the Security Trustee in discharge of the Secured Obligations

15.5 Agent of Chargor

Any Receiver shall be the agent of the Chargor. The Chargor shall (subject to the Companies Act 2006 and the Insolvency Act 1986) be solely responsible for his acts and defaults and for the payment of his remuneration. No Secured Party shall incur any liability (either to the Chargor or to any other person) by reason of the appointment of a Receiver or for any other reason

16. POWERS OF RECEIVER

16.1 General powers

Any Receiver shall have

- (a) all the powers which are conferred on the Security Trustee by clause 14.3 (*Powers of Security Trustee*),
- (b) all the powers which are conferred by the Act on mortgagees in possession and receivers appointed under the Act;

- (c) (whether or not he is an administrative receiver) all the powers which are listed in schedule 1 of the Insolvency Act 1986, and
- (d) all powers which are conferred by any other law conferring power on receivers

16.2 Additional powers

In addition to the powers referred to in clause 16.1 (*General powers*), a Receiver shall have the following powers

- (a) to take possession of, collect and get in all or any part of the Security Assets and/or income in respect of which he was appointed,
- (b) to manage the Security Assets and the business of the Chargor as he thinks fit;
- (c) to redeem any Security and to borrow or raise any money and secure the payment of any money in priority to the Secured Obligations for the purpose of the exercise of his powers and/or defraying any costs or liabilities incurred by him in such exercise,
- (d) to sell or concur in selling, leasing or otherwise disposing of all or any part of the Security Assets in respect of which he was appointed without the need to observe the restrictions imposed by section 103 of the Act and without limitation
 - (i) fixtures may be severed and sold separately from the Real Property containing them, without the consent of the Chargor;
 - (ii) the consideration for any such transaction may consist of cash, debentures or other obligations, shares, stock or other valuable consideration (and the amount of such consideration may be dependent upon profit or turnover or be determined by a third party), and
 - (iii) any such consideration may be payable in a lump sum or by instalments spread over such period as he thinks fit;
- (e) to alter, improve, develop, complete, construct, modify, refurbish or repair any building or land and to complete or undertake or concur in the completion or undertaking (with or without modification) of any project in which the Chargor was concerned or interested before his appointment (being a project for the alteration, improvement, development, completion, construction, modification, refurbishment or repair of any building or land);
- (f) to carry out any sale, lease or other disposal of all or any part of the Security Assets by conveying, transferring, assigning or leasing the same in the name of the Chargor and, for that purpose, to enter into covenants and other contractual obligations in the name of, and so as to bind, the Chargor;
- (g) to take any such proceedings (in the name of the Chargor or otherwise) as he shall think fit in respect of the Security Assets and/or income in respect of which he was appointed (including proceedings for recovery of rent or other monies in arrears at the date of his appointment),
- (h) to enter into or make any such agreement, arrangement or compromise as he shall think fit,

- (i) to insure, and to renew any insurances in respect of, the Security Assets as he shall think fit (or as the Security Trustee shall direct),
- (j) to appoint and employ such managers, officers and workmen and engage such professional advisers as he shall think fit (including, without prejudice to the generality of the foregoing power, to employ his partners and firm),
- (k) to form one or more Subsidiaries of the Chargor, and to transfer to any such Subsidiary all or any part of the Security Assets,
- (l) to operate any rent review clause in respect of any Real Property in respect of which he was appointed (or any part thereof) and to apply for any new or extended lease, and
- (m) to
 - (i) give valid receipts for all monies and to do all such other things as may seem to him to be incidental or conducive to any other power vested in him or necessary or desirable for the realisation of any Security Asset,
 - (ii) exercise in relation to each Security Asset all such powers and rights as he would be capable of exercising if he were the absolute beneficial owner of the Security Assets, and
 - (iii) use the name of the Chargor for any of the above purposes

17. APPLICATION OF PROCEEDS AND INTERCREDITOR AGREEMENT

17.1 Application

All monies received by the Security Trustee or any Receiver after the Debenture Security has become enforceable shall (subject to the rights and claims of any person having a security ranking in priority to the Debenture Security and subject to the Intercreditor Agreement) be applied in the following order

- (a) *first*, in satisfaction of, or provision for, all costs, charges and expenses incurred, and payments made by the Security Trustee, any other Secured Party or any Receiver or Delegate and of all remuneration due to the Receiver in connection with this Deed or the Security Assets,
- (b) *secondly*, in or towards satisfaction of the remaining Secured Obligations in accordance with clause 17.3 (*Appropriation, Intercreditor Agreement* and suspense account), and
- (c) *thirdly*, in payment of any surplus to the Chargor or other person entitled to it

17.2 Contingencies

If the Debenture Security is enforced at a time when no amounts are due under the Loan Note Documents (but at a time when amounts may become so due), the Security Trustee or a Receiver may pay the proceeds of any recoveries effected by it into a blocked suspense account (bearing interest at such rate (if any) as the Security Trustee may determine

17.3 Appropriation, Intercreditor Agreement and suspense account

- (a) Subject to the Intercreditor Agreement and clause 17.1 (*Application*), the Security Trustee shall apply all payments received in respect of the Secured Obligations in reduction of any part of the Secured Obligations in any order or manner which it may determine
- (b) Any such appropriation shall override any appropriation by the Chargor
- (c) All monies received, recovered or realised by the Security Trustee under or in connection with this Deed may at the discretion of the Security Trustee be credited to a separate interest-bearing suspense account for so long as the Security Trustee determines (with interest accruing thereon at such rate (if any) as the Security Trustee may determine without the Security Trustee having any obligation to apply such monies and interest or any part of it in or towards the discharge of any of the Secured Obligations

18. SET-OFF

18.1 Set-off rights

- (a) The Security Trustee and each other Secured Party may (but shall not be obliged to) set off any obligation which is due and payable by the Chargor and unpaid (whether under any Loan Note Document or which has been assigned to the Security Trustee by the Chargor) against any obligation (whether or not matured) owed by the Security Trustee or such other Secured Party to the Chargor, regardless of the place of payment, booking branch or currency of either obligation
- (b) At any time after the Debenture Security has become enforceable (and in addition to its rights under clause 18.1(a)), the Security Trustee and each other Secured Party may (but shall not be obliged to) set-off any contingent liability owed by the Chargor against any obligation (whether or not matured) owed by the Security Trustee or such other Secured Party to the Chargor, regardless of the place of payment, booking branch or currency of either obligation
- (c) If the obligations are in different currencies, the Security Trustee or such other Secured Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off
- (d) If either obligation is unliquidated or unascertained, the Security Trustee or such other Secured Party may set off in an amount estimated by it in good faith to be the amount of that obligation

18.2 Time deposits

Without prejudice to clause 18.1 (*Set-off*), if any time deposit matures on any account which the Chargor has with the Security Trustee or any other Secured Party at a time within the Security Period when

- (a) this Debenture Security has become enforceable, and
- (b) no Secured Obligation is due and payable,

such time deposit shall automatically be renewed for such further maturity as the Security Trustee or such other Secured Party in its absolute discretion considers appropriate unless the Security Trustee or such other Secured Party otherwise agrees in writing

19. DELEGATION

Each of the Security Trustee and any Receiver may delegate, by power of attorney (or in any other manner) to any person, any right, power or discretion exercisable by them under this Deed upon any terms (including power to sub-delegate) which it may think fit. Neither the Security Trustee nor any Receiver shall be in any way liable or responsible to the Chargor for any loss or liability arising from any act, default, omission or misconduct on the part of any Delegate

20. FURTHER ASSURANCES

20.1 Further action

The Chargor shall, at its own expense, immediately do all acts and execute all documents as the Security Trustee or a Receiver may reasonably specify (and in such form as the Security Trustee or a Receiver may reasonably require) for

- (a) creating, perfecting or protecting the Security intended to be created by this Deed; and
- (b) facilitating the realisation of any Security Asset,
- (c) facilitating the exercise of any rights, powers and remedies exercisable by the Security Trustee, any other Secured Party, or any Receiver or any Delegate in respect of any Security Asset or provided by or pursuant to any Loan Note Document, this Deed or by law, or
- (d) creating and perfecting Security in favour of the Security Trustee or any other Secured Party over any property and assets of the Chargor located in any jurisdiction outside England and Wales equivalent or similar to the Security intended to be created by or pursuant to this Deed

This includes

- (i) the re-execution of this Deed,
- (ii) the execution of any legal mortgage, charge, transfer, conveyance, assignment, assignation or assurance of any property, whether to the Security Trustee or to its nominee, and
- (iii) the giving of any notice, order or direction and the making of any filing or registration,

which, in any such case, the Security Trustee may think expedient

20.2 Security

The Chargor shall take all such action as is available to it (including making all filings and registrations) as may be necessary for the purpose of the creation, perfection, protection or

maintenance of any Security conferred or intended to be conferred on the Security Trustee or any other Secured Party by or pursuant to (1) any Loan Note Document or (2) this Deed

20.3 Specific security

Without prejudice to the generality of clause 20.1 (*Further action*), the Chargor will immediately upon request by the Security Trustee execute any document contemplated by that clause over any Security Asset which is subject to or intended to be subject to any fixed security under this Deed (including any fixed security arising or intended to arise pursuant to clause 6 (*Conversion of floating charge*))

21. POWER OF ATTORNEY

The Chargor, by way of security, irrevocably and severally appoints the Security Trustee, each Receiver and any Delegate to be its attorney to take any action which the Chargor is obliged to take under this Deed, including under clause 20 (*Further assurances*). The Chargor ratifies and confirms whatever any attorney does or purports to do pursuant to its appointment under this clause

22. PAYMENTS

22.1 Payments

Subject to clause 22.2 (*Gross-up*), all payments to be made by the Chargor in respect of this Deed shall be made

- (a) in immediately available funds to the credit of such account as the Security Trustee may designate, and
- (b) without (and free and clear of, and without any deduction for, or on account of)
 - (i) any set-off or counterclaim, or
 - (ii) except to the extent compelled by law, any deduction or withholding for or on account of Tax

22.2 Gross-up

If the Chargor is compelled by law to make any deduction or withholding from any sum payable under this Deed to the Security Trustee, the sum so payable by the Chargor shall be increased so as to result in the receipt by the Security Trustee of a net amount equal to the full amount expressed to be payable under this Deed

23. CURRENCY CONVERSION

All monies received or held by the Security Trustee or any Receiver under this Deed may be converted from their existing currency into such other currency as the Security Trustee or the Receiver considers necessary or desirable to cover the obligations and liabilities comprised in the Secured Obligations in that other currency at the spot rate of exchange of the Bank of England. The Chargor shall indemnify the Security Trustee against all costs, charges and expenses incurred in relation to such conversion. Neither the Security Trustee nor any Receiver shall have any liability to the Chargor in respect of any loss resulting from any fluctuation in exchange rates after any such conversion

24. CHANGES TO THE PARTIES

24.1 Charging Companies

The Chargor may not assign any of its rights or obligations under this Deed

24.2 Security Trustee

The Security Trustee may assign or transfer all or any part of its rights under this Deed pursuant to the resignation or removal of the Security Trustee in accordance with the Security Trust Deed. The Chargor shall, immediately upon being requested to do so by the Security Trustee, enter into such documents as may be necessary or desirable to effect such assignment or transfer

25. MISCELLANEOUS

25.1 New accounts

- (a) If the Security Trustee or any other Secured Party receives, or is deemed to be affected by, notice, whether actual or constructive, of any subsequent Security affecting any Security Asset and/or the proceeds of sale of any Security Asset or any guarantee under the Loan Note Documents ceases to continue in force and/or the proceeds of sale of any Security Asset, it may open a new account or accounts for the Chargor. If it does not open a new account, it shall nevertheless be treated as if it had done so at the time when it received or was deemed to have received such notice
- (b) As from that time all payments made to the Security Trustee or such other Secured Party will be credited or be treated as having been credited to the new account and will not operate to reduce any amount of the Secured Obligations.

25.2 Tacking

- (a) Each Secured Party shall perform its obligations (if any) under the Loan Note Documents (including any obligation to make available further advances)
- (b) This Deed secures advances already made and further advances to be made

25.3 Memorandum and Articles of association

The Chargor certifies that the Debenture Security does not contravene any of the provisions of the memorandum or articles of association of the Chargor

25.4 Land Registry

- (a) The Chargor shall apply to the Chief Land Registrar (and consents to such an application being made by or on behalf of the Security Trustee) for a restriction in the following terms to be entered on the Register of Title relating to any property registered at the Land Registry (or any unregistered land subject to first registration) and against which this Deed may be noted

"No disposition of the registered estate by the proprietor of the registered estate is to be registered without a written consent signed by the proprietor for the time being of the charge dated [♦] 20[♦] in favour of [♦] referred to in the charges register or their conveyancer "

- (b) The Chargor shall promptly make all applications to and filings with Land Registry which are necessary or desirable under the Land Registration Rules 2003 to protect the Debenture Security.

25.5 Protective clauses

The Chargor is deemed to be a principal debtor in relation to this Deed. The obligations of the Chargor under, and the security intended to be created by, this Deed shall not be impaired by any forbearance, neglect, indulgence, extension or time, release, surrender or loss of securities, dealing, amendment or arrangement by any Secured Party which would otherwise have reduced, released or prejudiced this Debenture Security or any surety liability of the Chargor (whether or not known to it or to any Secured Party)

26. NOTICES

- (a) Clause 14 of the Loan Note Instrument (*Notices*) is incorporated into this Deed as if fully set out in this Deed
- (b) The address and fax numbers of each Party for all communications or documents given under or in connection with this Deed are those identified with its name in the execution pages to this Deed or subsequently notified from time to time by the relevant Party for the purposes of the Loan Note Instrument or this Deed.

27. CALCULATIONS AND CERTIFICATES

Any certificate of or determination by a Secured Party or the Security Trustee specifying the amount of any Secured Obligation due from the Chargor (including details of any relevant calculation thereof) is in the absence of manifest error, conclusive evidence against the Chargor of the matters to which it relates.

28. PARTIAL INVALIDITY

All the provisions of this Deed are severable and distinct from one another and if at any time any provision is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of any of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired

29. REMEDIES AND WAIVERS

No failure to exercise, nor any delay in exercising, on the part of the Security Trustee (or any other Secured Party), any right or remedy under this Deed shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise, or the exercise of any other right or remedy. The rights and remedies provided are cumulative and not exclusive of any rights or remedies provided by law.

30. AMENDMENTS AND WAIVERS

Any provision of this Deed may be amended only if the Security Trustee and the Chargor so agree in writing and any breach of this Deed may be waived before or after it occurs only if the Security Trustee so agrees in writing. A waiver given or consent granted by the Security Trustee under this Deed will be effective only if given in writing and then only in the instance and for the purpose for which it is given

31. COUNTERPARTS

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

32. RELEASE

32.1 Release

Upon the expiry of the Security Period (but not otherwise) the Security Trustee shall, at the request and cost of the Chargor, take whatever action is necessary to release or re-assign (without recourse or warranty) the Security Assets from the Security

32.2 Reinstatement

Where any discharge (whether in respect of the obligations of the Chargor or any security for those obligations or otherwise) is made in whole or in part or any arrangement is made on the faith of any payment, security or other disposition which is avoided or must be restored on insolvency, liquidation or otherwise (without limitation), the liability of the Chargor under this Deed shall continue as if the discharge or arrangement had not occurred. The Security Trustee may concede or compromise any claim that any payment, security or other disposition is liable to avoidance or restoration

33. GOVERNING LAW

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

34. JURISDICTION

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

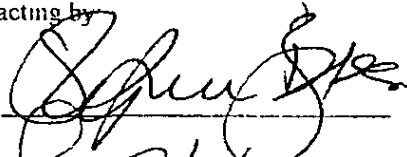
IN WITNESS of which this Deed has been duly executed by the Chargor as a deed and duly executed by the Security Trustee and has been delivered on the first date specified on page 1 of this Deed by the Chargor

EXECUTION PAGE

THE CHARGOR

Executed as a deed (but not delivered until the)
first date specified on page 1) by REAQUA)
SYSTEMS LIMITED acting by

Director



Witness signature



Witness name

SUSANNE G. HUNTER

Witness address

Cessingray
Thursley
Surrey GU8 6QW

Address:

Facsimile No:

THE SECURITY TRUSTEE

Signed by _____ for)
and on behalf of SCOTTISH EQUITY)
PARTNERS LLP (in its capacity as security
trustee for and on behalf of the Secured
Parties)

Signature _____

Address:

Facsimile No:

Attention:

C

EXECUTION PAGE

THE CHARGOR

Executed as a deed (but not delivered until the)
first date specified on page 1) by REAQUA)
SYSTEMS LIMITED acting by)

Director _____

Witness signature _____

Witness name _____

Witness address _____

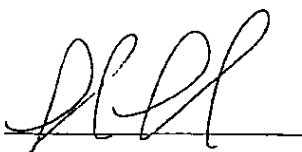
Address:

Facsimile No:

THE SECURITY TRUSTEE

Signed by AJOREN BUCHAN for)
and on behalf of **SCOTTISH EQUITY**)
PARTNERS LLP (in its capacity as security
trustee for and on behalf of the Secured
Parties)

Signature



Address 17 BLYTHWOOD SQUARE, GLASGOW

Facsimile No: 0141 273 4001

Attention: AJOREN BUCHAN