

006006/13

MR01

Particulars of a charge



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 where there is no
instrument Use form MR08

For further information, please
refer to our guidance at
www.companieshouse.gov.uk

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 delivered outside of the 21 days it will be rejected unless it is accompanied by a
court order extending the time for delivery

 You must enclose a certified copy of the instrument with this form
scanned and placed on the public record **Do not send the original**



A18 *A3G6H2A8* #331
COMPANIES HOUSE

THURSDAY

1 Company details

Company number 09059484

Company name in full Mitel Europe Limited

For official use

→ **Filling 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 28/01/14

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 Jefferies Finance LLC

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

MR01

Particulars of a charge

4

Brief description

Please give a short description of any land, ship, aircraft or intellectual property registered or required to be registered in the UK subject to a charge (which is not a floating charge) or fixed security included in the instrument

Brief description

Please submit only a short description. If there are a number of plots of land, aircraft and/or ships, you should simply describe some of them in the text field and add a statement along the lines of, "for more details please refer to the instrument"

Please limit the description to the available space

5

Other charge or fixed security

Does the instrument include a charge (which is not a floating 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 company from creating further security that will rank equally with or ahead of the charge? Please tick the appropriate box

☒ Yes

☐ No

8

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 *Jones Day* X

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

MR01

Particulars of a charge



Presenter information

You do not have to give any contact information, but if you do, it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name Sahel Kashani

Company name Jones Day

Address 21 Tudor Street

Post town London

County/Region

Postcode E C 4 Y 0 D J

Country United Kingdom

DX

Telephone 020 7039 5149



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: 9059484

Charge code: 0905 9484 0001

The Registrar of Companies for England and Wales hereby certifies that a charge dated 29th August 2014 and created by MITEL EUROPE LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 11th September 2014.

P

Given at Companies House, Cardiff on 15th September 2014



Companies House




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

DATED 29 August 2014

- (1) MITEL EUROPE LIMITED as Chargor
- (2) JEFFERIES FINANCE LLC as Collateral Agent

DEBENTURE

CERTIFIED TO BE A TRUE COPY OF THE ORIGINAL


JONES DAY
21 TUDOR STREET
LONDON EC4Y 0DJ



One Firm Worldwide™

TABLE OF CONTENTS

		Page
1	DEFINITIONS AND INTERPRETATION	1
2	PAYMENT OF THE OBLIGATIONS	6
3	SECURITY	6
4	CRYSTALLISATION OF FLOATING CHARGE	8
5	PERFECTION OF SECURITY AND FURTHER ASSURANCE	8
6	NEGATIVE PLEDGE AND DISPOSALS	10
7	OTHER COVENANTS OF GENERAL APPLICATION	10
8	DEBTS AND ACCOUNTS	12
9	SHARES	12
10	ENFORCEMENT – GENERAL PROVISIONS	14
11	RIGHT OF APPROPRIATION	15
12	APPOINTMENT OF RECEIVER	16
13	APPOINTMENT OF ADMINISTRATOR	19
14	APPLICATION OF PROCEEDS	19
15	GENERAL SECURITY PROVISIONS	20
16	POWER OF ATTORNEY	21
17	RETENTION OF SECURITY	22
18	PRIOR SECURITY INTERESTS	22
19	COSTS	23
20	INDEMNITY	23
21	TRANSFERS	24
22	COLLATERAL AGENT PROVISIONS	24
23	SET-OFF	30
24	COMMUNICATIONS	30
25	CALCULATIONS AND CERTIFICATES	31
26	PARTIAL INVALIDITY	31
27	REMEDIES AND WAIVERS	31
28	AMENDMENTS AND WAIVERS	31
29	COUNTERPARTS	31
30	GOVERNING LAW	31
31	ENFORCEMENT	31
32	OVERRIDING PROVISION	32
	SCHEDULE 1 NOTICE OF ASSIGNMENT OF INSURANCE	33
	SCHEDULE 2 NOTICE OF ASSIGNMENT OF MATERIAL CONTRACTS	36

TABLE OF CONTENTS
(continued)

	Page
SCHEDULE 3	NOTICE OF CHARGE 38
SCHEDULE 4	BANK ACCOUNTS 42
SCHEDULE 5	SHARES 43

DATED 29 August 2014

PARTIES

- (1) **MITEL EUROPE LIMITED** a company incorporated in England and Wales (registered number 09059484) (the "**Chargor**"), and
- (2) **JEFFERIES FINANCE LLC** as Collateral Agent for the Secured Parties (the "**Collateral Agent**")

INTRODUCTION

- (A) Pursuant to a Credit Agreement, dated 31 January 2014, (as amended, supplemented, amended and restated or otherwise modified from time to time) (the "**Credit Agreement**"), between, amongst others, Mitel Networks Corporation and Mitel US Holdings, Inc as Borrowers, various financial institutions and other Persons as Lenders, and Jefferies Finance LLC as the Administrative Agent and the Collateral Agent, the Lenders and Issuers have agreed to provide various facilities to the Borrowers
- (B) It is expected that the Chargor will become a Material Subsidiary in the near future and, as a Material Subsidiary, under section 7.1.8 of the Credit Agreement, the Chargor is required to enter into this Debenture
- (C) This document is the Debenture of the Chargor, even if it has not been duly executed by the Collateral Agent or has been executed by the Collateral Agent but not as a deed

OPERATIVE PROVISIONS

1. DEFINITIONS AND INTERPRETATION

1.1 Terms defined in the Credit Agreement

Terms defined in the Credit Agreement but not in this Debenture shall have the same meanings in this Debenture as in the Credit Agreement

1.2 Definitions

In addition, in this Debenture

"Administrator" means any administrator appointed under Schedule B1 of the IA to manage the affairs, business and assets of the Chargor under this Debenture

"Authorisation" means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration

"Blocked Accounts" means the accounts of the Chargor set out in Part II of Schedule 4 (*Bank Accounts*) as a Blocked Account or that may from time to time be identified in writing as a Blocked Account by the Chargor and the Collateral Agent, (and any renewal or redesignation of such accounts), together with the debt or debts represented thereby

"Business Day" means a day (other than a Saturday or Sunday) on which banks are open for general business in London and New York

"Credit Agreement" has the meaning given to it in Recital A

"Debts" means any book or other debt, revenue or claim (and the proceeds of any debt, revenue or claim) and the benefit of any Security Interest, guarantee or other right of any nature in relation to any of them and in relation to the Chargor, **"its Debts"** means all Debts in which it has any rights

"Derivative Rights" include

- (a) all rights relating to Shares which are deposited with, or registered in the name of, any collateral agent, depository, custodian, trustee, nominee, fiduciary, investment manager or clearing house or system or other similar person or its nominee, in each case whether or not on a fungible basis (including rights against such person), and
- (b) all other present and future rights or cash or other assets attaching or relating to or accruing or offered on or deriving from Shares or from such rights (whether by way of redemption, conversion, exercise of option rights, substitution, exchange, preference, bonus or otherwise)

"Discharge Date" has the meaning given to it in Clause 15 1 (*Continuing security*)

"Guarantee" means the guarantee granted by the Chargor pursuant to section 2 (*Guaranty provisions*) of the Subsidiary Guaranty

"IA" means the Insolvency Act 1986

"Insolvency" of a person includes the dissolution, bankruptcy, insolvency, winding-up, liquidation, administration, examination, amalgamation, reconstruction, reorganisation, arrangement, adjustment, administrative or other receivership or dissolution of that person, the official management of all of its revenues or other assets or the seeking of protection or relief of debtors and any equivalent or analogous proceeding by whatever name known and in whatever jurisdiction

"Instrument" means any document (which term includes any form of writing) under which any obligation is evidenced or undertaken or any Security Interest (or right in any Security Interest) is granted or perfected or purported to be granted or perfected

"Insurance" means any policy or contract of insurance in relation to the Secured Assets and including, for the avoidance of doubt, any renewal of or replacement for any policy or contract of insurance and in relation to the Chargor **"its Insurances"** means all Insurances in which it has any rights (including as loss payee or additional insured)

"Insurance Proceeds" means any monies which may from time to time be payable to or received by the Chargor (whether as an insured party, beneficiary or as loss payee) under any Insurance and the proceeds of all claims made by the Chargor under any Insurance

"Losses" means losses (including loss of profit), claims, demands, actions, proceedings, causes of action, damages and other payments, costs, expenses including reasonable legal fees and disbursements and other liabilities of any kind

"LPA" means the Law of Property Act 1925

"Notice of Assignment" means a notice of assignment substantially in the form set out in Schedule 1 (*Notice of Assignment of Insurance*) or Schedule 2 (*Notice of Assignment of Material Contracts*), as appropriate, or in such other form as may be reasonably specified by the Secured Party

"Notice of Charge" means a notice of charge substantially in the form set out in Schedule 3 (*Notice of Charge*) or in such other form as may be reasonably specified by the Secured Party

"Operating Accounts" means the accounts of the Chargor set out in Part 1 of Schedule 4 (*Bank Accounts*) of this Debenture and such other accounts as agreed by the Parent and/or the Chargor and the Collateral Agent and, (on, or whilst there is, a Specified Default), such other accounts of the Chargor as the Collateral Agent shall specify, in each case, together with the debt or debts represented thereby

"Party" means a party to this Debenture

"Receiver" means any receiver, receiver and manager or administrative receiver appointed by the Collateral Agent over all or any of the Secured Assets under this Debenture whether solely, jointly, severally or jointly and severally with any other person and includes any substitute for any of them appointed from time to time

"Related Rights" means, in relation to any asset

- (a) the proceeds of sale 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, contracts, warranties, negotiable instruments, remedies, Security, guarantees, indemnities or covenants for title in respect of that asset, and
- (d) any moneys and proceeds paid or payable in respect of that asset

"Secured Assets" means all assets from time to time the subject of any Security Interest purported to be created by or pursuant to the Security Documents and, where the context permits, the proceeds of sale of such assets, and **"Secured Asset"** means any of them and any reference to one or more of the Secured Assets includes all or any part of it or each of them

"Security" means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect

"Security Documents" means this Debenture and any other English law governed document guaranteeing or creating security for, or supporting the obligations of any Obligor under any Loan Document

"Security Interest" means a mortgage, charge, pledge, lien or other security interest or trust arrangement securing any obligation of any person or any other agreement or arrangement having a similar effect

"Shares" means any stocks, shares, bonds, gilts, debentures, certificates of deposit, interests in collective investment schemes and securities of any kind, negotiable instruments, warrants, options and other rights to subscribe or acquire any investment referred to above, including but not limited to the shares specified in Schedule 5 (*Shares*), in each case whether held directly by the Chargor or by any third party on its behalf, and all Related Rights including all rights against such third party

"Specified Default" means the occurrence and continuance of (a) an Event of Default, or (b) a Default under clauses (a) through (d) of section 8.1.9 of the Credit Agreement

"Trust Property" means

- (a) the Security Interests created or evidenced or expressed to be created or evidenced under or pursuant to any of the Loan Documents, and expressed to be granted in favour of the Collateral Agent as trustee for the Secured Parties and all proceeds of that Security Interest,
- (b) all obligations expressed to be undertaken by an Obligor to pay amounts in respect of its liabilities to the Collateral Agent as trustee for the Secured Parties and secured by the Secured Assets together with all representations and warranties expressed to be given by an Obligor in favour of the Collateral Agent as trustee for the Secured Parties,
- (c) the Collateral Agent's interest in any trust fund created pursuant to any turnover of receipt provisions in any Loan Documents,
- (d) any other amounts or property, whether rights, entitlements, choses in action or otherwise, actual or contingent, which the Collateral Agent is required by the terms of the Loan Documents to hold as trustee on trust for the Secured Parties

"US Pledge" means US pledge and security agreement between, among others, Mitel US Holdings, Inc (as the U S Borrower), the Subsidiary Guarantors (as defined therein) and Bank of America, N A (as Collateral Agent)

1.3 Construction

(A) In this Debenture, unless the context requires otherwise, any reference to

- (1) **"assets"** includes present and future properties, revenues, rights and other assets of every description,
- (2) this Debenture includes the Schedules, which form part of this Debenture for all purposes,
- (3) the provision of cash cover is to the provision to the Collateral Agent of an amount in cash equal to the Collateral Agent's estimate of the maximum possible aggregate amount which the Chargor may at any time become liable to pay to any Secured Party in respect of the relevant contingent liabilities,
- (4) a document is to that document as varied, supplemented or replaced from time to time,
- (5) the masculine, feminine or neuter gender respectively includes the other genders, references to the singular include the plural (and vice versa),
- (6) **"including"** means "including without limitation" (with related words being construed accordingly), **"in particular"** means "in particular but without limitation" and other general words shall not be given a restrictive interpretation by reason of their being preceded or followed by words indicating a particular class of assets, matters or things,
- (7) **"indebtedness"** includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent,

- (8) a **"person"** includes any individual, firm, company or other corporation, government, state or agency of a state or any association, trust or partnership (whether or not having separate legal personality) or two or more of them and any reference to any Party includes its successors in title, permitted assignees and permitted transferees,
- (9) a **"provision of law"** is to that provision as amended, re-enacted or replaced from time to time and includes any subordinated legislation in force under it from time to time,
- (10) a Recital is to a statement made under the heading "Background" above, any reference to a **"Clause"** or a **"Schedule"** is to a clause or a schedule to this Debenture,
- (11) a **"regulation"** includes any regulation, rule, official directive, notice, request, code of practice, guideline, demand or decision (in each case whether or not having the force of law but, if not having the force of law, with which compliance is customary) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation,
- (12) a right includes any title, estate, interest, claim, remedy, power, authority, discretion or other rights of any kind, both present and future,
- (13) each Secured Party, the Chargor or the Collateral Agent respectively includes its successors in title and assigns and this Debenture shall be enforceable notwithstanding any change in the constitution of the Secured Party, its absorption in or amalgamation with any other person or the acquisition of all or part of its undertaking by any other person,
- (14) a statute or statutory provisions includes any consolidation, reenactment, modification or replacement of the same and any subordinate legislation in force under the same from time to time, and
- (15) a Loan Document or any other agreement or document is to that Loan Document or other agreement or documents as supplemented, otherwise amended, replaced or novated from time to time (however, fundamental that amendment, novation or replacement may be, even if it involves increased, new, additional and/or replacement facilities or an increase in any other amount or rate)

(B) The index and Clause, and Schedule headings are for ease of reference only

(C) If there is any inconsistency between the terms of this Debenture and those of the Credit Agreement, the terms of the Credit Agreement shall prevail

1 4 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 Debenture

1 5 Miscellaneous

(A) The terms of the documents under which the Obligations arise and of any side letters between the Chargor and any Secured Party relating to the Obligations are

incorporated in this Debenture to the extent required for any purported disposition of the Secured Assets contained in this Debenture to be a valid disposition in accordance with section 2(1) of the Law of Property (Miscellaneous Provisions) Act 1989

- (B) Notwithstanding any other provision of this Debenture, the obtaining of a moratorium under section 1A of the Insolvency Act 1986, or anything done with a view to obtaining such a moratorium (including any preliminary decision or investigation), shall not be an event causing any floating charge created by this Debenture to crystallise or causing restrictions which would not otherwise apply to be imposed on the disposal of property by the Chargor or a ground for the appointment of a Receiver

1.6 Declaration of Trust

- (A) The Collateral Agent hereby declares (and the Chargor hereby acknowledges) that the Trust Property is held by the Collateral Agent as a trustee for and on behalf of the Secured Parties on the basis of the duties, obligations and responsibilities set out in the Credit Agreement and the other Loan Documents
- (B) Section 1 of the Trustee Act 2000 shall not apply to the duties of the Collateral Agent in relation to the trusts created by this Debenture or any other Loan Document. In performing its duties, obligations and responsibilities, the Collateral Agent shall be considered to be acting only in a mechanical and administrative capacity or as expressly provided in this Debenture and the other Loan Documents
- (C) In acting as trustee for the Secured Parties under this Debenture, the Collateral Agent shall be regarded as acting through its trustee division which shall be treated as a separate entity from any other of its divisions or departments. Any information received by some other division or department of the Collateral Agent may be treated as confidential and shall not be regarded as having been given to the Collateral Agent's trustee division

2. PAYMENT OF THE OBLIGATIONS

2.1 Covenant to pay

The Chargor as primary obligor covenants with the Collateral Agent (for the benefit of itself and the other Secured Parties) that it shall pay and discharge, or procure the payment or discharge to the Collateral Agent of, each of the Obligations at the time and in the manner provided in the Loan Documents for their payment or discharge

2.2 Interest

If the Chargor fails to pay or procure the payment of any Obligations on its due date, interest shall accrue and be calculated from the due date to the date of payment (both before and after judgment) calculated and payable at the rates and on the terms set out in the Credit Agreement

2.3 Proportionate Discharge

Each sum appropriated by the Collateral Agent in accordance with the Loan Documents towards payment of accrued default interest on any Obligations which have not been paid on their due date under the Loan Documents shall, to the extent of that appropriation, discharge the Chargor's obligations to pay such interest under Clause 2.2 (*Interest*)

3. SECURITY

3.1 Fixed charges

As security for the payment and discharge of the Obligations, the Chargor with full title guarantee charges to the Collateral Agent by way of first fixed charge (which so far as it relates to land in England and Wales vested in the Chargor as at the date of this Debenture will be a charge by way of first legal mortgage)

- (A) **Chattels** all of its rights title and interest now or subsequently in any plant, real property, machinery, vehicles, equipment, and other chattels and all Related Rights,
- (B) **Other Debts** all of its rights title and interest now or subsequently in their Debts and all Related Rights,
- (C) **Goodwill** all of its rights title and interest now or subsequently in their goodwill and uncalled capital from time to time and all their rights to future calls in respect of capital,
- (D) **Bank accounts** all of its rights title and interest now or subsequently in any credit balance on any bank account in which the Chargor now or in the future has an interest and the indebtedness represented by those accounts and all Related Rights,
- (E) **Shares** all of its rights title and interest now or subsequently in all Shares and all Related Rights ,
- (F) **Intellectual property rights** all of its rights title and interest, now or subsequently, in any intellectual property, including (without limitation) all present and future patents, patent applications, trade and service marks, trade names, registered designs, confidential information and copyrights (including those in computer software) and in any licences and ancillary and connected rights relating to intangible property and all Related Rights,
- (G) **Licences** all licences, consents and authorisations (statutory or otherwise) held in connection with its business or the use of any Secured Assets and all rights of the Chargor in connection with them,
- (H) **Other documents** all of its rights in any agreements, reports and other documents from time to time relating to all or any part of the Secured Assets, and
- (I) **Insurance** to the extent not assigned under Clause 3.2 (*Assignments*) all of its rights in their Insurances and in any Insurance Proceeds and all Related Rights

3.2 Assignments

As security for the payment and discharge of the Obligations, the Chargor with full title guarantee assigns absolutely to the Collateral Agent all of its rights in its Insurances and in any Insurance Proceeds and any Material Contract

3.3 Floating charge

As security for the payment and discharge of the Obligations, the Chargor with full title guarantee charges to the Collateral Agent by way of first floating charge the whole of its undertaking, inventory and other assets both present and future (other than assets validly and effectively charged or assigned (whether at law or in equity) pursuant to Clauses 3.1

(*Fixed Charges*) and 3.2 (*Assignments*) by way of fixed security or assignment) Schedule B1, Paragraph 14.1A shall apply to the floating charge contained in this Debenture

3.4 CFC Subsidiaries

Notwithstanding any other provision of this Debenture or any other Loan Document, (i) no CFC Subsidiary is or shall be deemed to be guaranteeing or indemnifying nor shall any CFC Subsidiary be required to deliver any guarantee or indemnity, directly or indirectly, relating to, any Obligation of any Obligor that is a U.S. Person, and (ii) no provision of any Loan Document shall be effective to cause (and shall be void ab initio) any of the assets of a CFC Subsidiary to serve as security, directly or indirectly, for the Obligations of any U.S. Person

4. CRYSTALLISATION OF FLOATING CHARGE

4.1 Crystallisation by notice

The Collateral Agent may at any time by notice in writing to the Chargor convert the floating charge created by the Chargor in Clause 3.3 (*Floating charge*) into a fixed charge with immediate effect as regards any Secured Asset specified in the notice if

- (A) there is a Specified Default,
- (B) the Collateral Agent considers that any Secured Asset may be in danger of being seized or sold pursuant to any form of legal process or otherwise in jeopardy, or
- (C) the Collateral Agent considers that it is desirable to protect the priority of this Security

4.2 Automatic crystallisation

The floating charge created by the Chargor in Clause 3.3 (*Floating charge*) shall automatically (without notice to the Chargor) be converted into a fixed charge with immediate effect as regards all assets subject to the floating charge if

- (A) the Chargor creates a Security Interest over any Secured Asset or attempts to do so or any Secured Asset is disposed of contrary to Clause 6.2 (*No disposals*) or is otherwise in jeopardy,
- (B) any person levies or attempts to levy any distress, execution, sequestration or other process against any Secured Asset, or
- (C) the Collateral Agent receives notice of a proposal or intention to wind up, or appoint an administrator of, the Chargor or if a resolution is passed or an order made or a petition presented for the winding-up, administration, dissolution or reorganisation of the Chargor or the Chargor is wound up or has an Administrator or Receiver appointed or a resolution for a creditors' voluntary winding-up is passed or a creditors' voluntary winding-up is commenced

Nothing in this Clause 4 shall affect the crystallisation of the floating charge created by the Chargor under applicable law and regulation

5. PERFECTION OF SECURITY AND FURTHER ASSURANCE

5.1 Notice of Assignment

- (A) The Chargor shall

(1) promptly deliver (with a copy to the Collateral Agent) a Notice of Assignment, duly completed, to any insurer liable on any Insurance of the Chargor and to any other party to a Material Contract, and

(2) use reasonable endeavours to procure that each addressee of a Notice of Assignment acknowledges that Notice of Assignment substantially in the form attached to that Notice of Assignment (or in such other form as the Collateral Agent may approve (acting reasonably))

(B) The execution of this Debenture by the Chargor and the Collateral Agent shall constitute notice to the Collateral Agent of the above assignment of Insurance and Material Contracts

5.2 Notice of Charge

(A) The Chargor shall

(1) promptly deliver (with a copy to the Collateral Agent) a Notice of Charge, duly completed, to any bank, being a bank with which any of its bank accounts are opened or maintained, and

(2) use reasonable endeavours to procure that each addressee of a Notice of Charge acknowledges that Notice of Charge substantially in the form attached to that Notice of Charge (or in such other form as the Collateral Agent may approve (acting reasonably))

5.3 Title Documents

(A) The Chargor will promptly deposit with the Collateral Agent (or as it shall direct)

(1) all stocks and share certificates and other documents of title relating to the Shares together with stock transfer forms executed in blank and left undated on the basis that the Collateral Agent shall be able to hold such documents of title and stock transfer forms until the Termination Date and shall be entitled, on, or whilst there is, a Specified Default to complete, under its power of attorney given in this Debenture, the stock transfer forms on behalf of the Chargor in favour of itself or such other person as it shall select,

(2) all Insurance policies, and

(3) on, or whilst there is, a Specified Default, all other documents relating to the Secured Assets which the Collateral Agent may from time to time reasonably require

(B) The Collateral Agent may retain any document delivered to it under this Clause 5.3 or otherwise until the security created under this Debenture is released and, if for any reason it ceases to hold any such document before that time, it may by notice to the Chargor require that the document be redelivered to it and the Chargor shall promptly comply (or, if such document is not in its possession, use reasonable endeavours to procure compliance) with that notice

(C) Any document required to be delivered to the Collateral Agent under this Clause 5.3 which is for any reason not so delivered or which is released by the Collateral Agent to the Chargor shall be held on trust by the Chargor for the Collateral Agent

5.4 Further assurance

The Chargor shall at the request of the Collateral Agent and at its own expense promptly execute (in such form as the Collateral Agent may require) any Instruments or other documents and otherwise do any acts and things which the Collateral Agent may require to improve, preserve, perfect or protect the Security created (or intended to be created) by this Debenture or the priority of it or to facilitate the realisation or enforcement of it or to exercise any of the rights of the Collateral Agent or any Receiver in relation to the same

6. NEGATIVE PLEDGE AND DISPOSALS

6.1 Negative pledge

Except as permitted under the Credit Agreement, the Chargor undertakes that it will not, at any time prior to the Discharge Date, create or permit to subsist any Security Interest over any Secured Asset

6.2 No disposals

Except as permitted under the Credit Agreement, the Chargor undertakes that it will not, at any time prior to the Discharge Date, dispose of (or agree to dispose of) all or any part of any Secured Asset (other than in respect of assets charged under Clause 3.3 (*Floating charge*) on arm's length terms in the ordinary course of trading) or the equity of redemption therein or permit any person to do any such thing

7. OTHER COVENANTS OF GENERAL APPLICATION

7.1 Information and access

(A) The Chargor shall as soon as reasonably practicable deliver to the Collateral Agent from time to time on request such information about its business, the Secured Assets and its compliance with the terms of this Debenture as the Collateral Agent may reasonably require

(B) The Chargor shall permit the Collateral Agent, any Receiver and/or any representatives, agents or contractors of any of them free access, at all reasonable times and on giving reasonable notice, to the Secured Assets and any books, accounts and records relating to them (including allowing free unrestricted access to any freehold or leasehold property in which any of the Secured Assets and any books, accounts and records relating to them are located from time to time) to examine the state and condition of those assets, to inspect and take copies and extracts from those books, accounts and records, to comply with or object to any direction or notice or other matter served on them or to carry out any repairs or take any other action (including the payment of money and any action taken in relation to the enforcement of this Security) which the Collateral Agent considers necessary or desirable to remedy any failure to comply with any obligation of the Chargors under the Loan Documents

7.2 Covenants, legal obligations and payments

The Chargor shall

(A) observe, perform and otherwise comply in all material respects with all covenants and other obligations and matters from time to time affecting any of the Secured Assets or their use or enjoyment and (if required by the Collateral Agent) produce evidence to satisfy the Collateral Agent that they are complying with this obligation,

(B) comply in all material respects with all (and not permit any breach of any) bye-laws, other laws and regulations (whether relating to planning, building or any other matter) affecting any of the Secured Assets, and

(C) pay (or use reasonable endeavours to procure the payment of) all rents, rates, taxes, charges, assessments, impositions and other outgoings of any kind which are from time to time payable (whether by the owner or the occupier) in respect of any of the Secured Assets except to the extent that the same are being contested in good faith

7.3 Enforcement of rights

The Chargor shall (at its own cost) use its best endeavours to enforce any rights and institute, continue or defend any proceedings relating to any of the Secured Assets which the Collateral Agent may from time to time require

7.4 Management of Secured Assets

The Chargor shall manage their Secured Assets in a proper and efficient manner and in particular shall

(A) keep its Secured Assets in good and substantial repair and working order (allowing for fair wear and tear),

(B) not without the prior written consent of the Collateral Agent make, permit or allow any alterations or additions of a material nature to any of their Secured Assets or carry out any works of demolition on them, and

(C) not do, permit or allow to be done anything which might in any way depreciate, jeopardise or otherwise prejudice the Security Interests constituted by this Debenture and held by the Collateral Agent or the value of any of the Secured Assets and shall immediately inform the Collateral Agent of anything which occurs which might have that effect

7.5 Maintenance of insurance

The Chargor shall, at all times until the Discharge Date

(A) in accordance with the terms of the Credit Agreement, insure and keep insured, with reputable and responsible insurers approved by the Collateral Agent (such approval not to be unreasonably withheld or delayed), those of the Secured Assets which are of an insurable nature, either in the name of the Chargor with the interest of the Collateral Agent noted on the Insurances, or, at the option of the Collateral Agent, in the joint names of the Chargor and the Collateral Agent, against risks usually insured against by prudent companies carrying on businesses similar to those of the Chargor and on such terms as the Collateral Agent may from time to time reasonably require,

(B) comply with the conditions and other terms of its Insurances and not do or permit to be done anything which may make its Insurances void or voidable,

(C) duly and promptly pay all premiums and other monies necessary to effect and maintain its Insurances and produce to the Collateral Agent upon request a copy or sufficient extract of each policy together with evidence of the payment of those monies, and

(D) if required by the Collateral Agent, subject to the provisions of any lease of the Secured Assets, deliver to the Collateral Agent all policies of insurance relating to the Secured

Assets or produce those policies to the Collateral Agent and/or its representatives or agents for inspection

7.6 Default in relation to insurance

If the Chargor fails to comply with any of its obligations as to insurance, the Collateral Agent may, but shall not be required to, take out, renew or maintain the relevant insurance on the terms, in the name(s) and in the amount(s) which it considers appropriate

7.7 Application of Insurance Proceeds

Clause 14.2 (*Insurance Proceeds*) provides for the application of any Insurance Proceeds

7.8 Covenants for title

The obligations of the Chargor under this Debenture and any document entered into pursuant to this Debenture shall be in addition to the covenants for title deemed to be included in this Debenture or such other document by virtue of Part 1 Law of Property (Miscellaneous Provisions) Act 1994

8. DEBTS AND ACCOUNTS

8.1 No dealings with Debts

Save as permitted by the Credit Agreement, the Chargor shall not create a Security Interest, dispose, release, set-off, compound or otherwise deal over, of or with its Debts otherwise than by getting in and realising them in the ordinary and proper course of its business (and for this purpose the realisation of Debts by means of block discounting, factoring or the like shall not be regarded as dealing in the ordinary and proper course of its business)

8.2 Payments of Debts

The Chargor shall promptly pay, or procure the prompt payment of, all monies received by it or on its behalf in respect of any of their Debts into one of its bank accounts with its principal bankers. Until that payment, it will hold, or procure that the recipient holds, those moneys on trust for the Collateral Agent

9. SHARES

9.1 Voting rights and distributions

(A) Until there is a Specified Default, the Chargor shall be entitled to

- (1) receive and retain all dividends, distributions and other amounts paid on or derived from the Shares, and
- (2) exercise or direct the exercise of the voting rights and other rights and powers attached to its Shares in any manner as it sees fit other than in a manner which
 - (a) is in breach of any Loan Document or which may adversely affect the validity or enforceability of the Security constituted by this Debenture or the value of such Shares, or
 - (b) would cause the Collateral Agent or its nominee to incur any cost or expense or render itself subject to any liability for which it has not

previously been indemnified to its satisfaction or would otherwise prejudice the Collateral Agent

(B) On, or whilst there is, a Specified Default

(1) the Collateral Agent or any applicable Receiver may at its discretion (in the name of the Chargor or otherwise and without any further consent or authority from the Chargor) but shall not be obliged to

(a) transfer the Shares on behalf of the Chargor to such nominee as the Collateral Agent shall select,

(b) receive and retain all dividends, distributions and other moneys paid on the Shares and apply the same in accordance with Clause 14.1 (*Order of priority*), and

(c) exercise any voting rights and any other rights and powers attached to any Shares in such manner as it considers fit as if it were the sole beneficial owner of the Shares (including all powers given to trustees under Part II of the Trustee Act 2000),

(2) the Chargor shall comply, or procure the compliance, with any directions of the Collateral Agent or any Receiver in respect of the exercise of any rights and powers exercisable in relation to such Shares and shall promptly execute and/or deliver to the Collateral Agent or any Receiver such forms of proxy as it or he requires with a view to enabling such person as it or he selects to exercise those rights, and

(C) any Derivative Rights shall, if received by the Chargor or its nominee, be held on trust for and forthwith paid or transferred to the Collateral Agent or the Receiver

9.2 Calls

(A) The Chargor shall promptly pay all calls or other payments which may at any time become due in respect of any of the Shares

(B) If the Chargor fails to comply with paragraph (a) above within five Business Days (or such longer period as is specified for payment), the Collateral Agent may, if it thinks fit, pay such calls or other payments on behalf of the Chargor. The Chargor shall promptly on request from the Collateral Agent reimburse the Collateral Agent for any such payment plus interest from the date of payment by the Collateral Agent until the date of reimbursement at the rate and in accordance with Clause 2.2 (*Interest*)

9.3 Offers

If any Shares are offered for subscription or purchase by way of rights in respect of any of the Shares

(A) if those Shares are vested in the Chargor or its nominee, the Chargor shall forthwith notify the Collateral Agent of the offer and if the Collateral Agent so requires by notice to the Chargor, the Chargor shall accept or procure the acceptance of the offer and make any payments required in connection with such acceptance, or

(B) if those Shares are vested in the Collateral Agent or its nominee and if the Collateral Agent so requires by notice to the Chargor, the Chargor shall immediately put the

Collateral Agent in funds to enable it or its nominee to accept the offer and make any payments required in connection with such acceptance

9.4 Representations regarding Shares

The Chargor represents and warrants to the Collateral Agent that

- (A) it is the sole legal and beneficial owner of the Shares,
- (B) such Shares are free from all Security, options and other third party rights (except as created by this Debenture),
- (C) such Shares are fully paid, and
- (D) the constitution of a relevant company to which the Shares relate does not restrict or otherwise limit the Chargor's right to transfer or charge the Secured Assets

10 ENFORCEMENT – GENERAL PROVISIONS

10.1 Enforcement

On, or whilst there is, a Specified Default

- (A) the Chargor shall on demand provide cash cover for all of its contingent Obligations to the Collateral Agent and for all notes or bills accepted, endorsed or discounted and all guarantees or other Instruments entered into by the Collateral Agent for or at the request of the Chargor, and
- (B) the Security Interests constituted by this Debenture shall become immediately enforceable and the Collateral Agent may enforce all or any of its rights under this Debenture as it thinks fit. In particular, it may without further notice exercise in relation to the Secured Assets
 - (1) the power of sale and all other powers conferred on mortgagees by the LPA (or otherwise by law) or on an administrative receiver by the IA, in either case as extended or otherwise amended by this Debenture,
 - (2) to the extent that Clause 11 (*Right of appropriation*) applies, the power to appropriate the Secured Assets in or towards the payment and discharge of the Obligations in accordance with Clause 11.2 (*Exercise of right of appropriation*), and
 - (3) (without first appointing a Receiver) any or all of the rights which are conferred by this Debenture (whether expressly or by implication) on a Receiver

10.2 LPA provisions

- (A) The Obligations shall be deemed for the purposes of all powers implied by statute to have become due and payable within the meaning of s101 LPA immediately on the execution of this Debenture
- (B) s93(1) LPA (restriction on the consolidation of mortgages), s103 LPA (restricting the power of sale) and s109 LPA (restricting the power to appoint a receiver) shall not apply to this Security

- (C) The power of sale or other disposal and other powers conferred on the Collateral Agent and any Receiver by this Debenture shall operate as a variation and extension of the statutory power of sale and other powers conferred on mortgagees under Section 101 of the LPA and such powers shall arise on the date of this Debenture free from the restrictions imposed by Section 103 of the LPA

10 3 Protection of third parties

- (A) No purchaser, mortgagee or other person dealing with a Receiver or the Collateral Agent shall be bound to enquire whether its right to exercise any of its rights has arisen or become exercisable, or be concerned as to the application of any money paid, raised or borrowed or as to the propriety or regularity of any sale by or other dealing with that Receiver or the Collateral Agent
- (B) All of the protection to purchasers contained in ss104 and 107 LPA and s42(3) IA shall apply to any person purchasing from or dealing with a Receiver or the Collateral Agent as if the Obligations had become due and the statutory powers of sale and of appointing a Receiver in relation to the Secured Assets had arisen on the date of this Debenture

10 4 Delegation

- (A) The Collateral Agent may delegate to any person or persons all or any of the rights which are exercisable by it under this Debenture. A delegation under this Clause 10 4 may be made in any manner (including by power of attorney) and on any terms (including power to sub-delegate) which the Collateral Agent may think fit
- (B) A delegation under Clause 10 4(A) shall not preclude the subsequent exercise of those rights by the Collateral Agent itself nor preclude the Collateral Agent from making a subsequent delegation of them to another person or from revoking that delegation
- (C) The Collateral Agent shall not be liable or responsible to the Chargor for any loss or damage arising from any act, default, omission or misconduct on the part of any delegate or sub-delegate unless such loss or damage was directly caused by the Collateral Agent's gross negligence or wilful misconduct

10 5 No liability

None of the Collateral Agent, any Receiver or any Administrator shall be liable as a mortgagee in possession or otherwise to account in relation to all or any part of the Secured Assets for any loss on realisation or for any other action, default or omission for which it or he might be liable

11. RIGHT OF APPROPRIATION

11 1 Application of right of appropriation

This Clause 11 applies to the extent any of the Secured Assets constitute "financial collateral" and this Debenture constitutes a "security financial collateral arrangement" (within the meaning of the Financial Collateral Arrangements (No 2) Regulations 2003) (the "**Regulations**")

11 2 Exercise of right of appropriation

If and to the extent that this Clause 11 applies, the Collateral Agent may appropriate all or any of the Secured Assets. If the Collateral Agent exercises its right of appropriation then it shall for these purposes value

- (A) in the case of cash, the amount standing to the credit of any bank account together with any accrued interest not credited to the account, at the time of the appropriation, and
- (B) any other relevant Secured Asset by reference to an independent valuation or other procedure determined by the Collateral Agent, acting reasonably, at the time of the appropriation

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

12. APPOINTMENT OF RECEIVER

12.1 Appointment of Receiver

Without prejudice to any statutory or other powers of appointment of the Collateral Agent under the LPA as extended by this Debenture or otherwise, at any time after this Security has become enforceable or if the Chargor so requests in writing at any time the Collateral Agent may without further notice to the Chargor do any of the following

- (A) appoint by deed or otherwise (acting through a duly authorised officer) any one or more persons qualified to act as a Receiver to be a Receiver of all or any part of the Secured Assets,
- (B) either at the time of appointment or any time after that appointment fix his or their remuneration (without being limited by the maximum rate specified in s109(6) LPA), and
- (C) (except as otherwise required by statute) remove any Receiver and appoint another or others in his or their place

12.2 Powers of Receiver

- (A) Any Receiver appointed pursuant to this Debenture shall (subject to any restrictions in the instrument appointing him) have in relation to the Secured Assets (and any other assets which when got in, would be Secured Assets) in relation to which he is appointed
 - (1) all the powers conferred on an administrative receiver or receiver under the IA,
 - (2) all the powers conferred by the LPA or any other applicable law on mortgagees, mortgagees in possession and on receivers, and
 - (3) all the powers and rights of an absolute owner and power to do or omit to do anything which the Chargor itself could do or omit to do
- (B) Every Receiver shall have in relation to the Secured Assets (every reference in this Clause 12.2 to "Secured Assets" being a reference only to all or any part of the Secured Assets in respect of which that Receiver was appointed) the powers granted by the LPA to any receiver appointed under it or to any mortgagor or mortgagee in possession and (whether or not the Receiver is an administrative receiver) the powers granted by the IA to any administrative receiver, all as varied and extended by this

Debenture In addition, but without limiting the preceding sentence, every Receiver shall have power to do the following

- (1) **Collection** enter on, take possession of, collect and get in the Secured Assets and collect and get in all rents and other income whether accrued before or after the date of his appointment and for those purposes make any demands and take any actions or other proceedings which may seem to him expedient,
- (2) **Compliance with Debenture** comply with and perform all or any of the acts, matters, omissions or things undertaken to be done or omitted by the Chargor under this Debenture,
- (3) **Management of business** carry on, manage, develop, reconstruct, amalgamate or diversify the business of the Chargor or any part of it in such manner as he shall in his discretion think fit,
- (4) **Dealing with Secured Assets** sell or otherwise dispose of the Secured Assets, grant easements, rights or options over or in respect of them and surrender, accept the surrender or vary any agreement or arrangement relating to them This power may be exercised without the need to comply with ss99 and 100 LPA Any disposal or other dealing under this Clause 12 2(B)(4) may be effected in the manner and on the terms which he thinks fit, for consideration consisting of cash, debentures or other obligations, shares or other valuable consideration and this consideration may be payable in a lump sum or by instalments spread over a period as he may think fit,
- (5) **Severance of assets** sever from the premises to which they are annexed and sell separately (in accordance with Clause 12 2(B)(4)) any plant, machinery or fixtures,
- (6) **Upkeep of Secured Assets** repair, decorate, furnish, maintain, alter, improve, replace, renew or add to the Secured Assets as he shall think fit and effect, maintain, renew or increase indemnity insurance and other insurances and obtain bonds,
- (7) **Dealing with third parties** appoint or dismiss officers, employees, contractors or other agents and employ professional advisers and others on such terms (as to remuneration and otherwise) as he may think fit,
- (8) **Agreements** perform, repudiate, terminate, amend or enter into any arrangement or compromise any contracts or agreements which he may consider expedient,
- (9) **Proceedings** settle, arrange, compromise or submit to arbitration any accounts, claims, questions or disputes which may arise in connection with the business of the Chargor or the Secured Assets and bring, prosecute, defend, enforce, compromise, submit to and discontinue any actions, suits, arbitrations or other proceedings,
- (10) **Uncalled capital** make calls on the shareholders of the Chargor in respect of any of its uncalled capital,
- (11) **Rights in connection with Secured Assets** exercise or permit the Chargor or any nominee of the Chargor to exercise any rights incidental to the ownership of the Secured Assets in such manner as he may think fit,

- (12) **Subsidiaries** form a subsidiary or subsidiaries of the Chargor and transfer, lease or license to it or them or any other person the Secured Assets on such terms as he may think fit,
- (13) **Assets and rights** purchase, lease, hire or otherwise acquire any assets or rights of any description which he shall consider necessary or desirable for the carrying on, improvement or realisation of the Secured Assets or the business of the Chargor or otherwise for the benefit of the Secured Assets,
- (14) **Landlord and tenant powers** exercise any rights conferred on a landlord or a tenant by any applicable law or regulation in relation to the Secured Assets,
- (15) **Raising money** in the exercise of any of the rights conferred on him by this Debenture or for any other purpose to raise and borrow money either unsecured or secured and either in priority to, pari passu with or subsequent to this Security and generally on such terms as he may think fit,
- (16) **Receipts and discharges** give valid receipts for all monies and execute all discharges, assurances and other documents which may be proper or desirable for realising the Secured Assets and redeem, discharge or compromise any Security Interest whether or not having priority to the Security or any part of it,
- (17) **All other acts** execute and do all such other acts, things and documents as he may consider necessary or desirable for the realisation or preservation of the Secured Assets or incidental or conducive to any of the rights conferred on or vested in him under or by virtue of this Debenture or otherwise and exercise and do in relation to the Secured Assets, and at the cost of the Chargor, all the rights and things which he would be capable of exercising or doing if he were the absolute beneficial owner of the same, and
- (18) **Name of Chargor** use the name of the Chargor or his own name to exercise all or any of the rights conferred by this Debenture

12.3 Agent of the Chargor

Any Receiver appointed under this Debenture whether acting solely or jointly shall be deemed to be the agent of the Chargor (or acting as principal, after liquidation of the Chargor) and to be in the same position as a receiver appointed under the LPA and the Chargor shall be solely responsible for his acts, omissions, defaults, losses and misconduct and for his remuneration and the Collateral Agent shall not be in any way liable or responsible either to the Chargor or to any other person for any Receiver

12.4 Joint appointment

If at any time two or more persons have been appointed as Receivers of the same Secured Assets, each one of those Receivers shall be entitled to exercise individually all of the rights conferred on Receivers under this Debenture to the exclusion of the other or others in relation to any of the Secured Assets in respect of which he has been appointed unless the Collateral Agent shall state otherwise in the document appointing him

13. APPOINTMENT OF ADMINISTRATOR

13.1 Appointment of Administrator

- (A) The Collateral Agent may without notice appoint any one or more persons to be an administrator of the Chargor pursuant to Schedule B1, Paragraph 14 IA at any time after this Security has become enforceable
- (B) Clause 13 1(A) shall not apply to the Chargor if Schedule B1, Paragraph 14 IA does not permit an administrator of the Chargor to be appointed
- (C) Any appointment under Clause 13 1(A) shall be in writing signed by a duly authorised officer of the Collateral Agent

13 2 Replacement of an Administrator

The Collateral Agent may (subject to any necessary approval from the court) end the appointment of any Administrator by notice in writing signed by a duly authorised officer and appoint under Clause 13 1 (*Appointment of Administrator*) a replacement for any Administrator whose appointment ends for any reason

14. APPLICATION OF PROCEEDS

14 1 Order of priority

Any monies received by the Collateral Agent or any Receiver under this Debenture or under the rights conferred by this Debenture shall, on, or whilst there is, a Specified Default and payment of any claims having priority to this Security, be applied in the following order, but without prejudice to the right of the Collateral Agent to recover any shortfall from the Chargor

- (A) where applicable, in payment of all Losses of and incidental to the appointment of the Receiver and the exercise of all or any of his powers,
- (B) where applicable, in payment of the Receiver's remuneration at such rate as may be agreed with the Collateral Agent,
- (C) in or towards discharge of the Obligations in such order as the Collateral Agent in its absolute discretion thinks fit, and
- (D) if the Chargor is not under any further actual or contingent liability under any Loan Document, in payment of the surplus (if any) to the person or persons entitled to it

The application of monies received by an Administrator will be governed by the IA

14 2 Insurance Proceeds

- (A) All monies received by the Chargor by virtue of any Insurance on the Secured Assets, whether or not effected under this Debenture
 - (1) shall be deemed part of the Secured Assets, and
 - (2) shall, save with the prior written consent of the Collateral Agent, be paid to the Collateral Agent. This shall apply whether the event pursuant to which those monies became payable occurred before, on or after the date of this Debenture
- (B) Subject to the rights of any lessee, any monies so paid to the Collateral Agent or otherwise received by the Collateral Agent by virtue of any insurance on the Secured Assets shall be applied at the discretion of the Collateral Agent either in reduction of

the Obligations or in or towards making good the loss or damage in respect of which they became payable. The Chargor waives any right it may have to require that those monies be applied in or towards making good the loss or damage in respect of which they became payable.

- (C) Any monies received by the Chargor by virtue of any Insurance on the Secured Assets shall be held on trust for the Collateral Agent until those monies are paid to the Collateral Agent in accordance with this Clause 14.2

15. GENERAL SECURITY PROVISIONS

15.1 All or any of the rights which are conferred by this Debenture (either expressly or impliedly) or by law upon a Receiver may be exercised after the Security Interests in respect of the Secured Assets become enforceable by the Collateral Agent or, to the extent permitted by law, an Administrator, irrespective of whether the Collateral Agent shall have taken possession or appointed a Receiver of the Secured Assets.

15.2 Continuing security

This Debenture is a continuing security and will extend to the ultimate balance of the Obligations regardless of any intermediate payment or discharge in whole or in part to the Collateral Agent and shall be binding until the Termination Date.

15.3 Additional Security

This Debenture is in addition to and is not in any way prejudiced by any other guarantee or Security Interest now or subsequently held by or on behalf of the Collateral Agent.

15.4 Immediate recourse

The Chargor waives any right it may have of first requiring Collateral Agent to proceed against or enforce any Security Interest or other rights or claim payment from any other person before claiming from it under this Debenture. This waiver applies irrespective of any applicable law and regulation or any provision of any Loan Documents to the contrary.

15.5 Discretion in enforcement

Until the Discharge Date, the Collateral Agent or any Receiver may

- (A) refrain from applying or enforcing any other monies, Security Interests or other rights held or received by it in respect of the Obligations or apply and enforce them in such manner and order as it sees fit (whether against the Obligations or otherwise) and the Chargor shall not be entitled to the benefit of the same, and
- (B) hold in an interest-bearing suspense account any monies received from the Chargor or on account of the Obligations.

15.6 Subsequent Security Interests

At any time following

- (A) the Collateral Agent's receipt of notice (either actual or constructive) of any subsequent Security Interest affecting the Secured Assets,
- (B) the Insolvency of the Chargor, or

(C) any disposal of all or any of the Secured Assets in breach of Clause 6.2 (*No disposals*),

the Collateral Agent may open a new account or accounts in the name of the Chargor (whether or not it permits any existing account to continue). If the Collateral Agent does not open such a new account, it shall nevertheless be treated as if it had done so at the time when the notice was received or was deemed to have been received or, as the case may be, the Insolvency commenced or the assignment or transfer occurred and from that time all payments made by the Chargor to, the Collateral Agent or received by the Collateral Agent for the account of the Chargor shall be credited or treated as having been credited to the new account and shall not operate to reduce the amount secured by this Debenture at the time when the Collateral Agent received or was deemed to have received that notice or, as the case may be, the Insolvency commenced or the assignment or transfer occurred.

16. POWER OF ATTORNEY

16.1 Appointment

The Chargor irrevocably and by way of security appoints the Collateral Agent and any Receiver and every delegate referred to in Clause 10.4 (*Delegation*) and each of them jointly and also severally to be their attorney (with full powers of substitution and delegation) and in its name or otherwise and on its behalf and as its act and deed to execute, deliver and perfect all Instruments and other documents and do any other acts and things which may be required or which the attorney may consider desirable.

(A) to carry out any obligation imposed on it by this Debenture,

(B) if the Security Interests constituted by this Debenture have become enforceable, to carry into effect any disposal or other dealing by the Collateral Agent or any Receiver,

(C) if the Security Interests constituted by this Debenture have become enforceable, to convey or transfer any right in land or any other asset,

(D) if the Security Interests constituted by this Debenture have become enforceable, to get in the Secured Assets, and

(E) generally to enable the Collateral Agent and any Receiver to exercise the respective rights conferred on them by this Debenture or by applicable law and regulation,

and the Chargor undertakes to ratify and confirm all acts and things done by an attorney in the exercise or purported exercise of its powers and all monies spent by an attorney shall be deemed to be expenses incurred by the Collateral Agent under this Debenture.

16.2 Irrevocable power

The Chargor acknowledges that each power of attorney granted by Clause 16.1 (*Appointment*) is granted irrevocably and for value as part of this Security to secure a proprietary interest of, and the performance of obligations owed to, the donee within the meaning of s4 Powers of Attorney Act 1971.

17. RETENTION OF SECURITY

17.1 Release of Security

Upon

(A) the Disposition of any Secured Asset permitted in accordance with the Credit Agreement,
or

(B) the occurrence of the Termination Date,

and subject to Clause 17 2 (*Reinstatement*), the Security Interests granted in this Debenture shall automatically terminate with respect to such Secured Asset (in the case of Clause 16 1(A)) or all Secured Assets (in the case of Clause 16 1(B))

Upon any such Disposition or termination, the Collateral Agent will, at the Chargor's sole expense, deliver to the Chargor, without any representations, warranties or recourse of any kind whatsoever, the Secured Assets that are the subject of the Disposition (in the case of Clause 16 1(A)) or all Secured Assets held by the Collateral Agent under this Debenture, (in the case of Clause 16 1(B)) and execute and deliver to the Chargor such documents (in a form reasonably acceptable to the Collateral Agent) as the Chargor shall reasonably request to evidence such termination

17 2 Reinstatement

(A) Any release, settlement, discharge, re-assignment or arrangement (in this Clause 17, a "release") made by the Collateral Agent on the faith of any assurance, security or payment shall be conditional on that assurance, security or payment not being avoided, reduced, clawed back or ordered to be repaid under any law relating to Insolvency

(B) If any avoidance, reduction or clawback occurs or order is made as referred to in Clause 17 2(A), then the release given by the Collateral Agent shall have no effect and shall not prejudice the right of the Collateral Agent to enforce this Security in respect of the Obligations. As between the Chargor and the Collateral Agent, this Security shall (notwithstanding the release) be deemed to have remained at all times in effect and held by the Collateral Agent as Security for the Obligations

18. PRIOR SECURITY INTERESTS

18 1 Redemption

The Collateral Agent may at any time

(A) redeem, or procure the transfer to itself of, any prior Security Interest over any Secured Assets, or

(B) settle and pass the accounts of the holder of any prior Security Interest. Any accounts so settled and passed shall be conclusive and binding on the Chargor

18 2 Costs of redemption

All principal monies, interest, costs, expenses and other amounts incurred in and incidental to any redemption or transfer under Clause 18 1 (*Redemption*) shall be paid by the Chargor to the Collateral Agent on demand, in each case together with interest calculated in the manner referred to in Clause 19 1 (*Costs and expenses*)

19. COSTS

19 1 Costs and expenses

The Chargor shall promptly on demand pay the Collateral Agent on a full indemnity basis the amount of all costs and expenses (including legal fees and other out of pocket expenses and any value added tax thereon) properly incurred by it in connection with

- (A) the negotiation, preparation and execution of the Security Documents,
- (B) any actual or proposed amendment of or waiver or consent under or in connection with this Debenture requested by the Chargor,
- (C) any discharge or release of this Security,
- (D) the preservation or exercise (or attempted preservation or exercise) of any rights under or in connection with, and the enforcement (or attempted enforcement) of any of the Security Documents and the perfection or enforcement of any other Security Interest for or guarantee in respect of the Obligations,
- (E) the taking or holding of this Security or any proceedings in relation to it or to all or any of the Secured Assets, and
- (F) any advice obtained in relation to any other matter or question arising out of or in connection with any of the Security Documents,

together with interest from the date it is incurred or becomes payable up to the date of receipt by the Collateral Agent (both before and after judgement), accruing on a daily basis and in the manner set out in Clause 2.2 (*Interest*)

18.2 Taxes

The Chargor shall pay all stamp, registration and other taxes to which this Debenture, or any judgment or order given in connection with this Debenture may at any time be subject and shall on demand indemnify the Collateral Agent against any Losses resulting from any failure to pay or delay in paying the same

20. INDEMNITY

20.1 General indemnity

The Chargor shall on demand indemnify and keep indemnified the Collateral Agent and every Receiver, attorney, manager, agent or other person appointed by the Collateral Agent under this Debenture and their respective employees, officers, directors and agents in respect of all Losses incurred or suffered by any of them in or directly or indirectly as a result of the exercise or purported exercise of any of the rights vested in them under this Debenture and against all Losses suffered or incurred by any of them in respect of any matter or thing done or omitted relating to the Secured Assets, together with interest from the earlier of the date of demand and the date of payment by that person up to the date of receipt by that person (both before and after judgement), accruing on a daily basis under the terms of the Credit Agreement and in accordance with Clause 2.2 (*Interest*), provided, however, that nothing in this Section 20.1 shall require the Chargor to indemnify any person with respect to taxes which (but without prejudice to the provisions of the Credit Agreement) shall be governed exclusively by Section 18.2 hereof or where a Loss arises as a result of the indemnified party's gross negligence or wilful misconduct. The Collateral Agent and any Receiver may retain and pay all those sums out of any monies received by it or him under this Debenture. To the extent permitted by applicable law, the Chargor waives, any claim against any indemnified party on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this

Debenture or otherwise relating to the Secured Assets except any claim arising out of the indemnified party's gross negligence or wilful misconduct

20.2 Indemnity for breach

The Chargor shall on demand indemnify and keep indemnified the Collateral Agent in respect of all Losses properly occasioned by any breach of any of their covenants or other obligations under this Debenture or otherwise relating to all or any part of the Secured Assets, together with interest from the earlier of the date of demand by the Collateral Agent and the date of payment up to the date of receipt by the Collateral Agent (both before and after judgement), accruing on a daily basis and in accordance with Clause 2.2 (*Interest*), provided, however, that nothing in this Section 20.2 shall require the Chargor to indemnify any person with respect to taxes which (but without prejudice to the provisions of the Credit Agreement) shall be governed exclusively by Section 18.2 hereof

21. TRANSFERS

21.1 Collateral Agent

The Collateral Agent may assign any or all of its rights and transfer any or all of its obligations under this Debenture without the consent of the Chargors being required

21.2 Chargor

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

21.3 Disclosure of information

The Collateral Agent may disclose any information about the Chargor which it shall consider appropriate to any affiliate, any of its professional advisers, any person to whom it is proposing to assign or transfer, or has assigned or transferred, any of its rights and obligations under this Debenture or to any person to whom information may be required to be disclosed by any applicable law and regulation

22. COLLATERAL AGENT PROVISIONS

22.1 Appointment of the Collateral Agent

(A) Pursuant to the Credit Agreement each Secured Party irrevocably appoints the Collateral Agent to act as Collateral Agent in connection with the Loan Documents

(B) Each of the Secured Parties authorises the Collateral Agent to exercise the rights specifically given to the Collateral Agent under or in connection with the Loan Documents together with any other incidental rights

22.2 Role of the Collateral Agent

(A) The Collateral Agent shall hold the benefit of the Security Documents on trust for the Secured Parties

(B) If the Collateral Agent receives notice from a party referring to this Debenture, describing a Specified Default and stating that the circumstance described is a Specified Default, it shall promptly notify the Secured Parties

- (C) The Collateral Agent does not have any duties except those expressly set out in the Loan Documents. In particular, the Collateral Agent shall not be subject to the duty of care imposed on trustees by the Trustee Act 2000

22.3 No fiduciary duties

The Collateral Agent shall not be bound to account to any other Secured Party for any sum or the profit element of any sum received by it for its own account

22.4 Business with the Chargor

The Collateral Agent may accept deposits from, lend money to, invest in and generally engage in any kind of banking or other business with the Chargor and any Affiliate of the Chargor

22.5 Discretions of the Collateral Agent

- (A) The Collateral Agent may rely on

- (1) any representation, notice, document or other communication believed by it to be genuine, correct and appropriately authorised, and
- (2) any statement made by a director, authorised signatory or employee of any person regarding any matters which may reasonably be assumed to be within his or her knowledge or within his or her power to verify

- (B) The Collateral Agent may assume that

- (1) there is no Specified Default, and
- (2) any right vested in any Secured Party has not been exercised

- (C) The Collateral Agent may engage, pay for and rely on the advice or services of any lawyers, accountants, surveyors or other experts

- (D) The Collateral Agent may act in relation to the Loan Documents through its personnel and agents

- (E) Notwithstanding that the Collateral Agent and one or more of the other Secured Parties may from time to time be the same entity, that entity has entered into the Loan Documents in those separate capacities. However, where the Loan Documents provide for the Collateral Agent and the other Secured Parties to provide instructions to or otherwise communicate with one or more of the others of them, then for so long as they are the same entity it will not be necessary for there to be any formal instructions or other communication, notwithstanding that the Loan Documents provide in certain cases for the same to be in writing

- (F) Except as otherwise expressly provided in this Debenture, the Collateral Agent shall be and is hereby authorised to assume without enquiry, in the absence of actual notice to the contrary, that each of the parties to any of the Loan Documents (other than the Collateral Agent) is duly performing and observing all the covenants and provisions contained in or arising pursuant to this Debenture or any other Loan Document respectively relating to it and on its part to be performed and observed

22.6 Required Lenders' instructions

- (A) Unless a contrary indication appears in a Loan Document, the Collateral Agent shall
- (1) act in accordance with any instructions given to it by the Required Lenders (or, if so instructed by the Required Lenders or in the absence of an instruction from them, refrain from acting or exercising any power, authority, discretion or other right vested in it as Collateral Agent), and
 - (2) not be liable for any act (or omission) if it acts (or refrains from taking any action) in accordance with an instruction of the Required Lenders
- (B) Unless a contrary indication appears in a Loan Document, any instructions given by the Required Lenders will be binding on all the Lenders
- (C) The Collateral Agent may refrain
- (1) from acting (in accordance with the instructions of the Required Lenders (or, if appropriate, the Lenders) or otherwise) until it has received such security and/or indemnity as it may require for any Losses (including any associated irrevocable VAT) which it may incur in complying with the instructions, and
 - (2) from doing anything which may in its opinion be a breach of any law or duty of confidentiality or be otherwise actionable at the suit of any person
- (D) In the absence of instructions from the Required Lenders (or, if appropriate, the Lenders), the Collateral Agent may act (or refrain from taking action) as it considers to be in the best interest of the Required Lenders
- (E) The Collateral Agent is not authorised to act on behalf of a Lender (without first obtaining that Lender's consent) in any legal or arbitration proceedings relating to any Loan Document

22.7 Responsibility for documentation

The Collateral Agent is not responsible for

- (A) the adequacy, accuracy and/or completeness of any information (whether oral or written) supplied by any Secured Party, the Chargor or any other person given in or in connection with any Loan Document, or
- (B) the legality, validity, effectiveness, adequacy or enforceability of any Loan Document or any other agreement, arrangement or other document entered into, made or executed in anticipation of or in connection with any Loan Document

22.8 Exclusion of liability

- (A) Without limiting Clause 22.8(B), the Collateral Agent will not be liable for any action taken by it under or in connection with any Loan Document, unless directly caused by its gross negligence or wilful misconduct
- (B) No Party may take any proceedings against any officer, employee or agent of the Collateral Agent in respect of any claim it might have against the Collateral Agent or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Loan Document. Any officer, employee or agent of the Collateral Agent may rely on this Clause 22.8(B)

- (C) The Collateral Agent will not be liable for any delay (or any related consequences) in crediting an account with an amount required under the Loan Documents to be paid by the Collateral Agent if the Collateral Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Collateral Agent for that purpose
- (D) The Collateral Agent shall not be under any obligation to insure any of the Secured Assets or any certificate, note, bond or other evidence in respect of any of them or to require any other person to maintain that insurance and shall not be responsible for any Losses which may be suffered as a result of the lack or inadequacy of that insurance
- (E) The Collateral Agent shall not be responsible for any Losses occasioned to the Secured Assets, however caused, by the Chargor or any other person by any act or omission on the part of any person (including any bank, broker, depository, warehouseman or other intermediary or any clearing system or the operator of it), or otherwise, unless those Losses are occasioned by the Collateral Agent's own gross negligence or wilful misconduct. In particular the Collateral Agent shall be not responsible for any Losses which may be suffered as a result of any assets comprised in the Secured Assets, or any deeds or documents of title to them, being uninsured or inadequately insured or being held by it or by or to the order of any custodian or by clearing organisations or their operators or by any person on behalf of the Collateral Agent
- (F) The Collateral Agent shall have no responsibility to the Chargor as regards any deficiency which might arise because the Chargor is subject to any tax in respect of the Secured Assets or any income or any proceeds from or of them
- (G) The Collateral Agent shall not be liable for any failure, omission or defect in giving notice of, registering or filing, or procuring registration or filing of, or otherwise protecting or perfecting, the security constituted over the Secured Assets

22.9 Resignation

- (A) The Collateral Agent may resign and appoint one of its Affiliates acting through an office in the United Kingdom as successor by giving notice to the other parties
- (B) Alternatively the Collateral Agent may resign by giving notice to the other parties, in which case the Required Lenders may appoint a successor Collateral Agent
- (C) If the Required Lenders have not appointed a successor Collateral Agent in accordance with Clause 22.9(B) within 30 days after notice of resignation was given, the Collateral Agent may appoint a successor Collateral Agent (acting through an office in the United Kingdom)
- (D) The retiring Collateral Agent shall, at its own cost, make available to the successor Collateral Agent any documents and records and provide any assistance which the successor Collateral Agent may reasonably request for the purposes of performing its functions as Collateral Agent under the Loan Documents
- (E) A notice of resignation from the Collateral Agent shall only take effect upon the appointment of a successor
- (F) Upon the appointment of a successor, the retiring Collateral Agent shall be discharged from any further obligation in respect of the Loan Documents but shall remain entitled to the benefit of this Clause 22. Its successor and each of the other parties

shall have the same rights and obligations amongst themselves as they would have had if the successor had been an original party

- (G) The Required Lenders may, by notice to the Collateral Agent, require it to resign in accordance with Clause 22 9(B) In this event, the Collateral Agent shall resign in accordance with Clause 22 9(B)

22 10 Additional Collateral Agent

The Collateral Agent may at any time appoint (and subsequently remove) any person to act as a separate Collateral Agent or as a co-trustee jointly with it (any such person, an "**Additional Collateral Agent**")

- (A) if it is necessary in performing its duties and if the Collateral Agent considers that appointment to be in the interest of the Secured Parties, or
- (B) for the purposes of complying with or confirming to any legal requirements, restrictions or conditions which the Collateral Agent deems to be relevant, or
- (C) for the purposes of obtaining or enforcing any judgment or decree in any jurisdiction, and the Collateral Agent will give notice to the other Parties of any such appointment

22 11 Confidentiality

- (A) In acting as Collateral Agent for the Secured Parties, the Collateral Agent shall be regarded as acting through its syndication or agency division which shall be treated as a separate entity from any other of its divisions or departments
- (B) If information is received by another division or department of the Collateral Agent, it may be treated as confidential to that division or department and the Collateral Agent shall not be deemed to have notice of it
- (C) Notwithstanding any other provision of any Loan Document to the contrary, the Collateral Agent is not obliged to disclose to any other person
- (1) any confidential information, or
- (2) any other information if the disclosure would or might in its reasonable opinion constitute a breach of any law or a breach of a fiduciary duty

22 12 Management time

Any amount payable to the Collateral Agent by way of fees or indemnity under this Debenture or the Credit Agreement shall include the cost of utilising the Collateral Agent's management time or other resources (which will be calculated on the basis of such reasonable daily or hourly rates as the Collateral Agent may notify to the Obligors and the Lenders)

22 13 Security Documents

- (A) The Collateral Agent shall accept without investigation, requisition or objection whatever title any person may have to the assets which are subject to the Security Documents and shall not
- (1) be bound or concerned to examine or enquire into the title of any person, or

(2) be liable for any defect or failure in the title of any person, whether that defect or failure was known to the Collateral Agent or might have been discovered upon examination or enquiry and whether it is capable of remedy or not

(B) Upon the appointment of any successor Collateral Agent, the resigning Collateral Agent shall execute and deliver any documents and do any other acts and things which may be necessary to vest in the successor Collateral Agent all the rights vested in the resigning Collateral Agent under the Security Documents

(C) Each of the other Secured Parties

(1) authorises the Collateral Agent to hold each mortgage or charge created pursuant to any Loan Document in its sole name as Collateral Agent for the Secured Parties, and

(2) requests the Land Registry to register the Collateral Agent as the sole proprietor of any mortgage or charge so created

22 14 No obligation to remain in possession

If the Collateral Agent, any Receiver or any delegate takes possession of all or any of the Secured Assets, it may from time to time in its absolute discretion relinquish such possession

22 15 Collateral Agent's obligation to account

The Collateral Agent shall not in any circumstances (either by reason of taking possession of the Secured Assets or for any other reason and whether as mortgagee in possession or on any other basis)

(A) be liable to account to the Chargor or any other person for anything except the Collateral Agent's own actual receipts which have not been distributed or paid to the Chargor or the persons entitled or at the time of payment believed by the Collateral Agent to be entitled to them, or

(B) be liable to the Chargor or any other person for any principal, interest or Losses from or connected with any realisation by the Collateral Agent of the Secured Assets or from any act, default, omission or misconduct of the Collateral Agent, its officers, employees or agents in relation to the Secured Assets or from any exercise or non-exercise by the Collateral Agent of any right exercisable by it under this Debenture unless they shall be caused by the Collateral Agent's own gross negligence or wilful misconduct

22 16 Receiver's and delegate's obligation to account

All the provisions of Clause 22 15 (*Collateral Agent's obligation to account*) shall apply in respect of the liability of any Receiver or Administrator or delegate in all respects as though every reference in Clause 22 15 (*Collateral Agent's obligation to account*) to the Collateral Agent were instead a reference to the Receiver or, as the case may be, Administrator or delegate

23. SET-OFF

The Collateral Agent may set-off (without notice to the Chargor) any matured obligation due from the Chargor under this Debenture (to the extent beneficially owned by the Collateral Agent) against any matured obligation owed by the Collateral Agent to the Chargor,

regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Collateral Agent may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

24. COMMUNICATIONS

24.1 Communications in writing

Any communication to be made or provided under or in connection with this Debenture (including any notices, waivers, consents or other documents) shall be made or provided in English and in writing and, unless otherwise stated, may be delivered by fax, post or personal delivery.

24.2 Addresses

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication to be made or delivered under or in connection with this Debenture is

(A) (subject to Clause 24.2(B)) that identified with its execution of this Debenture at the end of the Schedules or any substitute address, fax number or department or officer as the relevant Party may notify to the other party by not less than 15 Business Days' notice, or

(B) may in the alternative in the case of any claim form, judgment or other notice of process on the Chargor be delivered or sent to their respective registered offices from time to time.

24.3 Delivery

(A) Any communication made or provided by one Party to another under or in connection with this Debenture will only be effectively made or provided

(1) if delivered by fax, when received in legible form, or

(2) if delivered by post or personal delivery, when it has been left at the relevant address or (subject to Clause 24.3(B)) ten Business Days after being deposited in the post postage prepaid in an envelope addressed to the recipient at that address.

(B) Any communication to be made or provided to the Collateral Agent will be effectively made or provided only when actually received by the Collateral Agent and then only if it is expressly marked for the attention of the department or officer specified as part of its address details provided under Clause 24.2 (*Addresses*).

25. CALCULATIONS AND CERTIFICATES

25.1 Accounts

In any litigation or other proceedings arising out of or in connection with this Debenture, the entries made in the accounts maintained by the Collateral Agent are prima facie evidence of the matters to which they relate.

25.2 Certificates or determinations

Any certificate or determination of the Collateral Agent as to any matter provided for in this Debenture is, in the absence of manifest error, conclusive evidence of the matters to which it relates

26. PARTIAL INVALIDITY

If, at any time, any provision of this Debenture is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of that provision under the law of any other jurisdiction will in any way be affected or impaired

27. REMEDIES AND WAIVERS

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

28. AMENDMENTS AND WAIVERS

Any term of this Debenture may be amended or waived, in accordance with the terms of the Credit Agreement and only with the written consent of the Collateral Agent and the Chargor and any such amendment or waiver will be binding on all Parties

29. COUNTERPARTS

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

30. GOVERNING LAW

This Debenture and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, English law

31. ENFORCEMENT

- (A) The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Debenture (including a dispute regarding the existence, validity or termination of this Debenture) (a "**Dispute**")
- (B) The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly neither Party will argue to the contrary
- (C) This Clause 31 is for the benefit of the Secured Parties only. As a result, the Secured Parties shall not be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Secured Parties may take concurrent proceedings in any number of jurisdictions

32. OVERRIDING PROVISION

In the event of a conflict between the terms of this Debenture and the US Pledge, the terms of this Debenture shall prevail

EXECUTION

The parties have executed this Debenture on the date first mentioned above as evidence of their acceptance of its terms

SCHEDULE 1

NOTICE OF ASSIGNMENT OF INSURANCE

[On Chargor's notepaper]

To [Name and address of insurer]

[Date]

Dear Sirs

Policy number [●]

We give you notice that by a Debenture (the "**Debenture**") dated [●] 20[●] and entered into by us in favour of Jefferies Finance LLC (as Collateral Agent, as defined in the Debenture), we have assigned all our rights in the insurance policy, brief details of which are set out below (the "**Policy**") and all monies which may be payable to or received by us under it

Please note the following

- (a) we irrevocably and unconditionally instruct and authorise you (despite any previous instructions which we may have given to the contrary) to pay all monies payable by you to us under the Policy, including the proceeds of all claims, to such bank account as the Collateral Agent may from time to time specify in writing,
- (b) all of the powers, discretions, remedies and other rights which would, but for the Debenture, be vested in us under and in respect of the Policy are exercisable by the Collateral Agent, and
- (c) we agree that
 - (i) none of the instructions, authorisations and confirmations in this notice can be revoked or varied in any way except with the Collateral Agent's prior written consent, and
 - (ii) you are authorised to disclose any information in relation to the Policy to the Collateral Agent at the Collateral Agent's request

Please acknowledge receipt of this notice, and confirm your agreement to it, by signing the acknowledgement on the enclosed copy letter and returning it to the Collateral Agent, at [●] marked for the attention of [●]

This letter is governed by, and shall be construed in accordance with, English law

Yours faithfully

Mitel Europe Limited
By. [Name of signatory]

Details of Policy

Name of insured [●]

Nature of policy [●]

Policy number [●]

Expiry date [●]

[On copy letter only]

To *Collateral Agent*

We acknowledge receipt of a notice dated [●] 20[●] addressed to us by Mitel Europe Limited (the "**Chargor**") regarding the Policy (as defined in that notice)

We confirm that

- (a) we consent to the assignment of the Policy and will comply with the terms of that notice,
- (b) we have not, as at the date of this acknowledgement, received any notice that any third party has or will have any right in, or has made or will be making any claim or demand or taking any action in respect of, the rights of the Chargor under or in respect of the Policy,
- (c) if the Chargor is in breach of any of its obligations, express or implied, under the Policy or if any event occurs which would permit us to terminate, cancel or surrender the Policy we will
 - (i) immediately on becoming aware of it, give you written notice of that breach, and
 - (ii) accept as an adequate remedy for that breach, performance by you of those obligations within 30 days of that notice,
- (d) we confirm that no waiver of any of the Chargor's rights under and no amendment, novation, rescission or other termination by the Chargor of, the Policy shall be effective without the prior written consent of the Collateral Agent, and
- (e) we confirm that we shall not exercise any right of combination, consolidation or setoff which we may have in respect of any debt owed to us by the Chargor and we shall send you copies of all statements, orders and notices given by us relating to that debt

[Name of insurer]

By *[Name of signatory]*

Dated

SCHEDULE 2

NOTICE OF ASSIGNMENT OF MATERIAL CONTRACTS

[On Chargor's notepaper]

To [Name and address of counterparty]

Date [***]

Dear Sirs,

We give you notice that by a Debenture (the "**Debenture**") dated [●] 20[●] and entered into by us in favour of Jefferies Finance LLC (as Collateral Agent, as defined in the Debenture), we have assigned all our right, title and interest in and to [*details of contract*] (the "**Contract**") including all monies which may be payable in respect of the Contract

Following notice from the Collateral Agent that the security constituted by the Debenture has become enforceable

- 1 all payments by you to us under or arising from the Contract should be made to the Collateral Agent or to its order as it may specify in writing from time to,
- 2 all remedies provided for in the Contract or available at law or in equity are exercisable by the Collateral Agent,
- 3 all rights to compel performance of the Contract are exercisable by the Collateral Agent although the Company shall remain liable to perform all the obligations assumed by it under the Contract,
- 4 all rights, interests and benefits whatsoever accruing to or for the benefit of ourselves arising from the Contract belong to the Collateral Agent and no changes may be made to the terms of the Contract nor may the Contract be terminated without the Collateral Agent's consent, and
- 5 you are authorised and instructed, without requiring further approval from us, to provide the Collateral Agent with such information relating to the Contract as it may from time to time request and to send it copies of all notices issued by you under the Contract to the Collateral Agent as well as to us

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

Please acknowledge receipt of this notice by signing the acknowledgement on the enclosed copy letter and returning it to the Collateral Agent at [***] marked for the attention of [***]

Yours faithfully,

for and on behalf of
[COMPANY]

[On copy only]

To Collateral Agent

We acknowledge receipt of a notice dated [●] 20[●] addressed to us by Mitel Europe (the "**Chargor**") regarding the Contract (as defined in that notice) and confirm that we will comply with the terms of that notice

We further confirm that, following notice from the Collateral Agent that the security constituted by the Debenture has become enforceable

- (a) no amendment, waiver or release of any of such rights, interests and benefits shall be effective without the prior written consent of the Collateral Agent,
- (b) no termination of such rights, interests or benefits shall be effective unless we have given the Collateral Agent thirty days written notice of the proposed termination, specifying the action necessary to avoid such termination, and
- (c) no breach or default on the part of the Company of any of the terms of the Contract shall be deemed to have occurred unless we have given notice of such breach to the Collateral Agent specifying how to make good such breach

For and on behalf of [***]

By

Dated

SCHEDULE 3

NOTICE OF CHARGE

[On Chargor's notepaper]

To *[Name and address of other bank]*

[Date]

Dear Sirs

Account numbers: [●]

We refer to Account numbers [●] (the "Accounts")

We refer to a credit agreement ("**the Credit Agreement**") between amongst others Mitel Networks Corporation, and Mitel US Holdings, Inc (as Borrowers), and Jefferies Finance LLC (as the Administrative Agent and Collateral Agent)

We give you notice that by a Debenture (the "**Debenture**") dated [●] required to be given by us under the Credit Agreement in favour of Jefferies Finance LLC (as Collateral Agent, as defined in the Debenture) we have charged by way of first fixed charge all our rights in any credit balances on the Accounts (the "**Balances**") and the indebtedness represented by the Accounts

We irrevocably and unconditionally instruct and authorise you (despite any previous instructions which we may have given to the contrary)

- (a) to disclose to the Collateral Agent (without any reference to or further authority from us and without any enquiry by you as to the justification for the disclosure), any information relating to the Accounts which the Collateral Agent may, at any time and from time to time, request,
- (b) following notice from the Collateral Agent that the security constituted by the Debenture has become enforceable, at any time and from time to time on receipt by you of any written instruction from the Collateral Agent, to release any amount of the Balances and to act in accordance with that instruction (without any reference to or further authority from us and without any enquiry by you as to the justification for the instruction or the validity of the same) For the avoidance of doubt until you receive such notice from the Collateral Agent you may continue to act on our instructions in respect of the Accounts, and
- (c) to comply with the terms of any written notice, statement or instruction in any way relating or purporting to relate to the Accounts, the Balances or the indebtedness represented by them which you may receive at any time and from time to time from the Collateral Agent (without any reference to or further authority from us and without any enquiry by you as to the justification for the notice, statement or instruction or the validity of it)

We agree that

- (i) none of the instructions, authorisations and confirmations in this notice can be revoked or varied in any way except with the Collateral Agent's prior written consent, and
- (ii) you are authorised to disclose any information in relation to the Accounts to the Collateral Agent at the Collateral Agent's request

Please acknowledge receipt of this notice, and confirm your agreement to it, by signing the acknowledgement on the enclosed copy letter and returning it to the Collateral Agent at [●], marked for the attention of [●]

This letter is governed by, and shall be construed in accordance with, English law

Yours faithfully

Mitel Europe Limited

By: *[Name of signatory]*

[On copy letter only]

To ***Collateral Agent***

We acknowledge receipt of a notice (the "Notice") dated [●] 20[●] addressed to us by Mitel Europe Limited (the "Chargor") regarding Account numbers (the "Accounts")

We note that until such time that you serve a written notice to the contrary on us and such receipt is acknowledged by us, the Chargor is at liberty to operate the Accounts in the ordinary way

We acknowledge the instructions and authorisations contained in the Notice on the following basis -

- 1 Nothing in the Notice should prevent us operating the Accounts in the ordinary course of banking business including, without limitation, collecting cheques and other payment orders by any medium, electronic or otherwise when accepting monies for the credit of the Account(s), honour any payment or other instructions, notices or directions regarding the Account(s), and allowing the Chargor to draw cheques and make other payments and generally to withdraw funds from the Accounts on instructions of the Chargor and without reference or authority from you, until such time as we have acknowledged receipt of a notice stating otherwise in writing from you
- 2 It is understood that we are authorised to act upon instructions from any authorised signatory of the Chargor in accordance with the current mandate held by us in respect of the Accounts immediately prior to the Notice, provided that the Collateral Agent has not provided us with any contrary instructions or with any notice that the security constituted by the Debenture referenced in the Notice has become enforceable (in which case, we shall no longer be authorized to act on any further instructions from the Chargor and shall act only on instructions from the Collateral Agent)
- 3 The Accounts shall be operated on the basis of our standard terms and conditions as varied from time to time
- 4 All expenses for the maintenance of the Accounts and all expenses arising under this arrangement shall be the responsibility of the Chargor and in the event that these are not otherwise met by the Chargor such expenses shall be debited directly by us to the Accounts
- 5 You agree that we may rely on any notice, instruction, direction, communication or other document or information believed by us to be genuine and correct which have been signed or communicated by the person by whom it purports to be signed and communicated and we shall not be liable for the consequences such as we have no obligation whatsoever to verify the facts or matters stated therein as true and correct, including whether the terms of any agreement between the Chargor and yourself has been complied with or the making of any enquiry as to whether a security interest has become enforceable
- 6 To the extent that an instruction for withdrawal from the Accounts is given which would in our opinion cause the Accounts to be overdrawn we shall only transfer the outstanding cleared credit balance in the Accounts
- 7 You acknowledge that we shall not be obliged to comply with any instructions received if due to circumstances which are not within our direct control, we are unable to comply with such instructions or to comply with those instructions should breach a Court Order or be contrary to applicable law or regulation

We confirm that subject to what we have said above

- (A) we consent to the charge of the Accounts and will comply with the terms of the Notice,
- (B) there does not exist in our favour, and we undertake not to, save with your prior written consent, create, assert, claim or exercise, any mortgage, fixed or floating charge, assignment or other security interest of any kind or any agreement or arrangement having substantially the same economic or financial effect as any of the above (including any rights of counter-claim, rights of set-off or combination of accounts over or with respect to all or any part of the Accounts and/or the Balances (as defined in that Notice) except with respect to returned or charged back items or our charges, fees, and expense with respect to the Accounts or the request of the Chargor or yourself hereunder,
- (C) we have not, as at the date of this acknowledgement, received any notice that any third party has or will have any right in, or has made or will be making any claim or demand or taking any action in respect of, the rights of the Chargor under or in respect of the Accounts or the Balances,
- (D) we undertake that, on our becoming aware at any time that any person other than the Collateral Agent has or will have any right in, or has made or will be making any claim or demand or taking any action in respect of the Accounts or the Balances, we will immediately give written notice of that to the Collateral Agent, and
- (E) we will act in accordance with instructions given by the authorised signatories acting on your behalf. You agree to deliver, as soon as practicable after receipt of this Acknowledgment, specimen signatures of persons who are authorised by you to give notices and instructions to us in connection with the Notice in a form reasonably required by us

The Bank shall have no responsibility for the correctness of any payments or withdrawals from the Accounts provided that we comply with the Notice and the Bank shall not be deemed to be a trustee or fiduciary of the Accounts and the relationship of us to the Chargor shall be that of banker and accountholder only

This Acknowledgement is governed by and shall be construed in accordance with English law and the English Courts shall have exclusive jurisdiction

for and on behalf of
[Name of bank]
By: *[Name of signatory]*

Dated

SCHEDULE 4

BANK ACCOUNTS

Part I – Operating Accounts

Account Holder	Bank	Account Number	Sort Code


Part II – Blocked Accounts

Account Holder	Bank	Account Number	Sort Code

EXECUTION of the Debenture

The Chargors

SIGNED as a deed by)
Director, duly authorised for and on behalf)
of MITEL EUROPE LIMITED)
in the presence of)


STEVEN SPOONER

Name of witness SUSAN HANSON

Address of witness 350 LEGGET DR

OTTAWA ON K2K 2W7

Signature of witness S Hanson

Address: 350 Legget Drive, Kanata, Ontario K2K 2W7

Facsimile no: (613) 592-7838

Electronic mail address:

For the attention of: Treasurer

Copy to:

Attention: Legal department


Fax: (613) 592-7802

The Collateral Agent

SIGNED by
duly authorised for and on behalf
of JEFFERIES FINANCE LLC

)
)
)
)

Name


J. Paul McDonnell
Managing Director

Address: 520 Madison Avenue
New York, New York 10022

Facsimile no: 212-284-3444

For the attention of: Account Manager – Mitel
Networks Corporation

The Collateral Agent

SIGNED by)
duly authorised for and on behalf)
of JEFFERIES FINANCE LLC)
)

Address:

Facsimile no:

Electronic mail address:

For the attention of: