



Registration of a Charge

Company name: **WARREN ENERGY LIMITED**

Company number: **09534132**



X4C1HDMP

Received for Electronic Filing: **20/07/2015**

Details of Charge

Date of creation: **10/07/2015**

Charge code: **0953 4132 0001**

Persons entitled: **LAW DEBENTURE TRUSTEES LIMITED AS AGENT AND TRUSTEE**

Brief description:

Contains fixed charge(s).

Contains floating charge(s) (floating charge covers all the property or undertaking of the company).

Contains negative pledge.

Authentication of Form

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

Authentication of Instrument

Certification statement: **I CERTIFY THAT SAVE FOR MATERIAL REDACTED PURSUANT TO S.859G OF THE COMPANIES ACT 2006 THE ELECTRONIC COPY INSTRUMENT DELIVERED AS PART OF THIS APPLICATION**

**FOR REGISTRATION IS A CORRECT COPY OF THE ORIGINAL
INSTRUMENT.**

Certified by:

ANDREW BROWN



CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 9534132

Charge code: 0953 4132 0001

The Registrar of Companies for England and Wales hereby certifies that a charge dated 10th July 2015 and created by WARREN ENERGY LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 20th July 2015 .

Given at Companies House, Cardiff on 21st July 2015

The above information was communicated by electronic means and authenticated by the Registrar of Companies under section 1115 of the Companies Act 2006



Companies House



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES

Dated 10 July 2015

Between

WARREN ENERGY LIMITED

as the Chargor

and

LAW DEBENTURE TRUSTEES LIMITED

as Security Agent

SECURITY AGREEMENT

**Skadden, Arps, Slate, Meagher & Flom (UK) LLP
40 Bank Street
Canary Wharf
London E14 5DS**

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THIS DEED is dated **10 July 2015**

BETWEEN:

- (1) **WARREN ENERGY LIMITED** (registered number 09534132) with its registered office at 10/12 Frederick Sanger Road, Surrey Research Park, Guildford, Surrey, England GU2 7YD (the "**Chargor**"); and
- (3) **LAW DEBENTURE TRUSTEES LIMITED** as agent and trustee for the Secured Parties on the terms and conditions set out in the Facility Agreement (as defined below) (the "**Security Agent**", which expression shall include any person for the time being appointed as agent or trustee or as a replacement or an additional agent or trustee for the purpose of, and in accordance with, the Facility Agreement).

BACKGROUND:

- (A) The Chargor enters into this Deed in connection with the Facility Agreement .
- (B) It is intended that this document takes effect as a deed notwithstanding the fact that a party may only execute this document under hand.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Deed:

"**Account Bank**" means an Acceptable Bank with whom a Security Account is maintained.

"**Acceptable Bank**" means HSBC Bank PLC or any other bank approved by the Agent.

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

"**Administrator**" means any administrator appointed in respect of the Chargor (whether by the Security Agent, or a court or otherwise).

"**Escrow Account**" means the account with HSBC Bank PLC with account number 34500679.

"**Default**" has the meaning given to such term in the Facility Agreement.

"**Discharge Date**" means the date on which the Agent is satisfied that the Secured Obligations have been discharged in full and none of the Secured Parties is under any further actual or contingent obligation to make advances or provide other financial accommodation to the Chargor or any other person under any of the Finance Documents.

"**Event of Default**" has the meaning given to such term in the Facility Agreement.

"**Facility Agreement**" means the facility agreement dated on or about the date of this Deed between, amongst others, the Chargor, the Lenders (as defined in that agreement), the Agent and the Security Agent.

"**Finance Documents**" has the meaning given to such term in the Facility Agreement.

"**Fixtures**" means all fixtures and fittings (including trade fixtures and fittings) and fixed plant and machinery from time to time the subject of this Security.

"**Insurance**" means:

- (a) the insurance policies specified in Part 5 of Schedule 1 (*Security Assets*); and
- (b) any policy of insurance in which the Chargor may from time to time have an interest,

in each case together with all Related Rights owned by the Chargor from time to time.

"Intellectual Property" means:

- (a) any patents, trade marks, service marks, designs, business names, copyrights (including rights in computer software), database rights, design rights, moral rights, inventions, confidential information, knowhow, utility models, domain names, typographical or similar rights and other intellectual property rights and interests (including by way of licence) which may now or in future subsist, whether registered or unregistered; and
- (b) the benefit of all applications and rights to use such assets owned by the Chargor from time to time,

in each case together with all Related Rights owned by the Chargor from time to time.

"Majority Lenders" has the meaning given to such term in the Facility Agreement.

"Material Contract" means:

- (a) each agreement specified in Part 2 of Schedule 1 (*Security Assets*); and
- (b) any other agreement to which the Chargor is a party and which the Chargor and the Security Agent have designated a Material Contract.

"Monetary Claims" means:

- (a) any book and other debts and all other monetary claims (including royalties, fees and income of any nature) due and owing to it;
- (b) any proceeds of such debts and claims referred to in paragraph (a) above payable to the Chargor (including any claims or sums of money deriving from or in relation to any Intellectual Property, the proceeds of any Insurance, any court order or judgment, any contract or agreement to which the Chargor is a party and any other assets, property rights or undertaking of the Chargor); and
- (c) the benefit of all rights, securities and guarantees of any nature enjoyed or held by it in relation to any item under paragraph (a) to (b) above,

in each case together with all Related Rights owned by the Chargor from time to time.

"Obligor" has the meaning given to such term in the Facility Agreement.

"Operating Account" means:

- (a) each account specified in Part 4 of Schedule 1 (*Security Assets*); and
- (b) any other account which the Chargor and the Security Agent have designated an Operating Account.

"Plant and Machinery" means any plant, machinery, computers, office equipment, vehicles or other chattels (excluding any for the time being forming part of the Chargor's stock in trade or work in progress) in each case together with all Related Rights owned by the Chargor from time to time.

"Premises" means all buildings and erections from time to time the subject of this Security.

"Quarter Date" means 31 May, 31 August, 30 November, 28 February in each Financial Year.

"Real Property" means:

- (a) all freehold, leasehold and immoveable property (including the freehold and leasehold property in England and Wales specified in Part 1 of Schedule 1 (*Security Assets*));

- (b) all Premises and Fixtures situated on or forming part of such freehold, leasehold and immoveable property,

which the Chargor purports to mortgage or charge under this Deed including all Related Rights owned by the Chargor from time to time.

"Receiver" means a receiver or receiver manager or an administrative receiver, in each case, appointed under this Deed and that term will include any appointee made under a joint and/or several appointment.

"Related Rights" means in relation to an asset:

- (a) the proceeds of sale of the whole or any part of that asset or all monies and proceeds paid or payable in respect of that asset;
- (b) all rights under any licence, agreement for sale, option or lease in respect of that asset; and
- (c) all rights, powers, benefits, claims, contracts, warranties, remedies, security, guarantees, indemnities or covenants for title and any monies paid or payable in respect of the same.

"Report on Title" means any report or certificate on title on the Real Property provided to the Security Agent, together with confirmation from the provider of that Report that it can be relied upon by the Secured Parties.

"Secured Obligations" means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally and whether as principal or surety or in any other capacity whatsoever) of each Obligor to any Secured Party under any Finance Document.

"Secured Party" has the meaning given to such term in the Facility Agreement.

"Security" means any Security Interest created, evidenced or conferred by or under this Deed.

"Security Account" means:

- (a) the Escrow Account;
 - (b) each Operating Account; and
 - (c) any other account which the Chargeor purports to charge under this Deed,
- and any replacement account or subdivision or subaccount of any such account.

"Security Assets" means all assets and undertaking of the Chargor which from time to time are the subject of this Security.

"Security Interest" means any mortgage, pledge, lien, charge (fixed or floating), assignment, hypothecation, set-off or trust arrangement for the purpose of creating security, reservation of title or security interest or any other agreement or arrangement having a similar effect.

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

"Security Rights" means all rights, powers, authorities, discretion and remedies of the Security Agent or any Receiver or any of their respective delegates or sub-delegates created, evidenced or conferred by or under this Deed or by law or, in relation to any Security Asset, which he would be capable of exercising if he were the absolute beneficial owner of that Security Asset.

1.2 Construction

- (a) Capitalised terms defined in the Facility Agreement have, unless expressly defined in this Deed the same meaning in this Deed.

- (b) The provisions of clause 1.2 (*Construction*) of the Facility Agreement apply to this Deed as though they were set out in full in this Deed, except that references to the Facility Agreement will be construed as references to this Deed.
- (c) Unless the contrary indication appears, references in this Deed to:
 - (i) a "**Finance Document**" or any other agreement or instrument is a reference to that Finance Document or other agreement or instrument as amended, novated, supplemented, extended, restated (however fundamentally and whether or not more onerously) or replaced and includes any change in the purpose of or any extension of or any increase in any loan under that Finance Document or other agreement;
 - (ii) an "**agreement**" includes any legally binding arrangement, agreement, contract, deed or instrument (in each case whether oral or written);
 - (iii) an "**amendment**" includes any amendment, supplement, variation, waiver, novation, modification, replacement or restatement and "**amend**" and "**amended**" shall be construed accordingly;
 - (iv) a "**consent**" includes an authorisation, permit, approval, consent, exemption, licence, order, filing, registration, recording, notarisation, permission or waiver;
 - (v) a "**disposal**" includes any sale, transfer, grant, lease, licence or other disposal, whether voluntary or involuntary and "**dispose**" will be construed accordingly;
 - (vi) "**including**" means including without limitation and "**includes**" and "**included**" shall be construed accordingly;
 - (vii) "**losses**" includes losses, actions, damages, payments, claims, proceedings, costs, demands, expenses (including legal and other fees) and liabilities of any kind and "**loss**" shall be construed accordingly;
 - (viii) a party includes a reference to that party's successors and permitted assignees or permitted transferees but does not include that party if it has ceased to be a party under this Deed;
 - (ix) to Clauses and Schedules are references to, respectively, clauses and schedules to this Deed and references to this Deed include its schedules;
 - (x) to a statute, statutory instrument or provision of law is to that statute, statutory instrument or provision of law, as it may be applied, amended or re-enacted from time to time;
 - (xi) the index and the headings in this Deed are for convenience only and are to be ignored in construing this Deed; and
 - (xii) "**with full title guarantee**" are to be construed as provided for in the Law of Property (Miscellaneous Provisions) Act 1994.
- (d) Any covenant of the Chargor under this Deed remains in force during the Security Period and is given for the benefit of each Secured Party.
- (e) The terms of the other Finance Documents and of any side letters between any Parties in relation to any Finance Document are incorporated in this Deed to the extent required to ensure that any purported disposition of any freehold or leasehold property contained in this Deed is a valid disposition in accordance with section 2(1) of the Law of Property (Miscellaneous Provisions) Act 1989.
- (f) Unless the context otherwise requires, a reference to a Security Asset includes:
 - (i) any part of that Security Asset; and

- (ii) any present and future assets of that type.
- (g) If there is any conflict between the terms of this Deed and the terms of the Facility Agreement, the terms of the Facility Agreement shall prevail.

1.3 Third Party Rights

- (a) Unless expressly provided to the contrary in this Deed, a person who is not a party to this Deed may not enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999.
- (b) Notwithstanding any term of this Deed, the consent of any third party is not required to rescind, vary, amend or terminate this Deed at any time.

2. CREATION OF SECURITY

- (a) All this Security:
 - (i) is created in favour of the Security Agent;
 - (ii) is security for the payment, discharge and performance of all the Secured Obligations; and
 - (iii) is made with full title guarantee in accordance with the Law of Property (Miscellaneous Provisions) Act 1994.
- (b) The Chargor hereby acknowledges that all assets, rights, interests and benefits which are now or in the future granted to the Security Agent pursuant to this Clause 2 or otherwise mortgaged, charged, assigned or otherwise granted to it under this Deed (or any other document in connection herewith) and all other rights, powers and discretions granted to or conferred upon the Security Agent under this Deed or the Finance Documents (or any other document in connection therewith) shall be held by the Security Agent on trust for the Secured Parties from time to time.
- (c) The fact that no or incomplete details of any Security Asset are inserted in Schedule 1 (*Security Assets*) does not affect the validity or enforceability of this Security.

3. FIXED CHARGES, ASSIGNMENTS AND FLOATING CHARGES

3.1 Fixed Charges

As security for the payment and discharge of the Secured Obligations, the Chargor charges with full title guarantee in favour of the Security Agent as trustee for the Secured Parties, by way of first fixed charge (other than in respect of Real Property in England and Wales which shall be charged by way of legal mortgage) all of its right, title and interest from time to time in and to each of the following assets (subject to obtaining any necessary consent to such mortgage or fixed charge from a third party):

- (a) all Real Property other than any claims which are otherwise subject to an assignment (at law or in equity) pursuant to this Deed;
- (b) all Plant and Machinery;
- (c) any Security Account, all amounts standing to the credit of any Security Account and the debt represented by that Security Account and all Related Rights owned by the Chargor from time to time other than any claims which are otherwise subject to an assignment (at law or in equity) pursuant to this Deed;
- (d) all Monetary Claims not otherwise referred to in this Clause 3.1 and not otherwise subject to an assignment (at law or in equity) pursuant to this Deed;
- (e) all Intellectual Property;

- (f) the benefit of any authorisation (statutory or otherwise) held in connection with its business or the use of any Security Asset;
- (g) the right to recover and receive compensation which may be payable to it in respect of any authorisation referred to in paragraph (h) above;
- (h) its goodwill; and
- (i) its uncalled capital.

3.2 Assignments

- (a) As security for the payment and discharge of the Secured Obligations, the Chargor assigns and agrees to assign absolutely with full title guarantee to the Security Agent as trustee for the Secured Parties all of its right, title and interest from time to time in and to each of the following assets (subject to obtaining any necessary consent to such assignment from a third party):
 - (i) the proceeds of any Insurance and all Related Rights;
 - (ii) each Material Contract, any letter of credit issued in its favour and any bill of exchange or other negotiable instrument held by it and all Related Rights;
 - (iii) all agreements, contracts, deeds, licences, undertakings, guarantees, covenants, warranties, representations and other documents (including all documents entered into now or in the future in order to enable the Security Agent to perfect its rights thereunder or under this Deed) entered into by or given to the Chargor in respect of the Real Property including all:
 - (1) claims, remedies, awards or judgments paid or payable to the Chargor (including, without limitation, all liquidated and ascertained damages payable to the Chargor in respect of the items referred to); and
 - (2) guarantees, warranties, bonds and representations given or made by, and any rights or remedies against any designer, builder, contractor, professional adviser, sub-contractor, manufacturer, supplier or installer of any fixture, fitting, fixed plant or machinery,
 in each case, relating to all or any part of the Real Property; and
 - (iv) all rights and claims (including all Related Rights) relating to the Escrow Account.
- (b) To the extent that any such right, title and interest described in paragraph (a) above is not assignable or capable of assignment, the assignment of that right purported to be effected by paragraph (a) shall operate as an assignment of any damages, compensation, remuneration, profit, rent or income which the Chargor may derive from that right or be awarded or entitled to in respect of that right.
- (c) To the extent that any such right, title and interest described in paragraph (a) above does not fall within any paragraph of Clause 3.1 (*Fixed Charges*) and are not effectively assigned under paragraph (a) or (b) above, as security for the payment and discharge of the Secured Obligations, the Chargor charges by way of first fixed charge all of its rights, title and interest under each agreement and document to which it is a party.

3.3 Floating charge

- (a) The Chargor with full title guarantee charges in favour of the Security Agent as trustee for the Secured Parties as security for the payment and discharge of the Secured Obligations by way of a first floating charge all of its present and future

assets and undertakings whatsoever and wheresoever not otherwise effectively mortgaged, charged or assigned under this Deed.

- (b) The floating charge created by paragraph (a) above shall be deferred in point of priority to all fixed Security validly and effectively created by the Chargor under the Finance Documents in favour of the Security Agent as trustee for the Secured Parties as security for the Secured Obligations.
- (c) The floating charge created under this Deed is a qualifying floating charge for the purpose of paragraph 14 of Schedule B1 to the Insolvency Act 1986.

4. CRYSTALLISATION OF FLOATING CHARGE

4.1 Crystallisation: By notice

- (a) Except as provided below, the Security Agent may at any time by notice to the Chargor convert the floating charge created by the Chargor under this Deed into a fixed charge as regards any of the Chargor's assets specified in that notice, if:
 - (i) an Event of Default has occurred;
 - (ii) the Security Agent considers Security Assets to be in danger of being seized or sold under any form of distress, attachment, execution or other legal process or to be otherwise in jeopardy; or
 - (iii) the Chargor fails to comply, or takes or threatens to take any action which, in the reasonable opinion of the Security Agent, is likely to result in it failing to comply with its obligations under paragraph (a) of Clause 8 (*Restrictions on dealings*).
 - (iv) the Security Agent considers that it is desirable in order to protect the priority of the Security.
- (b) The floating charge created under this Deed may not be converted into a fixed charge solely by reason of:
 - (i) the obtaining of a moratorium; or
 - (ii) anything done with a view to obtaining a moratorium,under section 1A of the Insolvency Act 1986.
- (c) The giving by the Security Agent of a notice under paragraph (a) above in relation to any asset of the Chargor will not be construed as a waiver or abandonment of the Security Agent's rights to give any other notice in respect of any other asset or of any other right of any other Secured Party under this Deed or any other Finance Document.

4.2 Crystallisation: Automatic

Notwithstanding Clause 4.1 (*Crystallisation: By notice*), the floating charge created under this Deed will (in addition to the circumstances in which the same will occur under general law), automatically and without notice, with immediate effect convert into a fixed charge over all of the Chargor's assets subject to the floating charge if:

- (a) the Chargor creates or attempts to create any Security Interest over any of the Security Assets (other than any Security Interest created pursuant to this Deed);
- (b) a person levies or attempts to levy any distress, execution or other process against any of the Security Assets;
- (c) a meeting is convened of the members of the Chargor to consider a resolution to wind up the Chargor (or not to wind up the Chargor), or a resolution is passed, a petition is

presented or an order is made for the winding-up, dissolution, administration or re-organisation of the Chargor or an administrator is appointed to the Chargor;

- (d) any person (who is entitled to do so) gives notice of its intention to appoint an administrator to the Chargor or files such notice with the court or the Security Agent receives notice of an intention to appoint an administrator; or
- (e) a presentation or an application is made for a warrant of execution, writ of fieri facias, garnishee order or charging order in respect of any of the assets of the Chargor subject to the floating charge.

5. REPRESENTATIONS AND WARRANTIES

5.1 Nature of security

The Chargor represents and warrants to each Secured Party that:

- (a) it is the sole legal and beneficial owner of its Security Assets, it has not sold or granted (or agreed to sell or grant) any right of pre-emption over, or any lease or tenancy of or otherwise disposed of, the benefit of its right, title and interest in and to any of the Security Assets;
- (b) this Deed creates those Security Interests it purports to create and is not liable to be avoided or otherwise set aside on its liquidation or administration or otherwise;
- (c) no authorisation, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for either:
 - (i) the grant by the Chargor of the Security purported to be created in favour of the Security Agent under this Deed; or
 - (ii) the exercise by the Security Agent of any rights (voting rights or otherwise) or remedies in respect of the Security Assets (whether specifically granted or created under this Deed or created or provided for by applicable law);
- (d) the Security Assets are free from any Security Interest (other than any Security Interest created pursuant to this Deed).

5.2 Real Property - information for Report on Title

The Chargor represents and warrants to each Secured Party that:

- (a) the information supplied to the lawyers who prepared any Report on Title relating to any of its Real Property for the purpose of that Report on Title was true in all material respects at the date it was expressed to be given;
- (b) the information referred to in paragraph (a) above was at the date it was expressed to be given complete and did not omit any information which, if disclosed would make that information untrue or misleading in any material respect; and
- (c) as at the date of this Deed, nothing has occurred since the date of any information referred to in paragraph (a) above which, if disclosed, would make that information untrue or misleading in any material respect.

5.3 Real Property - Title

The Chargor represents and warrants to each Secured Party that:

- (a) all Real Property it owns as at the date of this Deed is identified in Part 1 of Schedule 1 (*Security Assets*);
- (b) no breach of any law, regulation or covenant is outstanding which affects or would be reasonably likely to affect the value, saleability or use of its Real Property;

- (c) there are no covenants, agreements, stipulations, reservations, conditions, interest, rights or other matters whatsoever affecting its Real Property which conflict with its present use or adversely affect the value, saleability or use of any of the Real Property;
- (d) nothing has arisen or has been created or is subsisting which would be an overriding interest or an unregistered interest which overrides first registration or registered dispositions over its Real Property;
- (e) all facilities (including access) necessary for the enjoyment and use of its Real Property (including those necessary for the carrying on of business at the Real Property as contemplated in the Base Case Model) are enjoyed by that Real Property and none of those facilities are on terms entitling any person to terminate or curtail its use or on terms which conflict with or restrict its use;
- (f) it has received no notice of any adverse claims by any person in respect of its Real Property nor has any acknowledgement been given to any person in respect of its Real Property; and
- (g) its Real Property is held by it free from any lease or licence.

5.4 Material Contracts

The Chargor represents to each Secured Party that:

- (a) all Material Contracts to which the Chargor is party at the date of this Deed are identified in Part 2 of Schedule 1 (*Security Assets*);
- (b) all payments to it by any other party to any of its Material Contracts are not subject to any right of set-off or similar right;
- (c) each of its Material Contracts is its legally binding, valid, and enforceable obligation;
- (d) it is not in default of any of its obligations under any of its Material Contracts; and
- (e) its entry into and performance of this Deed will not conflict with any term of any of its Material Contracts.

5.5 Intellectual Property

The Chargor represents to each Secured Party that as at the date of this Deed:

- (a) it is not aware of any circumstances relating to the validity, subsistence or use of any of its Intellectual Property Rights;
- (b) it is the sole legal and beneficial owner of or has licensed to it on normal commercial terms all the Intellectual Property which is material in the context of its business and which is required by it in order to carry on its business as it is being conducted (and as contemplated by the Base Case Model);
- (c) does not, in carrying on its business, infringe any Intellectual Property of any third party in any respect; and
- (d) has taken all formal or procedural actions (including payment of fees) required to maintain any Intellectual Property owned by it.

5.6 Security Accounts

The Chargor represents to each Secured Party that all its Security Accounts at the date of this Deed are specified in Part 3 and Part 4 of Schedule 1 (*Security Assets*).

5.7 Insurances

The Chargor represents to each Secured Party that all its insurance policies at the date of this Deed are specified in Part 5 of Schedule 1 (*Security Assets*).

5.8 Times for making representations and warranties

The representations and warranties set out in this Deed (including in this Clause) are made by the Chargor on the date of this Deed.

6. PERFECTION REQUIREMENTS

6.1 Real Property - Deposit of title deeds

The Chargor shall upon execution of this Deed and upon the acquisition by the Chargor of any interest in any Real Property, deliver (or procure delivery) to the Security Agent, and the Security Agent shall be entitled to hold and retain, all deeds, certificates and other documents of title relating to its Real Property and all local land charges, land charges and Land Registry search certificates and similar documents received by it or on its behalf.

6.2 Real Property - The Land Registry

- (a) If the title to any Real Property is registered at the Land Registry or required to be so registered, the Chargor shall promptly give the Land Registry written notice of the first legal mortgage created pursuant to Clause 3.1 (*Fixed Charges*) and ensure that this Security is correctly noted in the Register of Title against that title at the Land Registry.
- (b) The Chargor consents to a restriction in the following terms being entered into on the Register of Title relating to any Real Property registered at the Land Registry:

"No disposition of the registered estate by the proprietor of the registered estate is to be registered without a written consent signed by the proprietor for the time being of the security agreement referred to in the charges register dated [●] in favour of [●] (as agent and trustee for the Secured Parties referred to in that security agreement) or its conveyancer."
- (c) The Chargor consents to a notice in the following terms to be entered on the Register of Title relating to any Real Property registered at the Land Registry:

"The Lenders under a Facility Agreement dated [●] July 2015 between, amongst others, the Chargor, The Law Debenture Corporation PLC as Facility Agent and Law Debenture Trustees Limited as Security Agent are under an obligation (subject to the terms of that Facility Agreement) to the Chargor to make further advances and the security agreement referred to in the charges register dated [●] July 2015 in favour of Law Debenture Trustees Limited (as agent and trustee for the Secured Parties referred to in that security agreement) secures those further advances."
- (d) If the title to any Real Property is not registered at the Land Registry, the Chargor shall ensure that no person (other than itself) shall be registered under the Land Registration Act 2002 as the proprietor of all or any part of the Property, without the prior written consent of the Security Agent.
- (e) Whether or not title to any Real Property is registered at the Land Registry, if any caution against first registration or any notice (whether agreed or unilateral) is registered against the Chargor's title to the Property, the Chargor shall immediately provide the Security Agent with full particulars of the circumstances relating to such registration or notice. If such caution or notice was registered to protect a purported interest the creation of which is not permitted under this legal mortgage, the Chargor shall immediately and at its own expense take such steps as the Security Agent may require to ensure that the caution or notice, as applicable, is withdrawn or cancelled.

6.3 Plant and Machinery

The Chargor must take any action which the Security Agent may reasonably require to evidence the interest of the Security Agent in its Plant and Machinery; this includes fixing a nameplate on its Plant and Machinery in a prominent position stating that:

- (a) the Plant and Machinery is charged in favour of the Security Agent; and
- (b) the Plant and Machinery must not be disposed of without the prior consent of the Security Agent.

6.4 Intellectual Property

The Chargor must promptly, if requested to do so by the Security Agent, sign or procure the signature of, and comply with all instructions of the Security Agent in respect of, any document required to make entries in any public register of Intellectual Property Rights (including the United Kingdom Trade Marks Register) which either record the existence of this Deed or the restrictions on disposal imposed by this Deed.

6.5 Security Accounts - Notices of charge

- (a) The Chargor must:
 - (i) on the date of this Deed and on the date of designation of a particular account as a Security Account (as appropriate), give notice to each Account Bank of the charge created over each of its Security Accounts opened or maintained with that Account Bank substantially in the form of Part 1 of Schedule 2 (*Forms of letter for Security Accounts*); and
 - (ii) use all reasonable endeavours to procure that each Account Bank acknowledges that notice to the Security Agent substantially in the form of Part 2 of Schedule 2 (*Forms of letter for Security Accounts*) within 10 Business Days.

6.6 Notices of assignment

- (a) The Chargor must:
 - (i) promptly on the date of this Deed and on the date of entry into any Material Contract (as appropriate) serve a notice of the assignment by way of security of its rights, title and interest in and to any Material Contract under this Deed, substantially in the form of Part 1 of Schedule 3 (*Forms of letter for Material Contracts*), on each of the other parties to each of its Material Contracts; and
 - (ii) use reasonable endeavours to procure that each of those other parties acknowledges that notice, substantially in the form of Part 2 of Schedule 3 (*Forms of letter for Material Contracts*) within 10 Business Days of the date of this Deed or, if later, the date of entry into that Material Contract (as appropriate);
 - (iii) promptly on the date of this Deed and on the date of entry into any Insurance (as appropriate), give notice of the assignment by way of security of its rights, title and interest in and to the proceeds of its Insurances under this Deed to each of the other parties to each of the Insurances by sending a notice substantially in the form of Part 3 of Schedule 2 (*Forms of letter for Insurances*); and
 - (iv) use reasonable endeavours to procure that each such other party delivers a letter of undertaking to the Security Agent in the form of Part 4 of Schedule 2 (*Forms of letter for Insurances*) within 5 Business Days of the date of this Deed or, if later, the date of entry into that Insurance (as appropriate).

7. FURTHER ASSURANCES

7.1 Further Assurance: General

- (a) The covenant set out in Section 2(1)(b) of the Law of Property (Miscellaneous Provisions) Act 1994 shall extend to include the obligations set out in paragraph (b) below.

- (b) The Chargor shall promptly at its own cost do all such acts or execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Security Agent may specify (and in such form as the Security Agent may require) in favour of the Security Agent or its nominee(s):
- (i) to perfect the security created or intended to be created in respect of the Security Assets or for the exercise of the Security Rights;
 - (ii) to confer on the Security Agent security over any property and assets of the Chargor located in any jurisdiction outside England and Wales equivalent or similar to the security intended to be conferred by or pursuant to this Deed;
 - (iii) to facilitate the exercise of any Security Right; and/or
 - (iv) to facilitate the realisation of the Security Assets.

This includes:

- (1) the re-execution of this Deed;
- (2) the execution by the Chargor of any legal mortgage, charge, transfer, conveyance, assignment or assurance of or over all or any of the assets constituting, or intended to constitute, Security Assets; and
- (3) the giving of any notice, order or direction and the making of any filing or registration,

which, in any such case, the Security Agent may think expedient or desirable.

7.2 Necessary Action

The Chargor shall take all such action as is available to it (including making all filings and registrations) as may be necessary or desirable for the purpose of the creation, perfection, protection or maintenance of any security conferred or intended to be conferred on the Security Agent by or pursuant to this Deed.

7.3 Implied Covenants for Title

The obligations of the Chargor under this Deed shall be in addition to the covenants for title deemed to be included in this Deed by virtue of Part 1 of the Law of Property (Miscellaneous Provisions) Act 1994.

7.4 Information and Access

The Chargor shall from time to time on request of the Security Agent, furnish the Security Agent with such information as the Security Agent may require about the Chargor's business and affairs, the Security Assets and its compliance with the terms of this Deed and the Chargor shall permit the Security Agent, its representatives, professional advisers and contractors, free access at all times and on notice to (a) inspect and take copies and extracts from the books, accounts and records of the Chargor and (b) to view the Security Assets (without becoming liable as mortgagee in possession).

8. RESTRICTIONS ON DEALINGS

Other than as permitted pursuant to the Facility Agreement, the Chargor shall not:

- (a) create or permit to subsist any Security Interest on any of its assets; or
- (b) either in a single transaction or in a series of transactions and whether related or not and whether voluntarily or involuntarily sell, lease, transfer or otherwise dispose of all or any part of its assets, including:
 - (i) by executing any conveyance, transfer, lease or assignment of, or other right to use or occupy, all or any part of the Security Asset;

- (ii) by creating any legal or equitable estate or other interest in, or over, or otherwise relating to, all or any part of the Security Asset;
- (iii) (A) by granting or varying, or accepting any surrender, or cancellation or disposal of, any lease, tenancy, licence, consent or other right to occupy in relation to any of the Security Asset or (B) by allowing any person any right to use or occupy or to become entitled to assert any proprietary interest in, or right over, the Security Asset, which may, in each case, adversely affect the value of any of the Security Asset or the ability of the Security Agent to exercise any of the Security Rights; or
- (iv) by assigning or otherwise disposing of any interest in any Security Account.

9. REAL PROPERTY

9.1 Repair

The Chargor must:

- (a) keep its Premises in good and substantial repair and condition to the reasonable satisfaction of the Security Agent; and
- (b) keep its Fixtures in a good state of repair and in good working order and condition to the reasonable satisfaction of the Security Agent; and
- (c) not at any time without the prior written consent of the Security Agent sever or remove any of the Fixtures or any of the Plant and Machinery (other than stock in trade or work in progress) on or in the Real Property.

9.2 Compliance with lease terms and covenants

The Chargor must:

- (a) pay the rents (if lessee) and observe and perform all the material terms on its part contained in any lease, agreement for lease, licence or other agreement or document which gives the Chargor a right to occupy or use property comprised in its Real Property;
- (b) not do or allow to be done any act as a result of which any lease comprised in its Real Property may become liable to determination or any right of re-entry or forfeiture or otherwise be terminated prior to the expiration of its term;
- (c) duly and punctually comply with all covenants and stipulations affecting the Real Property or the facilities (including access) necessary for the enjoyment and use of the Real Property and indemnify each Secured Party in respect of any breach of those covenants and stipulations;
- (d) immediately notify the Security Agent of any matter or event under or by reason of which any lease (if lessee) has or is reasonably likely to become subject to determination or forfeiture or if any notice of forfeiture is received by it; and
- (e) use best endeavours to obtain (in form and content satisfactory to the Security Agent) as soon as possible, and in any case within 5 Business Days of notifying the Security Agent pursuant to 9.2(d) above, an acknowledgement from the lessor under any lease addressed to the Security Agent confirming such lessor will not commence any forfeiture proceedings without first consulting the Security Agent.

9.3 Acquisitions

If the Chargor acquires any freehold or leasehold property after the date of this Deed, it must:

- (a) promptly notify the Security Agent;

- (b) promptly on request by the Security Agent and at the cost of the Chargor, execute and deliver to the Security Agent a legal mortgage in favour of the Security Agent of that property in any form (consistent with this Deed) which the Security Agent may require;
- (c) if the title to that freehold or leasehold property is registered at the Land Registry or required to be so registered, give the Land Registry written notice of this Security; and
- (d) if applicable, ensure that this Security is correctly noted in the Register of Title against that title at the Land Registry.

9.4 Notices

The Chargor must, promptly after the receipt by it of any application, requirement, order or notice served or given by any public or local or any other authority with respect to its Real Property (or any part of it):

- (a) deliver a copy to the Security Agent; and
- (b) inform the Security Agent of the steps taken or proposed to be taken to comply with the relevant requirement.

9.5 Leases

The Chargor shall not, in respect of its Real Property (or any part of it), without the prior written consent of the Security Agent:

- (a) grant or agree to grant (whether in exercise or independently of any statutory power) any lease or tenancy;
- (b) agree to any amendment or waiver or surrender of any lease or tenancy;
- (c) commence any forfeiture proceedings in respect of any lease or tenancy;
- (d) confer upon any person any contractual licence or right to occupy;
- (e) consent to any assignment of any tenant's interest under any lease or tenancy;
- (f) agree to any rent reviews in respect of any lease or tenancy; or
- (g) serve any notice on any former tenant under any lease or tenancy (or any guarantor of that former tenant) which would entitle it to a new lease or tenancy.

9.6 Development

The Chargor shall not:

- (a) make or permit others to make any application for planning permission in respect of any part of the Real Property; or
- (b) carry out or permit to be carried out on any part of the Real Property any development for which the permission of the local planning authority is required,

except with the prior written consent of the Security Agent or as is envisaged by the Base Case Model.

9.7 Investigation of title

The Chargor must grant the Security Agent or its lawyers on request all facilities within the power of the Chargor to enable the Security Agent or its lawyers (at the expense of the Chargor) after this Security has become enforceable to:

- (a) carry out investigations of title to the Real Property; and
- (b) make such enquiries in relation to any part of the Real Property as a prudent mortgagee might carry out.

9.8 Report on Title

The Chargor must, as soon as practicable after a request by the Security Agent, supply the Security Agent with a Report on Title of the Chargor to its Real Property (other than in respect of those Real Properties in respect of which the Security Agent received a Report on Title on the date of this Deed) concerning those items which may properly be sought to be covered by a prudent mortgagee in a lawyer's report of this nature.

9.9 Power to remedy

If the Chargor fails to perform any covenant or stipulation or any term of this Deed affecting its Real Property, the Chargor must allow the Security Agent or its agents and contractors:

- (a) to enter any part of its Real Property;
- (b) to comply with or object to any notice served on the Chargor in respect of its Real Property; and
- (c) to take any action as the Security Agent may consider necessary or desirable to prevent or remedy any breach of any such covenant, stipulation or term or to comply with or object to any such notice.

The Chargor must promptly on request by the Security Agent pay the costs and expenses of the Security Agent or its agents and contractors incurred in connection with any action taken by it under this Clause and, pending reimbursement, that payment will constitute part of the Secured Obligations and shall carry interest from the date of payment by the Security Agent until reimbursed at the rate and in accordance with Clause 26.2 (*Interest*).

10. INTELLECTUAL PROPERTY

The Chargor shall in respect of any Intellectual Property which is material to or required in connection with its business:

- (a) notify the Security Agent and any Receiver if it becomes the owner of any such Intellectual Property after the date of this Deed;
- (b) take all such steps and do all such acts as may be necessary to preserve and maintain the subsistence and the validity of any such Intellectual Property; and
- (c) not use or permit any such Intellectual Property to be used in any way which may adversely affect its value.

11. SECURITY ACCOUNTS

11.1 Undertakings

- (a) All Security Accounts must be maintained at a branch of the Account Bank approved by the Security Agent. The initial Account Bank for the Chargor is HSBC Bank PLC.
- (b) The Chargor, during the subsistence of this Deed:
 - (i) shall promptly deliver to the Security Agent on the date of this Deed (and, if any change occurs thereafter, on the date of such change), details of each Security Account maintained by it with any bank or financial institution (other than with the Security Agent); and
 - (ii) shall not, without the Security Agent's prior written consent, permit or agree to any variation of the rights attaching to any Security Account or close or change any Security Account.

11.2 Change of Account Bank

- (a) The Account Bank may be changed to another Acceptable Bank if the Chargor and the Security Agent so agree.

- (b) A change only becomes effective when the proposed new Account Bank agrees with the Security Agent and the Chargor, in a manner satisfactory to the Security Agent, to fulfil the role of the Account Bank under this Deed and if the new Account Bank acknowledges, in accordance with the notices served pursuant to Clause 6.5 (*Security Accounts – Notices of Charge*) the Security Interests created by the Chargor over its Security Accounts pursuant to the terms of this Deed.
- (c) If there is a change of Account Bank, the net amount (if any) standing to the credit of the Security Accounts maintained with the old Account Bank must be transferred to the corresponding Security Accounts maintained with the new Account Bank immediately upon the appointment taking effect and the Chargor hereby irrevocably gives all authorisations and instructions necessary for any such transfer to be made.
- (d) The Chargor:
 - (i) must take any action which the Security Agent may require to facilitate a change of Account Bank and any transfer of credit balances (including the execution of bank mandate forms); and
 - (ii) irrevocably appoints the Security Agent as its attorney to take any such action if the Chargor should fail to do so.

11.3 Operation of Security Accounts

- (a) Except with the prior consent of the Security Agent or as set out in this Deed, the Chargor shall not withdraw any monies (including interest) standing to the credit of any Security Account.
- (b) Prior to the occurrence of an Event of Default, the Chargor shall be entitled to receive, withdraw or otherwise transfer any credit balance from time to time standing to the credit of any Operating Account.
- (c) After the occurrence of an Event of Default, the Chargor shall not be entitled to receive, withdraw or otherwise transfer any credit balance from time to time standing to the credit of any Operating Account except with the prior consent of the Security Agent.
- (d) The Escrow Account shall be operated in accordance with Clause 6 of the Facility Agreement. The Facility Agent has sole signing rights on the Escrow Account. The Chargor shall not be entitled to receive, withdraw or otherwise transfer any credit balance from time to time on the Escrow Account.
- (e) The Chargor must ensure that none of its Security Accounts is overdrawn at any time. The Security Agent may, at its discretion, make payments into any Security Account.
- (f) The Chargor must ensure that the Account Bank operates each Security Account in accordance with the terms of this Deed.

12. MONETARY CLAIMS

12.1 Dealing with Monetary Claims

The Chargor shall not, without the prior written consent of the Security Agent:

- (a) deal with the Monetary Claims except by getting in and realising them in a prudent manner (on behalf of the Security Agent) and paying the proceeds of those Monetary Claims into an Operating Account or as the Security Agent may require (and such proceeds shall be held upon trust by the Chargor for the Security Agent on behalf of the Secured Parties prior to such payment in); or
- (b) factor or discount any of the Monetary Claims or enter into any agreement for such factoring or discounting.

13. MATERIAL CONTRACTS

13.1 Undertakings

The Chargor must:

- (a) promptly notify the Security Agent and any Receiver of any circumstances which the Chargor may become aware of and which may give rise, or may reasonably be expected to give rise, to a claim under any Material Contract;
- (b) duly and promptly perform its material obligations under each of its Material Contracts; and
- (c) notify the Security Agent and any Receiver of the entry by the Chargor after the date of this Agreement into any Material Contracts and supply the Security Agent and any Receiver with copies of each of its Material Contracts and any information and documentation relating to any of its Material Contracts requested by the Security Agent or any Receiver.

13.2 Preservation

The Chargor shall not, without the prior consent of the Security Agent:

- (a) amend or waive any term of or terminate any of its Material Contracts except where the amendment or waiver is minor or administrative in nature and is not prejudicial to the interests of the Lenders; or
- (b) take any action which might jeopardise the rights of the Chargor under, or the existence or enforceability of, any of its Material Contracts.

13.3 Rights

- (a) Subject to the rights of the Security Agent under paragraph (b) below, the Chargor must diligently pursue its rights under each of its Material Contracts, but only if and to the extent that the exercise of those rights in the manner proposed would not result in a Default under the Facility Agreement.
- (b) Following the occurrence of an Event of Default, the Security Agent may exercise (without any further consent or authority on the part of the Chargor and irrespective of any direction given by the Chargor) any of the Chargor's rights under its Material Contracts.

14. PLANT AND MACHINERY

14.1 Maintenance

The Chargor must keep its Plant and Machinery in good repair and in good working order and condition to the reasonable satisfaction of the Security Agent.

14.2 Updated lists of Plant and Machinery

The Chargor must provide to the Security Agent a list of its Plant and Machinery upon request of the Security Agent.

14.3 Licence

Until notice is given by the Security Agent of the termination of any right of possession, the Chargor shall be entitled to retain possession, subject to the terms of this Deed, of the Plant and Machinery charged to the Security Agent pursuant to this Deed, but as bailee only.

14.4 Location

The Chargor shall during the subsistence of this Deed keep each item of Plant and Machinery at the Plant or at such other location in England and Wales as may be approved in writing by the Security Agent and shall not, without the prior written consent of the Security Agent,

remove any item from its designated location (except for the purpose of and in the course of effecting necessary repairs to that asset as previously notified in writing to the Security Agent).

15. INSURANCES

15.1 Undertakings

The Chargor shall at all times during the subsistence of this Deed:

- (a) keep the Security Assets insured with a reputable insurer against such risks and to the extent usual for companies carrying on a business similar to that of the Chargor;
- (b) if required by the Security Agent, cause each Insurance relating to the Security Assets other than any Insurance which has been the subject of a Notice of Assignment pursuant to Clause 6 (*Perfection requirements*) to contain (in form and substance reasonably satisfactory to the Security Agent) an endorsement naming the Security Agent as sole loss payee in respect of all claims until such time as the Security Agent notifies the insurer(s) to the contrary;
- (c) promptly pay all premiums and other monies payable under all its Insurances and promptly upon request, produce to the Security Agent a copy of each policy and evidence (reasonably acceptable to the Security Agent) of the payment of such sums; and
- (d) if required by the Security Agent (but subject to the provisions of any lease of the Real Property), deposit all Insurances relating to the Security Assets with the Security Agent.

15.2 Power to remedy

If the Chargor does not comply with its obligations under Clause 15.1 (*Undertakings*), the Security Agent may effect or renew any such insurance on such terms, in such name(s) and in such amount(s) as it reasonably considers appropriate, and all monies expended by the Security Agent in doing so shall be reimbursed by the Chargor to the Security Agent on demand and, pending reimbursement, that payment will constitute part of the Secured Obligations and shall carry interest from the date of payment by the Security Agent until reimbursed at the rate and in accordance with Clause 26.2 (*Interest*).

15.3 Rights

- (a) Subject to the rights of the Security Agent under paragraph (b) below, the Chargor must diligently pursue its rights under each of its Insurances, but only if and to the extent that the exercise of those rights in the manner proposed would not result in a Default under the terms of the Facility Agreement.
- (b) Following the occurrence of an Event of Default:
 - (i) the Security Agent may exercise (without any further consent or authority on the part of the Chargor and irrespective of any direction given by the Chargor) any of the rights of the Chargor in connection with any amounts payable to it under any of its Insurances;
 - (ii) the Chargor must take such steps (at its own cost) as the Security Agent may require to enforce those rights; this includes initiating and pursuing legal or arbitration proceedings in the name of the Chargor; and
 - (iii) the Chargor must hold any payment received by it under any of its Insurances on trust for the Security Agent.

15.4 Application of Insurance Proceeds

All monies received under any Insurance relating to the Security Assets shall (subject to the rights and claims of any person having prior rights to such monies and subject to the provisions of the Finance Documents), prior to the occurrence of an Event of Default, be applied in accordance with Clause 9 (*Mandatory Prepayment and Cancellation*) of the Facility Agreement; after the occurrence of an Event of Default, the Chargor shall hold such monies upon trust for the Security Agent pending payment to the Security Agent for application in accordance with Clause 21 (*Application of Proceeds*) and the Chargor waives any right it may have to require that any such monies are applied in reinstatement of any part of the Security Assets.

16. WHEN SECURITY BECOMES ENFORCEABLE

16.1 Timing

This Security will become immediately enforceable if an Event of Default occurs or if the Chargor requests the Security Agent to exercise any of its powers under this Deed or if a petition or application is presented for the making of an administration order in relation to the Chargor or if any person who is entitled to do so gives written notice of its intention to appoint an administrator of the Chargor or files such a notice with the court.

16.2 Enforcement

After this Security has become enforceable, the Security Agent may, without notice to the Chargor or prior authorisation from any court, in its absolute discretion:

- (a) enforce all or any part of this Security at the times, in the manner and on the terms it sees fit (or as Agent, acting on the instructions of the Majority Lenders, may direct) and take possession of and hold or dispose of all or any part of the Security Assets; and
- (b) whether or not it has appointed a Receiver, exercise all or any of the powers, authorities and discretions conferred by the Act (as varied or extended by this Deed) on mortgagees and by this Deed on any Receiver or otherwise conferred by law on mortgagees or Receivers.

17. ENFORCEMENT OF SECURITY

17.1 General

- (a) The power of sale or other disposal and any other power conferred on a mortgagee by law (including under section 101 of the Act) as varied or amended by this Deed will be immediately exercisable at any time after this Security has become enforceable.
- (b) For the purposes of all powers implied by law, the Secured Obligations are deemed to have become due and payable on the date of this Deed.
- (c) Any restriction imposed by law on the power of sale (including under section 103 of the Act) or the right of a mortgagee to consolidate mortgages (including under section 93 of the Act) does not apply to this Security or to the exercise by the Security Agent of its right to consolidate all or any of the Security with any other security in existence at the time or to its power of sale, which powers may be exercised by the Security Agent without notice to the Chargor on or at any time after this Security has become enforceable.
- (d) Any powers of leasing conferred on the Security Agent by law are extended so as to authorise the Security Agent and any Receiver to lease, make agreements for leases, accept surrenders of leases and grant options on such terms as the Security Agent or any Receiver may think fit and without the need to comply with any restrictions conferred by law (including under section 99 or 100 of the Act).

17.2 Right of Appropriation

- (a) To the extent that any of the Security Assets constitute "financial collateral" and this Deed and the obligations of the Chargor under this Deed constitute a "security financial collateral arrangement" (in each case for the purpose of and as defined in the Financial Collateral Arrangements (No.2) Regulations 2003 (SI 2003 No. 3226) as amended, including by the Financial Markets and Insolvency (Settlement Finality and Financial Collateral Arrangements) (Amendment) Regulations 2010 (SI 2010 No. 2993) (the "**Regulations**")) the Security Agent shall have the right to appropriate all or any part of that financial collateral in or towards the satisfaction of the Secured Obligations.
- (b) For the purpose of paragraph (a) above, the parties agree that the value of the financial collateral appropriated shall be, in the case of cash, the amount standing to the credit of each of the Security Accounts, together with any accrued but unposted interest, at the time the right of appropriation is exercised. In each case, the parties agree that the method of valuation provided for in this Deed shall constitute a commercially reasonable method of valuation for the purposes of the Regulations.

17.3 No liability as mortgagee in possession

Neither the Security Agent nor any Receiver will be liable, by reason of entering into possession of a Security Asset:

- (a) to account as mortgagee in possession or for any loss on realisation; or
- (b) for any neglect, default or omission in connection with a Security Asset for which a mortgagee or a mortgagee in possession might otherwise be liable.

17.4 Privileges

The Security Agent and each Receiver is entitled to all the rights, powers, privileges and immunities conferred by law (including the Act) on mortgagees and receivers duly appointed under any law (including the Act).

17.5 Protection of third parties

- (a) No person (including a purchaser) dealing with the Security Agent or a Receiver or its or his agents will be concerned to enquire:
 - (i) whether the Secured Obligations have become payable;
 - (ii) whether any power which the Security Agent or a Receiver is purporting to exercise has become exercisable or is being properly exercised;
 - (iii) whether any money remains due under the Finance Documents; or
 - (iv) how any money paid to the Security Agent or to that Receiver is to be applied.
- (b) The receipt of the Security Agent or any Receiver shall be conclusive discharge to a purchaser and, in making any sale or disposal of any of the Security Assets or making any acquisition, the Security Agent or any Receiver may do so for such consideration, in such manner and on such terms as it thinks fit.

17.6 Redemption of prior mortgages

- (a) At any time after this Security has become enforceable, the Security Agent may:
 - (i) redeem any prior Security Interest against any Security Asset; and/or
 - (ii) procure the transfer of that Security Interest to itself; and/or
 - (iii) settle and pass the accounts of the prior mortgagee, chargee or encumbrancer; any accounts so settled and passed will be, in the absence of manifest error, conclusive and binding on the Chargor.

- (b) The Chargor must pay to the Security Agent, immediately on demand, the costs and expenses incurred by the Security Agent in connection with any such redemption and/or transfer, including the payment of any principal or interest and, pending reimbursement, that payment will constitute part of the Secured Obligations and shall carry interest from the date of payment by the Security Agent until reimbursed at the rate and in accordance with Clause 26.2 (*Interest*).

17.7 Contingencies

If this Security is enforced at a time when no amount is due under the Finance Documents but at a time when amounts may or will become due, the Security Agent (or any Receiver) may pay the proceeds of any recoveries effected by it into such number of suspense accounts as it considers appropriate.

18. APPOINTMENT OF ADMINISTRATOR

- (a) Subject to the Insolvency Act 1986, at any time and from time to time after this Security becomes enforceable, or if the Chargor so requests the Security Agent in writing from time to time, the Security Agent may appoint any one or more qualified persons to be an Administrator of the Chargor, to act together or independently of the other or others appointed (to the extent applicable).
- (b) Any such appointment may be made pursuant to an application to court under paragraph 12 of Schedule B1 of the Insolvency Act 1986 (Administration application) or by filing specified documents with the court under paragraphs 14 - 21 of Schedule B1 of the Insolvency Act 1986 (Appointment of administrator by holder of floating charge).
- (c) In this Clause "**qualified person**" means a person who, under the Insolvency Act 1986, is qualified to act as an Administrator of any company with respect to which he is appointed.

19. RECEIVER

19.1 Appointment of Receiver

- (a) Except as provided below, the Security Agent may (acting through an authorised officer of the Security Agent) without prior notice to the Chargor appoint any one or more persons to be a Receiver of all or any part of the Security Assets if:
 - (i) this Security has become enforceable; or
 - (ii) the Chargor so requests the Security Agent in writing at any time.
- (b) Any appointment under paragraph (a) above may be by deed, under seal or in writing under its hand.
- (c) Except as provided below, any restriction imposed by law on the right of a mortgagee to appoint a Receiver (including under section 109(1) of the Act) does not apply to this Deed.
- (d) The Security Agent is not entitled to appoint a Receiver solely as a result of obtaining a moratorium (or anything done with a view to obtaining a moratorium) pursuant to Schedule A1 of the Insolvency Act 1986 except with the leave of the court.
- (e) The Security Agent may not appoint an administrative receiver (as defined in section 29(2) of the Insolvency Act 1986) over the Security Assets if the Security Agent is prohibited from so doing by section 72A of the Insolvency Act 1986 and no exception to the prohibition on appointing an administrative receiver applies.

19.2 Removal

The Security Agent may by writing under its hand (subject to any requirement for an order of the court in the case of an administrative receiver) remove any Receiver appointed by it and may, whenever it thinks fit, appoint one or more persons to be a Receiver in the place of any Receiver whose appointment may for any reason have terminated.

19.3 Remuneration

The Security Agent may fix the remuneration of any Receiver appointed by it and any maximum rate imposed by any law (including under section 109(6) of the Act) will not apply.

19.4 Agent of the Chargor

- (a) A Receiver will be deemed to be the agent of the Chargor for all purposes and accordingly will be deemed to be in the same position as a Receiver duly appointed by a mortgagee under the Act. The Chargor is solely responsible for the contracts, engagements, acts, omissions, defaults and losses of, and remuneration payable to, a Receiver and for liabilities incurred by a Receiver.
- (b) No Secured Party will incur any liability (either to the Chargor or to any other person) by reason of the appointment of a Receiver or for any other reason.

19.5 Relationship with Security Agent

To the fullest extent allowed by law, any right, power or discretion conferred by this Deed (either expressly or impliedly) or by law on a Receiver may after this Security becomes enforceable be exercised by the Security Agent in relation to any Security Asset without first appointing a Receiver or notwithstanding the appointment of a Receiver. No Receiver shall at any time act as agent for the Security Agent.

20. POWERS OF RECEIVER

20.1 General

- (a) A Receiver has all the rights, powers and discretions set out below in this Clause in addition to those conferred on it by any law. This includes:
 - (i) in the case of an administrative receiver, all the rights, powers and discretions conferred on an administrative receiver under the Insolvency Act 1986; and
 - (ii) otherwise, all the rights, powers and discretions conferred on a receiver (or a receiver and manager) under the Act and the Insolvency Act 1986.
- (b) If there is more than one Receiver holding office at the same time; each Receiver may (unless the document appointing him states otherwise) exercise all the powers conferred on a Receiver under this Deed individually and to the exclusion of any other Receiver.

20.2 Possession

A Receiver may take immediate possession of, get in and collect any Security Asset (including rent and other income accrued from time to time).

20.3 Calls

A Receiver may make, or require the directors of the Chargor to make, calls upon the holders of share capital of the Chargor which remains uncalled and to enforce payment of such calls and any previous unpaid calls by taking proceedings.

20.4 Carry on business

A Receiver may carry on and manage, or concur in the carrying on and management of or to appoint a manager of, the whole or any part of any business of the Chargor in any manner he thinks fit.

20.5 Employees

- (a) A Receiver may appoint and discharge managers, officers, agents, accountants, servants, workmen and others for the purposes of this Deed upon such terms as to remuneration or otherwise as he thinks fit.
- (b) A Receiver may discharge any person appointed by the Chargor and employ, engage, dismiss or vary the terms of employment or engagement of employees, workmen, servants, officers, managers, agents and advisers on such terms as to remuneration and otherwise as he shall think fit including power to engage his own firm in the conduct of the receivership.

20.6 Borrow money

A Receiver may raise and borrow money either unsecured or on the security of any Security Asset either in priority to this Security or otherwise and generally on any terms and for whatever purpose which he thinks fit.

20.7 Redemption of security

A Receiver may redeem, discharge or compromise any security whether or not having priority to all or any part of the security constituted pursuant to this Deed.

20.8 Covenants, guarantees and indemnities

A Receiver may enter into such bonds, covenants, guarantees, commitments, indemnities and other obligations or liabilities as he shall think fit and make all payments needed to effect, maintain or satisfy such obligations or liabilities.

20.9 Sale of assets

- (a) A Receiver may sell, exchange, convert into money and realise any Security Asset by public auction or private contract and generally in any manner and on any terms which he thinks fit.
- (b) The consideration for any such transaction may consist of cash, debentures or other obligations, shares, stock or other valuable consideration and any such consideration may be payable in a lump sum or by instalments spread over any period which he thinks fit.
- (c) Fixtures may be severed and sold separately from the property containing them without the consent of the Chargor.

20.10 Contracts

A Receiver may enter into any contract or arrangement and perform, repudiate, rescind or vary any contract to which the Chargor is a party.

20.11 Leases

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

20.12 Landlord and Tenant

A Receiver may make allowances to and re-arrangements (including granting any licences and operating any rent reviews) with any lessees, tenants or persons from whom rents and profits may be receivable and to exercise any powers and discretions conferred on a landlord or a tenant by any statutory provision from time to time in force.

20.13 Acquisitions

A Receiver may purchase, lease, hire or acquire any assets or rights which he shall in his absolute discretion consider necessary or desirable for the carrying on, improvement or

realisation of, or for the benefit of, the whole or any part of the Security Assets or the business of the Chargor.

20.14 Compromise

A Receiver may settle, adjust, refer to arbitration, compromise and arrange any claim, account, dispute, question or demand with or by any person who is or claims to be a creditor of the Chargor or relating in any way to any Security Asset.

20.15 Legal actions

A Receiver may bring, prosecute, enforce, defend, negotiate and abandon any action, suit or proceedings in connection with the business of the Chargor, all or any party of any Security Asset or this Security which he thinks fit.

20.16 Receipts

A Receiver may give a valid receipt for any monies and execute any assurance or thing which may be proper or desirable for realising any Security Asset.

20.17 Subsidiaries

A Receiver may form a Subsidiary of the Chargor or supervise, control and finance any existing or new Subsidiary of the Chargor and transfer to that Subsidiary any Security Asset.

20.18 Delegation

A Receiver may delegate his powers in accordance with this Deed.

20.19 Lending

A Receiver may lend money or advance credit to any customer of the Chargor.

20.20 Protection of assets

A Receiver may:

- (a) effect any repair or insurance and do any other act which the Chargor might do in the ordinary conduct of its business to protect or improve any Security Asset;
- (b) commence and/or complete any building operation;
- (c) apply for and maintain any planning permission, building regulation approval or any other authorisation; and
- (d) effect, maintain or renew indemnity and other insurances and to obtain bonds and performance guarantees,

in each case as he thinks fit.

20.21 Other powers

A Receiver may:

- (a) do all other acts and things which he may consider desirable or necessary for realising any Security Asset or which seem to the Receiver to be incidental or conducive to (i) any of the functions, rights, powers, authorities or discretions conferred on or vested in him, (ii) the exercise of the Security Rights (including the realisation of all or part of the Security Assets) or (iii) bringing to his hands any assets of the Chargor forming part of, or which when got in would be, Security Assets; and
- (b) use the name of the Chargor for any of the above purposes.

21. APPLICATION OF PROCEEDS

- (a) Unless otherwise determined by the Security Agent or a Receiver, any monies received or recovered by the Security Agent or that Receiver after this Security has

become enforceable pursuant to this Deed or the powers conferred by it (subject to the claims of any person having prior rights thereto and by way of variation of the provisions of the Act) must be applied by the Security Agent in accordance with clause 31.5 (*Partial Payments*) of the Facility Agreement.

- (b) This Clause is subject to the payment of any claims having priority over this Security and to the terms of the Facility Agreement. This Clause does not prejudice the right of any Secured Party to recover any shortfall from the Chargor.

22. EXPENSES AND INDEMNITY

The Chargor must:

- (a) immediately on demand pay, or on an indemnity basis reimburse, all costs and expenses (including legal fees) together with any VAT thereon incurred by any Secured Party, Receiver, attorney, manager, agent or other person appointed by the Security Agent under this Deed in connection with:
 - (i) the negotiation, preparation and execution of this Deed;
 - (ii) the completion of the transactions and perfection of the security contemplated in this Deed; and
 - (iii) the exercise, preservation and/or enforcement of the Security or any Security Rights contemplated by this Deed; and
- (b) keep each of those persons indemnified against any loss or liability incurred by it in connection with any litigation, arbitration or administrative proceedings concerning this Security or the Security Rights; this includes any arising from any actual or alleged breach by any person of any law or regulation, whether relating to the environment or otherwise,

and any amount due but unpaid shall carry interest from the date of such demand until so reimbursed at the rate and on the basis mentioned in Clause 26.2 (*Interest*).

23. DELEGATION

23.1 Power of Attorney

The Security Agent and any Receiver may delegate by power of attorney or in any other manner to any person any right, power or discretion exercisable by it under this Deed which delegation shall not preclude either the subsequent exercise any subsequent delegation or any revocation of such right, power or discretion by the Security Agent or any Receiver itself.

23.2 Terms

Any such delegation may be made upon any terms (including power to sub-delegate) which the Security Agent or any Receiver may think fit.

23.3 Liability

Neither the Security Agent nor any Receiver will be in any way liable or responsible to the Chargor for any loss or liability arising from any act, default, omission or misconduct on the part of any delegate or sub-delegate.

23.4 Discretion

Any liberty or power which may be exercised or any determination which may be made under this Deed by the Security Agent or any Receiver may be exercised or made in its absolute and unfettered discretion without any obligation to give reasons.

24. POWER OF ATTORNEY

24.1 Appointment and Powers

The Chargor by way of security irrevocably appoints the Security Agent and any Receiver and each of their respective delegates and sub-delegates severally to be its attorney and in its name, on its behalf and as its act and deed to execute, deliver and perfect all documents and do all things which the attorney may consider to be required or desirable for:

- (a) carrying out any obligation imposed on the Chargor by this Deed or any other agreement binding on the Chargor to which the Security Agent is party (including the execution and delivery of any mortgages, deeds, charges, assignments or other security and any transfers of the Security Assets); and
- (b) enabling the Security Agent and any Receiver to exercise, or delegate the exercise of, any of the rights, powers and authorities conferred on them by or pursuant to this Deed or by law (including, after the occurrence of an Event of Default, the exercise of any right of a legal or beneficial owner of the Security Assets).

24.2 Ratification

The Chargor shall ratify and confirm all things done and all documents executed by any attorney in the exercise or purported exercise of all or any of its powers under its appointment under this Clause.

25. PRESERVATION OF SECURITY

25.1 Continuing security

This Security is a continuing security and will extend to the ultimate balance of the Secured Obligations, regardless of any intermediate payment or discharge in whole or in part.

25.2 Reinstatement

- (a) If any discharge (whether in respect of the obligations of any Obligor or any security for those obligations or otherwise) or arrangement is made in whole or in part on the faith of any payment, security or other disposition which is avoided or must be restored on insolvency, liquidation, administration or otherwise without limitation, the liability of the Chargor under this Deed will continue or be reinstated as if the discharge or arrangement had not occurred.
- (b) Each Secured Party may concede or compromise any claim that any payment, security or other disposition is liable to avoidance or restoration.

25.3 Waiver of defences

The obligations of the Chargor under this Deed and the Security Rights will not be affected by any act, omission, matter or thing which, but for this Clause, would reduce, release or prejudice any of its obligations under this Deed (whether or not known to it or any Secured Party). This includes:

- (a) any time, waiver or consent granted to, or composition with, any person;
- (b) any release of any person under the terms of any composition or arrangement with any creditor of any member of the Group;
- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any person;
- (d) any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- (e) any incapacity lack of power, authority or legal personality of or dissolution or change in the members or status of any person;
- (f) any amendment (however fundamental) or replacement of a Finance Document or any other document or security or of the Secured Obligations;

- (g) any unenforceability, illegality, invalidity or non-provability of any obligation of any person under any Finance Document or any other document or security or of the Secured Obligations or the failure by any member of the Group to enter into or be bound by any Finance Document; or
- (h) any insolvency or similar proceedings or any winding-up, dissolution, administration, or re-organisation of or other change in the Chargor or any other person.

25.4 Chargor intent

Without prejudice to the generality of Clause 25.3 (*Waiver of Defences*), the Chargor expressly confirms that it intends that this Security shall extend from time to time to secure the Secured Obligations, whether or not such Secured Obligations are increased or decreased pursuant to any (however fundamental) variation, amendment, increase, extension or addition of or to any of the Finance Documents and/or any facility or amount made available under any of the Finance Documents for the purposes of or in connection with any of the following: business acquisitions of any nature; increasing working capital; enabling investor distributions to be made; carrying out restructurings; refinancing existing facilities; refinancing any other indebtedness; making facilities available to new borrowers; any other variation, amendment or extension of the purposes for which any such facility or amount might be made available from time to time; and any fees, interest payments, costs and/or expenses associated with any of the foregoing.

25.5 Immediate recourse

The Chargor waives any right it may have of first requiring any Secured Party (or any trustee or agent on its behalf) to proceed against or enforce any other right or security or claim payment from any person or file any proof or claim in any insolvency, administration, winding-up or liquidation proceedings relative to any other Obligor or any other person before claiming from the Chargor under this Deed. This waiver applies irrespective of any law or any provision of this Deed to the contrary.

25.6 Appropriations

Until all amounts which may be or become payable by the Obligors under the Finance Documents have been irrevocably paid in full, each Secured Party (or any trustee or agent on its behalf) may without affecting the liability of the Chargor under this Deed:

- (a) refrain from applying or enforcing any other monies, security or rights held or received by that Secured Party (or any trustee or agent on its behalf) against those amounts; or
- (b) apply and enforce them in such manner and order as it sees fit (whether against those amounts or otherwise; and
- (c) hold in an interest-bearing suspense account any monies received from the Chargor or on account of the Chargor's liability under this Deed.

25.7 Non-competition

Unless:

- (a) all amounts which may be or become payable by the Obligors under the Finance Documents have been irrevocably paid in full; or
- (b) the Security Agent otherwise directs,

the Chargor shall not, after a claim has been made or by virtue of any payment or performance by it under this Deed:

- (i) be subrogated to any rights, security or monies held, received or receivable by any Secured Party (or any trustee or agent on its behalf);

- (ii) be entitled to any right of contribution or indemnity in respect of any payment made or monies received on account of the Chargor's liability under this Clause;
- (iii) claim, rank, prove or vote as a creditor of any Obligor or its estate in competition with any Secured Party (or any trustee or agent on its behalf); or
- (iv) receive, claim or have the benefit of any payment, distribution or security from or on account of any Obligor, or exercise any right of set-off as against any Obligor.

The Chargor must hold in trust for and must immediately pay or transfer to the Security Agent for the Secured Parties any payment or distribution or benefit of security received by it contrary to this Clause or in accordance with any directions given by the Security Agent under this Clause.

25.8 Additional security

- (a) This Security and the Security Rights shall be cumulative, in addition to, independent of and not in any way prejudiced by any other security now or subsequently held by any Secured Party; and
- (b) No prior security held by the Security Agent (whether in its capacity as trustee or otherwise) or by any Secured Party (in its capacity as such or otherwise) over any Security Asset will merge into this Security.

25.9 No Prejudice

This Security and the Security Rights shall not be prejudiced by any unenforceability or invalidity of any other agreement or document or by any time or indulgence granted to the Chargor or any other person, or the Security Agent (whether in its capacity as trustee or otherwise) or any of the other Secured Parties or by any variation of the terms of the trust upon which the Security Agent holds the Security or by any other thing which might otherwise prejudice that Security or any Security Right.

25.10 Remedies and Waivers

No failure on the part of the Security Agent to exercise, or any delay on its part in exercising, any Security Right shall operate as a waiver of that Security Right, nor shall any single or partial exercise of any Security Right preclude any further or other exercise of that or any other Security Right.

25.11 Partial Invalidity

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

25.12 Deferral of Rights

Until such time as the Secured Obligations have been discharged in full, the Chargor shall not exercise any rights which it may have by reason of performance by it of its obligations under this Deed:

- (a) to be indemnified by any Obligor;
- (b) to claim any contribution from any guarantor of any Obligor's obligations under this Deed; and/or

to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Secured Parties under the Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, this Deed by any Secured Party.

26. MISCELLANEOUS

26.1 Covenant to pay

The Chargor covenants with the Security Agent as trustee for the Secured Parties that it shall on demand of the Security Agent discharge all obligations which the Chargor may at any time have to the Security Agent (whether for its own account or as trustee for the Secured Parties) or any other Secured Party under or pursuant to the Finance Documents (including this Deed) including any liability in respect of any further advances made under the Finance Documents, whether present or future, actual or contingent (and whether incurred solely or jointly and whether as principal or as surety or in some other capacity) and the Chargor shall pay to the Security Agent when due and payable every sum at any time owing, due or incurred by the Chargor to the Security Agent (whether for its own account or as trustee for the Secured Parties) or any other Secured Party in respect of any such liabilities, provided that neither such covenant nor this Security shall extend to or include any liability or sum which would, but for this proviso, cause such covenant or security to be unlawful or prohibited by any applicable law.

26.2 Interest

If the Chargor fails to pay any sums on the due date for payment of that sum, the Chargor shall pay interest on such sum (before and after any judgment and to the extent interest at a default rate is not otherwise being paid on that sum) from the date of demand until the date of payment calculated on a daily basis at the rate determined in accordance with the provisions of clause 11.4 (*Default interest*) of the Facility Agreement.

26.3 Currency Conversion

For the purpose of or pending the discharge of any Secured Obligations, the Security Agent may convert any monies received or recovered by the Security Agent or any Receiver pursuant to this Deed from one currency to another at the spot rate at which the Security Agent is able to purchase the currency in which the Secured Obligations are due with the amount received. The Secured Obligations shall only be satisfied to the extent of the amount of the due currency purchased after deducting the costs of conversion.

26.4 Tacking

Each Lender must perform its obligations under the Facility Agreement (including any obligation to make available further advances and that obligation will be deemed to be incorporated into this Deed as if set out in full in this Deed).

26.5 Subsequent Security Interests

- (a) If any subsequent charge or other interest affects any Security Asset, any Secured Party may open a new account with any Obligor.
- (b) If a Secured Party does not open a new account, it will nevertheless be treated as if it had done so at the time when it received or was deemed to have received notice of that charge or other interest.
- (c) As from that time all payments made to that Secured Party will be credited or be treated as having been credited to the new account and will not operate to reduce any Secured Obligations.

26.6 Time deposits

Without prejudice to any right of set-off any Secured Party may have under any Finance Document or otherwise, if any time deposit matures on any account the Chargor has with any Secured Party within the Security Period when:

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

that time deposit will automatically be renewed for any further maturity which that Secured Party in its absolute discretion considers appropriate unless that Secured Party otherwise agrees in writing.

26.7 Perpetuity period

The perpetuity period for the trusts in this Deed is 125 years.

26.8 No Liability

None of the Security Agent, its nominee(s) or any Receiver shall be liable by reason of taking any action permitted by this Deed, except in the case of gross negligence or wilful default upon its part.

27. RELEASE

27.1 Redemption of Security

At the end of the Security Period or, if earlier, to the extent otherwise permitted under and provided for in the other Finance Documents, the Security Agent shall, at the request and cost of the Chargor, take whatever action is reasonably necessary and within its power to release and cancel this Security and procure the reassignment to the Chargor of the property and assets assigned to the Security Agent pursuant to this Deed, in each case subject to Clause 27.2 (*Avoidance of Payments*) and without recourse to, or any representation or warranty by, the Security Agent or any of its nominees.

27.2 Avoidance of Payments

Without prejudice to any other provision of this Deed, if the Security Agent considers that there exists a possibility that any amount paid or credited to any Secured Party under any Finance Document is capable of being avoided, reduced or otherwise set aside on the liquidation or administration of the payer or by virtue of any bankruptcy, insolvency, liquidation or similar laws, the liability of the Chargor under this Deed and the security constituted by this Deed shall continue and any amount so paid shall not be considered to have been irrevocably paid for the purposes of this Deed.

27.3 Retention of Security

The Security Agent may retain this Deed, the security constituted by or pursuant to this Deed and all documents of title, certificates and other documents relating to or evidencing ownership of all or any part of the Security Assets for a period of seven months after any discharge in full of the Secured Obligations, provided that if at any time during that seven month period a petition or application is presented for an order for the winding-up of, or the making of an administration order in respect of, the Chargor or any person who is entitled to do so gives written notice of its intention to appoint an administrator of the Chargor or files such a notice with the court or the Chargor commences to be wound-up voluntarily or any analogous proceedings are commenced in respect of the Chargor, the Security Agent may continue to retain such security and such documents for such further period as the Security Agent may determine and the security and such documents shall be deemed to have continued to have been held as security for the Secured Obligations.

28. SET-OFF

- (a) The Chargor authorises the Security Agent (but the Security Agent shall not be obliged to exercise such right):
 - (i) to set-off against any matured obligation owed by the Chargor to the Security Agent under any Finance Document (to the extent beneficially owned by the Security Agent) against any obligation (whether or not matured) owed by the Security Agent to the Chargor, regardless of the place of payment, booking branch or currency of either obligation; and

- (ii) to apply any credit balance to which the Chargor is entitled on any account (including any Security Account) with the Security Agent against any matured obligation owed by the Chargor to a Secured Creditor under any Finance Document (to the extent beneficially owned by that Secured Creditor) (notwithstanding any specified maturity of any deposit standing to the credit of any such account).
- (b) If the obligations are in different currencies, the Security Agent may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.
- (c) If either obligation is unliquidated or unascertained, the Security Agent may set off an amount reasonably estimated by it in good faith to be the amount of that obligation.

29. COUNTERPARTS

This Deed may be executed in any number of counterparts and all of those counterparts taken together shall be deemed to constitute one and the same instrument.

30. GOVERNING LAW

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

31. ENFORCEMENT

31.1 Jurisdiction of English courts

- (a) The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Deed (including a dispute relating to the existence, validity or termination of this Deed or any non-contractual obligation arising out of or in connection with this Deed) (a "**Dispute**").
- (b) The parties to this Deed agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no party will argue to the contrary.
- (c) This Clause 31.1 is for the benefit of the Secured Parties only. As a result, no Secured Party shall 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.

31.2 Waiver of immunity

The Chargor irrevocably and unconditionally:

- (a) agrees not to claim any immunity from proceedings brought by a Secured Party against it in relation to this Deed and to ensure that no such claim is made on its behalf;
- (b) consents generally to the giving of any relief or the issue of any process in connection with those proceedings; and
- (c) waives all rights of immunity in respect of it or its assets.

This Deed has been executed and delivered as a deed on the date stated at the beginning of this Deed.

**SCHEDULE 1
SECURITY ASSETS**

**PART 1
REAL PROPERTY**

Details of Registered Land (Freehold or leasehold property (if any) in England and Wales of which the Chargor is registered as the proprietor at the Land Registry):

Description	Title Number	Freehold/Leasehold
None at the date of this Debenture		

**PART 2
MATERIAL CONTRACTS**

Description	Parties
Lagoon Lease	1) Woodlark Farming Limited (in administration) 2) Warren Energy Limited
Property Sale Contract	1) Woodlark Farming Limited (in administration) 2) Warren Energy Limited
Feedstock Supply Agreement	1) Woodlark Farming Limited (in administration) 2) Christopher William Pillar and Stuart David Maddison (as administrators) 3) Warren Energy Limited
Mississippi Dryer Agreement	1) Future Biogas Ltd 2) Warren Energy Limited
Contract with Agraferm	1) Agraferm Technologies AG 2) Warren Energy Limited
Contract with Air Liquide	1) Air Liquide 2) Warren Energy Limited
Contract with National Grid	1) National Grid 2) Future Biogas Ltd
Contract with UK Power Networks	1) UK Power Networks (Operations) Limited 2) Warren Energy Limited Two separate contracts, one for overhead, one for underground cables

Contract with Clarke Energy/Jenbacher	1) Clarke Energy Limited 2) Warren Energy Limited
Asset Management Agreement	1) Future Biogas Ltd 2) Warren Energy Limited
Contracts for construction of the Plant	1) Warren Energy Limited 2) Brooks & Wood

**PART 3
ESCROW ACCOUNT**

Account Bank	Account Name	Account number	Sort code
HSBC Bank PLC	Escrow Account	XXXXXXXXXX	XXXXXX

**PART 4
OPERATING ACCOUNTS**

Account Bank	Account Name	Account number	Sort code

**PART 5
INSURANCES**

Insurer	Insurance policy number	Description of risks insured (or life assured)	Sum assured	Date of insurance policy	Duration of cover
ACE European Group Ltd	XXXXXXXXXX	Public & Products Liability	XXXXXXXXXX	19 June 2016	15 June 2015 – 29 February 2016

SCHEDULE 2
FORM OF LETTER FOR SECURITY ACCOUNTS

PART 1
FORM OF NOTICE OF CHARGE TO ACCOUNT BANK

To: [Account Bank]

Copy: Law Debenture Trustees Limited

[Date]

Dear Sirs,

**Security agreement dated [] 2015 between Warren Energy Limited
and Law Debenture Trustees Limited (the "Security Agreement")**

In this letter, "Security Accounts" means the accounts maintained by us with you at any of your branches with account number [●], sort code [●] and account number [●], sort code [●] and any replacement account or subdivision or subaccount of any such account.

This letter constitutes notice to you that under the Security Agreement we have charged (by way of a first fixed charge) in favour of Law Debenture Trustees Limited as agent and trustee for the Secured Parties referred to in the Security Agreement (the "Security Agent") as first priority chargee all of our rights in respect of any amount standing to the credit of any Security Account and the debts represented by the Security Accounts.

We irrevocably instruct and authorise you to:

- (a) disclose to the Security Agent any information relating to any Security Account requested from you by the Security Agent;
- (b) comply with the terms of any written notice or instruction relating to any Security Account received by you from the Security Agent;
- (c) hold all sums standing to the credit of any Security Account to the order of the Security Agent;
- (d) pay or release any sum standing to the credit of any Security Account in accordance with the written instructions of the Security Agent; and
- (e) unless otherwise instructed by the Security Agent, pay all sums received by you for our account to the credit of the Security Account.

Until such time as the Security Agent shall notify you in writing that this permission has been withdrawn, you are permitted to undertake the following transactions in relation to the Security Accounts:

- (a) you may make payments on our instructions and debit the amounts involved to any Security Account; and
- (b) you may debit to any Security Account amounts due to you by us.

The instructions in this letter may not be revoked or amended without the prior written consent of the Security Agent. The permission to undertake any of the transactions permitted under this notice may be withdrawn or modified by the Security Agent in its absolute discretion at any time.

We acknowledge that you may comply with the instructions in this letter without any further permission from us and without any enquiry by you as to the justification for or validity of any request, notice or instruction.

This letter is governed by English law.

Please send to the Security Agent at Fifth Floor, 100 Wood Street, London EC2V 7EX (Fax: 020 7 606 0643) for the attention of Commercial Trusts Ref 201314 with a copy to ourselves the attached

acknowledgement confirming your agreement to the above and giving the further undertakings set out in the acknowledgement.

Yours faithfully,

.....
(Authorised signatory)

For **Warren Energy Limited**

PART 2
FORM OF ACKNOWLEDGEMENT OF ACCOUNT BANK

To: Law Debenture Trustees Limited

Copy: Warren Energy Limited

[Date]

Dear Sirs,

**Security agreement dated [] 2015 between Warren Energy Limited
and Law Debenture Trustees Limited (the "Security Agreement")**

In this letter, "Security Accounts" means the accounts maintained by Warren Energy Limited with us at any of our branches with account number [●], sort code [●] and account number [●], sort code [●] and any replacement account or subdivision or subaccount of any such account.

We confirm receipt from Warren Energy Limited (the "Chargor") of a notice dated [●] of a charge upon the terms of the Security Agreement over all the rights of the Chargor to any amount standing to the credit of any Security Account and the debts represented by the Security Accounts.

We confirm that we:

- (a) accept the instructions contained in the notice and agree to comply with the notice;
- (b) have not received notice of any assignments of, charge over, trusts in respect of or any other the interest of any third party in any Security Account;
- (c) have neither claimed nor exercised, nor will without your prior consent claim or exercise, any security interest, set-off, counter-claim or other right in respect of any Security Account;
- (d) when notified by you in writing that the permission to make withdrawals has been withdrawn, we will not permit any amount to be withdrawn from any Security Account without your prior written consent; and
- (e) unless otherwise instructed by you, will pay all sums received by us for the account of the Chargor to a Security Account of the Chargor with us.

Nothing contained in any of our arrangements with you shall commit us to providing any facilities or making advances available to the Chargor.

This letter is governed by English law.

Yours faithfully,

.....

(Authorised signatory)

[Account Bank]

FORMS OF LETTER FOR INSURANCES

PART 3

FORM OF NOTICE OF ASSIGNMENT

(for attachment by way of endorsement to the insurance policies)

To: [Insurer]

Copy: Law Debenture Trustees Limited

[Date]

Dear Sirs,

**Security agreement dated [] 2015 between Warren Energy Limited
and Law Debenture Trustees Limited (the "Security Agreement")**

This letter constitutes notice to you that under the Security Agreement we have assigned in favour of Law Debenture Trustees Limited as agent and trustee for the Secured Parties referred to in the Security Agreement (the "**Security Agent**") as first priority assignee all amounts payable to us under or in connection with any contract of insurance of whatever nature taken out with you by or on behalf of us or under which we has a right to claim, including (without limitation) [*insert details of relevant insurance policy*], (each an "**Insurance**") and all of our rights, title and interest in connection with those amounts.

A reference in this letter to any amounts excludes all amounts received or receivable under or in connection with any third party liability Insurance and required to settle a liability of our to a third party.

We confirm that:

- (a) we will remain liable under [the] [each] Insurance to perform all the obligations assumed by us under [the] [that] Insurance;
- (b) you are hereby authorised to disclose to the Security Agent, without further approval from us, such information regarding any Insurance as the Security Agent may from time to time request and to send it copies of all notices issued by you under the Insurances; and
- (b) none of the Security Agent, its agents, any receiver or any other person will at any time be under any obligation or liability to you under or in respect of [the] [any] Insurance.

Unless otherwise provided in this notice, we will also remain entitled to exercise all of our rights under [the] [each] Insurance and you should continue to give notices under [the] [each] Insurance to us, unless and until you receive notice from the Security Agent to the contrary stating that the security has become enforceable. In this event, unless the Security Agent otherwise agrees in writing:

- (a) all amounts payable to us under [the] [each] Insurance must be paid to the Security Agent; and
- (b) any of our rights in connection with those amounts will be exercisable by, and notices must be given to, the Security Agent or as it directs.

Please note that we have agreed that we will not amend or waive any term of or terminate [any of] the Insurance[s] without the prior consent of the Security Agent.

The instructions in this letter may not be revoked or amended without the prior written consent of the Security Agent.

Please note on the Insurance the Security Agent's interest as loss payee and the Security Agent's interest as first priority assignee of those amounts and rights and send to the Security Agent at Fifth

Floor, 100 Wood Street, London EC2V 7EX (Fax: 020 7 606 0643) for the attention of Commercial Trusts Ref 201314 the attached acknowledgement confirming your agreement to the above and giving the further undertakings set out in the acknowledgement.

We acknowledge that you may comply with the instructions in this letter without any further permission from us and without any enquiry by you as to the justification for or validity of any request, notice or instruction.

This letter is governed by English law.

Yours faithfully,

.....

(Authorised signatory)

For Warren Energy Limited

PART 4
FORM OF ACKNOWLEDGEMENT OF INSURANCE PROVIDER

To: Law Debenture Trustees Limited

Copy: Warren Energy Limited

[Date]

Dear Sirs,

**Security agreement dated [] 2015 between Warren Energy Limited
and Law Debenture Trustees Limited (the "Security Agreement")**

We confirm receipt from Warren Energy Limited (the "**Chargor**") of a notice dated [●] 2015 of an assignment by the Chargor upon the terms of the Security Agreement of all amounts payable to it under or in connection with any contract of insurance of whatever nature taken out with us by or on behalf of it or under which it has a right to claim, including (without limitation) [*insert details of relevant insurance policy*], (each an "**Insurance**") and all of its rights, title and interest in connection with those amounts.

A reference in this letter to any amounts excludes all amounts received or receivable under or in connection with any third party liability Insurance and required to settle a liability of the Chargor to a third party.

In consideration of your agreeing to the Chargor continuing its insurance arrangements with us we:

1. accept the instructions contained in the notice and agree to comply with the notice;
2. confirm that we have not received notice of any assignments of, charge over, trusts in respect of or any other the interest of any third party in those amounts and rights relating to any Insurance;
3. undertake to note on the relevant Insurance your interest as loss payee and as first priority assignee of those amounts and rights;
4. undertake to disclose to you without any reference to or further authority from the Chargor any information relating to those contracts which you may at any time request;
5. undertake to notify you of any breach by the Chargor of any of those Insurances and to allow you or any of the other Secured Parties (as defined in the Security Agreement) to remedy that breach; and
6. undertake not to amend or waive any term of or terminate any of those Insurances on request by the Chargor without your prior written consent.

This letter is governed by English law.

Yours faithfully,

.....
(Authorised signatory)

for [*Insurer*]

SCHEDULE 3
FORMS OF LETTER FOR MATERIAL CONTRACTS

PART 1
NOTICE TO COUNTERPARTY

To: [Counterparty]

Copy: Law Debenture Trustees Limited [Date]

Dear Sirs,

**Security agreement dated [] 2015 between Warren Energy Limited
and Law Debenture Trustees Limited (the "Security Agreement")**

This letter constitutes notice to you that under the Security Agreement, we have assigned in favour of Law Debenture Trustees Limited as agent and trustee for the Secured Parties referred to in the Security Agreement (the "Security Agent") as first priority assignee all of our rights, title and interest in, to and under [*insert details of Material Contract(s)*] (the "Material Contract[s]").

With effect from your receipt of a notice from the Security Agent that an Event of Default (as defined in the Security Agreement) has occurred:

1. all payments by you to us under or arising from [the]/[any] Material Contract should be made to the Security Agent or to its order as it may specify in writing from time to time [*details of the account into which sums are to be paid may be included*];
2. all remedies provided for in [the]/[any] Material Contract or available at law or in equity shall be exercisable by the Security Agent;
3. all rights to compel performance of [the]/[any] Material Contract shall be exercisable by the Security Agent although (i) we will remain liable under [the]/[each] Material Contract to perform all the obligations assumed by us under [the]/[that] Material Contract and (ii) none of the Security Agent, its agents, any receiver or any other person will at any time be under any obligation or liability to you under or in respect of [the]/[any] Material Contract; and
4. all rights, interests and benefits whatsoever accruing to or for our benefit arising from [the]/[each] Material Contract shall belong to the Security Agent.

No changes or amendments may be made to, or waivers granted in respect of, the terms of [the]/[any] Material Contract nor may [the]/[any] Material Contract be terminated without the Security Agent's consent.

You are authorised and instructed, without requiring further approval from us, to provide the Security Agent with such information relating to [the]/[any] Material Contract as it may from time to time request and to send it copies of all notices issued by you under [the]/[any] Material Contract to the Security Agent as well as to us.

The instructions in this letter may not be revoked or amended without the prior written consent of the Security Agent.

Please send to the Security Agent at at Fifth Floor, 100 Wood Street, London EC2V 7EX (Fax: 020 7 606 0643) for the attention of Commercial Trusts Ref 201314 with a copy to ourselves the attached acknowledgement confirming your agreement to the above and giving the further undertakings set out in the acknowledgement.

We acknowledge that you may comply with the instructions in this letter without any further permission from us and without any enquiry by you as to the justification for or validity of any request, notice or instruction.

This letter is governed by English law,
Yours faithfully,

.....

(Authorised signatory)

For **Warren Energy Limited**

PART 2
FORM OF ACKNOWLEDGEMENT OF COUNTERPARTY

To: Law Debenture Trustees Limited

Copy: Warren Energy Limited

[Date]

Dear Sirs,

**Security agreement dated [] 2015 between Warren Energy Limited
and Law Debenture Trustees Limited (the "Security Agreement")**

We confirm receipt from Warren Energy Limited (the "**Chargor**") of a notice dated [●] of an assignment on the terms of the Security Agreement of all of the Chargor's rights, title and interest in, to and under [*insert details of Material Contract(s)*] (the "**Material Contract[s]**").

We confirm that we:

1. accept the instructions contained in the notice and agree to comply with the notice;
2. have not received notice of any assignments of, charge over, trusts in respect of or any other the interest of any third party in [any of] the Material Contract[s];
3. undertake to disclose to you without any reference to or further authority from the Chargor any information relating to [the]/[those] Material Contract[s] which you may at any time request;
4. undertake to notify you of any breach by the Chargor of [the]/[any of those] Material Contract[s] and to allow you or any of the other Secured Parties (as defined in the Security Agreement) to remedy that breach; and
5. undertake not to change, amend or waive any term of or terminate [the]/[any of those] Material Contract[s] on request by the Chargor without your prior written consent.

This letter is governed by English law.

Yours faithfully,

.....
(Authorised signatory)

[Counterparty]

SIGNATORIES

The Chargor

EXECUTED AS A DEED by)	Director	
WARREN ENERGY LIMITED)		
acting by <i>PHIL HANSEN</i>)		
and	)	Director/Secretary


The Security Agent

EXECUTED AS A DEED by	)	Director
LAW DEBENTURE TRUSTEES LIMITED)	
acting by)	
and	)	Director/Secretary

SIGNATORIES

The Chargor

EXECUTED AS A DEED by	)	Director
WARREN ENERGY LIMITED)	
acting by)	
and	)	Director/Secretary



The Security Agent

EXECUTED AS A DEED by	)	Director
LAW DEBENTURE TRUSTEES LIMITED)	
acting by)	
and	)	Director/Secretary

SIGNATORIES

The Chargor

EXECUTED AS A DEED by	)	Director
WARREN ENERGY LIMITED)	
acting by)	
and	)	Director/Secretary

The Security Agent

EXECUTED AS A DEED by	)	Director
LAW DEBENTURE TRUSTEES LIMITED)	
acting by)	
and	)	Director/ Secretary