



**Registration of a Charge**

Company name: **ALTEC SPECIALIST COATINGS LIMITED**

Company number: **10072828**



X60N3FO0

Received for Electronic Filing: **20/02/2017**

---

**Details of Charge**

Date of creation: **09/02/2017**

Charge code: **1007 2828 0001**

Persons entitled: **BGF INVESTMENTS LP (LP14928) ACTING BY ITS GENERAL PARTNER  
BUSINESS GROWTH FUND PLC**

Brief description: **ALL FREEHOLD AND LEASEHOLD PROPERTIES (WHETHER REGISTERED OR UNREGISTERED) AND ALL COMMONHOLD PROPERTIES, NOW OR IN THE FUTURE (AND FROM TIME TO TIME) OWNED BY THE BORROWER, OR IN WHICH THE BORROWER HOLDS AN INTEREST (INCLUDING, BUT NOT LIMITED TO, THE PROPERTIES SPECIFIED IN SCHEDULE 1 TO THE INSTRUMENT THE BORROWER'S PRESENT AND FUTURE PATENTS, RIGHTS TO INVENTIONS, COPYRIGHT AND RELATED RIGHTS, MORAL RIGHTS, TRADE MARKS AND SERVICE MARKS, BUSINESS NAMES AND DOMAIN NAMES, RIGHTS IN GET-UP AND TRADE DRESS, GOODWILL AND THE RIGHT TO SUE FOR PASSING OFF OR UNFAIR COMPETITION, RIGHTS IN DESIGNS, RIGHTS IN COMPUTER SOFTWARE, DATABASE RIGHTS, RIGHTS TO USE, AND PROTECT THE CONFIDENTIALITY OF, CONFIDENTIAL INFORMATION (INCLUDING KNOW-HOW AND TRADE SECRETS) AND ALL OTHER INTELLECTUAL PROPERTY RIGHTS, IN EACH CASE WHETHER REGISTERED OR UNREGISTERED AND INCLUDING ALL APPLICATIONS AND RIGHTS TO APPLY FOR AND BE GRANTED, RENEWALS OR EXTENSIONS OF, AND RIGHTS TO CLAIM PRIORITY FROM, SUCH RIGHTS AND ALL SIMILAR OR EQUIVALENT RIGHTS OR FORMS OF PROTECTION WHICH SUBSIST OR WILL SUBSIST NOW OR IN THE FUTURE IN ANY PART OF THE WORLD.**

**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 THE ELECTRONIC COPY INSTRUMENT  
DELIVERED AS PART OF THIS APPLICATION FOR REGISTRATION  
IS A CORRECT COPY OF THE ORIGINAL INSTRUMENT.**

Certified by: **WARD HADAWAY**



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

Company number: 10072828

Charge code: 1007 2828 0001

The Registrar of Companies for England and Wales hereby certifies that a charge dated 9th February 2017 and created by ALTEC SPECIALIST COATINGS LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 20th February 2017 .

Given at Companies House, Cardiff on 21st February 2017

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 9 february 2017

Altec Specialist Coatings Limited

and

BGF Investments LP

and

Business Growth Fund Plc

---

Debenture

---

WE HEREBY CERTIFY THIS TO  
BE A TRUE COPY OF THE ORIGINAL  
Ward Hadaway  
WARD HADAWAY  
SOLICITORS  
102, QUAYSIDE  
NEWCASTLE UPON TYNE NE1 3DX  
DATED: 20/02/2017

wardhadaway  
lawfirm

## Contents

Clause	Page
1. Definitions and Interpretation .....	1
2. Covenant to pay .....	6
3. Grant of security .....	6
4. Liability of the Borrower .....	8
5. General covenants.....	9
6. Powers of the Lender.....	9
7. When security becomes enforceable .....	11
8. Enforcement of security .....	11
9. Receiver .....	14
10. Powers of Receiver.....	15
11. Delegation .....	18
12. Application of proceeds.....	18
13. Costs and indemnity .....	19
14. Further assurance.....	20
15. Power of attorney.....	20
16. Release .....	20
17. Assignment and transfer .....	21
18. Set-off.....	21
19. Amendments, waivers and consents.....	21
20. Severance .....	22
21. Counterparts.....	22
22. Third party rights.....	22
23. Further provisions .....	22
24. Notices .....	23
25. Governing law and jurisdiction .....	24
Schedule 1 - Property .....	26



This Deed is dated 9 February 2017

**Between**

- wp 10072828
- (1) **Altec Specialist Coatings Limited** a private limited company with number ~~10072827~~ 10072828 whose registered office is at Unit 1, Bowburn North Industrial Estate, Bowburn, Durham DH6 5PF (the "**Borrower**").
- (2) **BGF Investments LP** a limited partnership with number LP14928 whose registered office is at 21 Palmer Street, London SW1H 0AD (the "**Lender**").
- (3) **Business Growth Fund Plc**, a company registered in England and Wales with number 07514847 whose registered office is at 13-15 York Buildings, London, WC2N 6JU ("**BGF plc**").

**Background:**

- (A) The Lender has agreed to subscribe for loan notes in the Borrower's parent company Altec Engineering Group Limited and the Borrower has agreed to provide security to the Lender for the monies due pursuant to the terms of Guarantee.
- (B) BGF plc shall enter into this Agreement on behalf of the Lender acting as its general partner.

**NOW IT IS HEREBY AGREED** as follows:-

1. **Definitions and interpretation**

1.1. **Definitions**

The following definitions apply in this deed:

"Administrator"	an administrator appointed to manage the affairs, business and property of the Borrower pursuant to clause 6.8.
"Book Debts"	all present and future book and other debts, and monetary claims due or owing to the Borrower, and the benefit of all security, guarantees and other rights of any nature enjoyed or held by the Borrower in relation to any of them.
"Business Day"	a day other than a Saturday, Sunday or public holiday in England when banks in London are open for business.
"Delegate"	any person appointed by the Lender or any Receiver pursuant to clause 11 and any person appointed as attorney of the Lender, Receiver or Delegate.
"Equipment"	all present and future equipment, plant, machinery, tools, vehicles, furniture, fittings, installations and apparatus and other tangible

		moveable property for the time being owned by the Borrower, including any part of it and all spare parts, replacements, modifications and additions.
"Event of Default"		has the meaning given to that expression in the Loan Note Instrument.
"Financial Collateral"		has the meaning given to that expression in the Financial Collateral Regulations.
"Financial Regulations"	Collateral	the Financial Collateral Arrangements (No 2) Regulations 2003 ( <i>SI</i> 2003/3226).
"Guarantee"		the guarantee and indemnity to be entered into on or around the date of this deed between (1) the Parent (2) the Borrower and others (3) the Lender and (4) BGF plc pursuant to which the Borrower, inter alia, guarantees the amount owing by the Parent to the Lender pursuant to the terms of the Loan Note Instrument.
"Insurance Policy"		each contract and policy of insurance effected or maintained by the Borrower from time to time in respect of its assets or business (including, without limitation, any contract or policy of insurance relating to the Properties or the Equipment).
"Intellectual Property"		the Borrower's present and future patents, rights to inventions, copyright and related rights, moral rights, trade marks and service marks, business names and domain names, rights in get-up and trade dress, goodwill and the right to sue for passing off or unfair competition, rights in designs, rights in computer software, database rights, rights to use, and protect the confidentiality of, confidential information (including know-how and trade secrets) and all other intellectual property rights, in each case whether registered or unregistered and including all applications and rights to apply for and be granted, renewals or extensions of, and rights to claim priority from, such rights and all similar or equivalent rights or forms of protection which subsist or will subsist now or in the future in any part of the world.
"Investment Agreement"		the investment agreement dated 11 June 2015 made between (1) the Parent, (2) David Bailey (3) David Steel, Nicholas Batey, Paul Darren Lackenby, Alastair Waite and Simon Alexander McIntosh, (4) Martin Reid (5) the Lender and (6) BGF plc.
"Investments"		all present and future certificated stocks, shares, loan capital, securities, bonds and investments (whether or not marketable) for the time being



owned (at law or in equity) by the Borrower, including any:

- (a) dividend, interest or other distribution paid or payable in relation to any of the Investments; and
- (b) right, money, shares or property accruing, offered or issued at any time in relation to any of the Investments by way of redemption, substitution, exchange, conversion, bonus, preference or otherwise, under option rights or otherwise.

"Loan Note Instrument"	the loan note instrument constituted by the Parent dated on or about the date of this deed creating £850,000 secured fixed rate loan notes 2020 of the Parent (such expression shall include the Loan Note Instrument from time to time amended, varied, supplemented, extended or replaced).
"LPA 1925"	the Law of Property Act 1925.
"Parent"	Altec Engineering Group Limited (CRN: 09618242).
"Permitted Security"	Security permitted to be granted by the Borrower pursuant to the Investment Agreement or otherwise granted with the prior written consent of the Lender.
"Prior Ranking Permitted Security"	Permitted Security which ranks in priority to the Security created pursuant to the terms of this deed.
"Properties"	all freehold and leasehold properties (whether registered or unregistered) and all commonhold properties, now or in the future (and from time to time) owned by the Borrower, or in which the Borrower holds an interest (including, but not limited to, the properties specified in Schedule 1 - Property), and Property means any of them.
"Receiver"	a receiver, receiver and manager or administrative receiver of any or all of the Secured Assets appointed by the Lender under clause 9.
"Secured Assets"	all the assets, property and undertaking for the time being subject to the Security created by, or pursuant to, this deed (and references to the Secured Assets shall include references to any part of them).
"Secured Liabilities"	all present and future monies, obligations and liabilities of the Borrower to the Lender, whether actual or contingent and whether owed jointly or

severally, as principal or surety or in any other capacity, under or in connection with the Guarantee or this deed (including, without limitation, those arising under clause 23.3.2), together with all interest (including, without limitation, default interest) accruing in respect of those monies, obligations or liabilities.

"Security Financial Collateral Arrangement" has the meaning given to that expression in the Financial Collateral Regulations.

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

"Security Period" the period starting on the date of this deed and ending on the date on which the Lender is satisfied that all the Secured Liabilities have been unconditionally and irrevocably paid and discharged in full and no further Secured Liabilities are capable of being outstanding.

## 1.2. Interpretation

In this deed:

- 1.2.1. clause, Schedule and paragraph headings shall not affect the interpretation of this deed;
- 1.2.2. a reference to a **person** shall include a reference to an individual, firm, company, corporation, partnership, unincorporated body of persons, government, state or agency of a state or any association, trust, joint venture or consortium (whether or not having separate legal personality);
- 1.2.3. unless the context otherwise requires, words in the singular shall include the plural and in the plural shall include the singular and a reference to one gender shall include a reference to the other genders;
- 1.2.4. a reference to a party shall include that party's successors, permitted assigns and permitted transferees and this deed shall be binding on, and enure to the benefit of, the parties to this deed and their respective personal representatives, successors, permitted assigns and permitted transferees;
- 1.2.5. a reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time and shall include all subordinate legislation made from time to time under that statute or statutory provision;
- 1.2.6. a reference to **writing** or **written** includes fax but not email;
- 1.2.7. an obligation on a party not to do something includes an obligation not to allow that thing to be done;

- 1.2.8. a reference to **this deed** (or any provision of it) or to any other agreement or document referred to in this deed is a reference to this deed, that provision or such other agreement or document as amended (in each case, other than in breach of the provisions of this deed) from time to time;
- 1.2.9. unless the context otherwise requires, a reference to a clause or Schedule is to a clause of, or Schedule to, this deed and a reference to a paragraph is to a paragraph of the relevant Schedule;
- 1.2.10. any words following the terms **including, include, in particular, for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms;
- 1.2.11. a reference to an **amendment** includes a novation, re-enactment, supplement or variation (and amended shall be construed accordingly);
- 1.2.12. a reference to **assets** includes present and future properties, undertakings, revenues, rights and benefits of every description;
- 1.2.13. a reference to an **authorisation** includes an approval, authorisation, consent, exemption, filing, licence, notarisation, registration and resolution;
- 1.2.14. a reference to **continuing** in relation to an Event of Default means an Event of Default that has not been waived;
- 1.2.15. a reference to **determines** or **determined** means, unless the contrary is indicated, a determination made at the absolute discretion of the person making it; and
- 1.2.16. a reference to a **regulation** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, inter-governmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation.

### 1.3. **Clawback**

If the Lender considers that an amount paid by the Borrower in respect of the Secured Liabilities is capable of being avoided or otherwise set aside on the liquidation or administration of the Borrower or otherwise, then that amount shall not be considered to have been irrevocably paid for the purposes of this deed.

### 1.4. **Nature of security over real property**

A reference in this deed to a charge or mortgage of or over any Property includes:

- 1.4.1. all buildings and fixtures and fittings (including trade and tenant's fixtures and fittings) that are situated on or form part of that Property at any time;
- 1.4.2. the proceeds of the sale of any part of that Property and any other monies paid or payable in respect of or in connection with that Property;

- 1.4.3. the benefit of any covenants for title given, or entered into, by any predecessor in title of the Borrower in respect of that Property, and any monies paid or payable in respect of those covenants; and
- 1.4.4. all rights under any licence, agreement for sale or agreement for lease in respect of that Property.

**1.5. Law of Property (Miscellaneous Provisions) Act 1989**

For the purposes of section 2 of the Law of Property (Miscellaneous Provisions) Act 1989, the terms of the Guarantee and of any side letters between any parties in relation to the Guarantee are incorporated into this deed.

**1.6. Perpetuity period**

If the rule against perpetuities applies to any trust created by this deed, the perpetuity period shall be 125 years (as specified by section 5(1) of the Perpetuities and Accumulations Act 2009).

**1.7. Schedules**

The Schedules form part of this deed and shall have effect as if set out in full in the body of this deed. Any reference to this deed includes the Schedules.

**2. Covenant to pay**

The Borrower shall, on demand, pay to the Lender and discharge the Secured Liabilities when they become due.

**3. Grant of security**

**3.1. Legal mortgage**

As a continuing security for the payment and discharge of the Secured Liabilities, the Borrower with full title guarantee charges to the Lender, by way of first legal mortgage, each Property specified in Schedule 1 - Property.

**3.2. Fixed charges**

As a continuing security for the payment and discharge of the Secured Liabilities, the Borrower with full title guarantee charges to the Lender by way of first fixed charge:

- 3.2.1. all Properties acquired by the Borrower in the future;
- 3.2.2. all present and future interests of the Borrower not effectively mortgaged or charged under the preceding provisions of this clause 3 in, or over, freehold or leasehold property;
- 3.2.3. all present and future rights, licences, guarantees, rents, deposits, contracts, covenants and warranties relating to each Property;
- 3.2.4. all licences, consents and authorisations (statutory or otherwise) held or required in connection with the Borrower's business or the use of any Secured Asset, and all rights in connection with them;

- 3.2.5. all its present and future goodwill;
- 3.2.6. all its uncalled capital;
- 3.2.7. all the Equipment;
- 3.2.8. all the Intellectual Property;
- 3.2.9. all the Book Debts;
- 3.2.10. all the Investments;
- 3.2.11. all monies from time to time standing to the credit of its accounts with any bank, financial institution or other person, together with all other rights and benefits accruing to or arising in connection with each account (including, but not limited to, entitlements to interest);
- 3.2.12. all its rights in respect of each Insurance Policy, including all claims, the proceeds of all claims and all returns of premium in connection with each Insurance Policy, to the extent not effectively assigned under clause 3.3; and
- 3.2.13. all its rights in respect of all agreements, instruments and rights relating to the Secured Assets, to the extent not effectively assigned under clause 3.3.

### **3.3. Assignment**

As a continuing security for the payment and discharge of the Secured Liabilities, the Borrower with full title guarantee assigns to the Lender absolutely, subject to a proviso for reassignment on irrevocable discharge in full of the Secured Liabilities:

- 3.3.1. all its rights in each Insurance Policy, including all claims, the proceeds of all claims and all returns of premium in connection with each Insurance Policy; and
- 3.3.2. the benefit of all other agreements, instruments and rights relating to the Secured Assets.

### **3.4. Floating charge**

As a continuing security for the payment and discharge of the Secured Liabilities, the Borrower with full title guarantee charges to the Lender, by way of first floating charge, all the undertaking, property, assets and rights of the Borrower at any time not effectively mortgaged, charged or assigned pursuant to clause 3.1 to clause 3.3 inclusive.

### **3.5. Qualifying floating charge**

Paragraph 14 of Schedule B1 to the Insolvency Act 1986 applies to the floating charge created by clause 3.4.

### **3.6. Automatic crystallisation of floating charge**

The floating charge created by clause 3.4 shall automatically and immediately (without notice) convert into a fixed charge over the assets subject to that floating charge if:

- 3.6.1. the Borrower creates, or attempts to create, without the prior written consent of the Lender, Security or a trust in favour of another person over all or any part of the Secured Assets (except as expressly permitted by the terms of this deed or the Investment Agreement) or otherwise disposes, or attempts to dispose of, all or any part of the Secured Assets (other than Secured Assets that are only subject to the floating charge while it remains uncrystallised);
- 3.6.2. any person levies (or attempts to levy) any distress, attachment, execution or other process against all or any part of the Secured Assets; or
- 3.6.3. a resolution is passed or an order is made for the winding-up, dissolution, administration or re-organisation of the Borrower.

### **3.7. Crystallisation of floating charge by notice**

The Lender may, in its sole discretion, at any time and by written notice to the Borrower, convert the floating charge created under this deed into a fixed charge as regards any part of the Secured Assets specified by the Lender in that notice.

### **3.8. Assets acquired after any floating charge has crystallised**

Any asset acquired by the Borrower after any crystallisation of the floating charge created under this deed that, but for that crystallisation, would be subject to a floating charge under this deed, shall (unless the Lender confirms otherwise to the Borrower in writing) be charged to the Lender by way of first fixed charge.

## **4. Liability of the Borrower**

### **4.1. Liability not discharged**

The Borrower's liability under this deed in respect of any of the Secured Liabilities shall not be discharged, prejudiced or affected by:

- 4.1.1. any security, guarantee, indemnity, remedy or other right held by, or available to, the Lender that is, or becomes, wholly or partially illegal, void or unenforceable on any ground;
- 4.1.2. the Lender renewing, determining, varying or increasing any facility or other transaction in any manner or concurring in, accepting or varying any compromise, arrangement or settlement, or omitting to claim or enforce payment from any other person; or
- 4.1.3. any other act or omission that, but for this clause 4.1, might have discharged, or otherwise prejudiced or affected, the liability of the Borrower.

### **4.2. Immediate recourse**

The Borrower waives any right it may have to require the Lender to enforce any security or other right, or claim any payment from, or otherwise proceed against, any other person before enforcing this deed against the Borrower.

**5. General covenants**

**5.1. Negative pledge and disposal restrictions**

The Borrower shall not at any time, except with the prior written consent of the Lender:

- 5.1.1. create, purport to create or permit to subsist any Security on, or in relation to, any Secured Asset other than any Security created by this deed or any Permitted Security;
- 5.1.2. sell, assign, transfer, part with possession of, or otherwise dispose of in any manner (or purport to do so), all or any part of, or any interest in, the Secured Assets (except, in the ordinary course of business, Secured Assets that are only subject to an uncrystallised floating charge); or
- 5.1.3. create or grant (or purport to create or grant) any interest in the Secured Assets in favour of a third party.

**5.2. Preservation of Secured Assets**

The Borrower shall not do, or permit to be done, any act or thing that would or might depreciate, jeopardise or otherwise prejudice the security held by the Lender, or materially diminish the value of any of the Secured Assets or the effectiveness of the security created by this deed.

**5.3. Title documents**

The Borrower shall, subject always to the terms of the Prior Ranking Permitted Security, on the execution of this deed (or, if later, the date of acquisition of the relevant Secured Asset) deposit with the Lender and the Lender shall, for the duration of this deed be entitled to hold all deeds and documents of title relating to the Secured Assets that are in the possession or control of the Borrower (and if these are not within the possession or control of the Borrower, the Borrower undertakes to obtain possession of all these deeds and documents of title).

**6. Powers of the Lender**

**6.1. Power to remedy**

- 6.1.1. The Lender shall be entitled (but shall not be obliged) to remedy, at any time, a breach by the Borrower of any of its obligations contained in this deed.
- 6.1.2. The Borrower irrevocably authorises the Lender and its agents to do all things that are necessary or desirable for that purpose.
- 6.1.3. Any monies expended by the Lender in remedying a breach by the Borrower of its obligations contained in this deed shall be reimbursed by the Borrower to the Lender on a full indemnity basis and shall carry interest in accordance with clause 13.1.

## **6.2. Exercise of rights**

- 6.2.1. The rights of the Lender under clause 6.1 are without prejudice to any other rights of the Lender under this deed.
- 6.2.2. The exercise of any rights of the Lender under this deed shall not make the Lender liable to account as a mortgagee in possession.

## **6.3. Power to dispose of chattels**

- 6.3.1. At any time after the security constituted by this deed has become enforceable, the Lender or any Receiver may, as agent for the Borrower, dispose of any chattels or produce found on any Property.
- 6.3.2. Without prejudice to any obligation to account for the proceeds of any disposal made under clause 6.3.1, the Borrower shall indemnify the Lender and any Receiver against any liability arising from any disposal made under clause 6.3.1.

## **6.4. Lender has Receiver's powers**

To the extent permitted by law, any right, power or discretion conferred by this deed on a Receiver may, after the security constituted by this deed has become enforceable, be exercised by the Lender in relation to any of the Secured Assets whether or not it has taken possession of any Secured Assets and without first appointing a Receiver or notwithstanding the appointment of a Receiver.

## **6.5. Conversion of currency**

- 6.5.1. For the purpose of, or pending the discharge of, any of the Secured Liabilities, the Lender may convert any monies received, recovered or realised by it under this deed (including the proceeds of any previous conversion under this clause 6.5) from their existing currencies of denomination into any other currencies of denomination that the Lender may think fit.
- 6.5.2. Any such conversion shall be effected at Lloyds Bank plc's then prevailing spot selling rate of exchange for such other currency against the existing currency.
- 6.5.3. Each reference in this clause 6.5 to a currency extends to funds of that currency and, for the avoidance of doubt, funds of one currency may be converted into different funds of the same currency.

## **6.6. New accounts**

- 6.6.1. If the Lender receives, or is deemed to have received, notice of any subsequent Security, or other interest, affecting all or part of the Secured Assets, the Lender may open a new account for the Borrower in the Lender's books. Without prejudice to the Lender's right to combine accounts, no money paid to the credit of the Borrower in any such new account shall be appropriated towards, or have the effect of discharging, any part of the Secured Liabilities.
- 6.6.2. If the Lender does not open a new account immediately on receipt of the notice, or deemed notice, under clause 6.6.1, then, unless the



Lender gives express written notice to the contrary to the Borrower, all payments made by the Borrower to the Lender shall be treated as having been credited to a new account of the Borrower and not as having been applied in reduction of the Secured Liabilities, as from the time of receipt or deemed receipt of the relevant notice by the Lender.

#### **6.7. Indulgence**

The Lender may, at its discretion, grant time or other indulgence, or make any other arrangement, variation or release with any person not being a party to this deed (whether or not any such person is jointly liable with the Borrower) in respect of any of the Secured Liabilities, or of any other security for them without prejudice either to this deed or to the liability of the Borrower for the Secured Liabilities.

#### **6.8. Appointment of an Administrator**

6.8.1. The Lender may, without notice to the Borrower, appoint any one or more persons to be an Administrator of the Borrower pursuant to Paragraph 14 of Schedule B1 of the Insolvency Act 1986 if the security constituted by this deed becomes enforceable.

6.8.2. Any appointment under this clause 6.8 shall:

6.8.2.1. be in writing signed by a duly authorised signatory of the Lender; and

6.8.2.2. take effect, in accordance with paragraph 19 of Schedule B1 of the Insolvency Act 1986.

6.8.3. The Lender may apply to the court for an order removing an Administrator from office and may by notice in writing in accordance with this clause 6.8 appoint a replacement for any Administrator who has died, resigned, been removed or who has vacated office upon ceasing to be qualified.

#### **7. When security becomes enforceable**

##### **7.1. Security becomes enforceable on Event of Default**

The security constituted by this deed shall become immediately enforceable if an Event of Default occurs.

##### **7.2. Discretion**

After the security constituted by this deed has become enforceable, the Lender may, in its absolute discretion, enforce all or any part of that security at the times, in the manner and on the terms it thinks fit, and take possession of and hold or dispose of all or any part of the Secured Assets.

#### **8. Enforcement of security**

##### **8.1. Enforcement powers**

8.1.1. For the purposes of all powers implied by statute, the Secured Liabilities are deemed to have become due and payable on the date of this deed.

8.1.2. The power of sale and other powers conferred by section 101 of the LPA 1925 (as varied or extended by this deed) shall be immediately exercisable at any time after the security constituted by this deed has become enforceable under clause 7.1.

8.1.3. Section 103 of the LPA 1925 does not apply to the security constituted by this deed.

## **8.2. Extension of statutory powers of leasing**

The statutory powers of leasing and accepting surrenders conferred on mortgagees under the LPA 1925 and by any other statute are extended so as to authorise the Lender and any Receiver, at any time after the security constituted by this deed has become enforceable, whether in its own name or in that of the Borrower, to:

8.2.1. grant a lease or agreement to lease;

8.2.2. accept surrenders of leases; or

8.2.3. grant any option of the whole or any part of the Secured Assets with whatever rights relating to other parts of it,

whether or not at a premium and containing such covenants on the part of the Borrower, and on such terms and conditions (including the payment of money to a lessee or tenant on a surrender) as the Lender or Receiver thinks fit without the need to comply with any of the restrictions imposed by sections 99 and 100 of the LPA 1925.

## **8.3. Access on enforcement**

8.3.1. At any time after the Lender has demanded payment of the Secured Liabilities or if the Borrower defaults in the performance of its obligations under this deed or the Guarantee, the Borrower will allow the Lender or its Receiver, without further notice or demand, immediately to exercise all its rights, powers and remedies in particular (and without limitation) to take possession of any Secured Asset and for that purpose to enter on any premises where a Secured Asset is situated (or where the Lender or a Receiver reasonably believes a Secured Asset to be situated) without incurring any liability to the Borrower for, or by any reason of, that entry.

8.3.2. At all times, the Borrower must use its best endeavours to allow the Lender or its Receiver access to any premises for the purpose of clause 8.3.1 (including obtaining any necessary consents or permits of other persons) and ensure that its employees and officers do the same.

## **8.4. Prior Security**

8.4.1. At any time after the security constituted by this deed has become enforceable, or after any powers conferred by any Security having priority to this deed shall have become exercisable, the Lender may:

8.4.1.1. redeem that or any other prior Security;

8.4.1.2. procure the transfer of that Security to it; and

8.4.1.3. settle and pass any account of the holder of any prior Security.

8.4.2. The settlement and passing of any such account passed shall, in the absence of any manifest error, be conclusive and binding on the Borrower. All monies paid by the Lender to an encumbrancer in settlement of any of those accounts shall, as from its payment by the Lender, be due from the Borrower to the Lender on current account and shall bear interest at the default rate of interest specified in the Loan Note Instrument and be secured as part of the Secured Liabilities.

**8.5. Protection of third parties**

No purchaser, mortgagee or other person dealing with the Lender, any Receiver or Delegate shall be concerned to enquire:

8.5.1. whether any of the Secured Liabilities have become due or payable, or remain unpaid or undischarged;

8.5.2. whether any power the Lender, a Receiver or Delegate is purporting to exercise has become exercisable or is properly exercisable; or

8.5.3. how any money paid to the Lender, any Receiver or any Delegate is to be applied.

**8.6. Privileges**

Each Receiver and the Lender is entitled to all the rights, powers, privileges and immunities conferred by the LPA 1925 on mortgagees and receivers.

**8.7. No liability as mortgagee in possession**

Neither the Lender, any Receiver, any Delegate nor any Administrator shall be liable, by reason of entering into possession of a Security Asset or for any other reason, to account as mortgagee in possession in respect of all or any of the Secured Assets, nor shall any of them be liable for any loss on realisation of, or for any act, neglect or default of any nature in connection with, all or any of the Secured Assets for which a mortgagee in possession might be liable as such.

**8.8. Conclusive discharge to purchasers**

The receipt of the Lender, or any Receiver or Delegate shall be a conclusive discharge to a purchaser and, in making any sale or other disposal of any of the Secured Assets or in making any acquisition in the exercise of their respective powers, the Lender, and every Receiver and Delegate may do so for any consideration, in any manner and on any terms that it or he thinks fit.

**8.9. Right of appropriation**

8.9.1. To the extent that:

8.9.1.1. the Secured Assets constitute Financial Collateral; and

8.9.1.2. this deed and the obligations of the Borrower under it constitute a Security Financial Collateral Arrangement,

the Lender shall have the right, at any time after the security constituted by this deed has become enforceable, to appropriate all or any of those Secured Assets in or towards the payment or discharge of the Secured Liabilities in any order that the Lender may, in its absolute discretion, determine.

8.9.2. The value of any Secured Assets appropriated in accordance with this clause shall be:

8.9.2.1. in the case of cash, the amount standing to the credit of each of the Borrower's accounts with any bank, financial institution or other person, together with all interest accrued but unposted, at the time the right of appropriation is exercised; and

8.9.2.2. in the case of Investments, the price of those Investments at the time the right of appropriation is exercised as listed on any recognised market index or determined by any other method that the Lender may select (including independent valuation).

8.9.3. The Borrower agrees that the methods of valuation provided for in this clause are commercially reasonable for the purposes of the Financial Collateral Regulations.

## **9. Receiver**

### **9.1. Appointment**

At any time after the security constituted by this deed has become enforceable, or at the request of the Borrower, the Lender may, without further notice, appoint by way of deed, or otherwise in writing, any one or more persons to be a Receiver of all or any part of the Secured Assets.

### **9.2. Removal**

The Lender may, without further notice (subject to section 45 of the Insolvency Act 1986 in the case of an administrative receiver), from time to time, by way of deed, or otherwise in writing, remove any Receiver appointed by it and may, whenever it thinks fit, appoint a new Receiver in the place of any Receiver whose appointment may for any reason have terminated.

### **9.3. Remuneration**

The Lender may fix the remuneration of any Receiver appointed by it without the restrictions contained in section 109 of the LPA 1925, and the remuneration of the Receiver shall be a debt secured by this deed, to the extent not otherwise discharged.

### **9.4. Power of appointment additional to statutory powers**

The power to appoint a Receiver conferred by this deed shall be in addition to all statutory and other powers of the Lender under the Insolvency Act 1986, the LPA 1925 or otherwise, and shall be exercisable without the restrictions contained in sections 103 and 109 of the LPA 1925 or otherwise.

**9.5. Power of appointment exercisable despite prior appointments**

The power to appoint a Receiver (whether conferred by this deed or by statute) shall be, and remain, exercisable by the Lender despite any prior appointment in respect of all or any part of the Secured Assets.

**9.6. Agent of the Borrower**

Any Receiver appointed by the Lender under this deed shall be the agent of the Borrower and the Borrower shall be solely responsible for the contracts, engagements, acts, omissions, defaults, losses and remuneration of that Receiver and for liabilities incurred by that Receiver. The agency of each Receiver shall continue until the Borrower goes into liquidation and after that the Receiver shall act as principal and shall not become the agent of the Lender.

**10. Powers of Receiver**

**10.1. General**

- 10.1.1. Any Receiver appointed by the Lender under this deed shall, in addition to the powers conferred on it by statute, have the powers set out in clause 10.2 to clause 10.23.
- 10.1.2. If there is more than one Receiver holding office at the same time, each Receiver may (unless the document appointing it states otherwise) exercise all of the powers conferred on a Receiver under this deed individually and to the exclusion of any other Receiver.
- 10.1.3. Any exercise by a Receiver of any of the powers given by clause 10 may be on behalf of the Borrower, the directors of the Borrower (in the case of the power contained in clause 10.16) or itself.

**10.2. Repair and develop Properties**

A Receiver may undertake or complete any works of repair, building or development on the Properties and may apply for and maintain any planning permission, development consent, building regulation approval or any other permission, consent or licence to carry out any of the same.

**10.3. Surrender leases**

A Receiver may grant, or accept surrenders of, any leases or tenancies affecting any Property and may grant any other interest or right over any Property on any terms, and subject to any conditions, that it thinks fit.

**10.4. Employ personnel and advisers**

A Receiver may provide services and employ or engage any managers, officers, servants, contractors, workmen, agents, other personnel and professional advisers on any terms, and subject to any conditions, that it thinks fit. A Receiver may discharge any such person or any such person appointed by the Borrower.

**10.5. Make VAT elections**

A Receiver may make, exercise or revoke any value added tax option to tax as it thinks fit.

#### **10.6. Remuneration**

A Receiver may charge and receive any sum by way of remuneration (in addition to all costs, charges and expenses incurred by it) that the Lender may prescribe or agree with it.

#### **10.7. Realise Secured Assets**

A Receiver may collect and get in the Secured Assets or any part of them in respect of which it is appointed, and make any demands and take any proceedings as may seem expedient for that purpose, and take possession of the Secured Assets with like rights.

#### **10.8. Manage or reconstruct the Borrower's business**

A Receiver may carry on, manage, develop, reconstruct, amalgamate or diversify or concur in carrying on, managing, developing, reconstructing, amalgamating or diversifying the business of the Borrower.

#### **10.9. Dispose of Secured Assets**

A Receiver may sell, exchange, convert into money and realise all or any of the Secured Assets in respect of which it is appointed in any manner (including, without limitation, by public auction or private sale) and generally on any terms and conditions as it thinks fit. Any sale may be for any consideration that the Receiver thinks fit and a Receiver may promote, or concur in promoting, a company to purchase the Secured Assets to be sold.

#### **10.10. Sever fixtures and fittings**

A Receiver may sever and sell separately any fixtures or fittings from any Property without the consent of the Borrower.

#### **10.11. Sell Book Debts**

A Receiver may sell and assign all or any of the Book Debts in respect of which it is appointed in any manner, and generally on any terms and conditions, that it thinks fit.

#### **10.12. Valid receipts**

A Receiver may give valid receipt for all monies and execute all assurances and things that may be proper or desirable for realising any of the Secured Assets.

#### **10.13. Make settlements**

A Receiver may make any arrangement, settlement or compromise between the Borrower and any other person that it may think expedient.

#### **10.14. Bring proceedings**

A Receiver may bring, prosecute, enforce, defend and abandon all actions, suits and proceedings in relation to any of the Secured Assets as it thinks fit.

#### **10.15. Improve the Equipment**

A Receiver may make substitutions of, or improvements to, the Equipment as it may think expedient.

**10.16. Make calls on Borrower members**

A Receiver may make calls conditionally or unconditionally on the members of the Borrower in respect of uncalled capital with (for that purpose and for the purpose of enforcing payments of any calls so made) the same powers as are conferred by the articles of association of the Borrower on its directors in respect of calls authorised to be made by them.

**10.17. Insure**

A Receiver may, if it thinks fit, but without prejudice to the indemnity in clause 13, effect with any insurer any policy of insurance either in lieu or satisfaction of, or in addition to, the insurance required to be maintained by the Borrower under this deed.

**10.18. Powers under the LPA 1925**

A Receiver may exercise all powers provided for in the LPA 1925 in the same way as if it had been duly appointed under the LPA 1925, and exercise all powers provided for an administrative receiver in Schedule 1 to the Insolvency Act 1986.

**10.19. Borrow**

A Receiver may, for any of the purposes authorised by this clause 10, raise money by borrowing from the Lender (or from any other person) either unsecured or on the security of all or any of the Secured Assets in respect of which it is appointed on any terms that it thinks fit (including, if the Lender consents, terms under which that security ranks in priority to this deed).

**10.20. Redeem prior Security**

A Receiver may redeem any prior Security and settle and pass the accounts to which the Security relates. Any accounts so settled and passed shall be, in the absence of any manifest error, conclusive and binding on the Borrower, and the monies so paid shall be deemed to be an expense properly incurred by the Receiver.

**10.21. Delegation**

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

**10.22. Absolute beneficial owner**

A Receiver may, in relation to any of the Secured Assets, exercise all powers, authorisations and rights it would be capable of exercising, and do all those acts and things, as an absolute beneficial owner could exercise or do in the ownership and management of the Secured Assets or any part of the Secured Assets.

**10.23. Incidental powers**

A Receiver may do any other acts and things that it:

- 10.23.1. may consider desirable or necessary for realising any of the Secured Assets;
- 10.23.2. may consider incidental or conducive to any of the rights or powers conferred on a Receiver under or by virtue of this deed or law; or
- 10.23.3. lawfully may or can do as agent for the Borrower.

## **11. Delegation**

### **11.1. Delegation**

The Lender or any Receiver may delegate (either generally or specifically) by power of attorney or in any other manner to any person any right, power, authority or discretion conferred on it by this deed (including the power of attorney granted under clause 15.1).

### **11.2. Terms**

The Lender and each Receiver may make a delegation on the terms and conditions (including the power to sub-delegate) that it thinks fit.

### **11.3. Liability**

Neither the Lender nor any Receiver shall be in any way liable or responsible to the Borrower for any loss or liability arising from any act, default, omission or misconduct on the part of any Delegate.

## **12. Application of proceeds**

### **12.1. Order of application of proceeds**

All monies received by the Lender, a Receiver or a Delegate pursuant to this deed, after the security constituted by this deed has become enforceable, shall (subject to the claims of any person having prior rights and by way of variation of the LPA 1925) be applied in the following order of priority:

- 12.1.1. in or towards payment of or provision for all costs, charges and expenses incurred by or on behalf of the Lender (and any Receiver, Delegate, attorney or agent appointed by it) under or in connection with this deed, and of all remuneration due to any Receiver under or in connection with this deed;
- 12.1.2. in or towards payment of or provision for the Secured Liabilities in any order and manner that the Lender determines; and
- 12.1.3. in payment of the surplus (if any) to the Borrower or other person entitled to it.

### **12.2. Appropriation**

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



### **12.3. Suspense account**

All monies received by the Lender, a Receiver or a Delegate under this deed:

- 12.3.1. may, at the discretion of the Lender, Receiver or Delegate, be credited to any suspense or securities realised account;
- 12.3.2. shall bear interest, if any, at the rate agreed in writing between the Lender and the Borrower; and
- 12.3.3. may be held in that account for so long as the Lender, Receiver or Delegate thinks fit.

### **13. Costs and indemnity**

#### **13.1. Costs**

The Borrower shall, promptly on demand, pay to, or reimburse, the Lender and any Receiver, on a full indemnity basis, all costs, charges, expenses, taxes and liabilities of any kind (including, without limitation, legal, printing and out-of-pocket expenses) incurred by the Lender, any Receiver or any Delegate in connection with:

- 13.1.1. this deed or the Secured Assets;
- 13.1.2. taking, holding, protecting, perfecting, preserving or enforcing (or attempting to do so) any of the Lender's, a Receiver's or a Delegate's rights under this deed; or
- 13.1.3. taking proceedings for, or recovering, any of the Secured Liabilities,

together with interest, which shall accrue and be payable (without the need for any demand for payment being made) from the date on which the relevant cost or expense arose until full discharge of that cost or expense (whether before or after judgment, liquidation, winding up or administration of the Borrower) at the rate and in the manner specified in the Loan Note Instrument.

#### **13.2. Indemnity**

The Borrower shall indemnify the Lender, each Receiver and each Delegate, and their respective employees and agents against all liabilities, costs, expenses, damages and losses (including but not limited to any direct, indirect or consequential losses, loss of profit, loss of reputation and all interest, penalties and legal costs (calculated on a full indemnity basis) and all other professional costs and expenses) suffered or incurred by any of them arising out of or in connection with:

- 13.2.1. the exercise or purported exercise of any of the rights, powers, authorities or discretions vested in them under this deed or by law in respect of the Secured Assets;
- 13.2.2. taking, holding, protecting, perfecting, preserving or enforcing (or attempting to do so) the security constituted by this deed; or
- 13.2.3. any default or delay by the Borrower in performing any of its obligations under this deed.

Any past or present employee or agent may enforce the terms of this clause 13.2 subject to and in accordance with the provisions of the Contracts (Rights of Third Parties) Act 1999.

**14. Further assurance**

**14.1. Further assurance**

The Borrower shall, at its own expense, take whatever action the Lender or any Receiver may reasonably require for:

- 14.1.1. creating, perfecting or protecting the security intended to be created by this deed;
- 14.1.2. facilitating the realisation of any Secured Asset; or
- 14.1.3. facilitating the exercise of any right, power, authority or discretion exercisable by the Lender or any Receiver in respect of any Secured Asset,

including, without limitation (if the Lender or Receiver thinks it expedient) the execution of any transfer, conveyance, assignment or assurance of all or any of the assets forming part of (or intended to form part of) the Secured Assets (whether to the Lender or to its nominee) and the giving of any notice, order or direction and the making of any registration.

**15. Power of attorney**

**15.1. Appointment of attorneys**

By way of security, the Borrower irrevocably appoints the Lender, every Receiver and every Delegate separately to be the attorney of the Borrower and, in its name, on its behalf and as its act and deed, to execute any documents and do any acts and things that:

- 15.1.1. the Borrower is required to execute and do under this deed; or
- 15.1.2. any attorney deems proper or desirable in exercising any of the rights, powers, authorities and discretions conferred by this deed or by law on the Lender, any Receiver or any Delegate.

**15.2. Ratification of acts of attorneys**

The Borrower ratifies and confirms, and agrees to ratify and confirm, anything that any of its attorneys may do in the proper and lawful exercise, or purported exercise, of all or any of the rights, powers, authorities and discretions referred to in clause 15.1.

**16. Release**

Subject to clause 23.3, on the expiry of the Security Period (but not otherwise), the Lender shall, at the request and cost of the Borrower, take whatever action is necessary to:

- 16.1.1. release the Secured Assets from the security constituted by this deed; and

16.1.2. reassign the Secured Assets to the Borrower.

**17. Assignment and transfer**

**17.1. Assignment by Lender**

17.1.1. At any time, without the consent of the Borrower, the Lender may assign or transfer any or all of its rights and obligations under this deed.

17.1.2. The Lender may disclose to any actual or proposed assignee or transferee any information in its possession that relates to the Borrower, the Secured Assets and this deed that the Lender considers appropriate.

**17.2. Assignment by Borrower**

The Borrower may not assign any of its rights, or transfer any of its rights or obligations, under this deed.

**18. Set-off**

**18.1. Lender's right of set-off**

The Lender may at any time set off any liability of the Borrower to the Lender against any liability of the Lender to the Borrower, whether either liability is present or future, liquidated or unliquidated, and whether or not either liability arises under this deed. If the liabilities to be set off are expressed in different currencies, the Lender may convert either liability at a market rate of exchange for the purpose of set-off. Any exercise by the Lender of its rights under this clause 18 shall not limit or affect any other rights or remedies available to it under this deed or otherwise.

**18.2. Exclusion of Borrower's right of set-off**

All payments made by the Borrower to the Lender under this deed shall be made in full without any set-off, counterclaim, deduction or withholding (other than any deduction or withholding of tax as required by law).

**19. Amendments, waivers and consents**

**19.1. Amendments**

No amendment of this deed shall be effective unless it is in writing and signed by, or on behalf of, each party (or its authorised representative).

**19.2. Waivers and consents**

19.2.1. A waiver of any right or remedy under this deed or by law, or any consent given under this deed, is only effective if given in writing by the waiving or consenting party and shall not be deemed a waiver of any other breach or default. It only applies in the circumstances for which it is given and shall not prevent the party giving it from subsequently relying on the relevant provision.

19.2.2. A failure to exercise, or a delay in exercising, any right or remedy provided under this deed or by law shall not constitute a waiver of that or any other right or remedy, prevent or restrict any further exercise of

that or any other right or remedy or constitute an election to affirm this deed. No single or partial exercise of any right or remedy provided under this deed or by law shall prevent or restrict the further exercise of that or any other right or remedy. No election to affirm this deed by the Lender shall be effective unless it is in writing.

**19.3. Rights and remedies**

The rights and remedies provided under this deed are cumulative and are in addition to, and not exclusive of, any rights and remedies provided by law.

**20. Severance**

**20.1. Severance**

If any provision (or part of a provision) of this deed is or becomes invalid, illegal or unenforceable, it shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision (or part of a provision) shall be deemed deleted. Any modification to or deletion of a provision (or part of a provision) under this clause shall not affect the legality, validity and enforceability of the rest of this deed.

**21. Counterparts**

**21.1. Counterparts**

This deed may be executed in any number of counterparts, each of which when executed and delivered shall constitute a duplicate original, but all the counterparts shall together constitute one deed.

**22. Third party rights**

**22.1. Third party rights**

Except as expressly provided in clause 13.2 or elsewhere in this deed, a person who is not a party to this deed shall not have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce, or enjoy the benefit of, any term of this deed. This does not affect any right or remedy of a third party which exists, or is available, apart from that Act. The rights of the parties to rescind or agree any amendment or waiver under this deed are not subject to the consent of any other person.

**23. Further provisions**

**23.1. Independent security**

The security constituted by this deed shall be in addition to, and independent of, any other security or guarantee that the Lender may hold for any of the Secured Liabilities at any time. No prior security held by the Lender over the whole or any part of the Secured Assets shall merge in the security created by this deed.

**23.2. Continuing security**

The security constituted by this deed shall remain in full force and effect as a continuing security for the Secured Liabilities, despite any settlement of account,

or intermediate payment, or other matter or thing, unless and until the Lender discharges this deed in writing.

### **23.3. Discharge conditional**

Any release, discharge or settlement between the Borrower and the Lender shall be deemed conditional on no payment or security received by the Lender in respect of the Secured Liabilities being avoided, reduced or ordered to be refunded pursuant to any law relating to insolvency, bankruptcy, winding-up, administration, receivership or otherwise. Despite any such release, discharge or settlement:

- 23.3.1. the Lender or its nominee may retain this deed and the security created by or pursuant to it, including all certificates and documents relating to the whole or any part of the Secured Assets, for any period that the Lender deems necessary to provide the Lender with security against any such avoidance, reduction or order for refund; and
- 23.3.2. the Lender may recover the value or amount of such security or payment from the Borrower subsequently as if the release, discharge or settlement had not occurred.

### **23.4. Certificates**

A certificate or determination by the Lender as to any amount for the time being due to it from the Borrower under this deed and the Guarantee shall be, in the absence of any manifest error, conclusive evidence of the amount due.

### **23.5. Consolidation**

The restriction on the right of consolidation contained in section 93 of the LPA 1925 shall not apply to this deed.

### **23.6. Small company moratorium**

Notwithstanding anything to the contrary in this deed, neither the obtaining of a moratorium by the Borrower under schedule A1 to the Insolvency Act 1986 nor the doing of anything by the Borrower with a view to obtaining such a moratorium (including any preliminary decision or investigation) shall be, or be construed as:

- 23.6.1. an event under this deed which causes any floating charge created by this deed to crystallise;
- 23.6.2. an event under this deed which causes any restriction which would not otherwise apply to be imposed on the disposal of any property by the Borrower; or
- 23.6.3. a ground under this deed for the appointment of a Receiver.

## **24. Notices**

### **24.1. Delivery**

Each notice or other communication required to be given to a party under or in connection with this deed shall be:

- 24.1.1. in writing;
- 24.1.2. delivered by hand, by pre-paid first-class post or other next working day delivery service or sent by fax; and
- 24.1.3. sent to:

- 24.1.3.1. the Borrower at:

- Address: Unit 1, Bowburn North Industrial Estate,  
Bowburn, Durham DH6 5PF

- Fax: -

- Attention: Simon McIntosh

- 24.1.3.2. the Lender at:

- Address: 13-15 York Buildings, London, WC2N 6JU

- Fax: -

- Attention: Barry Jackson

or to any other address or fax number as is notified in writing by one party to the other from time to time.

## **24.2. Receipt by Borrower**

Any notice or other communication that the Lender gives to the Borrower shall be deemed to have been received:

- 24.2.1. if delivered by hand, at the time it is left at the relevant address;
- 24.2.2. if posted by pre-paid first-class post or other next working day delivery service, on the second Business Day after posting; and
- 24.2.3. if sent by fax, when received in legible form.

A notice or other communication given as described in clause 24.2.1 or clause 24.2.3 on a day that is not a Business Day, or after normal business hours, in the place it is received, shall be deemed to have been received on the next Business Day.

## **24.3. Receipt by Lender**

Any notice or other communication given to the Lender shall be deemed to have been received only on actual receipt.

## **25. Governing law and jurisdiction**

### **25.1. Governing law**

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

## **25.2. Jurisdiction**

Each party irrevocably agrees that, subject as provided below, the courts of England and Wales shall have exclusive jurisdiction over any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this deed or its subject matter or formation. Nothing in this clause shall limit the right of the Lender to take proceedings against the Borrower in any other court of competent jurisdiction, nor shall the taking of proceedings in any one or more jurisdictions preclude the taking of proceedings in any other jurisdictions, whether concurrently or not, to the extent permitted by the law of such other jurisdiction.

This document has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

**Schedule 1 - Property**

**Registered Property**



Executed as a Deed by )  
Altec Specialist Coatings Limited )  
acting by )  
a director in )  
in the presence of: ) Director

Signature of witness: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Occupation: \_\_\_\_\_

Executed as a Deed by )  
BGF Investments LP acting by )  
Business Growth Fund plc, )  
general partner )  
acting by its attorney )  
in the presence of: ) Attorney

Signature of witness: K Dunham

Name: Kate Dunham

Address: Ward Hadoway

Leeds

Occupation: Solicitor

Dated 9 february 2017

**Altec Specialist Coatings Limited**

and

**BGF Investments LP**

and

**Business Growth Fund Plc**

---

**Debenture**

---

WE HEREBY CERTIFY THIS TO  
BE A TRUE COPY OF THE ORIGINAL  
Ward Hadaway  
WARD HADAWAY  
SOLICITORS  
102, QUAYSIDE  
NEWCASTLE UPON TYNE NE1 3DX  
DATED: 20.02.2017

## Contents

Clause	Page
1. Definitions and interpretation .....	2
2. Covenant to pay .....	7
3. Grant of security .....	7
4. Liability of the Borrower .....	9
5. General covenants.....	9
6. Powers of the Lender.....	10
7. When security becomes enforceable .....	12
8. Enforcement of security .....	12
9. Receiver .....	15
10. Powers of Receiver.....	16
11. Delegation .....	18
12. Application of proceeds.....	19
13. Costs and indemnity .....	20
14. Further assurance.....	20
15. Power of attorney.....	21
16. Release .....	21
17. Assignment and transfer.....	21
18. Set-off.....	22
19. Amendments, waivers and consents.....	22
20. Severance .....	22
21. Counterparts.....	23
22. Third party rights.....	23
23. Further provisions .....	23
24. Notices .....	24
25. Governing law and jurisdiction .....	25
Schedule 1 - Property .....	26

This Deed is dated 9 February 2017

**Between**

- 10072828 WH.
- (1) **Altec Specialist Coatings Limited** a private limited company with number ~~10072827~~ whose registered office is at Unit 1, Bowburn North Industrial Estate, Bowburn, Durham DH6 5PF (the "**Borrower**").
- (2) **BGF Investments LP** a limited partnership with number LP14928 whose registered office is at 21 Palmer Street, London SW1H 0AD (the "**Lender**").
- (3) **Business Growth Fund Plc**, a company registered in England and Wales with number 07514847 whose registered office is at 13-15 York Buildings, London, WC2N 6JU ("**BGF plc**").

**Background:**

- (A) The Lender has agreed to subscribe for loan notes in the Borrower's parent company Altec Engineering Group Limited and the Borrower has agreed to provide security to the Lender for the monies due pursuant to the terms of Guarantee.
- (B) BGF plc shall enter into this Agreement on behalf of the Lender acting as its general partner.

**NOW IT IS HEREBY AGREED** as follows:-

1. **Definitions and interpretation**

1.1. **Definitions**

The following definitions apply in this deed:

"Administrator"	an administrator appointed to manage the affairs, business and property of the Borrower pursuant to clause 6.8.
"Book Debts"	all present and future book and other debts, and monetary claims due or owing to the Borrower, and the benefit of all security, guarantees and other rights of any nature enjoyed or held by the Borrower in relation to any of them.
"Business Day"	a day other than a Saturday, Sunday or public holiday in England when banks in London are open for business.
"Delegate"	any person appointed by the Lender or any Receiver pursuant to clause 11 and any person appointed as attorney of the Lender, Receiver or Delegate.
"Equipment"	all present and future equipment, plant, machinery, tools, vehicles, furniture, fittings, installations and apparatus and other tangible moveable property for the time being owned by the Borrower, including

		any part of it and all spare parts, replacements, modifications and additions.
"Event of Default"		has the meaning given to that expression in the Loan Note Instrument.
"Financial Collateral"		has the meaning given to that expression in the Financial Collateral Regulations.
"Financial Regulations"	Collateral	the Financial Collateral Arrangements (No 2) Regulations 2003 ( <i>SI 2003/3226</i> ).
"Guarantee"		the guarantee and indemnity to be entered into on or around the date of this deed between (1) the Parent (2) the Borrower and others (3) the Lender and (4) BGF plc pursuant to which the Borrower, inter alia, guarantees the amount owing by the Parent to the Lender pursuant to the terms of the Loan Note Instrument.
"Insurance Policy"		each contract and policy of insurance effected or maintained by the Borrower from time to time in respect of its assets or business (including, without limitation, any contract or policy of insurance relating to the Properties or the Equipment).
"Intellectual Property"		the Borrower's present and future patents, rights to inventions, copyright and related rights, moral rights, trade marks and service marks, business names and domain names, rights in get-up and trade dress, goodwill and the right to sue for passing off or unfair competition, rights in designs, rights in computer software, database rights, rights to use, and protect the confidentiality of, confidential information (including know-how and trade secrets) and all other intellectual property rights, in each case whether registered or unregistered and including all applications and rights to apply for and be granted, renewals or extensions of, and rights to claim priority from, such rights and all similar or equivalent rights or forms of protection which subsist or will subsist now or in the future in any part of the world.
"Investment Agreement"		the investment agreement dated 11 June 2015 made between (1) the Parent, (2) David Bailey (3) David Steel, Nicholas Batey, Paul Darren Lackenby, Alastair Waite and Simon Alexander McIntosh, (4) Martin Reid (5) the Lender and (6) BGF plc.
"Investments"		all present and future certificated stocks, shares, loan capital, securities, bonds and investments (whether or not marketable) for the time being owned (at law or in equity) by the Borrower, including any:

- (a) dividend, interest or other distribution paid or payable in relation to any of the Investments; and
- (b) right, money, shares or property accruing, offered or issued at any time in relation to any of the Investments by way of redemption, substitution, exchange, conversion, bonus, preference or otherwise, under option rights or otherwise.

"Loan Note Instrument"	the loan note instrument constituted by the Parent dated on or about the date of this deed creating £850,000 secured fixed rate loan notes 2020 of the Parent (such expression shall include the Loan Note Instrument from time to time amended, varied, supplemented, extended or replaced).
"LPA 1925"	the Law of Property Act 1925.
"Parent"	Altec Engineering Group Limited (CRN: 09618242).
"Permitted Security"	Security permitted to be granted by the Borrower pursuant to the Investment Agreement or otherwise granted with the prior written consent of the Lender.
"Prior Ranking Permitted Security"	Permitted Security which ranks in priority to the Security created pursuant to the terms of this deed.
"Properties"	all freehold and leasehold properties (whether registered or unregistered) and all commonhold properties, now or in the future (and from time to time) owned by the Borrower, or in which the Borrower holds an interest (including, but not limited to, the properties specified in Schedule 1 - Property), and Property means any of them.
"Receiver"	a receiver, receiver and manager or administrative receiver of any or all of the Secured Assets appointed by the Lender under clause 9.
"Secured Assets"	all the assets, property and undertaking for the time being subject to the Security created by, or pursuant to, this deed (and references to the Secured Assets shall include references to any part of them).
"Secured Liabilities"	all present and future monies, obligations and liabilities of the Borrower to the Lender, whether actual or contingent and whether owed jointly or severally, as principal or surety or in any other capacity, under or in connection with the Guarantee or this deed (including, without

limitation, those arising under clause 23.3.2), together with all interest (including, without limitation, default interest) accruing in respect of those monies, obligations or liabilities.

"Security Financial Collateral Arrangement" has the meaning given to that expression in the Financial Collateral Regulations.

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

"Security Period" the period starting on the date of this deed and ending on the date on which the Lender is satisfied that all the Secured Liabilities have been unconditionally and irrevocably paid and discharged in full and no further Secured Liabilities are capable of being outstanding.

## 1.2. Interpretation

In this deed:

- 1.2.1. clause, Schedule and paragraph headings shall not affect the interpretation of this deed;
- 1.2.2. a reference to a **person** shall include a reference to an individual, firm, company, corporation, partnership, unincorporated body of persons, government, state or agency of a state or any association, trust, joint venture or consortium (whether or not having separate legal personality);
- 1.2.3. unless the context otherwise requires, words in the singular shall include the plural and in the plural shall include the singular and a reference to one gender shall include a reference to the other genders;
- 1.2.4. a reference to a party shall include that party's successors, permitted assigns and permitted transferees and this deed shall be binding on, and enure to the benefit of, the parties to this deed and their respective personal representatives, successors, permitted assigns and permitted transferees;
- 1.2.5. a reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time and shall include all subordinate legislation made from time to time under that statute or statutory provision;
- 1.2.6. a reference to **writing** or **written** includes fax but not email;
- 1.2.7. an obligation on a party not to do something includes an obligation not to allow that thing to be done;
- 1.2.8. a reference to **this deed** (or any provision of it) or to any other agreement or document referred to in this deed is a reference to this deed, that provision or such other agreement or document as amended (in each

case, other than in breach of the provisions of this deed) from time to time;

- 1.2.9. unless the context otherwise requires, a reference to a clause or Schedule is to a clause of, or Schedule to, this deed and a reference to a paragraph is to a paragraph of the relevant Schedule;
- 1.2.10. any words following the terms **including**, **include**, **in particular**, **for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms;
- 1.2.11. a reference to an **amendment** includes a novation, re-enactment, supplement or variation (and amended shall be construed accordingly);
- 1.2.12. a reference to **assets** includes present and future properties, undertakings, revenues, rights and benefits of every description;
- 1.2.13. a reference to an **authorisation** includes an approval, authorisation, consent, exemption, filing, licence, notarisation, registration and resolution;
- 1.2.14. a reference to **continuing** in relation to an Event of Default means an Event of Default that has not been waived;
- 1.2.15. a reference to **determines** or **determined** means, unless the contrary is indicated, a determination made at the absolute discretion of the person making it; and
- 1.2.16. a reference to a **regulation** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, inter-governmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation.

### 1.3. **Clawback**

If the Lender considers that an amount paid by the Borrower in respect of the Secured Liabilities is capable of being avoided or otherwise set aside on the liquidation or administration of the Borrower or otherwise, then that amount shall not be considered to have been irrevocably paid for the purposes of this deed.

### 1.4. **Nature of security over real property**

A reference in this deed to a charge or mortgage of or over any Property includes:

- 1.4.1. all buildings and fixtures and fittings (including trade and tenant's fixtures and fittings) that are situated on or form part of that Property at any time;
- 1.4.2. the proceeds of the sale of any part of that Property and any other monies paid or payable in respect of or in connection with that Property;
- 1.4.3. the benefit of any covenants for title given, or entered into, by any predecessor in title of the Borrower in respect of that Property, and any monies paid or payable in respect of those covenants; and



- 1.4.4. all rights under any licence, agreement for sale or agreement for lease in respect of that Property.

**1.5. Law of Property (Miscellaneous Provisions) Act 1989**

For the purposes of section 2 of the Law of Property (Miscellaneous Provisions) Act 1989, the terms of the Guarantee and of any side letters between any parties in relation to the Guarantee are incorporated into this deed.

**1.6. Perpetuity period**

If the rule against perpetuities applies to any trust created by this deed, the perpetuity period shall be 125 years (as specified by section 5(1) of the Perpetuities and Accumulations Act 2009).

**1.7. Schedules**

The Schedules form part of this deed and shall have effect as if set out in full in the body of this deed. Any reference to this deed includes the Schedules.

**2. Covenant to pay**

The Borrower shall, on demand, pay to the Lender and discharge the Secured Liabilities when they become due.

**3. Grant of security**

**3.1. Legal mortgage**

As a continuing security for the payment and discharge of the Secured Liabilities, the Borrower with full title guarantee charges to the Lender, by way of first legal mortgage, each Property specified in Schedule 1 - Property.

**3.2. Fixed charges**

As a continuing security for the payment and discharge of the Secured Liabilities, the Borrower with full title guarantee charges to the Lender by way of first fixed charge:

- 3.2.1. all Properties acquired by the Borrower in the future;
- 3.2.2. all present and future interests of the Borrower not effectively mortgaged or charged under the preceding provisions of this clause 3 in, or over, freehold or leasehold property;
- 3.2.3. all present and future rights, licences, guarantees, rents, deposits, contracts, covenants and warranties relating to each Property;
- 3.2.4. all licences, consents and authorisations (statutory or otherwise) held or required in connection with the Borrower's business or the use of any Secured Asset, and all rights in connection with them;
- 3.2.5. all its present and future goodwill;
- 3.2.6. all its uncalled capital;

- 3.2.7. all the Equipment;
- 3.2.8. all the Intellectual Property;
- 3.2.9. all the Book Debts;
- 3.2.10. all the Investments;
- 3.2.11. all monies from time to time standing to the credit of its accounts with any bank, financial institution or other person, together with all other rights and benefits accruing to or arising in connection with each account (including, but not limited to, entitlements to interest);
- 3.2.12. all its rights in respect of each Insurance Policy, including all claims, the proceeds of all claims and all returns of premium in connection with each Insurance Policy, to the extent not effectively assigned under clause 3.3; and
- 3.2.13. all its rights in respect of all agreements, instruments and rights relating to the Secured Assets, to the extent not effectively assigned under clause 3.3.

### **3.3. Assignment**

As a continuing security for the payment and discharge of the Secured Liabilities, the Borrower with full title guarantee assigns to the Lender absolutely, subject to a proviso for reassignment on irrevocable discharge in full of the Secured Liabilities:

- 3.3.1. all its rights in each Insurance Policy, including all claims, the proceeds of all claims and all returns of premium in connection with each Insurance Policy; and
- 3.3.2. the benefit of all other agreements, instruments and rights relating to the Secured Assets.

### **3.4. Floating charge**

As a continuing security for the payment and discharge of the Secured Liabilities, the Borrower with full title guarantee charges to the Lender, by way of first floating charge, all the undertaking, property, assets and rights of the Borrower at any time not effectively mortgaged, charged or assigned pursuant to clause 3.1 to clause 3.3 inclusive.

### **3.5. Qualifying floating charge**

Paragraph 14 of Schedule B1 to the Insolvency Act 1986 applies to the floating charge created by clause 3.4.

### **3.6. Automatic crystallisation of floating charge**

The floating charge created by clause 3.4 shall automatically and immediately (without notice) convert into a fixed charge over the assets subject to that floating charge if:

- 3.6.1. the Borrower creates, or attempts to create, without the prior written consent of the Lender, Security or a trust in favour of another person over

all or any part of the Secured Assets (except as expressly permitted by the terms of this deed or the Investment Agreement) or otherwise disposes, or attempts to dispose of, all or any part of the Secured Assets (other than Secured Assets that are only subject to the floating charge while it remains uncrystallised);

- 3.6.2. any person levies (or attempts to levy) any distress, attachment, execution or other process against all or any part of the Secured Assets; or
- 3.6.3. a resolution is passed or an order is made for the winding-up, dissolution, administration or re-organisation of the Borrower.

### **3.7. Crystallisation of floating charge by notice**

The Lender may, in its sole discretion, at any time and by written notice to the Borrower, convert the floating charge created under this deed into a fixed charge as regards any part of the Secured Assets specified by the Lender in that notice.

### **3.8. Assets acquired after any floating charge has crystallised**

Any asset acquired by the Borrower after any crystallisation of the floating charge created under this deed that, but for that crystallisation, would be subject to a floating charge under this deed, shall (unless the Lender confirms otherwise to the Borrower in writing) be charged to the Lender by way of first fixed charge.

## **4. Liability of the Borrower**

### **4.1. Liability not discharged**

The Borrower's liability under this deed in respect of any of the Secured Liabilities shall not be discharged, prejudiced or affected by:

- 4.1.1. any security, guarantee, indemnity, remedy or other right held by, or available to, the Lender that is, or becomes, wholly or partially illegal, void or unenforceable on any ground;
- 4.1.2. the Lender renewing, determining, varying or increasing any facility or other transaction in any manner or concurring in, accepting or varying any compromise, arrangement or settlement, or omitting to claim or enforce payment from any other person; or
- 4.1.3. any other act or omission that, but for this clause 4.1, might have discharged, or otherwise prejudiced or affected, the liability of the Borrower.

### **4.2. Immediate recourse**

The Borrower waives any right it may have to require the Lender to enforce any security or other right, or claim any payment from, or otherwise proceed against, any other person before enforcing this deed against the Borrower.

## **5. General covenants**

### **5.1. Negative pledge and disposal restrictions**

The Borrower shall not at any time, except with the prior written consent of the Lender:

- 5.1.1. create, purport to create or permit to subsist any Security on, or in relation to, any Secured Asset other than any Security created by this deed or any Permitted Security;
- 5.1.2. sell, assign, transfer, part with possession of, or otherwise dispose of in any manner (or purport to do so), all or any part of, or any interest in, the Secured Assets (except, in the ordinary course of business, Secured Assets that are only subject to an uncrystallised floating charge); or
- 5.1.3. create or grant (or purport to create or grant) any interest in the Secured Assets in favour of a third party.

**5.2. Preservation of Secured Assets**

The Borrower shall not do, or permit to be done, any act or thing that would or might depreciate, jeopardise or otherwise prejudice the security held by the Lender, or materially diminish the value of any of the Secured Assets or the effectiveness of the security created by this deed.

**5.3. Title documents**

The Borrower shall, subject always to the terms of the Prior Ranking Permitted Security, on the execution of this deed (or, if later, the date of acquisition of the relevant Secured Asset) deposit with the Lender and the Lender shall, for the duration of this deed be entitled to hold all deeds and documents of title relating to the Secured Assets that are in the possession or control of the Borrower (and if these are not within the possession or control of the Borrower, the Borrower undertakes to obtain possession of all these deeds and documents of title).

**6. Powers of the Lender**

**6.1. Power to remedy**

- 6.1.1. The Lender shall be entitled (but shall not be obliged) to remedy, at any time, a breach by the Borrower of any of its obligations contained in this deed.
- 6.1.2. The Borrower irrevocably authorises the Lender and its agents to do all things that are necessary or desirable for that purpose.
- 6.1.3. Any monies expended by the Lender in remedying a breach by the Borrower of its obligations contained in this deed shall be reimbursed by the Borrower to the Lender on a full indemnity basis and shall carry interest in accordance with clause 13.1.

**6.2. Exercise of rights**

- 6.2.1. The rights of the Lender under clause 6.1 are without prejudice to any other rights of the Lender under this deed.
- 6.2.2. The exercise of any rights of the Lender under this deed shall not make the Lender liable to account as a mortgagee in possession.

**6.3. Power to dispose of chattels**

- 6.3.1. At any time after the security constituted by this deed has become enforceable, the Lender or any Receiver may, as agent for the Borrower, dispose of any chattels or produce found on any Property.
- 6.3.2. Without prejudice to any obligation to account for the proceeds of any disposal made under clause 6.3.1, the Borrower shall indemnify the Lender and any Receiver against any liability arising from any disposal made under clause 6.3.1.

**6.4. Lender has Receiver's powers**

To the extent permitted by law, any right, power or discretion conferred by this deed on a Receiver may, after the security constituted by this deed has become enforceable, be exercised by the Lender in relation to any of the Secured Assets whether or not it has taken possession of any Secured Assets and without first appointing a Receiver or notwithstanding the appointment of a Receiver.

**6.5. Conversion of currency**

- 6.5.1. For the purpose of, or pending the discharge of, any of the Secured Liabilities, the Lender may convert any monies received, recovered or realised by it under this deed (including the proceeds of any previous conversion under this clause 6.5) from their existing currencies of denomination into any other currencies of denomination that the Lender may think fit.
- 6.5.2. Any such conversion shall be effected at Lloyds Bank plc's then prevailing spot selling rate of exchange for such other currency against the existing currency.
- 6.5.3. Each reference in this clause 6.5 to a currency extends to funds of that currency and, for the avoidance of doubt, funds of one currency may be converted into different funds of the same currency.

**6.6. New accounts**

- 6.6.1. If the Lender receives, or is deemed to have received, notice of any subsequent Security, or other interest, affecting all or part of the Secured Assets, the Lender may open a new account for the Borrower in the Lender's books. Without prejudice to the Lender's right to combine accounts, no money paid to the credit of the Borrower in any such new account shall be appropriated towards, or have the effect of discharging, any part of the Secured Liabilities.
- 6.6.2. If the Lender does not open a new account immediately on receipt of the notice, or deemed notice, under clause 6.6.1, then, unless the Lender gives express written notice to the contrary to the Borrower, all payments made by the Borrower to the Lender shall be treated as having been credited to a new account of the Borrower and not as having been applied in reduction of the Secured Liabilities, as from the time of receipt or deemed receipt of the relevant notice by the Lender.

**6.7. Indulgence**

The Lender may, at its discretion, grant time or other indulgence, or make any other arrangement, variation or release with any person not being a party to this deed (whether or not any such person is jointly liable with the Borrower) in respect of any of the Secured Liabilities, or of any other security for them without prejudice either to this deed or to the liability of the Borrower for the Secured Liabilities.

**6.8. Appointment of an Administrator**

6.8.1. The Lender may, without notice to the Borrower, appoint any one or more persons to be an Administrator of the Borrower pursuant to Paragraph 14 of Schedule B1 of the Insolvency Act 1986 if the security constituted by this deed becomes enforceable.

6.8.2. Any appointment under this clause 6.8 shall:

6.8.2.1. be in writing signed by a duly authorised signatory of the Lender; and

6.8.2.2. take effect, in accordance with paragraph 19 of Schedule B1 of the Insolvency Act 1986.

6.8.3. The Lender may apply to the court for an order removing an Administrator from office and may by notice in writing in accordance with this clause 6.8 appoint a replacement for any Administrator who has died, resigned, been removed or who has vacated office upon ceasing to be qualified.

**7. When security becomes enforceable**

**7.1. Security becomes enforceable on Event of Default**

The security constituted by this deed shall become immediately enforceable if an Event of Default occurs.

**7.2. Discretion**

After the security constituted by this deed has become enforceable, the Lender may, in its absolute discretion, enforce all or any part of that security at the times, in the manner and on the terms it thinks fit, and take possession of and hold or dispose of all or any part of the Secured Assets.

**8. Enforcement of security**

**8.1. Enforcement powers**

8.1.1. For the purposes of all powers implied by statute, the Secured Liabilities are deemed to have become due and payable on the date of this deed.

8.1.2. The power of sale and other powers conferred by section 101 of the LPA 1925 (as varied or extended by this deed) shall be immediately exercisable at any time after the security constituted by this deed has become enforceable under clause 7.1.

8.1.3. Section 103 of the LPA 1925 does not apply to the security constituted by this deed.

## **8.2. Extension of statutory powers of leasing**

The statutory powers of leasing and accepting surrenders conferred on mortgagees under the LPA 1925 and by any other statute are extended so as to authorise the Lender and any Receiver, at any time after the security constituted by this deed has become enforceable, whether in its own name or in that of the Borrower, to:

- 8.2.1. grant a lease or agreement to lease;
- 8.2.2. accept surrenders of leases; or
- 8.2.3. grant any option of the whole or any part of the Secured Assets with whatever rights relating to other parts of it,

whether or not at a premium and containing such covenants on the part of the Borrower, and on such terms and conditions (including the payment of money to a lessee or tenant on a surrender) as the Lender or Receiver thinks fit without the need to comply with any of the restrictions imposed by sections 99 and 100 of the LPA 1925.

## **8.3. Access on enforcement**

- 8.3.1. At any time after the Lender has demanded payment of the Secured Liabilities or if the Borrower defaults in the performance of its obligations under this deed or the Guarantee, the Borrower will allow the Lender or its Receiver, without further notice or demand, immediately to exercise all its rights, powers and remedies in particular (and without limitation) to take possession of any Secured Asset and for that purpose to enter on any premises where a Secured Asset is situated (or where the Lender or a Receiver reasonably believes a Secured Asset to be situated) without incurring any liability to the Borrower for, or by any reason of, that entry.
- 8.3.2. At all times, the Borrower must use its best endeavours to allow the Lender or its Receiver access to any premises for the purpose of clause 8.3.1 (including obtaining any necessary consents or permits of other persons) and ensure that its employees and officers do the same.

## **8.4. Prior Security**

- 8.4.1. At any time after the security constituted by this deed has become enforceable, or after any powers conferred by any Security having priority to this deed shall have become exercisable, the Lender may:
  - 8.4.1.1. redeem that or any other prior Security;
  - 8.4.1.2. procure the transfer of that Security to it; and
  - 8.4.1.3. settle and pass any account of the holder of any prior Security.
- 8.4.2. The settlement and passing of any such account passed shall, in the absence of any manifest error, be conclusive and binding on the Borrower. All monies paid by the Lender to an encumbrancer in settlement of any of those accounts shall, as from its payment by the Lender, be due from the Borrower to the Lender on current account and

shall bear interest at the default rate of interest specified in the Loan Note Instrument and be secured as part of the Secured Liabilities.

**8.5. Protection of third parties**

No purchaser, mortgagee or other person dealing with the Lender, any Receiver or Delegate shall be concerned to enquire:

- 8.5.1. whether any of the Secured Liabilities have become due or payable, or remain unpaid or undischarged;
- 8.5.2. whether any power the Lender, a Receiver or Delegate is purporting to exercise has become exercisable or is properly exercisable; or
- 8.5.3. how any money paid to the Lender, any Receiver or any Delegate is to be applied.

**8.6. Privileges**

Each Receiver and the Lender is entitled to all the rights, powers, privileges and immunities conferred by the LPA 1925 on mortgagees and receivers.

**8.7. No liability as mortgagee in possession**

Neither the Lender, any Receiver, any Delegate nor any Administrator shall be liable, by reason of entering into possession of a Security Asset or for any other reason, to account as mortgagee in possession in respect of all or any of the Secured Assets, nor shall any of them be liable for any loss on realisation of, or for any act, neglect or default of any nature in connection with, all or any of the Secured Assets for which a mortgagee in possession might be liable as such.

**8.8. Conclusive discharge to purchasers**

The receipt of the Lender, or any Receiver or Delegate shall be a conclusive discharge to a purchaser and, in making any sale or other disposal of any of the Secured Assets or in making any acquisition in the exercise of their respective powers, the Lender, and every Receiver and Delegate may do so for any consideration, in any manner and on any terms that it or he thinks fit.

**8.9. Right of appropriation**

8.9.1. To the extent that:

8.9.1.1. the Secured Assets constitute Financial Collateral; and

8.9.1.2. this deed and the obligations of the Borrower under it constitute a Security Financial Collateral Arrangement,

the Lender shall have the right, at any time after the security constituted by this deed has become enforceable, to appropriate all or any of those Secured Assets in or towards the payment or discharge of the Secured Liabilities in any order that the Lender may, in its absolute discretion, determine.

8.9.2. The value of any Secured Assets appropriated in accordance with this clause shall be:



- 8.9.2.1. in the case of cash, the amount standing to the credit of each of the Borrower's accounts with any bank, financial institution or other person, together with all interest accrued but unposted, at the time the right of appropriation is exercised; and
- 8.9.2.2. in the case of Investments, the price of those Investments at the time the right of appropriation is exercised as listed on any recognised market index or determined by any other method that the Lender may select (including independent valuation).
- 8.9.3. The Borrower agrees that the methods of valuation provided for in this clause are commercially reasonable for the purposes of the Financial Collateral Regulations.

## **9. Receiver**

### **9.1. Appointment**

At any time after the security constituted by this deed has become enforceable, or at the request of the Borrower, the Lender may, without further notice, appoint by way of deed, or otherwise in writing, any one or more persons to be a Receiver of all or any part of the Secured Assets.

### **9.2. Removal**

The Lender may, without further notice (subject to section 45 of the Insolvency Act 1986 in the case of an administrative receiver), from time to time, by way of deed, or otherwise in writing, remove any Receiver appointed by it and may, whenever it thinks fit, appoint a new Receiver in the place of any Receiver whose appointment may for any reason have terminated.

### **9.3. Remuneration**

The Lender may fix the remuneration of any Receiver appointed by it without the restrictions contained in section 109 of the LPA 1925, and the remuneration of the Receiver shall be a debt secured by this deed, to the extent not otherwise discharged.

### **9.4. Power of appointment additional to statutory powers**

The power to appoint a Receiver conferred by this deed shall be in addition to all statutory and other powers of the Lender under the Insolvency Act 1986, the LPA 1925 or otherwise, and shall be exercisable without the restrictions contained in sections 103 and 109 of the LPA 1925 or otherwise.

### **9.5. Power of appointment exercisable despite prior appointments**

The power to appoint a Receiver (whether conferred by this deed or by statute) shall be, and remain, exercisable by the Lender despite any prior appointment in respect of all or any part of the Secured Assets.

### **9.6. Agent of the Borrower**

Any Receiver appointed by the Lender under this deed shall be the agent of the Borrower and the Borrower shall be solely responsible for the contracts, engagements, acts, omissions, defaults, losses and remuneration of that Receiver and for liabilities incurred by that Receiver. The agency of each Receiver shall continue until the Borrower goes into liquidation and after that the Receiver shall act as principal and shall not become the agent of the Lender.

## **10. Powers of Receiver**

### **10.1. General**

10.1.1. Any Receiver appointed by the Lender under this deed shall, in addition to the powers conferred on it by statute, have the powers set out in clause 10.2 to clause 10.23.

10.1.2. If there is more than one Receiver holding office at the same time, each Receiver may (unless the document appointing it states otherwise) exercise all of the powers conferred on a Receiver under this deed individually and to the exclusion of any other Receiver.

10.1.3. Any exercise by a Receiver of any of the powers given by clause 10 may be on behalf of the Borrower, the directors of the Borrower (in the case of the power contained in clause 10.16) or itself.

### **10.2. Repair and develop Properties**

A Receiver may undertake or complete any works of repair, building or development on the Properties and may apply for and maintain any planning permission, development consent, building regulation approval or any other permission, consent or licence to carry out any of the same.

### **10.3. Surrender leases**

A Receiver may grant, or accept surrenders of, any leases or tenancies affecting any Property and may grant any other interest or right over any Property on any terms, and subject to any conditions, that it thinks fit.

### **10.4. Employ personnel and advisers**

A Receiver may provide services and employ or engage any managers, officers, servants, contractors, workmen, agents, other personnel and professional advisers on any terms, and subject to any conditions, that it thinks fit. A Receiver may discharge any such person or any such person appointed by the Borrower.

### **10.5. Make VAT elections**

A Receiver may make, exercise or revoke any value added tax option to tax as it thinks fit.

### **10.6. Remuneration**

A Receiver may charge and receive any sum by way of remuneration (in addition to all costs, charges and expenses incurred by it) that the Lender may prescribe or agree with it.

### **10.7. Realise Secured Assets**

A Receiver may collect and get in the Secured Assets or any part of them in respect of which it is appointed, and make any demands and take any proceedings as may seem expedient for that purpose, and take possession of the Secured Assets with like rights.

**10.8. Manage or reconstruct the Borrower's business**

A Receiver may carry on, manage, develop, reconstruct, amalgamate or diversify or concur in carrying on, managing, developing, reconstructing, amalgamating or diversifying the business of the Borrower.

**10.9. Dispose of Secured Assets**

A Receiver may sell, exchange, convert into money and realise all or any of the Secured Assets in respect of which it is appointed in any manner (including, without limitation, by public auction or private sale) and generally on any terms and conditions as it thinks fit. Any sale may be for any consideration that the Receiver thinks fit and a Receiver may promote, or concur in promoting, a company to purchase the Secured Assets to be sold.

**10.10. Sever fixtures and fittings**

A Receiver may sever and sell separately any fixtures or fittings from any Property without the consent of the Borrower.

**10.11. Sell Book Debts**

A Receiver may sell and assign all or any of the Book Debts in respect of which it is appointed in any manner, and generally on any terms and conditions, that it thinks fit.

**10.12. Valid receipts**

A Receiver may give valid receipt for all monies and execute all assurances and things that may be proper or desirable for realising any of the Secured Assets.

**10.13. Make settlements**

A Receiver may make any arrangement, settlement or compromise between the Borrower and any other person that it may think expedient.

**10.14. Bring proceedings**

A Receiver may bring, prosecute, enforce, defend and abandon all actions, suits and proceedings in relation to any of the Secured Assets as it thinks fit.

**10.15. Improve the Equipment**

A Receiver may make substitutions of, or improvements to, the Equipment as it may think expedient.

**10.16. Make calls on Borrower members**

A Receiver may make calls conditionally or unconditionally on the members of the Borrower in respect of uncalled capital with (for that purpose and for the purpose of enforcing payments of any calls so made) the same powers as are conferred by the

articles of association of the Borrower on its directors in respect of calls authorised to be made by them.

**10.17. Insure**

A Receiver may, if it thinks fit, but without prejudice to the indemnity in clause 13, effect with any insurer any policy of insurance either in lieu or satisfaction of, or in addition to, the insurance required to be maintained by the Borrower under this deed.

**10.18. Powers under the LPA 1925**

A Receiver may exercise all powers provided for in the LPA 1925 in the same way as if it had been duly appointed under the LPA 1925, and exercise all powers provided for an administrative receiver in Schedule 1 to the Insolvency Act 1986.

**10.19. Borrow**

A Receiver may, for any of the purposes authorised by this clause 10, raise money by borrowing from the Lender (or from any other person) either unsecured or on the security of all or any of the Secured Assets in respect of which it is appointed on any terms that it thinks fit (including, if the Lender consents, terms under which that security ranks in priority to this deed).

**10.20. Redeem prior Security**

A Receiver may redeem any prior Security and settle and pass the accounts to which the Security relates. Any accounts so settled and passed shall be, in the absence of any manifest error, conclusive and binding on the Borrower, and the monies so paid shall be deemed to be an expense properly incurred by the Receiver.

**10.21. Delegation**

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

**10.22. Absolute beneficial owner**

A Receiver may, in relation to any of the Secured Assets, exercise all powers, authorisations and rights it would be capable of exercising, and do all those acts and things, as an absolute beneficial owner could exercise or do in the ownership and management of the Secured Assets or any part of the Secured Assets.

**10.23. Incidental powers**

A Receiver may do any other acts and things that it:

- 10.23.1. may consider desirable or necessary for realising any of the Secured Assets;
- 10.23.2. may consider incidental or conducive to any of the rights or powers conferred on a Receiver under or by virtue of this deed or law; or
- 10.23.3. lawfully may or can do as agent for the Borrower.

**11. Delegation**

**11.1. Delegation**

The Lender or any Receiver may delegate (either generally or specifically) by power of attorney or in any other manner to any person any right, power, authority or discretion conferred on it by this deed (including the power of attorney granted under clause 15.1).

#### **11.2. Terms**

The Lender and each Receiver may make a delegation on the terms and conditions (including the power to sub-delegate) that it thinks fit.

#### **11.3. Liability**

Neither the Lender nor any Receiver shall be in any way liable or responsible to the Borrower for any loss or liability arising from any act, default, omission or misconduct on the part of any Delegate.

### **12. Application of proceeds**

#### **12.1. Order of application of proceeds**

All monies received by the Lender, a Receiver or a Delegate pursuant to this deed, after the security constituted by this deed has become enforceable, shall (subject to the claims of any person having prior rights and by way of variation of the LPA 1925) be applied in the following order of priority:

- 12.1.1. in or towards payment of or provision for all costs, charges and expenses incurred by or on behalf of the Lender (and any Receiver, Delegate, attorney or agent appointed by it) under or in connection with this deed, and of all remuneration due to any Receiver under or in connection with this deed;
- 12.1.2. in or towards payment of or provision for the Secured Liabilities in any order and manner that the Lender determines; and
- 12.1.3. in payment of the surplus (if any) to the Borrower or other person entitled to it.

#### **12.2. Appropriation**

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

#### **12.3. Suspense account**

All monies received by the Lender, a Receiver or a Delegate under this deed:

- 12.3.1. may, at the discretion of the Lender, Receiver or Delegate, be credited to any suspense or securities realised account;
- 12.3.2. shall bear interest, if any, at the rate agreed in writing between the Lender and the Borrower; and
- 12.3.3. may be held in that account for so long as the Lender, Receiver or Delegate thinks fit.

### **13. Costs and indemnity**

#### **13.1. Costs**

The Borrower shall, promptly on demand, pay to, or reimburse, the Lender and any Receiver, on a full indemnity basis, all costs, charges, expenses, taxes and liabilities of any kind (including, without limitation, legal, printing and out-of-pocket expenses) incurred by the Lender, any Receiver or any Delegate in connection with:

- 13.1.1. this deed or the Secured Assets;
- 13.1.2. taking, holding, protecting, perfecting, preserving or enforcing (or attempting to do so) any of the Lender's, a Receiver's or a Delegate's rights under this deed; or
- 13.1.3. taking proceedings for, or recovering, any of the Secured Liabilities,

together with interest, which shall accrue and be payable (without the need for any demand for payment being made) from the date on which the relevant cost or expense arose until full discharge of that cost or expense (whether before or after judgment, liquidation, winding up or administration of the Borrower) at the rate and in the manner specified in the Loan Note Instrument.

#### **13.2. Indemnity**

The Borrower shall indemnify the Lender, each Receiver and each Delegate, and their respective employees and agents against all liabilities, costs, expenses, damages and losses (including but not limited to any direct, indirect or consequential losses, loss of profit, loss of reputation and all interest, penalties and legal costs (calculated on a full indemnity basis) and all other professional costs and expenses) suffered or incurred by any of them arising out of or in connection with:

- 13.2.1. the exercise or purported exercise of any of the rights, powers, authorities or discretions vested in them under this deed or by law in respect of the Secured Assets;
- 13.2.2. taking, holding, protecting, perfecting, preserving or enforcing (or attempting to do so) the security constituted by this deed; or
- 13.2.3. any default or delay by the Borrower in performing any of its obligations under this deed.

Any past or present employee or agent may enforce the terms of this clause 13.2 subject to and in accordance with the provisions of the Contracts (Rights of Third Parties) Act 1999.

### **14. Further assurance**

#### **14.1. Further assurance**

The Borrower shall, at its own expense, take whatever action the Lender or any Receiver may reasonably require for:

- 14.1.1. creating, perfecting or protecting the security intended to be created by this deed;

- 14.1.2. facilitating the realisation of any Secured Asset; or
- 14.1.3. facilitating the exercise of any right, power, authority or discretion exercisable by the Lender or any Receiver in respect of any Secured Asset,

including, without limitation (if the Lender or Receiver thinks it expedient) the execution of any transfer, conveyance, assignment or assurance of all or any of the assets forming part of (or intended to form part of) the Secured Assets (whether to the Lender or to its nominee) and the giving of any notice, order or direction and the making of any registration.

## **15. Power of attorney**

### **15.1. Appointment of attorneys**

By way of security, the Borrower irrevocably appoints the Lender, every Receiver and every Delegate separately to be the attorney of the Borrower and, in its name, on its behalf and as its act and deed, to execute any documents and do any acts and things that:

- 15.1.1. the Borrower is required to execute and do under this deed; or
- 15.1.2. any attorney deems proper or desirable in exercising any of the rights, powers, authorities and discretions conferred by this deed or by law on the Lender, any Receiver or any Delegate.

### **15.2. Ratification of acts of attorneys**

The Borrower ratifies and confirms, and agrees to ratify and confirm, anything that any of its attorneys may do in the proper and lawful exercise, or purported exercise, of all or any of the rights, powers, authorities and discretions referred to in clause 15.1.

## **16. Release**

Subject to clause 23.3, on the expiry of the Security Period (but not otherwise), the Lender shall, at the request and cost of the Borrower, take whatever action is necessary to:

- 16.1.1. release the Secured Assets from the security constituted by this deed; and
- 16.1.2. reassign the Secured Assets to the Borrower.

## **17. Assignment and transfer**

### **17.1. Assignment by Lender**

- 17.1.1. At any time, without the consent of the Borrower, the Lender may assign or transfer any or all of its rights and obligations under this deed.
- 17.1.2. The Lender may disclose to any actual or proposed assignee or transferee any information in its possession that relates to the Borrower, the Secured Assets and this deed that the Lender considers appropriate.

**17.2. Assignment by Borrower**

The Borrower may not assign any of its rights, or transfer any of its rights or obligations, under this deed.

**18. Set-off**

**18.1. Lender's right of set-off**

The Lender may at any time set off any liability of the Borrower to the Lender against any liability of the Lender to the Borrower, whether either liability is present or future, liquidated or unliquidated, and whether or not either liability arises under this deed. If the liabilities to be set off are expressed in different currencies, the Lender may convert either liability at a market rate of exchange for the purpose of set-off. Any exercise by the Lender of its rights under this clause 18 shall not limit or affect any other rights or remedies available to it under this deed or otherwise.

**18.2. Exclusion of Borrower's right of set-off**

All payments made by the Borrower to the Lender under this deed shall be made in full without any set-off, counterclaim, deduction or withholding (other than any deduction or withholding of tax as required by law).

**19. Amendments, waivers and consents**

**19.1. Amendments**

No amendment of this deed shall be effective unless it is in writing and signed by, or on behalf of, each party (or its authorised representative).

**19.2. Waivers and consents**

19.2.1. A waiver of any right or remedy under this deed or by law, or any consent given under this deed, is only effective if given in writing by the waiving or consenting party and shall not be deemed a waiver of any other breach or default. It only applies in the circumstances for which it is given and shall not prevent the party giving it from subsequently relying on the relevant provision.

19.2.2. A failure to exercise, or a delay in exercising, any right or remedy provided under this deed or by law shall not constitute a waiver of that or any other right or remedy, prevent or restrict any further exercise of that or any other right or remedy or constitute an election to affirm this deed. No single or partial exercise of any right or remedy provided under this deed or by law shall prevent or restrict the further exercise of that or any other right or remedy. No election to affirm this deed by the Lender shall be effective unless it is in writing.

**19.3. Rights and remedies**

The rights and remedies provided under this deed are cumulative and are in addition to, and not exclusive of, any rights and remedies provided by law.

**20. Severance**

**20.1. Severance**



If any provision (or part of a provision) of this deed is or becomes invalid, illegal or unenforceable, it shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision (or part of a provision) shall be deemed deleted. Any modification to or deletion of a provision (or part of a provision) under this clause shall not affect the legality, validity and enforceability of the rest of this deed.

**21. Counterparts**

**21.1. Counterparts**

This deed may be executed in any number of counterparts, each of which when executed and delivered shall constitute a duplicate original, but all the counterparts shall together constitute one deed.

**22. Third party rights**

**22.1. Third party rights**

Except as expressly provided in clause 13.2 or elsewhere in this deed, a person who is not a party to this deed shall not have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce, or enjoy the benefit of, any term of this deed. This does not affect any right or remedy of a third party which exists, or is available, apart from that Act. The rights of the parties to rescind or agree any amendment or waiver under this deed are not subject to the consent of any other person.

**23. Further provisions**

**23.1. Independent security**

The security constituted by this deed shall be in addition to, and independent of, any other security or guarantee that the Lender may hold for any of the Secured Liabilities at any time. No prior security held by the Lender over the whole or any part of the Secured Assets shall merge in the security created by this deed.

**23.2. Continuing security**

The security constituted by this deed shall remain in full force and effect as a continuing security for the Secured Liabilities, despite any settlement of account, or intermediate payment, or other matter or thing, unless and until the Lender discharges this deed in writing.

**23.3. Discharge conditional**

Any release, discharge or settlement between the Borrower and the Lender shall be deemed conditional on no payment or security received by the Lender in respect of the Secured Liabilities being avoided, reduced or ordered to be refunded pursuant to any law relating to insolvency, bankruptcy, winding-up, administration, receivership or otherwise. Despite any such release, discharge or settlement:

- 23.3.1. the Lender or its nominee may retain this deed and the security created by or pursuant to it, including all certificates and documents relating to the whole or any part of the Secured Assets, for any period that the Lender deems necessary to provide the Lender with security against any such avoidance, reduction or order for refund; and

- 23.3.2. the Lender may recover the value or amount of such security or payment from the Borrower subsequently as if the release, discharge or settlement had not occurred.

**23.4. Certificates**

A certificate or determination by the Lender as to any amount for the time being due to it from the Borrower under this deed and the Guarantee shall be, in the absence of any manifest error, conclusive evidence of the amount due.

**23.5. Consolidation**

The restriction on the right of consolidation contained in section 93 of the LPA 1925 shall not apply to this deed.

**23.6. Small company moratorium**

Notwithstanding anything to the contrary in this deed, neither the obtaining of a moratorium by the Borrower under schedule A1 to the Insolvency Act 1986 nor the doing of anything by the Borrower with a view to obtaining such a moratorium (including any preliminary decision or investigation) shall be, or be construed as:

- 23.6.1. an event under this deed which causes any floating charge created by this deed to crystallise;
- 23.6.2. an event under this deed which causes any restriction which would not otherwise apply to be imposed on the disposal of any property by the Borrower; or
- 23.6.3. a ground under this deed for the appointment of a Receiver.

**24. Notices**

**24.1. Delivery**

Each notice or other communication required to be given to a party under or in connection with this deed shall be:

- 24.1.1. in writing;
- 24.1.2. delivered by hand, by pre-paid first-class post or other next working day delivery service or sent by fax; and
- 24.1.3. sent to:
- 24.1.3.1. the Borrower at:
- Address: Unit 1, Bowburn North Industrial Estate, Bowburn,  
Durham DH6 5PF
- Fax: -
- Attention: Simon McIntosh
- 24.1.3.2. the Lender at:

Address: 13-15 York Buildings, London, WC2N 6JU

Fax: -

Attention: Barry Jackson

or to any other address or fax number as is notified in writing by one party to the other from time to time.

**24.2. Receipt by Borrower**

Any notice or other communication that the Lender gives to the Borrower shall be deemed to have been received:

- 24.2.1. if delivered by hand, at the time it is left at the relevant address;
- 24.2.2. if posted by pre-paid first-class post or other next working day delivery service, on the second Business Day after posting; and
- 24.2.3. if sent by fax, when received in legible form.

A notice or other communication given as described in clause 24.2.1 or clause 24.2.3 on a day that is not a Business Day, or after normal business hours, in the place it is received, shall be deemed to have been received on the next Business Day.

**24.3. Receipt by Lender**

Any notice or other communication given to the Lender shall be deemed to have been received only on actual receipt.

**25. Governing law and jurisdiction**

**25.1. Governing law**

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

**25.2. Jurisdiction**

Each party irrevocably agrees that, subject as provided below, the courts of England and Wales shall have exclusive jurisdiction over any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this deed or its subject matter or formation. Nothing in this clause shall limit the right of the Lender to take proceedings against the Borrower in any other court of competent jurisdiction, nor shall the taking of proceedings in any one or more jurisdictions preclude the taking of proceedings in any other jurisdictions, whether concurrently or not, to the extent permitted by the law of such other jurisdiction.

This document has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

**Schedule 1 - Property**

**Registered Property**

)  
)  
)  
) SULLIVAN  
) Director

Occupation: ACCOUNTANT

)  
)  
)  
)  
)  
)  
)  
)  
\_\_\_\_\_  
Attorney

Occupation: \_\_\_\_\_