



Registration of a Charge

Company name: **CASTELLO SPORTING CLUB LIMITED**

Company number: **07572344**



X48CLFRS

Received for Electronic Filing: **28/05/2015**

Details of Charge

Date of creation: **08/05/2015**

Charge code: **0757 2344 0001**

Persons entitled: **LAURENCE IAN WERNER**

Brief description:

Contains fixed charge(s).

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

Contains negative pledge.

Authentication of Form

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

Authentication of Instrument

Certification statement: **I CERTIFY THAT THE ELECTRONIC COPY INSTRUMENT
DELIVERED AS PART OF THIS APPLICATION FOR REGISTRATION
IS A CORRECT COPY OF THE ORIGINAL INSTRUMENT.**

Certified by: **NEIL PFISTER**



CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 7572344

Charge code: 0757 2344 0001

The Registrar of Companies for England and Wales hereby certifies that a charge dated 8th May 2015 and created by CASTELLO SPORTING CLUB LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 28th May 2015 .

Given at Companies House, Cardiff on 29th May 2015

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



Companies House



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES

DATED 8th May 2015

CASTELLO SPORTING CLUB LIMITED (1)

and

LAURENCE IAN WERNER (2)

DEBENTURE

NB- please confirm whether or not the Chargor has any subsidiaries that need to be brought in as additional Chargors



nexus solicitors
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M2 5PE

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THIS DEBENTURE is made on

2015

BETWEEN:

- (1) **CASTELLO SPORTING CLUB LIMITED** (company number 07572344) whose registered office is at Aissela, 42-50 High Street, Esher, Surrey, KT10 9QY (the "**Chargor**"); and
- (2) **LAURENCE IAN WERNER** of Avenue Des Planches 19, 1820, Switzerland (the "**Chargee**").

RECITALS:

- (A) The Chargor enters into this Deed in order to provide security to the Chargee for the Secured Liabilities (as defined below).
- (B) It is intended that this document takes effect as a deed notwithstanding the fact that a party may only execute this document under hand.

IT IS AGREED as follows:

1 Definitions and Interpretation

1.1 Definitions

In this Deed, the following words and expressions shall have the following meanings unless the context requires otherwise:

"Account Bank" means each bank with which the Chargor maintains a bank account;

"Act" means the Law of Property Act 1925;

"Administrator" means any administrator(s) appointed pursuant to the provisions of the Insolvency Act 1986;

"Authorisation" means an authorisation, permission, consent, approval, resolution, licence, exemption, filing, notarisation or registration held in connection with its business or assets;

"Collateral Instruments" means negotiable and non-negotiable instruments, guarantees, indemnities or other assurances against financial loss and any other documents or

instruments which contain or evidence an obligation (with or without security) to pay, discharge or be responsible directly or indirectly for any liabilities of any person and including, without limitation, any document or instrument creating or evidencing any security;

"Collections Account" means the designated account or accounts with such bank as the Chargee may from time to time direct (together with all additions to or renewals or replacements of such accounts (in whatever currency)) into which the Receivables are paid pursuant to Clause 11 (Receivables);

"Dangerous Materials" means any element or substance, whether consisting of gas, liquid, solid or vapour, identified by an Environmental Law to be, to have been, or to be capable of being or becoming, harmful to mankind or any living organism or damaging to the Environment;

"Deed of Accession" means a deed of accession to this Deed in the form set out in Schedule 6;

"Default" means an event or circumstance which constitutes or would constitute (with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing) an Event of Default;

"Default Rate" means 2.75 per cent. per month or part month;

"Environment" means humans, animals, plants and all other living organisms including the ecological systems of which they form part and the following media;

- (a) air (including, without limitation, air within natural or man-made structures, whether above or below ground);
- (b) water (including, without limitation, territorial, costal and inland waters, water under or within land and water in drains and sewers); and
- (c) land (including, without limitation, land under water);

"Environmental Claim" means any claim, proceedings, formal notice or investigation by any person in respect of any Environment Law;

"Environmental Law" means any applicable law or regulation which relates to:

- (a) the pollution or protection of the Environment;
- (b) the conditions of the workplace; or
- (c) the generation, handling, storage, use, release or spillage of any substance which, alone or in combination with any other, is capable of causing harm to the Environment, including, without limitation, any waste.

"Environmental Permit" means any permit or other Authorisation and the filing of any notification, report or assessment required at any time under any Environmental Law for the operation of the business of the Chargor conducted on or from the properties owned or used by the Chargor;

"Event of Default" means any breach of the Facility Agreement or of this Deed or the Security Documents and/or as defined in the Facility Agreement;

"Facility Agreement" means the facility agreement entered into between the Chargor and the Chargee for the provision of loan facilities secured by this Debenture;

"Financial Indebtedness" means any indebtedness for or in respect of:

- (a) monies borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, be treated as a finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any amount raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

- (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and when calculating the value of any such derivative transaction, only the marked to market value shall be taken into account);
- (h) any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (i) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above.

"Floating Charge Assets" means those assets of the Chargor from time to time subject to a floating charge pursuant to this Deed;

"GAAP" means generally accepted accounting principles in England from time to time;

"Insurances" means in respect of the Chargor, all contracts and policies of insurance taken out by it or on its behalf or in which it otherwise has an interest (but excluding any third party liability or public liability insurance) including, without limitation, any director's or officer's insurance;

"Intellectual Property Rights" means in respect of the Chargor, all patents (including, without limitation, applications (and any goodwill associated with such applications), improvements, prolongations, extensions and rights to apply for them in any part of the world), designs (whether registered or unregistered), copyrights and rights in the nature of copyright, design rights, trade marks and service marks (whether registered or unregistered), utility models (in each case for their full period and all extensions and renewals of them), trade names, business names, domain names and brand names, know-how, formulae, confidential information, trade secrets, computer software programs and systems and any similar rights existing in any country (including, without limitation, the benefit of any licences or consents relating to any of the above) and all fees, royalties or other rights derived from them or incidental to them in any part of the world;

"Investments" means in respect of the Chargor, all shares, stocks, debentures, bonds or other securities, investments or interests of any kind whatsoever (whether marketable or otherwise and including, without limitation, warrants or options to acquire or subscribe to any of the same) in any person and all Related Investment Rights owned by it or held by any nominee on its behalf or by any trustee, fiduciary, clearance system (including any depository for any clearance system and any other person whose business is or includes

the provision of clearance services or the provision of security accounts or any nominees or depository for any such person), custody system, settlement system or custodian on behalf of the Chargor or whether the same have been delivered to or to the order of the Chargee or its nominee and all rights against any such trustee, fiduciary, clearance system or other person holding such to the order of that Chargor;

"Mortgaged Property" means all freehold or leasehold property included in the definition of Security Assets;

"Planning Acts" means the Town and Country Planning Act 1990, the Planning (Listed Buildings and Conservation Areas) Act 1990, the Planning (Hazardous Substances) Act 1990, the Planning (Consequential Provisions) Act 1990, the Planning and Compensation Act 1991, the Planning and Compulsory Purchase Act 2004 and any subordinate legislation made (before or after this Deed) under those statutes and any other statute governing or controlling the use or development of land or property.

"Premises" means all buildings and erections included in the definition of Security Assets;

"Properties" means the assets of the Chargor described in Clause 5.1 (Land);

"Receivables" means in respect of the Chargor:

- (a) all present and future book debts and other debts, rentals, royalties, fees, VAT and monetary claims and all other amounts recoverable or receivable by the Chargor from other persons or due or owing to the Chargor (whether actual or contingent and whether arising under contract or in any other manner whatsoever);
- (b) the benefit of all rights and remedies relating to any of the items in paragraph (a) above including, without limitation, claims for damages and other remedies for non-payment of the same, all entitlements to interest, negotiable instruments, guarantees, indemnities, security, reservations of property rights, rights of tracing and unpaid vendor's liens and similar associated rights; and
- (c) all proceeds of any of the items listed in paragraph (a) above or rights and remedies in paragraph (b) above;

"Receiver" means an administrative receiver, receiver and manager or a receiver, in each case appointed under this Deed, including any appointee appointed under a joint or several appointment;

"Related Investment Rights" means any dividend or interest paid or payable in relation to any Investment and all allotments, rights, warrants, benefits and advantages (including, without limitation, all voting rights) whatsoever at any time accruing, offered or arising in respect of or incidental to the Investments and all money or property accruing or offered at any time by way of conversion, redemption, bonus, exchange, preference, option, dividend, distribution, interest or otherwise in respect of the Investments;

"Relevant Contracts" means the documents specified in Part III (Relevant Contracts) of Schedule 2 (Security Assets) and any other agreement to which the Chargor is a party and which the Chargee may from time to time designate as such by notice in writing to the Chargor;

"Security Assets" means all the assets of the Chargor which are the subject of any security created or constituted by this Deed;

"Security Period" means the period beginning on the date of this Deed and ending on the date on which all the Secured Liabilities have been unconditionally and irrevocably paid and discharged in full;

"Secured Liabilities" means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally in any capacity whatsoever) of the Chargor which are, or are expressed to be, or may become due, owing or payable to the Chargee except for any obligation or liability which, if it were so included, would cause that obligation or liability or any security in respect thereof, to be unlawful or prohibited by any applicable law, together with all costs, charges and expenses incurred by the Chargee in connection with the protection, preservation or enforcement of its rights;

"Subsidiary" means:

- (a) a subsidiary as defined in section 1159 of the Companies Act 2006; and
- (b) unless the context requires otherwise, a subsidiary undertaking within the meaning of section 1162 of the Companies Act 2006.

1.2 Construction

- (a) In this Deed (unless the context requires otherwise):
- (i) each of the "Chargee" and "Chargor" or any other person shall be construed so as to include its successors in title, permitted assigns and permitted transferees;
 - (ii) capitalised terms defined in the Facility Agreement have, unless expressly defined in this Deed, the same meaning in this Deed;
 - (iii) any reference to a document "in agreed form" is a document which is previously agreed in writing by or on behalf of the Chargor and the Chargee or, if not so agreed, is in the form specified by the Chargee;
 - (iv) the term "this Security" means any security created or constituted by this Deed;
 - (v) any covenant or undertaking of the Chargor (other than a payment obligation) remains in force during the Security Period;
 - (vi) if the Chargee considers that an amount paid to it under the Facility Agreement is capable of being avoided or otherwise set aside on the liquidation or administration of the payer or otherwise, then that amount will not be considered to have been irrevocably paid for the purposes of this Deed;
 - (vii) a reference to any document, agreement or instrument is a reference to that document, or agreement or instrument as supplemented, amended or novated (however fundamentally) or replaced including, without limitation, any amendment, supplement, novation or replacement providing for further advances;
 - (viii) any reference to a "Security Asset" includes the proceeds of sale of that "Security Asset";
 - (ix) any reference to "Indebtedness" includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money whether present or future, actual or contingent;

- (x) any reference to a "person" includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium or partnership (whether or not having separate legal personality) or two or more of the foregoing and that person's assigns, transferees or successors;
- (xi) any reference to a "regulation" includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or of any regulatory, self-regulatory or other authority or organisation;
- (xii) use of any gender includes the other gender;
- (xiii) a reference to "writing" does not include email;
- (xiv) any reference to a person being an "associate" of another shall be interpreted in accordance with section 435 of the Insolvency Act 1986, and a person shall be regarded as "connected" or "associated" with any person which is an associate of his and with any company of which any director is an associate of his;
- (xv) the ejusdem generis rule shall not apply and accordingly general words introduced by the word "other" or any similar word, or followed by the words "including", "includes", "include", "in particular" or any similar words, shall not be given a restricted meaning because they are preceded or followed by more specific words;
- (xvi) reference to any "disposal" includes any sale, lease, sub-lease, assignment or transfer, the grant of an option or similar right, the grant of any easement, right or privilege, the creation of a trust or other equitable interest or security right in favour of a third party, a sharing or parting with possession or occupation whether by way of licence or otherwise and (without prejudice to the generality of the foregoing) in the case of Intellectual Property Rights the granting of use of or access to any other person and "dispose" and "disposition" shall be construed accordingly;
- (xvii) a Clause or Schedule is a reference to a clause of or schedule to this Deed.

- (b) The Schedules form an integral part of this Deed and shall have effect as if set out in full in the body of this Deed and any reference to this Deed includes the Schedules.

2 Covenant to Pay

The Chargor covenants that it will pay to the Chargee on demand or discharge the Secured Liabilities.

3 Creation of Security

3.1 All the security created under this Deed:

- (a) is created in favour of the Chargee;
- (b) is created over present and future assets of the Chargor;
- (c) is security for the payment and satisfaction of all the Secured Liabilities;
- (d) is created by the Chargor to the extent of its interest whether joint or several, legal or beneficial; and
- (e) is made with full title guarantee in accordance with the Law of Property (Miscellaneous Provisions) Act 1994.

4 Fixed Security

4.1 Land

- (a) The Chargor charges:
 - (i) by way of first legal mortgage all estates or interest in any freehold or leasehold property now owned by it; this includes without limitation, the real property (if any) specified in Part 1 (Real Property) of Schedule 2 (Security Assets); and
 - (ii) (to the extent that they are not subject to a mortgage under Clause 5.1(a)(i)) by way of first fixed charge, all estates or interest in any freehold or leasehold property now or subsequently owned by it.

(b) A reference in this Deed to a mortgage or charge of any freehold or leasehold property includes:

- (i) all buildings, fixtures, fittings and fixed plant and machinery on that property; and
- (ii) the benefit of any covenants for title given or entered into by any predecessor in title of the Chargor in respect of that property or any monies paid or payable in respect of those covenants.

4.2 Investments

The Chargor charges by way of first fixed charge its interest in the Investments and Related Investment Rights.

4.3 Plant and machinery

The Chargor charges by way of first fixed charge all plant, machinery, vehicles, computers and office and other equipment including, without limitation, those listed in Part II (Plant, machinery and vehicles etc) of Schedule 2 (Security Assets) and all other moveable assets of any kind and in any place and the benefit of all contracts and warranties relating to the same.

4.4 Credit balances

The Chargor charges by way of first fixed charge all its rights, title and interest in and to cash at bank and (if different) any amount from time to time standing to the credit of any account (including, without limitation, any account contemplated by this Deed) it has with the Chargee or with any other bank, financial institution or person and the debt represented by it.

4.5 Receivables

The Chargor charges by way of first fixed charge all of its right, title and interest in the Receivables.

4.6 Intellectual Property Rights

The Chargor charges by way of first fixed charge, the Intellectual Property Rights for the time being and from time to time owned, possessed or controlled by it.

4.7 Insurances

The Chargor charges by way of first fixed charge (to the extent not effectively assigned under Clause 5.1 (Insurances – assignment)), the Insurances and all proceeds of the Insurances.

4.8 Agreements

The Chargor charges by way of first fixed charge all its rights now or subsequently in respect of the Relevant Contracts and any other agreement to which it is, or becomes, a party to the extent the same are not subject to an effective fixed charge created under any other term of this Clause 4 or to an effective assignment under Clause 5.2 (Agreements – assignment).

4.9 Pension funds

The Chargor charges by way of first fixed charge any benefit, interest, claim or entitlement it has in any pension fund.

4.10 Goodwill and uncalled capital

The Chargor charges by way of first fixed charge its goodwill and all its uncalled capital.

4.11 Authorisations

The Chargor charges by way of first fixed charge:

- (a) the benefit of all present and future Authorisations (statutory or otherwise) held in connection with its use of any Security Asset; and
- (b) the right to recover and receive compensation which may be payable to it in respect of any Authorisation referred to in Clause 4.11(a).

4.12 Separate charges

Each of the charges referred to in Clauses 4.1 (Land) to 4.11 (Authorisations) (inclusive) shall be read and construed as, and deemed to be, separate charges over each of the items mentioned in each such Clause, so that each item mentioned in each Clause and each item forming any constituent element of the Receivables, the Insurances and the Intellectual Property Rights shall be deemed to be subject to a separate charge. Without

limiting the previous sentence, if any such item shall be found to be subject to a floating charge and not to a fixed charge, such finding shall not of itself result in any other such item being deemed to be subject to a floating charge (as opposed to a fixed charge).

5 Assignments

5.1 Insurances - assignment

The Chargor assigns and agrees to assign absolutely, subject to a proviso for re-assignment on redemption, all of its rights under the Insurances and all proceeds of the Insurances.

5.2 Agreements – assignment

The Chargor assigns and agrees to assign absolutely, subject to a proviso for re-assignment on redemption, all of its rights in respect of:

- (a) the Relevant Contracts; and
- (b) any other agreement to which it is or becomes a party.

6 Floating Charge

6.1 Creation of Floating Charge

- (a) The Chargor charges by way of first floating charge its undertaking and all its property, assets and rights whatsoever and wheresoever, both present and future, including, without limitation, the Receivables and any heritable property and all other property and assets in Scotland, but excluding any property or assets otherwise effectively mortgaged or charged by way of mortgage or fixed charge respectively to the Chargee under this Deed. For the avoidance of any doubt, any asset acquired by the Chargor after any crystallisation of the floating charge created by this Debenture which but for such crystallisation would be subject to a floating charge shall (unless the Chargee confirms in writing to the contrary) be charged to the Chargee by way of first fixed charge.
- (b) Paragraph 14 of schedule B1 to the Insolvency Act 1986 applies to the floating charge created by this Clause 7 which floating charge is accordingly a qualifying floating charge for such purposes.

6.2 Crystallisation by notice

- (a) The Chargee may at any time by notice to the Chargor convert the floating charge created by this Debenture over all or any part of the Floating Charge Assets into a fixed charge as regards any assets specified in that notice.

6.3 Automatic crystallisation

- (a) Notwithstanding anything expressed or implied in this Deed, the floating charge created by this Deed shall automatically and without notice convert into a fixed charge over the Floating Charge Assets if
 - (i) steps are taken to appoint an administrator or to issue a notice of intention to appoint an administrator; or
 - (ii) the Chargor creates or attempts to create any security over all or any of the Security Assets or any trust in favour of another person without the prior written consent of the Chargee; or
 - (iii) any person levies or attempts to levy any distress, execution, sequestration or other process against any of the Floating Charge Assets; or
 - (iv) a receiver is appointed over all or any of the Floating Charge Assets.

7 Representations - general

The Chargor represents and warrants to the Chargee that:

7.1 Nature of Security

this Deed creates the security it purports to create and is not liable to be avoided or otherwise set aside on the liquidation or administration of the Chargor or otherwise;

7.2 Due incorporation, powers etc.

- (a) it is a limited liability company, duly incorporated and validly existing under the laws of England and Wales and has power to own its own assets and carry on its business as it is being conducted;

- (b) it has power to enter into and perform and deliver, and has taken all necessary action to authorise its entry into and performance and delivery of, this Deed and its obligations under this Deed and no limitation on its powers will be exceeded as a result of the execution and delivery of this Deed or the performance of its obligations under this Deed;
- (c) this Deed constitutes valid and legally binding obligations of the Chargor enforceable in accordance with its terms and creates the security which this Deed purports to create and that security is valid and effective and it is not liable to be avoided or otherwise set aside on the liquidation or administration of the Chargor or otherwise;
- (d) the entry into and performance of its obligations under and the transactions contemplated by this Deed do not and will not:
 - (i) conflict with any applicable law or regulation;
 - (ii) conflict with any agreement or instrument binding on it or any of its assets or constitute a default or termination event (however described) under any such agreement or instrument;
 - (iii) conflict with its constitutional documents; or
 - (iv) result in the creation of or oblige the Chargor to create any security in favour of any person other than the Chargee;

7.3 No proceedings pending or threatened

No litigation, arbitration or administrative proceeding of or before any court, arbitral body or agency is taking place, pending or to the knowledge of the officers of the Chargor threatened against it which could have a material adverse effect on the business, assets or financial condition of the Chargor;

7.4 No default

No Event of Default is continuing and no other event or circumstance is outstanding which constitutes or would (with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing) constitute a default or event giving rise to a right of termination or automatic termination (howsoever described) under any other agreement or instrument, in each case relating to indebtedness or liability

(whether as principal or surety) for borrowed monies, to which the Chargor is a party or by which it may be bound;

7.5 Security Assets

- (a) except for the freehold or leasehold property specified in Part I (Real Property) of Schedule 2 (Security Assets) and any other properties acquired after the date of this Deed with the consent of the Chargee, it does not own any freehold, leasehold or heritable property;
- (b) it has good and marketable title to the Security Assets and has full power and authority to grant to the Chargee this Security and to execute, deliver and perform its obligations in accordance with the terms of this Deed without the consent or approval of any other person other than any consent or approval which has been obtained;
- (c) the Security Assets are beneficially owned by it free and clear of any security;
- (d) each part of Schedule 2 (Security Assets) which describes Security Assets is a true, accurate and complete list of such assets owned by it at the date of this Deed;

7.6 Environmental Matters

- (a) it is and has been in compliance with all applicable Environmental Laws and has obtained, maintained and has been and is in compliance with the terms of all Environmental Permits and is and has been implementing procedures to monitor compliance with and to prevent liability under any Environmental Law, in each case to the extent that non-compliance with such Environmental Laws or failure to obtain such Environmental Permits, as the case may be, would be reasonably likely to have a material adverse effect on its ability to perform its obligations under this Deed;
- (b) no Environmental Claim has been commenced or (to the best of its knowledge and belief (having made due and careful enquiry)) is threatened against it where that claim has or is reasonably likely, if adversely determined, to have a material adverse effect on its ability to perform its obligations under this Deed;
- (c) since the date of first ownership, leasing, occupation or control of any premises by it no Dangerous Materials have been used, disposed of, generated, stored, transported, dumped, released, deposited, buried or emitted at, on, from or under

any such premises which would be reasonably likely to have a material adverse effect;

7.7 Financial statements

- (a) its audited consolidated and unconsolidated financial statements in respect of its most recent financial periods have been prepared in accordance with GAAP which have been consistently applied and present fairly and accurately its financial position as at such date and the results of the operations of the Chargor for the financial period ended on such date and, as at such date, the Chargor did not have any significant liabilities (whether actual or contingent) which are not disclosed by or reserved against in such financial statements or any unrealised or anticipated losses not disclosed in such financial statements;
- (b) there has been no material adverse change in its financial position of any of the Chargors from that set out in the financial statements referred to in Clause 7.7(a); and
- (c) it has no Subsidiaries or subsidiary undertakings (as that term is defined in the Companies Act 2006).

7.8 Times for making representations

- (a) The representations set out in this Debenture (including, without limitation, in Clause 7.1 (Nature of security), Clause 10.1 (Representations in respect of Investments) and Clause 12.1 (Representations in respect of Intellectual Property Rights)) are made on the date of this Deed.
- (b) Unless a representation is expressed to be given at only a specific date, each representation under this Deed is deemed to be repeated by the Chargor on each day during the Security Period.
- (c) When a representation is repeated, it is applied to the circumstances existing at the time of repetition (which in the case of Clauses 7.7(a) and 7.7(b) (Financial Statements) shall refer to the then latest audited financial statements of the Chargor).

8 Restrictions on Dealings

8.1 Security

The Chargor shall not without the prior written consent of the Chargee create or attempt to create or permit to subsist in favour of any person, other than the Chargee, any security on any Security Asset (except for this Security and any Permitted Security).

8.2 Disposals

The Chargor shall not without the prior written consent of the Chargee sell, transfer, assign, licence, lease or otherwise dispose of or agree to sell, transfer, assign, licence, lease or otherwise dispose of any Security Asset or any part of an interest in any Security Asset or attempt or agree so to do, except in relation to Receivables to the extent permitted pursuant to Clause 11 (Receivables) and for the disposal in the ordinary course of trade of any Security Asset subject only to an uncrystallised floating charge created under this Deed and not expressed in this Deed to be subject to a fixed charge under Clauses 4.1 (Land) to 4.11 (Authorisations).

9 Land

9.1 General

In this Clause 9:

"Fixtures" means all fixtures and fittings and fixed plant and machinery on the Mortgaged Property;

"Insured Property Assets" means the Premises and all the Chargor's other assets of an insurable nature in the Premises;

"Mortgaged Property" means all freehold or leasehold property included in the definition of Security Assets; and

"Premises" means all buildings and erections included in the definition of Security Assets.

9.2 Repair

The Chargor must keep:

- (a) the Premises in good and substantial repair and condition and adequately and properly painted and decorated; and
- (b) the Fixtures and all plant, machinery, implements and other effects owned by it and which are in or on the Premises or elsewhere in a good state of repair and in good working order and condition.

9.3 **Compliance with leases and covenants**

The Chargor must:

- (a) perform all the terms on its part contained in any lease or agreement for lease comprised in the Mortgaged Property;
- (b) not do or allow to be done any act as a result of which any lease or agreement for lease comprised in the Mortgaged Property may become liable to forfeiture or otherwise be terminated; and
- (c) duly and punctually comply with, and indemnify the Chargee in respect of any breach of, any covenant or stipulation (restrictive or otherwise) affecting the Mortgaged Property.

9.4 **Acquisitions**

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

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

9.5 **Compliance with applicable laws and regulations**

The Chargor must perform all its obligations under any law or regulation in any way related to or affecting the Mortgaged Property.

9.6 **Notices**

The Chargor must, within 14 days of receipt by the Chargor of any application, requirement, order or notice served or given by any public or local or any other authority with respect to the Mortgaged Property (or any part of it):

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

9.7 **Development**

The Chargor shall not:

- (a) make or allow to be made any application for planning permission in respect of any part of the Mortgaged Property; or
- (b) carry out or allow to be carried out on any part of the Mortgaged Property any development (within the meaning of the Planning Acts and being development for which the permission of the local planning authority is required).

9.8 **Land Registry**

The Chargor consents to a restriction in the following terms being entered into on the Register of Title relating to any Mortgaged Property registered at Land Registry:

"No disposition of the registered estate by the proprietor of the registered estate or by the proprietor of any registered charge not being a charge registered before the entry of this restriction is to be registered without a written consent signed by the proprietor for the time being of the charge dated [] in favour of [] referred to in the charges register or, if appropriate, signed on such proprietor's behalf by its conveyancer."

9.9 Deposit of title deeds

The Chargor must deposit with the Chargee (or procure the deposit with the Chargee of) all deeds and documents of title relating to the Mortgaged Property including, without limitation, any lease or licence or other right of occupation or right to receive rent to which the Mortgaged Property may at any time be subject and all local land charges, land charges and Land Registry search certificates and similar documents received by or on behalf of the Chargor.

9.10 Investigation of title

The Chargor must grant the Chargee or its lawyers on request all facilities within the power of the Chargor to enable the Chargee or its lawyers (at the expense of the Chargor) to:

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

9.11 Power to remedy

- (a) If the Chargor fails to perform any obligation affecting the Mortgaged Property, the Chargor must allow the Chargee or its agents and contractors:
 - (i) to enter any part of the Mortgaged Property;
 - (ii) to comply with or object to any notice served on the Chargor in respect of the Mortgaged Property; and
 - (iii) to take any action as the Chargee may reasonably consider necessary or desirable to prevent or remedy any breach of any such term or to comply with or object to any such notice.
- (b) The Chargor must immediately on request by the Chargee pay the costs and expenses of the Chargee and its agents and contractors incurred in connection with any action taken by it under this Clause 9 and no action taken by the Chargee or its agents or contractors shall deem the Chargee to have become a mortgagee in possession of such Mortgaged Property.

9.12 Indemnity

The Chargor shall punctually pay and indemnify the Chargee and any Receiver against all present and future rent, rates, taxes, duties, charges, assessments, impositions and outgoings whatsoever (whether imposed by agreement, statute or otherwise) now or at any time during the continuance of this Security payable in respect of any of the Mortgaged Property or any part of it or by the owner or occupier of it.

9.13 Leases

- (a) Without limiting Clause 8 (Restrictions on dealings), the Chargor shall not, without the prior written consent of the Chargee grant any lease, part with possession or share occupation of the whole or any part of any of the Mortgaged Property or confer any licence, right or interest to occupy or grant any licence or permission to assign, underlet or part with possession of the same or any part of it or permit any person:
 - (i) to be registered (jointly with the Chargor or otherwise) as proprietor under the Land Registration Act 2002 of any of the Mortgaged Properties, nor create or permit to arise any unregistered interests falling within schedules 1, 3 or 12 to that Act (as the case may be) or where relevant any interests falling within section 11(4)(c) of that Act nor any overriding interests affecting the same within the meaning of the Land Registration (Scotland) Act 1979; or
 - (ii) to become entitled to any right, easement, covenant, interest or other title encumbrance which might adversely affect the value or marketability of any of the Mortgaged Property.
- (b) The Chargor shall not without the prior written consent of the Chargee vary, surrender, cancel or dispose of or permit to be forfeit any leasehold interest in any of the Mortgaged Property.

9.14 Environmental Laws

- (a) The Chargor will:
 - (i) comply with all applicable Environmental Laws;

- (ii) promptly upon receipt of the same, notify the Chargee of any claim, notice or other communication served on it in respect of any alleged breach of any Environmental Law which might, if substantiated, have a material adverse effect; and
- (iii) indemnify the Chargee, any Receiver and their respective officers, employees, agents and delegates (together the "**Indemnified Parties**") against any cost or expense suffered or incurred by them which:
 - (A) arises by virtue of any actual or alleged breach of any Environmental Law (whether by the Chargor, an Indemnified Party or any other person);
 - (B) would not have arisen if this Deed had not been executed; and
 - (C) was not caused by the negligence or wilful default of the relevant Indemnified Party.

10 Investments

10.1 Representations in respect of Investments

The Chargor represents to the Chargee that:

- (a) the Investments are fully paid; and
- (b) the Chargor is the sole legal and beneficial owners of the Investments.

10.2 Deposit of title documents

The Chargor must:

- (a) immediately upon execution of this Deed deposit with the Chargee, or as the Chargee may direct (or procure the deposit with the Chargee, or as the Chargee may direct, of) all certificates and other documents of title or evidence of ownership in relation to any Investment; and
- (b) promptly execute and deliver to the Chargee (or procure the prompt execution and delivery to the Chargee of) all share transfers and other documents which may be requested by the Chargee in order to enable the Chargee, its nominees or

assigns to be registered as the owner or otherwise to obtain or transfer a legal title to any Investment.

10.3 Related Investment Rights

The Chargor shall upon the accrual, offer, issue or receipt of any Related Investment Right deliver or pay to the Chargee or procure the delivery or payment to the Chargee of all such Related Investment Rights or the stock or share certificates or other documents of title to or representing them together with such duly executed transfers or assignments with the name of the transferee, date and consideration left blank as the Chargee may require to enable the Chargee to vest the same in the Chargee, its nominees, any assignee or purchaser to the intent that the Chargee may without notice present them for registration.

10.4 Information

- (a) The Chargor undertakes to the Chargee to provide a copy of any report, accounts, circular or notice received in respect of or in connection with any of the Investments to the Chargee forthwith upon receipt by the Chargor.
- (b) The Chargor must promptly copy to the Chargee and comply with all requests for information which are within its knowledge and which are made under Part 22 of the Companies Act 2006 or any similar provision contained in any articles of association or other constitutional document relating to any of the Investments and, if it fails to do so, the Chargee may elect to provide such information as it may have on behalf of the Chargor.

10.5 Changes to rights

The Chargor shall not take or allow the taking of any action on its behalf which may result in the rights attaching to any of the Investments being altered or further Investments being issued.

10.6 Calls

- (a) The Chargor must pay (or procure the payment of) all calls or other payments due and payable in respect of any Investment.
- (b) If the Chargor fails to do so, the Chargee may pay the calls or other payments in respect of any Investment on behalf of the Chargor. The Chargor must

immediately on request reimburse the Chargee (or procure the reimbursement of the Chargee) for any payment made by the Chargee under this Clause 10.6.

10.7 Other obligations in respect of Investments

(a) The Chargor must comply with all other conditions and obligations assumed by it in respect of any Investment.

(b) The Chargee is not obliged to:

(i) perform any obligation of the Chargor;

(ii) make any payment;

(iii) make any enquiry as to the nature or sufficiency of any payment received by it or the Chargor; or

(iv) present or file any claim or take any other action to collect or enforce the payment of any amount to which it may be entitled under this Deed,

in respect of any Investment.

10.8 Voting rights and dividends

(a) Until the occurrence of an Event of Default, unless the Chargee otherwise directs, the Chargor shall, for so long as it remains the registered owner of any of the Investments, continue to be entitled to exercise the rights attaching to such Investments as beneficial owner and to receive and retain any dividends or interest paid on them.

(b) To the extent that the Investments shall be registered in the name of the Chargee or its nominee(s) then for so long as no Event of Default has occurred the Chargee will:

(i) hold all dividends, interest and other income deriving from and received by it in respect of the Investments for the account of the Chargor and will pay such dividends, interest and other income to the Chargor on receipt; and

(ii) exercise all voting and other rights and powers attached to the Investments as the Chargor may from time to time in writing reasonably

direct provided that such direction does not adversely affect the value of the Investments and is not otherwise inconsistent with this Deed.

(c) At any time after this Security becomes enforceable:

- (i) the Chargee may exercise (in the name of the Chargor and without any further consent or authority on the part of the Chargor) any voting rights and any powers or rights which may be exercised by the legal or beneficial owner of any Investment or Related Right, any person who is the holder of any Investment or Related Right or otherwise (including any powers given to trustees by sections 3 to 7 of the Trustee Act 2000); and
- (ii) all dividends, interest and other income forming part of the Investments and Related Rights shall be paid without set-off or deduction to an interest bearing suspense account in the name of the Chargee and shall be retained by the Chargee and any such monies which may be received by the Chargor shall, pending such payment, be held in trust for the Chargee.

11 Receivables

11.1 General

In this Clause "**Account Bank**" means a person with whom an account is maintained by the Chargor.

11.2 Realisation of Receivables

The Chargor must:

- (a) get in and realise its Receivables in the ordinary course of its business and hold the proceeds of the getting in and realisation (until payment into an account if required in accordance with Clause 11.2(c)) on trust for the Chargee;
- (b) except to the extent that the Chargee otherwise agrees in writing, pay all the proceeds of the getting in and realisation into the Collections Account;
- (c) deal with the uncollected Receivables in accordance with any directions given in writing from time to time by the Chargee and, in default of and subject to such directions, in accordance with this Deed; and

- (d) at any time after this Security has become enforceable, execute and deliver to the Chargee a legal assignment of the Receivables to the Chargee (to the extent that the Receivables have not already been assigned to the Chargee) on such terms as the Chargee may require and give notice of it to the debtors from whom the Receivables are due, owing or incurred and take any other steps as the Chargee may require to perfect such legal assignment.

11.3 Prohibited dealings

The Chargor shall not factor, discount, assign, release, exchange, compound, set-off, grant indulgence in respect of, or in any other manner deal with the Receivables except as expressly provided under this Deed.

11.4 Notices of charge

The Chargor must:

- (a) immediately serve a notice of assignment, substantially in the form of Schedule 3 (Forms of letter for bank operating Collections Account(s)), on each Account Bank; and
- (b) use reasonable endeavours to ensure that each Account Bank countersigns and delivers to the Chargee a copy of the notice of assignment substantially in the form of Schedule 3 (Forms of letter for bank operating Collections Account(s)).

11.5 Dealings with Receivables

- (a) Prior to the occurrence of an Event of Default, the monies credited to any Collections Account may be withdrawn by the Chargor and applied by it for any lawful purpose.
- (b) At any time on or after the occurrence of an Event of Default:
 - (i) the Chargor shall not be entitled to withdraw monies from any Collections Account without the prior written consent of the Chargee; and
 - (ii) the Chargee (or a Receiver) may (subject to the payment of any claims having priority to this Security) withdraw amounts standing to the credit of

each Collections Account and apply them in or towards payment of any amount due but unpaid under the Share Purchase Agreement.

11.6 Miscellaneous Collections Accounts provisions

- (a) The Chargee or a Receiver shall not be responsible to the Chargor for:
 - (i) any non-payment of any liability of the Chargor which could be paid out of monies standing to the credit of the relevant Collections Account; or
 - (ii) any withdrawal wrongly made if made in good faith.
- (b) The Chargee may delegate its powers of withdrawal under this Clause 11 to any Receiver appointed pursuant to this Deed.
- (c) The Chargor will deliver to the Chargee such information as to the amount and nature of its Receivables as the Chargee may from time to time reasonably require.
- (d) On the date on which any repayment of part or all of the Secured Liabilities is due, the Chargee may apply any money standing to the credit of any of the Collections Accounts in or towards repayment of such amounts due.

11.7 Documents of title

The Chargor must immediately deposit with the Chargee (to be held at the risk of the Chargor) (or procure such deposit of) all such deeds and documents of title (if any) relating to the Receivables as the Chargee may from time to time specify.

12 Intellectual Property Rights

12.1 Representations in respect of Intellectual Property Rights

The Chargor represents to the Chargee that:

- (a) it owns, possesses and controls, with full title guarantee, all of the Intellectual Property Rights required by it to carry on its business in all material respects, that all such Intellectual Property Rights are valid and subsisting and it does not, in carrying on its business, infringe in any material respect any Intellectual Property Rights of any third party; and

- (b) to the best of its knowledge and belief, no Intellectual Property Rights owned, possessed or controlled by it are being infringed, nor to the best of its knowledge is there any threatened infringement of any such Intellectual Property Rights.

12.2 Documents of title

- (a) The Chargor must immediately deposit with the Chargee (or procure the deposit with the Chargee of) all deeds, certificates and other documents of title relating to its Intellectual Property Rights including, without limitation, any licenses relating to such Intellectual Property Rights (each to be held at the risk of the Chargor).
- (b) The Chargor will immediately upon acquisition by it of any interest in any Intellectual Property Rights or upon registration of any Intellectual Property Rights in its name (whether separately or jointly with another person), deposit with the Chargee (or procure the deposit with the Chargee of) all deeds, certificates and other documents of title relating to such Intellectual Property Rights including, without limitation, any licenses relating to such Intellectual Property Rights of the Chargor (to be held at the risk of the Chargor).

12.3 Preservation of rights

The Chargor will:

- (a) preserve, maintain and renew as and when necessary the Intellectual Property Rights owned, possessed or controlled by it which are material to its business and contracts;
- (b) use its best endeavours to detect any infringement of Intellectual Property Rights owned, possessed or controlled by it and upon becoming aware of an infringement or a potential infringement promptly:
 - (i) take such action as may be required to remove such infringement or prevent the occurrence of such potential infringement; and
 - (ii) notify the Chargee of any suspected infringement, the steps being taken under Clause 12.3(b)(i) and supply the Chargee with all information in its possession relating to such infringement and steps taken under Clause 12.3(b)(ii).

- (c) take such steps as are necessary (including, without limitation, the institution of legal proceedings) to prevent third parties infringing any Intellectual Property Rights owned, possessed or controlled by it and (without prejudice to its other obligations under this Deed) take all such steps as are necessary to maintain and preserve its interest in such Intellectual Property Rights;
- (d) observe and comply with all obligations and laws applicable to it in its capacity as registered proprietor, beneficial owner, user, licensor or licensee of the Intellectual Property Rights;
- (e) notify the Chargee of any act or omission of which it becomes aware which may affect the validity of any of its Intellectual Property Rights and the steps being taken to protect or maintain the validity of such Intellectual Property Rights;
- (f) not transfer or assign or do or permit to be done (including, without limitation, the granting of any license, right or interest to any person), or omit to do anything which may permit others to use any Intellectual Property Rights owned, possessed or controlled by it or depreciate, jeopardise or prejudice the value, reputation or marketability of any Intellectual Property Rights owned, possessed or controlled by it;
- (g) at its expense, do all such further acts, deeds and things and execute all such further documents, instruments and deeds as may be required to perfect the Chargee's right or title (in any jurisdiction) to the Intellectual Property Rights included in the definition of Security Assets;
- (h) make such registrations and pay such fees, registration taxes and similar amounts and do all other acts and things as are necessary to keep any Intellectual Property Rights owned, possessed or controlled by it in existence and if the Chargor defaults in making such payments or doing such acts or things, the Chargee may make such payment or cause such acts or things to be done; and
- (i) except with the prior consent of the Chargee, not permit any Intellectual Property Rights owned, possessed or controlled by it to be abandoned or cancelled, to lapse or to be liable to any claim of abandonment for non-use or otherwise.

12.4 **Additional Intellectual Property Rights**

The Chargor shall forthwith notify the Chargee of:

- (a) the creation of any new Intellectual Property Rights by it; and

(b) the acquisition of any new Intellectual Property Rights by it,

and shall, if requested by the Chargee, execute further charges and/or assignments of such Intellectual Property Rights on substantially the terms of the charges and assignments of Intellectual Property Rights contained in this Deed. The Chargor shall bear the costs of such further charges and assignments.

12.5 No liability for the Chargee

The Chargee shall have no liability to the Chargor for any breach or omission relating to the Intellectual Property Rights which are the subject of this Security.

13 Relevant Contracts

13.1 Notices of assignment

The Chargor:

- (a) must, at the request of the Chargee immediately serve (with a copy to the Chargee) a notice of assignment in the form set out in Part I (Notice to Counterparty) of Schedule 4 (Forms of letter for Relevant Contracts) on each counterparty to a Relevant Contract; and
- (b) must use all reasonable endeavours to ensure that each such party acknowledges that notice, substantially in the form of Part II (Acknowledgement of Counterparty) of Schedule 4 (Forms of letter for Relevant Contracts).

13.2 Obligations

- (a) The Chargor shall perform all its obligations under the Relevant Contracts.
- (b) The Chargor may not:
 - (i) amend, vary or waive any provision of any Relevant Contracts or agree to do so; or
 - (ii) rescind or terminate any Relevant Contracts.

- (c) The Chargor shall enforce and diligently pursue its rights under each Relevant Contract and give notice to the Chargee forthwith in writing of any breach by any other party to a Relevant Contract of their obligations under that Relevant Contract or any right of rescission or termination arising under a Relevant Contract together with the Chargor's proposals for causing any breach to be remedied and, subject to the Chargee's approval of such proposals, forthwith implement them at the Chargor's expense to the satisfaction of the Chargee.

14 Plant and Machinery

14.1 Dealings with plant and machinery

The Chargor may not, without the prior written consent of the Chargee enter into any credit sale, hire purchase, leasing, rental licence or like agreement for any equipment, plant or machinery used in its business.

14.2 Repair

The Chargor must keep all its machinery, plant, vehicles, computers and office and other equipment in good and substantial repair and in good working order and condition and permit the Chargee and its agents or representatives to enter and view their state and condition.

14.3 Plates

The Chargor shall, if so requested by the Chargee, affix or cause to be affixed to each of the assets referred to in Clause 14 (Plant and machinery) plates or other forms of marking indicating, in terms approved by the Chargee, that those assets are charged to the Chargee.

15 Insurance

15.1 General

- (a) The Chargor must, and procure that each of its Subsidiaries will, at its own expense insure and keep insured all its undertaking and assets of an insurable nature with insurers previously approved by the Chargee in writing against:

- (i) loss or damage by fire, storm, lighting, explosion, riot, civil commotion, malicious damage, impact, flood, burst pipes, aircraft and other aerial devices or articles dropped from them (other than war risk);
- (ii) other risks normally insured against by persons carrying on a similar business to that of the Chargor;
- (iii) such other risks and contingencies as the Chargee shall from time to time request; and
- (iv) business interruption, loss of profits or rents, third party and public liability and liability under the Defective Premises Act 1972 at those levels that are normally maintained by persons carrying on a similar business,

in a sum equal to their full replacement or reinstatement value from time to time (including, without limitation, where applicable, the cost of demolition and site clearance, architects', surveyors' and other professional fees and incidental expenses in connection with reinstatement).

- (b) The Chargor shall ensure that the insurances required by Clause 15.1(a):
 - (i) are effected with the Chargee named as a co-insured and with the policy containing such provisions for the protection of any Chargee as the Chargee may require; and
 - (ii) contain a first loss payee clause (with the Chargee named as first loss payee) and a standard mortgagee clause under which the insurance will not be vitiated or avoided as against the Chargee by any misrepresentation, act or neglect of or by the Chargor or by enforcement of this Deed.
- (c) (in the case of any leasehold property where the Chargor or any of its Subsidiaries is prohibited by the terms of the relevant lease from complying with the obligations referred to in Clauses 15.1(a) or 15.1(b)) the Chargor will procure (where it is empowered to do so), or otherwise use all reasonable efforts to procure, the maintenance by the landlord (or other third party) of such insurance obligations in accordance with the provisions of the relevant lease.

15.2 Premiums and policy documents

The Chargor will promptly pay, or procure the payment of, all premiums and do or cause to be done all other things necessary for effecting and keeping up each policy of insurance required by this Deed and on demand will produce to the Chargee (or procure the production to the Chargee of) the policies of such insurance and evidence of such payments and comply in all other respects with the terms and conditions of the relevant policies including, without limitation, any stipulations or restrictions as to the use or operation of any asset.

15.3 Notice of Assignment

The Chargor shall:

- (a) immediately on the date of this Deed execute and serve (or procure the execution and service of) a notice of assignment substantially in the form of Part I (Notice to insurers) of Schedule 5 (Forms of letter to insurers) on all insurers party to the insurances comprised in the Security Assets in existence on the date of this Deed (with a copy to the Chargee);
- (b) promptly upon the Chargor entering into any insurance policy with any insurer after the date of this Deed execute and serve (with a copy to the Chargee) a notice of assignment substantially in the form of Part I (Notice to Insurers) of Schedule 5 (Forms of letter to insurers); and
- (c) use all reasonable endeavours to procure that each such notice is duly acknowledged in the form of Part II (Acknowledgement of insurer) of Schedule 5 (Forms of letter to insurers).

15.4 Insurance proceeds

- (a) All monies receivable by virtue of any Insurances shall be paid to the Chargee (or if not paid by the insurers directly to the Chargee shall be held on trust for the Chargee) and shall at the option of the Chargee be applied in replacing, restoring or reinstating the property or assets destroyed, damaged or lost (any deficiency being made good by the Chargor) or (except where the Chargor is obliged (as landlord or tenant) to lay out such insurance monies under the provisions of any lease of any of the Security Assets) in reduction of the Secured Liabilities.
- (b) Any monies received, recovered or realised under the powers conferred under this Deed may, at the discretion of the Chargee, be placed in a suspense account

and kept there for so long as the Chargee thinks fit pending application from time to time (as the Chargee shall be entitled to do as it may think fit) of monies in or towards discharge of the Secured Liabilities.

16 Undertakings

16.1 Subsidiaries

The Chargor shall procure that:

- (a) any of its Subsidiaries from time to time shall enter into a Deed of Accession within seven days after notice in writing to that effect from the Chargee to the Chargor;
- (b) each of its Subsidiaries shall comply with all covenants and undertakings set out in this Clause 16 as if reference in the provisions of this Clause 16 to the Chargor were a reference to the Chargor and separately to each of its Subsidiaries.

16.2 Other documents of title

The Chargor must immediately deposit with the Chargee (to be held at the risk of the Chargor) all such other documents relating to the Security Assets as the Chargee may from time to time require.

16.3 General business

- (a) The Chargor will conduct and carry on its business and procure that each of its Subsidiaries conducts and carries on its business in a proper and efficient manner and keep or cause or procure to be kept proper books of account relating to such business and not make any material alteration in the nature or mode of conduct of any such business.
- (b) The Chargor will observe and perform all covenants, burdens, stipulations, requirements and obligations from time to time affecting the Security Assets and/or the use ownership, occupation, possession, operation, repair, maintenance or other enjoyment or exploitation of the Security Assets whether imposed by statute, contract, lease, licence, grant or otherwise and carry out all registrations or renewals and generally do all other acts and things (including, without limitation, the taking of legal proceedings) necessary or desirable to maintain, defend or preserve its right, title and interest to and in the Security

Assets without infringement by any third party and will not without the prior written consent of the Chargee enter into any onerous or restrictive obligations affecting any of the same or agree any rent review relating to any interest in any of the Properties.

- (c) The Chargor will not do or cause or permit to be done anything which may in any way depreciate jeopardise or otherwise prejudice the value to the Chargee of any of the Security Assets.
- (d) The Chargor will not (without the prior written consent of the Chargee) form or acquire any Subsidiary.
- (e) The Chargor will not (without the prior written consent of the Chargee) lend any money or provide any other form of credit or financial accommodation or facility and will not lend any money or grant any credit or financial accommodation or facility to any Subsidiary of the Chargor or attempt or agree so to do.

16.4 Financial statements

- (a) The Chargor shall keep its books of account and prepare all financial statements to be delivered under this Deed in accordance with GAAP consistently applied and it will furnish to the Chargee:
 - (i) as soon as practicable and in any event not later than 90 days after the end of each financial year, the audited financial statements of the Chargor for the financial year then ended which shall be prepared so as to give a true and fair view of the financial condition of the Chargor as at the end of the period to which those financial statements relate and of the results of its operations during such period; and
 - (ii) such other information financial or otherwise as the Chargee may from time to time reasonably request regarding the affairs of the Chargor.

16.5 Litigation

The Chargor shall promptly notify the Chargee of brief particulars of any litigation, arbitration or administrative proceedings in progress, pending or to the knowledge of the Chargor threatened against it.

16.6 Default

The Chargor must immediately notify the Chargee upon becoming aware of the occurrence of a Default together with brief particulars of it.

17 Enforcement of Security

17.1 Event of Default

- (a) On the occurrence of any Event of Default the Secured Liabilities shall immediately become payable on demand.
- (b) This Security will become immediately enforceable at any time after the occurrence of an Event of Default.

17.2 Discretion

After this Security has become enforceable, the Chargee may in its absolute discretion enforce all or any part of this Security in any manner it sees fit.

17.3 Statutory powers

- (a) The power of sale and other powers conferred by section 101 of the Act, as amended by this Deed, will be immediately exercisable at any time after this Security has become enforceable.
- (b) For the purposes of all powers implied by statute, the Secured Liabilities are deemed to have become due and payable on the date of this Deed.
- (c) Section 103 of the Act (restricting the power of sale) and section 93 of the Act (restricting the right of consolidation) do not apply to this Security or to any security given to the Chargee pursuant to this Deed.
- (d) The statutory powers of leasing conferred on the Chargee are extended so as to authorise the Chargee to lease, make agreements for leases at a premium or otherwise, accept surrenders of leases and grant options as the Chargee may think fit and without the need to comply with any provision of section 99 or 100 of the Act.

- (e) During the continuance of this Security the statutory and any other powers of leasing, letting, entering into agreements for leases or lettings and accepting or agreeing to accept surrenders of leases or tenancies shall not be exercisable by the Chargor in relation to the Security Assets or any part of them.

17.4 No liability as mortgagee in possession

Neither the Chargee nor any Receiver will be liable, by reason of entering into possession of a Security Asset, to account as mortgagee in possession or for any loss on realisation or for any default or omission for which a mortgagee in possession might be liable.

17.5 Privileges

Each Receiver and the Chargee is entitled to all the rights, powers, privileges and immunities conferred by the Act on mortgagees and receivers duly appointed under the Act except that section 103 of the Act does not apply.

17.6 Protection of third parties

No person (including, without limitation, a purchaser) dealing with the Chargee or a Receiver or its or his agent will be concerned to enquire:

- (a) whether the Secured Liabilities have become payable;
- (b) whether any power which the Chargee or a Receiver is purporting to exercise has become exercisable or is being properly exercised;
- (c) whether any part of the Secured Liabilities remains outstanding; or
- (d) how any money paid to the Chargee or to that Receiver is to be applied.

17.7 Redemption of prior security

- (a) At any time after this Security has become enforceable, the Chargee may:
 - (i) redeem any prior security against any Security Asset; and/or
 - (ii) procure the transfer of that security to itself; and/or

- (iii) settle and pass the accounts of the prior mortgagee, chargee or encumbrancer; and accounts so settled or passed will be, in the absence of manifest error, conclusive and binding on each of the Chargor.
- (b) The Chargor must pay to the Chargee, immediately on demand, the costs and expenses incurred by the Chargee in connection with any such redemption and/or transfer, including, without limitation, the payment of any principal or interest.

17.8 Chargee's right to remedy Chargor's default

- (a) If the Chargor at any time defaults in complying with any of its obligations contained in this Deed the Chargee shall, without prejudice to any other rights arising as a consequence of such default, be entitled (but not bound) to make good such default and the Chargor irrevocably authorises the Chargee and its employees and agents by way of security to do all such things (including, without limitation, entering the Chargor's property) necessary or desirable in connection with such task.
- (b) Any monies so expended by the Chargee shall be repayable by the Chargor to the Chargee on demand together with interest accruing daily at the Default Rate from the date of payment by the Chargee until such repayment both before and after judgment. Such interest shall be compounded monthly in accordance with the normal practice of the Chargee.

17.9 Set Off

The Chargor agrees that the Chargee may at any time whether before or after this Security becomes enforceable without notice or further demand combine or consolidate all or any of its then existing accounts wherever they are situated (including, without limitation, accounts in the name of the Chargee or of the Chargor jointly with others), whether such accounts are current, deposit, loan or of any other nature whatsoever whether subject to notice or not and whether in sterling or in any other currency and set-off or transfer any sum standing to the credit of any one or more such accounts in or towards satisfaction of the Secured Liabilities which to the extent not then payable shall automatically become payable to the extent necessary to effect such set-off. For this purpose the Chargee is authorised to purchase with the monies standing to the credit of such accounts such other currencies as may be necessary to effect such applications.

17.10 Time deposits

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

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

that time deposit will automatically be renewed for any further maturity which the Chargee considers appropriate.

18 Receiver and Administrator

18.1 Appointment of Receiver or Administrator

- (a) Except as provided below, the Chargee may appoint any one or more persons to be a Receiver of all or any part of the Security Assets if:
 - (i) this Security has become enforceable; or
 - (ii) the Chargor so requests the Chargee in writing at any time.
- (b) Any appointment of a Receiver under Clause 18.1(a) may be by deed, under seal or in writing under the hand of the Chargee.
- (c) Except as provided in Clauses 18.1(d) and 18.1(e), any restriction imposed by law on the right of a mortgagee to appoint a Receiver (including, without limitation, under section 109(1) of the Act) does not apply to this Deed.
- (d) The Chargee is not entitled to appoint a Receiver solely as a result of the obtaining of a moratorium (or anything done with a view to obtaining a moratorium) under the Insolvency Act 2000 except with the leave of the court.
- (e) The Chargee may not appoint an administrative receiver (as defined in section 29(2) of the Insolvency Act 1986) over the Security Assets if the Chargee is prohibited from doing so by section 72A of the Insolvency Act 1986 and no exception to the prohibition on appointing an administrative receiver applies.
- (f) The Chargee may appoint an Administrator.

18.2 Removal

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

18.3 Remuneration

The Chargee may from time to time fix the remuneration of any Receiver appointed by it and the maximum rate specified in section 109(6) of the Act will not apply. A Receiver shall be entitled to remuneration appropriate to the work and responsibilities involved upon the basis of charging from time to time adopted by the Receiver in accordance with the current practice of his firm.

18.4 Agent of the Chargor

- (a) A Receiver will (save as otherwise required or provided as a matter of law) be deemed to be the agent of the Chargor for all purposes and accordingly will be deemed to be in the same position as a Receiver duly appointed by a mortgagee under the Act. The Chargor alone is responsible for the contracts, engagements, acts, omissions, defaults and losses of a Receiver and for liabilities incurred by a Receiver and for his remuneration.
- (b) The Chargee will incur no liability (either to the Chargor or to any other person) by reason of the appointment of a Receiver or for any other reason.

18.5 Relationship with the Chargee

At any time after this Security becomes enforceable, or if requested by the Chargor, the Chargee may, without further notice and without the restrictions contained in section 103 of the Act and whether or not a Receiver shall have been appointed, exercise all the powers conferred upon mortgagees by the Act as varied or extended by this Deed and any right, power or discretion conferred by this Deed (either expressly or impliedly) upon the Receiver of the Security Assets.

18.6 Right of appropriation

To the extent that any of the Security Assets constitute "financial collateral" and this Deed and the obligation of the Chargor under this Deed constitutes a "security financial collateral arrangement" in each case defined in and for the purpose of the provisions of the Financial Collateral Arrangements (No. 2) Regulations 2003, the Chargee shall have the right, while this Security is enforceable, to appropriate all or any part of that Security Asset in or towards payment or discharge of the Secured Liabilities. The parties to this Deed agree that the value of such Security Assets shall be determined by the Chargee as being:

- (a) in the case of cash on account in any bank account, the amount standing to the credit of that account, together with any accrued interest, at the time of appropriation; and
- (b) in the case of any Investments, their market value determined by the Chargee by reference to a public index, independent valuation or by such other process as the Chargee may select.

19 Powers of Receiver

19.1 General

- (a) A Receiver has all of the rights, powers and discretions set out below in this Clause in addition to those conferred on it by any law, including without limitation:
 - (i) in the case of an administrative receiver, all the rights powers and discretions conferred on an administrative receiver under the Insolvency Act 1986; and
 - (ii) otherwise, all the rights, powers and discretions conferred on a receiver (or a receiver and manager) under the Act and the Insolvency Act 1986 including, without limitation, those powers provided for in Schedule 1 of the Insolvency Act 1986 (notwithstanding that such Receiver may not be an administrative receiver).
- (b) If there is more than one Receiver holding office at the same time, each Receiver may (unless the document appointing him states otherwise) exercise all of the powers conferred on a Receiver under this Deed individually and to the exclusion of any other Receiver.

19.2 Possession

A Receiver may take possession of, get in and collect any Security Asset.

19.3 Carry on business

A Receiver may carry on any business of the Chargor in any manner he considers fit.

19.4 Employees

- (a) A Receiver may appoint and discharge managers, officers, agents, employees, accountants, servants, workmen and others for the purposes of this Deed upon such terms as to remuneration or otherwise as he thinks fit.
- (b) A Receiver may discharge any person appointed by the Chargor.

19.5 Borrow money

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

19.6 Sale of assets

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

19.7 Calls on members

A Receiver may make calls conditionally or unconditionally on the members of the Chargor in respect of uncalled capital.

19.8 Compromise

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

19.9 Legal actions

A Receiver may bring, prosecute, enforce, defend and abandon any action, suit or proceedings in relation to any Security Asset which he thinks fit.

19.10 Receipts

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

19.11 Subsidiaries

A Receiver may form a Subsidiary of the Chargor and transfer to that Subsidiary any Security Asset or otherwise arrange for such Subsidiary to trade or cease to trade and to purchase, lease, licence or otherwise acquire all or any of the Security Assets on such terms and conditions as he may think fit.

19.12 Delegation

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

19.13 Lending

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

19.14 Contracts

A Receiver may make any arrangement or compromise or enter into or cancel any contracts which he thinks expedient.

19.15 Execution of documents

A Receiver may sign any document, execute any deed and do all such other acts and things as may be considered by him to be incidental or conducive to any of the matters or powers in this Clause 19 or to the realisation of this Security and to use the name of the Chargor for such purposes.

19.16 Protection of assets

A Receiver may:

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

in each case as he thinks fit.

19.17 Property

A Receiver may without any further consent by or notice to the Chargor exercise for and on behalf of the Chargor all the powers and provisions conferred on a landlord or a tenant by the Landlord and Tenant Acts, the Rents Acts, the Housing Acts or the Agricultural Holdings Act or any other legislation from time to time in force in any relevant jurisdiction relating to rents or agriculture in respect of any part of the Properties, but without any obligation to exercise any of such powers and without any liability in respect of powers so exercised or omitted to be exercised.

19.18 Formation of companies

A Receiver may promote the formation of companies with a view to the same purchasing, leasing, licensing or otherwise acquiring interests in all or any of the Security Assets or otherwise arrange for such companies to trade or cease to trade and to purchase, lease, license or otherwise acquire all or any of the Security Assets on such terms and conditions whether or not including (without limitation) payment by instalments, secured or unsecured as he may think fit.

19.19 Other powers

A Receiver may:

- (a) do all other acts and things which he may consider to be desirable or necessary for realising any Security Asset or incidental or conducive to any of the rights, powers or discretions conferred on a Receiver under or by virtue of this Deed or law;
- (b) exercise all the powers of the Chargee under this Deed;
- (c) exercise in relation to any Security Asset all the powers, authorities and things which he would be capable of exercising if he were the absolute beneficial owner of that Security Asset; and
- (d) use the name of the Chargor for any of the above purposes.

20 Application of Proceeds

20.1 All monies received by the Chargee or any Receiver on enforcement of this Security must (subject to any requirement of law to the contrary) be applied in the following order of priority:

- (a) in or towards payment of any unpaid costs, charges and expenses of and incidental to the Receiver's appointment and the payment of his remuneration;
- (b) in or towards payment and discharge of any outgoings paid and liabilities incurred by the Receiver in the exercise of any of his powers;
- (c) in or towards payment of unpaid costs, charges and expenses incurred by the Chargee under or in connection with this Deed;
- (d) in or towards the satisfaction of the Secured Liabilities in such order as the Chargee may conclusively determine; and
- (e) in payment of the surplus (if any) to the Chargor or other person entitled to it,

and section 109(8) of the Act shall be deemed varied and extended in such respect.

20.2 This Clause is subject to the payment of any claims having priority over this Security. This Clause does not prejudice the right of the Chargee to recover any shortfall from the Chargor.

21 Expenses and indemnity

21.1 The Chargor must:

- (a) immediately on demand pay all costs and expenses (including, without limitation, legal fees) incurred in connection with this Deed by the Chargee, any Receiver, attorney, manager, agent or other person appointed by the Chargee under this Deed (the "**Indemnified Parties**");
- (b) keep each of the Indemnified Parties indemnified against all losses, damages, costs, charges, awards, claims, demands, expenses, judgments, actions, proceedings or other liabilities whatsoever:
 - (i) incurred by or arising from any failure or delay in paying those costs or expenses including (without limitation) any arising from any actual or alleged breach by any person of any law or regulation;
 - (ii) which such Indemnified Party may sustain as a consequence of any breach by the Chargor of the provisions of this Deed or the exercise or purported exercise of any of the rights and powers conferred on it by this Deed; and
 - (iii) in respect of any matter or thing done or omitted in any way in relation to this Deed,
- (c) pay interest on the sum demanded at the Default Rate from the date of demand until the date of payment (both before and after judgment) such interest to be compounded in accordance with the normal practice of the Chargee.

22 Delegation

22.1 Power of Attorney

The Chargee or any Receiver may delegate by power of attorney or in any other manner to any person any right, power or discretion exercisable by it under this Deed.

22.2 Terms

Any delegation under Clause 22.1 may be made upon any terms (including, without limitation, power to sub-delegate) which the Chargee or any Receiver may think fit.

22.3 Liability

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

23 Further Assurances

23.1 The Chargor must, at its own expense, take whatever action the Chargee or a Receiver may require:

- (a) for creating, perfecting or protecting the security created (or intended to be created) by this Deed; or
- (b) for facilitating the realisation of any Security Asset, or the exercise of any right, power or discretion exercisable by the Chargee or any Receiver or any of its delegates or sub-delegates in respect of any Security Asset; or
- (c) to confer on the Chargee security over any asset or undertaking of the Chargor located in any jurisdiction outside England and Wales and equivalent or similar to the security intended to be conferred by or pursuant to this Deed.

23.2 This includes (without limitation):

- (a) the execution of any transfer, conveyance, assignment or assurance of any property, whether to the Chargee or to its nominee; or
- (b) the giving of any notice, order or direction and the making of any registration,

which, in any such case, the Chargee may think expedient.

23.3 Without limiting Clause 23.1, the Chargor shall execute as and when so required by the Chargee a mortgage, charge, standard security or other hypothecation (as appropriate) over any heritable property in Scotland owned or any recorded lease of heritable property

in Scotland held by it at the date of this Deed, any leasehold or freehold property in Northern Ireland or the Republic of Ireland owned by it at the date of this Deed and any and all heritable fixtures and fittings and fixed plant and machinery at any time situated on such property including, without limitation, tenants fixtures and fittings in and upon any such leased property.

24 Power of Attorney

24.1 The Chargor, by way of security, irrevocably and severally appoints the Chargee, each Receiver and any of its delegates or sub-delegates to be its attorney and in its name, on its behalf and as its act and deed:

- (a) to take any action which the Chargor is obliged to take under this Deed;
- (b) to execute and complete any documents or instruments which the Chargee or such Receiver may require for perfecting the title of the Chargee to the Security Assets or for vesting the same in the Chargee, its nominees or any purchaser;
- (c) to sign, execute, seal and deliver and otherwise perfect any further security document referred to in Clause 23 (Further Assurances); and
- (d) otherwise generally to sign, seal, execute and deliver all deeds, assurances agreements and documents and to do all acts and things which may be required for the full exercise of all or any of the powers conferred on the Chargee or a Receiver under this Deed or which may be deemed expedient by the Chargee or a Receiver in connection with any disposition, realisation or getting in by the Chargee or such Receiver of the Security Assets or any part of them or in connection with any other exercise of any power under this Deed.

24.2 The Chargor ratifies and confirms whatever any attorney does or purports to do under its appointment under this Clause 25.

25 Preservation of Security

25.1 Continuing security

This Security is a continuing security and will secure the ultimate balance of the Secured Liabilities regardless of any intermediate payment or discharge in whole or in part.

25.2 Reinstatement

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

25.3 Waiver of defences

The obligations of the Chargor under this Deed will not be affected by any act, omission or thing which, but for this provision, would reduce, release or prejudice any of its obligations under this Deed (whether or not known to the Chargor or the Chargee). This includes:

- (a) any time, waiver or consent granted to, or composition with, the Debtor, the Chargor or any other person;
- (b) the release of any person under the terms of any composition or arrangement with any creditor of the Chargor;
- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, the Debtor, the Chargor or any other person;
- (d) any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to perfect, enforce or realise the full value of any security;
- (e) any incapacity or lack of power, authority or legal personality of or insolvency or dissolution or change in the members or status of the Chargor or any other person;
- (f) any amendment (however fundamental) or replacement of any document or security so that references to that document or security in this Clause 25 include any amendment to or replacement of that document or security; or

- (g) any unenforceability, illegality, invalidity, voidability or non-provability of any obligation of any person under any document or security; or
- (h) any act or omission which would not have discharged or affected the liabilities of the Chargor had it been the Debtor instead of the Chargor; or
- (i) any postponement, discharge, reduction, non-provability or other similar circumstance affecting the Secured Liabilities or any other obligation of the Chargor resulting from any insolvency, liquidation, dissolution or similar proceedings or from any law, regulation or order so that each obligation shall for the purposes of the Chargor's obligations under this Deed be construed as if there were no such circumstances.

25.4 Immediate Recourse

The Chargor waives any right it may have of first requiring the Chargee (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from the Chargor under this Deed and no action taken or omitted by the Chargee in connection with such security or other means of payment shall discharge, reduce, prejudice or affect the liability of the Chargor.

25.5 Appropriations

The Chargee (or any trustee or agent on its behalf) may at any time during the Security Period without affecting the liability of the Chargor under this Deed:

- (a) refrain from applying or enforcing any other monies, security or rights held or received by the Chargee (or any trustee or agent on its behalf) in respect of those amounts;
- (b) apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and the Chargor shall not be entitled to the same; and/or
- (c) hold in a suspense account any monies received from or on account of the liability of the Chargor under this Deed.

25.6 Non-competition

- (a) Unless the Security Period has expired or the Chargee otherwise requests, the Chargor will not, after a claim has been made under this Deed or by virtue of any payment or performance by it under this Deed:
- (i) be subrogated to any rights, security or monies held, received or receivable by the Chargee (or any trustee or agent on its behalf);
 - (ii) be entitled to any right of contribution or indemnity in respect of any payment made or monies received on account of the Chargor's liability under this Deed or require the Chargee to effect or implement marshalling;
 - (iii) demand or accept repayment in whole or in part of any indebtedness now or after the date of this Deed due to the Chargor from the or from any other person liable or demand or accept any Collateral Instrument in respect of the same or dispose of the same;
 - (iv) claim, rank, prove or vote as a creditor of the Chargor or its estate in competition with the Chargee (or any trustee or agent on its behalf); or
 - (v) receive, claim or have the benefit of any payment, distribution or security from or on account of the Debtor, or exercise any right of set-off as against the Debtor.
- (b) The Chargee shall be entitled to direct the Chargor or any party which has an obligation to pay the Secured Liabilities or part to prove, and if so directed the Chargor or other party must prove, for the whole or any part of any debt or other claim that one or more of them may have in the liquidation of any other of them to the fullest extent permitted by law and any such direction shall not affect the Chargor's liability or give the Chargor any recourse against the Chargee.
- (c) If the Chargor receives any benefit, payment or distribution in relation to any rights referred to in this Clause 25.6 or in accordance with any direction given by the Chargee under this Clause 25.6 it shall hold that benefit, payment or distribution to the extent necessary to enable all amounts which may be or become payable to the Chargee by the Chargor to be repaid in full on trust for the Chargee and shall promptly pay or transfer the same to the Chargee or as the Chargee may direct for application in accordance with Clause 20 (Application of proceeds).

25.7 No security

The Chargor warrants to the Chargee that they have not taken or received and undertake that they will not take or receive the benefit of any security from the Chargor or any other person in respect of any liability of or payment by the Chargor under this Deed or otherwise in connection with this Deed.

25.8 Binding obligations

This Deed shall remain binding on the Chargor notwithstanding any change in the constitution of the Chargee or the absorption of the Chargee in, or amalgamation with, or the acquisition of all or part of its undertakings or assets by, any other person, or any reconstruction or reorganisation of any kind, to the intent that this Deed shall remain valid and effective in all respects in favour of any assignee, transferee or other successor in title had been named in this Deed as a party instead of, or in addition to, the Chargee.

25.9 Additional security

This Security is in addition to and is not in any way prejudiced by any other guarantee or security now or subsequently held by the Chargee.

26 Currency Clauses

26.1 All monies received or held by the Chargee or by a Receiver under this Deed may from time to time be converted into such other currency as the Chargee or Receiver considers necessary or desirable to cover the Secured Liabilities in that other currency at the then prevailing spot rate of exchange of the Chargee (as conclusively determined by the Chargee) for purchasing that other currency with the existing currency.

26.2 If and to the extent that the Chargor fails to pay any amount due on demand, the Chargee may, in its absolute discretion, without notice to the Chargor, purchase at any time afterwards so much of any currency as the Chargee considers necessary or desirable to cover the Secured Liabilities in such currency at the then prevailing spot rate of exchange of the Chargee (as conclusively determined by the Chargee) for purchasing such currency with sterling and the Chargor agrees to indemnify the Chargee against the full sterling cost (including, without limitation, all costs, charges and expenses) paid.

26.3 No payment to the Chargee (whether under any judgment or court order or otherwise) shall discharge the obligation or liability of the Chargor in respect of which it was made

unless and until the Chargee shall have received payment in full in the currency in which such obligation or liability was incurred. To the extent that the amount of any such payment shall on actual conversion into such currency fall short of such obligation or liability expressed in that currency the Chargee shall have a further separate cause of action against the Chargor and shall be entitled to enforce this Security to recover the amount of the shortfall.

27 Assignment and Transfer

- 27.1 The Chargor may not assign any of its rights or transfer any of its rights or obligations under this Deed.
- 27.2 The Chargee may assign and/or transfer all or any part of its rights and obligations under this Deed.

28 Third Party Rights

- 28.1 Subject to Clauses 28.4, 28.5 and 28.6, the Receiver may rely upon and enforce the rights conferred upon it under this Deed, including, without limitation, those set out in Clauses 9.2 (Indemnity), 18.1 (Appointment of Receiver or Administrator), 18.3 (Remuneration), 19 (Powers of Receiver), 20 (Application of proceeds), 21 (Expenses and indemnity), 24 (Power of attorney) and 26 (Currency Clauses) against the Chargor.
- 28.2 Subject to Clauses 28.4, 28.5 and 28.6, the indemnified parties may rely upon and enforce the rights conferred upon them under Clause 9.12 (Indemnity).
- 28.3 Without limiting Clause 27 (Assignment and transfer), if the Chargee assigns its rights under this Deed to any person, such assignee may rely upon and enforce the undertakings given by the Chargor in this Deed against the Chargor.
- 28.4 The third party rights referred to in Clauses 28.1, 28.2 and 28.3 (and any other terms of this Deed which provide that a third party may in his own right enforce a term of this Deed) may only be enforced by the relevant third party with the prior written consent of the Chargee and subject to and in accordance with the provisions of the Contracts (Rights of Third Parties) Act 1999 (the "**1999 Act**") and all other relevant terms of this Deed, including, without limitation, Clause 33 (Applicable Law and Jurisdiction).
- 28.5 Notwithstanding any other provision of this Deed (including, without limitation, Clauses 28.1, 28.2 and 28.3), the Chargee and the Chargor may by agreement in writing rescind or vary any of the provisions in this Deed in any way without the consent of any third party, and accordingly section 2(1) of the 1999 Act shall not apply.

28.6 Except as provided in Clauses 28.1, 28.2 and 28.3 (or insofar as this Deed otherwise expressly provides that a third party may in his own right enforce a term of this Deed), a person who is not a party to this Deed has no right under the 1999 Act to rely upon or enforce any term of this Deed but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

29 Miscellaneous

29.1 Ruling off

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

29.2 Chargee's discretion

Any liability or power which may be exercised or any determination which may be made under this Deed in each case by the Chargee may be exercised or made in its absolute and unfettered discretion and the Chargee shall not be obliged to give reasons.

29.3 Remedies and waivers

No failure to exercise, nor any delay in exercising on the part of the Chargee any right, power or remedy under this Deed shall operate as a waiver, nor shall any single or partial exercise or waiver of any right, power or remedy prevent any further or other exercise of any other right, power or remedy. The rights, powers and remedies provided in this Deed are cumulative and are not, nor are they to be construed as, exclusive of any rights, powers or remedies provided by law or otherwise and may be exercised from time to time and as often as the Chargee deems expedient.

29.4 Severance

- (a) If any provision of this Deed shall be found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability shall not affect the other provisions of this Deed which shall remain in full force and effect.
- (b) If any provision of this Deed is so found to be invalid or unenforceable but would be valid or enforceable if some part of the provision were deleted, the provision in question shall apply with such deletion(s) as may be necessary to make it valid.

29.5 Non-Signatories

Failure by one or more parties ("**Non-Signatories**") to execute this Deed on the date hereof will not invalidate the provisions of this Deed as between the other parties who execute this Deed. Such Non-Signatories may execute this Deed (or a counterpart thereof) on a subsequent date and will thereupon become bound by its provisions.

29.6 Set-off and withholding

- (a) All sums payable by the Chargor under this Deed shall be paid to the Chargee in full:
 - (i) without any set-off, condition or counterclaim whatsoever; and
 - (ii) free and clear of all deductions or withholdings whatsoever save only as may be required by law.
- (b) If any deduction or withholding is required by any law in respect of any payment due from the Chargor under this Deed the sum payable by the Chargor shall be increased so that, after making the minimum deduction or withholding so required, the Chargor shall pay to the Chargee, and the Chargee shall receive and be entitled to retain on the due date for payment, a net sum at least equal to the sum which it would have received had no such deduction or withholding been required to be made and the Chargor shall indemnify the Chargee against any losses or costs incurred by reason of any failure of the Chargor to make any such deduction or withholding or by reason of any increased payment not being made on the due date for such payment. The Chargor shall promptly deliver to the Chargee any receipts, certificates or other proof evidencing the amount (if any) paid or payable in respect of any such deduction or withholding.

29.7 Amendment

- (a) No modification or variation of this Deed (or any document entered into pursuant to or in connection with this Deed) shall be valid unless it is in writing and signed by or on behalf of each of the parties to this Deed. For the avoidance of doubt, no modification or variation of this Deed shall be valid if made by e-mail.
- (b) Unless expressly so agreed, no modification or variation of this Deed shall constitute or be construed as a general waiver of any provisions of this Deed, nor shall it affect any rights, obligations or liabilities under this Deed which have already accrued up to the date of such modification or waiver, and the rights and obligations of the parties under this Deed shall remain in full force and effect, except and only to the extent that they are so modified or varied.

30 Release

At the end of the Security Period, subject to Clause 25.2 (Reinstatement), the Chargee must, at the request and cost of the Chargor, take whatever action is necessary to release the Security Assets from this Security and re-assign the Relevant Contracts to the relevant Chargor.

31 Counterparts

This Deed may be executed in any number of counterparts and by the parties to it on separate counterparts, each of which shall be an original, but all of which together shall constitute one and the same Instrument.

32 Applicable Law and Jurisdiction

32.1 Applicable law

The validity, construction and performance of this Deed (and any claim, dispute or matter arising under or in connection with it or its enforceability and any non-contractual obligations arising out of or in connection with it) shall be governed by and construed in accordance with the law of England.

32.2 Jurisdiction

The Chargor irrevocably agrees for the exclusive benefit of the Chargee that the English Courts shall have exclusive jurisdiction over any claim, dispute or matter arising under or in connection with this Deed or its enforceability including any non-contractual obligation arising out of or in connection with this Deed and that accordingly any proceedings in respect of any such claim, dispute or matter may be brought in such courts. Nothing in this Clause 32 shall limit the right of the Chargee to take proceedings against the Chargor 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 jurisdiction or jurisdictions, whether concurrently or not, to the extent permitted by the law of such other jurisdiction or jurisdictions.

THIS DEED has been executed and delivered by or on behalf of the parties on the date at the top of page 1.

SCHEDULE 1
Security Assets

Part I
Real Property

Part II
Plant, Machinery and Vehicles etc.

Part III
Relevant Contracts

SCHEDULE 2

Forms of Letter to bank operating Collections Account(s) (the "Account Bank")

[On the letterhead of the relevant Chargor]

To: [Account Bank]

[Date]

Dear Sirs

Debenture dated [] between [LIST ALL CHARGORS] and [LENDER] (the "Debenture")

This letter constitutes notice to you that under the Debenture we have charged (by way of a first fixed charge) in favour of [LENDER] all our rights in respect of any amount standing to the credit of any account maintained by us with you (the "Accounts").

We irrevocably authorise and instruct you:-

1. to hold all monies from time to time standing to the credit of the Accounts to the order of the Chargee and accordingly to pay all or any part of those monies to the Chargee (or as it may direct) promptly following receipt of written instructions from the Chargee to that effect; and
2. to disclose to the Chargee such information relating to us and the Accounts as the Chargee may from time to time request you to provide.

We also advise you that:

- (a) you may collect instruments/credits payable to or endorsed in our favour to the Accounts;
- (b) we may, pending service of notice to the contrary on you by the Chargee, withdraw monies from time to time from the Accounts and you may make payments on our instructions and debit the amounts involved to the Accounts without first having obtained the prior written consent of the Chargee;
- (c) you may credit to any of the Accounts amounts due from you to us and you may debit to any of the Accounts usual bank charges charged by you at your normal rates in respect of the operation of such Accounts; and

- (d) the provisions of this Notice may only be revoked or varied with the prior written consent of the Chargee.

Please sign and return the enclosed copy of this notice to the Chargee (with a copy to us) by way of your confirmation that:

- (i) you agree to act in accordance with the provisions of this notice;
- (ii) you have not received notice that we have assigned our rights to the monies standing to the credit (whether now or from time to time) of the Accounts or otherwise granted any security or other interest over those monies in favour of any third party;
- (iii) you will not exercise any right to combine accounts or any rights of set-off, lien, counterclaim or any similar rights in relation to the monies standing (whether now or from time to time) to the credit of the Accounts (and that no such rights have arisen in your favour);
- (iv) you will not permit any withdrawal or transfer of monies from the Accounts should the Chargee serve notice on you requiring that no further withdrawals may be made from the Accounts and in any event you will operate the Accounts in accordance with instructions from time to time given by the Chargee; and
- (v) if you become aware at any time that any person or entity other than the Chargee has or will have any right or interest whatsoever in amounts standing to the credit of our bank accounts or any part of them, you will immediately give written notice of the terms of such rights or interest to the Chargee and us.

We acknowledge that you may comply with the instructions in this letter without any further permission from us.

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

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

Yours faithfully

.....
(Authorised Signatory)
[NAME OF RELEVANT CHARGOR]

We acknowledge and agree to the arrangements set out above

.....
Authorised signatory
[ACCOUNT BANK]

SCHEDULE 3
Forms of letter for Relevant Contracts

Part I
Notice to Counterparty
[On letterhead of the relevant Chargor]

To: [Contract party]

[Date]

Dear Sirs

Debenture dated [] between [LIST ALL CHARGORS] and [LENDER] (the "Debenture")

This letter constitutes notice to you that under the Debenture we have assigned (by way of security) to [LENDER] all our rights in respect of *[insert details of Contract]* (the "**Contract**").

We confirm that:

1. we will remain liable under the Contract to perform all the obligations assumed by us under the Contract; and
2. none of the Chargee, its agents, any receiver or any other person will at any time be under any obligation or liability to you under or in respect of the Contract.

We also remain entitled to exercise all our rights, powers, discretions and remedies under the Contract, and you should continue to give notices under the Contract to us, unless and until you receive notice from the Chargee to the contrary stating that the security constituted by the Debenture has become enforceable. In this event, all the rights, powers, discretions and remedies will be exercisable by, and notices must be given to, the Chargee or as it directs.

Please note that we have agreed that we will not amend or waive any provision of or terminate the Contract without the prior consent of the Chargee.

The instructions in this letter may not be revoked or amended without the prior written consent of the Chargee. You are permitted to assume and rely upon the accuracy of anything communicated to you by the Chargee. In the event of any conflict between communications received from us and

from the Chargee, you shall treat the communication from the Chargee as prevailing over the communication from us.

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

Please acknowledge receipt of this letter by sending the attached acknowledgement to the Chargee with copy to ourselves.

Yours faithfully

.....

[NAME OF RELEVANT CHARGOR]

(Authorised signatory)

Part II
Acknowledgement of Counterparty

To: [LENDER]

Copy: [Name of relevant Chargor]

[Date]

Dear Sirs

We confirm receipt from [NAME OF RELEVANT CHARGOR] (the "**Chargor**") of a notice dated [] 20[] of an assignment on the terms of the Debenture dated [] of all the Chargor's rights in respect of [*insert details of the Contract*] (the "**Contract**").

We confirm that we will pay all sums due, and give notices, under the Contract as directed in that notice.

We have not previously received notice of any other assignment of the Contract and we are not aware of any interest of any third party in any of the Chargor's rights, benefits, interests or claims under or in respect of the Contract.

We acknowledge that the Chargor shall at all times remain solely liable to us for the performance of all of the obligations assumed by it under the Contract, and that you will not be under any liability or obligation whatever in the event of any breach or failure by the Chargor to perform its obligations under the Contract.

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

Yours faithfully

.....
(Authorised signatory)
[COUNTERPARTY]

SCHEDULE 4
Forms of letter to insurers

Part I
Notice to insurers

[on the letterhead of the relevant Chargor]

To: [Insurer]

[Date]

Dear Sirs

Debenture dated [] between [LIST ALL CHARGORS] and [LENDER] (the "Debenture")

We refer to the [*describe insurance policy and policy number*] effected by us or whomsoever in relation to the risk to [*describe asset*] (including all monies payable thereunder, proceeds of all claims, awards and judgments) and all other insurances entered into supplemental to or in replacement of such policy of insurance (the "**Policy**").

This letter constitutes notice to you that under the Debenture we [assigned by way of security]/[granted a fixed charge over] the Policy.

We confirm that:

1. we will remain liable to perform all our obligations under the Policy; and
2. the Chargee is under no obligation of any kind whatsoever under the Policy nor under any liability whatsoever in the event of any failure by us to perform our obligations under the Policy.

Please note that:

1. all remedies provided for under the Policy or available at law or in equity are exercisable by the Chargee;
2. all rights to compel performance of the Policy are exercisable by the Chargee; and

3. all rights, interests and benefits whatsoever accruing to or for the benefit of us arising under the Policy belong to the Chargee.

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

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

Please confirm your agreement to the above by sending the enclosed acknowledgement to the Chargee with a copy to ourselves.

Yours faithfully

[NAME OF RELEVANT CHARGOR]

Part II
Acknowledgement of Insurer

To: [LENDER]

Copy: [Name of relevant Chargor]

[Date]

Dear Sirs

We confirm receipt from [NAME OF RELEVANT CHARGOR] (the "**Chargor**") of a notice dated [] 20[] of [an assignment][a fixed charge] upon the terms of a Debenture dated [] to [LENDER] (the "**Chargee**") of all the Chargor's right, interest and benefit in, to and under the Policy (as defined in the notice) to which we are a party.

We confirm that we have not received notice of:

- (a) any assignment or charge of or over any of the rights, interests and benefits specified in such notice; or
- (b) the interest of any third party in any of the rights, interests and benefits specified in such notice,

and will make all payments to the account specified in that notice.

We further confirm that:

1. no amendment, waiver or release of any such rights, interests and benefits will be effective without the prior written consent of the Chargee;
2. no termination of such rights, interests or benefits will be effective unless we have given the Chargee 30 days' written notice of the proposed termination and specifying the action necessary to avoid such termination;
3. the Chargor will remain liable to perform all its obligations under the Policy and the Chargee is under no obligation of any kind whatsoever under the Policy nor under any liability whatsoever in the event of any failure by the Chargor to perform its obligations under the Policy; and

4. no breach or default on the part of the Chargor of any terms of such Policy will be deemed to have occurred unless we have given notice of such breach to the Chargee specifying how to make good such breach.

We confirm that we have made all necessary arrangements for all future payments payable under such Policy to be made into the account specified in the notice.

We unconditionally and irrevocably waive all rights of set-off, lien, combination of accounts and similar rights (however described) which we may have now or in the future to the extent that such rights relate to amounts owed to us by the Chargor (and the proceeds thereof) and we will send you copies of all statements, orders and notices given by us relating to such debt.

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

Yours faithfully

[INSURER]

cc: [NAME OF RELEVANT CHARGOR]

SCHEDULE 5
Form of Deed of Accession

THIS SUPPLEMENTAL DEED is made on

20[]

BETWEEN:

- (1) **THE COMPANIES** listed in Schedule 1 (each an "**Acceding Company**" and together the "**Acceding Companies**");
- (2) **THE COMPANIES** listed in Schedule 2 (together the "**Existing Chargors**"); and
- (3) **[NAME OF LENDER]** (the "**Chargee**")

WHEREAS:

This Supplemental Deed is supplemental to a debenture dated [●] 20[] and made between the Existing Chargors (1) and the Chargee (2) (the "**Debenture**").

IT IS AGREED and declared as follows:

1. DEFINITIONS

- 1.1 Words or expressions defined (including by reference) in the Debenture shall have unless expressly defined in this Supplemental Deed, the same meaning in this Supplemental Deed (including the recital).
- 1.2 The provisions of clause 12 (Construction) of the Debenture apply to this Supplemental Deed as though they were set out in full in this Supplemental Deed [except that references to the Debenture are to be construed as reference to this Supplemental Deed and references to the Chargors are to be construed as references to the Existing Chargors together with each Acceding Company.

2. ACCESSION OF THE ACCEDING COMPAN[Y]/[IES]

- 2.1 Each of the Acceding Companies unconditionally and irrevocably undertakes to and agrees with the Chargee to observe and be bound by the terms and provisions of the Debenture as if it were an original party to it as one of the Chargors.

2.2 Without prejudice to the generality of sub-clause 2.1, each Acceding Company:

- (a) (jointly and severally with the other Chargors) covenants and guarantees in the terms set out in clauses 2 and 3 of the Debenture; and
- (b) with full title guarantee, charges and assigns to the Chargee for the payment and discharge of all monies and liabilities, or under the Debenture, covenanted to be paid or discharged by it, all its property, assets and undertaking on the terms set out in clauses 4 (Creation of Security) to 7 (Floating Charge) of the Debenture.

2.3 The Existing Chargors consent to the accession of the Acceding Companies to the Debenture on the terms of clauses 2.1 and 0 of this Supplemental Deed and agree that the Debenture shall from now on be read and construed as if the Acceding Companies had been named in it as Chargors.

3. INTERPRETATION

This Supplemental Deed shall from now on be read as one with the Debenture, so that all references in the Debenture to "*this Deed*", "*this Debenture*", "*this Guarantee*" and similar expressions shall include references to this Supplemental Deed.

4. DELIVERY

This Supplemental Deed shall be treated as having been executed and delivered as a deed only upon being dated.

5. COUNTERPARTS

This Supplemental Deed may be executed in any number of counterparts and by the parties to it on separate counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument.

6. THIRD PARTY RIGHTS

Without prejudice to clause 28 (Third Party Rights) of the Debenture to the extent applicable, a person who is not a party to this Supplemental Deed shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Supplemental Deed. This clause does not affect any right or remedy of any person which exists or is available otherwise than pursuant to that Act.

7. GOVERNING LAW AND JURISDICTION

7.1 This Supplemental Deed and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with the law of England.

7.2 Each of the Existing Chargors and Acceding Companies irrevocably agrees for the exclusive benefit of the Chargee that the English Courts shall have exclusive jurisdiction over any claim, dispute or matter arising under or in connection with this Supplemental Deed or its enforceability including any non-contractual obligations arising out of or in connection with this Supplemental Deed and that accordingly any proceedings in respect of any such claim, dispute or matter may be brought in such courts. Nothing in this Clause 0 shall limit the right of the Chargee to take proceedings against any Existing Chargor or Acceding Company 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 jurisdiction, whether concurrently or not, to the extent permitted by the law of such other jurisdiction or jurisdictions.

THIS DEED has been executed and delivered by or on behalf of the parties on the date at the top of page 1.

Schedule 1
The Acceding Companies

Company Name	Registration Number
•	•

Schedule 2
The Existing Chargors

Company Name	Registration Number
•	•

EXECUTED as a deed but not
delivered until the date of this Deed
by **CASTELLO SPORTING CLUB LIMITED**
acting by its director
In the presence of:

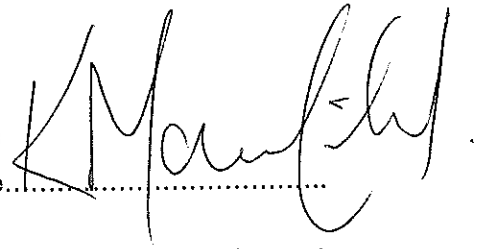
) Director's

) Signature.....

)

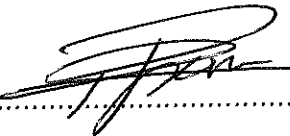
) Print Name.....KENNETH MAWSPROD

)



Witness's

Signature.....



Name:.....NEIL CHARLES PRISTER

Address:.....75 MEADOW

.....GOOALMINE, SURREY

.....GU7 3HS

Occupation.....SOLICITOR (PARTNER)

EXECUTED as a deed but not
delivered until the date of this Deed
by **LAURENCE WERNER**
acting by its director
In the presence of:

)

) Signature.....

)

) Print Name.....

)

Witness's

Signature:.....

Name:.....

Address:.....

.....

.....

Occupation.....