

MR01

Particulars of a charge

110163 / 13



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

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

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

☒ **What this form is NOT for**
You may not use this form to
register a charge where there is
an instrument. Use form MR08

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

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

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



LD3 07/11/2013 #72
COMPANIES HOUSE

1 Company details

Company number 07673642
Company name in full **Waterstones Holdings Limited**
(the "Chargor")

2 For official use
→ **Filing in this form**
Please complete in typescript or in
bold black capitals
All fields are mandatory unless
specified or indicated by *

2 Charge creation date

Charge creation date 01/11/2013

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

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

Name **Russian Commercial Bank (Cyprus) Ltd, 2 Amathountos Street, 3310**
Limassol, Cyprus, as Security Agent (as trustee for each of the Finance Parties)

Name
Name
Name
Name

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

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

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Description

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

Continuation page

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

Description

The Chargor charges with full title guarantee in favour of the Security Agent patents, trade marks, service marks, designs, business and trade names, copyrights, design rights, moral rights, inventions, confidential information, know-how and other intellectual property rights and interests to which it is entitled, whether registered or unregistered, the benefit of all applications and its rights to use such assets and all Related Rights

"Related Rights" means, in relation to any asset (a) the proceeds of sale or rental of any part of that asset, (b) all rights under any licence, agreement for sale or agreement for lease in respect of that asset, (c) all rights, powers, benefits, claims, causes of action, contracts, warranties, remedies, security, guarantees, indemnities or covenants for title in respect of or derived from that asset, and (d) any moneys and proceeds paid or payable in respect of that asset

5

Fixed charge or fixed security

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

☒ Yes

☐ No

6

Floating charge

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

☒ Yes Continue

☐ No Go to **Section 7**

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

☒ Yes

7

Negative Pledge

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

☒ Yes

☐ No

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Trustee statement ①

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

☐

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

9

Signature

Please sign the form here

Signature

Signature

X *Clifford Chance*

X

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

MR01

Particulars of a charge

**Presenter information**

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

Contact name **Dominic Lintner / 70-40513844**Company name **Clifford Chance LLP
via CH London Counter**Address **10 Upper Bank Street**Post town **London**

County/Region

Postcode **E 1 4 5 J J**Country **United Kingdom**DX **149120 Canary Wharf 3**Telephone **020 7006 1000****Certificate**

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

**Checklist**

We may return forms completed incorrectly or with information missing

Please make sure you have remembered the following.

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

**Important information**

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

**How to pay**

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

Make cheques or postal orders payable to 'Companies House'

**Where to send**

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

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

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

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

**Further information**

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

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



FILE COPY

CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 7673642

Charge code: 0767 3642 0002

The Registrar of Companies for England and Wales hereby certifies that a charge dated 1st November 2013 and created by WATERSTONES HOLDINGS LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 7th November 2013.

L/C

Given at Companies House, Cardiff on 12th November 2013



Companies House



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES

EXECUTION VERSION

DATED 1 NOVEMBER 2013

WATERSTONES HOLDINGS LIMITED

AS THE CHARGOR

IN FAVOUR OF

RUSSIAN COMMERCIAL BANK (CYPRUS) LTD

AS THE SECURITY AGENT

DEBENTURE

We hereby certify that, save for material redacted
pursuant to s 859G of the Companies Act 2006, this
is a true copy of the original

Signed Clifford Chance

Date 6 November 2013

Clifford Chance LLP
10 Upper Bank Street
London E14 5JJ

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C L I F F O R D
C H A N C E

CLIFFORD CHANCE LLP

EXECUTION VERSION

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THIS DEBENTURE is made by way of deed on 1 November 2013 by

- (1) **WATERSTONES HOLDINGS LIMITED** (registered in England and Wales number 07673642 (the "**Chargor**") in favour of
- (2) **RUSSIAN COMMERCIAL BANK (CYPRUS) LTD** as trustee for each of the Finance Parties (the "**Security Agent**")

THIS DEED WITNESSES as follows

1 DEFINITIONS AND INTERPRETATION

1.1 Terms defined

In this Debenture:

"Account" means each of the following accounts held with Credit Suisse AG

- | | | |
|-----|----------------|------------|
| (a) | Account number | [REDACTED] |
| | IBAN | [REDACTED] |
| (b) | Account number | [REDACTED] |
| | IBAN | [REDACTED] |

(including any renewal, redesignation, replacement, subdivision or subaccount of such account) and the debt or debts represented thereby (together, the "**Accounts**")

"Administration Event" means

- (a) the presentation of an application to the court for the making of an administration order in relation to the Chargor, or
- (b) the giving of notice by any person (who is entitled to do so) of its intention to appoint an administrator to the Chargor or files such a notice with the court

"Charged Assets" means each of the assets and undertaking of the Chargor which from time to time are the subject of any Security created or expressed to be created by it in favour of Security Agent by or pursuant to this Debenture.

"Collateral Rights" means all rights, powers and remedies of the Security Agent provided by or pursuant to this Debenture or by law

"Facility Agreement" means the Facility Agreement dated on or about the date of this Debenture between A&NN Holdings Limited as Borrower, the Chargor and Waterstones Booksellers Limited as Original Guarantors and Russian Commercial Bank (Cyprus) Ltd as Original Lender, Arranger, Agent and Security Agent (each as defined in that agreement as amended, varied, novated or supplemented from time to time)

"Investments" means all stocks, shares, debentures, securities, certificates of deposit and other investments, all interests in collective investment schemes and partnerships and all warrants, options and rights to subscribe for any investment whether held by or on behalf of the Chargor or by any trustee, nominee, fiduciary or clearance system on its behalf

"Notice of Assignment" means a notice of assignment in substantially the form set out in Schedule 2 (*Assignment Relevant Loan*) or in such form as may be specified by the Security Agent

"Receiver" means a receiver, receiver and manager or, where permitted by law, an administrative receiver (as the Security Agent may specify at any time in any relevant appointment) and that term will include any appointee made under a joint or several appointment

"Related Rights" means, in relation to any asset

- (a) the proceeds of sale or rental of any part of that asset;
- (b) all rights under any licence, agreement for sale or agreement for lease in respect of that asset,
- (c) all rights, powers, benefits, claims, causes of action, contracts, warranties, remedies, security, guarantees, indemnities or covenants for title in respect of or derived from that asset, and
- (d) any moneys and proceeds paid or payable in respect of that asset

"Relevant Shares" means any Share listed in Schedule 1 (*Relevant Shares*) and all of the Chargor's other present and future Shares in any member of the Group for the time being

"Relevant Loan" means each and every sum paid or payable from time to time by Waterstones Booksellers Limited to the Chargor pursuant to the Waterstones Booksellers Loan Agreement

"Security Period" means the period beginning on the date of this Debenture and ending on the date on which the Security Agent is satisfied that the Secured Obligations have been irrevocably and unconditionally discharged in full and no Finance Party is under any further actual or contingent obligation to make advances or provide other financial accommodation to the Chargor or any other person under any of the Finance Documents

"Share" means any stock, share, debenture or other security

"Waterstones Booksellers Loan Agreement" means the loan agreement entered into by the Chargor as lender and Waterstones Booksellers Limited as borrower and dated 31 January 2012

1 2 Terms defined in other Finance Documents

Unless defined in this Debenture, or the context otherwise requires, a term defined in the Facility Agreement or in any other Finance Document has the same meaning in this Debenture, or any notice given under or in connection with this Debenture, as if all references in those defined terms to the Facility Agreement or other Finance Document were a reference to this Debenture or that notice

1 3 Construction

Clauses 1 2 (*Construction*) and 1 3 (*Currency symbols and definitions*) of the Facility Agreement will apply as if incorporated in this Debenture, or in any notice given under or in connection with this Debenture, as if all references in that Clause to the Facility Agreement were a reference to this Debenture or that notice.

1 4 Application of provisions in Facility Agreement

Clauses 1 4 (*Third party rights*), 8 3 (*Default interest*), 10 4 (*Break costs*), 12 (*Tax gross up and indemnities*), 13 (*Increased Costs*), 14 (*Other indemnities*), 16 (*Costs and expenses*), 24 1 (*Assignments and transfers by Obligors*), 26 1 (*Trust*) 29 (*Payment mechanics*), 30 (*Set-off*), 32 (*Notices*), 33 1 (*Accounts*), 33 2 (*Certificates and determinations*), 34 (*Partial invalidity*), 35 (*Remedies and waivers*), 36 (*Amendments and waivers*) and 41 (*Enforcement*) of the Facility Agreement are deemed to form part of this Debenture as if expressly incorporated into it and as if all references in those clauses to the Facility Agreement were references to this Debenture

1 5 Present and future assets

- (a) A reference in this Debenture to any asset includes, unless the contrary intention appears, present and future assets
- (b) The absence of or incomplete details of any Charged Assets in any Schedule shall not affect the validity or enforceability of any Security under this Debenture

1 6 Clawback

If the Security Agent considers that any amount paid or credited to any Finance Party is capable of being avoided or reduced by virtue of any bankruptcy, insolvency, liquidation or similar laws, the liability of the Chargor under this Debenture and the Security constituted by it will continue and such amount will not be considered to have been irrevocably paid or discharged

1 7 Fixed Security

Clauses 3 1 (*Assignment by way of Security*) and 3 2 (*Fixed charges*) shall be construed as creating a separate and distinct fixed charge or assignment by way of security over each relevant asset within any particular class of assets defined under this Debenture and the failure to create an effective fixed charge or assignment by way of security (whether arising out of this Debenture or any act or omission by any

party) on any one asset shall not affect the nature or validity of any fixed charge or assignment imposed on any other asset whether within that same class of assets or not

1 8 No obligation

The Security Agent shall not be under any obligation in relation to the Charged Assets as a consequence of this Debenture and the Chargor shall at all times remain liable to perform all obligations expressed to be assumed by it in respect of the Charged Assets

2 COVENANT TO PAY

2 1 Covenant to pay

The Chargor covenants with the Security Agent (as trustee for the Finance Parties) that it shall on demand of the Security Agent pay, discharge and satisfy the Secured Obligations in accordance with their respective terms and to indemnify the Finance Parties against any losses, costs, charges, expenses and liabilities arising from any breach or failure to pay, discharge and satisfy the Secured Obligations in accordance with their respective terms if and to the extent that it is required to indemnify any such item under the terms of any relevant Finance Document (which indemnified sums shall (if so payable) be treated as Secured Obligations for the purposes of this Debenture)

2 2 Default interest

If the Chargor fails to pay any amount payable by it under this Debenture on its due date, interest shall accrue on the overdue amount (both before and after judgment) at the rate determined in accordance with and on the terms set out in clause 8 3 (*Default interest*) of the Facility Agreement

3 FIXED SECURITY

3 1 Assignment by way of Security: Accounts

The Chargor assigns and agrees to assign absolutely with full title guarantee to the Security Agent (as trustee for the Finance Parties) (to the fullest extent assignable or capable of assignment without infringing any contractual provision restricting the same), as security for the payment and discharge of the Secured Obligations, all of its right, title and interest from time to time in and to the Accounts (and in each case, any renewal or redesignation thereof or substitution therefore) and the debt or debts represented thereby and all other Related Rights but without prejudice to the Chargor's right to appoint signatories on the Accounts or as otherwise permitted under the Finance Documents except at any time while an Event of Default is continuing

3 2 Assignment by way of Security: Relevant Loan

The Chargor assigns and agrees to assign absolutely with full title guarantee to the Security Agent (as trustee for the Finance Parties) (to the fullest extent assignable or capable of assignment without infringing any contractual provision restricting the same), as security for the payment and discharge of the Secured Obligations, all of its

right, title and interest from time to time in and to the Relevant Loan, together with all Related Rights

3.3 Fixed charges

The Chargor charges with full title guarantee in favour of the Security Agent (as trustee for the Finance Parties) (to the extent not validly and effectively assigned pursuant to Clause 3.1 (*Assignment by way of Security*)) as security for the payment and discharge of the Secured Obligations, by way of first fixed charge, all of its rights, title and interest from time to time in and to each of the following assets

- (a) each of its accounts with any bank, building society, financial institution or other person (including any replacement account or sub-division or sub-account of that account) and the debt or debts represented thereby and all other Related Rights,
- (b) all proceeds paid or payable under and each of its interest or currency rate swap, cap, floor, collar or option transactions, all proceeds paid or payable thereunder and all Related Rights,
- (c) book and other debts and monetary claims owing to it and any proceeds of those debts and claims and all Related Rights,
- (d) patents, trade marks, service marks, designs, business and trade names, copyrights, design rights, moral rights, inventions, confidential information, know-how and other intellectual property rights and interests to which it is entitled, whether registered or unregistered, the benefit of all applications and its rights to use such assets and all Related Rights,
- (e) plant, machinery, office equipment, computers, vehicles, furniture, fittings and other chattels (excluding any for the time being forming part of the Chargor's stock in trade or work in progress) and all Related Rights,
- (f) goodwill and rights and claims in relation to its uncalled share capital,
- (g) rights to recover any VAT on any supplies made to it relating to the Charged Assets and any sums so recovered,
- (h) the Relevant Shares and all dividends, interest and other moneys payable in respect of the Relevant Shares and all other Related Rights (whether derived by way of redemption, bonus, preference, options, substitution, conversion, compensation or otherwise),
- (i) Investments and all Related Rights (including all rights against any trustee, nominee, fiduciary or clearance system in respect of those Investments to the extent not charged pursuant to paragraph (h) above, and
- (j) each of the assets which are specified in Clause 3.1 (*Assignment by way of Security*)

4 FLOATING CHARGE

4.1 Floating charge

- (a) The Chargor with full title guarantee charges in favour of the Security Agent (as trustee for the Finance Parties), as security for the payment and discharge of the Secured Obligations, by way of first floating charge all present and future assets and undertaking of the Chargor
- (b) The floating charge created by paragraph (a) above shall be deferred in point of priority to all fixed Security validly and effectively created by the Chargor under the Finance Documents in favour of the Security Agent (as trustee for the Finance Parties) as security for the Secured Obligations
- (c) Paragraph 14 of Schedule B1 to the Insolvency Act 1986 applies to the floating charge created by paragraph (a) above

4.2 Conversion of floating charge to fixed Security

- (a) The Security Agent may at any time, while this Debenture is enforceable in accordance with Clause 9 (*Enforcement of security*), by notice to the Chargor convert the floating charge constituted under Clause 4.1 (*Floating charge*) with immediate effect into a fixed charge as regards any asset which is the subject of the floating charge or which is specified in the notice
- (b) In addition, without prejudice to any rule of law which may have a similar effect, the floating charge constituted under Clause 4.1 (*Floating charge*) will automatically be converted (without notice) with immediate effect into a fixed charge as regards all assets the subject of the floating charge upon the occurrence of an Administration Event

5 PROVISIONS AS TO SECURITY

5.1 Restriction on dealings

Except where agreed in writing by the Security Agent or as permitted under the Finance Documents the Chargor will not at any time during the Security Period create or permit to subsist any Security over all or any part of the Charged Assets or dispose of or otherwise deal with any part of the Charged Assets

5.2 Implied covenants for title

- (a) The covenants set out in Sections 3(1), 3(2) and 6(2) of the Law of Property (Miscellaneous Provisions) Act 1994 will not extend to Clauses 3 (*Fixed Security*) or 4 (*Floating charge*)
- (b) It shall be implied in respect of Clauses 3 (*Fixed Security*) and 4 (*Floating charge*) that the Chargor is disposing of the Charged Assets free from all charges and encumbrances (whether monetary or not) and from all other rights exercisable by third parties (including liabilities imposed and rights conferred by or under any enactment).

5 3 Notice of Security: Accounts

- (a) The Chargor will immediately upon the date of this Debenture in relation to each Account and each other account maintained by it, or if later, upon the opening of any other Account or any other account, give notice to the relevant bank, building society, financial institution or other person of the charge or assignment constituted under this Debenture, the notice being in the form set out in Part A of Schedule 2 (*Notice of Security to Account Bank*)
- (b) The Chargor will use all reasonable endeavours to procure from any such bank, building society or other financial institution, an acknowledgement of receipt of such notice in the form set out in Part B of Schedule 2 (*Acknowledgement of Security by Account Bank*)

5 4 Notice of Security: Relevant Loan

Immediately upon the date of this Debenture, in relation to the Relevant Loan the Chargor shall ensure delivery to the Security Agent of a notice of assignment in the form set out in Schedule Schedule 2 (*Assignment Relevant Loan*) (or in such other form as may be agreed by the Security Agent) duly executed by or on behalf of the Chargor and acknowledged by the relevant third party.

5 5 Notices of Security: other assets

The Chargor shall join the Security Agent in giving notices of assignment or charge (in such form as may be specified by the Security Agent) in respect of any asset which is the subject of an assignment or charge pursuant to Clause 3 (*Fixed Security*) promptly upon the request of the Security Agent from time to time and will use all reasonable endeavours to procure from the recipient of those notices, an acknowledgement in a form satisfactory to the Security Agent

5 6 Delivery of share certificates

The Chargor shall

- (a) on the date of this Debenture, deposit with the Security Agent (or procure the deposit of)
 - (i) all certificates (other than in relation to Waterstones Booksellers Amsterdam BV) or other documents to title to the Relevant Shares; and
 - (ii) stock transfer forms (executed in blank by it or on its behalf) (other than in relation to Waterstones Booksellers Amsterdam BV and Waterstones Booksellers Belgium SA, provided however that the Chargor shall, at the request of the Security Agent, execute a transfer of shares in respect of either or both of Waterstones Booksellers Amsterdam BV and Waterstones Booksellers Belgium SA in favour of the Security Agent), and

- (b) promptly upon the accrual, offer or issue of any stocks, shares, warrants or other securities in respect of or derived from the Relevant Shares, notify the Security Agent of that occurrence and procure the delivery to the Security Agent of (a) all certificates or other documents of title representing such items and (b) such stock transfer forms or other instruments of transfer (executed in blank by it or on its behalf) in respect thereof as the Security Agent may request

5 7 Deposit of title deeds

The Chargor shall

- (a) immediately upon the execution of this Debenture (and upon the acquisition by it of any interest in any Charged Assets at any time) deposit (or procure the deposit) with the Security Agent all deeds, certificates and other documents constituting or evidencing title to the Charged Assets, and
- (b) deposit with the Security Agent at any time thereafter any further such deeds, certificates and other documents, promptly upon coming into possession of any of those items

5 8 Further Loans

Subject to the terms of the Facility Agreement, each Lender is under an obligation to make further Loans to the Borrower and that obligation will be deemed to be incorporated in this Debenture as if set out in this Debenture

5 9 Relevant Loan

- (a) The Chargor shall not take, or omit to take, any action which might result in (a) the alteration or impairment of any rights in the Waterstones Booksellers Loan Agreement (b) any default of any of its obligations under the Waterstones Booksellers Loan Agreement (c) any right to terminate the Waterstones Booksellers Loan Agreement becoming exercisable by any other party to that agreement, or (d) any counterclaims or rights of set-off arising under the Waterstones Booksellers Loan Agreement
- (b) The Security Agent shall not be under any obligation in relation to the Waterstones Booksellers Loan Agreement as a consequence of this Agreement and the Chargor shall at all times remain liable to perform all obligations expressed to be assumed by it in respect of the Waterstones Booksellers Loan Agreement

6 FURTHER ASSURANCE

6 1 Further assurance

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

- (b) The Chargor shall promptly, at its own cost do all such acts or execute all such documents (including assignments, transfers, mortgages, charges, notarisations, registrations, notices and instructions) as the Security Agent may reasonably specify (and in such form as the Security Agent may reasonably require) in favour of the Security Agent or its nominee(s)
 - (i) to create, perfect and/or protect the Security created or intended to be created in respect of the Charged Assets (which may include the execution by the Chargor of a mortgage, charge or assignment over all or any of the assets constituting, or intended to constitute, Charged Assets) or for the exercise of any of the rights, powers and remedies of the Security Agent provided by or pursuant to this Debenture or by law;
 - (ii) to confer on the Security Agent Security over any asset or undertaking of the Chargor located in any jurisdiction outside England and Wales equivalent or similar to the security intended to be conferred by or pursuant to this Debenture, and/or
 - (iii) while an Event of Default is continuing, to facilitate the realisation of the Charged Assets

6.2 Necessary Action

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

7 SHARES: VOTING RIGHTS AND DIVIDENDS

7.1 Exercise of Rights

- (a) At any time in which an Event of Default is not continuing, the Chargor shall be entitled to
 - (i) receive all dividends, interest and other moneys arising from the Relevant Shares, and
 - (ii) exercise all voting rights in relation to the Relevant Shares
- (b) At any time in which an Event of Default is continuing, the Security Agent may, at its discretion, (in the name of the Chargor or otherwise and without any further consent or authority from the Chargor)
 - (i) exercise (or refrain from exercising) any voting rights in respect of the Relevant Shares,
 - (ii) apply all dividends, interest and other moneys arising from the Relevant Shares in accordance with Clause 13 (*Application of Moneys*),

- (iii) transfer the Relevant Shares into the name of such nominee(s) of the Security Agent as it shall require, and
- (iv) exercise (or refrain from exercising) the powers and rights conferred on or exercisable by the legal or beneficial owner of the Relevant Shares, including the right, in relation to any company whose shares or other securities are included in the Relevant Shares, to concur or participate in
 - (A) the reconstruction, amalgamation, sale or other disposal of such company or any of its assets or undertaking (including the exchange, conversion or reissue of any shares or securities as a consequence thereof),
 - (B) the release, modification or variation of any rights or liabilities attaching to such shares or securities, and
 - (C) the exercise, renunciation or assignment of any right to subscribe for any shares or securities,

in each case in the manner and on the terms the Security Agent thinks fit, and the proceeds of any such action shall form part of the Relevant Shares.

7.2 Payment of calls

The Chargor shall pay when due all calls or other payments which may be or may become due in respect of any of the Relevant Shares or other Investments, and in any case of default by it in such payment, the Security Agent may, if it thinks fit, make such payment on its behalf in which case any sums paid by the Security Agent shall be reimbursed by the Chargor to the Security Agent on demand

7.3 Voting Rights

The Chargor shall not exercise (and shall procure that any nominee acting on its behalf does not exercise) its voting rights in relation to the Relevant Shares or other Investments in any manner, or otherwise permit or agree to any (i) variation of the rights attaching to or conferred by all or any part of the Relevant Shares, (ii) increase in the issued share capital of any company whose shares are charged pursuant to this Debenture, save as permitted under the Finance Documents, (iii) exercise, renunciation or assignment of any right to subscribe for any shares or securities, or (iv) reconstruction, amalgamation, sale or other disposal of such company or any of its assets or undertaking (including the exchange, conversion or reissue of any shares or securities as a consequence thereof), in relation to any company whose shares or other securities are included in the Relevant Shares

- (a) without the prior written consent of the Security Agent, or
- (b) which in the opinion of the Security Agent would prejudice the value of, or the ability of the Security Agent to realise, the security created by this Debenture provided that the proceeds of any such action shall form part of the Relevant Shares

8 ACCOUNTS

The Security Agent may, at any time while this Debenture is enforceable in accordance with Clause 9 (*Enforcement of Security*), without prior notice

- (a) to the extent of the Secured Obligations, set-off, transfer or apply any Account and any other account which is the subject of the Security created by this Debenture and any debt represented thereby in or towards satisfaction of all or any part of the Secured Obligations, and
- (b) demand and receive all and any moneys due under or arising out of each Account which has been assigned by this Debenture and exercise all rights that the Chargor was then entitled to exercise in relation to that Account or might, but for the terms of this Debenture, exercise, provided that the Security Agent shall apply all dividends, interest and other moneys arising from the Relevant Shares in accordance with Clause 13 (*Application of Moneys*).

9 ENFORCEMENT OF SECURITY

9.1 Enforcement

Any time after the occurrence of

- (a) an Event of Default (as long as it is continuing), or
- (b) an Administration Event, or
- (c) a request being made by the Chargor to the Security Agent that it exercise any of its powers under this Debenture,

the Security created by or pursuant to this Debenture is immediately enforceable and the Security Agent may, without notice to the Chargor or prior authorisation from any court, in its absolute discretion

- (i) enforce all or any part of that Security (at the times, in the manner and on the terms it thinks fit, other than the right to exercise or refrain from exercising voting rights in relation to the Shares which shall be exercisable in accordance with Clause 7.1 (*Exercise of Rights*)) and take possession of and hold or dispose of all or any part of the Charged Assets (at the times, in the manner and on the terms it thinks fit (including whether for cash or non-cash consideration)), and
- (ii) whether or not it has appointed a Receiver, exercise all or any of the rights, powers, authorisations and discretions conferred by the Law of Property Act 1925 (as varied or extended by this Debenture) on mortgagees and by this Debenture on any Receiver or otherwise conferred by law on mortgagees or Receivers

10 EXTENSION OF POWERS AND RIGHT OF APPROPRIATION

10 1 Extension of powers

The power of sale or other disposal conferred on the Security Agent and on any Receiver by this Debenture shall operate as a variation and extension of the statutory power of sale under Section 101 of the Law of Property Act 1925 and such power shall arise (and the Secured Obligations shall be deemed due and payable for that purpose) on execution of this Debenture

10 2 Restrictions

The restrictions contained in Sections 93 and 103 of the Law of Property Act 1925 shall not apply to this Debenture or to the exercise by the Security Agent of its right to consolidate all or any of the Security created by or pursuant to this Debenture with any other Security in existence at any time or to its power of sale, which powers may be exercised by the Security Agent without notice to the Chargor on or at any time after this Debenture has become enforceable in accordance with Clause 9 (*Enforcement of Security*)

10 3 Power of leasing

- (a) The statutory powers of leasing may be exercised by the Security Agent at any time whilst this Debenture is enforceable in accordance with Clause 9 (*Enforcement of Security*) and during any such period the Security Agent and any Receiver may make any lease or agreement for lease, accept surrenders of leases and grant options on such terms as it shall think fit, without the need to comply with Sections 99 and 100 of the Law of Property Act 1925
- (b) For the purposes of Sections 99 and 100 of the Law of Property Act 1925, the expression "Mortgagor" will include any encumbrancer deriving title under the Chargor and neither Sub-section (18) of Section 99 nor Sub-section (12) of Section 100 of the Law of Property Act 1925 will apply

10 4 Right of appropriation

To the extent that the provisions of the Financial Collateral Arrangements (No 2) Regulations 2003, as amended, (the "**Regulations**") apply to a Charged Asset, the Security Agent shall have the right while an Event of Default is continuing to appropriate all or any part of that Charged Asset in or towards the payment or discharge of the Secured Obligations and may exercise such right to appropriate upon giving written notice to the Chargor For this purpose, a commercially reasonable method of valuing a Charged Asset shall be

- (a) in the case of cash, the amount standing to the credit of each Account or to the credit of any other account with any bank, building society, financial institution or otherwise, together with any accrued but unposted interest, at the time of appropriation, and

- (b) in the case of any investments, shares or securities, their market value determined by the Security Agent by reference to a public index, independent valuation or by such other process as the Security Agent may select

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

11 APPOINTMENT OF RECEIVER OR ADMINISTRATOR

11.1 Appointment and removal

At any time whilst this Debenture is enforceable in accordance with Clause 9 (*Enforcement of security*), the Security Agent may by deed or otherwise (acting through an authorised officer of the Security Agent), without prior notice

- (a) appoint one or more persons to be a Receiver of the whole or any part of the Charged Assets, or
- (b) appoint two or more Receivers of separate parts of the Charged Assets, or
- (c) remove (so far as it is lawfully able) any Receiver so appointed, or
- (d) appoint another person(s) as an additional or replacement Receiver(s), or
- (e) appoint one or more persons to be an administrator of the Chargor pursuant to paragraph 14 of Schedule B1 of the Insolvency Act 1986, and
- (f) following notice to the Chargor, appoint one or more persons to be an administrator of the Chargor pursuant to paragraph 12 of Schedule B1 of the Insolvency Act 1986

11.2 Capacity of Receivers

Each person appointed to be a Receiver pursuant to Clause 11.1 (*Appointment and removal*) shall be

- (a) entitled to act individually or together with any other person appointed or substituted as Receiver;
- (b) for all purposes deemed to be the agent of the Chargor which shall be solely responsible for his acts, defaults and liabilities and for the payment of his remuneration and no Receiver shall at any time act as agent for the Security Agent, and
- (c) entitled to remuneration for his services at a rate to be fixed by the Security Agent from time to time (without being limited to the maximum rate specified by the Law of Property Act 1925)

11 3 Statutory powers of appointment

The powers of appointment of a Receiver shall be in addition to all statutory and other powers of appointment of the Security Agent under the Law of Property Act 1925 (as extended by this Debenture) or otherwise and such powers shall remain exercisable from time to time by the Security Agent in respect of any part of the Charged Assets

12 POWERS OF RECEIVERS

Every Receiver shall (subject to any restrictions in the instrument appointing him but notwithstanding any winding-up or dissolution of the Chargor) have and be entitled to exercise, in relation to the Charged Assets (and any assets which would, when got in, be Charged Assets), and as varied and extended by the provisions of this Debenture (in the name of or on behalf of the Chargor or in his own name and, in each case, at the cost of the Chargor)

- (a) all the powers conferred by the Law of Property Act 1925 on mortgagors and on mortgagees in possession and on receivers appointed under that Act,
- (b) all the powers of an administrative receiver set out in Schedule 1 to the Insolvency Act 1986 (whether or not the Receiver is an administrative receiver),
- (c) all the powers and rights of an absolute owner and power to do or omit to do anything which the Chargor itself could do or omit to do, and
- (d) the power to do all things (including bringing or defending proceedings in the name or on behalf of the Chargor) which seem to the Receiver to be incidental or conducive to
 - (i) any of the functions, powers, authorities or discretions conferred on or vested in him;
 - (ii) the exercise of any rights, powers and remedies of the Security Agent provided by or pursuant to this Debenture or by law (including realisation of all or any part of the assets in respect of which that Receiver was appointed), or
 - (iii) bringing to his hands any assets of the Chargor forming part of, or which when got in would be, Charged Assets

13 APPLICATION OF MONEYS

All moneys received or recovered and any non-cash recoveries made or received by the Security Agent or any Receiver pursuant to this Debenture or the powers conferred by it shall (subject to the claims of any person having prior rights thereto and by way of variation of the provisions of the Law of Property Act 1925) be applied first in the payment or other discharge of the costs, charges and expenses incurred and payments made by the Receiver, the payment or other discharge of his remuneration and of any liabilities incurred by the Receiver in, or incidental to, the exercise of any of his powers, and thereafter shall be applied by the Security Agent (notwithstanding

any purported appropriation by the Chargor) in accordance with the Facility Agreement and any remaining balance shall be promptly paid to the Chargor

14 PROTECTION OF PURCHASERS

14 1 Consideration

The receipt of the Security Agent or any Receiver shall be conclusive discharge to a purchaser and, in making any sale or disposal of any of the Charged Assets or making any acquisition, the Security Agent or any Receiver may do so for such consideration (whether cash or non-cash), in such manner and on such terms as it thinks fit

14 2 Protection of purchasers

No purchaser or other person dealing with the Security Agent or any Receiver shall be bound to inquire whether the right of the Security Agent or such Receiver to exercise any of its powers has arisen or become exercisable or be concerned with any propriety or regularity on the part of the Security Agent or such Receiver in such dealings

15 POWER OF ATTORNEY

15 1 Appointment and powers

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

- (a) carrying out any obligation imposed on the Chargor by this Debenture or any other agreement binding on the Chargor to which the Security Agent is party (including the execution and delivery of any deeds, charges, assignments or other Security and any transfers of the Charged Assets and perfecting and/or releasing the Security created or intended to be created in respect of the Charged Assets), and
- (b) enabling the Security Agent and any Receiver to exercise, or delegate the exercise of, any of the rights, powers and authorities conferred on them by or pursuant to this Debenture or by law (including, after this Debenture has become enforceable in accordance with Clause 9 (*Enforcement of Security*), the exercise of any right of a legal or beneficial owner of the Charged Assets

15 2 Ratification

The Chargor shall ratify and confirm all things done and all documents executed by any attorney in the exercise or purported exercise of all or any of his powers

16 EFFECTIVENESS OF SECURITY

16.1 Continuing security

- (a) The Security created by or pursuant to this Debenture shall remain in full force and effect as a continuing security for the Secured Obligations unless and until discharged by the Security Agent in writing
- (b) No part of the Security from time to time intended to be constituted by this Debenture will be considered satisfied or discharged by an intermediate payment, discharge or satisfaction of the whole or any part of the Secured Obligations

16.2 Cumulative rights

The Security created by or pursuant to this Debenture shall be cumulative, in addition to and independent of every other Security which the Security Agent or any Finance Party may at any time hold for the Secured Obligations or any other obligations or any rights, powers and remedies provided by law and shall operate as an independent security notwithstanding any receipt, release or discharge endorsed on or given in respect of or under any such other Security. No prior Security held by the Security Agent (whether in its capacity as trustee or otherwise) or any of the other Finance Parties over the whole or any part of the Charged Assets shall merge into the Security constituted by this Debenture.

16.3 No prejudice

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

16.4 No liability

None of the Security Agent, its nominee(s) nor any Receiver shall be liable

- (a) to account as a mortgagee or mortgagee in possession, or
- (b) for any loss arising by reason of taking any action permitted by this Debenture or any neglect or default in connection with the Charged Assets or taking possession of or realising all or any part of the Charged Assets,

except in the case of gross negligence or wilful default upon its part

16.5 Partial invalidity

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

impaired thereby and, if any part of the Security intended to be created by or pursuant to this Debenture is invalid, unenforceable or ineffective for any reason, that shall not affect or impair any other part of the Security

16 6 Waiver of defences

The obligations of, and the Security created by, the Chargor under this Debenture will not be affected by any act, omission, matter or thing which, but for this Clause 16 6, would reduce, release or prejudice any of its obligations under, or the Security created by, this Debenture and whether or not known to the Chargor or any Finance Party including

- (a) any time, waiver or consent granted to, or composition with, any Obligor or other person,
- (b) the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor or any Obligor,
- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or Security over assets of, any Obligor or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instruments or any failure to realise the full value of any Security,
- (d) any incapacity or lack of powers, authority or legal personality of or dissolution or change in the members or status of, any Obligor or any other person,
- (e) any amendment, novation, supplement, extension (whether of maturity or otherwise) or restatement (in each case however fundamental and of whatsoever nature, and whether or not more onerous) or replacement of a Finance Document or any other document or Security or of the Secured Obligations (including, without limitation, any change in the purpose of, any extension of, or any variation or increase in any facility or amount made available under any facility or the addition of any new facility under any Finance Document or other documents),
- (f) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or Security or of the Secured Obligations, and
- (g) any insolvency or similar proceedings

16 7 Immediate recourse

The Chargor waives any right it may have of first requiring any Finance Party (or any trustee or agent on its behalf) to proceed against or enforce any other rights or Security or claim payment from any other person before claiming from the Chargor under this Debenture. This waiver applies irrespective of any law or any provision of this Debenture to the contrary

16 8 Deferral of rights

Until the end of the Security Period, the Chargor will not exercise any rights which it may have by reason of performance by it of its obligations under this Debenture

- (a) to be indemnified by an Obligor,
- (b) to claim any contribution from any guarantor of any Obligor's obligations under this Debenture,
- (c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any right of the Finance Parties under this Debenture or of any other guarantee or Security taken pursuant to, or in connection with, this Debenture by any Finance Party,
- (d) to bring legal or other proceedings for an order requiring any Obligor to make any payment, or perform any obligation, in respect of which any Obligor has given a guarantee, undertaking or indemnity under any Finance Document,
- (e) to exercise any right of set-off against any Obligor, or
- (f) to claim or prove as a creditor of any Obligor in competition with any Finance Party

17 PRIOR SECURITY INTERESTS

- (a) In the event of any action, proceeding or step being taken to exercise any powers or remedies conferred by any prior ranking Security against any of the Charged Assets or in case of exercise by the Security Agent or any Receiver of any power of sale under this Debenture, the Security Agent may redeem such prior Security or procure the transfer thereof to itself
- (b) The Security Agent may settle and agree the accounts of the prior Security and any accounts so settled and agreed will be conclusive and binding on the Chargor
- (c) All principal moneys, interest, costs, charges and expenses of and incidental to any redemption or transfer will be paid by the Chargor to the Security Agent on demand together with accrued interest thereon as well as before judgment at the rate from time to time applicable to unpaid sums specified in the Facility Agreement from the time or respective times of the same having been paid or incurred until payment thereof (as well as after as before judgment)

18 SUBSEQUENT SECURITY INTERESTS

If the Security Agent acting in its capacity as trustee or otherwise or any of the other Finance Parties at any time receives or is deemed to have received notice of any subsequent Security, assignment or transfer affecting the Charged Assets or any part of the Charged Assets which is prohibited by the terms of any Finance Document, all payments thereafter by or on behalf of the Chargor to the Security Agent or any of the other Finance Parties will (in the absence of any express contrary appropriation by the

Chargor) be treated as having been credited to a new account of the Chargor and not as having been applied in reduction of the Secured Obligations at the time that notice was received

19 SUSPENSE ACCOUNTS

All moneys received, recovered or realised by the Security Agent under this Debenture (including the proceeds of any conversion of currency) may in the discretion of the Security Agent be credited to any interest bearing suspense or impersonal account(s) maintained with a bank, building society or financial institution (including itself) for so long as it may think fit (the interest being credited to the relevant account) pending their application from time to time at the Security Agent's discretion, in or towards the discharge of any of the Secured Obligations

20 RELEASE OF SECURITY

20 1 Release of Security

Upon the expiry of the Security Period, the Security Agent shall, at the request and cost of the Chargor, release and cancel the Security constituted by this Debenture and procure the reassignment to the Chargor of the property and assets assigned to the Security Agent pursuant to this Debenture, in each case subject to Clause 20 2 (*Clawback*) and without recourse to, or any representation or warranty by, Security Agent or any of its nominees

20 2 Clawback

If the Security Agent considers that any amount paid or credited to it is capable of being avoided or reduced by virtue of any bankruptcy, insolvency, liquidation or similar laws, the liability of the Chargor under this Debenture and the Security constituted by those documents will continue and such amount will not be considered to have been irrevocably discharged

20 3 Set-off

The Chargor authorises the Security Agent (but the Security Agent shall not be obliged to exercise such right), after the occurrence of an Event of Default which is continuing, to set-off against the Secured Obligations any amount or other obligation (contingent or otherwise) owing by the Security Agent to the Chargor and apply any credit balance to which the Chargor is entitled on any account with the Security Agent in accordance with Clause 13 (*Application of Moneys*) (notwithstanding any specified maturity of any deposit standing to the credit of any such account)

21 ASSIGNMENT

The Security Agent may assign and transfer all or any of its rights and obligations under this Debenture. The Security Agent shall be entitled to disclose such information concerning the Chargor and this Debenture as the Security Agent considers appropriate to any actual or proposed director or indirect successor or to any person to whom information may be required to be disclosed by any applicable law

22 EXPENSES, STAMP TAXES AND INDEMNITY

22 1 Expenses

The Chargor shall, from time to time on demand of the Security Agent, reimburse the Security Agent for all the costs and expenses (including legal fees) on a full indemnity basis together with any VAT thereon incurred by it in connection with

- (a) the negotiation, preparation and execution of this Debenture and the completion of the transactions and perfection of the Security contemplated in this Debenture,
- (b) the exercise, preservation and/or enforcement of any of the Collateral Rights or the Security contemplated by this Debenture or any proceedings instituted by or against the Security Agent as a consequence of taking or holding the Security or enforcing the Collateral Rights,

and shall carry interest from the date of such demand until so reimbursed in accordance with Clause 2 2 (*Default interest*)

22 2 Stamp Taxes

The Chargor shall pay all stamp, registration, notarial and other taxes and fees to which this Debenture, the Security contemplated in this Debenture or any judgment given in connection with it is or at any time may be subject and shall, from time to time, indemnify the Security Agent on demand against any liabilities, costs, claims and expenses resulting from any failure to pay or delay in paying such tax

22 3 Indemnity

The Chargor shall, notwithstanding any release or discharge of all or any part of the Security indemnify the Security Agent, its agents, attorneys and any Receiver against any action, proceeding, claims, losses, liabilities and costs which it may sustain as a consequence of any breach by the Chargor of the provisions of this Debenture, the exercise or purported exercise of any of the rights and powers conferred on them by this Debenture or otherwise relating to the Charged Assets

23 DISCRETION AND DELEGATION

23 1 Discretion

Any liberty or power which may be exercised or any determination which may be made under this Debenture by the Security Agent or any Receiver may, subject to the terms and conditions of the Facility Agreement, be exercised or made in its absolute and unfettered discretion without any obligation to give reasons

23 2 Delegation

Each of the Security Agent and any Receiver shall have full power to delegate (either generally or specifically) the powers, authorities and discretions conferred on it by this Debenture (including the power of attorney) on such terms and conditions as it shall see fit which delegation shall not preclude either the subsequent exercise any

subsequent delegation or any revocation of such power, authority or discretion by the Security Agent or the Receiver itself

24 GOVERNING LAW

This Debenture and all non-contractual obligations arising out of or in connection with it are governed by English law

25 ARBITRATION

25 1 Arbitration

Subject to Clause 25 5 (*Security Agent's option*), any dispute arising out of or in connection with this Debenture (including a dispute regarding the existence, validity or termination of this Debenture or the consequences of its nullity or any non-contractual obligation arising out of or in connection with this Debenture) (a "**Dispute**") shall be referred to and finally resolved by arbitration under the Arbitration Rules (the "**Rules**") of the LCIA Court (formerly the London Court of International Arbitration)

25 2 Procedure for arbitration

- (a) The arbitral tribunal shall consist of three arbitrators who shall be lawyers qualified in England and Wales of at least ten years' standing.
- (b) The claimant(s), irrespective of number, shall nominate jointly one arbitrator; the respondent(s), irrespective of number, shall nominate jointly the second arbitrator, and a third arbitrator, who shall serve as chairman, shall be appointed by the LCIA Court (as defined in the Rules) within 15 days of the appointment of the second arbitrator
- (c) In the event the claimant(s) or the respondent(s) shall fail to nominate an arbitrator within the time limits specified in the Rules, such arbitrator shall be appointed by the LCIA Court within 15 days of such failure. In the event that both the claimant(s) and the respondent(s) fail to nominate an arbitrator within the time limits specified in the Rules, all three arbitrators shall be appointed by the LCIA Court within 15 days of such failure who shall designate one of them as chairman
- (d) If all the parties to an arbitration so agree, there shall be a sole arbitrator appointed by the LCIA Court within 15 days of such agreement
- (e) The seat of arbitration shall be London, England and the language of the arbitration shall be English

25 3 Recourse to courts

Save as provided in Clause 25 5 (*Security Agent's option*), the parties exclude the jurisdiction of the courts under Sections 45 and 69 of the Arbitration Act 1996

25 4 Consolidation of claims

If any Dispute raises issues which are substantially the same as or connected with issues raised in another Dispute which has already been referred to arbitration under the Facility Agreement (an "**Existing Dispute**"), or arises out of substantially the same facts as are the subject of any Existing Dispute (a "**Related Dispute**"), the Facility Agent (but no other party) may apply, at its sole discretion, to have the tribunal appointed (or to be appointed) in respect of any such Existing Dispute to also be appointed as the tribunal in respect of any Related Dispute

25 5 Security Agent's option

Before an arbitrator has been appointed to determine a Dispute, the Agent may by notice in writing to the Borrower require that all Disputes or a specific Dispute be heard by a court of law. If the Security Agent gives such notice, the Dispute to which that notice refers shall be determined in accordance with Clause 26 1 (*Jurisdiction*)

26 ENFORCEMENT

26 1 Jurisdiction

- (a) As an alternative to the provisions of Clause 25 (*Arbitration*), the courts of England have exclusive jurisdiction to settle any Dispute
- (b) The Parties agree that the Courts of England are the most appropriate and convenient courts to settle any Dispute and accordingly no Party will argue to the contrary
- (c) This Clause 26 1 (*Jurisdiction*) is for the benefit of the Finance Parties only. As a result, and notwithstanding paragraph (a) of this Clause 26 1 (*Jurisdiction*), any Finance Party may take proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Finance Parties may take concurrent proceedings in any number of jurisdictions

THIS DEBENTURE has been executed as, and is intended to take effect as, a deed by the Chargor and has been signed by Security Agent on the date written on the first page of this Debenture

SCHEDULE 1
RELEVANT SHARES

71,014,000 ordinary shares of £1 each in Waterstones Booksellers Limited

5,249 ordinary shares of 1,000 Belgian francs each in Waterstones Booksellers Belgium SA

701,000 ordinary shares of 1 Dutch guilder each in Waterstones Booksellers Amsterdam BV

2,001 ordinary shares of 1 euro each in Waterstones Booksellers Ireland Limited

SCHEDULE 2
ASSIGNMENT: RELEVANT LOAN

PART A
NOTICE OF ASSIGNMENT

To Waterstones Booksellers Limited

Date [•]

Dear Sirs,

- 1 We hereby give you notice that we have assigned to Russian Commercial Bank (Cyprus) Ltd (the "**Security Agent**") pursuant to a debenture entered into by us in favour of the Security Agent dated [•] 2013 all our right, title and interest in and to all moneys payable by you to us under the loan agreement entered into by Waterstones Holdings Limited as lender and Waterstones Booksellers Limited as borrower and dated 31 January 2012 (the "**Waterstones Booksellers Loan Agreement**")
- 2 We shall continue to be solely responsible for the performance of our obligations under or in connection with the Waterstones Booksellers Loan Agreement
- 3 With effect from the date of your receipt of this notice:
 - 3 1 1 all payments by you to us under or arising from the Waterstones Booksellers Loan Agreement (the "**Payments**") shall be paid to, or at the direction of the Security Agent, as it may specify in writing from time to time,
 - 3 1 2 all remedies provided for in the Waterstones Booksellers Loan Agreement or available at law or in equity shall be exercisable by, or at the direction of, the Security Agent; and
 - 3 1 3 all rights, interests and benefits whatsoever accruing to or for the benefit of ourselves arising from the Payments shall belong to the Security Agent
- 4 You are authorised and instructed, without requiring further approval from us, to provide the Security Agent with such information relating to the Waterstones Booksellers Loan Agreement as it may from time to time request and to send copies of all notices issued by you under the Waterstones Booksellers Loan Agreement to the Security Agent as well as to us.
- 5 These instructions may not be revoked, nor may the terms of the Waterstones Booksellers Loan Agreement be amended, varied, waived or terminated, without the prior written consent of the Security Agent
- 6 Please acknowledge receipt of this notice by signing the acknowledgement on the enclosed copy letter and returning it to the Security Agent at [•] marked for the attention of [•]
- 7 This notice and any non-contractual obligations arising out of or in connection with it are governed by English law

Yours faithfully,

For and on behalf of
Waterstones Holdings Limited

We confirm our agreement to the terms of this notice and instruct you, in accordance with Clause 3 of this notice, and with effect from the date of your receipt of this notice, that

- (a) [the Payments shall be made to Waterstones Holdings Limited, and]
- (b) all remedies provided for in the Waterstones Booksellers Loan Agreement (or otherwise available) in respect of the Payments shall be exercisable for and on behalf of Waterstones Holdings Limited,

until you receive written notification from us to the contrary

For and on behalf of
Russian Commercial Bank (Cyprus) Ltd

By

Dated

[On copy only]

Date [•]

We further confirm that

- (a) we have not claimed or exercised, have no outstanding right to claim or exercise, and will not exercise, any right of set-off, counterclaim or other right relating to the Payments, and
- (b) no amendment, waiver or release of any rights, interests and benefits in and to the Payments shall be effective without your prior written consent.

For and on behalf of
Waterstones Booksellers Limited

By _____

Dated

**SCHEDULE 3
ACCOUNTS**

**PART A
NOTICE OF SECURITY TO ACCOUNT BANK**

To Credit Suisse AG

Paradeplatz 8

8001 Zurich

Date []

Dear Sirs

We give you notice that, by a Debenture dated [•] 2013 (the "**Debenture**"), we charged by way of assignment to Russian Commercial Bank (Cyprus) Ltd (the "**Security Agent**") as trustee for the Finance Parties any accounts and all moneys (including interest) from time to time standing to the credit of those accounts with any bank, building society, financial institution or other person and the debt or debts represented thereby

The accounts currently maintained with your bank are

| | |
|----------------|------------|
| Account Names | [REDACTED] |
| Sort Code | [REDACTED] |
| GBP Account No | [REDACTED] |
| USD Account No | [REDACTED] |

We instruct and authorise you to disclose to the Security Agent without any reference to or further authority from us and without any inquiry by you as to the justification for such disclosure, but subject to the Security Agent providing you with a list of its authorised signatories, including passport copies for each signatory, and such information relating to any accounts maintained under the relationship number [REDACTED] by us with you from time to time (the "**Accounts**") as the Security Agent may request you to disclose to it. This instruction and authorisation shall be subject to the terms and conditions as set out in the enclosed Credit Suisse form "Authorization to provide information orally/by telephone and to hand over/transmit copies of bank correspondence" (Form 113 498) completed and duly signed by us (the "**Authorisation Form**", Exhibit 1)

Would you please confirm your agreement to the above by sending the enclosed acknowledgement and a copy of the Authorisation Form to the Security Agent with a copy to us

Yours faithfully

WATERSTONES HOLDINGS LIMITED

EXHIBIT 1
AUTHORISATION FORM



Reset data

**Authorization to provide information orally/by telephone
and to hand over/transmit copies of bank correspondence**

for companies

Name (hereinafter referred to as *Client*)

Country of registered office

This authorization to provide information orally/by telephone concerns the following client number at Credit Suisse AG (hereinafter referred to as *the Bank*)

Client number

(e.g. 0123 456789-0)

The persons named below who hold no signatory authority for the above-mentioned client relationship may be informed orally/by telephone at any time and on request about the relationship and may be provided with copies of bank correspondence via mail or fax. On the condition that

no further restrictions are set forth these persons may obtain information on all holdings/transactions as of the date of this authorization and retroactively on all accounts and safekeeping accounts maintained within the scope of this relationship

Name

First name

Date of birth (dd.mm.yyyy)

Restrictions concerning type of information

☐ excl. salary

☐ excl. investments

☐ excl. _____

Restrictions concerning scope of information

☐ Account/safekeeping account No. _____

☐ Account/safekeeping account No. _____

Name

First name

Date of birth (dd.mm.yyyy)

Restrictions concerning type of information

☐ excl. salary

☐ excl. investments

☐ excl. _____

Restrictions concerning scope of information

☐ Account/safekeeping account No. _____

☐ Account/safekeeping account No. _____

Name

First name

Date of birth (dd.mm.yyyy)

Restrictions concerning type of information

☐ excl. salary

☐ excl. investments

☐ excl. _____

Restrictions concerning scope of information

☐ Account/safekeeping account No. _____

☐ Account/safekeeping account No. _____

To be completed by the Bank

Signature and Stamp Relationship Manager

09021

123919 Client No. (CIF)



Page 1/2

113 498 2 13

| | |
|--|--|
| Name _____ First name _____ Date of birth (dd mm yyyy) _____ | Restrictions concerning type of information <input type="checkbox"/> excl. salary <input type="checkbox"/> excl. investments <input type="checkbox"/> excl. _____ Restrictions concerning scope of information <input type="checkbox"/> Account/safekeeping account No. _____ <input type="checkbox"/> Account/safekeeping account No. _____ |
| Name _____ First name _____ Date of birth (dd mm yyyy) _____ | Restrictions concerning type of information <input type="checkbox"/> excl. salary <input type="checkbox"/> excl. investments <input type="checkbox"/> excl. _____ Restrictions concerning scope of information <input type="checkbox"/> Account/safekeeping account No. _____ <input type="checkbox"/> Account/safekeeping account No. _____ |
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The client hereby declares that the Bank is released from all liability in connection with this arrangement and assumes responsibility for all consequences and damages which may arise from this instruction and in particular, from misuse of the telephone and other methods of communication or from the production of correspondence copies. This authorization will remain valid as long as it is

not revoked by issuing special notification to the Bank. This also applies in the event of death or legal incapacity of a sole proprietor (in accordance with Art. 35 of the Swiss Code of Obligations). Any disadvantages arising from failure to notify the Bank shall be borne by the client. This agreement is also subject to the Bank's General Conditions.

Tick the box as appropriate: ☐ New ☐ Supplement to one or more existing form/s to provide information orally/by telephone
☐ Replaces all existing forms to provide information orally/by telephone
☐ _____

Place, date _____

Company signature/s _____
 (pursuant to existing regulatory authority via-a-vis Credit Suisse AG)

X

To be completed by the Bank
 123919 Client No. (CIF)

113 498 2 13

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PART B
ACKNOWLEDGEMENT OF SECURITY BY ACCOUNT BANK

To Russian Commercial Bank (Cyprus) Ltd

Attention of [•]

[Address]

as Security Agent

Date []

Dear Sirs

We confirm receipt from Waterstones Holdings Limited (the "**Chargor**") of a notice dated with today's date (the "**Notice**", **Exhibit 1**) of a charge by way of assignment upon the terms of a Debenture dated with today's date (the "**Debenture**"), the terms of which are unknown to us, of all moneys (including interest) from time to time standing to the credit of the Chargor's accounts (as specified therein) (the "**Accounts**") which are maintained with us and the debt or debts represented thereby

We unconditionally and irrevocably waive all rights of set-off, lien, combination or consolidation of accounts, security in respect of any Accounts and similar rights (however described) which we may have now or in the future in respect of each of the Accounts or the balance thereon to the extent that such rights relate to amounts owed to us by the Chargor other than the amounts owed in connection with the operation of the Accounts, currently being the accounts referred to below

Account Name

[REDACTED]

Sort Code

[REDACTED]

GBP Account No

[REDACTED]

USD Account No

[REDACTED]

We confirm that we have not received notice of the interest of any third party in any of the Accounts

We further confirm that the Chargor has instructed and authorised us to disclose to you without any reference to or further authority from us and without any inquiry by us as to the justification for such disclosure, but subject to you providing us with a list of your authorised signatories, including passport copies for each signatory, such information relating to any Accounts maintained by the Chargor under the relationship number [REDACTED] with us from time to time, as you may request us to disclose to you. The Chargor's instruction and authorisation to us shall be subject to the terms and conditions as set out in the enclosed copy of the Authorization Form ("Authorization to provide information orally/by telephone and to hand over/transmit copies of bank correspondence" (Form 113 498), Exhibit 2).

In order to avoid any doubts as to the significance of this acknowledgement of security, we wish to point out and inform you that

- (i) the Chargor's instruction and authorisation to us is revocable under the applicable Swiss law,
- (ii) the Chargor may freely dispose over any and all assets held in the Accounts, without any obligation on our side to seek and/or obtain your authorisation prior to executing an instruction from the Chargor by which the Chargor disposes in part or in whole over the assets held in the Accounts

Yours faithfully

Credit Suisse AG

cc Waterstones Holdings Limited

EXHIBIT 2
AUTHORISATION FORM



Reset data

**Authorization to provide information orally/by telephone
and to hand over/transmit copies of bank correspondence**

for companies

Name (hereinafter referred to as Client)

Country of registered office

This authorization to provide information orally/by telephone concerns the following client number at Credit Suisse AG (hereinafter referred to as the Bank)

Client number

_____ (e.g., 0123-456789-0)

The persons named below who hold no signatory authority for the above-mentioned client relationship, may be informed orally/by telephone at any time and on request about the relationship and may be provided with copies of bank correspondence via mail or fax. On the condition that

no further restrictions are set forth, these persons may obtain information on all holdings/transactions as of the date of this authorization and retroactively on all accounts and safekeeping accounts maintained within the scope of this relationship.

Name

First name

Date of birth (dd.mm.yyyy)

Name

First name

Date of birth (dd.mm.yyyy)

Name

First name

Date of birth (dd.mm.yyyy)

Restrictions concerning type of information

☐ excl. salary

☐ excl. investments

☐ excl. _____

Restrictions concerning scope of information

☐ Account/safekeeping account No. _____

☐ Account/safekeeping account No. _____

Restrictions concerning type of information

☐ excl. salary

☐ excl. investments

☐ excl. _____

Restrictions concerning scope of information

☐ Account/safekeeping account No. _____

☐ Account/safekeeping account No. _____

Restrictions concerning type of information

☐ excl. salary

☐ excl. investments

☐ excl. _____

Restrictions concerning scope of information

☐ Account/safekeeping account No. _____

☐ Account/safekeeping account No. _____

To be completed by the Bank

09021

123919 Client No. (CIF)

Signature and Stamp Relationship Manager



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| | |
|--|--|
| Name _____ First name _____ Date of birth (dd.mm.yyyy) _____ | Restrictions concerning type of information <input type="checkbox"/> excl. salary <input type="checkbox"/> excl. investments <input type="checkbox"/> excl. _____ Restrictions concerning scope of information <input type="checkbox"/> Account/safekeeping account No. _____ <input type="checkbox"/> Account/safekeeping account No. _____ |
| Name _____ First name _____ Date of birth (dd.mm.yyyy) _____ | Restrictions concerning type of information <input type="checkbox"/> excl. salary <input type="checkbox"/> excl. investments <input type="checkbox"/> excl. _____ Restrictions concerning scope of information <input type="checkbox"/> Account/safekeeping account No. _____ <input type="checkbox"/> Account/safekeeping account No. _____ |
| Name _____ First name _____ Date of birth (dd.mm.yyyy) _____ | Restrictions concerning type of information <input type="checkbox"/> excl. salary <input type="checkbox"/> excl. investments <input type="checkbox"/> excl. _____ Restrictions concerning scope of information <input type="checkbox"/> Account/safekeeping account No. _____ <input type="checkbox"/> Account/safekeeping account No. _____ |
| Name _____ First name _____ Date of birth (dd.mm.yyyy) _____ | Restrictions concerning type of information <input type="checkbox"/> excl. salary <input type="checkbox"/> excl. investments <input type="checkbox"/> excl. _____ Restrictions concerning scope of information <input type="checkbox"/> Account/safekeeping account No. _____ <input type="checkbox"/> Account/safekeeping account No. _____ |

The client hereby declares that the Bank is released from all liability in connection with this arrangement and assumes responsibility for all consequences and damages which may arise from this instruction and, in particular, from misuse of the telephone and other methods of communication or from the production of correspondence copies. This authorization will remain valid as long as it is

not revoked by issuing special notification to the Bank. This also applies in the event of death or legal incapacity of a sole proprietor (in accordance with Art. 35 of the Swiss Code of Obligations). Any disadvantages arising from failure to notify the Bank shall be borne by the client. This agreement is also subject to the Bank's General Conditions.

Tick the box as appropriate: ☐ New ☐ Supplement to one or more existing form/s to provide information orally/by telephone
☐ Replaces all existing forms to provide information orally/by telephone
☐ _____

Place, date _____

Company signature/s _____
 (pursuant to existing signature authority vis-à-vis Credit Suisse AG)

X _____

To be completed by the Bank
 123919 Client No. (CIF)

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EXECUTION PAGE TO DEBENTURE

Chargor

EXECUTED AS A DEED by)
WATERSTONES HOLDINGS LIMITED)
acting by: **JAMES DAUNT**)
)



Signature of witness. 

Name (in BLOCK CAPITALS):

Address:

BRUCE GRIPTON



Security Agent

Signed by)
RUSSIAN COMMERCIAL BANK)
(CYPRUS) LTD)
for and on its behalf)
by its duly authorised)
Officer)

EXECUTION PAGE TO DEBENTURE


Chargor


EXECUTED AS A DEED by)
WATERSTONES HOLDINGS LIMITED)
)
acting by.)
)

Signature of witness.
Name (in BLOCK CAPITALS)
Address

Security Agent

Signed by)
RUSSIAN COMMERCIAL BANK)
(CYPRUS) LTD)
for and on its behalf)
by its duly authorised)
Officer)


Sotirios Zackheos, Director


Panayiotis Lozides, Director

Clifford Chance LLP

Dominic Linhares

Room 2652

0207 0061048