



Registration of a Charge

Company name: **LYNWOOD RETAIL UK LIMITED**

Company number: **07673642**

Received for Electronic Filing: **23/04/2019**



Details of Charge

Date of creation: **18/04/2019**

Charge code: **0767 3642 0006**

Persons entitled: **BOOK RETAIL BONDCO LIMITED**

Brief description:

Contains fixed charge(s).

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: **CLIFFORD CHANCE LLP**



CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 7673642

Charge code: 0767 3642 0006

The Registrar of Companies for England and Wales hereby certifies that a charge dated 18th April 2019 and created by LYNWOOD RETAIL UK LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 23rd April 2019 .

Given at Companies House, Cardiff on 24th April 2019

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**



Lynwood Retail UK Limited

and

Book Retail Bondco Limited

SPECIFIC SECURITY AGREEMENT
relating to certain intangible movable property of Lynwood Retail UK Limited

Dated 18 April 2019

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THIS SPECIFIC SECURITY AGREEMENT is made on 18 April 2019

BETWEEN:

- (1) **Lynwood Retail UK Limited** a company incorporated in England and Wales with registered number 07673642 whose registered office is at 4 Hill Street, London W1J 5NE (the **Grantor**); and
- (2) **Book Retail Bondco Limited**, whose registered office is at 13-14 Esplanade, St Helier, Jersey JE1 1EE, acting as security trustee for the Secured Parties (as defined in the Security Trust Deed) (the **Secured Party**).

INTRODUCTION

- (A) The Grantor and the Secured Party intend this Agreement to be a security agreement for the purposes of the Security Law.
- (B) The Grantor enters into this Agreement in connection with the Bond Instrument.

IT IS AGREED as follows.

1. INTERPRETATION

1.1 Definitions

In this Agreement:

Bond Instrument means the secured bond constituting the issue of up to GBP30,000,000 secured bonds of Lynwood Retail UK Limited due 2021 entered into between the Grantor (as issuer) and the Secured Party (as initial bondholder).

Business Day has the meaning given to it in the Bond Instrument.

Collateral means the Securities (and the Related Property deriving from the Securities), and any proceeds thereof.

Companies Law means the Companies (Jersey) Law 1991.

Constitution, in respect of any Collateral, means the memorandum and articles of association, or other agreement or document pursuant to which any Collateral is constituted, created or evidenced.

Default Rate will be calculated in accordance with paragraph 2.6 of schedule 2 of the Bond Instrument.

Event of Default means the occurrence of any Event of Default (as defined in the Bond Instrument).

Financial Services Law means the Financial Services (Jersey) Law 1998.

Investment Agreement means an investment agreement in respect of the Waterstones Group dated 1 June 2018 and entered into between the Issuer, Book Retail Holdco Limited, Book Retail Midco Limited, Book Retail Bidco Limited, Book Retail Investco Limited,

Waterstones Holdings Limited, the Managers (as defined therein) and the EBT (as defined therein).

Issuer means the issuer of the Securities, namely the person whose name appears in Schedule 1.

Jersey Security Interest means the Security Interest granted and created pursuant to Clause 3.1(a) (*Creation*).

Notice of Event of Default means a notice given in accordance with Clause 7.1(b) (*When enforceable*).

Register means the register of title to any Collateral (if any).

Related Property means intangible movable property comprising all:

- (A) dividends, interest and other income (whether in cash or otherwise) paid or payable in relation to any Securities;
- (B) rights, moneys, security and other property that accrues or arises at any time (including by way of bonus issue, conversion, exchange, preference, repurchase, redemption, reduction of capital, substitution or by way of option, warrant or otherwise) in relation to any Securities; and
- (C) rights in relation to any subscription agreement relating to any Securities.

Secured Liabilities means all present and future liabilities and obligations (whether actual or contingent and whether owed jointly, severally or in any other capacity) of the Grantor to the Secured Party under, or in connection with, each Transaction Document.

Securities means:

- (a) the investment securities issued by the Issuer identified in Schedule 1; and
- (b) all other investment securities issued by the Issuer in which the Grantor acquires rights after this Agreement is executed.

Security Interest means a mortgage, charge, encumbrance, transfer of title by way of security, hypothecation, pledge, lien, netting, set-off, trust or security interest (including one created under the Security Law) or any other agreement, arrangement, equity or other right or interest in intangible movable property that secures payment or performance of an obligation.

Security Law means the Security Interests (Jersey) Law 2012.

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

Security Trust Deed means the security trust deed between, amongst others, the Grantor, the Secured Parties (as defined therein) and the Secured Party dated on or around the date of this Agreement pursuant to which the Secured Party was appointed as trustee for the Secured Parties.

Transaction Documents has the meaning given to it in the Bond Instrument.

Transfer Form means, in respect of any Collateral, an instrument of transfer in a form that:

- (a) complies in all respects with the Constitution of that Collateral and all the laws applying to a transfer of that Collateral; and
- (b) is sufficient to enable the Secured Party (or its nominee) or a buyer of that Collateral to acquire title to it.

(a) **Construction**

(a) In this Agreement, a reference to:

- (i) **amendment** includes a supplement, novation, extension (whether of maturity or otherwise), restatement or replacement in each case however fundamental and whether or not more onerous (and **amended** will be construed accordingly);
- (ii) **authorisation** includes an agreement, approval, consent, exemption, filing, licence, notarisation, permit, registration or resolution;
- (iii) **bankruptcy** means any state of bankruptcy (including any state referred to in Article 8 of the Interpretation (Jersey) Law 1954), insolvency, insolvent winding-up, administration, receivership, administrative receivership, liquidation or similar status or analogous procedure or proceedings under the laws of any jurisdiction (and **bankrupt** will be construed accordingly);
- (iv) a **certified copy** of a document is a reference to it being certified by someone acceptable to the Secured Party as being true, complete and up-to-date as at the date it is delivered;
- (v) **Collateral** includes a reference to all or any part or item of it;
- (vi) the **constitutional documents** of an entity include its certificate(s) of incorporation and memorandum and articles of association, and where the entity is the trustee of a trust, the trust instrument establishing the relevant trust, and where the entity is a partner, the partnership agreement establishing the relevant partnership and the partnership's certificate(s) of registration or establishment and, in any such case, any other analogous documents specified by the Secured Party;
- (vii) an Event of Default being **continuing** means it has not been remedied within such period, if any, as may be specified by the Secured Party or waived by the Secured Party;
- (viii) **dispose** means to assign, declare a trust, grant an option, lease, license, sell, surrender, transfer, part with possession of or otherwise dispose of, whether voluntarily or involuntarily (and **disposal** will be construed accordingly);
- (ix) **distribution** includes any distribution of income, return of capital or any other payment;
- (x) **forming part of the Collateral** (or other similar expression) includes a reference to **forming part of the Collateral from time to time**;

- (xi) mentioning anything after **include, includes** or **including** does not limit what else might be included;
- (xii) a **nominee** of the Grantor or the Secured Party is, unless the context otherwise requires, a reference to any person that the Grantor or the Secured Party may in its discretion appoint as its nominee in connection with this Agreement (but does not, in the case of the Secured Party, include the Grantor, any obligor or a person acting on behalf of the Grantor or any obligor);
- (xiii) a **person** includes:
 - (1) its successors in title or permitted assignees or transferees whether immediate or derivative; and
 - (2) any individual, partnership, corporation, unincorporated association, government agency or other body or entity whether or not having separate legal personality (including such person acting in its capacity as partner, trustee or nominee or in any other capacity whatsoever);
- (xiv) **power of enforcement** is a reference to a power of enforcement under this Agreement and/or the Security Law;
- (xv) **property** includes, unless the context otherwise requires, any present or after-acquired property and any proceeds, revenue or right under or derived from that property;
- (xvi) a **representative** of any person includes a reference to any agent, attorney, employee, director, delegate or trustee of that person (and, in the case of the Secured Party, also includes a reference to any sub-delegate, nominee or delegate of a nominee but does not include the Grantor, any obligor or a person acting on behalf of the Grantor);
- (xvii) a **right** includes authority, benefit, claim, consent, discretion, interest, power, right or remedy and a reference to **rights** includes having an interest in property (including a legal or beneficial interest) and the power to grant rights in property;
- (xviii) **winding-up** means the winding-up, dissolution or striking-off a register of a person or an equivalent or analogous procedure under the law of any jurisdiction (and **wound-up** will be construed accordingly);
- (xix) **after-acquired property, attach, control, financing statement, financing change statement, further advance, investment security, obligor, perfect, proceeds, security agreement, transfer, value** and **writing** has the meaning given to it in the Security Law (unless the context otherwise requires);
- (xx) a **Clause, paragraph** or a **Schedule** is a reference to a clause, paragraph or schedule of this Agreement;
- (xxi) a Transaction Document or other agreement or document includes all amendments (including any relating to further advances) to that Transaction Document or other agreement or document; and

- (xxii) a law (or any provision of it) is a reference to it as amended or re-enacted and includes any subordinate legislation made under it.
- (b) Words in the singular include the plural and vice versa.
- (c) References to one gender include all genders.
- (d) Headings in this Agreement do not affect its interpretation.
- (e) No Clause or paragraph will limit another.
- (f) General words do not have a restricted meaning because they are preceded or followed by specific words indicating a particular type, class or category.
- (g) If a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (h) Capitalised terms not otherwise defined in Clause 1.1 (*Definitions*) have the meaning given to them in the Bond Instrument.
- (i) Any undertaking of the Grantor in this Agreement remains in force during the Security Period.

2. SECURED LIABILITIES

2.1 Undertaking to pay or perform Secured Liabilities

The Grantor undertakes to pay and perform (or procure the payment or performance of) the Secured Liabilities in the manner, and at the times, provided for in the Transaction Documents.

3. CREATION OF SECURITY INTEREST

3.1 Creation

- (a) The Grantor hereby grants to the Secured Party a security interest under the Security Law in its present and future rights in the Collateral to secure due payment and performance of the Secured Liabilities.
- (b) The Grantor acknowledges that value has been given by the Secured Party in respect of this Agreement and agrees that the Jersey Security Interest will attach to the Collateral in which the Grantor:
 - (i) has rights when this Agreement is executed; and
 - (ii) acquires rights after this Agreement is executed,
 when it executes this Agreement or when it acquires those rights respectively.
- (c) The Jersey Security Interest:
 - (i) secures the irrevocable and unconditional payment and satisfaction in full of the Secured Liabilities;
 - (ii) constitutes a first ranking Security Interest in the Collateral; and

- (iii) has the same priority in relation to all Secured Liabilities (including further advances).
- (d) For the purposes of this Clause 3.1, the **Collateral** does not include any liability or obligation whatever nor shall it include any investment security which carries unlimited liability or which is unpaid or only partly paid. This paragraph is for the protection of the Secured Party and it may be disapplied (in whole or part) by the Secured Party by notice in writing to the Grantor.

3.2 Registration

- (a) Subject to Article 62 (*Contents of Registration*) of the Security Law, the Secured Party or its representative may register such financing statements and financing change statements in respect of the Jersey Security Interest for such periods as it thinks fit without any consent of the Grantor.

3.3 Control of Securities

- (a) The Grantor undertakes, when it executes this Agreement (as regards Securities in which it has rights when it executes this Agreement) and immediately when it acquires rights in any Securities after this Agreement is executed, to:
 - (i) deliver, or procure delivery, to the Secured Party (or as it may direct):
 - (1) all certificates embodying the right to or representing such Securities; and
 - (2) a certified copy of:
 - (A) any regulatory authorisation issued in respect of such Securities; and
 - (B) the Register showing that such Securities are registered in the name of the Grantor;
 - (ii) execute and deliver, or procure the execution and delivery, to the Secured Party (or as it may direct):
 - (1) two (or more if the Secured Party so specifies) Transfer Forms (left undated and with the transferee left blank) in respect of each class or type of such Securities; and
 - (2) a notice (left undated) addressed to the Issuer in the form appearing in Schedule 2 Part A in respect of such Securities (or in such other form specified by the Secured Party); and
 - (iii) use reasonable endeavours to procure that the Issuer promptly gives an acknowledgement to any notice referred to in paragraph (ii)(2) above (once notice is served) in the form also appearing in Schedule 2 Part A (or in such other form specified by the Secured Party).
- (b) When the Grantor executes this Agreement and when it acquires rights in any Securities after it executes this Agreement, it also undertakes, if requested by the Secured Party, to deliver, or to procure delivery, to the Secured Party (or as it may direct) a certified copy of the constitutional documents of the Issuer.

3.4 General

- (a) Any obligation on the Grantor to deliver documents to the Secured Party under this Clause 3 is an obligation to deliver them to the Secured Party or as it may direct.
- (b) The Grantor authorises the Secured Party to complete, date and deliver any notice, delivered by the Grantor to the Secured Party under this Clause 3.

3.5 Transfer of title

The Secured Party may at any time while an Event of Default is continuing and without exercising the power of enforcement:

- (a) complete, date and deliver any Transfer Form; and
- (b) become (or cause its nominee(s) or transferee(s) to become) the registered holder of any Collateral the subject of any Transfer Form.

4. PAYMENT AND VOTING RIGHTS

4.1 General

- (a) The Secured Party is not obliged:
 - (i) if it or its nominee is the registered holder of any Collateral, to enforce payment of any distribution in relation to that Collateral; or
 - (ii) to exercise, or procure the exercise of, any voting rights granted to it under this Clause 4,

and is not liable to the Grantor or any other person for not doing so or for the way in which it does so unless such failure or action arises from gross misconduct or wilful default.

- (b) If the Issuer would, but for Article 2A(7) of the Companies Law, be regarded as a subsidiary of the Secured Party, rights attached to shares of the Issuer held by way of security under this Agreement will, apart from the right to exercise them for the purpose of preserving the value of such shares or of realising the security, be exercisable:
 - (i) only in accordance with the Grantor's instructions; or
 - (ii) where such shares are held in connection with the granting of loans as part of normal business activities, only in the Grantor's interests.
- (c) The Secured Party may give notice in writing to the Grantor that paragraph (b) above will cease to have effect for any period specified in such notice.

4.2 Payment rights

- (a) Subject to the terms of the Transaction Documents, if no Event of Default is continuing the Grantor may retain any cash dividend or other cash income payment paid in respect of the Collateral received by the Grantor or the Secured Party (or its nominee) respectively.

- (b) If an Event of Default is continuing, any distribution payable in respect of the Collateral must be paid to the Secured Party (or as it may direct).

4.3 Voting rights

- (a) Subject to the terms of the Transaction Documents, if no Event of Default is continuing, the Grantor is entitled to exercise any voting rights in respect of the Collateral except in any manner that may be prejudicial to the interests of the Secured Party.
- (b) If an Event of Default is continuing:
 - (i) all voting rights attaching to the Collateral must be exercised by, or at the direction of, the Secured Party;
 - (ii) the Grantor must, and must procure that its nominees, will promptly comply with any directions that the Secured Party may give, as it thinks fit, concerning the exercise of those rights; and
 - (iii) the Grantor hereby irrevocably appoints the Secured Party to be its proxy for these purposes and authorises the Secured Party to complete, sign and deliver on its behalf any proxy forms that the Secured Party may require.

5. REPRESENTATIONS

5.1 Time for making representations

- (a) The Grantor makes each representation in this Clause 5 on the date of this Agreement.
- (b) The Grantor is taken to repeat each representation in this Clause 5 (other than Clause 5.7(f)(iii)) on each date on which:
 - (i) any representation is repeated under the Bond Instrument; and
 - (ii) the Grantor acquires rights in Collateral after it executes this Agreement.
- (c) A representation is repeated by reference to the facts and circumstances existing at the time of repetition.

5.2 Ownership

- (a) Subject to the Jersey Security Interest, the Grantor is the sole legal and beneficial owner of all the Collateral.
- (b) The Collateral is free from any Security Interest (other than the Jersey Security Interest) and any other rights of third parties.
- (c) The Grantor does not owe any sum to the issuer of any investment securities forming part of the Collateral that would entitle such issuer to claim a lien, or to exercise any right of sale or forfeiture, in respect of such investment securities.
- (d) The Grantor has not granted any power of attorney or similar right in relation to any Collateral other than to the Secured Party under this Agreement.

5.3 No conflict

The Grantor's entry into, and the performance of its obligations under, this Agreement do not conflict with:

- (a) any authorisation issued to it or any law, regulation or court order applicable to it;
- (b) the Constitution of any Collateral;
- (c) its constitutional documents; or
- (d) any agreement binding on the Grantor, the Issuer or their respective property.

5.4 No restrictions

- (a) Save as set out in the articles of association of the Issuer and the Investment Agreement governing the affairs of the Issuer, the Collateral is not subject to any:
 - (i) option, pre-emptive right or similar right; or
 - (ii) restriction or prohibition which would delay, prejudice or prevent either:
 - (1) the exercise by the Secured Party or its representatives of any of its rights under, or the enforcement of the security created by, this Agreement; or
 - (2) any transfer of any Collateral to the Secured Party or any transferee under this Agreement.
- (b) The Secured Party does not need to obtain the authorisation of any person to do any of the things referred to in paragraph (a)(ii)(1) and (2) above or any such authorisation has been obtained by the Grantor in writing and it is in full force and effect.

5.5 Securities

- (a) The Securities are duly issued and fully paid and the Grantor is under no liability to the Issuer.
- (b) The certificates embodying the right to or representing the Securities required to be delivered under Clause 3.3 (*Control of Securities*) will, when so delivered, be the only certificates embodying or representing them.
- (c) The Securities do not, by virtue of the articles of association of the Issuer, confer a right of occupation of land in Jersey.

5.6 Agreement

- (a) Subject to bankruptcy laws, laws affecting creditors' rights generally and general principles of equity, the Grantor's obligations under this Agreement are legal, valid, binding and enforceable.
- (b) Provided that the Jersey Security Interest is continuously perfected throughout the Security Period, it:
 - (i) has the priority which it is expressed to have in this Agreement; and

- (ii) is not liable to be avoided or otherwise set aside on the bankruptcy of the Grantor or for any other reason.

5.7 Grantor

- (a) The Grantor is duly incorporated and validly existing under the laws of its jurisdiction of incorporation.
- (b) The Grantor has the power to execute and perform, and has taken all necessary action to authorise its execution and performance of, this Agreement.
- (c) The Grantor is solvent and able to pay its debts as they fall due and it will not become unable to do so as a result of entering into, or performing its obligations under, this Agreement.
- (d) No one has threatened or commenced bankruptcy proceedings against the Grantor and no one has obtained a judgment against it.
- (e) Unless expressly permitted under a Transaction Document, the Grantor is not indebted or under any liability to the Issuer.
- (f) The Grantor:
 - (i) has disclosed in writing to the Secured Party its registered number (if any), its current full name and all previous full names (if any) used or adopted on or after 2 January 2014 and all such names are correctly spelt as they appear in the Grantor's current or former constitutional documents, as the case may be;
 - (ii) has provided the Secured Party with a certified copy of the Grantor's current and, if the Grantor has any previous names, former constitutional documents (unless the Secured Party has confirmed in writing that any are not required); and
 - (iii) is not, at the date of this Agreement, in the process of changing its name.
- (g) The Grantor is not entitled to claim immunity from suit, execution or attachment or other legal process in any proceedings taken in relation to this Agreement.

5.8 Issuer

- (a) The Issuer is a limited liability company, duly incorporated and validly existing under the Companies Law.
- (b) The Issuer is not a company to which the City Code on Takeovers and Mergers applies.

6. UNDERTAKINGS

The Grantor undertakes to the Secured Party as follows.

6.1 General

- (a) The Grantor will promptly pay all calls or other payments and discharge any liens, and will remain liable to observe and perform all obligations, in respect of the Collateral.

- (b) Unless permitted by a Transaction Document or otherwise permitted in writing by the Secured Party, the Grantor will not:
 - (i) create any Security Interest or other interest in the Collateral (other than the Jersey Security Interest) in favour of a third party;
 - (ii) dispose of any Collateral (or any interest in it); or
 - (iii) so far as is within its control do or permit to be done (or omit to do or permit to be done) anything that may:
 - (1) materially reduce the value of the Collateral; or
 - (2) adversely affect the Jersey Security Interest.
- (c) The Grantor will promptly deliver to the Secured Party (or as it may direct) all accounts, notices, reports, statements and other documents relating to the Collateral that it receives.
- (d) The Grantor will promptly disclose to the Secured Party any document or information relating to any Collateral that the Secured Party may demand.
- (e) Unless the Secured Party otherwise agrees in writing, the Grantor will procure the discharge of any financing statement that is registered against it in relation to any Security Interest in the Collateral (other than the Jersey Security Interest).
- (f) The Grantor will, immediately upon demand, deliver to the Secured Party such information and certified copy documents as the Secured Party may require to enable the Secured Party or its representative to register any financing statement or financing change statement pursuant to Clause 3.2 (*Registration*).
- (g) If the Grantor proposes to change its name, the Grantor must give to the Secured Party:
 - (i) written notice of the correct spelling of its new full name not less than five Business Days before the date upon which such change of name takes effect; and
 - (ii) a certified copy of its name change resolution and/or new constitutional documents as soon as practicably possible after the change of name takes effect.
- (h) The Grantor will, promptly on becoming aware of the same, give the Secured Party notice in writing of:
 - (i) any representation set out in Clause 5 (*Representations*) that is incorrect or misleading in any material respect when made or taken to be repeated;
 - (ii) any breach of any undertaking set out in this Clause 6; and
 - (iii) any Event of Default.
- (i) If any Collateral is sold following the exercise of the power of enforcement in accordance with the terms of this Agreement, the Grantor will, if so directed by the Secured Party, deliver a valid receipt for the proceeds of sale to any buyer.

- (j) If any Security Interest (other than the Jersey Security Interest) is created in any Collateral, the Grantor will:
 - (i) exercise its rights under Article 85 (*Secured party to provide information*) of the Security Law in respect of that Security Interest in such manner as the Secured Party may direct in writing; and
 - (ii) deliver a copy of the documents provided to the Grantor under Article 85 to the Secured Party.
- (k) If the Grantor becomes aware of the secured party PIN needed to amend, renew or discharge any financing statement registered by or on behalf of the Secured Party in respect of the Jersey Security Interest, it will promptly notify the Secured Party in writing and it will not amend, renew or discharge any such financing statement.

6.2 Securities

- (a) To the extent that it is within the right of the Grantor, the Grantor will not, without the prior written consent of the Secured Party, take, or permit the taking of, any action that results in:
 - (i) the amendment of the Constitution of, or authorisations issued in relation to, any Securities;
 - (ii) any right or liability attaching to any Securities being varied;
 - (iii) any Securities being cancelled, forfeited, surrendered, consolidated, subdivided, redeemed or repurchased or made the subject of a capital reduction;
 - (iv) any replacement certificates embodying the right to or otherwise representing the Securities being issued;
 - (v) the Issuer merging or consolidating with another entity or continuing as a body incorporated in another jurisdiction;
 - (vi) any Securities from being re-registered in a Register (including an electronic register or an overseas branch register) that is different from the Register in which they were recorded or registered on the date of this Agreement;
 - (vii) the refusal to register the transfer of any Securities lodged for registration by, or on behalf of, the Secured Party or the Grantor in accordance with this Agreement; or
 - (viii) the Issuer being wound-up or declared bankrupt.
- (b) Where no certificate has been issued, the Grantor will promptly obtain a certificate embodying the right to or otherwise representing any Securities if such a certificate can be issued (and comply with Clause 3.3(a) in respect of them).

7. ENFORCEMENT

7.1 When enforceable

The power of enforcement in respect of the Jersey Security Interest becomes exercisable when:

- (a) an Event of Default is continuing at the time notice is served under paragraph (b) below; and
- (b) the Secured Party has served on the Grantor written notice specifying the Event of Default,

but shall cease to be exercisable if such Event of Default is no longer continuing.

7.2 Powers

Subject to Clause 7.4 (*Notice of appropriation or sale*) below, the Secured Party may exercise any power of enforcement set out in Article 43 (*Enforcement*) of the Security Law in relation to all or any part or item of Collateral as many times as the Secured Party thinks fit.

7.3 Exercise of power of sale

Subject to Clauses 7.1 and 7.4, the Secured Party may exercise the power of sale in any way and on such terms as it thinks fit including:

- (a) by auction, public tender, private sale or another method;
- (b) for cash or other valuable consideration;
- (c) that payment of all or part of the purchase price is deferred or is paid in instalments spread over any period (with or without interest or security);
- (d) in one lot or in parcels;
- (e) whether or not in conjunction with the sale of other property;
- (f) with or without special provisions as to title; or
- (g) by sale to the Secured Party or any subsidiary of the Secured Party or any subsidiary of any holding body of the Secured Party.

7.4 Notice of appropriation or sale

Provided that a Notice of Event of Default has been served, the Secured Party may exercise its power of appropriation or sale of any Collateral:

- (a) not less than 14 days after the Secured Party serves written notice of appropriation or sale of that Collateral on:
 - (i) any person who, 21 days before the appropriation or sale, has a registered Security Interest under the Security Law in that Collateral; and

- (ii) any person (other than the Grantor) who has an interest in that Collateral and has, not less than 21 days before the appropriation or sale, given the Secured Party notice of that interest; or
- (b) immediately on or after service of a Notice of Event of Default if:
 - (i) no one is entitled to receive notice of appropriation or sale of that Collateral under paragraph (a) above or every person entitled to such notice has waived that right in writing;
 - (ii) the Collateral to be sold is a quoted investment security;
 - (iii) the Secured Party believes on reasonable grounds that the Collateral to be sold will decline substantially in value if it is not disposed of within 14 days after the relevant Event of Default; or
 - (iv) a Jersey court orders that a notice of sale need not be given.

7.5 Statement of account

- (a) Within 14 days after the day on which any Collateral is appropriated or sold, the Secured Party must give a written statement of account, prepared in accordance with Article 48 (*Secured party to give statement of account to grantor and others*) of the Security Law, to the Grantor and any other person entitled to receive it.
- (b) For the purposes of preparing a statement of account and calculating surplus (if any), if the power of enforcement is exercised in respect of any non-monetary obligation, the **monetary value** of such obligation (for the purposes of Article 51 (*When does a surplus exist?*) of the Security Law) is the loss suffered by the Secured Party as a result of the non-performance of such obligation.
- (c) Where any Collateral is appropriated, the Secured Party owes a duty:
 - (i) to take all commercially reasonable steps to determine the fair market value of the Collateral, as at the time of the appropriation; and
 - (ii) to act in other respects in a commercially reasonable manner in relation to the appropriation.

7.6 Application of proceeds of enforcement

- (a) All moneys or value received or recovered by the Secured Party after the power of enforcement has become exercisable must be applied by it promptly in the following order of priority:
 - (i) in paying or providing for all costs and expenses permitted by law incurred by the Secured Party or its representatives under, or in connection with, this Agreement;
 - (ii) in paying or providing for the Secured Liabilities in such order as the Secured Party may in its discretion determine; and
 - (iii) in paying any surplus to the Grantor or any other person entitled to it and any cash surplus resulting from a credit under clause 7.5(c) shall be payable in cash.

- (b) Paragraph (a) is subject to the payment of any claim having priority over the Jersey Security Interest.

7.7 Payment of surplus into court

The Secured Party may, if it thinks fit, pay any surplus referred to in Clause 7.6 (*Application of proceeds of enforcement*) into court.

7.8 Protection of Secured Party, etc

- (a) To the extent permitted by law, neither the Secured Party nor any representative will be liable for any:
 - (i) conduct, delay, negligence or breach of duty in the exercise or non-exercise of any right or the performance of any obligation or duty under this Agreement or provided by law; or
 - (ii) loss (whether direct, indirect or consequential) that results from anything referred to in paragraph (i),
 unless it arises from deliberate misconduct or deliberate default.
- (b) To the extent permitted by law, in exercising the power of enforcement, the Secured Party will not become liable to pay or discharge the liabilities or obligations of the Grantor in relation to any Collateral (for which the Grantor will remain liable).

7.9 Contingencies

If the power of enforcement is exercised when any of the Secured Liabilities are contingent or future, the Secured Party may pay the proceeds of enforcement into an interest bearing suspense account selected by it while the Secured Liabilities remain contingent or future.

7.10 No restriction on enforcement

The Secured Party is not obliged to marshal, enforce, apply, appropriate, recover or exercise any security, guarantee or other right held by it, or any moneys or property that it holds or is entitled to receive, before the power of enforcement is exercised.

7.11 Credit for value or proceeds realised

The Secured Party is accountable (and the Grantor is entitled to be credited) only for actual value or proceeds realised by the Secured Party arising from the appropriation, sale or other realisation of any Collateral by the Secured Party.

7.12 Liability for shortfall

If the value or proceeds of the appropriation, sale or other realisation of any Collateral are insufficient to discharge the Secured Liabilities in full, the Grantor will remain liable to the Secured Party for any shortfall.

7.13 Prior Security Interests

- (a) In addition to the powers specified in Clause 7.2 (*Powers*), the Secured Party may:
 - (i) redeem any prior Security Interest in any Collateral;

- (ii) procure the transfer of that Security Interest to itself; and/or
 - (iii) settle and approve the accounts of the holder of that Security Interest and any accounts so settled and approved will be, in the absence of manifest error, conclusive and binding on the Grantor.
- (b) All sums paid by the Secured Party to redeem or transfer a prior Security Interest will:
 - (i) be owed by the Grantor to the Secured Party;
 - (ii) be repayable on demand;
 - (iii) bear interest at the Default Rate; and
 - (iv) form part of the Secured Liabilities.

8. POWER OF ATTORNEY

8.1 Grant

The Grantor, under Article 5 (*Powers of attorney given ancillary to security*) of the Powers of Attorney (Jersey) Law 1995, irrevocably and severally appoints the Secured Party and its representatives, successors and assigns to be its attorney (with full power to appoint substitutes and to delegate):

- (a) to complete any document provided to the Secured Party or its representatives under Clause 3 (*Creation of Security Interest*); and
- (b) to take any action and execute all documents that:
 - (i) the Grantor is obliged to take or execute under this Agreement (including by way of further assurance under Clause 9); or
 - (i) the attorney considers necessary or desirable to facilitate the exercise of any right conferred on the Secured Party or its representatives by this Agreement or by law.

8.2 Ratification

The Grantor ratifies and confirms anything that an attorney may do in the proper exercise of the powers conferred by Clause 8.1.

9. FURTHER ASSURANCE

9.1 Further assurance

The Grantor must promptly, at its own cost, take or procure any action the Secured Party (acting reasonably) may require to:

- (a) create, perfect or protect the Jersey Security Interest; and
- (b) facilitate the realisation of any Collateral or the exercise of any right exercisable by the Secured Party or its representatives in respect of any Collateral.

9.2 Actions

The actions referred to in Clause 9.1 (*Further assurance*) above include:

- (a) the execution of:
 - (i) other agreements creating Security Interests in the Collateral in respect of the Secured Liabilities; and
 - (ii) transfers of any Collateral (whether to the Secured Party, its nominee or any transferee); and
- (b) the giving of any consent, notice, order, direction or waiver or the making of any registration,

that the Secured Party considers necessary or desirable (and in such form as the Secured Party may specify).

10. GENERAL PROVISIONS

10.1 Delegation by Secured Party

- (a) The Secured Party or (subject to any limitation in any terms of appointment) its representatives may delegate by power of attorney or in any other manner any right exercisable by it under this Agreement.
- (b) Any delegation may be made on any terms (including the power to sub-delegate), and to any person, the Secured Party or any representative reasonably thinks fit.
- (c) Neither the Secured Party nor any representative will be liable for any loss or liability arising from any act, default, omission or misconduct on the part of any delegate or sub-delegate unless such loss or liability arises from gross misconduct or wilful default.

10.2 Exercise of rights

Every right given to or vested in the Secured Party by or under this Agreement or by law is:

- (a) in addition to, and not a limitation of, any and every other right given to or vested in the Secured Party by this Agreement, any other Transaction Document or by law; and
- (b) exercisable from time to time, at any time at which it may be validly exercised in accordance with this Agreement in any circumstances, without waiving or releasing any other right and as often as the Secured Party thinks fit,

and the Secured Party is, without prejudice to its other rights under this Agreement, entitled (but not bound) at any time, and as often as necessary, to take any such action as it thinks fit for the purpose of protecting the Jersey Security Interest.

10.3 No obligation to perform, etc

Neither the Secured Party nor any of its representatives need, in relation to any Collateral, to:

- (a) perform any obligation of the Grantor;
- (b) make any payment;
- (c) take up any rights;
- (d) enquire as to the nature or sufficiency of any payment received by them; or
- (e) take any action to collect or to enforce the payment of any amount due.

10.4 Discretion and consent

Unless expressly stated otherwise, the Secured Party and any of its representatives may:

- (a) give or withhold or give conditionally any approval or consent;
- (b) be satisfied or not satisfied as to any matter or thing;
- (c) form any opinion; and
- (d) exercise any right,

in its sole and absolute discretion having regard to the interests of the Secured Party alone.

10.5 Payment of Grantor's liabilities

- (a) If the Grantor has failed to do so, the Secured Party may pay any liability of the Grantor in relation to the Collateral.
- (b) All sums paid by the Secured Party under paragraph (a) will:
 - (i) be repayable on demand;
 - (ii) bear interest from the date of payment at the Default Rate; and
 - (iii) form part of the Secured Liabilities.

10.6 Certificate conclusive

Any certificate or determination by the Secured Party as to:

- (a) the amount of all or part of the Secured Liabilities; and
- (b) the amount of its costs and expenses for the purposes of Clause 14.1 (*Costs and expenses*) below,

is, in the absence of manifest error, conclusive.

10.7 Change in Secured Party

This Agreement will remain valid and enforceable despite any change in the name, composition or constitution of the Secured Party or any merger, amalgamation or consolidation by the Secured Party with any other body corporate (including by way of universal succession).

10.8 Currency conversion

- (a) The Secured Party may convert any moneys received, recovered or realised by it under this Agreement from their existing currency into any other currency it thinks fit.
- (b) Any conversion will be made at a market rate and any commissions or charges payable in respect of the conversion will form part of the Secured Liabilities.

10.9 Protection of third parties

No person (including a buyer) dealing with the Secured Party or its representatives needs to enquire as to:

- (a) whether an Event of Default is continuing;
- (b) whether any of the Secured Liabilities have become due or payable;
- (c) whether any power that any of them is attempting to exercise has become exercisable or is being properly exercised; or
- (d) how any moneys paid to the Secured Party will be applied.

10.10 Grantor waivers

The Grantor irrevocably and unconditionally waives its right to:

- (a) receive a copy of any verification statement relating to the Jersey Security Interest;
- (b) receive notice of appropriation or sale of any Collateral; and
- (c) reinstate this Agreement under Article 54 (*Entitled persons may redeem collateral; grantor may reinstate agreement*) of the Security Law.

10.11 Partial invalidity

If any provision of this Agreement becomes illegal, invalid or unenforceable in any jurisdiction, this will not affect the legality, validity or enforceability in:

- (a) that jurisdiction of any other provision of this Agreement; or
- (b) any other jurisdiction of that or any other provision of this Agreement.

10.12 Time of the essence

Time is of the essence for the performance by the Grantor of its obligations under the Transaction Documents.

10.13 Amendment

No amendment of this Agreement will be valid unless it is in writing signed by or on behalf of each party to this Agreement.

10.14 Payments by Grantor

- (a) All payments to be made by the Grantor under this Agreement will be made without any withholding, set-off, cross-claim or other deduction of any kind, except as required by law.
- (b) If the Grantor is required by any applicable law to deduct any amount (whether on account of tax or otherwise) from any payment under this Agreement, it must pay any additional amount that is necessary to ensure that the Secured Party receives an amount equal to the original payment before any deduction, except to the extent that the payment itself already includes an adjustment to compensate the Secured Party.

11. PRESERVATION OF SECURITY**11.1 Security continuing**

- (a) The security created by this Agreement is continuing security for, and will extend to the ultimate balance of, the Secured Liabilities regardless of any intermediate payment or discharge in whole or in part.
- (b) While all or part of a payment made or other value given by the Grantor or a surety to the Secured Party is liable to avoidance it shall not be effective to extinguish or reduce the Secured Liabilities.

11.2 Security independent

The security created by this Agreement:

- (a) is independent of and in addition to; and
- (b) will not merge with, be prejudicially affected by, or prejudicially affect,

any other Security Interest or guarantee for any of the Secured Liabilities now or subsequently held by the Secured Party or its representatives.

11.3 Rights cumulative

- (a) The rights of the Secured Party and any representative under this Agreement:
 - (i) may be exercised as often as it thinks fit;
 - (ii) are cumulative and not exclusive of its rights provided by law; and
 - (iii) may be waived only in writing and expressly.
- (b) Any delay in exercising, or the non-exercise of, any right is not a waiver of that right.
- (c) Any single or partial exercise of any right does not prevent any other exercise of that or any other right.

11.4 Reinstatement

- (a) If any:

(i) release (whether in respect of the obligations of the Grantor or any security for those obligations or otherwise); or

(ii) arrangement,

is made in whole or part on the faith of any payment, security or other disposition which is reduced, avoided or liable to be reduced or avoided by any insolvency, breach of duty or otherwise, the liability of the Grantor under, and the security created by, this Agreement will continue or be reinstated as if the release or arrangement had not occurred.

(b) The Secured Party may if acting reasonably concede or compromise any claim that any payment, security or other disposition is liable to be avoided or restored.

(c) This Clause 11.4 will continue to apply after this Agreement has been released.

11.5 Waiver of defences

The obligations of the Grantor under this Agreement will not be affected by any act, omission, matter or thing that, but for this Clause 11.5, would reduce, release or prejudice any liability or obligation of the Grantor under this Agreement (whether or not known to it), including:

- (a) any time, waiver, concession, consent or indulgence granted to any person;
- (b) the release of any person under any composition or arrangement;
- (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 the property of any person;
- (d) any non-presentation or non-observance of any formality or other requirement in respect of any document;
- (e) any failure to realise the full value of any security unless such failure or action arises from gross misconduct or wilful default;
- (f) any incapacity or lack of power, authority or legal personality, or dissolution or change in the members or status, of any person;
- (g) any amendment of any Transaction Document or other document or security;
- (h) any unenforceability, illegality, invalidity or non-provability of any obligation of any person under any Transaction Document or other document or security; and
- (i) any bankruptcy proceedings.

11.6 Grantor intent

Without prejudice to the generality of Clauses 11.5, 11.7 and 11.8, the Grantor expressly confirms that it intends that the Jersey Security Interest and its obligations under this Agreement will extend from time to time to any (however fundamental and whether or not more onerous) transfer, variation, increase, extension or addition of or to any of the Transaction Documents and/or any facility or amount made available under any of the Transaction Documents for the purposes of or in connection with any of the following:

- (a) acquisitions of any nature;

- (b) increasing working capital;
- (c) enabling investor distributions to be made;
- (d) carrying out restructurings;
- (e) refinancing existing facilities;
- (f) refinancing any other indebtedness;
- (g) making facilities available to new borrowers;
- (h) any other variation or extension of the purposes for which any such facility or amount might be made available from time to time; and
- (i) any fees, costs and/or expenses associated with any of the foregoing.

11.7 Further advances

The Jersey Security Interest and the Secured Liabilities will extend to and include:

- (a) unlimited further advances (whether or not made under any Transaction Document and whether or not they are in the contemplation of the Grantor or the Secured Party when this Agreement is executed);
- (b) all liabilities and obligations pursuant to any Transaction Document notwithstanding any assignment, transfer or amendment thereof; and
- (c) to the extent permitted by law, all debts and liabilities of the Grantor assigned by a third party to the Secured Party.

11.8 Immediate recourse

To the extent permitted by law, the Grantor irrevocably and unconditionally waives any right it may have (by virtue of the *droit de discussion*, the *droit de division* or otherwise) of first requiring that:

- (a) the Secured Party:
 - (i) claims payment from any person;
 - (ii) commences proceedings against any person or its property;
 - (iii) makes or files any claim or proof in a bankruptcy or dissolution of any person; or
 - (iv) enforces any other right or security,
 before bringing a claim against the Grantor under this Agreement or any other Transaction Document; and
- (b) any liability under this Agreement or any other Transaction Document be divided or apportioned with any other person or reduced in any manner.

11.9 Appropriations

Until the Security Period has ended, the Secured Party may, without affecting the obligations of the Grantor under this Agreement:

- (a) refrain from applying or enforcing any moneys, property, security or rights held or received by it or apply or enforce them in any manner or order it thinks fit (whether against the Secured Liabilities or otherwise); and
- (b) hold in an interest bearing suspense account selected by the Secured Party any moneys received from the Grantor or on account of the Secured Liabilities.

11.10 No competition

- (a) Until the Security Period has ended, the Grantor may not (unless the Secured Party directs it to do so in writing) after any claim has been made against it, or because of any payment or performance by it, under this Agreement:
 - (i) be subrogated to any rights, security or moneys held, received or receivable by the Secured Party or its representatives;
 - (ii) be entitled to any right of contribution or indemnity in respect of any payment made or moneys received on account of the Secured Liabilities;
 - (iii) claim, rank, prove or vote as a creditor of any person or any person's estate in competition with the Secured Party or its representatives in respect of the Secured Liabilities; or
 - (iv) receive, claim or have the benefit of any payment, distribution or security from, or on account of, a debtor of the Secured Party or exercise any right of set-off against a debtor of the Secured Party in respect of the Secured Liabilities.
- (b) The Grantor must promptly pay or transfer to the Secured Party (and, pending payment or transfer, it will hold on trust for the Secured Party):
 - (i) any payment, distribution or benefit of security received; and
 - (ii) an amount equal to any right of set-off exercised,
 by the Grantor contrary to this Clause 11.10.

11.11 Dealing

For the purposes of Article 24 (*Continuation of security interests in proceeds*) of the Security Law, unless expressly provided in this Agreement, the Secured Party does not authorise the Grantor or any other person to deal with the Collateral and any such dealing is prohibited.

11.12 Change demands

The Grantor must not, during the Security Period, serve a demand under Article 75 (*Demand for registration of financing change statement*) of the Security Law for the discharge of any financing statement registered by the Secured Party under or in connection with this Agreement.

12. SET-OFF**12.1 General**

- (a) The Secured Party may set-off any matured obligation due from the Grantor under this Agreement against any matured obligation owed to the Grantor, regardless of the place of payment, booking branch or currency of either obligation.
- (b) If the obligations are in different currencies, the Secured Party may convert either obligation at a market rate of exchange for the purposes of the set-off.
- (c) Where any obligation of the Grantor under any Transaction Document is a contingent obligation, the Secured Party may, while an Event of Default is continuing, withhold payment of any sum owed by the Secured Party to the Grantor until the contingent obligation becomes a mature obligation or ceases to exist.

13. TRANSFER**13.1 By Secured Party**

- (a) The Secured Party may assign, transfer or grant a participation in all or any of its rights and/or obligations under this Agreement and the Jersey Security Interest.
- (b) To the extent permitted by law, on assignment or transfer under paragraph (a), any debts and liabilities owed by the Grantor to the assignee or transferee incurred before or after the assignment or transfer will form part of the Secured Liabilities.
- (c) The Secured Party may disclose any information regarding the Grantor, the Secured Liabilities or the Collateral to any potential assignee or transferee.

13.2 By Grantor

The Grantor may not assign or transfer any of its rights and/or obligations under this Agreement without the prior written consent of the Secured Party.

13.3 Financing change statement

If all or part of the Jersey Security Interest is transferred, the Secured Party or its representative may register a financing change statement to reflect the transfer without any consent of the Grantor.

14. COSTS, EXPENSES AND INDEMNITY

14.1 Costs and expenses

The Grantor must immediately on demand repay (on a full indemnity basis) all costs and expenses of any kind incurred by the Secured Party or its representatives in connection with:

- (a) the creation, perfection or registration of the security intended to be created by this Agreement;
- (b) the protection, preservation, enforcement or attempted protection, preservation or enforcement of any of the Secured Party's rights under this Agreement;
- (c) responding to, evaluating, negotiating and complying with a request by the Grantor for an amendment of, or waiver or consent in relation to, this Agreement;
- (d) complying with or objecting to a demand made under Article 75 (*Demand for registration of financing change statement*) of the Security Law, defending any proceedings instituted by the Grantor under Article 77 (*Court order*) of the Security Law or instituting proceedings under Article 86 (*Exemption from Article 85*) of the Security Law;
- (e) the exercise, or attempted exercise, of any right under this Agreement;
- (f) the conversion of an amount denominated in one currency into another in respect of the Secured Liabilities;
- (g) the breach by the Grantor of any of its obligations under this Agreement;
- (h) any proceedings to recover the Secured Liabilities; and
- (i) the valuation of any Collateral while an Event of Default is continuing.

14.2 Indemnity

The Grantor must immediately on demand keep the Secured Party and each of its representatives (each, an **Indemnified Person**) fully indemnified against any cost, expense, loss, liability or claim, whether arising in contract, tort or otherwise, incurred by, or made against, any Indemnified Person in connection with this Agreement including:

- (a) anything referred to in Clause 14.1 (*Costs and expenses*);
- (b) having possession or control of or title to any Collateral;
- (c) acting or relying on any notice, request or instruction that the Secured Party reasonably believes to be genuine, correct and appropriately authorised by the Grantor;
- (d) any information provided by or on behalf of the Grantor to the Secured Party or its representatives for the purposes of enabling the Secured Party or its representatives to register a financing statement or financing change statement being seriously misleading; and
- (e) investigating any event that the Secured Party believes is an Event of Default,

unless such failure or action arises from gross misconduct or wilful default.

14.3 Limitation

- (a) The Grantor's obligations to repay the costs of enforcement under Clause 14.1 (*Costs and expenses*) or to indemnify an Indemnified Person in respect of the costs of enforcement under Clause 14.2 (*Indemnity*) (but not otherwise) are limited to reasonable costs of enforcement.
- (b) The indemnity in Clause 14.2 (*Indemnity*) does not apply to any cost, expense, loss, liability or claim arising as a result of any Indemnified Person's deliberate misconduct or deliberate default.

14.4 Trust of benefit of indemnity

The Secured Party will hold the benefit of the indemnity given to its representatives in Clause 14.2 (*Indemnity*), and the sums recovered under the indemnity for them, on trust for them.

14.5 Default interest

If the Grantor fails to pay any amount under this Clause 14 within three Business Days of service of a demand, the Grantor must pay the Secured Party interest on that unpaid amount at the Default Rate.

14.6 Survival

This Clause 14 will continue to apply after the release of this Agreement.

15. RELEASE

15.1 Partial release

The Secured Party may, in its discretion, execute a partial release of any Collateral from this Agreement on such terms as it thinks fit.

15.2 Final release

Subject to Clause 11.4 (*Reinstatement*), at the end of the Security Period, the Secured Party must (at the request and cost of the Grantor) take any action reasonably necessary to release the Jersey Security Interest.

15.3 Amendment or discharge of registration

The Secured Party or its representative may file a financing change statement to reflect any partial or final release of this Agreement without the consent of the Grantor.

16. NOTICES

16.1 In writing

- (a) Any communication to be made under this Agreement:
 - (i) must be in writing in English;
 - (ii) may be given in person, by registered or recorded post, fax or by email;

and

- (iii) shall be delivered to the address, email address or fax number and marked for the attention of the person (if any) from time to time designated for that purpose in or pursuant to Clause 16.2 below.

(b) The:

- (i) Grantor may serve a demand under Article 75 (*Demand for registration of financing change statement*) of the Security Law; and
- (ii) Secured Party may serve notice of objection under Article 76 (*Procedure where no compliance with demand*) of the Security Law,

by way of the security interests register maintained by the Jersey Registrar of Companies under the Security Law but must also serve such demand or notice in accordance with paragraph (a) (other than by email).

16.2 Contact details

- (a) The contact details of the Grantor for this purpose are as may be provided by the Grantor for inclusion in any financing statement or financing change statement registered by the Secured Party in respect of the Jersey Security Interest and (if different):

Registered Office or Main Business Address: 4 Hill Street, London W1J 5NE

Address for service: C/o Tulloch & Co, 4 Hill Street, London W1J 5NE

Fax: + 44 20 73181150

Email address: atulloch@atulloch.com

Addressee: Attn Alastair Tulloch

or any substitute registered office or main business address, address for service, fax number, email address and addressee for service that the Grantor may by not less than ten Business Days' notice specify.

- (b) The contact details of the Secured Party for this purpose are:

Registered Office or Main Business Address: 13-14 Esplanade, St Helier, Jersey JE1 1EE

Address for service: 13-14 Esplanade, St Helier, Jersey JE1 1EE

Email address: bookretail@estera.com

Addressee: The Directors, Estera Trust (Jersey) Limited

or any substitute registered office or main business address, address for service, fax number, email address and addressee for service that the Secured Party may by not less than five Business Days' notice specify.

16.3 Delivery

- (a) Any communication under this Agreement will be taken to be given:
 - (i) if delivered in person or left at an address, at the time it is delivered or left;
 - (ii) if it is sent by post, two Business Days after being deposited in the post in a correctly addressed envelope with the postage pre-paid;
 - (iii) if by fax, when the transmission has been successfully completed; and
 - (iv) if by email, when it is received in legible form.
- (b) If any such communication is delivered or received, or is taken to have been delivered or received, after 5 pm or on a day which is not a Business Day in the place of delivery, it will be taken not to have been delivered or received until the next Business Day in that place.

17. COUNTERPARTS

This Agreement may be executed in any number of counterparts. This has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

18. GOVERNING LAW, JURISDICTION AND WAIVER OF IMMUNITY**18.1 Governing law**

This Agreement is governed by, and is to be construed in accordance with, Jersey law.

18.2 Jurisdiction

- (a) The courts of Jersey have jurisdiction to settle any dispute or claim arising under or in connection with this Agreement and the Grantor irrevocably submits to the jurisdiction of those courts.
- (b) Subject to any applicable law:
 - (i) nothing contained in this Clause 18 prevents the Secured Party from bringing proceedings against the Grantor in any other court of competent jurisdiction; or
 - (ii) if the Secured Party brings proceedings against the Grantor in one jurisdiction, this does not prevent the Secured Party from bringing proceedings (whether or not concurrent) against the Grantor in any other jurisdiction.
- (c) The Grantor irrevocably and unconditionally waives any:
 - (i) objection that it may have at any time to any proceedings being brought against it in any court referred to in this Clause 18; and
 - (ii) claim that any of those proceedings have been commenced in an inconvenient forum.

- (d) The Grantor unconditionally agrees that a judgment in any proceedings brought in any court referred to in this Clause 18 will be conclusive and binding on the Grantor and may be enforced in the courts of any other jurisdiction.

18.3 Waiver of immunity

The Grantor irrevocably and unconditionally:

- (a) confirms that its entry into, and performance of its obligations under, this Agreement are not an exercise of sovereign authority;
- (b) agrees not to claim any immunity from proceedings brought by the Secured Party against it in connection with this Agreement and to ensure that no such claim is made on its behalf; and
- (c) waives all rights of immunity in respect of:
 - (i) relief by way of injunction or order for specific performance or for the recovery of property;
 - (ii) any process for the enforcement of a judgment; and
 - (iii) the arrest, detention or sale of its property (irrespective of its use or intended use).

19. PROCESS AGENT

In addition to any other means of service allowed by law, the Grantor:

- (a) must:
 - (i) irrevocably appoint Estera Trust (Jersey) Limited (Attention: The Directors) of 13-14 Esplanade St Helier Jersey JE1 1EE (with fax number +44 (0) 1534 818445) as its agent for service of process in any proceedings before the Jersey courts in connection with this Agreement; and
 - (ii) deliver to the Secured Party a copy of Estera Trust (Jersey) Limited's acceptance of their appointment.
- (b) agrees that, if a process agent is not appointed under paragraph (a), the Secured Party may appoint a process agent on the Grantor's behalf;
- (c) agrees that, if a process agent appointed under paragraph (a) ceases to act in that capacity or no longer has an address in Jersey, the Grantor must:
 - (i) appoint a substitute process agent acceptable to the Secured Party within five Business Days; and
 - (ii) deliver to the Secured Party a copy of the new process agent's acceptance of that appointment,

and failing this, the Secured Party may appoint another agent on the Grantor's behalf; and
- (d) agrees that the failure by a process agent to notify it of any proceedings will not invalidate those proceedings.

Schedule 1 The Securities

Identity of the Issuer	Book Retail Topco Limited a company incorporated in Jersey with registered number 126185 and whose registered office is at 13-14 Esplanade, St Helier, Jersey JE1 1EE
Type of investment security	Shares
Class of investment security and nominal value (if relevant)	Class: B ordinary shares Nominal value: £0.01
Amount paid up (if any) and amount unpaid (if any) on each investment security	Fully Paid
If the investment securities are certificated, the certificate number(s)	10, 11, 24 and 29
Number of investment securities	390,203

Schedule 2 Notices

Part A - Securities Form of Registration Notice

To: **Book Retail Topco Limited** registered in Jersey, Channel Islands with no.126185 (the **Issuer**);

From: **Lynwood Retail UK Limited** of 4 Hill Street, London W1J 5NE (the **Grantor**);

And From: **Book Retail Bondco Limited** of 13-14 Esplanade, St Helier, Jersey JE1 1EE acting as security trustee for the Secured Parties (the **Secured Party**).

Dear Sirs

Security agreement dated _____ between the Grantor and the Secured Party (the Security Agreement)

We hereby notify you that, under the Security Agreement, the Grantor has granted a security interest (the **Security Interest**) in favour of the Secured Party in, among other things, *[number]* *[class]* shares of *[nominal value]* in the share capital of the Issuer and the Grantor's other investment securities in the Issuer from time to time (the **Securities**).

Terms defined in the Security Agreement have the same meaning in this Registration Notice (unless otherwise defined).

We each irrevocably instruct you as follows.

1. To disclose promptly to the Secured Party any information relating to the Securities requested from you by the Secured Party.
2. To register immediately the transfer(s) of the securities made pursuant to the share transfer form(s) attached to this registration notice.

You may comply with the instructions in this Registration Notice without any further permission from us or enquiry by you.

The instructions in this Registration Notice override any previous agreement or understanding to the contrary between you and the Grantor. They apply until the Secured Party notifies you in writing that they are revoked.

Please confirm your agreement to the terms of this Registration Notice by signing and delivering the attached Acknowledgement to the Secured Party.

This Registration Notice may be executed in any number of counterparts. This has the same effect as if the signatures on the counterparts were on a single copy of this Registration Notice.

This Registration Notice is governed by, and is to be construed in accordance with, Jersey law.

Yours faithfully

Date:

.....
For and on behalf of
Lynwood Retail UK Limited

.....
For and on behalf of
Secured Party

**Securities
Form of Registration Acknowledgement**

To: **Book Retail Bondco Limited** acting as security trustee for the Secured Parties (the **Secured Party**);

And to: **Lynwood Retail UK Limited** of 4 Hill Street, London W1J 5NE (the **Grantor**);

From: **Book Retail Topco Limited** registered in Jersey, Channel Islands with no.126185 (the **Issuer**).

Dear Sirs

Security agreement dated _____ between the Grantor and the Secured Party (the Security Agreement)

We refer to the registration notice dated [•] of the Security Interest in the Securities created by the Security Agreement (the **Registration Notice**).

Terms defined in the Registration Notice have the same meaning in this Registration Acknowledgement.

We confirm as follows.

1. We accept, and agree to comply with, the instructions contained in the Registration Notice.
2. We have registered the transfer(s) of the Securities specified in the share transfer form(s) attached to the Registration Notice in our register of members.
3. We have not received notice of any interest (including any security interest) of any third party in the Securities.
4. We do not and will not claim or exercise any security interest, set-off, cross-claim, lien, right of forfeiture or other similar right in respect of the Securities.
5. This Registration Acknowledgement is governed by, and is to be construed in accordance with, Jersey law.
6. The courts of Jersey have jurisdiction to settle any dispute or claim arising under or in connection with the Registration Notice or this Registration Acknowledgement and we irrevocably submit to the jurisdiction of those courts.
7. In connection with the Registration Notice or this Registration Acknowledgement, we irrevocably and unconditionally:
 - (a) agree not to claim any immunity from proceedings brought by the Secured Party against us and to ensure that no such claim is made on our behalf; and
 - (b) waive all rights of immunity in respect of:
 - (i) relief by way of injunction or order for specific performance;
 - (ii) any process for the enforcement of a judgment; and
 - (iii) the sale or transfer of the Securities by the Grantor or the Secured Party (or its nominees or attorneys) to any transferee.

Yours faithfully

Date:

.....
For and on behalf of
Book Retail Topco Limited

SIGNATORIES

This Agreement has been entered into on the date stated at the beginning of this Agreement.

GRANTOR

SIGNED for and on behalf of **Lynwood Retail
UK Limited**



SECURED PARTY

SIGNED for and on behalf of **Book Retail
Bondco Limited**

SIGNATORIES

This Agreement has been entered into on the date stated at the beginning of this Agreement.

GRANTOR

SIGNED for and on behalf of **Lynwood Retail
UK Limited**

SECURED PARTY

SIGNED for and on behalf of **Book Retail
Bondco Limited**

A handwritten signature in black ink, appearing to be 'A. C. Gray', written over a large, empty circular stamp or placeholder.