



Registration of a Charge

Company name: **COLONIAL CAPITAL LTD**

Company number: **07849082**



X31NA9TL

Received for Electronic Filing: **13/02/2014**

Details of Charge

Date of creation: **10/02/2014**

Charge code: **0784 9082 0026**

Persons entitled: **EACH OF THE PERSONS HOLDING, FROM TIME TO TIME, ANY BOND OR NOTE ISSUED BY THE COMPANY**

Brief description: **ALL ASSETS, PROPERTY AND UNDERTAKING FOR THE TIME BEING SUBJECT TO ANY SECURITY CREATED BY THIS DEED.**

Contains fixed charge(s).

Notification of addition to or amendment of charge.

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: **DAVENPORT LYONS**



CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 7849082

Charge code: 0784 9082 0026

The Registrar of Companies for England and Wales hereby certifies that a charge dated 10th February 2014 and created by COLONIAL CAPITAL LTD was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 13th February 2014 .

Given at Companies House, Cardiff on 14th February 2014



Companies House



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES

10 FEBRUARY 2014

FIXED CHARGE OVER SHARES

between

**COLONIAL CAPITAL LTD
(AS CHARGOR)**

in favour of

**EACH HOLDER OF BONDS ISSUED BY THE COMPANY
(AS CHARGEES)**

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SCHEDULE

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THIS DEED is dated 10 February 2014

PARTY

- (1) **COLONIAL CAPITAL LIMITED** incorporated and registered in England and Wales with company number 07849082 whose registered office is at Suite 14, The Aquarium, 101 Lower Anchor Street, Chelmsford, Essex CM2 0AU (**Company**).

BACKGROUND

- (A) Each Chargee has acquired bonds issue by the Company for the purpose of financing the acquisition and development of residential real estate in the United States and generally within the Chicago area.
- (B) Under this deed, the Company provides security to the Chargees for the Bonds acquired by them.

AGREED TERMS

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

The following definitions apply in this deed:

Bonds: any bonds or loan notes issued by the Company to any of the Chargees.

Business Day: a day other than a Saturday, Sunday or public holiday in England when banks in London are open for business.

Chargee: each of the persons holding, from time to time, any bond or note issued by the Company.

Financial Collateral: has the meaning given to that expression in the Financial Collateral Regulations.

Financial Collateral Regulations: the Financial Collateral Arrangements (No 2) Regulations 2003 (*SI 2003/3226*).

Investments: the certificated shares and securities currently owned by the Company in Colonial Capital LLC, and all other certificated shares and securities from time to time legally and beneficially owned by the Company or in which the Company has an interest.

majority of the Chargees: means Chargees holding 51% or more of the principal amount outstanding of all Bonds from time to time.

Related Rights: any:

- (a) dividend, interest or other distribution paid or payable in relation to any of the Investments; and

- (b) right, money, shares or property accruing, offered or issued at any time in relation to any of the Investments by way of redemption, substitution, exchange, conversion, bonus, preference or otherwise, under option rights or otherwise.

Secured Assets: all the assets, property and undertaking for the time being subject to any Security created by this deed.

Secured Liabilities: all present and future monies, obligations and liabilities owed by the Company to the Chargees, whether actual or contingent and whether owed jointly or severally, as principal or surety or in any other capacity whatsoever, under or in connection with any Bond or this deed (including, but not limited to those arising under clause 5.1, clause 12.1 or clause 18.3), together with all interest accruing on such monies and liabilities.

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

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

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

Warranties: the representations and warranties set out in Schedule 1.

1.2 Interpretation

In this deed:

- (a) clause and Schedule headings shall not affect the interpretation of this deed;
- (b) a reference to a **person** shall include a reference to an individual, firm, company, corporation, partnership, unincorporated body of persons, government, state or agency of a state or any association, trust, joint venture or consortium (whether or not having separate legal personality) and that person's personal representatives, successors, permitted assigns and permitted transferees;
- (c) unless the context otherwise requires, words in the singular shall include the plural and in the plural shall include the singular;
- (d) unless the context otherwise requires, a reference to one gender shall include a reference to the other genders;
- (e) a reference to a party shall include that party's successors, permitted assigns and permitted transferees;
- (f) a reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time;

- (g) a reference to a statute or statutory provision shall include all subordinate legislation made from time to time under that statute or statutory provision;
- (h) a reference to **this deed** (or any provision of it) or to any other agreement or document referred to in this deed is a reference to this deed, that provision or such other agreement or document as amended (in each case, other than in breach of the provisions of this deed) from time to time;
- (i) unless the context otherwise requires, a reference to a clause or Schedule is to a clause of, or Schedule to, this deed and a reference to a paragraph is to a paragraph of the relevant Schedule;
- (j) any words following the terms **including, include, in particular, for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms;
- (k) a reference to an **amendment** includes a novation, re-enactment, supplement or variation (and **amended** shall be construed accordingly);
- (l) a reference to **assets** includes present and future properties, undertakings, revenues, rights and benefits of every description;
- (m) a reference to **determines** or **determined** means, unless the contrary is indicated, a determination made at the absolute discretion of the person making it; and
- (n) a reference to an **investment** includes stocks, shares, loan capital, securities, bonds, warrants or any other investment.

2. COVENANT TO PAY

The Company shall on demand pay to the Chargees and discharge the Secured Liabilities when they become due.

3. GRANT OF SECURITY

As continuing security for the payment and discharge of the Secured Liabilities, the Company with full title guarantee charges to the Chargees, by way of first fixed charge, the Investments and all Related Rights.

4. DEPOSIT OF TITLE DOCUMENTS

4.1 Deposit

The Company shall:

- (a) on the request of the majority of the Chargees, deposit, all stock or share certificates or other documents of title to or representing the Secured Assets owned by the Company at that time; and

- (b) on the purchase or acquisition by it of Secured Assets after the date of this deed, upon the request of the majority of the Chargees, deposit with such person as the majority of the Chargees shall nominate, all stock or share certificates or other documents of title to, or representing, such Secured Assets;

together with such executed blank transfers or assignments as the majority of the Chargees may require so that the Chargees may at any time after this deed has become enforceable without notice present them for registration.

4.2 No nominations

The Company shall not, during the Security Period, exercise any rights to nominate any person (other than the Chargees) to enjoy or exercise any rights relating to any of the Secured Assets; provided that until an enforcement event has occurred that is continuing in accordance with the terms hereof, the Company shall be entitled to receive and have the benefit of any Related Rights.

4.3 Further assurance

The Company shall, at the direction of the majority of the Chargees given at any time, forthwith execute and deliver to the Chargees all transfers and other documents and do all such things as may be necessary or desirable:

- (a) to register all or any of the Secured Assets in the name of the Chargees or its nominee;
- (b) for creating, registering, perfecting, maintaining or protecting the security created by this deed;
- (c) for creating a fixed charge over any of the Secured Assets; or
- (d) to facilitate the realisation of all or any of the Secured Assets after this deed has become enforceable, or the exercise of any right, power or discretion vested in the Chargees in relation to any Secured Assets or this deed.

5. PROTECTION OF SECURITY

5.1 Payment of calls

Notwithstanding the security created by this deed, the Company shall promptly pay all calls, instalments and other payments due on any of the Secured Assets, failing which the Chargees may, at their discretion but without obligation, make such payments on behalf of the Company.

5.2 Payments by Chargees

Any sum paid by the Chargees on behalf of the Company under clause 5.1:

- (a) shall be reimbursed by the Company on demand by the relevant Chargees on a full indemnity basis;
- (b) is, pending reimbursement, secured by this deed and may be debited to any account of the Company as the relevant Chargees deem fit; and
- (c) shall bear interest accruing daily in arrear from the date of its payment at the default rate of interest specified in the relevant Bond Purchase Agreement.

6. LIABILITY OF THE COMPANY

6.1 Liability not discharged

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

- (a) any Security, guarantee, indemnity, remedy or other right held by or available to the Chargees being or becoming wholly or partially illegal, void or unenforceable on any ground;
- (b) the Chargees renewing, determining, varying or increasing any facility or other transaction in any manner or concurring in, accepting or varying any compromise, arrangement or settlement or omitting to claim or enforce payment from any other person; or
- (c) any other act or omission which but for this provision might have discharged or otherwise prejudiced or affected the liability of the Company.

6.2 Immediate recourse

The Company waives any right it may have of requiring the Chargees to:

- (a) enforce any security or other right; or
- (b) claim any payment from or otherwise proceed against any other person;

before enforcing this deed against the Company.

7. REPRESENTATIONS AND WARRANTIES

The Warranties are made by the Company on the date of this deed, and shall be deemed to be repeated on each day of the Security Period with reference to the facts and circumstances then existing.

Any sum paid by the Chargees on behalf of the Company under clause 5.1:

- (a) shall be reimbursed by the Company on demand by the relevant Chargees on a full indemnity basis;
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- (a) any Security, guarantee, indemnity, remedy or other right held by or available to the Chargees being or becoming wholly or partially illegal, void or unenforceable on any ground;
- (b) the Chargees renewing, determining, varying or increasing any facility or other transaction in any manner or concurring in, accepting or varying any compromise, arrangement or settlement or omitting to claim or enforce payment from any other person; or
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7. REPRESENTATIONS AND WARRANTIES

The Warranties are made by the Company on the date of this deed, and shall be deemed to be repeated on each day of the Security Period with reference to the facts and circumstances then existing.

8. COMPANY COVENANTS

The Company covenants with the Chargees during the Security Period in the terms set out in Schedule 2.

9. RIGHTS OF THE CHARGEES

9.1 Post-enforcement rights

After the security constituted by this deed has become enforceable:

- (a) all dividends, interest and other distributions paid in respect of the Secured Assets and received by or on behalf of the Company shall be held on trust for the Chargees and immediately paid into an account designated by the Chargees or, if received by the Chargees, may be applied by the Chargees as though they were the proceeds of sale; and
- (b) all voting and other rights and powers attaching to the Secured Assets that may be exercised by a person in whose name the Secured Assets are registered shall be exercised by, or at the direction of, the Chargees, and the Company shall, and shall procure that its nominees shall, comply with any directions the Chargees may, in its absolute discretion, give concerning the exercise of those rights and powers.

9.2 Protection of interests

The powers conferred on the Chargees by this deed are solely to protect its interests in the Secured Assets and shall not impose any duty on the Chargees to exercise any of those powers.

9.3 No duties

The Chargees shall not, in respect of any of the Secured Assets, have any duty or incur any liability for:

- (a) ascertaining or taking action in respect of any calls, instalments, conversions, exchanges, maturities, tenders or other matters relating to any Secured Assets or the nature or sufficiency of any payment whether or not any of the Chargees has or is deemed to have knowledge of such matters; or
- (b) taking any necessary steps to preserve rights against prior parties or any other rights relating to any of the Secured Assets.

9.4 Exclusion of liability

The Chargees shall not be liable to account as a mortgagee in possession in respect of the Secured Assets, and shall not be liable in connection with the Secured Assets for:

- (a) any loss on realisation;
- (b) any failure to present any interest coupon or any bond or stock drawn for repayment;
- (c) any failure to pay any call or instalment;
- (d) the acceptance of any offer or the notification of the Company of any such offer;
- (e) any failure to ensure that the correct amounts are paid or received in respect of the Secured Assets;
- (f) any negligence or default by any of their nominees; or
- (g) any other loss of any nature whatsoever.

10. POWERS OF THE CHARGEES

10.1 Power to remedy

The Chargees shall be entitled (but shall not be bound) to remedy a breach at any time by the Company of any of its obligations contained in this deed, and the Company irrevocably authorises the Chargees and their agents to do all such things as are necessary or desirable for that purpose.

10.2 Exercise of rights

The rights of the Chargees under clause 10.1 are without prejudice to any other rights of the Chargees under this deed and the exercise of those rights shall not make the Chargees liable to account as a mortgagee in possession.

10.3 Currency conversion

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

10.4 New accounts

- (a) If any Chargee receives, or is deemed to have received, notice of any Security or other interest affecting all or part of the Secured Assets, the majority of the Chargees may open a new account or accounts for the Company in the Chargees' books and (without prejudice to the Chargees' right to combine accounts) no money paid to the credit of the Company in any such new account will be appropriated towards or have the effect of discharging any part of the Secured Liabilities.
- (b) If the Chargees do not open a new account or accounts immediately on receipt of notice, or deemed notice, referred to in clause 10.4(a), then, unless the majority of the Chargees give express written notice to the contrary to the Company, all payments made by the Company to the Chargees shall be treated as having been credited to a new account of the Company and not as having been applied in reduction of the Secured Liabilities, as from the time of receipt or deemed receipt of the relevant notice by one or more of the Chargees.

10.5 Chargees's set-off rights

If the Chargees have more than one account for the Company in its books, the Chargees may at any time after:

- (a) the security constituted by this deed has become enforceable; or
- (b) the Chargees has received notice of any Security or other interest affecting all or any part of the Secured Assets,

transfer, without prior notice, all or any part of the balance standing to the credit of any account to any other account which may be in debit, but the Chargees shall notify the Company of the transfer once made.

10.6 Indulgence

The majority of the Chargees may at their discretion grant time or other indulgence, or make any other arrangement, variation or release with any person or persons not being a party to this deed (whether or not such person or persons are jointly liable with the Company) in respect of any of the Secured Liabilities or of any other Security for them without prejudice either to this deed or to the liability of the Company for the Secured Liabilities.

11. ENFORCEMENT

11.1 Enforcement events

The security constituted by this deed shall be enforceable if any of the circumstances set out in paragraph 1 of Schedule 3 occur.

11.2 Power of sale

At any time after the security constituted by this deed has become enforceable, the majority of the Chargees and any nominee of the Chargees may (without prejudice to any other right which the Chargees may have), without further notice to the Company, exercise the power to sell or otherwise dispose of the whole or any part of the Secured Assets.

11.3 Terms of sale

Any sale or disposal under clause 11.2 may be made in such manner, on such terms and for such consideration (whether payable immediately or by instalments) as the majority of the Chargees shall in their absolute discretion think fit and without liability for loss.

11.4 Cash

The majority of the Chargees may (without prejudice to any right which it may have under any other provision of this deed) treat any part of the Secured Assets consisting of money as if it were the proceeds of a sale or other disposal under clause 11.2.

11.5 Application of proceeds

The Chargees shall apply the proceeds of a sale or other disposal under clause 11.2 (without prejudice to the right of the Chargees to recover any shortfall from the Company) in or towards the satisfaction of the Secured Liabilities in such order as the majority of the Chargees in their absolute discretion may from time to time determine subject to the Chargees's rights under paragraph 5 of Schedule 3 and provided that no Chargee shall be materially prejudiced by the actions of the majority of the Chargees in so satisfying the liabilities.

11.6 Right of appropriation

- (a) To the extent that the Secured Assets constitute Financial Collateral and this deed and the obligations of the Company hereunder constitute a Security Financial Collateral Arrangement, the majority of the Chargees shall have the right, at any time after the security constituted by this deed has become enforceable, to appropriate all or any of the Secured Assets in or towards the payment and/or discharge of the Secured Liabilities in such order as the majority of the Chargees in their absolute discretion may from time to time determine provided that no Chargee shall be materially prejudiced by the actions of the majority of the Chargees in so satisfying the liabilities.
- (b) The value of any Secured Assets appropriated in accordance with this clause shall be the price of that Secured Assets at the time the right of

appropriation is exercised as listed on any recognised market index, or determined by such other method as the majority of the Chargees may select (including independent valuation).

- (c) The Company agrees that the methods of valuation provided for in this clause are commercially reasonable for the purposes of the Financial Collateral Regulations.

12. COSTS AND INDEMNITY

12.1 Costs

The Company shall, within five Business Days of demand, pay to, or reimburse, the Chargees, on a full indemnity basis, all costs, charges, expenses, taxes and liabilities of any kind (including, without limitation, legal, printing and out-of-pocket expenses) incurred by the Chargees in connection with:

- (a) this deed or the Secured Assets;
- (b) taking, holding, protecting, perfecting, preserving or enforcing (or attempting to do so) any of the Chargees' rights under this deed; or
- (c) taking proceedings for, or recovering any of, the Secured Liabilities.

12.2 Indemnity

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

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

Any past or present employee or agent may enforce the terms of this clause 12.2 subject to and in accordance with the provisions of the Contracts (Rights of Third Parties) Act 1999.

13. ASSIGNMENT AND TRANSFER

13.1 Assignment by the Chargees

- (a) At any time, without the consent of the Company, the Chargees may assign or transfer any or all of their rights and obligations under this deed.
- (b) Any Chargee may disclose to any actual or proposed assignee or transferee any information in its possession that relates to the Company, the Secured Assets and this deed that such Chargee considers appropriate.

13.2 Assignment by the Company

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

14. ACTIONS OF THE MAJORITY OF THE CHARGEES

Any action taken or decision made by the majority of the Chargees shall be binding on all of the Chargees

15. AMENDMENTS, WAIVERS AND CONSENTS

15.1 Amendments

No amendment of this deed shall be effective unless it is in writing and signed by, or on behalf of the Company and the majority of the Chargees, (or their respective authorised representative).

15.2 Waivers and consents

- (a) A waiver of any right or remedy under this deed or by law, or any consent given under this deed, is only effective if given in writing by the waiving or consenting party (or in the case of the Chargees, a majority of the Chargees) and shall not be deemed a waiver of any other breach or default. It only applies in the circumstances for which it is given and shall not prevent the party giving it from subsequently relying on the relevant provision.
- (b) A failure or delay by a party to exercise any right or remedy provided under this deed or by law shall not constitute a waiver of that or any other right or remedy, prevent or restrict any further exercise of that or any other right or remedy or constitute an election to affirm this deed. No single or partial exercise of any right or remedy provided under this deed or by law shall prevent or restrict the further exercise of that or any other right or remedy. No election to affirm this deed by the Chargees shall be effective unless it is in writing.

15.3 Rights and remedies

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

16. SEVERANCE

16.1 Severance

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

17. THIRD PARTY RIGHTS

17.1 Third party rights

Each Chargee and the parties set out in in clause 12.2, shall be to enforce and enjoy the benefit of, any term of this deed in accordance with the Contracts (Rights of Third Parties) Act 1999. This does not affect any right or remedy of a third party which exists, or is available, apart from that Act.

18. FURTHER PROVISIONS

18.1 Independent security

This deed shall be in addition to, and independent of, every other Security or guarantee which the Chargees or any of them may at any time hold for any of the Secured Liabilities, and no prior Security held by the Chargees over the whole or any part of the Secured Assets shall merge in the security created by this deed.

18.2 Continuing security

This deed shall remain in full force and effect as a continuing security for the Secured Liabilities, notwithstanding any settlement of account or intermediate payment or other matter or thing whatsoever, unless and until the majority of the Chargees discharge this deed in writing.

18.3 Discharge conditional

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

- (a) the Chargees or their nominee shall be at liberty to retain this deed and the security created by this deed, including all certificates and documents relating to the whole or any part of the Secured Assets, for such period as the majority of the Chargees shall deem necessary to provide the Chargees with security against any such avoidance, reduction or order for refund; and
- (b) the Chargees shall be entitled to recover the value or amount of such security or payment from the Company subsequently as if such release, discharge or settlement had not occurred.

18.4 Consolidation

The restriction on the right of consolidating mortgages contained in section 93 of the Law of Property Act 1925 shall not apply to this deed.

18.5 Perpetuity period

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

19. NOTICES

19.1 Delivery

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

- (a) in writing;
- (b) delivered by hand, by pre-paid first-class post or other next working day delivery service; and
- (c) sent to:
 - (i) the Company at: Suite 14, The Aquarium, 101 Lower Anchor Street, Chelmsford, Essex CM2 0AU
Attention: Kevin Neil
 - (ii) each Chargee at the address details set out in the bond purchase agreement pursuant to which such Chargee acquired its Bonds:

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

19.2 Receipt by Company

Any notice or other communication that any Chargee gives to the Company or the Company gives to a Chargee shall be deemed to have been received:

- (a) if delivered by hand, at the time it is left at the relevant address; and
- (b) if posted by pre-paid first-class post or other next working day delivery service, on the second Business Day after posting.

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

20. GOVERNING LAW AND JURISDICTION

20.1 Governing law

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

20.2 Jurisdiction

Each party irrevocably agrees that, subject as provided below, the courts of England and Wales shall have exclusive jurisdiction over any dispute or claim arising out of or in connection with this deed or its subject matter or formation (including non-contractual disputes or claims).

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

Schedule 1 Representations and warranties

1. OWNERSHIP OF SECURED ASSETS

The Company is the sole legal and beneficial owner and registered holder of all the Secured Assets free from any Security other than any Security created by this deed.

2. VALIDITY OF ISSUE

The Secured Assets have been duly authorised and validly issued, and are and will be free from any restrictions on transfer or rights of pre-emption.

3. FULLY PAID

The Secured Assets are fully paid up and there are no monies or liabilities outstanding in respect of any of the Secured Assets.

4. NO CONFLICTING RIGHTS OR BREACH

This deed does not and will not conflict with or result in any breach or constitute a default under any agreement, instrument or obligation to which the Company is a party or by which it is bound.

5. ENFORCEABLE SECURITY

This deed constitutes and will continue to constitute the legal valid binding and enforceable obligations of the Company, and is and will continue to be effective security over all and every part of the Secured Assets in accordance with its terms.

6. AVOIDANCE OF SECURITY

No Security expressed to be created by this deed is liable to be avoided or otherwise set aside on the liquidation or administration of the Company or otherwise.

Schedule 2 Covenants

1. NEGATIVE PLEDGE AND DISPOSAL RESTRICTIONS

The Company shall not at any time, except with the prior written consent of the majority of the Chargees:

- (a) create, purport to create or permit to subsist any Security on, or in relation to, any Secured Assets other than any Security created by this deed;
- (b) sell, assign, transfer, part with possession of or otherwise dispose of in any manner (or purport to do so) all or any part of, or any interest in, the Secured Assets; or
- (c) create or grant (or purport to create or grant) any interest in any Secured Assets in favour of a third party.

2. NO ALTERATION OF RIGHTS AND LIABILITIES

The Company shall not, without the prior written consent of the majority of the Chargees, amend, or agree to the amendment of, the memorandum or articles of association of any issuer (not being a public company) of any Secured Assets or the rights or liabilities attaching to any of the Secured Assets.

Schedule 3 Enforcement

1. ENFORCEMENT EVENTS

This deed shall be enforceable if:

- (a) any of the Secured Liabilities are not paid or discharged when the same ought to be paid or discharged by the Company (whether on demand or at scheduled maturity or by acceleration or otherwise, as the case may be);
- (b) the Company is in breach of any of its obligations under this deed or any bond purchase agreement and that breach (if capable of remedy) has not been remedied within 14 days of the breach occurring;
- (c) any representation, warranty or statement made by the Company in, or in connection with, this deed is or proves to have been incorrect or misleading when made;
- (d) the Company:
 - (i) becomes unable to pay its debts as they fall due or the value of the Company's assets is less than the amount of its liabilities, taking into account the Company's contingent and prospective liabilities;
 - (ii) commences negotiations with any one or more of its creditors with a view to the general readjustment or rescheduling of its indebtedness;
 - (iii) makes a general assignment for the benefit of, or a composition with, its creditors; or
- (e) the Company passes any resolution or takes any corporate action or a petition is presented or proceedings are commenced or any action is taken by any person for its winding-up, dissolution, administration or reorganisation or for the appointment of a receiver, administrative receiver, administrator, trustee or similar officer of it or of any or all of its revenues and assets;
- (f) a distress, execution, attachment or other legal process is levied or enforced upon or sued against all or any part of the assets of the Company and remains undischarged for seven days; or
- (g) any event occurs which under any jurisdiction has a similar or analogous effect to any of the events mentioned in paragraph 1(d), paragraph 1(e) or paragraph 1(f)] of this Schedule 3,

and in any such event the majority of the Chargees or any nominee of majority of the Chargees may without further notice, without regard to the restrictions contained in section 103 of the Law of Property Act 1925 and without prejudice to any of Chargees' other rights, immediately exercise all the powers conferred on mortgagees

by the Law of Property Act 1925 as varied or extended by this deed without any restrictions.

2. POWER OF SALE

Notwithstanding that as between the Chargees and a purchaser from the Chargees, the power of sale arises on and is exercisable at any time after the execution of this deed, the Chargees shall not exercise that power of sale until an event (as specified in the paragraph 1 of this Schedule 3) entitling the Chargees to enforce its security has occurred.

3. PROTECTION OF THIRD PARTIES

No purchaser, mortgagee or other person dealing with a majority of the Chargees or their nominee shall be concerned to:

- (a) enquire whether any of the Secured Liabilities have become due or payable or remain unpaid or not discharged, or whether the power the Chargees is purporting to exercise has become exercisable; or
- (b) see to the application of any money paid to the Chargees or their nominee.

4. APPROPRIATION

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

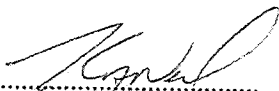
5. SUSPENSE ACCOUNT


All monies received by the Chargees under this deed may, at the discretion of a majority of the Chargees, be credited to any suspense or securities realised account and shall bear interest at such rate, if any, as may be agreed in writing between the Chargees and the Company and may be held in such account for so long as the Chargees thinks fit.

6. STATUTORY PROTECTION

All the protection to purchasers contained in sections 104 and 107 of the Law of Property Act 1925, section 42(3) of the Insolvency Act 1986 or in any other appropriate legislation shall apply to any person purchasing from the Chargees or any nominee of the Chargees as a result of the Chargees exercising or purporting to exercise its power of sale under this deed.

Executed as a deed by **COLONIAL
CAPITAL LIMITED** acting by
KEVIN NEIL, a director, in the
presence of:


.....
KEVIN NEIL
Director


.....
Signature of witness

Name: MISS NIKKI KEANE

Address: 12 THE MAPLES, HARLOW, ESSEX, CM19 4QY