



Registration of a Charge

Company name: **ARMSTRONG ENERGY LIMITED**

Company number: **07991720**

Received for Electronic Filing: **07/12/2020**



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Details of Charge

Date of creation: **25/11/2020**

Charge code: **0799 1720 0001**

Persons entitled: **ARMSTRONG CAPITAL MANAGEMENT LIMITED**

Brief description: **ALL PROPERTIES ACQUIRED BY THE COMPANY IN THE FUTURE. ALL THE INTELLECTUAL PROPERTY.**

Contains fixed charge(s).

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

Contains negative pledge.

Authentication of Form

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

Authentication of Instrument

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

Certified by:

STEPHEN MAHON



CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 7991720

Charge code: 0799 1720 0001

The Registrar of Companies for England and Wales hereby certifies that a charge dated 25th November 2020 and created by ARMSTRONG ENERGY LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 7th December 2020 .

Given at Companies House, Cardiff on 8th December 2020

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



Companies House



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES

DATED 25th November **2020**

- (1) **ARMSTRONG ENERGY LIMITED**
- (2) **ARMSTRONG CAPITAL MANAGEMENT LIMITED AS
SECURITY TRUSTEE**

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THIS DEED is dated

25th November

2020

PARTIES

- (1) **ARMSTRONG ENERGY LIMITED** incorporated and registered in England and Wales with company number 07991720 whose registered office is at 141-145 Curtain Road, 3rd Floor, London, England, EC2A 3BX (**Company**).
- (2) **ARMSTRONG CAPITAL MANAGEMENT LIMITED** incorporated and registered in England and Wales with company number **11472557** whose registered office is at 141-145 Curtain Road, 3rd Floor, London, England, EC2A 3BX (**Security Trustee**).

BACKGROUND

- (A) The Company has, pursuant to the Loan Note Instrument, issued Notes to the Noteholders.
- (B) Under the Loan Note Instrument, the Company provides security to the Security Trustee on behalf of the Noteholders in respect of the Notes held by them.

AGREED TERMS

1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

Terms defined in the Loan Note Instrument shall, unless otherwise defined in this deed, have the same meaning in this deed. In addition, the following definitions apply in this deed:

Administrator	an administrator appointed to manage the affairs, business and property of the Company pursuant to clause 12.8.
Book Debts	all present and future book and other debts, and monetary claims due or owing to the Company, and the benefit of all security, guarantees and other rights of any nature enjoyed or held by the Company in relation to any of them.
Business Day	a day other than a Saturday, Sunday or public holiday in England when banks in London are open for business.
Delegate	any person appointed by the Security Trustee or any Receiver pursuant to clause 17 and any person appointed as attorney of the Security Trustee, Receiver or Delegate.
Designated Account	the bank account of the Company referred to in clause 6.14.
Enforceability Event	has meaning given to it in clause 13.1.
Environment	the natural and man-made environment including all or any of the following media, namely air, water and land (including air within buildings and other natural or man-made structures above or below the ground) and any living organisms (including man) or systems supported by those

media.

Environmental Law	all applicable laws, statutes, regulations, secondary legislation, bye-laws, common law, directives, treaties and other measures, judgments and decisions of any court or tribunal, codes of practice and guidance notes, in each case binding on the Company, in so far as they relate to or apply to the Environment.
Equipment	all present and future equipment, plant, machinery, tools, vehicles, furniture, fittings, installations and apparatus and other tangible moveable property for the time being owned by the Company, including any part of it and all spare parts, replacements, modifications and additions.
Event of Default	has the meaning given to that expression in the Loan Note Instrument.
Financial Collateral	shall have 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).
Group	means the Company and any of its Subsidiaries from time to time and Group Company shall be construed accordingly, and in relation to any person who is not the Company, that person and each of its Subsidiaries from time to time.
Insurance Policy	each contract and policy of insurance effected or maintained by the Company from time to time in respect of its assets or business including, without limitation, any contract or policy of insurance relating to the Properties or the Equipment but excluding third party liability insurance, employer's liability insurance, delay in start-up and business interruption insurances (unless the Company receives the benefit of any indemnification under such policies).
Intellectual Property	the Company's present and future patents, trade marks, service marks, trade names, designs, copyrights, inventions, topographical or similar rights, confidential information and know-how and any interest in any of these rights, whether or not registered, including all applications and rights to apply for registration and all fees, royalties and other rights derived from, or incidental to, these rights.
Investments	<p>all present and future certificated stocks, shares, loan capital, securities, bonds and investments (whether or not marketable) for the time being owned (at law or in equity) by the Company, including any:</p> <p>a) dividend, interest or other distribution paid or payable to the Company in relation to any of the</p>

	Investments; and
	<ul style="list-style-type: none"> b) right, money, shares or property accruing, offered or issued to the Company at any time in relation to any of the Investments by way of redemption, substitution, exchange, conversion, bonus, preference or otherwise, under option rights or otherwise.
Loan Note Instrument	the loan note instrument created by the Company on or about the date of this deed.
LPA 1925	Law of Property Act 1925.
Noteholders	the holders of the Notes (from time-to-time).
Notes	loan notes issued by the Company pursuant to the Loan Note Instrument.
Permitted Security	<p>any Security arising under:</p> <ul style="list-style-type: none"> a) this deed; b) any liens arising by operation of law and in the ordinary course of the Company's business and not as a result of any default or omission by the Company; c) any title transfer or retention arrangement, hire purchase or conditional sale arrangement entered into by the Company in relation to (i) its purchase of goods, products or supplies in respect of the Project or (ii) contractual arrangements in respect of fuel purchases and supply arrangements which fall under paragraph (b) of Permitted Borrowings, and not, in either case, arising as a result of any default or omission by the Company; d) any netting or set-off arrangement entered into by the Company in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances; and e) Security created or outstanding with the Noteholders' and the Security Trustee's prior written consent.
Properties	all freehold and leasehold properties (whether registered or unregistered) and all commonhold properties, now or in the future (and from time to time) owned by the Company, or in which the Company holds an interest (including, but not limited to, the properties specified in Schedule 1), and Property means any of them.
Receiver	a receiver, receiver and manager or administrative receiver of any or all of the Secured Assets appointed by the

	Security Trustee under clause 15.
Secured Assets	all the assets, property and undertaking for the time being subject to the Security created by, or pursuant to, this deed.
Secured Liabilities	all present and future monies, obligations and liabilities of the Company to the Noteholders, or to the Security Trustee, whether actual or contingent and whether owed jointly or severally, as principal or surety or in any other capacity, under or in connection with the Loan Note Instrument, the Notes or this deed (including, without limitation, those arising under clause 2), together with all interest (including, without limitation, default interest) accruing in respect of those monies, obligations or liabilities.
Security Financial Collateral Arrangement	shall have 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 Security Trustee is satisfied that all the Secured Liabilities have been unconditionally and irrevocably paid and discharged in full and no further Secured Liabilities are capable of being outstanding.
Subsidiary	<p>in relation to a company (the holding company), any company in which the holding company (or persons acting on its behalf) directly or indirectly holds or controls either:</p> <ul style="list-style-type: none"> a) a majority of the voting rights exercisable at shareholder meetings of that company; or b) the right to appoint or remove a majority of its board of directors, <p>and any company which is a Subsidiary of another company is also a Subsidiary of that company's holding company.</p> <p>Unless the context otherwise requires, the application of the definition of Subsidiary to any company at any time shall apply to the company as it is at that time.</p>

1.2 Interpretation

The provisions of clause 1.2 of the Loan Note Instrument apply to this deed as if they were set out in full in this deed, except that each reference in that clause to the Loan Note Instrument shall be read as a reference to this deed.

1.3 Clawback

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

1.4 Nature of security over real property

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

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

1.5 Law of Property (Miscellaneous Provisions) Act 1989

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

1.6 Perpetuity period

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

1.7 Schedules

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

1.8 Security Trust

The Security Trustee holds the security and other rights (including but not limited to the benefit of the covenants contained in this deed), titles and interests constituted by this deed and of all monies, property and assets paid to it on trust for the Noteholders.

2 COVENANT TO PAY

The Company shall pay or discharge the Secured Liabilities in the manner provided for in the Loan Note Instrument.

3 GRANT OF SECURITY

3.1 Legal mortgage

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

3.2 Fixed charges

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

- 3.2.1 all Properties acquired by the Company in the future;
- 3.2.2 all present and future interests of the Company not effectively mortgaged or charged under the preceding provisions of this clause 3 in, or over, freehold or leasehold property;
- 3.2.3 all present and future rights, licences, guarantees, rents, deposits, contracts, covenants and warranties relating to each Property;
- 3.2.4 all licences, consents and authorisations (statutory or otherwise) held or required in connection with the Company's business or the use of any Secured Asset, and all rights in connection with them;
- 3.2.5 all its present and future goodwill;
- 3.2.6 all its uncalled capital;
- 3.2.7 all the Equipment;
- 3.2.8 all the Intellectual Property;
- 3.2.9 all the Book Debts;
- 3.2.10 all the Investments;
- 3.2.11 all monies from time to time standing to the credit of its accounts with any bank, financial institution or other person (including the Designated Account), together with all other rights and benefits accruing to or arising in connection with each account (including, but not limited to, entitlements to interest);
- 3.2.12 all its rights in respect of each Insurance Policy, including all claims, the proceeds of all claims and all returns of premium in connection with each Insurance Policy; and
- 3.2.13 all its rights in respect of all agreements, instruments and rights relating to the Secured Assets.

3.3 Floating charge

As a continuing security for the payment and discharge of the Secured Liabilities, the Company with full title guarantee charges to the Security Trustee, by way of first floating charge, all the undertaking, property, assets and rights of the Company at any time not effectively mortgaged, charged or assigned pursuant to clause 3.1 to clause 3.2 inclusive.

3.4 Qualifying floating charge

Paragraph 14 of Schedule B1 to the Insolvency Act 1986 applies to the floating charge created by clause 3.3.

3.5 Automatic crystallisation of floating charge

The floating charge created by clause 3.3 shall automatically and immediately (without notice) convert into a fixed charge over the assets subject to that floating charge if the Company:

- 3.5.1 creates, or attempts to create, without the prior written consent of the Security Trustee, a Security or a trust in favour of another person over all or any part of the Secured Assets (except for Permitted Security or as contemplated by the Loan Note Instrument); or
- 3.5.2 disposes, or attempts to dispose of, all or any part of the Secured Assets (other than Secured Assets that are only subject to the floating charge while it remains uncrystallised and except as contemplated by the Loan Note Instrument);
- 3.5.3 any person levies (or attempts to levy) any distress, attachment, execution or other process against all or any part of the Secured Assets; or
- 3.5.4 a resolution is passed or an order is made for the winding-up, dissolution, administration or re-organisation of the Company.

3.6 Crystallisation of floating charge by notice

The Security Trustee may, in its sole discretion, at any time after the occurrence of the Enforceability Event, by written notice to the Company, convert the floating charge created under this deed into a fixed charge as regards any part of the Secured Assets specified by the Security Trustee in that notice.

3.7 Assets acquired after any floating charge has crystallised

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

4 LIABILITY OF THE COMPANY

4.1 Liability not discharged

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

- 4.1.1 any security, guarantee, indemnity, remedy or other right held by, or available to, the Security Trustee that is, or becomes, wholly or partially illegal, void or unenforceable on any ground;
- 4.1.2 the Security Trustee renewing, determining, varying or increasing any facility or other transaction in any manner or concurring in, accepting or varying any compromise, arrangement or settlement, or omitting to claim or enforce payment from any other person; or

4.1.3 any other act or omission that, but for this clause 4.1, might have discharged, or otherwise prejudiced or affected, the liability of the Company.

4.2 Immediate recourse

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

5 REPRESENTATIONS AND WARRANTIES

5.1 Representations and warranties

The Company makes the representations and warranties set out in this clause 5 to the Security Trustee.

5.2 Ownership of Secured Assets

The Company is the sole legal and beneficial owner of, or in relation to the Properties has valid leases in respect of, the Secured Assets.

5.3 No Security

The Secured Assets are free from any Security other than Permitted Security.

5.4 No adverse claims

The Company has not received, or acknowledged notice of, any adverse claim by any person in respect of the Secured Assets or any interest in them.

5.5 No adverse covenants

There are no covenants, agreements, reservations, conditions, interests, rights or other matters whatsoever that materially and adversely affect the Secured Assets.

5.6 No breach of laws

The Company has not breached any law or regulation that materially and adversely affects the Secured Assets. So far as the Company is aware, there is no other breach of any law or regulation that materially and adversely affects the Secured Assets.

5.7 No interference in enjoyment

No facility necessary for the enjoyment and use of the Secured Assets is subject to terms entitling any person to terminate or curtail its use.

5.8 No overriding interests

Nothing has arisen, has been created or is subsisting, that would be an overriding interest in any Property except for the freehold title and any overriding interests disclosed in the Report on Title.

5.9 Avoidance of security

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

5.10 Environmental compliance

The Company has, at all times, complied in all material respects with all applicable Environmental Law.

5.11 Enforceable security

5.11.1 The Company's obligations under this deed and the Loan Note Instrument are legal, valid, binding and enforceable.

5.11.2 Subject to registration of this Security Document under the Companies Act 2006 and, in the case of real property, registration at the Land Registry, this deed creates (or, once entered into, will create):

5.11.2.1 valid, legally binding and enforceable Security for the obligations expressed to be secured by it; and

5.11.2.2 perfected Security over the assets expressed to be subject to security in it,

in favour of the Security Trustee, having the priority and ranking expressed to be created by this deed and ranking ahead of all (if any) Security and rights of third parties except those preferred by law.

This deed constitutes and will 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.

5.12 Investments

5.12.1 The Investments are fully paid and are not subject to any option to purchase or similar rights.

5.12.2 To the extent the Company will have any Investments after the date of this deed under paragraph (b) of such definition in clause 1.1, no constitutional document of an issuer of an Investment nor any other agreement:

5.12.2.1 restricts or inhibits any transfer of the Investments on creation of enforcement of the security constituted by this deed; or

5.12.2.2 contains any rights of pre-emption in relation to the Investments.

5.13 Times for making representations and warranties

The Company repeats the representations and warranties in this clause 5 on:

5.13.1 each Issue Date (as defined in the Loan Note Instrument); and

5.13.2 each Interest Payment Date (as defined in the Loan Note Instrument),

by reference to the facts and circumstances existing on each such date.

6 GENERAL COVENANTS

6.1 Negative pledge and disposal restrictions

The Company shall not:

- 6.1.1 create, or permit to subsist, any Security on or over any of its Secured Asset; or
- 6.1.2 sell, transfer or otherwise dispose of any of its assets on terms whereby such asset is or may be leased to or re-acquired or acquired by it; or
- 6.1.3 sell, transfer or otherwise dispose of any of its receivables on recourse terms; or
- 6.1.4 enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or
- 6.1.5 enter into any other preferential arrangement having a similar effect,

other than in respect of any Security which is Permitted Security.

6.2 Preservation of Secured Assets

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

6.3 Compliance with laws and regulations

- 6.3.1 The Company shall not, without the Security Trustee's prior written consent, use or permit the Secured Assets to be used in any way contrary to law.
- 6.3.2 The Company shall:
 - 6.3.2.1 comply in all material respects with the requirements of any law and regulation relating to or affecting the Secured Assets or the use of it or any part of them;
 - 6.3.2.2 obtain, and promptly renew from time to time, and comply with the terms of all material authorisations that are required in connection with the Secured Assets or their use or that are necessary to preserve, maintain or renew any Secured Asset; and
 - 6.3.2.3 promptly effect any maintenance, modifications, alterations or repairs that are required by any law or regulation to be effected on or in connection with the Secured Assets.

6.4 Enforcement of rights

The Company shall use all reasonable endeavours to procure the prompt observance and performance of the covenants and other obligations imposed on the Company's

counterparties (including each counterparty in respect of each insurer in respect of an Insurance Policy) and enforce any rights and institute, continue or defend any proceedings relating to any of the Secured Assets which the Security Trustee may require from time to time in such circumstances where, in the Security Trustee's reasonable opinion, it is reasonable to do so in order to preserve the Secured Assets.

6.5 Notice of misrepresentation and breaches

The Company shall, promptly on becoming aware of any of the same, give the Security Trustee notice in writing of:

- 6.5.1 any representation or warranty set out in this deed that is incorrect or misleading in any material respect when made or deemed to be repeated; and
- 6.5.2 any breach of any covenant set out in this deed.

6.6 Title documents

The Company shall, on the execution of this deed (or, if later, the date of acquisition of the relevant Secured Asset), provide the Security Trustee with certified copies of, and once an Event of Default is continuing, promptly upon request of the Security Trustee, deposit with the Security Trustee and the Security Trustee shall thereafter be entitled to hold:

- 6.6.1 all deeds and documents of title relating to the Secured Assets that are in the possession or control of the Company (and if these are not within the possession or control of the Company, the Company undertakes to obtain possession of all these deeds and documents of title);
- 6.6.2 all Insurance Policies and any other insurance policies relating to any of the secured Assets that the Company effects from time to time;
- 6.6.3 all deeds and documents of title (if any) relating to the Book Debts as the Security Trustee may specify from time to time.

6.7 Insurance

- 6.7.1 The Company shall at all relevant times insure and keep insured (or where, in the case of any leasehold property, insurance is the responsibility of the landlord under the terms of the lease, either procure that the landlord insures and keeps insured or, if and to the extent that the landlord does not do so, itself insure and keep insured) the Secured Assets against:
 - 6.7.1.1 loss or damage by fire or (where in the Security Trustee's reasonable opinion such insurance is readily available at commercially reasonable premiums) terrorist acts;
 - 6.7.1.2 other risks, perils and contingencies that would be insured against by reasonably prudent persons carrying on the same class of business as the Company; and
 - 6.7.1.3 any other risk, perils and contingencies as the Security Trustee may reasonably require (provided that such insurance is in the

Security Trustee's reasonable opinion readily available at commercially reasonable premiums).

Any such insurance must be with an insurance company or underwriters, and on such terms, as are reasonably acceptable to the Security Trustee, and must be for not less than the replacement value of the relevant Secured Assets (subject to customary excess provisions).

6.7.2 The Company shall, if requested by the Security Trustee, produce to the Security Trustee each policy, certificate or cover note relating to the insurance required by clause 6.7.1 (or where, in the case of any leasehold property, that insurance is effected by the landlord, such evidence of insurance as the Company is entitled to obtain from the landlord under the terms of the relevant lease).

6.7.3 The Company shall, if requested by the Security Trustee, procure that a note of the Security Trustee's interest is endorsed upon each Insurance Policy maintained by it or any person on its behalf in accordance with clause 6.7.1 and that the terms of each such Insurance Policy require the insurer not to invalidate the policy as against the Security Trustee by reason of the act or default of any other joint or named insured and not to cancel it without giving at least 30 days' prior written notice to the Security Trustee.

6.8 Insurance premiums

The Company shall:

6.8.1 promptly pay all premiums in respect of each Insurance Policy maintained by it in accordance with clause 6.7.1 and do all other things necessary to keep that policy in full force and effect; and

6.8.2 (if the Security Trustee so requires) produce to, or deposit with, the Security Trustee the receipts for all premiums and other payments necessary for effecting and keeping up each Insurance Policy maintained by it in accordance with clause 6.7.1.

6.9 No invalidation of insurance

The Company shall not do or omit to do, or permit to be done or omitted, any act or thing that may invalidate or otherwise prejudice any Insurance Policy maintained by it in accordance with clause 6.7.1.

6.10 Proceeds of Insurance Policies

6.10.1 All monies received or receivable by the Company under any Insurance Policy maintained by it in accordance with clause 6.7.1 (the **Insurance Proceeds**) at any time (whether or not the security constituted by this deed has become enforceable) shall immediately be paid into the Designated Account (or, if prior to the opening of the Designated Account, to the general operating account of the Company).

6.10.2 The Company may only withdraw the Insurance Proceeds in order to meet any amount due and payable in respect of the restoration, reinstatement or replacement of:

- 6.10.2.1 any assets lost or damaged, the total replacement value of which does not exceed £25,000; or
- 6.10.2.2 any assets lost or damaged the total value of which exceeds £25,000, but only if the Company provides to the Security Trustee:
 - 6.10.2.2.1 a written notice, within 21 days of the occurrence of the loss or damage, of its intention to restore, reinstate or replace the affected asset; and
 - 6.10.2.2.2 a remedial plan (i) including a breakdown of the nature and extent of loss or damage incurred (ii) providing a bona fide assessment of the cost and timeframe necessary to restore, reinstate or replace any such assets, and (iii) demonstrating that the Company will have sufficient funds (from the proceeds of insurance and any other sources) to pay for the proposed restoration, reinstatement or replacement, such remedial plan to be in form and substance acceptable to the Security Trustee acting reasonably.

6.11 Information

The Company shall:

- 6.11.1 give the Security Trustee such information concerning the location, condition, use and operation of the Secured Assets as the Security Trustee may require;
- 6.11.2 permit any persons designated by the Security Trustee and any Receiver to enter on its premises and inspect and examine any Secured Asset, in each case during business hours and the records relating to that Secured Asset, at all reasonable times and on reasonable prior notice; and
- 6.11.3 promptly notify the Security Trustee in writing of any action, claim or demand made by or against it in connection with any Secured Asset or of any fact, matter or circumstance which may, with the passage of time, give rise to such an action, claim or demand, together with, in each case, the Company's proposals for settling, liquidating, compounding or contesting any such action, claim or demand and shall, subject to the Security Trustee's prior approval, implement those proposals at its own expense.

6.12 Payment of outgoings

The Company shall promptly pay all taxes, fees, licence duties, registration charges, insurance premiums and other outgoings in respect of the Secured Assets and, on demand, produce evidence of payment to the Security Trustee.

6.13 Appointment of accountants

- 6.13.1 The Company shall:

- 6.13.2 at its own cost, if so required by the Security Trustee, appoint an accountant or firm of accountants nominated by the Security Trustee to investigate the financial affairs of the Company and report to the Security Trustee provided that the Security Trustee may only require the same following an Enforceability Event or, if no Enforceability Event has occurred, no more than once in any calendar year; and
- 6.13.3 co-operate fully with any accountants so appointed and promptly provide those accountants with all information requested.
- 6.13.4 The Company authorises the Security Trustee to make an appointment as it shall think fit at any time after an Enforceability Event, without further authority from the Company. In every case, the Company shall pay, or reimburse the Security Trustee for, the fees and expenses of those accountants (subject to any pre-agreed caps).

6.14 Designated Account

- 6.14.1 The Company shall use all reasonable endeavours to open a bank account in the name of the Company as soon as practicable and in any event no later than 8 weeks after the date of this deed. Such account shall, immediately after opening, become the **Designated Account** for the purposes of this deed.
- 6.14.2 The Designated Account shall be held at a commercial bank in the UK designated by the Company and acceptable to the Security Trustee acting reasonably.
- 6.14.3 The Company shall:
 - 6.14.3.1 keep the Security Trustee informed of any pending requirements to open the Designated Account; and
 - 6.14.3.2 as soon as the Designated Account is opened, provide the Security Trustee with its account number and relevant bank details.

7 PROPERTY COVENANTS

7.1 Maintenance

The Company shall keep all buildings and all fixtures on each Property in good and substantial repair and condition.

7.2 Preservation of Property, fixtures and Equipment

The Company shall not, without the prior written consent of the Security Trustee:

- 7.2.1 pull down or remove the whole, or any part of, any building forming part of any Property or permit the same to occur;
- 7.2.2 make or permit any alterations to any Property, or sever or remove, or permit to be severed or removed, any of its fixtures (except to effect necessary repairs or replace them with new or improved models or substitutes); or

- 7.2.3 remove or make any alterations to any of the Equipment belonging to, or in use by, the Company on any Property (except to effect necessary repairs or replace them with new or improved models or substitutes).

7.3 Conduct of business on Properties

The Company shall carry on its trade and business on those parts (if any) of the Properties as are used for the purposes of trade or business in accordance with the standards of good management from time to time current in that trade or business.

7.4 Planning information

The Company shall:

- 7.4.1 give full particulars to the Security Trustee of any notice, order, direction, designation, resolution or proposal given or made by any planning authority or other public body or authority (**Planning Notice**) that specifically applies to any Property, or, so far as the Company has been notified about the same, to the locality in which it is situated, within seven days after becoming aware of the relevant Planning Notice; and
- 7.4.2 at its own expense, promptly on request by the Security Trustee, take all reasonable and necessary steps to comply with any Planning Notice, and make, or join with the Security Trustee in making, any objections or representations in respect of that Planning Notice that may be agreed upon between the Security Trustee and the Company (each acting reasonably).

7.5 Compliance with covenants and payment of rent

The Company shall:

- 7.5.1 observe and perform all covenants, stipulations and conditions to which each Property, or the use of it, is or may be subjected, and (if the Security Trustee so requires) produce evidence sufficient to satisfy the Security Trustee that those covenants, stipulations and conditions have been observed and performed;
- 7.5.2 diligently enforce all covenants, stipulations and conditions benefiting each Property and shall not (and shall not agree to) waive, release or vary any of the same; and
- 7.5.3 (without prejudice to the generality of the foregoing) where a Property, or part of it, is held under a lease, duly and punctually pay all rents due from time to time, and perform and observe all the tenant's covenants and conditions.

7.6 Payment of rent and outgoings

The Company shall pay (or procure payment of the same) when due all charges, rates, taxes, duties, assessments and other outgoings relating to or imposed on each Property or on its occupier.

7.7 Maintenance of interests in Properties

The Company shall not, without the prior written consent of the Security Trustee:

- 7.7.1 grant, or agree to grant, any licence or tenancy affecting the whole or any part of any Property, or exercise, or agree to exercise, the statutory powers of leasing or of accepting surrenders under sections 99 or 100 of the Law of Property Act 1925; or
- 7.7.2 in any other way dispose of, surrender or create, or agree to dispose of surrender or create, any legal or equitable estate or interest in the whole or any part of any Property.

7.8 Registration restrictions

If the title to any Property is not registered at the Land Registry, the Company shall procure that no person (other than itself and, as applicable, the Company's landlord) shall be registered under the Land Registration Acts 1925 to 2002 as proprietor of all or any part of any Property without the prior written consent of the Security Trustee. The Company shall be liable for the costs and expenses of the Security Trustee in lodging cautions against the registration of the title to the whole or any part of any Property from time to time.

7.9 Development restrictions

The Company shall not, without the prior written consent of the Security Trustee:

- 7.9.1 except to the extent it is required to carry out the Project, make or, insofar as it is able, permit others to make any application for planning permission or development consent in respect of the Property; or
- 7.9.2 carry out, or permit, or suffer to be carried out on any Property any development as defined in the Town and Country Planning Act 1990 and the Planning Act 2008 other than the Project (as defined in the Loan Note Instrument) or change or permit or suffer to be changed the use of any Property.

7.10 Environment

The Company shall:

- 7.10.1 comply with all the requirements of Environmental Law both in the conduct of its general business and in the management, possession or occupation of each Property; and
- 7.10.2 obtain prior to the time the same are required, and comply with all authorisations, permits and other types of licences necessary under Environmental Law.

7.11 No restrictive obligations

The Company shall not, without the prior written consent of the Security Trustee, enter into any onerous or restrictive obligations affecting the whole or any part of any Property, or create or permit to arise any overriding interest, easement or right whatever in or over the whole or any part of any Property.

7.12 Proprietary rights

The Company shall procure that no person shall become entitled to assert any proprietary or other like right or interest over the whole or any part of any Property without the prior written consent of the Security Trustee.

7.13 Property information

The Company shall inform the Security Trustee promptly of any acquisition by the Company of, or contract made by the Company to acquire, any freehold, leasehold or other interest in any property.

7.14 VAT option to tax

The Company shall not, without the prior written consent of the Security Trustee:

7.14.1 exercise any VAT option to tax in relation to any Property; or

7.14.2 revoke any VAT option to tax exercised, and disclosed to the Security Trustee, before the date of this deed.

7.15 Registration at the Land Registry

The Company consents to an application being made by the Security Trustee to the Land Registrar for the following restriction in Form P to be registered against its title to each Property:

No disposition of the registered estate by the proprietor of the registered estate or by the proprietor of any registered charge, not being a charge registered before the entry of this restriction is to be registered without a written consent signed by the proprietor for the time being of the charge dated [DATE] in favour of Armstrong Capital Management Limited as security trustee for the holders of Notes referred to in the charges register.

8 INVESTMENTS COVENANTS

8.1 Deposit of title documents

8.1.1 The Company shall:

8.1.1.1 on the execution of this deed, deposit with the Security Trustee, or as the Security Trustee may direct, certified copies (or, following an Event of Default which is continuing, originals) of all stock or share certificates and other documents of title or evidence of ownership relating to any Investments owned by the Company at that time; and

8.1.1.2 on the purchase or acquisition by it of Investments after the date of this deed, deposit with the Security Trustee, or as the Security Trustee may direct, certified copies (or, following an Event of Default which is continuing, originals) of all stock or share certificates and other documents of title or evidence of ownership relating to those Investments.

8.1.2 At the same time as depositing documents with the Security Trustee, or as the Security Trustee may direct, in accordance with clause 8.1.1, the

Company shall also deposit with the Security Trustee, or as the Security Trustee may direct all such other documents that the Security Trustee may reasonably request to enable it or any of its nominees, or any purchaser or transferee, to be registered as the owner of, or otherwise obtain a legal title to, or to perfect its security interest in any of the relevant Investments so that the Security Trustee may, at any time after the Enforcement Event subject to contemporaneous notice to the Company, complete and present those documents to the issuer of the Investments for registration.

8.2 Nominations

8.2.1 The Company shall terminate with immediate effect all nominations it may have made (including, without limitation, any nomination made under section 145 or section 146 of the Companies Act 2006) in respect of any Investments and, pending that termination, procure that any person so nominated:

8.2.1.1 does not exercise any rights in respect of any Investments without the prior written approval of the Security Trustee; and

8.2.1.2 immediately on receipt by it, forward to the Security Trustee all communications or other information received by it in respect of any Investments for which it has been so nominated.

8.2.2 The Company shall not, during the Security Period, exercise any rights (including, without limitation, any rights under sections 145 and 146 of the Companies Act 2006) to nominate any person in respect of any of the Investments.

8.3 Additional registration obligations

The Company shall, in relation to Investments under paragraph (b) of the definition in clause 1.1:

8.3.1 obtain all consents, waivers, approvals and permissions that are necessary, under the articles of association (or otherwise) of an issuer, for the transfer of the Investments to the Security Trustee or its nominee, or to a purchaser on enforcement of the security constituted by this deed; and

8.3.2 procure the amendment of the share transfer provisions (including, but not limited to, deletion of any pre-emption provisions) under the articles of association, other constitutional document or otherwise of each issuer in any manner that the Security Trustee may require in order to permit the transfer of the Investments to the Security Trustee or its nominee, or to a purchaser on enforcement of the security constituted by this deed.

8.4 Dividends and voting rights before enforcement

8.4.1 Before the security constituted by this deed becomes enforceable, the Company may retain and apply for its own use all dividends, interest and other monies paid or payable in respect of the Investments and, if any are paid or payable to the Security Trustee or any of its nominees, the Security Trustee will hold all those dividends, interest and other monies received by it for the Company and will pay them to the Company promptly on request.

8.4.2 Before the security constituted by this deed becomes enforceable, the Company may exercise all voting and other rights and powers in respect of the Investments provided that:

8.4.2.1 it shall not do so in any way that would breach any provision of the Loan Note Instrument, or this deed or for any purpose inconsistent with the Loan Note Instrument, or this deed; and

8.4.2.2 the exercise of, or the failure to exercise, those voting rights or other rights and powers would not, in the opinion of the Security Trustee acting reasonably, have an adverse effect on the value of the Investments or otherwise prejudice the Security Trustee's security under this deed.

8.4.3 The Company shall indemnify the Security Trustee against any loss or liability incurred by the Security Trustee (or its nominee) as a consequence of the Security Trustee (or its nominee) acting in respect of the Investments at the direction of the Company.

8.4.4 The Security Trustee shall not, by exercising or not exercising any voting rights or otherwise, be construed as permitting or agreeing to any variation or other change in the rights attaching to or conferred by any of the Investments that the Security Trustee considers prejudicial to, or impairing the value of, the security created by this deed.

8.5 Dividends and voting rights after enforcement

After the security constituted by this deed has become enforceable:

8.5.1 all dividends and other distributions paid in respect of the Investments and received by the Company shall be held by the Company on trust for the Security Trustee and immediately paid into the Designated Account (or, prior to the date on which the Designated Account has been opened, into the general operating account of the Company) or, if received by the Security Trustee, shall be retained by the Security Trustee; and

8.5.2 following receipt of a notice from the Security Trustee, all voting and other rights and powers attaching to the Investments shall be exercised by, or at the direction of, the Security Trustee and the Company shall, and shall procure that its nominees shall, comply with any directions the Security Trustee may give, in its absolute discretion, concerning the exercise of those rights and powers.

8.6 Calls on Investments

The Company shall promptly pay all calls, instalments and other payments that may be or become due and payable in respect of all or any of the Investments. The Company acknowledges that the Security Trustee shall not be under any liability in respect of any such calls, instalments or other payments.

8.7 No alteration of constitutional documents or rights attaching to Investments

To the extent the Company will have any Investments after the date of this deed under limits (b) of such definition in clause 1.1, the Company shall not, without the prior written consent of the Security Trustee, amend, or agree to the amendment of:

- 8.7.1 the memorandum or articles of association, or any other constitutional documents, of any issuer that is not a public company; or
- 8.7.2 the rights or liabilities attaching to any of the Investments.

8.8 Preservation of Investments

To the extent the Company will have any Investments after the date of this deed under paragraph (b) of such definition in clause 1.1, the Company shall ensure (as far as it is able to by the exercise of all voting rights, powers of control and other means available to it) that any issuer that is not a public company shall not:

- 8.8.1 consolidate or subdivide any of its Investments, or reduce or re-organise its share capital in any way;
- 8.8.2 issue any new shares or stock; or
- 8.8.3 refuse to register any transfer of any of its Investments that may be lodged for registration by, or on behalf of, the Security Trustee or the Company in accordance with this deed.

8.9 Investments information

The Company shall, promptly following receipt, send to the Security Trustee copies of any notice, circular, report, accounts and any other document received by it that relates to the Investments.

9 EQUIPMENT COVENANTS

9.1 Maintenance of Equipment

The Company shall:

- 9.1.1 maintain the Equipment in good and serviceable condition (except for expected fair wear and tear) in compliance with all relevant manuals, handbooks, manufacturer's instructions and recommendations and maintenance or servicing schedules;
- 9.1.2 at its own expense, renew and replace any parts of the Equipment when they become obsolete, worn out or damaged with parts of a similar quality and of equal or greater value; and
- 9.1.3 not permit any Equipment to be:
- 9.1.4 used or handled other than by properly qualified and trained persons; or
- 9.1.5 overloaded or used for any purpose for which it is not designed or reasonably suitable.

9.2 Payment of Equipment taxes

The Company shall promptly pay all taxes, fees, licence duties, registration charges, insurance premiums and other outgoings in respect of the Equipment and, on demand, produce evidence of such payment to the Security Trustee.

9.3 Notice of charge

The Company:

- 9.3.1 shall, if so requested by the Security Trustee, affix to and maintain on each item of Equipment with market value in excess of £100,000 or otherwise as directed by the Security Trustee acting reasonably in a conspicuous place, a clearly legible identification plate containing the following wording:

NOTICE OF CHARGE

This [DESCRIBE ITEM] and all additions to it and ancillary equipment are subject to a fixed charge dated [DATE] in favour of Armstrong Capital Management Limited as security trustee for the holders of Notes under a Loan Note Instrument dated [●] 20[●] and issued by [●] Limited.

- 9.3.2 shall not, and shall not permit any person to, conceal, obscure, alter or remove any plate affixed in accordance with clause 9.3.1.

10 BOOK DEBTS COVENANTS

10.1 Realising Book Debts

- 10.1.1 The Company shall as an agent for the Security Trustee, take all reasonable endeavours to collect in and realise all Book Debts and pay the proceeds immediately into:
- 10.1.2 the general operating account of the Company; or
- 10.1.3 after the Enforceability Event, the Designated Account.
- 10.1.4 Except as otherwise permitted in clause 6.7, the Company shall not without the prior written consent of the Security Trustee, withdraw any amounts standing to the credit of the Designated Account.
- 10.1.5 Upon occurrence of an Event of Default which is continuing the Company shall, if called on to do so by the Security Trustee, execute a legal assignment (subject to provision for reassignment) of the Book Debts to the Security Trustee on such terms as the Security Trustee may require and give notice of that assignment to the debtors from whom the Book Debts are due, owing or incurred.

10.2 Preservation of Book Debts

The Company shall not (except as provided by clause 10.1 or with the prior written consent of the Security Trustee) release, exchange, compound, set-off, grant time or indulgence in respect of, or in any other manner deal with, all or any of the Book Debts.

11 INTELLECTUAL PROPERTY COVENANTS

11.1 Preservation of rights

The Company shall take all necessary action to safeguard and maintain present and future rights in, or relating to, the Intellectual Property including (without limitation) by observing all covenants and stipulations relating to those rights, and by paying all applicable renewal fees, licence fees and other outgoings.

11.2 Registration of Intellectual Property

The Company shall use all reasonable efforts to register applications for the registration of any material Intellectual Property which the Company and the Security Trustee agree should be registered and shall keep the Security Trustee informed of all matters relating to each such registration.

11.3 Maintenance of Intellectual Property

The Company shall not permit any Intellectual Property to be abandoned, cancelled or to lapse.

12 POWERS OF THE SECURITY TRUSTEE

12.1 Power to remedy

12.1.1 The Security Trustee shall be entitled (but shall not be obliged) to remedy, at any time, a breach by the Company of any of its obligations contained in this deed.

12.1.2 The Company irrevocably authorises the Security Trustee and its agents to do all things that are necessary or desirable for that purpose.

12.1.3 Any monies expended by the Security Trustee in remedying a breach by the Company of its obligations contained in this deed shall be reimbursed by the Company to the Security Trustee on a full indemnity basis and shall carry interest in accordance with clause 19.1.

12.2 Exercise of rights

12.2.1 The rights of the Security Trustee under clause 12.1 are without prejudice to any other rights of the Security Trustee under this deed.

12.2.2 The exercise of any rights of the Security Trustee under this deed shall not make the Security Trustee liable to account as a mortgagee in possession.

12.3 Power to dispose of chattels

12.3.1 At any time after the security constituted by this deed has become enforceable, the Security Trustee or any Receiver may, as agent for the Company, dispose of any chattels or produce found on any Property.

12.3.2 Without prejudice to any obligation to account for the proceeds of any disposal made under clause 12.3.1, the Company shall indemnify the Security Trustee and any Receiver against any liability arising from any disposal made under clause 12.3.1.

12.4 Security Trustee has Receiver's powers

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

12.5 Conversion of currency

- 12.5.1 For the purpose of, or pending the discharge of, any of the Secured Liabilities, the Security Trustee may convert any monies received, recovered or realised by it under this deed (including the proceeds of any previous conversion under this clause 12.5) from their existing currencies of denomination into any other currencies of denomination that the Security Trustee may think fit.
- 12.5.2 Any such conversion shall be effected at the Barclays Bank plc then prevailing spot selling rate of exchange for such other currency against the existing currency.
- 12.5.3 Each reference in this clause 12.5 to a currency extends to funds of that currency and, for the avoidance of doubt, funds of one currency may be converted into different funds of the same currency.

12.6 New accounts

- 12.6.1 If the Security Trustee receives, or is deemed to have received, notice of any subsequent Security, or other interest, affecting all or part of the Secured Assets, the Security Trustee may open a new account for the Company in the Security Trustee's books. Without prejudice to the Security Trustee's right to combine accounts, no money paid to the credit of the Company in any such new account shall be appropriated towards, or have the effect of discharging, any part of the Secured Liabilities.
- 12.6.2 If the Security Trustee does not open a new account immediately on receipt of the notice, or deemed notice, under clause 12.6.1, then, unless the Security Trustee gives express written notice to the contrary to the Company, all payments made by the Company to the Security Trustee 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 the Security Trustee.

12.7 Indulgence

The Security Trustee may, at its discretion, grant time or other indulgence, or make any other arrangement, variation or release with any person not being a party to this deed (whether or not any such person is jointly liable with the 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.

12.8 Appointment of an Administrator

- 12.8.1 The Security Trustee may, without notice to the Company, appoint any one or more persons to be an Administrator of the Company pursuant to Paragraph 14 of Schedule B1 of the Insolvency Act 1986 if the security constituted by this deed becomes enforceable.
- 12.8.2 Any appointment under this clause 12.8 shall:
 - 12.8.2.1 be in writing signed by a duly authorised signatory of the Security Trustee; and

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

12.8.3 The Security Trustee may apply to the court for an order removing an Administrator from office and may by notice in writing in accordance with this clause 12.8 appoint a replacement for any Administrator who has died, resigned, been removed or who has vacated office upon ceasing to be qualified.

12.9 Further advances

The Security Trustee (as agent for the Noteholders under the Loan Note Instrument) covenants with the Company that it shall perform its obligations to make advances under the Loan Note Instrument (including any obligation to make available further advances).

13 WHEN SECURITY BECOMES ENFORCEABLE

13.1 Security becomes enforceable on Event of Default

The security constituted by this deed shall become immediately enforceable if an Event of Default has occurred and not been waived or remedied to the satisfaction of the Noteholders (the **Enforceability Event**).

13.2 Discretion

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

14 ENFORCEMENT OF SECURITY

14.1 Enforcement powers

14.1.1 The power of sale and other powers conferred by section 101 of the LPA 1925 (as varied or extended by this deed) shall, as between the Security Trustee and a purchaser from the Security Trustee, arise on and be exercisable at any time after the execution of this deed, but the Security Trustee shall not exercise such power of sale or other powers until the security constituted by this deed has become enforceable under clause 13.1.

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

14.2 Extension of statutory powers of leasing

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

14.2.1 grant a lease or agreement to lease;

14.2.2 accept surrenders of leases; or

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

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

14.3 Access on enforcement

14.3.1 At any time after the occurrence of an Enforceability Event, the Company will allow the Security Trustee or its Receiver, without further notice or demand, immediately to exercise all its rights, powers and remedies in particular (and without limitation) to take possession of any Secured Asset and for that purpose to enter on any premises where a Secured Asset is situated (or where the Security Trustee or a Receiver reasonably believes a Secured Asset to be situated) without incurring any liability to the Company for, or by any reason of, that entry.

14.3.2 At all times, the Company must use its best endeavours to allow the Security Trustee or its Receiver access to any premises for the purpose of clause 14.3.1 (including obtaining any necessary consents or permits of other persons) and ensure that its employees and officers do the same.

14.4 Protection of third parties

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

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

14.4.2 whether any power the Security Trustee, a Receiver or Delegate is purporting to exercise has become exercisable or is properly exercisable; or

14.4.3 how any money paid to the Security Trustee, any Receiver or any Delegate is to be applied.

14.5 Privileges

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

14.6 No liability as mortgagee in possession

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

14.7 Conclusive discharge to purchasers

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

14.8 Right of appropriation

14.8.1 To the extent that:

14.8.1.1 the Secured Assets constitute Financial Collateral; and

14.8.1.2 this deed and the obligations of the Company under it constitute a Security Financial Collateral Arrangement,

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

14.8.2 The value of any Secured Assets appropriated in accordance with this clause shall be the price of those Secured Assets at the time the right of appropriation is exercised as listed on any recognised market index or determined by any other method that the Security Trustee may select (including independent valuation).

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

15 RECEIVER

15.1 Appointment

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

15.2 Removal

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

15.3 Remuneration

The Security Trustee may fix the remuneration of any Receiver appointed by it without the restrictions contained in section 109 of the LPA 1925, and the

remuneration of the Receiver shall be a debt secured by this deed, to the extent not otherwise discharged.

15.4 Power of appointment additional to statutory powers

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

15.5 Power of appointment exercisable despite prior appointments

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

15.6 Agent of the Company

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

16 POWERS OF RECEIVER

16.1 General

16.1.1 Any Receiver appointed by the Security Trustee under this deed shall, in addition to the powers conferred on him by statute, have the powers set out in clause 16.2 to clause 16.23.

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

16.1.3 Any exercise by a Receiver of any of the powers given by clause 16 may be on behalf of the Company, the directors of the Company (in the case of the power contained in clause 16.16) or himself.

16.2 Repair and develop Properties

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

16.3 Surrender leases

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

16.4 Employ personnel and advisors

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

16.5 Make VAT elections

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

16.6 Remuneration

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

16.7 Realise Secured Assets

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

16.8 Manage or reconstruct the Company's business

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

16.9 Dispose of Secured Assets

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

16.10 Sever fixtures and fittings

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

16.11 Sell Book Debts

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

16.12 Valid receipts

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

16.13 Make settlements

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

16.14 Bring proceedings

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

16.15 Improve the Equipment

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

16.16 Make calls on Company members

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

16.17 Insure

A Receiver may, if he thinks fit, but without prejudice to the indemnity in clause 19, effect with any insurer any policy of insurance either in lieu or satisfaction of, or in addition to, the insurance required to be maintained by the Company under this deed.

16.18 Powers under the LPA 1925

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

16.19 Borrow

A Receiver may, for any of the purposes authorised by this clause 16, raise money by borrowing from the Security Trustee (or from any other person) either unsecured or on the security of all or any of the Secured Assets in respect of which he is appointed on any terms that he thinks fit (including, if the Security Trustee consents, terms under which that security ranks in priority to this deed).

16.20 Redeem prior Security

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

16.21 Delegation

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

16.22 Absolute beneficial owner

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

16.23 Incidental powers

A Receiver may do any other acts and things:

16.23.1 that he may consider desirable or necessary for realising any of the Secured Assets;

16.23.2 that he may consider incidental or conducive to any of the rights or powers conferred on a Receiver under or by virtue of this deed or law; or

16.23.3 that he lawfully may or can do as agent for the Company.

17 DELEGATION

17.1 Delegation

The Security Trustee or any Receiver may delegate (either generally or specifically) by power of attorney or in any other manner to any person any right, power, authority or discretion conferred on it by this deed (including the power of attorney granted under clause 21.1).

17.2 Terms

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

17.3 Liability

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

18 APPLICATION OF PROCEEDS

18.1 Order of application of proceeds

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

18.1.1 in or towards payment of or provision for all costs, charges and expenses incurred by or on behalf of the Security Trustee (and any Receiver, Delegate, attorney or agent appointed by it) under or in connection with this deed, and of all remuneration due to any Receiver under or in connection with this deed;

18.1.2 in or towards payment of or provision for the Secured Liabilities in any order and manner that the Security Trustee determines; and

- 18.1.3 in payment of the surplus (if any) to the Company or other person entitled to it.

18.2 Appropriation

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

18.3 Suspense account

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

- 18.3.1 may, at the discretion of the Security Trustee, Receiver or Delegate, be credited to any suspense or securities realised account;
- 18.3.2 shall bear interest, if any, at the rate agreed in writing between the Security Trustee and the Company; and
- 18.3.3 may be held in that account for so long as the Security Trustee, Receiver or Delegate thinks fit.

19 COSTS AND INDEMNITY

19.1 Costs

The Company shall on demand, pay to, or reimburse, the Security Trustee and any Receiver the amount of all costs and expenses (including legal, printing and out-of-pocket expenses), subject to any pre-agreed caps, reasonably incurred by the Security Trustee, any Receiver or any Delegate in connection with:

- 19.1.1 the negotiation, preparation, execution and perfection of this deed and the other documents referred to in it, or the Secured Assets;
- 19.1.2 taking, holding, protecting, perfecting, preserving or enforcing (or attempting to do so) any of the Security Trustee's, a Receiver's or a Delegate's rights under this deed;
- 19.1.3 taking proceedings for, or recovering, any of the Secured Liabilities; or
- 19.1.4 any amendment, extension, waiver, consent or suspension of rights (or any proposal for any of these) relating to this deed and the other documents referred to in it.

19.2 Indemnity

The Company shall indemnify the Security Trustee, Noteholders, each Receiver and each Delegate, and their respective employees and agents against all liabilities, costs, expenses, damages and losses and all other professional costs and expenses) suffered or incurred by any of them arising out of or in connection with:

- 19.2.1 the exercise or purported exercise of any of the rights, powers, authorities or discretions vested in them under this deed or by law in respect of the Secured Assets;

- 19.2.2 taking, holding, protecting, perfecting, preserving or enforcing (or attempting to do so) the security constituted by this deed; or
- 19.2.3 any default or delay by the Company in performing any of its obligations under this deed.

Any employee or agent may enforce the terms of this clause 19.2 subject to and in accordance with the provisions of the Contracts (Rights of Third Parties) Act 1999.

20 FURTHER ASSURANCE

20.1 Further assurance

The Company shall, at its own expense, take whatever action the Security Trustee or any Receiver may reasonably require for:

- 20.1.1 creating, perfecting or protecting the security intended to be created by this deed;
- 20.1.2 facilitating the realisation of any Secured Asset; or
- 20.1.3 facilitating the exercise of any right, power, authority or discretion exercisable by the Security Trustee or any Receiver in respect of any Secured Asset,

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

21 POWER OF ATTORNEY

21.1 Appointment of attorneys

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

- 21.1.1 the Company is required to execute and do under this deed; or
- 21.1.2 any attorney deems proper or desirable in exercising any of the rights, powers, authorities and discretions conferred by this deed or by law on the Security Trustee, any Receiver or any Delegate.

21.2 Ratification of acts of attorneys

The Company ratifies and confirms, and agrees to ratify and confirm, anything that any of its attorneys may do in the proper and lawful exercise, or purported exercise, of all or any of the rights, powers, authorities and discretions referred to in clause 21.1.

22 RELEASE

22.1 Subject to clause 29.3, on the expiry of the Security Period (but not otherwise), the Security Trustee shall, at the request and cost of the Company, take whatever action is necessary to:

22.1.1 release the Secured Assets from the security constituted by this deed; and

22.1.2 reassign the Secured Assets to the Company.

23 ASSIGNMENT AND TRANSFER

23.1 Assignment by Security Trustee

23.2 The Security Trustee may:

23.2.1 assign any of its rights under this deed; or

23.2.2 transfer all of its rights or obligations by novation,
to any other member of its Group.

23.3 The Security Trustee 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 the Security Trustee considers appropriate.

23.4 Assignment by Company

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

24 SET-OFF

24.1 Security Trustee's right of set-off

The Security Trustee may at any time set off any liability of the Company to the Security Trustee against any liability of the Security Trustee to the Company, whether either liability is present or future, liquidated or unliquidated, and whether or not either liability arises under this deed. If the liabilities to be set off are expressed in different currencies, the Security Trustee may convert either liability at a market rate of exchange for the purpose of set-off. Any exercise by the Security Trustee of its rights under this clause 24 shall not limit or affect any other rights or remedies available to it under this deed or otherwise.

24.2 No obligation to set off

The Security Trustee is not obliged to exercise its rights under clause 24.1. If, however, it does exercise those rights it must promptly notify the Company of the set-off that has been made.

24.3 Exclusion of Company's right of set-off

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

25 AMENDMENTS, WAIVERS AND CONSENTS

25.1 Amendments

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

25.2 Waivers and consents

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

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

25.3 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.

26 SEVERANCE

26.1 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.

27 COUNTERPARTS

27.1 Counterparts

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

27.1.2 Transmission of an executed counterpart of this deed (but for the avoidance of doubt not just a signature page) by fax or e-mail (in PDF, JPEG or other agreed format) shall take effect as delivery of an executed counterpart of this deed. If either method of delivery is adopted, without prejudice to the validity of the deed thus made, each party shall provide the

others with the original of such counterpart as soon as reasonably possible thereafter.

- 27.1.3 No counterpart shall be effective until each party has executed and delivered at least one counterpart.

28 THIRD PARTY RIGHTS

28.1 Third party rights

28.1.1 Except as expressly provided in clause 19.2, a person who is not a party to this deed shall not have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce, or enjoy the benefit of, any term of this deed. This does not affect any right or remedy of a third party which exists, or is available, apart from that Act.

28.1.2 The rights of the parties to rescind or agree any amendment or waiver under this deed are not subject to the consent of any other person.

29 FURTHER PROVISIONS

29.1 Independent security

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

29.2 Continuing security

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

29.3 Discharge conditional

Any release, discharge or settlement between the Company and the Security Trustee shall be deemed conditional on no payment or security received by the Security Trustee or the Noteholders in respect of the Secured Liabilities being avoided, reduced or ordered to be refunded pursuant to any law relating to insolvency, bankruptcy, winding-up, administration, receivership or otherwise. Despite any such release, discharge or settlement the Security Trustee or the Noteholders may recover the value or amount of such security or payment from the Company subsequently as if the release, discharge or settlement had not occurred.

29.4 Certificates

A certificate or determination by the Security Trustee as to any amount for the time being due to it from the Company under this deed, and the Loan Note Instrument shall be, in the absence of any manifest error, conclusive evidence of the amount due.

29.5 Consolidation

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

30 NOTICES

30.1 Delivery

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

30.1.1 in writing;

30.1.2 delivered by hand, by pre-paid first-class post or other next working day delivery service or email; and

30.1.3 sent to the registered address of the party from time to time for the attention of the managing director or to an email address certified by one party to another or to any other address or email address as is notified in writing by one party to the other from time to time.

30.2 Receipt by Company

Any notice or other communication that the Security Trustee gives to the Company shall be deemed to have been received:

30.2.1 if delivered by hand, at the time it is left at the relevant address;

30.2.2 if posted by pre-paid first-class post or other next working day delivery service, on the second Business Day after posting; and

30.2.3 if sent by email, when received in legible form.

A notice or other communication given as described in clause 30.2.1 or clause 30.2.3 on a day that is not a Business Day, or after normal business hours, in the place it is received, shall be deemed to have been received on the next Business Day.

30.3 Receipt by Security Trustee

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

30.4 Service of proceedings

This clause 30 does not apply to the service of any proceedings or other documents in any legal action or, where applicable, any arbitration or other method of dispute resolution.

31 GOVERNING LAW AND JURISDICTION

31.1 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.

31.2 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). Nothing in this clause shall limit the right of the Security Trustee to take proceedings against the Company in any other court of competent jurisdiction, nor shall the taking of proceedings in any one or more jurisdictions preclude the taking of proceedings in any other jurisdictions, whether concurrently or not, to the extent permitted by the law of such other jurisdiction.

31.3 Other service

The Company irrevocably consents to any process in any legal action or proceedings under clause 31.2 being served on it in accordance with the provisions of this deed relating to service of notices. Nothing contained in this deed shall affect the right to serve process in any other manner permitted by law.

In witness whereof this document has been executed and delivered as a deed on the date first stated above.

SCHEDULE 1

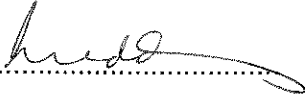
PROPERTY

EXECUTED as a Deed
by ARMSTRONG ENERGY LIMITED
acting by a director
in the presence of:

)
)
)
)

S. Mah

Signature of witness:



.....
Director

Name: LOUISE MEDDINGS

Address: 141 - 145 CURTAIN ROAD

..... LONDON, EC2A 3BX

Occupation: PA

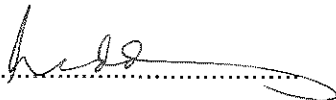
EXECUTED as a Deed
by ARMSTRONG CAPITAL
MANAGEMENT LIMITED
Acting by a director
in the presence of:

)
)
)
)
)



.....
Director

Signature of witness:



Name: LOUISE MEDDINGS

Address: 141 - 145 CURTAIN ROAD

..... LONDON, EC2A 3BX

Occupation: PA