



**Registration of a Charge**

Company Name: **CHESTER FINANCE & LEASING MANAGEMENT LIMITED**

Company Number: **11110786**



Received for filing in Electronic Format on the: **04/04/2024**

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**Details of Charge**

Date of creation: **27/03/2024**

Charge code: **1111 0786 0001**

Persons entitled: **INDEPENDENT SECURITY TRUSTEE LIMITED**

Brief description: **BY WAY OF FIRST FIXED CHARGE OVER THE COMPANY'S FREEHOLD AND LEASEHOLD PROPERTIES AND ALL INTELLECTUAL PROPERTY OWNED NOW OR IN THE FUTURE BY THE COMPANY. FOR FURTHER DETAILS PLEASE REFER TO THE INSTRUMENT.**

**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 SAVE FOR MATERIAL REDACTED PURSUANT TO S.859G OF THE COMPANIES ACT 2006 THE ELECTRONIC COPY INSTRUMENT DELIVERED AS PART OF THIS APPLICATION FOR REGISTRATION IS A CORRECT COPY OF THE ORIGINAL INSTRUMENT.**

Certified by:

**WOMBLE BOND DICKINSON (UK) LLP**



## **CERTIFICATE OF THE REGISTRATION OF A CHARGE**

Company number: 11110786

Charge code: 1111 0786 0001

The Registrar of Companies for England and Wales hereby certifies that a charge dated 27th March 2024 and created by CHESTER FINANCE & LEASING MANAGEMENT LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 4th April 2024 .

Given at Companies House, Cardiff on 8th April 2024

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**

Date: **27 March 2024**

- (1) Chester Finance & Leasing Management Ltd
- (2) Independent Security Trustee Limited

## **Debenture**

relating to

**Chester Finance & Leasing Management Ltd**

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**THIS DEED IS MADE THE 27<sup>th</sup> DAY OF March 2024**

**BETWEEN:**

- (1) **Chester Finance & Leasing Management Ltd**, a company incorporated in England and Wales under Company no. 11110786 and whose registered office is at The Yew Tree Inn High Street, Gresford, Wrexham, United Kingdom, LL12 8RF (the "**Company**"); and
- (2) **Independent Security Trustee Limited**, a company incorporated and registered in England and Wales with company number 10643309 whose registered office is at Suite 2 Park Valley House C/O The City Partnership (Uk) Limited, Park Valley Mills, Meltham Road, Huddersfield, England, HD4 7BH (the "**Security Trustee**").

**BACKGROUND:**

- (A) The Borrower has created £25,500,000 in nominal value of secured loan notes.
- (B) The Company has provided a guarantee and indemnity to the Security Trustee (on behalf of the Secured Parties) for the Transaction Obligors' obligations under the Finance Documents (as each term is defined in the Secured Loan Note Instrument).
- (C) The Finance Parties have, pursuant to the Security Trust Deed appointed the Security Trustee as security trustee in respect of this deed.
- (D) Under this deed, the Company provides security to the Security Trustee (on behalf of the Finance Parties) for the repayment of the Secured Liabilities (defined below).

**AGREED TERMS:**

**1 DEFINITIONS AND INTERPRETATION**

**1.1 Definitions**

Terms defined in the Secured 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** means an administrator appointed to manage the affairs, business and property of the Company pursuant to Clause 14.8.

**Book Debts** means 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.

**Borrower** means Direct Special Metals Group Limited, a company incorporated in England and Wales under Company no.

15479487 and whose registered office is at Yew Tree Inn High Street, Gresford, Wrexham, Wales, LL12 8RF.

**Business Day**

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

**Delegate**

means 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**

means any account of the Company nominated by the Security Trustee on the date of this deed or following an Event of Default which is continuing, in each case as a designated account for the purposes of this deed.

**Dormant Subsidiary**

means any subsidiary of the Company which does not trade (for itself or as agent for any person) and does not own, legally or beneficially, assets (including, without limitation, indebtedness owed to it) which in aggregate have a value of £50,000 or more or its equivalent in other currencies.

**Environment**

means 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**

means 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 so far as they relate to or apply to the Environment.

**Environmental Licence**

means any authorisation, permit or licence necessary under Environmental Law in respect of any of the Secured Assets.

**Equipment**

means 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.



<b>Event of Default</b>	has the meaning given to that expression in the Secured Loan Note Instrument.
<b>Finance Documents</b>	has the meaning given to that expression in the Secured Loan Note Instrument.
<b>Financial Collateral</b>	means shall have the meaning given to that expression in the Financial Collateral Regulations.
<b>Financial Collateral Regulations</b>	means the Financial Collateral Arrangements (No 2) Regulations 2003 (SI 2003/3226).
<b>Indebtedness</b>	means any obligation to pay or repay money, present or future, whether actual or contingent, sole or joint and any guarantee or indemnity of any of those obligations but excluding trade creditors arising in the ordinary course of business.
<b>Insurance Policy</b>	means 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).
<b>Intellectual Property</b>	means the Company's present and future patents, trade marks, service marks, trade names, designs, copyrights, inventions, topographical or similar rights, business names, domain names, trade secrets, confidential information and know-how and all other intellectual property rights 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.
<b>Investments</b>	<p>means 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> <ul style="list-style-type: none"> <li>(a) dividend, interest or other distribution paid or payable in relation to any of the Investments; and</li> <li>(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.</li> </ul>
<b>Loan Notes</b>	up to £25,500,000 secured loan notes, constituted by the Secured Loan Note Instrument or, if less, the amount of

	such loan notes for the time being issued and outstanding, together with any PIK Notes that are issued.
<b>LPA 1925</b>	means Law of Property Act 1925.
<b>Permitted Security</b>	has the meaning given to it in the Secured Loan Note Instrument.
<b>Planning Notice</b>	has the meaning given to it in Clause 8.4.1.
<b>PIK Notes</b>	has the meaning given to it in Condition 5.2.2(b) of the Secured Loan Note Instrument.
<b>Properties</b>	means all estates or interests in any 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.
<b>Receiver</b>	means a receiver, receiver and manager or administrative receiver of any or all of the Secured Assets appointed by the Security Trustee under Clause 17.
<b>Relevant Agreement</b>	means each agreement specified in Schedule 2.
<b>Secured Assets</b>	means all the assets, property and undertaking for the time being subject to the Security created by, or pursuant to, this deed (and references to the Secured Assets shall include references to any part of them).
<b>Secured Liabilities</b>	means all present and future monies, obligations and liabilities owed by the Transaction Obligors to the Finance Parties, whether actual or contingent and whether owed jointly or severally, as principal or surety and/or in any other capacity, under or in connection with the Finance Documents together with all interest (including, without limitation, default interest) accruing in respect of such monies or liabilities.
<b>Secured Loan Note Instrument</b>	means the secured loan note instrument related to the Borrower dated on or around the date of this deed in respect of the Loan Notes.
<b>Security</b>	means 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 Financial Collateral Arrangement**

means shall have the meaning given to that expression in the Financial Collateral Regulations.

**Security Period**

means 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.

**Subsidiaries**

a subsidiary of the Company.

**Transaction Obligor**

has the meaning given to that expression in the Secured Loan Note Instrument

**VAT**

means value added tax.

## 1.2 Interpretation

In this deed:

- 1.2.1 clause and Schedule headings shall not affect the interpretation of this deed;
- 1.2.2 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;
- 1.2.3 unless the context otherwise requires, words in the singular shall include the plural and in the plural shall include the singular;
- 1.2.4 unless the context otherwise requires, a reference to one gender shall include a reference to the other genders;
- 1.2.5 a reference to a party shall include that party's successors, permitted assigns and permitted transferees;
- 1.2.6 a reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time;
- 1.2.7 a reference to a statute or statutory provision shall include all subordinate legislation made from time to time under that statute or statutory provision;
- 1.2.8 a reference to writing or written includes e-mail;
- 1.2.9 an obligation on a party not to do something includes an obligation not to allow that thing to be done;

- 1.2.10 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;
- 1.2.11 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;
- 1.2.12 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;
- 1.2.13 a reference to an amendment includes a novation, re-enactment, supplement or variation (and amended shall be construed accordingly);
- 1.2.14 a reference to assets includes present and future properties, undertakings, revenues, rights and benefits of every description;
- 1.2.15 a reference to an authorisation includes an approval, authorisation, consent, exemption, filing, licence, notarisation, registration and resolution;
- 1.2.16 a reference to continuing in relation to an Event of Default means an Event of Default that has not been remedied or waived;
- 1.2.17 a reference to determines or determined means, unless the contrary is indicated, a determination made at the absolute discretion of the person making it;
- 1.2.18 a reference to a regulation includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation; and
- 1.2.19 where this Deed imposes an obligation on the Company to do something if required or requested by the Security Trustee, it will do so promptly after it becomes aware of the requirement or request.

### **1.3 Clawback**

If the Security Trustee considers that an amount paid by any Transaction Obligor in respect of the Secured Liabilities is capable of being avoided or otherwise set aside on the liquidation or administration of any Transaction Obligor 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) and fixed plant and machinery 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 Nature of security over Investments**

A reference in this deed to any share, stock, debenture or other security or investment includes:

- 1.5.1 any dividend, interest or other distribution paid or payable in respect of that share, stock, debenture or other security or investment; and
- 1.5.2 any right, money, shares or property accruing, offered or issued at any time in relation to that share, stock, debenture or other security or investment by way of redemption, substitution, exchange, conversion, bonus, preference or otherwise, under option rights or otherwise.

## **1.6 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 Secured Loan Note Instrument and of any side letters between any parties in relation to the Secured Loan Note Instrument are incorporated into this deed.

## **1.7 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).

## **1.8 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.

## **2 COVENANT TO PAY**

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

## **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, all the Properties.

## 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, any freehold, leasehold or commonhold property;
- 3.2.3 the benefit of all other contracts, guarantees, appointments and warranties relating to each Property and other documents to which the Company is a party or which are in its favour or of which it has the benefit relating to any letting, development, sale, purchase, use or the operation of any Property or otherwise relating to any Property (including, in each case, but without limitation, the right to demand and receive all monies whatever payable to or for its benefit under or arising from any of them, all remedies provided for in any of them or available at law or in equity in relation to any of them, the right to compel performance of any of them and all other rights, interests and benefits whatever accruing to or for its benefit arising from any of them);
- 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 each 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 premiums in connection with each Insurance Policy, to the extent not effectively assigned under Clause 3.3;
- 3.2.13 all its rights in respect of each Relevant Agreement and all other agreements, instruments and rights relating to the Secured Assets, to the extent not effectively assigned under Clause 3.3; and

3.2.14 all its rights in respect of all agreements, instruments and rights relating to the Secured Assets.

### **3.3 Assignment**

As a continuing security for the payment and discharge of the Secured Liabilities, the Company with full title guarantee assigns to the Security Trustee absolutely, subject to a proviso for reassignment on irrevocable discharge in full of the Secured Liabilities:

- (a) all its rights in each Insurance Policy, including all claims, the proceeds of all claims and all returns of premiums in connection with each Insurance Policy; and
- (b) the benefit of each Relevant Agreement and the benefit of all other agreements, instruments and rights relating to the Secured Assets.

### **3.4 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 3.3 inclusive.

### **3.5 Leasehold security restrictions**

- 3.5.1 Subject to Clause 3.5.2 to Clause 3.5.4, the security created by Clause 3.1 to Clause 3.2 shall not apply to an Excluded Property until the Company obtains any relevant consent, or waiver of any prohibition, to the creation of security over that Excluded Property.
- 3.5.2 In relation to each Excluded Property, the Company undertakes to:
  - (a) apply for the relevant consent or waiver of prohibition within five Business Days of the date of this deed, and to use its best endeavours to obtain that consent or waiver as soon as possible;
  - (b) keep the Security Trustee informed of its progress in obtaining that consent or waiver; and
  - (c) immediately on receipt of the consent or waiver, provide the Security Trustee with a copy of that consent or waiver.
- 3.5.3 Immediately on receipt by the Company of the relevant consent or waiver, that Excluded Property shall become the subject of a mortgage or charge (as appropriate) pursuant to Clause 3.1 to Clause 3.2.
- 3.5.4 If required by the Security Trustee at any time following receipt of that consent or waiver, the Company shall, at its own cost, prepare and execute any further documents and take any further action the Security Trustee may require, in its absolute discretion, for perfecting its security over that Excluded Property.

### **3.6 Qualifying floating charge**

Paragraph 14 of Schedule B1 to the Insolvency Act 1986 applies to the floating charge created by Clause 3.4.

### **3.7 Automatic crystallisation of floating charge**

The floating charge created by Clause 3.4 shall automatically and immediately (without notice) convert into a fixed charge over the assets subject to that floating charge if:

3.7.1 the Company:

- (a) creates, or attempts to create, without the prior written consent of the Security Trustee, Security or a trust in favour of another person over all or any part of the Secured Assets (except as expressly permitted by the terms of this deed or the Secured Loan Note Instrument); or
- (b) 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);

3.7.2 any person levies (or attempts to levy) any distress, attachment, execution or other process against all or any part of the Secured Assets;

3.7.3 a resolution is passed or an order is made for the winding-up, dissolution, administration or re-organisation of the Company; or

3.7.4 an application is made to court, or an order is made, for the appointment of an administrator, or a notice of intention to appoint an administrator is given or an administrator is appointed.

### **3.8 Crystallisation of floating charge by notice**

Except as provided in Clause 3.9, the Security Trustee may, in its sole discretion, 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 if:

3.8.1 an Event of Default is continuing; or

3.8.2 the Security Trustee considers those assets to be in danger of being seized or sold under any form of distress, attachment, execution or other legal process or to be otherwise in jeopardy.

### **3.9 Part A1 moratorium**

3.9.1 Subject to paragraph 3.9.2 below, the floating charge created by Clause 3.4 may not be converted into a fixed charge solely by reason of obtaining a moratorium (or anything done with a view to obtaining a moratorium) under Part A1 of the Insolvency Act 1986.



3.9.2 Paragraph 3.9.1 above does not apply to any floating charge referred to in section A52(4) of Part A1 of the Insolvency Act 1986.

### **3.10 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 NOTICE OF CHARGE OR ASSIGNMENT**

### **4.1 Notice of charge of accounts**

The Company shall give notice of the charge of the Designated Account in the form set out in Part 1 of Schedule 3 to each account bank (if not the Security Trustee) and shall use reasonable endeavours to procure that each account bank executes and delivers to the Security Trustee an acknowledgement of such notice in the form set out in Part 2 of Schedule 3 or in such other form acceptable to the Security Trustee.

### **4.2 Notice of assignment of Relevant Agreements**

The Company shall give notice of the assignment of any Relevant Agreements and any other agreement assigned to the Security Trustee under Clause 3 in the form set out in Part 1 of Schedule 4 or in such other form acceptable to the Security Trustee and to the other party or parties to such agreements and shall use reasonable endeavours to procure that such party or parties executes and delivers to the Security Trustee an acknowledgement of such notice in the form set out in Part 2 of Schedule 4 or in such other form acceptable to the Security Trustee.

### **4.3 Notice of assignment of Insurance Policies**

The Company shall give notice of the assignment of any Insurance Policies and any other agreement assigned to the Security Trustee under Clause 3 in the form set out in Part 1 of Schedule 5 or in such other form acceptable to the Security Trustee to the other party or parties to such agreements and shall use reasonable endeavours to procure that such party or parties executes and delivers to the Security Trustee an acknowledgement of such notice in the form set out in Part 2 of Schedule 5 or in such other form acceptable to the Security Trustee.

## **5 LIABILITY OF THE COMPANY**

### **5.1 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:

- 5.1.1 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;

5.1.2 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

5.1.3 any other act or omission that, but for this Clause 5.1, might have discharged, or otherwise prejudiced or affected, the liability of the Company.

## **5.2 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.

## **6 REPRESENTATIONS AND WARRANTIES**

### **6.1 Times for making representations and warranties**

The Company makes the representations and warranties set out in this Clause 6 to the Security Trustee on the date of this deed and on each day of the Security Period.

### **6.2 Status**

The Company:

6.2.1 is a duly incorporated limited liability company validly existing under the law of its jurisdiction or incorporation; and

6.2.2 has the power to own its assets and carry on its business as it is being conducted.

### **6.3 Power and authority**

6.3.1 The Company has the power to enter into deliver and perform, and has taken all necessary action to authorise its entry into, delivery and performance of, this deed and the transactions contemplated by them.

6.3.2 No limit on its powers will be exceeded as a result of the borrowing or grant of security contemplated by this deed.

### **6.4 Non-contravention**

The entry into and performance by the Company of, and the transactions contemplated by, this deed do not and will not contravene or conflict with:

6.4.1 the Company's constitutional documents;

6.4.2 any agreement or instrument binding on it or its assets or constitute a default or termination event (however described) under any such agreement or instrument; or

6.4.3 any law or regulation or judicial or official order, applicable to it.

## **6.5 Authorisations**

The Company has taken all necessary action and obtained all required authorisations to enable it to enter into, exercise its rights and comply with its obligations in this deed and to make it admissible in evidence in its jurisdiction of incorporation. Any such authorisations are in full force and effect.

## **6.6 Binding obligations**

The Company's obligations under this deed are legal, valid, binding and enforceable and this deed creates:

- 6.6.1 valid, legally binding and enforceable Security for the obligations expressed to be secured by it; and
- 6.6.2 subject to registration in accordance with the Companies Act 2006 and, in the case of real property, registration at the Land Registry, 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.

## **6.7 No filing or stamp taxes**

Under the law of its jurisdiction of incorporation it is not necessary to file, record or enrol this deed with any court or other authority (other than as provided in clause 6.6) or pay any stamp, registration or similar taxes in relation to this deed or any transaction contemplated by it (other than in connection with the registrations referred to in clause 6.6).

## **6.8 Governing law and enforcement**

The choice of English law as the governing law of this deed will be recognised and enforced in its jurisdiction of incorporation and any judgment obtained in England and Wales in relation to this deed will be recognised and enforced in that jurisdiction.

## **6.9 Deduction of tax**

No deduction for, or on account of, tax is required from any payment that the Company may make under this deed.

## **6.10 No default**

- 6.10.1 No Event of Default or, on the date of this deed, event or circumstance which would, on the expiry of any grace period, the giving of notice, the making of any determination, satisfaction of any other condition or any combination thereof, constitute an Event of Default has occurred and is continuing.
- 6.10.2 No other event or circumstance is outstanding which constitutes (or, with the expiry of a grace period, the giving of notice, the making of any determination, satisfaction of any other condition or any combination thereof, would constitute) a default or

termination event (however described) under any other agreement or instrument which is binding on the Company, or to which any of its assets are subject, which has or is likely to have a material adverse effect on the Company's ability to perform its obligations under this deed.

#### **6.11 Information**

The information, in written or electronic format, supplied by, or on behalf of, the Company to the Security Trustee in connection with this deed was, at the time it was supplied or at the date it was stated to be given (as the case may be):

- 6.11.1 if it was factual information, complete, true and accurate in all material respects;
- 6.11.2 if it was a financial projection or forecast, prepared on the basis of recent historical information and on the basis of reasonable assumptions and was arrived at after careful consideration;
- 6.11.3 if it was an opinion or intention, made after careful consideration and was fair and made on reasonable grounds; and
- 6.11.4 not misleading in any material respect nor rendered misleading by a failure to disclose other information,

except to the extent that it was amended, superseded or updated by more recent information supplied by, or on behalf of, the Company to the Security Trustee.

#### **6.12 No litigation**

No litigation, arbitration, administrative proceedings or investigations are taking place, pending or, to the Company's knowledge, threatened against it, any of its directors or any of its assets which if adversely determined, would materially and adversely affect the Secured Assets

#### **6.13 Ownership of Secured Assets**

The Company is the sole legal and beneficial owner of the Secured Assets and has good, valid and marketable title to, the Secured Assets.

#### **6.14 No Security**

The Secured Assets are free from any Security other than the Permitted Security and the Security created by this deed.

#### **6.15 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.

**6.16 No adverse covenants**

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

**6.17 No breach of laws**

There is no breach of any law or regulation that materially and adversely affects the Secured Assets.

**6.18 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.

**6.19 No overriding interests**

Nothing has arisen, has been created or is subsisting, that would be an overriding interest in any Property.

**6.20 No prohibitions or breaches**

There is no prohibition on the Company assigning its rights in any of the Secured Assets referred to in Clause 3.3 and the entry into of this deed by the Company does not, and will not, constitute a breach of any policy, agreement, document, instrument or obligation binding on the Company or its assets.

**6.21 Environmental compliance**

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

**6.22 Enforceable security**

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.

**6.23 Investments**

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

6.23.2 No constitutional document of an issuer of an Investment, nor any other agreement:

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

(b) contains any rights of pre-emption in relation to the Investments.

6.23.3 The Company has complied with all notices relating to all or any of the Investments received by it pursuant to sections 790D and 790E of the Companies Act 2006.

6.23.4 No warning notice has been issued under paragraph 1(2) of Schedule 1B of the Companies Act 2006, and no restrictions notice has been issued under paragraph 1(3) of Schedule 1B of the Companies Act 2006, in respect of all or any of the Investments.

## **6.24 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.

## **7 GENERAL COVENANTS**

### **7.1 Negative pledge and disposal restrictions**

Save as permitted under the Secured Loan Note Instrument, the Company shall not at any time, except with the prior written consent of the Security Trustee:

- 7.1.1 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 or any Permitted Security;
- 7.1.2 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 (except, in the ordinary course of business, Secured Assets that are only subject to an uncrystallised floating charge); or
- 7.1.3 create or grant (or purport to create or grant) any interest in the Secured Assets in favour of a third party other than any Permitted Security.

### **7.2 Further Borrowing**

Save as permitted in the Secured Loan Note Instrument, the Company shall not, without the prior written consent of the Security Trustee, incur any additional Indebtedness.

### **7.3 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.

### **7.4 Compliance with laws and regulations**

- 7.4.1 The Company shall comply in all respects with all laws to which it may be subject if failure to do so would materially impair its ability to perform its obligations under this deed.
- 7.4.2 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.
- 7.4.3 The Company shall:

- (a) comply 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;
- (b) obtain, and promptly renew from time to time, and comply with the terms of all 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
- (c) 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.

## **7.5 Notification of default**

The Company shall notify the Security Trustee of any Event of Default or event or circumstance which would on the expiry of any grace period, the giving of notice, the making of any determination, satisfaction of any other condition or any combination thereof, constitute an Event of Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence.

## **7.6 Enforcement of rights**

The Company shall use its reasonable endeavours to:

- 7.6.1 procure the prompt observance and performance by the relevant counterparty to any agreement or arrangement with the Company forming part of the Secured Assets (including each counterparty in respect of a Relevant Agreement and each insurer in respect of an Insurance Policy) of the covenants and other obligations imposed on that counterparty); and
- 7.6.2 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.

## **7.7 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:

- 7.7.1 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
- 7.7.2 any breach of any covenant set out in this deed.

## **7.8 Title documents**

The Company shall, as so required by the Security Trustee, deposit with the Security Trustee and the Security Trustee shall, for the duration of this deed be entitled to hold:

- 7.8.1 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);

- 7.8.2 all Insurance Policies and any other insurance policies relating to any of the Secured Assets that the Company is entitled to possess;
- 7.8.3 all deeds and documents of title (if any) relating to the Book Debts as the Security Trustee may specify from time to time; and
- 7.8.4 a copy of each Relevant Agreement, certified to be a true copy by either a director of the Company or by the Company's solicitors.

## **7.9 Ranking of obligations**

The Company's payment obligations under this deed will at all times rank in all respects in priority to all its other indebtedness, other than indebtedness preferred by operation of law in the event of its winding-up.

## **7.10 Authorisations**

The Company shall obtain all consents and authorisations necessary (and do all that is needed to maintain them in full force and effect) under any law or regulation of its jurisdiction of incorporation to enable it to perform its obligations under this deed and to ensure the legality, validity, enforceability and admissibility in evidence of this deed in its jurisdiction of incorporation.

## **7.11 Insurance**

7.11.1 The Company shall 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:

- (a) loss or damage by fire or terrorist acts, including any third party liability arising from such acts;
- (b) 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
- (c) any other risk, perils and contingencies as the Security Trustee may reasonably require.

7.11.2 Any such insurance must:

- (a) be with an insurance company or underwriters, and on such terms, as are reasonably acceptable to the Security Trustee;
- (b) include property owners' public liability and third party liability insurance



- (c) be for not less than the replacement value of the relevant Secured Assets (meaning in the case of any premises on any Property, the total cost of entirely rebuilding, reinstating or replacing the premises in the event of their being destroyed, together with architects', surveyors', engineers' and other professional fees and charges for shoring or propping up, demolition, site clearance and reinstatement with adequate allowance for inflation) and, in the case of any Property, loss of rents payable by the tenants or other occupiers of any Property for a period of at least three years, including provision for increases in rent during the period of insurance.
- 7.11.3 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 7.8.1 (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).
- 7.11.4 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 effected or maintained by it or any person on its behalf in accordance with Clause 7.11.1 but without the Security Trustee having any liability for any premium in relation to those insurance policies unless it has expressly and specifically requested to be made liable in respect of any increase in premium or unpaid premium in respect of any Insurance Policy.
- 7.11.5 The Company shall ensure that each Insurance Policy effected or maintained by it or any person on its behalf in accordance with Clause 7.11.1 contains:
  - (a) upon the discharge of the Senior Liabilities in full a loss payee clause under which the Security Trustee is named as first loss payee (other than in respect of any claim under any public liability and third party liability insurances);
  - (b) terms ensuring that it cannot be avoided or vitiated as against the Security Trustee by reason of the act or default of any other insured party or any misrepresentation, non-disclosure or failure to make a fair presentation of risk by any other insured party;
  - (c) a waiver of each insurer's rights of subrogation against the Company, the Security Trustee and the tenants of any Property other than any such rights arising in connection with any fraud or criminal offence committed by any of those persons in respect of any Property or any insurance policy; and
  - (d) terms ensuring that no insurer can repudiate, rescind or cancel it, treat it as avoided in whole or in part nor treat it as expired due to non-payment of premium without giving at least 30 days' prior written notice to the Security Trustee.

## **7.12 Insurance premiums**

The Company shall:

- 7.12.1 promptly pay all premiums in respect of each Insurance Policy maintained by it in accordance with Clause 7.11.1 and do all other things necessary to keep that policy in full force and effect; and
- 7.12.2 (if the Security Trustee so requires) give to the Security Trustee copies of the receipts for all premiums and other payments necessary for effecting and keeping up each insurance policy as is required by Clause 7.11.1 (or where, in the case of leasehold property, insurance is effected by the landlord, such evidence of the payment of premiums as the Company is entitled to obtain from the landlord under the terms of the relevant lease).

### **7.13 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 7.11.1.

### **7.14 Proceeds of insurance policies**

All monies received or receivable by the Company under any Insurance Policy maintained by it in accordance with Clause 7.11.1 (including all monies received or receivable by it under any Insurance Policy) at any time (whether or not the security constituted by this deed has become enforceable) shall be applied in accordance with the terms of the Secured Loan Note Instrument.

### **7.15 Information**

The Company shall:

- 7.15.1 give the Security Trustee such information concerning the location, condition, use and operation of the Secured Assets as the Security Trustee may require;
- 7.15.2 permit any persons designated by the Security Trustee and any Receiver to enter on its premises and inspect and examine any Secured Asset, and the records relating to that Secured Asset, at all reasonable times and on reasonable prior notice; and
- 7.15.3 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.

### **7.16 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.

## **7.17 Subsidiaries**

- 7.17.1 The Company shall not incorporate or acquire any new subsidiaries unless such subsidiary grants Security to the Security Trustee in substantially the same form as this deed.
- 7.17.2 The Company shall not cause or permit any Dormant Subsidiary to commence trading or cease to satisfy the criteria for a Dormant Subsidiary unless such Dormant Subsidiary grants Security to the Security Trustee in substantially the same form as this deed.

## **8 PROPERTY COVENANTS**

### **8.1 Maintenance and insurance**

The Company shall keep all buildings and all fixtures on each Property:

- 8.1.1 in good and substantial repair and condition and shall keep all premises adequately and properly painted and decorated and replace any fixtures and fittings which have become worn out or otherwise unfit for use with others of a like nature and equal value; and
- 8.1.2 in such repair and condition as to enable each Property to be let in accordance with all applicable laws and regulations.

### **8.2 No alterations**

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

- 8.2.1 pull down or remove the whole, or any part of, any building forming part of any Property or permit the same to occur;
- 8.2.2 make or permit any alterations to any Property, or sever or remove, or permit to be severed or removed, any of its fixtures or fittings (except to make any necessary repairs or renew or replace the same in accordance with Clause 8.1
- 8.2.3 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); or
- 8.2.4 consent to the landlord of the Property making any alterations to the building (of which the Property forms part) or the services which serve the Property.

The Company shall promptly give notice to the Security Trustee if the premises (including the parking space) or fixtures or fittings forming part of the Property are destroyed or materially damaged.

### 8.3 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.

### 8.4 Planning information

The Company shall:

- 8.4.1 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 (a "**Planning Notice**") that specifically applies to any Property, or to the locality in which it is situated, within seven days after becoming aware of the relevant Planning Notice; and
- 8.4.2 at its own expense, immediately on request by the Security Trustee, and at the cost of the Company, 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 the Security Trustee may desire.

The Company shall give full particulars to the Security Trustee of any claim, notice or other communication served on it in respect of any modification, suspension or revocation of any Environmental Licence or any alleged breach of any Environmental Law, in each case relating to any Property.

### 8.5 Compliance with covenants and payment of rent

The Company shall:

- 8.5.1 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;
- 8.5.2 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
- 8.5.3 (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.

### 8.6 Payment of rent and outgoings

The Company shall:

- 8.6.1 where a Property, or part of it, is held under a lease, duly and punctually pay all rents due from time to time; and

- 8.6.2 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.

## **8.7 Maintenance of interests in Properties**

Save as permitted under the Secured Loan Note Instrument, the Company shall not, without the prior written consent of the Security Trustee:

- 8.7.1 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 agree to grant any such licence or tenancy, or agree to exercise the statutory powers of leasing or of accepting surrenders under section 99 or section 100 of the LPA 1925);
- 8.7.2 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 (or agree to dispose of, accept the surrender of, surrender or create any legal or equitable estate or interest in the whole or any part of any Property);
- 8.7.3 let any person into occupation of or share occupation of the whole or any part of any Property; or
- 8.7.4 grant any consent or licence under any lease or licence affecting any Property.

## **8.8 Registration restrictions**

- 8.8.1 If the title to any Property is not registered at the Land Registry, the Company shall procure that no person (other than itself) 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.
- 8.8.2 Whether or not title to any Property is registered at the Land Registry, if any caution against first registration or any notice (whether agreed or unilateral) is registered against the Company's title to any Property, the Company shall immediately provide the Security Trustee with full particulars of the circumstances relating to such caution or notice. If such caution or notice was registered to protect a purported interest the creation of which is not permitted under this deed, the Company shall immediately, and at its own expense, take such steps as the Security Trustee may require to ensure that the caution or notice, as applicable, is withdrawn or cancelled.
- 8.8.3 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.

## **8.9 Development restrictions**

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

- 8.9.1 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
- 8.9.2 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, or change or permit or suffer to be changed the use of any Property.

#### **8.10 Rent reviews**

The Company shall not, without the prior written consent of the Security Trustee, agree to any change in rent to less than the open market rental value of the relevant part of the Property.

#### **8.11 Environment**

The Company shall:

- 8.11.1 comply with all the requirements of Environmental Law; and
- 8.11.2 obtain and comply with all Environmental Licences.

#### **8.12 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.

#### **8.13 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 or as may be otherwise required under the terms of any Permitted Security.

#### **8.14 Inspection**

The Company shall permit the Security Trustee, any Receiver and any person appointed by either of them to enter on and inspect any Property on reasonable prior notice.

#### **8.15 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.

#### **8.16 VAT option to tax**

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

- 8.16.1 exercise any VAT option to tax in relation to any Property; or

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

## **8.17 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 \_\_\_\_\_ in favour of Independent Security Trustee Limited referred to in the charges register."

## **9 INVESTMENT COVENANTS**

### **9.1 Deposit of title documents**

9.1.1 The Company shall:

- (a) promptly upon the request of the Security Trustee deposit with the Security Trustee, or as the Security Trustee may direct, 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
- (b) promptly upon the request of the Security Trustee, 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, all stock or share certificates and other documents of title or evidence of ownership relating to those Investments.

9.1.2 At the same time as depositing documents with the Security Trustee, or as the Security Trustee may direct, in accordance with Clause 9.1.1, the Company shall also deposit with the Security Trustee, or as the Security Trustee may direct:

- (a) all stock transfer forms relating to the relevant Investments duly completed and executed by or on behalf of the Company, but with the name of the transferee, the consideration and the date left blank; and
- (b) any other documents (in each case duly completed and executed by or on behalf of the Company) that the Security Trustee may 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 and without notice to the Company, complete and present those stock transfer forms and other documents to the issuer of the Investments for registration.

## **9.2 Nominations**

- 9.2.1 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:
- (a) does not exercise any rights in respect of any Investments without the prior written approval of the Security Trustee; and
  - (b) 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.
- 9.2.2 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.

## **9.3 Additional registration obligations**

The Company shall:

- 9.3.1 obtain all consents, waivers, approvals and permissions that are necessary, under the articles of association (or otherwise) of an issuer of any Investments, 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
- 9.3.2 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.

## **9.4 Dividends and voting rights before enforcement**

- 9.4.1 Before the occurrence of an Event of Default, 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 on trust for the Company and will pay them to the Company promptly on request.
- 9.4.2 Before the occurrence of an Event of Default, the Company may exercise all voting and other rights and powers in respect of the Investments or, if any of the same are exercisable by the Security Trustee of any of its nominees, to direct in writing the exercise of those voting and other rights and powers provided that:



- (a) it shall not do so in any way that would breach any provision of the Secured Loan Note Instrument or this deed or for any purpose inconsistent with the Secured Loan Note Instrument or this deed; and
  - (b) the exercise of, or the failure to exercise, those voting rights or other rights and powers would not, in the Security Trustee's opinion, have an adverse effect on the value of the Investments or otherwise prejudice the Security Trustee's security under this deed.
- 9.4.3 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.
- 9.4.4 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.

## **9.5 Dividends and voting rights after enforcement**

After the occurrence of an Event of Default:

- 9.5.1 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 a Designated Account or, if received by the Security Trustee, shall be retained by the Security Trustee; and
- 9.5.2 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.

## **9.6 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.

## **9.7 No alteration of constitutional documents or rights attaching to Investments**

The Company shall not, without the prior written consent of the Security Trustee, amend, or agree to the amendment of:

- 9.7.1 the memorandum or articles of association, or any other constitutional documents, of any issuer of the Investments that is not a public company; or
- 9.7.2 the rights or liabilities attaching to, or conferred by, all or any of the Investments

## **9.8 Preservation of Investments**

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 of any of the Investments (that is not a public company) shall not:

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

## **9.9 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.

## **9.10 Compliance with requests for information**

The Company shall promptly send a copy to the Security Trustee of, and comply with, all requests for information which is within its knowledge and which are made under any law or regulation or any similar provision in any articles of association or other constitutional document, or by any listing or other authority, relating to any of the Investments. If it fails to do so, the Security Trustee may elect to provide such information as it may have on behalf of the Company.

# **10 EQUIPMENT COVENANTS**

## **10.1 Maintenance of Equipment**

The Company shall:

- 10.1.1 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;
- 10.1.2 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
- 10.1.3 not permit any Equipment to be:
  - (a) used or handled other than by properly qualified and trained persons; or
  - (b) overloaded or used for any purpose for which it is not designed or reasonably suitable.

**10.2 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.

**10.3 Notice of charge**

10.3.1 The Company shall, if so requested by the Security Trustee, affix to and maintain on each item of Equipment 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 [Security Trustee]."

10.3.2 The Company shall not, and shall not permit any person to, conceal, obscure, alter or remove any plate affixed in accordance with Clause 10.3.1.

**11 BOOK DEBTS COVENANTS****11.1 Book Debts Account**

11.1.1 The Company shall, if called on to do so by the Security Trustee upon the occurrence of an Event of Default which is continuing, as an agent for the Security Trustee, collect in and realise all Book Debts, pay the proceeds into a Designated Account immediately on receipt and, pending that payment, hold those proceeds in trust for the Security Trustee.

11.1.2 The Company shall, if called on to do so by the Security Trustee upon the occurrence of an Event of Default which is continuing, execute a legal assignment 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.

11.1.3 Following a request by the Security Trustee upon the occurrence of an Event of Default which is continuing) not, without the prior consent of the Security Trustee, withdraw all or any monies from time to time standing to the credit of any other Designated Account or any other bank account, or permit or agree to any variation of the rights attaching to such accounts or close such accounts.

**11.2 Preservation of Book Debts**

The Company shall not (except as permitted under Clause 11.1 or with the prior written consent of the Security Trustee) at any time after a request by the Security Trustee pursuant to Clause 11.1.1 or Clause 11.1.2 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.

## **12 RELEVANT AGREEMENTS COVENANTS**

### **12.1 Relevant Agreements**

12.1.1 The Company shall, unless the Security Trustee agrees otherwise in writing, comply with the terms of each Relevant Agreement and any other document, agreement or arrangement comprising the Secured Assets.

12.1.2 The Company shall not, unless the Security Trustee agrees otherwise in writing:

- (a) amend or vary or agree to any change in, or waive any requirement of or its rights under each Relevant Agreement other than any amendment, variation, change or waiver which is administrative and mechanical in nature and does not have a Material Adverse Effect;
- (b) settle, compromise, terminate, rescind or discharge (except by performance); or
- (c) abandon, waive, dismiss, release or discharge any action, claim or proceedings against any counterparty to a Relevant Agreement or other person in connection with,

any Relevant Agreement or any other document, agreement or arrangement comprising the Secured Assets.

## **13 INTELLECTUAL PROPERTY COVENANTS**

### **13.1 Preservation of rights**

The Company shall take all reasonable 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.

### **13.2 Registration of Intellectual Property**

The Company shall use all reasonable efforts to register applications for the registration of any Intellectual Property, and shall keep the Security Trustee informed of all matters relating to each such registration.

### **13.3 Maintenance of Intellectual Property**

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

## **14 POWERS OF THE SECURITY TRUSTEE**

### **14.1 Power to remedy**

14.1.1 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.

- 14.1.2 The Company irrevocably authorises the Security Trustee and its agents to do all things that are necessary or desirable for that purpose.
- 14.1.3 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 21.1.
- 14.1.4 In remedying any breach in accordance with this Clause 14, the Security Trustee, its agents and their respective officers, agents and employees shall be entitled to enter onto any Property and to take any action as the Security Trustee may reasonably consider necessary or desirable, including, without limitation, carrying out any repairs, other works or development.

#### **14.2 Exercise of rights**

- 14.2.1 The rights of the Security Trustee under Clause 14.1 are without prejudice to any other rights of the Security Trustee under this deed.
- 14.2.2 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.

#### **14.3 Power to dispose of chattels**

- 14.3.1 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.
- 14.3.2 Without prejudice to any obligation to account for the proceeds of any disposal made under Clause 14.3.1, the Company shall indemnify the Security Trustee and any Receiver against any liability arising from any disposal made under Clause 14.3.1.

#### **14.4 Security Trustee has Receiver's powers**

To the extent permitted by law, any right, power or discretion conferred by this deed (either expressly or impliedly) or by law 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.

#### **14.5 Conversion of currency**

- 14.5.1 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 14.5) from their existing currencies of denomination into any other currencies of denomination that the Security Trustee may think fit.
- 14.5.2 Any such conversion shall be effected at Barclays Bank plc's then prevailing spot selling rate of exchange for such other currency against the existing currency.

- 14.5.3 Each reference in this Clause 14.5 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.

#### **14.6 New accounts**

- 14.6.1 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.
- 14.6.2 If the Security Trustee does not open a new account immediately on receipt of the notice, or deemed notice, under Clause 14.6.1, 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.

#### **14.7 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.

#### **14.8 Appointment of an Administrator**

- 14.8.1 The Security Trustee may, without notice to the Company, appoint anyone or more persons to be an Administrator of the Company pursuant to Paragraph 14 of Schedule 81 of the Insolvency Act 1986 if the security constituted by this deed becomes enforceable.
- 14.8.2 Any appointment under this Clause 14.8 shall:
- (a) be in writing signed by a duly authorised signatory of the Security Trustee; and
  - (b) take effect, in accordance with paragraph 19 of Schedule B 1 of the Insolvency Act 1986.
- 14.8.3 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 14.8 appoint a replacement for any Administrator who has died, resigned, been removed or who has vacated office upon ceasing to be qualified.

## **15 WHEN SECURITY BECOMES ENFORCEABLE**

### **15.1 Security becomes enforceable on Event of Default**

The Security constituted by this deed shall become immediately enforceable if an Event of Default occurs and is continuing.

### **15.2 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.

## **16 ENFORCEMENT OF SECURITY**

### **16.1 Enforcement powers**

16.1.1 For the purposes of all powers implied by statute, the Secured Liabilities are deemed to have become due and payable on the date of this deed.

16.1.2 The power of sale and other powers conferred by section 101 of the LPA 1925 (as varied or extended by this deed) shall be immediately exercisable at any time after the security constituted by this deed has become enforceable under Clause 15.1.

16.1.3 Section 103 of the LPA 1925 does not apply to the Security constituted by this deed.

### **16.2 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:

16.2.1 grant a lease or agreement to lease;

16.2.2 accept surrenders of leases; or

16.2.3 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.

### **16.3 Access on enforcement**

16.3.1 At any time after the Security Trustee has demanded payment of the Secured Liabilities or if the Company defaults in the performance of its obligations under this deed or the Secured Loan Note Instrument, 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.

- 16.3.2 At all times, the Company must allow the Security Trustee or its Receiver access to any premises for the purpose of Clause 16.3.1 (including obtaining any necessary consents or permits of other persons) and ensure that its employees and officers do the same.

#### **16.4 Prior Security**

- 16.4.1 At any time after the security constituted by this deed has become enforceable, or after any powers conferred by any Security having priority to this deed shall have become exercisable, the Security Trustee may:

- (a) redeem that or any other prior Security;
- (b) procure the transfer of that Security to it; and
- (c) settle and pass any account of the holder of any prior Security (and any accounts so settled and passed shall, in the absence of any manifest error, be conclusive and binding on the Company).

- 16.4.2 All monies paid by the Security Trustee to an encumbrancer in settlement of any of those accounts shall, as from its payment by the Security Trustee, be due from the Company to the Security Trustee on current account and shall bear interest at the default rate of interest specified in the Secured Loan Note Instrument and be secured as part of the Secured Liabilities.

- 16.4.3 The Company shall pay to the Security Trustee immediately on demand all principal, interest, costs, charges and expenses of, and incidental to, any such redemption or transfer, and such amounts shall be secured by this deed as part of the Secured Liabilities.

#### **16.5 Protection of third parties**

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

- 16.5.1 whether any of the Secured Liabilities have become due or payable, or remain unpaid or undischarged;
- 16.5.2 whether any power the Security Trustee, a Receiver or Delegate is purporting to exercise has become exercisable or is properly exercisable; or
- 16.5.3 how any money paid to the Security Trustee, any Receiver or any Delegate is to be applied.



**16.6 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.

**16.7 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.

**16.8 Relinquishing possession**

If the Security Trustee, any Receiver or Delegate enters into or takes possession of any Property, it may at any time relinquish possession.

**16.9 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.

**16.10 Right of appropriation**

16.10.1 To the extent that:

- (a) the Secured Assets constitute Financial Collateral; and
- (b) 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.

16.10.2 The value of any Secured Assets appropriated in accordance with this Clause:

- (a) in the case of cash, the amount standing to the credit of each of the Company's accounts with any bank, financial institution or other person, together with any accrued but unpaid interest, at the time the right of appropriation is exercised; and
- (b) in the case of Investments, the market price of those Investments at the time the right of appropriation is exercised determined by the Security Trustee by reference to a recognised market index or by any other method that the Security Trustee may select (including independent valuation).

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

## **17 RECEIVER**

### **17.1 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, anyone or more persons to be a Receiver of all or any part of the Secured Assets.

### **17.2 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.

### **17.3 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.

### **17.4 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.

### **17.5 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.

### **17.6 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.

## **18 POWERS OF RECEIVER**

### **18.1 General**

- 18.1.1 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 18.2 to Clause 18.24.
- 18.1.2 A Receiver has all the rights, powers and discretions conferred on a receiver (or a receiver and manager) under the LPA 1925, and shall have those rights, powers and discretions conferred on an administrative receiver under the Insolvency Act 1986 whether it is an administrative receiver or not.
- 18.1.3 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.
- 18.1.4 Any exercise by a Receiver of any of the powers given by Clause 18 may be on behalf of the Company, the directors of the Company (in the case of the power contained in Clause 18.16) or himself.

### **18.2 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.

### **18.3 Grant or accept surrenders of leases**

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

### **18.4 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.

### **18.5 Make and revoke VAT options to tax**

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

### **18.6 Charge for 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.

**18.7 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.

**18.8 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.

**18.9 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.

**18.10 Sever fixtures and fittings**

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

**18.11 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.

**18.12 Give 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.

**18.13 Make settlements**

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

**18.14 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.

**18.15 Improve the Equipment**

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

**18.16 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.

**18.17 Insure**

A Receiver may, if he thinks fit, but without prejudice to the indemnity in Clause 21, 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.

**18.18 Form subsidiaries**

A Receiver may form a subsidiary of the Company and transfer to that subsidiary any Secured Asset.

**18.19 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.

**18.20 Borrow**

A Receiver may, for any of the purposes authorised by this Clause 18, 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).

**18.21 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.

**18.22 Delegation**

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

**18.23 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.

**18.24 Incidental powers**

A Receiver may do any other acts and things:

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

18.24.2 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

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

**19 DELEGATION****19.1 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 23.1).

**19.2 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.

**19.3 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.

**20 APPLICATION OF PROCEEDS****20.1 Order of application of proceeds**

All monies received or recovered by the Security Trustee, a Receiver or a Delegate under this deed or in connection with the realisation or enforcement of all or part of the security constituted by this deed (other than sums received under any Insurance Policy), 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 (but without prejudice to the Security Trustee's right to recover any shortfall from the Company):

20.1.1 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;

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

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

## **20.2 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.

## **20.3 Suspense account**

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

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

## **21 COSTS AND INDEMNITY**

### **21.1 Costs**

- 21.1.1 The Company shall, promptly on demand, pay to, or reimburse, the Security Trustee and any Receiver, 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) reasonably and properly incurred by the Security Trustee, any Receiver or any Delegate in connection with:

- (a) the negotiation, preparation, execution and delivery of this deed and the Secured Assets;
- (b) any amendment, extension, waiver, consent or suspension of rights (or any proposal for any of these) under or in connection with this deed; and
- (c) any release of any security constituted by this deed,

together with interest, which shall accrue and be payable (without the need for any demand for payment being made) from the date on which the relevant cost or expense arose until full discharge of that cost or expense (whether before or after judgment, liquidation, winding up or administration of the Company) at the rate and in the manner specified in the Secured Loan Note Instrument.

- 21.1.2 The Company shall, promptly on demand, pay to, or reimburse, the Security Trustee and any Receiver, 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 Security Trustee, any Receiver or any Delegate in connection with the 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 or the taking proceedings for, or recovering, any of the Secured

Liabilities, together with interest, which shall accrue and be payable (without the need for any demand for payment being made) from the date on which the relevant cost or expense arose until full discharge of that cost or expense (whether before or after judgment, liquidation, winding up or administration of the Company).

## **21.2 Indemnity**

The Company, promptly on demand, agrees to indemnify the Security Trustee, each Receiver and each Delegate, 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:

- 21.2.1 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;
- 21.2.2 taking, holding, protecting, perfecting, preserving or enforcing (or attempting to do so) the security constituted by this deed; or
- 21.2.3 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 21.1.2 subject to and in accordance with the provisions of the Contracts (Rights of Third Parties) Act 1999.

## **22 FURTHER ASSURANCE**

- 22.1 The Company shall, at its own expense, promptly do all such acts or execute all such documents as the Security Trustee or any Receiver may reasonably specify (and in such forms as the Security Trustee may reasonably require in favour of the Security Trustee or its nominees(s)):

- 22.1.1 to create, perfect or protect the security intended to be created by this deed (including making all filings and registrations);
- 22.1.2 to facilitate the realisation or enforcement of any Secured Asset; or
- 22.1.3 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 the execution of any transfer, mortgage, charge, 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 filing or registration which, in any such case, the Security Trustee may consider necessary or desirable.



**23 POWER OF ATTORNEY****23.1 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:

23.1.1 perfect the security given by the Company under this deed; and

23.1.2 execute any document or to do any act and thing that the Company is required to execute and do under this deed or (following an Event of Default) which 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.

**23.2 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 23.1.

**24 RELEASE**

24.1 Subject to Clause 31.3, on the expiry of the Security Period, the Security Trustee shall, at the request and cost of the Company, take whatever action is necessary to:

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

24.1.2 reassign the Secured Assets to the Company.

**25 ASSIGNMENT AND TRANSFER****25.1 Assignment by Security Trustee**

25.1.1 At any time, without the consent of the Company, the Security Trustee may assign or transfer any or all of its rights and obligations under this deed to any other person or entity appointed as a Security Trustee on behalf of the Secured Parties.

25.1.2 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.

**25.2 Assignment by Company**

The Company may not assign any of its rights, or transfer any of its rights or obligations, under this deed or enter into any transaction which would result in any of the Company's rights or obligations under this deed passing to another person.

**26 SET-OFF****26.1 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 26 shall not limit or affect any other rights or remedies available to it under this deed or otherwise.

**26.2 No obligation to set off**

The Security Trustee is not obliged to exercise its rights under Clause 26.1. If it does exercise those rights it must promptly notify the Company of the set-off that has been made.

**26.3 Exclusion of Company's right of set-off**

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

**27 AMENDMENTS, WAIVERS AND CONSENTS****27.1 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).

**27.2 Waivers and consents**

27.2.1 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.

27.2.2 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.

**27.3 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.

## **28 SEVERANCE**

### **28.1 Severance**

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

## **29 COUNTERPARTS**

### **29.1 Counterparts**

29.1.1 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.

29.1.2 Transmission of an executed counterpart of this deed (but for the avoidance of doubt not just a signature page) 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.

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

## **30 THIRD PARTY RIGHTS**

30.1 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.

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

## **31 FURTHER PROVISIONS**

### **31.1 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.

### **31.2 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.

**31.3 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 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:

- 31.3.1 the Security Trustee or its nominee may retain this deed and the security created by or pursuant to it, including all certificates and documents relating to the whole or any part of the Secured Assets, for any period that the Security Trustee deems necessary to provide the Security Trustee with security against any such avoidance, reduction or order for refund; and
- 31.3.2 the Security Trustee 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.

**31.4 Certificates**

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

**31.5 Consolidation**

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

**32 NOTICES****32.1 Delivery**

Any notice or other communication required to be given to a party under or in connection with this deed shall be sent by email to the address notified in writing to the Company or the Security Trustee (as the case may be).

**32.2 Receipt**

Any notice or other communication shall be deemed to have been received at the time of transmission, or, if this time falls outside business hours in the place of receipt, when business hours resume. In this Clause 32.2 business hours means 9.00am to 5.00pm Monday to Friday on a day that is not a public holiday in the place of receipt.

**32.3 Service of proceedings**

This Clause 32 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.

### **33 GOVERNING LAW AND JURISDICTION**

#### **33.1 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.

#### **33.2 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 anyone 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.

#### **33.3 Other service**

The Company irrevocably consents to any process in any legal action or proceedings under Clause 33.2 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.

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**  
**Property**

**Part 1**  
**Registered Property**

None at the date of this Deed.

**Part 2**  
**Unregistered Property**

None at the date of this Deed.

**Part 3**  
**Excluded Property**

None at the date of this Deed.

**Schedule 2**  
**Relevant Agreements**

None at the date of this Deed.

**Schedule 3**  
**Notice and acknowledgement – Bank Account**

**Part 1**

**Form of Notice**

[On the letterhead of the Company]

[NAME OF ACCOUNT BANK]

[ADDRESS LINE 1]

[ADDRESS LINE 2]

[POSTCODE]

[DATE]

Dear Sirs

**Debenture dated [DATE] between [Company] and [Security Trustee] (the "Debenture")**

We give you notice that, by a debenture dated [ ] entered into between us and [ ] as Security Trustee for certain secured parties referred to therein (the "**Security Trustee**"), we have charged by way of first fixed charge to the Security Trustee all our right, title and interest in and to the monies from time to time standing to the credit of the following account (the "**Designated Account**").

Account number	Sort code	Account holder	Designation

We hereby irrevocably and unconditionally authorise and instruct you:

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

We also advise you that:

- (a) we may continue to withdraw any monies from the Designated Account without the prior written consent of the Security Trustee until you receive written notice from the Security Trustee that an Event of Default has occurred and is continuing and that we may no longer do so; and
- (b) the provisions of this notice may only be revoked or varied with the prior written consent of the Security Trustee.



The instructions and authorisations which are contained in this letter will remain in full force and effect until the Security Trustee gives you notice in writing revoking them.

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

Would you please acknowledge receipt of this letter and your acceptance of the instructions and authorisations contained in it by signing the attached form of acknowledgement and returning it to the Security Trustee at [ ].

Yours faithfully

[ ]

## Part 2

### Form of Acknowledgement

[On the letterhead of the account bank]

[NAME OF Security Trustee]

[ADDRESS LINE 1]

[ADDRESS LINE 2]

[POSTCODE]

[DATE]

Dear Sirs,

#### **Debenture dated [DATE] between [Company] and [Security Trustee] (the "Debenture")**

We acknowledge receipt of a letter (a copy of which is attached) dated [ ] and addressed to us by [ ] (the "**Company**") with respect to the Designated Account.

Expressions defined in such letter have the same meanings in this acknowledgement.

We acknowledge and confirm that:

- 1** we accept the instructions in the notice and will act in accordance with the provisions of such notice until the Security Trustee notifies us in writing that the notice is revoked;
- 2** we have not received notice that any third party has any interest in the Designated Account; and
- 3** we have not claimed or exercised, nor will we claim or exercise against the Security Trustee, any right of set-off, lien, combination of accounts, counterclaim or other right relating to the Designated Account.

This acknowledgement and any non-contractual obligations arising out of or in connection with this acknowledgement are governed by the law of England.

Yours faithfully,

[ ]

**Schedule 4**  
**Notice and acknowledgement – Relevant Agreements**

**Part 1**

**Form of Notice**

[On the letterhead of the Company]

[NAME OF COUNTERPARTY]

[ADDRESS LINE 1]

[ADDRESS LINE 2]

[POSTCODE]

[DATE]

Dear Sirs,

**Debenture dated [DATE] between [Company] and [Security Trustee] (the "Debenture")**

We refer to an agreement dated [ ] (as such agreement may be amended or supplemented, the "**Relevant Agreement**") between us and you. We give you notice that, by a debenture dated [ ] entered into between us and [ ] as Security Trustee for certain secured parties referred to therein (the "Security Trustee"), we have assigned to the Security Trustee all our present and future rights and interest in:

1. the Relevant Agreement and any money now or at any time in the future due or owing to us under or in connection with the Relevant Agreement; and
2. all related rights, including all guarantees, indemnities, mortgages, charges and other security of whatever nature now or in the future held by us in respect of the Relevant Agreement including all money now or at any time in the future due or owing to us under or in connection with the same and all rights and remedies for enforcing the same,

(together the "**Assigned Assets**").

We irrevocably and unconditionally instruct and authorise you (notwithstanding any previous instructions whatsoever which we may have given to you to the contrary):

1. following written notice to you from the Security Trustee confirming that an Event of Default has occurred and is continuing to pay to the Security Trustee at such account or accounts and/or bank or banks as may from time to time be notified to you by the Security Trustee all moneys forming part of the Assigned Assets and otherwise to act in accordance with the instructions of the Security Trustee in connection with the Assigned Assets;
2. following written notice to you from the Security Trustee confirming that an Event of Default has occurred and is continuing to comply with the terms of any written notice, statement or instructions in any way relating or purporting to relate to the assignment and/or the Assigned Assets which you receive at any time from the Security Trustee; and

3. to disclose to the Security Trustee, such information relating to the Assigned Assets as the Security Trustee may, at any time request.

In each case without any reference to or further authority from us and without any enquiry by you as to the justification for such instructions, notice, statement, instructions or disclosure.

The instructions and authorisations which are contained in this letter will remain in full force and effect until the Security Trustee gives you notice in writing revoking them.

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

Would you please acknowledge receipt of this letter and your acceptance of the instructions and authorisations contained in it by signing the attached form of acknowledgement and returning it to the Security Trustee at [ ].

Yours faithfully

[COMPANY]

## Part 2

### Form of acknowledgement

[On the letterhead of the counterparty]

[NAME OF Security Trustee]

[ADDRESS LINE 1]

[ADDRESS LINE 2]

[POSTCODE]

[DATE]

Dear Sirs,

#### **Debenture dated [DATE] between [Company] and [Security Trustee] (the "Debenture")**

We acknowledge receipt of a letter (a copy of which is attached) dated [ ] and addressed to us by [ ] (the "**Company**") with respect to the Relevant Agreement.

Expressions defined in such letter have the same meanings in this acknowledgement.

We acknowledge and confirm that:

- 4** we have not claimed or exercised, have no outstanding right to claim or exercise and will not exercise, any right of set-off, counterclaim or other right relating to any payments to be made by it in respect of our indebtedness under the Assigned Assets;
- 5** we have not received any notice that any third party has or will have any right or interest in or has made or will be making any claim or demand or taking any action against the Assigned Assets; and

**6** we agree that you do not have any obligations, liabilities or responsibilities under or in respect of the Assigned Assets.

We have made the acknowledgements and confirmations and have given the undertakings set out in this letter in the knowledge that they are required by you in connection with the security which is to be constituted by the Company in your favour under a debenture dated [ ] entered into between [ ] as and you as Security Trustee for certain secured parties referred to therein.

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

Yours faithfully,

[ ]

**Schedule 5**  
**Notice and acknowledgement - Insurance Policy**

**Part 1**  
**Form of notice**

[On the letterhead of the Company]

[NAME OF INSURANCE COMPANY]

[ADDRESS LINE 1]

[ADDRESS LINE 2]

[POSTCODE]

[DATE]

Dear Sirs,

**Debenture dated [DATE] between [Company] and [Security Trustee] (the "Debenture")**

We refer to the (DESCRIBE INSURANCE POLICY AND SPECIFY ITS POLICY NUMBER) (the "**Policy**").

This letter constitutes notice to you that under the Debenture [(a copy of which is attached)] we have [charged OR assigned, by way of security,] to [Security Trustee] (the "**Security Trustee**") all our rights in respect of the Policy (including all claims and all returns of premium in connection with the Policy).

We irrevocably instruct and authorise you to:

[Note the Security Trustee's interest on the Policy as [DESCRIBE NOTATION REQUIRED BY SECURITY TO BE ENDORSED ON POLICY, FOR EXAMPLE, "FIRST MORTGAGEE"]] and first loss payee.

Comply with the terms of any written instructions received by you from the Security Trustee relating to the Policy, without notice or reference to, or further authority from, us and without enquiring as to the justification or the validity of those instructions.

Hold all sums from time to time due and payable by you to us under the Policy to the order of the Security Trustee.

Pay, or release, all monies to which we are entitled under the Policy to the Security Trustee, or to such persons as the Security Trustee may direct.

Disclose information in relation to the Policy to the Security Trustee on request by the Security Trustee.

Neither the Debenture nor this notice releases, discharges or otherwise affects your liability and obligations in respect of the Policy.

Subject to the foregoing, you may continue to deal with us in relation to the Policy until you receive written notice to the contrary from the Security Trustee. Thereafter, we will cease to have any right to deal with you in relation to the Policy and you must deal only with the Security Trustee.

The instructions in this notice may only be revoked or amended with the prior written consent of the Security Trustee.

Please confirm that you agree to the terms of this notice and to act in accordance with its provisions by sending the attached acknowledgement to the Security Trustee at [ADDRESS OF Security Trustee], with a copy to us.

This notice, 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.

Yours faithfully,

[NAME OF COMPANY]

## **Part 2**

### **Form of acknowledgement**

[On the letterhead to the insurance company]

[NAME OF Security Trustee]

[ADDRESS LINE 1]

[ADDRESS LINE 2]

[POSTCODE]

[DATE]

Dear Sirs,

Debenture dated [DATE] between [Company] and [Security Trustee] (the "**Debenture**")

We confirm receipt from [Company] (the "**Company**") of a notice (the "**Notice**") dated [DATE] of [a charge OR an assignment, by way of security,] of all the Company's rights under [DESCRIBE INSURANCE POLICY AND ITS NUMBER] (the "**Policy**").

[Terms defined in the Notice shall have the same meaning when used in this acknowledgement.] We confirm that:

We accept the instructions and authorisations contained in the Notice and agree to comply with the Notice.

We have noted the Security Trustee's interest on the Policy as [DESCRIBE NOTATION REQUIRED BY Security Trustee TO BE ENDORSED ON POLICY, FOR EXAMPLE, "FIRST MORTGAGEE AND FIRST LOSS PAYEE" OR AS "CO-INSURED"].

There has been no amendment, waiver or release of any rights or interests in the Policy since the date the Policy was issued.

We will not cancel, avoid, release or otherwise allow the Policy to lapse without giving the Security Trustee at least 30 days' prior written notice.

We have not, as at the date of this acknowledgement, received notice that the Company has assigned its rights under the Policy to a third party, or created any other interest (whether by way of security or otherwise) in the Policy in favour of a third party.

The Security Trustee will not in any circumstances be liable for the premiums in relation to the Policy.

The Policy shall not be rendered void, voidable or unenforceable by reason of any nondisclosure by the Security Trustee.

This letter, 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.

Yours faithfully,

[INSURER]



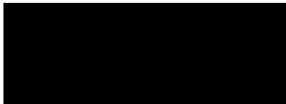
Signatures to Debenture

THE COMPANY

Executed as a Deed by **CHESTER FINANCE & LEASING MANAGEMENT LTD** acting by a director in the presence of:

  
Director

Witness signature



Name  
(in block capitals)

Janine singleton

Address

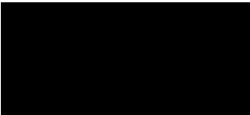


Occupation

School Finance Administrator

THE SECURITY TRUSTEE

Executed as a Deed by **INDEPENDENT SECURITY TRUSTEE LIMITED** acting by a director in the presence of:

  
Director

Witness signature



Name  
(in block capitals)

Rudi Smeaton

Address



Occupation

Director of Operations