



Registration of a Charge

Company name: **ALBERT E.JAMES & SON LIMITED**

Company number: **00744561**



X74MBITL

Received for Electronic Filing: **25/04/2018**

Details of Charge

Date of creation: **20/04/2018**

Charge code: **0074 4561 0004**

Persons entitled: **STEPHEN ROBERT JONES
TIMOTHY JOHN JONES**

Brief description:

Contains fixed charge(s).

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

Contains negative pledge.

Authentication of Form

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

Authentication of Instrument

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

Certified by:

MARTIN TRUMAN (TRUELEGAL SOLICITORS)



CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 744561

Charge code: 0074 4561 0004

The Registrar of Companies for England and Wales hereby certifies that a charge dated 20th April 2018 and created by ALBERT E.JAMES & SON LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 25th April 2018 .

Given at Companies House, Cardiff on 27th April 2018

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



Companies House



**THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES**

Dated *20th April* 2018

(1) The Companies listed in Schedule 1

(2) Stephen Robert Jones

(3) Timothy John Jones

Debenture

Schofield Sweeney LLP
Springfield House
76 Wellington Street
Leeds LS1 2AY
Tel: 0113 220 6270

(Ref: CJB/DJB/22147.1)

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This Deed is made on

20th April

2018

Between

- (1) Each Group Company listed in Schedule 1 (the **Chargor** and together the **Chargors**);
- (2) Mr Stephen Robert Jones of 1 King's Croft, Long Ashton, Bristol BS41 9ED (SJ); and
- (3) Mr Timothy John Jones of Ashton Hill House, Weston Road, Failand, Bristol BS8 3US (TJ).

(SJ and TJ each being a **Lender** and together being the **Lenders**).

It is agreed

1 Definitions and interpretation

1.1 Definitions

In this Deed:

Account has the meaning given to it in clause 3.4.9 (First fixed charges).

Authorisation means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration, or any other similar permission.

Chattels has the meaning given to it in clause 3.4.4 (First fixed charges).

Company means Albert E James & Son Holdings Limited (registered in England and Wales with company number 11127054) whose registered office is at Springfield House, 76 Wellington Street, Leeds, West Yorkshire, England LS1 2AY being one of the **Chargors**.

Debts has the meaning given to it in clause 3.4.8 (First fixed charges).

Direction has the meaning given to it in clause 10.1.4 (Planning directions).

Event of Default: an Event of Default is deemed to arise immediately upon:

- (a) the **Chargors** having failed to make any payment due to the **Lenders** pursuant to the Loan Note Instrument; and
- (b) the **Chargors** still having failed to make that payment twenty Business Days after written notice from the **Lenders** to the **Chargors** defining the failure to pay, referring expressly to this deed of charge and requiring the failure to be corrected (that written notice to be headed "Urgent – formal warning of potential Event of Default"), and

- (c) the Lenders thereafter (and while the relevant failure is still continuing) having served written notice on the Chargors, referring expressly to this debenture, to the effect that an Event of Default now subsists (that written notice to be headed "Urgent – notice of Event of Default").

Finance Document means any of this Deed, the Sale and Purchase Agreement, the Loan Note Instrument any security document granted by the Chargors as security for the Secured Obligations and any guarantee of such obligations.

Fixtures means in respect of any Secured Property all fixtures and fittings (including trade fixtures and fittings) and fixed plant and machinery now or at any time after the date of this Deed on that Secured Property.

Floating Charge Assets means all the assets and undertaking from time to time subject to the floating charge created under clause 3.5 (Floating charge).

Group means the Company and each of its subsidiaries.

Insurance Policies means in respect of a Chargor all policies of insurance present and future in which it has an interest.

Investments means any shares, stocks, debenture security, securities, bonds and investments of any type (other than the Subsidiary Shares) whatever including but not limited to negotiable instruments, certificates of deposit, eligible debt securities, interests in collective investment schemes, or other investments referred to in section 22 of, and as defined in Part II of Schedule 2 to, the Financial Services and Markets Act 2000 and Part III of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, whether certificated or uncertificated, physical or dematerialised, registered or unregistered held by the relevant Chargor or by a trustee or clearance system or nominee.

Key-man Policies means all insurance policies in respect of the life, disability or critical illness of any person in respect of which the relevant Chargor is the insured party, together with all monies payable in respect of those policies.

Loan Note Instrument means the loan note instrument dated on or about the date of this Deed made by the Company pursuant to which Notes (as defined in the Loan Note Instrument) are issued by the Company to the Lenders.

Occupational Lease means, in respect of a Chargor, a lease of a Secured Property in respect of which it is landlord.

Party means a party to this Deed.

Planning Acts means the Town and Country Planning Acts 1990, the Planning (Listed Buildings and Conservation Areas) Act 1990, the Planning (Hazardous Substances) Act 1990, the Planning (Consequential Provisions) Act 1990, the Planning and Compensation Act 1991, the Planning and Compulsory Purchase Act 2004 and any regulations or

subordinate legislation made under any of the foregoing and any other statute or regulation governing or controlling the use or development of land and buildings.

Premises means any building on a Secured Property.

Receiver means any receiver, manager or administrative receiver appointed by the Lenders in respect of any Chargor or any of the Secured Assets.

Related Rights means, in respect of any Investment or Subsidiary Share:

- (a) all monies paid or payable in respect of that Investment or Subsidiary Share (whether as income, capital or otherwise);
- (b) all shares, investments or other assets derived from that Investment or Subsidiary Share; and
- (c) all rights derived from or incidental to that Investment or Subsidiary Share.

Relevant Agreements means any agreement designated as a Relevant Agreement by the Lenders and relevant Chargor in writing.

Sale and Purchase Agreement means the sale and purchase agreement entered into on or around the date of this Deed between (1) the Chargors, and (2) the Sellers.

Relevant Policies means all Insurance Policies (other than Key-man Policies and policies in respect of third party liability) together with all monies payable in respect of those policies.

Secured Assets means, in respect of any Chargor, all of its assets and undertaking the subject of any Security created by, under or supplemental to, this Deed in favour of the Lenders.

Secured Obligations means all present (which for the avoidance of doubt is the amount outstanding on the date of an Event of Default) and future obligations of the Chargors, whether as principal or surety, to the Lenders (or any of them) in relation to the payment under the Loan Note Instrument only (or any element thereof) under or pursuant to the terms of the Sale and Purchase Agreement, together with all interest accruing on such obligations and all costs, charges and expenses incurred by any Lender in connection therewith.

Secured Property means at any time all freehold, leasehold or commonhold property which is subject to any Security created by, under or supplemental to this Deed.

Security means a mortgage, charge, pledge, lien, assignment or other security interest securing any obligation of any other person or any other agreement or arrangement having a similar effect.

Security Deed of Accession means a deed by which a person will become a party to this Deed as a Chargor.

Security Period means the period beginning on the date of this Deed and ending on the date on which the Chargors are satisfied that the payments under the Loan Note Instrument have been paid in full.

Subsidiary Shares means, in respect of a Chargor, all shares present and future held by it in its subsidiaries.

1.2 Interpretation

In this Deed, unless the context otherwise requires:

- 1.2.1 a reference to any party to this Deed is, where relevant, deemed to be a reference to or to include, as appropriate, that party's respective successors and, in the case of the Lenders their successors or assigns;
- 1.2.2 references to clauses and the schedule are references to, respectively, clauses of and the schedule to this Deed and references to this Deed include its schedule;
- 1.2.3 a reference to (or to any specified provision of) any agreement, deed or other instrument including the Sale and Purchase Agreement is to be construed as a reference to that agreement, deed or other instrument or that provision as it may have been or hereafter be, from time to time, amended, varied, modified, supplemented, replaced, restated or novated but excluding for this purpose any amendment, variation, supplement or modification which is contrary to any provision of this Deed or the Sale and Purchase Agreement;
- 1.2.4 a reference to a statute or statutory instrument or any provision thereof is to be construed as a reference to that statute or statutory instrument or such provision thereof as the same may have been, or may from time to time hereafter be, amended or re-enacted;
- 1.2.5 the index to and the headings in this Deed are inserted for convenience only and are to be ignored in construing this Deed;
- 1.2.6 the terms of the documents under which the Secured Obligations arise and of any side letters between the Company and the Lenders relating thereto are incorporated herein to the extent required for any purported disposition of the Charged Property contained in this Deed to be a valid disposition in accordance with section 2(1) of the Law of Property (Miscellaneous Provisions) Act 1989;
- 1.2.7 the parties intend that this document shall take effect as a Deed;
- 1.2.8 words importing the plural shall include the singular and vice versa; and
- 1.2.9 unless the context otherwise requires or unless otherwise defined in this Deed words and expressions defined in the Sale and Purchase Agreement shall bear the same meanings when used herein.

1.3 Third party rights

1.3.1 Unless expressly provided to the contrary in any Finance Document a person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or enjoy the benefit of any term of this Deed or any other Finance Document issued or entered into under or in connection with it but this does not affect any right or remedy of a third party which exists or is available apart from the Contracts (Rights of Third Parties) Act 1999.

1.3.2 Unless expressly provided to the contrary in any Finance Document, the consent of any person who is not a Party is not required to rescind or vary this Deed or any other Finance Document entered into under or in connection with it.

1.4 Administration

1.4.1 Any reference in this Deed, or any other Finance Document entered into or in connection with it, to the making of an administration order shall be treated as including a reference to the appointment of an administrator under paragraph 14 (by the holder of a qualifying floating charge in respect of a Chargor's assets) or 22 (by a Chargor or the directors of a Chargor) of Schedule B1 to the Insolvency Act 1986 or any steps taken toward such order or appointment.

1.4.2 Any reference in this Deed or any other Finance Document entered into or in connection with it, to making an application for an administration order by petition shall be treated as including a reference to making an administration application to the court under Schedule B1 to the Insolvency Act 1986, appointing an administrator under paragraph 14 or 22 of that Schedule, or giving notice under paragraph 15 or 26 of that Schedule of intention to appoint an administrator or any steps taken towards such application or notice.

1.5 Incorporated terms

The terms of the Finance Documents and of any side letters relating to the Finance Documents and the Secured Obligations are incorporated into this Deed to the extent required for any purported disposition of any Secured Assets contained in this Deed to be a valid disposition in accordance with section 2(1) of the Law of Property (Miscellaneous Provisions) Act 1989.

2 **Covenant to pay**

Each Chargor covenants with Lenders themselves that it will pay the Secured Obligations as and when the same fall due for payment.

3 Charging provisions

3.1 General

All Security created by a Chargor under clauses 3.2 to 3.5 inclusive is:

- 3.1.1 a continuing security for the payment and discharge of the Secured Obligations;
- 3.1.2 granted in respect of all the right, title and interest (if any), present and future, of that Chargor in and to the relevant Secured Asset; and
- 3.1.3 granted in favour of the Lenders.

3.2 First legal mortgages

Each Chargor charges by way of legal mortgage all interests and estates in freehold, leasehold or commonhold property, and, in each case all Premises and Fixtures on such property for the time being.

3.3 Assignments

3.3.1 Each Chargor assigns:

- 3.3.1.1 the Key-man Policies to which it is a party;
- 3.3.1.2 the Relevant Agreements to which it is a party; and
- 3.3.1.3 the Relevant Policies to which it is a party.

3.3.2 Each Chargor shall remain liable to perform all its obligations under the Key-man Policies, the Relevant Agreements and the Relevant Policies to which it is a party.

3.3.3 Notwithstanding the other terms of this clause 3.3, prior to the Secured Obligations becoming due and payable in accordance with the terms of the Sale and Purchase Agreement, each Chargor may, subject to the other terms of the Finance Documents, continue to exercise all and any of its rights under and in connection with each Relevant Agreement.

3.4 First fixed charges

Each Chargor charges by fixed charge:

- 3.4.1 all other interests and estates in any freehold, leasehold or commonhold property;
- 3.4.2 the proceeds of sale of its Secured Property and all licences to enter on or use any Secured Property;

- 3.4.3 the benefit of all other agreements, instruments and rights relating to its Secured Property;
- 3.4.4 all plant, machinery, vehicles, computers, office and other equipment, all furniture, furnishings, equipment and tools and any removals or replacement of them, (together Chattels) present and future and the benefit of all contracts, licences, warranties, maintenance contracts relating to them and any renewals and replacements of them;
- 3.4.5 the Subsidiary Shares together with all Related Rights;
- 3.4.6 the Investments together with all Related Rights;
- 3.4.7 the Relevant Policies and any other insurance policies from time to time and all proceeds of them;
- 3.4.8 all book and other debts, due to the relevant Chargor and their proceeds (both collected and uncollected) (together the Debts), and all rights, guarantees, security or other collateral in respect of the Debts (or any of them) and the benefit of any judgment or order to pay a sum of monies and all rights to enforce the Debts (or any of them);
- 3.4.9 all monies from time to time standing to the credit of each account held by the relevant Chargor with any bank, building society, financial institution or other person (each an Account);
- 3.4.10 all its intellectual property;
- 3.4.11 all its goodwill and uncalled capital;
- 3.4.12 the benefit of all Authorisations held or utilised by it in connection with its business or the use of any of its assets and the right to recover and receive compensation payable in respect of any of them;
- 3.4.13 its rights under any hedging arrangements; and
- 3.4.14 to the extent that any legal mortgage in clause 3.2 or any assignment in clause 3.3 is ineffective as a legal mortgage or an assignment (as applicable), the assets referred to in that clause.

3.5 Floating charge

Each Chargor charges by way of floating charge all its assets and undertaking wherever located both present and future other than any assets effectively charged by way of legal mortgage, fixed charge or assigned under clauses 3.2, 3.3 or 3.4.

3.6 Qualifying floating charge

This Deed contains a qualifying floating charge and paragraph 14 of Schedule B1 to the Insolvency Act 1986 applies to the floating charge created by or under this Deed.

3.7 Conversion of floating charge to a fixed charge

The Lenders may at any time by notice in writing to any Chargor convert the floating charge created under clause 3.5 into a fixed charge as regards any Floating Charge Asset as it shall specify in the notice if:

- 3.7.1 any of the Secured Obligations are due and payable; or
- 3.7.2 in the opinion of any Lender that Floating Charge Asset is in danger of being seized or any legal process or execution is being enforced against that Floating Charge Asset.

3.8 Automatic conversion of floating charge to a fixed charge

If (unless permitted in writing by the Lenders or expressly permitted under the terms of any Finance Document):

- 3.8.1 a Chargor creates or attempts to create any Security over any of its Floating Charge Assets;
- 3.8.2 any person levies or attempts to levy any distress, attachment, execution or other legal process against any Floating Charge Asset; or
- 3.8.3 any corporate action, legal proceedings or other procedures or steps are taken for the winding up, dissolution, administration or reorganisation of any Chargor,

the floating charge created by this Deed will automatically and immediately, without notice, be converted into a fixed charge over the relevant assets or, in the circumstances described in clause 3.8.3, over all of the Floating Charge Assets.

3.9 Small company moratorium

Where a Chargor is an eligible company within the meaning of paragraphs 2 to 4 (inclusive) of Schedule A1 to the Insolvency Act 1986, then the obtaining of a moratorium, including any preliminary decision, or investigation in terms of paragraph 43 of Schedule A1 to the Insolvency Act 1986 shall not cause the floating charge created by this Deed to crystallise into a fixed charge, nor cause restrictions which would not otherwise apply to be imposed on the disposal of its property and assets by that Chargor.

4 Continuing security

- 4.1 The Security constituted by this Deed shall be continuing security and shall remain in full force and effect regardless of any intermediate payment or discharge by any Chargor or any other person of the whole or any part of the Secured Obligations.

- 4.2 **Recourse**

The Security constituted by this Deed:

- 4.2.1 is in addition to any other Security which any Lender may hold at any time for the Secured Obligations (or any of them); and
- 4.2.2 may be enforced without first having recourse to any other rights of any Lender.

5 Negative pledge

5.1 No Chargor shall create or permit to subsist any Security over any of its assets.

5.2 No Chargor shall:

- 5.2.1 sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by a Chargor or any other member of the Group;
- 5.2.2 sell, transfer or otherwise dispose of any of its receivables on recourse terms;
- 5.2.3 enter into any arrangement under which monies or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or
- 5.2.4 enter into any other preferential arrangement having a similar effect,

in circumstances where the arrangement or transaction is entered into primarily as a method of raising financial indebtedness or of financing the acquisition of an asset.

6 Restrictions on disposals

No Chargor shall enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any Secured Assets.

7 Further assurance

7.1 Each Chargor shall promptly do all such acts and execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Lenders may reasonably specify (and in such form as the Lenders may reasonably require) in favour of the Lenders or nominee(s)):

- 7.1.1 to create, perfect, protect and maintain the Security created or intended to be created under or evidenced by this Deed or for the exercise of any rights, powers and remedies of the Lenders provided by or pursuant to this Deed or by law;
- 7.1.2 to confer on the Lenders Security over any property and assets of that Chargor located in any jurisdiction equivalent or similar to the Security intended to be conferred by or pursuant to this Deed; and/or

- 7.1.3 to facilitate the realisation of the assets which are, or are intended to be, the subject of the Security created by or under this Deed.
- 7.2 Each Chargor shall take all such action as is available to it (including making all filings and registrations) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any Security conferred or intended to be conferred on the Lenders by or pursuant to this Deed.
- 7.3 Any document required to be executed by a Chargor under this clause 7 will be prepared at the cost of that Chargor.
- 8 Land Registry**
- 8.1 Application for restriction
- 8.1.1 In relation to land and buildings situated in England and Wales title to which is registered or is to be registered at the Land Registry, each Chargor consents to an application being made to the Chief Land Registrar for registration of a restriction on the register of title of all present and future registered freehold, leasehold or commonhold property of that Chargor (and any unregistered properties subject to compulsory first registration at the date of this Deed).
- 8.1.2 Each Chargor confirms that so far as any of the Secured Property is unregistered, such land is not affected by any disclosable overriding interests within the meaning of the Land Registration Act 2002 or the Land Registration Rules 2003.
- 9 Notices of assignments and charges**
- 9.1 Key-man Policies
- 9.1.1 Each Chargor which is an insured party under a Key-man Policy shall give notice to each insurer under each Key-man Policy that the Chargor has assigned to the Lenders all its right, title and interest in that Key-man Policy.
- 9.1.2 The relevant Chargor shall give the notices referred to in clause 9.1.1:
- 9.1.2.1 in the case of a Key-man Policy subsisting at the date of this Deed, on the date of this Deed; and
- 9.1.2.2 in the case of a Key-man Policy coming into existence after the date of this Deed, on that Key-man Policy being put on risk.
- 9.1.3 The relevant Chargor shall use reasonable endeavours to procure that the recipient of each such notice acknowledges that notice within 5 Business Days of that notice being given.
- 9.2 Relevant Agreements

- 9.2.1 Each Chargor which is party to a Relevant Agreement shall give notice to the other parties to each Relevant Agreement that the Chargor has assigned to the Lenders all its right, title and interest in that Relevant Agreement.
- 9.2.2 The relevant Chargor shall give the notices referred to in clause 9.2.1 in the case of each Relevant Agreement at the request of the Lenders.
- 9.2.3 The relevant Chargor shall use reasonable endeavours to procure that the recipient of each such notice acknowledges that notice within 5 Business Days of that notice being given.
- 9.3 Insurance Policies
- 9.3.1 Each Chargor which is an insured party under a Relevant Policy shall give notice to each insurer under each Relevant Policy that the Chargor has assigned to the Lenders all its right, title and interest in that Relevant Policy.
- 9.3.2 The relevant Chargor shall give the notices referred to in clause 9.3.1:
- 9.3.2.1 in the case of each Relevant Policy subsisting at the date of this Deed, on the date of this Deed; and
- 9.3.2.2 in the case of each Relevant Policy coming into existence after the date of this Deed, on that Relevant Policy being put on risk.
- 9.3.3 The relevant Chargor shall use reasonable endeavours to procure that the recipient of each such notice acknowledges that notice within 5 Business Days of that notice being given.
- 9.4 Charge over accounts
- 9.4.1 Each Chargor holding an Account shall give notice to the financial institution at which such Account is held that the Chargor has created a fixed charge over the balance standing to the credit of that Account.
- 9.4.2 The relevant Chargor will give the notices referred to in clause 9.4.1:
- 9.4.2.1 in the case of an Account held by that Chargor at the date of this Deed, on the date of this Deed; and
- 9.4.2.2 in the case of an Account opened after the date of this Deed, on that Account being opened.
- 9.4.3 The relevant Chargor shall use reasonable endeavours to procure that the recipient of each such notice acknowledges that notice within 5 Business Days of that notice being given.
- 9.5 Tangible assets

Within 5 Business Days of request by the Lenders, each Chargor will affix to, and maintain in a visible place on each of its Chattels specified in such request the value of which exceeds £50,000, a notice in the following terms:

"Notice of Charge

This • and all additions to it and ancillary equipment are subject to a first fixed charge in favour of •".

The relevant Chargor shall not conceal, alter or remove such notice or permit it to be concealed, altered or removed.

9.6 Register of Trade Marks

Each Chargor as registered proprietor hereby appoints the Lenders as its agent to apply for the particulars of this Deed and the interest of the Lenders in the Intellectual Property and any other or future trademarks or trade mark applications registered or to be registered in the United Kingdom in the name of that Chargor, to be made on the Register of Trade Marks under section 25(1) of the Trade Marks Act 1994. Each Chargor hereby agrees to execute all documents and forms required to enable such particulars to be entered on the Register of Trade Marks.

10 Undertakings

Each Chargor undertakes to the Lenders in accordance with this clause 10. The undertakings in this clause 10 shall remain in force during the Security Period.

10.1 Real property

10.1.1 Access

It will permit the Lenders and such person or persons as they shall nominate at all reasonable times and on reasonable notice to enter on any part of its Secured Property.

10.1.2 Repair

10.1.2.1 It shall keep its Secured Property in good and substantial repair and condition and decorative order.

10.1.2.2 It shall repair any defect or damage to any of its Secured Property promptly and if it fails to do so the Lenders may, but shall not be obliged to do so.

10.1.3 Planning

It shall not do or allow or omit to be done anything which may infringe or contravene the Planning Acts affecting its Secured Property, nor make any application for the grant of planning permission within the meaning of the Planning Acts without the prior written consent of the Lender.

10.1.4 Planning directions

- 10.1.4.1 Within 5 Business Days of receipt by it of any notice or order (Direction) served on or issued to it by any local or other authority (whether under the Planning Acts or otherwise) in respect of any part of its Secured Property, it shall give full particulars of the Direction to the Lenders and, if so requested by the Lenders, produce the Direction or a copy of it to the Lenders.
- 10.1.4.2 It shall advise the Lenders of all steps taken or proposed to be taken by it from time to time to comply with the terms of the Direction.
- 10.1.4.3 It shall take all necessary steps to comply with the Direction.
- 10.1.4.4 It shall at the request of the Lenders (but at the cost of the Chargor) make or join with the Lenders in making such objections, representations against, appealing against or in respect of any proposal contained in the Direction as the Lenders shall deem expedient in order to protect their interests.

10.1.5 Development

- 10.1.5.1 It shall not carry out any development (as defined in the Planning Acts) on any part of its Secured Property without the prior written consent of the Lenders.
- 10.1.5.2 It shall not change the use of any part of its Secured Property without the prior written consent of the Lenders.

10.1.6 Future acquisitions and legal mortgage

It shall:

- 10.1.6.1 notify the Lenders immediately of its intention to acquire any freehold, leasehold or other interest in property including the proposed date of such acquisition (and for the purposes of this clause 10.1.6 the date of exchange of contracts for such an acquisition shall be deemed the date of acquisition);
- 10.1.6.2 at its cost, execute and deliver to the Lenders, on demand, a legal mortgage (in form and substance satisfactory to the Lenders and in substantially the same terms as this Deed) in favour of the Lenders of any freehold or leasehold or other interest in property which becomes vested in it after the date of this Deed;
- 10.1.6.3 obtain any consents required for the Security referred to in this clause 10.1.6; and

- 10.1.6.4 if applicable procure that notice of this Deed is noted in the appropriate manner on the title to any property which becomes vested in it after the date of this Deed.
- 10.1.7 **Deposit of title deeds**
- It shall deposit with the Lenders all deeds and documents to title relating to its Secured Property.
- 10.1.8 **Outgoings**
- It will punctually pay and indemnify each of the Lenders and any Receiver against all present and future rents, rates, taxes, assessments and outgoings of whatsoever nature imposed on or payable in respect of its Secured Property or any part of it or payable by the owner or occupier of it.
- 10.1.9 **Investigation of title**
- On request by the Lenders, it shall grant the Lenders or their advisers (at the cost of the Chargor) all facilities within its power to enable the Lenders or their advisers or delegates to carry out such investigations of title to and enquiries into its Secured Property or other Secured Assets as may be carried out by a prudent mortgagee or chargee.
- 10.2 **Leases**
- 10.2.1 **Lease and covenant compliance**
- It shall:
- 10.2.1.1 perform all the terms on its part contained in any lease or agreement for lease under which it holds an interest in a Secured Property or to which any of its Secured Property is subject;
- 10.2.1.2 properly perform (and indemnify each Lender and each Receiver for any breach of) any covenants and stipulations of whatsoever nature affecting any of its Secured Property;
- 10.2.1.3 not make any election or take any other action so as to alter the treatment of any Occupational Lease for the purposes of value added tax;
- 10.2.1.4 not, without the prior written consent of the Lenders, serve notice on any former tenant under any Occupational Lease under section 17(2) of the Landlord and Tenant (Covenants) Act 1995 or on any guarantor of any such former tenant under section 17(3) of that act; and

10.2.1.5 immediately notify the Lenders of any notice received by it under section 146 of the Law of Property Act 1925 or any proceedings commenced or steps taken against it for the forfeiture of any lease under which it holds an interest in a Secured Property.

10.2.2 Landlord's consent

If under the terms of any lease under which it holds an interest in a Secured Property, the Chargor is not permitted to charge its interest in such Secured Property without the consent of the landlord:

10.2.2.1 it undertakes promptly to make an application for landlord's consent to the creation of the fixed charge contained in clause 3.4 (First fixed charges) and any charge to be created under clause 7 (Further assurance), shall use all reasonable endeavours to obtain such consent as soon as possible and shall keep the Lenders informed of the progress of its negotiations with such landlord;

10.2.2.2 subject to clause 10.2.2.3 if the landlord indicates in writing that it proposes to commence, or commences an action of forfeiture of the lease, the Lenders shall release from such fixed charge, the relevant Chargor's interest in the lease;

10.2.2.3 clause 10.2.2.2 shall only apply where the relevant Chargor has complied with its obligations under clause 10.2.2.1, but the landlord has not given the consent requested of it; and

10.2.2.4 upon receipt by the Lenders of evidence in writing of the consent of the landlord to the creation and existence of the fixed charge over the Chargor's interest in such lease, clause 10.2.2.2 shall cease to apply in respect of the relevant Secured Property.

10.2.3 No variation to lease

It shall not without the prior written consent of the Lenders alter or vary or agree to alter or vary the terms of any lease under which it holds any Secured Property or any lease to which any Secured Property is subject.

10.2.4 No surrender or termination

It shall not without the prior written consent of the Lenders surrender or otherwise terminate any lease under which it holds a Secured Property or terminate, forfeit or accept a surrender of any lease to which any Secured Property is subject.

10.2.5 Compliance by tenants

It shall use reasonable endeavours to procure that each tenant under an Occupational Lease complies with the terms of that Occupational Lease.

10.2.6 Lease or right to occupy

It will not without the prior written consent of the Lenders:

10.2.6.1 grant any lease or tenancy or exercise any other power of leasing of the whole or part of any Secured Property; or

10.2.6.2 grant any person any contractual licence or the right to occupy any Secured Property or part with possession of it.

10.2.7 Forfeiture

It shall not do or permit anything which may render any lease or agreement for lease under which it holds an interest in a Secured Property or to which the Secured Property is subject, liable to forfeiture or otherwise determinable.

10.3 Chattels

10.3.1 It will keep all Chattels comprised in its Secured Assets in good and substantial repair and in good working order and condition.

10.3.2 It shall repair any defect or damage to any of its Chattels promptly and if it fails to do so the Lenders may, but shall not be obliged to, do so.

10.4 Subsidiary Shares and Investments

10.4.1 On the request of the Lenders it shall:

10.4.1.1 deliver to the Lenders all certificates of title and other documents of title or evidence of ownership in respect of its Subsidiary Shares or Investments and the Related Rights; and

10.4.1.2 deliver to the Lenders such transfer documents (with the transferee left blank) or any other documents as the Lenders may require or otherwise request in respect of those Subsidiary Shares, Investments and Related Rights.

10.4.2 Until any steps are taken to enforce the Security created by or under this Deed, it shall be entitled to receive and retain all dividends, distributions and other monies receivable in respect of its Subsidiary Shares, Investments and Related Rights.

10.4.3 It shall not exercise its voting and other rights in respect of its Subsidiary Shares, Investments and Related Rights in a manner which is likely to be prejudicial to the interests of the Lenders.

- 10.4.4 It shall make all payments which may become due and payable in respect of any of its Subsidiary Shares, Investments and Related Rights. If it fails to make any such payments, the Lenders may but shall not be obliged to make such payment on behalf of the relevant Chargor. Any sums so paid by the Lenders shall be repayable by the relevant Chargor to the Lenders on demand and pending such repayment shall constitute part of the Secured Obligations.
- 10.4.5 It shall remain liable to observe and perform all of the conditions and obligations assumed by it in respect of its Subsidiary Shares, Investments and Related Rights and the Lenders shall not be required to perform or fulfil any obligation of any Chargor in respect of any Subsidiary Shares, Investments or Related Rights.
- 10.4.6 It shall comply with any notice served on it under the Companies Act 2006 or pursuant to the articles of association or any other constitutional document of any relevant entity in respect of or in connection with the Subsidiary Shares, Investments or Related Rights and will promptly provide to the Lenders a copy of that notice.
- 10.4.7 It shall ensure that none of its Subsidiary Shares are converted into uncertificated form without the prior written consent of the Lenders.
- 10.4.8 Immediately on conversion of any of its Subsidiary Shares, Investment or Related Rights from a certificated to an uncertificated form, and on the acquisition by it of any Subsidiary Shares, Investments or Related Rights in an uncertificated form, it shall give such instructions or directions and take such other steps and enter into such documentation as the Lenders may require in order to protect or preserve the Security intended to be created by this Deed.
- 10.5 Insurance
- 10.5.1 It shall promptly pay all premiums and do all other things necessary to keep all of the policies of insurance in which it has an interest in full force and effect.
- 10.5.2 It shall procure that:
- 10.5.2.1 the name of the Lenders be noted on each policy of Insurance as mortgagee and first loss payee;
- 10.5.2.2 each policy of Insurance shall contain a standard mortgagee clause whereby, among other things, the Insurance shall not be vitiated or avoided as against a mortgagee notwithstanding that it could otherwise be so against any Chargor; and

- 10.5.2.3 each policy of Insurance shall contain a provision to the effect that the Insurance shall not be invalidated as against the Lenders for non-payment of any premium due without the insurer first giving to the Lenders not less than 14 days' written notice.
 - 10.5.3 It shall not do or permit to be done anything to render the Insurance void or voidable.
 - 10.5.4 If it shall be in default of effecting or maintaining insurances or in producing any such policy or receipt to the Lenders on demand or as required by the Finance Documents, the Lenders may take out or renew such insurances in any sum which the Lenders may think expedient and all monies expended and costs incurred by the Lenders under this provision shall form part of the Secured Obligations.
 - 10.5.5 It shall procure that there is given to the Lenders copies of the Insurances in which that it has an interest, and such other information in connection with them as the Lenders may reasonably require. It will notify the Lenders in writing of all renewals, material variations and cancellations of policies made or, to its knowledge of it, threatened or pending.
- 10.6 **General**

It shall not do or cause or permit to be done anything which may in any way materially depreciate, jeopardise or otherwise prejudice the value to the Lenders of the Security created by or under this Deed.
- 11 Power to remedy**
 - 11.1 If a Chargor fails to comply with any of the undertakings set out in clause 10, it shall allow and irrevocably authorises the Lenders and/or such persons as he shall nominate, to take such action on behalf of that Chargor as shall be necessary to ensure that it complies with those undertakings.
 - 11.2 If any Chargor fails to perform any obligation or other covenant affecting the Secured Property or other Security Asset, each Chargor shall permit the Lenders or his agents and contractors:
 - 11.2.1 to enter on the Secured Property;
 - 11.2.2 to comply with or object to any notice served on any Chargor relating to the Secured Property or other Security Asset; and
 - 11.2.3 to take any action the Lenders may reasonably consider expedient to prevent or remedy any breach of any such term or to comply with or object to any such notice.
 - 11.3 The Chargor shall within 3 Business Days of demand indemnify the Lenders against any cost, loss or liability incurred by it in taking any of the steps referred to in this clause 11.

12 Security power of attorney

Each Chargor, by way of security, irrevocably and severally appoints the Lenders, each Receiver and any of their delegates or sub-delegates to be its attorney to take any action which the Chargor is obliged to take under this Deed. Each Chargor ratifies and confirms whatever any attorney does or purports to do pursuant to its appointment under this clause 12.

13 Enforcement of security

13.1 When security is enforceable

The Security created by and under this Deed will become immediately enforceable if an Event of Default occurs.

13.2 Acts of enforcement

The Lenders may, at their absolute discretion, at any time after the Security created by or under this Deed is enforceable:

13.2.1 enforce all or any part of the Security created by or under this Deed in any manner it sees fit;

13.2.2 exercise its rights and powers conferred upon mortgagees by the Law of Property Act 1925, as varied and extended by this Deed, and rights and powers conferred on a Receiver by this Deed, whether or not it has taken possession or appointed a Receiver to any of the Secured Assets;

13.2.3 appoint one or more qualified persons (as defined in clause 14.1.2 (Appointment of Receiver)) to be a Receiver to all or any part of the Secured Assets;

13.2.4 appoint an administrator in respect of any Chargor, and take any steps to do so;

13.2.5 exercise its power of sale under section 101 of the Law of Property Act 1925 (as amended by this Deed); or

13.2.6 if permitted by law, appoint an administrative receiver in respect of any Chargor.

13.3 Statutory powers - general

13.3.1 For the purposes of all powers implied by statute, the Secured Obligations are deemed to have become due and payable on the date of this Deed.

13.3.2 Section 103 of the Law of Property Act 1925 and section 93 of the Law of Property Act 1925 do not apply to the Security constituted by or under this Deed.

13.3.3 The statutory powers of leasing conferred on the Lenders are extended so that, without the need to comply with any provision of section 99 or section 100 of the Law of Property Act 1925, the Lenders are empowered to lease and make agreements for lease at a premium or otherwise, accept surrenders of leases and grant options or vary or reduce any sum payable under any leases or tenancy agreements as it may think fit.

13.3.4 Each Receiver and the Lenders are entitled to all the rights, powers, privileges and immunities conferred by the Law of Property Act 1925 and the Insolvency Act 1986 on mortgagees and Receivers when such Receivers have been duly appointed under the relevant Act.

13.4 Contingencies

If the Lenders enforce the Security constituted by or under this Deed at a time when no amounts are due to the Lenders under the Finance Documents but at a time when amounts may or will become so due, the Lenders (or the Receiver) may pay the proceeds of any recoveries effected by it into an interest bearing suspense account.

13.5 Mortgagee in possession - no liability

No Lenders nor any Receiver will be liable, by reason of entering into possession of a Secured Asset, to account as mortgagee in possession or for any loss on realisation or for any default or omission for which a mortgagee in possession might otherwise be liable.

13.6 Redemption of prior mortgages

At any time after the Security created by or under this Deed has become enforceable, the Lenders may, at the sole cost of the Chargors (payable to the Lenders on demand):

13.6.1 redeem any prior form of Security over any Secured Asset; and/or

13.6.2 procure the transfer of that Security to itself; and/or

13.6.3 settle and pass the accounts of any prior mortgagee, chargee or encumbrancer which once so settled and passed shall be conclusive and binding on the Chargors.

13.7 Subsidiary Shares and Investments

13.7.1 If the Secured Obligations become due and payable pursuant to the terms of the Sale and Purchase Agreement, each Chargor shall on request by the Lenders:

13.7.1.1 deliver to the Lenders such pre-stamped stock transfer forms or other transfer documents as the Lenders may require to enable the Lenders or their nominee or nominees to be registered as the owner of, and to obtain legal and beneficial title to, the Subsidiary

Shares, the Investments and/or Related Rights referred to in such request;

- 13.7.1.2 provide to the Lenders certified copies of all resolutions and authorisations approving the execution of such transfer forms and registration of such transfers as the Lenders may reasonably require;
- 13.7.1.3 procure that each such transfer is promptly registered by the relevant company or other entity;
- 13.7.1.4 procure that, immediately on their issue, all share certificates or other documents of title in the appropriate form, in respect of the relevant Subsidiary Shares, Investments and/or Related Rights, are delivered to the Lenders in each case showing the registered holder as the Lenders or their nominee or nominees (as applicable); and
- 13.7.1.5 exercise all voting rights in respect of its Subsidiary Shares, Investments and Related Rights only in accordance with the instructions of the Lenders.

13.7.2 At any time after the Secured Obligations have become due and payable pursuant to the terms of the Sale and Purchase Agreement, the Lenders may complete any transfer documents held by them in respect of the Subsidiary Shares, the Investment and/or the Related Rights in favour of itself or such other person or nominee as it shall select.

13.7.3 At any time after the Security created by or under this Deed has become enforceable, the Lenders and their nominee or nominees may sell all or any of the Subsidiary Shares, Investments or Related Rights of the Chargors (or any of them) in any manner permitted by law and on such terms as the Lenders shall in their absolute discretion determine.

13.7.4 If any Chargor receives any dividends, distributions or other monies in respect of its Subsidiary Shares, Investments and Related Rights at a time when the Lenders have made a request under clause 13.7.1 or taken any steps to enforce the Security created by or under this Deed under clause 13.2, the relevant Chargor shall immediately pay such sums received directly to the Lenders for application in accordance with clause 16 (Application of monies) and shall hold all such sums on trust for the Lenders pending payment of them to such account as the Lenders shall direct.

14 Receiver

14.1 Appointment of Receiver

14.1.1

- 14.1.1.1 At any time after any Security created by or under this Deed is enforceable the Lenders may appoint a Receiver to all or any part of the Secured Assets in accordance with clause 13.2.3 (Acts of enforcement).
 - 14.1.1.2 At any time, if so requested in writing by any Chargor, without further notice, the Lenders may appoint one or more qualified persons to be a Receiver to all or any part of the Secured Assets, as if the Lenders had become entitled under the Law of Property Act 1925 to exercise the power of sale conferred under the Law of Property Act 1925.
 - 14.1.2 In this Deed qualified person means a person who, under the Insolvency Act 1986, is qualified to act as a receiver of the property of any company with respect to which he is appointed.
 - 14.1.3 Any Receiver appointed under this Deed shall be the agent of the relevant Chargor and that Chargor shall be solely responsible for his acts or defaults and for his remuneration and liable on any contracts or engagements made or entered into by him and in no circumstances whatsoever shall any Lenders be in any way responsible for any misconduct, negligence or default of the Receiver.
 - 14.1.4 Where a Chargor is an eligible company within the meaning of paragraphs 2 to 4 (inclusive) of Schedule A1 to the Insolvency Act 1986:
 - 14.1.4.1 obtaining a moratorium; or
 - 14.1.4.2 anything done with a view to obtaining a moratorium including any preliminary decision or investigation in terms of paragraph 43 of Schedule A1 to the Insolvency Act 1986,

shall not be grounds for appointment of a Receiver.
- 14.2 Removal

The Lenders may by written notice remove from time to time any Receiver appointed by it (subject to the provisions of section 45 of the Insolvency Act 1986 in the case of an administrative receiver) and, whenever it may deem appropriate, appoint a new Receiver in the place of any Receiver whose appointment has terminated.
- 14.3 Powers of Receiver
 - 14.3.1 General
 - 14.3.1.1 In addition to those conferred by the Law of Property Act 1925 on any Receiver appointed under that Act, each Receiver has, and is entitled to exercise, all of the rights, powers and discretions set out in this clause 14.3.

- 14.3.1.2 If there is more than one Receiver holding office at the same time, unless the document appointing him states otherwise, each Receiver may exercise all of the powers conferred on a Receiver under this Deed or under the Insolvency Act 1986 individually and to the exclusion of any other Receivers.
- 14.3.1.3 A Receiver who is an administrative receiver of a Chargor has all the rights, powers and discretions of an administrative receiver under the Insolvency Act 1986.
- 14.3.1.4 A Receiver may, in the name of any Chargor:
- do all other acts and things which he may consider expedient for realising any Secured Asset; and
 - exercise in relation to any Secured Asset all the powers, authorities and things which he would be capable of exercising if he were its absolute beneficial owner.
- 14.3.2 Borrow monies
- A Receiver may raise and borrow monies (either unsecured or on the security of any Secured Asset, either in priority to the security constituted by this Deed or otherwise) on any terms and for whatever purpose which he thinks fit. No person lending that monies need enquire as to the propriety or purpose of the exercise of that power or to check the application of any monies so raised or borrowed.
- 14.3.3 Carry on business
- A Receiver may carry on the business of any relevant Chargor as he thinks fit and, for the avoidance of doubt, a Receiver may apply for such Authorisations as he considers in his absolute discretion appropriate.
- 14.3.4 Compromise
- A Receiver may settle, adjust, refer to arbitration, compromise and arrange any claims, accounts, disputes, questions and demands with or by any person who is or claims to be a creditor of any relevant Chargor or relating in any way to any Secured Asset.
- 14.3.5 Delegation
- A Receiver may delegate his powers in accordance with clause 15 (Delegation).
- 14.3.6 Employees

For the purposes of this Deed, a Receiver as he thinks appropriate, on behalf of the relevant Chargor or for itself as Receiver, may:

14.3.6.1 appoint and discharge managers, officers, agents, accountants, servants, workmen and others upon such terms as to remuneration or otherwise as he may think proper; and

14.3.6.2 discharge any such persons appointed by the relevant Chargor.

14.3.7 Leases

A Receiver may let any Secured Asset for any term and at any rent (with or without a premium) which he thinks proper and may accept a surrender of any lease or tenancy of any Secured Assets on any terms which he thinks fit (including the payment of monies to a lessee or tenant on a surrender).

14.3.8 Legal actions

A Receiver may bring, prosecute, enforce, defend and abandon all actions, suits and proceedings or submit to arbitration or any form of alternative dispute resolution in the name of the relevant Chargor in relation to any Secured Asset as he considers expedient.

14.3.9 Possession

A Receiver may take immediate possession of, get in and collect any Secured Asset.

14.3.10 Protection of assets

A Receiver may, in each case as he may think fit:

14.3.10.1 make and effect all repairs and insurances and do all other acts which the relevant Chargor might do in the ordinary conduct of its business be they for the protection or for the improvement of the Secured Assets;

14.3.10.2 commence and/or complete any building operations on the Secured Property or other Secured Asset; and

14.3.10.3 apply for and maintain any planning permission, building regulation approval or any other permission, consent or licence.

14.3.11 Receipts

A Receiver may give valid receipts for all monies and execute all assurances and things which may be expedient for realising any Secured Asset.

14.3.12 Sale of assets

A Receiver may sell, exchange, convert into monies and realise any Secured Asset by public auction or private contract in any manner and on any terms which he thinks proper. The consideration for any such transaction may consist of cash, debenture or other obligations, shares, stock or other valuable consideration and any such consideration may be payable in a lump sum or by instalments spread over such period as he thinks fit. Fixtures and any plant and machinery annexed to any part of the Secured Property may be severed and sold separately from the property containing them without the consent of the relevant Chargor.

14.3.13 Subsidiaries

A Receiver may form a Subsidiary of the relevant Chargor and transfer to that Subsidiary any Secured Asset.

14.3.14 Deal with Secured Assets

A Receiver may, without restriction sell, let or lease, or concur in selling, letting or leasing, or vary the terms of, determine, surrender or accept surrenders of, leases or tenancies of, or grant options and licences over or otherwise dispose of or deal with, all or any part of the Secured Assets without being responsible for loss or damage, and so that any such sale, lease or disposition may be made for cash payable by instalments, loan stock or other debt obligations or for shares or securities of another company or other valuable consideration. The Receiver may form and promote, or concur in forming and promoting, a company or companies to purchase, lease, licence or otherwise acquire interests in all or any of the Secured Assets or otherwise, arrange for such companies to trade or cease to trade and to purchase, lease, license or otherwise acquire all or any of the Secured Assets on such terms and conditions whether or not including payment by instalments secured or unsecured as he may think fit.

14.3.15 Voting rights

A Receiver may exercise all voting and other rights attaching to the Investments, Subsidiary Shares, Related Rights, and stocks, shares and other securities owned by that Chargor and comprised in the Secured Assets in such manner as he may think fit.

14.3.16 Security

A Receiver may redeem any prior Security and settle and pass the accounts of the person entitled to the prior Security so that any accounts so settled and passed shall (subject to any manifest error) be conclusive and binding on that Chargor and the monies so paid shall be deemed to be an expense properly incurred by the Receiver.

14.3.17 Acquire land

The Receiver may purchase or acquire any land and purchase, acquire or grant any interest in or right over land.

14.3.18 Development

A Receiver may implement or continue the development of (and obtain all consents required in connection therewith) and/or complete any buildings or structures on, any real property comprised in the Secured Property and do all acts and things incidental to the Secured Property.

14.3.19 Landlord's obligations

A Receiver may on behalf of a Chargor and without consent of or notice to that Chargor exercise all the powers conferred on a landlord or a tenant by the Landlord and Tenants Acts, the Rents Acts and Housing Acts or any other legislation from time to time in force in any relevant jurisdiction relating to rents or agriculture in respect of any part of the Secured Property.

14.3.20 Uncalled capital

A Receiver may make calls conditionally or unconditionally on the members of any relevant Chargor in respect of uncalled capital.

14.3.21 Incidental matters

A Receiver may do all other acts and things including without limitation, signing and executing all documents and deeds as may be considered by the Receiver to be incidental or conducive to any of the matters or powers listed here or granted by law or otherwise incidental or conducive to the preservation, improvement or realisation of the Secured Assets and to use the name of the relevant Chargor for all the purposes set out in this clause 14.

14.4 Remuneration

The Lenders may from time to time fix the remuneration of any Receiver appointed by it.

15 Delegation

15.1 The Lenders and any Receiver may delegate by power of attorney or in any other manner all or any of the powers, authorities and discretions which are for the time being exercisable by the Lenders and the Receiver as appropriate under this Deed to any person or persons as it shall think fit. Any such delegation may be made upon such terms and conditions (including the power to sub-delegate) as the Lenders and Receiver as appropriate may think fit.

15.2 No Lenders or Receiver will not be liable or responsible to any Chargor or any other person for any losses, liabilities or expenses arising from any act, default, omission or misconduct on the part of any delegate.

16 Application of monies

16.1 Subject to the rights of any prior or preferential creditor, all monies received by the Lenders or any Receiver shall be applied in the following order of priority, but preserving the right of the Lenders to recover any shortfall from the Chargors:

16.1.1 in payment of unpaid fees, costs, expenses and other liability (and all interest on them recoverable under the Finance Documents) incurred by or on behalf of the Lenders (or any receiver, attorney, agent or Delegate appointed by it) and the remuneration of the Lenders and their advisors and agents under the Security Documents);

16.1.2 in payment of remuneration to the Receiver;

16.1.3 in or towards satisfaction of the Secured Obligations (in such order as the Lenders shall require); and

16.1.4 the surplus (if any) shall be paid to the relevant Chargors or other person entitled to it and pending that application shall be held on trust by the Lenders for the beneficiaries entitled to it.

16.2 Sections 109(6) and (8) (Appointment, powers, remuneration and duties of receiver) of the Law of Property Act 1925 shall not apply to a Receiver appointed under this Deed.

16.3 The Lenders and any Receiver may place any monies received, recovered or realised pursuant to this Deed in an interest bearing suspense account and it may retain the same for such period as it considers expedient without having any obligation to apply the same or any part of it in or towards discharge of the Secured Obligations.

16.4 Subject to clause 16.1, any monies received or realised by the Lenders from a Chargor or a Receiver may be applied by the Lenders to any item of account or liability or transaction to which they may be applicable in such order or manner as the Lenders may determine.

17 Remedies and waivers

17.1 No failure to exercise, nor any delay in exercising, on the part of the Lenders or any Receiver, any right or remedy under this Deed shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Deed are cumulative and not exclusive of any rights or remedies provided by law.

17.2 A waiver given or consent granted by the Lenders under this Deed will be effective only if given in writing and then only in the instance and for the purpose for which it is given.

18 Protection of third parties

18.1 No person (including a purchaser) dealing with the Lenders or a Receiver or its or their agents has an obligation to enquire of the Lenders, Receiver or others:

- 18.1.1 whether the Secured Obligations have become payable;
 - 18.1.2 whether any power purported to be exercised has become exercisable;
 - 18.1.3 whether any Secured Obligations or other monies remain outstanding;
 - 18.1.4 how any monies paid to the Lenders or to the Receiver shall be applied; or
 - 18.1.5 the status, propriety or validity of the acts of the Receiver or Lenders.
- 18.2 The receipt by the Lenders or any Receiver shall be an absolute and a conclusive discharge to a purchaser and shall relieve him of any obligation to see to the application of any monies paid to or by the direction of the Lenders or any Receiver.
- 18.3 In clauses 18.1 and 18.2, purchaser includes any person acquiring, for monies or monies worth, any lease of, or Security over, or any other interest or right whatsoever in relation to, the Secured Assets or any of them.

19 Additional security

The Security created by or under this Deed is in addition to, and is not in any way prejudiced by any guarantee or security now or subsequently held by any Lender.

20 Settlements conditional

- 20.1 If the Lenders (acting reasonably) believe that any amount paid by a Chargor or any other person in respect of the Secured Obligations is capable of being avoided or set aside for any reason then for the purposes of this Deed such amount shall not be considered to have been paid.
- 20.2 Any settlement, discharge or release between a Chargor and any Lender shall be conditional upon no Security or payment to or for that Lender by that Chargor or any other person being avoided or set aside or ordered to be refunded or reduced by virtue of any law relating to bankruptcy, insolvency or liquidation or otherwise.

21 Subsequent security

If the Lenders receive notice of any other subsequent Security or other interest affecting all or any of the Secured Assets it may open a new account or accounts for the relevant Chargor in its books. If it does not do so then, unless it gives express written notice to the contrary to the relevant Chargor, as from the time of receipt of such notice by the Lenders, all payments made by that Chargor to the Lenders shall be treated as having been credited to a new account of that Chargor and not as having been applied in reduction of the Secured Obligations.

22 Set-off

A Lender may, set off any matured obligation due from a Chargor under the Finance Documents (to the extent beneficially owned by that Lender) against any matured obligation owed by that Lender to that Chargor, regardless of the place of payment,

booking branch or currency of either obligation. If the obligations are in different currencies, the Lender may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

23 Notices

Any communication under this Deed or any other Security or Finance Document created by or under this Deed, shall be made and given in accordance with the terms of the Sale and Purchase Agreement.

24 Perpetuity period

The perpetuity period applicable to the trusts created by this Deed is eighty years.

25 Assignment

Each Lender may assign or otherwise transfer all or any part of its rights under this Deed or any Security created by or under it in accordance with the terms of the Finance Documents.

26 Releases

Upon the expiry of the Security Period, the Lenders shall, at the request and cost of the Chargors, take whatever action is necessary to release and reassign to each relevant Chargor:

26.1 its rights arising under this Deed;

26.2 the Secured Assets from the Security created by and under this Deed,

and return all documents or deeds of title delivered to it under this Deed.

27 Currency clause

If a payment is made to the Lenders under this Deed in a currency (Payment Currency) other than the currency in which it is expressed to be payable (Contractual Currency), the Lenders may convert that payment into the Contractual Currency at the rate at which it (acting reasonably and in good faith) is able to purchase the Contractual Currency with the Payment Currency on or around the date of receipt of the payment and to the extent that the converted amount of the payment falls short of the amount due and payable the Chargors will remain liable for such shortfall.

28 Certificates and determinations

A certificate, determination, notification or opinion of the Lenders as to any amount payable under this Deed will be prima facie evidence thereof except in the case of manifest error.

29 Counterparts

This Deed or any Finance Document entered into under or in connection with this Deed may be executed in any number of counterparts and this has the same effect as if the signatures on counterparts were on a single copy of this Deed, or such Finance Document.

30 Governing law and jurisdiction

This Deed shall be governed by and construed in accordance with English law, and all claims and disputes between the Parties or any of them arising out of or in connection with this Deed (whether or not contractual in nature) shall be determined in accordance with English law.

This Deed has been entered into as a deed on the date given at the beginning of this Deed.

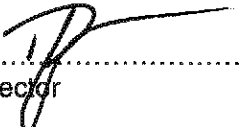
Schedule 1 Chargors Details

Name	Registered Office	Registered in England and Wales under company number
ALBERT E. JAMES & SON LIMITED	Barrow Mill, Barrow Street, Barrow Gurney, Bristol BS48 3RU	744561
ALBERT E. JAMES & SON HOLDINGS LIMITED	76 Wellington Street, Leeds LS1 2AY	11127054

SIGNATURES TO THE DEBENTURE

Chargors

Executed as a deed by Albert E James & Son)
Limited)
by a single director in the presence of:)


.....
Director

Witness signature:



Witness name:

CHRIS SWANTON

Witness Address:

Schofield Sweeney
76 Wellington Street
Leeds
LS1 2AY

Executed as a deed by Albert E James &)
Son Holdings Limited)
by a single director in the presence of:)


.....
Director

Witness signature:



Witness name:

CHRIS SWANTON

Witness Address:

Schofield Sweeney
76 Wellington Street
Leeds
LS1 2AY

Lenders

Executed as a deed by)
Stephen Robert Jones)
in the presence of:)

.....
Stephen Robert Jones

Witness signature:

Witness name:

Witness Address:

Executed as a deed by)
Tim John Jones in the presence of:)

.....
Tim John Jones

Witness signature:

Witness name:

Witness Address: