



Registration of a Charge

Company name: **VIRGIN ENTERPRISES LIMITED**

Company number: **01073929**



X4I4H7T5

Received for Electronic Filing: **16/10/2015**

Details of Charge

Date of creation: **08/10/2015**

Charge code: **0107 3929 0036**

Persons entitled: **LLOYDS BANK PLC (AS "SECURITY TRUSTEE")**

Brief description:

Contains floating charge(s) .

Contains negative pledge.

Authentication of Form

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

Authentication of Instrument

Certification statement: **I CERTIFY THAT 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: **RYAN WHITTAKER, CMS CAMERON MCKENNA LLP**



CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 1073929

Charge code: 0107 3929 0036

The Registrar of Companies for England and Wales hereby certifies that a charge dated 8th October 2015 and created by VIRGIN ENTERPRISES LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 16th October 2015 .

Given at Companies House, Cardiff on 19th October 2015

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

8 October

2015

(1) VIRGIN ENTERPRISES LIMITED

as the Chargor

(2) LLOYDS BANK PLC as Security Trustee

FLOATING CHARGE

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THIS DEED is made on the 8th day of October 2015

BETWEEN:

- (1) **VIRGIN ENTERPRISES LIMITED** a company incorporated in England and Wales with registered number 1073929 (the "Chargor"); and
- (2) **LLOYDS BANK PLC** of 10 Gresham Street, London, EC2V 7AE as security trustee for the Finance Parties (the "Security Trustee").

WHEREAS:

- (A) The Chargor enters into this Deed in connection with a multicurrency revolving facilities agreement (the "Facilities Agreement") dated 5 November 2014 and made between (1) VEL Holdings Limited as the parent, (2) the Companies listed in Part I of Schedule 1 to the Facilities Agreement as original borrowers, (3) the Companies listed in Part I of Schedule 1 to the Facilities Agreement as original guarantors, (4) Lloyds Bank plc and Barclays Bank plc as mandated lead arrangers, (5) the financial institutions listed in Part II of Schedule 1 to the Facilities Agreement as lenders, (6) the persons listed in Part III of Schedule 1 to the Facilities Agreement as hedge counterparties, (7) Lloyds Bank plc as agent of the other Finance Parties and (8) the Security Trustee.
- (B) The Board of Directors of the Chargor is satisfied that the giving of the security contained or provided for in this Deed is in the interests of the Chargor and its Board has passed a resolution to that effect.

NOW IT IS AGREED as follows:

1. Definitions and Interpretation

Definitions

- 1.1 Terms defined in the Facilities Agreement shall, unless otherwise defined in this Deed, have the same meanings when used in this Deed and in addition in this Deed:

"Charged Accounts": means each of the Royalty Income Accounts.

"Charged Property": means all the assets of the Chargor which from time to time are the subject of the security created or expressed to be created in favour of the Security Trustee by or pursuant to Clause 3 (*Floating Charge*) of this Deed.

"Delegate": means any person appointed by the Security Trustee or any Receiver pursuant to Clauses 10.2 to 10.4 (*Delegation*) and any person appointed as attorney of the Security Trustee and/or any Receiver or Delegate.

"Deposit Moneys": means all moneys in any currency from time to time deposited in or standing to the credit of the Royalty Income Accounts (including all moneys in any currency representing the renewal or replacement of or for any such deposits), all interest and other sums from time to time accrued or accruing on all such moneys.

"Expenses": means all costs (including legal fees), charges, expenses and damages sustained or incurred by the Security Trustee or any Receiver or Delegate at any time in connection with the Charged Property or the Secured Liabilities or in taking, holding or perfecting this Deed or in protecting, preserving, defending or enforcing the security constituted by this Deed or in exercising any rights, powers or remedies provided by or pursuant to this Deed (including any right or power to make payments on behalf of the Chargor under the terms of this Deed) or by law in each case on a full indemnity basis.

"Liability Period": means the period beginning on the date of this Deed and ending on the date on which the Security Trustee is satisfied, acting reasonably and in good faith, that all the Secured Liabilities have been unconditionally and irrevocably paid and discharged in full.

"LPA": means the Law of Property Act 1925.

"Receiver": means a receiver, receiver and manager or administrative receiver of the whole or any part or parts of the Charged Property.

"Royalty Income Account": means the accounts in the name of the Chargor held with the Security Trustee and details of which are set out in Schedule 2 (*Royalty Income Account Details*) and includes any replacement of any such accounts.

"Secured Liabilities": means all present and future indebtedness, moneys, obligations and liabilities of each Obligor to the Finance Parties under the Finance Documents (including this Deed), in whatever currency denominated, whether actual or contingent and whether owed jointly or severally or as principal or as surety or in some other capacity, including any liability in respect of any further advances made under the Finance Documents, together with all Expenses and all interest under Clause 2.2 (*Interest*).

Construction

1.2 Any reference in this Deed to:

1.2.1 the "Security Trustee", the "Chargor", any "Finance Party", any "Obligor" or any other person shall be construed so as to include its successors in title, permitted assigns and permitted transferees and, in the case of the Security Trustee, shall include any person for the time being appointed as additional security trustee pursuant to the Intercreditor Agreement;

1.2.2 "indebtedness" includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

1.2.3 a "person" includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium or partnership (whether or not having separate legal personality);

1.2.4 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 of any regulatory, self-regulatory or other authority or organisation; and

1.2.5 a provision of law is a reference to that provision as amended or re-enacted.

1.3 Clause and Schedule headings are for ease of reference only.

1.4 Each term in any Finance Document is, to the extent not set out in or otherwise incorporated into this Deed, deemed to be incorporated into this Deed insofar as is necessary to comply with Section 2 of the Law of Property (Miscellaneous Provisions) Act 1989 but, except where stated otherwise, if there is any conflict between that incorporated term and any other term of this Deed that other term shall prevail.

1.5 Any reference in this Deed to any Finance Document or any other agreement or other document shall be construed as a reference to that Finance Document or that other agreement or document as the same may have been, or may from time to time be, restated, varied, amended, supplemented, substituted, novated or assigned, whether or not as a result of any of the same:

- 1.5.1 there is an increase or decrease in any facility made available under that Finance Document or other agreement or document or an increase or decrease in the period for which any facility is available or in which it is repayable;
 - 1.5.2 any additional, further or substituted facility to or for such facility is provided;
 - 1.5.3 any rate of interest, commission or fees or relevant purpose is changed;
 - 1.5.4 the identity of the parties is changed;
 - 1.5.5 the identity of the providers of any security is changed;
 - 1.5.6 there is an increased or additional liability on the part of any person; or
 - 1.5.7 a new agreement is effectively created or deemed to be created.
- 1.6 Any reference in this Deed to "**this Deed**" shall be deemed to be a reference to this Deed as a whole and not limited to the particular Clause, Schedule or provision in which the relevant reference appears and to this Deed as amended, novated, assigned, supplemented, extended or restated from time to time and any reference in this Deed to a "**Clause**" or a "**Schedule**" is, unless otherwise provided, a reference to a Clause or a Schedule of this Deed.
- 1.7 Unless the context otherwise requires, words denoting the singular number only shall include the plural and vice versa.
- 1.8 Where any provision of this Deed is stated to include one or more things, that shall be by way of example or for the avoidance of doubt only and shall not limit the generality of that provision.
- 1.9 It is intended that this document shall take effect as and be a deed of the Chargor notwithstanding the fact that the Security Trustee may not execute this document as a deed.
- 1.10 Any change in the constitution of the Security Trustee or its absorption of or amalgamation with any other person or the acquisition of all or part of its undertaking by any other person shall not in any way prejudice or affect its rights under this Deed.
- 1.11 The terms of this Deed are subject to the terms of the Intercreditor Agreement.

Third Party Rights

- 1.12 Nothing in this Deed is intended to confer on any person any right to enforce or enjoy the benefit of any provision of this Deed which that person would not have had but for the Contracts (Rights of Third Parties) Act 1999.

2. Covenant to Pay

Covenant to Pay

- 2.1 The Chargor covenants with the Security Trustee (as security trustee for the Finance Parties) that it shall pay, perform and discharge the Secured Liabilities as and when the same fall due for payment, performance or discharge in accordance with the terms of the Finance Documents or, in the absence of any such express terms, on demand.

Interest

- 2.2 The Chargor covenants with the Security Trustee to pay interest on any amounts due under Clause 2.1 (*Covenant to Pay*) from day to day until full discharge (whether before or after judgment, liquidation, winding-up or administration of any person) at the rate and in the manner specified in clauses 12.4 to 12.6 (*Default Interest*) of the Facilities Agreement, provided that,

in the case of any Expense, such interest shall accrue and be payable as from the date on which the relevant Expense arose without the necessity for any demand being made for payment.

3. Floating Charge

Creation of Floating Charge

- 3.1 The Chargor, as security for the payment, performance and discharge of all the Secured Liabilities, charges in favour of the Security Trustee (as security trustee for the Finance Parties) by way of a first floating charge all of its right, title and interest in and to the Charged Accounts and the Deposit Moneys (as applicable), both present and future.

Conversion by Notice

- 3.2 The Security Trustee may by notice in writing at any time to the Chargor convert the floating charge created by the Chargor pursuant to Clause 3.1 (*Creation of Floating Charge*) with immediate effect into a fixed charge (either generally or specifically as regards any assets of the Chargor specified in the notice) if:
- 3.2.1 the security constituted by this Deed becomes enforceable; or
- 3.2.2 the Security Trustee reasonably considers in good faith that any of the Charged Property may be in jeopardy or in danger of being seized or sold pursuant to any form of legal process or the Security Trustee reasonably believes that steps are being taken or have been taken which are likely or intended to lead to the appointment of an administrator or the presentation of a petition for the winding up of the Chargor.
- 3.3 The giving of a notice by the Security Trustee under Clause 3.2 above in relation to any asset of the Chargor will not be construed as a waiver or abandonment of the Security Trustee's rights to give any other notice in respect of any other asset or of any other right of the Security Trustee under this Deed or any other Finance Document.

Automatic Conversion

- 3.4 Notwithstanding Clauses 3.2 and 3.3 (*Conversion by Notice*) and without prejudice to any law which may have a similar effect, the floating charge created by Clause 3.1 (*Creation of Floating Charge*) will automatically be converted (without notice) with immediate effect into a fixed charge as regards all of the assets subject to that floating charge if:
- 3.4.1 the Chargor creates or attempts to create any Security over any of the Charged Property without the prior consent of the Security Trustee (other than under this Deed);
- 3.4.2 any person levies or attempts to levy any distress, execution or other process against any of the Charged Property; or
- 3.4.3 a resolution is passed or an order is made for the winding-up, dissolution, administration or re-organisation of the Chargor or an administrator is appointed in respect of the Chargor.

Reconversion

- 3.5 If the floating charge created pursuant to Clause 3.1 (*Creation of Floating Charge*) is converted into a fixed charge over any Charged Property under Clauses 3.2 and 3.3 (*Conversion by Notice*) or Clause 3.4 (*Automatic Conversion*), it shall be re-converted into a floating charge over that Charged Property if the Security Trustee (in its absolute discretion) gives the Chargor a notice in writing to that effect.

Deposit of Documents

- 3.6 The Chargor shall promptly, upon the request of the Security Trustee from time to time, deliver to the Security Trustee all such other documents relating to the Charged Property as the Security Trustee may reasonably require.

4. Further Assurance

Further Assurance

- 4.1 The Chargor shall promptly do all such acts and execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Security Trustee or any Receiver may reasonably specify (and in such form as the Security Trustee or any Receiver may reasonably require in favour of the Security Trustee or its nominee(s)) to:
- 4.1.1 perfect the security created or intended to be created in respect of the Charged Property (which may include the execution by the Chargor of a mortgage, charge, assignment or other Security over all or any of the assets forming part of, or which are intended to form part of, the Charged Property);
 - 4.1.2 facilitate the exercise of any rights, powers and remedies of the Security Trustee or any Receiver or Delegate provided by or pursuant to this Deed or by law; and/or
 - 4.1.3 facilitate the realisation of the assets which form part of, or are intended to form part of, the Charged Property.

Necessary Action

- 4.2 The 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 Security Trustee by or pursuant to this Deed.

Implied Covenants for Title

- 4.3 The floating charge granted by the Chargor under this Deed is granted with full title guarantee in accordance with the Law of Property (Miscellaneous Provisions) Act 1994, save that the covenants set out in Section 2(1)(a), Section 3 and Section 4 of that Act shall extend to the Chargor without, in each case, the benefit of Section 6(2) of that Act.

5. Undertakings

General

- 5.1 The undertakings in this Clause 5 remain in force from the date of this Deed for so long as any amount is outstanding under this Deed.

Negative Pledge

- 5.2 The Chargor shall not create or extend or permit to arise or subsist any Security over the whole or any part of the Charged Property except to the extent expressly permitted by the Facilities Agreement.

Restriction on Disposals

- 5.3 The Chargor shall not 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 the whole or any part of the Charged Property, except for any disposal in the ordinary course of

business (as conducted by the Chargor at the date of this Deed) and except as permitted by Clause 5.6 of this Deed.

Details of Accounts

- 5.4 The Chargor shall not, without the Security Trustee's prior written consent close, or allow to be closed, the Charged Accounts.
- 5.5 The Chargor shall promptly:
- 5.5.1 notify the Security Trustee of any change in the details of the Charged Accounts;
 - 5.5.2 notify the Security Trustee if there are any amendments to the terms and conditions applicable to such accounts which would impact the priority or effectiveness of the Security constituted by this Deed; and
 - 5.5.3 deliver on written request to the Security Trustee copies of all statements showing the balance from time to time on the Charged Accounts.

Withdrawals

- 5.6 Notwithstanding this Deed, the Chargor shall be entitled to freely make withdrawals in respect of Deposit Moneys at any time prior to the Agent giving notice to the Parent that an Event of Default has occurred and is continuing and no further withdrawals are permitted to be made from such accounts.

Payments into the Charged Accounts

- 5.7 The Chargor undertakes and agrees with the Security Trustee that it will comply with its obligations under clause 25.28 and 25.29 of the Facilities Agreement.

Information

- 5.8 The Chargor shall promptly supply to the Security Trustee such information as the Security Trustee may reasonably require about the Charged Property and its compliance with the terms of this Deed.
- 5.9 The Chargor shall promptly notify the Security Trustee in writing of any action, claim or demand made by or against it in connection with all or any part of the Charged Property 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 the Chargor's proposals for settling, liquidating, compounding or contesting the same and shall, subject to the Security Trustee's approval of such proposals, implement them at its own expense.

Notices relating to Charged Property

- 5.10 The Chargor shall, within 14 days after the receipt by it of any application, requirement, order or notice served or given by any public or local or any other authority with respect to the whole or any part of the Charged Property:
- 5.10.1 deliver a copy to the Security Trustee;
 - 5.10.2 inform the Security Trustee of the steps taken or proposed to be taken by it to comply with the relevant application, requirement, order or notice; and
 - 5.10.3 comply with any reasonable request by the Security Trustee to take such action as the Security Trustee may believe necessary to preserve or protect the Charged Property or the security constituted or intended to be constituted by this Deed.

Not Jeopardise Security

- 5.11 The Chargor shall not do or cause or permit to be done anything which might in any way depreciate, jeopardise or otherwise prejudice the value to the Security Trustee of the security constituted or intended to be constituted by this Deed, except to the extent expressly permitted by the terms of the Finance Documents which, for the avoidance of doubt, include this Deed.

6. Enforcement of Security

When Security becomes Enforceable

- 6.1 At any time after any of the Secured Liabilities shall have become due and payable and remain unpaid, the security constituted by this Deed shall become immediately enforceable and the Security Trustee may, without notice, in its absolute discretion enforce all or any part of that security by appropriating, applying or transferring as the Security Trustee shall think fit all or any part of the Deposit Moneys at any time or times in or towards satisfaction of the Secured Liabilities in accordance with Clause 12.1 (*Order of Application*).

Financial Collateral

- 6.2 To the extent that any of the Charged Property constitutes "financial collateral" and this Deed and the obligations of the Chargor under this Deed constitute a "security financial collateral arrangement" (in each case as defined in, and for the purposes of, the Financial Collateral Arrangements (No. 2) Regulations 2003 (the "FCA Regulations")), 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 part of such financial collateral in or towards discharge of the Secured Liabilities. For this purpose, the parties agree that the value of such financial collateral shall be (in the case of cash) the amount standing to the credit of each Charged Account, together with any accrued but unpaid interest, at the time the right of appropriation is exercised. The parties agree that the manner of valuation provided for in this Clause 6.2 shall constitute a commercially reasonable manner of valuation for the purposes of the FCA Regulations.

Timed Deposits

- 6.3 The rights and powers of the Security Trustee contained in this Clause 6 shall apply notwithstanding that:
- 6.3.1 all or any part of the Deposit Moneys may have been or may be deposited for a fixed or minimum period or be subject to a period of notice;
 - 6.3.2 any interest on the Deposit Moneys is calculated by reference to a fixed or minimum period; and/or
 - 6.3.3 any such fixed or minimum period or period of notice may or may not have expired or been given.
- 6.4 In accordance with Clause 6.1 of this Deed, the Chargor authorises the Security Trustee at any time after the security constituted by this Deed has become enforceable in accordance with Clause 6.1 (*When Security becomes Enforceable*) to break or determine the Deposit Moneys in whole or in part and/or to renew all or any of the Deposit Moneys for such fixed periods as the Security Trustee may (in its absolute discretion) from time to time think fit.

7. Extension and Variation of the LPA

General

- 7.1 For the purposes of all powers implied by the LPA, such powers shall arise (and the Secured Liabilities shall be deemed to have become due and payable for that purpose) on the date of this Deed.
- 7.2 Section 103 of the LPA (restricting the power of sale) and Section 93 of the LPA (restricting the right of consolidation) shall not apply to the security constituted by this Deed.
- 7.3 The statutory powers of leasing conferred on the Security Trustee 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 to make any lease or agreement for lease, accept surrenders of leases and/or grant options on such terms as it or he shall think fit, without the need to comply with any restrictions imposed by Sections 99 and 100 of the LPA.

Privileges

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

8. Appointment of Receiver and Administrator

Appointment

- 8.1 At any time after the security constituted by this Deed has become enforceable or if an application is presented for the making of an administration order in relation to the Chargor or any person who is entitled to do so gives written notice of its intention to appoint an administrator of the Chargor or files such a notice with the court or if the Chargor so requests the Security Trustee in writing (in which case, in each such case, the security constituted by this Deed shall become immediately enforceable), the Security Trustee may without prior notice to the Chargor:
- 8.1.1 appoint free from the restrictions imposed by Section 109(1) of the LPA either under seal or in writing under its hand any one or more persons to be a Receiver of the whole or any part or parts of the Charged Property in like manner in every respect as if the Security Trustee had become entitled under the LPA to exercise the power of sale conferred under the LPA; or
- 8.1.2 appoint one or more persons to be an administrator of the Chargor.

Removal

- 8.2 The Security Trustee may by writing under its hand (or by an application to the court where required by law):
- 8.2.1 remove any Receiver appointed by it; and
- 8.2.2 may, whenever it deems it expedient, appoint any one or more persons to be a new Receiver in the place of or in addition to any Receiver.

Statutory Powers of Appointment

- 8.3 The powers of appointment of a Receiver conferred by this Deed shall be in addition to all statutory and other powers of appointment of the Security Trustee under the LPA (as extended by this Deed) or otherwise and such powers shall be and remain exercisable from time to time by the Security Trustee in respect of any part or parts of the Charged Property.

Capacity of Receiver

- 8.4 Each Receiver shall be deemed to be the agent of the Chargor for all purposes. The Chargor alone shall be responsible for a Receiver's contracts, engagements, acts, omissions, defaults and losses and for liabilities incurred by him.
- 8.5 The agency of each Receiver shall continue until the Chargor goes into liquidation and after that the Receiver shall act as principal and shall not become the agent of the Security Trustee.
- 8.6 If there is more than one Receiver holding office at the same time, each Receiver shall (unless the document appointing him states otherwise) be entitled to act (and to exercise all of the powers conferred on a Receiver under this Deed) individually or together with any other person appointed or substituted as Receiver.

Remuneration of Receiver

- 8.7 The Security Trustee may fix the remuneration of any Receiver appointed by it without any restriction imposed by Section 109(6) of the LPA and the remuneration of the Receiver shall be a debt secured by this Deed, which shall be due and payable immediately upon its being paid by the Security Trustee.

9. Powers of Receiver

General

- 9.1 Each Receiver has, and is entitled to exercise, all of the rights, powers and discretions set out below in this Clause 9 in addition to those conferred by law.
- 9.2 Without prejudice to the generality of this Clause 9, each Receiver shall have all the rights, powers and discretions of an administrative receiver under Schedule 1 to the Insolvency Act 1986 whether he falls within the statutory definition of an administrative receiver or not.

Specific Powers

- 9.3 Each Receiver shall have the following powers (and every reference in this Clause 9.3 to the "Charged Property" shall be read as a reference to that part or parts of the Charged Property in respect of which that Receiver was appointed):
- 9.3.1 power to purchase or acquire land and purchase, acquire or grant any interest in or right over land as he thinks fit;
 - 9.3.2 power to take immediate possession of, get in and collect any Charged Property;
 - 9.3.3 power to carry on the business of the Chargor as he thinks fit;
 - 9.3.4 power (but without any obligation to do so) to:
 - (a) make and effect all repairs, alterations, additions and insurances and do all other acts which the Chargor might do in the ordinary conduct of its business as well for the protection as for the improvement of the Charged Property;
 - (b) commence or complete any building operations on any properties of the Chargor;
 - (c) apply for and maintain any planning permission, building regulation approval or any other permission, consent or licence in respect of the Charged Property; and

- (d) negotiate for compensation with any authority which may intend to acquire or be in the process of acquiring all or any part of the Charged Property and make objections to any order for the acquisition of all or any part of the Charged Property and represent the Chargor at any enquiry to be held to consider such objections or otherwise relating to any such acquisition,

in each case as he thinks fit;

- 9.3.5 power to appoint and discharge managers, officers, agents, advisers, accountants, servants, workmen, contractors, surveyors, architects, lawyers and others for the purposes of this Deed upon such terms as to remuneration or otherwise as he thinks fit and power to discharge any such persons appointed by the Chargor (and the costs incurred by any Receiver in carrying out such acts or doing such things shall be reimbursed to that Receiver by the Chargor on demand and until so reimbursed shall carry interest at the rate specified in Clause 2.2 (*Interest*) from the date of payment by the Receiver until reimbursed (after as well as before any judgment));
- 9.3.6 power to raise and borrow money either unsecured or (with the prior consent of the Security Trustee) on the security of any Charged Property either in priority to the security constituted by this Deed or otherwise and generally on any terms and for whatever purpose he thinks fit;
- 9.3.7 power to sell, exchange, convert into money and realise any Charged Property by public auction or private contract and generally in any manner and on any terms as he thinks fit;
- 9.3.8 power to sever and sell separately any fixtures from any properties containing them without the consent of the Chargor;
- 9.3.9 power to let any Charged Property for any term and at any rent (with or without a premium) as he thinks fit and power to accept a surrender of any lease or tenancy of any Charged Property on any terms which he thinks fit (including the payment of money to a lessee or tenant on a surrender);
- 9.3.10 power to 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 the Chargor or relating in any way to any Charged Property;
- 9.3.11 power to bring, prosecute, enforce, defend and abandon all actions, suits and proceedings in relation to any Charged Property or in relation to the Chargor which may seem to him to be expedient;
- 9.3.12 power to give valid receipts for all moneys and execute all assurances and things which may be proper or desirable for realising any Charged Property;
- 9.3.13 power to form a subsidiary of the Chargor and transfer to that subsidiary any Charged Property;
- 9.3.14 power to do all such acts as may seem to him to be necessary or desirable in order to initiate or continue any development of any Charged Property and for these purposes to appoint and to enter into such contracts with such building and engineering contractors or other contractors and professional advisers as he may think fit;
- 9.3.15 power to call any meeting of the members or directors of the Chargor in order to consider such resolutions or other business as he thinks fit;

- 9.3.16 power to exercise in relation to any Charged Property all the powers and rights which he would be capable of exercising if he were the absolute beneficial owner of the same;
- 9.3.17 power to do all other acts and things which he may consider desirable or necessary for realising any Charged Property or incidental or conducive to any of the rights, powers or discretions conferred on a Receiver under or by virtue of this Deed; and
- 9.3.18 power to exercise any of the above powers in the name of or on behalf of the Chargor or in his own name and, in each case, at the cost of the Chargor.

Security Trustee's Powers

- 9.4 To the fullest extent permitted by law, any right, power or discretion conferred by this Deed (either expressly or impliedly) upon a Receiver may after the security constituted by this Deed has become enforceable be exercised by the Security Trustee in relation to any Charged Property, irrespective of whether or not it has taken possession of any Charged Property and without first appointing a Receiver or notwithstanding the appointment of a Receiver.

10. Discretions and Delegation

Discretion

- 10.1 Any liberty or power which may be exercised or any determination which may be made under this Deed by the Security Trustee or any Receiver may be exercised or made in its absolute and unfettered discretion without any obligation to give reasons.

Delegation

- 10.2 Each of the Security Trustee and 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).
- 10.3 Any such delegation may be made upon such terms and conditions (including the power to sub-delegate) as the Security Trustee or any Receiver (as the case may be) shall think fit.
- 10.4 Neither the Security Trustee nor any Receiver shall be in any way liable or responsible to the Chargor for any loss or liability arising from any act, default, omission or misconduct on the part of any Delegate.

11. Power of Attorney

Appointment and Powers

- 11.1 For the purpose of securing the payment of the Secured Liabilities and for securing any proprietary interest which the Security Trustee, every Receiver and every Delegate has in any of the Charged Property, the Chargor irrevocably appoints the Security Trustee, every Receiver and every Delegate and the persons deriving title under it and their substitutes (the "Attorney") jointly and also severally to be the Chargor's true and lawful attorney. For the purposes aforesaid the Attorney shall have the right to do anything which the Chargor may lawfully do and all the rights and powers which may lawfully be given to an attorney including, without prejudice to the generality of the foregoing:
 - 11.1.1 the right to do anything to procure or carry out the performance of the Chargor's obligations under this Deed and anything to facilitate the exercise of the Security Trustee's, every Receiver's and every Delegate's rights under this Deed;
 - 11.1.2 the right to act in the name of the Chargor; and

- 11.1.3 the right to delegate and sub-delegate any or all of the rights of the Attorney.

Ratification

- 11.2 The Chargor ratifies and shall ratify everything done or purported to be done by the Attorney in accordance with this Clause 11.1. (*Appointment and Powers*).

12. Application of Proceeds

Order of Application

- 12.1 All moneys received or recovered by the Security Trustee, any Receiver or any Delegate pursuant to this Deed, after the security constituted by this Deed has become enforceable, shall (subject to the claims of any person having prior rights thereto and by way of variation of the provisions of the LPA) be applied in the following order (but without prejudice to the right of the Security Trustee to recover any shortfall from the Chargor):
- 12.1.1 in or towards payment of all costs, losses, liabilities and expenses of and incidental to the appointment of any Receiver or Delegate and the exercise of any of his rights and powers, including his remuneration, and all outgoings paid by him;
 - 12.1.2 in or towards payment of all other Expenses;
 - 12.1.3 in or towards payment of all other Secured Liabilities or such part of them as is then due and payable to the Finance Parties in accordance with the order of application set out in clauses 32.13 to 32.15 (*Partial Payments*) of the Facilities Agreement; and
 - 12.1.4 in payment of the surplus (if any) to the Chargor or other person entitled to it.
- 12.2 Clause 12.1 (*Order of Application*) will override any appropriation made by the Chargor.

Currency Conversion

- 12.3 For the purpose of or pending the discharge of any of the Secured Liabilities, the Security Trustee and each other Finance Party may (in its absolute discretion) convert any moneys received or recovered by it or any Receiver or Delegate pursuant to this Deed or any moneys subject to application by it or any Receiver or Delegate pursuant to this Deed from one currency to another and any such conversion shall be made at the Security Trustee's (or that Finance Party's) spot rate of exchange for the time being for obtaining such other currency with the first currency and the Secured Liabilities shall be discharged only to the extent of the net proceeds of such conversion realised by the Security Trustee or that Finance Party. Nothing in this Deed shall require the Security Trustee to make, or shall impose any duty of care on the Security Trustee or any other Finance Party in respect of, any such currency conversion.

New Accounts

- 12.4 If the Security Trustee (acting in its capacity as trustee for the Finance Parties or otherwise) or any other Finance Party at any time receives, or is deemed to have received, notice of any subsequent Security or other interest affecting any Charged Property or of any disposal of any Charged Property which is prohibited by the terms of this Deed or the Facilities Agreement or of any other matter which may cause the security constituted by this Deed to cease to be a continuing security, the Security Trustee and/or any other relevant Finance Party may open a new account with the Chargor.
- 12.5 If the Security Trustee and/or any other Finance Party does not open a new account, it shall nevertheless be treated as if it had done so at the time when it received, or was deemed to have received, such notice. As from that time all payments made by or on behalf of the Chargor to the Security Trustee (whether in its capacity as trustee for the Finance Parties or otherwise)

and/or any other Finance Party shall be credited or be treated as having been credited to the new account of the Chargor and not as having been applied in reduction of the Secured Liabilities.

13. No Liability as Mortgagee in Possession

13.1 Neither the Security Trustee nor any Receiver or Delegate shall in any circumstances (either by reason of entering into or taking possession of any Charged Property or for any other reason and whether as mortgagee in possession or on any other basis) be liable to account to the Chargor for anything, except actual receipts, or be liable to the Chargor for any costs, charges, losses, liabilities or expenses arising from the realisation of any Charged Property or from any act, default or omission of the Security Trustee, any Receiver, any Delegate or any of their respective officers, agents or employees in relation to the Charged Property or from any exercise or purported exercise or non-exercise by the Security Trustee or any Receiver or Delegate of any power, authority or discretion provided by or pursuant to this Deed or by law or for any other loss of any nature whatsoever in connection with the Charged Property or the Finance Documents, in each case except in the case of gross negligence or wilful default on the part of the Security Trustee, a Receiver or Delegate.

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

14. Effectiveness of Security

Continuing Security

14.1 The security constituted by this Deed shall remain in full force and effect as a continuing security for the Secured Liabilities, unless and until discharged by the Security Trustee, and will extend to the ultimate balance of all the Secured Liabilities, regardless of any intermediate payment or discharge in whole or in part.

Cumulative Rights

14.2 The security constituted by this Deed and all rights, powers and remedies of the Security Trustee provided by or pursuant to this Deed or by law shall be cumulative, in addition to and independent of any other guarantee or Security now or subsequently held by the Security Trustee or any other Finance Party for the Secured Liabilities or any other obligations or any rights, powers and remedies provided by law. No prior Security held by the Security Trustee (whether in its capacity as security trustee or otherwise) or any of the other Finance Parties over the whole or any part of the Charged Property shall be superseded by, supersede or merge into, the security constituted by this Deed.

Reinstatement

14.3 If any discharge, release or arrangement (whether in respect of the obligations of an Obligor or any Security for those obligations or otherwise) is made by the Security Trustee or any other Finance Party in whole or in part on the faith of any payment, Security or other disposition which is avoided or must be restored in insolvency, liquidation, administration or otherwise, without limitation, then the liability of the Chargor under, the security constituted by this Deed will continue or be reinstated as if the discharge, release or arrangement had not occurred.

14.4 The Security Trustee may concede or compromise any claim that any payment or any discharge is liable to avoidance or restoration.

Waiver of Defences

14.5 Neither the obligations of the Chargor under this Deed nor the security constituted by this Deed nor the rights, powers and remedies of the Security Trustee provided by or pursuant to this Deed or by law will be affected by an act, omission, matter or thing which, but for this Clause 14.5,

would reduce, release or prejudice any of its obligations under this Deed, any of that security or any of those rights, powers and remedies (without limitation and whether or not known to it or the Security Trustee or any other Finance Party) including:

- 14.5.1 any time, waiver or consent granted to, or composition with, any Obligor or any other person;
- 14.5.2 the release of any person under the terms of any composition or arrangement with any creditor of any person;
- 14.5.3 the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or Security over assets of, any Obligor or any other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any Security;
- 14.5.4 any incapacity or lack of power, authority or legal personality of, or dissolution or change in the members or status of an Obligor or any other person;
- 14.5.5 any variation, amendment, novation, supplement, extension (whether of maturity or otherwise), substitution, restatement (in each case, however fundamental and of whatsoever nature and whether or not more onerous) or replacement of any Finance Document or any other document or Security including without limitation any change in the purpose of, any extension of or any increase in, any facility or the addition of any new facility under any Finance Document or other document or Security;
- 14.5.6 any unenforceability, illegality or invalidity of any obligation of an Obligor or any other person under any Finance Document or any other document or Security; or
- 14.5.7 any insolvency or similar proceedings.

Immediate Recourse

- 14.6 The Chargor waives any right it may have of first requiring the Security Trustee or any other Finance Party to proceed against or enforce any other rights or Security or claim payment from any person or file any proof or claim in any insolvency, administration, winding up or liquidation proceedings relating to any person before claiming from it under this Deed. This waiver applies irrespective of any law or any provision of any Finance Document to the contrary.

Appropriations

- 14.7 Until all the Secured Liabilities which may be or become payable by the Chargor under or in connection with this Deed have been irrevocably paid, performed and discharged in full, the Security Trustee may:
 - 14.7.1 without affecting the liability of the Chargor under this Deed:
 - (a) refrain from applying or enforcing any other moneys, Security or rights held or received by it in respect of the Secured Liabilities; or
 - (b) apply and enforce the same in such manner and order as it sees fit (whether against the Secured Liabilities or otherwise) and the Chargor shall not be entitled to direct the appropriation of any such moneys, Security or rights or to enjoy the benefit of the same; and/or
 - 14.7.2 hold in a suspense account any moneys received from the Chargor or on account of the Chargor's liability in respect of the Secured Liabilities. Amounts standing to the

credit of any such suspense account shall bear interest at a rate considered by the Security Trustee to be a fair market rate.

Deferral of the Chargor's Rights

- 14.8 Until the Secured Liabilities, and all amounts which may be or become due and payable in respect of the Secured Liabilities, have been irrevocably paid, performed or discharged in full and unless the Security Trustee otherwise directs, the Chargor shall not exercise any rights which it may have by reason of performance by it of its obligations under this Deed to:
- 14.8.1 be indemnified by an Obligor;
 - 14.8.2 claim any contribution from any other guarantor of any Obligor's obligations under the Finance Documents;
 - 14.8.3 take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Security Trustee and/or any of the other Finance Parties under the Finance Documents or of any other guarantee or Security taken pursuant to, or in connection with, the Finance Documents by the Security Trustee or any other Finance Party;
 - 14.8.4 exercise any right of set-off against any Obligor; and/or
 - 14.8.5 claim or prove as a creditor of any Obligor or in its estate in competition with any Finance Party.
- 14.9 The rights of the Security Trustee and/or any of the other Finance Parties under Clause 14.8 above shall be free from any right of quasi-retainer or other rule or principle of fund ascertainment arising either at law or in equity.
- 14.10 If the Chargor receives any benefit, payment or distribution in relation to any rights referred to in Clause 14.8 above, it shall hold that benefit, payment or distribution to the extent necessary to enable all the Secured Liabilities, and all amounts which may be or become due and payable in respect of the Secured Liabilities, to be repaid in full on trust for the Security Trustee (as trustee for the Finance Parties) and shall promptly pay or transfer the same to the Security Trustee or as the Security Trustee may direct for application in accordance with Clause 12.1 (*Order of Application*).

No Security held by the Chargor

- 14.11 The Chargor shall not take or receive any Security from any other person in connection with its liability under this Deed. However, if any such Security is so taken or received by the Chargor:
- 14.11.1 it shall be held by the Chargor on trust for the Security Trustee (as security trustee for the Finance Parties), together with all moneys at any time received or held in respect of such Security, for application in or towards payment and discharge of the Secured Liabilities; and
 - 14.11.2 on demand by the Security Trustee, the Chargor shall promptly transfer, assign or pay to the Security Trustee all Security and all moneys from time to time held on trust by it under this Clause 14.11.

Perfection of Security- Acknowledgement

- 14.12 The execution of this Deed by the Chargor and the Security Trustee shall constitute notice to the Security Trustee of the charge created by this Deed over the Charged Accounts and the Deposit Moneys.

15. Payments

Manner of Payments

- 15.1 The Chargor shall make all payments required to be made by it under this Deed available to the Security Trustee (unless a contrary indication appears in this Deed) for value on the due date at the time and in such funds specified by the Security Trustee as being customary at the time for settlement of transactions in the relevant currency in the place of payment. Payment shall be made in the currency in which the relevant indebtedness is denominated or, if different, is expressed to be payable and to such account in the principal financial centre of the country of that currency with such bank as the Security Trustee specifies.

No Set-off by the Chargor

- 15.2 All payments to be made by the Chargor under this Deed shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

16. Waivers

- 16.1 Any amendment, waiver or consent by the Security Trustee under this Deed must be in writing and may be given subject to any conditions thought fit by the Security Trustee. Any waiver or consent shall be effective only in the instance and for the purpose for which it is given.

17. Notices

Communications in writing

- 17.1 Any communication to be made under or in connection with this Deed shall be made in writing and, unless otherwise stated, may be made by fax or letter.

Addresses

- 17.2 The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of the Chargor and the Security Trustee for any communication or document to be made or delivered under or in connection with this Deed is:

17.2.1 in the case of the Chargor, that identified with its name in Schedule 1 (*The Chargor*);
and

17.2.2 in the case of the Security Trustee, that identified with its signature below,

or any substitute address, fax number or department or officer as the Chargor may notify to the Security Trustee (or the Security Trustee may notify to the Chargor, if a change is made by the Security Trustee) by not less than five Business Days' notice.

Delivery

- 17.3 Any communication or document made or delivered by one person to another under or in connection with this Deed will only be effective:

17.3.1 if by way of fax, when received in legible form; or

17.3.2 if by way of letter, when it has been left at the relevant address or five business days after being deposited in the post postage prepaid in an envelope addressed to it at that address,

and, if a particular department or officer is specified as part of its address details provided under Clause 17.2 (*Addresses*), if addressed to that department or officer.

17.4 Any communication or document to be made or delivered to the Security Trustee will be effective only when actually received by it and then only if it is expressly marked for the attention of the department or officer identified with the Security Trustee's signature below (or any substitute department or officer as it shall specify for this purpose).

18. Counterparts

18.1 This Deed may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Deed. Delivery of an electronic counterpart of this Deed by e-mail attachment or telecopy shall be an effective mode of delivery.

19. Assignment

19.1 The Security Trustee may assign, charge or transfer all or any of its rights under this Deed without the consent of the Chargor to any replacement or successor appointed in accordance with the Intercreditor Agreement. Subject to clause 39 (*Confidentiality*) of the Facilities Agreement, the Security Trustee may disclose any information about the Chargor and this Deed as the Security Trustee shall consider appropriate to any actual or proposed direct or indirect successor or to any person to whom information is required to be disclosed by any applicable law or regulation.

20. Releases

20.1 Upon the expiry of the Liability Period (but not otherwise) and subject to Clauses 14.3 and 14.4 (*Reinstatement*), the Security Trustee shall, at the request and cost of the Chargor, take whatever action is necessary to release the Charged Property from the security constituted by this Deed.

21. Governing Law


21.1 This Deed and any dispute or claim arising out of or in connection with it or its subject matter, existence, negotiation, validity, termination or enforceability and any non-contractual obligations arising out of or in connection with it are governed by English law.

21.2 The courts of England have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with this Deed or its subject matter, existence, negotiation, validity, termination or enforceability (including any non-contractual dispute or claim).

IN WITNESS whereof this Deed has been entered into as a deed and is intended to be and is delivered on the day and year first before written.

Schedule 1

The Chargor

Name	Company Number	Registered Office	Address for Notices	Fax Number	For Attention Of:
Virgin Enterprises Limited	1073929	The Battleship Building, 179 Harrow Road, London W2 6NB	The Battleship Building, 179 Harrow Road, London W2 6NB		Barry Gerrard

Schedule 2

Royalty Income Account Details

<u>Sort Code</u>	<u>Account Number</u>	<u>Currency</u>
██████	██████	GBP
██████	██████	EUR
██████	██████	AUD
██████	██████	CAD
██████	██████	USD
██████	██████	ZAR

EXECUTION PAGE

THE CHARGOR

EXECUTED AS A DEED by)
VIRGIN ENTERPRISES LIMITED)
on being signed by)
a Director)
in the presence of:) (Director)

Witness signature:

Witness name: CAROLINE ORRICK

Witness address:

Witness occupation:

Chartered Secretary

THE SECURITY TRUSTEE

LLOYDS BANK PLC

By:

Iain Brown
Associate Director

Address:

Fax Number:

For the Attention of: John Togher