



Registration of a Charge

Company name: **GLOBAL MARINE SYSTEMS LIMITED**

Company number: **01708481**



X808BFVE

Received for Electronic Filing: **28/02/2019**

Details of Charge

Date of creation: **27/02/2019**

Charge code: **0170 8481 0064**

Persons entitled: **GLOBAL MARINE SYSTEMS PENSION TRUSTEE LIMITED IN ITS
CAPACITY AS TRUSTEE OF AND FOR THE GLOBAL MARINE SYSTEMS
PENSION PLAN**

Brief description:

Contains fixed 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: **WE 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:

OSBORNE CLARKE LLP



CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 1708481

Charge code: 0170 8481 0064

The Registrar of Companies for England and Wales hereby certifies that a charge dated 27th February 2019 and created by GLOBAL MARINE SYSTEMS LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 28th February 2019 .

Given at Companies House, Cardiff on 1st March 2019

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

EXECUTION VERSION

We certify that, save for material redacted pursuant to s. 859G of the Companies Act 2006, this copy instrument is a correct copy of the original instrument.

Dated this 28 FEBRUARY 2019

Signed OSBORNE CLARKE LLP

Osborne Clarke LLP

2 Temple Back East

Temple Quay, Bristol

BS1 6EG

Mortgage of Chattels

between

- (1) GLOBAL MARINE SYSTEMS LIMITED
- (2) GLOBAL MARINE SYSTEMS PENSION TRUSTEE LIMITED in its capacity as trustee of and for the Global Marine Systems Pension Plan (as Trustee)

Dated 27 February 2019

Osborne Clarke LLP
2 Temple Back East
Temple Quay
Bristol
BS1 6EG
Telephone +44 (0) 117 917 3000
Fax +44 (0) 117 917 3005

Contents

1.	Definitions and interpretation	1
2.	Covenant to pay.....	5
3.	Grant of security	5
4.	Liability of the Chargor	6
5.	Representations and warranties.....	6
6.	Covenants.....	7
7.	Powers of the Trustee	12
8.	When security becomes enforceable	13
9.	Enforcement of security.....	13
10.	Receiver.....	14
11.	Powers of Receiver.....	15
12.	Delegation.....	17
13.	Application of proceeds	17
14.	Costs and indemnity	18
15.	Further assurance	18
16.	Power of attorney.....	18
17.	Release.....	19
18.	Assignment and transfer.....	19
19.	Set-off	19
20.	Amendments, waivers and consents.....	19
21.	Severance.....	20
22.	Counterparts	20
23.	Third party rights.....	20
24.	Further provisions.....	20
25.	Notices	21
26.	Governing law and jurisdiction.....	21
	Schedule 1 (Chattels)	23
	Schedule 2 (Relevant Agreements).....	24

This Deed is made on

27 February

2019

Between:

- (1) **GLOBAL MARINE SYSTEMS LIMITED** incorporated and registered in England and Wales with company number 01708481 whose registered office is at Ocean House 1 Winsford Way, Boreham Interchange, Chelmsford, Essex, United Kingdom, CM2 5PD ("**Chargor**"); and
- (2) **GLOBAL MARINE SYSTEMS PENSION TRUSTEE LIMITED** incorporated and registered in England and Wales whose registered office is at Ocean House, 1 Winsford Way, Boreham Interchange, Chelmsford, Essex CM2 5PD, acting in its capacity as trustee of and for the Scheme ("**Trustee**").

Background:

- (A) The Chargor has established the Scheme, in respect of which the Trustee is the trustee.
- (B) The Chargor is in deficit in respect of the Scheme and has reached an agreement with the Trustee set out in a side letter dated 14 March 2018 (the "**Side Letter**") to defer certain contributions to the Scheme.
- (C) To secure the performance of the Secured Obligations (as defined below), the Chargor has agreed to enter into this Deed.
- (D) The Trustee holds the security constituted by this Deed on trust for the beneficiaries of the Scheme on the same basis as it holds all other property, rights and assets of the Scheme.

Agreed terms

1. Definitions and interpretation

1.1 Definitions

Terms defined in the Side Letter shall, unless the context otherwise requires, have the same meaning when used in this Deed. The following definitions apply in this Deed:

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

"Chattels" means the equipment, plant, machinery, tools, vehicles, installations and apparatus, goods, chattels or other tangible movable property described in Schedule 1 (including any component parts of those assets from time to time held by the Chargor (whether or not attached to those assets)), together with all additions, alterations, substitutions, replacements, renewals or modifications of or to those assets from time to time, and all accessories to those assets from time to time (including maintenance and other records, manuals, handbooks, data, drawings and schematics relating to those assets or documents relating to warranties and patent indemnities given by manufacturers or suppliers of those assets).

"Deferred 2016 Contributions" shall have the meaning as described in the Side Letter.

"Delegate" means any person appointed by the Trustee or any Receiver pursuant to clause 12, and any person appointed as attorney of the Trustee, Receiver or Delegate.

"Enforcement Event" means the occurrence of any of the following events:

- (a) an Obligor fails to pay or perform any of the Secured Obligations when due;
- (b) an Obligor fails to comply with any provision of the Secured Documents (other than in such way as referred to at paragraphs (a) and (b) above), which failure is not remedied by an Obligor (if it is capable of remedy) within ten (10) days after the earlier of the Trustee giving notice to an Obligor of such failure and an Obligor becoming aware of such failure;
- (c) a representation made by an Obligor under a Secured Document is incorrect or misleading in any material respect when made or deemed to be repeated, unless the circumstances giving rise to the misrepresentation (if capable of remedy) are remedied by an Obligor within ten (10) days after the earlier of the Trustee giving

- notice to an Obligor of such circumstances and an Obligor becoming aware of such circumstances;
- (d) any governmental or other consent or approval at any time necessary to enable any obligor to perform its obligations under any Secured Document is terminated, withheld or materially modified;
 - (e) the occurrence of an Insolvency Event in relation to an Obligor;
 - (f) any distress or execution is enforced against the property of an Obligor and such distress or execution is not withdrawn or discharged within ten (10) days;
 - (g) an Obligor ceases, or threatens to cease, to carry on its business;
 - (h) a material change occurs in the commercial or financial position of any Obligor, the consequence of which the Trustee reasonably believes will adversely affect the relevant Obligor's ability to perform its obligations under any of the Secured Documents;
 - (i) an Obligor takes any action or fails to take any action which in the reasonable opinion of the Trustee imperils the security created by the Security Documents; or
 - (j) the Scheme enters winding-up in accordance with its governing documents.

"Environment" means the natural and man-made environment including all or any of the following media, namely air, water and land (including air within buildings and other natural or man-made structures above or below the ground) and any living organisms (including man) or systems supported by those media.

"Environmental Claim" means any claim by any governmental, judicial or regulatory authority or any other person which arises out of an Environmental Incident or an alleged Environmental Incident or which relates to an Environmental Law, and for this purpose **"claim"** means a claim for damages, compensation, contribution, loss or injury, fines, penalties or any other payment of any kind including in relation to clean-up and removal, an order or direction to take, or not to take, certain action or to desist from or suspend certain action and any form of enforcement or regulatory action, including the arrest or attachment of any asset;

"Environmental Incident" means:

- (a) any release, emission, spill or discharge of Environmentally Sensitive Material within the Secured Assets or from the Secured Assets into or upon the air, surface water, ground water or soils (including the seabed); or
- (b) any release, emission, spill or discharge of Environmentally Sensitive Material within a vessel other than the Secured Assets or from a vessel other than the Secured Assets into or upon the air, surface water, ground water or soils (including the seabed) for which the Chargor and/or any operator or manager of the Secured Assets is liable or may have liability under or pursuant to Environmental Laws,

"Environmental Law" means all applicable laws, statutes, regulations, secondary legislation, bye-laws, common law, directives, treaties and other measures, judgments and decisions of any court or tribunal, codes of practice and guidance notes insofar as they relate to or apply to the Environment.

"Environmentally Sensitive Material" means and includes all pollutants, contaminants, toxic substances, oil, oil products and any other substance (including any chemical, gas or other hazardous or noxious substance) which is (or is capable of being or becoming) polluting, toxic or hazardous;

"Insolvency Event" means and of the following events:

- (a) an Obligor being (or being deemed) for the purposes of any relevant law to be insolvent or unable to pay its debts as they fall due;
- (b) an Obligor suspending making payments on any of its debts or announcing an intention to do so or, by reason of actual or anticipated financial difficulties, commencing negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness;

- (c) the value of the assets of an Obligor being less than its liabilities (taking into account contingent and prospective liabilities).
- (d) a moratorium being declared in respect of any indebtedness of an Obligor.
- (e) any corporate action, legal proceedings or other procedure or step being taken (including without limitation the granting of any court order) in relation to:
 - (i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, examinership, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of any Obligor;
 - (ii) a composition, assignment or arrangement with any creditor of any Obligor;
 - (iii) the appointment of a liquidator, receiver, examiner, administrator, administrative receiver, compulsory manager or other similar officer in respect of an Obligor or any of its assets; or
 - (iv) enforcement of any security interest over any assets of any Obligor,
 or any analogous procedure or step being taken in any jurisdiction.

"Insurance Policies" means all the contracts and policies of insurance effected or maintained from time to time in respect of the Chattels.

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

"Obligor" means the Chargor and any other entity which grants Security in respect of the Secured Obligations.

"Prior Chattel Mortgage" means the mortgage of chattels dated 10 July 2018 granted by the Chargor in favour of the Trustee.

"Receiver" means a receiver, receiver and manager or administrative receiver of any or all of the Secured Assets appointed by the Trustee under clause 10.

"Relevant Agreement" means:

- (a) each agreement for the maintenance, repair or upkeep of the Chattels and any guarantee, warranty or security for the performance of any such agreement; and
- (b) all other contracts, guarantees, appointments, warranties, indemnities and other documents relating to the Chattels to which the Chargor is a party, which are in its favour or of which it has the benefit,

the details of which are set out in Schedule 2.

"Scheme" means the Global Marine Systems Pension Plan, currently governed by the "Second Definitive Deed and Rules" made between the Chargor and the Trustee, dated 27 April 2010 (as amended).

"Secured Assets" means all the assets, property and undertaking for the time being subject to any Security created by, or pursuant to, this Deed.

"Secured Documents" means the Security Documents, the Side Letter and any other document designated, in writing, as such by the Trustee and the Chargor.

"Secured Obligations" means the Deferred 2016 Contributions owed by the Chargor to the Trustee from time to time together with all present and future monies, obligations and liabilities of the Chargor to the Trustee (whether actual or contingent and whether owed jointly or severally, as principal or surety, or in any other capacity whatsoever) under or in connection with any Security Document to which it is party (including, without limitation, those arising under clause 24.3(b)), together with all interest (including, without limitation, default interest) accruing in respect of such monies, obligations or liabilities.

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

"Security Documents" means this Deed, the Prior Chattel Mortgage and any other document designated in writing as such by the Trustee and the Chargor.

"Security Period" means the period starting on the date of this Deed and ending on the date on which the Trustee is satisfied that all the Secured Obligations have been unconditionally and irrevocably paid and discharged in full.

1.2 Interpretation

In this Deed:

- (a) clause, Schedule and paragraph headings shall not affect the interpretation of this Deed;
- (b) a reference to a **person** shall include a reference to an individual, firm, company, corporation, partnership, unincorporated body of persons, government, state or agency of a state or any association, trust, joint venture or consortium (whether or not having separate legal personality);
- (c) unless the context otherwise requires, words in the singular shall include the plural and in the plural shall include the singular;
- (d) unless the context otherwise requires, a reference to one gender shall include a reference to the other genders;
- (e) a reference to a party shall include that party's successors, permitted assigns and permitted transferees and this Deed shall be binding on, and enure to the benefit of, the parties to this Deed and their respective personal representatives, successors and permitted assigns;
- (f) a reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time;
- (g) a reference to a statute or statutory provision shall include all subordinate legislation made from time to time under that statute or statutory provision;
- (h) a reference to **writing** or **written** includes fax but not email;
- (i) an obligation on a party not to do something includes an obligation not to allow that thing to be done;
- (j) a reference to **this Deed** (or any provision of it) or to any other agreement or document referred to in this Deed is a reference to this Deed, that provision or such other agreement or document as amended (in each case, other than in breach of the provisions of this Deed) from time to time;
- (k) unless the context otherwise requires, a reference to a clause or Schedule is to a clause of, or Schedule to, this Deed and a reference to a paragraph is to a paragraph of the relevant Schedule;
- (l) where any statement is qualified by the expression **so far as [PARTY] is aware or to [PARTY]'s knowledge** (or any similar expression), that statement shall be deemed to include an additional statement that it has been made after due and careful enquiry;
- (m) any words following the terms **including, include, in particular, for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms;
- (n) a reference to an **amendment** includes a novation, re-enactment, supplement or variation (and amended shall be construed accordingly);
- (o) a reference to **assets** includes present and future properties, undertakings, revenues, rights and benefits of every description;
- (p) a reference to an **authorisation** includes an approval, authorisation, consent, exemption, filing, licence, notarisation, registration and resolution;
- (q) a reference to **continuing** in relation to an Enforcement Event means an Enforcement Event if it has not been remedied or waived in writing, in each case to the satisfaction of the Trustee;
- (r) a reference to **determines** or **determined** means, unless the contrary is indicated, a determination made at the absolute discretion of the person making it; and

- (s) a reference to a **regulation** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, inter-governmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation.

1.3 **Clawback**

If the Trustee considers that an amount paid by the Chargor in respect of the Secured Obligations is capable of being avoided or otherwise set aside on the liquidation or administration of the Chargor or otherwise, then that amount shall not be considered to have been irrevocably paid for the purposes of this Deed.

1.4 **Perpetuity period**

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

1.5 **Schedules**

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

2. **Covenant to pay**

The Chargor shall, on demand, pay to the Trustee (in its capacity as trustee for the Scheme) and discharge the Secured Obligations when they become due.

3. **Grant of security**

3.1 **Legal mortgage**

As a continuing security for the payment and discharge of the Secured Obligations, the Chargor with full title guarantee charges to the Trustee by way of first legal mortgage, the Chattels.

3.2 **Fixed charge**

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

- (a) all its rights in each Insurance Policy, including the proceeds of any claims under any Insurance Policy, to the extent not effectively assigned under clause 3.3;
- (b) the benefit of each Relevant Agreement, to the extent not effectively assigned under clause 3.3;
- (c) the benefit of all other contracts, guarantees, appointments, warranties relating to the Chattels and other documents to which the Chargor is a party, which are in its favour or of which it has the benefit (including, in each case, but without limitation, the right to demand and receive all monies whatsoever payable to or for its benefit under or arising from any of them, all remedies provided for in any of them or available at law or in equity in relation to any of them, the right to compel performance of any of them and all other rights, interests and benefits whatsoever accruing to or for its benefit arising from any of them), to the extent not effectively assigned under clause 3.3; and
- (d) all authorisations (statutory or otherwise) held or required in connection with the use of any Secured Assets, and all rights in connection with them.

3.3 **Assignment**

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

- (a) all its rights in each Insurance Policy, including the proceeds of any claims under any Insurance Policy;
- (b) the benefit of each Relevant Agreement;

- (c) the benefit of all other contracts, guarantees, appointments, warranties relating to the Chattels and other documents to which the Chargor is a party, which are in its favour or of which it has the benefit (including, in each case, but without limitation, the right to demand and receive all monies whatsoever payable to or for its benefit under or arising from any of them, all remedies provided for in any of them or available at law or in equity in relation to any of them, the right to compel performance of any of them and all other rights, interests and benefits whatsoever accruing to or for its benefit arising from any of them), to the extent not effectively assigned under clause 3.3(a) or clause 3.3(b); and
- (d) all authorisations (statutory or otherwise) held or required in connection with the use of any Secured Assets, and all rights in connection with them,

provided that nothing in this clause 3.3 shall constitute the Trustee as mortgagee in possession.

4. Liability of the Chargor

4.1 Liability not discharged

The Chargor's liability under this Deed in respect of any of the Secured Obligations shall not be discharged, prejudiced or affected by:

- (a) any security, guarantee, indemnity, remedy or other right held by, or available to, the Trustee that is or becomes wholly or partially illegal, void or unenforceable on any ground;
- (b) the Trustee renewing, determining, varying or increasing any facility or other transaction in any manner or concurring in, accepting or varying any compromise, arrangement or settlement, or omitting to claim or enforce payment from any other person; or
- (c) any other act or omission that, but for this clause 4.1, might have discharged, or otherwise prejudiced or affected, the liability of the Chargor.

4.2 Immediate recourse

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

5. Representations and warranties

5.1 Representations and warranties

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

5.2 Ownership of Secured Assets

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

5.3 No Security

The Secured Assets are free from any Security other than the Security created by this Deed.

5.4 No adverse claims

To the best of its knowledge, the Chargor has not received, or acknowledged notice of, any adverse claim by any person in respect of the Secured Assets or any interest in them.

5.5 No fixing

None of the Chattels (or any part of them) is or will be treated as being fixed to any land, premises, vessel or other property.

5.6 No adverse covenants

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

5.7 No breach of laws

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

5.8 No interference in enjoyment

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

5.9 Avoidance of security

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

5.10 No prohibitions

There is no prohibition on assignment in any Insurance Policy or Relevant Agreement, and the entry into this Deed by the Chargor does not and will not constitute a breach of any Insurance Policy or Relevant Agreement or any other agreement, instrument or obligation binding on the Chargor or its assets.

5.11 Environmental compliance

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

5.12 Enforceable security

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

5.13 Times for making representations and warranties

The representations and warranties set out in clause 5.2 to clause 5.12 are made by the Chargor on the date of this Deed and the representations and warranties contained in this clause 5 are deemed to be repeated on each day of the Security Period with reference to the facts and circumstances existing at the time of repetition.

6. Covenants

6.1 Negative pledge and disposal restrictions

The Chargor shall not at any time, except with the prior written consent of the Trustee:

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

6.2 Preservation of Secured Assets

The Chargor shall not do, or permit to be done, any act or thing that would or might depreciate, jeopardise or otherwise prejudice the security held by the Trustee or diminish the value of any of the Secured Assets (except for expected fair wear and tear) or the effectiveness of the security created by this Deed.

6.3 Relevant Agreements

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

- (a) waive any of its rights under any Relevant Agreement; or
- (b) supplement, amend, novate, terminate or permit termination of any Relevant Agreement.

6.4 Chargor's waiver of set-off

The Chargor waives any present or future right of set-off it may have in respect of the Secured Obligations (including sums payable by the Chargor under this Deed).

6.5 Compliance with laws and regulations

- (a) The Chargor shall not, without the Trustee's prior written consent, use or permit the Secured Assets to be used in any way contrary to law.
- (b) The Chargor shall:
 - (i) comply with the requirements of any law and regulation relating to or affecting the Secured Assets or the use of them or any part of them;
 - (ii) obtain, and promptly renew from time to time, and comply with the terms of all authorisations that are required in connection with the Secured Assets or their use or that are necessary to preserve, maintain or renew any Secured Asset; and
 - (iii) promptly effect any maintenance, modifications, alterations or repairs that are required by any law or regulation to be effected on or in connection with the Secured Assets.

6.6 Enforcement of rights

The Chargor shall use its best endeavours to:

- (a) procure the prompt observance and performance of the covenants and other obligations imposed on the Chargor's counterparties; and
- (b) enforce any rights and institute, continue or defend any proceedings relating to any of the Secured Assets that the Trustee may require from time to time.

6.7 Notice of misrepresentations and breaches

The Chargor shall, promptly on becoming aware of any of the same, notify the Trustee in writing of:

- (a) any representation or warranty set out in clause 5 that is incorrect or misleading in any material respect when made or deemed to be repeated; and
- (b) any breach of any covenant set out in this Deed;
- (c) any physical damage to the Secured Assets;
- (d) any Environmental Claim made or threatened against the Owner or otherwise in connection with the Secured Assets;
- (e) any circumstances pursuant to which an Insurance Policy may be rendered invalid, void, voidable or unenforceable;
- (f) any circumstances which may materially adversely affect the value of the Secured Assets or the value of the Security granted under this Deed.

6.8 Notices to be given by Chargor

The Chargor shall:

- (a) upon the written request of the Trustee:
 - (i) give notice to the relevant insurers of the assignment of the Chargor's rights and interest in, and under, each Insurance Policy (including the proceeds of any claims under that Insurance Policy) pursuant to clause 3.3(a) and procure that each addressee of any such notice promptly provides an acknowledgement of the Trustee's interest to the Trustee;
 - (ii) give notice to the other parties to each Relevant Agreement of the assignment of the Chargor's rights and interest in and under that Relevant Agreement pursuant to clause 3.3(b) and procure that each addressee of any such notice will promptly provide an acknowledgement of the Trustee's interest to the Trustee; and

- (iii) give notice to the other parties to each other contract, guarantee, appointment, warranty or authorisation relating to the Chattels and any other document to which the Chargor is a party of the assignment of the Chargor's rights and interest in and under it pursuant to clause 3.3(c) or clause 3.3(d) and procure that each addressee of any such notice will promptly provide an acknowledgement of the Trustee's interest to the Trustee.
- (b) obtain the Trustee's prior approval of the form of any notice or acknowledgement to be used under this clause 6.8.

6.9 Notice of mortgage

The Chargor:

- (a) shall, if so requested by the Trustee, affix to and maintain on each Chattel in a conspicuous place, a clearly legible identification plate containing the following wording:

"NOTICE OF LEGAL MORTGAGE

This trencher and all additions to it and ancillary equipment are subject to a legal mortgage dated [DATE] in favour of Global Marine Systems Pension Trustee Limited."
- (b) shall not, and shall not permit any person to, conceal, obscure, alter or remove any plate affixed in accordance with clause 6.9(a).

6.10 Maintenance of Chattels

The Chargor shall:

- (a) at its own expense, maintain each Chattel in good and serviceable condition (except for expected fair wear and tear) in compliance with all relevant manuals, handbooks, manufacturer's instructions and recommendations and maintenance or servicing schedules;
- (b) at its own expense, renew and replace any parts of the Chattels when they become obsolete, worn out or damaged with parts of a similar quality and of equal or greater value;
- (c) keep or procure to be kept accurate, complete and up to date records of all repairs, servicing and maintenance carried out on the Chattels;
- (d) permit the Trustee, or such persons as it may nominate, at all reasonable times and on reasonable notice to enter on any premises of the Chargor to effect such maintenance or repairs to the Chattels as the Trustee or its nominee considers necessary; and
- (e) not permit any Chattel to be:
 - (i) used or handled, other than by properly qualified and trained persons;
 - (ii) modified, upgraded, supplemented or altered other than for the purpose of effecting maintenance or repairs permitted by this Deed; or
 - (iii) to be overloaded or used for any purpose for which it is not designed or reasonably suitable or in any manner which would invalidate or otherwise prejudice any of the Insurance Policies.

6.11 Documents

The Chargor shall, if so required by the Trustee, deposit with the Trustee and the Trustee shall, for the duration of this Deed, be entitled to hold all:

- (a) invoices, deeds and documents of title and log books relating to the Secured Assets that are in the possession or control of the Chargor and, if these are not within the possession or control of the Chargor, the Chargor undertakes to obtain possession of all invoices, deeds and documents of title and log books;
- (b) Insurance Policies; and
- (c) Relevant Agreements.

6.12 Information

The Chargor shall:

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

6.13 Insurance

The Chargor shall:

- (a) insure, and keep insured, the Secured Assets against:
 - (i) loss or damage by fire or terrorist acts;
 - (ii) other risks, perils and contingencies that would be customarily insured against by reasonably prudent persons owning and managing trencher systems of similar type to the Chattels ; and
 - (iii) any other risk, perils and contingencies as the Trustee may reasonably require.

Any such insurance must be with an insurance company or underwriters and on such terms as are reasonably acceptable to the Trustee, and must be for not less than the replacement value of or, if higher, the cost of reinstating the relevant Secured Assets.

- (b) if requested by the Trustee, produce to the Trustee each policy, certificate or cover note relating to the insurance required by clause 6.13(a); and
- (c) if requested by the Trustee, procure that the Trustee is named as co-insured with the Chargor on each Insurance Policy maintained by it or any person on its behalf in accordance with clause 6.13(a) and that the terms of each such Insurance Policy require the insurer not to invalidate the policy as against the Trustee by reason of the act or default of any other joint or named insured and not to cancel it without giving at least 30 days' prior written notice to the Trustee.

6.14 Insurance premiums

The Chargor shall:

- (a) promptly pay all premiums in respect of each Insurance Policy and do all other things necessary to keep that Insurance Policy in full force and effect; and
- (b) (if the Trustee so requires) give to the Trustee copies of the receipts for all premiums and other payments necessary for effecting and keeping up each Insurance Policy.

6.15 No invalidation of insurance

The Chargor shall not do or omit to do, or permit to be done or omitted, any thing that may invalidate or otherwise prejudice any Insurance Policy.

6.16 Proceeds from Insurance Policies

- (a) Until the occurrence of an Enforcement Event:

- (i) any claim under any Insurance Policy shall be applied by the Chargor (A) in making good the loss or damage in respect of which it has been paid or (B) in reimbursement of moneys expended by it for such purpose;

- (ii) any claim in respect of protection and indemnity insurance shall be paid directly to the person, firm or company to which the liability covered by such insurance was incurred or to the Chargor to reimburse it for moneys expended in satisfaction of such liability; and
 - (iii) the Trustee shall promptly consent to the payment to the Chargor of any claim under any Insurance Policy provided that the Trustee is reasonably satisfied that the claim will, so far as is necessary, be applied as mentioned above in this clause 6.16(a).
- (b) At any time after the occurrence of an Enforcement Event, all monies payable under any Insurance Policy at any time shall:
 - (i) immediately be paid to the Trustee;
 - (ii) (if they are not paid directly to the Trustee by the insurers) be held by the Chargor as trustee of the same for the benefit of the Trustee (and the Chargor shall account for them to the Trustee); and
 - (iii) at the option of the Trustee, be applied in making good or recouping expenditure in respect of the loss or damage for which such monies are received or in or towards discharge or reduction of the Secured Obligations.

6.17 Payment of outgoings

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

6.18 Compliance with covenants

The Chargor shall observe and perform all covenants, stipulations and conditions to which any Secured Assets, or the use of them, is or may be subjected and (if the Trustee so requires) produce to the Trustee evidence sufficient to satisfy the Trustee that those covenants, stipulations and conditions have been observed and performed.

6.19 Maintenance of interests in Secured Assets

The Chargor:

- (a) shall not, without the prior written consent of the Trustee:
 - (i) grant, or agree to grant, any licence or lease affecting the whole or any part of any Secured Assets; or
 - (ii) in any other way dispose of, or agree to dispose of, surrender or create any legal or equitable interest in the whole or any part of any Secured Assets; and
- (b) shall, if required by the Trustee, in the case of any Secured Assets located on leasehold premises, obtain evidence in writing from any lessor of such premises that it waives absolutely all and any rights it may have now or at any time over any such Secured Assets.

6.20 Annexation

The Chargor shall not, without the Trustee's prior written consent, annex, fix or otherwise secure or allow any such annexation, fixing or securing of any Chattel to any premises, land, vessel or buildings if the result of such action or omission is that the Chattel, or any part of it, would or might become a fixture or fitting.

6.21 Registration restrictions

The Chargor shall procure that no person shall be registered as proprietor of any Chattel without the prior written consent of the Trustee.

6.22 Environment

The Chargor shall, in respect of each Chattel:

- (a) comply with all the requirements of Environmental Law both in the conduct of its general business and in the management, possession or use of that Chattel; and
- (b) obtain and comply with all authorisations, permits and other types of licences necessary under Environmental Law.

7. Powers of the Trustee

7.1 Power to remedy

- (a) The Trustee shall be entitled (but shall not be obliged) to remedy, at any time, a breach by the Chargor of any of its obligations contained in this Deed.
- (b) The Chargor irrevocably authorises the Trustee and its agents to do all things that are necessary or desirable for that purpose.
- (c) Any monies expended by the Trustee in remedying a breach by the Chargor of its obligations contained in this Deed, shall be reimbursed by the Chargor to the Trustee on a full indemnity basis and shall carry interest in accordance with clause 14.1.

7.2 Exercise of rights

- (a) The rights of the Trustee under clause 7.1 are without prejudice to any other rights of the Trustee under this Deed.
- (b) The exercise of any rights of the Trustee under this Deed shall not make the Trustee liable to account as a mortgagee in possession.

7.3 Trustee has Receiver's powers

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

7.4 Conversion of currency

- (a) For the purpose of, or pending the discharge of, any of the Secured Obligations, the Trustee may convert any monies received, recovered or realised by it under this Deed (including the proceeds of any previous conversion under this clause 7.4) from their existing currencies of denomination into any other currencies of denomination that the Trustee may think fit.
- (b) Any such conversion shall be effected at the then prevailing spot selling rate of exchange for such other currency against the existing currency.
- (c) Each reference in this clause 7.4 to a currency extends to funds of that currency and, for the avoidance of doubt, funds of one currency may be converted into different funds of the same currency.

7.5 New accounts

- (a) If the Trustee receives, or is deemed to have received, notice of any subsequent Security, or other interest, affecting all or part of the Secured Assets, the Trustee may open a new account for the Chargor in the Trustee's books. Without prejudice to the Trustee's right to combine accounts, no money paid to the credit of the Chargor in any such new account shall be appropriated towards, or have the effect of discharging, any part of the Secured Obligations.
- (b) If the Trustee does not open a new account immediately on receipt of the notice, or deemed notice, under clause 7.5(a), then, unless the Trustee gives express written notice to the contrary to the Chargor, all payments made by the Chargor to the Trustee shall be treated as having been credited to a new account of the Chargor and not as having been applied in reduction of the Secured Obligations, as from the time of receipt of the relevant notice by the Trustee.

7.6 Indulgence

The Trustee may, at its discretion, grant time or other indulgence or make any other arrangement, variation or release with any person not being a party to this Deed (whether or not any such person is jointly liable with the Chargor) in respect of any of the Secured Obligations or of any other security for them without prejudice either to this Deed or to the liability of the Chargor for the Secured Obligations.

8. When security becomes enforceable

8.1 Security becomes enforceable on Enforcement Event

The security constituted by this Deed shall become immediately enforceable if an Enforcement Event occurs.

8.2 Discretion

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

9. Enforcement of security

9.1 Enforcement powers

- (a) 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.
- (b) The power of sale and other powers conferred by section 101 of the LPA 1925 (as varied or extended by this Deed) shall be immediately exercisable at any time after the security constituted by this Deed has become enforceable under clause 8.1.
- (c) Section 103 of the LPA 1925 does not apply to the security constituted by this Deed.

9.2 Extension of statutory powers

The statutory powers of sale, leasing and accepting surrenders conferred on mortgagees under the LPA 1925 and by any other statute shall be exercisable by the Trustee under this Deed and are extended so as to authorise the Trustee and any Receiver, whether in its own name or in that of the Chargor, to:

- (a) grant a lease or agreement to lease;
- (b) accept surrenders of leases; or
- (c) grant any option of the whole or any part of the Chattels with whatever rights relating to other parts of it,

whether or not at a premium and containing such covenants on the part of the Chargor, and on such terms and conditions (including the payment of money to a lessee or tenant on a surrender) as the Trustee or Receiver thinks fit.

9.3 Access on enforcement

- (a) At any time after the Trustee has demanded payment of the Secured Obligations or if the Chargor defaults in the performance of its obligations under this Deed or the Secured Documents, the Chargor will allow the Trustee or its Receiver, without further notice or demand, immediately to exercise all its rights, powers and remedies in particular (and without limitation) to take possession of any Secured Asset and for that purpose to enter on any premises where a Secured Asset is situated (or where the Trustee or a Receiver reasonably believes a Secured Asset to be situated) without incurring any liability to the Chargor for, or by any reason of, that entry.
- (b) At all times, the Chargor must use its best endeavours to allow the Trustee or its Receiver access to any premises for the purpose of clause 9.3(a) (including obtaining any necessary consents or permits of other persons) and ensure that its employees and officers do the same.

9.4 Prior Security

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

- (a) redeem that or any other prior Security;
- (b) procure the transfer of that Security to it; and
- (c) settle and pass any account of the holder of any prior Security.

The settlement and passing of any such account shall, in the absence of any manifest error, be conclusive and binding on the Chargor. All monies paid by the Trustee to an encumbrancer in settlement of any of those accounts shall, as from its payment by the Trustee, be due from the Chargor to the Trustee on current account and shall bear interest at 2% per annum above the rate of interest specified in clause 6.5 of the Side Letter and be secured as part of the Secured Obligations.

9.5 Protection of third parties

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

- (a) whether any of the Secured Obligations have become due or payable, or remain unpaid or undischarged;
- (b) whether any power the Trustee, a Receiver or Delegate is purporting to exercise has become exercisable or is properly exercisable; or
- (c) how any money paid to the Trustee, any Receiver or any Delegate is to be applied.

9.6 Privileges

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

9.7 No liability as mortgagee in possession

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

9.8 Conclusive discharge to purchasers

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

10. Receiver

10.1 Appointment

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

10.2 Removal

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

10.3 Remuneration

The Trustee may fix the remuneration of any Receiver appointed by it without the restrictions contained in section 109 of the LPA 1925, and the remuneration of the Receiver shall be a debt secured by this Deed, to the extent not otherwise discharged.

10.4 Power of appointment additional to statutory powers

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

10.5 Power of appointment exercisable despite prior appointments

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

10.6 Agent of the Chargor

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

11. Powers of Receiver

11.1 General

- (a) Any Receiver appointed by the Trustee under this Deed shall, in addition to the powers conferred on him by statute, have the powers set out in clause 11.2 to clause 11.19.
- (b) If there is more than one Receiver holding office at the same time, each Receiver may (unless the document appointing him states otherwise) exercise all of the powers conferred on a Receiver under this Deed individually and to the exclusion of any other Receiver.
- (c) Any exercise by a Receiver of any of the powers given by clause 11 may be on behalf of the Chargor, the directors of the Chargor or himself.

11.2 Repair and improve Secured Assets

A Receiver may undertake or complete any works or repairs, alterations, additions, replacements or other acts for the protection or improvement of the Secured Assets as he thinks fit.

11.3 Grant or surrender leases

A Receiver may grant, or accept surrenders of, any leases, lettings or hire affecting any of the Chattels on any terms and subject to any conditions that he thinks fit.

11.4 Employ personnel and advisers

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

11.5 Remuneration

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

11.6 Realise Secured Assets

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

11.7 Remove Secured Assets

A Receiver may enter any premises where any Secured Assets are located and sever, dismantle and remove any Secured Assets from the premises without the Chargor's consent.

11.8 Manage Secured Assets

A Receiver may do all such things as may be necessary for the ownership, management or operation of the Secured Assets.

11.9 Dispose of Secured Assets

A Receiver may grant options and licences over all or any part of the Chattels, sell, assign, lease and accept surrenders of leases of (or concur in selling, assigning, leasing or accepting surrenders of leases of), all or any of the Secured Assets in respect of which he is appointed in any manner (including, without limitation, by public auction or private sale) and generally on any terms and conditions as he thinks fit. Any sale may be for any consideration that the Receiver thinks fit and a Receiver may promote, or concur in promoting, a company to purchase the Secured Assets to be sold.

11.10 Valid receipts

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

11.11 Make settlements

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

11.12 Bring proceedings

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

11.13 Insurance

A Receiver may, if he thinks fit, but without prejudice to the indemnity in clause 14, effect with any insurer any policy of insurance either in lieu or satisfaction of, or in addition to, any insurance.

11.14 Powers under the LPA 1925

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

11.15 Borrow

A Receiver may, for any of the purposes authorised by this clause 11, raise money by borrowing from the Trustee (or from any other person) either unsecured or on the security of all or any of the Secured Assets in respect of which he is appointed on any terms that he thinks fit (including, if the Trustee consents, terms under which that security ranks in priority to this Deed).

11.16 Redeem prior Security

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

11.17 Delegation

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

11.18 Absolute beneficial owner

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

11.19 Incidental powers

A Receiver may do any other acts and things that he:

- (a) may consider desirable or necessary for realising any of the Secured Assets;
- (b) may consider incidental or conducive to any of the rights or powers conferred on a Receiver under or by virtue of this Deed or law; or
- (c) lawfully may or can do as agent for the Chargor.

12. Delegation

12.1 Delegation

The Trustee or any Receiver may delegate (either generally or specifically) by power of attorney or in any other manner to any person any right, power, authority or discretion conferred on it by this Deed (including the power of attorney granted under clause 16.1).

12.2 Terms

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

12.3 Liability

Neither the 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.

13. Application of proceeds

13.1 Order of application of proceeds

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

- (a) in or towards payment of or provision for all costs, charges and expenses incurred by or on behalf of the Trustee (and any Receiver, Delegate, attorney or agent appointed by it) under or in connection with this Deed, and of all remuneration due to any Receiver under or in connection with this Deed;
- (b) in or towards payment of or provision for the Secured Obligations in any order and manner that the Trustee determines; and
- (c) in payment of the surplus (if any) to the Chargor or other person entitled to it.

13.2 Appropriation

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

13.3 Suspense account

All monies received by the Trustee, a Receiver or a Delegate under this Deed (other than sums received pursuant to any Insurance Policy, which are not going to be applied in or towards discharge of the Secured Obligations):

- (a) may, at the discretion of the Trustee, Receiver or Delegate, be credited to any suspense or securities realised account;
- (b) shall bear interest, if any, at the rate agreed in writing between the Trustee and the Chargor; and
- (c) may be held in that account for so long as the Trustee, Receiver or Delegate thinks fit.

14. Costs and indemnity

14.1 Costs

The Chargor shall, promptly on demand, pay to, or reimburse, the Trustee and any Receiver on a full indemnity basis, all costs, charges, expenses, taxes and liabilities of any kind (including, without limitation, legal, printing and out-of-pocket expenses) incurred by the Trustee, any Receiver or any Delegate in connection with:

- (a) this Deed or the Secured Assets;
- (b) taking, holding, protecting, perfecting, preserving or enforcing (or attempting to do so) any of the Trustee's, a Receiver's or a Delegate's rights under this Deed; or
- (c) taking proceedings for, or recovering, any of the Secured Obligations,

together with interest, which shall accrue and be payable (without the need for any demand for payment being made) from the date on which the relevant cost or expense arose until full discharge of that cost or expense (whether before or after judgment, liquidation, winding up or administration of the Chargor) at the rate of 2% per annum above the rate specified in clause 6.5 of the Side Letter.

14.2 Indemnity

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

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

Any past or present employee or agent may enforce the terms of this clause 14.2 subject to and in accordance with the provisions of the Contracts (Rights of Third Parties) Act 1999.

15. Further assurance

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

- (a) creating, perfecting or protecting the security intended to be created by this Deed;
- (b) facilitating the realisation of any Secured Asset; or
- (c) facilitating the exercise of any right, power, authority or discretion exercisable by the Trustee or any Receiver in respect of any Secured Asset,

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

16. Power of attorney

16.1 Appointment of attorneys

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

- (a) the Chargor is required to execute and do under this Deed; or

- (b) any attorney deems proper or desirable in exercising any of the rights, powers, authorities and discretions conferred by this Deed or by law on the Trustee, any Receiver or any Delegate.

16.2 Ratification of acts of attorneys

The Chargor ratifies and confirms, and agrees to ratify and confirm, anything that any of its attorneys may do in the proper and lawful exercise, or purported exercise, of all or any of the rights, powers, authorities and discretions referred to in clause 16.1.

17. Release

Subject to clause 24.3, on the expiry of the Security Period (but not otherwise), the Trustee shall, at the request and cost of the Chargor, take whatever action is necessary to release the Secured Assets from the security constituted by this Deed.

18. Assignment and transfer

18.1 Assignment by Trustee

- (a) At any time, without the consent of the Chargor, the Trustee may assign or transfer any or all of its rights and obligations under this Deed.
- (b) The Trustee may disclose to any actual or proposed assignee or transferee any information in its possession that relates to the Chargor, the Secured Assets and this Deed that the Trustee considers appropriate.

18.2 Assignment by Chargor

The Chargor may not assign any of its rights, or transfer any of its rights or obligations, under this Deed.

19. Set-off

19.1 Trustee's right of set-off

The Trustee may at any time set off any liability of the Chargor to the Trustee against any liability of the Trustee to the Chargor, whether either liability is present or future, liquidated or unliquidated, and whether or not either liability arises under this Deed. If the liabilities to be set off are expressed in different currencies, the Trustee may convert either liability at a market rate of exchange for the purpose of set-off. Any exercise by the Trustee of its rights under this clause 19 shall not limit or affect any other rights or remedies available to it under this Deed or otherwise.

19.2 No obligation to set off

The Trustee is not obliged to exercise its rights under clause 19.1. If, however, it does exercise those rights it must promptly notify the Chargor of the set-off that has been made.

19.3 Exclusion of Chargor's right of set-off

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

20. Amendments, waivers and consents

20.1 Amendments

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

20.2 Waivers and consents

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

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

20.3 Rights and remedies

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

21. Severance

21.1 Severance

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

22. Counterparts

22.1 Counterparts

This Deed may be executed and delivered in any number of counterparts, each of which is an original and which together have the same effect as if each party had signed the same document.

23. Third party rights

- (a) Except as expressly provided elsewhere in this Deed, a person who is not a party to this Deed (other than a permitted successor or assign, any Receiver or any Delegate) has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of this Deed. This does not affect any right or remedy of a third party which exists, or is available, apart from that Act.
- (b) The rights of the parties to rescind or agree any amendment or waiver under this Deed are not subject to the consent of any other person.

24. Further provisions

24.1 Independent security

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

24.2 Continuing security

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

24.3 Discharge conditional

Any release, discharge or settlement between the Chargor and the Trustee shall be deemed conditional on no payment or security received by the Trustee in respect of the Secured Obligations being avoided, reduced or ordered to be refunded pursuant to any law relating to insolvency, bankruptcy, winding up, administration, receivership or otherwise. Despite any such release, discharge or settlement:

- (a) the Trustee or its nominee may retain this Deed and the security created by or pursuant to it, including all certificates and documents relating to the whole or any part

of the Secured Assets, for any period that the Trustee deems necessary to provide the Trustee with security against any such avoidance, reduction or order for refund; and

- (b) the Trustee may recover the value or amount of such security or payment from the Chargor subsequently as if the release, discharge or settlement had not occurred.

24.4 Certificates

A certificate or determination by the Trustee as to any amount for the time being due to it from the Chargor shall be, in the absence of any manifest error, conclusive evidence of the amount due.

24.5 Consolidation

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

25. Notices

25.1 Delivery

Each notice or other communication required to be given under or in connection with this Deed shall be:

- (a) in writing;
- (b) delivered by hand, by pre-paid first-class post or other next working day delivery service or sent by fax; and
- (c) sent to the notice address included for the relevant party on the signature page to this Deed, or to any other address or fax number as is notified in writing by one party to the other from time to time.

25.2 Receipt by Chargor

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

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

A notice or other communication given as described in clause 25.2(a) or clause 25.2(c) on a day that is not a Business Day, or after normal business hours, in the place it is received, shall be deemed to have been received on the next Business Day.

25.3 Receipt by Trustee

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

25.4 Service of proceedings

This clause 25 does not apply to the service of any proceedings or other documents in any legal action or, where applicable, any arbitration or other method of dispute resolution.

25.5 No notice by email

A notice or other communication given under or in connection with this Deed is not valid if sent by email.

26. Governing law and jurisdiction

26.1 Governing law

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

26.2 Jurisdiction

Each party irrevocably agrees that, subject as provided below, the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this Deed or its subject matter or formation. Nothing in this clause shall limit the right of the Trustee to take proceedings against the Chargor in any other court of competent jurisdiction, nor shall the taking of proceedings in any one or more jurisdictions preclude the taking of proceedings in any other jurisdictions, whether concurrently or not, to the extent permitted by the law of such other jurisdiction.

26.3 Other service

The Chargor irrevocably consents to any legal action or process in any proceedings under clause 26.2 being served on it in accordance with the provisions of this Deed relating to service of notices. Nothing contained in this Deed shall affect the right to serve process in any other manner permitted by law.

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

Schedule 1

(Chattels)

The Q1400-1 trencher (serial number C1047), and the Q1400-2 trencher (serial number C1061), both constructed in 2012 by Soil Machine Dynamics, specification sheets for each of which are included in Schedule 2 below.

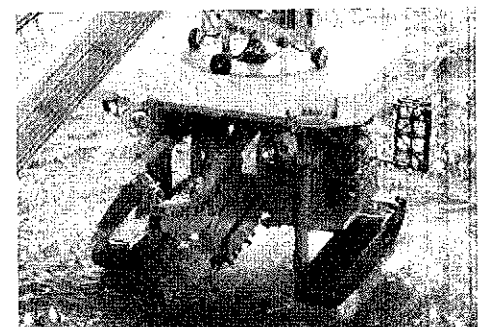
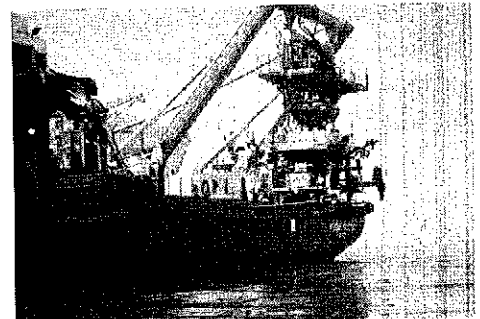
Q1400 TRENCHING SYSTEM

The Q1400 trenching system has the capability to perform jet trenching in soils of up to 100 KPA and mechanical chain cutting of soils of up to 250 KPA. The system consists of a "common trenching module" and separate tracked "jetting and mechanical cutting skids" with a customised launch and recovery system (LARS) approved by Lloyds Register, able to work up to sea state 6

In jet trenching mode, the Q1400 has 1100kW (1475 hp) of available power, 800 kW of this power is via variable speed drive (VSD) electric motors with direct drive water pumps. The jetting tool has twin-legged parallel jet swords. The system is designed for trenching up to 3m in soil conditions ranging from 5 KPA to 100 KPA (using 2m & 3m jetting swords); and is capable of accommodating products up to 900 mm in diameter. The sophisticated jetting system also has the capability for backwashing, eduction and back filling of

seabed material.

The flexibility of the Q1400 trenching system is illustrated when it is operated in the chain-cutting mode. In this mode it is configured with a 2m x 400mm chain cutter coupled with an instrumented cable bell mouth and depressor with a 3m minimum bend radius (MBR) and two product-loading arms. It has a dedicated HPU for the chain cutter. The system has a capability to accommodate flexible products up to 250 mm diameter.



JETTER MODE - GENERAL

Power	1,100 KW (1475 hp) 2 x 150 KW Electro / Hyd HPUs driving multiple hydraulic pumps 2 x 400 KW Variable speed electric motors directly driving mixed flow water pumps
Operating depth	1,500m
Max product diameter	900mm
Max trench depth	3.0m

JETTER MODE - DIMENSIONS

Length	7.8m
Width	6.3m with tracks
Height	5.5m
Ground clearance	1.0m
Weight in air	40Te
Weight in water	0 - 1,500Kg

JETTER MODE - SOIL STRENGTHS

Minimum soil bearing in tracked mode of 5 KPA

Capable of burial in soil strengths up to 100 KPA @ 3m depth

Pitch & Roll capability of +/- 15

JETTER MODE - JETTING SYSTEM

Water supply	2 x 400 kw direct drive water pumps Maximum flow 2300 m ³ /h Variable up to 15Bar
Configuration	Twin legged jet tool mounted on double scissor linkage
Jet swords	2m & 3m
Trench depth	Variable from 0 - 2 or 3m dependent on which swords are fitted
Jetter internal	2m swords - closed 200mm to 900mm max
Dimensions	3m swords - closed 200mm to 900mm max

JETTER MODE - EDUCTOR/BACKWASH SYSTEM

Configuration	Twin legged Eductor / Backwash system with parallel function for constant angle back wash
Trench depth	Variable from 0 - 3.0m
Trench width	200mm - 900mm
Dredge	1 x 200kw jet pump provides variable water supply to venture type pump @ 5 Bar

CHAIN CUTTER MODE - GENERAL

Power	450 KW (600 hp) 3 x 150 KW Electro / Hyd HPUs driving multiple hydraulic pumps
Operating depth	1,500m
Max product diameter	250mm
Max trench depth	2.0m x 400mm

CHAIN CUTTER MODE - DIMENSIONS

Length	8.0m
Width	6.3m with tracks
Height	5.5m
Ground clearance	0.5m
Weight in air	40Te
Weight in water	10 - 15Te

CHAIN CUTTER MODE - SOIL STRENGTHS

Minimum soil bearing in cutter mode of 12 KPA

Capable of burial in soil strengths up to 250 KPA @ 2m depth

Pitch & Roll capability of +/- 15 degrees

CHAIN CUTTER MODE - CUTTER SYSTEM

Configuration	2m long x 400mm wide chain cutter driven by Hydraulic motor with product MBR of 3.0m and bespoke depressor system
Power system	175 KW HPU (150 KW for chain cutter - 25 KW for spoil removal)
Cable loading arms	2 x loading arms with 2000 kg lift capacity fully instrumented
Emergency product unload	Hot Stab to ROV Intervention panel
Spoil removal	Centrifugal dredge pump water flow 500 m ³ /hr

LAUNCH & RECOVERY SYSTEM

Wide angle A frame c/w teleleg	40 Te SWL up to Sea State 6 Umbilical Snatch Limiter Submersible Cursor & Latching system Centralised A Frame & LARS control Hut
Umbilical winch	c/w 1,800m of umbilical
2.5Te HIAB	For maintenance assistance
LARS HPU	Open Frame 460 KW HPU

For further information on Global Offshore please visit
GLOBALOFFSHORE.CO.UK or contact our sales team.
UK: +44 1245 702000 | Asia: +65 6513 1300

PART OF THE
GLOBAL MARINE GROUP

Schedule 2
(Relevant Agreements)

Not applicable

Signature page to Mortgage of Chattels

Signed and delivered
as a Deed
by Global Marine Systems Limited
acting by

its duly authorised director

in the presence of:

Witness signature:

Name: ANNE WEBSTER

Address:

)
) RICHARD FRASER-SMITH
)
)
)
)
)
)

NOTICE DETAILS FOR THE CHARGOR

Address: Ocean House 1 Winsford Way, Boreham Interchange, Chelmsford, Essex, United Kingdom, CM2 5PD

Fax: N/A

Attention: Richard Fraser Smith

Signed and delivered
as a Deed
by Global Marine Systems Pension
Trustee Limited
acting by

its duly authorised

in the presence of:

Witness signature:

Name: Georgia Thomas

Address:

)
)
)
)
) PAUL ROSE
)
)
)
)
)
)

NOTICE DETAILS FOR THE TRUSTEE

Address: Ocean House, 1 Winsford Way, Boreham Interchange, Chelmsford, Essex CM2 5PD

Fax: N/A

Attention: Paul Rose