



**Registration of a Charge**

Company Name: **L.F.E. ENGINEERING LIMITED**

Company Number: **03863292**



XCJ8KNZS

Received for filing in Electronic Format on the: **27/12/2023**

**Details of Charge**

Date of creation: **21/12/2023**

Charge code: **0386 3292 0006**

Persons entitled: **JOSEPH ANDREW SMITH**

Brief description:

**Contains fixed charge(s).**

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

**Contains negative pledge.**

**Authentication of Form**

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

**Authentication of Instrument**

Certification statement: **I CERTIFY THAT 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: **IRWIN MITCHELL LLP**



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

Company number: 3863292

Charge code: 0386 3292 0006

The Registrar of Companies for England and Wales hereby certifies that a charge dated 21st December 2023 and created by L.F.E. ENGINEERING LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 27th December 2023 .

Given at Companies House, Cardiff on 31st December 2023

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

21 December

2023

(1) THE COMPANIES LISTED IN  
SCHEDULE 1

AND

(2) JOSEPH ANDREW SMITH

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DEBENTURE

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**BETWEEN:**

- (1) The Companies listed in Schedule 1 (each a **“Chargor”** and together the **“Chargors”**); and
- (2) **JOSEPH ANDREW SMITH** of 52 Cannon Close, Coventry, West Midlands, CV4 7AS in his capacity as security trustee for the Sellers pursuant to the Security Trust Deed (defined below) (**“Security Trustee”**).

**IT IS AGREED:**

**1 DEFINITIONS AND INTERPRETATION**

**1.1 Definitions**

In this Deed:

**“Account”** has the meaning given to that term in clause 3.4.8 (*First fixed charges*);

**“Accounting Principles”** means generally accepted accounting principles in the United Kingdom;

**“Authorisation”** means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration, or any other similar permission;

**“Bank Security Documents”** means the debentures and cross guarantees in agreed form to be granted on Completion by the Chargors in favour of Alicia Bank;

**“Business Day”** means a day (other than a Saturday or Sunday or a public holiday in England and Wales) on which banks are open for general business in London;

**“Buyer”** means Sky Blue Holdings Limited, incorporated and registered in England and Wales with company number 15141555 whose registered office is at Hibberd House, Curriers Close, Charter Avenue Industrial Estate, Coventry, CV4 8AW;

**“Chattels”** has the meaning given to that term in clause 3.4.4 (*First fixed charges*);

**“Debts”** has the meaning given to that term in clause 3.4.7 (*First fixed charges*);

**“Default Event”** means:

- (a) any of the Secured Obligations having become due and payable;
- (b) a Chargor fails to comply with any provision of this Deed provided that no Default Event will occur if the failure to comply is capable of remedy and is remedied within 5 Business Days of the earlier of (i) the Security Trustee giving notice to the Chargors and (ii) the Chargors becoming aware of the failure to comply;
- (c) a Chargor is the subject of any Insolvency Proceedings;
- (d) a Chargor:
  - (i) is unable or admit inability to pay its debts as they fall due;
  - (ii) is deemed to, or is declared to, be unable to pay its debts under applicable law;

- (iii) suspends or threatens to suspend making payments on any of its debts for reasons of actual or anticipated financial difficulty; or
- (iv) by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness; or
- (e) a moratorium is declared in respect of any indebtedness of a Chargor. If a moratorium occurs, the ending of the moratorium will not remedy any Default Event caused by that moratorium.

**“Direction”** has the meaning given to that term in clause 11.1.4 (*Planning directions*);

**“Encumbrance”** means any mortgage, charge, pledge, lien or other security interest of any kind, and any right of set off, assignment, trust, flawed asset or other agreement or arrangement whatsoever for the purpose of providing security or having similar effect to the provision of security, other than liens arising by operation of law in the ordinary course of the Chargors business;

**“Environmental Law”** means any applicable law or regulation which relates to:

- (a) the pollution or protection of the environment;
- (b) harm to or the protection of human health;
- (c) the conditions of the workplace; or
- (d) any emission or substance capable of causing harm to any living organism or the environment;

**“Financial Indebtedness”** means any indebtedness for or in respect of:

- (a) monies borrowed and debit balances at banks or other financial institutions;
- (b) any acceptance under any acceptance credit facility or bill discounting facility or dematerialised equivalent;
- (c) any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with the Accounting Principles, be treated as a finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any Treasury Transaction (and, when calculating the value of that Treasury Transaction, only the marked to market value as at the relevant date on which Financial Indebtedness is calculated (or, if any actual amount is due as a result of the termination or close-out of that Treasury Transaction, that amount) shall be taken into account);
- (g) any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution;
- (h) any amount raised under any other transaction (including any forward sale or purchase agreement and any sale and leaseback arrangement) having the

commercial or economic effect of a borrowing or otherwise classified as borrowings under the Accounting Principles;

- (i) any amount raised by the issue of shares which are redeemable (other than at the option of the issuer) before the termination date applicable to the Secured Obligations or are otherwise classified as borrowings under the Accounting Principles;
- (j) any amount of any liability under an advance or deferred purchase agreement if:
  - (i) one of the primary reasons behind entering into the agreement is to raise finance or to finance the acquisition or construction of the asset or service in question; or
  - (ii) the agreement is in respect of the supply of assets or services and payment is due more than 60 Business Days after the date of supply; and
- (k) the amount of any liability in respect of any guarantee for any of the items referred to in paragraphs (a) to (j) above;

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

**“Floating Charge Assets”** means all the assets and undertaking from time to time subject to the floating charge created by clause 3.5 (*Floating charge*);

**“Group”** means a Chargors ultimate Holding Company and each of its Subsidiaries from time to time;

**“Holding Company”** means, in relation to a person, any other person in respect of which it is a Subsidiary;

**Insolvency Proceedings** means

Any corporate action, legal proceedings or other procedure or step is taken in relation to:

- (a) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Chargors;
- (b) a composition, compromise, assignment or arrangement with any creditor of the Chargors;
- (c) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of the Chargors or any of its assets; or
- (d) enforcement of any Security over any assets of the Chargors,

or any analogous procedure or step is taken in any jurisdiction

**“Insurance Policies”** means, in respect of the Chargors, all insurance policies, whether present or future in which the Chargors have an interest;

**“Intellectual Property”** means:

- (a) any patents, trademarks, service marks, designs, business names, copyrights, database rights, design rights, topography rights, domain names, moral rights, inventions, confidential information, knowhow and any other associated or similar intellectual property rights and interests anywhere in the world (which may now or in the future subsist), and, in each case, whether registered or unregistered; and
- (b) the benefit of all applications, rights to apply for and rights to use such assets (including, without limitation, any licences and sub-licences of the same granted by it or to it) of the Chargors (which may now or in the future subsist);

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

**“Loan Note Documents”** means the Loan Notes and the Loan Note Instrument;

**“Loan Notes”** means the £500,000 12.5% secured loan notes 2025 of the Buyer constituted or to be constituted by the Loan Note Instrument;

**“Loan Note Instrument”** means the loan note instrument in the agreed form to be entered into by the Buyer on completion constituting the Loan Notes;

**“Occupational Lease”** means, in respect of the Chargors, a lease of a Secured Property in respect of which it is landlord;

**“Party”** means a party to this Deed;

**“Planning Acts”** means the Town and Country Planning Acts 1990, the Planning (Listed Buildings and Conservation Areas) Act 1990, the Planning (Hazardous Substances) Act 1990, the Planning (Consequential Provisions) Act 1990, the Planning and Compensation Act 1991, the Planning and Compulsory Purchase Act 2004 and any Act or Acts for the time being in force amending or re-enacting the same and any orders, regulations or permissions (which are legally binding on the Chargors or their assets) made, issued or granted under or by virtue of such Acts or any of them;

**“Premises”** means any building on a Secured Property;

**“Real Property”** means:

- (a) any freehold, leasehold, common hold or immovable property; and
- (b) any buildings, fixtures, fittings, fixed plant or machinery from time to time situated on or forming part of that freehold, leasehold, commonhold or immovable property;

**“Receiver”** means any receiver, manager, administrator or administrative receiver appointed by the Security Trustee in respect of the Chargors or any of the Secured Assets;

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

- (a) all monies paid or payable in respect of that Investment or Subsidiary Share (whether as income, capital or otherwise);

(b) all shares, investments or other assets derived from that Investment or Subsidiary Share; and

(c) all rights derived from or incidental to that Investment or Subsidiary Share;

**“Relevant Agreements”** means each agreement designated as such by the Security Trustee to the Chargors in writing from time to time;

**“Relevant Policies”** means all Insurance Policies (other than policies in respect of third party liability) together with all monies payable to the policy holder pursuant to those policies;

**“Secured Assets”** means, in respect of the Chargors, all of its assets and undertaking the subject of any Security created by or under or supplemental to this Deed in favour of the Security Trustee;

**“Secured Obligations”** means all monies and liabilities now or after the date of this Deed due, owing or incurred by the Buyer to the Sellers (or any of them) under or in connection with the Loan Note Documents, in any manner and in any currency or currencies and whether present or future, actual or contingent, whether incurred solely or jointly with any other person and whether as principal or surety, together with all interest accruing on such monies and liabilities and all costs, charges and expenses incurred by the Secured Parties (or any of them) including in connection with the protection, enforcement, or preservation of the rights of the Secured Parties under this Deed or under the Loan Note Documents.

**“Secured Parties”** means the Sellers and the Security Trustee (in his capacity as such);

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

**“Security”** means a mortgage, charge (whether fixed or floating, legal or equitable), pledge, lien, assignment or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect;

**“Security Period”** means the period beginning on the date of this Deed and ending on the date on which the Secured Obligations have been irrevocably and unconditionally satisfied in full and all obligations of the Secured Parties to make further advances to the Chargors have been irrevocably cancelled;

**“Security Trust Deed”** means the security trust deed dated on or around the date of this Deed and entered into between (1) the Security Trustee; (2) the Sellers named therein; and (3) the Chargors;

**“Sellers”** means Joseph Andrew Smith and Elizabeth Smith both of 52 Cannon Close, Coventry, West Midlands, CV4 7AS;

**“Subsidiary”** means a subsidiary undertaking within the meaning of section 1162 of the Companies Act 2006 and a subsidiary within the meaning of section 1159 of the Companies Act 2006, but for any Security subsisting over the shares in the Chargors from time to time;

**“Subsidiary Shares”** means, in respect of the Chargors, all shares present and future held by it in its subsidiaries, if any;

**“Tax”** means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same);

**“Treasury Transaction”** means any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price;

**“Unpaid Sum”** means any sum due and payable but unpaid by the Chargors to the Sellers; and

**“VAT”** means value added tax as provided for in the Value Added Tax Act 1994 and any other Tax of a similar nature.

## 1.2 Interpretation

1.2.1 Unless a contrary indication appears, any reference in this Agreement to:

1.2.1.1 the **“Security Trustee”**, the **“Sellers”**, the **“Chargors”** or any **“Party”** shall be construed so as to include its successors in title, permitted assigns and permitted transferees;

1.2.1.2 **“assets”** includes present and future properties, revenues and rights of every description;

1.2.1.3 a reference to any agreement or instrument is a reference to that document or other agreement or instrument as amended, novated, supplemented, extended, replaced or restated;

1.2.1.4 **“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;

1.2.1.5 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);

1.2.1.6 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;

1.2.1.7 a provision of law is a reference to that provision as amended or re-enacted; and

1.2.1.8 a time of day is a reference to London time.

1.2.2 Section, clause and Schedule headings are for ease of reference only.

1.2.3 In this Deed the term dispose includes any sale, lease, licence, transfer or loan.

## 1.3 Third party rights

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

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

#### **1.4 Administration**

- 1.4.1 Any reference in this Deed, or any other document entered into under or in connection with it, to the making of an administration order shall be treated as including a reference to the appointment of an administrator under paragraph 14 (by the holder of a qualifying floating charge in respect of the Chargors assets) or 22 (by the Chargors or the directors of the Chargors) of Schedule B1 to the Insolvency Act 1986 or any steps taken toward such order or appointment.
- 1.4.2 Any reference in this Deed or any other document entered into under or in connection with it, to making an application for an administration order by petition shall be treated as including a reference to making an administration application to the court under Schedule B1 to the Insolvency Act 1986, appointing an administrator under paragraph 14 or 22 of that Schedule, or giving notice under paragraph 15 or 26 of that Schedule of intention to appoint an administrator or any steps taken towards such application or notice.

#### **1.5 Incorporated terms**

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

### **2 COVENANT TO PAY**

The Chargors covenant with the Security Trustee for the benefit of itself and the other Secured Parties to, on demand by the Security Trustee, pay and discharge the Secured Obligations when they become due for payment and discharge.

### **3 CHARGING PROVISIONS**

#### **3.1 General**

All Security created by the Chargors under clauses 3.2 (*First legal mortgages*) to 3.5 (*Floating charge*) inclusive is:

- 3.1.1 a continuing security for the payment and discharge of the Secured Obligations;
- 3.1.2 granted with full title guarantee;
- 3.1.3 granted in respect of all the right, title and interest (if any), present and future of the Chargors in and to the relevant Secured Assets; and
- 3.1.4 granted in favour of the Security Trustee.

#### **3.2 First legal mortgages**

The Chargors charge by way of first legal mortgage all interests and estates of the Chargors in freehold, leasehold or commonhold property, and, in each case, all Premises and Fixtures on such property for the time being.

#### **3.3 Assignments**

3.3.1 The Chargors assign:

3.3.1.1 the Relevant Policies to which it is a party; and

3.3.1.2 the Relevant Agreements to which it is a party.

3.3.2 The Chargors shall remain liable to perform all its obligations under the Relevant Policies and the Relevant Agreements to which it is a party.

### 3.4 **First fixed charges**

The Chargors charge by first fixed charge other than specific assets effectively charged by way of legal mortgage or assigned under clause 3.2 (*First legal mortgages*) or clause 3.3 (*Assignments*):

3.4.1 all other interests and estate in any freehold, leasehold or commonhold property now or subsequently owned by it and, in each case, the Premises and Fixtures on each such property;

3.4.2 the proceeds of sale of its Secured Property and all licences to enter on or use any Secured Property;

3.4.3 the benefit of all other agreements, instruments and rights relating to its Secured Property;

3.4.4 all plant, machinery, vehicles, computers, office and other equipment, all furniture, furnishings, equipment and tools and any removals or replacement of them, (together **Chattels**) present and future and the benefit of all contracts, licences, warranties, maintenance contracts relating to them and any renewals and replacements of them;

3.4.5 the Subsidiary Shares together with all Related Rights;

3.4.6 the Investments together with all Related Rights;

3.4.7 all book and other debts due to the Chargors and their proceeds (both collected and uncollected) (together **Debts**) and all rights, guarantees, security or other collateral in respect of the Debts (or any of them) and the benefit of any judgment or order to pay a sum of money and all rights to enforce the Debts (or any of them);

3.4.8 all monies from time to time standing to the credit of each account held by the Chargors with any bank, building society, financial institution or other person (each an **Account**);

3.4.9 all its Intellectual Property;

3.4.10 all its goodwill;

3.4.11 the benefit of all Authorisations held or utilised by it in connection with its business or the use of any of its assets and the right to recover and receive compensation payable in respect of any of them; and

3.4.12 to the extent that any assignment in clause 3.3 (*Assignments*) is ineffective as an assignment, the assets referred to in that clause.

### 3.5 **Floating charge**

The Chargors charge by way of first floating charge all its assets and undertaking wherever located both present and future other than any assets effectively charged by way of legal mortgage or fixed charge or assigned under clauses 3.2 (*First legal mortgages*), 3.3 (*Assignments*) or 3.4 (*First fixed charges*).

### **3.6 Qualifying floating charge**

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

### **3.7 Conversion of floating charge to a fixed charge**

The Security Trustee may at any time by notice in writing to the Chargors convert the floating charge created under clause 3.5 (*Floating charge*) into a fixed charge as regards any Floating Charge Asset as it shall specify in the notice if:

3.7.1 the Secured Obligations have become due and payable; or

3.7.2 in the opinion of the Security Trustee that Floating Charge Asset is in danger of being seized or any legal process or execution is being enforced against that Floating Charge Asset.

### **3.8 Automatic conversion of floating charge to a fixed charge**

If (unless permitted in writing by the Security Trustee):

3.8.1 the Chargors create or attempt to create any Security over any of the Floating Charge Assets;

3.8.2 any person levies or attempts to levy any distress, attachment, execution or other legal process against any Floating Charge Asset;

3.8.3 any corporate action, legal proceedings or other procedures or steps are taken for the winding up, dissolution, administration or reorganisation of the Chargors; or

3.8.4 the Security created by this Deed has become enforceable,

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

### **3.9 Small company moratorium**

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

## **4 CONTINUING SECURITY**

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

### **4.2 Recourse**

The Security constituted by this Deed:

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

## **5 NEGATIVE PLEDGE**

- 5.1 The Chargors shall not create or permit to subsist any Security over its assets other than any Security created by the Bank Security Documents.
- 5.2 The Chargors shall not:
  - 5.2.1 sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by the Chargors or any other member of the Group;
  - 5.2.2 sell, transfer or otherwise dispose of any of its receivables on recourse terms;
  - 5.2.3 enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or
  - 5.2.4 enter into any other preferential arrangement having a similar effect,in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset
- 5.3 Clauses 5.1 and 5.2 do not apply to any Security or arrangement which is expressly permitted by the Security Trustee.

## **6 RESTRICTIONS ON DISPOSALS**

- 6.1 The Chargors 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 any Secured Assets other than Floating Charge Assets in the ordinary course of trading on an arm's length basis.
- Clause 6.1 does not apply to any sale, lease, transfer or other disposal to which the Security Trustee has given its prior written consent

## **7 FURTHER ASSURANCE**

- 7.1 The Chargors shall promptly do all such acts and execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Security Trustee may reasonably specify (and in such form as the Security Trustee may reasonably require) in favour of the Security Trustee or its nominee(s):
  - 7.1.1 to create, perfect, protect and maintain the Security created or intended to be created under or evidenced by this Deed or for the exercise of any rights, powers and remedies of the Security Trustee provided by or pursuant to this Deed or by law;
  - 7.1.2 to confer Security on the Security Trustee over any property and assets of the Chargors located in any jurisdiction equivalent or similar to the Security intended to be conferred by or pursuant to this Deed; and/or

- 7.1.3 to facilitate the realisation of the assets which are, or are intended to be, the subject of the Security created by or under this Deed.
- 7.2 The Chargors 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.
- 7.3 Any document required to be executed by the Chargors under this clause 7 will be prepared at the cost of the Chargors.

## **8 LAND REGISTRY**

### **8.1 Application for restriction**

- 8.1.1 In relation to land and buildings situated in England and Wales title to which is registered or is to be registered at the Land Registry, the Chargors consent to an application being made to the Chief Land Registrar for registration of a restriction on the register of title of all present and future registered freehold, leasehold or commonhold property of the Chargors (and any unregistered properties subject to compulsory first registration at the date of this Deed).
- 8.1.2 The Chargors confirm that so far as any of the Secured Property is unregistered, such land is not affected by any disclosable overriding interests within the meaning of the Land Registration Act 2002 or the Land Registration Rules 2003.

## **9 NOTICES OF ASSIGNMENTS AND CHARGES**

### **9.1 Relevant Agreements**

- 9.1.1 The Chargors shall, following the occurrence of a Default Event which is continuing, give notice in such form notified to the Chargors by the Security Trustee to the other parties to each Relevant Agreement that the Chargors have assigned to the Security Trustee all its right, title and interest in that Relevant Agreement.
- 9.1.2 The Chargors shall use reasonable endeavours to procure that the recipient of each such notice provides an acknowledgement to the Security Trustee of such notice.

### **9.2 Insurance Policies**

- 9.2.1 In respect of each Relevant Policy the Chargors shall, following the occurrence of a Default Event which is continuing, give notice in such form notified to the Chargors by the Security Trustee to each insurer that the Chargors have assigned to the Security Trustee all its right, title and interest in that Relevant Policy.
- 9.2.2 The Chargors shall use reasonable endeavours to procure that the recipient of each such notice provides an acknowledgement to the Security Trustee of such notice.

### **9.3 Charge over accounts**

- 9.3.1 The Chargors shall, following the occurrence of a Default Event which is continuing, give notice in such form notified to the Chargors by the Security Trustee to the financial institution at which each Account is held that the Chargors have created a fixed charge over the balance standing to the credit of that Account.

The Chargors shall use reasonable endeavours to procure that the recipient of each such notice provides an acknowledgement to the Security Trustee of such notice

#### **9.4 Register of Trade Marks**

The Chargors shall, if requested by the Security Trustee, execute all such documents and do all acts that the Security Trustee may reasonably require to record the interest of the Security Trustee in any registers relating to any registered intellectual property including the Register of Trade Marks.

### **10 REPRESENTATION AND WARRANTIES**

The Chargors represents and warrants to the Security Trustee as follows and acknowledges that the Secured Parties have entered into this Deed in reliance on such representations and warranties:

#### **10.1 Ownership**

To the best of its knowledge, information and belief, the Chargors are the legal and beneficial owner of the Secured Assets free from any Encumbrance other than the Encumbrances created by this Deed.

#### **10.2 Adverse claims and covenants**

Since the date of this Deed, the Chargors have not received or acknowledged notice of any adverse claim by any person in respect of the Secured Assets and there are no covenants, agreements, conditions, interests rights or other matters which may adversely affect the Secured Assets.

#### **10.3 Breach of law or regulation**

Since the date of this Deed, the Chargors have at all times complied in all respects with all applicable laws and regulations and has not breached any law or regulation which would adversely affect the Secured Assets.

#### **10.4 Third Party Rights**

To the best of its knowledge, information and belief, the Secured Assets are not subject to terms entitling a third party to terminate or limit the use of any facility necessary for the enjoyment and use of the Secured Assets.

#### **10.5 Overriding interests**

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

#### **10.6 Liquidation or administration**

No Encumbrance expressed to be created by this Deed is liable to be avoided or otherwise set aside on the liquidation or administration of the Chargors or otherwise.

The Chargors repeat the representations and warranties in clause 10 above on each day during the Security Period.

### **11 UNDERTAKINGS**

The Chargors undertake to the Security Trustee in accordance with this clause 10. The undertakings in this clause 10 shall remain in force during the Security Period.

## 11.1 Real property

### 11.1.1 Access

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

### 11.1.2 Repair

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

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

### 11.1.3 Planning

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

### 11.1.4 Planning directions

11.1.4.1 Within five Business Days of receipt by it of any notice or order (**Direction**) served on or issued to it by any local or other authority (whether under the Planning Acts or otherwise) in respect of any part of its Secured Property, it shall give full particulars of the Direction to the Security Trustee and, if so requested by the Security Trustee, produce the Direction or a copy of it to the Security Trustee.

11.1.4.2 It shall advise the Security Trustee of all steps taken or proposed to be taken by it from time to time to comply with the terms of the Direction.

11.1.4.3 It shall take all necessary steps to comply with the Direction.

11.1.4.4 It shall at the request of the Security Trustee (but at the cost of the Chargors) make or join with the Security Trustee in making such objections, representations against, appealing against or in respect of any proposal contained in the Direction as the Security Trustee shall deem expedient in order to protect the Security Trustee's interests.

### 11.1.5 Development

11.1.5.1 It shall not carry out any development (as defined in the Planning Acts) on any part of its Secured Property without the prior written consent of the Security Trustee.

11.1.5.2 It shall not change the use of any part of its Secured Property without the prior written consent of the Security Trustee.

#### 11.1.6 Future acquisitions and legal mortgage

It shall:

- 11.1.6.1 notify the Security Trustee immediately of its intention to acquire any freehold, leasehold or other interest in property including the proposed date of such acquisition (and for the purposes of this clause 11.1.6 the date of exchange of contracts for such an acquisition shall be deemed the date of acquisition);
- 11.1.6.2 at its cost, execute and deliver to the Security Trustee on demand, a legal mortgage (in form and substance satisfactory to the Security Trustee and in substantially the same terms as this Deed) in favour of the Security Trustee of any freehold or leasehold or other interest in property which becomes vested in it after the date of this Deed;
- 11.1.6.3 obtain any consents required for the Security referred to in this clause 11.1.6; and
- 11.1.6.4 if applicable procure that notice of this Deed is noted in the appropriate manner on the title to any property which becomes vested in it after the date of this Deed.

#### 11.1.7 Deposit of title deeds

It shall deposit with the Security Trustee all deeds and documents to title relating to its Secured Property.

#### 11.1.8 Outgoings

It will punctually pay and indemnify the Security Trustee and any Receiver against all present and future rents, rates, Taxes, assessments and outgoings of whatsoever nature imposed on or payable in respect of its Secured Property or any part of it or payable by the owner or occupier of it.

#### 11.1.9 Investigation of title

On request by the Security Trustee, it shall grant the Security Trustee or its advisers (at the cost of the Chargors) all facilities within its power to enable the Security Trustee or its advisers or delegates to carry out such investigations of title to and enquiries into its Secured Property or other Secured Assets as may be carried out by a prudent mortgagee or chargee.

#### 11.1.10 Notices

It will deliver to the Security Trustee promptly a certified true copy of any statutory or other notice including any notice issued under the Fire Safety Order, in respect of the Secured Property.

### 11.2 Leases

#### 11.2.1 Lease and covenant compliance

It shall:

- 11.2.1.1 perform all the terms on its part contained in any lease or agreement for lease under which it holds an interest in a Secured Property or to which any of its Secured Property is subject;

- 11.2.1.2 properly perform (and indemnify the Security Trustee and each Receiver for any breach of) any covenants and stipulations of whatsoever nature affecting any of its Secured Property;
- 11.2.1.3 not make any election or take any other action so as to alter the treatment of any Occupational Lease for the purposes of value added tax;
- 11.2.1.4 not, without the prior written consent of the Security Trustee, serve notice on any former tenant under any Occupational Lease under section 17(2) of the Landlord and Tenant (Covenants) Act 1995 or on any guarantor of any such former tenant under section 17(3) of that act; and
- 11.2.1.5 immediately notify the Security Trustee of any notice received by it under section 146 of the Law of Property Act 1925 or any proceedings commenced or steps taken against it for the forfeiture of any lease under which it holds an interest in a Secured Property.

#### 11.2.2 Landlord's consent

If under the terms of any lease under which it holds an interest in any Secured Property, the Chargors are not permitted to charge their interest in such Secured Property without the consent of the landlord, it undertakes promptly to make an application for landlord's consent to the creation of the fixed charge contained in clause 3.4 (*First fixed charges*) and any charge to be created under clause 7 (*Further Assurance*), shall use all reasonable endeavours to obtain such consent as soon as possible and shall keep the Security Trustee informed of the progress of its negotiations with such landlord.

#### 11.2.3 No variation to lease

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

#### 11.2.4 No surrender or termination

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

#### 11.2.5 Compliance by tenants

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

#### 11.2.6 Lease or right to occupy

It will not without the prior written consent of the Security Trustee:

- 11.2.6.1 grant any lease or tenancy or exercise any other power of leasing of the whole or part of any Secured Property; or
- 11.2.6.2 grant any person any contractual licence or the right to occupy any Secured Property or part with possession of it.

#### 11.2.7 Forfeiture

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

### 11.3 **Chattels**

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

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

### 11.4 **Subsidiary Shares and Investments**

11.4.1 On request by the Security Trustee, it shall:

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

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

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

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

11.4.4 It shall make all payments which may become due and payable in respect of any of its Subsidiary Shares, Investments and Related Rights. If it fails to make any such payments, the Security Trustee may but shall not be obliged to make such payment on behalf of the Chargors. Any sums so paid by the Security Trustee shall be repayable by the Chargors to the Security Trustee on demand and pending such repayment shall constitute part of the Secured Obligations.

11.4.5 It shall remain liable to observe and perform all of the conditions and obligations assumed by it in respect of its Subsidiary Shares, Investments and Related Rights and the Security Trustee shall not be required to perform or fulfil any obligation of the Chargors in respect of any Subsidiary Shares, Investments or Related Rights.

11.4.6 It shall comply with any notice served on it under Companies Act 2006 or pursuant to the articles of association or any other constitutional document of any relevant entity in respect of or in connection with the Subsidiary Shares, Investments or Related Rights and will promptly provide to the Security Trustee a copy of that notice.

11.4.7 It shall ensure that none of its Subsidiary Shares are converted into uncertificated form without the prior written consent of the Security Trustee.

11.4.8 Immediately on conversion of any of its Subsidiary Shares, Investment or Related Rights from a certificated to an uncertificated form, and on the

acquisition by it of any Subsidiary Shares, Investments or Related Rights in an uncertificated form, it shall give such instructions or directions and take such other steps and enter into such documentation as the Security Trustee may require in order to protect or preserve the Security intended to be created by this Deed.

## **11.5 Insurance**

11.5.1 The Chargors will insure and keep insured all its property and assets (including those taken on lease) of an insurable nature and which are customarily insured (either generally or by companies carrying on a similar business) against loss or damage by fire and other risks normally insured against by persons carrying on the same class of business as that carried on by the Chargors in a similar location and in a sum or sums and with deductibles and other terms consistent with prudent market practice for companies carrying on a similar business in a similar location as the Chargors.

11.5.2 It shall ensure that:

11.5.2.1 the name of the Security Trustee be noted on each policy of insurance as mortgagee and first loss payee;

11.5.2.2 each policy of insurance shall contain a standard mortgagee clause whereby, among other things, the insurance shall not be vitiated or avoided as against a mortgagee notwithstanding that it could otherwise be so against the Chargors; and

11.5.2.3 each policy of insurance shall contain a provision to the effect that the insurance shall not be invalidated as against the Security Trustee for non-payment of any premium due without the insurer first giving to the Security Trustee not less than 14 days' written notice.

11.5.3 If the Chargors shall be in default of effecting or maintaining insurances or in producing any such policy or receipt to the Security Trustee on demand, the Security Trustee may take out or renew such insurances in any sum which the Security Trustee may think expedient and all monies expended and costs incurred by the Security Trustee under this provision shall be for the account of the Chargors.

## **11.6 Book and other debts**

11.6.1 It shall collect and realise the Debts in the ordinary course of trading as agent for the Security Trustee.

11.6.2 It shall not set off, postpone or release any of the Debts or do or omit to do anything which may delay or prejudice the full recovery of all Debts without the prior written consent of the Security Trustee.

## **11.7 General**

It shall not do or cause or permit to be done anything which may in any way materially depreciate, jeopardise or otherwise prejudice the value to the Security Trustee of the Security created by or under this Deed.

## **12 POWER TO REMEDY**

12.1 If the Chargors fail to comply with any of the undertakings set out in clause 10 (*Undertakings*), it shall allow and irrevocably authorises the Security Trustee and/or

such persons as it shall nominate to take such action on behalf of the Chargors as shall be necessary to ensure that it complies with those undertakings.

- 12.2 If the Chargors fail to perform any obligation or other covenant affecting the Secured Property or other Secured Assets, the Chargors shall permit the Security Trustee or its agents and contractors:

12.2.1 to enter on the Secured Property;

12.2.2 to comply with or object to any notice served on the Chargors relating to the Secured Property or other Secured Assets; and

12.2.3 to take any action the Security Trustee may reasonably consider expedient to prevent or remedy any breach of any such term or to comply with or object to any such notice.

- 12.3 The Chargors shall within three Business Days of demand indemnify the Security Trustee against any cost, loss or liability incurred by it in taking any of the steps referred to in this clause 12.

### **13 SECURITY POWER OF ATTORNEY**

Following the occurrence of a Default Event which is continuing, the Chargors, by way of security, irrevocably and severally appoints the Security Trustee, each Receiver and any of their delegates or sub-delegates to be its attorney to take any action which the Chargors are obliged to take under this Deed. The Chargors ratify and confirm whatever any attorney does or purports to do pursuant to its appointment under this clause 13.

### **14 ENFORCEMENT OF SECURITY**

#### **14.1 When security is enforceable**

At any time:

14.1.1 after the occurrence of a Default Event; or

14.1.2 if so requested by the Chargors,

the Security created by and under this Deed is immediately enforceable.

#### **14.2 Acts of enforcement**

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

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

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

14.2.3 appoint a Receiver to all or any part of the Secured Assets;

14.2.4 appoint an administrator in respect of the Chargors and take any steps to do so;

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

14.2.6 if permitted by law, appoint an administrative receiver in respect of the Chargors.

#### **14.3 Right of appropriation**

To the extent that the Security created by this Deed constitutes a "security financial collateral arrangement" and the Secured Assets constitute "financial collateral" for the purpose of the Financial Collateral Arrangements (No 2) Regulations 2003 ("**Regulations**"), the Security Trustee shall have the right on giving prior notice to the Chargors, at any time after the Security becomes enforceable, to appropriate all or any part of those Secured Assets in or towards discharge of the Secured Obligations. The parties agree that the value of the appropriated Secured Assets shall be, in the case of cash, the amount of cash appropriated and, in the case of Subsidiary Shares and Investments, determined by the Security Trustee by reference to any available publicly available market price in the absence of which by such other means as the Security Trustee (acting reasonably) may select including, without limitation, an independent valuation. For the purpose of Regulation 18(1) of the Regulations, the Chargors agree that any such determination by the Security Trustee will constitute a valuation "in a commercially reasonable manner".

#### **14.4 Statutory powers – general**

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

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

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

14.4.4 Each Receiver and the Security Trustee is entitled to all the rights, powers, privileges and immunities conferred by the Law of Property Act 1925 and the Insolvency Act 1986 on mortgagees and Receivers.

#### **14.5 Mortgagee in possession – no liability**

Neither the Security Trustee nor any Receiver will be liable, by reason of entering into possession of a Secured Assets, to account as mortgagee in possession or for any loss on realisation or for any default or omission for which a mortgagee in possession might otherwise be liable.

#### **14.6 Redemption of prior mortgages**

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

14.6.1 redeem any prior form of Security over any Secured Assets; and/or

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

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

**14.7     Subsidiary Shares and Investments when Secured Obligations are due and payable**

- 14.7.1 At any time after the Security created by or under this Deed has become enforceable, the Chargors shall on request by the Security Trustee:
- 14.7.1.1 deliver to the Security Trustee such pre-stamped stock transfer forms or other transfer documents as the Security Trustee may require to enable the Security Trustee or its nominee or nominees to be registered as the owner of, and to obtain legal and beneficial title to, the Subsidiary Shares, the Investments and/or Related Rights referred to in such request;
  - 14.7.1.2 provide to the Security Trustee certified copies of all resolutions and Authorisations approving the execution of such transfer forms and registration of such transfers as the Security Trustee may reasonably require;
  - 14.7.1.3 procure that each such transfer is promptly registered by the relevant company or other entity;
  - 14.7.1.4 procure that, immediately on their issue, all share certificates or other documents of title in the appropriate form, in respect of the relevant Subsidiary Shares, Investments and/or Related Rights, are delivered to the Security Trustee in each case showing the registered holder as the Security Trustee or its nominee or nominees (as applicable); and
  - 14.7.1.5 exercise all voting rights in respect of its Subsidiary Shares, Investments and Related Rights only in accordance with the instructions of the Security Trustee.
- 14.7.2 At any time after the Security created by or under this Deed has become enforceable, the Security Trustee may complete any transfer documents held by it in respect of the Subsidiary Shares, the Investments and/or the Related Rights in favour of itself or such other person or nominee as it shall select.
- 14.7.3 At any time after the Security created by or under this Deed has become enforceable the Security Trustee and its nominee or nominees may sell all or any of the Subsidiary Shares, Investments or Related Rights of the Chargors (or any of them) in any manner permitted by law and on such terms as the Security Trustee shall in its absolute discretion determine.
- 14.7.4 If the Chargors receive any dividends, distributions or other monies in respect of its Subsidiary Shares/Investments and Related Rights at a time when the Security Trustee has made a request under clause 14.7.1 or taken any steps to enforce the Security created by or under this Deed under clause 14.2, the Chargors shall immediately pay such sums received directly to the Security Trustee for application in accordance with clause 17 (*Application Of Monies*) and shall hold all such sums on trust for the Security Trustee pending payment of them to such account as the Security Trustee shall direct.

**15     RECEIVER**

**15.1     Appointment of Receiver**

#### 15.1.1

15.1.1.1 At any time after any Security created by or under this Deed is enforceable, the Security Trustee may appoint a Receiver to all or any part of the Secured Assets in accordance with clause 14.2.3 (*Acts of enforcement*).

15.1.1.2 At any time, if so requested in writing by the Chargors, without further notice, the Security Trustee may appoint one or more qualified persons to be a Receiver to all or any part of the Secured Assets as if the Security Trustee had become entitled under the Law of Property Act 1925 to exercise the power of sale conferred under the Law of Property Act 1925.

15.1.2 In this Deed qualified person means a person who, under the Insolvency Act 1986, is qualified to act as a receiver of the property of any company with respect to which he is appointed.

15.1.3 Any Receiver appointed under this Deed shall be the agent of the Chargors and the Chargors shall be solely responsible for his acts or defaults and for his remuneration and liable on any contracts or engagements made or entered into by him and in no circumstances whatsoever shall the Security Trustee be in any way responsible for any misconduct, negligence or default of the Receiver.

15.1.4 Where the Chargors are an eligible company within the meaning of paragraphs 2 to 4 (inclusive) of Schedule A1 to the Insolvency Act 1986:

15.1.4.1 obtaining a moratorium; or

15.1.4.2 anything done with a view to obtaining a moratorium including any preliminary decision or investigation in terms of paragraph 43 of Schedule A1 to the Insolvency Act 1986,

shall not be grounds for appointment of a Receiver.

#### 15.2 **Removal**

The Security Trustee may by written notice remove from time to time any Receiver appointed by it (subject to the provisions of section 45 of the Insolvency Act 1986 in the case of an administrative receiver) and, whenever it may deem appropriate, appoint a new Receiver in the place of any Receiver whose appointment has terminated.

#### 15.3 **Powers of Receiver**

##### 15.3.1 General

15.3.1.1 In addition to those conferred by the Law of Property Act 1925 on any Receiver appointed under that Act, each Receiver has, and is entitled to exercise, all of the rights, powers and discretions set out in this clause 15.3.

15.3.1.2 If there is more than one Receiver holding office at the same time, unless the document appointing him states otherwise, each Receiver may exercise all of the powers conferred on a Receiver under this Deed or under the Insolvency Act 1986 individually and to the exclusion of any other Receivers.

15.3.1.3 A Receiver has all the rights, powers and discretions of an administrative receiver under the Insolvency Act 1986.

15.3.1.4 A Receiver may, (in the name of the Chargors):

15.3.1.4.1 do all other acts and things which he may consider expedient for realising any Secured Assets; and

15.3.1.4.2 exercise in relation to any Secured Assets all the powers, authorities and things which he would be capable of exercising if he were its absolute beneficial owner.

15.3.2 Borrow money

A Receiver may raise and borrow money (either unsecured or on the security of any Secured Assets, either in priority to the security constituted by this Deed or otherwise) on any terms and for whatever purpose which he thinks fit. No person lending that money need enquire as to the propriety or purpose of the exercise of that power or to check the application of any money so raised or borrowed.

15.3.3 Carry on business

A Receiver may carry on the business of the Chargors as he thinks fit and, for the avoidance of doubt, a Receiver may apply for such Authorisations as he considers in his absolute discretion appropriate.

15.3.4 Compromise

A Receiver may settle, adjust, refer to arbitration, compromise and arrange any claims, accounts, disputes, questions and demands with or by any person who is or claims to be a creditor of the Chargors or relating in any way to any Secured Assets.

15.3.5 Delegation

A Receiver may delegate his powers in accordance with clause 16 (*Delegation*).

15.3.6 Employees

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

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

15.3.6.2 discharge any such persons appointed by the Chargors.

15.3.7 Leases

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

15.3.8 Legal actions

A Receiver may bring, prosecute, enforce, defend and abandon all actions, suits and proceedings or submit to arbitration or any form of alternative dispute

resolution in the name of the Chargors in relation to any Secured Assets as he considers expedient.

#### 15.3.9 Possession

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

#### 15.3.10 Protection of assets

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

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

15.3.10.2 commence and/or complete any building operations on the Secured Property or other Secured Assets; and

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

#### 15.3.11 Receipts

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

#### 15.3.12 Sale of assets

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

#### 15.3.13 Subsidiaries

A Receiver may form a Subsidiary of the Chargors and transfer to that Subsidiary any Secured Assets.

#### 15.3.14 Deal with Secured Assets

A Receiver may, without restriction sell, let or lease, or concur in selling, letting or leasing, or vary the terms of, determine, surrender or accept surrenders of, leases or tenancies of, or grant options and licences over or otherwise dispose of or deal with, all or any part of the Secured Assets without being responsible for loss or damage, and so that any such sale, lease or disposition may be made for cash payable by instalments, loan stock or other debt obligations or for shares or securities of another company or other valuable consideration. The Receiver may form and promote, or concur in forming and promoting, a company or companies to purchase, lease, licence or otherwise acquire interests in all or any of the Secured Assets or otherwise, arrange for such companies to trade or cease to trade and to purchase, lease, license or otherwise acquire all or any of the Secured Assets on such terms and

conditions whether or not including payment by instalments secured or unsecured as he may think fit.

#### 15.3.15 Voting rights

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

#### 15.3.16 Security

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

#### 15.3.17 Acquire land

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

#### 15.3.18 Development

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

#### 15.3.19 Landlord's obligations

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

#### 15.3.20 Uncalled capital

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

#### 15.3.21 Incidental matters

A Receiver may do all other acts and things including without limitation, signing and executing all documents and deeds as may be considered by the Receiver to be incidental or conducive to any of the matters or powers listed here or granted by law or otherwise incidental or conducive to the preservation, improvement or realisation of the Secured Assets and to use the name of the Chargors for all the purposes set out in this clause 15.

### 15.4 **Remuneration**

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

## **16 DELEGATION**

- 16.1 The Security Trustee and any Receiver may delegate by power of attorney or in any other manner all or any of the powers, authorities and discretions which are for the time being exercisable by the Security Trustee and the Receiver (as appropriate) under this Deed to any person or persons as it shall think fit. Any such delegation may be made upon such terms and conditions (including the power to sub-delegate) as the Security Trustee and Receiver (as appropriate) may think fit.
- 16.2 The Security Trustee and any Receiver will not be liable or responsible to the Chargors or any other person for any losses, liabilities or expenses arising from any act, default, omission or misconduct on the part of any delegate.

## **17 APPLICATION OF MONIES**

- 17.1 Sections 109(6) and (8) (Appointment, powers, remuneration and duties of receiver) of the Law of Property Act 1925 shall not apply to a Receiver appointed under this Deed.
- 17.2 All monies received by the Security Trustee or any Receiver under this Deed shall be applied in the following order:
- 17.2.1 in or towards the payment of all costs, losses, liabilities and expenses of and incidental to the appointment of any Receiver and the exercise of any of his rights including, his remuneration and all outgoing paid by him;
- 17.2.2 in or towards the satisfaction of the Secured Obligations (in such order as the Security Trustee shall require); and
- 17.2.3 in payment of any surplus to any other person entitled to it.
- 17.3 The Security Trustee and any Receiver may place any money received, recovered or realised pursuant to this Deed in an interest bearing suspense account and it may retain the same for such period as it considers expedient without having any obligation to apply the same or any part of it in or towards discharge of the Secured Obligations.

## **18 REMEDIES AND WAIVERS**

- 18.1 No failure to exercise, nor any delay in exercising, on the part of the Security Trustee or any Receiver, any right or remedy under this Deed shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Deed are cumulative and not exclusive of any rights or remedies provided by law.
- 18.2 A waiver given or consent granted by the Security Trustee under this Deed will be effective only if given in writing and then only in the instance and for the purpose for which it is given.

## **19 PROTECTION OF THIRD PARTIES**

- 19.1 No person (including a purchaser) dealing with the Security Trustee or a Receiver or its or his agents has an obligation to enquire of the Security Trustee, Receiver or others:
- 19.1.1 whether the Secured Obligations have become payable;
- 19.1.2 whether any power purported to be exercised has become exercisable;
- 19.1.3 whether any Secured Obligations or other monies remain outstanding;

19.1.4 how any monies paid to the Security Trustee or to the Receiver shall be applied; or

19.1.5 the status, propriety or validity of the acts of the Receiver or Security Trustee.

19.2 The receipt by the Security Trustee or any Receiver shall be an absolute and a conclusive discharge to a purchaser and shall relieve him of any obligation to see to the application of any monies paid to or by the direction of the Security Trustee or any Receiver.

19.3 In clauses 19.1 and 19.2, purchaser includes any person acquiring, for money or monies worth, any lease of, or Security over, or any other interest or right whatsoever in relation to, the Secured Assets or any of them.

## **20 ADDITIONAL SECURITY**

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

## **21 SETTLEMENTS CONDITIONAL**

21.1 If the Security Trustee (acting reasonably) believes that any amount paid by the Chargors or any other person in respect of the Secured Obligations is capable of being avoided or set aside for any reason, then for the purposes of this Deed, such amount shall not be considered to have been paid.

21.2 Any settlement, discharge or release between the Chargors and the Security Trustee shall be conditional upon no Security or payment to or for the Security Trustee by the Chargors or any other person being avoided or set aside or ordered to be refunded or reduced by virtue of any law relating to bankruptcy, insolvency or liquidation or otherwise.

## **22 SUBSEQUENT SECURITY**

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

## **23 [NOT USED]**

## **24 NOTICES**

24.1 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 email or letter.

24.2 The postal and email addresses (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with this Deed is:

24.2.1 in the case of the Chargors:

Address: its registered office from time to time

Email: [robert.s@lfeeng.co.uk](mailto:robert.s@lfeeng.co.uk) (Robert Scott); [martin.c@lfeeng.co.uk](mailto:martin.c@lfeeng.co.uk) (Martin Carolan)

Attention: The directors

24.2.2 in the case of the Security Trustee:

Address: 52 Cannon Close, Coventry, West Midlands, CV4 7AS

Email: [andy.s@lfeeng.co.uk](mailto:andy.s@lfeeng.co.uk) (Joseph Andrew Smith)

or any substitute address or email address or department or officer as one Party may notify to the other by not less than three Business Days' notice.

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

24.3.1 if by way of email, when actually received (or made available) in readable form; or

24.3.2 if by way of letter, when it has been left at the relevant address or two 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 24.2, if addressed to that department or officer.

24.4 Any communication or document to be made or delivered to the Security Trustee will be effective only when actually received by the Security Trustee and then only if it is expressly marked for the attention of the department or officer identified in clause 24.2 (or any substitute department or officer as the Security Trustee shall specify for this purpose).

24.5 Any communication or document which becomes effective, in accordance with clauses 24.3 and 24.4, after 5 pm in the place of receipt shall be deemed only to become effective on the following Business Day.

## **25 INVALIDITY**

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

## **26 PERPETUITY PERIOD**

The perpetuity period applicable to the trusts created by this Deed is one hundred and twenty five years.

## **27 ASSIGNMENT**

The Security Trustee may freely assign or otherwise transfer all or any part of its rights under this Deed or any Security created by or under it.

## **28 RELEASES**

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

28.1 its rights arising under this Deed;

28.2 the Secured Assets from the Security created by and under this Deed, and return all documents or deeds of title delivered to it under this Deed.

## 29 CURRENCY CLAUSES

- 29.1 Subject to clauses 29.1 to 29.5 below, sterling is the currency of account and payment for any sum due from the Chargors under this Deed.
- 29.2 A repayment of an Unpaid Sum or a part of an Unpaid Sum shall be made in the currency in which that Unpaid Sum is denominated under the documents under which the Secured Obligations arise on its due date.
- 29.3 Each payment of interest shall be made in the currency in which the sum in respect of which the interest is payable was denominated under the documents under which the Secured Obligations arise when that interest accrued.
- 29.4 Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.
- 29.5 Any amount expressed to be payable in a currency other than sterling shall be paid in that other currency.
- 29.6 If a payment is made to the Security Trustee under this Deed in a currency (**Payment Currency**) other than the currency in which it is expressed to be payable (**Contractual Currency**), the Security Trustee may convert that payment into the Contractual Currency at the rate at which it (acting reasonably and in good faith) is able to purchase the Contractual Currency with the Payment Currency on or around the date of receipt of the payment and to the extent that the converted amount of the payment falls short of the amount due and payable the Chargors will remain liable for such shortfall.

## 30 INDEMNITY

### Chargors indemnity

- 30.1 The Chargors shall promptly indemnify the Security Trustee and every Receiver and delegate (each an **Indemnified Person**) against any cost, loss or liability together with any associated VAT incurred by any of them as a result of:
- 30.1.1 the holding/protection or enforcement of any Security;
  - 30.1.2 the exercise of any of the rights, powers, discretions and remedies vested in the Security Trustee and each Receiver and delegate; and
  - 30.1.3 any default by the Chargors in the performance of any of the obligations expressed to be assumed by it.
- 30.2 The Chargors shall indemnify the Security Trustee against any and all costs, losses, liabilities or expenses together with any associated VAT incurred by the Security Trustee arising (directly or indirectly) out of or in connection with:
- 30.2.1 any breach or potential breach of or liability (whether civil and/or criminal) under any Environmental Law;
  - 30.2.2 any responsibility on the part of the Security Trustee in respect of any clean-up, repair or other corrective action; or
  - 30.2.3 the business or any Real Property of the Chargors.
- 30.3 The Security Trustee may indemnify itself out in respect of, and pay and retain, all sums necessary to give effect to the indemnity in this clause and shall have a lien on this Deed and the proceeds of the enforcement of this Deed for all monies payable to it.

## **31 EXCLUSION OF LIABILITY**

### **31.1 No liability**

31.1.1 The Security Trustee will not be liable for any action taken by it (or any omission to take action) under or in connection with this Deed or any other Security or any document recording the Secured Obligations unless directly caused by its gross negligence or wilful misconduct.

31.1.2 Neither the Security Trustee nor any Receiver shall be liable in respect of all or any part of the Secured Assets or for any loss or damage which arises out of the exercise or the attempted or purported exercise of, or the failure to exercise any of, their respective powers unless such loss or damage is caused by its gross negligence or wilful acts of default and recklessness.

### **31.2 Officers and agents**

The Chargors may not take proceedings against any officer, employee or agent of the Security Trustee in respect of any claim it might have against the Security Trustee or in respect of any act or omission of any kind by that officer, employee or agent in relation to this Deed or any other Security or other document recording the Secured Obligations and any officer, employee or agent of the Security Trustee may rely on this clause.

## **32 FEES, COSTS AND EXPENSES**

### **32.1 Transaction expenses**

The Chargors and the Security Trustee shall each pay their own costs, fees and expenses (including legal fees) together with any associated VAT reasonably incurred by them in connection with the negotiation, preparation, printing, execution and perfection of this Deed.

### **32.2 Amendment costs**

If the Chargors requests an amendment, waiver or consent of this Deed, the Chargors shall, within three Business Days of demand, reimburse the Security Trustee for the amount of all costs and expenses (including legal fees) together with any associated VAT reasonably incurred by the Security Trustee in responding to, evaluating, negotiating or complying with the request or requirement.

### **32.3 Enforcement and preservation costs**

The Chargors shall, within three Business Days of demand, pay to the Security Trustee the amount of all costs, fees and expenses (including legal fees) together with any associated VAT incurred by the Security Trustee in connection with the enforcement of or the preservation of any rights under this Deed.

### **32.4 Interest on late payments**

32.4.1 If the Chargors fail to pay any amount payable by it under this Deed on its due date, interest shall accrue on the overdue amount from the due date up to the date of actual payment (both before and after judgment) at the annual percentage rate equal to the aggregate of two per cent and the highest rate of interest applicable to the Secured Obligations. Any interest accruing under this clause 32.4 shall be immediately payable by the Chargors on demand by the Security Trustee.

- 32.4.2 Interest (if unpaid) arising on Unpaid Sums will be compounded with the overdue amount at the end of each month but will remain immediately due and payable.

### **33 CERTIFICATES AND DETERMINATIONS**

Any certification or determination by the Security Trustee of a rate or amount under this Deed is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

### **34 COUNTERPARTS**

This Deed or any document entered into under or in connection with this Deed may be executed in any number of counterparts, and by each party on separate counterparts. Each counterpart is an original, but all counterparts shall together constitute one and the same instrument. Delivery of a counterpart of this Deed or any such document entered into under or in connection with this Deed by e-mail attachment or telecopy shall be an effective mode of delivery.

### **35 WAIVER OF SET OFF**

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

### **36 GOVERNING LAW AND JURISDICTION**

#### **36.1 Governing law**

36.1.1 This Deed and any non-contractual obligations arising out of or in connection with it are governed by English law.

36.1.2 If in any court any Party argues that a court other than the courts of England and Wales has jurisdiction to determine any dispute or difference between the Parties, or any of them, that Issue shall be determined in accordance with English law, and each Party irrevocably and unconditionally waives any right it might otherwise have to rely upon the law of the forum or any other law.

#### **36.2 Service of process**

Each Party agrees that, without prejudice to the validity of any other mode of service, any document in an action (including, but not limited to, any claim form, application notice or other originating process) may be served on any Party by being delivered to or left for that Party at its address for service of notices under clause 24 ("**Notices**").

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

## **SCHEDULE 1**

### **The Chargors**

<b>Chargor</b>	<b>Company Registration Number</b>
Sky Blue Holdings Limited	15141555
EFL Holdings Limited	09919464
L.F.E Engineering Limited	03863292

## SIGNATURES TO THE DEBENTURE

### The Chargeors

Executed as a deed by  
**SKY BLUE HOLDINGS LIMITED** acting by a  
director in the presence of:

)   
) Robert Scott  
) .....  
) Director

.....  
Signature of witness

Full Name


Name

Address

Address

I confirm that I was physically present  
and witnessed this document being  
signed

.....  
Executed as a deed by  
**EFL HOLDINGS LIMITED** acting by a director  
in the presence of:

)   
) Robert Scott  
) .....  
) Director

.....  
Signature of witness

Full Name


Name

Ad

Address

I confirm that I was physically present  
and witnessed this document being  
signed

.....  
Executed as a deed by  
**L.F.E ENGINEERING LIMITED** acting by a  
director in the presence of:

)   
) Robert Scott  
) .....  
) Director

.....  
Signature of witness

Full Name

Name

Address

Address

I confirm that I was physically present  
and witnessed this document being  
signed

**The Security Trustee**

Executed as a deed by )  
**JOSEPH ANDREW SMITH** as security trustee )  
for the Secured Parties in the presence of: )

[Redacted]

[Redacted]

Signature of witness

Name Leon Taylor

Address

[Redacted]

[Redacted]