



Registration of a Charge

Company name: **COOLABI LICENSING LIMITED**

Company number: **04719448**



X2LM5IQ9

Received for Electronic Filing: **21/11/2013**

Details of Charge

Date of creation: **14/11/2013**

Charge code: **0471 9448 0003**

Persons entitled: **EDGE PERFORMANCE VCT PLC (AS TRUSTEE)**

Brief description: **SUBJECT ONLY TO THE RIGHT OF ANY PRIOR CREDITOR UNDER ANY PRIOR SECURITY, EACH CHARGING COMPANY WITH FULL TITLE GUARANTEE CHARGES TO THE TRUSTEE AS TRUSTEE FOR THE SECURITY BENEFICIARIES BY WAY OF FIXED CHARGE (AND AS REGARDS ALL THOSE PARTS OF THE FREEHOLD AND LEASEHOLD PROPERTY IN ENGLAND AND WALES NOW VESTED IN SUCH CHARGING COMPANY BY WAY OF LEGAL MORTGAGE) AS A CONTINUING SECURITY FOR THE PAYMENT AND DISCHARGE OF THE SECURED OBLIGATIONS THE FOLLOWING ASSETS, BOTH PRESENT AND FUTURE, FROM TIME TO TIME OWNED BY THE CHARGING COMPANY OR IN WHICH THE CHARGING COMPANY MAY FROM TIME TO TIME HAVE AN INTEREST: ALL FREEHOLD AND LEASEHOLD PROPERTY OF THE CHARGING COMPANY (INCLUDING WITHOUT LIMITATION THE PROPERTY SPECIFIED IN SCHEDULE 3) AND ALL LIENS, CHARGES, OPTIONS, AGREEMENTS, RIGHTS AND INTERESTS IN OR OVER LAND OR THE PROCEEDS OF SALE OF LAND AND ALL BUILDINGS, FIXTURES (INCLUDING TRADE FIXTURES) AND FIXED PLANT AND MACHINERY FROM TIME TO TIME ON SUCH PROPERTY OR LAND TOGETHER WITH ALL RIGHTS EASEMENTS AND PRIVILEGES APPURTENANT TO OR BENEFITING THE SAME; ALL PLANT, MACHINERY (OTHER THAN THAT CHARGED BY CLAUSE 4.1.1) VEHICLES, COMPUTERS AND OFFICE AND OTHER EQUIPMENT AND THE BENEFIT OF ALL CONTRACTS AND WARRANTIES RELATING TO THE SAME; ALL STOCKS, SHARES, BONDS AND SECURITIES OF ANY KIND WHATSOEVER WHETHER MARKETABLE OR OTHERWISE**

AND ALL OTHER INTERESTS (INCLUDING BUT NOT LIMITED TO LOAN CAPITAL) IN ANY PERSON INCLUDING ALL ALLOTMENTS, RIGHTS, BENEFITS AND ADVANTAGES WHATSOEVER AT ANY TIME ACCRUING, OFFERED OR ARISING IN RESPECT OF OR INCIDENTAL TO THE SAME AND ALL MONEY OR PROPERTY ACCRUING OR OFFERED AT ANY TIME BY WAY OF CONVERSION, REDEMPTION, BONUS, PREFERENCE, OPTION, DIVIDEND, DISTRIBUTION, INTEREST OR OTHERWISE IN RESPECT OF THEM; (SUBJECT, IN THE CASE OF ANY MONIES HELD IN, OR SUMS STANDING TO THE CREDIT OF, THE COLLECTIONS ACCOUNT, TO CLAUSE 8) THE RECEIVABLES; ALL ITS RIGHTS, TITLE AND INTEREST IN AND TO CASH AT BANK AND (IF DIFFERENT) ANY AMOUNT FROM TIME TO TIME STANDING TO THE CREDIT OF ANY BANK OR OTHER ACCOUNT WITH ANY SECURITY BENEFICIARY OR THE TRUSTEE OR WITH ANY OTHER BANK, FINANCIAL INSTITUTION OR PERSON (INCLUDING, WITHOUT LIMITATION BUT SUBJECT TO CLAUSE 8, THE COLLECTIONS ACCOUNT); THE INSURANCES AND ALL PROCEEDS OF THE INSURANCES; ALL UNCALLED CAPITAL AND THE GOODWILL OF THE CHARGING COMPANY NOW OR AT ANY TIME IN THE FUTURE IN EXISTENCE; AND THE INTELLECTUAL PROPERTY. EACH CHARGING COMPANY WITH FULL TITLE GUARANTEE CHARGES TO THE TRUSTEE AS TRUSTEE FOR THE SECURITY BENEFICIARIES BY WAY OF FLOATING CHARGE AS A CONTINUING SECURITY FOR THE PAYMENT AND DISCHARGE OF THE SECURED OBLIGATIONS ITS UNDERTAKING AND ALL ITS PROPERTY, ASSETS AND RIGHTS WHATSOEVER AND WHERESOEVER, BOTH PRESENT AND FUTURE, BUT EXCLUDING ANY PROPERTY OR ASSETS FROM TIME TO TIME OR FOR THE TIME BEING EFFECTIVELY CHARGED TO THE TRUSTEE BY WAY OF FIXED CHARGE PURSUANT TO CLAUSE 4.1. PLEASE SEE THE ATTACHED COMPOSITE GUARANTEE AND DEBENTURE FOR MORE INFORMATION.

Contains fixed charge(s).

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

Notification of addition to or amendment of charge.

Authentication of Form

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

Authentication of Instrument

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

Certified by: **DAVID STRONG**



CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 4719448

Charge code: 0471 9448 0003

The Registrar of Companies for England and Wales hereby certifies that a charge dated 14th November 2013 and created by COOLABI LICENSING LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 21st November 2013 .

Given at Companies House, Cardiff on 22nd November 2013



Companies House



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES

DATE 14 NOVEMBER 2013

- (1) THE INITIAL CHARGING COMPANIES (AS LISTED
IN SCHEDULE 1)**
- (2) EDGE PERFORMANCE VCT PLC (AS TRUSTEE)**

**COMPOSITE GUARANTEE AND
DEBENTURE**



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DATED 14 NOVEMBER 2013

PARTIES

- (1) **THE COMPANIES LISTED** in **SCHEDULE 1** (the "**Initial Charging Companies**" and each an "**Initial Charging Company**"); and
- (2) **EDGE PERFORMANCE VCT PLC** (registered number 5558025) whose registered office is at 1 Marylebone High Street, London W1U 4LZ (as security trustee for the Security Beneficiaries, in such capacity the "**Trustee**", which term includes its successors).

OPERATIVE PROVISIONS

1 DEFINITIONS AND INTERPRETATION

- 1.1 In this Deed, unless the context otherwise requires, the following words and expressions shall have the following meanings:

"A Loan Notes" the Secured Series A Loan Notes of the Company constituted by the A Loan Note Instrument;

"A Loan Note Instrument" the loan note instrument of the Company dated 30th March 2010 constituting the A Loan Notes, as amended and restated by a deed poll dated 28th October 2011 and a further deed poll dated 14 November 2013;

"Assigned Agreements" any agreement which the Trustee may from time to time designate as such by notice in writing to the Charging Companies;

"B Loan Notes" the Secured Series B Loan Notes of the Company constituted by the B Loan Note Instrument;

"B Loan Note Instrument" the loan note instrument of the Company dated 30th March 2010 constituting the B Loan Notes, as amended and restated by a deed poll dated 28th October 2011;

"Charging Companies" the Initial Charging Companies and any person which accedes to the terms of this Deed pursuant to the terms of a duly executed Deed of Accession;

"Charged Assets" In respect of a Charging Company all the undertaking, goodwill, property, assets and rights of such Charging Company described in Clauses 4.1 and 4.2;

"Collateral Instruments"	negotiable and non-negotiable instruments, guarantees, indemnities and other assurances against financial loss and any other documents or instruments which contain or evidence an obligation (with or without security) to pay, discharge or be responsible directly or indirectly for any liabilities of any person and including without limitation any document or instrument creating or evidencing an Encumbrance;
"Collections Account"	is as defined in Clause 8 (DEBTS AND CREDIT BALANCES);
"Company"	North Promotions Limited (company number 7192983);
"Dangerous Substance"	any radioactive emissions and any natural or artificial substance (whether in solid or liquid form or in the form of a gas or vapour and whether alone or in combination with any other substance) capable (in each case) of causing harm to man or any other living organism or damaging the environment or public health or welfare, including (without limitation) any controlled, special, hazardous, toxic, radioactive or dangerous waste;
"this Deed" or "Deed"	this composite guarantee and debenture;
"Deed of Accession"	a deed of accession to this Deed in the form set out in SCHEDULE 5;
"Default Rate"	11 per cent. per annum above the base lending rate of Coutts & Co;
"Edge"	Edge Performance VCT plc (company number 5558025);
"Encumbrance"	any mortgage, charge, assignment for the purpose of security, pledge, lien, right of set-off, arrangement for retention of title, or hypothecation or trust arrangement for the purpose of, or which has the effect of, granting security, or other security interest of any kind whatsoever and any agreement, whether expressed to be conditional or otherwise, to create any of the same or any agreement to sell or otherwise dispose of any asset on terms whereby such asset is or may be leased to or re-acquired or acquired by the person so agreeing or disposing;

"Enforcement Date"	the date on which: (a) the Trustee, pursuant to the terms of this Deed, demands the payment or discharge of all or any part of the Secured Obligations; or (b) if earlier, an application for an administration order, notice of intention to appoint or notice of appointment of an administrator is presented or served in relation to any Charging Company;
"Environment"	all gases, air, water, vapour, controlled waters (including ground and surface water) soil (surface and sub-surface), flora and fauna and all other natural resources;
"Environmental Laws"	all laws, regulations, codes of practice, circulars, guidance notices and the like having legal effect whether or not in force at the date of this Deed (whether in the United Kingdom or elsewhere) concerning the Environment, the protection of public health, the conditions of the work place or the control of Dangerous Substances;
"Event of Default"	any of the events or circumstances described in Condition 5 of each of the Loan Note Instruments;
"Finance Documents"	means this Deed, the Loan Note Instrument, and any document, certificate or instrument executed in connection with or pursuant to those documents;
"Floating Charge Assets"	those assets of any Charging Company from time to time subject to a floating charge pursuant to this Deed;
"Generally Accepted Principles"	accounting principles, concepts, bases and policies generally adopted and accepted in England from time to time;
"Guarantee"	the guarantee given by each Charging Company in the terms of Clause 2 subject to and with the benefit of the provisions set out in SCHEDULE 2;
"Insurances"	all policies of insurance either now or in the future held by or written in favour of any Charging Company or in which any Charging Company is otherwise interested but excluding any third party liability or public liability

insurance and any directors or officers insurance;

"Intellectual Property"

all patents (including applications, improvements, prolongations, extensions and rights to apply for them in any part of the world) designs (whether registered or unregistered) copyrights, design rights, trade marks and service marks (whether registered or unregistered) utility models, trade names, business names, domain names and brand names, know-how, formulae, confidential information, trade secrets, computer software programs and systems and any similar rights existing in any country (including the benefit of any licences or consents relating to any of the above) and all fees, royalties or other rights derived from them or incidental to them in any part of the world belonging to each Charging Company;

"Loan Notes"

the A Loan Notes and the B Loan Notes or as the case may be the principal amount thereof from time to time issued and paid up and outstanding, and "principal amount" shall be construed accordingly;

"Loan Note Instruments"

the A Loan Note Instrument and the B Loan Note Instrument;

"Noteholders"

holders from time to time of the Loan Notes;

"Permitted Encumbrances"

- (a) any lien for taxes of any kind either not yet assessed or, if assessed, not yet due and payable or being contested in good faith by appropriate proceedings (and for the payment of which adequate reserves have been provided by the relevant Charging Company);
- (b) any lien arising in the ordinary course of business by statute or by operation of law, in any case in respect of any monies:
 - (i) which are not yet due and payable;
 - (ii) which have become due and payable, to the extent that the payment of such monies is the subject of a dispute which the relevant Charging Company is conducting in good faith, if necessary by appropriate proceedings;

- (c) any rights by way of reservation or retention of title which are required by the supplier of any property to the relevant Charging Company in the normal course of such supplier's business;
- (d) any security interest arising under the Finance Documents;
- (e) any security interest created with the prior written consent of the Trustee;

"Prior Creditor"

any creditor of any Charging Company, the Prior Debt of whom or which is accepted by the Charging Companies and the Trustee as ranking in priority to the Secured Obligations or any of them under the terms of a Subordination Agreement;

"Prior Debt"

all obligations (present and future, actual or contingent and whether incurred jointly or severally) secured from time to time by any Prior Security;

"Prior Security"

means all fixed and floating charges and other Encumbrances and all collateral, additional or substituted Encumbrances held by a Prior Creditor at any time and given by any Charging Company as security for the payment and/or discharge of that or any other Charging Company's liabilities (present or future, actual or contingent and whether incurred jointly or severally) to any Prior Creditor of any kind and in any currency;

"Properties"

the assets of the relevant Charging Company described in Clause 4.1.1;

"Receivables"

in respect of each Charging Company:

- (a) all present and future book debts and other debts, rentals, royalties fees, VAT and monetary claims and all other amounts recoverable or receivable by the Charging Company from other persons or due or owing to the Charging Company (whether actual or contingent and whether arising under contract or in any other manner whatsoever);
- (b) the benefit of all rights and remedies relating to any of the items in (a) above including, without limitation, claims for damages and other remedies for non-payment of the same, all entitlements to

interest, negotiable instruments, guarantees, indemnities, Encumbrances, guarantees, indemnities, Encumbrances, Collateral Instruments, reservations of property rights, rights of tracing and unpaid vendor's liens and similar associated rights; and

- (c) all proceeds of any of the items listed in (a) or rights and remedies in (b) above;

"Receiver"

anyone or more receivers and/or managers or administrative receivers appointed by the Trustee pursuant to this Deed in respect of a Charging Company or over all or any of its Charged Assets;

"Secured Obligations"

all monies, obligations and liabilities now or at any time in the future due, owing or incurred to the Security Beneficiaries (or any of them) from or by any Charging Company on any account whatsoever, including pursuant to or in respect of the Loan Notes, when the same become due for payment or discharge, whether by acceleration or otherwise, and whether such monies obligations or liabilities are express or implied, present or future, actual or contingent, joint or several, incurred as principal or surety and whether originally owing to the Security Beneficiaries or any of them or purchased or otherwise acquired by it or any of them and whether denominated in sterling or in any other currency, or incurred on any banking account or in any other manner whatsoever and all other amounts payable by any Charging Company under this Deed;

"Securities"

the assets of the relevant Charging Company described in Clause 4.1.3;

"Security Beneficiaries"

the Trustee, Edge and the Noteholders;

"Subordination Agreement"

any subordination agreement entered into between any Prior Creditor, the Charging Companies and the Trustee;

**"subsidiary" and
"subsidiary undertaking"**

have the respective meanings set out in sections 1159 and 1162 of the Companies Act 2006; and

**"Town and Country
Planning Acts"**

the Town and Country Planning Act 1990 the Planning (Listed Buildings and Conservation Areas) Act 1990, the Planning (Consequential Provisions) Act 1990 and the Planning and Compensation Act 1991 and all regulations and

orders made or confirmed under any of them.

- 1.2 The expressions "**Trustee**", "**Security Beneficiaries**" and "**Charging Company**" include, where the context admits, their respective successors and in the case of the Trustee its transferees and assignees whether immediate or derivative and any replacement, additional or substitute Trustee appointed in accordance with SCHEDULE 5.
- 1.3 Clause headings and the Contents page (if any) are for ease of reference only and shall not affect the construction or the interpretation of this Deed.
- 1.4 In this Deed unless the context otherwise requires:
 - 1.4.1 words and expressions defined in the Loan Note Instruments and not otherwise defined in this Deed shall have the meaning given to them in the Loan Note Instruments;
 - 1.4.2 references to clauses and Schedule(s) are to be construed as references to the clauses of, and the Schedule(s) to, this Deed and references to this Deed include its Schedule(s) and (without limitation) include the Guarantee;
 - 1.4.3 reference to (or to any specified provision of) this Deed or any other document shall be construed as references to this Deed, that provision, or that document as in force for the time being and as amended in accordance with the terms of such document or, as the case may be, with the agreement of the relevant parties (and including, without limitation, the incorporation of the provisions of any Deed of Accession entered into by any company from time to time) and (where such consent is by the terms of this Deed or the relevant document required to be obtained as a condition to such amendment being permitted) the prior written consent of the Trustee;
 - 1.4.4 words importing the plural shall include the singular and vice versa;
 - 1.4.5 references to a person shall be construed as including references to that person's assigns, transferees or successors in title and shall include an individual, firm, Charging Company, corporation, unincorporated body of persons joint venture or any state or any agency of any state;
 - 1.4.6 references to statutory provisions shall be construed as references to those provisions as replaced, amended or re-enacted from time to time and shall include any orders, regulations, instruments or other subordinate legislation made under the relevant statute;
 - 1.4.7 the words "**other**" and "**otherwise**" shall not be construed ejusdem generis with any of the words preceding them where a wider construction is possible;
 - 1.4.8 the words "including" and "in particular" shall be construed as being by way of illustration or emphasis only and shall not be construed as, nor shall they take effect as, limiting the generality of any of the words preceding them; and
 - 1.4.9 references to "disposal" includes without limitation any sale, lease, sub-lease, assignment or transfer, the grant of an option or similar

right, the grant of any easement right or privilege, the creation of a trust or other equitable interest in favour of a third party, a sharing or parting with possession or occupation whether by way of licence or otherwise and the granting of use of or access to any other person over any intellectual property and "dispose" and "disposition" shall be construed accordingly.

2 GUARANTEE

- 2.1 Each Charging Company irrevocably and unconditionally guarantees to the Trustee (as trustee for each of the Security Beneficiaries) the payment on demand on the due date of the Secured Obligations (except any Secured Obligations in respect of which the relevant Charging Company is already primarily liable).
- 2.2 Each Charging Company as principal obligor and as a separate and independent obligation and liability from its liabilities under Clause 2.1, irrevocably and unconditionally agrees to indemnify the Trustee (as trustee for each of the Security Beneficiaries) in full on demand against all losses, costs and expenses suffered or incurred by the Trustee or any Security Beneficiary arising from or in connection with the Secured Obligations or otherwise pursuant to any of the Finance Documents or entering into any of them and against all losses, costs and expenses suffered or incurred by the Trustee or any Security Beneficiary arising from or in connection with any failure by any Charging Company to pay or otherwise discharge the Secured Obligations when due.
- 2.3 The Guarantee is given subject to and with the benefit of the provisions set out in SCHEDULE 2.
- 2.4 The liabilities of the Charging Companies under the Guarantee are joint and several.
- 2.5 The Guarantee and the covenants set out in this Deed and expressed to be given to or for the benefit of the Security Beneficiaries (or any of them) are given to the Trustee as trustee for and on behalf of the Security Beneficiaries (or any of them, as the case may be) and the Guarantee and any such covenants shall be read and construed accordingly.

3 COVENANT TO PAY

Each Charging Company covenants that it will pay to the Trustee as trustee for the Security Beneficiaries on demand the Secured Obligations (or that part then due to be paid and remaining unpaid) as and when the same or any part of them are due for payment or on such earlier date as this security becomes enforceable in accordance with the terms of this Deed and the Trustee determines to enforce the security.

4 CHARGES

- 4.1 Subject only to the right of any Prior Creditor under any Prior Security, each Charging Company with full title guarantee charges to the Trustee as trustee for the Security Beneficiaries by way of fixed charge (and as regards all those parts of the freehold and leasehold property in England and Wales now vested in such Charging Company by way of legal mortgage) as a continuing security for the payment and discharge of the Secured Obligations the following assets, both present and future, from time to time owned by the Charging Company or in which the Charging Company may from time to time have an interest:

- 4.1.1 all freehold and leasehold property of the Charging Company (including without limitation the property specified in SCHEDULE 3) and all liens, charges, options, agreements, rights and interests in or over land or the proceeds of sale of land and all buildings, fixtures (including trade fixtures) and fixed plant and machinery from time to time on such property or land together with all rights easements and privileges appurtenant to or benefiting the same;
- 4.1.2 all plant, machinery (other than that charged by Clause 4.1.1) vehicles, computers and office and other equipment and the benefit of all contracts and warranties relating to the same;
- 4.1.3 all stocks, shares, bonds and securities of any kind whatsoever whether marketable or otherwise and all other interests (including but not limited to loan capital) in any person including all allotments, rights, benefits and advantages whatsoever at any time accruing, offered or arising in respect of or incidental to the same and all money or property accruing or offered at any time by way of conversion, redemption, bonus, preference, option, dividend, distribution, interest or otherwise in respect of them;
- 4.1.4 (subject, in the case of any monies held in, or sums standing to the credit of, the Collections Account, to Clause 8) the Receivables;
- 4.1.5 all its rights, title and interest in and to cash at bank and (if different) any amount from time to time standing to the credit of any bank or other account with any Security Beneficiary or the Trustee or with any other bank, financial institution or person (including, without limitation but subject to Clause 8, the Collections Account);
- 4.1.6 the Insurances and all proceeds of the Insurances;
- 4.1.7 all uncalled capital and the goodwill of the Charging Company now or at any time in the future in existence; and
- 4.1.8 the Intellectual Property.
- 4.2 Each Charging Company with full title guarantee charges to the Trustee as trustee for the Security Beneficiaries by way of floating charge as a continuing security for the payment and discharge of the Secured Obligations its undertaking and all its property, assets and rights whatsoever and wheresoever, both present and future, but excluding any property or assets from time to time or for the time being effectively charged to the Trustee by way of fixed charge pursuant to Clause 4.1.
- 4.3 The charges created by Clauses 4.1 and 4.2 shall be first charges.
- 4.4 As further security for the payment of the Secured Obligations, each Charging Company assigns absolutely to the Trustee as trustee for the Security Beneficiaries all its right, title and interest in the Receivables (subject to Clause 8) and the Assigned Agreements and Insurances, provided that on payment or discharge in full of the Secured Obligations the Trustee will at the request and cost of the Charging Company reassign the Receivables, Assigned Agreements and Insurances.
- 4.5 Each of the charges referred to in Clause 4.1 shall be read and construed as, and deemed to be, separate charges over each of the items mentioned in sub-clauses

4.1.1 to 4.1.8 (inclusive), so that each item mentioned in each sub-clause and each item forming any constituent element of the Receivables, the Insurances and the Intellectual Property shall be deemed to be subject to a separate charge. Without prejudice to the generality of the previous sentence if any such item shall be found to be subject to a floating charge and not to a fixed charge, such finding shall not of itself result in any other such item being deemed to be subject to a floating charge (as opposed to a fixed charge).

- 4.6 Paragraph 14 of schedule B1 to the Insolvency Act 1986 applies to the floating charge created by Clause 4.2 which floating charge is accordingly a qualifying floating charge for such purposes.

5 NEGATIVE PLEDGE

- 5.1 Each Charging Company covenants that it will not without the prior consent in writing of the Trustee (other than, in each case, under or pursuant to any Prior Security):

- 5.1.1 (save in relation to Receivables to the extent permitted or required pursuant to Clause 8) dispose of, factor, discount, assign or in any other manner deal with, or create, or attempt to create, or permit to subsist or arise any Encumbrance (except a Permitted Encumbrance) on or over, the Receivables or any part of the Receivables, or release, set off or compound them;
- 5.1.2 create or attempt to create or permit to subsist in favour of any person other than the Trustee any Encumbrance (except Permitted Encumbrances);
- 5.1.3 dispose of the Charged Assets or any part of them or attempt or agree so to do, except in relation to Receivables to the extent permitted pursuant to Clause 8 and except for Floating Charge Assets which may (subject to the other provisions of this Deed and in particular but without limitation subject to the provisions of Clause 8) be sold at full market value in the usual course of trading as now conducted and for the purpose of carrying on the relevant Charging Company's business.

6 CONVERSION OF FLOATING CHARGE AND AUTOMATIC CRYSTALLISATION

- 6.1 Notwithstanding anything expressed or implied in this Deed, the floating charge created by this deed by a Charging Company shall automatically and without notice be converted into a fixed charge in respect of the Floating Charge Assets of that Charging Company:
- 6.1.1 if the relevant Charging Company creates or attempts to create any Encumbrance (other than a Permitted Encumbrance) over all or any of the Floating Charge Assets without the prior consent in writing of the Trustee; or
- 6.1.2 if any person levies or attempts to levy any distress, execution, sequestration or other process against any of the Floating Charge Assets of that Charging Company.
- 6.2 If at any time an Event of Default shall take place or the Trustee believes that any assets of a Charging Company are in danger of being seized or sold under any form of distress execution or other similar process then, without prejudice to the provisions of Clause 6.1 the Trustee shall be entitled at any time by giving

notice in writing to that effect to such Charging Company to convert the floating charge over all or any part of the Floating Charge Assets of that Charging Company into a fixed charge as regards the assets specified in such notice.

7 FURTHER ASSURANCE

- 7.1 Each Charging Company shall consent to the application to the Land Registry for the entry of any notice or restriction (insofar as the entry relates to the security created by this Deed) against each of its registered titles if any specified in SCHEDULE 3 (and against any title to any unregistered property specified in SCHEDULE 3 which is or ought to be the subject of a first registration of title at Land Registry at the date of this Deed).
- 7.2 Each Charging Company shall at any time if and when required by the Trustee and at the cost and expense of such Charging Company execute such deeds and documents and take any action required by the Trustee to perfect and protect the security created (or intended to be created) by this Deed or to facilitate the realisation of it or otherwise to enforce the same or exercise any rights of the Trustee under this Deed. In addition each Charging Company shall execute such further charges and mortgages in favour of the Trustee as the Trustee shall from time to time require over all or any of the Charged Assets to secure the Secured Obligations. Such further charges and mortgages shall be prepared by or on behalf of the Trustee at the cost of the relevant Charging Company and shall be in a form required by the Trustee (but containing terms and conditions, where directly comparable, no more onerous than those in this Deed).

8 DEBTS AND CREDIT BALANCES

- 8.1 Each Charging Company will:
- 8.1.1 collect all Receivables in the ordinary course of trading as agent for the Trustee (itself as trustee for the Security Beneficiaries) and, immediately upon receipt, pay all monies which it may receive in respect of the Receivables into such specially designated account(s) with the Trustee or such other account(s) with such other bank as the Trustee may from time to time direct (such account(s) together with all additions to or renewals or replacements of such accounts (in whatever currency) being the "**Collections Accounts**") and, pending such payment, hold all monies so received upon trust for the Trustee (itself as trustee for the Security Beneficiaries);
 - 8.1.2 where any Collections Account is not maintained with the Trustee, deliver to the bank with which the relevant Collections Account is maintained a notice to that bank and procure that that bank has signed and delivered to the Trustee a letter, in each case in substantially the form set out in 0 (Form of Notice to Bank Operating Collections Account);
 - 8.1.3 deal with the uncollected Receivables in accordance with any directions given in writing from time to time by the Trustee and, in default of and subject to such directions, in accordance with this Deed; and
 - 8.1.4 at any time after the security constituted by this Deed has become enforceable, execute and deliver to the Trustee a legal assignment of the Receivables to the Trustee (to the extent that the Receivables have not already been assigned to the Trustee) on such terms as the

Trustee may require and give notice of it to the debtors from whom the Receivables are due owing or incurred and take any other steps as the Trustee may require to perfect such legal assignment.

- 8.2 Each Charging Company will deliver to the Trustee such information as to the amount and nature of its Receivables as the Trustee may from time to time reasonably require.
- 8.3 Before the security constituted by this Deed shall have been enforced the monies credited to the Collections Account may be withdrawn by the relevant Charging Company and applied by it for any lawful purpose.
- 8.4 Upon the security constituted by this Deed being enforceable the Trustee (or a Receiver) may (subject to the payment of any claims having priority to this security) withdraw amounts standing to the credit of each Collections Account to meet any amount due and payable in respect of the Secured Obligations.
- 8.5 The Trustee or a Receiver shall not be responsible to any Charging Company for any non-payment of any liability of such Charging Company which could be paid out of monies standing to the credit of the relevant Collections Account, nor be liable to such Charging Company for any withdrawal wrongly made if made in good faith, except for gross negligence or wilful default.
- 8.6 The Trustee may delegate its powers of withdrawal under this clause to any administrative receiver and/or manager appointed pursuant to this Deed.
- 8.7 Prior to the floating charge constituted by Clause 4.2 of this Deed being converted into a fixed charge by operation of law or otherwise, any monies received by any Charging Company and paid into the Collections Account in respect of the Receivables shall upon payment stand released from the fixed charge contained in Clauses 4.1.4 and 4.1.5 of this Deed and shall stand subject to the floating charge contained in Clause 4.2 of this Deed, but such release shall in no respects derogate from the subsistence of the said fixed charge on all other Receivables for the time being outstanding.

9 THE SECURITIES

- 9.1 Until the Enforcement Date unless the Trustee shall otherwise direct each Charging Company shall, for as long as it remains the registered owner of any of the Securities, continue to be entitled to exercise the rights attaching to such shares as beneficial owner and to receive and retain any dividends or interest paid on them.
- 9.2 Each Charging Company will, if so requested by the Trustee, transfer all or any of the Securities to such nominees or agents as the Trustee may select, in which case:
 - 9.2.1 until the Enforcement Date the Trustee will hold all dividends, interest and other monies paid on and received by it in respect of the Securities for the account of the relevant Charging Company and will, subject to any right of set-off, pay such dividends, interest and other monies to the relevant Charging Company upon request; and
 - 9.2.2 until the Enforcement Date the Trustee will exercise all voting and other rights and powers attached to the Securities as the relevant Charging Company may from time to time in writing reasonably direct.

10 REPRESENTATIONS AND WARRANTIES

10.1 Each Charging Company represents and warrants to the Trustee that:

- 10.1.1 it is duly incorporated and validly existing under the laws of England and Wales and has power to carry on its business as it is now being conducted and to own its property and other assets;
- 10.1.2 it has power to execute, deliver and perform its obligations under this Deed and all necessary corporate, shareholder and other action has been taken to authorise the execution, delivery and performance of the same and no limitation on its powers will be exceeded as a result of the execution and delivery of this Deed or the performance of its obligations under this Deed;
- 10.1.3 this Deed constitutes valid and legally binding obligations of it enforceable in accordance with its terms;
- 10.1.4 the execution and delivery of the performance of its obligations under and compliance with the provisions of this Deed by such Charging Company will not:
 - (a) contravene any existing applicable law, statute, rule or regulation or any judgment or permit to which it is subject;
 - (b) conflict with or result in any breach of any of the terms of or constitute a default under any agreement or other instrument to which it is a party or is subject or by which it or any of its property is bound;
 - (c) contravene or conflict with any provision of its Articles of Association; or
 - (d) result in the creation of or oblige such Charging Company to create an Encumbrance in favour of any person other than the Trustee.

10.2 The representations and warranties in Clause 10.1 shall be deemed to be repeated by each Charging Company on each day until all the Secured Obligations have been paid or discharged in full as if made with reference to the facts and circumstances existing on each such day.

11 COVENANTS

11.1 Each Charging Company covenants with the Trustee that during the continuance of this security:

11.1.1 Documents of Title

it will deposit with the Trustee (to be held at the risk of such Charging Company):

- (a) all deeds and documents of title relating to the Properties and to any subordinate interest in any of them and the insurance policies relating to them;

- (b) all certificates and documents of title relating to the Securities and such deeds of transfer in blank and other documents as the Trustee may from time to time require for perfecting the title of the Trustee to the Securities (duly executed by or signed on behalf of the registered holder) or for vesting or enabling it to vest the same in itself or its nominees or in any purchaser; and
- (c) all such other documents relating to the Charged Assets as the Trustee may from time to time require;

11.1.2 **Securities**

it will duly and promptly pay all calls, instalments or other monies which may from time to time become due in respect of any of the Securities, it being acknowledged by the Charging Company that the Trustee shall not in any circumstances incur any liability whatsoever in respect of any such calls, instalments or other monies;

11.1.3 **Intellectual Property**

it will preserve, maintain and renew as and when necessary all copyrights, licences, patents, trade marks, designs, business names and domain names, computer programmes and all other rights required in connection with its business and will use its best endeavours to detect any infringement of the Intellectual Property and it will upon becoming aware of an infringement or potential infringement promptly take such action as may be required to remove such infringement or prevent the occurrence of such potential infringement;

11.1.4 **General Business**

- (a) it will conduct and carry on its business and procure that each of its Subsidiaries conducts and carries on its business in a proper and efficient manner and keep or cause or procure to be kept proper books of account relating to such business and not make any material alteration in the nature or mode of conduct of any such business;
- (b) it will observe and perform all covenants, burdens, stipulations, requirements and obligations from time to time affecting the Charged Assets and/or the use ownership, occupation, possession, operation, repair, maintenance or other enjoyment or exploitation of the Charged Assets whether imposed by statute, contract, lease, licence, grant or otherwise carry out all registrations or renewals and generally do all other acts and things (including the taking of legal proceedings) necessary or desirable to maintain defend or preserve its right, title and interest to and in the Charged Assets without infringement by any third party and not without the prior consent in writing of the Trustee enter into any onerous or restrictive obligations affecting any of the same or agree any rent review relating to any interest in any of the Properties;
- (c) it will keep all its buildings, machinery, plant, fixtures, vehicles, computers and office and other equipment in good and

substantial repair and in good working order and condition and permit the Trustee and its agents or representatives to enter and view their state and condition;

- (d) it will not do or cause or permit to be done anything which may in any way depreciate jeopardise or otherwise prejudice the value to the Trustee of any of the Charged Assets;

11.1.5 Insurance

- (a) (subject to clause 11.1.5(d) below), it will insure and keep insured and procure that each of its Subsidiaries will insure and keep insured at its own expense to the full replacement or reinstatement value from time to time (including, where applicable, the cost of demolition and site clearance, architects', surveyors' and other professional fees and incidental expenses in connection with reinstatement) all its assets of an insurable nature with insurers previously approved by the Trustee in writing against loss or damage, (including loss of rent and profits), by fire, storm, lightning, explosion, riot, civil commotion, malicious damage, impact, flood, burst pipes, aircraft and other aerial devices or articles dropped from them (other than war risk) third party and public liability and liability under the Defective Premises Act 1972 and such other risks and contingencies as the Trustee shall from time to time request such insurances to be effected with the interest of the Trustee noted on the policy and with the policy containing such provisions for the protection of the Trustee as the Trustee may reasonably require: in particular the Trustee may require the inclusion of a mortgagee's protection clause providing that such insurance shall not be invalidated as regards the Trustee by any act or neglect of the Charging Company nor by any misrepresentation or non-disclosure by the Charging Company, nor by enforcement of this Deed;
- (b) It will maintain such other insurance policies (with the interest of the Trustee noted on the policies) containing like provisions for the protection of the Trustee as are normally maintained by prudent companies carrying on businesses similar to those of the Charging Company or as the case may be its Subsidiaries: in particular the Trustee may require the inclusion of a mortgagee's protection clause providing that such insurance shall not be invalidated as regards the Trustee by any act or neglect of the Charging Company nor by any misrepresentation or non disclosure by the Charging Company, nor by enforcement of this Deed;
- (c) it will duly and promptly pay all premiums and other monies necessary for effecting and keeping up such insurances and on demand produce to the Trustee the policies of such insurance and evidence of such payments and comply in all other respects with the terms and conditions of the relevant policies including without limitation any stipulations or restrictions as to the use and/or operation of any asset;
- (d) (In the case of any leasehold property where the Charging Company or any Subsidiary is prohibited by the terms of the

relevant lease from complying with the obligations referred to in clause 11.1.5(a)) it will procure (where it is empowered to do so), or otherwise use all reasonable efforts to procure, the maintenance by the landlord (or other third party) of such insurance obligations in accordance with the provisions of the relevant lease;

11.1.6 Properties

- (a) it will not make any structural or material alteration to any of its Properties or do or permit to be done anything which is a "development" within the meaning of the Town and Country Planning Acts from time to time or any orders or regulations under such Acts or do or permit or omit to be done any act matter or thing as a consequence of which any provision of any statute, bye-law, order or regulation or any condition of any consent licence permission or approval (whether of a public or private nature) from time to time in force affecting any of the Properties;
- (b) it will punctually pay and indemnify the Trustee and any Receiver against all present and future rent, rates, taxes, duties, charges, assessments, impositions and outgoings whatsoever (whether imposed by agreement statute or otherwise) now or at any time during the continuance of this security payable in respect of the Properties or any part of them or by the owner or occupier of them;
- (c) it will, without prejudice to the generality of Clause 5.1, not without the prior consent in writing of the Trustee grant any lease, part with possession or share occupation of the whole or any part of any of the Properties or confer any licence, right or interest to occupy or grant any licence or permission to assign, underlet or part with possession of the same or any part of them or permit any person:
 - (i) to be registered (jointly with the Charging Company or otherwise) as proprietor under the Land Registration Act 2002 of any of the Properties, nor create or permit to arise any unregistered interests falling within Schedules 1, 3 or 12 to that Act (as the case may be) or where relevant any interests falling within section 11(4)(c) of that Act affecting the same nor any overriding interests affecting the same; or
 - (ii) to become entitled to any right, easement, covenant, interest or other title encumbrance which might adversely affect the value or marketability of any of the Properties;
- (d) It will not without the prior consent in writing of the Trustee vary, surrender, cancel or dispose of or permit to be forfeit any leasehold interest in any of the Properties;
- (e) it will inform the Trustee immediately before contracting to purchase or acquire any estate or interest in freehold, leasehold or heritable property and supply the Trustee with

such details of the purchase as the Trustee may from time to time request;

- (f) it will, and will procure (so far as it is able) that each Subsidiary will:
 - (i) comply with all material applicable Environmental Laws;
 - (ii) promptly upon receipt of the same, notify the Trustee of any claim, notice or other communication served on it in respect of any alleged breach of any Environmental Law which might, if substantiated, have a material adverse effect; and
 - (iii) indemnify the Trustee, any Receiver and their respective officers, employees, agents and delegates (together the "Indemnified Parties") against any cost or expense suffered or incurred by them which:
 - (A) arises by virtue of any actual or alleged breach of any Environmental Law (whether by the Charging Company, an Indemnified Party or any other person);
 - (B) would not have arisen if this Deed had not been executed; and
 - (C) was not caused by the negligence or wilful default of the relevant Indemnified Party.

11.2 Subsidiaries

Each Charging Company covenants that it will procure that any of its Subsidiaries from time to time which is not a Charging Company shall enter into a Deed of Accession within seven days after notice in writing requiring the same from the Trustee to the Charging Company concerned.

11.3 Subsidiary Obligations

Each Charging Company covenants that it will procure that each Subsidiary of it shall comply with all covenants and undertakings set out in this Clause 11 as if reference in the provisions of this Clause 11 to the Charging Company were a reference to the Charging Company and separately to each Subsidiary of it.

12 RIGHT TO REMEDY CHARGING COMPANY'S DEFAULT

If a Charging Company at any time defaults in complying with any of its obligations contained in this Deed the Trustee shall, without prejudice to any other rights arising as a consequence of such default, be entitled (but not bound) to make good such default and each Charging Company irrevocably authorises the Trustee and its employees and agents by way of security to do all such things (including, without limitation, entering the Charging Company's property) necessary or desirable in connection with such task. Any monies so expended by the Trustee shall be repayable by the relevant Charging Company to the Trustee on demand together with interest accruing daily at the Default Rate from the date of payment by the Trustee until such repayment both before and after judgment. Such interest shall be compounded monthly.

13 GENERAL POWERS OF THE TRUSTEE

13.1 General

- 13.1.1 At any time on or after the Enforcement Date, or if requested by a Charging Company, the Trustee may, without further notice and without the restrictions contained in Section 103 of the Law of Property Act 1925 and whether or not a Receiver shall have been appointed, exercise all the powers conferred upon mortgagees by the Law of Property Act 1925 as varied or extended by this Deed and all the powers and discretions conferred by this Deed on a Receiver either expressly or by reference.
- 13.1.2 Section 93 of the Law of Property Act 1925 shall not apply to the security created by this Deed or to any security given to the Trustee pursuant to this Deed.

13.2 Leasing

- 13.2.1 During the continuance of this security the statutory and any other powers of leasing, letting, entering into agreements for leases or lettings and accepting or agreeing to accept surrenders of leases or tenancies shall not be exercisable by any Charging Company in relation to the Charged Assets or any part of them.
- 13.2.2 The Trustee shall have the power to lease and make agreements for leases at a premium or otherwise to accept surrenders of leases and to grant options on such terms as the Trustee shall consider expedient and without the need to observe any of the provisions of Sections 99 and 100 of the Law of Property Act 1925.

13.3 Subsequent Encumbrance

If the Trustee or any of the Security Beneficiaries receives notice of any subsequent Encumbrance affecting the Charged Assets of a Charging Company or any part of the Charged Assets of a Charging Company the Trustee may open a new account for any Charging Company or Charging Companies. If it does not do so then, unless the Trustee gives express written notice to the contrary to the relevant Charging Company, it shall nevertheless be treated as if it had opened a new account at the time when it received such notice and as from that time all payments made by or on behalf of such Charging Company to the Trustee or such Security Beneficiary shall be credited or be treated as having been credited to the new account and shall not operate to reduce the amount due from such Charging Company to the Trustee or any Security Beneficiary at the time when it received such notice.

13.4 Charges

Any sale or other disposition by the Trustee or by any of its nominees or by a Receiver may be made upon such terms as to indemnity as the Trustee or such Receiver may think fit. The Trustee or the Receiver may settle and approve the accounts of any person in whom any prior or existing charge granted by any Charging Company may from time to time be vested and any accounts so settled and approved shall, as between the Trustee the Receiver and the relevant Charging Company, be deemed to be properly settled and approved and shall be binding on the relevant Charging Company accordingly.

14 APPOINTMENT AND POWERS OF RECEIVER

- 14.1 At any time on or after the Enforcement Date or if requested by any Charging Company the Trustee may by deed or by instrument in writing under the hand of any director or other duly authorised officer appoint one or more persons to be (a) Receiver(s) of the Charged Assets of any or all of the Charging Companies or any part of such Charged Assets provided that:
- 14.1.1 the Trustee may not appoint an administrative receiver (as defined in section 29(2) of the Insolvency Act 1986) if the Trustee is prohibited from doing so by Section 72A of the Insolvency Act 1986 and none of the exceptions to the prohibition on appointing an administrative receiver applies; and
 - 14.1.2 the Trustee may not appoint on or after any event set out in paragraph (ii) of the definition of Enforcement Date a receiver (that is not an administrative receiver) without the consent of any administrator appointed or the permission of the Court.
- 14.2 Where more than one Receiver is appointed each joint Receiver shall have power to act severally and independently of any other joint Receiver except to the extent that the Trustee may specify to the contrary in the appointment. The Trustee may (subject where relevant to Section 45 of the Insolvency Act 1986) remove any Receiver so appointed and appoint another in his place.
- 14.3 Subject to Section 45 of the Insolvency Act 1986, the Trustee may in respect of any Charging Company:
- 14.3.1 remove any Receiver previously appointed under this Deed; and
 - 14.3.2 appoint another person or other persons as Receiver or Receivers, either in the place of a Receiver so removed or who has otherwise ceased to act or to act jointly with a Receiver or Receivers previously appointed under this Deed.
- 14.4 A Receiver shall (save as otherwise required or provided as a matter of law) be the agent of the Charging Company and the Charging Company shall be solely responsible for his acts or defaults and for his remuneration.
- 14.5 A Receiver shall have all the powers conferred from time to time on receivers by statute (in the case of powers conferred by the Law of Property Act 1925 without the restrictions contained in Section 103 of that Act) and power on behalf and at the cost of the Charging Company (notwithstanding liquidation of the Charging Company) to do or omit to do anything which the Charging Company could do or omit to do in relation to the Charged Assets or any part of them. In particular (but without limitation) a Receiver shall have power to do all or any of the following acts and things in respect of any Charging Company and the Charged Assets in respect of which he is appointed namely:
- 14.5.1 take possession of, collect and get in all or any of the Charged Assets, exercise in respect of the Securities all voting or other powers 'or rights available to a registered holder of the Securities in such manner as he may think fit and bring, defend or discontinue any proceedings or submit to arbitration in the name of the Charging Company or otherwise as may seem expedient to him;

- 14.5.2 carry on, manage, develop, reconstruct, amalgamate or diversify the business of the Charging Company or any part of it, or concur in so doing, lease or otherwise acquire and develop or improve properties or other assets without being responsible for loss or damage;
- 14.5.3 raise or borrow any money from or incur any other liability to the Trustee or others on such terms, with or without security, as he may think fit and so that any such security may be or include a charge on the whole or any part of the Charged Assets ranking in priority to this Deed or otherwise;
- 14.5.4 without the restrictions imposed by Section 103 -of the Law of Property Act 1925 or the need to observe any of the provisions of Sections 99 and 100 of such Act, sell by public auction or private contract, let, surrender or accept surrenders, grant licences or otherwise dispose of or deal with all or any of the Charged Assets or concur in so doing in such manner for such consideration and generally on such terms and conditions as he may think fit, with full power to convey, let, surrender, accept surrenders or otherwise transfer or deal with such Charged Assets in the name and on behalf of the Charging Company or otherwise and so that covenants and contractual obligations may be granted and assumed in the name of and so as to bind the Charging Company (or other estate owner if he shall consider it necessary or expedient so to do) and so that any such sale, lease or disposition may be for cash, debentures or other obligations, shares, stock, securities or other valuable consideration and be payable immediately or by instalments spread over such period as he shall think fit, and so that any consideration received or receivable shall ipso facto forthwith be and become charged with the payment of all the Secured Obligations, plant, machinery and other fixtures may be severed and sold separately from the premises containing them and the Receiver may apportion any rent and the performance of any obligations affecting the premises sold without the consent of the Charging Company;
- 14.5.5 promote the formation of companies with a view to the same purchasing, leasing, licensing, or otherwise acquiring interests in all or any of the Charged 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 Charged Assets on such terms and conditions whether or not including payment by instalments secured or unsecured as he may think fit;
- 14.5.6 make any arrangement or compromise or enter into or cancel any contracts which he shall think expedient;
- 14.5.7 make and effect such repairs, renewals and improvements to the Charged Assets or any part of them as he may think fit and maintain, renew, take out or increase insurances;
- 14.5.8 appoint managers, agents, officers and employees for any of such purposes or to guard or protect the Charged Assets at such salaries and commissions and for such periods and on such terms as he may determine and may dismiss the same;
- 14.5.9 make calls conditionally or unconditionally on the members of the Charging Company in respect of uncalled capital;

- 14.5.10 without any further consent by or notice to the Charging Company exercise for and on behalf of the Charging Company all the powers and provisions conferred on a landlord or a tenant by the Landlord and Tenant Acts, the Rents Acts, the Housing Acts or the Agricultural Holdings Act 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 Properties, but without any obligation to exercise any of such powers and without any liability in respect of powers so exercised or omitted to be exercised;
- 14.5.11 sign any document, execute any deed and do all such other acts and things as may be considered by him to be incidental or conducive to any of the above matters or powers or to the realisation of the security of the Trustee and to use the name of the Charging Company for all the above purposes;
- 14.5.12 do all the acts and things described in Schedule 1 to the Insolvency Act 1986 as if the words "he" and "him" referred to the Receiver and "company" referred to the Charging Company;
- 14.5.13 to exercise all the powers of the Trustee under this Deed.
- 14.6 The Trustee may from time to time determine the remuneration of any Receiver without being limited to the maximum rate specified in Section 109(6) of the Law of Property Act 1925. A Receiver shall be entitled to remuneration appropriate to the work and responsibilities involved upon the basis of charging from time to time adopted by the Receiver in accordance with the current practice of his firm.
- 14.7 The Trustee may at any time after the Enforcement Date or if requested by any Charging Company appoint one or more persons to be (an) administrator(s) of any or all of the Charging Companies pursuant to the Insolvency Act 1986.

15 APPLICATION OF PROCEEDS; INSURANCE MONIES; PURCHASERS

- 15.1 All monies received by any Receiver appointed under this Deed shall (subject to any requirement of law to the contrary) be applied in the following order:
 - 15.1.1 in discharge of any charges ranking in priority to this Deed;
 - 15.1.2 in the payment of the costs, charges and expenses of and incidental to the Receiver's appointment and the payment of his remuneration;
 - 15.1.3 in the payment and discharge of any outgoings paid and liabilities incurred by the Receiver in the exercise of any of the powers of the Receiver;
 - 15.1.4 in providing for the matters (other than the remuneration of the Receiver) specified in the first three paragraphs of Section 109(8) of the Law of Property Act 1925;
 - 15.1.5 in or towards payment of any debts or claims which are required by law to be paid in preference to the Secured Obligations but only to the extent to which such debts or claims have such preference;
 - 15.1.6 in or towards the satisfaction of the Secured Obligations in such order as the Trustee may conclusively determine; and

- 15.1.7 any surplus shall be paid to the Charging Company or other person entitled to it.

The provisions of this clause shall take effect by way of variation and extension to the provisions of Section 109(8) of the Law of Property Act 1925 which provisions as so varied and extended shall be deemed incorporated in this clause.

- 15.2 All monies receivable by virtue of any Insurances shall be paid to the Trustee (or if not paid by the insurers directly to the Trustee shall be held on trust for the Trustee) and shall at the option of the Trustee be applied in replacing, restoring or reinstating the property or assets destroyed, damaged or lost (any deficiency being made good by the Charging Company) or (except where the Charging Company is obliged (as landlord or tenant) to layout such insurance monies under the provisions of any lease of any of the Charged Assets) in reduction of the Secured Obligations.
- 15.3 No purchaser or other person shall be bound or concerned to see or enquire whether the right of the Trustee or any Receiver to exercise any of the powers conferred by this Deed has arisen or be concerned with notice to the contrary or with the propriety of the exercise or purported exercise of such powers.
- 15.4 Any moneys received, recovered or realised under the powers conferred under this Deed may, at the discretion of the Trustee, be placed in a suspense account and kept there for so long as the Trustee thinks fit pending application from time to time (as the Trustee shall be entitled to do as it may think fit) of moneys in or towards discharge of the Secured Obligations.

16 COSTS AND EXPENSES; LIABILITY; INDEMNITY

- 16.1 Each Charging Company covenants with the Trustee to pay on demand all costs, charges and expenses incurred by the Trustee or by any Receiver in or about the enforcement, protection, preservation or attempted preservation of any of the security created by or pursuant to this Deed or any of the Charged Assets on a full indemnity basis, together with interest accruing daily at the Default Rate from the date on which such costs charges or expenses are so incurred until the date of payment (both before and after judgment) such interest to be compounded monthly in accordance with the normal practice of the Trustee.
- 16.2 Neither the Trustee nor any Receiver shall be liable to account as mortgagee or heritable creditor in possession in respect of all or any of the Charged Assets or be liable for any loss upon realisation or for any neglect or default of any nature whatsoever for which a mortgagee or heritable creditor in possession may be liable as such.
- 16.3 Each Charging Company agrees to indemnify the Trustee and any Receiver on demand against all losses, actions, claims, expenses, demands or liabilities whether in contract, tort, delict or otherwise and whether arising at common law in equity or by statute which may be incurred by or made against any of them (or by or against any manager agent officer or employee for whose liability, act or omission any of them may be answerable) as a consequence of:
- 16.3.1 anything done or omitted in the exercise or purported exercise of the powers contained in this Deed; or
- 16.3.2 any breach by the Charging Company of any of its obligations under this Deed.

- 16.4 The Charging Company shall pay interest on the sum demanded at the Default Rate.

17 EVENTS OF DEFAULT; ENFORCEMENT

On the occurrence of any Event of Default, all Secured Obligations (other than unascertained or contingent liabilities) of any Charging Company, not otherwise so payable, shall immediately become payable on demand.

18 POWER OF ATTORNEY

Each Charging Company by way of security irrevocably appoints:

- 18.1 the Trustee;
- 18.2 each person to whom the Trustee shall from time to time have delegated the exercise of the power of attorney conferred by this clause; and
- 18.3 any Receiver,

severally to be its attorney in its name and on its behalf:

- 18.3.1 to execute and complete any documents or instruments which the Trustee or such Receiver may require for perfecting the title of the Trustee to the Charged Assets or for vesting the same in the Trustee its nominees or any purchaser;
- 18.3.2 to sign, execute, seal and deliver and otherwise perfect any further security document referred to in Clause 7; and
- 18.3.3 otherwise generally to sign, seal, execute and deliver all deeds, assurances agreements and documents and to do all acts and things which may be required for the full exercise of all or any of the powers conferred on the Trustee or a Receiver under this Deed or which may be deemed expedient by the Trustee or a Receiver in connection with any disposition, realisation or getting in by the Trustee or such Receiver of the Charged Assets or any part of them or in connection with any other exercise of any power under this Deed.

19 CONTINUING SECURITY AND OTHER MATTERS

19.1 Continuing Security

This Deed and the obligations of each Charging Company under this Deed shall:

- 19.1.1 secure the ultimate balance from time to time owing to the Trustee and the Security Beneficiaries (and any of them) by the Company and each Charging Company (and any of them) and shall be a continuing security notwithstanding any settlement of account or other matter whatsoever;
- 19.1.2 be in addition to and not prejudice or affect any present or future Collateral Instrument, Encumbrance, right or remedy held by or available to the Trustee or any Security Beneficiary; and
- 19.1.3 not merge with or be in any way prejudiced or affected by the existence of any such Collateral Instruments, Encumbrances, rights or

remedies or by the same being or becoming wholly or in part void, voidable or unenforceable on any ground whatsoever or by the Trustee or any Security Beneficiary dealing with, exchanging, releasing, varying or failing to perfect or enforce any of the same or giving time for payment or indulgence or compounding with any other person liable.

19.2 Other Security

Neither the Trustee nor any Security Beneficiary shall be obliged to resort to any Collateral Instrument or other means of payment now or after the date of this Deed held by or available to it before enforcing this Deed, and no action taken or omitted by the Trustee or any in connection with any such Collateral Instrument or other means of payment shall discharge, reduce, prejudice or affect the liability of any Charging Company.

19.3 Release Conditional

Any release, discharge or settlement between any Charging Company and the Trustee shall be conditional upon no security, disposition or payment to the Trustee or any Security Beneficiary by any Charging Company or any other person being void, set aside or ordered to be refunded pursuant to any enactment or law relating to liquidation, administration or insolvency or for any other reason whatsoever and if such condition shall not be fulfilled the Trustee shall be entitled to enforce this Deed subsequently as if such release discharge or settlement had not occurred and any such payment had not been made.

19.4 Set-off

19.4.1 Each Charging Company agrees that each of the Trustee and Security Beneficiaries (and any of them) may at any time whether before or after any demand under this Deed and without notice to any Charging Company notwithstanding any settlement of account or other matter whatsoever combine or consolidate all or any of its then existing accounts wherever they are situated (including accounts in the name of any of the Security Beneficiaries or of any Charging Company jointly with others), whether such accounts are current, deposit, loan or of any other nature whatsoever, whether they are subject to notice or not and whether they are denominated in sterling or in any other currency, and set-off or transfer any sum standing to the credit of anyone or more such accounts in or towards satisfaction of the Secured Obligations which to the extent not then payable shall automatically become payable to the extent necessary to effect such set-off. For this purpose the Trustee and the Security Beneficiaries (and each of them) is and are authorised to purchase with the monies standing to the credit of such accounts such other currencies as may be necessary to effect such applications.

19.4.2 Each Charging Company irrevocably and unconditionally agrees that if there shall from time to time be any credit balance on any of its accounts with the Trustee (or any Security Beneficiary) the Trustee (or such Security Beneficiary) shall have the absolute right to refuse to permit such credit balance to be utilised or withdrawn by such Charging Company whether in whole or in part if at the time any of the Secured Obligations is outstanding.

20 CURRENCY CLAUSES

- 20.1 All monies received or held by the Trustee or by a Receiver under this Deed may from time to time be converted into such other currency as the Trustee or Receiver considers necessary or desirable to cover the Secured Obligations in that other currency at the then prevailing spot rate of exchange of the Trustee (as conclusively determined by the Trustee) for purchasing that other currency with the existing currency.
- 20.2 If and to the extent that any Charging Company fails to pay any amount due on demand, the Trustee may, in its absolute discretion, without notice to such Charging Company, purchase at any time afterwards so much of any currency as the Trustee considers necessary or desirable to cover the Secured Obligations in such currency at the then prevailing spot rate of exchange of the Trustee (as conclusively determined by the Trustee) for purchasing such currency with sterling and each Charging Company agrees to indemnify the Trustee against the full sterling cost (including all costs charges and expenses) paid.
- 20.3 No payment to the Trustee (whether under any judgment or court order or otherwise) shall discharge the obligation or liability of any Charging Company in respect of which it was made unless and until the Trustee shall have received payment in full in the currency in which such obligation or liability was incurred. To the extent that the amount of any such payment shall on actual conversion into such currency fall short of such obligation or liability expressed in that currency the Trustee shall have a further separate cause of action against the Charging Company and shall be entitled to enforce the charges created by this Deed to recover the amount of the shortfall.

21 ASSIGNMENT

- 21.1 This Deed is freely assignable or transferable by the Trustee and, to the extent any Security Beneficiary is able to rely on or enforce the same, each Security Beneficiary.
- 21.2 The Trustee may disclose to any person related to the Trustee and/or any person to whom it is proposing to transfer or assign or has transferred or assigned this Deed any information about any Charging Company.

22 THIRD PARTY RIGHTS

- 22.1 Subject to Clauses 22.4, 22.5 and 22.6 below, the Receiver may rely upon and enforce the rights conferred upon it under this Deed, including, without limitation, those set out in Clauses 11.1.6(f) (Properties), 11.1.6(f)(iii), 13.4 (Charges), 14.1 (Right for jointly appointed Receivers to act independently), 14.4 (Payment by the Charging Company), 14.5 (Receivers powers), 14.6 (Level of remuneration), 15 (Application of proceeds), 16 (Costs and expenses), 18 (Power of attorney) and 20.1 (Conversion of currency) against each and any Charging Company.
- 22.2 Subject to Clauses 22.4, 22.5 and 22.6 below, the indemnified parties may rely upon and enforce the rights conferred upon them under this Deed.
- 22.3 Without limiting Clause 21, if the Trustee or (to the extent required in Clause 21.1) any Security Beneficiary assigns its rights under this Deed to any person, such assignee may rely upon and enforce the undertakings given by a Charging Company in this Deed against such Charging Company.

- 22.4 The third party rights referred to in Clauses 22.1, 22.2, and 22.3 (any other terms of this Deed which provide that a third party may in his own right enforce a term of this Deed) may only be enforced by the relevant third party with the written consent of the Trustee and subject to and in accordance with the provisions of the Contracts (Rights of Third Parties) Act 1999 (the "**1999 Act**") and all other relevant terms of this Deed.
- 22.5 Notwithstanding any other provision of this Deed (including, without limitation, Clauses 22.1, 22.2, and 22.3), the Trustee and the Charging Companies may by agreement in writing rescind or vary any of the provisions in this Deed in any way without the consent of any third party, and accordingly section 2(1) of the 1999 Act shall not apply.
- 22.6 Except as contemplated or provided in Clauses 2, 13.3, 19, 20, 20.3, 22.1, 22.2, 22.3, and 26 (or insofar as this Deed otherwise contemplates or expressly provides that a third party may in his own right enforce a term of this Deed or where a provision is a covenant or agreement by a Charging Company with or for the benefit of a Security Beneficiary), a person who is not a party to this Deed has no right under the 1999 Act to rely upon or enforce any term of this Deed but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

23 MISCELLANEOUS

- 23.1 The rights, powers and remedies provided in this Deed are cumulative and are not, nor are they to be construed as, exclusive of any rights, powers or remedies provided by law or otherwise.
- 23.2 No failure or delay on the part of the Trustee to exercise any power, right or remedy shall operate as a waiver of it, nor shall any single or any partial exercise or waiver of any power, right or remedy preclude its further exercise or the exercise of any other power right or remedy.
- 23.3 Any liability or power which may be exercised or any determination which may be made under this Deed by the Trustee may be exercised or made in its absolute and unfettered discretion and the Trustee shall not be obliged to give reasons.
- 23.4 Each of the provisions of this Deed is severable and distinct from the others and if at any time one or more of such provisions is or becomes invalid, illegal or unenforceable the validity, legality and enforceability of the remaining provisions of this Deed shall not in any way be affected or impaired by such event.
- 23.5 This Deed shall remain in full force and effect notwithstanding any amendments or variations from time to time of the Finance Documents and all references to the Finance Documents in this Deed shall be taken as referring to the Finance Documents as amended or varied from time to time (including, without limitation, any increase in the amount of the Secured Obligations).
- 23.6 For the purposes of the Law of Property (Miscellaneous Provisions) Act 1989 any provisions of the Finance Documents relating to any disposition of an interest in land shall be deemed to be incorporated in this Deed.
- 23.7 This Deed may be executed in any number of counterparts each of which shall be deemed to be an original, and which together shall constitute one and the same instrument.

24 NOTICES

- 24.1 Any notices required to be given under the provisions of this Deed shall be in writing and shall be deemed to have been duly served if hand delivered or sent by pre paid recorded or special delivery post or pre paid international recorded airmail post or facsimile or pre paid first class post, correctly addressed to the relevant party's address as specified in this Deed or at such other address as either party may designate from time to time in accordance with this clause.
- 24.2 Any notice pursuant to Clause 24.1 shall be deemed to have been served:
- 24.2.1 if hand delivered or sent by pre paid recorded or special delivery post or pre paid international recorded airmail post at the time of delivery;
 - 24.2.2 If sent by facsimile at the time of transmission but subject to proof by the sender that he holds an acknowledgement from the addressee confirming receipt of the transmitted notice in readable form;
 - 24.2.3 if sent by pre paid first class post within 48 hours of posting (exclusive of the hours of Sunday).
- 24.3 Provided that if deemed receipt occurs before 9.00 a.m. on a Business Day the notice shall be deemed to have been received at 9.00 a.m. on that day, and if deemed receipt occurs after 5.00 p.m. on a Business Day, or on any day which is not a Business Day, the notice shall be deemed to have been received at 9.00 a.m. on the next Business Day. For the purpose of this clause, "Business Day" means any day which is not a Saturday, a Sunday or a public holiday in the place at or to which the notice is left or sent and references to any time shall be to London time.

25 TRUSTEE PROVISIONS

- 25.1 The Trustee shall hold the security constituted by this Deed and the Guarantee and the benefit of all related rights on trust for the Security Beneficiaries in accordance with their respective rights under the Finance Documents and the security trust provisions set out in SCHEDULE 5 (Trust Provisions) to this Deed.
- 25.2 The Trustee shall, as against each Charging Company, be entitled to enforce, in its capacity as Trustee, any consent, undertaking or request given by any Charging Company to, or for the benefit of, the Security Beneficiaries or any of them under this Deed, and no Charging Company shall be concerned as to the arrangements between the Trustee and all Security Beneficiaries (or any of them) in relation to it.

26 CONFLICT WITH SUBORDINATION AGREEMENT

If any of the provisions of this Deed conflict with the provisions of any Subordination Agreement, the provisions of such Subordination Agreement shall prevail. Each Charging Company, the Noteholders and the Security Trustee acknowledge that if at any time there shall be a Prior Creditor (a) the security created under this Deed shall rank behind the Prior Security to the extent provided in the relevant Subordination Agreement and (b) the obligations incurred by any Charging Company to the Noteholders and/or the Trustee under this Deed shall be subordinated to the Prior Debt on the terms set out in the relevant Subordination Agreement.

27 CONSENT

If a Prior Creditor shall give any consent, required under the terms of any Prior Security, to any disposal of any part of the Charged Assets, the Trustee shall be deemed to have given its consent to such disposal free from the Encumbrances created under or pursuant to this Deed

28 LAW

- 28.1 This Deed and any non-contractual obligations arising out of or in connection with it shall be governed by and shall be construed in accordance with English law.
- 28.2 Each Charging Company irrevocably agrees for the benefit of the Trustee and the Security Beneficiaries that the courts in England shall have jurisdiction to hear and determine any suit, action or proceeding and to settle any dispute (including non-contractual disputes) which may arise out of or in connection with, this Deed and for such purposes irrevocably submits to the jurisdiction of such courts.
- 28.3 Nothing contained in this Clause 26 shall limit the right of the Trustee to take proceedings against any Charging Company in any other court of competent jurisdiction, nor shall the taking of any such proceedings in one or more jurisdictions preclude the taking of proceedings in any other jurisdiction whether concurrently or not (unless prevented by applicable law).
- 28.4 Each Charging Company irrevocably waives any objection which it may have now or in the future to the courts of England being nominated for the purpose of this clause on the ground of venue or otherwise and agrees not to claim that any such court is not a convenient or appropriate forum.

EXECUTED AND DELIVERED AS A DEED by or on behalf of the parties on the date set out at the beginning of this Deed.

SCHEDULE 1
Details of the Initial Charging Companies

Company name	Company number
North Promotions Limited	7192983
Coolabi Limited	3735898
Coolabi Licensing Limited	4719448
Coolabi Productions Limited	5329061
Coolabi Publishing Limited	6814316
Purple Enterprises Limited	02695472
Indie Kids International Limited	04395436
Indie Kids Limited	04395863
Licensing By Design Limited	02419356

SCHEDULE 2
Guarantee Provisions Pursuant to Clause 2

- 1** This Guarantee is a continuing security and shall remain in full force and effect until all Secured Obligations have been paid, discharged or satisfied in full notwithstanding the liquidation or other incapacity or any change in the constitution of any Charging Company or in the name and style of any of them or any settlement of account or other matter whatsoever.
- 2** This Guarantee is in addition to and shall not merge with or otherwise prejudice or affect or be prejudiced by any other right, remedy, guarantee, indemnity or security and may be enforced without first having recourse to the same or any other bill, note, mortgage, charge, pledge or lien now or after the date of this Deed held by or available to the Trustee or any Security Beneficiary.
- 3** Notwithstanding that this Guarantee ceases to be continuing for any reason whatever, the Trustee and the Security Beneficiaries (or any of them) may continue any accounts of the Company or open one or more new accounts and the liability of the Charging Companies under this Deed shall not in any manner be reduced or affected by any subsequent transactions or receipts or payments into or out of any such accounts.
- 4** If any purported obligation or liability of any Charging Company to the Security Beneficiaries or the Trustee (or any of them) which if valid would have been the subject of this Guarantee is not or ceases to be valid or enforceable against any Charging Company on any ground whatsoever whether or not known to the Trustee or any Security Beneficiary including but not limited to any defect in or want of powers of any Charging Company or irregular exercise of them or lack of authority by any person purporting to act on behalf of any Charging Company or any legal or other limitation (whether under the Limitation Acts or otherwise), disability, incapacity or any change in the constitution of or any amalgamation, reconstruction, liquidation or dissolution of any Charging Company, each Charging Company shall nevertheless be liable to the Trustee and each Security Beneficiary in respect of that purported obligation or liability as if the same were fully valid and enforceable and each Charging Company were the principal debtor in respect of it and the Charging Companies agree to keep the Trustee and each Security Beneficiary fully indemnified against all damages, loss, costs and expenses arising from any failure of any Charging Company to carry out any such purported obligation or liability.
- 5** The liability of the Charging Companies under this Guarantee shall not be reduced, discharged or otherwise adversely affected by:
 - 5.1** any variation, extension, compromise, discharge, dealing with, exchange or renewal of any right or remedy which the Trustee or any Security Beneficiary may now or after the date of this Deed have against the Company, any other Charging Company or any other person in respect of the Secured Obligations;
 - 5.2** any act or omission by the Trustee or any Security Beneficiary or any other person in taking up, perfecting or enforcing or the non-enforcement of any security or guarantee from or against the Company, any other Charging Company or any other person;
 - 5.3** any termination, amendment, variation, novation or supplement of or to any of the Secured Obligations;

- 5.4 any grant of time, indulgence, waiver or concession to the Company, any other Charging Company or any other person;
 - 5.5 any incapacity or any change in the constitution, name and style of the Company, any other Charging Company or any other person;
 - 5.6 any invalidity, illegality, unenforceability, irregularity, frustration or discharge by operation of law of any actual or purported liability of or any security held from, the Company, any other Charging Company or any other person in connection with the Secured Obligations;
 - 5.7 any act or omission which would not have discharged or affected any of the liabilities of a Charging Company had it been the borrower instead of any other Charging Company; or
 - 5.8 by anything which, but for this provision, might operate to exonerate or discharge the Company or any other Charging Company or otherwise reduce or extinguish any of its liabilities under this Guarantee.
- 6** The Company warrants to the Trustee that it has not taken or received and undertakes that it will not take or receive the benefit of any security from any other Charging Company or any other person in respect of any liability of or payment by the Company under this Guarantee or otherwise in connection with this Guarantee.
- 7** Until all the Secured Obligations have been paid, discharged or satisfied in full (and notwithstanding payment of a dividend in any liquidation or bankruptcy or under any compromise or arrangement) each Charging Company agrees that, without the prior written consent of the Trustee, it will not:
- 7.1 exercise any right of subrogation, reimbursement or indemnity against any other Charging Company;
 - 7.2 require any contribution, indemnity, reimbursement or accounting from any other Charging Company of any of the Secured Obligations or require the Trustee or any Security Beneficiary to effect or implement marshalling;
 - 7.3 demand or accept repayment in whole or in part of any indebtedness now or after the date of this Deed due to any Charging Company from any other Charging Company or from any other person liable or demand or accept any Collateral Instrument in respect of the same or dispose of the same;
 - 7.4 take any step to enforce any right against any other Charging Company or any other person liable in respect of any Secured Obligations; or
 - 7.5 claim any set-off, deduction or counterclaim against any other Charging Company or any other person liable or claim or prove in competition with the Trustee or any Security Beneficiary in the bankruptcy or liquidation of the Company, any other Charging Company or any other person liable or have the benefit of, or share in, any payment -from or composition with, the Company, any other Charging Company or any other person liable or any other Collateral Instrument now or after the date of this Deed held by the Trustee or any Security Beneficiary for any Secured Obligations or for the obligations or liabilities of any other person liable but so that, if so directed by the Trustee, it will prove for the whole or any part of its claim in the liquidation or bankruptcy of any other Charging Company on terms that the benefit of such proof and of all money received by it in respect

of it shall be held on trust for the Trustee and applied in or towards discharge of the Secured Obligations in such manner as the Trustee shall deem appropriate.

- 8** If, contrary to paragraphs 6 and 7 of this SCHEDULE 2, any Charging Company takes or receives the benefit of any security or receives or recovers any money or other property or exercises any rights mentioned in paragraph 6 against any other Charging Company, the Charging Company declares that such rights and such security, money or other property shall be held on trust by the Charging Company for the Trustee for application in or towards the discharge of the liabilities of the Charging Company to the Trustee or any Security Beneficiary under this Guarantee.
- 9** Each Charging Company agrees that all other rights and all monies from time to time held on trust by the Charging Company for the Trustee under or pursuant to paragraphs 7 and 8 of this SCHEDULE 2 shall be transferred, assigned, delivered or, as the case may be, paid to the Trustee promptly following the Trustee's demand.
- 10** No Charging Company shall direct the appropriation by the Trustee or any Security Beneficiary of any sums received by the Trustee or any Security Beneficiary from a Charging Company under this Deed (and any appropriation shall be as the Trustee and the Security Beneficiaries in their own discretion determine).
- 11** If this Guarantee ceases to be continuing for any reason whatsoever, then the Trustee and any Security Beneficiary may open a new account or accounts in the name of the Company. If the Trustee and any Security Beneficiary does not open a new account or accounts it shall nevertheless be treated as if it had done so at the time that this Guarantee ceases to be continuing (whether by determination, calling in, demand or otherwise) and, as from that time, all payments made to the Trustee or any Security Beneficiary by or on behalf of the Company shall be credited or be treated as having been credited to the new account or accounts and shall not operate to reduce the amount for which this Guarantee is available at that time nor shall the liability of the Company under this Guarantee be reduced or affected by any subsequent transactions, receipts or payments.
- 12** Neither the Trustee nor any Security Beneficiary shall be obliged before it takes steps to enforce this Guarantee against any Charging Company:

 - 12.1 to take action or obtain judgment in any court against any other Charging Company or any other person; or
 - 12.2 to make or file any claim in a bankruptcy or liquidation of any other Charging Company or any other person; or
 - 12.3 to make, enforce or seek to enforce any claim against any other Charging Company or any other person under any security or other document, agreement or arrangement.
- 13** All sums payable by the Charging Companies under this Guarantee shall be paid to the Trustee in full:

 - 13.1 without any set-off, condition or counterclaim whatsoever; and
 - 13.2 free and clear of all deductions or withholdings whatsoever save only as may be required by law.

- 14** If any deduction or withholding is required by any law in respect of any payment due from the Charging Companies under this Guarantee the sum payable by the Charging Companies shall be increased so that, after making the minimum deduction or withholding so required, the Charging Companies shall pay to the Trustee, and the Trustee shall receive and be entitled to retain on the due date for payment, a net sum at least equal to the sum which it would have received had no such deduction or withholding been required to be made and the Charging Companies shall indemnify the Trustee and each Security Beneficiary against any losses or costs incurred by reason of any failure of the Charging Companies to make any such deduction or withholding or by reason of any increased payment not being made on the due date for such payment. The Charging Companies shall promptly deliver to the Trustee any receipts, certificates or other proof evidencing the amount (if any) paid or payable in respect of any such deduction or withholding.
- 15** This Guarantee shall remain binding on the Charging Companies notwithstanding any change in the constitution of the Trustee or any Security Beneficiary or the absorption of such Trustee or Security Beneficiary in, or amalgamation with, or the acquisition of all or part of its undertakings or assets by, any other person, or any reconstruction or reorganisation of any kind, to the intent that this Guarantee shall remain valid and effective in all respects in favour of any assignee, transferee or other successor in title had been named in this Deed as a party instead of, or in addition to, such Trustee or Security Beneficiary.
- 16** In this SCHEDULE 2:
- 16.1** the liability of the Charging Companies under this Deed shall include all such persons and shall be the joint and several liability of each of such persons; and
- 16.2** the Guarantee given by each Charging Company under this Deed shall be construed as if it were a separate guarantee and indemnity by each Charging Company in respect of the obligations owed by each other Charging Company to the Trustee.
- 17** Each of the Charging Companies agrees to be bound by this Deed notwithstanding that any others of the Charging Companies which have intended to sign or to be bound may not do so or be effectually bound and notwithstanding that this Deed may be determined or become invalid or unenforceable against anyone or more of such persons whether or not the deficiency is known to the Trustee or any Security Beneficiary. The Trustee may release anyone or more of the Guarantors from this Deed and compound with or otherwise vary or agree to vary the liability of or to grant time or indulgence to or make other arrangements with anyone or more of the Charging Companies or any other person without prejudicing or affecting the rights and remedies of the Trustee or any Security Beneficiary against the others of the Charging Companies.

SCHEDULE 3 PROPERTY

Freehold:

Registered Proprietor	Title Number(s)	Freehold	Address
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Leasehold: Leasehold properties with unregistered titles:

Premises	Date of Lease	Parties	Term
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Leasehold properties with registered titles:

Property	Date of Lease	Title No.	Parties	Term
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SCHEDULE 4
FORM OF NOTICE TO BANK OPERATING COLLECTIONS ACCOUNT(S)
[ON LETTERHEAD OF THE CHARGING COMPANY]

To: [insert name and address of Account Bank] (the "**Account Bank**")

Date: [] 20[]

Dear Sirs

Re: Account No.(s): [insert number(s)] (the "**Collection Accounts**")
Account Branch: [insert branch address]
Account Holder: [] (the "**Charging Company**")

We notify you that the Charging Company has charged to Edge Performance VCT plc (the "**Trustee**") for the benefit of itself, all its right, title and interest in and to the monies from time to time standing to the credit of the Collections Account(s) and to any other accounts from time to time maintained with you by the Charging Company (the "**Charged Accounts**") and to all interest (if any) accruing on the Charged Accounts.

We irrevocably authorise and instruct you:-

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

We also advise you that:-

- 3** you may collect instruments/credits payable to or endorsed in favour of the Charging Company to the Charged Accounts;
- 4** the Charging Company may, pending service of notice to the contrary on you by the Trustee, withdraw monies from time to time from the Charged Accounts and you may make payments on the instructions of the Charging Company and debit the amounts involved to the Charged Accounts without first having obtained the prior written consent of the Trustee;
- 5** you may credit to any of the Charged Accounts of the Charging Company amounts due from you to the Charging Company and you may debit to any of the Charged Accounts usual bank charges charged by you at your normal rates in respect of the operation of such Charged Accounts; and
- 6** the provisions of this Notice may only be revoked or varied with the prior written consent of the Trustee.

Please sign and return the enclosed copy of this notice to the Trustee (with a copy to the Charging Company) by way of your confirmation that:

- 7** you agree to act in accordance with the provisions of this notice;
- 8** you have not received notice that the Charging Company has assigned its rights to the monies standing to the credit (whether now or from time to time) of the

Charged Accounts or otherwise granted any security or other interest over those monies in favour of any third party;

- 9** you will not exercise any right to combine accounts or any rights of set-off, lien, counterclaim or any similar rights in relation to the monies standing (whether now or from time to time) to the credit of the Charged Accounts (and that no such rights have arisen in your favour);
- 10** you will not permit any withdrawal of monies from the Charged Accounts should the Trustee serve notice on you requiring that no further withdrawals may be made from the Charged Accounts and in any event you will operate the Charged Accounts in accordance with instructions from time to time given by the Trustee; and
- 11** if you become aware at any time that any person or entity other than the Trustee has or will have any right or interest whatsoever in amounts standing to the credit of the Charging Company's bank accounts or any part of them, you will immediately give written notice of the terms of such rights or interest to the Trustee and the Charging Company.

By counter-signing this notice the Trustee confirms that the Charging Company may make withdrawals from the Charged Accounts until such time as the Trustee shall notify you (with a copy to the Charging Company) in writing that such permission is withdrawn. Such permission may be withdrawn or modified by the Trustee in its absolute discretion at any time.

The provisions of this notice and any non-contractual obligations arising out of or in connection with it are governed by English Law.

Yours faithfully

**For and on behalf of
[Charging Company]**

Counter-signed by

For and on behalf of
Edge Performance VCT plc

We acknowledge and agree to the arrangements set out above.

.....
 Authorised signatory
 []

Dated _____ []

SCHEDULE 5 TRUST PROVISIONS

1 DECLARATION OF TRUST

- 1.1 The Trustee declares itself to be the trustee for each of the Security Beneficiaries from time to time subject to the provisions of the Finance Documents and shall hold the security contributed by this Deed and the benefit of all related rights on trust for the Security Beneficiaries in accordance with their respective rights under the Finance Documents and the provisions of this Deed.
- 1.2 As between the Trustee and the Security Beneficiaries, in the event of any inconsistency between the provisions of this SCHEDULE 5 and the provisions of the Finance Documents (or any other document governing the relation between such persons), the Trustee declares that the provisions of the Finance Documents (or such other document) shall prevail.
- 1.3 The provisions of this SCHEDULE 5 are for the benefit of the Trustees and the Security Beneficiaries and the Charging Companies shall have no rights under or in respect of it.

2 TRUSTEE'S DISCRETIONS

Unless otherwise provided in the Finance Documents, the Trustee shall have absolute discretion in the exercise or non-exercise of any rights, trusts, powers or authorities vested in it by this Deed or by operation of law provided that such discretion is exercised in a manner which the Trustee considers (in its absolute discretion) to be in the best interests of the Secured Beneficiaries. The Trustee shall not be responsible to any Charging Company or to any Secured Beneficiary (except in the case of its gross negligence or wilful misconduct) for any loss, costs, damages or expenses that may result from such exercise or non-exercise.

3 SAFEKEEPING

The Trustee may deposit this Deed and all deeds and other documents relating to it in such secure place which it considers appropriate for such purpose or with such bank or firm of lawyers as it shall select and shall not be liable for any loss resulting from such deposit (except in the case of its gross negligence or wilful default).

4 FURTHER RIGHTS AND DUTIES

- 4.1 By way of supplement to the Trustee Act 1925, it is expressly declared as follows:
 - 4.1.1 the Trustee may in relation to any of the provisions of this Deed act or rely upon the opinion or advice of any information obtained from any lawyer, valuer, surveyor, broker, auctioneer, accountant or other expert, commissioned by the Trustee and the Trustee shall not be responsible for any loss occasioned by so acting or relying;
 - 4.1.2 any opinion, advice or information obtained pursuant to the preceding paragraph 4.1.1 may be sent or obtained by letter, facsimile transmission, cablegram, telephone or any other means and the Trustee shall not be liable for acting on any opinion, advice or information purporting to be so conveyed although the same shall contain some error or shall not be authentic;

- 4.1.3 the Trustee shall be at liberty to accept as sufficient evidence a certificate signed by a director of any Charging Company to the effect that any particular dealing, transaction, step or thing effected in relation to such Charging Company is, in the opinion of the said director, suitable or expedient or as to any other fact or matter upon which the Trustee may require to be satisfied and the Trustee shall be in no way bound to call for further evidence or to be responsible for any loss that may be occasioned by acting on any such certificate;
- 4.1.4 the Trustee may refrain from doing anything which would or might in its opinion be contrary to any law of any jurisdiction or any directive or regulation of any agency of any state or which would or might otherwise render it liable to any person and may do anything which is, in its opinion, necessary to comply with any such law, directive or regulation;
- 4.1.5 the Trustee shall not be liable for any failure, omission, or defect in perfecting the security constituted by this Deed including (a) failure to obtain any licence, consent or other authority for the execution, delivery, validity, legality, adequacy, performance, enforceability or admissibility in evidence of this Deed (b) failure to register the same in accordance with the provisions of any of the documents of title of any Charging Company to any of the Charged Assets and (c) failure to effect or procure registration of or otherwise protect any of the security constituted by this Deed by registering under the Land Registration Act 2002 or any other applicable registration laws in any territory any notice or other entry prescribed by or pursuant to the provisions of the said Act or laws;
- 4.1.6 the Trustee and every attorney, agent or other person appointed under this Deed may indemnify itself out of the Charged Assets against all liabilities and expenses reasonably and properly incurred by them in the execution of any power, trust, authority or discretion vested in any of them by this Deed and against all actions, proceedings, costs, claims and demands in respect of any matter or thing done or omitted to be done in any way relating to this Deed;
- 4.1.7 the Trustee shall be at liberty to place all title deeds and other documents certifying, representing or constituting the title to any of the Charged Assets for the time being in its hands in any safe deposit, safe or receptacle selected by the Trustee or with any bankers or banking company or company whose business includes undertaking the safe custody of documents or solicitors or firm of solicitors and may make any such arrangements as it thinks fit for allowing any Charging Company or its lawyers or auditors access to or possession of such title deeds and other documents when necessary or convenient and the Trustee shall not be responsible for any loss incurred in connection with any such deposit, access or possession;
- 4.1.8 save as otherwise provided in this Deed or the Finance Documents (as between the Security Beneficiaries), the Trustee shall have full power to determine all questions and doubts arising in relation to the interpretation or application of any of the provisions of this Deed and every such determination (whether made upon a question actually raised or implied in the acts or proceedings of the Trustee) shall be conclusive and shall bind the Security Beneficiaries;

- 4.1.9 the Trustee may in the conduct of these trusts (otherwise than in relation to its right to make any declaration, determination or decision) instead of acting personally employ and pay an agent (whether being a lawyer or other person) to transact or concur in transacting any business and to do or concur in doing any acts required to be done by the Trustee (including the receipt and payment of money) and any agent being a lawyer, broker or other person engaged in any profession or business shall be entitled to be paid all usual reasonable professional and other charges for business transacted and acts done by him or any partner or employee of his in connection with the trusts);
- 4.1.10 any investment of any part or all of the Charged Assets may, at the discretion of the Trustee, be made or retained in the names of any of its nominees;
- 4.1.11 the Trustee shall, upon receipt from a Security Beneficiary of a notice that a Security Beneficiary has assigned or transferred its rights or obligations under the Finance Documents to a person or that a person is a successor to such rights or obligations, be entitled to assume that such person is such an assignee, transferee or successor but until such a notice is given the Trustee shall be entitled to assume that a Security Beneficiary has not assigned or transferred any of its rights or obligations under this Deed or the Finance Documents and has no successor in relation to either of them;
- 4.1.12 the Trustee shall not be bound to act upon any notice, discretion or request served on it by any person pursuant to this Deed or to begin any legal action or proceeding arising out of this Deed unless the Trustee shall first have been indemnified to its satisfaction against all costs, charges, expenses and liabilities which may be incurred in complying with such notice, direction or request; and
- 4.1.13 the Trustee (or any officer of the Trustee) shall not be precluded by reason of so acting from entering into any contract or financial or other transaction with or from engaging in any banking or other business with any Charging Company and shall not be liable to account for any profit made or payment received by the Trustee (or such officer) as a result of or in connection with it.

5 APPOINTMENT AND REMOVAL OF TRUSTEE

The Trustee may at any time, if it considers it necessary or desirable so to do, appoint any person (whether or not a trust corporation) to act either as a separate trustee or as a co trustee jointly with the Trustee, and may remove any person so appointed and the Trustee shall give prior written notice to each Charging Company and each of the Security Beneficiaries of such appointment or removal. Any such separate trustee or co-trustee shall be entitled to all rights, powers, authorities and discretions as are conferred upon him by the Trustee by the instrument of appointment. Such remuneration as the Trustee may pay to any person so appointed, and any costs, charges and expenses incurred by such person in performing his or its functions pursuant to such appointment, shall for the purpose of this Deed be treated as expenses incurred by the Trustee.

6 RETIREMENT AND REPLACEMENT OF THE TRUSTEE

The Trustee, if it so agrees with each of the Security Beneficiaries, may resign as the Trustee under this Deed. Such resignation shall take effect when each Charging Company and the Security Beneficiaries have been notified and the proposed successor to the Trustee shall have executed all deeds and documents as are necessary to effects its appointment as the successor to the Trustee and the transfer of the Trustee's rights and obligations in respect of this Deed in a legal, valid and binding manner. The resigning Trustee shall, from the time such appointment takes effect, be discharged from any further obligation under this Deed and the replacement trustee, each of the Security Beneficiaries and each Charging Company shall have the same rights and obligations amongst themselves as if the replacement trustee had been an original party to this Deed as the Trustee. The Trustee shall not be responsible for the costs occasioned by such retirement.

SCHEDULE 6 DEED OF ACCESSION

THE SUPPLEMENTAL DEED is made on [] 20[]

BETWEEN:

- (1) **THE [COMPANY][COMPANIES] LISTED in Schedule 1 to this Supplemental Deed** ([the][each an] "**Acceding Company**"[, together the "**Acceding Companies**"]);
- (2) **THE COMPANIES LISTED IN Schedule 2 to this Supplemental Deed** (together the "**Existing Charging Companies**"); and
- (3) **EDGE PERFORMANCE VCT PLC** (registered number 5558025) whose registered office is at 1 Marylebone High Street, London W1U 4LZ (as security trustee for the Security Beneficiaries (as defined in the Deed), in such capacity the "**Trustee**").

WHEREAS:

This Supplemental Deed is supplemental to a composite guarantee and debenture dated [] 2013 and made between, inter alios, the Existing Charging Companies (1) and the Trustee (2) (the "**Deed**").

IT IS AGREED and declared as follows:

1 DEFINITIONS

- 1.1 Words or expressions defined (including by reference) in the Deed shall, unless otherwise defined in this Supplemental Deed, bear the same meaning in this Supplemental Deed (including the recital).
- 1.2 The principles of construction set out in Clauses 1.2 to 1.4 of the Deed shall apply mutatis mutandis to this Supplemental Deed as if they were set out in full in this Supplemental Deed.

2 ACCESSION OF THE ACCEDING COMPANY

- 2.1 By its execution of this Supplemental Deed, [each of] the Acceding [Company][Companies] unconditionally and irrevocably undertakes to and agrees with the Trustee to observe and be bound by the terms and provisions of the Deed as if it were an original party to it as one of the Charging Companies.
- 2.2 Without prejudice to the generality of sub-clause 2.1 above, [the][each] Acceding Company:
 - 2.2.1 jointly and severally with the other Charging Companies, covenants and guarantees in the terms set out in Clauses 2 and 3 of, and SCHEDULE 2 to, the Deed; and
 - 2.2.2 with full title guarantee, charges and assigns to the Trustee for the payment and discharge of all monies and liabilities, or by the Deed, covenanted to be paid or discharged by it, all its property, assets and undertaking on the terms set out in Clause 4 of the Deed.
- 2.3 As further continuing security for the payment of the Secured Obligations, [the][each] Acceding Company charges with full title guarantee in favour of the

Trustee (for the benefit of itself and the other Secured Beneficiaries) by way of first floating charge all its assets, both present and future, not effectively charged by way of first fixed charge under clause 4 of the Deed.

- 2.4 The Existing Charging Companies consent to the accession of the Acceding [Company][Companies] to the Deed on the terms of the preceding provisions of this Clause 2 of this Supplemental Deed and agree that the Deed shall from now on be read and construed as if the Acceding [Company][Companies] had been named in it as a "*Charging Company*" and one of the "*Charging Companies*".

3 INTERPRETATION

This Supplemental Deed shall from now on be read as one with the Deed, so that all references in the Deed to "**this Deed**", "**this Debenture**", "**this Guarantee**" and similar expressions shall include references to this Supplemental Deed.

4 DELIVERY

This Supplemental Deed shall be treated as having been executed and delivered as a deed only upon being dated.

5 COUNTERPARTS

This Supplemental Deed may be executed in any number of counterparts each of which shall be deemed to be an original, and which together shall constitute one and the same instrument.

6 THIRD PARTY RIGHTS

Without prejudice to Clause 22 of the Deed to the extent applicable, a person who is not a party to this Supplemental Deed shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Supplemental Deed. This clause does not affect any right or remedy of any person which exists or is available otherwise than pursuant to that Act.

7 GOVERNING LAW AND JURISDICTION

- 7.1 This Supplemental Deed shall be governed by and construed in accordance with English law.
- 7.2 Each of the parties to this Supplemental Deed irrevocably agrees for the benefit of the Trustee that the courts in England shall have jurisdiction to hear and determine any suit, action or proceeding and to settle any dispute which may arise out of, or in connection with, this Supplemental Deed and, for such purposes, the parties to this Supplemental Deed irrevocably submit to the jurisdiction of such courts.

IN WITNESS whereof this Deed of Accession has been executed as a deed by the Acceding [Company][Companies] and the Existing Charging Companies, and signed on behalf of the Trustee, on the date set out at the beginning of this Supplemental Deed.

Schedule 1
(the Acceding [Company][Companies])

Company name	Company number

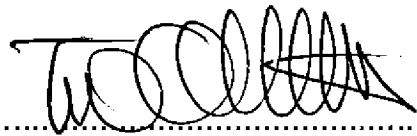
Schedule 2
The Existing Charging Companies

Company name	Company number
North Promotions Limited	7192983
Coolabi Limited	3735898
Coolabi Licensing Limited	4719448
Coolabi Productions Limited	5329061
Coolabi Publishing Limited	6814316
Purple Enterprises Limited	02695472
Indie Kids International Limited	04395436
Indie Kids Limited	04395863
Licensing By Design Limited	02419356

INITIAL CHARGING COMPANIES

Executed as a deed by
NORTH PROMOTIONS LIMITED
acting by a director in the presence of

)
)
)



Director



Signature of witness

Name DAVID STRONG

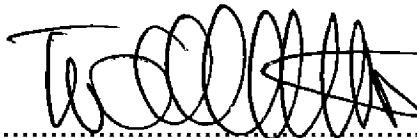
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LONDON WC1V 7QH

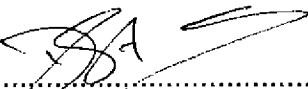
Occupation SOLICITOR

Executed as a deed by
COOLABI LIMITED
acting by a director in the presence of

)
)
)



Director



Signature of witness

Name DAVID STRONG

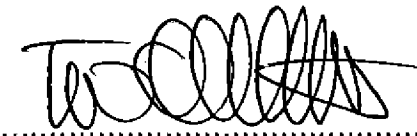
Address 11 STAPLE INN

LONDON WC1V 7QH

Occupation SOLICITOR

Executed as a deed by
COOLABI LICENSING LIMITED
acting by a director in the presence of

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Director



Signature of witness

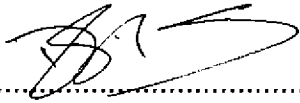
Name DAVID STRONG

Address 11 STAPLE INN

LONDON WC1V 7QH

Occupation SOLICITOR

Executed as a deed by
COOLABI PRODUCTIONS LIMITED
acting by a director in the presence of



Signature of witness

Name **DAVID STRONG**

Address **11 STAPLE INN**

..... **LONDON WC1V 7QH**

Occupation **SOLICITOR**

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)

) Director

Executed as a deed by
COOLABI PUBLISHING LIMITED
acting by a director in the presence of



Signature of witness

Name **DAVID STRONG**

Address **11 STAPLE INN**

..... **LONDON WC1V 7QH**

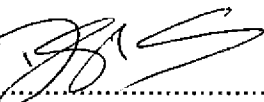
Occupation **SOLICITOR**

) 

)

) Director

Executed as a deed by
PURPLE ENTERPRISES LIMITED
acting by a director in the presence of



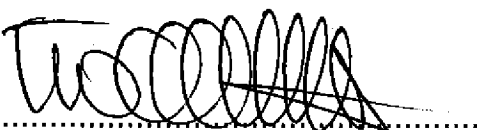
Signature of witness

Name **DAVID STRONG**

Address **11 STAPLE INN**

..... **LONDON WC1V 7QH**

Occupation **SOLICITOR**

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) Director

Executed as a deed by
**INDIE KIDS INTERNATIONAL
LIMITED**
acting by a director in the presence of



Signature of witness

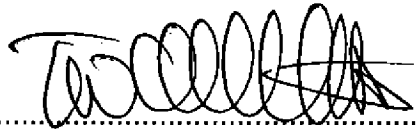
Name DAVID STRONG

Address 11 STAPLE INN

LONDON
WC1V 7QH

Occupation SOLICITOR

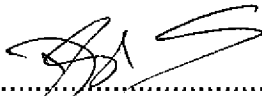
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Director

Executed as a deed by
INDIE KIDS LIMITED
acting by a director in the presence of



Signature of witness

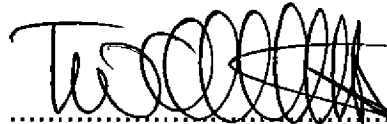
Name DAVID STRONG

Address 11 STAPLE INN

LONDON WC1V 7QH

Occupation SOLICITOR

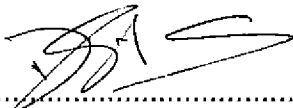
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Director

Executed as a deed by
LICENSING BY DESIGN LIMITED
acting by a director in the presence of



Signature of witness

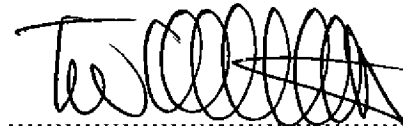
Name DAVID STRONG

Address 11 STAPLE INN

LONDON WC1V 7QH

Occupation SOLICITOR

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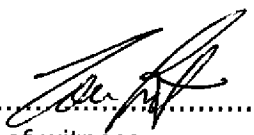
Director

TRUSTEE

Executed as a deed by
EDGE PERFORMANCE VCT PLC
acting by its attorney Alasdair George,
in the presence of:

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)
)
)


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.....
Signature of witness

Name JPL SORBT

Address 11 STAPLE INN

..... LONDON EC1

Occupation SOLICITOR