

MR01
Particulars of a charge



Companies House

COMPANIES HOUSE



Go online to file this information
www.gov.uk/companieshouse

A fee is be payable w
Please see 'How to pay



L5JA9ZSR

LD3 07/11/2016 #16

L513MTCX

LD5 21/10/2016 #21

COMPANIES HOUSE

☒ **What this form is for**
You may use this form to register
a charge created or evidenced by
an instrument

☒ **What this form is NOT**
You may not use this form to
register a charge where the
instrument Use form MR0

This form must be delivered to the Registrar for registration within
21 days beginning with the day after the date of creation of the charge. If
delivered outside of the 21 days it will be rejected unless it is accompanied by a
court order extending the time for delivery



You must enclose a certified copy of the instrument with this form. This will be
scanned and placed on the public record. **Do not send the original**

1

Company details

Company number 06748169

Company name in full DIGITAL FORMING LIMITED

For official use

→ **Filling in this form**
Please complete in typescript or in
bold black capitals

All fields are mandatory unless
specified or indicated by *

2

Charge creation date

Charge creation date 19/10/2016

3

Names of persons, security agents or trustees entitled to the charge

Please show the names of each of the persons, security agents or trustees
entitled to the charge

Name DR SIYASH HAROUN MAHDAVI

Name

Name

Name

If there are more than four names, please supply any four of these names then
tick the statement below

☐ I confirm that there are more than four persons, security agents or
trustees entitled to the charge

MR01

Particulars of a charge

4

Brief description

Please give a short description of any land, ship, aircraft or intellectual property registered or required to be registered in the UK subject to a charge (which is not a floating charge) or fixed security included in the instrument

Please submit only a short description. If there are a number of plots of land, aircraft and/or ships, you should simply describe some of them in the text field and add a statement along the lines of, "for more details please refer to the instrument"

Brief description

BORROWERS SOFTWARE, PRESENT AND FUTURE PATENTS, TRADE MARKS, SERVICE MARKS, TRADE NAMES, DESIGNS, COPYRIGHTS, INVENTIONS, TOPOGRAPHICAL OR SIMILAR RIGHTS, CONFIDENTIAL INFORMATION AND KNOW-HOW AND ANY INTEREST IN ANY OF THESE RIGHTS, WHETHER OR NOT REGISTERED, INCLUDING ALL APPLICATIONS AND RIGHTS TO APPLY FOR REGISTRATION AND ALL FEES, ROYALTIES AND OTHER RIGHTS DERIVED FROM OR INCIDENTAL TO, THESE RIGHTS

Please limit the description to the available space

5

Other charge or fixed security

Does the instrument include a charge (which is not a floating charge) or fixed security over any tangible or intangible or (in Scotland) corporeal or incorporeal property not described above? Please tick the appropriate box

☒ Yes
☐ No

6

Floating charge

Is the instrument expressed to contain a floating charge? Please tick the appropriate box

☒ Yes Continue
☒ No Go to Section 7

Is the floating charge expressed to cover all the property and undertaking of the company?

☐ Yes

7

Negative Pledge

Do any of the terms of the charge prohibit or restrict the company from creating further security that will rank equally with or ahead of the charge? Please tick the appropriate box

☒ Yes
☒ No

8

Trustee statement ^①

You may tick the box if the company named in Section 1 is acting as trustee of the property or undertaking which is the subject of the charge

☒

^① This statement may be filed after the registration of the charge (use form MR06)

9

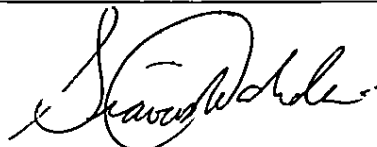
Signature

Please sign the form here

Signature

Signature

X



X

This form must be signed by a person with an interest in the charge

MR01

Particulars of a charge

**Presenter information**

You do not have to give any contact information, but if you do, it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name

Company name

Address

Post town

County/Region

Postcode

Country

DX

Telephone

**Certificate**

We will send your certificate to the presenter's address if given above or to the company's Registered Office if you have left the presenter's information blank.

**Checklist**

We may return forms completed incorrectly or with information missing

Please make sure you have remembered the following

- ☐ The company name and number match the information held on the public Register
- ☐ You have included a certified copy of the instrument with this form
- ☐ You have entered the date on which the charge was created
- ☐ You have shown the names of persons entitled to the charge
- ☐ You have ticked any appropriate boxes in Sections 3, 5, 6, 7 & 8
- ☐ You have given a description in Section 4, if appropriate
- ☐ You have signed the form
- ☐ You have enclosed the correct fee
- ☐ Please do not send the original instrument, it must be a certified copy

**Important information**

Please note that all information on this form will appear on the public record.

**How to pay**

A fee of £23 is payable to Companies House in respect of each mortgage or charge filed on paper.

Make cheques or postal orders payable to 'Companies House'.

**Where to send**

You may return this form to any Companies House address. However, for expediency, we advise you to return it to the appropriate address below.

For companies registered in England and Wales
The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ
DX 33050 Cardiff

For companies registered in Scotland
The Registrar of Companies, Companies House,
Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post)

For companies registered in Northern Ireland
The Registrar of Companies, Companies House,
Second Floor, The Linenhall, 32-38 Linenhall Street,
Belfast, Northern Ireland, BT2 8BG
DX 481 N R Belfast 1

**Further information**

For further information, please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse



FILE COPY

CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 6748169

Charge code: 0674 8169 0002

The Registrar of Companies for England and Wales hereby certifies that a charge dated 19th October 2016 and created by DIGITAL FORMING LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 7th November 2016

DT

Given at Companies House, Cardiff on 14th November 2016



Companies House



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

DATED

19TH OCTOBER 2016

(1) DR. SIAVASH HAROUN MAHDAVI

- and -

(2) DIGITAL FORMING LIMITED

LOAN AGREEMENT

Certified to be a true copy
of the original

Taylor Wessing LLP.
Taylor Wessing LLP

THIS AGREEMENT is made the day of 19TH OCTOBER 2016

BETWEEN:-

- (1) **Dr Siavash Haroun Mahdavi** an individual whose address is 70 Waterside Point, Anhalt Road, London SW11 4PD ('the Lender'), and
- (2) **DIGITAL FORMING LIMITED** a private company limited by shares and incorporated in England and Wales under Company Number 06748169, whose registered office is at 20 Nottingham Terrace, London NW1 4QB ('the Company')

Borrower Taylor Wessing LLP

AGREED TERMS:

1. INTERPRETATION

1.1 The definitions and rules of interpretation in this clause 1 apply in this Deed

"**Administrator**" means an administrator appointed to manage the affairs, business and property of the Borrower, pursuant to Article 12.5

"**Book Debts**" means all present and future book and other debts, and all monetary claims due or owing to the Borrower, and the benefit of all security, guarantees and other rights of any nature enjoyed or held by the Borrower in relation to any of the aforementioned

"**Business Day**" means a day (other than a Saturday, Sunday or public holiday) on which banks in the City of London are open for normal banking business

"**Default Event**" means any of the events set out in paragraph 5 of Schedule 2 of the Loan Note Instrument

"**Designated Account**" means any account nominated by the Lender as a designated account for the purposes of this Deed

"**Effective Date**" means the effective date from which this Deed is deemed to have full force and effect as between the Parties, being 3rd October 2016

"**Environment**" means the natural and man-made environment including all air, water, land, man made structures and living organisms supported by such media

"**Environmental Law**" means legislation, statutes, bylaws, common law, treaties, directives and other measures relating to the Environment

"**Equipment**" means all present and future equipment, plant, machinery, tools, furniture, tools, vehicles, fittings, apparatus and other tangible moveable property for the time being owned by the Borrower

"**First Chargeholder**" means EOS GmbH, a company incorporated and registered in Germany with Company Number HRB 87386 with registered office at Robert-Stirling-Ring 1, D-82152 Krailling, Munich Germany

"**Financial Collateral**" shall have the meaning ascribed to that term in the Financial Collateral Regulations

"**Financial Collateral Regulations**" means the Financial Collateral Arrangement (No 2) Regulations 2003 (SI 2003/3226)

"Intellectual Property" means the Borrower's Software, present and future patents, trade marks, service marks, trade names, designs, copyrights, inventions, topographical or similar rights, confidential information and know-how and any interest in any of these rights, whether or not registered, including all applications and rights to apply for registration and all fees, royalties and other rights derived from or incidental to, these rights

"LPA 1925" means the Law of Property Act 1925

"Properties" means all freehold and leasehold properties (whether registered or unregistered) and all commonhold properties, now or in the future owned by the Borrower or in which the Borrower holds an interest, and **"Property"** means any of the aforementioned

"Qualifying Subsidiary" means the any Subsidiary of the Borrower which owns or has any interest in any assets of any kind

"Receiver" means a receiver, receiver and manager or administrative receiver of any or all of the Secured Assets appointed by the Lender under Article 15

"Secured Assets" means all assets, Intellectual Property, Software and any other Property and undertaking for the time being subject to the Security Interests created by or pursuant to this Deed

"Secured Liabilities" means all present and future monies, obligations and liabilities owed by the Borrower to the Lender, whether actual or contingent and whether owed jointly or severally, as a principal or surety or in any other capacity, under or in connection with this Deed, together with all interest (including, without limitation, default interest) accruing in respect of those monies or liabilities

"Security Financial Collateral Arrangement" shall have the meaning ascribed to that term in the Financial Collateral Regulations

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

"Security Period" means the period commencing on the Effective Date and ending in the date on which all the Secured Liabilities have been unconditionally and irrevocably paid and discharged in full and no further Secured Liabilities are capable of being outstanding

"Software" means the Borrower's proprietary social learning environment, computer programs, software, web-based and mobile applications and platform and any Maintenance Release that are provided or made available by the Borrower during the subsistence of this Deed

"Subsidiary" has the meaning ascribed to that term in the Companies Act 2006

- 1 2 The Schedule to this Deed forms part of (and is incorporated into) this Deed
- 1 3 A reference to **assets** includes present and future properties, undertakings, revenues, rights and benefits of every description
- 1 4 A reference to the Borrower or the Lender shall include its successors, permitted transferees and permitted assigns
- 1 5 A reference to a **person** includes a natural person, a corporate or unincorporated body (whether or not having a separate legal personality) and unless the context otherwise requires, a reference to one gender shall include a reference to the other genders

Section 1:

IT IS AGREED as follows

- 1 The Lender shall at the date of this Agreement lend, to the Company the sum of £40,000 (forty thousand pounds) ('the Loan') from the date of the advance to be repaid by the Company upon the sooner of (i) a third party equity investment of more than £500,000, (ii) a company sale (iii) a company listing or (iv) 2 years from the effective date ("the Term")
- 2 IN CONSIDERATION of the Lender advancing the Loan to the Company the Company agrees to repay the Lender the Loan advanced with interest subject to the following -
 - 2 1 interest at the rate of 100% per annum shall accrue on any balance of capital outstanding month on month,
 - 2 2 in addition to the payments of interest as above the Loan shall be repaid at the end of the term
- 3 The Company shall be entitled to at any time to repay the Loan without charge or penalty
- 4 Notwithstanding anything else contained in this Agreement the whole of the Loan or so much of it as for the time being remains outstanding and all interest accrued but unpaid shall immediately become repayable in any of the following events -
 - 4 1 if the Company shall be unable to pay its debts within the meaning assigned to that expression by the Insolvency Act 1986 (as amended) Section 123 or if the Company shall certify that it is unable to pay its debts as and when they shall fall due,
 - 4 2 if an order be made or resolution be passed for the Administration or for winding up the Company otherwise than for voluntary liquidation for the purpose of reconstruction or amalgamation the terms of which have been previously approved in writing by the Lender,
 - 4 3 if the Company shall cease to carry on its business or substantially the whole of its business or threaten to cease to carry on the same, and
 - 4 4 if a receiver shall be appointed or any incumbrancer takes possession of the Company's assets or any part of them or if without the prior approval of the Lender a resolution is passed for a reduction of capital of the Company

- 5 This Agreement is not intended to confer on any person any rights to enforce any provision of this Agreement which that person would not have had but for the Contracts (Rights of Third Parties) Act 1999
- 6 This Agreement shall be governed by and constructed in accordance with English Law.

AS WITNESS the hands of the parties on the date which appears first on page 1

SECTION 2

2. LAW OF PROPERTY ACT (MISCELLANEOUS PROVISIONS) ACT 1989

For the purposes of Section 2 of the Law of Property (Miscellaneous Provisions) Act 1989, the terms of the Loan Note Instrument and of the side letters between the Parties in relation to the Loan Note Instrument are incorporated into this Deed

3. COVENANT TO PAY

The Borrower shall, on demand, pay to the Lender and discharge the Secured Liabilities when they become due

4. GRANT OF SECURITY

- 4 1 As a continuing security for the payment and discharge of the Secured Liabilities, the Borrower with full title guarantee

- (a) charges to the Lender, by way of second legal mortgage, each Property specified in Schedule 1,
- (b) charges to the Lender, by way of second fixed charge, all
 - (i) Properties acquired by the Borrower in the future,
 - (ii) present and future interests of the Borrower not effectively mortgaged or charged under the preceding provisions of this Article 4 in, or over, freehold or leasehold property,
 - (iii) licenses, consents and authorisations (statutory or otherwise) held or required in connection with the Borrower's business or the use of any Secured Asset, and all rights in connection with any of them,
 - (iv) its present and future goodwill,
 - (v) its uncalled capital,
 - (vi) its Equipment,
 - (vii) the Intellectual Property,
 - (viii) the Book Debts, and
 - (ix) monies from time to time standing to the credit of its accounts with any bank, financial institution or other person (including each Designated Account)

4 2 Floating Charge

- (a) As a continuing security for the payment and discharge of the Secured Liabilities, the Borrower with full title guarantee charges to the Lender, by way of second floating charge, all the undertaking, property, assets and rights of the Borrower at any time not effectively mortgaged or charged pursuant to Article 4 1
- (b) Paragraph 14 of schedule B1 to the Insolvency Act 1986 applies to the floating charge created by Article 4 2(a) hereto

- (c) The floating charge created by Article 4 2(a) hereto shall automatically and immediately (without notice) be converted into a fixed charge over the assets subject to that floating charge if
 - (i) the Borrower creates, or attempts to create, without the prior written consent of the Lender, a Security Interest or a trust in favour of another person over all or any part of the Secured Assets (except as expressly permitted by the terms of this Deed or the Loan Note Instrument), or
 - (ii) the Borrower disposes, or attempts to dispose of, all or any part of the Secured Assets (other than Secured Assets that are only subject to the floating charge while it remains uncrystallised),
 - (iii) any person levies, or attempts to levy, any distress, attachment, execution or other process against all or any part of the Secured Assets; or
 - (iv) a resolution is passed or an order is made for the winding up, dissolution, administration or re-organisation of the Borrower or any of its Qualifying Subsidiaries
- (d) The Lender may, in his discretion and provided he has obtained the consent of the First Chargeholder, at any time and by written notice to the Borrower, convert the floating charge created under this deed into a fixed charge as regards any part of the Secured Assets specified by the Lender in that notice

5 LIABILITY OF THE BORROWER

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

- (a) any security, guarantee, indemnity, remedy or other right held by, or available to, the Lender that is, or becomes, wholly or partially illegal, void or unenforceable on any ground,
- (b) the Lender renewing, determining, varying or increasing any facility or other transaction in any manner or concurring in, accepting or varying any compromise, arrangement or settlement, or omitting to claim or enforce payment from any other person, or
- (c) any other act or omission that, but for this Article 5 might have discharged, or otherwise prejudiced or affected, the liability of the Borrower

6. REPRESENTATIONS AND WARRANTIES

6.1 The Borrower makes the representations and warranties set out in this clause 5 to the Lender

- (a) **Ownership of Secured Assets** - The Borrower is the legal and beneficial owner of the Secured Assets subject to the security granted in respect of the Secured Assets to the First Chargeholder
- (b) **No Security** - the Secured Assets are free from any encumbrance or Security other than the Security created by this Deed, the security granted to the First Chargeholder or any other Deed on terms substantially the same as this Deed which has been disclosed to
 - (i) the Lender prior to the execution of this Deed, or
 - (ii) and assented by the Lender prior to the conclusion of such similar Deed where such conclusion occurs subsequent to the date hereof
- (c) **Protection of Secured Assets** – the Borrower has used (and shall continue to use) its best efforts to ensure that no third party has any legitimate claim to any part of the Intellectual Property or the Secured Assets and that all of the Borrower's personnel, subcontractors and contractors have entered into properly executed agreements demising any and all intellectual property rights in any work created by the aforementioned persons for the benefit of the Borrower are properly and legitimately vested in the Borrower and that no third party may validly own, control and/or use the Intellectual Property without the express consent and benefit of the Borrower
- (d) **No adverse claims** - The Borrower has not received, or acknowledged notice of, any adverse claim by any person in respect of the Secured Assets or any interest in them

- (e) No adverse covenants - There are no covenants, agreements, reservations, conditions, interests, rights or other matters whatsoever that materially and adversely affect the Secured Assets,
- (f) No breach of laws - here is no breach of any law or regulation that materially and adversely affects the Secured Assets,
- (g) No interference with enjoyment - No facility necessary for the enjoyment and use of the Secured Assets is subject to terms entitling any person to terminate or curtail its use,
- (h) No overriding interests - Nothing has arisen, has been created or is subsisting, that would be an overriding interest in any Property,
- (i) Avoidance of security - No Security expressed to be created under this deed is liable to be avoided, or otherwise set aside, on the liquidation or administration of the Borrower or otherwise,
- (j) No prohibitions or breaches - There is no prohibition on assignment in any insurance policy or agreement concluded by the Borrower with any third party and the entry into this Deed by the Borrower does not, and will not, constitute a breach of any insurance policy or agreement concluded by the Borrower with any third party,
- (k) Enforceable Security - This Deed constitutes and will constitute the legal, valid, binding and enforceable obligations of the Borrower, and is, and will continue to be, effective security over all and every part of the Secured Assets in accordance with its terms

6 2 The representations and warranties set out in Article 6 1 hereto are made by the Borrower on the date of this Deed and are deemed to be repeated on each day of the Security Period with reference to the facts and circumstances existing at the time of repetition

7. GENERAL COVENANTS

7 1 Negative pledge and disposal restrictions The Borrower shall not at any time, except with the prior written consent of the Lender

- (a) create, purport to create or permit to subsist any Security on, or in relation to, any Secured Asset other than any Security created by this Deed and the Deed of EOS (the First Chargeholder),
- (b) sell, assign, transfer, part with possession of, or otherwise dispose of in any manner (or purport to do so), all or any part of, or any interest in, the Secured Assets (except, in the ordinary course of business, Secured Assets that are only subject to an uncrystallised floating charge), nor
- (c) create or grant (or purport to create or grant) any interest in the Secured Assets in favour of a third party,
- (d) it being acknowledged that the Company has previously granted a security interest in the Secured Assets to the First Chargeholder

7 2 Preservation of Secured Assets The Borrower shall not do, or permit to be done, any act or thing that would or might depreciate, jeopardise or otherwise prejudice the security held by the Lender, or materially diminish the value of any of the Secured Assets or the effectiveness of the security created by this Deed

7 3 Compliance with laws and regulations The Borrower shall

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

- (e) ensure that the business and operations of the Borrower is not in violation of any laws, rules, or regulations which apply to the conduct of its business or any facilities or property owned, leased, operated, or used by the Borrower
- 7 4 Notice of Misrepresentations and Breaches The Borrower shall, promptly on becoming aware of the same, give the Lender notice in writing of
- (a) Any representation or warranty set out in this Deed that is incorrect or misleading in any material respect when made or deemed to be repeated, and
 - (b) Any breach of any covenant set out in this Deed
- 7 5 Title Documents The Borrower shall as so required by the Lender, deposit with the Lender and the Lender shall, for the duration of this deed be entitled to hold
- (a) all deeds and documents of title relating to the Secured Assets that are in the possession or control of the Borrower (and if these are not within the possession or control of the Borrower, the Borrower undertakes to obtain possession of all these deeds and documents of title),
 - (b) all deeds and documents of title (if any) relating to the Book Debts as the Lender may specify from time to time, and
 - (c) copies of all the Relevant Agreements, certified to be true copies by either a director of the Borrower or by the Borrower's solicitors
- 7 6 Insurance The Borrower shall
- (a) insure and keep insured the Secured Assets against risks, perils and contingencies that would be insured against by reasonably prudent persons carrying on the same class of business as the Borrower,
 - (b) not do or omit to do, or permit to be done or omitted, any act or thing that may invalidate or otherwise prejudice any insurance policy maintained by it in accordance with Article 7 6(a), and
 - (c) ensure that all monies received or receivable by the Borrower under any insurance policy maintained by it in accordance with Article 7 6(a) (including all monies received or receivable by it under any Insurance Policy) at any time (whether or not the security constituted by this deed has become enforceable) shall be applied in making good or recouping expenditure in respect of the loss or damage for which those monies are received or, after the security constituted by this deed has become enforceable and if the Lender so directs, in or towards discharge or reduction of the Secured Liabilities
- 7 7 Information The Borrower shall
- (a) give the Lender such information concerning the location, condition, use and operation of the Secured Assets as the Lender may require,
 - (b) permit any persons designated by the Lender and any Receiver to enter on its premises and inspect and examine any Secured Asset, and the records relating to that Secured Asset, at all reasonable times and on reasonable prior notice, and
 - (c) promptly notify the Lender in writing of any action, claim, notice or demand made by or against it in connection with all or any part of a Secured Asset or of any fact, matter or circumstance which may, with the passage of time, give rise to such an action, claim, notice or demand, together with, in each case, the Borrower's proposals for settling, liquidating, compounding or contesting any such action, claim, notice or demand and shall, subject to the Lender's prior approval, implement those proposals at its own expense
- 7 8 Payment of Outgoings The Borrower shall promptly pay all taxes, fees, licence duties, registration charges, insurance premiums and other outgoings in respect of the Secured Assets and, on demand, produce evidence of payment to the Lender
- 7 9 Appointment of Accountants The Borrower shall at its own cost, if at any time so required by the Lender, appoint an accountant or firm of accountants nominated by the Lender to investigate the financial affairs of the Borrower (and those of its subsidiaries) and report to the Lender and shall

co-operate fully with any accountants so appointed and immediately provide those accountants with all information requested

8 PROPERTY COVENANTS

- 8 1 The Borrower shall keep all buildings and all fixtures on each Property in good and substantial repair and condition
- 8 2 The Borrower shall procure that no person shall become entitled to assert any proprietary or other like right or interest over the whole or any part of any Property without the prior written consent of the Lender
- 8 3 The Borrower shall permit the Lender, any Receiver and any person appointed by either of them to enter on and inspect any Property on reasonable prior notice
- 8 4 The Borrower consents to an application being made by the Lender to the Land Registrar for the following restriction in Form P to be registered against its title to each Property

"No disposition of the registered estate by the proprietor of the registered estate or by the proprietor of any registered charge, not being a charge registered before the entry of this restriction is to be registered without a written consent signed by the proprietor for the time being of the charge dated 3rd October 2016 in favour of DR. SIYAVASH HAROUN-MAHDAVI referred to in the charges register"

9. BOOK DEBT COVENANTS

- 9 1 The Borrower shall
- (a) as an agent for the Lender, collect in and realise all Book Debts, pay the proceeds into a Designated Account immediately on receipt and, pending that payment, hold those proceeds in trust for the Lender
 - (b) not, without the prior written consent of the Lender, withdraw any amounts standing to the credit of any Designated Account, a
 - (c) if called on to do so by the Lender, execute a legal assignment of the Book Debts to the Lender on such terms as the Lender may require and give notice of that assignment to the debtors from whom the Book Debts are due, owing or incurred
- 9 2 The Borrower shall not (except as provided by Articles 9 1 or with the prior written consent of the Lender) release, exchange, compound, set-off, grant time or indulgence in respect of, or in any other manner deal with, all or any of the Book Debts

10. INTELLECTUAL PROPERTY COVENANTS

- 10 1 Preservation of rights The Borrower shall take all necessary action to safeguard and maintain present and future rights in, or relating to, the Intellectual Property including (without limitation) by observing all covenants and stipulations relating to those rights, and by paying all applicable renewal fees, licence fees and other outgoings
- 10 2 Registration of Intellectual Property The Borrower shall use all reasonable efforts to register applications for the registration of any Intellectual Property, and shall keep the Lender informed of all matters relating to each such registration
- 10 3 Maintenance of Intellectual Property The Borrower shall not permit any Intellectual Property to be abandoned, cancelled or to lapse

11. SECURITY

The Borrower shall procure that each and every Qualifying Subsidiary from time to time shall enter into such security (including cross guarantees between any and all Qualifying Subsidiaries and the Borrower as required by the Lender) relating to the Secured Liabilities and the Lender shall reasonably require The Borrower warrants to the Lender that, on the date of this Deed, it does not have any Qualifying Subsidiaries and covenants to the Lender that it will notify the Lender in writing as soon as it does have a Qualifying Subsidiary

12 POWERS OF THE LENDER

12 1 Power to Remedy.

- (a) The Lender shall be entitled (but shall not be obliged) to remedy, at any time, a breach by the Borrower of any of its obligations contained in this Deed
- (b) The Borrower irrevocably authorises the Lender and its agents to do all things that are necessary or desirable for that purpose
- (c) Any monies expended by the Lender in remedying a breach by the Borrower of its obligations contained in this deed shall be reimbursed by the Borrower to the Lender on a full indemnity basis and shall carry interest in accordance with Article 19 1

12 2 Exercise of Rights The rights of the Lender under Article 12 1 are without prejudice to any other rights of the Lender under this Deed and the exercise of any rights of the Lender under this Deed shall not make the Lender liable to account as a mortgagee in possession

12 3 Lender has Receiver's Powers To the extent permitted by law, any right, power or discretion conferred by this deed on a Receiver may, after the security constituted by this deed has become enforceable, be exercised by the Lender in relation to any of the Secured Assets whether or not it has taken possession of any Secured Assets and without first appointing a Receiver or notwithstanding the appointment of a Receiver

12 4 Indulgence The Lender may, at its discretion, grant time or other indulgence, or make any other arrangement, variation or release with any person not being a party to this deed (whether or not any such person is jointly liable with the Borrower) in respect of any of the Secured Liabilities, or of any other security for them without prejudice either to this deed or to the liability of the Borrower for the Secured Liabilities

12 5 Appointment of Administrator

- (a) The Lender may, without notice to the Borrower, appoint any one or more persons to be an Administrator of the Borrower pursuant to Paragraph 14 of Schedule B1 of the Insolvency Act 1986 if the security constituted by this Deed becomes enforceable
- (b) Any appointment under this Article 12 5 shall
 - (i) be in writing signed by a duly authorised signatory of the Lender, and
 - (ii) take effect, in accordance with paragraph 19 of Schedule B1 of the Insolvency Act 1986
- (c) The Lender may apply to the court for an order removing an Administrator from office and may by notice in writing in accordance with this Article 12 5 appoint a replacement for any Administrator who has died, resigned, been removed or who has vacated office upon ceasing to be qualified

13. WHEN SECURITY BECOMES ENFORCEABLE

13 1 The security constituted by this Deed shall become immediately enforceable if an Event of Default occurs

13 2 After the security constituted by this Deed has become enforceable, the Lender may, in its absolute discretion, enforce all or any part of that security at the times, in the manner and on the terms it thinks fit, and take possession of and hold or dispose of all or any part of the Secured Assets

14. ENFORCEMENT OF SECURITY

14 1 Enforcement Powers

- (a) For the purposes of all powers implied by statute, the Secured Liabilities are deemed to have become due and payable on the date of this Deed
- (b) The power of sale and other powers conferred by section 101 of the LPA 1925 (as varied or extended by this deed) shall be immediately exercisable at any time after the security constituted by this Deed has become enforceable under Article 13
- (c) Section 103 of the LPA 1925 does not apply to the security constituted by this Deed

14 2 Access on Enforcement

- (a) At any time after the Lender has demanded payment of the Secured Liabilities or if the Borrower defaults in the performance of its obligations under this Deed, the Borrower will allow the Lender or its Receiver, without further notice or demand, immediately to exercise all its rights, powers and remedies in particular (and without limitation) to take possession of any Secured Asset and for that purpose to enter on any premises where a Secured Asset is situated (or where the Lender or a Receiver reasonably believes a Secured Asset to be situated) without incurring any liability to the Borrower for, or by any reason of, that entry
 - (b) At all times, the Borrower must use its best endeavours to allow the Lender or its Receiver access to any premises for the purpose of Article 14(a) (including obtaining any necessary consents or permits of other persons) and ensure that its employees and officers do the same
- 14 3 Protection of Third Parties No purchaser, mortgagee or other person dealing with the Lender, any Receiver shall be concerned to enquire
- (a) whether any of the Secured Liabilities have become due or payable, or remain unpaid or undischarged,
 - (b) whether any power the Lender or a Receiver is purporting to exercise has become exercisable or is properly exercisable, or
 - (c) how any money paid to the Lender or any Receiver is to be applied
- 14 4 Privileges Each Receiver and the Lender is entitled to all the rights, powers, privileges and immunities conferred by the LPA 1925 on mortgagees and receivers
- 14 5 No Liability as a Mortgagee in Possession Neither the Lender, any Receiver nor any Administrator shall be liable, by reason of entering into possession of a Security Asset or for any other reason, to account as mortgagee in possession in respect of all or any of the Secured Assets, nor shall any of them be liable for any loss on realisation of, or for any act, neglect or default of any nature in connection with, all or any of the Secured Assets for which a mortgagee in possession might be liable as such
- 14 6 Conclusive Discharge to Purchasers The receipt of the Lender or any Receiver shall be a conclusive discharge to a purchaser and, in making any sale or other disposal of any of the Secured Assets or in making any acquisition in the exercise of their respective powers, the Lender, and every Receiver and Delegate may do so for any consideration, in any manner and on any terms that it or he thinks fit
- 14 7 Right of Appropriation To the extent that
- (a) the Secured Assets constitute Financial Collateral, and
 - (b) this Deed and the obligations of the Borrower under it constitute a Security Financial Collateral Arrangement,

the Lender shall have the right, at any time after the security constituted by this Deed has become enforceable, to appropriate all or any of those Secured Assets in or towards the payment or discharge of the Secured Liabilities in any order that the Lender may, in its absolute discretion, determine

15. RECEIVER

- 15 1 Appointment At any time after the security constituted by this Deed has become enforceable, or at the request of the Borrower, the Lender may, without further notice, appoint by way of deed, or otherwise in writing, any one or more persons to be a Receiver of all or any part of the Secured Assets
- 15 2 Removal The Lender may, without further notice (subject to section 45 of the Insolvency Act 1986 in the case of an administrative receiver), from time to time, by way of deed, or otherwise in writing, remove any Receiver appointed by it and may, whenever it thinks fit, appoint a new Receiver in the place of any Receiver whose appointment may for any reason have terminated
- 15 3 Remuneration The Lender may fix the remuneration of any Receiver appointed by it without the restrictions contained in section 109 of the LPA 1925, and the remuneration of the Receiver shall be a debt secured by this deed, to the extent not otherwise discharged

- 15 4 Power of appointment additional to statutory powers The power to appoint a Receiver conferred by this deed shall be in addition to all statutory and other powers of the Lender under the Insolvency Act 1986, the LPA 1925 or otherwise, and shall be exercisable without the restrictions contained in sections 103 and 109 of the LPA 1925 or otherwise
- 15 5 Power of appointment exercisable despite prior appointments The power to appoint a Receiver (whether conferred by this deed or by statute) shall be, and remain, exercisable by the Lender despite any prior appointment in respect of all or any part of the Secured Assets
- 15 6 Agent of the Borrower Any Receiver appointed by the Lender under this deed shall be the agent of the Borrower and the Borrower shall be solely responsible for the contracts, engagements, acts, omissions, defaults, losses and remuneration of that Receiver and for liabilities incurred by that Receiver. The agency of each Receiver shall continue until the Borrower goes into liquidation and after that the Receiver shall act as principal and shall not become the agent of the Lender

16. POWERS OF THE RECEIVER

16 1 General

- (a) Any Receiver appointed by the Lender under this Deed shall, in addition to the powers conferred on him by statute, have the powers set out in Articles 16 1 to 16 23
- (b) If there is more than one Receiver holding office at the same time, each Receiver may (unless the document appointing him states otherwise) exercise all of the powers conferred on a Receiver under this Deed individually and to the exclusion of any other Receiver
- (c) Any exercise by a Receiver of any of the powers given by Article 16 may be on behalf of the Borrower, the directors of the Borrower (in the case of the power contained in Article 16 16) or himself

16 2 Repair and develop Properties A Receiver may undertake or complete any works of repair, building or development on the Properties and may apply for and maintain any planning permission, development consent, building regulation approval or any other permission, consent or licence to carry out any of the same

16 3 Surrender leases A Receiver may grant, or accept surrenders of, any leases or tenancies affecting any Property and may grant any other interest or right over any Property on any terms, and subject to any conditions, that he thinks fit

16 4 Employ personnel and advisers A Receiver may provide services and employ or engage any managers, officers, servants, contractors, workmen, agents, other personnel and professional advisers on any terms, and subject to any conditions, that he thinks fit. A Receiver may discharge any such person or any such person appointed by the Borrower

16 5 Make VAT elections A Receiver may make, exercise or revoke any value added tax option to tax as he thinks fit

16 6 Remuneration A Receiver may charge and receive any sum by way of remuneration (in addition to all costs, charges and expenses incurred by him) that the Lender may prescribe or agree with him

16 7 Realise Secured Assets A Receiver may collect and get in the Secured Assets or any part of them in respect of which he is appointed, and make any demands and take any proceedings as may seem expedient for that purpose, and take possession of the Secured Assets with like rights

16 8 Manage or reconstruct the Borrower's business A Receiver may carry on, manage, develop, reconstruct, amalgamate or diversify or concur in carrying on, managing, developing, reconstructing, amalgamating or diversifying the business of the Borrower

16 9 Dispose of Secured Assets A Receiver may sell, exchange, convert into money and realise all or any of the Secured Assets in respect of which he is appointed in any manner (including, without limitation, by public auction or private sale) and generally on any terms and conditions as he thinks fit. Any sale may be for any consideration that the Receiver thinks fit and a Receiver may promote, or concur in promoting, a company to purchase the Secured Assets to be sold

16 10 Sever fixtures and fittings A Receiver may sever and sell separately any fixtures or fittings from any Property without the consent of the Borrower

- 16 11 Sell Book Debts A Receiver may sell and assign all or any of the Book Debts in respect of which he is appointed in any manner, and generally on any terms and conditions, that he thinks fit
- 16 12 Valid receipts A Receiver may give valid receipt for all monies and execute all assurances and things that may be proper or desirable for realising any of the Secured Assets
- 16 13 Make settlements A Receiver may make any arrangement, settlement or compromise between the Borrower and any other person that he may think expedient
- 16 14 Bring proceedings A Receiver may bring, prosecute, enforce, defend and abandon all actions, suits and proceedings in relation to any of the Secured Assets as he thinks fit
- 16 15 Improve the Equipment A Receiver may make substitutions of, or improvements to, the Equipment as he may think expedient
- 16 16 Make calls on Borrower members A Receiver may make calls conditionally or unconditionally on the members of the Borrower in respect of uncalled capital with (for that purpose and for the purpose of enforcing payments of any calls so made) the same powers as are conferred by the articles of association of the Borrower on its directors in respect of calls authorised to be made by them
- 16 17 Insure A Receiver may, if he thinks fit, but without prejudice to the indemnity in Article 19, effect with any insurer any policy of insurance either in lieu or satisfaction of, or in addition to, the insurance required to be maintained by the Borrower under this Deed
- 16 18 Powers under the LPA 1925 A Receiver may exercise all powers provided for in the LPA 1925 in the same way as if he had been duly appointed under the LPA 1925, and exercise all powers provided for an administrative receiver in Schedule 1 to the Insolvency Act 1986
- 16 19 Borrow A Receiver may, for any of the purposes authorised by this Article 16, raise money by borrowing from the Lender (or from any other person) either unsecured or on the security of all or any of the Secured Assets in respect of which he is appointed on any terms that he thinks fit (including, if the Lender consents, terms under which that security ranks in priority to this Deed)
- 16 20 Redeem prior Security A Receiver may redeem any prior Security and settle and pass the accounts to which the Security relates Any accounts so settled and passed shall be, in the absence of any manifest error, conclusive and binding on the Borrower, and the monies so paid shall be deemed to be an expense properly incurred by the Receiver
- 16 21 Delegation A Receiver may delegate his powers in accordance with this Deed
- 16 22 Absolute beneficial owner A Receiver may, in relation to any of the Secured Assets, exercise all powers, authorisations and rights he would be capable of exercising, and do all those acts and things, as an absolute beneficial owner could exercise or do in the ownership and management of the Secured Assets or any part of the Secured Assets
- 16 23 Incidental powers A Receiver may do any other acts and things that he
- (a) may consider desirable or necessary for realising any of the Secured Assets,
 - (b) may consider incidental or conducive to any of the rights or powers conferred on a Receiver under or by virtue of this Deed or law, or
 - (c) lawfully may or can do as agent for the Borrower

17. DELEGATION

- 17 1 The Lender or any Receiver may delegate (either generally or specifically) by power of attorney or in any other manner to any person any right, power, authority or discretion conferred on it by this Deed (including the power of attorney granted under Article 21 1)
- 17 2 The Lender and each Receiver may make a delegation on the terms and conditions (including the power to sub-delegate) that it thinks fit
- 17 3 Neither the Lender nor any Receiver shall be in any way liable or responsible to the Borrower for any loss or liability arising from any act, default, omission or misconduct on the part of any delegate

18 APPLICATION OF PROCEEDS

18 1 Order or application of proceeds All monies received by the Lender, a Receiver or a delegate pursuant to this Deed, after the security constituted by this deed has become enforceable, shall (subject to the claims of any person having prior rights and by way of variation of the LPA 1925) be applied in the following order of priority

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

18 2 Appropriation Neither the Lender, any Receiver nor any delegate shall be bound (whether by virtue of section 109(8) of the LPA 1925, which is varied accordingly, or otherwise) to pay or appropriate any receipt or payment first towards interest rather than principal or otherwise in any particular order between any of the Secured Liabilities

19. COSTS AND INDEMNITY

19 1 The Borrower shall pay to, or reimburse, the Lender and any Receiver, on a full indemnity basis, all costs, charges, expenses, taxes and liabilities of any kind (including, without limitation, legal, printing and out-of-pocket expenses) incurred by the Lender, any Receiver or any delegate in connection with

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

together with interest, which shall accrue and be payable (without the need for any demand for payment being made) from the date on which the relevant cost or expense arose until full discharge of that cost or expense (whether before or after judgment, liquidation, winding up or administration of the Borrower) at the rate and in the manner specified in section 1 of this deed

19 2 The Borrower shall indemnify the Lender, each Receiver and each delegate, and their respective employees and agents against all liabilities, costs, expenses, damages and losses (including but not limited to any direct, indirect or consequential losses, loss of profit, loss of reputation and all interest, penalties and legal costs (calculated on a full indemnity basis) and all other professional costs and expenses) suffered or incurred by any of them arising out of or in connection with

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

19 3 Any past or present employee or agent may enforce the terms of Article 19 2 subject to and in accordance with the provisions of the Contracts (Rights of Third Parties) Act 1999

20. FURTHER ASSURANCE

The Borrower shall, at its own expense, take whatever action the Lender or any Receiver may reasonably require for

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

including, without limitation (if the Lender or Receiver thinks it expedient) the execution of any transfer, conveyance, assignment or assurance of all or any of the assets forming part of (or

intended to form part of) the Secured Assets (whether to the Lender or to its nominee) and the giving of any notice, order or direction and the making of any registration.

21. POWER OF ATTORNEY

- 21 1 Appointment of attorneys By way of security, the Borrower irrevocably appoints the Lender, every Receiver and every Delegate separately to be the attorney of the Borrower and, in its name, on its behalf and as its act and deed, to execute any documents and do any acts and things that
- (a) the Borrower is required to execute and do under this Deed, or
 - (b) any attorney deems proper or desirable in exercising any of the rights, powers, authorities and discretions conferred by this deed or by law on the Lender, any Receiver or any Delegate
- 21 2 Ratification of acts of attorneys The Borrower ratifies and confirms, and agrees to ratify and confirm, anything that any of its attorneys may do in the proper and lawful exercise, or purported exercise, of all or any of the rights, powers, authorities and discretions referred to in Article 21 1

22. RELEASE

Subject to Article 26 3, on the expiry of the Security Period (but not otherwise), the Lender shall, at the request and cost of the Borrower, take whatever action is necessary to

- (a) release the Secured Assets from the security constituted by this Deed, and
- (b) reassign the Secured Assets to the Borrower

23. ASSIGNMENT & TRANSFER

- 23 1 Assignment by Lender At any time, without the consent of the Borrower, the Lender may assign or transfer any or all of its rights and obligations under this Deed. The Lender may disclose to any actual or proposed assignee or transferee any information in its possession that relates to the Borrower, the Secured Assets and this Deed that the Lender considers appropriate
- 23 2 Assignment by Borrower The Borrower may not assign any of its rights, or transfer any of its rights or obligations, under this Deed

24. AMENDMENTS, WAIVER & SEVERANCE

- 24 1 No amendment of this Deed shall be effective unless it is in writing and signed by, or on behalf of, each party (or its authorised representative)
- 24 2 A waiver of any right or remedy under this Deed or by law, or any consent given under this Deed, is only effective if given in writing by the waiving or consenting party and shall not be deemed a waiver of any other breach or default. It only applies in the circumstances for which it is given and shall not prevent the party giving it from subsequently relying on the relevant provision
- 24 3 A failure to exercise, or a delay in exercising, any right or remedy provided under this Deed or by law shall not constitute a waiver of that or any other right or remedy, prevent or restrict any further exercise of that or any other right or remedy or constitute an election to affirm this Deed. No single or partial exercise of any right or remedy provided under this Deed or by law shall prevent or restrict the further exercise of that or any other right or remedy. No election to affirm this Deed by the Lender shall be effective unless it is in writing
- 24 4 The rights and remedies provided under this Deed are cumulative and are in addition to, and not exclusive of, any rights and remedies provided by law
- 24 5 If any provision (or part of a provision) of this Deed is or becomes invalid, illegal or unenforceable, it shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision (or part of a provision) shall be deemed deleted. Any modification to or deletion of a provision (or part of a provision) under this clause shall not affect the legality, validity and enforceability of the rest of this Deed

25. THIRD PARTY RIGHTS

Except as expressly provided elsewhere in this Deed, a person who is not a party to this Deed shall not have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce, or

enjoy the benefit of, any term of this Deed. This does not affect any right or remedy of a third party which exists, or is available, apart from that Act.

26. FURTHER PROVISIONS

- 26.1 Independent security The security constituted by this Deed shall be in addition to, and independent of, any other security or guarantee that the Lender may hold for any of the Secured Liabilities at any time. No prior security held by the Lender over the whole or any part of the Secured Assets shall merge in the security created by this Deed.
- 26.2 Continuing security The security constituted by this Deed shall remain in full force and effect as a continuing security for the Secured Liabilities, despite any settlement of account, or intermediate payment, or other matter or thing, unless and until the Lender discharges this deed in writing.
- 26.3 Discharge conditional Any release, discharge or settlement between the Borrower and the Lender shall be deemed conditional on no payment or security received by the Lender in respect of the Secured Liabilities being avoided, reduced or ordered to be refunded pursuant to any law relating to insolvency, bankruptcy, winding-up, administration, receivership or otherwise. Despite any such release, discharge or settlement
- (a) the Lender or its nominee may retain this deed and the security created by or pursuant to it, including all certificates and documents relating to the whole or any part of the Secured Assets, for any period that the Lender deems necessary to provide the Lender with security against any such avoidance, reduction or order for refund, and
 - (b) the Lender may recover the value or amount of such security or payment from the Borrower subsequently as if the release, discharge or settlement had not occurred
 - (c) Certificates
- 26.4 Certificates A certificate or determination by the Lender as to any amount for the time being due to it from the Borrower under this Deed and the Loan Note Instrument shall be, in the absence of any manifest error, conclusive evidence of the amount due.
- 26.5 Consolidation The restriction on the right of consolidation contained in section 93 of the LPA 1925 shall not apply to this Deed.

27. NOTICES

Each notice or communication required to be given under or in connection with this Deed shall be in writing and sent by Royal Mail special delivery or registered courier and sent to the attention of the relevant party at the address set out at the front of this Deed, with a copy sent by email to the relevant party's email address, in either case as may be notified in writing from time to time in accordance with this Article 27.

28. GOVERNING LAW AND JURISDICTION

- 28.1 This loan (including non-contractual disputes or claims) shall be governed by, and construed in accordance with, the laws of England.
- 28.2 The courts of England shall have exclusive jurisdiction to settle any dispute or claim that arises out of, or in connection with, this instrument (including non-contractual disputes or claims). Accordingly, any proceedings relating to, or in connection with, this instrument or the Notes (including non-contractual disputes or claims) may be brought in such courts.

John. A. ...

Signature.....

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32

SIGNED for and on behalf of
DIGITAL FORMING LIMITED
acting by two directors/one director and the
secretary in the presence of.

) *Lisa Harouni* LISA HAROUNI
) Director

Signature. 

Occupation: Nanny...