



**Registration of a Charge**

Company name: **K'NEX UK LIMITED**

Company number: **08531398**

Received for Electronic Filing: **10/11/2020**



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**Details of Charge**

Date of creation: **30/10/2020**

Charge code: **0853 1398 0001**

Persons entitled: **CRYSTAL FINANCIAL LLC**

Brief description:

**Contains fixed charge(s).**

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

**Contains negative pledge.**

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**Authentication of Form**

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

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**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: **MORGAN, LEWIS & BOCKIUS LLP**



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

Company number: 8531398

Charge code: 0853 1398 0001

The Registrar of Companies for England and Wales hereby certifies that a charge dated 30th October 2020 and created by K'NEX UK LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 10th November 2020 .

Given at Companies House, Cardiff on 11th November 2020

The above information was communicated by electronic means and authenticated  
by the Registrar of Companies under section 1115 of the Companies Act 2006



**Companies House**



THE OFFICIAL SEAL OF THE  
REGISTRAR OF COMPANIES

EXECUTION VERSION

Dated 30 October 2020

**K'NEX UK LIMITED**  
as Chargor

and

**CRYSTAL FINANCIAL LLC**  
as Security Agent

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**DEBENTURE**

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**Morgan Lewis**

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THIS DEBENTURE is dated 30 October 2020 and made between:

- (1) **K'NEX UK LIMITED** incorporated and registered in England and Wales with company number 08531398 and whose registered office is at Mercer & Hole, 21 Lombard Street, London, United Kingdom, EC3V 9AH (the "**Chargor**"); and
- (2) **CRYSTAL FINANCIAL LLC** as trustee for the Secured Parties (the "**Security Agent**") which expression shall include any successor who is appointed for the purpose of, and in accordance with, the Facility Agreement.

## BACKGROUND

- (A) The Chargor and the Security Agent (among others) have entered into the Facility Agreement (as defined below).
- (B) It is a condition precedent under the Facility Agreement that the Chargor enters into this Debenture.
- (C) It is intended that this document takes effect as a deed notwithstanding that a party may only execute this document under hand.
- (D) The Security Agent declares that it holds the Security created by or pursuant to the English Security Documents on trust for the Secured Parties.

IT IS AGREED as follows:

## 1. DEFINITIONS AND INTERPRETATION

### 1.1 Definitions

In this Debenture, words and expressions shall (unless otherwise expressly defined in this Debenture) have the meaning given to them in the Facility Agreement and:

"**Account**" means the accounts listed at Schedule 1 and any account opened or maintained by the Chargor with any bank (including any Blocked Account), and any replacement account or subdivision or subaccount of that account, the debt or debts represented thereby, and all Related Rights.

"**Authorisation**" means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration.

"**Blocked Accounts**" means the accounts listed at Part II of Schedule 1 and any other Account in England & Wales that may from time to time be identified in writing as a Blocked Account by the Security Agent.

"**Book Debts**" means all book and other debts of any nature, and all other rights to receive money, now or in the future due, owing or payable to the Chargor and the benefit of all related negotiable instruments, rights, security, guarantees and indemnities of any kind.

"**Charged Property**" means all the assets and undertaking of the Chargor which from time to time are the subject of the security created or expressed to be created in favour of the Security Agent in this Debenture (and references to the Charged Property shall include references to any part of it).

"**Collateral Rights**" means all rights, powers and remedies of the Security Agent provided in this Debenture or by law.

**"Delegate"** has the meaning given at Clause 27.2 (*Delegation*).

**"English Security Documents"** means this Debenture, the Share Charge and any document which creates security in favour of the Security Agent to secure the Secured Liabilities and is governed by English law.

**"Facility Agreement"** means the credit agreement dated [on or about the date hereof] made between, among others, Basic Fun, Inc., as borrower and Crystal Financial LLC and the other Lenders party thereto and the Security Agent in its capacity as Administrative Agent, Sole Lead Arranger and Sole Bookrunner.

**"Insurance Policy"** means any policy of insurance in which the Chargor may from time to time have an interest, all moneys payable and paid to the Chargor under or in respect of any such policy and all Related Rights.

**"Intellectual Property"** means:

- (a) any patents, trademarks, service marks, designs, business names, copyrights, database rights, design rights, domain names, moral rights, inventions, confidential information, knowhow and other intellectual property rights and interests (which may now or in the future subsist), whether registered or unregistered; and
- (b) the benefit of all applications and rights to use such assets of the Chargor (which may now or in the future subsist) and all Related Rights.

**"Investments"** means:

- (a) all present and future stocks, shares, loan capital, debentures, bonds, loans, investments, securities and certificates of deposit (but not the Shares);
- (b) all interests in collective investment schemes; and
- (c) all warrants, options and other rights to subscribe or acquire any of the investments described in paragraphs (a) and (b),

in each case, whether held legally or beneficially, directly by or to the order of the Chargor or by any trustee, nominee, fiduciary or clearing system on its behalf and all Related Rights (including all rights against any such trustee, nominee, fiduciary or clearing system).

**"Real Property"** means:

- (a) any interest in any freehold, leasehold or immovable property (including the freehold and leasehold property in England and Wales specified in Schedule 1 (*Details of Real Property*)); and
- (b) any interest in any buildings, fixtures, fittings, fixed plant or machinery from time to time situated on or forming part of any freehold or leasehold property; and
- (c) all Related Rights.

**"Receiver"** means a receiver or receiver and manager or, where permitted by law, an administrative receiver of the whole or any part of the Charged Property, and that term will include any appointee made under a joint and/or several appointment.

**"Related Rights"** means, in relation to any asset:

- (a) the proceeds of sale of all or any part of that asset;

- (b) all rights under any licence, agreement for sale or agreement for lease in respect of that asset;
- (c) all rights, powers, benefits, claims, contracts, warranties, remedies, security, guarantees, indemnities or covenants for title in respect of that asset; and
- (d) any moneys and proceeds paid or payable in respect of that asset.

**"Restrictions Notice"** means a "restrictions notice" as defined in paragraph 1(2) of Schedule 1B of the Companies Act 2006.

**"Secured Liabilities"** means, collectively, the "Obligations" as defined in the Facility Agreement and the Guaranteed Obligations (as defined in the Guaranty (as defined in the Facility Agreement)).

**"Secured Parties"** has the meaning given in the Facility Agreement and includes, for the avoidance of doubt, any Receiver or Delegate.

**"Security"** has the meaning given to "Lien" in the Facility Agreement.

**"Security Period"** means the period beginning on the date of this Debenture and ending on the date the Secured Liabilities have been unconditionally and irrevocably paid and discharged in full and no further Secured Liabilities are capable of being outstanding, in each case, as determined by the Security Agent (acting reasonably).

**"Share Charge"** means the security over shares agreement dated on or about the date hereof between Basic Fun Inc. and the Security Agent.

**"Shares"** means all of the shares held by, to the order of the Chargor at any time and any Related Rights.

**"Specific Contracts"** means the contracts listed in Schedule 2 and all Related Rights.

**"Tangible Moveable Property"** means any plant, machinery, office equipment, computers, vehicles and other chattels (excluding any for the time being forming part of the Chargor's stock in trade or work in progress) and all Related Rights.

**"Warning Notice"** means a "warning notice" as defined in paragraph 1(2) of Schedule 1B of the Companies Act 2006.

## 1.2 Interpretation

In this Debenture:

- (a) the rules of interpretation contained in clause 1.02 (*Other Interpretive Provisions*) of the Facility Agreement shall apply to the construction of this Debenture;
- (b) any reference to the "Security Agent", the "Chargor" or the "Secured Parties" shall be construed so as to include its or their (and any subsequent) successors and any permitted assignees and transferees in accordance with their respective interests; and
- (c) references to any Clause or Schedule shall be to a clause or schedule contained in this Debenture.



### 1.3 Third party rights

A person who is not a party to this Debenture has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of this Debenture.

### 1.4 Disposition of Real Property

The terms of the other Loan Documents and of any side letters between the parties in relation to those Loan Documents are incorporated into this Debenture to the extent required for any purported disposition of the Real Property contained in this Debenture to be a valid disposition in accordance with Section 2(1) of the Law of Property (Miscellaneous Provisions) Act 1989.

## 2. PAYMENT OF SECURED LIABILITIES

### 2.1 Covenant to pay

The Chargor hereby undertakes and covenants to the Security Agent that it will pay and discharge the Secured Liabilities when due in the manner provided for in the Loan Documents or if the Loan Documents do not specify a time, on written demand by the Security Agent.

### 2.2 Interest

If the Chargor fails to pay any sum on the due date for payment of that sum, the Chargor shall pay interest to the Security Agent on any such sum at the Default Rate until such unpaid sum (and any related interest thereon) has been settled.

## 3. FIXED SECURITY AND FLOATING CHARGE

### 3.1 Fixed security

As continuing security for the payment and discharge of the Secured Liabilities, the Chargor, with full title guarantee in favour of the Security Agent:

- (a) charges by way of first legal mortgage any Real Property described in Schedule 1 (*Details of Real Property*);
- (b) charges by way of first fixed equitable charge all other Real Property now owned by it and all Real Property acquired by the Chargor after the date of this Debenture;
- (c) charges by way of first fixed charge all the Chargor's rights, title and interest from time to time in and to:
  - (i) the Shares;
  - (ii) the Tangible Moveable Property;
  - (iii) the Accounts;
  - (iv) the Intellectual Property;
  - (v) all present and future goodwill and rights in relation to the uncalled capital of the Chargor;
  - (vi) the Investments;

- (vii) all Book Debts;
- (viii) any Insurance Policy;
- (ix) the Specific Contracts; and
- (x) to the extent not otherwise charged in this Debenture, the benefit of all licences, consents, agreements and Authorisations held or used in connection with the business of the Chargor or any of its assets.

### 3.2 Floating charge

- (a) The Chargor charges with full title guarantee in favour of the Security Agent as continuing security for the payment and discharge of the Secured Liabilities, by way of first floating charge, all present and future assets, property (including, without limitation all Inventory), rights and undertaking of the Chargor.
- (b) The floating charge created by Clause 3.2(a) above shall be deferred in point of priority to all fixed security validly and effectively created by the Chargor under the Loan Documents in favour of the Security Agent as security for the Secured Liabilities.
- (c) Paragraph 14 of Schedule B1 to the Insolvency Act 1986 applies to the floating charge created pursuant to this Clause 3.2 (*Floating charge*).

### 3.3 Crystallisation of floating charge

#### (a) Notice

The Security Agent may at any time by notice in writing to the Chargor convert the floating charge created by Clause 3.2 (*Floating charge*) with immediate effect into a fixed charge as regards any of the Chargor's assets specified in the notice if:

- (i) an Event of Default has occurred and is continuing; or
- (ii) the Security Agent reasonably considers that any of the Charged Property may be in jeopardy or in danger of being seized or sold pursuant to any form of legal process; or
- (iii) the Security Agent reasonably considers that it is desirable in order to protect the priority of the Security.

#### (b) Automatic

The floating charge will automatically be converted (without notice) with immediate effect into a fixed charge as regards all the assets subject to the floating charge if:

- (i) the Chargor creates or attempts to create any Security (other than any Security permitted under the Facility Agreement) over all or any of the Charged Property; or
- (ii) any person levies or attempts to levy any expropriation, attachment, sequestration, distress, execution or other process against any of the Charged Property;
- (iii) a resolution is passed or an order is made for the winding-up, dissolution, administration or re-organisation of the Chargor;

- (iv) a liquidator, receiver, administrative receiver, administrator, manager or similar officer is appointed to the Chargor;
- (v) any person (who is entitled to do so) gives notice of its intention to appoint an administrator to the Chargor or files such a notice with a court; or
- (vi) the Chargor disposes or attempts to dispose of, all or any part of the Charged Property (other than property that is only subject to the floating charge while it remains uncrystallised, which property may be disposed of as permitted under the Facility Agreement).

#### 4. FURTHER ASSURANCE

##### 4.1 General

- (a) The covenant set out in Section 2(1)(b) of the Law of Property (Miscellaneous Provisions) Act 1994 shall extend to include the obligations set out in Clause 4.1(b) below.
- (b) The Chargor shall promptly at its own cost do all such acts or execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Security Agent may reasonably specify (and in such form as the Security Agent may reasonably require in favour of the Security Agent or its nominee(s)):
  - (i) to perfect the security created or intended to be created in respect of the Charged Property or for the exercise of the Collateral Rights;
  - (ii) to confer on the Security Agent, security over any property and assets of the Chargor located in any jurisdiction outside England and Wales equivalent or similar to the security intended to be conferred by or pursuant to this Debenture; and
  - (iii) to facilitate the realisation of the Charged Property or the exercise of any rights vested in the Security Agent.

##### 4.2 Necessary action

The Chargor shall promptly take all such action as is available to it (including making all filings and registrations) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any security conferred or intended to be conferred on the Security Agent by or pursuant to this Debenture.

##### 4.3 Consents

Without prejudice to any obligation in this Debenture, the Chargor shall use all reasonable endeavours for a period of 20 Business Days to promptly obtain (in form and substance reasonably satisfactory to the Security Agent) any consents (if any) necessary to enable the assets of the Chargor to be the subject of an effective fixed charge pursuant to Clause 3 (*Fixed security and floating charge*) and, immediately upon obtaining any such consent, the asset concerned shall become subject to such security and the Chargor shall promptly deliver a copy of each consent to the Security Agent.

#### 4.4 Implied covenants for title

The obligations of the Chargor under this Debenture shall be in addition to the covenants for title deemed to be included in this Debenture by virtue of Part 1 of the Law of Property (Miscellaneous Provisions) Act 1994.

### 5. NEGATIVE PLEDGE AND DISPOSALS

#### 5.1 Negative pledge

The provisions of Section 7.03 (*Restrictions of Liens*) and 7.05(b) (*Disposition of Assets*) of the Facility Agreement apply to this Debenture as though they were set out in full in this Debenture, *mutatis mutandis*.

### 6. SHARES AND INVESTMENTS

#### 6.1 Delivery of share certificates

The Chargor shall:

- (a) on the date of this Debenture, deposit with the Security Agent (or procure the deposit of) all certificates or other documents of title to the Shares, and stock transfer forms or other instruments of transfer (executed in blank by or on behalf of the Chargor and undated) and forms of waiver of any pre-emption rights necessary to enable such transfers to be registered; and
- (b) promptly upon the accrual, offer or issue of any stocks, shares, warrants or other securities in respect of or derived from the Shares, notify the Security Agent of that occurrence and procure the delivery to the Security Agent of (i) all certificates or other documents of title representing such items and (ii) such stock transfer forms or other instruments of transfer (executed in blank on behalf of the Chargor and undated) and forms of waiver of any pre-emption rights necessary to enable such transfers to be registered in respect thereof as the Security Agent may request.

#### 6.2 Shares: before Event of Default

Prior to the occurrence of an Event of Default, which is continuing, the Chargor shall be entitled to exercise all voting rights in relation to the Shares, provided that the Chargor shall not exercise such voting rights in any manner, or otherwise permit or agree to any (i) variation of the rights attaching to or conferred by any of the Shares or (ii) increase in the issued share capital of any company whose shares are charged pursuant to this Debenture, which in the opinion of the Security Agent would prejudice the value of, or the ability of the Security Agent to realise, the security created by this Debenture.

#### 6.3 Shares: after Event of Default

Upon the occurrence of an Event of Default, which is continuing, the Security Agent may, at its discretion (in the name of the Chargor or otherwise and without any further consent or authority from the Chargor), or may direct the Chargor (and the Chargor shall, and shall procure that it or its nominees shall, comply with such direction) to:

- (a) exercise (or refrain from exercising) any voting rights in respect of the Shares;
- (b) pay all dividends, interest and other moneys arising from the Shares to the Security Agent for application in accordance with Clause 16 (*Application of proceeds*);

- (c) transfer the Shares into the name of such nominee(s) of the Security Agent as it shall require; and
- (d) exercise (or refrain from exercising) the powers and rights conferred on or exercisable by the legal or beneficial owner of the Shares,

in such manner and on such terms as the Security Agent may think fit, and the proceeds of any such action shall form part of the Charged Property.

#### 6.4 Investments: delivery of documents of title

After the occurrence of an Event of Default, which is continuing, the Chargor shall promptly on the request of the Security Agent, deliver (or procure delivery) to the Security Agent, and the Security Agent shall be entitled to retain, all of the Investments and any certificates and other documents of title representing the Investments to which the Chargor (or its nominee(s)) is or becomes entitled together with any other document which the Security Agent may reasonably request (in such form and executed as the Security Agent may reasonably require) with a view to perfecting or improving its security over the Investments or to registering any Investment in its name or the name of any nominee(s).

#### 6.5 Investments and Shares: payment of calls

The Chargor shall pay when due all calls or other payments which may be or become due in respect of any of the Investments and the Shares, and in any case of failure by the Chargor to make such payment, the Security Agent may, if it thinks fit, make such payment on behalf of the Chargor in which case any sums paid by the Security Agent shall be reimbursed by the Chargor to the Security Agent on demand and shall carry interest from the date of payment by the Security Agent until reimbursed at the rate and in accordance with Clause 2.2 (*Interest*).

#### 6.6 Investments: exercise of rights

The Chargor shall not exercise any of its rights and powers in relation to any of the Investments in any manner which in the reasonable opinion of the Security Agent would prejudice the value of, or the ability of the Security Agent to realise, the security created by this Debenture.

### 7. ACCOUNTS

#### 7.1 Notices of charge of Accounts

The Chargor shall, on the date of this Debenture or promptly upon the opening of an Account deliver to the Security Agent (or procure delivery of) notices of charge in the form set out in Schedule 3 (*Form of Notice of Charge of Account*) duly executed by, or on behalf of, the Chargor, in respect of each Account (other than a Blocked Account) use its reasonable endeavours to procure within 20 Business Days of service of notice that each is acknowledged by the relevant bank with which such Account is opened or maintained.

#### 7.2 Notices of charge of Blocked Accounts

The Chargor shall, on the date of this Debenture or upon the designation at any time by the Security Agent of any Account as a Blocked Account:

- (a) deliver to the Security Agent (or procure delivery of) notices of charge in the form set out in Schedule 4 (*Form of Notice of Charge of Blocked Account*) duly executed by, or on behalf of, the Chargor, in respect of each Blocked Account and use its reasonable endeavours to procure acknowledgments by the relevant bank with

which such Blocked Account is opened or maintained in the form set out in Schedule 5 (Form of Acknowledgement of Charge of Blocked Accounts); and

- (b) deliver to the Security Agent the account mandate applicable to such Blocked Account showing the Security Agent as having full signing rights over such account (in a form satisfactory to the Security Agent, acting reasonably). The Chargor shall not amend, change or alter any such account mandate at any time while such account is a Blocked Account.

### 7.3 Accounts: notification and variation

The Chargor shall:

- (a) promptly deliver to the Security Agent after the date of this Debenture (and, if any change occurs thereafter, after the date of such change), details of each Account maintained by it with any bank or financial institution (other than with the Security Agent); and
- (b) not, without the Security Agent's prior written consent, permit or agree to any variation of the rights (other than variations unilaterally imposed by the relevant account bank) attaching to any Account or close any Account.

### 7.4 Accounts: operation before Event of Default

Prior to the occurrence of an Event of Default, which is continuing, the Chargor shall be entitled to receive, withdraw or otherwise transfer any credit balance from time to time on any Account (other than a Blocked Account) subject to the terms of the Facility Agreement.

### 7.5 Accounts: operation after Event of Default

After the occurrence of an Event of Default, which is continuing, the Chargor shall not be entitled to receive, withdraw or otherwise transfer any credit balance from time to time on any Account, except with the prior consent of the Security Agent.

### 7.6 Blocked Accounts

- (a) Regardless of the terms upon which moneys are credited to any Blocked Account, any credit balance from time to time in any Blocked Account shall not be due or accruing to the Chargor until the end of the Security Period. Until that time, the Chargor shall not be entitled to receive, withdraw or otherwise transfer any credit balance from time to time on any Blocked Account.
- (b) Upon the occurrence of an Event of Default, which is continuing, the Security Agent shall be entitled without notice to exercise from time to time all rights, powers and in respect of the Blocked Accounts including (without limitation):
  - (i) demand and receive all and any moneys due under or arising out of each Blocked Account; and
  - (ii) exercise all such rights as the Chargor was then entitled to exercise in relation to such Blocked Account or might, but for the terms of this Debenture, exercise.

### 7.7 Accounts: application of proceeds

Without prejudice to Clause 7.6(b), upon the occurrence of an Event of Default, which is continuing, the Security Agent shall be entitled without notice to apply, transfer or set-off

any or all of the credit balances from time to time on any Account in or towards the payment or other satisfaction of all or part of the Secured Liabilities in accordance with Clause 16 (*Application of proceeds*).

## 8. BOOK DEBTS

### 8.1 Dealing with Book Debts

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

- (a) deal with the Book Debts, except by getting in and realising them in a prudent manner and paying the proceeds of those Book Debts into an Account or to a Blocked Account or as the Security Agent may require; or
- (b) sell, transfer, factor or discount any of the Book Debts, or enter into any agreement for such sale, transfer, factoring or discounting.

### 8.2 Release of Book Debt proceeds: before Event of Default

The Chargor shall not, except with the prior written consent of the Security Agent, be entitled to withdraw or otherwise transfer the proceeds of the realisation of any Book Debts standing to any Blocked Account.

### 8.3 Release of Book Debt proceeds: after Event of Default

After the occurrence of an Event of Default, which is continuing, the Chargor shall not, except with the prior written consent of the Security Agent, be entitled to withdraw or otherwise transfer the proceeds of the realisation of any Book Debts standing to the credit of any Account.

## 9. INSURANCES

### 9.1 Insurance: undertakings

The Chargor shall comply with the provisions of Section 6.07 (*Insurance*) of the Facility Agreement.

### 9.2 Insurance: default

If the Chargor defaults in complying with Clause 9.1 (*Insurance: undertakings*), the Security Agent may effect or renew any such insurance on such terms, in such name(s) and in such amount(s) as it reasonably considers appropriate, and all moneys expended by the Security Agent in doing so shall be reimbursed by the Chargor to the Security Agent on demand and shall carry interest from the date of payment by the Security Agent until reimbursed at the rate specified in Clause 2.2 (*Interest*).

## 10. REAL PROPERTY

### 10.1 Delivery of title deeds

The Chargor shall upon the acquisition by the Chargor of any Real Property, deliver (or procure delivery) to the Security Agent of, and the Security Agent shall be entitled to hold and retain, all deeds, certificates and other documents constituting or evidencing title relating to such Real Property.

**10.2 Notification**

- (a) The Chargor shall immediately notify the Security Agent of any contract, conveyance, transfer or other disposition for the acquisition by the Chargor (or its nominee(s)) of any Real Property.
- (b) In the case of any Real Property, title to which is or will be registered under the Land Registration Act 2002, acquired by or on behalf of the Chargor after the execution of this Debenture, the Chargor shall promptly notify the Security Agent of the title number(s) and, contemporaneously with the making of an application to HM Land Registry for the registration of the Chargor as the registered proprietor of such property, make an application to HM Land Registry to enter into an agreed notice (Form AN1) of the security created by this Debenture on the charges register of such property.

**10.3 Lease covenants**

The Chargor shall, in relation to any lease, agreement for lease or other right to occupy to which all or any part of the Charged Property is at any time subject:

- (a) pay the rents (if the lessee) and observe and perform in all material respects the covenants, conditions and obligations imposed (if the lessor) on the lessor or, (if the lessee) on the lessee; and
- (b) not do any act or thing whereby any lease or other document which gives any right to occupy any part of the Charged Property becomes or may become subject to determination or any right of re-entry or forfeiture prior to the expiration of its term.

**10.4 General property undertakings**

The Chargor shall:

- (a) repair and keep in good and substantial repair and condition to the reasonable satisfaction of the Security Agent, any Real Property at any time forming part of the Charged Property;
- (b) not at any time, without the prior written consent of the Security Agent, sever or remove any of the fixtures forming part of any Real Property or any of the plant or machinery (other than stock in trade or work in progress) on or in the Charged Property (except for the purpose of any necessary repairs or replacement of it); and
- (c) comply in all material respects with and observe and perform (i) all applicable requirements of all planning and environmental legislation, regulations and bye-laws relating to any Real Property, (ii) any conditions attaching to any planning permissions relating to or affecting any Real Property and (iii) any notices or other orders made by any planning, environmental or other public body in respect of all or any part of any Real Property.

**10.5 Entitlement to remedy**

If the Chargor fails to comply with any of the undertakings contained in this Clause 10, the Security Agent shall be entitled (with such agents, contractors and others as it sees fit), to do such things as may in the reasonable opinion of the Security Agent be required to remedy such failure and all moneys spent by the Security Agent in doing so shall be reimbursed by the Chargor on demand with interest from the date of payment by the Security Agent until reimbursed in accordance with Clause 2.2 (*Interest*).



**10.6 Further advances**

- (a) Subject to the terms of the Facility Agreement, each Lender is under an obligation to make further advances to the Chargor and that obligation will be deemed to be incorporated into this Debenture as if set out in this Debenture.
- (b) The Chargor consents to an application being made to the HM Land Registry to enter the obligation to make further advances on the charges register of any Real Property which is or will be registered under the Land Registration Act 2002, and which form part of the Charged Property.

**10.7 Application to HM Land Registry**

The Chargor consents to an application being made to enter (a) a restriction in the proprietorship register of any Real Property forming part of the Charged Property which is or will be registered under the Land Registration Act 2002 and/or (b) a notice of the security created by this Debenture on the charges register of such property.

**11. SPECIFIC CONTRACTS**

The Chargor shall, on the date of this Debenture or promptly following its entry into a Specific Contract, deliver to the Security Agent (or procure delivery of) notices of charge in the form set out in Schedule 6 (*Form of Notice of Charge of Specific Contracts*) duly executed by the Chargor, in respect of each Specific Contract and use its reasonable endeavours to procure acknowledgments by the relevant counterparty to each Specific Contract, within 20 Business Days, in the form set out in Schedule 7 (*Form of Acknowledgement of Charge of Specific Contract*).

**12. ENFORCEMENT OF SECURITY****12.1 Enforcement**

At any time after:

- (i) the occurrence of an Event of Default (which is continuing);
- (ii) the Chargor requests the Security Agent to exercise any of its powers under this Debenture;
- (iii) a petition or application is presented for the making of an administration order in relation to the Chargor; or
- (iv) any person who is entitled to do so gives written notice of its intention to appoint an administrator of the Chargor or files such a notice with the court,

the security created by or pursuant to this Debenture is immediately enforceable and the Security Agent may, without notice to the Chargor or prior authorisation from any court, in its absolute discretion:

- (a) enforce all or any part of the security created by or pursuant to this Debenture (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 Charged Property;
- (b) by notice to the Chargor, end the Chargor's right to possession of all or any Real Property forming part of the Charged Property; or

- (c) whether or not it has appointed a Receiver, exercise all or any of the powers, authorities and discretions conferred by the Law of Property Act 1925 (as varied or extended by this Debenture) on mortgagees and by this Debenture on any Receiver or otherwise conferred by law on mortgagees or receivers.

#### 12.2 No liability as mortgagee in possession

Neither the Security Agent nor any Receiver shall be liable to account as a mortgagee in possession in respect of all or any part of the Charged Property or be liable for any loss upon realisation or for any neglect, default or omission in connection with the Charged Property to which a mortgagee or mortgagee in possession might otherwise be liable.

#### 12.3 Right of appropriation

To the extent that any of the Charged Property constitutes "financial collateral" and this Debenture constitutes a "security financial collateral arrangement" (in each case as defined in, and for the purposes of, the Financial Collateral Arrangements (No. 2) Regulations 2003 (SI 2003 No. 3226) (the "**Regulations**")), the Security Agent shall have, after the occurrence of an Event of Default that is continuing, the right to appropriate all or any part of such financial collateral in or towards discharge of the Secured Liabilities. The value of such financial collateral so appropriated shall be (a) in the case of cash, the amount standing to the credit of each of the Accounts, together with any accrued but unposted interest, at the time that the right of appropriation is exercised; and (b) in the case of the Investments and/or the Shares, the market price of such Investments and/or Shares determined by the Security Agent by reference to a public index or by such other process as the Security Agent may select, including independent valuation. In each case, such method of valuation is a commercially reasonable method of valuation for the purposes of the Regulations. Any such financial collateral is delivered, transferred, held, registered or otherwise designated so as to be in the possession or under the control of the Security Agent or a person acting on its behalf.

### 13. EXTENSION AND VARIATION OF THE LAW OF PROPERTY ACT 1925

#### 13.1 Extension of powers

The power of sale or other disposal conferred on the Security Agent and on any Receiver by this Debenture shall operate as a variation and extension of the statutory power of sale under Section 101 of the Law of Property Act 1925 and such power shall arise (and the Secured Liabilities shall be deemed due and payable for that purpose) on execution of this Debenture.

#### 13.2 Restrictions

The restrictions contained in Sections 93 and 103 of the Law of Property Act 1925 shall not apply to this Debenture or to the exercise by the Security Agent of its right to consolidate all or any of the security created by or pursuant to this Debenture with any other security in existence at any time or to its power of sale, which powers may be exercised by the Security Agent without notice to the Chargor on or at any time after the occurrence of an Event of Default (which is continuing).

#### 13.3 Power of leasing

The statutory powers of leasing may be exercised by the Security Agent at any time on or after the occurrence of an Event of Default, which is continuing and the Security Agent and any Receiver may make any lease or agreement for lease, accept surrenders of leases and grant options on such terms as it shall think fit, without the need to comply with any restrictions imposed by Sections 99 and 100 of the Law of Property Act 1925.

## 14. APPOINTMENT OF RECEIVER OR ADMINISTRATOR

### 14.1 Appointment and removal

Upon the security created by or pursuant to this Debenture becoming enforceable in accordance with Clause 12.1 (*Enforcement*), the Security Agent may by deed or otherwise immediately or at any time thereafter without prior notice to the Chargor:

- (a) appoint one or more persons to be a Receiver of the whole or any part of the Charged Property;
- (b) appoint two or more Receivers of separate parts of the Charged Property;
- (c) remove (so far as it is lawfully able) any Receiver so appointed;
- (d) appoint another person(s) as an additional or replacement Receiver(s); or
- (e) appoint one or more persons to be an administrator of the Chargor.

### 14.2 Capacity of receivers

Each person appointed to be a Receiver pursuant to Clause 14.1 (*Appointment and removal*) shall be:

- (a) entitled to act individually or together with any other person appointed or substituted as Receiver;
- (b) for all purposes deemed to be the agent of the Chargor which shall be solely responsible for his acts, defaults and liabilities and for the payment of his remuneration and no Receiver shall at any time act as agent for the Security Agent; and
- (c) entitled to remuneration for his services at a rate to be fixed by the Security Agent from time to time (without being limited to the maximum rate specified by the Law of Property Act 1925).

### 14.3 Statutory powers of appointment

The powers of appointment of a Receiver shall be in addition to all statutory and other powers of appointment of the Security Agent under the Law of Property Act 1925 (as extended by this Debenture) or otherwise and such powers shall remain exercisable from time to time by the Security Agent in respect of any part of the Charged Property.

## 15. POWERS OF RECEIVER

Every Receiver shall (subject to any restrictions in the instrument appointing him but notwithstanding any winding-up or dissolution of the Chargor) have and be entitled to exercise, in relation to the Charged Property (and any assets of the Chargor which, when got in, would be Charged Property) in respect of which he was appointed, and as varied and extended by the provisions of this Debenture (in the name of or on behalf of the Chargor or in his own name and, in each case, at the cost of the Chargor):

- (a) all the powers conferred by the Law of Property Act 1925 on mortgagors and on mortgagees in possession and on receivers appointed under that Act;
- (b) all the powers of an administrative receiver set out in Schedule 1 to the Insolvency Act 1986 (whether or not the Receiver is an administrative receiver);

- (c) all the powers and rights of an absolute owner and power to do or omit to do anything which the Chargor itself could do or omit to do; and
- (d) the power to do all things (including bringing or defending proceedings in the name or on behalf of the Chargor) which seem to the Receiver to be incidental or conducive to (i) any of the functions, powers, authorities or discretions conferred on or vested in him or (ii) the exercise of the Collateral Rights (including realisation of all or any part of the Charged Property) or (iii) bringing to his hands any assets of the Chargor forming part of, or which when got in would be, the Charged Property.

## 16. APPLICATION OF PROCEEDS

All amounts received or recovered by the Security Agent or any Receiver pursuant to this Debenture or the powers conferred by it shall (subject to the claims of any person having prior rights thereto and by way of variation of the provisions of the Law of Property Act 1925) be applied first in the payment of the costs, charges and expenses incurred and payments made by the Receiver, the payment of his remuneration and the discharge of any liabilities incurred by the Receiver in, or incidental to, the exercise of any of his powers, and thereafter shall be applied by the Security Agent (notwithstanding any purported appropriation by the Chargor) in such order and manner as the Security Agent shall think fit in or towards the discharge of all or any of the Secured Liabilities which are then due and payable in accordance with Section 8.03 (*Application of Funds*) of the Facility Agreement.

## 17. PROTECTION OF PURCHASERS

### 17.1 Consideration

The receipt of the Security Agent or any Receiver shall be conclusive discharge to a purchaser and, in making any sale or disposal of any of the Charged Property or making any acquisition, the Security Agent or any Receiver may do so for such consideration, in such manner and on such terms as it thinks fit.

### 17.2 Protection of purchasers

No purchaser or other person dealing with the Security Agent or any Receiver shall be bound to inquire whether the right of the Security Agent or such Receiver to exercise any of its powers has arisen or become exercisable or be concerned with any propriety or regularity on the part of the Security Agent or such Receiver in such dealings.

## 18. POWER OF ATTORNEY

### 18.1 Appointment and powers

The Chargor by way of security irrevocably appoints the Security Agent and any Receiver jointly and severally to be its attorney and in its name, on its behalf and as its act and deed to execute, deliver and perfect all documents and do all things which the attorney may consider to be required or desirable for:

- (a) the purposes of perfecting, confirming, continuing or protecting the Security created or purported to be created by or pursuant to this Debenture;
- (b) carrying out any other obligation imposed on the Chargor by this Debenture or any other agreement binding on the Chargor to which the Security Agent is party (including the execution and delivery of any mortgages, deeds, charges, assignments or other security and any transfers of the Charged Property), provided that the Security Agent may not act on foot of the power of attorney conferred by this clause 18.1 in connection with any such obligation, to the extent that no Event of Default

has occurred or the Chargor has failed to carry out such obligation within 10 Business Days of the Chargor receiving written notice from the Security Agent requiring the Chargor to do such act or thing the Chargor;

- (c) enabling the Security Agent and any Receiver to exercise, or delegate the exercise of, any of the rights, powers and authorities conferred on them by or pursuant to this Debenture or by law (including, after the occurrence of an Event of Default, the exercise of any right of a legal or beneficial owner of the Charged Property) provided that the Security Agent may not act on foot of the power of attorney conferred by this clause 18.1 in connection with any such rights, powers and authorities, to the extent that no Event of Default has occurred or the Chargor has failed to carry out such obligation within 10 Business Days of the Chargor receiving written notice from the Security Agent requiring the Chargor to do an act or thing which is necessary to enable the Security Agent to exercise, or delegate the exercise of any of such rights powers and authorities.

## **18.2 Ratification**

The Chargor shall ratify and confirm all things done and all documents executed by any attorney in the exercise or purported exercise of all or any of his powers.

## **19. EFFECTIVENESS OF SECURITY**

### **19.1 Continuing security**

- (a) The security created by or pursuant to this Debenture shall remain in full force and effect as a continuing security for the Secured Liabilities until the end of the Security Period.
- (b) No part of the security from time to time intended to be constituted by the Debenture will be considered satisfied or discharged by any intermediate payment, discharge or satisfaction of the whole or any part of the Secured Liabilities.

### **19.2 Cumulative rights**

The security created by or pursuant to this Debenture and the Collateral Rights shall be cumulative, in addition to and independent of every other Security which the Security Agent or any Secured Party may at any time hold for the Secured Liabilities or any other obligations or any rights, powers and remedies provided by law. No prior security held by the Security Agent (whether in its capacity as trustee or otherwise) or any of the other Secured Parties over the whole or any part of the Charged Property shall merge into the security created by or pursuant to this Debenture.

### **19.3 No prejudice**

The security created by or pursuant to this Debenture and the Collateral Rights shall not be prejudiced by any unenforceability or invalidity of any other agreement or document or by any time or indulgence granted to the Chargor or any other person, or by any variation of the terms of the trust upon which the Security Agent holds the Security, or by any other thing which might otherwise prejudice that security or any Collateral Right.

### **19.4 Remedies and waivers**

No failure on the part of the Security Agent to exercise, or any delay on its part in exercising, any Collateral Right shall operate as a waiver of that Collateral Right, nor shall any single or partial exercise of any Collateral Right preclude any further or other exercise of that or any other Collateral Right.

**19.5 No liability**

None of the Security Agent, its nominee(s) or any Receiver shall be liable by reason of (a) taking any action permitted by this Debenture or (b) any neglect or default in connection with the Charged Property or (c) taking possession of or realising all or any part of the Charged Property, except in the case of gross negligence or wilful default upon its part.

**19.6 Partial invalidity**

If, at any time, any provision of this Debenture is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of this Debenture nor of such provision under the laws of any other jurisdiction shall in any way be affected or impaired thereby and, if any part of the security intended to be created by or pursuant to this Debenture is invalid, unenforceable or ineffective for any reason, that shall not affect or impair any other part of that security.

**19.7 Waiver of defences**

The obligations of the Chargor under this Debenture and the Collateral Rights will not be affected by an act, omission, matter or thing which, but for this Clause, would reduce, release or prejudice any of its obligations under this Debenture (without limitation and whether or not known to it or any Secured Party) including:

- (a) any time, waiver or consent granted to, or composition with, any Credit Party or other person;
- (b) the release of any other Credit Party or any other person under the terms of any composition or arrangement with any creditor of any such Credit Party or any other such person;
- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Credit Party or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- (d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of a Credit Party or any other person;
- (e) any amendment, novation, supplement, extension, restatement (however fundamental and whether or not more onerous) or replacement of a Loan Document or any other document or security including, without limitation, any change in the purpose of, any extension of or increase in any facility or the addition of any new facility under any Loan Document or other document or security;
- (f) any unenforceability, illegality or invalidity of any obligation of any person under any Loan Document or any other document or security; or
- (g) any insolvency or similar proceedings.

**19.8 Immediate recourse**

The Chargor waives any right it may have of first requiring any Secured Party (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from the Chargor under this Debenture. This waiver applies irrespective of any law or any provision of a Loan Document to the contrary.

**19.9 Deferral of rights**

During the Security Period, the Chargor shall not exercise any rights which it may have by reason of performance by it of its obligations under this Debenture:

- (a) to be indemnified by any Credit Party;
- (b) to claim any contribution from any guarantor of any Credit Party's obligations under this Debenture; and/or
- (c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Secured Parties under the Loan Documents or of any other guarantee or security taken pursuant to, or in connection with, this Debenture by any Secured Party.
- (d) to exercise any right of set-off against any Credit Party; or
- (e) to claim or prove as a creditor of any Credit Party in competition with any Secured Party.

If the Chargor receives any benefit, payment or distribution in relation to such rights it shall hold that benefit, payment or distribution to the extent necessary to enable all amounts which may be or become payable to the Secured Parties by any Credit Party under or in connection with the Loan Documents to be repaid in full on trust for the Secured Parties and shall promptly pay or transfer the same to the Security Agent or as the Security Agent may direct for application in accordance with Clause 16 (*Application of proceeds*).

**20. RELEASE OF SECURITY****20.1 Redemption of security**

After the end of the Security Period, the Security Agent shall, at the request and cost of the Chargor, release and discharge the security created by or pursuant to this Debenture and the obligations of the Chargor in this, subject to Clause 20.2 (*Avoidance of payments*) and without recourse to, or any representation or warranty by, the Security Agent or any of its nominees.

**20.2 Avoidance of payments**

If the Security Agent considers that any amount paid or credited to any Secured Party is capable of being avoided or reduced by virtue of any bankruptcy, insolvency, liquidation or similar laws, the liability of the Chargor under this Debenture and the security created by or pursuant to this Debenture shall continue and such amount shall not be considered to have been irrevocably paid.

**21. SET-OFF**

After an Event of Default has occurred and is continuing, the Security Agent may set off any matured obligation due from the Chargor under the Loan Documents against any matured obligation owed by the Security Agent (whether in its capacity as trustee or otherwise) to the Chargor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Security Agent may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off. The Security Agent agrees to notify the Borrower Representative, promptly after any such set off and application, provided that the failure to give such notice shall not affect the validity of such set off and application.

## 22. SUBSEQUENT SECURITY INTERESTS

If the Security Agent (acting in its capacity as trustee or otherwise) or any of the other Secured Parties at any time receives or is deemed to have received notice of any subsequent security affecting all or any part of the Charged Property or any assignment or transfer of the Charged Property which is prohibited by the terms of this Debenture or any other Loan Document, all payments thereafter by or on behalf of the Chargor to the Security Agent (whether in its capacity as trustee or otherwise) or any of the other Secured Parties shall be treated as having been credited to a new account of the Chargor and not as having been applied in reduction of the Secured Liabilities as at the time when the Security Agent received such notice.

## 23. CURRENCY INDEMNITY

If any sum (a "**Sum**") owing by the Chargor under this Debenture or any order or judgment given or made in relation to this Debenture has to be converted from the currency (the "**First Currency**") in which such Sum is payable into another currency (the "**Second Currency**") for the purpose of:

- (a) making or filing a claim or proof against the Chargor;
- (b) obtaining an order or judgment in any court or other tribunal;
- (c) enforcing any order or judgment given or made in relation to this Debenture; or
- (d) applying the Sum in satisfaction of any of the Secured Liabilities,

the Chargor shall indemnify the Security Agent from and against any loss suffered or incurred as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert such Sum from the First Currency into the Second Currency and (ii) the rate or rates of exchange available to the Security Agent at the time of receipt of such Sum.

## 24. CURRENCY CONVERSION

For the purpose of or pending the discharge of any of the Secured Liabilities, the Security Agent may convert any moneys received or recovered by the Security Agent or any Receiver pursuant to this Debenture from one currency to another at the spot rate at which the Security Agent is able to purchase the currency in which the Secured Liabilities are due with the amount received. The Secured Liabilities shall only be satisfied to the extent of the amount of the due currency purchased after deducting the costs of conversion.



## 25. ASSIGNMENT

25.1 The Security Agent may assign and transfer all or any of its rights and obligations under this Debenture to any persons who become a successor Security Agent in accordance with the terms of the Facility Agreement. The Security Agent shall be entitled to disclose such information concerning the Chargor and this Debenture as the Security Agent considers appropriate to any actual or proposed direct or indirect successor or to any person to whom information may be required to be disclosed by any applicable law.

25.2 The Chargor may not assign or transfer all or any of its rights and obligations under this Debenture other than in accordance with the Facility Agreement.

## 26. NOTICES

The provisions of Section 10.02 (*Notices; Effectiveness; Electronic Communications*) of the Facility Agreement shall apply to this Debenture as though they were set out in full in this Debenture.

## 27. DISCRETION AND DELEGATION

### 27.1 Discretion

Any liberty or power which may be exercised or any determination which may be made under this Debenture by the Security Agent or any Receiver may, subject to the terms and conditions of the Facility Agreement and this Debenture, be exercised or made in its absolute and unfettered discretion without any obligation to give reasons.

### 27.2 Delegation

Each of the Security Agent and any Receiver shall have full power to delegate (either generally or specifically) the powers, authorities and discretions conferred on it by this Debenture (including the power of attorney) to any Person (a "**Delegate**") on such terms and conditions as it shall see fit which delegation shall not preclude either the subsequent exercise, any subsequent delegation or any revocation of such power, authority or discretion by the Security Agent or the Receiver itself.

## 28. COUNTERPARTS

This Debenture may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Debenture.

## 29. GOVERNING LAW

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

## 30. JURISDICTION

### 30.1 English courts

The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of, or connected with this Debenture (including a dispute regarding the existence, validity or termination of this Debenture or the consequences of its nullity or any disputes arising out of or in connection with any non-contractual obligations).

**30.2 Convenient forum**

The courts of England are the most appropriate and convenient courts to settle Disputes and, accordingly, no Party shall argue to the contrary.

**30.3 Exclusive jurisdiction**

This Clause 30 (*Jurisdiction*) is for the benefit of the Security Agent only. As a result and notwithstanding Clause 30.1 (*English courts*), it does not prevent the Security Agent from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law the Security Agent may take concurrent proceedings in any number of jurisdictions.

**THIS DEBENTURE** has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

**SCHEDULE 1**

**Part I  
Details of Real Property**

**None at the date of this Debenture**

**Part II  
Details of Accounts**

**Barclays Bank GBP account in the name of the Chargor with account no. 00590460**

**Part III  
Details of Blocked Accounts**

**None at the date of this Debenture**

**SCHEDULE 2**  
**FORM OF NOTICE OF CHARGE OF ACCOUNTS**

*[On letterhead of the Chargor]*

[Date]

[Bank]

[Branch]

Attention: [ ]

Dear Sirs,

- 1 We hereby give you notice that by a debenture dated [ ], we have charged to [ ] (the "**Security Agent**") all our rights, title, interest and benefit in and to the following account(s) held with yourselves and all amounts standing to the credit of such account(s) from time to time:

Account No. [●], sort code [●]

Account No. [●], sort code [●]

*[Repeat as necessary]*

(the "**Account(s)**").

- 2 Please acknowledge receipt of this letter by returning a copy of the attached letter on your letterhead with a receipted copy of this notice, to the Security Agent at [●], Attention: [●].

Yours faithfully

.....  
for and on behalf of

[ ]

**SCHEDULE 3**  
**FORM OF ACKNOWLEDGEMENT OF NOTICE OF CHARGE**

*[On letterhead of Bank]*

[Date]

[ ] (the "Security Agent")

[Address]

Attention: [•]

Dear Sirs,

[ ] (the "Chargor")

We refer to the notice dated [•] received from the Chargor with respect to the charge which it has granted to you over the Accounts (the "Notice").

Terms not defined in this letter shall have the meanings given to them in the Notice.

We hereby acknowledge that the Chargor has charged to you all of its rights, title, interest and benefit in and to the Accounts.

We hereby irrevocably undertake to you that until receipt by us of notice from you confirming that you no longer have any interest in the Accounts we shall:

- (a) not exercise any right of combination, consolidation, merger or set-off which we may have in respect of, or otherwise exercise any other right which we may have to apply any moneys from time to time standing or accruing to the credit of the Accounts, except for fees and charges payable to us for the operation of the Accounts;
- (b) permit or effect any withdrawal or transfer from the Accounts in accordance with the Chargor's mandate with us until we receive notice from you notifying us that an Event of Default has occurred under the terms of the Facility Agreement and terminating the Chargor's right to operate the Accounts;
- (c) following receipt of the notice referred to in paragraph (b) above, comply with all instructions received by us from you from time to time with respect to the movement of funds from the Accounts provided that:
  - (i) all instructions are received in writing, by facsimile, to us at facsimile number [•], attention: [•]; and
  - (ii) all instructions must be received by [2pm] if they are to be complied with on the same Business Day. Instructions received outside such hours will be complied with on the next Business Day following such receipt. Facsimile instructions will be deemed received at the time of transmission; and
  - (iii) to the extent that an instruction is given which would in our opinion cause any Account to become overdrawn we will transfer the cleared balance in the Account;
- (d) we shall not be obliged to comply with any instructions received from you where to comply with such instructions will breach a court order or be contrary to applicable law, and we shall

give notice thereof to you and the Chargor as well as reasons why we cannot comply with such instructions; and

- (e) in the event that we are unable to comply with any instructions due to circumstances set out in paragraph (d) we shall not be responsible for any loss caused to you or to the Chargor and in any event we shall not be liable for any consequential, special, secondary or indirect loss of or damage to goodwill, profits or anticipated savings (however caused).

We are irrevocably authorised by you to follow any instructions received from you in relation to the Accounts from any person that we reasonably believe is an authorised officer of the Security Agent, without further inquiry as to the Security Agent's right or authority to give such instructions and we shall be fully protected in acting in accordance with such instructions.

This letter 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  
[Bank]

**SCHEDULE 4**  
**FORM OF NOTICE OF CHARGE OF BLOCKED ACCOUNTS**

*[On letterhead of the Chargor]*

[Date]

[Bank]

[Branch]

Attention: [ ]

Dear Sirs,

1. We hereby give you notice that by a debenture dated [●], we have charged to [ ] (the "**Security Agent**") by way of first fixed charge all our rights, title, interest and benefit in and to the following account(s) held with yourselves (including any renewal or redesignation of such account) and all amounts standing to the credit of such account from time to time:

Account No. [●], sort code [●]

Account No. [●], sort code [●]

*[Repeat as necessary]*

(the "**Blocked Account(s)**").

2. We hereby agree to indemnify you on demand and against any and all costs, losses and expenses suffered or incurred by you as a result of complying with the undertakings contained in the acknowledgement to this notice with which you are hereby instructed to comply, together with all other instructions which you may receive from the Security Agent from time to time in relation to such undertakings.
3. Please acknowledge receipt of this letter by returning a copy of the attached letter on your letterhead with a receipted copy of this notice forthwith, to the Security Agent at [●], Attention: [●].

Yours faithfully

.....  
for and on behalf of [●]

**SCHEDULE 5**  
**FORM OF ACKNOWLEDGEMENT OF CHARGE OF BLOCKED ACCOUNTS**

*[On letterhead of the Chargor]*

[Date]

[ ] (the "Security Agent")

[Address]

Attention: [●]

Dear Sirs,

[ ] (the "Chargor")

- 1 We refer to the notice dated [●], received from the Chargor with respect to the fixed charge which it has granted to you over the Blocked Account(s) (the "Notice").
- 2 Terms not defined in this letter shall have the meanings given to them in the Notice.
- 3 We hereby acknowledge that the Chargor has charged to you by way of a first fixed charge, all of its rights, title, interest and benefit in and to the Blocked Account(s).
- 4 We hereby acknowledge that we have not received notice of any previous assignments of, charges over or trusts in respect of, the Blocked Account(s).
- 5 We hereby irrevocably undertake to you that until receipt by us of notice from you confirming that you no longer have any interest in the Blocked Account(s), we shall:
  - (a) not exercise any right of combination, consolidation, merger or set-off which we may have in respect of, or otherwise exercise any other right which we may have to apply any moneys from time to time standing or accruing to the credit of the Blocked Account(s);
  - (b) promptly notify you of any renewal, renumbering or redesignation of any and all of the Blocked Account(s);
  - (c) promptly send to you copies with respect to all the Blocked Account(s) of all statements and, if requested by you, copies of all credits, debits and notices given or made by us in connection with such account;
  - (d) not permit or effect any withdrawal or transfer from the Blocked Account(s) by or on behalf of the Chargor, except for withdrawals and transfers requested by you in writing to us pursuant to the terms of this letter;
  - (e) comply with all instructions received by us from you from time to time with respect to the conduct of the Blocked Account(s), provided that such instructions are given in accordance with the terms of this letter;
  - (f) comply with all instructions received by us from you from time to time with respect to the movement of funds from the Blocked Account(s) provided that:



- (i) all instructions are received in writing, by facsimile, to us at facsimile number [●], attention: [●];
- (ii) all instructions must be received by [2pm] if they are to be complied with on the same Business Day. Instructions received outside such hours will be complied with on the next Business Day following such receipt. Facsimile instructions will be deemed received at the time of transmission;
- (iii) all instructions are given in compliance with the mandate entered into by you stipulating who may give instructions to us; and
- (iv) to the extent that an instruction is given which would in our opinion cause the Blocked Account(s) to become overdrawn we will transfer the outstanding balance in the account;
- (g) we shall not be obliged to comply with any instructions received from you where to comply with such instructions will breach a court order or be contrary to applicable laws, and we shall give notice thereof to the Chargor and the Security Agent as well as reasons why we cannot comply with such instructions; and
- (h) in the event that we are unable to comply with any instructions due to circumstances set out in paragraph 5(g), we shall not be responsible for any loss caused to you or to the Chargor and in any event we shall not be liable for any consequential, special, secondary or indirect loss of or damage to goodwill, profits or anticipated savings (however caused).

6 We note that, for the purposes of this letter, all notices, copy notices, advices and correspondence to be delivered to you shall be effectively delivered if sent by facsimile to you at number [●] or by post at the address at the top of this letter, in both cases marked for the attention of the [●].

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

Yours faithfully

.....  
for and on behalf of  
[Bank]

**SCHEDULE 6**  
**FORM OF NOTICE OF CHARGE OF SPECIFIC CONTRACT**

*[On letterhead of the Chargor]*

To: [•]

Date: [•]

Dear Sirs,

We hereby give you notice that we have charged to [ ] (the "**Security Agent**") pursuant to a debenture entered into by us in favour of the Security Agent dated [ ] (the "**Debenture**") all our rights, title and interest in and to *[details of contract]* (the "**Contract**") including all moneys which may be payable in respect of the Contract.

With effect from your receipt of this notice:

1. All payments by you to us under or arising from the Contract should be made to us until such time as you receive notice from the Security Agent instructing you otherwise ("**Payment Notice**"). Upon receipt of a Payment Notice, we instruct you to comply with all payment instructions in respect of any payments to be made under or arising from the Contract as set out in the Payment Notice.
2. Upon your receipt of notice from the Security Agent:
  - (a) all remedies provided for in the Contract or available at law or in equity are exercisable by the Security Agent (provided that the Security Agent shall have no greater rights under this letter than we have under the Contract);
  - (b) all rights to compel performance of the Contract are exercisable by the Security Agent although the Chargor shall remain liable to perform all the obligations assumed by it under the Contract; and
  - (c) all rights, interests and benefits whatsoever accruing to or for the benefit of ourselves arising from the Contract belong to the Security Agent to the exclusion of the Chargor and no changes may be made to the terms of the Contract unless expressly permitted by the Security Agent.
5. You are authorised and instructed, following a notice from the Security Agent that their rights in Paragraph 2 above are being exercised, without requiring further approval from us, to provide the Security Agent with such information relating to the Contract as it may from time to time request.

These instructions may not be revoked, nor may the terms of the Contract be amended, varied or waived without the prior written consent of the Security Agent, unless it is of a minor technical or non-operational nature or in any way which could not be reasonably expected materially and adversely to affect the interests of the Security Agent.

Please acknowledge receipt of this notice by signing the acknowledgement on the enclosed copy letter and returning it to the Security Agent at [•] marked for the attention of [•].

Yours faithfully,  
for and on behalf of [ ]

**SCHEDULE 7**  
**FORM OF ACKNOWLEDGEMENT OF CHARGE OF SPECIFIC CONTRACT**

*[On letterhead of the counterparty]*

[Date]

[ ] (the "Security Agent")

[Address]

Attention: [●]

Dear Sirs,

[ ] (the "Chargor")

- 1 We refer to the notice dated [●], received from the Chargor with respect to the charge which it has granted to you over the Contract (the "Notice").
- 2 Terms not defined in this letter shall have the meanings given to them in the Notice.
- 3 We confirm that we have not received notice of any previous assignments or charges of or over any of the rights, interests and benefits in and to the Contract.
- 4 We confirm that we will comply with the terms of the Notice and that no amendment, waiver or release of any of such rights, interests and benefits arising under the Contract shall be effective without your prior written consent [, unless it is of a minor technical or non-operational nature or in any way which could not be reasonably expected materially and adversely to affect your interests].
- 4 We note that, for the purposes of this letter, all notices, copy notices, advices and correspondence to be delivered to you shall be effectively delivered if sent by facsimile to you at number [●] or by post at the address at the top of this letter, in both cases marked for the attention of the [●].

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

Yours faithfully

.....

for and on behalf of

[Counterparty]

SIGNATURE PAGE TO DEBENTURE

The Chargor

EXECUTED as a DEED  
by **K'NEX UK LIMITED**  
acting by

  
\_\_\_\_\_  
Jay Freeman  
Director

In the presence of

  
\_\_\_\_\_

Witness Name: Adrianna Weiner

Witness Address: 301 Camino del Rio N, 400  
Boca Raton FL 33431

EXECUTION VERSION

The Security Agent

By:

Name: Matthew Governall

Title: Managing Director

*[Signature Page to Debenture]*