



**Registration of a Charge**

Company name: **VISUAL MANAGEMENT TECHNOLOGY LTD**

Company number: **08755007**



X7G8DHGA

Received for Electronic Filing: **09/10/2018**

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**Details of Charge**

Date of creation: **05/10/2018**

Charge code: **0875 5007 0001**

Persons entitled: **PARAGON BUSINESS FINANCE PLC**

Brief description: **ALL OF THE FREEHOLD AND LEASEHOLD PROPERTY NOW VESTED IN THE COMPANY INCLUDING, BUT NOT LIMITED TO, THE PROPERTIES SHORT PARTICULARS OF WHICH IS OR ARE SET OUT IN SCHEDULE 1 OF THE FACTORING DEBENTURE. ALL BUILDINGS AND FIXTURES (INCLUDING TRADE FIXTURES, TENANT'S FIXTURES AND FIXED PLANT AND EQUIPMENT) ON ALL FREEHOLD AND LEASEHOLD PROPERTY OR INTEREST OF THE COMPANY IN ANY OF THE SAME MORTGAGED OR CHARGED UNDER THE FACTORING DEBENTURE AND INCLUDES ANY PART OF IT. GOODWILL (WHICH SHALL INCLUDE ALL BRAND NAMES), LICENSES, TRADEMARKS AND SERVICE MARKS, PATENTS, PATENT APPLICATIONS, DESIGNS, COPYRIGHTS, CONFIDENTIAL INFORMATION, KNOW-HOW, COMPUTER SOFTWARE AND ALL OTHER INTELLECTUAL OR INTANGIBLE PROPERTY OR RIGHTS NOW AND FROM TIME TO TIME BELONGING TO THE COMPANY.**

**Contains fixed charge(s).**

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

**Contains negative pledge.**

## Authentication of Form

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

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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: **PARAGON BUSINESS FINANCE PLC**



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

Company number: 8755007

Charge code: 0875 5007 0001

The Registrar of Companies for England and Wales hereby certifies that a charge dated 5th October 2018 and created by VISUAL MANAGEMENT TECHNOLOGY LTD was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 9th October 2018 .

Given at Companies House, Cardiff on 11th October 2018

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



Paragon Business Finance Plc,  
Burlington House, Botleigh Grange Office Campus, Grange Drive,  
Hedge End, Southampton SO30 2AF  
Tel: (01489) 775600 - Fax (01489) 775601  
Company Reg. No. 1497411

[www.paragonbank.co.uk](http://www.paragonbank.co.uk)

## DEBENTURE

## CERTIFICATE OF RESOLUTIONS OF THE BOARD OF DIRECTORS OF THE COMPANY

Minutes of a meeting of the Directors properly convened and held on

at COCA COFFEE, 23 Market Place, Macclesfield 5th October

2018

Present: NICHOLAS JAMES OSBORNE, DAWN LOUISE BROWN

It was reported to the meeting that:

- (1) A quorum of directors was present and the meeting had been properly convened.
- (2) The Company had negotiated a factoring, invoice discounting equipment leasing, lease purchase or loan facility ("the Facility") from Paragon Business Finance Plc ("Paragon"). A copy of the proposed form of factoring, invoice discounting, lease, lease purchase, credit agreement or other finance agreement was produced to the meeting together and individually (the "Facility Agreement").
- (3) Paragon require as a condition of entering into the Facility Agreement that the Company should grant to Paragon a debenture over all of the Company's assets and undertaking in the form produced to the meeting ("the Debenture") as security for all monies and liabilities now or from time to time after owing to Paragon.

Each director confirmed that he or she has no interest in any of the matters covered above and in the proposed resolutions which is required to be disclosed for the purposes of the Articles of Association of the Company or any other reason other than by virtue of having granted any guarantee or indemnity to Paragon in respect of the obligations of the Company to Paragon, or being a director or shareholder of any company which has given any such guarantee or indemnity (each of which interests were now disclosed).

### IT WAS RESOLVED

1. That the Company shall enter into the Facility Agreement with Paragon and execute the Facility Agreement in the form produced or with such amendments as any director may approve.
2. That the Company should execute and deliver to Paragon as a deed the Debenture in the form produced to the meeting or with such amendments as any director may approve as security for all monies and obligations owing from time to time by the Company to Paragon.
3. That any director from time to time of the Company be irrevocably authorised to negotiate and commit the Company to any variation of the terms of the Facility, the Facility Agreement or the Debenture, and to execute under hand or as a deed on behalf of the Company any agreement supplementary to the Facility Agreement or the Debenture.
4. That the financing under the Facility Agreement is in the commercial interest of the Company and within the objects of the Company as stated in its Memorandum of Association, and that the granting of the Debenture and other rights under the Facility Agreement will be for the benefit of the Company and its business.
5. That the Company is solvent and that the proposed transaction/s will not result in the Company being unable to pay its debts within the meaning of Section 123 of the Insolvency Act 1986.

### TO PARAGON BUSINESS FINANCE PLC:

I CERTIFY that the above is a true copy of a Resolution of the Board of Directors; and that the Debenture following this certificate is in the form of the Debenture presented to and approved by the meeting; that the obligations in such Debenture will be binding upon the Company; that the Debenture was dated on the date on which it was signed; that the Memorandum and Articles of Association of the Company in force at the date of the Debenture and other particulars of the Company and its directors and secretary are those filed at the Registry of Companies on the date which is 30 days before the date of this certificate and will not change during the 30 days after the date of this certificate; that the Company has not granted any charge or similar which was not registered at the Companies Registry within 30 days prior to the date of the Debenture and will not do so during the 30 days after the date of this certificate.

Signature

Name of Signatory NICHOLAS OSBORNE

Position in relation to the Company DIRECTOR

5<sup>th</sup> October**BETWEEN:**

(1) **The Company:** Visual management Technology Limited (a company registered in England with number 8755007) whose registered office and principal trading address is at Suite BG4 Clarence Mill, Clarence Road, Macclesfield, Cheshire SK10 5JZ and

(2) **Paragon:** Paragon Business Finance Plc (a company registered in England with number 1497411) whose registered office is 51 Homer Road, Solihull, West Midlands, B91 3QJ.

**BACKGROUND**

0.1 Paragon intends to provide factoring, invoice discounting, leasing, lease purchase and/or loan finance to the Company for the purpose of its business subject to, among other things, the Company executing this Debenture granting to Paragon mortgages and charges over its assets and undertaking from time to time as security for all of its present and future obligations to Paragon.

0.2 The Company has agreed to execute this Debenture as a deed to provide security for all of its present and future obligations to Paragon on the terms set out below.

**TERMS OF DEBENTURE****1. DEFINITIONS**

1.1 In this Debenture the following words and expressions shall have the following meanings:

**Associate** means any present or future holding company, subsidiary (or subsidiary of any such holding company) of Paragon, from time to time (but only for so long as the Associate remains such a holding company, subsidiary or subsidiary of such a holding company of Paragon);

**Bank** means the Company's principal clearing banker as identified in Schedule 5 and as replaced from time to time by such other clearing bank as the Company may notify to Paragon from time to time;

**Business** means the goodwill and connection of, and rights that the Company has in its business carried on by or for the account of the Company upon any part of the Real Property or elsewhere which expression shall include all business(es) at any time during the continuance of this security so carried on and the benefit of all licences and registrations (if any) held in connection with it/them and all ancillary or connected rights;

**Business Day** means a day (excluding a Saturday or Sunday) on which banks in general are open for business in London;

**Charged Property** means all the undertaking, property, assets and rights mortgaged, or charged under this Debenture and shall include any part of or interest in them;

**Chattel Assets** means (without prejudice to the fixed charges created by clause 3.3) each of the assets itemised in Schedule 2;

**Collection Account** has the same meaning as given in any Debt Finance Agreement or, if no such term is used in the Debt Finance Agreement, it means the account into which the Company is required by the Debt Finance Agreement to pay all amounts received on collecting in its Debts;

**Debt Finance Agreement** means any factoring, debt purchase or invoice discounting agreement (however entitled) entered into between Paragon and the Company from time to time;

**Debts** means all present or future book or other debts or monetary claims due, owing or incurred to the Company of any kind;

**Environmental Matters** has the meaning given to such expression in clause 6.13;

**Expenses** means all expenses (including legal fees) from time to time paid or incurred by Paragon or any Associate, any Receiver or their respective agents and employees at any time in connection with the Charged Property, the recovery of amounts owing to Paragon or any Associate or in taking, perfecting, defending, preserving or enforcing this Debenture and all security and rights created by this Debenture and in obtaining advice on any matter relating to this Debenture or the Charged Property (including all costs and expenses payable to Paragon or any Receiver under this Debenture) or in exercising any right or power arising under or because of this Debenture or otherwise, in each case on a full indemnity basis;

**Finance Agreement** means any Debt Finance Agreement and each and any loan, hire purchase, conditional sale, stocking, leasing, or other agreement or arrangement for the provision of financial accommodation or the sale or hire of goods by Paragon to the Company or a person whose liabilities are guaranteed or secured by the Company;

**Fixed Charge Debts** means all of the assets and rights charged by clauses 3.5 and 3.6 of this Debenture and includes each and every book debt and other monetary debt or claim (whether actual or contingent) separately referred to in such clauses;

**Floating Charge Debts** means all book and other debts and monetary claims now or at any time in the future due, owing or incurred to the Company apart from the Fixed Charge Debts (if any);

**holding company** has the meaning given by section 1159 Companies Act 2006;

**Non-Vesting Debts** means any Debt purchased or purported to be purchased by Paragon of which ownership fails to vest in Paragon absolutely and effectively for whatever reason together with all proceeds or amounts received in respect thereof;

**Non-Vesting Related Rights** means all "Related Rights" as defined in the Debt Finance Agreement and if no such term is used it refers to all rights assigned to Paragon by the Debt Finance Agreement in addition to Debts;

**Other Debts** means any other Debts now or at any time in the future which are due, owing or incurred to the Company and which are not Non-Vesting Debts (which therefore will not have been purchased by Paragon or purported to be so purchased);

**person** means any individual, firm, company, government, Paragon or agency of a Paragon or any joint venture, association or partnership (whether or not having a separate legal personality);

**Principal Bank Accounts** means all of the Company's bank accounts from time to time maintained with or at any branch of the Bank and which are not the Collection Account or designated as accounts opened for the benefit of Paragon or to receive monies payable to Paragon or mortgaged or charged by way of fixed charge (whether originally or following crystallisation of any floating charge) in favour of Paragon and which are not opened after demand has been made for payment of amounts secured by this Debenture;

**Prior Security** means the security described in Schedule 4 if any;

**Real Property** means all freehold and leasehold property or interest of the Company in any of the same mortgaged or charged under this Debenture and includes any part of it;

**Receiver** means a receiver, receiver and manager appointed under this Debenture and includes joint receivers;

**Requisite Consent** means the previous consent in writing of Paragon (and then only to the extent that such consent permits and in accordance with any conditions attached to such consent);

**Securities** has the meaning given to such expression in clause 3.7;

**Security Interest** means any mortgage, assignment, lien, charge, hypothecation, pledge, conditional sale, or other title retention agreement, trust arrangement or any other agreement or arrangement the economic or commercial effect of which is similar to the creation of security or any other security interest whatsoever but shall not include any of the same arising solely by operation of law, or a title retention agreement or arrangement securing amounts not more than 60 days overdue entered into in the ordinary course of day to day trading; and

**subsidiary** means has the meaning given by section 1159 Companies Act 2006.

1.2 Paragraph 14 of Schedule B1 to the Insolvency Act 1986 (incorporated by Schedule 16 to the Enterprise Act 2002) shall apply to any floating charge created pursuant to this Debenture.

1.3 This Debenture will continue in full force and effect notwithstanding any termination, discharge or expiry of any Debt Finance Agreement.

## **2. AGREEMENT BY THE COMPANY TO PAY PARAGON**

The Company covenants that it will on demand pay to Paragon (as agent for itself and each Associate) without deduction, set off or counterclaim all monies and discharge all obligations and liabilities whether actual or contingent now or at any time due, owing or incurred to Paragon or any Associate by the Company in whatever currency denominated and howsoever incurred, (whether alone or jointly and in whatever style, name or form and whether as principal or surety) when the same are due and including, in particular, the payment of all amounts which may become due on or following termination of, or demand made under, a Finance Agreement in accordance with its terms and all accrued interest, commission, fees and other charges and all Expenses.

## **3. PROPERTY AND ASSETS CHARGED**

3.1 The Company grants the mortgages, charges and other securities set out in this clause 3 to Paragon (as agent and trustee for itself first and then each Associate) with full title guarantee and to the intent that the securities created by this Debenture shall rank as continuing securities for all the obligations and liabilities of the Company described in clause 2 or otherwise arising under this Debenture (whether incurred to Paragon or any Associate). Unless otherwise stated, the security created extends to all present and future assets of the type referred to and to all interests of the Company in such assets.

3.2 The Company separately charges by way of legal mortgage each of the following:

3.2.1 all of the freehold and leasehold property now vested in the Company including, but not limited to, the properties short particulars of which is or are set out in Schedule 1;

3.2.2 all buildings and fixtures (including trade fixtures, tenant's fixtures and fixed plant and equipment) on such Real Property;

3.2.3 all presently held vendor's liens, mortgages, charges, options, agreements and rights, titles and other legal interests in or over land of whatever description held by the Company on the date of this Debenture; and

3.2.4 all rents, licence fees, service charges or ground rents payable in respect of such Real Property.

3.3 The Company separately charges by way of fixed charge each of the following:

3.3.1 all states or interests in any freehold and leasehold property of whatever kind (whether legal or equitable) not effectively mortgaged by clause 3.2 now or at any time during the continuance of the security created by this Debenture belonging to or mortgaged or charged to the Company and all proceeds of sale thereof;

3.3.2 the benefit of all licences or agreements relating to any such Real Property to which the Company may be party or to which the Company may at any time be entitled;

3.3.3 all buildings and fixtures (including trade fixtures, tenant's fixtures and fixed plant and equipment) owned by the Company from time to time in or on any such Real Property;

3.3.4 all vendor's liens, mortgages, charges, options, agreements, titles and other interests in or over Real Property acquired by the Company at any time in the future;

3.3.5 all rents, licence fees, service charges or ground rents payable in respect of such Real Property;

3.3.6 all machinery and equipment used by the Company in the Business which is accounted for as fixed assets with an individual value in excess of £5,000 and which will not, ordinarily, be replaced within 12 months of its purchase or acquisition by the Company, together with the benefit of all warranties and contracts relating to the same; and

3.3.7 all other plant, machinery, vehicles, computers and other equipment of the Company both present and future together with the full benefit of all warranties and contracts relating to the same (although excluding the Company's stock in trade or work in progress).

3.4 The Company assigns absolutely to Paragon all of its right, title and interest in the Chattel Assets and the full benefit of all warranties, guarantees and contracts relating to the same. Upon Paragon being satisfied that all of the obligations and liabilities described in clause 2

have been irrevocably paid and discharged in full it will, at the cost and request of the Company, reassign the Chattel Assets to the Company.

3.5 The Company separately charges by way of fixed charge each of the following:

3.5.1 all the right, title and interest of the Company to and in all present and future policies of insurance or assurance (including for key-man cover) and the proceeds of all and any claim made or capable of being made at any time in the future under such policies;

3.5.2 all present and future rights to rebate, repayment or reclaim of taxes or custom duties paid by the Company or any other person where the right is asserted or the claim made, the entitlement to a rebate arises or the rebate becomes payable either outside of the ordinary course of trading or after the Company has ceased to trade or after demand has been made by Paragon for repayment of the obligations and liabilities secured by this Debenture;

3.5.3 all claims to which the Company is entitled or may be or become entitled to damages or compensation relating to the Charged Property or the return to the Company of its assets or property (including if recovered by a liquidator or administrator of the Company under statutory powers);

3.5.4 all rights to bank deposits, credit balances and bank or other accounts in each case not comprised in (or standing to the credit at any time of) the Principal Bank Accounts or any Collection Account;

3.5.5 (without prejudice to the legal mortgage or fixed equitable charge created of the Real Property and all rights of Paragon as mortgagee or fixed chargee to rents arising thereunder) all rent, licence fees or hire charges receivable in respect of any leasing, hiring or sub-hiring of any of the Charged Property (by the Company (including any not consented to in advance by Paragon and so carried out in breach of the terms of this Debenture));

3.5.6 all rights to any rebate of rentals or refund of purchase price in respect of assets hired or leased to the Company by Paragon,

3.6 This clause 3.6 will apply if and for so long as Paragon and the Company are party to a Debt Finance Agreement or any amount is due, owing or incurred to Paragon under a Debt Finance Agreement. The Company separately charges, by way of fixed charge:

3.6.1 all Non-Vesting Debts;

3.6.2 all Other Debts;

3.6.3 all Non-Vesting Related Rights;

3.6.4 the credit balance on the Collection Account and any other bank or other account controlled by Paragon or which has been set up for the purpose of the operation of the Debt Finance Agreement.

3.7 The Company separately charges by way of fixed charge each of the following (which in this Debenture are called "the Securities"):

3.7.1 all the shares listed in Schedule 3 (if any);

3.7.2 all other stocks, shares, loan notes and/or securities legally and/or beneficially owned by the Company or any nominee from time to time; and

3.7.3 all dividends, rights, distributions, accretions and benefits relating to the shares stocks, loan notes and securities referred to in this clause 3.7 or paid or payable in respect of them (including by way of preference, bonus, redemption or otherwise) (the "Distribution Rights").

3.8 The Company separately charges by way of fixed charge each of the following:

3.8.1 uncalled capital, goodwill (which shall include all brand names), licences, trademarks and service marks, patents, patent applications, designs, copyrights, confidential information, know-how, computer software and all other intellectual or intangible property or rights now and from time to time belonging to the Company;

3.8.2 all of the Company's rights and under all contracts entered into by the Company in the course of its business including all distributorship, all leasing, rental, credit hire, hire purchase or similar agreements and all letters of credit issued in its favour and all bills of exchange and other negotiable instruments held by it from time to time;

3.8.3 all amounts realised by an administrator or liquidator of the Company upon the enforcement or execution of any order of the Court under Part VI of the Insolvency Act 1986.

3.9 The Company assigns to Paragon absolutely all the present and future right, title and interest of the Company in the Business and on repayment and discharge of all monies and liabilities (whether or not accrued due) secured by this Debenture Paragon will at the request and expense of the Company re-assign to the Company the right, title and interest in the Business which at that time may be vested in Paragon.

3.10 The Company charges by way of floating charge its undertaking and all its other property, assets and rights not effectively mortgaged or charged by way of fixed charge by clauses 3.2 to 3.9 above of this Debenture whatsoever and wheresoever situate, present and future and including all heritable property located in Scotland and all Floating Charge Debts and all other monetary debts and claims not effectively charged by a fixed charge under this Debenture, the proceeds thereof and all rights relating to the same and all things in action which give rise to a Floating Charge Debt or such a book or monetary debt or claim, and all credit balances from time to time on the Principal Bank Accounts.

3.11 All the mortgages and charges created or agreed to be created by this Debenture are, or in the case of future property shall be, first ranking mortgages and charges, subject only to the Prior Security (if any).

3.12 Each of the mortgages or fixed charges created by clauses 3.2 to 3.9 above are to be construed as separate and individual charges as if each asset referred to were charged by its own sub-clause such that if any individual asset is, as a matter of law, charged by only a floating charge this will not prejudice the fixed charge security over any other assets mentioned in the same clause or paragraph.

3.12 Paragon may, in its absolute discretion, determine the priority of the respective claims of itself and each Associate to amounts realised under this Debenture and accordingly all obligations to marshal securities (or to appropriate realisations in any particular manner) are excluded. All duties or liabilities arising from Paragon acting under this Debenture as an agent or trustee for each Associate are also excluded.

#### **4. REGISTERED LAND**

4.1 The Company applies to the Chief Land Registrar for the registration against any registered land which is mortgaged or charged by this Debenture including the registered titles (if any) specified in Schedule 1 (and any unregistered properties subject (or becoming subject) to first registration as at the date of this Debenture or in consequence of this Debenture having been entered into) of any restriction set out in any Form RX1 submitted by or on behalf of Paragon and/or the Company in support of the application to register this Deed at HM Land Registry.

4.2 In respect of such of the Real Property title to which is registered at HM Land Registry (or which becomes so registered), the Company certifies that the mortgages and charges created by this Debenture do not contravene any of the provisions of the Memorandum and Articles of Association of the Company.

#### **5. REPRESENTATIONS AND WARRANTIES**

5.1 The Company represents and warrants to Paragon (and will be deemed to repeat the same representations and warranties for so long as any obligations secured by this Deed are outstanding to Paragon) that:

5.1.1 the Company is a limited liability company duly incorporated and validly existing under English law, with the power and authority to own its assets and to carry on its business as now being conducted;

5.1.2 the Company has full power to enter into and perform its obligations under this Debenture and to borrow from and repay money to Paragon and to pay interest, and has obtained and will maintain in effect all corporate authorisations, consents, licences and authorities necessary to do so;

5.1.3 this Debenture constitutes the legally valid and binding obligations of the Company enforceable in accordance with its terms;

5.1.4 the Company is the sole legal and beneficial owner of all of the properties and assets listed in the Schedules to this Debenture;

5.1.5 entry into this Debenture and any related Finance Agreement with Paragon does not and will not breach any existing law or regulation or the Memorandum and Articles of Association of the Company or any limitation on the powers of its directors or breach or constitute an event of default under the terms of any charge, contract, undertaking or restriction binding on the Company;

5.1.6 there is no person in occupation of the Real Property other than the Company.

5.2 The effect of the warranties given in this clause 5 will not be qualified or diminished by any matter disclosed by the Company to Paragon or known to Paragon prior to the date of this Debenture unless accepted by Paragon in writing as being a formal disclosure made in respect of these warranties.

#### **6. COVENANTS BY THE COMPANY**

The Company covenants with and undertakes to Paragon as follows:

6.1 To provide information relating to its affairs:

6.1.1 From time to time as required by Paragon to give to Paragon or any accountant to be nominated by Paragon or any Receiver such information relating to the business of the Company and its subsidiaries and as to its or their property, assets and liabilities as Paragon or any Receiver may from time to time require;

6.1.2 The Company will permit such inspection of the books of account and other books and documents of the Company and its subsidiaries as may be necessary for the purpose of verification of such information;

6.1.3 Without prejudice to the generality of the above the Company will send to Paragon a copy of its directors' report and audited yearly accounts and those of each of its subsidiaries at the same time as they are issued to the shareholders entitled to them, and in any event, within 180 days of the relevant financial year;

6.1.4 To notify Paragon immediately of:

6.1.4.1 any change or prospective change in the ownership of the issued share capital of the Company or any part of such capital;

6.1.4.2 of the issue of any further shares in the Company or any subsidiary of the Company from time to time; and

6.1.4.3 of any change in its or their directors.

#### **6.2 Negative pledge and restrictions on disposals**

That, save with the Requisite Consent:

6.2.1 It will not create or permit to arise or subsist any Security Interest in favour of anyone other than Paragon on the whole or any part of the Charged Property other than the Prior Security (if any); or

6.2.2 It will not sell, assign, lease, lend or otherwise dispose of or part with possession of or surrender any interest in the Charged Property or attempt or agree to do so; except that the restrictions contained in this clause 6.2.2 shall not apply to such of the Charged Property as is charged pursuant to clause 3.10 only where the disposal is made in the ordinary course of trading as now carried on and for full value);

6.2.3 In particular, it will not, without the Requisite Consent, sell, assign, lease, lend or otherwise dispose of the Chattel Assets or any of the assets specifically charged by way of a fixed charge by clause 3.3.6 of this Debenture. If any of the Chattel Assets or such other assets shall be destroyed or lost then the Company agrees to replace the same and to execute such mortgage security over the replacement asset(s) as Paragon may require.

#### **6.3 Book and other Debts**

6.3.1 To deal with its Floating Charge Debts in accordance with any directions from time to time given in writing by Paragon (subject to any rights of the Bank) and in default of any such directions to deal with the same only in the ordinary course of getting in and realising them;

6.3.2 To promptly collect in the Floating Charge Debts and to pay into the Company's main current or separately designated account at the Bank all monies which it may receive in respect of the Floating Charge Debts and (subject to any rights of the Bank in respect thereof), to pay or otherwise deal with such monies standing to the credit of such account in accordance with any directions given from time to time by Paragon;

6.3.3 Prior to any demand being made under this Debenture and in the absence of any directions from Paragon any monies received by the Company and paid into the account with the Bank referred to in the above Clause 6.3.2 in respect of the Floating Charge Debts may be withdrawn and applied by the Company for the furtherance of its business in the ordinary course (provided that the Bank will not have any responsibility to monitor such use);

6.3.4 To realise the Fixed Charge Debts and to pay into the Collection Account all monies received in respect thereof and pending such payment to hold such monies on trust for Paragon in a separate and designated trust account;

6.3.5 To give notice to the debtor in respect of any Fixed Charge Debt (when each Fixed Charge Debt first arises) of Paragon's interest and to direct that the debtor concerned makes payment directly to Paragon;

6.3.6 Not to withdraw any amounts standing to the credit of any bank account not being a Principal Bank Account save for the purpose of making payment of the monies withdrawn to Paragon;

6.3.7 If called upon by Paragon to do so the Company will execute legal assignments of the whole or any part of the Non-Vesting Debts and the Other Debts to Paragon in such terms as Paragon may require, and if Paragon so requires, the Company will give notice of assignment in a form specified by Paragon to all of the relevant debtors or such particular debtors as Paragon shall from time to time specify and take such other steps as Paragon shall require to perfect such legal assignment;



6.3.8 Not without the prior written consent of Paragon to sell, factor, discount (save to or with Paragon) or release, exchange or voluntarily allow to be set off any of the Fixed Charge Debts or Floating Charge Debts;

6.3.9 To permit the Bank to furnish directly to Paragon from time to time upon request full statements and particulars of all the Company's accounts with the Bank and such other financial statements and information respecting the assets and liabilities of the Company as are from time to time available to the Bank.

6.3.10 Where a Debt Finance Agreement has been entered into all of the terms of that agreement will apply to the Non-Vesting Debts, the Other Debts and the Non-Vesting Related Rights as if such terms had been set out in full in this Debenture.

#### **6.4 Insurance provisions**

6.4.1 To insure and keep insured such parts of the Charged Property as are of an insurable nature against loss or damage by fire and other usual risks and such other risks as Paragon may from time to time require;

6.4.2 Such insurance must be:

6.4.2.1 in the full amount of the reinstatement value of the Charged Property (due allowance being made for inflation during the period of insurance and reinstatement);

6.4.2.2 with such insurers as Paragon shall in writing approve; and

6.4.2.3 on terms requiring the insurers not to cancel the policy without giving at least 14 days' prior notice to Paragon;

6.4.3 The Company undertakes that:

6.4.3.1 the Company will pay all premiums and money necessary for effecting and keeping up such insurances on the first day on which they ought to be paid;

6.4.3.2 the Company will have the interest of Paragon noted on any such policy or policies; and

6.4.3.3 if required by Paragon, the Company will deliver to Paragon such policy or policies and the receipt (or other evidence of payment satisfactory to Paragon) for every premium payable in respect of such policy or policies;

6.4.4 the Company irrevocably authorises Paragon (and appoints Paragon as its agent) to deal directly with the Company's insurers on its behalf, to pay any premiums not paid by the Company, to agree or compromise any claims relating to the Charged Property and to receive any insurance proceeds to be applied in accordance with the terms of this Debenture. Paragon is not obliged to exercise any of its rights under this clause.

#### **6.5 Application of insurance money**

To hold all money received on any insurance whatsoever in respect of loss or damage to the Charged Property whether pursuant to the covenant contained in clause 6.4 above or otherwise on trust for Paragon, and to apply it in or towards discharge of the sums for the time being owing to Paragon under this Debenture (unless Paragon agrees, as a matter of discretion, to permit the proceeds to be applied in making good the loss or damage in respect of which the proceeds are received);

#### **6.6 Conduct of business**

To conduct and carry on its business in a proper and efficient manner and not make any substantial alteration in the nature of or mode of conduct of that business;

#### **6.7 State of repair**

To keep all buildings and fixed and moveable plant, machinery, fixtures, fittings, vehicles, computers and other equipment forming part of the Charged Property in a good Paragon of repair and in good working order and condition;

#### **6.8 Property covenants**

##### **6.8.1 Observe covenants in leases**

To pay the rents reserved by, and to observe and perform all the covenants on the part of the lessee contained in, the respective leases under which any leasehold properties for the time being comprised in the Real Property are held;

##### **6.8.2 Demolition or removal of buildings etc**

Not without the Requisite Consent to pull down or remove the whole or any part of the Charged Property consisting of buildings or other erections, fixed plant and machinery;

##### **6.8.3 Restriction on leasing and accepting surrenders**

Not to exercise any of the statutory or common law powers of leasing and/or accepting surrenders of leases conferred on mortgagors by Sections 99 and 100 of the Law of Property Act 1925 or otherwise without the Requisite Consent, although Paragon may grant or accept surrenders of leases without restriction;

#### **6.8.4 No licences**

Not to confer upon any person any licence, right or interest to occupy the Real Property or grant, suffer or permit to arise or subsist any overriding interest as specified in Schedule 1 or 3 of the Land Registration Act 2002) over any of the same;

#### **6.8.5 No adverse registrations**

That no person other than the Company shall be registered with HM Land Registry as the proprietor of the Real Property and the costs incurred by Paragon in effecting all such registrations at HM Land Registry, HM Land Charges Registry or any other registry (whichever shall be appropriate) as Paragon shall from time to time require in order to ensure compliance with the same shall be an expense properly incurred in relation to this Debenture and shall be reimbursed to Paragon by the Company on demand;

#### **6.8.6 Viewing of the Real Property**

To permit Paragon and its agents, employees and persons authorised by it to enter the Real Property at any time to view the Paragon of repair and condition of it. Any of such persons may enter the Real Property and repair and make good any defects in the Real Property resulting from or which constitute a breach of covenant under this Debenture by the Company. If Paragon acts under this provision it shall not be or be deemed to be a mortgagee in possession or accountable as such. The Company shall indemnify Paragon in respect of any such expenditure on demand;

#### **6.8.7 Observe restrictions**

To observe and perform all covenants, conditions, agreements and stipulations from time to time affecting the Real Property or the mode of user or the enjoyment of the same and not enter into any onerous or restrictive obligations affecting the Real Property or, without the Requisite Consent, to do or suffer to be done on the Real Property anything which is "development" as defined in Section 55 of the Town and Country Planning Act 1990 nor to do or suffer or omit to be done any act, matter or thing whereby any provision of any Act of Parliament, order or regulation from time to time in force affecting the Real Property is infringed;

#### **6.8.8 Planning**

To observe the provisions of the Town and Country Planning Acts and any amendment or replacement of them and all regulations made under them, and all planning and building regulations, by-laws and other requirements of any other planning authority or similar;

#### **6.8.9 Purchase of subsequent property**

To inform Paragon immediately on becoming bound to complete the purchase of any estate or interest in any freehold or leasehold property after the date of this Debenture and to deposit with Paragon the deeds and documents of title relating to such property and to all other Real Property;

#### **6.8.10 Charge over subsequent property**

To execute at any time upon request over all or any of the property referred to in clause 6.8.9 above a charge by way of legal mortgage in favour of Paragon in such form as Paragon shall require;

#### **6.9 Covenants regarding the Securities**

6.9.1 To deposit with Paragon all stock and share certificates and documents of title from time to time held by the Company relating to the Securities together with instruments of transfer or assignment (as appropriate) of them duly executed in blank. It is agreed that Paragon shall be entitled at any time to have all or any of the Securities registered in the name of Paragon and/or of such nominee(s) as Paragon may select;

6.9.2 To use its best endeavours to ensure that the Articles of Association of any company whose shares comprise part of the Securities do not entitle the directors of such company to refuse to register a transfer of the relevant Securities as made by Paragon or any Receiver under the powers conferred under or security created by this Debenture;

6.9.3 To lodge with Paragon all documents at any time received by the Company in relation to any of the Securities including any notice of general meeting or any written resolution for signing by the members of the relevant company;

#### **6.10 Covenants relating to goodwill and intellectual property**

6.10.1 To preserve, maintain and renew as and when necessary all licences, patents, trademarks and other rights required in connection with its business;

6.10.2 To conduct its business in such a way as not to endanger or lead to the curtailment, forfeiture or suspension of any such licences, patents, trademarks or other rights;

**6.11 Compliance with obligations**

To comply with all the obligations on the part of the Company in respect of the Charged Property, whether express or implied;

**6.12 Compliance with laws**

To comply with all laws, statutes, regulations and requirements of any government or quasi-government authority relating to the business(es) conducted by the Company;

**6.13 Environmental laws**

To comply with or procure compliance with all environmental laws, regulations, directives and codes of practice relating to any pollution waste (as defined by the Environmental Protection Act 1990), emissions, substance or activity perceived as being harmful to man or other living organism or of damaging the environment or public health or welfare or relating to nuisance, noise, defective premises or health and safety (all such matters being referred to in this Debenture as **Environmental Matters**) applicable to all Real Property, any buildings or structures on such Real Property or any development or other works carried on at such Real Property.

**7. DEFAULT BY THE COMPANY REGARDING REPAIR AND INSURANCE**

7.1 If at any time the Company shall default in keeping the Charged Property in such Paragon of repair as specified in clause 6 above, Paragon may put or keep the Charged Property in repair (with power to enter upon the Charged Property for that purpose).

7.2 If at any time the Company shall default in effecting or keeping up such insurances as specified in clause 6 above or producing any such policy or policies or receipt (or other evidence as specified above) to Paragon, Paragon may insure and keep the Charged Property insured in any sum which Paragon may think expedient.

7.3 All costs incurred by Paragon under the provisions of this clause 7 shall be deemed to be properly incurred by Paragon, and the Company will reimburse such amounts to Paragon immediately upon demand.

7.4 If the Company shall have failed to deliver on demand as specified above the policy or policies or current premium receipt (or other evidence as specified above) in respect of any portion of the Charged Property Paragon shall be entitled to assume that the Company has made default in insuring it within the meaning of this clause.

7.5 Paragon is not obliged to exercise any of its rights under this clause 7.

**8. CRYSTALLISATION AND CONVERSION OF FLOATING CHARGE**

8.1 The floating charge created under clause 3.10 above shall, unless and until Paragon determines otherwise in writing, crystallise immediately and automatically and without need for notice operate as a fixed charge, on the occurrence of any of the events specified in clause 8.2 below.

8.2 The events referred to in clause 8.1 above are:

8.2.1 the making of demand for payment by Paragon or by any person entitled to make demand under a Prior Security;

8.2.2 the creation of any Security Interest without the Requisite Consent over the Charged Property in favour of any person other than Paragon; or

8.2.3 the levy or the attempt to levy any distress, execution or sequestration or other process against any of the Charged Property; or

8.2.4 the service of any demand on the Company by any other lender with floating charge security over the assets of the Company, the occurrence of any event which crystallises, or the taking of any steps intended to crystallise, any such other floating charge, provided that the occurrence of the events referred to in clauses 8.2.2 and 8.2.3 shall only result in the crystallisation of the floating charge over the relevant part of the Charged Property.

8.3 Paragon may at any time and from time to time by notice in writing to the Company convert the floating charge created under clause 3.10 into a fixed charge with reference to any assets specified in such notice and following demand appoint a receiver of them. Following any such notice and by way of further assurance of such fixed charge the Company will promptly execute over such assets a mortgage or fixed charge in favour of Paragon in such form as Paragon shall require.

8.4 The crystallisation events described in this clause 8 are in addition to all events which will crystallise the floating charge created under clause 3.10 at law.

**9. ENFORCEMENT AND POWER OF SALE**

Without limitation or prejudice to any prior event causing such, the mortgages and fixed and floating charges granted under clause 3 above

shall be enforceable, and the power of sale and other powers conferred on mortgagees by the Law of Property Act 1925 together with all powers conferred on the holder of a qualifying floating charge (as defined in, and by, the Insolvency Act 1986) as any of the same are varied or extended by this Debenture, shall each arise on the date of this Debenture and shall be immediately exercisable at any time after

9.1 a notice demanding payment of and/or discharge and/or provision for any monies secured by this Debenture shall have been served by Paragon on the Company and the Company has failed to pay the amount demanded; or

9.2 the Company requests the appointment of a Receiver or administrator; or

9.3 any step is taken (including without limitation, the making of an application or the giving of any notice) by the Company or any other person to appoint an administrator or liquidator in respect of the Company, to dissolve the Company or to appoint a trustee, Receiver or similar officer of the Company or any of its assets.

Section 103 of the Law of Property Act 1925 shall not apply to this Debenture and any sale in exercise of the powers granted by this Debenture or by statute may be made on such terms as Paragon, any Receiver or administrator appointed under this Debenture may think fit.

**10. APPOINTMENT OF RECEIVER & ENFORCEMENT**

10.1 At any time after the security constituted by this Debenture shall have become enforceable, Paragon may in writing appoint any person or persons to be:

10.1.1 a Receiver of the Charged Property (and may appoint joint Receivers and, if it wishes, separate Receivers over different parts of the Charged Property); and/or

10.1.2 an administrator of the Company, in each case as permitted by applicable law. If joint Receivers are appointed then the joint Receivers may act (and exercise all powers conferred by statute or this Debenture) jointly or severally.

10.2 Any Receiver and/or Paragon will have and be entitled to exercise all of the powers conferred from time to time on receivers by statute (in the case of the powers conferred by the Law of Property Act 1925 or this Debenture without the restrictions contained in section 103 of such Act and so that the powers set out in Schedule 1 to the Insolvency Act 1986 shall extend to the Receiver even though not appointed as an administrative receiver and without being restricted in any way by the remaining provisions of this Clause 10.2) and in addition to the same, a Receiver (and Paragon) will also have the following powers:

10.2.1 To take possession of collect and get in any Charged Property and for that purpose to take any proceedings in the name of the Company or otherwise as may seem expedient, to collect recover compromise settle and give a good discharge for the rent or other sums payable and any claims outstanding or arising and to institute such proceedings as Paragon or such Receiver may think fit;

10.2.2 To carry on manage or concur in carrying on and managing the business of the Company or any part of it in so far as the same relates to the Charged Property and any business for the time being carried on at the Charged Property, to perform any obligation of the Company relating to such matters, to exercise all rights duties and powers of the Company in connection with the Charged Property, to institute and defend legal proceedings, to give and receive notices, to raise or borrow any money that may be required upon the security of the whole or any part of the Charged Property;

10.2.3 Forthwith to sell or concur in selling, exchange let on hire, charter, license, call in, collect and convert into money, or otherwise dispose of any of the Charged Property on such terms as Paragon or any such Receiver may think fit and to use the same for any purpose that Paragon or any Receiver may think fit. Any purchaser of the said assets will be entitled (and as between Paragon and such purchaser bound) to assume without enquiry that the security created by this Debenture has become enforceable and that any Receiver is validly appointed;

10.2.4 To promote the formation of a subsidiary company or subsidiary companies of the Company with a view to such subsidiary company or companies purchasing all or any of the Charged Property;

10.2.5 To make any arrangements or compromise which the Receiver shall think expedient;

10.2.6 To appoint managers agents officers employees and workmen for any of the purposes set out in this clause 10.1 at such salaries and for such periods as the Receiver may determine;

10.2.7 To make and effect all repairs renewals and any improvements of the plant machinery and effects on the Charged Property and to maintain or renew all insurances;

10.2.8 To let demise and grant tenancies and licences of the Charged Property (whether furnished or unfurnished) or any part of it and to agree to do so for such period and at such rent or licence fee and on such terms as Paragon or any Receiver may think fit;

10.2.9 As agent for the Company to remove store sell let or otherwise deal with or dispose of any furniture or other goods (whether belonging to the Company or otherwise) which shall remain on the Real Property;

10.2.10 To do all such other acts and things as he may consider necessary or desirable in his absolute discretion for the realisation of any of the property charged by this Debenture, or as may be considered to be incidental or conducive to any of the matters or powers set out in this clause 10.1 and which the Receiver lawfully may or can do as agent for the Company or which Paragon lawfully may or can do as mortgagee, and to enter into any contract or arrangement whatever relating to the disposal of or other dealing with the property charged by this Debenture or any of it on such terms as the Receiver shall in his absolute discretion think fit;

10.2.11 In the case of a Receiver to do anything or exercise any power which Paragon could do or exercise.

If Paragon exercises any of the above powers then this will not make it a mortgagee in possession.

10.3 Any monies received under the powers conferred by this Deed will, subject to the payment or repayment of any prior claims, be paid or applied in the following order of priority:-

10.3.1 FIRSTLY in or towards satisfaction of all costs, charges and expensed incurred, and payments made, by Paragon and/or the Receiver or any administrator including the remuneration of the Receiver or administrator;

10.3.2 SECONDLY in or towards satisfaction of the Secured Obligations in whatever order Paragon may require;

10.3.3 THIRDLY as to the surplus (if any) to the person(s) entitled to it, provided that the Receiver or administrator may retain any moneys in his hands for so long as he thinks fit, and Paragon may, without prejudice to any other rights Paragon may have at any time and from time to time, place and keep for such time as Paragon may think prudent any moneys received, recovered or realised under or by virtue of this Debenture to or at a separate or suspense account to the credit either of the Company or of Paragon as Paragon thinks fit without any intermediate obligation on the part of Paragon to apply such moneys or any part of such moneys in or towards the discharge of the Secured Obligations.

10.4 Subject to Clause 10.3, any monies received or realised by Paragon from the Company or a Receiver under this Debenture or any administrator may be applied by Paragon to satisfy any item of account or liability or transaction in such order or manner as Paragon may determine.

10.5 Any Receiver shall be deemed to be the agent of the Company and the Company shall be solely responsible for the Receiver's remuneration (which Paragon may fix) acts or defaults.

10.6 Neither Paragon nor any Receiver shall be under any obligation to do anything and the agency of the Receiver shall continue until the Company shall go into liquidation and therefore the Receiver shall act as principal and not as agent for Paragon to enforce the obligations of a third party owed to the Company or otherwise in connection with the Charged Property, and neither Paragon nor such Receiver shall not be liable to the Company for any loss or damage caused by omission so to do.

10.7 If the Company shall receive any payment under or in respect of the Charged Property after the security created by this Debenture shall have become enforceable then the Company shall immediately account to Paragon or the Receiver for it and in the meantime hold it in a separate trust account.

10.8 No purchaser or any other person dealing any Receiver or administrator appointed by Paragon (or with Paragon itself) shall be concerned to enquire whether the monies secured by this Debenture have become due or the powers of the person concerned have become exercisable or as to the application of any money paid to Paragon, any administrator or any Receiver.

10.9 Paragon may remove any Receiver appointed by it from all or any part of the Charged Property of which he is Receiver and at any time

after any Receiver and has vacated office or ceased to act, appoint further Receiver(s) over all or any part of such Charged Property.

## **11. SEVERANCE**

In the exercise of the powers conferred by this Debenture Paragon, any Receiver or administrator may sever and sell any plant and machinery and other fixtures separately from the property to which they may be annexed on such terms as Paragon, such Receiver or administrator may think fit.

## **12. DELEGATION**

Paragon and any Receiver may at any time and from time to time delegate by power of attorney or in any other manner to any person all or any of the powers, authorities and discretions which are for the time being exercisable by Paragon or any Receiver under this Debenture in relation to the Charged Property and any such delegation may be made upon such terms and conditions (including power to sub-delegate) and subject to such regulations as Paragon or any Receiver may think fit and Paragon shall not be in any way liable or responsible to the Company for any loss or damage arising from any act, default, omission or misconduct on the part of any such delegate or sub-delegate.

## **13. CONTINUING SECURITY ETC.**

13.1 This security shall be a continuing security and shall not be considered satisfied, redeemed or discharged by any intermediate payment or satisfaction of the whole or any part of the monies owing or incurred by the Company to Paragon and each Associate.

13.2 The security created by this Debenture is in addition to any other rights, security or securities which Paragon and each Associate now holds or may from time to time acquire from the Company or any other person and shall not in any way prejudice any of those securities.

13.3 All rights remedies and powers of Paragon under this Debenture will be in addition to and shall not limit those conferred on Paragon and each Associate by any other deed or agreement or implied by law.

13.4 Any money received (by Paragon or any Receiver) under or in connection with the security of this Debenture may be placed to the credit of a suspense account (with or without interest) for so long as Paragon or any Receiver shall think fit with a view to preserving the right of Paragon to prove against the Company for all monies and liabilities owing.

## **14. NOTICE OF SUBSEQUENT SECURITY**

14.1 If Paragon receives notice of any subsequent charge or other security interest affecting the Charged Property then Paragon may open a new account or accounts for the Company.

14.2 If Paragon does not open a new account, it shall nevertheless be treated as if it had done so at the time when it received notice referred to in clause 14.1, and as from that time, all payments made by the Company to Paragon shall be credited or treated as having been credited to the new account and shall not operate to reduce the amount due from the Company to Paragon at the time when it received the notice.

## **15. INDEMNITY**

15.1 The Company will indemnify and keep indemnified Paragon and any Receiver against any loss that Paragon, any Receiver or any Associate may suffer as a result of any breach of obligation covenant or warranty by the Company including all claims actions charges damages proceedings and other liabilities; and further will indemnify Paragon and any Receiver in respect of any Environmental Matters; and further will indemnify Paragon and any Receiver in respect of all costs and expenses (including legal expenses) incurred by Paragon or, as the case may be, any Receiver, in enforcing the security created by this Debenture and/or in recovering possession of the Charged Property from the Company or any other person.

15.2 The Company will indemnify Paragon and, as a separate covenant any Receiver, on demand against all existing and future rents rates taxes duties charges assessments impositions and outgoings whatsoever (whether imposed by deed or statute or otherwise and whether of the nature of capital or revenue and even though of a wholly novel character) now or at any time payable in respect of the Charged Property or by the owner or occupier of it, and until payment by the Company the Charged Property shall stand charged with the amounts so to be paid but Paragon shall not be deemed to have taken possession of the Charged Property by reason of receipt of such payments.

15.3 The Company will indemnify Paragon in respect of all legal costs and disbursements (including land registry fees) incurred by Paragon in connection with the negotiation preparation and registration of this Debenture and any facilities secured by it.

15.4 Paragon and every Receiver, attorney, manager, agent or other person appointed by Paragon under this Debenture shall be entitled to be indemnified out of the Charged Property in respect of all liabilities and expenses incurred directly or indirectly by any of them in the execution or purported execution of any of the powers, authorities or discretions vested in them under this Debenture and against all actions, proceedings, costs, claims and demands in respect of any matter or thing done or omitted in any way relating to the Charged Property and Paragon and any Receiver may retain and pay all sums in respect of such liabilities and expenses out of any money received under the powers conferred by this Debenture.

## **16. SERVICE OF NOTICES**

16.1 A notice (including any writ or summons) may be served by Paragon or any Receiver or administrator on the Company by leaving it at, or by sending it through the post in a pre-paid letter addressed to the Company:

16.1.1 at the address of the Company shown above or last known to Paragon, or

16.1.2 at the registered office address of the Company for the time being.

16.2 Any notice served by post shall be deemed to have been served at 10am on the day following (or if that day following is a Sunday then on the Monday immediately after) that on which it is posted; unless the notice shall be posted after the time at which the last post collection is made in which case it shall be deemed to be served at 10am on the second day following. In proving service of any such notice it shall be sufficient to prove that the envelope containing the notice was properly addressed and stamped and put in the post by way of recorded delivery or registered letter. A demand or notice so addressed and posted to the Company shall be effective notwithstanding that it be returned undelivered.

16.3 Any notice served personally on the Company in accordance with clause 16.1 above will be deemed to be served at the time when it is left at such place as is described in clause 16.1.

16.4 Any notice may be served on the Company by fax to the fax number (if any) shown on the Company's headed paper provided that such notice is put in the post addressed to the Company as described in clause 16.1 above within 48 hours following despatch by fax. Such notice so served by fax will be deemed to be served on the Company at the time of transmission by fax.

16.5 The methods of service described in this clause 16 will not affect the validity of any other effective method of service.

## **17. POWER OF ATTORNEY AND COVENANT FOR FURTHER ASSURANCE**

17.1 As a continuing security for the performance of its obligations and liabilities under this Debenture the Company irrevocably and individually appoints each of the persons specified in clause 17.2 below severally to be the attorney of the Company and on its behalf and as its act and deed or otherwise:

17.1.1 to execute and deliver in the name of the Company all deeds and documents which may be deemed necessary to perfect Paragon's title to or for vesting the Charged Property in Paragon, its nominees or in any purchaser from Paragon or any Receiver or which the Company may have agreed under the terms of this Debenture or otherwise to enter into;

17.1.2 to do all such acts and things as may be required for the full exercise of the powers conferred under this Debenture and/or which the Company has agreed to do under the terms of any Finance Agreement; and

17.1.3 to make any payments which the Company has covenanted to make under this Debenture (which amounts will be immediately recoverable by Paragon from the Company and shall form part of the liabilities secured by this Debenture), to the intent that this appointment shall operate as a general power of attorney made under section 10 of the Powers of Attorney Act 1971.

17.2 The persons referred to in clause 17.1 above are:

17.2.1 Paragon;

17.2.2 any director of Paragon;

17.2.3 any person nominated in writing under the hand of any director or officer of Paragon;

17.2.4 any Receiver; and

17.2.5 any administrator appointed by Paragon.

17.3 The Company undertakes to:

17.3.1 execute such further legal mortgage, fixed or floating charges or assignments in favour of Paragon as Paragon may from time to time require over the Charged Property including, but not limited to, assets specified in any notice converting the floating charge created by this Debenture into a fixed charge; and

17.3.2 execute and (if appropriate) register such deeds and documents and perform such acts as Paragon or any Receiver may consider necessary or desirable for the purpose of vesting in Paragon or in any Receiver title to the Charged Property or otherwise perfecting the security of Paragon under this Debenture or the rights conferred by any Finance Agreement.

17.4 The production of this Debenture shall be conclusive evidence of the granting of this power of attorney.

17.5 The Company irrevocably authorises Paragon to apply for and obtain all or any information produced under or in compliance with the Fire Precautions Act 1971 or regulations made under it or any superseding statute relating to the Real Property and to use or disclose to any person any such information so obtained for any purposes and in such manner as Paragon shall think fit.

## **18. ADDITIONAL RIGHTS OF PARAGON**

18.1 If the Company shall have more than one account with Paragon then Paragon shall be entitled at any time and without prior notice to combine any two or more accounts into a single account with a single credit or debit balance.

18.2 Paragon will also be entitled to set off against any liability of the Company secured by this Debenture any amount received or receivable by Paragon on behalf of the Company and to debit any account of the Company held by or with Paragon with the amount of any liability of the Company to Paragon arising under this Debenture.

18.3 In order to exercise its rights under this clause 18 Paragon will be entitled to convert any amount received in a currency other than sterling into sterling at the spot rate of exchange of Paragon's own bankers at the time. The Company will indemnify Paragon on demand against all costs and expenses incurred in effecting such conversion.

18.4 If the Company breaches the terms of any Finance Agreement or any event occurs which entitles Paragon to terminate or accelerate payment under a Finance Agreement, then Paragon may appoint an investigating accountant and/or valuer of its choice to prepare a report (addressed to Paragon) on the business(es), financial affairs, assets, liabilities and future prospects of (and advising Paragon on its position and prospects of recovery from) the Company (and any group of companies of which it is a member) and the value of all assets charged to Paragon. The Company will co-operate fully with such investigation and/or valuation and will allow full access to its accounting records, staff and premises for this purpose. The Company will indemnify Paragon against all costs (including VAT) incurred in relation thereto.

18.5 All rights, remedies and powers of Paragon under this Debenture will be in addition to and shall not limit those conferred on Paragon by any other deed or agreement or implied by law.

## **19. PAYMENTS**

19.1 All payments to be made under this Debenture shall be made in full in cleared funds on the due date, in the currency of the liability or obligation being discharged and without any set off, restriction or condition and without any deduction for any counterclaim.

19.2 Payments will also be made without any deduction or withholding on account of any tax unless the Company is required by law to make any such deduction or withholding.

19.3 If the Company is required by law to make any deduction or withholding on account of tax then the Company will immediately pay to Paragon such additional amount as will result in Paragon receiving the same amount as it would have received if the deduction or withholding had not been made.

19.4 If Paragon or any Receiver receives any amount under this Debenture or in the exercise of the powers conferred by it in a currency other than the currency of the liability or obligations owed to Paragon then:

19.4.1 Paragon or the Receiver may purchase at any time after then the currency of such liability or obligations with the amount received; and

19.4.2 Paragon or its Receiver will not be liable for any loss resulting from any fluctuation in exchange rates in the meantime.

#### **20. INDULGENCE**

20.1 Paragon may at any time without discharging or in any way affecting the security created by this Debenture or the rights of Paragon against the Company under this Debenture:

20.1.1 Grant to the Company or to any other person any time or indulgence or come to any arrangement or composition with or agreement not to sue any other person, including any person for whose liability the Company is a surety; and

20.1.2 Exchange, release, notify, deal with or abstain from perfecting or enforcing any securities or guarantees or other rights which it may now have or in the future acquire from or against the Company or any other person.

20.2 No delay or omission of Paragon to exercise any right or power granted by this Debenture shall impair any such right or power to be construed as a waiver of or acquiescence in any default by the Company and no express waiver given by Paragon in relation to any default by the Company shall prejudice the rights of Paragon under this Debenture. The granting of any consent by Paragon will not prejudice the right of Paragon to grant or withhold as it thinks fit its consent to anything similar.

#### **21. CONSOLIDATION**

The restriction on the right of consolidation in Section 93 of the Law of Property Act 1925 shall not apply to this security.

#### **22. SET OFF**

In addition to all other contractual, security or general rights of set off or consolidation of accounts, Paragon will have the right (both before and after demand or the appointment of a Receiver or administrator under this Debenture) to debit any account of the Company with any amount paid by Paragon which the Company has agreed under this Debenture to reimburse to Paragon.

#### **23. DISCLOSURE**

23.1 Paragon may disclose and supply any information relating to the Company or to the matters referred to in this Debenture or any other agreement made or to be made between the Company and Paragon to any trade register or credit reference agency, or to any company or person associated with Paragon or to any other person for the purposes of the business of Paragon or to comply with any statutory or other obligation of Paragon.

23.2 The Company authorises any person, company, or financial institution (in this clause, "an Organisation") to release information of any kind held about the Company to Paragon on written request by Paragon to such Organisation and that any Organisation receiving such a request can treat this clause as the Company's express and irrevocable consent to the release of such information, which release of information the Company confirms will not be in breach of the Data Protection Act 1998 (as replaced, amended or re-enacted) or of any other statutory or other duty of the Organisation.

#### **24. INTEREST ON OVERDUE PAYMENT**

If the Company shall not pay any sum payable to Paragon promptly on the due date for payment then the Company will pay interest to Paragon calculated on such amount at a rate equal to the sum of six per cent per annum and Finance House Base Rate from time to time with a minimum rate payable of fifteen per cent per annum, such interest to be calculated on a day to day basis compounded monthly from the due date for payment until the date of actual payment. Such interest will accrue after as well as before any judgment or the liquidation or administration of the Company.

#### **25. EXCLUSION OF LIABILITY**

Paragon, any Receiver, and their respective delegates and sub-delegates, will not be liable to account to the Company for anything except Paragon's own actual receipts or be liable to the Company for any loss or damage arising from any realisation by Paragon, any Receiver, delegates or sub-delegates of the Charged Property or for any act, default, omission or negligence of any of the same in relation to the Charged Property.

#### **26. EFFECT OF TRANSFER OF PARAGON'S ASSETS**

26.1 This Deed shall remain in effect and binding on the Company notwithstanding:

26.1.1 any amalgamation or merger that may be effected by Paragon with any other company or person; or

26.1.2 any reconstruction by Paragon involving the transfer of the whole or any part of Paragon's undertaking and assets; or

26.1.3 the sale or transfer of all or any part of Paragon's undertaking and assets to another company or person, whether the company or person with which Paragon amalgamates or merges or the company or person to which Paragon transfers all or any part of its undertaking and assets either on a reconstruction or sale or transfer a specified above shall or shall not differ from Paragon in its objects, character or constitution.

26.2 The Company confirms that it intends that:

26.2.1 the security granted by this Debenture and the provisions contained in it shall remain valid and effectual in all respects in favour of, against and with reference to; and

26.2.2 the benefit of this Debenture and all rights conferred upon Paragon by it may be assigned to and enforced by any such company or person as is referred to in clause 26.1 above and proceeded on in the same manner to all intents and purposes as if such company or person had been named in this Debenture instead of or in addition to Paragon.

#### **27. APPLICABLE LAW AND JURISDICTION**

English law is applicable to this Deed and, for the exclusive benefit of Paragon, the courts of England will have jurisdiction to hear and resolve any dispute arising in relation to this Deed or the exercise of the security and rights and powers granted hereby.

#### **28. CONSTRUCTION**

In this Debenture:

28.1 the index and headings to clauses are for convenience only and shall have no effect on the interpretation of this Debenture or other legal effect;

28.2 references to any agreement or document shall be construed as referring to such agreement or document as the same may have been, or may from time to time be, varied supplemented novated or assigned;

28.3 unless the context otherwise requires, words denoting the single number only shall include the plural and vice versa; and references to any gender include all other genders;

28.4 reference to a "person" shall be construed to refer to any individual person, firm, company, corporation, government, Paragon or agency of a Paragon or any association or partnership (whether or not having a separate legal personality) of two or more of the foregoing;

28.5 the expression "Paragon", where the context admits, will include its transferees, successors and assigns whether immediate or derivative and all delegates or sub-delegates;

28.6 any power which may be exercised or any determination which may be made under this Debenture by Paragon may (save as otherwise provided) be exercised or made in its absolute and unfettered discretion and it shall not be obliged to give reasons for it;

28.7 references to statutes and/or statutory provisions shall be construed as referring to such statutes or statutory provisions as respectively replaced, amended, extended, consolidated or re-enacted from time to time;

28.8 any exclusion or limitation of liability contained in this Debenture will not limit or exclude liability for fraud.

#### **29. MISCELLANEOUS**

##### **29.1 Assignment**

Paragon shall be entitled to assign or otherwise transfer its interest in the security created by this Debenture and its rights against the Company to such person as it wishes and any such assignee shall be entitled to rely on the security created by this Debenture to recover amounts already owed by the Company to such person as well as amounts to be incurred or which were incurred to Paragon the right to which has been purchased or acquired by such person.

##### **29.2 Severance**

If any provision (or part) of this Debenture shall be found by a court or competent authority to be void or unenforceable, the invalidity or unenforceability of that provision (or the part concerned) shall not affect the other provisions of this Debenture (including the part of the provision not affected) which shall remain in full force and effect.

##### **29.3 Reference to statutory provision**

Any reference in this Agreement to a statutory provision means that provision as amended or re-enacted where appropriate.

##### **29.4 Prior Security**

At any time after the security created by this Debenture shall have become enforceable, or after any powers conferred by the Prior Security or any other encumbrance having priority to the security created by this Debenture shall have become exercisable, Paragon may redeem any such prior encumbrance or procure the transfer of it to Paragon; and Paragon may settle the accounts of the encumbrancer which settlement

shall be conclusive and binding on the Company and all monies paid by Paragon to such encumbrancer shall from the date of payment become due from the Company to Paragon and be secured by this Debenture.

**29.5 Independent security**

The security created by this Debenture shall be in addition to, and independent of, every other security which Paragon may at any time hold from the Company or in respect of the liabilities of the Company. No prior security granted by the Company over the Charged Property or any part of it shall merge with the security created by this Debenture.

**29.6 Effect of unenforceable security**

This Deed and the security created by it shall not be discharged or affected by the total or partial invalidity or unenforceability of, or any irregularity or defect in, any security which Paragon may hold from the Company or in respect of the liabilities of the Company. The Company agrees to indemnify Paragon against all loss arising from any legal limitation, disability or lack of capacity of the Company or any person acting (or purporting to act) on behalf of the Company in relation to this Debenture or otherwise.

**29.7 Security for sole benefit of Paragon and its Associates**

This Deed and the security created in it shall secure payment of the full amount of the monies and liabilities from time to time owing by the Company to Paragon. For so long as the security created by this Debenture remains in effect the Company will not be entitled to share in or succeed to or benefit from (by subrogation or otherwise) any rights which Paragon may have or any security which Paragon may hold in respect of the obligations and liabilities secured by this Debenture or the whole or any part of the proceeds of any such matter.

**29.8 Conflict**

If the Company has entered into a specific mortgage security in respect of any particular asset or assets then compliance by the Company with the covenants and undertakings contained in such mortgage security will be treated as sufficient also to comply with the equivalent covenants and undertakings set out in this Debenture provided that all indemnities against loss contained in this Debenture are independent and not affected thereby.

**IN WITNESS** whereof this Debenture has been executed and delivered by or on behalf of the parties on the date stated at the beginning of this Debenture.

**SCHEDULE 1**

Legally Mortgaged Property  
(referred to in clause 3.2)

Registered Titles

The premises registered at H M Land Registry with Title Number:

Unregistered Titles

**SCHEDULE 2**  
**Chattel Assets**  
(referred to in clause 3.4)

**SCHEDULE 3**  
Shares charged by a fixed charge  
(referred to in clause 3.6.1)

**EXECUTED AND DELIVERED** as a deed by  
**THE COMPANY**  
acting by its authorised officer

  
Director

**NICHOLAS JAMES OSBORNE**

Director's details (in block capitals)

In the presence of

Full Name **DAWN BROWN**

Signature **DB**

Address **9 Highway Ridge**  
**SP4 6AA**

Occupation **Relationship Manager**

**SCHEDULE 4**  
The Prior Security  
(referred to in clause 3.11 and 6.2.1)

Signed for and on behalf of **PARAGON BUSINESS FINANCE PLC** by

  
Signature

**Amy**  
Name of authorised signatory

**SCHEDULE 5**  
The Bank