



Registration of a Charge

Company Name: **ISLE OF HARRIS DISTILLERS LIMITED**

Company Number: **SC334836**



Received for filing in Electronic Format on the: **01/08/2022**

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Details of Charge

Date of creation: **28/07/2022**

Charge code: **SC33 4836 0004**

Persons entitled: **HSBC INVOICE FINANCE (UK) LIMITED**

Brief description:

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

Contains negative pledge.

Authentication of Form

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

Authentication of Instrument

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

Certified by: **MACROBERTS LLP**



CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 334836

Charge code: SC33 4836 0004

The Registrar of Companies for Scotland hereby certifies that a charge dated 28th July 2022 and created by ISLE OF HARRIS DISTILLERS LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 1st August 2022 .

Given at Companies House, Edinburgh on 1st August 2022

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**

Isle of Harris Distillers Limited

to

HSBC Invoice Finance (UK) Limited

Floating Charge

FLOATING CHARGE

By **ISLE OF HARRIS DISTILLERS LIMITED** (registered in Scotland number SC334836) and having its registered office at Isle Of Harris Distillery, Tarbert, Isle Of Harris, HS3 3DJ (the "Client")

in favour of **HSBC INVOICE FINANCE (UK) LIMITED** (registered in England number 759657) and having its registered office at 21 Farncombe Road, Worthing, West Sussex BN11 2BW ("HIF")

Floating Charge as security for the Debt

1. This Floating Charge shall be security for the payment and discharge of the Debt mentioned in Clause 2 below.
2. The Debt is all money and liabilities whatever, whenever and however incurred whether now or in the future due, or becoming due, from the Client to HIF in any currency or currencies, whether actual or contingent, whether incurred solely or jointly with any other person and whether as principal or guarantor (the "Debt").

This includes, but is not limited to:

- (a) all monies and liabilities due from the Client to HIF under all facilities granted by HIF to the Client;
- (b) guarantees and indemnities to HIF and any of the Client's other contingent liabilities;
- (c) discount, commission and other lawful charges and expenses;
- (d) interest in accordance with any agreement between the Client and HIF. Interest applies before and after any demand or judgement;
- (e) money agreed to be paid by the Client under Clause 21 below.

The Agreement to pay the Debt

3. The Client agrees to pay and discharge the Debt when the same is due to be paid and discharged.

Security given over the Client's Assets

4. The Client, as continuing security for the payment and discharge of the Debt, grants in favour of HIF a floating charge over the whole of the property (including uncalled capital) which is or may be from time to time comprised in the property and undertaking of the Client (but excluding, for the avoidance of doubt, any assets owned by any third party situated or stored on or in property owned by the Client) (the "Charged Property").

Restrictions on Client

5. (a) The Client is prohibited from creating subsequent to its execution of this Floating Charge any fixed security or any other floating charge over the Charged Property or any part of it except:
 - (i) any Permitted Security; or
 - (ii) with HIF's prior written consent; or
 - (iii) any fixed security or other floating charge in favour of HIF.
- (b) Any fixed security granted by the Client at any time in favour of HIF shall rank in priority to the floating charge granted by the Client in Clause 4 above.
- (c) In the event that the Client grants or creates any fixed security or floating charge in breach of the prohibition in paragraph (a) above or with the consent of HIF under paragraph (a) above but with no written agreement of HIF as to the ranking of them, this Floating Charge shall rank in priority to that fixed security or floating charge.

6. The Client shall not, except in relation to a Permitted Disposal, or as otherwise expressly permitted under the ABLA, or with the prior written consent of HIF:

- (a) release, exchange, compound, set off, grant time or agree to any other arrangement in respect of, or in any other way deal with, all or any of the debts mentioned below except as expressly allowed by this Floating Charge; or
- (b) part with, hire, lend, sell, assign or dispose of all or (except by a sale or disposal in the ordinary course of the Client's day-to-day trading activities and for the purpose of carrying on the same) any part of, the Charged Property.

The debts referred to in paragraph (a) above are all book debts and other debts and monetary claims and any rents, licence fees or other payments due from any tenant, licensee or occupier of any immoveable property wherever situated now or at any time afterwards due owing or incurred to the Client, including the full benefit of all guarantees and Securities for them and all liens, reservations of title and other rights enabling the Client to enforce any such debts or claims (the "debts").

Client's Obligations to HIF

7. Until this Floating Charge is discharged the Client will:

- (a)
 - (i) Insure, and keep insured, the Charged Property with such insurer and against such risks and in such amounts and otherwise upon such terms as HIF may reasonably require. If HIF makes no requirement, then in accordance with accepted prudent business practice from time to time in respect of property of the same type.
 - (ii) Comply with the terms and conditions of, and punctually pay all premiums and other monies necessary for keeping up such insurances.
 - (iii) See that the interest of HIF is noted upon all policies of such insurance or (if HIF reasonably so requires) that the policy is held on a co-insured basis in the names of the Client and HIF.
 - (iv) If HIF reasonably requires, produce to, or deposit with, HIF all such policies and the receipts for all premium and other payments necessary for effecting and keeping up such policies.
 - (v) Promptly notify HIF of anything which may give rise to a claim under such policy(ies) and ensure that nothing is done or not done in relation to a policy as a consequence of which would have a Material Adverse Effect.
 - (vi) Notify HIF prior to taking any steps to open an account with any bank (other than HIF) or other person.
 - (vii) Comply in full with any obligations of the Client to provide information under the PSC Regime to any company that shall have issued any shares in which the Client holds any interest from time to time. Further, in this connection, on the date of this Floating Charge, the Client represents to HIF that it has complied in full with any obligations it has under the PSC Regime to provide information to any company that shall have issued any shares in which the Client holds an interest and that no "warning notice" or "restrictions notice" (in each case as defined in Schedule 1B to the Companies Act 2006) has been issued to the Client in respect of all or any part of the securities (as defined in paragraph (m) below) and remains in effect.
 - (viii) Comply with any notice served on the Client under the Companies Act 2006 (including pursuant to Part 21A of the Companies Act 2006) within the timeframe specified in the notice.

It is agreed that:

- (i) HIF may after a Termination Event which is continuing (but without being under any duty to do so if it reasonably considers it necessary to do so) itself effect or maintain such insurances. If it does so, the Client shall be liable to HIF for the expenses incurred by HIF in doing so.

- (ii) Subject to the terms of the ABLA, all sums at any time payable under any such policies of insurance shall (subject to any prior rights and claims of any third party) be paid direct to HIF. If the same are not paid directly to HIF by the insurers then the Client shall be trustee of them for the benefit of HIF and shall transfer them to HIF accordingly. The insurance monies shall at the option of HIF be applied (subject to Clause 24 below) in or towards the payment or discharge of the Debt or in making good or recouping expenditure in respect of the loss or damage for which such monies are received.
- (b)
 - (i) Keep all buildings on any land forming part of the Charged Property and all fixtures and plant and machinery on and in them (and all other tangible property comprised in the Charged Property) in good and substantial repair and condition (subject to normal wear and tear).
- (c) Not without the prior written consent of HIF:
 - (i) pull down or remove the whole or any part of any buildings forming part of the Charged Property;
 - (ii) sever or unfix or remove any of the fixtures or fittings; or
 - (iii) except for the purpose of effecting necessary repairs to them or of replacing the same with new or improved models or substitutes, remove any of the plant and machinery belonging to, or in use by, the Client, where failure to do so would be reasonably likely to have a Material Adverse Effect.
- (d)
 - (i) Carry on any trade, business or agricultural use on any land now or afterwards used by the Client for the purposes of trade, business or agriculture. It shall do so in accordance with the standards of good management from time to time current in the trade or business or (in the case of agricultural use) with the standards of good husbandry, from time to time. It shall also do so in accordance with the authorised planning use of such land.
 - (ii) Obtain, maintain and comply with all licences, consents and other authorisations (including, without limitation, environmental permits) and effect all registrations which may be necessary or desirable in relation to all or any part of the Charged Property or any business or other activity from time to time carried on by the Client where failure to do so would be reasonably likely to have a Material Adverse Effect.
- (e) Not without the prior written consent of HIF:
 - (i) carry out, or allow to be carried out on any land situated in Scotland forming part of the charged property, any development as defined in the Town and Country Planning (Scotland) Act 1997 or enter into any agreement under Section 75 of that Act; or
 - (ii) change, or allow to be changed, the use of any such land.
- (f)
 - (i) Observe and perform all covenants, stipulations and conditions which from time to time affect the use or possession of the Charged Property whether arising under any lease or other agreement under which the Charged Property is held where failure to do so would be reasonably likely to have a Material Adverse Effect.
 - (ii) Punctually pay all rents and other payments becoming due, or to become due, under any lease or other agreement mentioned above. Pay all taxes, rates, duties, fees, charges, assessments, impositions, calls, instalments and outgoings properly payable in respect of any of the Charged Property as and when due and HIF may do so as agent of the Client if the Client fails to do so and all amounts so paid by HIF shall become part of the Debt and be payable by the Client to HIF on demand.
 - (iii) If HIF so requests in writing, produce to HIF evidence sufficient to reasonably satisfy it that the requirements mentioned above have been complied with.
- (g)
 - (i) Comply with all statutory and other laws and regulations affecting the Charged Property where failure to do so would be reasonably likely to have Material Adverse Effect. This will include all Environmental Laws and Environmental Permits applicable from time to time to

all or any part of the Charged Property or any business or other activity from time to time carried on by the Client.

- (ii) Indemnify each of HIF, the Administrator (defined in Clause 10 below) or Receiver (defined in Clause 10 below) (and their respective officers, agents and delegates) against all costs, expenses and liabilities properly incurred (directly or indirectly) as a result of any non-compliance with any Environmental Laws in relation to all or any part of the Charged Property or anything done or not done on it.
- (h)
 - (i) Within 7 days after becoming aware of the same, give full particulars to HIF of any notice, order, direction, designation, resolution or proposal materially affecting all or any part of the Charged Property or (in the case of any land) the locality in which it is situated, given or made by any planning authority or other public body or authority whatsoever (including, without limitation, any licensing authority).
 - (ii) If HIF reasonably requires in writing, promptly, and at the cost of the Client, take all reasonable and necessary steps to comply with any of the matters mentioned in paragraph (h)(i) above and make (or join with HIF in making) such objections or representations as may reasonably be available in respect of them.
- (i) Permit HIF, its agents and any person authorised by it, to enter on any land forming part of the Charged Property, at all reasonable times and on reasonable notice (except in case of emergency) for the purpose of inspecting or valuing any of the Charged Property and if HIF calls for such a valuation that shall be at the expense of the Client.
- (j) Not (except in relation to a Permitted Disposal) without the prior written consent of HIF:
 - (i) grant or vary, or agree to grant or vary, any licence or tenancy affecting any land forming part of the Charged Property;
 - (ii) in any other way, dispose, or agree to dispose of, or create, any interest in any land forming part of the Charged Property,
where to do so would be reasonably likely to have a Material Adverse Effect.
- (k) Punctually pay all calls, instalments and other monies that may become due in respect of any of the securities. The securities are:
 - (i) all stocks, shares, debentures, bonds, loan capital and other securities of any description of any other person (including, without limitation, any subsidiary or subsidiary undertaking of the Client);
 - (ii) all rights to subscribe for or convert other securities into or otherwise acquire any such securities now or at any time afterwards belonging to the Client; and
 - (iii) all dividends, interest and other income and all other rights of whatsoever kind deriving from or incidental to, any of these,
(collectively called the "Securities").
- (l) Not exercise any of the rights and powers attaching to any of the Securities in a manner which, in the reasonable opinion of HIF, may adversely affect the value of the security created by or pursuant to this Floating Charge.
- (m)
 - (i) Take all such necessary steps, and do all such acts (including the prompt payment of any appropriate fees and policing against any infringement of, or challenge to, the Intellectual Property) to maintain the value, subsistence and validity of that Intellectual Property.
 - (ii) Use all reasonable endeavours to protect and safeguard the Intellectual Property from and against theft, loss, destruction, unauthorised access, copying or use by third parties.
 - (iii) Not use, or allow to be used, or take any step in respect of any of the Intellectual Property in any way which would have a Material Adverse Effect.

- (n) (i) If so required to do so by HIF, deposit with HIF (and HIF shall be entitled to retain) all deeds, certificates and other documents constituting or evidencing title to the Charged Property (except insofar as the same are held, or required to be held, by any third party in accordance with any obligation ranking in priority to this Floating Charge).
- (ii) On being reasonably required in writing to do so by HIF, and at the cost and expense of the Client:
 - (a) Execute, sign, deliver and do all things necessary (including, without limitation, the assignation or assignment of all or any of the debts and the transfer of all or any of the Securities, to HIF or its nominee and the giving of any notices and effecting of any registrations) as (and in such form as) HIF may reasonably require to create a standard security, legal mortgage, assignation, assignment or other fixed security in favour of HIF over all or such part as shall be specified in such notice of the Charged Property or to perfect or protect the security intended to be created by or pursuant to this Floating Charge or to facilitate the exercise of any powers, authorities and discretions conferred under or in accordance with this Floating Charge.
 - (b) Endorse, or cause to be endorsed, on any documents constituting or evidencing title to the Charged Property and give to third parties such notices of the security created by or pursuant to this Floating Charge as HIF may reasonably require.

When this Floating Charge becomes enforceable

- 8. This Floating Charge shall become enforceable on the occurrence of a Termination Event which is continuing.

Right of Appropriation

- 9. To the extent that the security created by this Floating Charge constitutes a "security financial collateral arrangement" and the assets secured by this Floating Charge ("Secured Assets") constitute "financial collateral" for the purpose of the Financial Collateral Arrangements (No 2) Regulations 2003 ("Regulations"), HIF shall have the right on giving prior notice to the Client, at any time after this Floating Charge becomes enforceable, to appropriate all or any part of those Secured Assets in or towards discharge of the Debt. The parties agree that the value of the appropriated Secured Assets shall be, in the case of cash, the amount of cash appropriated and, in the case of any stocks, shares, debentures, bonds, loan capital and other Securities of any description, determined by HIF by reference to any publicly available market price and, in the absence of which, by such other means as HIF (acting reasonably) may select including, without limitation, an independent valuation. For the purpose of Regulation 18(1) of the Regulations, the Client agrees that any such determination by HIF will constitute a valuation "in a commercially reasonable manner".

Appointment of Administrator or Receiver

- 10. (a) This Floating Charge is intended to be a qualifying floating charge as defined by paragraph 14 of schedule B1 to the Insolvency Act 1986.
- (b) At any time after having been requested to do so by the Client, or after this Floating Charge has become enforceable, HIF may appoint by instrument in writing, or otherwise, (i) any one or more persons to be administrator of the Client (each an "Administrator") or (ii) any one or more persons to be a receiver of all or any of the Charged Property (each a "Receiver") in each case in accordance with and to the extent permitted by applicable laws. These expressions shall, where necessary, include any person substituted as Administrator or Receiver.
- (c) HIF may (so far as it is lawfully able to do so) from time to time by instrument in writing, or otherwise, remove any person appointed to be Administrator or Receiver and may in a similar way appoint another in his place.
- (d) If at any time two or more persons shall hold office as Receiver, each one of them shall be separately entitled (subject to any contrary direction in the appointment) to exercise all the powers, authorities and discretions conferred on them.

- (e) The power to appoint a Receiver shall be in addition to all statutory and other powers of HIF under the Insolvency Act 1986.
- 11. (a) HIF shall not, nor shall the Receiver, be liable to account as mortgagee or heritable creditor in possession in respect of all or any of the Charged Property nor be liable for any loss upon realisation or for any neglect or default (unless wilful) of any nature whatsoever in connection with all or any of the Charged Property for which a mortgagee or heritable creditor in possession might as such be liable.
- (b) All reasonable costs, charges and expenses properly incurred by HIF or the Receiver (including its internal management and administration costs and the costs of any proceedings in relation to this Floating Charge or the Debt) shall be paid by the Client.
- 12. The Administrator or Receiver shall be the agent of the Client and the Client shall be responsible for his acts and remuneration as well as for any defaults committed by him.

Powers of Receiver

- 13. The Receiver shall (subject to any limitations or restrictions expressed in the document appointing him but notwithstanding any restriction or limitation binding on the Client under this Floating Charge or any winding-up or dissolution of the Client or any analogous proceedings in any jurisdiction) have all the powers (as varied and extended by this Floating Charge) conferred on receivers by the Insolvency Act 1986 and (without affecting the above in any way) the following powers:
 - (a) (i) To sell, transfer, assign, convey or grant, accept surrender or vary, terminate or surrender leases of or in exchange for and enter into and or terminate leases of any of the Charged Property; and
 - (ii) In any other way to dispose of, or deal with, all or any of the Charged Property (or agree any of the same) and in either case in such a way and generally on such terms and conditions as he reasonably thinks fit.

Any transaction mentioned above may be for such payment or other consideration as the Receiver shall think fit. This is so whether for a lump sum or a consideration payable in instalments and whether for cash or otherwise. In the case of the latter, it shall form part of the Charged Property and be charged with the payment and discharge of the Debt.

Fixtures and plant and machinery may be taken and sold separately from the premises to which they are fixed (or in which they are contained) without the consent of the Client being obtained or necessary.

- (b) To take possession of, collect and get in, all or any of the Charged Property and for that purpose to make such demands and take any proceedings as the Receiver shall reasonably think fit.
- (c) To carry on, manage, develop, reconstruct, amalgamate or diversify (or agree the same) any trade or business (including farming) as has from time to time been carried on on the whole or any part of the Charged Property.
- (d) (i) To make any arrangement or compromise between the Client and any other person which the Receiver may reasonably think expedient.
- (ii) To take, defend or participate in any proceedings (including, without limitation, arbitration proceedings) as the Receiver may reasonably think expedient.
- (e) To make, effect and complete such improvements, development and repairs to any of the Charged Property as the Receiver may reasonably think expedient.
- (f) To make calls (and to enforce payment of them) conditionally, or unconditionally, on the members of the Client in respect of any uncalled capital with the benefit of all the powers in the Articles of Association of the Client conferred on the directors.

- (g) To appoint managers, officers, servants, workmen, nominees and agents for any of the purposes mentioned in this Clause 13 at such remuneration and for such periods and on such terms as the Receiver may reasonably determine.
 - (h) If the Receiver thinks fit, but without affecting the indemnity contained in Clause 19 below, to effect with any insurer any policy or policies of insurance either in lieu, or satisfaction of, or in addition to, such indemnity.
 - (i) To delegate by power of attorney, or in any other way, to any person or persons approved in writing by HIF, all or any of the powers, authorities and discretions which are for the time being exercisable by the Receiver under this Floating Charge.
 - (j)
 - (i) To promote the formation, or otherwise acquire the share capital of, any body corporate with a view to such body corporate becoming a subsidiary of the Client or otherwise;
 - (ii) to purchase, lease, or otherwise acquire any interest in all or any of the Client's undertaking and property;
 - (iii) to carry on any business in succession to the Client or any subsidiary of the Client;
 and in each case, as the Receiver may otherwise reasonably think fit.
 - (k) To apply for, and otherwise take such steps as the Receiver may consider reasonably necessary or desirable to obtain (in the name of a nominee or otherwise), such licences, consents, permits and approvals as the Receiver may reasonably think expedient.
 - (l) To make elections for value added tax purposes as the Receiver may reasonably think fit.
 - (m) For any of the purposes authorised by this clause, to raise money by borrowing from any person on the security of all or any of the Charged Property.
 - (i) The Receiver may raise money as mentioned above on such terms (including, if HIF shall consent, terms under which such security ranks in priority to all or any of the security created by or pursuant to this Floating Charge) as the Receiver may reasonably think fit; and
 - (ii) the repayment of all such monies and the payment of interest on them and related costs, charges and expenses, shall be treated for all purposes as expenses properly payable by the Receiver.
 - (n) To exercise any of the powers which HIF would be entitled to exercise under this Floating Charge.
 - (o) To do all such other acts and things as the Receiver may reasonably consider to be incidental or necessary to any of the matters or powers mentioned above or which the Receiver lawfully may or can do as agent for the Client.
 - (p) To exercise any of the above powers on behalf of the Client or on the Receiver's own behalf or, in the case of the powers contained in paragraph (f) above, on behalf of the directors of the Client.
14. Subject to claims having priority to the security created by this Floating Charge, all monies received, recovered or realised by the Receiver or (on any exercise by HIF of its enforcement powers under this Floating Charge) HIF, shall be applied in the following order:
- (a) In payment of all reasonable costs, charges and expenses of, and incidental to, the appointment of the Receiver and to the exercise of all or any of the powers of the Receiver or HIF and of any other outgoings properly payable by them. This includes, without limitation, the repayment of monies borrowed as referred to in Clause 13(m) above and the payment of interest and related costs, charges, and expenses (to the extent that HIF has consented to the same being secured in priority to the security created by this Floating Charge) and all amounts payable by HIF to the Receiver under any order of any court or otherwise.
 - (b) In payment of remuneration to the Receiver at such rate as may from time to time be agreed between the Receiver and HIF.

- (c) In payment to HIF in or towards payment or discharge of the Debt and all other amounts expressed to be secured by, or due or payable to HIF under or in connection with, this Floating Charge.
- (d) In payment of any surplus to the Client or any other person entitled to it.

Power of Attorney

- 15. (a) The Client irrevocably appoints HIF and any Receiver and each of their respective delegates, jointly and also individually to be the attorney and attorneys of the Client. Any attorney is authorised by the Client to do, following a Termination Event which is continuing, all things which the Client may be required to do under this Floating Charge and has not done following reasonable notice to HIF. This includes (without limitation) anything which HIF or the Receiver (or any such delegate) may consider necessary or appropriate for, or in connection with:
 - (i) the perfection or protection of the security intended to be created by or pursuant to this Floating Charge; or
 - (ii) the exercise of any of the powers, authorities and discretions conferred under it.
- (b) The Client ratifies and confirms (and agrees to do so) whatever any such attorney shall do, or attempt to do, in the exercise of all or any of the powers, authorities and discretions mentioned above or under this power of attorney.

HIF has other powers

- 16. At any time after this Floating Charge shall have become enforceable, or after any powers conferred by any interest having priority to this Floating Charge shall have become exercisable, HIF may redeem such or any other prior interest or arrange the transfer of it to itself. It may settle and pass the accounts of any third party concerned and any account so settled and passed shall be conclusive and binding on the Client. All monies paid by HIF to the third party in accordance with such accounts shall as from such payment be due from the Client to HIF on current account and shall bear interest and be secured as part of the Debt.
- 17. The rights and remedies of HIF under this Floating Charge are in addition to, and not in substitution for, any rights or remedies provided by law.
- 18. (a) If the Client at any time fails to perform and observe the terms, and obligations contained in this Floating Charge, HIF may (but without being under any duty to do so) take such steps as in its reasonable opinion may be required to remedy such failure; and
- (b) this includes, without limitation, making any payment, and for the purpose mentioned in paragraph (a) above, HIF and its agents may enter upon any land of the Client without being regarded as having entered into possession of it.

Indemnity

- 19. The Client agrees to fully indemnify each of HIF and the Receiver from and against all and any liability properly incurred in the exercise of any powers, authorities and discretions under or in connection with this Floating Charge (with the exception of fraud or wilful default on the part of HIF or the Receiver, but only to the extent committed by any of them) or any failure by the Client to comply with any of its obligations under this Floating Charge.

Protection of Purchasers

- 20. No purchaser or other person dealing with HIF or the Receiver (or any of their respective delegates):
 - (a) shall be bound or entitled to see or enquire whether any power, authority or discretion under this Floating Charge has arisen or become exercisable;
 - (b) be concerned with any notice to the contrary or to see whether any delegation shall have lapsed for any reason or been revoked; or
 - (c) be bound or entitled to concern himself with the proceeds of any sale or other dealing or be answerable in any circumstances for the application of the said proceeds.

Payment of costs, charges and expenses

21. The Client shall reimburse to HIF on demand on a full indemnity basis, all reasonable costs, charges and expenses (including, without limitation, all amounts reasonably determined by HIF to be necessary to compensate it for internal management or administration costs, charges and expenses) properly incurred by HIF:
- (a) in ensuring this Floating Charge is effective;
 - (b) in connection with the perfection or protection of the security created by or pursuant to this Floating Charge;
 - (c) in the exercise of any rights, remedies, powers, authorities and discretions conferred under, or in connection with, this Floating Charge,
- (together with any value added tax or similar tax charged or chargeable in respect of such costs, charges and expenses).

Independence of Security

22. (a) This Floating Charge shall be in addition to, and independent of, every other security which HIF may at any time hold for any of the Debt secured by this Floating Charge.
- (b) This Floating Charge shall remain in full force and effect as a continuing security unless and until HIF discharges it.

HIF's powers to deal with Accounts and Money Received

23. (a) If HIF receives notice of any subsequent charge or other interest affecting all or any of the Charged Property (other than any Permitted Security), HIF may open a new account or accounts for the Client in its books.
- (b) If HIF does not do so, it shall be regarded as having done so unless HIF gives express written notice to the contrary to the Client. Notwithstanding any appropriation by the Client to the contrary, as from the time of receipt of such notice, all payments made by the Client to HIF shall be treated as having been credited to a new account of the Client. Such payments will not be applied in reduction of the amount due, owing or incurred from the Client to HIF at the time when it received the notice.
24. (a) All monies received, recovered or realised by HIF under this Floating Charge (including the proceeds of any conversion under Clause 27 below) may, in the reasonable discretion of HIF, be credited to any suspense or impersonal account.
- (b) They may be held in such account (where they shall not reduce the Debt) for so long as HIF may think fit pending the application from time to time of such monies and all accrued interest (at the rate, if any, agreed in writing between the Client and HIF from time to time) in or towards the discharge of the Debt.
25. The Client waives any right of set-off it may have now, or at any time in the future, in respect of the Debt (including sums payable by the Client under this Floating Charge).
26. Any manager or officer of HIF may certify or determine the amount of a rate or amount applicable or due under this Floating Charge and in relation to the Debt. These certifications and determinations shall, in the absence of manifest error, be conclusive evidence of those rates and amounts.

Currency Conversion

27. (a) For the purpose or pending the discharge of the Debt, HIF may convert any monies received, recovered or realised by HIF under this Floating Charge (including the proceeds of any previous conversion under this clause) from their existing currency of denomination into such other currency of denomination as HIF may reasonably think fit.

- (b) Any such conversion shall be made at HSBC UK Bank plc's then prevailing spot selling rate of exchange for such other currency against the existing currency.
- (c) Each previous reference in this clause to a currency extends to funds of that currency and, for the avoidance of doubt funds of one currency may be converted into different funds of the same currency.
- (d) HIF shall not be liable for any loss caused by the fluctuation in any exchange rate at which any currency may be bought or sold by HIF in accordance with this Floating Charge.

Dealings with you and others

- 28. HIF may, in its discretion, grant time, or make any other arrangement, variation or release with any person or persons not party to this Floating Charge (whether or not such person or persons are jointly or severally liable with the Client) in respect of any of the Debt or of any other security for it. If it does, it will not in any way affect either this Floating Charge or the liability of the Client for the Debt.

HIF's Right of Set-Off

- 29. In addition to all rights of set-off conferred by law, HIF may set-off any matured obligation due from the Client in accordance with the ABLA.

Preservation and Retention of Security

- 30. (a) Any settlement, discharge or release (including in relation to this Floating Charge or the Debt) between (i) the Client and (ii) HIF or the Receiver (the "Relevant Person(s)") shall be conditional upon no security given, or payment made, to the Relevant Person(s) by the Client (or any other person) being avoided or reduced as a result of any provisions or enactments relating to insolvency for the time being in force in any jurisdiction.
- (b) In the event of such security or payment being avoided or reduced, the Relevant Person(s) shall be entitled to recover the value or amount of such security or payment from the Client subsequently as if such settlement, discharge or release had not occurred.

Notices, Governing Law and Jurisdiction

- 31. Any notice or other communication to be made or given under this Floating Charge shall be made or given, and shall be deemed to have been received, in accordance with the provisions of Clause 30 (Notices) of the ABLA.
- 32. (a) Scots law governs this Floating Charge, its interpretation and any non-contractual obligations arising from or connected with it.
- (b) Both the Client and HIF submit to the exclusive jurisdiction of the Scottish courts in relation to all claims, disputes, differences or other matters (including non-contractual claims, disputes, differences or other matters) arising out of or in connection with this Floating Charge.

Disclosure of Information

- 33. The Client consents to the disclosure by HIF of any information about the Client, this Floating Charge, the Charged Property and the Debt in accordance with clause 36.3 of the ABLA.

Transfer of Rights

- 34. Subject to the terms of the ABLA, HIF may transfer all or any of its rights under this Floating Charge and/or the Debt to any person at any time.

HIF's written consent and reasonable requirement

- 35. (a) Where the words "without HIF's written consent" appear in any clause, HIF will not unreasonably withhold consent. The Client agrees that it is reasonable for HIF to refuse to consent to something if, in HIF's reasonable opinion, it adversely affects or might affect:
 - (i) HIF's security under this Floating Charge and its ability to enforce it;
 - (ii) the value of that which is secured to HIF and its ability to sell the same;

- (iii) HIF's ability to recover the Debt; or
 - (iv) the assessment of the value of this Floating Charge as an asset of HIF.
- (b) Where the words "HIF reasonably requires" appear in any clause, the Client agrees that it is reasonable for HIF to require something if, in HIF's reasonable opinion, it will or might assist in:
- (i) the preservation of HIF's security under this Floating Charge or the value of that which is secured by it; or
 - (ii) HIF's ability to recover the Debt.

Severance and Modification - Unenforceability

36. (a) If any of the clauses (or part of a clause) and/or any of the paragraphs (or part of a paragraph) of this Floating Charge becomes invalid or unenforceable in any way under any law, the validity of the remaining clauses (or part of a clause) or paragraph (or part of a paragraph) will not in any way be affected or impaired.
- (b) If any invalid or unenforceable clause or paragraph mentioned above (or part of either) would not be invalid or unenforceable if its form or effect were modified in any way, it shall be deemed to have the modified form or effect so long as HIF consents.

Release

37. Upon the expiry of the Security Period, HIF shall, at the request and cost of the Client, take whatever action is necessary to release the Charged Property from the security constituted by this Floating Charge.

Counterparts

38. This Floating Charge may be executed in any number of counterparts and by each signatory of the parties on separate counterparts.
39. Where this Floating Charge is executed in counterparts:
- (a) This Floating Charge will not take effect until each of the counterparts has been delivered;
 - (b) Each counterpart will be held as undelivered until the parties agree a date on which the counterparts are to be treated as delivered; and
 - (c) The date of delivery may be inserted in the testing clause in the space provided for the date of delivery of this Floating Charge.

Interpretation

40. (a) The following words or expressions have the following meanings:
- (i) "ABLA" means the asset based lending agreement to be entered into on or around the date hereof between the Client and HIF.
 - (ii) "Environmental Laws" has the meaning given to that term in the ABLA.
 - (iii) "Environmental Permits" has the meaning given to that term in the ABLA.
 - (iv) "HIF" shall include its successors and transferees and in both cases to the extent of their respective rights and benefits (including, without limitation, any person in whom under the laws of such person's place of incorporation all or substantially all of the assets and liabilities of HIF become vested).
 - (v) "holding company", "subsidiary" and "subsidiary undertaking" shall have the meanings respectively set out in the Companies Act 2006.
 - (vi) "Intellectual Property" has the meaning given to that term in the ABLA.

- (vii) "Material Adverse Effect" has the meaning given to that term in the ABLA.
 - (viii) "Permitted Disposal" has the meaning given to that term in the ABLA.
 - (ix) "Permitted Security" has the meaning given to that term in the ABLA.
 - (x) "PSC Regime" means the regime relating to "people with significant control", as set out in Part 21A of the Companies Act 2006 and The Register of People with Significant Control Regulations 2016.
 - (xi) "Security Period" means the period beginning on the date of this Floating Charge and ending on the date on which the Debt has been finally, irrevocably and unconditionally satisfied in full.
 - (xii) "Termination Event" has the meaning given to that term in the ABLA.
 - (xiii) the "Client" shall include any person from time to time deriving title under the Client.
 - (xiv) "include(s)", "including" and "in particular" shall be construed as being by way of illustration or emphasis only and shall not be construed as, nor shall they take effect as, limiting the generality of any preceding words.
 - (xv) "other" and "otherwise" shall not have their meaning narrowed on account of any preceding words where a wider construction is possible.
- (b) Any reference to a "fixed security" is a reference to a fixed security as defined in Section 486 of the Companies Act 1985.
 - (c) Any reference to a person shall include any person, company, corporation, body corporate, government, state (or agency of a state) and any association or partnership (whether or not having legal personality) of any of these.
 - (d) Any reference to any statute or any section of any statute shall be regarded as including reference to any statutory modification or re-enactment of it for the time being in force.
 - (e) References to the singular shall include the plural and vice versa; the use of the male pronoun shall include the female and neuter; the use of the neuter pronoun shall include both the male and the female.
 - (f) The headings are used for guidance only.
 - (g) If there is any conflict between the provisions of this Floating Charge and the provisions of the ABLA, the provisions of the ABLA shall prevail. In particular:
 - (i) where the Client is permitted or not prohibited from taking any step or action or doing anything under the ABLA, nothing in this Floating Charge will prevent the Client from taking such step or action and doing such thing; and
 - (ii) (to the extent that any undertaking, covenant or obligation contained in this Floating Charge conflicts with, is inconsistent with or is more onerous than any equivalent undertakings, covenants or obligations applicable to the Client in the ABLA then, for so long as the ABLA is in place, compliance with the relevant undertakings, covenants or obligations applicable to the Client in the ABLA shall be deemed to be compliance with the relevant undertaking, covenant or obligation in this Floating Charge.
 - (h) Capitalised terms not otherwise defined in this Floating Charge shall have the meaning ascribed to that term in the ABLA.

Client's compliance with constitutional documents

41. The Client confirms that this Floating Charge does not contravene any of the provisions of its constitutional documents.

Consent to Registration

42. The Client consents to the registration of this Floating Charge and of any certificate referred to in Clause 26 above for preservation.

IN WITNESS WHEREOF this Floating Charge consisting of this and the twelve preceding pages is executed by the Parties as follows and are delivered for the purposes of the Legal Writings (Counterparts and Delivery) (Scotland) Act 2015 on 28 July 2022:

SUBSCRIBED for and on behalf of
ISLE OF HARRIS DISTILLERS LIMITED

at Scorray, Harris

on 25 July 2022

by

R B MacEachran
(Print Name)

Director

before this witness:

K Macdonald
(Signature)

Witness

R B MacEachran
(Signature) Director

Ronald Barnabyne
MacEachran

KATHLEEN MACDONALD
(Print Name)

ISLE HARRIS, 9 CROIR,

ISLE OF LEWIS, HS2 9LZ
(Address)

SUBSCRIBED for and on behalf of
HSBC INVOICE FINANCE (UK) LIMITED

at

on

by

..... Attorney
(Print Name)

..... Attorney
(Signature)

before this witness:

..... Witness
(Signature)

.....
(Print Name)

.....
(Address)

41. The Client confirms that this Floating Charge does not contravene any of the provisions of its constitutional documents.

Consent to Registration

42. The Client consents to the registration of this Floating Charge and of any certificate referred to in Clause 26 above for preservation.

IN WITNESS WHEREOF this Floating Charge consisting of this and the twelve preceding pages is executed by the Parties as follows and are delivered for the purposes of the Legal Writings (Counterparts and Delivery) (Scotland) Act 2015 on 28 July 2022:

SUBSCRIBED for and on behalf of
ISLE OF HARRIS DISTILLERS LIMITED

at
on
by

..... Director
(Print Name)
before this witness:

..... Director
(Signature)

..... Witness
(Signature)

.....
(Print Name)

.....
(Address)

SUBSCRIBED for and on behalf of
HSBC INVOICE FINANCE (UK) LIMITED
at FARNCOMBE ROAD, NORTHING, BN11 2BW
on 26/07/2022
by

TANIA LOUGHEV Attorney
(Print Name)
before this witness:

[Signature] Attorney
(Signature)

[Signature] Witness
(Signature)

JACQUELINE METTERS
(Print Name)
21 FARNCOMBE ROAD
NORTHING BN11 2BW
(Address)