



Registration of a Charge

Company name: **MACDONALD LOCHANHULLY LIMITED**

Company number: **SC572866**



X6H5NJD5

Received for Electronic Filing: **16/10/2017**

Details of Charge

Date of creation: **11/10/2017**

Charge code: **SC57 2866 0001**

Persons entitled: **BANK OF SCOTLAND PLC, AS SECURITY TRUSTEE AS DEFINED IN THE INSTRUMENT EVIDENCING THE CHARGE ACCOMPANYING THIS FORM MR01**

Brief description: **ALL THE COMPANY'S RIGHT, TITLE AND INTEREST BELONGING TO THE COMPANY (TO THE EXTENT OF THE COMPANY'S INTEREST) IN WHICH IT HAS AN INTEREST IN ANY PATENTS, TRADEMARKS, SERVICE MARKS, DESIGNS, BUSINESS NAMES, COPYRIGHTS, DESIGN RIGHTS, MORAL RIGHTS, INVENTIONS, CONFIDENTIAL INFORMATION, KNOW HOW AND OTHER INTELLECTUAL PROPERTY RIGHTS AND ANY INTERESTS INCLUDING BY WAY OF LICENCE IN ANY OF THE FOREGOING IN EACH CASE WHETHER REGISTERED OR NOT; AND THE BENEFIT OF ALL APPLICATIONS FOR AND RIGHTS TO USE ANY SUCH ASSETS. ALL ESTATES OR INTERESTS NOW OR HEREAFTER BELONGING TO THE COMPANY IN ANY PRESENT OR FUTURE FREEHOLD OR LEASEHOLD PROPERTY IN WHICH THE COMPANY HAS AN INTEREST AND INCLUDES ALL BUILDINGS AND FIXTURES ON THAT PROPERTY, THE PROCEEDS OF SALE OF ANY PART OF THAT PROPERTY, ANY LICENCE, AGREEMENT FOR SALE OR AGREEMENT FOR LEASE IN RELATION TO THAT PROPERTY, THE BENEFIT OF ANY COVENANTS FOR TITLE GIVEN OR ENTERED INTO BY ANY PREDECESSOR IN TITLE OF THE COMPANY IN RESPECT OF THAT PROPERTY AND ANY MONIES PAID OR PAYABLE IN RESPECT OF THOSE COVENANTS.**

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.**

Authentication of Instrument

Certification statement: **I CERTIFY THAT SAVE FOR MATERIAL REDACTED PURSUANT TO S.859G OF THE COMPANIES ACT 2006 THE ELECTRONIC COPY INSTRUMENT DELIVERED AS PART OF THIS APPLICATION FOR REGISTRATION IS A CORRECT COPY OF THE ORIGINAL INSTRUMENT.**

Certified by: **AINSLEY REID**



CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 572866

Charge code: SC57 2866 0001

The Registrar of Companies for Scotland hereby certifies that a charge dated 11th October 2017 and created by MACDONALD LOCHANHULLY LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 16th October 2017 .

Given at Companies House, Edinburgh on 17th October 2017

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**

11 OCTOBER 2017

DEBENTURE

between

The Companies listed in Schedule 1 as Chargors

and

BANK OF SCOTLAND PLC

as Security Trustee

(Note to the Land Registry. This Debenture contains (in Clause 27.1 (*Request to the Land Registry*)) an application to enter a restriction in the Proprietorship Register and (in Clause 27.2 (*Further Advances*)) an application to enter a notice on the Charges Register)

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THIS DEBENTURE is made as a deed on the 11 day of OCTOBER 2017
between:

- (1) THE COMPANIES listed in Schedule 1; and
- (2) BANK OF SCOTLAND PLC as agent and security trustee for each of the Secured Parties (the "Security Trustee").

WHEREAS

- (A) The Lenders agreed in accordance with the terms and conditions of the Facilities Agreement to make available to the Borrowers (as defined therein) certain credit facilities (the "Facilities").
- (B) The Hedge Counterparties agreed to make interest rate hedging and other similar facilities (the "Hedging Facilities") available to the Group.
- (C) It is a condition of the Secured Parties and the Hedging Counterparties continuing to make the Facilities and Hedging Facilities available to the Borrowers that the Chargor enters into this Deed.

NOW THIS DEED WITNESSES AS FOLLOWS:

1. DEFINITIONS AND INTERPRETATION

1.1 Incorporation of definitions

Terms defined in the Facilities Agreement, unless otherwise defined in this Deed or unless a contrary intention appears, bear the same meaning when used in this Deed.

1.2 Additional definitions

In this Deed:

"Administrator" means any person appointed as an administrator pursuant to paragraph 14 of Schedule B1 to the Insolvency Act.

"Assigned Documents" means the documents listed in Schedule 4 (*Assigned Documents*).

- “Charged Account”** means any Specified Account and any other current or deposit or other account of a Chargor which is or has become the subject of a fixed charge pursuant to this Deed.
- “Charged Assets”** means the assets, rights and undertaking of a Chargor from time to time mortgaged, charged or assigned to the Security Trustee by or pursuant to this Deed.
- “Chargor”** means each of the companies listed in Schedule 1 (*The Chargors*) and references to a Chargor shall include each and every such company.
- “Deed”** means this debenture.
- “Enforcement Event”** means:
- (a) an Event of Default has occurred and is continuing;
 - (b) any step is taken (including without limitation, the making of an application or the giving of any notice) by any Chargor or by any other person to appoint an administrator in respect of any Chargor;
 - (c) any step is taken (including without limitation, the making of an application or the giving of any notice) by any Chargor or by any other person to wind up or dissolve any Chargor or to appoint a liquidator (whether provisional, interim or otherwise), trustee, receiver, administrative receiver or similar officer of any Chargor or any part of its undertaking or assets; or
 - (d) the making of a request by any Chargor for the appointment of a receiver or administrator.

- “Facilities Agreement”** means the facilities agreement dated 19 October 2005 as amended and restated on 4 February 2008, 19 June 2009 and 29 October 2010 and amended on 20 December 2012, 1 October 2013, 20 December 2013, 30 January 2014, 26 February 2014 and 19 March 2014 and further amended on 22 December 2014, 15 May 2015, 30 November 2015, 31 March 2016 and 5 May 2016 between, among others, the Obligors and Bank of Scotland plc as Arranger, Agent, Security Trustee and an Original Lender.
- “Insolvency Act”** means the Insolvency Act 1986.
- “Insurance Policy”** means any policy of insurance or assurance in which a Chargor may at any time have an interest.
- “Intellectual Property Rights”** means:
- (a) all patents, trademarks, service marks, designs, business names, copyrights, design rights, moral rights, inventions, confidential information, know how and other intellectual property rights and any interests including by way of licence in any of the foregoing in each case whether registered or not; and
 - (b) the benefit of all applications for and rights to use any such assets.
- “Intercreditor Agreement”** means the intercreditor agreement dated 19 October 2005 as amended and restated on 19 June 2009, 29 October 2010 and 19 March 2014 between, among others, the Parent, the Obligors and Bank of Scotland plc as Arranger, Agent, Security Trustee and an Original Lender.

- “Investments”** means all shares and stock in the capital of any company (other than the Shares), debentures, securities, certificates or deposits, interests in collective investment schemes, warrants, options and any other rights to subscribe for or acquire any such investments hereafter owned by a Chargor or in which a Chargor has an interest together in all cases with all Related Rights provided that any such investment issued by a company not incorporated in England and Wales will not constitute an Investment under this Deed.
- “LPA”** means the Law of Property Act 1925.
- “Mortgaged Property”** means the freehold and leasehold property specified in Schedule 2 (*Mortgaged Property*) and includes all buildings and fixtures on that property, the proceeds of sale of any part of that property, any licence, agreement for sale or agreement for lease in relation to that property, the benefit of any covenants for title given or entered into by any predecessor in title of the Chargor in respect of that property and any monies paid or payable in respect of those covenants.
- “Real Property”** means the Mortgaged Property and any other present or future freehold or leasehold property in which a Chargor has an interest and includes all buildings and fixtures on that property, the proceeds of sale of any part of that property, any licence, agreement for sale or agreement for lease in relation to that property, the benefit of any covenants for title given or entered into by any predecessor in title of a Chargor in respect of that property and any monies paid or payable in respect of those covenants.
- “Receiver”** means a receiver or receiver and manager or an administrative receiver of the whole or any part of the Charged Assets, which term will include joint receivers and any substitute receiver, receiver and manager or administrative receiver whether appointed under this Deed or pursuant to statute.

“Related Rights”

means, in relation to any Shares or Investments, all rights derived from those Shares or Investments including rights to dividends, interest and other distributions paid or payable after the date of this Deed on all or any of those Shares or Investments and all stocks, shares or other securities (and dividends, interest and other distributions thereon) or other rights accruing or offered at any time by way of redemption, bonus, pre-emption or otherwise to or in respect of all or any of those Shares or Investments or in substitution or exchange for all or any of the Shares or Investments.

“Shares”

means the shares listed in Schedule 3 (*Shares*) together with all Related Rights.

“Secured Obligations”

means all present and future obligations and liabilities (whether actual or contingent, whether owed jointly or severally, or as principal debtor, guarantor, surety or otherwise or as the equivalent obligor under the laws of any other jurisdiction) of the Chargors or any other Obligor to the Security Trustee and the other Secured Parties (or any of them) under the Finance Documents together with:

- (a) any refinancing, novation, refunding, deferral or extension of or increase in any of those obligations or liabilities;
- (b) any further advances and additional facilities which may be made by any Secured Party to the Chargors or any other Obligor under any agreement expressed to be supplemented to the Finance Documents and all interest, fees, and costs in connection therewith;
- (c) any claim for damages or restitution in the event of rescission of any of those obligations or liabilities or otherwise in connection with any of the Finance Documents;

- (d) any claim against the Chargors or any other Obligors flowing from the recovery by the Chargors or any other Obligors of a payment or discharge in respect of any of those liabilities on grounds of preference or otherwise;
- (e) any amounts which would be included in any of the foregoing but for any discharge, non-provability, unenforceability or non-allowability of the same in any insolvency or other proceedings; and
- (f) all costs, charges and expenses incurred by the Security Trustee or any other Finance Party in connection with the protection, preservation or enforcement of its rights against the Chargors or any other Obligor.

“Specified Accounts” means the Holding Account, the Mandatory Prepayment Account (and any renewal or redesignation thereof).

“Specified Amounts” means any amount falling within the definition of Insurance Proceeds, Disposal Proceeds or Report Proceeds as defined in each case in the Facilities Agreement.

1.3 **Implied covenants for title**

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

1.4 **Modification of Law of Property (Miscellaneous Provisions) Act 1994**

The following provisions of the Law of Property (Miscellaneous Provisions) Act 1994 will not apply to Clause 3 (*Creation of security*), being:

- 1.4.1 the words “other than any charges, encumbrances or rights which that person does not and would not reasonably be expected to know about” in Section 3(1);

1.4.2 the words "except to the extent that" and all the words thereafter in Section 3(2); and

1.4.3 Section 6(2).

1.5 **Effect as a deed**

This Deed is intended to take effect as a deed notwithstanding that the Security Trustee may have executed it under hand only.

1.6 **Law of Property (Miscellaneous Provisions) Act 1989**

To the extent necessary for any agreement for the disposition of the Charged Assets in this Deed to be a valid agreement under section 2(1) of the Law of Property (Miscellaneous Provisions) Act 1989, the terms of the other Finance Documents and of any side letters between the parties to this Deed are incorporated into this Deed.

1.7 **Security trust provisions**

The Security Trustee holds the benefit of this Deed on trust for the Secured Parties in accordance with the terms of the Intercreditor Agreement.

1.8 **Construction**

1.8.1 Unless a contrary indication appears, any reference in this Deed to:

- (a) any "**Chargor**", "**Security Trustee**", "**Secured Party**", "**Obligor**" or any other person shall be construed so as to include its successors in title, permitted assigns and permitted transferees;
- (b) "**assets**" includes present and future properties, revenues and rights of every description;
- (c) an Event of Default is "**continuing**" if it has not been remedied or waived;
- (d) the "**Facilities Agreement**", a "**Finance Document**" or any other agreement or instrument is a reference to that Facilities Agreement or Finance Document or other agreement or instrument as from time to time amended, novated, supplemented, replaced, extended or restated in whole or in part;
- (e) a "**person**" includes any person, firm, company, corporation, government, state or agency of a state or any association, trust or

partnership (whether or not having separate legal personality) or two or more of the foregoing;

- (f) a **"regulation"** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
- (g) a provision of law is a reference to that provision as from time to time amended or re-enacted;
- (h) **"disposal"** includes a sale, transfer, grant, lease or other disposal, whether voluntary or involuntary (and **"dispose"** shall be construed accordingly);
- (i) **"document"** includes any deed, instrument (including negotiable instrument) or other document of any kind;
- (j) any matter **"including"** specific instances or examples of such matter shall be construed without limitation to the generality of that matter (and references to **"include"** shall be construed accordingly);
- (k) the **"winding-up"**, **"dissolution"** or **"administration"** of a person shall be construed so as to include any equivalent or analogous proceedings under the law of the jurisdiction in which such person is incorporated or established, or any jurisdiction in which such person carries on business including the seeking of liquidation, winding-up, reorganisation, dissolution, administration, arrangement, adjustment, protection or relief of debtors; and
- (l) Clauses and Schedules are to the clauses and schedules to this Deed.

1.8.2 Clause headings are for ease of reference only.

1.8.3 Words in the singular shall import the plural and *vice versa*.

1.8.4 Words defined in the Companies Act 2006 have the same meanings in this Deed.

1.8.5 Where there is more than one Chargor, the obligations undertaken by the Chargors in this Deed shall be joint and several.

2. COVENANT TO PAY

2.1 Covenant to pay

Each Chargor, as principal debtor and not just as surety, covenants with the Security Trustee to pay, discharge and satisfy the Secured Obligations when the same become due in terms of the Finance Documents whether by acceleration or otherwise.

2.2 Interest

Each Chargor shall pay interest on any amount demanded from it in accordance with this Deed from the date of such demand until such amount is irrevocably discharged and paid in full (such interest to accrue on a daily basis after as well as before judgment or the liquidation or administration of the Chargor and to be payable on demand) at the rate from time to time applicable to unpaid sums specified in the Facilities Agreement, save to the extent that such interest is charged on such amount pursuant to the relevant Finance Document and itself constitutes a Secured Obligation.

3. CREATION OF SECURITY

3.1 General

All the security created under this Deed:

- 3.1.1 is created in favour of the Security Trustee as agent and security trustee for each of the Secured Parties;
- 3.1.2 is created over present and future assets of each Chargor;
- 3.1.3 is security for the payment of all the Secured Obligations; and
- 3.1.4 is made with full title guarantee in accordance with the Law of Property (Miscellaneous Provisions) Act 1994.

3.2 Mortgage

Each Chargor charges by way of first legal mortgage all its right title and interest in the Mortgaged Property.

3.3 Fixed charges

To the extent not validly and effectively charged by way of first legal mortgage pursuant to Clause 3.2 (*Mortgage*) or effectively assigned pursuant to Clause 3.5 (*Assignment by way of Security*) as security for the payment of the Secured Obligations and each Chargor charges by way of first fixed charge:

- 3.3.1 all estates or interests in any Real Property now or hereafter belonging to it;
- 3.3.2 all its rights under any agreement relating to the purchase of any freehold or leasehold property;
- 3.3.3 all its rights under any occupational lease, licence or other right of occupation;
- 3.3.4 all plant, machinery, computers, office equipment or vehicles owned by it and its interests in any plant, machinery or other items in its possession;
- 3.3.5 all monies standing to the credit of any account maintained by it with any person or (to the extent of its interest) in which it has an interest and the debts represented by them and all its rights in such accounts;
- 3.3.6 all of its book debts and other debts, the proceeds of the same and all other moneys due and owing to it and the benefit of all rights, securities and guarantees of any nature enjoyed or held by it in relation to any of the foregoing;
- 3.3.7 all its rights under the Hedging Agreements and spot and forward delivery foreign exchange contracts entered into in the ordinary course of business (and not for speculative purposes) with Bank of Scotland plc or an Affiliate of Bank of Scotland plc;
- 3.3.8 its goodwill;
- 3.3.9 its uncalled capital;
- 3.3.10 the Shares specified against its name in Schedule 3;
- 3.3.11 all its right, title and interest in any Investment including all rights which a Chargor may have at any time against any clearance or settlement system or any custodian in respect of any Investment;
- 3.3.12 all its right, title and interest in any Intellectual Property Rights belonging to it or (to the extent of its interest) in which it has an interest;
- 3.3.13 the benefit of all licences, consents and authorisations (statutory or otherwise) held by it in connection with its business or the use of any Charged Asset specified in any other sub-paragraph in this Clause and the right to recover and receive all compensation which may be payable to it in respect of them; and

3.3.14 any beneficial interest, claim or entitlement it has to any assets of any pension fund.

3.4 **Exceptions to fixed security**

The fixed security from time to time created by this Deed does not extend to any asset situated outside England and Wales or the rights to which are governed by any law other than the laws of England and Wales to the extent that and for so long as any such fixed security would be unlawful or ineffective under the laws of the jurisdiction in which such asset is situated.

3.5 **Assignment by way of security**

To the extent not validly and effectively charged by way of first fixed charge pursuant to Clause 3.3 (*Fixed charges*) as security for the payment of the Secured Obligations each Chargor assigns and agrees to assign absolutely all of its right, title and interest in:

3.5.1 all Insurance Policies taken out by it or on its behalf or (to the extent of its interest) in which it has an interest and the right to all claims and returns of premiums in respect of any such Insurance Policies; and

3.5.2 each of the Assigned Documents to which it is a party.

3.6 **Floating charge**

As security for the payment of the Secured Obligations each Chargor charges by way of first floating charge the whole of its property (including uncalled capital) comprised from time to time in its property and undertaking and all other property, assets and rights of whatever nature and wherever situated which are not otherwise effectively charged or assigned pursuant to the foregoing provisions of this Clause or, in relation to assets situated in Scotland, whether or not the same are effectively charged pursuant to the foregoing provisions of this Clause.

3.7 **Automatic crystallisation of floating charge**

The floating charge created by Clause 3.6 (*Floating charge*) shall (other than in respect of any Charged Assets situated in Scotland if and to the extent that a Receiver would not be capable of exercising his powers in Scotland in relation thereto under Section 72 of the Insolvency Act by reason of automatic conversion) immediately upon the occurrence of the relevant event convert into a fixed charge in respect of:

- 3.7.1 any Charged Asset which shall without the prior written consent of the Security Trustee become subject to a fixed charge in favour of any person other than the Security Trustee;
- 3.7.2 any Charged Asset in respect of which any person shall levy, or attempt to levy, any distress, diligence, execution, sequestration or other similar process;
- 3.7.3 all Charged Assets if an Administrator is appointed by the Security Trustee or the Security Trustee receives notice of an intention to appoint an Administrator; or
- 3.7.4 all Charged Assets on the convening of any meeting of the members of a Chargor to consider a resolution to wind up the Chargor (or not to wind up the Chargor).

3.8 Crystallisation on notice of floating charge

The Security Trustee may at any time:

- 3.8.1 after the security created by this Deed has become enforceable in accordance with Clause 11 (*When security becomes enforceable*); or
- 3.8.2 if a Chargor fails to comply or takes or threatens to take any action which in the reasonable opinion of the Security Trustee is likely to result in it failing to comply with its obligations under Clause 6 (*Restriction on dealings*); or
- 3.8.3 if the Security Trustee considers that any of the Charged Assets are in danger of being seized or sold as a result of any legal process, or are otherwise in jeopardy; or
- 3.8.4 if the Security Trustee considers that steps are being taken or have been taken which are likely or intended to lead to the appointment of an Administrator or the presentation of a petition for the winding-up of a Chargor,

by giving notice in writing to that effect to a Chargor convert the floating charge created by Clause 3.6 (*Floating charge*) into a fixed charge as regards any asset specified in such notice. The conversion shall take effect immediately upon the giving of the notice.

3.9 **Qualifying floating charge**

Paragraph 14 of Schedule B1 to the Insolvency Act applies to the floating charge created by Clause 3.6 (*Floating charge*) so that the floating charge created by Clause 3.6 (*Floating charge*) shall be a "qualifying floating charge" for the purposes of that paragraph.

3.10 **Restrictions on the creation of security**

If security cannot be created in respect of any asset of a Chargor without the consent of any third party:

- 3.10.1 a Chargor must notify the Security Trustee promptly upon becoming aware of the same;
- 3.10.2 this Deed shall not create any security in respect of that asset except to the extent permitted without the consent of any third party but will secure all amounts which a Chargor may receive in respect of that asset;
- 3.10.3 the relevant Chargor shall, on receipt of a written request from the Security Trustee to do so, use reasonable endeavours to obtain the consent of the third party to the creation of security over that asset pursuant to this Deed; and
- 3.10.4 on and from the date on which such consent is obtained (if applicable), the security created by this Deed shall extend to and include that asset.

4. **PROVISIONS AS TO SECURITY**

4.1 **Continuing security**

- 4.1.1 The security from time to time created by this Deed is a continuing security and will remain in full force and effect as a continuing security for the Secured Obligations until released or discharged by the Security Trustee.
- 4.1.2 No part of the security from time to time created by this Deed will be considered satisfied or discharged by any intermediate payment, discharge or satisfaction of the whole or any part of the Secured Obligations.

4.2 **Additional security**

This Deed shall be without prejudice and in addition to any other security which may at any time be held by the Security Trustee or any other Secured Party from a

Chargor or any other person in respect of the whole or any part of the Secured Obligations and may be enforced independently of any such other security.

4.3 **No obligation to take other enforcement proceedings**

The Security Trustee shall not be obliged before exercising any of the rights conferred on it by this Deed or by law:

- 4.3.1 to make any demand of any Chargor or any other person other than that required by the terms of the Finance Documents;
- 4.3.2 to take any action, enforce any security, exercise any right of compensation or set-off or to obtain or enforce any judgement, decree or order in any court against any Chargor or any other person;
- 4.3.3 to make or file any claim or proof in a winding up, liquidation, administration or other insolvency proceedings of any Chargor or any other person; or
- 4.3.4 to enforce or seek to enforce any other security taken in respect of any of the obligations of any Chargor or any other person under the Finance Documents.

4.4 **Waiver of defences**

The obligations of each Chargor under this Deed will not be affected by any act, omission or circumstances which, but for this Clause 4.4 (*Waiver of defences*), might operate to release, discharge, impair or otherwise affect any of the obligations of a Chargor under this Deed or any of the rights, powers or remedies conferred upon the Security Trustee and the other Secured Parties or any of them by the relevant Finance Documents or by law including (but without limitation) and whether or not known to a Chargor or any Secured Party:

- 4.4.1 any time, waiver or consent granted to, or composition with, any Obligor or other person;
- 4.4.2 the release of any other Obligor or any other person (other than the relevant Chargor) from its obligations under any Finance Document or any security or guarantee granted in connection therewith;
- 4.4.3 the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Obligor or other person or any non-presentation or non-observance of any formality or other requirement in

respect of any instrument or any failure to realise the full value of any security;

- 4.4.4 any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of an Obligor or any other person;
- 4.4.5 any amendment, novation, supplement, extension, restatement (however fundamental and whether or not more onerous) or replacement of any Finance Document or any other document or security including without limitation any change in the purpose of, any extension of or any increase in any facility or the addition of any new facility under any Finance Document or other document or security;
- 4.4.6 any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or security; or
- 4.4.7 any insolvency or similar proceedings.

4.5 **Non-competition**

Until the security created by this Deed has been discharged, no Chargor will, after a claim has been made or by virtue of any payment or performance by it of the Secured Obligations:

- 4.5.1 be subrogated to any rights, security or monies held, received or receivable by any Secured Party or any Obligor nor be entitled to any right of contribution or indemnity in respect of any payment made or monies received on account of the Secured Obligations;
- 4.5.2 claim, rank, prove or vote as a creditor of any Obligor; or
- 4.5.3 receive, claim or have the benefit of any payment, distribution or security from or on account of an Obligor, or exercise any right of set-off as against an Obligor

and each Chargor shall forthwith pay or transfer to the Security Trustee an amount equal to the amount of any dividend, distribution, contribution or benefit (including without limitation any amount set-off) actually received by it and in the meantime shall hold the same in trust for the Security Trustee to the extent required to pay or discharge the Secured Obligations.

5. PERFECTION OF SECURITY

5.1 Notices of Assignment

Each Chargor shall promptly after execution of this Deed in respect of each Assigned Document to which it is a party, deliver a duly completed notice of assignment to each other party to that Assigned Document, and use all reasonable endeavours to procure that each such person executes and delivers to the Security Trustee an acknowledgement, in each case in the form set out in Part A of Schedule 4 (*Notice of assignment of Assigned Documents*) (or in such other form as the Security Trustee shall agree);

5.2 Shares

Immediately upon execution of this Deed each Chargor shall deliver duly stamped transfers of the Shares (executed in blank and left undated) to the Security Trustee together with the certificates in respect of all the Shares and such other documents as the Security Trustee shall require to enable it (or its nominee) to be registered as the owner of or otherwise acquire a legal title to the Shares.

5.3 Investments

Each Chargor shall, promptly following the acquisition of any Investment immediately deposit with the Security Trustee, or as the Security Trustee may direct, all certificates and other documents of title or evidence of ownership in relation to any Investment and shall:

5.3.1 execute and deliver to the Security Trustee transfers (executed in blank and left undated and duly stamped if applicable) and such other documents as the Security Trustee may reasonably require in order to enable the Security Trustee (or its nominee) to be registered as the owner or otherwise obtain a legal title to any Investment; or

5.3.2 in the case of any Investment which is held in any clearance or settlement system or by any custodian, execute and deliver such documents as the Security Trustee may reasonably require to perfect the security conferred over that Investment by this Deed.

5.4 Registration of Intellectual Property

Each Chargor hereby agrees, if so requested in writing by the Security Trustee (such request only to be made where the Security Trustee reasonably believes that the relevant Intellectual Property Rights are materially significant to the business and operations of the Chargors or following the occurrence of an Enforcement Event), to execute all such documents and do all acts that the Security Trustee may

reasonably require to record the interest of the Security Trustee in any registers relating to any Intellectual Property Rights in which that Chargor has an interest.

5.5 Further assurance

5.5.1 Each Chargor will promptly do all such acts and execute all such documents as the Security Trustee may reasonably specify (and in such form as the Security Trustee may reasonably require) to:

- (a) perfect or enhance the security created or intended to be created by this Deed (which may include the execution by any Chargor of a mortgage, charge, assignment or other form of fixed security over all or any of the Charged Assets) or for the exercise of the rights, powers and remedies of the Security Trustee or any Receiver provided by or pursuant to this Deed or by law;
- (b) confer on the Security Trustee security over any property or assets of a Chargor located in any jurisdiction outside England and Wales equivalent or similar to the security intended to be conferred by or pursuant to this Deed; and/or
- (c) after the security created by this Deed has become enforceable pursuant to Clause 11 (*When security becomes enforceable*) facilitate the realisation of the Charged Assets.

5.5.2 The obligations of each Chargor under this Clause 5.5 (*Further assurance*) are in addition to and not in substitution for the covenants for further assurance deemed to be included herein by virtue of the Law of Property (Miscellaneous Provisions) Act 1994.

6. RESTRICTION ON DEALINGS

Save as permitted by the Facilities Agreement, a Chargor will not create or permit to subsist any Security on any part of the Charged Assets or dispose of or otherwise deal with any part of the Charged Assets.

7. SHARES AND INVESTMENTS

7.1 Rights prior to default

Prior to the security created by this Deed becoming enforceable in accordance with Clause 11 (*When security becomes enforceable*) each Chargor shall have the sole right to exercise all voting rights in relation to the Shares and Investments provided that the Chargor shall not exercise such voting rights in any manner which would alter the rights attached to the Shares or Investments or which, in the reasonable

opinion of the Security Trustee would prejudice the value of, or the ability of the Security Trustee to realise, the security created by this Deed.

7.2 Rights during default

After the security created by this Deed has become enforceable in accordance with Clause 11 (*When security becomes enforceable*), the Security Trustee may, at its discretion (without any further consent or authority from any Chargor):

- 7.2.1 register all or any of the Shares and Investments in the name of the Security Trustee or its nominee and each Chargor shall, as and when required by the Security Trustee, procure such registration;
- 7.2.2 exercise (or refrain from exercising) any voting rights in respect of the Shares and Investments; and
- 7.2.3 exercise (or refrain from exercising) the powers and rights conferred on or exercisable by the legal or beneficial owner of the Shares and the Investments,

in such manner and on such terms as the Security Trustee may think fit.

7.3 Dividends prior to default

Prior to the security created by this Deed becoming enforceable in accordance with Clause 11 (*When security becomes enforceable*) each Chargor shall be entitled to receive all dividends, interest and other monies arising from the Shares and Investments.

7.4 Dividends during default

After the security created by this Deed has become enforceable in accordance with Clause 11 (*When security becomes enforceable*):

- 7.4.1 the Security Trustee shall be entitled to receive all dividends, interest and other monies arising from the Shares and Investments and to apply the same in payment of the Secured Obligations; and
- 7.4.2 each Chargor shall take all necessary steps to ensure that all dividends, interest and other monies arising from the Shares and Investments are paid directly to the Security Trustee and if a Chargor receives any dividends, interest and other monies arising from the Shares and Investments it shall promptly pay the same to the Security Trustee and pending such payment shall hold the same on trust for the Security Trustee.

7.5 Payment of calls

Each Chargor shall pay when due all calls or other payments which may be or become due in respect of any of the Shares and Investments.

7.6 Performance by Security Trustee

If a Chargor fails to perform any of the obligations relating to the Shares or Investments (including the payment of any call or other payment due in respect of any of the Shares or Investments), the Security Trustee may, at its sole discretion, do so on its behalf and any cost or expenses incurred by the Security Trustee in so doing shall be repaid by the relevant Chargor to the Security Trustee on demand together with accrued interest thereon at the rate from time to time applicable to unpaid sums specified in the Facilities Agreement from the time or respective times of the same having been paid or incurred until payment thereof (as well as after as before judgement).

7.7 No liability for Security Trustee

Notwithstanding the provisions of Clause 7.6 (*Performance by Security Trustee*) the Security Trustee shall not be obliged to perform any of the obligations of any Chargor in relation to the Shares or Investments nor shall it have any liability in respect of the Shares or Investments as a result of the grant of this Deed, the transfer of the Shares or Investments to it or its nominee or as a result of the performance or non-performance of any such obligation.

8. BOOK DEBTS**8.1 Collection of Book debts**

Each Chargor shall get in and realise:

- 8.1.1 any securities to the extent held by way of temporary investment;
- 8.1.2 book and other debts and other monies; and
- 8.1.3 royalties, fees and income of like nature in relation to Intellectual Property Rights,

in each case in the ordinary course of business and by paying them into a current, deposit or other account (or, in the case of any Specified Amounts, into the appropriate Specified Account), hold the proceeds of such getting in and realisation (until payment into the Charged Account referred to below) upon trust for the Security Trustee.

8.2 **Book Debts: Prior to an Enforcement Event**

Until the occurrence of an Enforcement Event:

8.2.1 in the case of any amount other than a Specified Amount, such amount will be credited to a current, deposit or other account and (subject to the terms of the Facilities Agreement) will be subject to the terms of the floating charge created by Clause 3.6 (*Floating Charge*) but (subject thereto) the relevant Chargor shall be free to deal with such amount in the ordinary course of its business;

8.2.2 in the case of any Specified Amount, such Specified Amount will be credited to the appropriate Specified Account and applied in accordance with the terms of the Facilities Agreement.

8.3 **Book Debts: Following an Enforcement Event**

After the occurrence of an Enforcement Event, the Chargors shall not, except with the prior written consent of the Security Trustee, be entitled to withdraw or otherwise deal in any way with any amount standing to the credit of any Charged Account and the Security Trustee may, at any time thereafter, apply all monies standing to the credit of a Charged Account and interest thereon in and towards satisfaction of the Secured Obligations.

9. **ASSIGNED DOCUMENTS**

9.1 **Representations**

Each Chargor represents to the Security Trustee as agent and security trustee for each of the Secured Parties that:

9.1.1 it has not assigned, charged or transferred any interest in the Assigned Documents save in accordance with this Deed;

9.1.2 it has not received or given a notice or intimation of termination, rescission, suspension or breach in respect of any of the Assigned Documents;

9.1.3 the information contained in Schedule 4 (*Assigned Documents*) is complete and accurate in all respects.

9.2 **Undertakings**

Each Chargor undertakes to the Security Trustee that it will not without the prior written consent of the Security Trustee:

- 9.2.1 amend, vary or waive (or agree to amend, vary or waive) any provision of the Assigned Documents, exercise any right to rescind cancel or terminate any of the Assigned Documents or release any person from any obligations under any of the Assigned Documents in any way that is adverse to the interests of the Finance Parties under the Finance Documents;
- 9.2.2 novate, transfer or assign any of its rights under any of the Assigned Documents;
- 9.2.3 take or omit to or take any action which, in the opinion of the Security Trustee, would prejudice the value of, or the ability of the Security Trustee to realise, the security created by this Deed in respect of the Assigned Documents.

9.3 **Duty to perform**

Each Chargor agrees that notwithstanding the provisions of Clause 3.5 (*Assignment by way of security*), it shall remain liable to perform all its obligations under and, prior to the enforcement of the security created by this Deed pursuant to Clause 11 (*When security becomes enforceable*), shall be entitled to exercise all rights, remedies, powers and discretions conferred on it under the Assigned Documents and the Security Trustee shall not have any liability or responsibility under any of the Assigned Documents to any Chargor or any other party.

9.4 **Failure to perform**

Without prejudice to Clause 9.2 (*Duty to perform*), if a Chargor fails to perform any of its obligations under any of the Assigned Documents, the Security Trustee shall be entitled, but not required, to perform or procure performance of such obligations, and the amount of all payments made or costs incurred by the Security Trustee in that respect, shall be reimbursed by the relevant Chargor to the Security Trustee on demand together with accrued interest thereon at the rate from time to time applicable to unpaid sums specified in the Facilities Agreement from the time or respective times of the same having been paid or incurred until payment thereof (as well as after as before judgement).

10. **REPRESENTATIONS AND WARRANTIES**

10.1 **Representations and warranties**

Each Chargor represents and warrants to the Security Trustee as agent and security trustee for each of the Secured Parties that:

- 10.1.1 it is duly incorporated and validly existing under the laws of its jurisdiction of incorporation;
- 10.1.2 it has the power to grant this Deed and to perform its obligations hereunder;
- 10.1.3 it has taken all necessary corporate action to authorise the execution and delivery of this Deed and to authorise the performance of its obligations hereunder;
- 10.1.4 subject to the Legal Reservations and the Perfection Requirements, this Deed constitutes a legal, valid, binding and enforceable obligation of the relevant Chargor;
- 10.1.5 neither the granting of this Deed by a Chargor nor the performance of its obligations hereunder will contravene:
- (a) any law or regulation applicable to it; or
 - (b) any agreement to which the relevant Chargor is a party or by which it is bound in any way which has or would be reasonably likely to have a Material Adverse Effect,
- nor will it cause any limitation of any of the powers of a Chargor however imposed or the right or ability of the directors to exercise any such powers to be exceeded;
- 10.1.6 it has not granted or created, nor is there outstanding, any Security over any of the Charged Assets except any Permitted Security;
- 10.1.7 subject to the Legal Reservations and the Perfection Requirements, all authorisations required for the entry into, performance, validity and enforceability of this Deed by a Chargor have been obtained and are in full force and effect; and
- 10.1.8 subject to the Legal Reservations and the Perfection Requirements, this Deed creates those security interests it purports to create and is not liable to be avoided or otherwise set aside on its liquidation or administration or otherwise.

10.2 **Repetition**

The representations and warranties set out in Clause 10.1 (*Representations and warranties*) shall be given on the date of this Deed and shall be deemed to be repeated on each date on which the representations and warranties set out in

clause 21 of the Facilities Agreement are deemed to be repeated by reference to the facts and circumstances then subsisting.

11. **WHEN SECURITY BECOMES ENFORCEABLE**

The security created by this Deed will become immediately enforceable upon the occurrence of an Enforcement Event.

12. **ENFORCEMENT OF SECURITY**

12.1 **Enforcement**

After the security created by this Deed has become enforceable in accordance with Clause 11 (*When security becomes enforceable*), the Security Trustee may in its absolute discretion without prior notice to a Chargor enforce all or any part of the security created by this Deed and take possession of or dispose of all or any of the Charged Assets in any manner it sees fit.

12.2 **Powers of Security Trustee**

Any right, power or discretion conferred by this Deed or by law on a Receiver may after the security created by this Deed has become enforceable, to the extent permitted by law, be exercised by the Security Trustee in relation to any Charged Asset without first appointing a Receiver or notwithstanding the appointment of a Receiver.

12.3 **Statutory Provisions**

12.3.1 The rights, powers, privileges and immunities conferred on mortgagees or receivers by the LPA, the Insolvency Act, the Insolvency Rules 1986, the Insolvency (Scotland) Rules 1986 or by any other enactment now or at any time in force shall apply to the Security Trustee and any Receiver except in so far as they are expressly or impliedly excluded and where there is any ambiguity or conflict between powers conferred by that legislation and those contained in this Deed the terms of this Deed shall prevail.

12.3.2 No Chargor shall exercise or agree to exercise any of the powers of leasing or of accepting surrenders of leases conferred by sections 99 and 100 of the LPA or by common law or otherwise or grant or accept or agree to grant or accept any lease, tenancy or licence or share or agree to share possession or occupation of the Charged Assets but the Security Trustee shall be entitled to grant and make agreements for leases at a premium or otherwise and accept surrenders of leases and grant options on such

terms as the Security Trustee shall consider expedient and without statutory or other restrictions.

- 12.3.3 For the purposes of Section 99 of the LPA, the expression "Mortgagor" will include any encumbrancer deriving title under the Chargor and Sub-section (18) of Section 99 of the LPA will not apply.
- 12.3.4 Section 93 of the LPA shall not apply to this Deed or to any sale made under it. The Security Trustee shall have the right after the security created by this Deed has become enforceable in accordance with Clause 11 (*When security becomes enforceable*) to consolidate all or any of the security created by or pursuant to this Deed with any other security in existence at any time.
- 12.3.5 The Secured Obligations shall be deemed to have become due and payable on the date of this Deed for the purposes of section 101 of the LPA and the power of sale and other powers conferred by section 101 of the LPA (as varied or extended by this Deed) and all other powers shall be deemed to arise immediately after execution of this Deed.
- 12.3.6 Section 103 of the LPA (restricting the exercise of the power of sale) shall not apply to this Deed.

12.4 **Protection of third parties**

- 12.4.1 No purchaser from, or other person dealing with, the Security Trustee or a Receiver shall be concerned to enquire whether any of the powers exercised or purported to be exercised has arisen or become exercisable, whether any of the Secured Obligations remains outstanding, whether the Security Trustee or a Receiver is authorised to act or as to the propriety or validity of the exercise or purported exercise of any power and a certificate in writing by an officer or agent of the Security Trustee or any Receiver that the power of sale or other disposal has arisen and is exercisable shall be conclusive evidence of that fact in favour of a purchaser of all or any of the Charged Assets.
- 12.4.2 The receipt of Security Trustee or a Receiver shall be an absolute discharge to a purchaser from, or other person dealing with, the Security Trustee or a Receiver and shall relieve that purchaser of any obligation to see to the application of any monies paid to or at the discretion of Security Trustee or a Receiver and in making any sale or disposal the Security Trustee or a Receiver may do so for such consideration, in such manner and on such terms (including payment by instalments) as it thinks fit.

12.5 Protection of the Security Trustee and Receiver

Neither the Security Trustee nor any Receiver shall be liable to account to any Chargor as mortgagee in possession in respect of any Charged Asset or be liable to any Chargor in respect of any loss or damage which arises out of the exercise, the attempted or purported exercise or the failure to exercise any of their respective powers or for any other loss of any nature whatsoever.

12.6 Delegation

12.6.1 The Security Trustee and any Receiver may from time to time delegate by power of attorney or otherwise to any person or corporation any of the powers and discretions of the Security Trustee or the Receiver under this Deed whether arising by statute, the provisions hereof or otherwise upon such terms and for such periods of time as it may think fit and may determine any such delegation.

12.6.2 Neither the Security Trustee nor any Receiver will be liable to any Chargor for any loss or damage arising from any act, default, omission or misconduct of any such delegate, and references in this Deed to the Security Trustee or to any Receiver will where the context so admits include references to any delegates so appointed.

12.7 Prior charges

12.7.1 In the event of any action, proceeding or step being taken to exercise any powers or remedies conferred by any prior ranking security in case of exercise by the Security Trustee or any Receiver of any power of sale under this Charge the Security Trustee may redeem such prior security or procure the transfer thereof to itself.

12.7.2 The Security Trustee may settle and pass the accounts of the prior mortgagee, chargee or encumbrancer and any accounts so settled and passed will be conclusive and binding on any Chargor.

12.7.3 All principal monies, interest, costs, charges and expenses of and incidental to any redemption or transfer will be paid by the relevant Chargor to the Security Trustee on demand together with accrued interest thereon at the rate from time to time applicable to unpaid sums specified in the Facilities Agreement from the time or respective times of the same having been paid or incurred until payment thereof (as well as after as before judgement).

13. RECEIVERS AND ADMINISTRATORS

13.1 Appointment and Removal

Without prejudice to the provisions of the Insolvency Act, at any time after having been requested to do so by a Chargor or after the security created by this Deed has become enforceable in accordance with Clause 11 (*When security becomes enforceable*), the Security Trustee may by instrument in writing (under seal, by deed or otherwise under hand), without prior notice to any Chargor:

- 13.1.1 (subject to section 72A of the Insolvency Act) appoint one or more persons to be a Receiver of the whole or any part of the Charged Assets;
- 13.1.2 remove (so far as it is lawfully able) any Receiver so appointed;
- 13.1.3 appoint another person(s) as an additional or replacement Receiver(s);
and
- 13.1.4 appoint one or more persons to be an Administrator in accordance with paragraph 14 of Schedule B1 to the Insolvency Act 1986.

13.2 Receiver as agent of the Chargor

A Receiver shall be the agent of a Chargor and, except as otherwise required by the Insolvency Act, the relevant Chargor shall be solely responsible for his acts and defaults and liable on any contract or engagements made or entered into or adopted by him.

13.3 Remuneration of Receiver

The Security Trustee may fix the remuneration of any Receiver appointed by it and any maximum rate imposed by law (including Section 109(6) of the LPA) shall not apply. The amount of such remuneration shall be paid in accordance with the terms and conditions and in the manner agreed from time to time between the Security Trustee and the Receiver.

13.4 Powers of Receiver

A Receiver shall have (and be entitled to exercise in such manner and on such terms as he may in his absolute discretion think fit) in relation to the Charged Assets over which he is appointed the following powers (as the same may be varied or extended by the provisions of this Deed):

- 13.4.1 all of the powers of an administrative receiver set out in Schedule 1 to the Insolvency Act (whether or not the Receiver is an administrative receiver)

(or in Schedule 2 thereof in the event of the Chargor being a company registered in Scotland);

- 13.4.2 all of the powers conferred from time to time on receivers, mortgagors and mortgagees in possession by the LPA;
- 13.4.3 power to sell (whether by public auction or private contract or otherwise) all or any of the Charged Assets on any terms and for any consideration (including without limitation for deferred consideration or a consideration payable wholly or partly in instalments or consisting in whole or in part of shares or securities of any other company or of any other non-cash asset);
- 13.4.4 power to grant any lease or tenancy or right of or affecting the Charged Assets for any term or terms of years at any or no rent and with or without any premium and accept the surrender of any lease or tenancy or right and give a valid receipt for any premium payable on any such grant or surrender and to amend or vary any lease, licence agreement or other arrangement in any way relating to or affecting the Charged Assets;
- 13.4.5 power to grant options to sell, lease, licence or dispose of the Charged Assets;
- 13.4.6 power to enter on or otherwise take possession of the Charged Assets to repair, convert, manufacture, process, decorate, alter, renew, improve, add to or develop or to complete any development or building which may be unfinished and to settle, compound, compromise or submit to arbitration any accounts or claims arising out of the commencement, carrying on or completion of any such development or building;
- 13.4.7 power to redeem any mortgage, charge or other encumbrance on, over or affecting the Charged Assets or any part of it;
- 13.4.8 power to repair, renew or improve plant, machinery, implements, furniture, equipment and other effects of the Chargor in or on the Charged Assets;
- 13.4.9 power to settle or compromise or submit to arbitration any claim or claims on or against the Charged Assets or claim or dispute arising out of the Charged Assets;
- 13.4.10 power to disclaim, abandon or disregard all or any of the outstanding contracts of a Chargor and to allow time for payment by or to a Chargor of any debts either with or without security;

- 13.4.11 power to manage and carry on or concur in managing or carrying on upon the Charged Assets any type of trade or business and to enter and perform such contracts and arrangements and incur any obligations in relation thereto;
- 13.4.12 power to make or exercise an election pursuant to paragraphs 2 and 3 of Schedule 10 to the Value Added Tax Act 1994 in relation to the Charged Assets or exercise any option or right of election available to a Chargor or the Security Trustee or the Receiver that the supplies made in respect of any lease or tenancy of any part of the Charged Assets shall be supplies chargeable or taxable for value added tax purposes at the standard or other applicable rate provided always that neither the Security Trustee nor the Receiver shall be liable for any loss suffered by a Chargor as a result and to execute all documents, and perform such acts or things as a result and to execute all documents, and perform such acts or things as maybe necessary to permit any disposal of the Charged Assets to be zero-rated for the purposes of value added tax;
- 13.4.13 power to exercise all voting and other rights attaching to stocks, shares and other securities comprising or comprised within the Charged Assets;
- 13.4.14 power to exercise in relation to any Charged Asset all the powers, authorities and things which he would be capable of exercising if he were the absolute beneficial owner of that Charged Asset; and
- 13.4.15 power to do all things which, in the opinion of the Receiver, are incidental to any of the powers, functions, authorities or discretions conferred or vested in the Receiver pursuant to this Deed or upon receivers by statute or law generally (including the bringing or defending of proceedings in the name of, or on behalf of, a Chargor; the preservation, improvement, collection and/or realisation of Charged Assets; and the execution of documents in the name of a Chargor (whether under hand, or by way of deed or by utilisation of the company seal of a Chargor).

13.5 Discretions

Any liberty or power which may be exercised or any determination which may be made under this Deed by the Security Trustee or any Receiver may be exercised or made in its absolute and unfettered discretion without any obligation to give reasons.

13.6 Powers may be restricted

The powers granted to a Receiver pursuant to this Deed may be restricted by the instrument (signed by the Security Trustee) appointing him but they shall not be restricted by any winding-up or dissolution of a Chargor.

13.7 Discretions

Any liberty or power which may be exercised or any determination which may be made under this Deed by the Security Trustee or any Receiver may be exercised or made in its absolute and unfettered discretion without any obligation to give reasons.

13.8 Actions of any Administrators

Save as provided for in statute or otherwise agreed in writing by that Secured Party, no Secured Party shall have any liability for the acts or omissions of an Administrator.

14. SET OFF

A Secured Party may set-off any matured obligation due from a Chargor under the Finance Documents (to the extent beneficially owned by that Secured Party) against any matured obligation owed by that Secured Party to the Chargor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Secured Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

15. EXPENSES AND INDEMNITY

15.1 Expenses

Any Chargor shall pay to the Security Trustee and each Receiver, attorney or delegate duly appointed by the Security Trustee under this Deed the amount of all costs and expenses (including legal fees and together with any applicable value added tax):

15.1.1 reasonably incurred by it in connection with the preparation, negotiation and execution of this Deed;

15.1.2 reasonably incurred by it in connection with the perfection of any security created or purported to be created pursuant to this Deed; and

15.1.3 for the enforcement and preservation of its rights under this Deed.

15.2 Indemnity

Any Chargor shall indemnify the Security Trustee and each Receiver from and against all losses, costs, expenses, claims, demands and liabilities whether in contract, delict, tort or otherwise (together with any applicable value added tax) incurred by the Security Trustee or that Receiver or by any employee, agent or delegate of the Security Trustee or any Receiver in connection with anything done or omitted under this Deed or any other document relating to it, or in the exercise or attempted or purported exercise of the powers contained in this Deed or occasioned by any breach by a Chargor of any of its undertakings or other obligations to the Security Trustee, or in consequence of any payment in respect of the Secured Obligations (whether made by the Chargor or a third person) being declared void or impeached for any reason. The Security Trustee and any Receiver may retain and pay all sums in respect of which it is indemnified out of any monies received by it under the powers conferred by this Deed.

16. RELEASE OF SECURITY**16.1 Release of security**

When the Secured Obligations have been irrevocably paid or discharged in full to the satisfaction of the Security Trustee and no Secured Party has any further obligation to provide credit facilities or other accommodation to any Obligor or, if the Security Trustee so agrees, at any other time, the Security Trustee shall, subject to the provisions of Clause 17 (*Avoidance of Payments*), at the request and cost of any Chargor, execute such documents as may be required to release this Deed and any other security created over the Charged Assets or any of them by this Deed and re-assign all rights, title and interest in the Insurance Policies and Assigned Documents to the relevant Chargor.

16.2 Entitlement to retain security

If any payment or discharge of the Secured Obligations is, in the reasonable opinion of the Security Trustee, liable to be avoided or invalidated under any enactment relating to bankruptcy or insolvency, the Security Trustee may refuse to grant any release of the security created by this Deed for such further period as the risk of such avoidance or invalidity continues.

17. AVOIDANCE OF PAYMENTS

No assurance, security or payment which may be avoided or adjusted under the law, including under any statute relating to bankruptcy or insolvency and no release, settlement or discharge given or made by the Security Trustee on the faith of any such assurance, security or payment, shall prejudice or affect the right of the

Security Trustee to recover the Secured Obligations from a Chargor (including any monies which any Secured Party may be compelled to pay or refund under the provisions of the Insolvency Act and any costs payable by it pursuant to or otherwise incurred in connection therewith) or to appoint a Receiver and enforce the security created by this Deed to the full extent of the Secured Obligations.

18. CUMULATIVE REMEDIES AND WAIVERS

The rights of the Security Trustee and the Receiver may be exercised as often as necessary, are cumulative and are in addition to its respective rights under general law and may be waived only in writing and specifically. Delay in the exercise or non-exercise of any right shall not be a waiver of that right.

19. SEVERABILITY

If any of the provisions of this Deed is or becomes invalid, illegal or unenforceable that shall not affect the validity, legality and enforceability of any other provision in this Deed.

20. EVIDENCE AND CALCULATIONS

Any certificate or determination by the Security Trustee as to the amount of the Secured Obligations shall, in the absence of manifest error, be conclusive and binding on a Chargor for all purposes of this Deed.

21. APPLICATION OF PROCEEDS

21.1 Application of proceeds

Any moneys received by the Security Trustee or any Receiver after the security created by this Deed has become enforceable in accordance with Clause 11 (*When security becomes enforceable*) shall be applied in accordance with the provisions of the Intercreditor Agreement.

21.2 Other claims

The provisions of Clause 21.1 (*Application of Proceeds*) are subject to the payment of any claims having priority over the security created by this Deed. This Clause does not prejudice the right of any Secured Party to recover any shortfall from a Chargor.

22. NEW ACCOUNTS**22.1 New Accounts**

If the Security Trustee at any time becomes aware of any subsequent security or other like interest, matter, event or transaction affecting any Charged Asset, the Security Trustee may open a new account or accounts for the relevant Chargor in its books.

22.2 Ruling off

If the Security Trustee does not open any such new account then, unless it gives express written notice to the relevant Chargor to the contrary, the Security Trustee will be treated as if it had in fact opened such account or accounts at the time when it became so aware and as from that time all payments by or on behalf of the Chargor to the Security Trustee will be credited or treated as having been credited to a new account of the Chargor and not as having been applied in reduction of the Secured Obligations then outstanding.

23. SUSPENSE ACCOUNTS

All monies received, recovered or realised by the Security Trustee under this Deed (including the proceeds of any conversion of currency) may in the discretion of the Security Trustee be credited to any interest bearing suspense or impersonal account maintained with any bank, building society or financial institution as it considers appropriate and may be held in such account for so long as the Security Trustee may think fit pending their application from time to time (as the Security Trustee is entitled to do in its discretion) in or towards the discharge of any of the Secured Obligations and save as provided herein no party will be entitled to withdraw any amount at any time standing to the credit of any suspense or impersonal account referred to above.

24. POWER OF ATTORNEY**24.1 Appointment and powers**

By way of security for the obligations of the Chargors under this Deed, each Chargor irrevocably appoints the Security Trustee and every Receiver to be its attorney on its behalf or in its name or otherwise to execute and do all such assurances, acts and things which the Chargor is required to do under this Deed and which it has failed to do and generally in its name and on its behalf to exercise all or any of the powers, conferred by or pursuant to this Deed or by statute on the Security Trustee or any Receiver and to sign, execute, seal and deliver and otherwise perfect any deed, assurance, agreement, instrument or act which it or he

may reasonably deem proper in or for the purpose of exercising any such powers, authorities and discretions.

24.2 Ratification

Each Chargor ratifies and confirms whatever any such attorney mentioned in Clause 24.1 (*Appointment and powers*) shall do or purport to do in the exercise or purported exercise of all or any of the powers, authorities and discretions referred to in such Clause.

25. TRANSFERS

25.1 Transfer by Chargor

No Chargor may assign or otherwise transfer its rights and obligations under this Deed.

25.2 Transfer by Security Trustee

The Security Trustee may (without prejudice to its right to appoint any joint trustee) assign and transfer all or any of its rights and obligations under this Deed to any person appointed as its successor as Security Trustee (or any joint trustee). The Security Trustee shall be entitled to disclose such information concerning the Chargor and this Deed as the Security Trustee considers appropriate to any actual or proposed direct or indirect successor or to any person to whom information may be required to be disclosed by any applicable law.

26. NOTICES

Any communication to be made under or in connection with this Deed shall be made in accordance with clause 34 of the Facilities Agreement.

27. LAND REGISTRY

27.1 Request to the Land Registry

Where the whole or any part of the Real Property is registered under the Land Registration Act 1925 the relevant Chargor hereby applies to the Chief Land Registrar for registration against the registered title of the following restriction:

"No disposition of the registered estate by the proprietor of the registered estate is to be registered without a written consent signed by the proprietor for the time being of the charge dated • in favour of [] referred to in the charges register or, if appropriate, signed on behalf of such proprietor by its authorised signatory."

27.2 **Further advances**

If any Finance Party is obliged to make further advances under the Finance Documents, that obligation is deemed to be incorporated in this Deed and the Chargor applies to the Chief Land Registrar for the registration against the registered title of such of the Assets (if any) as is registered under the Land Registration Act 1925 of a note that the Security Trustee is under an obligation to make further advances to the Chargor.

28. **THIRD PARTIES**

Unless expressly provided to the contrary in this Deed, a person who is not a party to this Deed or a Secured Party may not enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999.

29. **PERPETUITY PERIOD**

The perpetuity period for the trusts in this Deed is 125 years.

30. **FINANCIAL COLLATERAL**

30.1 **Right to appropriate**

To the extent that the Charged Assets constitute "financial collateral" and this Deed and the obligations of the Chargor constitute a "security financial collateral arrangement" (in each case for the purpose of and as defined in the Financial Collateral Arrangements (No. 2) Regulations 2003 (SI 2003 No. 3226) (the "**Regulations**")) the Security Trustee shall have the right after the security created by this Deed has become enforceable to appropriate all or any part of that financial collateral in or towards the satisfaction of the Secured Obligations.

30.2 **Value of financial collateral**

For the purpose of Clause 30.1 (*Right to appropriate*), the value of the financial collateral appropriated shall be such amount as the Security Trustee reasonably determines having taken into account advice obtained by it from an independent investment or accountancy firm of national standing selected by it and each Chargor agrees that the method of valuation provided for in this Deed shall constitute a commercially reasonable method of valuation for the purposes of the Regulations.

31. **STAMP DUTY**

Each Chargor shall pay all stamp duties and other similar taxes or duties payable on or arising out of or in consequence of:

- 31.1 the creation of the security constituted by this Deed; and

31.2 the execution and delivery of this Deed and any documents executed pursuant hereto.

32. **COUNTERPARTS**

This Deed may be executed in any number of counterparts and all of those counterparts taken together shall be deemed to constitute one and the same instrument.

33. **GOVERNING LAW AND JURISDICTION**

33.1 **Governing law**

This Deed shall be governed by, and construed in accordance with, the laws of England.

33.2 **Jurisdiction**

33.2.1 The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Deed (including a dispute regarding the existence, validity or termination of this Deed) (a “Dispute”).

33.2.2 The parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no party will argue to the contrary.

33.2.3 This Clause 33.2 (*Jurisdiction*) is for the benefit of the Finance Parties only. As a result, no Secured Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Finance Parties may take concurrent proceedings in any number of jurisdictions.

IN WITNESS WHEREOF this Deed has been executed as a deed on the date stated at the beginning of this Deed.

SCHEDULE 1

The Chargors

Name	Registered Office	Country of Incorporation	Registered Number
Forest Hills Hotel Limited	Whiteside House, Whiteside Industrial Estate, Bathgate, West Lothian EH48 2RX	Scotland	SC572852
Macdonald Lochanhully Limited	Whiteside House, Whiteside Industrial Estate, Bathgate, West Lothian EH48 2RX	Scotland	SC572866
Macdonald Loch Rannoch Limited	Whiteside House, Whiteside Industrial Estate, Bathgate, West Lothian EH48 2RX	Scotland	SC572862
Macdonald Dalfaber Limited	Whiteside House, Whiteside Industrial Estate, Bathgate, West Lothian EH48 2RX	Scotland	SC572859
Macdonald Plas Talgarth Limited	Whiteside House, Whiteside Industrial Estate, Bathgate, West Lothian EH48 2RX	Scotland	SC572868
Macdonald Elmers Court Limited	Whiteside House, Whiteside Industrial Estate, Bathgate, West Lothian EH48 2RX	Scotland	SC572846

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SCHEDULE 2

Mortgaged Property

Not applicable.

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SCHEDULE 3

Shares

Not applicable.

SCHEDULE 4

Assigned Documents

Not applicable.

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PART A

Notice of assignment of Assigned Documents

To: []

Date: []

Dear Sirs,

We give you notice that, by a Debenture dated ● (the "Debenture"), we charged by way of assignment to ● (the "Security Trustee") all our right, interests and benefits in, to and under [the [describe Assigned Document] dated ● between ● relating to ● (including all monies payable thereunder and the proceeds of all claims and judgments for breach of covenant) (the "Assigned Document").

We will remain liable to perform all our obligations under the Assigned Document and the Security Trustee is under no obligation of any kind whatsoever under the Assigned Document nor under any liability whatsoever in the event of any failure by us to perform our obligations under the Assigned Document.

We irrevocably instruct and authorise you to pay all payments under or arising under the Assigned Document to our account called ● account number ● sort code ●. It is very important that you make all immediate arrangements for all sums payable by you under the Assigned Document to be paid to this account.

Please note that all rights, interests and benefits whatsoever accruing to or for the benefit of ourselves arising under the Assigned Document are exercisable by and belong to the Security Trustee.

This letter is governed by and will be construed in accordance with the laws of England.

Would you please confirm your agreement to the above by sending the enclosed acknowledgement to the Security Trustee with a copy to ourselves.

Yours faithfully

For and on behalf of
[]

Acknowledgement of assignment of Assigned Documents

To: []
as Security Trustee

Date: ●

Dear Sirs

We confirm receipt from ● (the "Chargor") of a notice dated ● of a charge by way of assignment upon the terms of a Debenture dated ● (the "Debenture") to ● (the "Security Trustee") of all the Chargor's right, interest and benefit in, to and under the Assigned Document (as specified in that notice) to which we are a party.

We confirm that we have not received notice of any assignment or charge of or over any of the rights, interests and benefits specified in such notice and will make all payments to the account specified in that notice.

We acknowledge that the Chargor will remain liable to perform all its obligations under the Assigned Document and the Security Trustee is under no obligation of any kind whatsoever under the Assigned Document nor under any liability whatsoever in the event of any failure by the Chargor to perform our obligations under the Assigned Document; and

We confirm that we have made all necessary arrangements for all future payments payable under such Assigned Document to be made into the account specified in the notice.

This letter is governed by and will be construed in accordance with the laws of England.

Yours faithfully

[]

EXECUTION PAGE

Chargors

EXECUTED and delivered as a deed
for and on behalf of
FOREST HILLS HOTEL LIMITED
acting by:

..... Director *ROBERT GORDON FRASER*

in the presence of:

..... Witness Signature

Mica Giles Witness name

..... Address

Executed and delivered as a deed
for and on behalf of
MACDONALD LOCHANHULLY LIMITED
acting by:

..... Director *ROBERT GORDON FRASER*

in the presence of:

Mica Giles Witness Signature

..... Witness name

..... Address

Executed and delivered as a deed
for and on behalf of
MACDONALD LOCH RANNOCH LIMITED
acting by:

..... Director *ROBERT GORDON FRASER*

in the presence of:

..... Witness Signature

Mica Gls Witness name

..... Address

.....

Executed and delivered as a deed
for and on behalf of
MACDONALD DALFABER LIMITED
acting by:

..... Director *ROBERT GORDON FRASER*

in the presence of:

..... Witness Signature

Mica Giles Witness name

..... Address

.....

Executed and delivered as a deed
for and on behalf of
MACDONALD PLAS TALGARTH LIMITED
acting by:

..... Director *ROBERT GORDON FRASER*

in the presence of:

..... Witness Signature

Mica Giles Witness name

..... Address

.....

Executed and delivered as a deed
for and on behalf of
MACDONALD ELMERS COURT LIMITED
acting by:

..... Director *ROBERT GORDON FRASER*

in the presence of:

..... Witness Signature

Mica Gils Witness name

..... Address

Security Trustee

EXECUTED AS A DEED by
BANK OF SCOTLAND PLC
as Security Trustee
by

..... Authorised Signatory

in the presence of:

..... Witness Signature

..... Witness name

..... Address

Executed and delivered as a deed
for and on behalf of
MACDONALD ELMERS COURT LIMITED
acting by:

..... Director

in the presence of:

..... Witness Signature

..... Witness name

..... Address

.....

Security Trustee

EXECUTED AS A DEED by
BANK OF SCOTLAND PLC
as Security Trustee
by

..... Authorised Signatory *KAREN CHRISTIE*

in the presence of:

..... Witness Signature

CELIA CARSON Witness name

EARL GREY ST Address

EDINBURGH
.....