

**Date 14 March 2019**

**MIXG LIMITED**

as Chargor

**EQUITY FOR GROWTH (SECURITIES) LIMITED**

as Security Trustee

**SECURITY TRUSTEE AGREEMENT (“the STA”)**

Handwritten signature and initials, likely representing the parties to the agreement.

## Contents:

1. DEFINITIONS AND INTERPRETATION.....	3
2. DUTIES OF THE ISSUER .....	7
3. UNDERTAKING TO PAY.....	7
4. PROVISIONS RELATING TO SECURITY.....	8
5. FIXED SECURITY .....	8
6. FLOATING SECURITY .....	10
7. RESTRICTIONS ON DEALING.....	11
8. REPRESENTATIONS .....	11
9. GENERAL UNDERTAKINGS.....	12
10. REAL PROPERTY .....	13
11. INVESTMENTS .....	15
12. INSURANCE .....	17
13. POWER TO REMEDY.....	17
14. WHEN SECURITY BECOMES ENFORCEABLE.....	18
15. ENFORCEMENT OF SECURITY.....	18
16. RECEIVER .....	20
17. POWERS OF RECEIVER.....	21
18. EXCLUSION OF LIABILITY .....	23
19. APPLICATION OF PROCEEDS.....	24
20. EXPENSES AND PAYMENTS .....	24
21. DELEGATION OF POWERS BY SECURITY TRUSTEE OR RECEIVER.....	25
22. FURTHER ASSURANCE .....	25
23. POWER OF ATTORNEY .....	26
24. NON-RELEASE PROVISIONS.....	26
25. RELEASE AND RECOURSE.....	27
26. BENEFIT OF THE STA.....	28
27. NOTICES.....	29
28. MISCELLANEOUS.....	29
29. GOVERNING LAW .....	31
30. JURISDICTION AND ENFORCEMENT .....	31

**THIS SECURITY AGREEMENT ("the STA") is made the 14 March 2019**

**BETWEEN:**

- (1) MIXG LIMITED** incorporated and registered in England with company number 11602211 whose registered office is at C/O Magna Asset Management Ltd, Berkeley Square House, Berkeley Square, London W1J 6BD United Kingdom ("**Chargor**")
- (2) EQUITY FOR GROWTH (SECURITIES) LIMITED** incorporated and registered in England with company number 05410446 whose registered office is at International House, 24 Holborn Viaduct, London, EC1A 2BN ("**Chargee**")

**IT IS AGREED as follows:**

**1. DEFINITIONS AND INTERPRETATION**

**1.1 Definitions**

In the STA:

**"Act"** means the Law of Property Act 1925;

**"Acceleration Event"** means an Event of Default is continuing and the Security Trustee has accelerated the redemption of the Notes in accordance with the Instrument and the Deed;

**"Acquired Investments"** means the Investments acquired by the Chargor in the issued capital of any company incorporated in England and Wales before or after the date of the STA;

**"Administrator"** means an administrator appointed under paragraph 14 of Schedule B1 to the Insolvency Act 1986;

**"Authorisation"** as defined in Clause 5.6 of the STA;

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

**"Company"** as defined in the Instrument dated 14 March 2019;

**"Dispute"** as defined in clause 30(a);

**"Dividends"** means all dividends, interest, coupons and other distributions paid or payable in respect of any Investment;

**"Equipment"** means all fixed and moveable plant, machinery, tools, vehicles, computers and office and other equipment and the benefit of all related Authorisations, agreements and warranties (including all spare parts, replacements, modifications and additions);

**"Event of Default"** shall have the meaning given to that term in Clause 9 of the Instrument.

**"Fee Letter"** means any letter or letters dated on or about the date of the STA between the Security Trustee and the Issuer setting out any of the fees referred to in Clause 7.1 of the Deed;

**"Finance Document"** means any Notes in this document (including the terms and conditions of the Notes), the Instrument, the Deed, any Fee Letter, the STA and any other document designated as a 'Finance Document' by the Chargor and the Security Trustee;

**"First Currency"** as defined in clause 28.13 (a);

**"Fixed Charges"** as defined in clause 5;

**"Floating Charges"** as defined in clause 6.1 (a);

**"Group"** means the Chargor and its Subsidiaries from time to time;

**"Group Shares"** means, in relation to the Chargor, the shares in any member of the /group owned legally or beneficially by the Chargor or held by the Security Trustee or any nominee on its behalf (if any) including any Acquired Investments;

**"Instrument"** means the bond instrument dated and executed by the Chargor on 14 March 2019, constituting the Notes at a fixed rate of 10%-18% per annum for 3 years fixed term;

**"Insurance Policy"** means, in relation to the Chargor, any contract or policy of insurance of any kind other than in relation to third party liabilities or similar claims in which the Chargor has an interest from time to time and all rights related to any such policy;

**"Investment"** means, in relation to the Chargor:

- (a) any stock, commodity, share, debenture, loan stock, security, bond, warrant, coupon, interest in any investment fund and any other investment (whether or not marketable) whether held directly by or to the order of the Chargor or by any trustee, nominee, fiduciary, investment manager or depository or clearance system on its behalf (including, but not limited to, the Group Shares);
- (b) all allotments, accretions, offers, options, rights, bonuses, benefits and advantages, whether by way of conversion, redemption, preference, option or otherwise which at any time accrue to or are offered or arise in respect of any such investments mentioned in paragraph (a) above;
- (c) all rights the Chargor has against any trustee, nominee, fiduciary, investment manager, depository or clearance system in respect of any such investments mentioned in paragraphs (a) or (b) above.
- (d) when any Real Property is vested in the Chargor subsequent to the date of this agreement

**"Issuer"** means the Chargor;

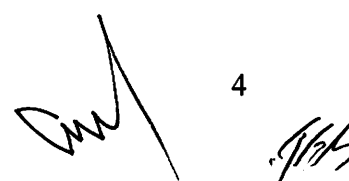
**"Lease"** includes any lease, agreement for lease or tenancy and (where the context admits) any licence or other right of occupation;

**"Material Adverse Effect"** means a material adverse effect on:

- (a) the business or financial condition of the Chargor;
- (b) the ability of the Chargor to perform its payment, financial covenant and other material obligations under any Finance Document;
- (c) the validity or enforceability of any Finance Document; or
- (d) any right or remedy of the Security Trustee in respect of any Finance Document;

**"Magna Asset Management Ltd"** company No 09440715, is a company providing additional security for the security to charge the personal share of the directors Oliver Mason and Chris Madelin

**"Noteholder"** means any registered holder of the Notes at any one time;

The bottom right corner of the page contains two handwritten signatures. The first signature is a stylized 'C' followed by a diagonal line. The second signature is a more complex, cursive-style signature. To the right of the first signature is the number '4'.

**“Notes”** means up to £20,000,000 loan notes at a fixed rate of 10%-18% per annum for 3 years fixed term, issued or to be issued by the Issuer pursuant to the Instrument(s);

**“Permitted Disposal”** means any sale, lease, licence, transfer or other disposal;

- (a) made in the ordinary course of trading of the disposing entity;
- (b) of assets in exchange for other assets comparable or superior as to type, value and quality; and
- (c) of obsolete or redundant vehicles, plant and equipment for cash;

**“Permitted Security”** means:

- (a) any netting or set-off arrangement entered into by any member of the Group in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances;
- (b) any lien arising by operation of law and in the ordinary course of trading;
- (c) any Security entered into pursuant to any Finance Document; or
- (d) any Security arising under any retention of title, hire purchase or conditional sale arrangements or arrangements having similar effect in respect of goods supplied to a member of the Group in the ordinary course of trading and on the supplier's standard or usual terms and not arising as a result of any default or omission by any member of the Group

**“Real Property”** means freehold, leasehold or other immoveable property and any buildings, erections, fixtures, fittings, fixed plant or machinery from time to time situated on or forming part of such property and easements or other rights servicing that property;

**“Receiver”** means any one or more persons appointed by the Security Trustee as a receiver, receiver and manager or administrative receiver under the STA

**“Regulations”** means the Financial Collateral Arrangements (No. 2) Regulations 2003 (SI 2003 No. 3226) (as amended) or equivalent legislation in any applicable jurisdiction bringing into effect Directive 2002/47/EC on financial collateral arrangements;

**“Rental Income”** means, in relation to the Chargor, all present and future amounts payable to or for the benefit of the Chargor under or in connection with any Lease or any other letting of Real Property forming part of the Security Assets;



**“Second Currency”** as defined in clause 28.13 (a);

**“Secured Obligations”** means the aggregate amount of all present and future obligations and liabilities of the Chargor owed or expressed to be owed under or in connection with any Finance Document whether actual or contingent and whether owed or incurred alone or jointly and/or severally with another and as principal or as surety or in any other capacity or of any nature;

**“Secured Parties”** means:

- (a) the Security Trustee; and
- (b) the Noteholders

**“Security”** means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect;

5  
 

**"Security Assets"** means all assets and undertaking of the Chargor from time to time the subject of any Security created or, where the context admits, to be created by the STA;

**"Security Period"** means the period beginning on the date of the STA and ending on the date on which the Secured Obligations have been unconditionally and irrevocably paid in full and no further Secured Obligations are capable of becoming outstanding;

**"Security Trustee"** as defined in the Deed dated 14 March 2019;

**"Subsidiary"** means a subsidiary undertaking of the Chargor within the meaning of Section 1162 of the Companies Act 2006;

**"Sum"** any sum due from the Chargor under the STA;

**"the Deed"** means the Deed dated 14 March 2019 between the Security Trustee and the Company; and

**"VAT"** means Value Added Tax as provided for in the Value Added Tax Act 1994 and any other tax of a similar nature;

**"Voting Event"** as defined in clause 11.2 (d) of the STA.

## 1.2 Construction

(a) In the STA, unless indication appears, any reference to:

- (i) **"assets"** included present and future properties, revenues and rights of every description and includes the proceeds of sale of any such asset;
- (ii) **"authorisation"** includes an approval, authorisation, consent, exemption, filing, licence, notarisation, registration and resolution;
- (iii) a Finance Document or any other agreement or document is a reference to that Finance Document or other agreement or document as it may have been, or may from time to time be, amended, varied supplemented or novated;
- (iv) a party to the STA shall be construed so as to include its successors in title, permitted assigns and permitted transferees;
- (v) a **"person"** includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium, partnership or other entity whether or not having separate legal personality;
- (vi) a provision of law includes that provision as amended, re-enacted or replaced from time to time and includes any subordinate legislation;
- (vii) **"Real Property"**, the **"Security Assets"**, and any other asset or assets or the **"Secured Obligations"** includes a reference to any part of them or it;
- (viii) a **"regulation"** includes any regulation, rule, official directive, request or guideline of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
- (ix) **"this Security"** means any Security created or constituted by the STA; and
- (x) words in the singular include the plural and vice versa and words in one gender include any other gender.
- (xi) a reference to writing or written includes e-mail

- (b) Headings in the STA are for ease of reference only and shall not affect the interpretation of the STA.
- (c) Any covenant or undertaking by the Chargor under the STA is given to or made in favour of the Security Trustee and remains in force during the Security Period.
- (d) An Event of Default is '**continuing**' if it has not been remedied or waived.
- (e) It is intended that this document take effect as a deed notwithstanding the fact that the Security Trustee may only execute this document under hand.
- (f) The terms of the other Finance Documents and of any side letter between the parties to the STA are incorporated in the STA to the extent required to ensure that any purported disposition of or purported agreement to dispose of any Real Property contained in the STA is a valid disposition in accordance with Section 2(1) of the Law of Property (Miscellaneous Provisions) Act 1989.
- (g) The STA is a Finance Document.
- (h) Unless expressly defined in the STA or a contrary indication appears, words and expressions defined in the Instrument have the same meanings when used in the STA.



### **1.3 Third party rights**

- (a) Unless expressly provided to the contrary in the STA, a person who is not a party to the STA has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of the STA.
- (b) Notwithstanding any provision of the STA, the consent of any person who is not a party to the STA is not required to rescind or vary the STA at any time.

## **2. DUTIES OF THE ISSUER**

- 2.1** The Issuer shall notify the Security Trustee, or procure such notification, of the identity of every Noteholder from time to time (whether by making available a copy of any register prepared by it or otherwise).
- 2.2** The Issuer shall create the Security in favour of the Security Trustee and procure that the Security constitute and remains a first ranking security interest over the relevant assets.
- 2.3** The Issuer shall provide to the Security Trustee such funds as may be reasonably required to preserve the Security.
- 2.4** The Issuer shall keep a register containing the following details:
  - 2.4.1** the name(s) and address(es) of each Noteholder for the time being;
  - 2.4.2** the service address of each Noteholder
  - 2.4.3** the principal amount of the Notes held by each Noteholder
  - 2.4.4** the date of registration; and
  - 2.4.5** the date of issue of each Note
- 2.5** The Issuer shall make available to the Security Trustee, within 5 (five) days upon demand, the details logged in the register in accordance with clause 2.4.

## **3. UNDERTAKING TO PAY**


 7  


### **3.1 Undertaking to pay**

The Chargor, as primary obligor and not merely as surety, undertakes with the Security Trustee to pay the Secured Obligations on demand on the date(s) on which such Secured Obligations are expressed to become due and, in the manner, provided for in the relevant Finance Document.

### **3.2 Amount secured**

The Chargor acknowledges to the Security Trustee that the amount secured by the STA and in respect of which this Security is enforceable is the full amount of the Secured Obligations.

### **3.3 Interest**

If the Chargor fails to pay any of the Secured Obligations on the due date for payment of that sum, the Chargor shall on demand pay to the Security Trustee interest on all such sums from the due date until the date of payment both before and after judgement calculated and payable in accordance with the rate and in the manner specified in the Instrument.

## **4. PROVISIONS RELATING TO SECURITY**

### **4.1 Nature of Security created**

- (a) All the Security created under the STA is created:
  - (i) with full title guarantee as a continuing security for the payment, discharge and performance of the Secured Obligations;
  - (ii) in favour of the Security Trustee; and
  - (iii) over all present and future assets of the kind described which are owned by the Chargor and, to the extent it does not own those assets, shall extend to any right, title or interest which it may have in them.
- (b) The Security Trustee holds the benefit of the STA in trust for the Secured Parties.

### **4.2 Consents**

If the Chargor purports to mortgage, assign or charge an asset under the STA and such mortgage, assignment or charge breaches a term of an agreement or licence binding on the Chargor in respect of that asset because the consent of a person other than a member of the Group has not been obtained:

- (i) the Chargor shall notify the Security Trustee immediately;
- (ii) subject to paragraph (iv) below, the relevant mortgage, assignment or fixed charge under the STA will extend to the extent no breach of the relevant agreement would occur to all amounts which the Chargor may receive and other rights in respect of that asset but will exclude the asset itself;
- (iii) unless the Security Trustee otherwise requires, the Chargor shall use all reasonable endeavours to obtain the consent of the relevant person and, once obtained, shall promptly provide a copy of that consent to the Security Trustee; and
- (iv) immediately upon the relevant consent being obtained, the relevant asset shall become subject to this Security in favour of the Security Trustee under Clause 5 (Fixed Security).

## **5. FIXED SECURITY**





## **5.1 Real Property**

- (a) The Chargor charges in favour of the Security Trustee:
  - (i) by way of a combination of first and second legal mortgages, depending on asset purchase's, over the Real Property vested in it on the date of the STA and any Real Property vested in the Chargor after the date of this agreement;
  - (ii) by way of first fixed and second charges to any right, title or interest in Real Property (to the extent not the subject of a mortgage under paragraph (i) above).
- (b) The Chargor assigns absolutely, subject to the provisions of Clause 25(*Release and recourse*):
  - (iii) all Rental Income;
  - (iv) all rights under any licence, agreement for sale or agreement for lease or other use of its Real Property or under any agreement to purchase Real Property (in each case present or future);
  - (v) all rights, powers, benefits, claims, contracts, warranties, remedies, covenants for title, security, guarantees or indemnities (present or future) in respect of any of its Real Property or any Rental Income;
  - (vi) the proceeds of sale of any of its Real Property; and
  - (vii) any other moneys paid or payable in respect of its Real Property.

## **5.2 Equipment**

The Chargor charges by way of first and second fixed charges all its rights, title or interest in Equipment in so far as it is not charged under 5.1 (Real Property) and in any Equipment for the time being in its possession.

## **5.3 Investments**

- (a) The Chargor charges by way of first and second legal mortgages all its rights, title or interest in the Group Shares and any other shares forming part of the Investments belonging to it on the date of the STA and, in each case all Dividends in respect of the Group Shares or other Investments.
- (b) The Chargor charges by way of first fixed and second charges all its rights, title or interest in the Investments (to the extent not the subject of an effective mortgage under paragraph (a) above).

## **5.4 Goodwill**

The Chargor charges by way of first fixed and second charges its goodwill.

## **5.5 Uncalled capital**

The Chargor charges by way of first fixed and second charges all its uncalled capital.

## **5.6 Authorisations**

The Chargor charges by way of first fixed and second charges all its rights, title or interest in any authorisation held in relation to any other Security Asset.

## **5.7 Insurances**



The Chargor assigns absolutely, subject to the provisions of Clause 25 (Release and recourse), all its rights, title or interest in the Insurance Policies and the proceeds of such policies.

#### **5.8 Contracts**

The Chargor assigns absolutely, subject to the provisions of Clause 25 (Release and recourse), all its rights, title or interest in:

- (a) all agreements to which it is a party except to the extent that it is subject to any fixed security created under any other term of this Clause 5; and
- (b) the benefit of any guarantee or security for the performance of any of such agreements.

#### **5.9 Pension funds**

The Chargor charges by way of first fixed and second charges any beneficial interest, claim or entitlement it has in any pension fund.

#### **4.10 Commodities**

The Chargor assigns absolutely, subject to the provisions of Clause 25 (Release and recourse), all its rights, title, contracts or interest in any commodities and the proceeds of such commodities.

### **6. FLOATING SECURITY**

#### **6.1 Floating Charges**

- (a) The Chargor charges by way of first and second floating charges the whole of its present and future business ("the **First and Second Floating Charges**"), undertaking and assets to the extent that they are not effectively mortgaged, charged or assigned to the Security Trustee by way of fixed security under Clause 5 (*Fixed Security*).
- (b) The value of the Floating Charges will be determined by the Chargee.
- (c) The charged company shares are personal shares of Chris madelin and Oliver Mason from the company Magna Asset Management Ltd will be charged by the Security Trustee

#### **6.2 Conversion**

- (a) Subject to Clause 6.3(*Moratorium under Insolvency Act*), the Security Trustee may at any time by written notice to the Chargor convert the floating charges created by the Chargor by Clause 6.1(*Floating charge*) into a fixed charge as regards any assets specified in the notice:
  - i. if an Acceleration Event has occurred;
  - ii. if the Security Trustee in its absolute discretion considers such assets to be in danger of being seized or sold under any form of distress, attachment, execution or other legal process or to be otherwise in jeopardy or to be at risk of becoming subject to any Security (other than this Security); or
  - iii. if the Security Trustee in its absolute discretion considers it is necessary in order to protect the value of the Security Asset or the priority of this Security.

- (b) The Chargee has the absolute discretion to convert the First and Second Floating Charges into fixed charges at any time under the STA.

### **6.3 Moratorium under Insolvency Act**

The Security Trustee shall not be entitled to convert the floating charges created by Clause 6.1 (*Floating charges*) into a fixed charge as a result only of the Chargor obtaining a moratorium or anything done with a view to obtaining a moratorium under Section 1A of and Schedule A1 to the Insolvency Act 1986.

### **6.4 Qualifying floating charges**

Paragraph 14 of Schedule B1 to the Insolvency Act 1986 applies to the floating charges created by Clause 6.1 (*Floating charge*), which is a “qualifying floating charge” for the purpose of paragraph 14(1) of Schedule B1 to the Insolvency Act 1986.

### **6.5 Automatic conversion**

The floating charges created by Clause 6.1 (*Floating charges*) will convert automatically into a fixed charge over all the Chargor’s assets not already subject to an effective fixed charge:

- (a) if the Security Trustee receives notice of an intention to appoint an administrator of the Chargor;
- (b) if any step is taken to appoint a liquidator, provisional liquidator, administrator or Receiver in respect of the Chargor or over all or any of its assets, or if such person is appointed;
- (c) the Chargor takes any step to create Security over any Security Asset in breach of Clause 7 (*Restrictions on dealing*);
- (d) on the crystallisation of any other floating charges over the Security Assets;
- (e) if any person takes any step to seize, attach, charge, take possession of or sell any Security Asset under any form of distress, sequestration, execution or other process; or
- (f) in any other circumstances prescribed by law.
- (g) Include non-discharged petition.

### **6.6 Reconversion to floating charges**

Any floating charge which has crystallised under Clause 6.1(a) or Clause 6.5 (*Automatic conversion*) may by notice in writing given at any time by the Security Trustee to the relevant Chargor be reconverted into a floating charge under Clause 6.1 (*Floating charge*) in relation to the assets, rights and property specified in such notice.

## **7. RESTRICTIONS ON DEALING**

The Chargor shall not:

- (a) create or permit to subsist any Security over any of the Security Assets created by or under Clause 5 (*Fixed Security*) of the STA; or
- (b) sell, transfer, license, lease or otherwise dispose of any of the Security Assets created by or under Clause 5 (*Fixed Security*) of the STA;

except as expressly permitted to do so by the Security Trustee or under the Instrument other than any Permitted Security or Permitted Disposal.

## **8. REPRESENTATIONS**



The Chargor makes the representations and warranties set out in this Clause to the Security Trustee.

#### **8.1 Nature of Security**

Subject to general principles of law limiting its obligations, the STA creates the Security it purports to create in respect of the Chargor and such Security is valid and effective.

#### **8.2 Security Assets**

- (a) It is the sole legal and beneficial owner of, and absolutely entitled to, the assets it purports to mortgage, charge or assign under the STA save, where relevant, in respect of the legal ownership of any of its Investments registered in the name of its nominee or custodian or in the name of the Security Trustee or its nominee) pursuant to the STA).
- (b) Such assets are free from Security (except as created by the STA in favour of the Security Trustee (on behalf of the Secured Parties) or any Permitted Security) and it has not granted any option or other right in favour of a third party or otherwise encumbered any such assets.

#### **8.3 Investments**

- (a) Its Investments are duly authorised, validly issued, freely transferable and fully paid.
- (b) It has not nominated any person to enjoy or exercise any rights relating to the Investments pursuant to Part 9 of the Companies Act 2006 or otherwise.
- (c) The Investments held as at the date of the STA constitute all of the share capital of each of its Subsidiaries
- (d) Other than as notified to the Security Trustee, no person has or is entitled to any conditional or unconditional option, warrant or other right to subscribe for, purchase or otherwise acquire any issued or unissued shares, or any interest in shares, in the capital of any of its Subsidiaries.

#### **8.4 Repetition**

The representations and warranties in this Clause are deemed to be made by the Chargor on the date of the STA and to be repeated by the Chargor by reference to the facts and circumstances then existing on each day during the Security Period.

### **9. GENERAL UNDERTAKINGS**

#### **9.1 Covenant to perform**

The Chargor shall at all times observe and perform the obligations, terms and conditions on its part of the Finance Documents.

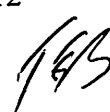
#### **9.2 Carry on business**

The Chargor shall carry on its business in a proper manner and not make any material alteration in the nature of its business.

#### **9.3 Laws**

The Chargor shall observe and perform all laws, covenants and stipulations from time to time affecting any of its Security Asset or otherwise relating to its business.

#### **9.4 Not to jeopardise this Security**



The Chargor shall not do or cause or permit to be done anything which may depreciate, jeopardise or otherwise prejudice the Security Assets or their value to the Security Trustee.

#### **9.5 Maintenance**

The Chargor shall keep all equipment for the time being required for it to operate its business in a good and substantial state of repair and in good working order and condition and when necessary replace the same by items of similar quality and value.

#### **9.6 Accounting records**

The Chargor shall keep proper accounting records and make all proper entries in relation to its affairs and make such records available for inspection by or on behalf of the Security Trustee or any Receiver at the cost of the Chargor at all reasonable times.

#### **9.7 Information**

If requested to do so by the Security Trustee acting reasonably, the Chargor shall promptly:

- (a) provide the Security Trustee or any Receiver with all such documents and information about its Security Assets and about the Issuer's business and affairs including its books, accounts and records as the Security Trustee may from time to time reasonably require;
- (b) provide the Security Trustee with copies of all communications sent to shareholders and/or creditors or any class of them generally; and
- (c) deliver to the Security Trustee a copy of any notice or litigation, arbitration or administrative proceedings which to its knowledge are threatened, pending or have been commenced against it which is likely to have a Material Adverse Effect.

#### **9.8 Documents**

- (a) The Chargor shall, upon execution of this Agreement or, if later, upon receipt, deposit with the Security Trustee all deeds, certificates and other documents evidencing title in respect of its Investments and/or Real Property.
- (b) The Security Trustee is entitled to hold and retain all such deeds, certificates and documents until the expiry of the Security Period or, if earlier, until the Security Asset to which such deeds, certificates or documents of title relate is released from this Security in accordance with the Finance Documents.

#### **9.9 Events of Default**

The Chargor shall upon becoming aware of the same promptly notify the Security Trustee of the occurrence of any Event of Default and at the same time inform the Security Trustee of any action taken or proposed to be taken by it in connection with it.

#### **9.10 Accuracy of information**

The Chargor shall ensure that all information supplied to the Security Trustee by it is at the time of supply complete and accurate in all material respects.

### **10. REAL PROPERTY**

#### **10.1 HM Land Registry**

- (a) The Chargor agrees that it shall apply to HM Land Registry (by submitting a form RX1, CH2 or otherwise as appropriate) to:



- (i) enter a restriction in the following terms on the register or registers of title relating to any of its Real Property now or after the date of the STA registered at HM Land Registry and against which this Agreement may be noted:

***“No disposition of the registered estate by the proprietor of the registered estate or by the proprietor of any registered charge, not being a charge registered before the entry of this restriction, is to be registered without a written consent signed by the proprietor for the time being of the charge dated [date] in favour of Equity for Growth (Securities) Limited (as trustee for the Secured Parties referred to in that charge) referred to in the Charges Register.”***

- (ii) to enter any obligation to make further advances on the relevant register of title.
- (b) The Chargor certifies to HM Land Registry that this Security does not contravene any of the provisions of its memorandum or articles of association or other constitutive documents.

## **10.2 Acquisition of Real Property**

The Chargor shall:

- (a) notify the Security Trustee immediately upon the acquisition by or on behalf of the Issuer of any Real Property and the title number of such Real Property;
- (b) at the cost of the Chargor, execute and deliver to the Security Trustee a legal mortgage in favour of the Security Trustee of any Real Property which becomes vested in it after the date of the STA substantially in the form of the STA;
- (c) if the title to such Real Property is or is required to be registered at HM Land Registry, promptly submit an application to register the Issuer as proprietor of the Real Property and of the Security Trustee as proprietor of such legal mortgage; and
- (d) if the consent of the landlord in whom the reversion of any lease comprised in any Real Property which becomes vested in the Issuer after the date of the STA is required for the Issuer to create any fixed charge or legal mortgage, it will:
  - (i) use all reasonable endeavours to obtain such landlord's consent;
  - (ii) notify the Security Trustee in writing upon receipt of such consent; and
  - (iii) not be required to create a fixed charge or legal mortgage over such Real Property until it has
  - (iv) received the landlord's consent.

## **10.3 Outgoings**

The Chargor shall punctually pay or cause to be paid and shall indemnify and/or secure the Security Trustee and any Receiver against all rents, rates, taxes, liabilities, duties, assessments and other outgoings payable in respect of or by the owner or occupier of its Real Property.

## **10.4 Repair**

The Chargor shall put and keep all buildings, installations and structures on its Real Property in good and substantial repair and condition, replacing, rebuilding and renewing the same when necessary and shall keep all fixtures and fittings from time to time on or in its Real

Property in good and substantial repair and in good working order, in each case, ordinary wear and tear excepted.

#### **10.5 Compliance and leases**

The Chargor shall:

- (a) observe and perform all the terms on its part contained in any Lease comprised within its Real Property and enforce the due observance and performance of all obligations of all other parties to such Lease
- (b) not do or knowingly permit to be done any act as a result of which any such Lease may become liable to forfeiture or otherwise be determined;
- (c) not accelerate or defer payment of any moneys due or waive or vary any obligation under the terms of any Lease or other property agreement comprised within its Real Property; and
- (d) comply with any rent review procedures in Leases comprised within its Real Property.

#### **10.6 Compliance with covenants**

The Chargor shall duly and punctually perform and observe and indemnify and/or secure the Security Trustee for any breach of any covenants and stipulations (restrictive or otherwise) affecting its Real Property or its use and enjoyment.

#### **10.7 Compliance with applicable laws and regulations**

The Chargor shall perform all of its obligations under any law or regulation affecting its Real Property including, but not limited to, any planning permission in any way related to or affecting its Real Property or its use and enjoyment.

### **11. INVESTMENTS**

#### **11.1 Documents of title relating to Investments**

- (a) The Chargor shall subject to paragraph (b) below, on the date of the STA or, if later, upon becoming entitled to the relevant Investments, deliver to the Security Trustee:
  - (i) all stock, commodities and share certificates and other documents of title relating to its Investments; and
  - (ii) all stock transfer forms (duly executed in blank and left undated) and other documents that the Security Trustee may request in respect of such Investments and in such form as the Noteholders may require (including declarations of trust in relation to an Investments in which the Chargor has an interest that are not held in its sole name, and forms of waiver of any pre-emption rights necessary to enable such transfers to be registered).
- (b) In respect of the Acquired Investments, the Chargor shall, as soon as reasonably practicable and in any event within 10 (ten) Business Days of receipt of the stamped stock transfer forms from HMRC, deliver to the Security Trustee the share certificates relating to the Acquired Investments.

#### **11.2 Voting powers**

- (a) Prior to the occurrence of a Voting Event the Chargor may continue to exercise the voting rights, powers and other rights in respect of its Investments (subject to paragraph (b) below).



- (b) The Chargor shall not exercise any of its voting rights, powers and other rights in respect of its Investment in any manner which varies the rights attaching to or conferred by the Investments in any way which could reasonably be expected to adversely affect the interests of the Noteholders in any material respect or which could reasonably be expected to materially prejudice the value of or the ability of the Security Trustee to realise this Security in respect of such Investments.
- (c) Before the occurrence of a Voting Event, voting power for the purpose of Section 435(10) of the Insolvency Act 1986 in respect of its Investments shall remain with the Chargor and shall not pass to the Security Trustee.
- (d) In this Clause<sup>11</sup> "**Voting Event**" in relation to a particular Investment means service of a notice by the Security Trustee either specifying that Investment or generally in relation to all or a designated class of Investments on the Chargor on or following an Acceleration Event specifying that control over voting rights are to pass to the Security Trustee.

### 11.3 Other undertakings

- (a) Prior to the occurrence of an Acceleration Event, the Chargor shall be entitled to receive and retain all Dividends paid or payable in relation to its Investments.
- (b) On and after the occurrence of an Acceleration Event, all Dividends in respect of any of its Investments will be payable to the Security Trustee and may be applied by the Security Trustee in reduction of the Secured Obligations whether or not any such Investment is registered in the name of the Security Trustee or its nominee or in the name of the Issuer or its nominee.
- (c) The Chargor shall not nominate any person, other than the Security Trustee to enjoy or exercise any right relating to any of the Investments whether pursuant to Part 9 of the Companies Act 2006 or otherwise.
- (d) At any time when any Investments of the Chargor have been registered in the name of the Security Trustee, the Security Trustee will not be under any duty to ensure that any Dividends or other monies payable in respect of such Investments are duly and promptly paid or received by it or to verify that the correct amounts are paid or received by it, or to take any action in connection with the taking up of any stocks, shares, rights, monies or other property paid, distributed, accruing or offered at any time by way of interest, dividend, redemption, bonus, rights, preference, option, warrant or otherwise on or in respect of such Investments.
- (e) The Chargor shall pay when due calls or other payments that may be or become due in respect of any of its Investments. In the case of a default by the Chargor in such payment, the Security Trustee may make such payment on behalf of the Chargor in which case any sums paid by the Security Trustee shall be reimbursed, together with interest at the rate applicable under Clause 3.3 (**Interest**) for the period from and including the date incurred up to and excluding the date reimbursed, by the Chargor to the Security Trustee on demand.

### 11.4 Exercise of rights on Voting Event

- (a) On and after the occurrence of a Voting Event, the Security Trustee or its nominee may exercise or refrain from exercising any voting rights, powers and other rights in respect of the Investments in each case in the name of the Chargor, the registered holder or otherwise and without any further consent or authority on the part of the Chargor and irrespective of any direction given by the Chargor.



- (b) The Chargor irrevocably appoints the Security Trustee or its nominee as its proxy to exercise all voting rights in respect of the Investments with effect from the occurrence of a Voting Event to the extent that such Investments remain registered in its name.

## **12. INSURANCE**

### **12.1 Cover**

The Chargor shall keep its assets which are of an insurable nature insured against all risks which a prudent person carrying on a business similar to that of the Chargor would reasonably insure.

### **12.2 Other undertakings**

- (e) The Chargor will promptly pay all premiums and take all reasonable and practicable steps to preserve and enforce its rights and remedies under or in respect of each of its Insurance Policies.
- (f) The Chargor shall supply to the Security Trustee on request copies of each of its Insurance Policies together with the current applicable premium receipts.

### **12.3 Proceeds**

12.3.1 All money received under any Insurance Policy shall be applied:

- (a) prior to the occurrence of an Acceleration Event, in making good the relevant loss or damage and
- (b) following the occurrence of an Acceleration Event, in or towards discharge of the Secured Obligations.

12.3.2 Any such money received by the Chargor shall be held on trust for the Security Trustee.

## **13. POWER TO REMEDY**

### **13.1 Security Trustee's powers**

If the Chargor fails to comply with any of the covenants or obligations set out in the STA or fails to perform its obligations affecting the Security Assets, and such failure is not remedied promptly to the satisfaction of the Security Trustee, the Chargor will allow the Security Trustee, its agents or contractors to take such action on behalf of the Chargor as may be necessary to ensure that such covenants and obligations are complied with. Such action may include, but is not limited to:

- (a) entering the Chargor's Real Property and carrying out any repairs or other works which the Chargor has failed to do; and
- (b) taking such action as the Security Trustee considers necessary or appropriate to comply with or object to any notice served on the Chargor in respect of its Real Property,

and the Security Trustee shall not, by taking any such action become liable as a mortgagee in possession.

### **13.2 Reimbursement of expenses**

The Chargor shall reimburse the Security Trustee on demand for all properly incurred and documented costs and expenses incurred by the Security Trustee in anything done pursuant to the powers contained in Clause 15.1 (*Security Trustee's powers*) together with interest

from the date of payment by the Security Trustee until the reimbursement calculated in accordance with Clause 3.3 (*Interest*).

#### **14. WHEN SECURITY BECOMES ENFORCEABLE**

##### **14.1 Timing**

This Security shall become immediately enforceable if:

- (a) an Acceleration Event occurs; or
- (b) the Chargor requests the Security Trustee to exercise any of its powers under the STA.

##### **14.2 Enforcement**

After this Security has become enforceable the Security Trustee may in its absolute discretion enforce all or any part of this Security in accordance with the Finance Documents.

#### **15. ENFORCEMENT OF SECURITY**

##### **15.1 Security Trustee's powers**

Immediately upon this Security becoming enforceable or at any time thereafter the Security Trustee may do all or any of the following:

- (a) exercise the power of sale and all other rights, powers and discretions conferred on mortgagees by Section 101 of the Act as varied or extended by the STA;
- (b) appoint one or more qualified persons as an Administrator of the Chargor (to act together or independently of any other so appointed) in accordance with Schedule B1 to the Insolvency Act 1986 and, for this purpose, "qualified person means a person who, under the Insolvency Act 1986, is qualified to act as an administrator of any company with respect to which he is appointed;
- (c) subject to Section 72A of and paragraph 43 of Schedule A1 to the Insolvency Act 1986, appoint one or more persons as a Receiver of all or any part of the Security Assets;
- (d) exercise all the rights, powers and discretions conferred on a Receiver by the STA, the Act, the Insolvency Act 1986 or otherwise by law, without first appointing a Receiver or notwithstanding the appointment of a Receiver;
- (e) by notice to the Chargor end the Chargor's right to possession of all or any of its Real Property and enter in possession of all or such part of such Real Property;
- (f) exercise all other powers conferred on mortgagees or receivers by law;
- (g) to the extent that the STA constitutes a "security financial collateral arrangement" as defined in the Regulations, without notice to the Chargor, appropriate any Security Asset which constitutes "financial collateral" as defined in the Regulations in or towards satisfaction of the Security Obligations and for this purpose the value of the financial collateral so appropriated shall be:
  - (i) in the case of cash, the amount standing to the credit of each relevant account together with any accrued but unpaid interest at the time the right of appropriation is exercised;
  - (ii) in the case of any Investment, the market price of such Investment at the time the right of appropriation is exercised determined by the Security trustee in a

commercially reasonable manner (including by reference to a public index or independent valuation or other procedure selected by the Security Trustee acting reasonably); and

- (iii) in the case of any other Security Asset, such amount as the Security Trustee determines having taken into account advice obtained by it from an independent investment or accounting firm of national standing selected by it.

## **15.2 Consideration on a disposal**

The consideration for any sale or other disposal any of the Security Assets by the Security Trustee or any Receiver in the exercise of their respective powers may in addition to that permitted under the Act on a sale by a mortgagee consist of cash, shares, securities, debentures or other valuable consideration, may fluctuate according to or dependent upon profit or turnover or be determined by a third part, and may be payable in a lump sum or in instalments with or without security.

## **15.3 Leasing**

The statutory powers of leasing conferred on the Security Trustee are extended so as to authorise the Security Trustee to lease, make agreements for leases, accept surrenders of leases and grant options as the Security Trustee may think fit and without the need to comply with any provision of Sections 99 or 100 of the Act, and may be exercised by the Security Trustee at any time after this Security has become enforceable. Any lease granted will bind any holder of a subsequent Security deriving title under the Security Trustee.

## **15.4 Protection of third parties**

No person dealing with the Security Trustee or a Receiver will be concerned to enquire:

- (a) whether the Secured Obligations have become payable;
- (b) whether any right or power which the Security Trustee or a Receiver is purporting to exercise has arisen or become exercisable;
- (c) whether any money remains due under the STA or the other Finance Documents;
- (d) how any money paid to the Security Trustee or to a Receiver is to be applied; or
- (e) as to the propriety or regularity of such dealings.

## **15.5 Redemption of prior mortgages**

At any time after this Security has become enforceable, the Security Trustee may redeem any prior Security against any Security Asset, and/or procure the transfer of that Security to itself, and/or settle and pass the accounts of the prior mortgagee, charge or encumbrancer. Any accounts so settled and passed shall be conclusive and binding on the Chargor. All principal monies, interest, costs, charges and expenses of and incidental to any such redemption and/or transfer shall be paid by the Chargor to the Security Trustee on demand and form part of the Secured Obligations.

## **15.6 Receipts**

The receipt of the Security Trustee or the Receiver shall be an absolute and a conclusive discharge to a purchaser and shall relieve it of an obligation to see to the application of any monies paid to or by the direction of the Security Trustee or the Receiver.

## **15.7 General**



- (a) For the purposes of all rights, powers and discretions implied by statute or arising by law, the Secured Obligations are deemed to have become due and payable on the date of the STA.
- (b) The power of sale and all other powers conferred on mortgagees by Section 101 of the Act as varied or extended by the STA shall arise on the execution of the STA by the Chargor.
- (c) Section 103 of the Act (restricting the power of sale) and Section 93 of the Act (restricting the right of consolidation) do not apply to this Security.
- (d) The power to appoint a Receiver pursuant to Clause 15.1 (*Security Trustee's powers*) is in addition to the power to appoint a Receiver under Section 101 of the Act. Section 109(1) of the Act does not apply to the STA.

## **16. RECEIVER**

### **16.1 Appointment**

Any appointment of a Receiver by the Security Trustee shall be by deed or in writing under its hand.

### **16.2 Extension of appointment**

If a Receiver is appointed of part of the Security Assets, the Security Trustee may subsequently extend the appointment to all or any other part of the Security Assets or appoint another Receiver of any other part of the Security Assets.

### **16.3 Removal**

The Security Trustee may by writing under its hand or by deed subject to any requirement for an order of the court in the case of an administrative receiver:

- (a) remove any Receiver appointed by it; and
- (b) whenever it deems it expedient, appoint a new Receiver to be an additional Receiver or in the place of any Receiver whose appointment may for any reason have terminated.

### **16.4 Remuneration**

The Security Trustee may appoint any Receiver upon such terms as to remuneration and otherwise as the Security Trustee thinks fit, and the maximum rate specified in Sections 109(6) of the Act will not apply.

### **16.5 Payments to the Security Trustee**

Only monies actually paid by a Receiver to the Security Trustee in satisfaction or discharge of the Secured Obligations shall be capable of being applied by the Security Trustee for that purpose.

### **16.6 Agent of Chargor**

Each Receiver shall be the agent of the Chargor for all purposes and accordingly is deemed to be in the same position as a Receiver duly appointed by a mortgagee under the Act. The Chargor alone shall be responsible for his remuneration and for his contracts, engagements, acts, omissions defaults and losses and for liabilities incurred by him and the Security Trustee shall not incur any liability either to the Chargor or to any other person by reason of the Security Trustee making his appointment as a Receiver or for any other reason. If a liquidator

is appointed in respect of the Chargor, the Receiver shall act as principal and not as agent of the Security Trustee.

#### **16.7 Receivers of the same assets**

If at any time any two or more persons appointed by the Security Trustee hold office as Receivers of the same assets or income, each of them may exercise all rights, powers and discretions conferred on Receivers by the STA individually and to the exclusion of the other or others of them.

### **17. POWERS OF RECEIVER**

#### **17.1 General powers**

A Receiver has subject to any limitation or restriction expressed in the instrument appointment him all the rights, powers and discretions set out below in this Clause 17 in addition to those conferred on the Receiver by any law or otherwise conferred by the STA. Such rights, powers and discretions include:

- (a) in the case of an administrative receiver all the rights, powers and discretions conferred on an administrative receiver under the Insolvency Act 1986;
- (b) otherwise, all the rights, powers and discretions conferred on a receiver (or receiver or manager) under the Act or the Insolvency Act 1986.

#### **17.2 Possession**

A Receiver may take immediate possession of, collect and get in any Security Asset

#### **17.3 Comply with undertakings**

A Receiver may comply with and perform all of the undertakings and covenants of the Chargor contained in the STA.

#### **17.4 Carry on business**

A Receiver may carry on, manage, develop, amalgamate, reconstruct or diversify the whole or any part of the Chargor's business and, where the Chargor has one or more Subsidiaries, may supervise, control and finance any such Subsidiary or business.

#### **17.5 Building operations**

A Receiver may commence and/or complete any building operations or development on any Real Property subject to any of this Security and apply for and obtain any planning permissions, building regulation approvals and any other permissions, consents or licences, and may appoint and enter into contracts with building and engineering contractors or other contractors or professional advisors, in each such case as he may think fit.

#### **17.6 Repairs**

A Receiver may repair, decorate, maintain, furnish, alter or improve the Security Assets.

#### **17.7 Borrow money**

A Receiver may raise or borrow money either unsecured or on the security of any Security Asset either in priority to this Security or otherwise and generally on such terms as he may think fit.

#### **17.8 Subsidiaries**



A Receiver may for a Subsidiary of the Chargor and transfer any Security Asset to that Subsidiary on such terms and conditions as he thinks fit.

#### **17.9 Leasehold property**

If the Real Property subject to any of this Security is leasehold a Receiver may vary the terms of or surrender the lease and/or take a new lease of such Real Property on such terms as he may think fit. Any such new lease shall automatically be charged to the Security Trustee on the terms of the STA so far as applicable, but a Receiver shall if requested by the Security Trustee execute a formal legal charge over such new lease in favour of the Security Trustee in such form as the Security Trustee may require.

#### **17.10 Power of sale**

A Receiver may sell, transfer, assign, exchange, hire out, lend or otherwise convert into money or realise or dispose of the Security Assets or concur in any of the same, either by public auction or private contract or in any other manner, and generally in such manner and on such terms and conditions and for such consideration as he may think fit. Equipment, other than landlord's fixtures (where the Real Property subject to this Security is leasehold), may be severed and sold separately from such Real Property;

#### **17.11 Leases**

A Receiver may grant Leases of Real Property subject to this Security for any term and at any rent, with or without a premium, and otherwise on such terms and conditions as he may think fit and may accept surrenders of such Leases on such terms as he may think fit, with or without a premium to or by any tenant or other person.

#### **17.12 Transfers and other disposals**

A Receiver may carry any sale, letting, or other disposal into effect by transferring, letting or otherwise making such disposal in the name of the Chargor and for that purpose may give valid receipts for all monies and enter into covenants and contractual obligations in the name of and so as to bind the Chargor.

#### **17.13 Legal actions**

A Receiver may bring, prosecute, enforce, defend and abandon all actions, suits and proceedings in relation to the Security Assets or the business of the Chargor as he may think fit.

#### **17.14 Obligations in relation to the Security Assets**

A Receiver may enter into, perform, repudiate, rescind, rectify or vary contracts, bonds, covenants, commitments, guarantees, indemnities and similar matters in relation to the Security Assets and may make all payments needed to effect, maintain, perform or satisfy any of the same.

#### **17.15 Settle disputes**

A Receiver may settle, adjust, refer to arbitration, compromise and arrange any claims, accounts, disputes, questions and demands with or by a person who is or claims to be a credit of the Chargor or relating in any way to the Security Assets.

#### **17.16 Insurance**

A Receiver may effect such insurance of or in connection with the Security Assets as he may think fit.



#### **17.17 Employees**

A Receiver may engage or employ or dismiss managers, officers, contractors, agents, servants, workmen and others for any of the purposes referred to in this Clause 17 upon such terms as to remuneration or otherwise as he may think fit.

#### **17.18 Prior Security**

A Receiver may redeem, discharge or compromise any prior Security and settle the account of encumbrances on such terms as he may think fit.

#### **17.19 Act in Chargor's name**

A Receiver may do all acts and execute in the name and on behalf of the Chargor, any deed, receipt or other document.

#### **17.20 VAT**

A Receiver may take such elections, registrations and applications for VAT purposes as he may think fit, and may do so in, or use the Chargor's name, for any such purpose.

#### **17.21 Credit and guarantees**

A Receiver may lend money or extend credit to any customer of the Chargor, enter into bonds, covenants, commitments, guarantees, indemnities or like matters and make all requisite payments to effect, maintain or satisfy the same.

#### **17.22 Other acts**

A Receiver may do all other acts and things which he may consider to be necessary, expedient or desirable for preserving, improving or realising any Security Asset or the getting in and collection of the Security Assets (or any assets which when got in would constitute Security Assets) or which are incidental or conducive to any of the rights, powers and discretions conferred on a Receiver by or pursuant to the STA or by law.

#### **17.23 Other powers**

A Receiver may exercise in relation to the Security Assets all powers, authorities and things which he could exercise if he were the absolute beneficial owner of the Security Assets.

### **18. EXCLUSION OF LIABILITY**

#### **18.1 No obligation to recover**

Neither the Security Trustee nor any Receiver is under any obligation to take action to collect any money or enforce any rights comprised in the Security Assets whether or not it is in possession of the relevant Security Assets.

#### **18.2 No liability as mortgagee in possession**

Neither the Security Trustee nor any Receiver shall be liable, by reason of entering into possession of the Security Assets, to account as mortgagee or be liable for any loss on realisation or for any default or omission for which a mortgagee might be liable.

#### **18.3 Possession**

If the Security Trustee or any Receiver shall take possession of the Security Assets, it or he may at any time go out of possession. The Chargor will remain liable to observe and perform all conditions and obligations relating to its Security Assets.

#### **18.4 Losses on enforcement**



The Security Trustee or any Receiver will not be liable to the Chargor for any loss or damage arising from:

- (a) any sale of any Security Asset;
- (b) any act, default or omission of the Security Trustee or any Receiver in relation to any Security Asset; or
- (c) any exercise or non-exercise by the Security Trustee or any Receiver of any power conferred upon it in relation to any Security Asset by or pursuant to the STA or by the Act,

unless such loss or damage is caused by the fraud, gross negligence or wilful misconduct of the Security Trustee or any Receiver.

#### **18.5 Exercise of Power**

The Security Trustee executes the STA as security trustee in the exercise of the powers and authority conferred and vested in it under the Trust Deed and any other Finance Documents as trustee on behalf of the Secured Parties for whom it acts. It will exercise its powers and authority under the STA in the manner provided for in the Trust Deed and, in so acting, the Security Trustee shall have the protections, rights, powers, authorisations, indemnities and benefits conferred on it under and by the Trust Deed and the other Finance Documents.

### **19. APPLICATION OF PROCEEDS**

#### **19.1 Order of application**

Subject to any claims having priority to this Security all money recovered by the Security Trustee or any Receiver as a result of the enforcement of the STA or otherwise by reason of this Security will be applied in the following order:

- (a) in payment of all costs, fees, taxes and expenses incurred by the Security Trustee or any Receiver in or pursuant to the exercise of the powers set out in the STA and all other outgoings properly payable by any Receiver;
- (b) in payment of remuneration to any Receiver;
- (c) in or towards payment of the Secured Obligations in accordance with the Trust deed; and
- (d) the balance) will be applied as required by law.

The Security Trustee may at any time vary such order in its absolute discretion.

#### **19.2 Contingent or future liabilities**

If any money is received by the Security Trustee or a Receiver as a result of the enforcement of or otherwise by reason of this Security at a time when the Secured Obligations include contingent or future liabilities the Security Trustee or any Receiver may hold some or all of such money in an interest-bearing suspense account.

#### **19.3 Insurance monies**

Any insurance monies received by a Receiver deriving from any Insurance Policy which form part of the Security Assets shall be applied in accordance with Clause 12.3 (*Proceeds*) and Section 109(8) of the Act shall not apply.

### **20. EXPENSES AND PAYMENTS**





## **20.1 Enforcement and preservations costs**

All costs and expenses (including legal fees), charges and liabilities incurred in connection with the negotiation, preparation, printing, execution, registration and perfection, enforcement of, or the preservation of any rights under, the STA by the Security Trustee or any Receiver shall be paid by the Chargor to the Security Trustee on demand.

## **20.2 Indemnity**

The Chargor shall indemnify the Security Trustee and any Receiver upon demand against all liabilities, claims and expenses whether arising out of contract or in tort or in any other way which may at any time be incurred by any of them in connection with the STA or for anything done or omitted to be done in the exercise or purported exercise of their powers pursuant to the STA unless such liabilities, claims and expenses are caused by the fraud, gross negligence or wilful default of the Security Trustee or such Receiver.

## **20.3 Stamp taxes**

The Chargor shall pay and, within three Business Days of demand, indemnify and/or secure the Security Trustee and any Receiver against any cost, loss or liability the Security Trustee or Receiver incurs in relation to all stamp duty, stamp duty land tax, registration and other similar taxes payable in respect of or in connection with the entry into, performance or enforcement against the Chargor of the STA.

## **20.4 VAT**

Where the STA requires the Chargor to reimburse or indemnify and/or secure the Security Trustee or any Receiver for any costs or expenses the Chargor shall at the same time pay and indemnify and/or secure the Security Trustee or any Receiver against all VAT incurred by the Security Trustee or any Receiver in respect of the costs and expenses to the extent that the Security Trustee or any Receiver determines that it is not entitled to credit or repayment of the VAT. All amounts payable by the Chargor under the STA are exclusive of VAT. The Chargor will, in addition, pay any applicable VAT on those amounts.

## **21. DELEGATION OF POWERS BY SECURITY TRUSTEE OR RECEIVER**

### **21.1 Delegation**

Clause 2.16 (*Delegation by the Security Trustee*) of the Trust Deed is incorporated into the STA.

### **21.2 No liability for delegates**

Neither the Security Trustee nor any Receiver will be in any way liable or responsible to the Chargor for any loss or liability arising from any act, default, omission or misconduct on the part of any such delegate or sub-delegate.

### **21.3 Construction of the STA**

References in the STA to the Security Trustee or a Receiver shall be deemed to include references to any delegate of the Security Trustee or Receiver appointed in accordance with this Clause 21.

## **22. FURTHER ASSURANCE**

When required by the Security Trustee or any Receiver the Chargor shall, at its own cost convey, transfer, assign or otherwise deal with any Security Assets in such manner as the Security Trustee or any Receiver may require in connection with any enforcement of any of this Security.

## **23. POWER OF ATTORNEY**

### **23.1 Grant power of attorney**

The Chargor, by way of security, irrevocably and severally appoints the Security Trustee and each Receiver to be its attorney in its name and on its behalf, after the occurrence of an Event of Default which is continuing, to take any action which the Chargor is or may be obliged to take under or pursuant to the STA or which the Security Trustee or any Receiver in its or his sole and absolute discretion considers to be requisite, expedient or appropriate in order to carry any sale, lease or other disposal into effect, or to execute any deed, document or instrument, or to convey or transfer any legal estate or other interest in any asset, or to get in the Security Assets, or generally to enable the Security Trustee or a Receiver to exercise the respective rights, powers and discretions conferred on them by or pursuant to the STA or by law.

### **23.2 Ratification**

The Chargor agrees to ratify and confirm whatever any such attorney shall do, or attempt to do, in the exercise or purported exercise of the power of attorney granted under this Clause 23.

### **23.3 Appropriation**

The power of attorney conferred on the Security Trustee and each Receiver shall continue notwithstanding the exercise by the Security Trustee of any right of appropriation pursuant to Clause 15.1 (*Security Trustee's powers*).

## **24. NON-RELEASE PROVISIONS**

### **24.1 Waiver of defenses**

The obligations and liabilities of the Chargor under the STA and this Security will not be affected by an act, omission or thing which but for this Clause would reduce, release or prejudice any of such obligations and liabilities or Security including:

- (a) any time, waiver or consent granted to, or composition with, the Charger or other person;
- (b) the release of the Chargor or any other person under the terms of any composition or arrangement;
- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or Security over property of, the Chargor or other person;
- (d) 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;
- (e) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of the Chargor or any other person;
- (f) any amalgamation, merger or reconstruction of the Security Trustee with any other person or any sale or transfer of the whole or any part of the assets of the Security Trustee to any other person;
- (g) the existence of any claim, set-off or other rights which any other chargor may have at any time against the Security Trustee, whether in connection with the Finance Documents or otherwise;

- (h) any novation, amendment however fundamental or replacement of a Finance Document or any other document or Security;
- (i) any obligation of any person under any Finance Document or any other document or Security being void, voidable, invalid, unenforceable or otherwise irrevocable; or
- (j) any insolvency or similar proceedings.

#### **24.2 Immediate recourse**

The Chargor waives any right it may have of first requiring the Security Trustee to proceed against or enforce any other rights or Security or claim payment from any person before enforcing this Security. This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.

#### **24.3 Appropriations**

During the Security Period the Security Trustee may:

- (a) refrain from applying or enforcing any monies, Security or rights held or received by it (or any trustee or agent on its behalf) in respect of the Secured Obligations, or, subject to Clause 19 (*Application of proceeds*), apply and enforce the same in such manner and order as it sees fit (whether against the Secured Obligations or otherwise) and the Chargor shall not be entitled to the benefit of the same; and
- (b) hold in an interest-bearing suspense account any monies received from the Chargor for or on account of the Secured Obligations.

#### **24.4 Deferral of Chargor's rights**

Until the expiry of the Security Period and unless the Security Trustee otherwise directs, the Chargor will not exercise any rights which it may have by reason of the enforcement of the STA to:

- (a) be indemnified by any other person in respect of any obligations and liabilities of that person under the Finance Documents;
- (b) claim any contribution from any other person in respect of any obligations and liabilities of that person under the Finance Documents;
- (c) take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Security Trustee under the Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Finance Documents by the Security Trustee; and /or
- (d) exercise any right of quasi-retainer or other analogous equitable right.

#### **24.5 Turnover**

If the Chargor receives any benefit, payment or distribution in relation to the rights referred to in Clause 24.4 (*Deferral of Chargor's rights*) it shall hold that benefit, payment or distribution on trust for the Security Trustee and shall promptly pay or transfer the same to the Security Trustee or as the Security Trustee may direct for application in or towards discharge of the Secured Obligations.

### **25. RELEASE AND RECOURSE**

#### **25.1 Release of Security Assets**




Upon the expiry of the Security Period (but not otherwise), the Security Trustee shall, at the request and cost of the Chargor:

- (a) take whatever action is necessary to release the Security Assets from, and/or cancel, this Security; and
- (b) reassign or procure the reassignment to the Chargor of the assets assigned by it to the Security Trustee pursuant to the STA,

in each case subject to Clause 25.2 (Releases conditional) and without recourse to, or any representation or warranty by, the Security Trustee or any of its nominees.

## **25.2 Releases conditional**

Any settlement, release or discharge under the Deed between the Security Trustee and the Chargor will be conditional upon no security or payment to the Security Trustee by the Chargor or any other person being avoided or set aside or ordered to be refunded or reduced by virtue of any provision or enactment relating to bankruptcy, winding-up, administration or insolvency for the time being in force, and if such condition is not satisfied, the Security Trustee will be entitled to recover from the Chargor on demand the value of such security or the amount of any such payment as if such settlement, release or discharge had not occurred and/or to enforce this Security to the full extent of the Secured Obligations. The Security Trustee may concede or compromise any claim that any payment, security or disposition is liable to avoidance, refund or reduction.

## **26. BENEFIT OF THE STA**

### **26.1 Assignment by the Security Trustee**

- (a) The Security Trustee may only assign or transfer all or any part of its rights and obligations under the STA to a successor in accordance with the Deed.
- (b) Upon giving the consent required under Clause 26.1(a) above, the Chargor:
  - (i) agrees to enter into any documents specified by the Security Trustee to be necessary or desirable to give effect to such assignment or transfer, and
  - (ii) authorises the Security Trustee to execute on its behalf any such document the Security Trustee considers necessary or desirable in relation to the creation, perfection or maintenance of this Security and any assignment or transfer contemplated by such provisions.

### **26.2 No assignment by the Chargor**

No Chargor may assign or transfer all or any part of its rights and/or obligations under the STA.

### **26.3 Disclosure of information**

The Security Trustee may disclose to:

- (a) any person to (or through) whom it assigns or transfers (or may potentially assign or transfer) this Security or all or any of its rights and obligations under the STA;
- (b) any Receiver or proposed replacement or additional Receiver;
- (c) any person with (or through) whom it enters into (or may potentially enter into) any arrangement in relation to, or any other transaction under which payments are to be made by reference to, the Secured Obligations; or

- (d) any person to whom, and to the extent that, information is required to be disclosed by any applicable law or regulation,

any information about the Chargor and the STA as the Security Trustee shall consider appropriate.

#### **26.4 Change in name or constitution**

The STA shall remain valid and enforceable notwithstanding any change in the name, composition or constitution of any party or any merger, amalgamation or consolidation of such party with any other corporation or any reconstruction or reorganisation of any kind.

#### **27. NOTICES**

Clause 12.2 (Notices) of the Trust Deed is incorporated into the STA.

#### **28. MISCELLANEOUS**

##### **28.1 Continuing security**

This Security is continuing and will extend to the ultimate balance of all the Secured Obligations, regardless of any intermediate payment or discharge in whole or in part.

##### **28.2 Additional Security**

This Security is in addition to and is not in any way prejudiced by any bill, note, guarantee, indemnity or other Security now or subsequently held by the Security Trustee for any of the Secured Obligations.

##### **28.3 New accounts**

If the Security Trustee receives, or is deemed to be affected by, notice, whether actual or constructive, of any subsequent Security or other interest affecting any Security Asset and/or the proceeds of sale of any Security Asset, or this Security for any reason ceases to be a continuing security in respect of the Chargor, the Security Trustee may open a new account for the Chargor. If the Security Trustee does not open a new account, it shall nevertheless be treated as if it had done so at the time when it received or was deemed to have received notice. As from that time all payments made to the Security Trustee will be credited or be treated as having been credited to the new account and will not operate to reduce any amount for which the STA is security.

##### **28.4 No deduction or withholding**

All payments made by the Chargor to the Security Trustee under the STA shall (save in so far as required by law to the contrary) be paid in full without set-off or counterclaim and free and clear of and without any deduction or withholding or payment for or on account of any present or future tax, levy, duty, impost or other charge or withholding or a similar nature. If the Chargor shall be required by law to affect any such deduction or withholding or payment the Chargor shall immediately pay to the Security Trustee such additional amount as will result in the immediate receipt by the Security Trustee of the full amount which would otherwise have been received had no such deductions withholding or payment been made.

##### **28.5 Set-off**

The Security Trustee may set off any matured obligation owed by the Chargor to the Security Trustee against any obligation whether or not matured owed by the Security Trustee to the Chargor regardless of the place of payment, or currency of either obligation. If the obligations are in different currencies, the Security Trustee may convert either obligation at a market rate

of exchange for the purpose of the set-off in an amount estimated by it in good faith to be the amount of that obligation.

#### **28.6 Remedies**

No failure to exercise, nor any delay in exercising, on the part of the Security Trustee, any right or remedy under the STA, shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in the STA are cumulative and not exclusive of any rights or remedies provided by law.

#### **28.7 Waivers**

A waiver given, or consent granted by the Security Trustee under the STA will be effective only if given in writing and then only in the instance and for the purpose for which it is given.

#### **28.8 Partial invalidity**

If, at any time, any provision of the STA is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

#### **28.9 Amendments**

Any term of the STA may be amended, varied or supplemented with the consent of the Security Trustee and the Chargor and by an instrument in writing signed by the parties to the STA and any such amendment, variation or supplement will be binding on the Security Trustee and the Chargor.

#### **28.10 Certificates and determinations**

Any certification or determination by the Security Trustee of a rate or amount under the STA is, in the absence of manifest or proven error, conclusive evidence of the matter to which it relates.

#### **28.11 Accounts**

In any litigation or arbitration proceedings arising out of or in connection with the STA, the entries made in the accounts maintained by the Security Trustee are *prima facie* evidence of the matters to which they relate.

#### **28.12 Currency**

- (a) In this Clause, the "**Spot Rate**" means the Security Trustee's spot rate of exchange for the purchase of any currency with any other currency in the London foreign exchange market.
- (b) The Security Trustee may convert any monies received, recovered or realised in any currency under the STA (including the proceeds of any previous conversion under this Clause) from their existing currency into any other currency, by purchasing that other currency at the Spot Rate.
- (c) If the Chargor fails to pay any sum under the STA on the due date, the Security Trustee may, without notice to the Chargor, purchase at the Spot Rate any currency which the Security Trustee considers necessary or desirable to cover the liabilities of the Chargor to pay that sum.

#### **28.13 Currency indemnity**



- (a) If any sum due from the Chargor under the STA (a "**Sum**"), or any order, judgement or award given or made in relation to a Sum, has to be converted from the currency (the "**First Currency**") in which that Sum is payable into another currency (the "**Second Currency**") for the purpose of:

- (i) making or filing a claim or proof against the Chargor; or
- (ii) obtaining or enforcing an order, judgement or award in relation to any litigation or arbitration proceedings,

the Chargor shall as an independent obligation, within three Business Days of demand, indemnify and/or secure the Security Trustee against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to the Security Trustee at the time of its receipt of that Sum.

- (b) The Chargor waives any right it may have in any jurisdiction to pay any amount under the STA in a currency or currency unit other than that in which it is expressed to be payable.

#### **28.14 Counterparts**

The STA may be executed in any number of counterparts, and this has the same effect as if the signature on the counterparts were on a single copy of the STA.

#### **29. GOVERNING LAW**

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

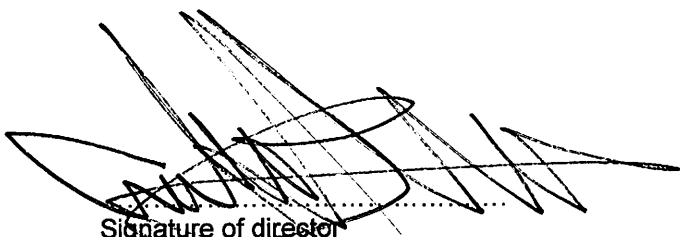
#### **30. JURISDICTION AND ENFORCEMENT**

- (a) The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with the STA including a dispute regarding the existence, validity or termination of the STA or any non-contractual obligations arising out of or in connection with the STA (a "**Dispute**").
- (b) The Security Trustee and the Chargor agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly neither of them will argue to the contrary.
- (c) This Clause 30 is for the benefit of the Security Trustee only. As a result, the Security Trustee shall not be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Security Trustee may take concurrent proceedings in any number of jurisdictions.


**EXECUTED** as a deed and delivered by the Chargor and signed on behalf of the Security Trustee on the date stated at the beginning of this document.

#### **The Issuer**

**EXECUTED as a DEED by MIXG LIMITED** acting by a director in the presence of:

  
Signature of director

31

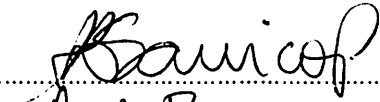


CHRIS MADEIRA  
Name of a director

Witness Signature:

Witness Name:

Witness Address:

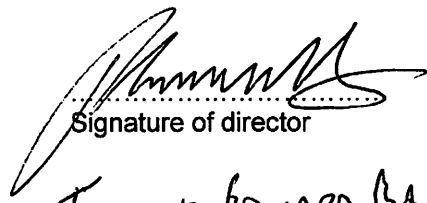
  
ANA PEREIRA  
FLAT 1, GARGANEY COURT  
ELGAR AVENUE

Witness Occupation:

MAYFAIR FLOOR MANAGER

**The Security Trustee**

**EXECUTED as a DEED by EQUITY FOR GROWTH  
(SECURITIES) LIMITED**  
acting by a director in the presence of:

  
Signature of director


TIMOTHY HOWARD BAYLIS  
Name of a director

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

  
CHRIS BAYLIS  
27 PINKNEY ROAD  
ECKHAM  
LONDON SW6 2AS  
ACCOUNTANT