



Registration of a Charge

Company name: **HORNBY HOBBIES LIMITED**

Company number: **02065081**



X7862Y3V

Received for Electronic Filing: **15/06/2018**

Details of Charge

Date of creation: **05/06/2018**

Charge code: **0206 5081 0006**

Persons entitled: **PHOENIX UK FUND LTD**

Brief description: **INTELLECTUAL PROPERTY INCLUDES TRADEMARKS SUCH AS AIRFIX AND CORGI. FOR FURTHER INFORMATION SEE THE INSTRUMENT.**

Contains fixed charge(s).

Contains floating charge(s) .

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:

TAYLOR WESSING LLP



CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 2065081

Charge code: 0206 5081 0006

The Registrar of Companies for England and Wales hereby certifies that a charge dated 5th June 2018 and created by HORNBY HOBBIES LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 15th June 2018 .

Given at Companies House, Cardiff on 19th June 2018

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



Companies House



**THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES**

DATED

5 June

2018

**(1) PHOENIX UK FUND LTD
as Lender**

- and -

**(2) THE COMPANIES NAMED IN THIS DEED AS SECURITY OBLIGORS
as Security Obligors**

**COMPOSITE GUARANTEE AND
DEBENTURE**

This Deed is subject to the terms of the Intercreditor Deed (as defined herein)

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THIS COMPOSITE GUARANTEE AND DEBENTURE is made on **5 June** 2018
BETWEEN

- (1) **PHOENIX UK FUND LTD** a company incorporated in the Bahamas (company number 72,182 B) c/o Phoenix Asset Management Partners Limited a company incorporated in England and Wales (company number **03514660**), 64-66 Glentham Road, Barnes, London, SW13 9JJ (the "**Lender**"); and
- (2) **THE COMPANIES LISTED IN SCHEDULE 1 TO THIS DEED** (the "**Security Obligors**" and each a "**Security Obligor**").

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Deed:

(a) terms defined in, or construed for the purposes of, the Shareholder Loan Agreement (as defined below) have the same meanings when used in this Deed (unless the same are otherwise defined in this Deed); and

(b) the following terms have the following meanings:

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

"**Assigned Assets**" means the Security Assets expressed to be assigned pursuant to clause 5.2 (*Security assignments*);

"**A/R**" means an account receivable arising under a contract of sale and other financial obligation due or owing to a Security Obligor under a contract of sale (including, in each case, any applicable tax payable by the debtor to that Security Obligor), and where the context so admits shall include a part of an account receivable;

"**Charged Investments**" means the Charged Securities and all present and future Securities Rights accruing to all or any of the Charged Securities;

"**Charged Securities**" means the Securities specified in part 3 of schedule 3 (*Details of Security Assets*);

"**Default rate**" means LIBOR plus 2 per cent.;

"**Finance Documents**" means the Shareholder Loan Agreement, this Deed and any other documents designated as such by the Lender and the Security Obligors from time to time;

"**Guarantee**" means the guarantee and indemnity contained in clause 2 (*Guarantee and indemnity*) as extended by schedule 2 (*The Guarantee*);

"Insurances" means all policies of insurance (and all cover notes) which are at any time held by, or written in favour of, a Security Obligor or in which a Security Obligor from time to time has an interest, including, for the avoidance of doubt, Inventory Insurances, but excluding any third party liability insurance, directors' and officers' liability insurance and public liability insurance;

"Intellectual Property" means all present and future Intellectual Property Rights;

"Intellectual Property Rights" means:

- (a) any patents, trademarks, service marks, designs, business names, copyrights, design rights, moral rights, inventions, confidential information, know-how and other intellectual property rights and interests whether registered or unregistered; and
- (b) the benefit of all applications and rights to use such assets of each Security Obligor;

"Inventory" means raw materials, work in progress and finished goods, being the stock-in-trade of the Security Obligors;

"Inventory Insurances" means those policies of insurance (if any) specified in part 5 of schedule 3 (*Details of Security Assets*)) and any other policies of insurance which may replace those policies of insurance;

"Intercreditor Deed" means the intercreditor deed dated on or around the date of this Deed and made between (1) PNC Business Credit a trading style of PNC Financial Services UK Ltd, (2) the Lender and (3) the Security Obligors;

"Master Facilities Agreement" means the master facilities agreement dated the same date as this Deed and made between (1) PNC Business Credit a trading style of PNC Financial Services UK Ltd as lender, (2) the companies listed therein as obligors, (3) the companies listed therein as security obligors and (4) Hornby PLC as parent, pursuant to which PNC Business Credit a trading style of PNC Financial Services UK Ltd has agreed to make certain accounts receivables facilities and certain asset based lending facilities available to the Security Obligors;

"Other Proceeds" means all and any monies paid to a Trust Account which are not the proceeds of A/R;

"Other Receivables" means, save for A/R, all present and future book debts and other debts, rentals, royalties, fees, VAT and monetary claims and all other amounts at any time recoverable or receivable by, or due or owing to, any Security Obligor (whether actual or contingent and whether arising under contract or in any other manner whatsoever) together with:

- (a) the benefit of all rights, guarantees, Security Interests and remedies relating to any of the foregoing (including, without limitation, negotiable instruments, indemnities, reservations of property rights, rights of tracing and unpaid vendor's liens and similar associated rights); and
- (b) all proceeds of any of the foregoing;

"Party" means a party to this Deed;

"P&M" means all plant, machinery, other capital equipment (excluding Inventory) owned by a Security Obligor from time to time wherever located and all spare parts, replacements, modifications and additions for or to the same and any manuals, logbooks or registration documents relating thereto;

"P&M Insurances" means those policies of insurance (if any) specified in part 6 of schedule 3 (*Details of Security Assets*)) and any other policies of insurance which may replace those policies of insurance;

"Real Property" means all estates and interests in freehold, leasehold and other immovable property (wherever situated) now or in future belonging to a Security Obligor, or in which that Security Obligor has an interest at any time, together with:

- (a) all buildings and fixtures (including trade fixtures) and fixed P&M at any time thereon;
- (b) all easements, rights and agreements in respect thereof; and
- (c) the benefit of all covenants given in respect thereof;

"Real Property Insurances" means those policies of insurance (if any) specified in part 7 of schedule 3 (*Details of Security Assets*)) and any other policies of insurance which may replace those policies of insurance;

"Receiver" means any receiver or receiver and manager appointed by the Lender under this Deed;

"Secured Obligations" means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or alone or in any other capacity whatsoever) of any Security Obligor to the Lender under or pursuant to any Finance Document (including all monies covenanted to be paid under this Deed);

"Securities" means all stocks, shares, debentures, bonds, warrants, coupons, negotiable instruments, certificates of deposit or other securities or "*investments*" (as defined in part II of schedule II to the Financial Services and Markets Act 2000 as in force at the date of this Deed) now or in future owned (legally or beneficially) by a Security Obligor, held by a nominee on its behalf or in which such Security Obligor has an interest at any time;

"Securities Rights" means:

- (a) all dividends, distributions and other income paid or payable on the relevant Securities or Charged Securities or on any asset referred to in paragraph (b) of this definition;
- (b) all rights, monies or property accruing or offered at any time in relation to such Securities or Charged Securities whether by way of redemption, substitution, exchange, bonus or preference, under option rights or otherwise;

"Security" means the Security Interests created by or pursuant to this Deed;

"Security Assets" means all property and assets from time to time mortgaged, charged or assigned (or expressed to be mortgaged, charged or assigned) by or pursuant to this Deed;

"Security Period" means the period beginning on the date of this Deed and ending on the date on which:

- (a) all the Secured Obligations have been unconditionally and irrevocably paid and discharged in full; and
- (b) the Lender has no further commitment, obligation or liability under or pursuant to the Shareholder Loan Agreement; and

"Shareholder Loan Agreement" means the loan agreement dated on or around the date of this Deed and made between (1) Hornby Hobbies Limited as Borrower and the Lender (2).

1.2 Interpretation

- (a) Unless a contrary indication appears, any reference in this Deed to:
 - (i) an **"Obligor"**, a **"Security Obligor"** or **"Lender"** shall be construed so as to include its successors in title, permitted assigns and permitted transferees;
 - (ii) **"this Deed"**, the **"Shareholder Loan Agreement"**, any other **"Finance Document"** or any other agreement or instrument shall be construed as a reference to this Deed, the Shareholder Loan Agreement, such other Finance Document or such other agreement or instrument as varied, amended, supplemented, extended, restated, novated and/or replaced in any manner from time to time (however fundamentally and even if any of the same increases the obligations of any member of the Group or provides for further advances);
 - (iii) **"assets"** includes any present and future properties, revenues and rights of every description and includes uncalled capital;
 - (iv) an Event of Default that is **"continuing"** shall be construed as meaning an Event of Default that has either not been remedied within any applicable grace period to the satisfaction of the Lender or waived in writing by the Lender and any waiver given by the Lender shall only apply to the specific occurrence of the specific event referred to in such waiver;
 - (v) an Event of Default is **"continuing"** if it has either not been remedied or waived in writing, in all such cases to the satisfaction of the Lender. Any waiver given by the Lender shall only apply to the specific occurrence of the specific event referred to in such waiver.
 - (vi) **"including"** or **"includes"** means including or includes without limitation;
 - (vii) **"Secured Obligations"** includes obligations and liabilities which would be treated as such but for the liquidation or dissolution of or similar event affecting any member of the Group;
 - (viii) a provision of law is a reference to that provision as amended or re-enacted; and

- (ix) the singular includes the plural and vice versa.
- (b) References to clauses, paragraphs and schedules are to be construed, unless otherwise stated, as references to clauses, paragraphs and schedules of and to this Deed and references to this Deed include its schedules.
- (c) Clause and schedule headings are for convenience only and shall not affect the construction of this Deed.
- (d) Each undertaking of any Security Obligor contained in this Deed must be complied with at all times during the Security Period.
- (e) The terms of the other Finance Documents and of any side letters between any of the parties thereto in relation to any Finance Document are incorporated in this Deed to the extent required to ensure that any disposition of the property contained in this Deed is a valid disposition in accordance with section 2(1) of the Law of Property (Miscellaneous Provisions) Act 1989.
- (f) If Lender reasonably considers that an amount paid by any Security Obligor to the Lender under a Finance Document is capable of being avoided or otherwise set aside on the liquidation or administration of such Security Obligor, then that amount shall not be considered to have been irrevocably paid for the purposes of this Deed.
- (g) The liabilities and obligations of each Security Obligor under this Deed shall be joint and several. Each Security Obligor agrees to be bound by this Deed notwithstanding that any other Security Obligor which was intended to sign or be bound by this Deed did not so sign or is not bound by this Deed.
- (h) The Parties intend that this document shall take effect as a deed notwithstanding the fact that a Party may only execute this document under hand.

1.3 Third party rights

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

1.4 Intercreditor Deed

The terms of this Deed are subject to the terms and conditions of the Intercreditor Deed.

2. GUARANTEE AND INDEMNITY

2.1 Guarantee and indemnity

Each Security Obligor irrevocably and unconditionally:

- (a) guarantees in favour of the Lender punctual performance by each Security Obligor of all obligations of each Security Obligor under the Finance Documents;

- (b) undertakes in favour of the Lender that whenever a Security Obligor does not pay any amount when due under, or in connection with, any Finance Document, such Security Obligor shall immediately on demand pay that amount as if it were the principal obligor; and
- (c) indemnifies the Lender immediately on written demand against any cost, loss or liability suffered by the Lender, if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal. The amount of the cost, loss or liability shall be equal to the amount which the Lender would otherwise have been entitled to recover under the guarantee.

2.2 Extension of guarantee

The guarantee set out in this clause 2 is given subject to and with the benefit of the provisions set out in schedule 2 (*The Guarantee*).

3. COVENANT TO PAY

3.1 Covenant to pay

Each Security Obligor, as principal obligor and not merely as surety, covenants in favour of the Lender that it will pay and discharge the Secured Obligations from time to time when they fall due.

3.2 Default interest

- (a) Any amount which is not paid under this Deed when due shall bear interest (both before and after judgment and payable on written demand) from the due date until the date on which such amount is unconditionally and irrevocably paid and discharged in full on a daily basis at the Default Rate from time to time.
- (b) Default interest will accrue from day to day and will be compounded at such intervals as the Lender states are appropriate.

4. GRANT OF SECURITY

4.1 Nature of security

All Security Interests and dispositions created or made by or pursuant to this Deed are created or made:

- (a) in favour of the Lender;
- (b) with full title guarantee in accordance with the Law of Property (Miscellaneous Provisions) Act 1994; and
- (c) as continuing security for payment of the Secured Obligations.

4.2 Qualifying floating charge

Paragraph 14 of schedule B1 to the Insolvency Act 1986 applies to any floating charge created by or pursuant to this Deed (and each such floating charge is a qualifying floating charge for the purposes of the Insolvency Act 1986).

5. FIXED SECURITY

5.1 Fixed charges

Each Security Obligor charges and agrees to charge all of its present and future right, title and interest in and to the following assets which are at any time owned by it, or in which it from time to time has an interest:

- (a) by way of first fixed charge:
 - (i) all Real Property and all interests in Real Property;
 - (ii) all licences to enter upon or use land and the benefit of all other agreements relating to land; and
 - (iii) the proceeds of sale of all Real Property;
- (b) by way of first fixed charge all P&M and the benefit of all contracts, licences and warranties relating to the same;
- (c) by way of first fixed charge:
 - (i) all computers, vehicles, office equipment and other equipment; and
 - (ii) the benefit of all contracts, licences and warranties relating to the same,

other than any which are for the time being part of any Security Obligor's Inventory;

- (d) by way of first fixed charge the Charged Securities;
- (e) by way of first fixed charge all Securities Rights from time to time accruing to the Charged Securities;
- (f) by way of first fixed charge all rights which a Security Obligor may have at any time against any clearance or settlement system or any custodian in respect of any Charged Securities;
- (g) by way of first fixed charge all Securities (not charged by clause 5.1(d)),
- (h) by way of first fixed charge (A) all Securities Rights from time to time accruing to those Securities and (B) all rights which such Security Obligor may have at any time against any clearance or settlement system or any custodian in respect of any Securities;
- (i) by way of first fixed charge the Intellectual Property (if any) specified in part 4 of schedule 3 (*Details of Security Assets*);
- (j) by way of first fixed charge all Intellectual Property (if any) not charged by clause 5.1(q);
- (k) to the extent that any Assigned Asset is not effectively assigned under clause 5.2 (*Security assignments*), by way of first fixed charge, such Assigned Asset;

- (l) by way of first fixed charge (to the extent not otherwise charged or assigned in this Deed):
 - (i) the benefit of all licences, consents, agreements and authorisations held or used in connection with the business of such Security Obligor or the use of any of its assets; and
 - (ii) any letter of credit issued in favour of such Security Obligor and all bills of exchange and other negotiable instruments held by it; and
- (m) by way of first fixed charge all of the goodwill and uncalled capital of such Security Obligor.

5.2 Security assignments

Each Security Obligor assigns and agrees to assign absolutely (subject to a proviso for reassignment on redemption) all its present and future right, title and interest in and to:

- (a) the proceeds of the sale of any Charged Securities;
- (b) the proceeds of the sale of any Intellectual Property specified in part 4 of schedule 3 (*Details of Security Assets*);
- (c) the Inventory Insurances, all claims under the Inventory Insurances and the proceeds of the Inventory Insurances;
- (d) the P&M Insurances, all claims under the P&M Insurances and the proceeds of the P&M Insurances;
- (e) the Real Property Insurances, all claims under the Real Property Insurances and the proceeds of the Real Property Insurances;
- (f) the Insurances, all claims under the Insurances and all proceeds of the Insurances; and
- (g) Other Receivables (not assigned under clauses 5.2(a) to 5.2(f) (inclusive) above.

To the extent that any Assigned Asset described in clauses 5.2(a) to 5.2(g) inclusive is not assignable, the assignment which that clause purports to effect shall operate as an assignment of all present and future rights and claims of such Security Obligor to any proceeds of an Assigned Asset.

5.3 Assigned Assets

The Lender is not obliged to take any steps necessary to preserve any Assigned Asset, or to make any enquiries as to the nature or sufficiency of any payment received by it pursuant to this Deed.

6. FLOATING CHARGE

Each Security Obligor charges and agrees to charge by way of first floating charge all of its present and future:

- (a) assets and undertaking (wherever located) which are not effectively charged by way of first fixed mortgage or charge or assigned pursuant to clause 5.1 (*Fixed charges*), clause 5.2 (*Security assignments*) or any other provision of this Deed; and
- (b) (whether or not effectively so charged or assigned) heritable property and all other property and assets in Scotland.

7. CONVERSION OF FLOATING CHARGE

7.1 Conversion by notice

The Lender may, by written notice to a Security Obligor, convert the floating charge created under this Deed into a fixed charge as regards all or any of the assets of such Security Obligor specified in the notice if:

- (a) an Event of Default has occurred and is continuing; or
- (b) the Lender (acting reasonably) considers any Security Assets (whether or not those specified in the notice) 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.

7.2 Small companies

The floating charge created under this Deed by any Security Obligor shall not convert into a fixed charge solely by reason of a moratorium being obtained under the Insolvency Act 2000 (or anything done with a view to obtaining such a moratorium) in respect of such Security Obligor.

7.3 Automatic conversion

The floating charge created under this Deed shall (in addition to the circumstances in which the same will occur under general law) automatically convert into a fixed charge:

- (a) in relation to any Security Asset which is subject to a floating charge if:
 - (i) such Security Obligor creates (or attempts or purports to create) any Security Interest on or over the relevant Security Asset other than as permitted under the Master Facilities Agreement or as permitted under the Finance Documents or without the prior written consent of the Lender; or
 - (ii) any third party levies or attempts to levy any distress, execution, attachment or other legal process against any such Security Asset; and
- (b) over all Security Assets of a Security Obligor which are subject to a floating charge if an administrator is appointed in respect of such Security Obligor or the Lender receives notice of intention to appoint such an administrator.

7.4 Partial conversion

The giving of a notice by the Lender pursuant to clause 7.1 (*Conversion by notice*) in relation to any class of assets of any Security Obligor shall not be construed as a waiver or abandonment of the rights of the Lender to serve similar notices in respect of any other class of assets or of any other right of the Lender.

8. CONTINUING SECURITY

8.1 Continuing security

The Security is continuing and will extend to the ultimate balance of the Secured Obligations regardless of any intermediate payment or discharge in whole or in part. This Deed shall remain in full force and effect as a continuing security for the duration of the Security Period.

8.2 Additional and separate security

This Deed is in addition to, without prejudice to, and shall not merge with, any other right, remedy, guarantee or Security Interest which the Lender may at any time hold for any Secured Obligation.

8.3 Right to enforce

This Deed may be enforced against each or any Security Obligor without the Lender first having recourse to any other right, remedy, guarantee or Security Interest held by or available to it.

9. LIABILITY OF SECURITY OBLIGORS RELATING TO SECURITY ASSETS

Notwithstanding anything contained in this Deed or implied to the contrary, each Security Obligor remains liable to observe and perform all conditions and obligations assumed by it in relation to the Security Assets. The Lender is under no obligation to perform or fulfil any such condition or obligation or to make any payment in respect of any such condition or obligation.

10. ACCOUNTS

No monies at any time standing to the credit of any account (of any type and however designated) of any Security Obligor with the Lender or in which any Security Obligor has an interest (and no rights and benefits relating thereto) shall be capable of being assigned to any third party without Lender's prior written consent.

11. REPRESENTATIONS

11.1 General

Each Security Obligor makes the representations and warranties set out in this clause 11 to the Lender.

11.2 No Security Interests

Its Security Assets are, or when acquired will be, beneficially owned by such Security Obligor free from any Security Interest other than:

- (a) as created by this Deed; and
- (b) as permitted by the Shareholder Loan Agreement and the Master Facilities Agreement.

11.3 No avoidance

Subject to the Legal Reservations and Perfection Requirements (in each case as defined in the Master Facilities Agreement), this Deed creates the Security Interests which it purports to create and is not liable to be avoided or otherwise set aside on the liquidation or administration of any Security Obligor or otherwise.

11.4 Ownership of Security Assets

Each Security Obligor is the sole legal and beneficial owner of all the Security Assets identified against its name in schedule 3 (*Details of Security Assets*) except in respect of those Charged Securities (if any) which are held by a nominee for a Security Obligor, in which case such Security Obligor is the beneficial owner only of such Charged Securities.

11.5 No proceedings pending or threatened

In addition to and without affecting any other warranty or representation given elsewhere in this Deed each Security Obligor warrants jointly and severally on the date of this Deed, and so long as any Secured Obligations are outstanding under this Deed and unless otherwise disclosed in writing after the date of this deed, that no insolvency proceedings have been taken or (as far as it is aware) threatened against any Security Obligor.

11.6 Charged Securities

- (a) All Securities (including any Charged Securities) are fully paid.
- (b) If any Charged Securities are listed in part 3 of schedule 3 (*Details of Security Assets*) those Charged Securities constitute the entire share capital owned by each Security Obligor in the relevant company.

11.7 Time when representations made

- (a) All the representations and warranties in this clause 11 are made by each Security Obligor on the date of this Deed and are also deemed to be made by each Security Obligor on the date of each Advance.
- (b) Each representation or warranty deemed to be made after the date of this Deed shall be deemed to be made by reference to the facts and circumstances existing at the date the representation or warranty is deemed to be made.

12. UNDERTAKINGS BY SECURITY OBLIGORS

12.1 Restrictions on dealing

No Security Obligor shall do or agree to do any of the following without the prior written consent of Lender:

- (a) create or permit to subsist any Security Interest on any Security Assets except a Security Interest which is permitted by Shareholder Loan Agreement and the Master Facilities Agreement;
- (b) sell, transfer, lease, lend or otherwise dispose of (whether by a single transaction or a number of transactions and whether related or not) the whole or any part of its interest in any Eligible Inventory except for the sale at not less than the Net Orderly Liquidation Value of stock in trade in the usual course of business as conducted by the Obligor at the date of this Deed; or
- (c) sell, transfer, lease, lend or otherwise dispose of (whether by a single transaction or a number of transactions and whether related or not) the whole or any part of its interest in any Security Asset (other than Inventory, A/R or Intellectual Property) except for the sale on arm's length terms of stock in trade in the usual course of business as conducted by the Security Obligor at the date of this Deed.

12.2 Security Assets generally

Each Security Obligor shall:

- (a) Permit the Lender (or its designated representatives), on reasonable written notice:
 - (i) access during normal office hours to any documents and records relating to the Security Assets; and
 - (ii) to inspect, take extracts from, and make photocopies of, the same (provided the Lender complies with any applicable confidentiality requirements notified to Lender in writing in advance of such inspection),

and to provide (at the expense of the Obligor), such clerical and other assistance which Lender may reasonably require to do this;

- (b) notify the Lender of every notice, order, application, requirement or proposal given or made by any competent authority:
 - (i) in relation to any Security Asset specified in schedule 3 (*Details of Security Assets*), promptly upon receipt; and
 - (ii) within 14 days of receipt of every notice, order, application, requirement or proposal given or made in relation to any Security Assets other than Security Asset specified in schedule 3 (*Details of Security Assets*)

and (if required by the Lender) promptly provide it with a copy of the same and either (A) comply with such notice, order, application, requirement or proposal or (B) make such objections to the same as the Lender may require or approve (in each case acting reasonably) **PROVIDED ALWAYS** that notices in respect of limb (a) of the definition of Securities Rights shall be dealt with in accordance with clause 12.3(b)(i) above following the exercise by the Lender of its rights in accordance with clause 12.7(b)(*Rights in respect of Charged Securities and Securities Rights*);

- (c) duly and punctually pay all rates, rents, Taxes, and other outgoings due and owed by it in respect of the Security Assets; and
- (d) in addition to any provisions of the Shareholder Loan Agreement or this Deed relating to specific Security Assets:
 - (i) comply in all material respects with all obligations in relation to the Security Assets under any present or future law, regulation, order or instrument or under any bye-laws, regulations or requirements of any competent authority or other approvals, licences or consents;
 - (ii) comply with all material covenants and obligations affecting the Security Assets (or their manner of use);
 - (iii) not, except with the prior written consent of Lender, enter into any onerous or restrictive obligation materially affecting any Security Asset;
 - (iv) provide the Lender with all information which it may reasonably request in relation to the Security Assets; and
 - (v) not do, cause or permit to be done anything which may in any way depreciate, jeopardise or otherwise materially prejudice the value or marketability of any Security Asset (or make any omission which has such a material effect).

12.3 Charged Securities

- (a) In relation to any Charged Securities, each Security Obligor shall, immediately upon execution of this Deed or (if later), as soon as is practicable after its acquisition of any such Charged Securities in certificated form, by way of security for the Secured Obligations:
 - (i) deposit with Lender or, as the Lender may direct, all certificates and other documents of title or evidence of ownership to such Charged Securities and their Securities Rights; and
 - (ii) execute and deliver to the Lender instruments of transfer in respect of such Charged Securities (executed in blank and left undated) and/or such other documents as Lender shall require (acting reasonably) to enable it (or its nominees) to be registered as the owner of or otherwise to acquire a legal title to such Charged Securities and their Securities Rights (or to pass legal title to any purchaser).

- (b) In relation to any Charged Securities, each Security Obligor shall:
 - (i) promptly give notice to any custodian of any agreement with such Security Obligor in respect of any such Charged Securities and all present and future Securities Rights accruing to all or any of such Charged Securities, in a form the Lender may require; and
 - (ii) use its reasonable endeavours to ensure that the custodian acknowledges that notice in a form the Lender may require.
- (c) Without prejudice to the rest of this clause 12.3, Lender may, at the expense of the relevant Security Obligor, take whatever action is required for the dematerialisation or rematerialisation of any Charged Securities and all present and future Securities Rights accruing to all or any of such Charged Securities.
- (d) Each Security Obligor shall promptly pay all calls or other payments which may become due in respect of Charged Securities and all present and future Securities Rights accruing to all or any of such Charged Securities.
- (e) Each Security Obligor shall promptly upon a request from Lender comply with the provisions of this clause 12.3 in relation to any Securities other than the Charged Securities and their Securities Rights.

12.4 Rights in respect of Securities Charged Securities and Securities Rights

- (a) Until an Event of Default occurs which is continuing, each Security Obligor shall be entitled to:
 - (i) receive and retain all dividends, distributions and other monies paid on or derived from its Securities and its Charged Securities; and
 - (ii) exercise all voting and other rights and powers attaching to its Securities and its Charged Securities, provided that it must not do so in a manner which (A) has the effect of changing the terms of the Securities or the Charged Securities (or any class of them) or of any Securities Rights or (B) which is materially prejudicial to the interests of Lender.
- (b) At any time following the occurrence of an Event of Default which is continuing, the Lender may complete the instrument(s) of transfer for all or any Securities or Charged Securities on behalf of any Security Obligor in favour of itself or such other person as it may select.
- (c) At any time when any Securities or Charged Securities are registered in the name of Lender or its nominee, the Lender shall be under no duty to:
 - (i) ensure that any dividends, distributions or other monies payable in respect of such Securities or Charged Securities are duly and promptly paid or received by it or its nominee; or
 - (ii) verify that the correct amounts are paid or received; or

- (iii) take any action in connection with the taking up of any (or any offer of any) Securities Rights in respect of or in substitution for any such Securities or Charged Securities.

12.5 Intellectual Property

Unless the Lender (acting reasonably) is of the opinion that the relevant Intellectual Property is of minor importance to the Group each Security Obligor shall:

- (a) do all acts as are reasonably practicable to maintain, protect and safeguard (including, without limitation, registration with all relevant authorities, after taking into account the cost benefit analysis of any such registration) its Intellectual Property and not discontinue the use of any of its Intellectual Property; and
- (b) take all such reasonable steps, including the commencement of legal proceedings, as may be necessary to safeguard and maintain the validity, reputation, integrity, registration or subsistence of its Intellectual Property.

12.6 Proceeds of the sale of certain Charged Securities, Real Property and Intellectual Property

The Security Obligors undertake to deal with the proceeds of sale of the Security Assets referred to at clauses 5.2(a) to (d) inclusive in accordance with the terms of the Shareholder Loan Agreement or otherwise, in accordance with the terms of any consent issued by Lender to a Security Obligor in relation to any such Security Asset.

13. POWER TO REMEDY

13.1 Power to remedy

If at any time a Security Obligor does not comply with any of its obligations under this Deed, the Lender (without prejudice to any other rights arising as a consequence of such non-compliance) shall be entitled (but not bound) to rectify that default. The relevant Security Obligor irrevocably authorises the Lender and its employees and agents by way of security to do all things (including entering the property of such Security Obligor) which are necessary to rectify that default.

13.2 Mortgagee in possession

The exercise of the powers of the Lender under this clause 13 shall not render it liable as a mortgagee in possession.

13.3 Monies expended

The relevant Security Obligor shall pay to the Lender on demand any monies which are expended by the Lender in exercising its powers under this clause 13, together with interest at the Default Rate from the date on which those monies were expended by the Lender (both before and after judgment) and otherwise in accordance with clause 3.2 (*Default interest*).

14. WHEN SECURITY BECOMES ENFORCEABLE

14.1 When enforceable

This Security shall become immediately enforceable upon the occurrence of an Event of Default and shall remain so for so long as such Event of Default is continuing.

14.2 Statutory powers

The power of sale and other powers conferred by section 101 of the Act (as amended or extended by this Deed) shall be immediately exercisable upon and at any time after the occurrence of any Event of Default and for so long as such Event of Default is continuing.

14.3 Enforcement

After this Security has become enforceable, the Lender may in its absolute discretion enforce all or any part of the Security in such manner as it sees fit.

15. ENFORCEMENT OF SECURITY

15.1 General

For the purposes of all powers implied by statute, the Secured Obligations are deemed to have become due and payable on the date of this Deed. Sections 93 and 103 of the Act shall not apply to the Security. The statutory powers of leasing conferred on Lender are extended so as to authorise the Lender to lease, make agreements for leases, accept surrenders of leases and grant options as the Lender may think fit and without the need to comply with section 99 or 100 of the Act.

15.2 Powers of the Lender

- (a) At any time after the Security becomes enforceable, the Lender may without further notice (unless required by law):
 - (i) (or if so requested by any Security Obligor by written notice at any time may) appoint any person or persons to be a receiver or receiver and manager of all or any part of the Security Assets and/or of the income of the Security Assets; and/or
 - (ii) appoint or apply for the appointment of any person who is appropriately qualified as administrator of a Security Obligor; and/or
 - (iii) exercise all or any of the powers conferred on mortgagees by the Act (as amended or extended by this Deed) and/or all or any of the powers which are conferred by this Deed on a Receiver, in each case without first appointing a Receiver or notwithstanding the appointment of any Receiver; and/or
 - (iv) exercise (in the name of any Security Obligor and without any further consent or authority of such Security Obligor) any voting rights and any powers or rights which may be exercised by the person(s) in whose name the Charged Investments are registered, or who is the holder of any of them.

- (b) The Lender is not entitled to appoint a Receiver in respect of any Security Assets of any Security Obligor which are subject to a charge which (as created) was a floating charge solely by reason of a moratorium being obtained under the Insolvency Act 2000 (or anything done with a view to obtaining such a moratorium) in respect of such Security Obligor.

15.3 Redemption of prior mortgages

At any time after the Security has become enforceable, the Lender may:

- (a) redeem any prior Security Interest against any Security Asset; and/or
- (b) procure the transfer of that Security Interest to itself; and/or
- (c) settle and pass the accounts of the holder of any prior Security Interest and any accounts so settled and passed shall be conclusive and binding on each Security Obligor.

All principal, interest, costs, charges and expenses of and incidental to any such redemption and/or transfer shall be paid by the relevant Security Obligor to the Lender on written demand.

15.4 Privileges

Each Receiver and the Lender is entitled to all the rights, powers, privileges and immunities conferred by the Act on mortgagees and receivers when such receivers have been duly appointed under the Act, except that section 103 of the Act does not apply.

15.5 No liability

- (a) Neither the Lender nor any Receiver shall be liable (i) in respect of all or any part of the Security Assets or (ii) for any loss or damage which arises out of the exercise or the attempted or purported exercise of, or the failure to exercise any of, its or his respective powers (unless such loss or damage is caused by its or his gross negligence or wilful misconduct).
- (b) Without prejudice to the generality of clause 15.5(a), neither the Lender nor any Receiver shall be liable, by reason of entering into possession of a Security Asset, to account as mortgagee in possession or for any loss on realisation or for any default or omission for which a mortgagee in possession might be liable.

15.6 Protection of third parties

No person (including a purchaser) dealing with the Lender or any Receiver or its or his agents will be concerned to enquire:

- (a) whether the Secured Obligations have become payable; or
- (b) whether any power which the Lender or the Receiver is purporting to exercise has become exercisable; or
- (c) whether any money remains due under any Finance Document; or

- (d) how any money paid to the Lender or to the Receiver is to be applied.

16. RECEIVER

16.1 Removal and replacement

The Lender may from time to time remove any Receiver appointed by it (subject, in the case of an administrative receivership, to section 45 of the Insolvency Act 1986) and, whenever it may deem appropriate, may appoint a new Receiver in the place of any Receiver whose appointment has terminated.

16.2 Multiple Receivers

If at any time there is more than one Receiver of all or any part of the Security Assets and/or the income of the Security Assets, each Receiver shall have power to act individually (unless otherwise stated in the appointment document).

16.3 Remuneration

Any Receiver shall be entitled to remuneration for his services at a rate to be fixed by agreement between him and Lender (or, failing such agreement, to be fixed by the Lender).

16.4 Payment by Receiver

Only monies actually paid by a Receiver to the Lender in relation to the Secured Obligations shall be capable of being applied by the Lender in discharge of the Secured Obligations.

16.5 Agent of Security Obligors

Any Receiver shall be the agent of the Security Obligor in respect of which it is appointed. Such Security Obligor shall (subject to the Companies Act 2006 and the Insolvency Act 1986) be solely responsible for his acts and defaults and for the payment of his remuneration. The Lender shall incur no liability (either to such Security Obligor or to any other person) by reason of the appointment of a Receiver or for any other reason.

17. POWERS OF RECEIVER

17.1 General powers

Any Receiver shall have:

- (a) all the powers which are conferred by the Act on mortgagees in possession and receivers appointed under the Act;
- (b) (whether or not he is an administrative receiver) all the powers which are listed in schedule 1 of the Insolvency Act 1986; and
- (c) all powers which are conferred by any other law conferring power on receivers.

17.2 Additional powers

In addition to the powers referred to in clause 17.1 (*General powers*), a Receiver shall have the following powers:

- (a) to take possession of, collect and get in all or any part of the Security Assets and/or income in respect of which he was appointed;
- (b) to manage the Security Assets and the business of any Security Obligor as he thinks fit;
- (c) to redeem any security and to borrow or raise any money and secure the payment of any money in priority to the Secured Obligations for the purpose of the exercise of his powers and/or defraying any costs or liabilities incurred by him in such exercise;
- (d) to sell or concur in selling, leasing or otherwise disposing of all or any part of the Security Assets in respect of which he was appointed without the need to observe the restrictions imposed by section 103 of the Act. Fixtures may be severed and sold separately from the Real Property containing them, without the consent of any Security Obligor. The consideration for any such transaction may consist of cash, debentures or other obligations, shares, stock or other valuable consideration (and the amount of such consideration may be dependent upon profit or turnover or be determined by a third party). Any such consideration may be payable in a lump sum or by instalments spread over such period as he thinks fit;
- (e) to alter, improve, develop, complete, construct, modify, refurbish or repair any building or land and to complete or undertake or concur in the completion or undertaking (with or without modification) of any project in which any Security Obligor was concerned or interested before his appointment (being a project for the alteration, improvement, development, completion, construction, modification, refurbishment or repair of any building or land);
- (f) to carry out any sale, lease or other disposal of all or any part of the Security Assets by conveying, transferring, assigning or leasing the same in the name of the relevant Security Obligor and, for that purpose, to enter into covenants and other contractual obligations in the name of, and so as to bind, such Security Obligor;
- (g) to take any such proceedings (in the name of any of the relevant Security Obligors or otherwise) as he shall think fit in respect of the Security Assets and/or income in respect of which he was appointed (including proceedings for recovery of rent or other monies in arrears at the date of his appointment);
- (h) to enter into or make any such agreement, arrangement or compromise as he shall think fit;
- (i) to insure, and to renew any insurances in respect of, the Security Assets as he shall think fit (or as the Lender shall direct);

- (j) to appoint and employ such managers, officers and workmen and engage such professional advisers as he shall think fit (including, without prejudice to the generality of the foregoing power, to employ his partners and firm);
- (k) to form one or more Subsidiaries of any Security Obligor, and to transfer to any such Subsidiary all or any part of the Security Assets;
- (l) to operate any rent review clause in respect of any Real Property in respect of which he was appointed (or any part thereof) and to apply for any new or extended lease; and
- (m) to:
 - (i) give valid receipts for all monies and to do all such other things as may seem to him to be incidental or conducive to any other power vested in him or necessary or desirable for the realisation of any Security Asset;
 - (ii) exercise in relation to each Security Asset all such powers and rights as he would be capable of exercising if he were the absolute beneficial owner of the Security Assets; and
 - (iii) use the name of any Security Obligor for any of the above purposes.

18. APPLICATION OF PROCEEDS

18.1 Application

All monies received by the Lender or any Receiver after the Security has become enforceable shall (subject to the rights and claims of any person having a security ranking in priority to the Security) be applied in the order and manner set out in the Intercreditor Deed.

18.2 Contingencies

If the Security is enforced at a time when no amounts are due under the Finance Documents (but at a time when amounts may become so due), the Lender or a Receiver may pay the proceeds of any recoveries effected by it into a blocked suspense account.

19. SET-OFF

19.1 Set-off

- (a) The Lender may (but shall not be obliged to) set off any obligation (contingent or otherwise under the Finance Documents or which has been assigned to the Lender) against any obligation (whether or not matured) owed by the Lender to the Security Obligor, regardless of the place of payment, booking branch or currency of either obligation.
- (a) If the obligations are in different currencies, the Lender may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

- (b) If either obligation is unliquidated or unascertained, the Lender may set off in an amount estimated by it in good faith to be the amount of that obligation.

19.2 Time deposits

Without prejudice to clause 19.1(*Set-off*) if any time deposit matures on any account which any Security Obligor has with Lender at a time when:

- (a) this Security has become enforceable; and
- (b) no Secured Obligation is due and payable,
- (c) such time deposit shall automatically be renewed for such further maturity as Lender in its absolute discretion considers appropriate unless the Lender otherwise agrees in writing.

20. DELEGATION

Each of the Lender and any Receiver may delegate, by power of attorney (or in any other manner) to any person, any right, power or discretion exercisable by it under this Deed upon any terms (including power to sub-delegate) which it may think fit. Neither the Lender nor any Receiver shall be in any way liable or responsible to any Security Obligor for any loss or liability arising from any act, default, omission or misconduct on the part of any such delegate or sub-delegate.

21. FURTHER ASSURANCES

21.1 Further action

Each Security Obligor shall, at its own expense, promptly take whatever action the Lender or a Receiver may require for:

- (a) creating, perfecting or protecting the Security Interests intended to be created by this Deed; and
- (b) facilitating the realisation of any Security Asset or the exercise of any right, power or discretion exercisable by the Lender or any Receiver or any of its or his delegates or sub-delegates in respect of any Security Asset,

including the execution of any transfer, conveyance, assignment or assurance of any property whether to the Lender or to its nominees, the giving of any notice, order or direction and the making of any registration which in any such case the Lender may think expedient.

21.2 Specific security

Without prejudice to the generality of clause 21.1 (*Further action*), each Security Obligor shall forthwith at the request of the Lender execute a legal mortgage, charge, assignment, assignation or other security over any Security Asset which is subject to or intended to be subject to any fixed security created by this Deed in favour of Lender (including any arising or intended to arise pursuant to clause 7 (*Conversion of floating charge*)) in such form as the Lender may require.

22. POWER OF ATTORNEY

Each Security Obligor, by way of security, irrevocably and severally appoints the Lender, each Receiver and any of its or his delegates or sub-delegates to be its attorney to take any action which such Security Obligor is obliged to take under this Deed but does not take, including under clause 21 (*Further assurances*). Each Security Obligor ratifies and confirms whatever any attorney does or purports to do pursuant to its appointment under this clause. This power of attorney shall only become exercisable following the occurrence of an Event of Default which has not been waived in writing or remedied to the satisfaction of the Lender.

23. PAYMENTS

23.1 Payments

Subject to clause 23.2 (*Gross-up*), all payments to be made by a Security Obligor in respect of this Deed shall be made:

- (a) in immediately available funds to the credit of such account as the Lender may designate; and
- (b) without (and free and clear of, and without any deduction for or on account of):
 - (i) any set-off or counterclaim; or
 - (ii) except to the extent compelled by law, any deduction or withholding for or on account of Tax.

23.2 Gross-up

If any Security Obligor is compelled by law to make any deduction or withholding from any sum payable under this Deed to the Lender, the sum so payable by such Security Obligor shall be increased so as to result in the receipt by the Lender of a net amount equal to the full amount expressed to be payable under this Deed.

23.3 Shareholder Loan Agreement

Without prejudice to the provisions of clause 2 (*Guarantee and indemnity*) and each Security Obligor's obligations in accordance with this Deed, Lender may at any time discharge a Security Obligor's obligation to make payment of any sums due by a Security Obligor to the Lender by debiting such sum to any account held by the Lender in relation to the Obligor.

24. STAMP DUTY

Each Security Obligor shall:

- (a) pay all present and future stamp, registration and similar Taxes or charges which may be payable, or determined to be payable, in connection with the execution, delivery, performance or enforcement of this Deed or any judgment given in connection therewith; and

- (b) indemnify the Lender and any Receiver on demand against any and all costs, losses or liabilities (including, without limitation, penalties) with respect to, or resulting from, its delay or omission to pay any such stamp, registration and similar Taxes or charges.

25. COSTS AND EXPENSES

25.1 Transaction and amendment expenses

Each Security Obligor shall promptly on written demand pay to the Lender the amount of all reasonable costs, charges and expenses (including, without limitation, reasonable legal fees, valuation, accountancy and consultancy fees (and any VAT or similar Tax thereon)) incurred by the Lender in connection with:

- (a) the negotiation, preparation, printing, execution, registration, perfection and completion of this Deed, the Security or any document referred to in this Deed; or
- (b) any actual or proposed amendment or extension of, or any waiver or consent under, this Deed.

25.2 Enforcement and preservation costs

Each Security Obligor shall promptly on demand pay to the Lender and any Receiver the amount of all costs, charges and expenses (including (without limitation) legal fees (and any VAT or similar Tax thereon)) incurred by any of them in connection with the enforcement, exercise or preservation (or the attempted enforcement, exercise or preservation) of any of their respective rights under this Deed or any document referred to in this Deed or the Security (including all remuneration of the Receiver).

26. CURRENCIES

26.1 Conversion

All monies received or held by the Lender or any Receiver under this Deed may be converted from their existing currency into such other currency as Lender or the Receiver considers necessary or desirable to cover the obligations and liabilities comprised in the Secured Obligations in that other currency at the Spot Rate of Exchange. Each Security Obligor shall indemnify the Lender against all costs, charges and expenses incurred in relation to such conversion. Neither the Lender nor any Receiver shall have any liability to any Security Obligor in respect of any loss resulting from any fluctuation in exchange rates after any such conversion.

26.2 Currency indemnity

No payment to the Lender (whether under any judgment or court order or in the liquidation, administration or dissolution of any Security Obligor or otherwise) shall discharge the obligation or liability of any Security Obligor in respect of which it was made, unless and until the Lender shall have received payment in full in the currency in which the obligation or liability was incurred and, to the extent that the amount of any such payment shall on actual conversion into such currency fall short of such obligation or liability expressed in that currency, Lender shall have a further separate

cause of action against any Security Obligor and shall be entitled to enforce the Security to recover the amount of the shortfall.

27. INDEMNITY

Each Security Obligor shall indemnify the Lender, any Receiver and any attorney or agent appointed by the Lender under this Deed and Lender's officers and employees (each an "**Indemnified Party**") on demand against any cost, loss, liability or expense (however arising) incurred by any Indemnified Party as a result of or in connection with:

- (a) anything done or omitted in the exercise or purported exercise of the powers contained in this Deed;
- (b) the Security Assets or the use or occupation of them by any person (including any Environmental Claim); or
- (c) any breach by any Security Obligor of any of its obligations under this Deed.

28. MISCELLANEOUS

28.1 Appropriation and suspense account

- (a) The Lender may apply all payments received in respect of the Secured Obligations in reduction of any part of the Secured Obligations as it thinks fit. Any such appropriation shall override any appropriation by any Security Obligor.
- (b) All monies received, recovered or realised by the Lender under, or in connection with, this Deed may at the discretion of the Lender be credited to a separate interest bearing suspense account for so long as Lender determines (with interest accruing thereon at such rate, if any, as the Lender may determine for the account of the relevant Security Obligor) without the Lender having any obligation to apply such monies and interest or any part thereof in or towards the discharge of any of the Secured Obligations.

28.2 New accounts

If the Lender receives, or is deemed to be affected by, notice, whether actual or constructive, of any subsequent Security Interest affecting any Security Asset and/or the proceeds of sale of any Security Asset or the Guarantee ceases to continue in force, it may open a new account or accounts for any Security Obligor. If it 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 such notice. As from that time all payments made to Lender will be credited or be treated as having been credited to the new account and will not operate to reduce any amount of the Secured Obligations.

28.3 Changes to the Parties

- (a) No Security Obligor may assign any of its rights under this Deed.
- (b) The Lender may assign or transfer all or any part of its rights under this Deed. Each Security Obligor shall, promptly upon being requested to do so by the

Lender in writing, enter into such documents as may be necessary to effect such assignment or transfer.

28.4 Memorandum and articles

Each Security Obligor certifies that the Security does not contravene any of the provisions of the memorandum or articles of association of that Security Obligor.

28.5 The Land Registry

If the Obligor acquires any Real Property after the date of this Deed the following provisions shall apply:

- (a) Each Security Obligor shall apply to the Chief Land Registrar (and consents to such an application being made by or on behalf of Lender) for a restriction in the following terms to be entered on the Register of Title relating to any property registered at the Land Registry (or any unregistered land subject to first registration) and against which this Deed may be noted:

"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 June 2018 in favour of Lender Business Credit a trading style of Lender Financial Services UK Ltd referred to in the charges register or, if appropriate, signed on such proprietor's behalf by its secretary or conveyancer."

- (b) Each Security Obligor:
 - (i) authorises the Lender to make any application which the Lender deems appropriate for the designation of this Deed, the Shareholder Loan Agreement or any other Finance Document as an exempt information document under rule 136 of the Land Registration Rules 2003;
 - (ii) shall use its reasonable endeavours to assist with any such application made by or on behalf of the Lender; and
 - (iii) shall notify the Lender in writing as soon as it receives notice of any person's application under rule 137 of the Land Registration Rules 2003 for the disclosure of this Deed, the Shareholder Loan Agreement or any other Finance Document, following its designation as an exempt information document.
- (c) No Security Obligor shall make any application under rule 138 of the Land Registration Rules 2003 for the removal of the designation of any such document as an exempt information document.
- (d) Each Security Obligor shall promptly make all applications to and filings with the Land Registry which are necessary under the Land Registration Rules to protect the Security.
- (e) No Security Obligor shall, without the prior written consent of Lender, permit any person to be or become registered under the Land Registration Act 2002 as the proprietor of a Security Asset who is not so registered under the Land

Registration Act 2002 at the date of this Deed or, in the case of Real Property acquired after the date of this Deed, at the date of such acquisition.

28.6 Amendments and waivers

Any provision of this Deed may be amended only if the Lender and the Security Obligors so agree in writing and any breach of this Deed may be waived before or after it occurs only if the Lender so agrees in writing. A waiver given or consent granted by the Lender under this Deed will be effective only if given in writing and then only in the instance and for the purpose for which it is given.

28.7 Calculations and certificates

A certificate of the Lender specifying the amount of any Secured Obligation due from a Security Obligor (including details of any relevant calculation thereof) shall be prima facie evidence of such amount against each Security Obligor in the absence of manifest error.

28.8 Waiver, rights and remedies

No failure to exercise, nor any delay in exercising, on the part of the Lender, any right or remedy under this Deed 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 are cumulative and not exclusive of any rights or remedies provided by law.

29. NOTICES

29.1 Communications in writing

The provisions of clause 17 (*Notices*) of the Shareholder Loan Agreement shall apply to this Deed as if the same were set out in this Deed, provided that reference to "**the Borrower**" shall be deemed to be references to each "Security Obligor" as defined in this Deed.

29.2 Electronic communications

No communication to be made under this Deed shall be made electronically.

30. PARTIAL INVALIDITY

All the provisions of this Deed are severable and distinct from one another and if at any time any provision is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of any 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.

31. RELEASE

Upon the expiry of the Security Period (but not otherwise) Lender shall, at the request and cost of the Security Obligors, take whatever action is necessary to release or re-assign (without recourse or warranty) the Security Assets from the Security.

32. COUNTERPARTS

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

33. GOVERNING LAW

This Deed is governed by English law.

IN WITNESS of which this Deed has been duly executed by each Security Obligor as a deed and duly executed by the Lender and has been delivered on the first date specified on page 1 of this Deed.

SCHEDULE 1

Security Obligors

Company name	Company number
Hornby Hobbies Limited	02065081
Hornby PLC	01547390

SCHEDULE 2

The Guarantee

1. Continuing guarantee

This guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by any Security Obligor under the Finance Documents, regardless of any intermediate payment or discharge in whole or in part.

2. Reinstatement

If any payment by a Security Obligor, or any discharge given by Lender (whether in respect of the obligations of any Security Obligor or any security for those obligations or otherwise) is avoided or reduced as a result of insolvency or any similar event:

- (a) the liability of each Security Obligor under this Deed shall continue as if the payment, discharge, avoidance or reduction had not occurred; and
- (b) Lender shall be entitled to recover the value or amount of that security or payment from each Security Obligor, as if the payment, discharge, avoidance or reduction had not occurred.

3. Waiver of defences

The obligations of each Security Obligor under this Deed will not be affected by an act, omission, matter or thing which, but for this Deed, would reduce, release or prejudice any of its obligations under this Deed (without limitation and whether or not known to it or to Lender) including:

- (a) any time, waiver or consent granted to, or composition with, any Security Obligor or other person;
- (b) the release of any other Security Obligor or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;
- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Security 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;
- (d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of a Security Obligor or any other person;
- (e) any amendment, novation, supplement, extension (whether of maturity or otherwise), restatement or replacement (in each case, however fundamental and of any nature whatsoever including, without limitation, which results in any increase in any amount due or owing under any Finance Document or in the rate of interest or any other sum payable under any Finance Document) of a Finance Document or any other document or security;
- (f) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or security; or

- (g) any insolvency, administration or similar proceedings.

4. Immediate recourse

Each Security Obligor waives any right it may have of first requiring Lender to proceed against or enforce any other rights or security or claim payment from any person before claiming from that Security Obligor under this schedule 2. This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.

5. Appropriations

Until all amounts which may be or become payable during the Security Period by the Security Obligors under or in connection with the Finance Documents have been irrevocably paid in full, Lender may:

- (a) refrain from applying or enforcing any other monies, security or rights held or received by Lender in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and no Security Obligor shall be entitled to the benefit of the same; and
- (b) hold in an interest-bearing suspense account any monies received from any Security Obligor or on account of any Security Obligor's liability under this schedule 2.

6. Deferral of guarantors' rights

Until all amounts which may be or become payable during the Security Period by the Security Obligors under, or in connection with, the Finance Documents have been irrevocably paid in full and unless Lender otherwise directs, no Security Obligor will exercise any rights which it may have by reason of performance by it of its obligations under the Finance Documents:

- (a) to be indemnified by a Security Obligor;
- (b) to claim any contribution from any other guarantor of any Security Obligor's obligations under the Finance Documents; and/or
- (c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of Lender under the Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Finance Documents by Lender.

7. Additional security

This guarantee is in addition to, and is not in any way prejudiced by, any other guarantee or security at the date of this guarantee or subsequently held by Lender.

SCHEDULE 3

Details of Security Assets

Part 1 - Specified Real Property

None at the date of this Deed.

Part 2 - Specified P&M

None at the date of this Deed.

Part 3 - Charged Securities

Security Obligor	Name of company in which shares are held	Class of shares held	Number of shares held	Issued share capital
Hornby Hobbies Limited	Hornby Hobbies Limited	Ordinary	2	£2

Part 4 - Intellectual Property

Part A - Brands

Airfix

Arnold

Corgi

Electrotren

Hornby

Humbrol

Jouef





Lima



Pocher




Ravarossi



Scalextric

Part B - Trade Marks



Trade Mark	Image	Country	Class(es)	Owner	Application or Registration Number	Status
AIRFIX		EU trade marks	2 9 16 25 28 41	HORNBY HOBBIES LIMITED	App 13971486 Reg 13971486	REGISTRATION (REGISTERED)
CORGI		EU trade marks	9 16 28 41	HORNBY HOBBIES LIMITED	App 13853817 Reg 13853817	REGISTRATION (REGISTERED)
HORNBY		EU trade marks	9 25 28 41 42	HORNBY HOBBIES LIMITED	App 12882081 Reg 12882081	REGISTRATION (REGISTERED)
HORNBY HOBBIES		EU trade marks	2 6 9 16 25 28 35 41 42	HORNBY HOBBIES LIMITED	App 12882148 Reg 12882148	REGISTRATION (REGISTERED)
CORGI		EU trade marks	28 35 41	HORNBY HOBBIES LIMITED	App 11499894 Reg 11499894	REGISTRATION (REGISTERED)
CORGI Warbirds		EU trade marks	16 28 41	HORNBY HOBBIES LIMITED	App 5467568 Reg 5467568	REGISTRATION (REGISTERED)
CORGI		EU trade marks	28 41	HORNBY HOBBIES LIMITED	App 4306478 Reg 4306478	REGISTRATION (REGISTERED)
CORGI		EU trade marks	28 41	HORNBY HOBBIES LIMITED	App 4306486 Reg 4306486	REGISTRATION (REGISTERED)
HORNBY		EU trade marks	7 9 14 16 25	HORNBY HOBBIES LIMITED	App 947168 Reg 947168	REGISTRATION (REGISTERED)

AIRFIX		EU trade marks	2 16 28	HORNBY HOBBIES LIMITED	App 936427 Reg 936427	REGISTRATION (REGISTERED)
AIRFIX		EU trade marks	2 16 28	HORNBY HOBBIES LIMITED	App 936575 Reg 936575	REGISTRATION (REGISTERED)
HUMBROL		EU trade marks	2 16 28	HORNBY HOBBIES LIMITED	App 936633 Reg 936633	REGISTRATION (REGISTERED)
HORNBY		EU trade marks	28	HORNBY HOBBIES LIMITED	App 548685 Reg 548685	REGISTRATION (REGISTERED)
SCALEXTRIC		UK	3 9 14 16 18 20 21 24 25 28 29 30 32 35 41 42 43	HORNBY HOBBIES LIMITED	App 2572726 Reg 2572726	REGISTRATION (REGISTERED)
CORGI		UK	28	HORNBY HOBBIES LIMITED	App 1578432 Reg 1578432	REGISTRATION (REGISTERED)
CORGI CLASSIC		UK	28	HORNBY HOBBIES LIMITED	App 1578428 Reg 1578428	REGISTRATION (REGISTERED)
Design Only		UK	28	HORNBY HOBBIES LIMITED	App 1578506 Reg 1578506	REGISTRATION (REGISTERED)

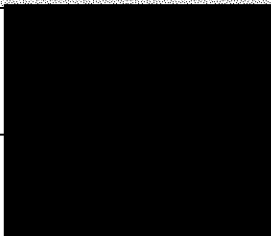
AIRFIX		UK	28	HORNBY HOBBIES LIMITED	App 1543000 Reg 1543000	REGISTRATION (REGISTERED)
STARTER SET AIRFIX	STARTER SET 	UK	28	HORNBY HOBBIES LIMITED	App 1536955 Reg 1536955	REGISTRATION (REGISTERED)
AIRFIX		UK	28	HORNBY HOBBIES LIMITED	App 1371240 Reg 1371240	REGISTRATION (REGISTERED)
HUMBROL STIXIT		UK	1 16	HORNBY HOBBIES LIMITED	App 1356426 Reg 1356426	REGISTRATION (REGISTERED)
HORNBY		UK	28	HORNBY HOBBIES LIMITED	App 1325627 Reg 1325627	REGISTRATION (REGISTERED)
AIRFIX		UK	16	HORNBY HOBBIES LIMITED	App 1215845 Reg 1215845	REGISTRATION (REGISTERED)
Hornby Railways		UK	28	HORNBY HOBBIES LIMITED	App 1055062 Reg 1055062	REGISTRATION (REGISTERED)
HUMBROL EPOXYCOTE		UK	2	HORNBY HOBBIES LIMITED	App 1040126 Reg 1040126	REGISTRATION (REGISTERED)
HUMBROL MODEL FINISHING KIT		UK	16	HORNBY HOBBIES LIMITED	App B1040127 Reg B1040127	REGISTRATION (REGISTERED)
HUMBROL		UK	28	HORNBY HOBBIES LIMITED	App 1022747 Reg 1022747	REGISTRATION (REGISTERED)

HUMBROL		UK	16	HORNBY HOBBIES LIMITED	App 1022746 Reg 1022746	REGISTRATION (REGISTERED)
HUMBROL		UK	28	HORNBY HOBBIES LIMITED	App 1014411 Reg 1014411	REGISTRATION (REGISTERED)
SCALEX		UK	28	HORNBY HOBBIES LIMITED	App B988787 Reg B988787	REGISTRATION (REGISTERED)
AIRFIX		UK	28	HORNBY HOBBIES LIMITED	App 972753 Reg 972753	REGISTRATION (REGISTERED)
AIRFIX		UK	16	HORNBY HOBBIES LIMITED	App 972752 Reg 972752	REGISTRATION (REGISTERED)
HUMBROL		UK	2 8 16	HORNBY HOBBIES LIMITED	App 968756 Reg 968756	REGISTRATION (REGISTERED)
AIRFIX		UK	28	HORNBY HOBBIES LIMITED	App 958573 Reg 958573	REGISTRATION (REGISTERED)
AIRFIX		UK	2	HORNBY HOBBIES LIMITED	App 890772 Reg 890772	REGISTRATION (REGISTERED)
Airfix		UK	16	HORNBY HOBBIES LIMITED	App 890402 Reg 890402	REGISTRATION (REGISTERED)
HUMBROL		UK	4	HORNBY HOBBIES LIMITED	App 849242 Reg 849242	REGISTRATION (REGISTERED)


HUMBROL		UK	1	HORNBY HOBBIES LIMITED	App 849240 Reg 849240	REGISTRATION (REGISTERED)
HUMBROL		UK	3	HORNBY HOBBIES LIMITED	App 849241 Reg 849241	REGISTRATION (REGISTERED)
SCALEXTRIC		UK	9 28	HORNBY HOBBIES LIMITED	App 805912 Reg 805912	REGISTRATION (REGISTERED)
HORNBY DUBLO		UK	28	HORNBY HOBBIES LIMITED	App 762815 Reg 762815	REGISTRATION (REGISTERED)
HORNBY-DUBLO		UK	28	HORNBY HOBBIES LIMITED	App 734454 Reg 734454	REGISTRATION (REGISTERED)
HORNBY TRAINS		UK	28	HORNBY HOBBIES LIMITED	App 734453 Reg 734453	REGISTRATION (REGISTERED)
AIRFIX		UK	16	HORNBY HOBBIES LIMITED	App 707303 Reg 707303	REGISTRATION (REGISTERED)
AIRFIX		UK	21 28	HORNBY HOBBIES LIMITED	App 654221 Reg 654221	REGISTRATION (REGISTERED)
AIRFIX		UK	28	HORNBY HOBBIES LIMITED	App 639394 Reg 639394	REGISTRATION (REGISTERED)
HUMBROL		UK	2	HORNBY HOBBIES LIMITED	App 629971 Reg 629971	REGISTRATION (REGISTERED)
CORGI		USA	28 35 41	HORNBY HOBBIES LIMITED	App 85970857 Reg 4615975	REGISTERED

SCALEXTRIC	SCALEXTRIC	USA	3 9 14 16 18 25 28 30 35 41 42	HORNBY HOBBIES LIMITED	App 79101740 Reg 4255725	REGISTERED
AIRFIX		USA	28	HORNBY HOBBIES LIMITED	App 78505977 Reg 3089603	REGISTERED
AIRFIX		USA	28	HORNBY HOBBIES LIMITED	App 78505295 Reg 3089601	REGISTERED
SCALEXTRIC		USA	9	HORNBY HOBBIES LIMITED	App 76426119 Reg 2763753	REGISTERED
SCALEXTRIC		USA	28	HORNBY HOBBIES LIMITED	App 78081855 Reg 2725932	REGISTERED
HUMBROL		USA	2	HORNBY HOBBIES LIMITED	App 73180672 Reg 1142177	REGISTERED
HORNBY		USA	28	HORNBY HOBBIES LIMITED	App 72431495 Reg 0968064	REGISTERED
CORGI		USA	28	HORNBY HOBBIES LIMITED	App 72203416 Reg 0806319	REGISTERED
SCALEXTRIC		USA	28	HORNBY HOBBIES LIMITED	App 72104631 Reg 0727200	REGISTERED
CORGI		USA	28	HORNBY HOBBIES LIMITED	App 71698627 Reg 0641340	REGISTERED


Part 5 - Inventory Insurances

Security Obligor	Insurer	Insured risks	Policy number
Hornby PLC and Hornby Hobbies Limited	Munich Re Syndicate Ltd	Inventory in transit and at the premises of the insured	
Hornby PLC and all subsidiary companies	Zurich	Combined commercial cover	

Part 6 - P&M Insurances

Security Obligor	Insurer	Insured risks	Policy number
Hornby PLC and all subsidiary companies	Zurich	Combined commercial cover	

Part 7 - Real Property Insurances

Security Obligor	Insurer	Insured risks	Policy number
Hornby PLC and all subsidiary companies	Zurich	Combined commercial cover	

EXECUTION PAGE

Lender

Executed as a deed, but not delivered until the)
first date specified on page 1, by **PHOENIX UK**)
FUND LTD acting by:)

[Redacted]

Director

STEVEN DAVID JAFFERS

In the presence of a witness:

[Redacted]

Witness name:

GINA LEIGH BOCEK

Witness address:

[Redacted]

Witness occupation:

INVESTOR RELATIONS

Address: c/o Phoenix Asset Management Partners Limited, 64-66 Glenthams Road, Barnes,
London, SW13 9JJ

Facsimile No: +44(0) 208 600 0101

Attention: Charlotte Maby

THE SECURITY OBLIGORS

Executed as a deed, but not delivered until the)
first date specified on page 1, by **HORNBY**)
HOBBIES LIMITED acting by:

Director

Director\Secretary

Address: 3rd Floor, The Gateway, Innovation Way, Discovery Park, Sandwich, Kent CT13 9FF

Facsimile No:

Attention: Kirstie Gould

Executed as a deed, but not delivered until the)
first date specified on page 1, by **HORNBY PLC**)
acting by:

Director

Director\Secretary

Address: 3rd Floor, The Gateway, Innovation Way, Discovery Park, Sandwich, Kent CT13 9FF

Facsimile No:

Attention: Kirstie Gould