



Registration of a Charge

Company Name: **SHAW PALLET LIMITED**

Company Number: **01150422**



XB0WUIDC

Received for filing in Electronic Format on the: **30/03/2022**

Details of Charge

Date of creation: **25/03/2022**

Charge code: **0115 0422 0009**

Persons entitled: **CHRISTOPHER JOHN HILLABY, MICHAEL MIODRAG DRAGICEVIC AND JOHN MICHAEL COUPLAND**

Brief description:

Contains fixed charge(s).

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

Contains negative pledge.

Authentication of Form

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

Authentication of Instrument

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

Certified by: **GAIA HINCHLIFFE, CHADWICK LAWRENCE LLP**



CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 1150422

Charge code: 0115 0422 0009

The Registrar of Companies for England and Wales hereby certifies that a charge dated 25th March 2022 and created by SHAW PALLET LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 30th March 2022 .

Given at Companies House, Cardiff on 4th April 2022

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



Companies House



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

Dated 25 March 2022

SHAW PALLET LIMITED

and

**CHRISTOPHER JOHN HILLABY, MICHAEL MIODRAG DRAGICEVIC and JOHN
MICHAEL COUPLAND**

DEBENTURE

THIS DEED is made this 25th day of March 2022

BETWEEN

- 1 **SHAW PALLET LIMITED (CRN 01150422)** whose registered office is at Shaw Pallet Building, Bridge Street, Slaithwaite, Huddersfield, West Yorkshire, HD7 5JN (the "**Subsidiary**")
- 2 **CHRISTOPHER JOHN HILLABY** of 36 Almondbury Close, Almondbury, Huddersfield, HD5 8XX; **MICHAEL MIODRAG DRAGICEVIC** of 31 Royd Croft, Quarmby, Huddersfield, HD3 4EQ and **JOHN MICHAEL COUPLAND** of 35 Westfield Avenue, Skelmanthorpe, Huddersfield, HD 8 9AH (the "**Lenders**").

RECITALS

- (A) The Lenders have entered into the SPA with the Borrower (as defined below) whereby the Lenders are selling the entire issued share capital in the Subsidiary to the Borrower
- (B) The Lenders have agreed, pursuant to the SPA, to accept some of the consideration due in respect of the sale for the shares as Deferred Consideration (as defined below) provided that the Borrower provides security in the form of a debenture and also procures that the Subsidiary provides a guarantee and debenture supporting that guarantee.
- (C) Under this Deed, the Subsidiary provides security to the Lenders in respect of the Guarantee.

OPERATIVE PROVISIONS:

1 Definitions and interpretation

1.1 Definitions

The following definitions apply in this Deed:

"Administrator"	an administrator appointed to manage the affairs, business and property of the Subsidiary pursuant to clause 12.8.
"Book Debts"	all present and future book and other debts, and monetary claims due or owing to the Subsidiary, and the benefit of all security, guarantees and other rights of any nature enjoyed or held by the Subsidiary in relation to any of them.
"Borrower"	Shaw Pallets Group Limited incorporated and registered in England and Wales with company number 13846492 whose registered office is at 18 The Causeway, Bishop's

"Charged Property"	any freehold, leasehold or commonhold property the subject of the security constituted by this Deed and references to "Charged Property" shall include references to the whole or any part or part of it.
'Deed of Priority'	a deed of priority in agreed form of even date entered into between ABN AMRO ASSET BASED FINANCE N.V., UK BRANCH (CRN 4350565) (ABN), the Borrower, the Lenders, the Target, the Subsidiary and OVMH.
"Deferred Consideration"	the payments referred to in clauses 3.2 (d), 3.2 (e) and 3.2 (f) of the SPA to be made by the Borrower to the Lenders on the terms of the SPA
"Delegate"	any person appointed by the Lenders or any Receiver pursuant to clause 17 and any person appointed as attorney of the Lenders, Receiver or Delegate.
"Equipment"	all present and future equipment, plant, machinery, tools, vehicles, furniture, fittings, installations and apparatus and other tangible moveable property owned by the Subsidiary or in which it has an interest, including any part of it and all spare parts, replacements, modifications and additions.
Equipment Permitted Security	all and any Security that the Subsidiary, the Borrower or the Target shall provide at the date of this deed or anytime in the future over any specific items of Equipment in relation to any hire purchase or finance leases which have been arranged to fund the purchase of such Equipment which is subject to an intercreditor deed to which the relevant Lenders or other beneficiary of such Security and the Lenders are party in form and substance satisfactory to the Lenders.
Event of Default:	any breach by the Subsidiary of the provisions of this Deed which cannot be remedied within 14 Business Days, or any representation or warranty made by the

	<p>Subsidiary in this Deed subsequently proving to be incorrect or misleading when made or deemed to be repeated which could materially prejudice the Lenders security pursuant to this Deed, or any breach by the Subsidiary or any other party (except the Lenders) of the terms of the Deed of Priority .</p>
"Financial Collateral"	has the meaning given to that expression in the Financial Collateral Regulations.
"Financial Collateral Regulations"	the Financial Collateral Arrangements (No 2) Regulations 2003 (<i>SI 2003/3226</i>).
"Guarantee"	the guarantee provided by the Subsidiary to the Lenders in respect of the Deferred Consideration.
"Insolvency Event"	<p>means in relation to the Subsidiary</p> <ol style="list-style-type: none"> 1. the inability to pay debts as they fall due; 2. intending or actually ceasing to trade; 3. the exercise of any distress, execution, injunction, sequestration, attachment or other legal process against assets; 4. the convening of a meeting for the purpose of considering or passing of any resolution for winding up or administration 5. the service of an notice of intention to appoint or the appointment of an administrator or receiver; 6. the service of a statutory demand; 7. the presentation of a petition for the administration winding up or bankruptcy.
"Insurance Policy"	each contract and policy of insurance effected or maintained by the Subsidiary from time to time in respect of its assets or business.
"Investments"	all certificated shares, stock, debentures, bonds or other securities or investments

(whether or not marketable) from time to time legally or beneficially owned by or on behalf of the Subsidiary.

"LPA 1925"	the Law of Property Act 1925.
"OVMH"	OVM Holdings Limited incorporated in England and Wales with company number 13612105) whose registered office is at 2, London Road, Biggleswade, Bedfordshire, SG18 8EP
"OVMH Debenture"	the fixed and floating all monies debenture issued by the Subsidiary in favour of OVMH dated as the same date of this Deed in agreed form.
"Permitted Security"	all and any security that the Borrower, the Target or the Subsidiary shall provide to its principal bank, ABN, in respect of any facilities made available to the Borrower on or about the date of this Deed which are subject to the Deed of Priority.
"Receiver"	a receiver, receiver and manager or administrative receiver appointed by the Lenders under clause 15.
"Secured Assets"	all the assets, property and undertaking of the Subsidiary which are, or are expressed to be, subject to the Security created by, or pursuant to, this Deed (and references to the Secured Assets shall include references to any part of them).
"Secured Liabilities"	all present and future obligations and liabilities (actual and contingent) of the Borrower to the Lenders under or in connection with the Deferred Consideration and under or in connection with this Deed (including, without limitation, those arising under clause 19), together with all interest (including, without limitation, default interest) accruing in respect

	of those obligations or liabilities.
"Security"	any mortgage, charge, (whether fixed or floating, legal or equitable), pledge, lien, assignment by way of security or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect
"Security Financial Collateral Arrangement"	has the meaning given to that expression in the Financial Collateral Regulations.
"Security Period"	the period starting on the date of this Deed and ending on the date on which the Lenders is satisfied that all the Secured Liabilities have been unconditionally and irrevocably paid and discharged in full and no further Secured Liabilities are capable of being outstanding.
"SPA"	the share sale and purchase agreement entered into between the Lenders and the Borrower regarding the sale of the share capital of the Target on or about the date of this Deed.
"Target"	Shaw Pallet (Holdings) Limited (CRN 06272041) whose registered office is Shaw Pallet Building, Bridge Street, Slaithwaite, Huddersfield, West Yorkshire, HD7 5JN
"VAT"	value added tax or any equivalent tax chargeable in the UK or elsewhere.

1.2 Interpretation

In this deed:

- 1.2.1 clause headings shall not affect the interpretation of this Deed;
- 1.2.2 a reference to a person shall include a reference to an individual, firm, company, corporation, partnership, unincorporated body of persons, government, state or agency of a state or any association, trust, joint venture or consortium (whether or not having separate legal personality) and that person's personal representatives, successors, permitted assigns and permitted transferees;

- 1.2.3 unless the context otherwise requires, words in the singular shall include the plural and in the plural shall include the singular;
- 1.2.4 unless the context otherwise requires, a reference to one gender shall include a reference to the other genders;
- 1.2.5 a reference to a party shall include that party's successors, permitted assigns and permitted transferees and this deed shall be binding on, and enure to the benefit of, the parties to this deed and their respective personal representatives, successors, permitted assigns and permitted transferees;
- 1.2.6 a reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time;
- 1.2.7 a reference to a statute or statutory provision shall include all subordinate legislation made from time to time under that statute or statutory provision;
- 1.2.8 a reference to writing or written includes e-mail;
- 1.2.9 any words following the terms including, include, in particular, for example or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms;
- 1.2.10 an obligation on a party not to do something includes an obligation not to allow that thing to be done;
- 1.2.11 a reference to this deed (or any provision of it) or to any other agreement or document referred to in this deed is a reference to this deed, that provision or such other agreement or document as amended (in each case, other than in breach of the provisions of this deed) from time to time;
- 1.2.12 a reference to an amendment includes a novation, re-enactment, supplement or variation (and amended shall be construed accordingly);
- 1.2.13 a reference to **determines** or **determined** means, unless the contrary is indicated, a determination made at the absolute discretion of the person making it; and
- 1.2.14 a reference to a **regulation** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, inter-governmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation.

1.3 **Clawback**

If the Lenders considers that an amount paid by the Subsidiary in respect of the Secured Liabilities is capable of being avoided or otherwise set aside on the liquidation or administration of the Subsidiary or otherwise, then that amount shall not be considered to have been irrevocably paid for the purposes of this Deed.

1.4 Nature of security over real property

A reference in this Deed to a charge or mortgage of or over any Charged Property includes:

- 1.4.1 all buildings and fixtures and fittings (including trade and tenant's fixtures and fittings) and fixed plant and machinery that are situated on or form part of that Charged Property at any time;
- 1.4.2 the proceeds of the sale of any part of that Charged Property and any other monies paid or payable in respect of or in connection with that Charged Property;
- 1.4.3 the benefit of any covenants for title given, or entered into, by any predecessor in title of the Subsidiary in respect of that Charged Property, and any monies paid or payable in respect of those covenants; and
- 1.4.4 all rights under any licence, agreement for sale or agreement for lease in respect of that Charged Property.

1.5 Nature of security over Investments

A reference in this Deed to any share, stock, debenture or other security or investment includes:

- 1.5.1 any dividend, interest or other distribution paid or payable in respect of that share, stock, debenture or other security or investment;
- 1.5.2 any right, money, shares or property accruing, offered or issued at any time in relation to that share, stock, debenture or other security or investment by way of redemption, substitution, exchange, conversion, bonus, preference or otherwise, under option rights or otherwise.

1.6 Perpetuity period

If the rule against perpetuities applies to any trust created by this Deed, the perpetuity period shall be 125 years (as specified by section 5(1) of the Perpetuities and Accumulations Act 2009).

1.7 Deed of Priority

The Security granted under this Deed shall be subject to the terms and conditions of the Deed of Priority.

2 Covenant to pay

The Subsidiary shall, on demand, pay to the Lenders and discharge the Secured Liabilities when they become due pursuant to the terms of the SPA or this Deed (as the case may be).

3 Grant of security

3.1 Legal mortgage

As a continuing security for the payment and discharge of the Secured Liabilities, the Subsidiary with full title guarantee charges to the Lenders, by way of a legal mortgage which shall rank behind the Permitted Security and the Equipment Permitted Security, but ahead of the OVMH Debenture, all estates or interests in any freehold, leasehold or commonhold property now owned by it.

3.2 Fixed charges

As a continuing security for the payment and discharge of the Secured Liabilities, the Subsidiary with full title guarantee charges to the Lenders by way of a fixed charge which shall rank behind the Permitted Security and the Equipment Permitted Security, but ahead of the OVMH Debenture:

- 3.2.1 all present and future estates or interests of the Subsidiary in, or over, any freehold, leasehold or commonhold property (not otherwise effectively mortgaged or charged under clause 3.1);
- 3.2.2 the benefit of all other contracts, guarantees, appointments and warranties relating to each Charged Property and other documents to which the Subsidiary is a party or which are in its favour or of which it has the benefit relating to any letting, development, sale, purchase, use or the operation of any Charged Property or otherwise relating to any Charged Property (including, in each case, but without limitation, the right to demand and receive all monies whatever payable to or for its benefit under or arising from any of them, all remedies provided for in any of them or available at law or in equity in relation to any of them, the right to compel performance of any of them and all other rights, interests and benefits whatever accruing to or for its benefit arising from any of them);
- 3.2.3 all licences, consents and authorisations (statutory or otherwise) held or required in connection with its business or the use of any Secured Asset, and all rights in connection with them;
- 3.2.4 all its present and future goodwill;
- 3.2.5 all its uncalled capital;
- 3.2.6 all the Equipment;
- 3.2.7 all the Book Debts;
- 3.2.8 all the Investments;
- 3.2.9 all monies from time to time standing to the credit of its accounts with any bank, financial institution or other person, together with all other rights and benefits accruing to or arising in connection with each account (including, but not limited to, entitlements to interest);

3.2.10 all its rights in respect of each Insurance Policy, including all claims, the proceeds of all claims and all returns of premiums in connection with each Insurance Policy; and

3.2.11 all its rights in respect of all agreements, instruments and rights relating to the Secured Assets.

3.3 Floating charge

As a continuing security for the payment and discharge of the Secured Liabilities, the Subsidiary with full title guarantee charges to the Lenders, by way of floating charge which shall rank behind the Permitted Security, and, if relevant, the Equipment Permitted Security, but ahead of the OVMH Debenture, all its undertaking, property, assets and rights not otherwise effectively mortgaged or charged under clause 3.1 to clause 3.2 inclusive.

3.4 Qualifying floating charge

Paragraph 14 of Schedule B1 to the Insolvency Act 1986 applies to the floating charge created by clause 3.3.

3.5 Automatic crystallisation of floating charge

The floating charge created by clause 3.3 shall automatically and immediately (without notice) convert into a fixed charge over the assets subject to that floating charge if:

3.5.1 the Subsidiary:

3.5.1.1 creates, or attempts to create, without the prior written consent of the Lenders, Security or a trust in favour of another person over all or any part of the Secured Assets (except as expressly permitted by the terms of this Deed); or

3.5.1.2 disposes, or attempts to dispose of, all or any part of the Secured Assets (other than Secured Assets that are only subject to the floating charge while it remains uncrystallised);

3.5.2 any person levies (or attempts to levy) any distress, attachment, execution or other process against all or any part of the Secured Assets; or

3.5.3 a resolution is passed or an order is made for the winding-up, dissolution, administration or re-organisation of the Subsidiary.

3.6 Crystallisation of floating charge by notice

The Lenders may, in its sole discretion, by written notice to the Subsidiary, convert the floating charge created under this Deed into a fixed charge as regards any part of the Secured Assets specified by the Lenders in that notice if:

3.6.1 an Event of Default is continuing; or

- 3.6.2 the Lenders considers those 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.

3.7 Assets acquired after any floating charge has crystallised

Any asset acquired by the Subsidiary after any crystallisation of the floating charge created under this Deed that, but for that crystallisation, would be subject to a floating charge under this Deed, shall (unless the Lenders confirms otherwise to the Subsidiary in writing) be charged to the Lenders by way of first fixed charge.

4 Liability of the Subsidiary

4.1 Liability not discharged

The Subsidiary's liability under this Deed in respect of any of the Secured Liabilities shall not be discharged, prejudiced or affected by:

- 4.1.1 any security, guarantee, indemnity, remedy or other right held by, or available to, the Lenders that is, or becomes, wholly or partially illegal, void or unenforceable on any ground;
- 4.1.2 the Lenders renewing, determining, varying or increasing any facility or other transaction in any manner or concurring in, accepting or varying any compromise, arrangement or settlement, or omitting to claim or enforce payment from any other person; or
- 4.1.3 any other act or omission that, but for this clause 4.1, might have discharged, or otherwise prejudiced or affected, the liability of the Subsidiary.

4.2 Immediate recourse

The Subsidiary waives any right it may have to require the Lenders to enforce any security or other right, or claim any payment from, or otherwise proceed against, any other person before enforcing this Deed against the Subsidiary.

5 Representations and warranties

5.1 Times for making representations and warranties

The Subsidiary makes the representations and warranties set out in this clause 5 to the Lenders on the date of this Deed and the representations and warranties contained in clauses 5.2, 5.3, 0, 5.5, 5.6, 5.7, 5.8, and 5.9 are deemed to be repeated on each day of the Security Period with reference to the facts and circumstances existing at the time of repetition.

5.2 Ownership of Secured Assets

The Subsidiary is the sole legal and beneficial owner of, and has good, valid and marketable title to, the Secured Assets.

5.3 No Security

The Secured Assets are free from any Security other than the Security created by this Deed, the Permitted Security, the Equipment Permitted Security and the OVMH Debenture all of which are subject to the Deed of Priority.

5.4 No adverse claims

The Subsidiary has not received, or acknowledged notice of, any adverse claim by any person in respect of the Secured Assets or any interest in them.

5.5 No adverse covenants

There are no covenants, agreements, reservations, conditions, interests, rights or other matters whatsoever that materially and adversely affect the Secured Assets.

5.6 No breach of laws

There is no breach of any law or regulation that materially and adversely affects the Secured Assets.

5.7 No interference in enjoyment

No facility necessary for the enjoyment and use of the Secured Assets is subject to terms entitling any person to terminate or curtail its use.

5.8 No overriding interests

Nothing has arisen, has been created or is subsisting, that would be an overriding interest in any Charged Property.

5.9 Insolvency Event

It is not subject to an Insolvency Event.

6 Negative Pledge

6.1 Negative Pledge

The Subsidiary undertakes that it will not create or permit to subsist any security other than the Permitted Security, the Equipment Permitted Security and the OVMH Debenture over the Secured Assets which are subject to the Deed of Priority save with the consent of the Lenders.

6.2 No Disposals

The Subsidiary undertakes that it will not without the prior written consent of the Lenders dispose of (or agree to dispose of) any Secured Assets except for the following Secured Assets: -

- 6.2.1 any trading stock or cash which is disposed of in the ordinary course of trading; or
- 6.2.2 any equipment which is disposed of in the ordinary course of trading, whether due to obsolescence, replacement or no longer being of useful benefit to the business.

7 General covenants

7.1 Preservation of Secured Assets

The Subsidiary shall not do, or permit to be done, any act or thing that would or might depreciate, jeopardise or otherwise prejudice the security held by the Lenders, or materially diminish the value of any of the Secured Assets or the effectiveness of the security created by this Deed.

7.2 Compliance with laws and regulations

7.2.1 The Subsidiary shall not, without the Lenders prior written consent, use or permit the Secured Assets to be used in any way contrary to law.

7.2.2 The Subsidiary shall:

- 7.2.2.1 comply with the requirements of any law or regulation relating to or affecting the Secured Assets or the use of it or any part of them;
- 7.2.2.2 obtain, and promptly renew from time to time, and comply with the terms of all authorisations that are required in connection with the Secured Assets or their use or that are necessary to preserve, maintain or renew any Secured Asset; and
- 7.2.2.3 promptly effect any maintenance, modifications, alterations or repairs that are required by any law or regulation to be effected on or in connection with the Secured Assets.

7.3 Enforcement of rights

The Subsidiary shall use its reasonable endeavours to:

- 7.3.1 procure the prompt observance and performance by the relevant counterparty to any agreement or arrangement with the Subsidiary and forming part of the Secured Assets of the covenants and other obligations imposed on such counterparty (including each counterparty in respect of a Relevant Agreement and each insurer in respect of an Insurance Policy); and
- 7.3.2 enforce any rights and institute, continue or defend any proceedings relating to any of the Secured Assets that the Lenders may require from time to time.

7.4 Notice of misrepresentation and breaches

The Subsidiary shall, promptly on becoming aware of any of the same, notify the Lenders in writing of:

7.4.1 any representation or warranty set out in this Deed that is incorrect or misleading in any material respect when made or deemed to be repeated; and

7.4.2 any breach of any covenant set out in this Deed.

7.5 Insurance

7.5.1 The Subsidiary shall insure and keep insured (or where, in the case of any leasehold property, insurance is the responsibility of the landlord under the terms of the lease, either procure that the landlord insures and keeps insured or, if and to the extent that the landlord does not do so, itself insure and keep insured) the Secured Assets against:

7.5.1.1 loss or damage by fire or terrorist acts, including any third party liability arising from such acts;

7.5.1.2 other risks, perils and contingencies that would be insured against by reasonably prudent persons carrying on the same class of business as the Subsidiary; and

7.5.1.3 any other risk, perils and contingencies as the Lenders may reasonably require.

7.5.2 Any such insurance must be with an insurance company or underwriters, and on such terms, as are reasonably acceptable to the Lenders, and must include property owners' public liability and third party liability insurance and be for not less than the replacement value of the relevant Secured Assets (meaning in the case of any premises on any Charged Property, the total cost of entirely rebuilding, reinstating or replacing the premises in the event of their being destroyed, together with architects', surveyors', engineers' and other professional fees and charges for shoring or propping up, demolition, site clearance and reinstatement with adequate allowance for inflation) and, in the case of any Charged Property, loss of rents payable by the tenants or other occupiers of any Charged Property for a period of at least three years, including provision for increases in rent during the period of insurance.

7.5.3 The Subsidiary shall, if requested by the Lenders, produce to the Lenders each policy, certificate or cover note relating to any insurance as is required by clause 7.5.1 (or where, in the case of any leasehold property, that insurance is effected by the landlord, such evidence of insurance as the Subsidiary is entitled to obtain from the landlord under the terms of the relevant lease).

7.5.4 The Subsidiary shall, if requested by the Lenders, procure that a note of the Lenders interest is endorsed on each insurance policy (other than public liability and third party liability insurances) effected or maintained by it or any person on its behalf in accordance with clause 7.5.1 but without the Lenders having any liability for any premium in relation to those insurance policies unless it has expressly and specifically requested to be made liable in respect

of any increase in premium or unpaid premium in respect of any Insurance Policy.

- 7.5.5 The Subsidiary shall ensure that each insurance policy effected or maintained by it or any person on its behalf in accordance with clause 7.5.1 contains such clauses as the Lenders may reasonably require.

7.6 Insurance premiums

The Subsidiary shall:

- 7.6.1 promptly pay all premiums in respect of each insurance policy as is required by clause 7.5.1 and do all other things necessary to keep that policy in full force and effect; and
- 7.6.2 (if the Lenders so require) give to the Lenders copies of the receipts for all premiums and other payments necessary for effecting and keeping up each insurance policy as is required by clause 7.5.1 (or where, in the case of leasehold property, insurance is effected by the landlord, such evidence of the payment of premiums as the Subsidiary is entitled to obtain from the landlord under the terms of the relevant lease).

7.7 No invalidation of insurance

The Subsidiary shall not do or omit to do, or permit to be done or omitted, any act or thing that may invalidate or otherwise prejudice any insurance policy as is required by clause 7.5.1.

7.8 Information

The Subsidiary shall:

- 7.8.1 give the Lenders such information concerning the location, condition, use and operation of the Secured Assets as the Lenders may require;
- 7.8.2 permit any persons designated by the Lenders and any Receiver to enter on its premises and inspect and examine any Secured Asset, and the records relating to that Secured Asset, at all reasonable times and on reasonable prior notice; and
- 7.8.3 promptly notify the Lenders in writing of any action, claim, notice or demand made by or against it in connection with all or any part of a Secured Asset or of any fact, matter or circumstance which may, with the passage of time, give rise to such an action, claim, notice or demand, together with, in each case, the Subsidiary's proposals for settling, liquidating, compounding or contesting any such action, claim, notice or demand and shall, subject to the Lenders prior approval, implement those proposals at its own expense.

7.9 Payment of outgoings

The Subsidiary shall promptly pay all taxes, fees, licence duties, registration charges, insurance premiums and other outgoings in respect of the Secured Assets and, on demand, produce evidence of payment to the Lenders.

7.10 Change of circumstances

The Subsidiary shall promptly upon becoming aware of the same notify the Lenders of:

- 7.10.1 any change of owner or management of the Subsidiary;
- 7.10.2 the Subsidiary becoming subject to an Insolvency Event;
- 7.10.3 the enforcement of any Security Interest against the Subsidiary.

8 Property covenants

8.1 No alterations

The Subsidiary shall not without the prior written consent of the Lenders:

- 8.1.1 make or permit to be made any material alterations to any Charged Property, or sever or remove or permit to be severed or removed, any of its fixtures or fittings (except to make any necessary repairs or renew or replace the same in accordance with clause 8.1); or
- 8.1.2 remove or make any material alterations to any of the Equipment belonging to, or in use by, the Subsidiary on any Charged Property (except to effect necessary repairs or replace them with new or improved models or substitutes).

8.2 Registration of legal mortgage at the Land Registry

The Subsidiary consents to an application being made by the Lenders to the Land Registrar for the following restriction in Form P to be registered against its title to each Charged Property over which the Lenders has a legal mortgage:

"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 [NAME OF PARTY] referred to in the charges register [or [their conveyancer or specify appropriate details]]."

9 Investment Covenants

9.1 Nominations

- 9.1.1 The Subsidiary shall terminate with immediate effect all nominations it may have made (including, without limitation, any nomination made under section 145 or section 146 of the Companies Act 2006) in respect of any Investments and, pending that termination, procure that any person so nominated:

- (a) does not exercise any rights in respect of any Investments without the prior written approval of the Lenders; and
 - (b) immediately on receipt by it, forward to the Lenders all communications or other information received by it in respect of any Investments for which it has been so nominated.
- 9.1.2 The Subsidiary shall not, during the Security Period, exercise any rights (including, without limitation, any rights under sections 145 and 146 of the Companies Act 2006) to nominate any person in respect of any of the Investments.

9.2 Pre-emption Rights and Restrictions on Transfer

The Subsidiary shall:

- 9.2.1 obtain all consents, waivers, approvals and permissions that are necessary, under the articles of association (or otherwise) of an issuer of any Investments, for the transfer of the Investments to the Lenders or its nominee, or to a purchaser on enforcement of the security constituted by this deed; and
- 9.2.2 procure the amendment of the share transfer provisions (including, but not limited to, deletion of any pre-emption provisions) under the articles of association, other constitutional document or otherwise of each issuer of the Investments in any manner that the Lenders may require in order to permit the transfer of the Investments to the Lenders or its nominee, or to a purchaser on enforcement of the security constituted by this deed.

9.3 Dividends and Voting Rights Before Enforcement

- 9.3.1 Before the security constituted by this deed becomes enforceable, the Subsidiary may retain and apply for its own use all dividends, interest and other monies paid or payable in respect of the Investments and, if any are paid or payable to the Lenders or any of its nominees, the Lenders will hold all those dividends, interest and other monies received by it for the Subsidiary and will pay them to the Subsidiary promptly on request.
- 9.3.2 Before the security constituted by this deed becomes enforceable, the Subsidiary may exercise all voting and other rights and powers in respect of the Investments or, if any of the same are exercisable by the Lenders or any of its nominees, to direct in writing the exercise of those voting and other rights and powers provided that:
 - (a) it shall not do so in any way that would breach any provision of the SPA or this deed or for any purpose inconsistent with the SPA or this deed; and
 - (b) the exercise of, or the failure to exercise, those voting rights or other rights and powers would not, in the Lenders opinion, have an adverse effect on the value of the Investments or otherwise prejudice the Lenders security under this deed.

9.3.3 The Subsidiary shall indemnify the Lenders against any loss or liability incurred by the Lenders (or its nominee) as a consequence of the Lenders (or its nominee) acting in respect of the Investments at the direction of the Subsidiary.

9.3.4 The Lenders shall not, by exercising or not exercising any voting rights or otherwise, be construed as permitting or agreeing to any variation or other change in the rights attaching to, or conferred by, any of the Investments that the Lenders considers prejudicial to, or impairing the value of, the security created by this deed.

9.4 Dividends and Voting Rights After Enforcement

After the security constituted by this deed has become enforceable:

9.4.1 all dividends and other distributions paid in respect of the Investments and received by the Subsidiary shall be held by the Subsidiary on trust for the Lenders and immediately paid into a Designated Account or, if received by the Lenders, may be applied by the Lenders in accordance with clause 18.1; and

9.4.2 all voting and other rights and powers attaching to the Investments may be exercised by, or at the direction of, the Lenders and the Subsidiary shall, and shall procure that its nominees shall, comply with any directions the Lenders may give, in its absolute discretion, concerning the exercise of those rights and powers.

9.5 No Alteration of Constitutional Documents or Rights Attaching to Investments

The Subsidiary shall not, without the prior written consent of the Lenders, amend, or agree to the amendment of:

9.5.1 the memorandum or articles of association, or any other constitutional documents, of any issuer of the Investments that is not a public company; or

9.5.2 the rights or liabilities attaching to, or conferred by, all or any of the Investments.

9.6 Preservation of Investments

9.6.1 The Subsidiary shall ensure (as far as it is able to by the exercise of all voting rights, powers of control and other means available to it) that any issuer of any of the Investments (that is not a public company) shall not:

9.6.2 consolidate or subdivide any of the Investments, or re-organise, exchange, repay or reduce its share capital in any way;

9.6.3 issue any new shares or stock; or

9.6.4 refuse to register any transfer of any of the Investments that may be lodged with it for registration by, or on behalf of, the Lenders or the Subsidiary in accordance with this deed.

9.7 Investments Information

The Subsidiary shall, promptly following receipt, send to the Lenders copies of any notice, circular, report, accounts and any other document received by it that relates to the Investments.

9.8 Compliance with Requests for Information

The Subsidiary shall promptly send a copy to the Lenders of, and comply with, all requests for information which is within its knowledge and which are made under any law or regulation or any similar provision in any articles of association or other constitutional document, or by any listing or other authority, relating to any of the Investments. If it fails to do so, the Lenders may elect to provide such information as it may have on behalf of the Subsidiary.

10 Equipment covenants

10.1 Maintenance of Equipment

The Subsidiary shall:

- 10.1.1 maintain the Equipment in good and serviceable condition (except for expected fair wear and tear) in compliance with all relevant manuals, handbooks, manufacturer's instructions and recommendations and maintenance or servicing schedules;
- 10.1.2 at its own expense, renew and replace any parts of the Equipment when they become obsolete, worn out or damaged with parts of a similar quality and of equal or greater value; and
- 10.1.3 not permit any Equipment to be:
 - 10.1.3.1 used or handled other than by properly qualified and trained persons; or
 - 10.1.3.2 overloaded or used for any purpose for which it is not designed or reasonably suitable.

10.2 Notice of charge

- 10.2.1 The Subsidiary shall, if so requested by the Lenders, affix to and maintain on each item of Equipment in a conspicuous place, a clearly legible identification plate containing the following wording:

"NOTICE OF CHARGE

This [DESCRIBE ITEM] and all additions to it [and ancillary equipment] are subject to a fixed charge dated [DATE] in favour of [LENDERS]."

- 10.2.2 The Subsidiary shall not, and shall not permit any person to, conceal, obscure, alter or remove any plate affixed in accordance with clause 10.2.1.

11 Book Debts covenants

11.1 Preservation of Book Debts

The Subsidiary shall not (except with the prior written consent of the Lenders or pursuant to the Permitted Security) sell, assign, factor or discount all or any of the Book Debts.

12 Powers of the Lenders

12.1 Power to remedy

12.1.1 The Lenders shall be entitled (but shall not be obliged) to remedy, at any time, a breach by the Subsidiary of any of its obligations contained in this Deed.

12.1.2 The Subsidiary irrevocably authorises the Lenders and its agents to do all things that are necessary or desirable for that purpose.

12.1.3 Any monies expended by the Lenders in remedying a breach by the Subsidiary of its obligations contained in this Deed shall be reimbursed by the Subsidiary to the Lenders on a full indemnity basis and shall carry interest in accordance with clause 19.1.

12.2 Exercise of rights

12.2.1 The rights of the Lenders under clause 12.1 are without prejudice to any other rights of the Lenders under this Deed.

12.2.2 The exercise of any rights of the Lenders under this Deed shall not make the Lenders liable to account as a mortgagee in possession.

12.3 Power to dispose of chattels

12.3.1 At any time after the security constituted by this Deed has become enforceable, the Lenders or any Receiver may, as agent for the Subsidiary, dispose of any chattels or produce found on any Charged Property.

12.3.2 Without prejudice to any obligation to account for the proceeds of any disposal made under clause 12.3.1, the Subsidiary shall indemnify the Lenders and any Receiver against any liability arising from any disposal made under clause 12.3.1.

12.4 Lenders has Receiver's powers

To the extent permitted by law, any right, power or discretion conferred by this Deed (either expressly or impliedly) or by law on a Receiver may, after the security constituted by this Deed has become enforceable, be exercised by the Lenders in relation to any of the Secured Assets whether or not it has taken possession of any Secured Assets and without first appointing a Receiver or notwithstanding the appointment of a Receiver.

12.5 Conversion of currency

12.5.1 For the purpose of, or pending the discharge of, any of the Secured Liabilities, the Lenders may convert any monies received, recovered or realised by it under this Deed (including the proceeds of any previous conversion under this clause 12.5) from their existing currencies of denomination into any other currencies of denomination that the Lenders may think fit.

12.5.2 Any such conversion shall be effected at Barclays Bank plc's then prevailing spot selling rate of exchange for such other currency against the existing currency.

12.5.3 Each reference in this clause 12.5 to a currency extends to funds of that currency and, for the avoidance of doubt, funds of one currency may be converted into different funds of the same currency.

12.6 New accounts

12.6.1 If the Lenders receives, or is deemed to have received, notice of any subsequent Security, or other interest, affecting all or part of the Secured Assets, the Lenders may open a new account for the Subsidiary in the Lenders books. Without prejudice to the Lenders right to combine accounts, no money paid to the credit of the Subsidiary in any such new account shall be appropriated towards, or have the effect of discharging, any part of the Secured Liabilities.

12.6.2 If the Lenders does not open a new account immediately on receipt of the notice, or deemed notice, under clause 12.6.1, then, unless the Lenders gives express written notice to the contrary to the Subsidiary, all payments made by the Subsidiary to the Lenders shall be treated as having been credited to a new account of the Subsidiary and not as having been applied in reduction of the Secured Liabilities, as from the time of receipt or deemed receipt of the relevant notice by the Lenders.

12.7 Indulgence

The Lenders may, at its discretion, grant time or other indulgence, or make any other arrangement, variation or release with any person not being a party to this Deed (whether or not any such person is jointly liable with the Subsidiary) in respect of any of the Secured Liabilities, or of any other security for them without prejudice either to this Deed or to the liability of the Subsidiary for the Secured Liabilities.

12.8 Appointment of an Administrator

12.8.1 The Lenders may, without notice to the Subsidiary, appoint any one or more persons to be an Administrator of the Subsidiary pursuant to Paragraph 14 of Schedule B1 of the Insolvency Act 1986 if the security constituted by this Deed becomes enforceable.

12.8.2 Any appointment under this clause 12.8 shall:

12.8.2.1 be in writing signed by a duly authorised signatory of the Lenders;
and

12.8.2.2 take effect, in accordance with paragraph 19 of Schedule B1 of the
Insolvency Act 1986.

12.8.3 The Lenders may apply to the court for an order removing an Administrator from office and may by notice in writing in accordance with this clause 12.8 appoint a replacement for any Administrator who has died, resigned, been removed or who has vacated office upon ceasing to be qualified.

13 When security becomes enforceable

13.1 Security becomes enforceable on Event of Default

The security constituted by this Deed shall become immediately enforceable if an Event of Default occurs.

13.2 Discretion

After the security constituted by this Deed has become enforceable, the Lenders may, in its absolute discretion, enforce all or any part of that security at the times, in the manner and on the terms it thinks fit, and take possession of and hold or dispose of all or any part of the Secured Assets.

14 Enforcement of security

14.1 Enforcement powers

14.1.1 For the purposes of all powers implied by statute, the Secured Liabilities are deemed to have become due and payable on the date of this Deed.

14.1.2 The power of sale and other powers conferred by section 101 of the LPA 1925 (as varied or extended by this Deed) shall be immediately exercisable at any time after the security constituted by this Deed has become enforceable under clause 13.1.

14.1.3 Section 103 of the LPA 1925 does not apply to the security constituted by this Deed.

14.2 Extension of statutory powers of leasing

The statutory powers of leasing and accepting surrenders conferred on mortgagees under the LPA 1925 and by any other statute are extended so as to authorise the Lenders and any Receiver, at any time after the security constituted by this Deed has become enforceable, whether in its own name or in that of the Subsidiary, to:

14.2.1 grant a lease or agreement for lease;

14.2.2 accept surrenders of leases; or

- 14.2.3 grant any option in respect of the whole or any part of the Secured Assets with whatever rights relating to other parts of it,

whether or not at a premium and containing such covenants on the part of the Subsidiary, and on such terms and conditions (including the payment of money to a lessee or tenant on a surrender) as the Lenders or Receiver thinks fit without the need to comply with any of the restrictions imposed by sections 99 and 100 of the LPA 1925.

14.3 Access on enforcement

- 14.3.1 At any time after the Lenders has demanded payment of the Secured Liabilities or if the Subsidiary defaults in the performance of its obligations under this Deed, the Subsidiary will allow the Lenders or its Receiver, without further notice or demand, immediately to exercise all its rights, powers and remedies in particular (and without limitation) to take possession of any Secured Asset and for that purpose to enter on any premises where a Secured Asset is situated (or where the Lenders or a Receiver reasonably believes a Secured Asset to be situated) without incurring any liability to the Subsidiary for, or by any reason of, that entry.

- 14.3.2 At all times, the Subsidiary must use its best endeavours to allow the Lenders or its Receiver access to any premises for the purpose of clause 14.3.1 (including obtaining any necessary consents or permits of other persons) and ensure that its employees and officers do the same.

14.4 Redemption of prior Security

- 14.4.1 At any time after the security constituted by this Deed has become enforceable, or after any powers conferred by any Security having priority to this Deed shall have become exercisable, the Lenders may:

14.4.1.1 redeem any prior Security over any Secured Asset;

14.4.1.2 procure the transfer of that Security to itself; and

14.4.1.3 settle and pass the accounts of the holder of any prior Security (and any accounts so settled and passed shall, in the absence of any manifest error, be conclusive and binding on the Subsidiary).

- 14.4.2 The Subsidiary shall pay to the Lenders immediately on demand all principal, interest, costs, charges and expenses of, and incidental to, any such redemption or transfer, and such amounts shall be secured by this Deed as part of the Secured Liabilities.

14.5 Protection of third parties

No purchaser, mortgagee or other person dealing with the Lenders, any Receiver or any Delegate shall be concerned to enquire:

- 14.5.1 whether any of the Secured Liabilities have become due or payable, or remain unpaid or undischarged;

14.5.2 whether any power the Lenders, a Receiver or Delegate is purporting to exercise has become exercisable or is being properly exercised; or

14.5.3 how any money paid to the Lenders, any Receiver or any Delegate is to be applied.

14.6 Privileges

Each Receiver and the Lenders is entitled to all the rights, powers, privileges and immunities conferred by the LPA 1925 on mortgagees and receivers.

14.7 No liability as mortgagee in possession

Neither the Lenders nor any Receiver or Delegate shall be liable, by reason of entering into possession of a Secured Asset or for any other reason, to account as mortgagee in possession in respect of all or any of the Secured Assets, nor shall any of them be liable for any loss on realisation of, or for any act, default or omission for which a mortgagee in possession might be liable.

14.8 Conclusive discharge to purchasers

The receipt of the Lenders, or any Receiver or Delegate shall be a conclusive discharge to a purchaser and, in making any sale or other disposal of any of the Secured Assets or in making any acquisition in the exercise of their respective powers, the Lenders, and every Receiver and Delegate may do so for any consideration, in any manner and on any terms that it thinks fit.

14.9 Right of appropriation

14.9.1 To the extent that:

14.9.1.1 the Secured Assets constitute Financial Collateral; and

14.9.1.2 this Deed and the obligations of the Subsidiary under it constitute a Security Financial Collateral Arrangement,

the Lenders shall have the right, at any time after the security constituted by this Deed has become enforceable, to appropriate all or any of those Secured Assets in or towards the payment or discharge of the Secured Liabilities in any order that the Lenders may, in its absolute discretion, determine.

14.9.2 The value of any Secured Assets appropriated in accordance with this clause shall be:

14.9.2.1 in the case of cash, the amount standing to the credit of each of the Subsidiary's accounts with any bank, financial institution or other person, together with any accrued but unpaid interest, at the time the right of appropriation is exercised; and

14.9.2.2 in the case of Investments, the market price of those Investments at the time the right of appropriation is exercised determined by the Lenders by reference to a recognised market index or by any other

method that the Lenders may select (including independent valuation).

- 14.9.3 The Subsidiary agrees that the methods of valuation provided for in this clause are commercially reasonable for the purposes of the Financial Collateral Regulations.

15 Receiver

15.1 Appointment

At any time after the security constituted by this Deed has become enforceable, or at the request of the Subsidiary, the Lenders may, without further notice, appoint by way of deed, or otherwise in writing, any one or more persons to be a Receiver of all or any part of the Secured Assets.

15.2 Removal

The Lenders may, without further notice (subject to section 45 of the Insolvency Act 1986 in the case of an administrative receiver), from time to time, by way of deed, or otherwise in writing, remove any Receiver appointed by it and may, whenever it thinks fit, appoint a new Receiver in the place of any Receiver whose appointment may for any reason have terminated.

15.3 Remuneration

The Lenders may fix the remuneration of any Receiver appointed by it without the restrictions contained in section 109 of the LPA 1925, and the remuneration of the Receiver shall be a debt secured by this Deed, to the extent not otherwise discharged.

15.4 Power of appointment additional to statutory powers

The power to appoint a Receiver conferred by this Deed shall be in addition to all statutory and other powers of the Lenders under the Insolvency Act 1986, the LPA 1925 or otherwise, and shall be exercisable without the restrictions contained in sections 103 and 109 of the LPA 1925 or otherwise.

15.5 Power of appointment exercisable despite prior appointments

The power to appoint a Receiver (whether conferred by this Deed or by statute) shall be, and remain, exercisable by the Lenders despite any prior appointment in respect of all or any part of the Secured Assets.

15.6 Agent of the Subsidiary

Any Receiver appointed by the Lenders under this Deed shall be the agent of the Subsidiary and the Subsidiary shall be solely responsible for the contracts, engagements, acts, omissions, defaults, losses and remuneration of that Receiver and for liabilities incurred by that Receiver. The agency of each Receiver shall continue until the Subsidiary goes into liquidation and

after that the Receiver shall act as principal and shall not become the agent of the Lenders.

16 Powers of Receiver

16.1 General

16.1.1 Any Receiver appointed by the Lenders under this Deed shall, in addition to the powers conferred on it by statute, have the rights, powers and discretions set out in clause 16.2 to clause 16.23.

16.1.2 A Receiver has all the rights, powers and discretions conferred on a receiver (or a receiver and manager) under the LPA 1925, and shall have those rights, powers and discretions conferred on an administrative receiver under the Insolvency Act 1986 whether it is an administrative receiver or not.

16.1.3 If there is more than one Receiver holding office at the same time, each Receiver may (unless the document appointing it states otherwise) exercise all of the powers conferred on a Receiver under this Deed individually and to the exclusion of any other Receiver.

16.1.4 Any exercise by a Receiver of any of the powers given by clause 16 may be on behalf of the Subsidiary, the directors of the Subsidiary (in the case of the power contained in clause 16.16) or itself.

16.2 Repair and develop Charged Properties

A Receiver may undertake or complete any works of repair, alteration, building or development on the Charged Properties and may apply for and maintain any planning permission, development consent, building regulation approval or any other permission, consent or licence to carry out any of the same.

16.3 Grant or accept surrenders of leases

A Receiver may grant, or accept, surrenders of any leases or tenancies affecting any Secured Asset on any terms, and subject to any conditions, that it thinks fit.

16.4 Employ personnel and advisers

16.4.1 A Receiver may provide services and employ or engage any managers, officers, servants, contractors, workmen, agents, other personnel and professional advisers on any terms, and subject to any conditions, that it thinks fit.

16.4.2 A Receiver may discharge any such person or any such person appointed by the Subsidiary.

16.5 Make and revoke VAT options to tax

A Receiver may make, exercise or revoke any VAT option to tax as it thinks fit.

16.6 Remuneration

A Receiver may charge and receive any sum by way of remuneration (in addition to all costs, charges and expenses incurred by it) that the Lenders may prescribe or agree with it.

16.7 Possession

A Receiver may take immediate possession of, get in and realise any Secured Asset.

16.8 Manage or reconstruct the Subsidiary's business

A Receiver may carry on, manage, develop, reconstruct, amalgamate or diversify or concur in carrying on, managing, developing, reconstructing, amalgamating or diversifying the business of the Subsidiary.

16.9 Dispose of Secured Assets

A Receiver may sell, exchange, convert into money and realise all or any of the Secured Assets in respect of which it is appointed in any manner (including, without limitation, by public auction or private sale) and generally on any terms and conditions as it thinks fit. Any sale may be for any consideration that the Receiver thinks fit and a Receiver may promote, or concur in promoting, a company to purchase the Secured Assets to be sold.

16.10 Sever fixtures and fittings

A Receiver may sever and sell separately any fixtures or fittings from any Charged Property without the consent of the Subsidiary.

16.11 Sell Book Debts

A Receiver may sell and assign all or any of the Book Debts in respect of which it is appointed in any manner, and generally on any terms and conditions, that it thinks fit.

16.12 Valid receipts

A Receiver may give a valid receipt for all monies and execute all assurances and things that may be proper or desirable for realising any of the Secured Assets.

16.13 Make settlements

A Receiver may settle, adjust, refer to arbitration, compromise and arrange any claim, account, dispute, question or demand with or by any person who claims to be a creditor of the Subsidiary or relating in any way to any Secured Asset.

16.14 Legal action

A Receiver may bring, prosecute, enforce, defend and abandon all actions, suits and proceedings in relation to any of the Secured Assets as it thinks fit.

16.15 Improve the Equipment

A Receiver may make substitutions of, or improvements to, the Equipment as it may think expedient.

16.16 Make calls on Borrower members

A Receiver may make calls conditionally or unconditionally on the members of the Subsidiary in respect of uncalled capital with (for that purpose and for the purpose of enforcing payments of any calls so made) the same powers as are conferred by the articles of association of the Subsidiary on its directors in respect of calls authorised to be made by them.

16.17 Insure

A Receiver may, if it thinks fit, but without prejudice to the indemnity in clause 19, effect with any insurer any policy of insurance either in lieu or satisfaction of, or in addition to, the insurance required to be maintained by the Subsidiary under this Deed.

16.18 Subsidiaries

A Receiver may form a subsidiary of the Subsidiary and transfer to that subsidiary any Secured Asset

16.19 Borrow

A Receiver may, for whatever purpose it thinks fit, raise and borrow money either unsecured or on the security of all or any of the Secured Assets in respect of which it is appointed on any terms that it thinks fit (including, if the Lenders consents, terms under which that security ranks in priority to this Deed).

16.20 Redeem prior Security

A Receiver may redeem any prior Security and settle and pass the accounts to which the Security relates. Any accounts so settled and passed shall be, in the absence of any manifest error, conclusive and binding on the Subsidiary, and the monies so paid shall be deemed to be an expense properly incurred by the Receiver.

16.21 Delegation

A Receiver may delegate its powers in accordance with this Deed.

16.22 Absolute beneficial owner

A Receiver may, in relation to any of the Secured Assets, exercise all powers, authorisations and rights it would be capable of exercising as, and do all those acts and things, an absolute beneficial owner could exercise or do, in the ownership and management of the Secured Assets or any part of the Secured Assets.

16.23 Incidental powers

A Receiver may do any other acts and things that it:

16.23.1 may consider desirable or necessary for realising any of the Secured Assets;

16.23.2 may consider incidental or conducive to any of the rights or powers conferred on a Receiver under or by virtue of this Deed or law; or

16.23.3 lawfully may or can do as agent for the Subsidiary.

17 Delegation

17.1 Delegation

The Lenders or any Receiver may delegate (either generally or specifically) by power of attorney or in any other manner to any person any right, power, authority or discretion conferred on it by this Deed (including the power of attorney granted under clause 21.1).

17.2 Terms

The Lenders and each Receiver may make a delegation on the terms and conditions (including the power to sub-delegate) that it thinks fit.

17.3 Liability

Neither the Lenders nor any Receiver shall be in any way liable or responsible to the Subsidiary for any loss or liability arising from any act, default, omission or misconduct on the part of any Delegate.

18 Application of proceeds

18.1 Order of application of proceeds

All monies received or recovered by the Lenders, a Receiver or a Delegate under this Deed or in connection with the realisation or enforcement of all or part of the security constituted by this Deed (other than sums received under any Insurance Policy), shall (subject to the claims of any person having prior rights and by way of variation of the LPA 1925) be applied in the following order of priority (but without prejudice to the Lenders right to recover any shortfall from the Subsidiary):

18.1.1 in or towards payment of all costs, liabilities, charges and expenses incurred by or on behalf of the Lenders (and any Receiver, Delegate, attorney or agent appointed by it) under or in connection with this Deed, and of all remuneration due to any Receiver under or in connection with this Deed;

- 18.1.2 in or towards payment of the Secured Liabilities in any order and manner that the Lenders determines; and
- 18.1.3 in payment of the surplus (if any) to the Subsidiary or other person entitled to it.

18.2 Appropriation

Neither the Lenders, any Receiver nor any Delegate shall be bound (whether by virtue of section 109(8) of the LPA 1925, which is varied accordingly, or otherwise) to pay or appropriate any receipt or payment first towards interest rather than principal or otherwise in any particular order between any of the Secured Liabilities.

18.3 Suspense account

All monies received by the Lenders, a Receiver or a Delegate under this Deed (other than sums received under any Insurance Policy that are not going to be applied in or towards discharge of the Secured Liabilities):

- 18.3.1 may, at the discretion of the Lenders, Receiver or Delegate, be credited to a suspense account;
- 18.3.2 shall bear interest, if any, at the rate agreed in writing between the Lenders and the Subsidiary; and
- 18.3.3 may be held in that account for so long as the Lenders, Receiver or Delegate thinks fit.

19 Costs and indemnity

19.1 Costs

The Subsidiary shall, within five Business Days of demand, pay to, or reimburse, the Lenders and any Receiver, on a full indemnity basis, all costs, charges, expenses, taxes and liabilities of any kind (including, without limitation, legal, printing and out-of-pocket expenses) incurred by the Lenders, any Receiver or any Delegate in connection with:

- 19.1.1 this Deed or the Secured Assets;
- 19.1.2 taking, holding, protecting, perfecting, preserving or enforcing (or attempting to do so) any of the Lenders, a Receiver's or a Delegate's rights under this Deed; or
- 19.1.3 taking proceedings for, or recovering, any of the Secured Liabilities,

together with interest, which shall accrue and be payable (without the need for any demand for payment being made) from the date on which the relevant cost, charge, expense, tax or liability arose until full discharge of that cost, charge, expense, tax or liability (whether before or after judgment, liquidation,

winding-up or administration of the Subsidiary) at the rate and in the manner specified in the SPA

Indemnity

19.1.4 The Subsidiary shall indemnify the Lenders, each Receiver and each Delegate, and their respective employees and agents on demand against all liabilities, costs, expenses, damages and losses (including but not limited to any direct, indirect or consequential losses, loss of profit, loss of reputation and all interest, penalties and legal costs (calculated on a full indemnity basis) and all other professional costs and expenses) suffered or incurred by any of them arising out of or in connection with:

19.1.4.1 the exercise or purported exercise of any of the rights, powers, authorities or discretions vested in them under this Deed or by law in respect of the Secured Assets;

19.1.4.2 taking, holding, protecting, perfecting, preserving or enforcing (or attempting to do so) the security constituted by this Deed; or

19.1.4.3 any default or delay by the Subsidiary in performing any of its obligations under this Deed.

19.1.5 Any past or present employee or agent may enforce the terms of this clause 0 subject to and in accordance with the provisions of the Contracts (Rights of Third Parties) Act 1999.

20 Further assurance

20.1 Further assurance

The Subsidiary shall promptly, at its own expense, take whatever action the Lenders or any Receiver may reasonably require for:

20.1.1 creating, perfecting or protecting the security created or intended to be created by this Deed;

20.1.2 facilitating the realisation of any Secured Asset; or

20.1.3 facilitating the exercise of any right, power, authority or discretion exercisable by the Lenders or any Receiver in respect of any Secured Asset,

including, without limitation the execution of any mortgage, transfer, conveyance, assignment or assurance of all or any of the assets forming part of (or intended to form part of) the Secured Assets (whether to the Lenders or to its nominee) and the giving of any notice, order or direction and the making of any filing or registration which, in any such case, the Lenders may consider necessary or desirable.

21 Power of attorney

21.1 Appointment of attorneys

By way of security, the Subsidiary irrevocably appoints the Lenders, every Receiver and every Delegate separately to be the attorney of the Subsidiary and, in its name, on its behalf and as its act and deed, to execute any documents and do any acts and things that:

- 21.1.1 the Subsidiary is required to execute and do under this Deed; or
- 21.1.2 any attorney deems proper or desirable in exercising any of the rights, powers, authorities and discretions conferred by this Deed or by law on the Lenders, any Receiver or any Delegate.

21.2 Ratification of acts of attorneys

The Subsidiary ratifies and confirms, and agrees to ratify and confirm, anything that any of its attorneys may do in the proper and lawful exercise, or purported exercise, of all or any of the rights, powers, authorities and discretions referred to in clause 21.1.

22 Release

Subject to clause 28.3, at the end of the Security Period, the Lenders shall, at the request and cost of the Subsidiary, take whatever action is necessary to:

- 22.1.1 release the Secured Assets from the security constituted by this Deed; and
- 22.1.2 reassign the Secured Assets to the Subsidiary.

23 Assignment and transfer.

- 23.1 Save as provided in clause 23.2, neither party may assign any of its rights, or transfer any of its rights or obligations, under this Deed without the written consent of the other. Provided that if the Lenders assigns or transfers his rights or obligations under the SPA in accordance with its terms then no consent is required under this provision to an assignment or transfer to the same assignee or transferee.
- 23.2 Any Lenders may assign the benefit of this Deed to his estate or any beneficiary of his estate without the consent of any other party to this Deed.

24 Amendments, waivers and consents

24.1 Amendments

No amendment of this Deed shall be effective unless it is in writing and signed by, or on behalf of, each party (or its authorised representative).

24.2 Waivers and consents

24.2.1 A waiver of any right or remedy under this Deed or by law, or any consent given under this Deed, is only effective if given in writing by the waiving or consenting party and shall not be deemed a waiver of any other breach or default. It only applies in the circumstances for which it is given and shall not prevent the party giving it from subsequently relying on the relevant provision.

24.2.2 A failure or delay by a party to exercise any right or remedy provided under this Deed or by law shall not constitute a waiver of that or any other right or remedy, prevent or restrict any further exercise of that or any other right or remedy or constitute an election to affirm this Deed. No single or partial exercise of any right or remedy provided under this Deed or by law shall prevent or restrict the further exercise of that or any other right or remedy. No election to affirm this Deed by the Lenders shall be effective unless it is in writing.

24.3 Rights and remedies

The rights and remedies provided under this Deed are cumulative and are in addition to, and not exclusive of, any rights and remedies provided by law.

25 Severance

25.1 Severance

If any provision (or part of a provision) of this Deed is or becomes invalid, illegal or unenforceable, it shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision (or part of a provision) shall be deemed deleted. Any modification to or deletion of a provision (or part of a provision) under this clause shall not affect the legality, validity and enforceability of the rest of this Deed.

26 Counterparts

26.1 Counterparts

26.1.1 This Deed may be executed in any number of counterparts, each of which when executed and delivered shall constitute a duplicate original, but all the counterparts shall together constitute one deed.

26.1.2 Transmission of the executed signature page of a counterpart of this Deed by email (in PDF, JPEG or other agreed format) shall take effect as delivery of an executed counterpart of this Deed. If either method of delivery is adopted, without prejudice to the validity of the deed thus made, each party shall provide the others with the original of such counterpart as soon as reasonably possible thereafter.

26.1.3 No counterpart shall be effective until each party has executed and delivered at least one counterpart.

27 Third party rights

27.1 Third party rights

- 27.1.1 Except as expressly provided elsewhere in this Deed, a person who is not a party to this Deed shall not have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce, or enjoy the benefit of, any term of this Deed. This does not affect any right or remedy of a third party which exists, or is available, apart from that Act.
- 27.1.2 The rights of the parties to rescind or agree any amendment or waiver under this Deed are not subject to the consent of any other person.

28 Further provisions

28.1 Independent security

The security constituted by this Deed shall be in addition to, and independent of, any other security or guarantee that the Lenders may hold for any of the Secured Liabilities at any time. No prior security held by the Lenders over the whole or any part of the Secured Assets shall merge in the security created by this Deed.

28.2 Continuing security

The security constituted by this Deed shall remain in full force and effect as a continuing security for the Secured Liabilities, despite any settlement of account, or intermediate payment, or other matter or thing, unless and until the Lenders discharges this Deed in writing.

28.3 Discharge conditional

Any release, discharge or settlement between the Subsidiary and the Lenders shall be deemed conditional on no payment or security received by the Lenders in respect of the Secured Liabilities being avoided, reduced or ordered to be refunded under any law relating to insolvency, bankruptcy, winding-up, administration, receivership or otherwise. Despite any such release, discharge or settlement:

- 28.3.1 the Lenders or its nominee may retain this Deed and the security created by or under it, including all certificates and documents relating to the whole or any part of the Secured Assets, for any period that the Lenders deems necessary to provide the Lenders with security against any such avoidance, reduction or order for refund; and
- 28.3.2 the Lenders may recover the value or amount of such security or payment from the Subsidiary subsequently as if the release, discharge or settlement had not occurred.

28.4 Certificates

A certificate or determination by the Lenders as to any amount for the time being due to it from the Subsidiary under this Deed shall be, in the absence of any manifest error, conclusive evidence of the amount due.

28.5 Consolidation

The restriction on the right of consolidation contained in section 93 of the LPA 1925 shall not apply to this Deed.

28.6 Small company moratorium

Notwithstanding anything to the contrary in this Deed, neither the obtaining of a moratorium by the Subsidiary under schedule A1 to the Insolvency Act 1986 nor the doing of anything by the Subsidiary with a view to obtaining such a moratorium (including any preliminary decision or investigation) shall be, or be construed as:

- 28.6.1 an event under this Deed which causes any floating charge created by this Deed to crystallise;
- 28.6.2 an event under this Deed which causes any restriction which would not otherwise apply to be imposed on the disposal of any property by the Subsidiary; or
- 28.6.3 a ground under this Deed for the appointment of a Receiver.

29 Notices

29.1 Delivery

Any notice or other communication given to a party under or in connection with this Deed shall be:

- 29.1.1 in writing;
- 29.1.2 delivered by hand, by pre-paid first-class post or other next working day delivery service or sent by email; and
- 29.1.3 sent to:

the Subsidiary at:

- (i) address: Shaw Pallet Building, Bridge Street, Slaithwaite, Huddersfield, West Yorkshire, HD7 5JN
- (ii) for the attention of: Alun Lewis-Owner Venture Managers Limited
- (iii) fax number: 0207 924 7758
- (iv) email: info@ovmgroup.com

the Lenders at:

- (i) name: Christopher John Hillaby

- (ii) address: 36 Almondbury Close, Almondbury, Huddersfield, HD5 8XX
- (iii) for the attention of: Christopher John Hillaby
- (iv) fax number:
- (iv) email:

or to any other address or email address as is notified in writing by one party to the other from time to time.

29.2 Receipt by Borrower

Any notice or other communication that the Lenders gives to the Subsidiary shall be deemed to have been received:

- 29.2.1 if delivered by hand, at the time it is left at the relevant address;
- 29.2.2 if posted by pre-paid first-class post or other next working day delivery service, on the second Business Day after posting; and
- 29.2.3 if sent by email, when received in legible form.

A notice or other communication given as described in clause 29.2.1 or clause 29.2.3 on a day that is not a Business Day, or after normal business hours, in the place it is received, shall be deemed to have been received on the next Business Day.

29.3 Receipt by Lenders

Any notice or other communication given to the Lenders shall be deemed to have been received only on actual receipt.

29.4 Service of proceedings

This clause 29 does not apply to the service of any proceedings or other documents in any legal action or, where applicable, any arbitration or other method of dispute resolution.

30 Governing law and jurisdiction

30.1 Governing law

This Deed and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation shall be governed by and construed in accordance with the law of England and Wales.

30.2 Jurisdiction

Each party irrevocably agrees that, subject as provided below, the courts of England and Wales shall have exclusive jurisdiction over any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this Deed or its subject matter or formation. Nothing in this clause shall

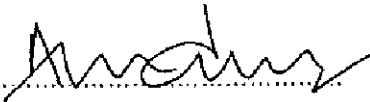
limit the right of the Lenders to take proceedings against the Subsidiary in any other court of competent jurisdiction, nor shall the taking of proceedings in any one or more jurisdictions preclude the taking of proceedings in any other jurisdictions, whether concurrently or not, to the extent permitted by the law of such other jurisdiction.

30.3 Other service

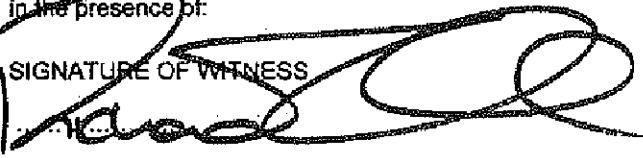
The Subsidiary irrevocably consents to any process in any legal action or proceedings under clause 30.2 being served on it in accordance with the provisions of this Deed relating to service of notices save that these may not be served by email. Nothing contained in this Deed shall affect the right to serve process in any other manner permitted by law.

This document has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

Executed as a deed by
Shaw Pallet Limited
acting by an authorised director
in the presence of:

.....

SIGNATURE OF WITNESS

.....

NAME

..... Richard Murrell, Solicitor
..... Pellys Solicitors Limited
..... 2 London Road
..... Biggleswade
..... Bedfordshire, SG18 8EE
.....

ADDRESS

OCCUPATION OF WITNESS

Executed as a Deed by
Christopher John Hillaby

.....
SIGNATURE OF WITNESS

NAME

.....
.....
.....
.....

ADDRESS

.....

Executed as a deed by
Shaw Pallet Limited
acting by an authorised director
in the presence of:

.....

SIGNATURE OF WITNESS

.....

NAME

.....

.....

.....

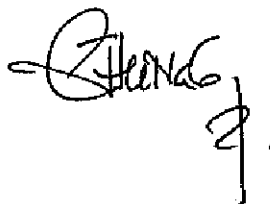
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ADDRESS

.....

OCCUPATION OF WITNESS

Executed as a Deed by
Christopher John Hillaby



SIGNATURE OF WITNESS

.....STEVEN BONFIELD.....

NAME

.....

.....CHADWICK LAWREN.....

.....SOLICITORS.....

.....THE FIRE STATION.....

.....DEAN CLOUGH.....

ADDRESS HALIFAX HYDRO.....

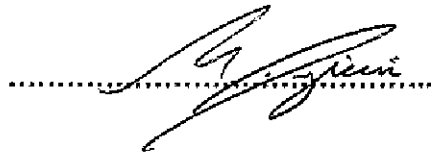
.....SOLICITOR.....

OCCUPATION OF WITNESS

Executed as a deed by

Michael Miodrag Dragicevic

in the presence of:



SIGNATURE OF WITNESS

.....STEVEN BONFIELD.....

NAME

.....CHADWICK LAWRENCE
.....SOLICITORS
.....THE FIRE STATION
.....DEAN CLOUGH MILLS

ADDRESS

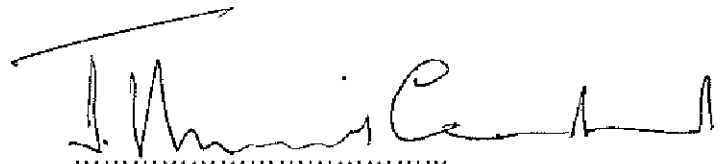
.....SOLICITOR.....

OCCUPATION OF WITNESS

Executed as a deed by

John Michael Coupland

in the presence of:



SIGNATURE OF WITNESS

.....STEVEN BONFIELD.....

NAME

.....CHADWICK LAWRENCE
.....SOLICITORS
.....THE FIRE STATION
.....DEAN CLOUGH MILLS
.....HALIFAX HX3 6AX

ADDRESS

...SCHULDE.....

OCCUPATION OF WITNESS