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COMPANIES FORM No. 395

Particulars of a mortgage or charge

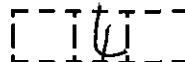
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A fee of £10 is payable to Companies House in respect of each register entry for a mortgage or charge.

Pursuant to section 395 of the Companies Act 1985

To the Registrar of Companies
(Address overleaf - Note 6)

For official use — Company number



3369634

Name of company

* Dechra Pharmaceuticals PLC (the "Chargor")

Date of creation of the charge

20 September 2000

Description of the instrument (if any) creating or evidencing the charge (note 2)

Guarantee and Debenture (the "Debenture") dated 20 September 2000 between the Chargor and the companies listed in Part II of the attached Schedule and The Governor and Company of the Bank of Scotland as security agent

Amount secured by the mortgage or charge

See Part III of the attached Schedule.

Names and addresses of the mortgagees or persons entitled to the charge

The Governor and Company of the Bank of Scotland
5th Floor, Broad Street House
55 Old Broad Street, London
as Security Agent (as defined in Part I of the attached Schedule)
Postcode EC2P 2EH

Presentor's name address and
reference (if any):

Lovells
65 Holborn Viaduct
London
EC1A 2DY

A6/TSMRP/PCA/724205

Time critical reference

For official Use
Mortgage Section

Post room



LD5
COMPANIES HOUSE

0300
02/10/00

CHFP025

Please do not
write in
this margin

Please complete
legibly, preferably
in black type, or
bold block lettering

*insert full name
of Company

Short particulars of all the property mortgaged or charged

As specified in Part IV of the attached Schedule.

NB: The attached Schedule contains covenants by and restrictions on the Chargor which protect and further define the charges and which must be read as part of the charges created.

Please do not write in this margin

Please complete legibly, preferably in black type, or bold block lettering

Particulars as to commission allowance or discount (note 3)

N/A

Signed

Date 29 September 2000

On behalf of *Solicitors* [company] [mortgagee/chargee] †

A fee of £10 is payable to Companies House in respect of each register entry for a mortgage or charge. (See Note 5)

† delete as appropriate

Notes

- 1 The original instrument (if any) creating or evidencing the charge, together with these prescribed particulars correctly completed must be delivered to the Registrar of Companies within 21 days after the date of creation of the charge (section 395). If the property is situated and the charge was created outside the United Kingdom delivery to the Registrar must be effected within 21 days after the date on which the instrument could in due course of post, and if dispatched with due diligence, have been received in the United Kingdom (section 398). A copy of the instrument creating the charge will be accepted where the property charged is situated and the charge was created outside the United Kingdom (section 398) and in such cases the copy must be verified to be a correct copy either by the company or by the person who has delivered or sent the copy to the registrar. The verification must be signed by or on behalf of the person giving the verification and where this is given by a body corporate it must be signed by an officer of that body. A verified copy will also be accepted where section 398(4) applies (property situate in Scotland or Northern Ireland) and Form No. 398 is submitted.
- 2 A description of the instrument, eg "Trust Deed", "Debenture", "Mortgage" or "Legal charge", etc, as the case may be, should be given.
- 3 In this section there should be inserted the amount or rate per cent. of the commission, allowance or discount (if any) paid or made either directly or indirectly by the company to any person in consideration of his;
 - (a) subscribing or agreeing to subscribe, whether absolutely or conditionally, or
 - (b) procuring or agreeing to procure subscriptions, whether absolute or conditional,for any of the debentures included in this return. The rate of interest payable under the terms of the debentures should not be entered.
- 4 If any of the spaces in this form provide insufficient space the particulars must be entered on the prescribed continuation sheet.
- 5 Cheques and Postal Orders are to be made payable to **Companies House**.
- 6 The address of the Registrar of Companies is:-
Companies House, Crown Way, Cardiff CF14 3UZ

SCHEDULE TO FORM 395

Part I

Definitions

In this form 395, the following expressions shall have the following meanings:

"Agent" means The Governor and Company of the Bank of Scotland in its capacity as agent for the Lenders and any successor agent appointed under the terms of the Facilities Agreement;

"Arranger" means The Governor and Company of the Bank of Scotland in its capacity as arranger under the Facilities Agreement;

"Assets" means, in relation to the Chargor, all its undertaking, property, assets, rights and revenues whatever, on or after the Debenture Date, wherever situated in the world and includes each or any of them;

"Beneficiaries" means collectively the Agent, the Arranger, the Security Agent, the Lenders, the Underwriter and the Working Capital Bank and includes any one or more of them and **"Beneficiary"** shall be construed accordingly;

"Charged Property" means the property charged pursuant to clause 3 of the Debenture;

"Charging Companies" means the companies named in Part II of this Schedule;

"Charging Company" means any of the Charging Companies;

"Collection Account" has the meaning given to it by clause 5.1 of the Debenture;

"the Companies" means the Charging Companies together with any other Group Companies which become party to the Debenture from time to time, and (where the context permits) includes each or any of them;

"Debenture Date" means 20 September 2000;

"Event of Default" has the meaning given to it in the Facilities Agreement;

"Facilities Agreement" means the facilities agreement dated 23 August 2000 made between Dechra Pharmaceuticals plc (as Principal Borrower) (1), Veneto Limited, Arnolds Veterinary Products Limited, Dales Pharmaceuticals Limited and National Veterinary Services Limited (as Borrowers) (2), The Governor and Company of the Bank of Scotland (as Arranger) (3), The Governor and Company of the Bank of Scotland (as Underwriter) (4), The Governor and Company of the Bank of Scotland (as Working Capital Bank) (5), The Governor and Company of the Bank of Scotland (as Agent) (6) and The Governor and Company of the Bank of Scotland (as Security Agent) (7), which expression shall include any amendments, supplements, accessions, variations or additions to such agreement, however fundamental, including changes to the facilities provided or increases in their maximum amount;

"Floating Charge Assets" means, insofar only as concerns the floating charge created by clause 3.1(o) of the Debenture, Assets for the time being comprised within such floating charge;

"Guarantor" means any Charging Company insofar only as it covenants under clause 2.1(b) of the Debenture to pay or discharge money due or owing from or liabilities of other Companies to the Beneficiaries and **"Guarantors"** and **"Guarantee"** shall be construed accordingly;

"Group Company" has the meaning given to it in the Facilities Agreement;

"Intellectual Property" means patents (including, without limitation, supplementary protection certificates), utility models, trade marks (including, without limitation, service marks) and rights in passing off, copyright and rights in the nature of copyright, database rights, design rights, registered design rights and all other intellectual property rights and, in each case, any extensions and renewals of and any application for such rights;

"Intellectual Property Rights" means all and any of the Intellectual Property and other rights, causes of action, interests and assets charged pursuant to clause 3.1(j) of the Debenture;

"Land" includes freehold and leasehold land and (outside England and Wales) immovable property and in each case all buildings and structures upon and all things affixed to Land (including trade and tenant's fixtures);

"Lenders" the Underwriter and any bank or financial institution which has become a party to the Facilities Agreement in accordance with clause 22.3 (*Assignment*) or clause 22.4 (*Transfers*) of the Facilities Agreement but, in each case, only while it has any rights or obligations under the Senior Finance Documents;

"Permitted Encumbrance" has the meaning given to it in the Facilities Agreement;

"Realisation Account" has the meaning given to it in the Facilities Agreement;

"Receivables" means all sums of money receivable by the Chargor at the Debenture Date or in the future consisting of or payable under or derived from any of its Assets;

"Secured Sums" means all money and liabilities covenanted and/or guaranteed to be paid or discharged by each Charging Company to the Beneficiaries under clause 2.1 of the Debenture;

"Securities" means all stocks, shares, debentures and loan stocks issued by any company or person and all other investments (whether or not marketable) at the Debenture Date or in the future owned at law or in equity by the Chargor, including all interests in investment funds and all rights and benefits arising and all money payable in respect of any of them, whether by way of conversion, redemption, bonus, option, dividend, interest or otherwise, and including all Securities owned by the Chargor in any other Company, but excluding any Securities issued by any companies with unlimited liability;

"Security Agent" means The Governor and Company of the Bank of Scotland acting as security agent for the Beneficiaries and includes any successor appointed by the Beneficiaries pursuant to the Facilities Agreement;

"Senior Finance Documents" means the Facilities Agreement, the Working Capital Letter, the Security Documents, any Transfer Certificate, any Deed of Accession, the Fees Letter (each as defined in the Facilities Agreement), any document entered into by the Working Capital Bank in connection with the Working Capital Facility or any other bilateral facility provided by it from time to time or any other document entered into by any Beneficiary in connection with any of the foregoing and any amendments, supplements or additions thereto, and any other documents or agreements entered into from time to time which are otherwise Senior Finance Documents;

"Underwriter" means The Governor and Company of the Bank of Scotland;

"Working Capital Bank" means The Governor and Company of the Bank of Scotland and Bank of Scotland Treasury Services PLC, as the case may be, and includes its substitutes, successors and transferees from time to time;

"Working Capital Letter" means the facility letter dated 23 August 2000 between the Working Capital Bank and the Charging Companies, and any other facility letter or letters issued from time to time by the Working Capital Bank to any Company setting out the operational details of the Working Capital Facility (as defined in the Facilities Agreement), as any such letters may be amended or re-issued from time to time.

Part II

The Charging Companies

Name of Charging Company	Registered number
Dechra Pharmaceuticals plc	3369634
Veneto Limited	3342374
Arnolds Veterinary Products Limited	505382
Dales Pharmaceuticals Limited	474958
National Veterinary Services Limited	339801

Part III

Amount Secured by Mortgage or Charge

All money and liabilities on the Debenture Date or in the future due, owing or incurred:

- (a) to each Beneficiary by the Chargor under or pursuant to the Senior Finance Documents; and
- (b) to each Beneficiary by each other Company (except as a Guarantor for the Chargor) under or pursuant to the Senior Finance Documents;

in either case, whether on or after demand, whether actually or contingently, whether solely or jointly with any other person, whether as principal or surety and whether or not the relevant Beneficiary was an original party to the relevant transaction, including all interest, commission, fees, charges, costs and expenses which each Beneficiary may in the course of its business charge or incur in respect of any Company or its affairs and so that interest shall be computed and compounded in accordance with the Senior Finance Documents (after as well as before any demand or judgment).

Part IV

Particulars of Property Mortgaged or Charged

By clause 3.1 of the Debenture, the Chargor with full title guarantee charged to the Security Agent with the payment or discharge of all Secured Sums:

- (a) by way of first legal mortgage, all freehold and leasehold Land in England and Wales vested in the Chargor at the Debenture Date and registered at HM Land Registry;
- (b) by way of first legal mortgage, all freehold and leasehold Land in England and Wales vested in the Chargor at the Debenture Date and not registered at HM Land Registry;
- (c) by way of first fixed charge, all Land in the future becoming the property of the Chargor;
- (d) by way of first fixed charge, all interests in Land or the proceeds of sale of Land at the Debenture Date or in the future belonging to the Chargor which have not already been charged pursuant to the charges referred to in the preceding

paragraphs and all licences at the Debenture Date or in the future held by the Chargor to enter upon, use or exploit Land and the benefit of all options, easements, agreements for lease and other agreements relating to the acquisition, use, exploitation or disposal of Land to which the Chargor is or may in the future become entitled;

- (e) by way of first fixed charge, all plant and machinery of the Chargor at the Debenture Date or in the future attached to any Land which, or an interest in which, is charged under the preceding paragraphs and all rights and interests of the Chargor under all present and future agreements for the purchase, maintenance or use of plant and machinery so attached;
- (f) by way of first fixed charge, all rental and other income and all debts and claims on the Debenture Date due or owing to the Chargor under or in connection with any lease, agreement or licence relating to Land;
- (g) by way of first fixed charge, all Securities belonging to the Chargor;
- (h) by way of first fixed charge, all contracts and policies of insurance and assurance at the Debenture Date or in the future held by or otherwise benefiting the Chargor and all rights and interests of the Chargor in every such contract and policy (including the benefit of all claims arising and all money payable under such contracts and policies);
- (i) by way of first fixed charge, all the goodwill and uncalled capital for the time being of the Chargor;
- (j)
 - (i) by way of first fixed charge all Intellectual Property belonging to the Chargor at the Debenture Date or in the future in any part of the world (including, without limitation, any Intellectual Property to which the Chargor is not absolutely entitled or to which it is entitled together with others);
 - (ii) by way of first fixed charge all the benefit of agreements and licences at the Debenture Date or in the future entered into or enjoyed by the Chargor relating to the use or exploitation of any Intellectual Property in any part of the world; and
 - (iii) by way of first fixed charge all trade secrets, confidential information and know how owned or enjoyed by the Chargor at the Debenture Date or in the future in any part of the world.
- (k) by way of first fixed charge, all book and other debts at the Debenture Date or in the future owing to the Chargor and all rights and claims of the Chargor against third parties, present and future, capable of being satisfied by the payment of money (except rights and claims effectively charged pursuant to the charges referred to in the preceding paragraphs);
- (l) by way of first fixed charge, the benefit of all negotiable instruments, guarantees, bonds, debentures, legal or equitable charges and all other security, reservation of proprietary rights, rights of tracing, unpaid vendor's liens and all other rights and remedies at the Debenture Date or in the future available to the Chargor as security for any Receivable or for the performance by any third party of any obligation at the Debenture Date or in the future owed to the Chargor;
- (m) by way of first fixed charge, all money at any time standing to the credit of any Collection Account relating to the Chargor, including the proceeds of all its Receivables, which proceeds shall, for the avoidance of doubt, on payment into

such Collection Account cease to be subject to the charges referred to in the preceding paragraphs but shall be subject to the fixed charge in clause 3.1(m) of the Debenture;

- (n) by way of first fixed charge, all money at any time standing to the credit of any Realisation Account;
- (o) by way of floating charge:
 - (i) all Assets at the Debenture Date or in the future owned by the Chargor except to the extent that such Assets are for the time being effectively charged by any fixed charge referred to in the preceding paragraphs, including any Assets comprised within a charge which is reconverted under clause 3.5 of the Debenture; and
 - (ii) without exception all Assets insofar as they are for the time being situated in Scotland.

Part V

Covenants and Restrictions

1. By clause 3.2 of the Debenture, the Chargor agreed that the floating charge created by the Chargor under clause 3.1(o) of the Debenture may be crystallised into a fixed charge by notice in writing by the Security Agent to the Chargor given (a) at any time whilst an Event of Default is continuing or (b) in respect of any Assets charged under clause 3.1 of the Debenture whilst the security over it is in jeopardy or which is in danger of seizure. Such crystallisation shall take effect over such Floating Charge Assets or class or classes of Floating Charge Assets as shall be specified in the notice. If no Floating Charge Assets are so specified, it shall take effect over all Floating Charge Assets of the Chargor.
2. By clause 3.3 of the Debenture, the Chargor agreed that, excepting Permitted Encumbrances, if the Chargor, without the Security Agent's prior written consent, resolves to take or takes any step to charge (whether by way of fixed or floating charge) or otherwise encumber any of its Floating Charge Assets or to create a trust over any such Floating Charge Asset or to dispose of any such Floating Charge Asset except by way of sale or other disposition in the ordinary course of the Chargor's business or as otherwise permitted by clause 15.2 (*Restrictions on Disposals*) of the Facilities Agreement, or if any person resolves to take or takes any step to levy any distress, execution, sequestration or other process against any Floating Charge Asset, then the floating charge created by clause 3.1(o) of the Debenture shall be automatically crystallised (without the necessity of notice) into a fixed charge over such Floating Charge Asset instantly on the occurrence of such event.
3. By clause 3.7 of the Debenture, the Chargor agreed that any debentures, mortgages or charges (fixed or floating) created in the future by the Chargor (except those in favour of the Security Agent) shall be expressed to be subject to the Debenture and shall rank in order of priority behind the charges created by the Debenture.
4. By clause 5.1 of the Debenture, the Chargor agreed that it shall collect and realise all Receivables and shall pay into its account with the Security Agent or such other account of the Chargor as the Security Agent may direct (a "**Collection Account**") all money which it may receive in respect of them immediately on receipt. The Chargor shall, pending such payment, hold all money so received upon trust for the Security Agent and shall not, without the prior written consent of the Security Agent, charge, factor, discount, assign, postpone, subordinate, release or waive its rights in respect of any Receivable in favour of any other person or purport to do so. The Collection Account shall be operated by the bank with which it is maintained as trustee for the Security Agent.

5. By clause 6.1 of the Debenture, the Chargor agreed that it shall not, without the prior written consent of the Security Agent (and with the exception of Permitted Encumbrances):
 - (a) create, or agree or attempt to create, or permit to subsist, any mortgage, fixed or floating charge, pledge or other security of any kind (including any security conferring power to convert a floating charge into a fixed charge in relation to any Asset) or any trust over any of its Assets, or permit any lien (other than a lien arising by operation of law in the ordinary course of its business) to arise or subsist over any such Asset;
 - (b) sell, assign, lease, license or sub-license, or grant any interest in, its Land or Intellectual Property Rights, or purport to do any such act, or part with possession or ownership of them, or allow any third party access or the right to use or copy any such Intellectual Property Right, save as is permitted by clause 15.2 (*Restrictions on Disposals*) of the Facilities Agreement.
6. By clause 9.2 of the Debenture, the Chargor agreed that it shall not, without the prior written consent of the Security Agent which shall not be unreasonably withheld or delayed, seek to compromise, compound, discharge, postpone, release, set-off, settle or subordinate any of its Receivables or waive its rights of action in connection with them, or do or omit to do anything which may delay or prejudice their full recovery.
7. By clause 11.2 of the Debenture, the Chargor agreed that it shall not, without the prior written consent of the Security Agent (which consent shall not be unreasonably withheld or delayed), at any time:
 - (a) erect any building or (save as permitted by clause 11.1(a) of the Debenture) make any structural alteration or apply for any planning consent for the development or change of use of any such Land, or (save in the ordinary course of repair, replacement or improvement) at any time sever, remove or dispose of any significant fixture on it, save as permitted by the Facilities Agreement;
 - (b) enter into onerous or restrictive obligations affecting any Land or create or permit to arise any overriding interest or any easement or right whatever in or over it which might reasonably be expected to adversely affect its value or the value of the security over it.
8. By clause 12.1 of the Debenture, the Chargor agreed, inter alia, that during the continuance of the security constituted by the Debenture, unless the Security Agent otherwise agrees in writing it will not sell, assign, transfer, licence, sub-licence or agree to licence any Intellectual Property Rights or any interest therein or permit any third party to use or exploit such Intellectual Property Rights, save as is permitted by clause 15.2 (*Restrictions on disposals*) of the Facilities Agreement.
9. By clause 13.1 of the Debenture, the Chargor agreed that it would not, except as permitted by the terms of clause 15.2 (*Restrictions on Disposals*) of the Facilities Agreement, without the prior written consent of the Security Agent, exercise any power of leasing, or accepting surrenders of leases of, any Land, nor (save where obliged to do so by law) extend, renew or vary any lease or tenancy agreement or give any licence to assign or underlet.
10. By clause 13.2 of the Debenture, the Chargor agreed that, except as permitted by the terms of clause 15.2 (*Restrictions on Disposals*) of the Facilities Agreement, the Chargor shall not part with possession (except on the determination of any lease, tenancy or licence granted to the Chargor) of any Land or share the occupation of it with any other person, or agree to do so, without the prior written consent of the Security Agent.

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**CERTIFICATE OF THE REGISTRATION
OF A MORTGAGE OR CHARGE**

Pursuant to section 401(2) of the Companies Act 1985

COMPANY No. 03369634

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A GUARANTEE AND DEBENTURE BETWEEN THE COMPANY (THE CHARGOR) AND THE OTHER CHARGING COMPANIES AND THE GOVERNOR AND COMPANY OF THE BANK OF SCOTLAND AS SECURITY AGENT DATED THE 20th SEPTEMBER 2000 AND CREATED BY DECHRA PHARMACEUTICALS PLC FOR SECURING ALL MONEY AND LIABILITIES DUE OR TO BECOME DUE TO EACH BENEFICIARY (AS DEFINED) BY THE CHARGOR UNDER OR PURSUANT TO THE FINANCE DOCUMENTS (AS DEFINED) AND TO EACH BENEFICIARY BY EACH OTHER COMPANY (EXCEPT AS A GUARANTOR FOR THE CHARGOR) UNDER OR PURSUANT TO THE SENIOR FINANCE DOCUMENTS WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 2nd OCTOBER 2000.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 4th OCTOBER 2000.

A handwritten signature in black ink, appearing to be 'P. J. R.' or similar.



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES



C O M P A N I E S H O U S E