



Registration of a Charge

Company Name: **KME SERVICE CENTRE UK LIMITED**

Company Number: **05169749**



Received for filing in Electronic Format on the: **26/08/2022**

XBB74YN4

Details of Charge

Date of creation: **15/08/2022**

Charge code: **0516 9749 0003**

Persons entitled: **DEUTSCHE BANK AG, AMSTERDAM BRANCH (AND ITS SUCCESSORS IN TITLE AND PERMITTED TRANSFEREES)**

Brief description:

Contains floating charge(s) .

Contains negative pledge.

Authentication of Form

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

Authentication of Instrument

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

Certified by: **LINKLATERS LLP**



CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 5169749

Charge code: 0516 9749 0003

The Registrar of Companies for England and Wales hereby certifies that a charge dated 15th August 2022 and created by KME SERVICE CENTRE UK LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 26th August 2022 .

Given at Companies House, Cardiff on 31st August 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**

SECURITY AGREEMENT

dated 15 August 2022

created by

KME SERVICE CENTRE UK LTD
as the Chargor

in favour of

DEUTSCHE BANK AG, AMSTERDAM BRANCH
acting as Security Agent

linklaters

Ref: L-315492

Linklaters LLP

Certified that, save for material
redacted pursuant to section 859G of the Companies Act 2006,
this copy of the instrument is a correct copy of the original instrument.

LINKLATERS LLP

One Silk Street

London

EC2Y 8HQ

22 August 2022

CONTENTS

| CLAUSE | PAGE |
|--|------|
| 1. Definitions and interpretation..... | 1 |
| 2. Security Interests..... | 4 |
| 3. Restrictions on dealing with Security Assets..... | 7 |
| 4. Further assurance..... | 7 |
| 5. Receivables | 7 |
| 6. Representations and warranties..... | 8 |
| 7. Enforcement of Security Interests | 8 |
| 8. Law of Property Act..... | 8 |
| 9. Appointment of Receivers and Administrators | 9 |
| 10. Rights and liabilities of Security Agent and Receivers | 9 |
| 11. Order of application | 11 |
| 12. Power of attorney..... | 11 |
| 13. Protection of third parties..... | 12 |
| 14. Saving provisions..... | 12 |
| 15. Discharge of Security | 14 |
| 16. Payments..... | 15 |
| 17. Continuation of accounts | 15 |
| 18. Remedies, waivers and determinations | 15 |
| 19. Separate and independent obligations..... | 16 |
| 20. Counterparts | 16 |
| 21. Governing law..... | 16 |
| 22. Enforcement | 16 |

THE SCHEDULES

| SCHEDULE | PAGE |
|--------------------------------------|------|
| SCHEDULE 1 Rights of Receivers | 17 |
| SCHEDULE 2 Bank Accounts | 20 |

THIS DEED is dated 15 August 2022 and made between:

- (1) KME SERVICE CENTRE UK LTD, a private limited liability company, incorporated under the laws of England and Wales, whose registered office is at Unit 6 Rabone Park, Rabone Lane, Smethwick, West Midlands, B66 2NN, United Kingdom, with registration number 05169749, acting in its capacity as chargor (the "**Chargor**"); and
- (2) DEUTSCHE BANK AG, AMSTERDAM BRANCH as security agent for the Secured Parties (the "**Security Agent**").

BACKGROUND

- (A) The board of directors of the Chargor is satisfied that entering into this Deed would be most likely to promote the success of the Chargor for the benefit of its members as a whole and to the further benefit and advantage of the Chargor.
- (B) The Security Agent and the Chargor intend this document to take effect as a deed (even though the Security Agent only executes it under hand).
- (C) The Security Agent holds the benefit of this Deed for the Secured Parties on the terms of the Debt Documents.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Deed:

"**Administrator**" means an administrator appointed under Schedule B1 to the Insolvency Act.

"**Bank Accounts**" means those current, deposit or other accounts opened with any bank or financial institution into which the Chargor shall pay the Receivables, and comprising of:

- (a) those set out in Schedule 2 (*Bank Accounts*); or
- (b) other accounts notified by the Chargor to the Security Agent after the date of this Deed.

"**Charged Inventory**" means the Inventory that is included in the Borrowing Base Report delivered pursuant to the Facility Agreement on the most recent Report Date.

"**Charged Receivables**" means the Receivables that: (a) are not subject to any factoring arrangements; and (b) are included in the Borrowing Base Report delivered pursuant to the Facility Agreement on the most recent Report Date.

"**Customer**" means a customer of the Chargor.

"**Customer Premises**" means the premises of the Customer located in England and Wales.

"**Debt Document**" means each "Senior Finance Document" (as such term is defined in the Intercreditor Agreement).

"**Debtor**" means a "Senior Debtor" (as such term is defined in the Intercreditor Agreement).

"**Declared Default**" is an Event of Default in respect of which the Facility Agent has given notice to the Parent pursuant to clause 33.18 (*Acceleration*) of the Facility Agreement.

"Delegate" means a delegate (including any agent, attorney or co-trustee) or sub-delegate appointed by the Security Agent or a Receiver in accordance with this Deed.

"Eligible Metals" has the meaning given to such term in the Facility Agreement.

"Facility Agreement" means the senior structured commodity trade finance facility agreement originally dated 30 September 2006 and amended and restated from time to time (including as amended most recently pursuant to the amendment letter dated 7 July 2022), between, amongst others, KME SE (as Parent), the parties listed therein as Original Borrowers, Original Guarantors and Original Security Providers, Deutsche Bank AG, Amsterdam Branch (as Facility Agent and Security Agent) and the financial institutions listed therein as Original Lenders, Original Swingline Lender, Coordinating Mandated Lead Arranger, Mandated Lead Arranger, Lead Arrangers, Arrangers and Original Issuing Banks (each term as defined therein).

"Final Discharge Date" means the "Senior Discharge Date" (as such term is defined in the Intercreditor Agreement).

"Instructing Group" has the meaning given to that term in the Intercreditor Agreement.

"Intercreditor Agreement" means the intercreditor agreement originally dated 19 August 2014 between, amongst others, KME SE (as the Parent), the financial institutions named therein as Lenders and the Swingline Lender, the financial institutions named therein as Administrative Parties, the companies named therein as Original Senior Debtors, Deutsche Bank AG, Amsterdam Branch (as Primary Security Agent) and Deutsche Bank S.p.A. (as Italian Security Agent) (each term as defined therein), as amended and restated from time to time.

"Insolvency Act" means the Insolvency Act 1986.

"Inventory" means all Products from time to time owned by the Chargor that are located at the Premises or any Customer Premises or that are otherwise located in, or whose destination is in, England and Wales.

"Law of Property Act" means the Law of Property Act 1925.

"Parent" means KME SE, a European stock corporation (*Societas Europaea*) incorporated in the Federal Republic of Germany registered with the commercial register of the local court of Osnabrück under HRB 213357.

"Party" means a party to this Deed.

"Premises" means the warehouses of the Chargor situated at Unit 6 Rabone Park, Rabone Lane, Smethwick, West Midlands, B66 2NN, United Kingdom.

"Products" means Eligible Metals, unfinished products produced out of Eligible Metals that constitute work in progress and finished products produced out of Eligible Metals.

"Quasi-Security" means a transaction under which any member of the Group will:

- (a) sell, transfer or otherwise dispose of any of the Security Assets on terms whereby they are or may be leased to or re-acquired by any other member of the Group;
- (b) sell, transfer or otherwise dispose of any of the Security Assets on recourse terms;

- (c) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or
- (d) enter into any other preferential arrangement having a similar effect,

in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset.

"Receivables" means, in relation to the Chargor, all its right, title and interest from time to time in and to all book and other debts of any nature, all other rights to receive money, and all Related Rights, arising from or in connection with the Chargor's sale of Inventory.

"Receiver" means a receiver and manager or other receiver appointed in respect of all or any part of the Security Assets and shall, if allowed by law, include an administrative receiver.

"Related Rights" means, in relation to a Security Asset:

- (a) any proceeds of sale, transfer or other disposal, lease, licence, sub-licence, or agreement for sale, transfer or other disposal, lease, licence or sub-licence, of that Security Asset;
- (b) any moneys or proceeds paid or payable deriving from that Security Asset;
- (c) any rights, claims, guarantees, indemnities, Security or covenants for title in relation to that Security Asset;
- (d) any awards or judgments in favour of the Chargor in relation to that Security Asset; and
- (e) any other assets deriving from, or relating to, that Security Asset.

"Secured Obligations" means all present and future payment liabilities and payment obligations at any time of any Debtor to any Secured Party under the Debt Documents (including the obligations set out in clause 21.7(a)(i) (*Parallel Debt*) of the Intercreditor Agreement), both actual and contingent and whether incurred solely or jointly or as principal or surety or in any other capacity together with any of the following matters relating to or arising in respect of those liabilities and obligations:

- (a) any refinancing, novation, deferral or extension;
- (b) any claim for breach of representation, warranty or undertaking or on an event of default or under any indemnity given under or in connection with any document or agreement evidencing or constituting any other liability or obligation falling within this definition;
- (c) any claim for damages or restitution; and
- (d) any claim as a result of any recovery by any Debtor of a payment on the grounds of preference or otherwise,

and any amounts which would be included in any of the above but for any discharge, non-provability, unenforceability or non-allowance of those amounts in any insolvency or other proceedings.

"Secured Party" means:

- (a) each "Finance Party" (as defined in the Facility Agreement);

- (b) a Receiver; and/or
- (c) any Delegate.

"Security Assets" means the assets which from time to time are, or are expressed to be, the subject of the Security Interests created pursuant to Clause 2.1 (*Creation of Security Interests*) or any part of those assets.

"Security Interests" means all or any of the Security created or expressed to be created in favour of the Security Agent by or pursuant to this Deed.

"Title Documents" means warehouse receipts, holding certificates, bills of lading, warrants, other documents of title and any Related Rights in respect of any Inventory.

1.2 Incorporation of defined terms

Unless a contrary indication appears, terms defined in the Facility Agreement have the same meanings in this Deed.

1.3 Construction

- (a) Any reference in this Deed to a **"Debt Document"** or any other agreement or instrument is a reference to that Debt Document or other agreement or instrument as amended, novated, supplemented, extended, restated (however fundamentally and whether or not more onerously) or replaced with the consent of the Security Agent and the Parent and includes any change in the purpose of, any extension of or any increase in any facility or the addition of any new facility under that Debt Document or other agreement or instrument.
- (b) The provisions in clause 1.2 (*Construction*) of the Intercreditor Agreement apply to this Deed, except that references to "this Agreement" shall be construed as references to this Deed.
- (c) This Deed is subject to, and has the benefit of, the Intercreditor Agreement. In the event of any inconsistency between this Deed and the Intercreditor Agreement, the terms of the Intercreditor Agreement shall prevail.
- (d) In the event of any inconsistency between the terms of this Deed and the terms of the Facility Agreement, the terms of the Facility Agreement shall prevail.

1.4 Third Party Rights

- (a) A person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 (the **"Third Parties Act"**) to enforce or to enjoy the benefit of any term of this Deed.
- (b) Notwithstanding any term of any Debt Document, the consent of any person who is not a Party is not required to rescind or vary this Deed at any time.

2. SECURITY INTERESTS

2.1 Creation of Security Interests

The Chargor, with full title guarantee and as security for the payment of all Secured Obligations: charges in favour of the Security Agent

by way of first floating charge, all its present and future Charged Inventory and all Related Rights, and all its Charged Receivables.

2.2 Ranking

The floating charge created by the Chargor under Clause 2.1 (*Creation of Security Interests*) ranks:

- (a) behind all the mortgages, fixed charges and assignments created by the Chargor; but
- (b) in priority to any other Security over the Security Assets of the Chargor except for Security ranking in priority in accordance with paragraph (g) of Schedule 1 (*Rights of Receivers*).

2.3 Title Documents

- (a) The Chargor undertakes, following the occurrence of a Declared Default, promptly to deliver (or procure delivery of) all Title Documents (to the extent they exist) relating to the Security Assets to the Security Agent and all policies of insurance or assurance and certificates of registration.
- (b) On demand by the Security Agent following the occurrence of a Declared Default, the Chargor shall ensure that each Title Document relating to the Security Assets is issued to the order of, or is endorsed in favour of, the Security Agent or, if agreed by the Security Agent in writing, is endorsed in blank.
- (c) The Chargor declares its intention to create a pledge and, by delivery of any Title Documents as contemplated in this Clause 2.3, does create a pledge of all of its right, title and interest from time to time in respect of such Title Documents and the Charged Inventory to which they relate in favour of the Security Agent as security for the payment of all Secured Obligations by way of right of pledge in priority to all other pledges, mortgages or security interests and with full title guarantee to the Security Agent.

2.4 Conversion by notice

- (a) The Security Agent may convert the floating charge over all or any of the Security Assets into a fixed charge by notice to the Chargor specifying the relevant Security Assets:
 - (i) if it considers it desirable to do so in order to protect or preserve the Security Interests over those Security Assets and/or the priority of those Security Interests;
 - (ii) upon the occurrence of, or at any time after the occurrence of, a Declared Default; and/or
 - (iii) if a request has been made by the Parent and/or the Chargor to the Security Agent for the appointment of a Receiver or an administrator over its assets or in respect of the Chargor.
- (b) Such crystallisation shall take effect over the Security Assets or such class thereof as specified in the notice. If no Security Assets or class thereof are specified, it shall take effect over all the Security Assets of the Chargor.

2.5 Automatic conversion

If:

- (a) the Chargor takes any step to:

- (i) create any Security or Quasi-Security without the prior written consent of the Security Agent or in breach of Clause 3.1 (*Negative pledge*) over any Security Asset subject to a floating charge;
 - (ii) create a trust of any of its Security Assets; or
 - (iii) dispose of any Security Asset (other than Security Assets that are only subject to the floating charge while it remains uncrystallised);
- (b) any person takes any step to effect any expropriation, attachment, sequestration, distress or execution against any such Security Asset; or
- (c) any steps are taken towards the appointment of, or notice is given of intention to appoint, or a petition is filed or application is made, or a competent court makes an order for the appointment of an administrator,

the floating charge over the relevant Security Assets shall automatically and immediately be converted into a fixed charge.

2.6 Moratorium

- (a) Subject to paragraph (b) below, obtaining a moratorium or doing anything with a view to obtaining a moratorium pursuant to Part A1 of the Insolvency Act (including any preliminary decision or investigation) shall not:
- (i) cause the floating charge over all or any of the Security Assets to crystallise until the date upon which it is permitted to crystallise in accordance with section A22 of the Insolvency Act; or
 - (ii) be a ground for the appointment of a Receiver of all or any part of the Security Assets.
- (b) Paragraph (a) above does not apply in respect of any floating charge referred to in subsection (4) of section A52 of Part A1 of the Insolvency Act.

2.7 Consents

If the consent of any party to a document is required to create fixed security over, or an assignment of, the rights of the Chargor under that document:

- (a) the Chargor shall promptly notify the Security Agent;
- (b) until the consent of the relevant party has been obtained, this Deed shall secure all amounts which the Chargor may receive, or has received, under that document but exclude any fixed security over, or any assignment of, those rights;
- (c) unless the Security Agent requires otherwise, the Chargor shall use reasonable endeavours to obtain the consent of the relevant party to the creation of fixed security over or, as the case may be, an assignment of, those rights under this Deed as soon as reasonably practicable; and
- (d) on the date on which the consent of the relevant party is obtained, the fixed security over or, in respect of an asset expressed to be subject to an assignment, the assignment of, those rights under this Deed shall attach to those rights.

3. RESTRICTIONS ON DEALING WITH SECURITY ASSETS

3.1 Negative pledge

The Chargor shall not:

- (a) create or permit to subsist any Security or Quasi-Security over any Security Asset other than Permitted Security; or
- (b) do or permit to be done anything which may in any way depreciate, jeopardise or otherwise prejudice the value or marketability of any of the Security Assets in any material respect.

4. FURTHER ASSURANCE

- (a) The Chargor shall promptly do all such acts or execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Security Agent may reasonably specify (and in such form as the Security Agent may reasonably require in favour of the Security Agent or its nominee(s)):

- (i) to perfect the Security created or intended to be created under or evidenced by this Deed (which may include the execution of a mortgage, charge, assignment or other Security over all or any of the assets which are, or are intended to be, the subject of the Security Interests) or for the exercise of any rights, powers and remedies of the Security Agent or the Secured Parties provided by or pursuant to the Debt Documents or by law;
- (ii) to confer on the Security Agent or confer on the Secured Parties Security over any property and assets of the Chargor located in any jurisdiction equivalent or similar to the Security intended to be conferred by or pursuant to this Deed; and/or
- (iii) to facilitate the realisation of the assets which are, or are intended to be, the subject of the Security Interests.

- (b) The Chargor shall take all such action as is available to it (including making and assisting with all filings, applications and registrations) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any Security conferred or intended to be conferred on the Security Agent or the Secured Parties by or pursuant to this Deed.

5. RECEIVABLES

5.1 Payment into designated Bank Account(s)

Unless (a) otherwise notified by the Security Agent following the Declared Default; or (b) otherwise agreed between the Security Agent and the Chargor, the Chargor shall promptly pay all moneys received or receivable by it from or in relation to the sale of its Charged Inventory (including all proceeds of collection of Charged Receivables) into the relevant Bank Account(s) agreed for this purpose between the Security Agent and the Chargor. The Security Agent and the Chargor may agree to designate different Bank Accounts for different moneys.

5.2 Documents

Upon the Security Agent's reasonable request, the Chargor shall promptly deliver to the Security Agent, and the Security Agent shall be entitled to hold, such documents relating to the Chargor's Charged Receivables.

6. REPRESENTATIONS AND WARRANTIES

The Chargor represents and warrants on the date of this Deed that there are no Security Interests (save for Permitted Security) subsisting over any of the Security Assets.

7. ENFORCEMENT OF SECURITY INTERESTS

7.1 When enforceable

The Security Interests shall be immediately enforceable on and at any time after the occurrence of a Declared Default.

7.2 Enforcement action

Subject to the provisions of the Intercreditor Agreement, at any time after the Security Interests have become enforceable, the Security Agent may enforce all or any part of the Security Interests in any manner it sees fit or as directed by the Instructing Group including but not limited to (for the avoidance of doubt):

- (a) taking possession of the Security Assets (to the extent it has not already done so);
- (b) entering the Premises or any other warehouse or premises where the Chargor has Security Assets stored and taking possession of the Security Assets stored there;
- (c) (subject to any consent required from the relevant Customer or any other third party) entering a Customer's Premises or any other warehouse or premises of a Customer where the Chargor has Security Assets stored and taking possession of the Security Assets stored there; and
- (d) commencing, prosecuting, compromising or settling any proceedings relating to any Security Assets.

7.3 Law of Property Act powers

At any time after the Security Interests have become enforceable, the powers, authorities and discretions conferred by the Law of Property Act on mortgagees, including the power of sale and other powers conferred by section 101 (*Powers incident to estate or interest of mortgagee*) of the Law of Property Act, as varied and extended by this Deed, shall be immediately exercisable.

8. LAW OF PROPERTY ACT

8.1 Section 101

The power of sale and other powers conferred by section 101 (*Powers incident to estate or interest of mortgagee*) of the Law of Property Act on mortgagees, as varied and extended by this Deed, shall arise (and the Secured Obligations shall be deemed due and payable for that purpose) on the date of this Deed and shall be exercisable in accordance with Clause 7.3 (*Law of Property Act powers*).

8.2 Section 103

Section 103 (*Regulation of exercise of power of sale*) of the Law of Property Act shall not apply to this Deed.

8.3 Section 93

Section 93 (*Restriction on consolidation of mortgages*) of the Law of Property Act shall not apply to this Deed.

8.4 Sections 99 and 100

At any time after the Security Interests have become enforceable, the Security Agent may make any lease or agreement for lease, accept any surrender of lease and grant any option as it sees fit and without the need to comply with any provision of section 99 (*Leasing powers of mortgagor and mortgagee in possession*) or section 100 (*Powers of mortgagor and mortgagee in possession to accept surrenders of leases*) of the Law of Property Act.

9. APPOINTMENT OF RECEIVERS AND ADMINISTRATORS

9.1 Appointment of Receivers

If:

- (a) requested by the Chargor; or
- (b) the Security Interests have become enforceable,

without any notice or further notice, the Security Agent may, by deed or otherwise in writing signed by the Security Agent or any person authorised for this purpose by the Security Agent, appoint one or more persons to be a Receiver of all or any part of the Security Assets. The Security Agent may similarly remove any Receiver and appoint any person instead of any Receiver. If the Security Agent appoints more than one person as Receiver, the Security Agent may give those persons power to act either jointly or severally.

9.2 Appointment of Administrators

Paragraph 14 of Schedule B1 to the Insolvency Act applies to this Deed and the Security Agent may appoint an Administrator of the Chargor pursuant to that paragraph.

9.3 Agent of Chargor

Any Receiver shall be the agent of the Chargor for all purposes. The Chargor alone shall be responsible for the Receiver's contracts, engagements, acts, omissions and defaults.

9.4 Remuneration of Receivers

The Security Agent may determine the remuneration of any Receiver and the maximum rate specified in section 109(6) (*Appointment, powers, remuneration and duties of receiver*) of the Law of Property Act shall not apply. The Security Agent may direct payment of that remuneration out of moneys it receives as Receiver. The Chargor alone shall be liable for the remuneration and all other costs, losses, liabilities and expenses of the Receiver.

10. RIGHTS AND LIABILITIES OF SECURITY AGENT AND RECEIVERS

10.1 Rights of Receivers

Any Receiver appointed pursuant to Clause 9 (*Appointment of Receivers and Administrators*) shall have:

- (a) the rights set out in Schedule 1 (*Rights of Receivers*); and
- (b) the rights, powers, privileges and immunities conferred by law, including:

- (i) in the case of an administrative receiver, the rights, powers, privileges and immunities conferred by the Insolvency Act on administrative receivers duly appointed under the Insolvency Act; and
- (ii) in all other cases, the rights, powers, privileges and immunities conferred by the Law of Property Act and the Insolvency Act on receivers or receivers and managers.

10.2 **Rights and protections of the Security Agent**

- (a) At any time after the Security Interests have become enforceable, to the fullest extent permitted by law, any rights conferred by any Debt Document or by law upon a Receiver may be exercised by the Security Agent, whether or not the Security Agent shall have appointed a Receiver of all or any part of the Security Assets.
- (b) None of the Security Agent, its nominee or any Receiver shall be obliged to investigate whether the Security Assets are sufficient to discharge the Secured Obligations.

10.3 **Delegation**

The Security Agent may delegate in any manner to any person any rights exercisable by the Security Agent under any Debt Document. Any such delegation may be made upon such terms and conditions (including power to sub-delegate) as the Security Agent thinks fit and the Security Agent may pass confidential information to any such delegate.

10.4 **Financial collateral arrangement**

- (a) To the extent that this Deed constitutes a "financial collateral arrangement" (as defined in the Financial Collateral Arrangements (No. 2) Regulations 2003 (the "**Financial Collateral Regulations**")) the Security Agent shall have the right at any time after the Security Interests have become enforceable, to appropriate any Security Asset which constitutes "financial collateral" (as defined in the Financial Collateral Regulations ("**Financial Collateral**")) in such manner as it sees fit in or towards satisfaction of the Secured Obligations in accordance with the Financial Collateral Regulations.
- (b) If the Security Agent is required to value any Financial Collateral for the purpose of paragraph (a) above, the value shall be:
 - (i) in the case of cash, its face value at the time of appropriation; and
 - (ii) in the case of financial instruments or other Financial Collateral, their market value at the time of appropriation as determined (after appropriation) by the Security Agent by reference to a public index or other applicable generally recognised source or such other process as the Security Agent may select, including a valuation carried out by an independent investment bank, firm of accountants or other valuers appointed by the Security Agent.

as converted, where necessary, into the currency in which the Secured Obligations are denominated at a market rate of exchange prevailing at the time of appropriation selected by the Security Agent. The Parties agree that the methods of valuation set out in this paragraph (b) are commercially reasonable for the purpose of the Financial Collateral Regulations.

10.5 Possession

If the Security Agent, any Receiver or any Delegate takes possession of the Security Assets, it may at any time relinquish possession. Neither the Security Agent, any Receiver nor any Delegate shall be liable, by reason of viewing or repairing any of the present or future assets of the Chargor, as a mortgagee in possession.

10.6 Security Agent's liability

Neither the Security Agent, any Receiver nor any Delegate shall, either by reason of taking possession of the Security Assets or for any other reason and whether as mortgagee in possession or otherwise, be liable for:

- (a) any costs, losses, liabilities or expenses relating to the realisation of any Security Assets; or
- (b) any act or omission of the Security Agent, any Receiver, any Delegate or their respective officers, employees or agents in relation to the Security Assets or in connection with the Debt Documents, unless directly caused by its gross negligence or wilful misconduct.

11. ORDER OF APPLICATION

All amounts from time to time received or recovered by the Security Agent or any Receiver pursuant to the terms of this Deed or in connection with the realisation or enforcement of all or any part of the Security Interests shall be held by the Security Agent on trust to apply them at any time as the Security Agent (in its discretion) sees fit in accordance with the terms of the Intercreditor Agreement.

12. POWER OF ATTORNEY

12.1 Appointment

The Chargor by way of security irrevocably appoints the Security Agent, each Receiver and each Delegate severally to be its attorney (with full power of substitution), on its behalf and in its name or otherwise, at any time after the occurrence of a Declared Default:

- (a) to do anything which the Chargor is obliged to do under any Debt Document to which it is party but has failed to do (including to do all such acts or execute all such documents, assignments, transfers, mortgages, charges, notices, instructions, filings and registrations as the Security Agent may reasonably specify (and in such form as the Security Agent may reasonably require in favour of the Security Agent or its nominee(s))); and
- (b) to exercise any of the rights conferred on the Security Agent, any Receiver or any Delegate in relation to the Security Assets or under any Debt Document or under any law.

12.2 Ratification

The Chargor ratifies and confirms and agrees to ratify and confirm whatever any such attorney shall do in the exercise or purported exercise of the power of attorney granted by it in Clause 12.1 (*Appointment*).

13. PROTECTION OF THIRD PARTIES

No purchaser or other person dealing with the Security Agent, any Receiver or its agents shall be concerned to enquire:

- (a) whether the powers conferred on the Security Agent, any Receiver or its agents have arisen;
- (b) whether the powers conferred on the Security Agent, any Receiver or its agents have become exercisable;
- (c) whether any consents, regulations, restrictions or directions relating to such powers have been obtained or complied with;
- (d) whether the Security Agent, any Receiver or its agents is acting within such powers;
- (e) whether any money remains due under the Debt Documents and the receipt in writing of the Security Agent, any Receiver or its agents shall be sufficient discharge to that purchaser or other person;
- (f) as to the propriety or validity of acts purporting or intended to be in exercise of any such powers; or
- (g) as to the application of any money paid to the Security Agent, any Receiver or its agents.

14. SAVING PROVISIONS

14.1 Continuing Security

Subject to Clause 15 (*Discharge of Security*), the Security Interests are continuing Security and will extend to the ultimate balance of the Secured Obligations, regardless of any intermediate payment or discharge in whole or in part.

14.2 Reinstatement

If any discharge, release or arrangement (whether in respect of the obligations of the Chargor, the Debtors, or any security for those obligations or otherwise) is made by a Secured Party in whole or in part on the basis of any payment, security or other disposition which is avoided or must be restored in insolvency, liquidation or otherwise, without limitation, then the liability of the Chargor, the Debtors and the Security Interests will continue or be reinstated as if the discharge, release or arrangement had not occurred.

14.3 Waiver of defences

Neither the obligations of the Chargor under this Deed nor the Security Interests will be affected by an act, omission, matter or thing which, but for this Clause 14.3, would reduce, release or prejudice any of its obligations under any Debt Document or any of the Security Interests (without limitation and whether or not known to it or any Secured Party) including:

- (a) any time, waiver or consent granted to, or composition with, the Chargor, any Debtor or other person;
- (b) the release of the Chargor, any other Debtor or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;

- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, the Chargor, any Debtor or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- (d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of the Chargor, any Debtor or any other person;
- (e) any amendment, novation, supplement, extension, restatement (however fundamental and whether or not more onerous) or replacement of any Debt Document or any other document or security including any change in the purpose of, any extension of or any increase in any facility or the addition of any new facility under any Debt Document or other document or security;
- (f) any unenforceability, illegality or invalidity of any obligation of any person under any Debt Document or any other document or security; or
- (g) any insolvency or similar proceedings.

14.4 Chargor intent

Without prejudice to the generality of Clause 14.3 (*Waiver of defences*), the Chargor expressly confirms that it intends that the Security Interests shall extend from time to time to any (however fundamental) variation, increase, extension or addition of or to any of the Debt Documents and/or any facility or amount made available under any of the Debt Documents for the purposes of or in connection with any of the following: business acquisitions of any nature; increasing working capital; enabling investor distributions to be made; carrying out restructurings; refinancing existing facilities; refinancing any other indebtedness; making facilities available to new borrowers; any other variation or extension of the purposes for which any such facility or amount might be made available from time to time; and any fees, costs and/or expenses associated with any of the foregoing.

14.5 Immediate recourse

The Chargor waives any right it may have of first requiring any Secured Party (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from the Chargor under this Deed. This waiver applies irrespective of any law or any provision of a Debt Document to the contrary.

14.6 Appropriations

Until all amounts which may be or become payable by the Debtors or the Chargor under or in connection with the Debt Documents have been irrevocably paid in full and all facilities which might give rise to Secured Obligations have terminated, each Secured Party (or any trustee or agent on its behalf) may:

- (a) refrain from applying or enforcing any other moneys, security or rights held or received by that Secured Party (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and the Chargor shall not be entitled to the benefit of the same; and

- (b) hold in an interest-bearing suspense account any moneys received from the Debtors or the Chargor or on account of the Debtors' or the Chargor's liability under this Deed.

14.7 Deferral of Chargor's rights

Until all amounts which may be or become payable by the Debtors or the Chargor under or in connection with the Debt Documents have been irrevocably paid in full and all facilities which might give rise to Secured Obligations have terminated and unless the Security Agent otherwise directs, the Chargor will not exercise any rights which it may have by reason of performance by it of its obligations under the Debt Documents or by reason of any amount being payable, or liability arising, under the Debt Documents:

- (a) to be indemnified by a Debtor;
- (b) to claim any contribution from any other Debtor or guarantor of any provider of Security for any Debtor's obligations under the Debt Documents;
- (c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Secured Parties under the Debt Documents or of any other guarantee or security taken pursuant to, or in connection with, the Debt Documents by any Secured Party;
- (d) to bring legal or other proceedings for an order requiring any Debtor to make any payment, or perform any obligation, in respect of which the Debtor had given a guarantee, undertaking or indemnity;
- (e) to exercise any right of set-off against any Debtor; and/or
- (f) to claim or prove as a creditor of any Debtor in competition with any Secured Party.

If the Chargor receives any benefit, payment or distribution in relation to such rights it shall hold that benefit, payment or distribution to the extent necessary to enable all amounts which may be or become payable to the Secured Parties by the Chargor or the Debtors under or in connection with the Debt Documents to be repaid in full on trust for the Secured Parties and shall promptly pay or transfer the same to the Security Agent or as the Security Agent may direct for application in accordance with Clause 11 (*Order of application*).

14.8 Additional security

The Security Interests are in addition to and are not in any way prejudiced by any other guarantee or security now or subsequently held by any Secured Party.

14.9 Tacking

Each Secured Party shall comply with its obligations under the Debt Documents (including any obligation to make further advances).

15. DISCHARGE OF SECURITY

15.1 Final redemption

Subject to Clause 15.2 (*Retention of security*), following the Final Discharge Date, the Security Agent shall at the request and cost of the Chargor release, reassign or discharge (as appropriate) the Security Assets from the Security Interests, without recourse to, or any representation or warranty by, the Security Agent or any of its nominees.

15.2 Retention of security

If the Security Agent considers that any amount paid or credited to any Secured Party under any Debt Document is capable of being avoided or otherwise set aside, that amount shall not be considered to have been paid for the purposes of determining whether all the Secured Obligations have been irrevocably paid.

16. PAYMENTS

16.1 The Chargor shall pay each of the Secured Obligations when due in accordance with its terms.

16.2 Any demand for payment made by any Secured Party shall be valid and effective even if it contains no statement of the relevant Secured Obligations or an inaccurate or incomplete statement of them.

16.3 All payments by the Chargor under this Deed shall be made to such account, with such financial institution and in such other manner as the Security Agent may direct.

17. CONTINUATION OF ACCOUNTS

17.1 At any time after a Secured Party has received or is deemed to have received notice of any subsequent Security affecting all or any part of the Security Assets of the Chargor, that Secured Party may open a new account in the name of the Chargor (whether or not it permits any existing account to continue).

17.2 If that Secured Party does not open such a new account, it shall be treated as if it had done so when the relevant notice was received or deemed to have been received and as from that time all payments made by the Chargor to that Secured Party shall be treated as having been credited to the relevant new account and not as having been applied in reduction of the Secured Obligations as at the time the relevant notice was received or deemed to have been received.

17.3 If all or any part of the Security Interests are enforced at a time when no amount is due under the Debt Documents but any such amount may or will become due, the Security Agent or the Receiver may pay the proceeds of any recoveries effected by it into a suspense account.

18. REMEDIES, WAIVERS AND DETERMINATIONS

18.1 Remedies and waivers

No failure to exercise, nor any delay in exercising, on the part of any Secured Party, any right or remedy under any Debt Document shall operate as a waiver of any such right or remedy or constitute an election to affirm any of the Debt Documents. No waiver or election to affirm any of the Debt Documents on the part of any Secured Party shall be effective unless in writing. No single or partial exercise of any right or remedy shall prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in the Debt Documents are cumulative and not exclusive of any rights or remedies provided by law, including the right to appoint an Administrator under the Insolvency Act.

18.2 Certificates and Determinations

Any certification or determination by the Security Agent or any Receiver of a rate or amount under any Debt Document is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

19. SEPARATE AND INDEPENDENT OBLIGATIONS

The Security created by the Chargor by or in connection with any Debt Document is separate from and independent of the Security created or intended to be created by any other provider of Security by or in connection with any Debt Document.

20. COUNTERPARTS

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

21. GOVERNING LAW

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

22. ENFORCEMENT

- (a) The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Deed (including a dispute relating to the existence, validity or termination of this Deed or any non-contractual obligation arising out of or in connection with this Deed) (a "Dispute").
- (b) The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.
- (c) This Clause 22 is for the benefit of the Secured Parties only. Notwithstanding paragraphs (a) and (b) above, the Secured Parties shall not be prevented from taking proceedings relating to a Dispute before any other courts with jurisdiction by reason of the registered office of the Chargor.
- (d) To the extent allowed by law, the Secured Parties and any Receivers and/or Delegates may take concurrent proceedings in any number of jurisdictions.

THIS DEED IS DELIVERED, AND IS INTENDED TO BE DELIVERED, AT THE DATE AT THE BEGINNING OF THIS DEED.

SCHEDULE 1

RIGHTS OF RECEIVERS

Any Receiver appointed pursuant to Clause 9 (*Appointment of Receivers and Administrators*) shall have the right, either in its own name or in the name of the Chargor or otherwise and in such manner and upon such terms and conditions as the Receiver thinks fit, and either alone or jointly with any other person:

(a) Enter into possession

to take possession of, get in and collect all or any part of the Security Assets, and to require payment to it or to any Secured Party of any Receivables;

(b) Bank Accounts

to apply, transfer or set-off any or all of the credit balances from time to time on any Bank Account in or towards payment or other satisfaction of all or part of the Secured Obligations;

(c) Carry on business

to manage and carry on any business of the Chargor;

(d) Contracts

to enter into any contract or arrangement and to perform, repudiate, rescind or vary any contract or arrangement to which the Chargor is a party;

(e) Deal with Security Assets

to sell, transfer, assign, exchange, hire out, lend, licence or otherwise dispose of or realise all or any part of the Security Assets to any person either by public offer or auction, tender or private contract and for a consideration of any kind (which may be payable or delivered in one amount or by instalments or deferred);

(f) Hive down

to form a new company and to subscribe for or acquire (for cash or otherwise) any investment in or of the new company and to sell, transfer, assign, exchange and otherwise dispose of or realise any such investments or any rights attaching thereto;

(g) Borrow money

to borrow or raise money either unsecured or on the security of all or any part of the Security Assets (either in priority to the Security Interests or otherwise);

(h) Lend money

to lend money or advance credit to any person;

(i) Covenants and guarantees

to enter into bonds, covenants, guarantees, indemnities and other commitments;

(j) **Dealings with tenants**

to grant leases, tenancies, licences and rights of user, grant renewals and accept surrenders of leases, tenancies, licences or rights of user, and otherwise to reach agreements and make arrangements with, and to make allowances to, any lessees, tenants or other persons;

(k) **Rights of ownership**

to manage and use all or any part of the Security Assets and to exercise and do all such rights and things as the Receiver would be capable of exercising or doing if it were the absolute beneficial owner of all or any part of the Security Assets;

(l) **Protection of Security Assets**

to insure all or any part of the Security Assets, to carry out decorations, repairs, alterations, improvements and additions to all or any part of the Security Assets (including the development or redevelopment of any real property), to commence and/or complete any building operation, to apply for and maintain any planning permission, building regulation approval or any other authorisation and to purchase or otherwise acquire or do anything in connection with all or any part of the Security Assets;

(m) **Legal actions**

to bring, prosecute, enforce, defend and abandon actions, suits and proceedings relating to all or any part of the Security Assets or any business of the Chargor;

(n) **Claims**

to settle, adjust, refer to arbitration, compromise and arrange any claims, accounts, disputes, questions and demands with or by any person or relating to all or any part of the Security Assets or any business of the Chargor;

(o) **Redemption of Security**

to redeem any Security (whether or not having priority to the Security Interests) over all or any part of the Security Assets and to settle the accounts of any person with an interest in all or any part of the Security Assets;

(p) **Employees**

to appoint, hire and employ officers, employees, contractors, agents, advisors and others and to discharge any such persons and any such persons appointed, hired or employed by the Chargor;

(q) **Delegation**

to delegate in any manner to any person any rights exercisable by the Receiver under any Debt Document, and any such delegation may be made upon such terms and conditions (including power to sub-delegate) as it thinks fit, and to pass confidential information to any such delegate;

(r) **Insolvency Act**

to exercise all powers set out in Schedule 1, Schedule B1 or (in the case of a Scottish Receiver) Schedule 2 to the Insolvency Act as now in force (whether or not in force at the date of exercise

and whether or not the Receiver is an administrative receiver) and any powers added to Schedule 1 or Schedule 2, as the case may be, after the date of this Deed;

(s) **Receipts**

to give a valid receipt for any moneys and do anything which may be necessary or desirable for realising all or any part of the Security Assets; and

(t) **Other powers**

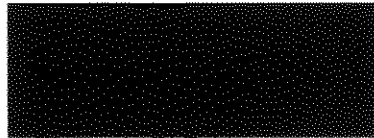
to do anything else it may think fit for the realisation of all or any part of the Security Assets or incidental to the exercise of any of the rights conferred on the Receiver under or by virtue of any Debt Document to which the Chargor is party, the Law of Property Act or the Insolvency Act.

SCHEDULE 2
BANK ACCOUNTS

| Bank | Currency | Sort Code | Name of Account | IBAN |
|-----------------------------|----------|-----------|--------------------|------|
| Deutsche Bank S.p.A., Milan | GBP | | Collection Account | |

THE CHARGOR
EXECUTED as a Deed by
KME SERVICE CENTRE UK LTD

SIGNATURES



Pierpaolo Di Fabio

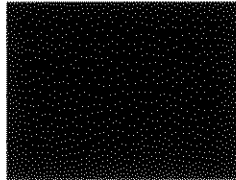


In the presence of:

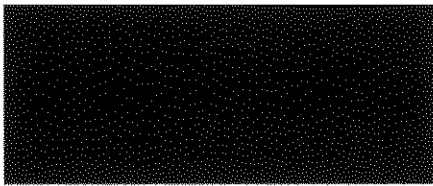
Name: Matteo Berni

Title:

Signature of witness:



Address of witness:



Occupation:



THE SECURITY AGENT

EXECUTED for and on behalf of
Deutsche Bank AG,
Amsterdam Branch

Name:

Title:

Name:

Title:

Rob van Werkhoven

Tim de Lange

Address:

Department – GBS Loans and LEMG
De Entrée 99-197
1101 HE Amsterdam
The Netherlands

Fax No.:

Tel No.:

Email:

For the attention of:

flat.ctr@db.com

Marcel van de Ende