✓ 003609/23

In accordance with Sections 859A and 859J of the Companies Act 2006.

MR01
Particulars of a charge

Companies House

Go online to file this information
www.gov.uk/companieshouse

A fee is be payable wit
Please see 'How to pay'

THURSDAY

A7GCJU7U
A14 11/10/2018 #96
COMPANIES HOUSE

✓ **What this form is for**
You may use this form to register a charge created or evidenced by an instrument.

✗ **What this form is NOT**
You may not use this forr register a charge where t instrument. Use form MR

This form **must be delivered to the Registrar for registration within 21 days** beginning with the day after the date of creation of the charge. If delivered outside of the 21 days it will be rejected unless it is accompanied by a court order extending the time for delivery.

You **must** enclose a certified copy of the instrument with this form. This will be scanned and placed on the public record. **Do not send the original.**

For official use: 0 0 0 2

→ **Filling in this form**
Please complete in typescript or in bold black capitals.

All fields are mandatory unless specified or indicated by *

1 Company details

Company number	0 2 0 6 2 5 2 8
Company name in full	DIRECT PACKAGING LIMITED ✓

2 *Charge creation date*

Charge creation date	d 0 d 2 m 1 m 0 y 2 y 0 y 1 y 8 ✓

3 Names of persons, security agents or trustees entitled to the charge

Please show the names of each of the persons, security agents or trustees entitled to the charge.

Name	CHARLOTTE ANNE CRAWLEY ✓
Name	BRENDA ELIZABETH FRANCES KIRK ✓
Name	JOHN FRANCIS ROBERTSON KIRK ✓
Name	

If there are more than four names, please supply any four of these names then tick the statement below.

☐ I confirm that there are more than four persons, security agents or trustees entitled to the charge.

4 Brief description

Please give a short description of any land, ship, aircraft or intellectual property registered or required to be registered in the UK subject to a charge (which is not a floating charge) or fixed security included in the instrument.

Please submit only a short description If there are a number of plots of land, aircraft and/or ships, you should simply describe some of them in the text field and add a statement along the lines of, "for more details please refer to the instrument".

Please limit the description to the available space.

Brief description

5 Other charge or fixed security

Does the instrument include a charge (which is not a floating charge) or fixed security over any tangible or intangible or (in Scotland) corporeal or incorporeal property not described above? Please tick the appropriate box.

☑ **Yes**

☐ **No**

6 Floating charge

Is the instrument expressed to contain a floating charge? Please tick the appropriate box.

☑ **Yes** Continue

☐ **No** *Go to* ***Section 7***

Is the floating charge expressed to cover all the property and undertaking of the company?

☑ **Yes**

7 Negative Pledge

Do any of the terms of the charge prohibit or restrict the company from creating further security that will rank equally with or ahead of the charge? Please tick the appropriate box.

☑ **Yes**

☐ **No**

8 Trustee statement ❶

You may tick the box if the company named in Section 1 is acting as trustee of the property or undertaking which is the subject of the charge.

☐

❶ This statement may be filed after the registration of the charge (use form MR06).

9 Signature

Please sign the form here.

Signature

Signature

X Davies and Partners Solicitors Limited as duly authorised agents for those entitled to the charge. X

This form must be signed by a person with an interest in the charge.

MR01
Particulars of a charge

Presenter information

You do not have to give any contact information, but if you do, it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name: David Robinson

Company name: Davies and Partners Solicitors Limited

Address: Latham House

33-34 Paradise Street

Post town: Birmingham

County/Region: West Midlands

Postcode: B 1 2 A J

Country: United Kingdom

DX: 715358 Birmingham 78

Telephone: 0121 616 4450

Certificate

We will send your certificate to the presenter's address if given above or to the company's Registered Office if you have left the presenter's information blank.

Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have included a certified copy of the instrument with this form.
- ☐ You have entered the date on which the charge was created.
- ☐ You have shown the names of persons entitled to the charge.
- ☐ You have ticked any appropriate boxes in Sections 3, 5, 6, 7 & 8.
- ☐ You have given a description in Section 4, if appropriate.
- ☐ You have signed the form.
- ☐ You have enclosed the correct fee.
- ☐ Please do not send the original instrument; it must be a certified copy.

Important information

Please note that all information on this form will appear on the public record.

How to pay

A fee of £23 is payable to Companies House in respect of each mortgage or charge filed on paper.

Make cheques or postal orders payable to 'Companies House.'

Where to send

You may return this form to any Companies House address. However, for expediency, we advise you to return it to the appropriate address below:

For companies registered in England and Wales:
The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

For companies registered in Scotland:
The Registrar of Companies, Companies House,
Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF.
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post).

For companies registered in Northern Ireland:
The Registrar of Companies, Companies House,
Second Floor, The Linenhall, 32-38 Linenhall Street,
Belfast, Northern Ireland, BT2 8BG.
DX 481 N.R. Belfast 1.

Further information

For further information, please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

FILE COPY

CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 2062528

Charge code: 0206 2528 0002

The Registrar of Companies for England and Wales hereby certifies that a charge dated 2nd October 2018 and created by DIRECT PACKAGING LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 11th October 2018.

DX

Given at Companies House, Cardiff on 19th October 2018

Companies House

THE OFFICIAL SEAL OF THE REGISTRAR OF COMPANIES

DATED 2ND OCTOBER **2018**

DEBENTURE

between

(1) DIRECT PACKAGING LIMITED

and

(2) C. A. CRAWLEY

and

(3) B. E. F. KIRK

and

(4) J. F. R. KIRK

and

(5) DIRECT PACKAGING GROUP LIMITED

I, DAVID EDMUND ROBINSON Solicitor, hereby certify that this is a true and complete copy of the original document.

David E. Robinson
10th October 2018.
David E Robinson
Solicitor
Davies and Partners, Solicitors,
Latham House, 33-34, Paradise Street,
Birmingham, B1 2AJ.

Davies and Partners Solicitors Limited

BIRMINGHAM **BRISTOL** **GLOUCESTER** **LONDON**

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THIS DEED is dated 2ND OCTOBER **2018**

PARTIES

(1) DIRECT PACKAGING LIMITED a company incorporated and registered in England and Wales with company number 02062528 whose registered office is at Suites 17 & 18 Riverside House, Lower Southend Road, Wickford, Essex, SS11 8BB (**Borrower**).

(2) CHARLOTTE ANNE CRAWLEY of 82 Boston Avenue, Southend On Sea, Essex,SS2 6JD;

(3) BRENDA ELIZABETH FRANCES KIRK of Homestead, Borwick Lane, Wickford, Essex, SS12 0QA; and

(4) JOHN FRANCIS ROBERTSON KIRK of Homestead, Borwick Lane, Wickford, Essex, SS12 0QA;

(together the **Lenders**).

(5) DIRECT PACKAGING GROUP LIMITED a company incorporated and registered in England and Wales with company number 11436247 whose registered office is at Bowden House, 36 Northampton Road, Market Harborough, Leicester, United Kingdom, LE16 9HE (**Buyer**)

BACKGROUND

(A) Pursuant to a share purchase agreement dated on or around the date of this deed and made between the Buyer and the Lenders (**Share Purchase Agreement**), the Lenders agreed to accept part of the consideration payable pursuant to the Share Purchase Agreement on deferred terms and in the sum of £680,000 (**Deferred Consideration**).

(B) The Deferred Consideration is the subject of a Guarantee and Indemnity granted by the Borrower in favour of the Lenders (**Guarantee**)

(C) The Borrower is the wholly-owned subsidiary of the Buyer.

(D) This deed secures the Guaranteed Obligations and the Indemnity set out in the Guarantee.

IT IS AGREED as follows:

1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

Terms defined in the Guarantee shall, unless otherwise defined in this deed, have the same meaning in this deed. In addition, the following definitions apply in this deed.

Administrator	an administrator appointed to manage the affairs, business and property of the Borrower pursuant to clause 9.2.
Book Debts	all present and future book and other debts, and monetary claims due or owing to the Borrower, and the benefit of all security, guarantees and other rights of any nature enjoyed or held by the Borrower in relation to any of them.
Delegate	any person appointed by any Receiver pursuant to clause 14 and any person appointed as attorney of a Receiver or

	Delegate.
Equipment	all present and future equipment, plant, machinery, tools, vehicles, furniture, fittings, installations and apparatus and other tangible moveable property for the time being owned by the Borrower, including any part of it and all spare parts, replacements, modifications and additions.
Event of Default	has the meaning set out in clause10.1.
Financial Collateral	has the meaning given to that expression in the Financial Collateral Regulations.
FinancialCollateral Regulations	the Financial Collateral Arrangements (No 2) Regulations 2003 (*SI 2003/3226*).
Insurance Policy	each contract and policy of insurance effected or maintained by the Borrower from time to time in respect of its assets or business (including, without limitation, any contract or policy of insurance relating to the Properties or the Equipment).
Intellectual Property	the Borrower's present and future patents, rights to inventions, copyright and related rights, trade marks, business names and domain names, goodwill and the right to sue for passing off, rights in designs, rights in computer software, database rights, rights to use, and protect the confidentiality of, confidential information (including know-how and trade secrets) and all other intellectual property rights, in each case whether registered or unregistered and including all applications and rights to apply for and be granted, renewals or extensions of, and rights to claim priority from, such rights and all similar or equivalent rights or forms of protection which subsist or will subsist now or in the future in any part of the world.
Investments	all present and future certificated stocks, shares, loan capital, securities, bonds and investments (whether or not marketable) for the time being owned (at law or in equity) by the Borrower, including any: (a) dividend, interest or other distribution paid or payable in relation to any of the Investments; and (b) right, money, shares or property accruing, offered or issued at any time in relation to any of the Investments by way of redemption, substitution, exchange, conversion, bonus, preference or otherwise, under option rights or otherwise.
LPA 1925	the Law of Property Act 1925.
Permitted Security	any Security arising under: (a) the Security created by or outstanding under this deed; (b) any normal title retention arrangements included in a supplier's standard conditions of supply of goods acquired by the Borrower in the ordinary course of trade;

(c) any Security created or outstanding with the Lenders' prior written consent.

Properties	all freehold and leasehold properties (whether registered or unregistered) and all commonhold properties, now or in the future (and from time to time) owned by the Borrower, or in which the Borrower holds an interest, and **Property** means any of them.
Receiver	a receiver, receiver and manager or administrative receiver of any or all of the Secured Assets appointed by the Lenders under clause 12.
Secured Assets	all the assets, property and undertaking for the time being 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) but excluding the Book Debts.
Secured Liabilities	all present and future monies, obligations and liabilities of the Borrower to the Lenders, whether actual or contingent and whether owed jointly or severally, as principal or surety or in any other capacity, under or in connection with the Share Purchase Agreement or this deed, together with all interest (including, without limitation, default interest) accruing in respect of those monies, obligations or liabilities.
Security Financial Collateral Arrangement	has the meaning given to that expression in the Financial Collateral Regulations.
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 Period:	the period starting on the date of this deed and ending on the date on which the Lenders are 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.

1.2 **Interpretation**

The interpretation provisions in the Share Purchase Agreement apply to this deed as if they were set out in full in this deed, except that each reference in that clause to the Share Purchase Agreement shall be read as a reference to this deed.

1.3 **Clawback**

If the Lenders consider that an amount paid by the Borrower in respect of the Secured Liabilities is capable of being avoided or otherwise set aside on the liquidation or administration of the Borrower 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 Property includes:

1.4.1 all buildings and fixtures and fittings (including trade and tenant's fixtures and fittings) that are situated on or form part of that Property at any time;

1.4 2 the proceeds of the sale of any part of that Property and any other monies paid or payable in respect of or in connection with that Property;

1.4.3 the benefit of any covenants for title given, or entered into, by any predecessor in title of the Borrower in respect of that 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 Property.

1.5 **Law of Property (Miscellaneous Provisions) Act 1989**

For the purposes of section 2 of the Law of Property (Miscellaneous Provisions) Act 1989, the terms of the Share Purchase Agreement and of any side letters between any parties in relation to the Share Purchase Agreement are incorporated into this deed.

2 COVENANT TO PAY

The Borrower shall, on demand, pay to the Lenders and discharge the Secured Liabilities when they become due.

3 GRANT OF SECURITY

3.1 **Legal mortgage**

As a continuing security for the payment and discharge of the Secured Liabilities, the Borrower with full title guarantee charges to and for the benefit of the Lenders, by way of first legal mortgage, each Property.

3.2 **Fixed charges**

As a continuing security for the payment and discharge of the Secured Liabilities, the Borrower with full title guarantee charges to and for the benefit of the Lenders by way of first fixed charge:

3.2.1 all Properties acquired by the Borrower in the future;

3.2.2 all present and future interests of the Borrower not effectively mortgaged or charged under the preceding provisions of this clause 3 in, or over, freehold or leasehold property;

3.2.3 all present and future rights, licences, guarantees, rents, deposits, contracts, covenants and warranties relating to each Property;

3.2.4 all licences, consents and authorisations (statutory or otherwise) held or required in connection with the Borrower's business or the use of any Secured Asset, and all rights in connection with them;

3.2.5 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);

3.2.6 all its rights in respect of each Insurance Policy, including all claims, the proceeds of all claims and all returns of premium in connection with each Insurance Policy, to the extent not effectively assigned under clause 3.3; and

3.2.7 all its rights in respect of all agreements, instruments and rights relating to the Secured Assets, to the extent not effectively assigned under clause 3.3.

3.3 **Assignment**

As a continuing security for the payment and discharge of the Secured Liabilities, the Borrower with full title guarantee assigns to and for the benefit of theLenders absolutely, subject to a proviso for reassignment on irrevocable discharge in full of the Secured Liabilities:

3.3.1 all its rights in each Insurance Policy, including all claims, the proceeds of all claims and all returns of premium in connection with each Insurance Policy; and

3.3.2 the benefit of all agreements, instruments and rights relating to the Secured Assets.

3.4 **Floating charge**

As a continuing security for the payment and discharge of the Secured Liabilities, the Borrower with full title guarantee charges to and for the benefit of the Lenders, by way of first floating charge, all the undertaking, property, assets and rights of the Borrower at any time not effectively mortgaged, charged or assigned pursuant to clause 3.1to clause 3.3inclusive other than the Book Debts.

3.5 **Qualifying floating charge**

Paragraph 14 of Schedule B1 to the Insolvency Act 1986 applies to the floating charge created by clause 3.4

3.6 **Automatic crystallisation of floating charge**

The floating charge created by clause 3.4shall automatically and immediately (without notice) convert into a fixed charge over the assets subject to that floating charge if:

3.6.1 the Borrower:

(a) 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 the Share Purchase Agreement); or

(b) 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);

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

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

3.7 **Crystallisation of floating charge by notice**

The Lenders may, in their sole discretion, by written notice to the Borrower, 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 an Event of Default is not remedied within 3 days of its occurrence.

3.8 **Assets acquired after any floating charge has crystallised**

Any asset acquired by the Borrower 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 confirm otherwise to the Borrower in writing) be charged to the Lenders by way of first fixed charge.

4 LIABILITY OF THE BORROWER

4.1 **Liability not discharged**

The Borrower'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 Borrower.

4.2 **Immediate recourse**

The Borrower 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 Borrower.

5 REPRESENTATIONS AND WARRANTIES

5.1 **Representations and warranties**

The Borrower and the Buyer jointly and severally make the representations and warranties set out in this clause 5to the Lenders (and each of them).

5.2 **Ownership of Secured Assets**

The Borrower is the sole legal and beneficial owner of the Secured Assets.

5.3 **No Security**

The Secured Assets are free from any Security other than Permitted Security.

5.4 **Times for making representations and warranties**

5.5 The representations and warranties set out in clauses 5.2and 5.3are made by the Borrower and the Buyer on the date of this deed and 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.

6 GENERAL COVENANTS

6.1 **Negative pledge and disposal restrictions**

The Borrower shall not at any time, except with the prior written consent of the Lenders:

6.1.1 create, purport to create or permit to subsist any Security on, or in relation to, any Secured Asset other than the Permitted Security;

6 1.2 sell, assign, transfer, part with possession of, or otherwise dispose of in any manner (or purport to do so), all or any part of, or any interest in, the Secured Assets (except, in the ordinary course of business, Secured Assets that are only subject to an uncrystallised floating charge); or

6.1.3 create or grant (or purport to create or grant) any interest in the Secured Assets in favour of a third party.

6.2 **Preservation of Secured Assets**

The Borrower 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.

6.3 **Insurance**

6.3.1 The Borrower shall insure and keep insured, the Secured Assets with a reputable insurance company or underwriters against all risks usually insured against by persons carrying on a business such as that carried on by it and such other risks as the Lenders may from time to time reasonably require (to include public liability and third party liability insurance).

6.3.2 The Borrower shall promptly pay all premiums in respect of each Insurance Policy and do all other things necessary to keep that policy in full force and effect.

6.3.3 All monies payable under any Insurance Policy at any time (whether or not the security constituted by this deed has become enforceable) shall be applied in making good or recouping expenditure in respect of the loss or damage for which those monies are received.

6.4 **Notices to be given by the Borrower**

The Borrower shall, immediately upon request by the Lenders following the occurrence of an Event of Default which is not remedied within 3 days of its occurrence, give notice of the Security constituted by this deed in such form as the Lenders may require to any counterparty to any agreement that is subject to Security pursuant to either clause 3.28 or clause 3.3.2, the insurer under any Insurance Policy and any bank or other institution with whom the Borrower holds an account, and the Borrower shall use best endeavours to procure that the recipient of any such notice provides an acknowledgement thereof in a form and substance satisfactory to the Lenders promptly following receipt thereof.

7 PROPERTY COVENANTS

7.1 **Maintenance**

The Borrower shall keep all premises and fixtures and fittings on each Property in good and substantial repair and condition.

7.2 **Inspection**

The Borrower shall permit the Lenders, any Receiver and any person appointed by either of them to enter on and inspect any Property on reasonable prior notice.

7.3 **Property information**

The Borrower shall inform the Lenders promptly of any acquisition by the Borrower of, or contract made by the Borrower to acquire, any freehold, leasehold or other interest in any property.

8 EQUIPMENT COVENANTS

8.1 **Maintenance of Equipment**

The Borrower shall:

8.1.1 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;

8.1.2 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

8 1.3 not permit any Equipment to be:

(a) used or handled other than by properly qualified and trained persons; or

(b) overloaded or used for any purpose for which it is not designed or reasonably suitable.

8.2 **Notice of charge**

8.2.1 The Borrower 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]."

8.2.2 The Borrower shall not, and shall not permit any person to, conceal, obscure, alter or remove any plate affixed in accordance with clause 8.2.1.

9 POWERS OF THE LENDERS

9.1 **Lender has Receiver's powers**

To the extent permitted by law, any right, power or discretion conferred by this deed 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.

9.2 **Appointment of an Administrator**

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

9.2.2 Any appointment under this clause 9.2shall:

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

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

9.2.3 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 9.2appoint a replacement for any Administrator who has died, resigned, been removed or who has vacated office upon ceasing to be qualified.

10 WHEN SECURITY BECOMES ENFORCEABLE

The security granted by this deed shall become immediately enforceable if an Event of Default occurs. For the purposes of this deed the following shall each and / or together shall each constitute an Event of Default, namely;

10.1 A breach by the Borrower and / or the Buyer of the terms of;

(a) clauses 3.3 and 3.4 of the Share Purchase Agreement;

(b) the Guarantee;

(c) this deed including (but not limited to a breach of the representations and warranties set out in clause 5);

(d) The Borrower stops or suspends payment of any of its debts, or is unable to, or admits its inability to pay its debts as they fall due.

(e) The value of the Borrower's assets is less than its liabilities (taking into account contingent and prospective liabilities)

(f) A moratorium is declared in respect of any debt of the Borrower.

(g) Any action, proceedings, procedure or step is taken for:

i. the suspension of payments, a moratorium of any Indebtedness, winding up, dissolution, administration or reorganisation (using a voluntary arrangement, scheme of arrangement or otherwise) of the Borrower, or

ii. the composition, compromise, assignment or arrangement with any creditor; or

iii. the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of the Borrower or any of its assets; or

iv. the enforcement of any Security over any assets of the Borrower.

(h) The Borrower commences negotiations, or enters into any composition, compromise, assignment or arrangement, with one or more of its creditors with a view to rescheduling any of its Indebtedness (because of actual or anticipated financial difficulties).

(i) A distress, attachment, execution, expropriation, sequestration or another analogous legal process is levied, enforced or sued out on, or against, the Borrower's assets.

(j) Any provision of this deed is or becomes, for any reason, invalid, unlawful, unenforceable, terminated, disputed or ceases to be effective or to have full force and effect.

(k) The Borrower repudiates or shows an intention to repudiate this deed.

(l) The Borrower ceases, or threatens to cease, to carry on all or a substantial part of its business.

(m) Any event occurs (or circumstances exist) which, in the reasonable opinion of the Lenders, has or is likely to materially and adversely affect the Borrower's ability to perform all or any of its obligations under, or otherwise comply with the terms of this deed.

10.2 At any time after an Event of Default has occurred, the Lender may, by notice to the Borrower declare that the Deferred Consideration and all other amounts outstanding under this deed is immediately due and payable, whereupon they shall become immediately due and payable.

11 ENFORCEMENT OF SECURITY

11.1 Enforcement powers

11.1.1 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.

11.1.2 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 10.

11.1.3 Section 103 of the LPA 1925 does not apply to the security constituted by this deed.

11.2 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 Borrower, to:

11.2.1 grant a lease or agreement to lease;

11.2.2 accept surrenders of leases; or

11.2.3 grant any option 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 Borrower, 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.

11.3 No liability as mortgagee in possession

Neither the Lenders, any Receiver, any Delegate nor any Administrator 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, neglect or default of any nature in connection with, all or any of the Secured Assets for which a mortgagee in possession might be liable as such.

11.4 Right of appropriation

11.4.1 To the extent that:

(a) the Secured Assets constitute Financial Collateral; and

(b) this deed and the obligations of the Borrower 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.

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

(a) in the case of cash, the amount standing to the credit of each of the Borrower's accounts with any bank, financial institution or other person, together with all interest accrued but unposted, at the time the right of appropriation is exercised; and

(b) in the case of Investments, the price of those Investments at the time the right of appropriation is exercised as listed on any recognised market index or determined by any other method that the Lenders may select (including independent valuation).

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

12 RECEIVER

12.1 Appointment

At any time after the security constituted by this deed has become enforceable, or at the request of the Borrower, 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.

12.2 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.

12.3 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.

12.4 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.

12.5 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.

12.6 Agent of the Borrower

Any Receiver appointed by the Lenders under this deed shall be the agent of the Borrower and the Borrower 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 Borrower goes into liquidation and after that the Receiver shall act as principal and shall not become the agent of the Lenders.

13 POWERS OF RECEIVER

13.1 General

13.1.1 Any Receiver appointed by the Lenders under this deed shall, in addition to the powers conferred on it by statute, have the powers set out in clause 13.2to clause 13.17.

13.1.2 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.

13.1.3 Any exercise by a Receiver of any of the powers given by clause 13 may be on behalf of the Borrower, the directors of the Borrower or itself.

13.2 Repair and develop Properties

A Receiver may undertake or complete any works of repair, building or development on the 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.

13.3 **Surrender leases**

A Receiver may grant, or accept surrenders of, any leases or tenancies affecting any Property and may grant any other interest or right over any Property on any terms, and subject to any conditions, that it thinks fit.

13.4 **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.

13.5 **Realise Secured Assets**

A Receiver may collect and get in the Secured Assets or any part of them in respect of which it is appointed, and make any demands and take any proceedings as may seem expedient for that purpose, and take possession of the Secured Assets with like rights.

13.6 **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.

13.7 **Sever fixtures and fittings**

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

13.8 **Valid receipts**

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

13.9 **Make settlements**

A Receiver may make any arrangement, settlement or compromise between the Borrower and any other person that it may think expedient.

13.10 **Bring proceedings**

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.

13.11 **Improve the Equipment**

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

13.12 **Make calls on Borrower's members**

A Receiver may make calls conditionally or unconditionally on the members of the Borrower 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 Borrower on its directors in respect of calls authorised to be made by them.

13.13 **Insure**

A Receiver may, if it thinks fit, but without prejudice to the indemnity in clause 16, 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 Borrower under this deed.

13.14 **Powers under the LPA 1925**

A Receiver may exercise all powers provided for in the LPA 1925 in the same way as if it had been duly appointed under the LPA 1925, and exercise all powers provided for an administrative receiver in Schedule 1 to the Insolvency Act 1986.

13.15 **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 Borrower, and the monies so paid shall be deemed to be an expense properly incurred by the Receiver.

13.16 **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, and do all those acts and things, as an absolute beneficial owner could exercise or do in the ownership and management of the Secured Assets or any part of the Secured Assets.

13.17 **Incidental powers**

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

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

13.17.2 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

13.17.3 lawfully may or can do as agent for the Borrower.

14 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.

15 APPLICATION OF PROCEEDS

All monies received by the Lenders, a Receiver or a Delegate pursuant to this deed, after the security constituted by this deed has become enforceable, 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:

15.1.1 in or towards payment of or provision for all costs, 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;

15.1.2 in or towards payment of or provision for the Secured Liabilities in any order and manner that the Lenders determines; and

15.1.3 in payment of the surplus (if any) to the Borrower or other person entitled to it.

16 COSTS AND INDEMNITY

16.1 Costs

The Borrower shall, promptly on 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:

16.1.1 this deed or the Secured Assets;

16.1.2 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

16.1.3 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 or expense arose until full discharge of that cost or expense (whether before or after judgment, liquidation, winding up or administration of the Borrower) at the rate and in the manner specified in the Share Purchase Agreement.

16.2 Indemnity

The Borrower shall indemnify the Lenders, each Receiver and each Delegate, and their respective employees and agents 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:

16.2.1 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;

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

16.2.3 any default or delay by the Borrower in performing any of its obligations under this deed.

Any past or present employee or agent may enforce the terms of this clause 16.2subject to and in accordance with the provisions of the Contracts (Rights of Third Parties) Act 1999.

17 FURTHER ASSURANCE

17.1 Further assurance

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

17.1.1 creating, perfecting or protecting the security intended to be created by this deed;

17.1.2 facilitating the realisation of any Secured Asset; or

17.1.3 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 (if the Lenders or Receiver thinks it expedient) the execution of any 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 registration.

18 RELEASE

Subject to clause 26.2, on the expiry of the Security Period (but not otherwise), the Lenders shall, at the request and cost of the Borrower, take whatever action is necessary to:

18.1.1 release the Secured Assets from the security constituted by this deed; and

18.1.2 reassign the Secured Assets to the Borrower.

19 ASSIGNMENT AND TRANSFER

19.1 Assignment by Lender

19.1.1 At any time, without the consent of the Borrower, the Lenders may assign or transfer any or all of its rights and obligations under this deed.

19.1.2 The Lenders may disclose to any actual or proposed assignee or transferee any information in its possession that relates to the Borrower, the Secured Assets and this deed that the Lenders considers appropriate.

19.2 Assignment by Borrower

The Borrower may not assign any of its rights, or transfer any of its rights or obligations, under this deed.

20 SET-OFF

The Lenders may at any time set off any liability of the Borrower to the Lenders against any liability of the Lenders to the Borrower, whether either liability is present or future, liquidated or unliquidated, and whether or not either liability arises under this deed.

21 AMENDMENTS, WAIVERS AND CONSENTS

21.1 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).

21.2 Waivers and consents

21.2.1 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.

21.2.2 A failure to exercise, or a delay in exercising, 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.

21.3 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.

22 BUYER A PARTY

22.1 It is acknowledged that the Buyer is a party to this deed in order to:

(a) acknowledge and confirm its consent for the Borrower to enter into this deed;

Executed as a deed by **DIRECT PACKAGING LIMITED**acting by **STEVEN CHRISTOPHER KNIGHT**, a director, in the presence of.

.....
Steven Christopher Knight

.....
Witness' signature

Print name: ROBERT FLANNAGAN
Address: 1 SMITH WAY, GROVE PARK, ENDERBY, LEICESTER LE19 1SX
Occupation: SOLICITOR

Executed as a deed by **CHARLOTTE ANNE CRAWLEY,** in the presence of:

.....

.....
Witness' signature

Print name:
Address:

Occupation:

Executed as a deed by **BRENDA ELIZABETH FRANCES KIRK,** in the presence of:

.....

.....
Witness' signature

Print name:
Address:

Occupation:

Executed as a deed by **JOHN FRANCIS ROBERTSON KIRK,** in the presence of:

.....

.....
Witness' signature

Print name:
Address:

Occupation:

delivery service, and sent to the Borrower or the Lenders (as the case may be) at the address set out in respect of it on page 1 of this deed or any other address as is notified in writing by one party to the other from time to time.

28 GOVERNING LAW AND JURISDICTION

28.1 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.

28.2 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.

28.3 Other service

The Borrower irrevocably consents to any process in any legal action or proceedings under clause 28.2being served on it in accordance with the provisions of this deed relating to service of notices. 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 **DIRECT PACKAGING LIMITED**acting by **STEVEN CHRISTOPHER KNIGHT**, a director, in the presence of:

.....
Steven Christopher Knight

.....
Witness' signature

Print name: ROBERT FLANNAGAN
Address: 1 SMITH WAY, GROVE PARK, ENDERBY, LEICESTER LE19 1SX
Occupation: SOLICITOR

Executed as a deed by **CHARLOTTE ANNE CRAWLEY,** in the presence of:

.....

.....
Witness' signature

Print name:
Address:

Occupation:

Executed as a deed by **BRENDA ELIZABETH FRANCES KIRK,** in the presence of:

.....

.....
Witness' signature

Print name:
Address:

Occupation:

Executed as a deed by **JOHN FRANCIS ROBERTSON KIRK,** in the presence of:

.....

.....
Witness' signature

Print name:
Address:

Occupation:

Executed as a deed by **DIRECT PACKAGING GROUP LIMITED** acting by **STEVEN CHRISTOPHER KNIGHT**, a director, in the presence of:

.....
Steven Christopher Knight

.....
Witness' signature

Print name: ROBERT FLANNAGAN
Address: 1 SMITH WAY, GROVE PARK
ENDERBY, LEICESTER LE19 1SX
Occupation: SOLICITOR

DATED 2ND OCTOBER 2018

DEBENTURE

between

(1) DIRECT PACKAGING LIMITED

and

(2) C. A. CRAWLEY

and

(3) B. E. F. KIRK

and

(4) J. F. R. KIRK

and

(5) DIRECT PACKAGING GROUP LIMITED

I, DAVID EDMUND ROBINSON Solicitor, hereby certify that this is a true and complete copy of the original document.

David E Robinson 10th October 2018.

David E Robinson
Solicitor
Davies and Partners, Solicitors,
Latham House, 33-34, Paradise Street,
Birmingham, B1 2AJ.

Davies and Partners Solicitors Limited

BIRMINGHAM **BRISTOL** **GLOUCESTER** **LONDON**

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THIS DEED is dated 2ND OCTOBER **2018**

PARTIES

(1) DIRECT PACKAGING LIMITED a company incorporated and registered in England and Wales with company number 02062528 whose registered office is at Suites 17 & 18 Riverside House, Lower Southend Road, Wickford, Essex, SS11 8BB (**Borrower**).

(2) CHARLOTTE ANNE CRAWLEY of 82 Boston Avenue, Southend On Sea, Essex,SS2 6JD;

(3) BRENDA ELIZABETH FRANCES KIRK of Homestead, Borwick Lane, Wickford, Essex, SS12 0QA; and

(4) JOHN FRANCIS ROBERTSON KIRK of Homestead, Borwick Lane, Wickford, Essex, SS12 0QA;

(together the **Lenders**).

(5) DIRECT PACKAGING GROUP LIMITED a company incorporated and registered in England and Wales with company number 11436247 whose registered office is at Bowden House, 36 Northampton Road, Market Harborough, Leicester, United Kingdom, LE16 9HE (**Buyer**)

BACKGROUND

(A) Pursuant to a share purchase agreement dated on or around the date of this deed and made between the Buyer and the Lenders (**Share Purchase Agreement**), the Lenders agreed to accept part of the consideration payable pursuant to the Share Purchase Agreement on deferred terms and in the sum of £680,000 (**Deferred Consideration**).

(B) The Deferred Consideration is the subject of a Guarantee and Indemnity granted by the Borrower in favour of the Lenders (**Guarantee**)

(C) The Borrower is the wholly-owned subsidiary of the Buyer.

(D) This deed secures the Guaranteed Obligations and the Indemnity set out in the Guarantee.

IT IS AGREED as follows:

1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

Terms defined in the Guarantee shall, unless otherwise defined in this deed, have the same meaning in this deed. In addition, the following definitions apply in this deed.

Administrator	an administrator appointed to manage the affairs, business and property of the Borrower pursuant to clause 9.2.
Book Debts	all present and future book and other debts, and monetary claims due or owing to the Borrower, and the benefit of all security, guarantees and other rights of any nature enjoyed or held by the Borrower in relation to any of them.
Delegate	any person appointed by any Receiver pursuant to clause 14 and any person appointed as attorney of a Receiver or

Delegate.

Equipment — all present and future equipment, plant, machinery, tools, vehicles, furniture, fittings, installations and apparatus and other tangible moveable property for the time being owned by the Borrower, including any part of it and all spare parts, replacements, modifications and additions.

Event of Default — has the meaning set out in clause10.1.

Financial Collateral — has the meaning given to that expression in the Financial Collateral Regulations.

FinancialCollateral Regulations — the Financial Collateral Arrangements (No 2) Regulations 2003 (*SI 2003/3226*).

Insurance Policy — each contract and policy of insurance effected or maintained by the Borrower from time to time in respect of its assets or business (including, without limitation, any contract or policy of insurance relating to the Properties or the Equipment).

Intellectual Property — the Borrower's present and future patents, rights to inventions, copyright and related rights, trade marks, business names and domain names, goodwill and the right to sue for passing off, rights in designs, rights in computer software, database rights, rights to use, and protect the confidentiality of, confidential information (including know-how and trade secrets) and all other intellectual property rights, in each case whether *registered or unregistered and including all applications and* rights to apply for and be granted, renewals or extensions of, and rights to claim priority from, such rights and all similar or equivalent rights or forms of protection which subsist or will subsist now or in the future in any part of the world.

Investments — all present and future certificated stocks, shares, loan capital, securities, bonds and investments (whether or not marketable) for the time being owned (at law or in equity) by the Borrower, including any:

(a) dividend, interest or other distribution paid or payable in relation to any of the Investments; and

(b) right, money, shares or property accruing, offered or issued at any time in relation to any of the Investments by way of redemption, substitution, exchange, conversion, bonus, preference or otherwise, under option rights or otherwise.

LPA 1925 — the Law of Property Act 1925.

Permitted Security — any Security arising under:

(a) the Security created by or outstanding under this deed;

(b) any normal title retention arrangements included in a supplier's standard conditions of supply of goods acquired by the Borrower in the ordinary course of trade;

(c) any Security created or outstanding with the Lenders' prior written consent.

Properties	all freehold and leasehold properties (whether registered or unregistered) and all commonhold properties, now or in the future (and from time to time) owned by the Borrower, or in which the Borrower holds an interest, and **Property** means any of them.
Receiver	a receiver, receiver and manager or administrative receiver of any or all of the Secured Assets appointed by the Lenders under clause 12.
Secured Assets	all the assets, property and undertaking for the time being 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) but excluding the Book Debts.
Secured Liabilities	all present and future monies, obligations and liabilities of the *Borrower to the Lenders, whether actual or contingent and* whether owed jointly or severally, as principal or surety or in any other capacity, under or in connection with the Share Purchase Agreement or this deed, together with all interest (including, without limitation, default interest) accruing in respect of those monies, obligations or liabilities.
Security Financial Collateral Arrangement	has the meaning given to that expression in the Financial Collateral Regulations.
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 Period:	the period starting on the date of this deed and ending on the date on which the Lenders are 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.

1.2 **Interpretation**

The interpretation provisions in the Share Purchase Agreement apply to this deed as if they were set out in full in this deed, except that each reference in that clause to the Share Purchase Agreement shall be read as a reference to this deed.

1.3 **Clawback**

If the Lenders consider that an amount paid by the Borrower in respect of the Secured Liabilities is capable of being avoided or otherwise set aside on the liquidation or administration of the Borrower 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 Property includes:

1.4.1 all buildings and fixtures and fittings (including trade and tenant's fixtures and fittings) that are situated on or form part of that Property at any time;

1.4.2 the proceeds of the sale of any part of that Property and any other monies paid or payable in respect of or in connection with that Property;

1.4.3 the benefit of any covenants for title given, or entered into, by any predecessor in title of the Borrower in respect of that 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 Property.

1.5 Law of Property (Miscellaneous Provisions) Act 1989

For the purposes of section 2 of the Law of Property (Miscellaneous Provisions) Act 1989, the terms of the Share Purchase Agreement and of any side letters between any parties in relation to the Share Purchase Agreement are incorporated into this deed.

2 COVENANT TO PAY

The Borrower shall, on demand, pay to the Lenders and discharge the Secured Liabilities when they become due.

3 GRANT OF SECURITY

3.1 Legal mortgage

As a continuing security for the payment and discharge of the Secured Liabilities, the Borrower with full title guarantee charges to and for the benefit of the Lenders, by way of first legal mortgage, each Property.

3.2 Fixed charges

As a continuing security for the payment and discharge of the Secured Liabilities, the Borrower with full title guarantee charges to and for the benefit of the Lenders by way of first fixed charge:

3.2.1 all Properties acquired by the Borrower in the future;

3.2.2 all present and future interests of the Borrower not effectively mortgaged or charged under the preceding provisions of this clause 3 in, or over, freehold or leasehold property;

3.2.3 all present and future rights, licences, guarantees, rents, deposits, contracts, covenants and warranties relating to each Property;

3.2.4 all licences, consents and authorisations (statutory or otherwise) held or required in connection with the Borrower's business or the use of any Secured Asset, and all rights in connection with them;

3.2.5 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);

3.2.6 all its rights in respect of each Insurance Policy, including all claims, the proceeds of all claims and all returns of premium in connection with each Insurance Policy, to the extent not effectively assigned under clause 3.3; and

3.2.7 all its rights in respect of all agreements, instruments and rights relating to the Secured Assets, to the extent not effectively assigned under clause 3.3.

3.3 Assignment

As a continuing security for the payment and discharge of the Secured Liabilities, the Borrower with full title guarantee assigns to and for the benefit of theLenders absolutely, subject to a proviso for reassignment on irrevocable discharge in full of the Secured Liabilities:

3.3.1 all its rights in each Insurance Policy, including all claims, the proceeds of all claims and all returns of premium in connection with each insurance Policy; and

3.3.2 the benefit of all agreements, instruments and rights relating to the Secured Assets.

3.4 **Floating charge**

As a continuing security for the payment and discharge of the Secured Liabilities, the Borrower with full title guarantee charges to and for the benefit of the Lenders, by way of first floating charge, all the undertaking, property, assets and rights of the Borrower at any time not effectively mortgaged, charged or assigned pursuant to clause 3.1to clause 3.3Inclusive other than the Book Debts.

3.5 **Qualifying floating charge**

Paragraph 14 of Schedule B1 to the Insolvency Act 1986 applies to the floating charge created by clause 3.4

3.6 **Automatic crystallisation of floating charge**

The floating charge created by clause 3.4shall automatically and immediately (without notice) *convert into a fixed charge over the assets subject to that floating charge if:*

3.6.1 the Borrower:

(a) 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 the Share Purchase Agreement); or

(b) 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);

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

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

3.7 **Crystallisation of floating charge by notice**

The Lenders may, in their sole discretion, by written notice to the Borrower, 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 an Event of Default is not remedied within 3 days of its occurrence.

3.8 **Assets acquired after any floating charge has crystallised**

Any asset acquired by the Borrower 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 confirm otherwise to the Borrower in writing) be charged to the Lenders by way of first fixed charge.

4 **LIABILITY OF THE BORROWER**

4.1 **Liability not discharged**

The Borrower'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 Borrower.

4.2 **Immediate recourse**

The Borrower 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 Borrower.

5 REPRESENTATIONS AND WARRANTIES

5.1 **Representations and warranties**

The Borrower and the Buyer jointly and severally make the representations and warranties set out in this clause 5to the Lenders (and each of them).

5.2 **Ownership of Secured Assets**

The Borrower is the sole legal and beneficial owner of the Secured Assets.

5.3 **No Security**

The Secured Assets are free from any Security other than Permitted Security.

5.4 **Times for making representations and warranties**

5.5 The representations and warranties set out in clauses 5.2and 5.3are made by the Borrower and the Buyer on the date of this deed and 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.

6 GENERAL COVENANTS

6.1 **Negative pledge and disposal restrictions**

The Borrower shall not at any time, except with the prior written consent of the Lenders:

6.1.1 create, purport to create or permit to subsist any Security on, or in relation to, any Secured Asset other than the Permitted Security;

6.1.2 sell, assign, transfer, part with possession of, or otherwise dispose of in any manner (or purport to do so), all or any part of, or any interest in, the Secured Assets (except, in the ordinary course of business, Secured Assets that are only subject to an uncrystallised floating charge); or

6.1.3 create or grant (or purport to create or grant) any interest in the Secured Assets in favour of a third party.

6.2 **Preservation of Secured Assets**

The Borrower 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.

6.3 **Insurance**

6.3.1 The Borrower shall insure and keep insured, the Secured Assets with a reputable insurance company or underwriters against all risks usually insured against by persons carrying on a business such as that carried on by it and such other risks as the Lenders may from time to time reasonably require (to include public liability and third party liability insurance).

6.3.2 The Borrower shall promptly pay all premiums in respect of each Insurance Policy and do all other things necessary to keep that policy in full force and effect.

6.3.3 All monies payable under any Insurance Policy at any time (whether or not the security constituted by this deed has become enforceable) shall be applied in making good or recouping expenditure in respect of the loss or damage for which those monies are received.

6.4 **Notices to be given by the Borrower**

The Borrower shall, immediately upon request by the Lenders following the occurrence of an Event of Default which is not remedied within 3 days of its occurrence, give notice of the Security constituted by this deed in such form as the Lenders may require to any counterparty to any agreement that is subject to Security pursuant to either clause 3.28 or clause 3.3.2, the insurer under any Insurance Policy and any bank or other institution with whom the Borrower holds an account, and the Borrower shall use best endeavours to procure that the recipient of any such notice provides an acknowledgement thereof in a form and substance satisfactory to the Lenders promptly following receipt thereof.

7 **PROPERTY COVENANTS**

7.1 **Maintenance**

The Borrower shall keep all premises and fixtures and fittings on each Property in good and substantial repair and condition.

7.2 **Inspection**

The Borrower shall permit the Lenders, any Receiver and any person appointed by either of them to enter on and inspect any Property on reasonable prior notice.

7.3 **Property information**

The Borrower shall inform the Lenders promptly of any acquisition by the Borrower of, or contract made by the Borrower to acquire, any freehold, leasehold or other interest in any property.

8 **EQUIPMENT COVENANTS**

8.1 **Maintenance of Equipment**

The Borrower shall:

8.1.1 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;

8.1.2 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

8.1.3 not permit any Equipment to be:

(a) used or handled other than by properly qualified and trained persons; or

(b) overloaded or used for any purpose for which it is not designed or reasonably suitable.

8.2 **Notice of charge**

8.2.1 The Borrower 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]."

8.2.2 The Borrower shall not, and shall not permit any person to, conceal, obscure, alter or remove any plate affixed in accordance with clause 8.2.1.

9 POWERS OF THE LENDERS

9.1 **Lender has Receiver's powers**

To the extent permitted by law, any right, power or discretion conferred by this deed 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.

9.2 **Appointment of an Administrator**

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

9.2.2 Any appointment under this clause 9.2shall:

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

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

9.2.3 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 9.2appoint a replacement for any Administrator who has died, resigned, been removed or who has vacated office upon ceasing to be qualified.

10 WHEN SECURITY BECOMES ENFORCEABLE

The security granted by this deed shall become immediately enforceable if an Event of Default occurs. For the purposes of this deed the following shall each and / or together shall each constitute an Event of Default, namely;

10.1 A breach by the Borrower and / or the Buyer of the terms of;

(a) clauses 3.3 and 3.4 of the Share Purchase Agreement;

(b) the Guarantee;

(c) this deed including (but not limited to a breach of the representations and warranties set out in clause 5);

(d) The Borrower stops or suspends payment of any of its debts, or is unable to, or admits its inability to pay its debts as they fall due.

(e) The value of the Borrower's assets is less than its liabilities (taking into account contingent and prospective liabilities).

(f) A moratorium is declared in respect of any debt of the Borrower.

(g) Any action, proceedings, procedure or step is taken for:

i. the suspension of payments, a moratorium of any Indebtedness, winding up, dissolution, administration or reorganisation (using a voluntary arrangement, scheme of arrangement or otherwise) of the Borrower; or

ii. the composition, compromise, assignment or arrangement with any creditor; or

iii. the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of the Borrower or any of its assets; or

iv. the enforcement of any Security over any assets of the Borrower.

(h) The Borrower commences negotiations, or enters into any composition, compromise, assignment or arrangement, with one or more of its creditors with a view to rescheduling any of its Indebtedness (because of actual or anticipated financial difficulties).

(i) A distress, attachment, execution, expropriation, sequestration or another analogous legal process is levied, enforced or sued out on, or against, the Borrower's assets.

(j) Any provision of this deed is or becomes, for any reason, invalid, unlawful, unenforceable, terminated, disputed or ceases to be effective or to have full force and effect.

(k) The Borrower repudiates or shows an intention to repudiate this deed.

(l) The Borrower ceases, or threatens to cease, to carry on all or a substantial part of its business.

(m) Any event occurs (or circumstances exist) which, in the reasonable opinion of the Lenders, has or is likely to materially and adversely affect the Borrower's ability to perform all or any of its obligations under, or otherwise comply with the terms of this deed.

10.2 At any time after an Event of Default has occurred, the Lender may, by notice to the Borrower declare that the Deferred Consideration and all other amounts outstanding under this deed is immediately due and payable, whereupon they shall become immediately due and payable.

11 ENFORCEMENT OF SECURITY

11.1 Enforcement powers

11.1.1 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.

11.1.2 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 10.

11.1.3 Section 103 of the LPA 1925 does not apply to the security constituted by this deed.

11.2 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 Borrower, to:

11.2.1 grant a lease or agreement to lease;

11.2.2 accept surrenders of leases; or

11.2.3 grant any option 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 Borrower, 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.

11.3 No liability as mortgagee in possession

Neither the Lenders, any Receiver, any Delegate nor any Administrator 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, neglect or default of any nature in connection with, all or any of the Secured Assets for which a mortgagee in possession might be liable as such.

11.4 Right of appropriation

11.4.1 To the extent that:

(a) the Secured Assets constitute Financial Collateral; and

(b) this deed and the obligations of the Borrower 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.

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

(a) in the case of cash, the amount standing to the credit of each of the Borrower's accounts with any bank, financial institution or other person, together with all interest accrued but unposted, at the time the right of appropriation is exercised; and

(b) in the case of investments, the price of those investments at the time the right of appropriation is exercised as listed on any recognised market index or determined by any other method that the Lenders may select (including independent valuation).

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

12 RECEIVER

12.1 Appointment

At any time after the security constituted by this deed has become enforceable, or at the request of the Borrower, 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.

12.2 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.

12.3 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.

12.4 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.

12.5 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.

12.6 Agent of the Borrower

Any Receiver appointed by the Lenders under this deed shall be the agent of the Borrower and the Borrower 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 Borrower goes into liquidation and after that the Receiver shall act as principal and shall not become the agent of the Lenders.

13 POWERS OF RECEIVER

13.1 General

13.1.1 Any Receiver appointed by the Lenders under this deed shall, in addition to the powers conferred on it by statute, have the powers set out in clause 13.2to clause 13.17.

13.1.2 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.

13.1.3 Any exercise by a Receiver of any of the powers given by clause 13 may be on behalf of the Borrower, the directors of the Borrower or itself.

13.2 Repair and develop Properties

A Receiver may undertake or complete any works of repair, building or development on the 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.

13.3 **Surrender leases**

A Receiver may grant, or accept surrenders of, any leases or tenancies affecting any Property and may grant any other interest or right over any Property on any terms, and subject to any conditions, that it thinks fit.

13.4 **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.

13.5 **Realise Secured Assets**

A Receiver may collect and get in the Secured Assets or any part of them in respect of which it is appointed, and make any demands and take any proceedings as may seem expedient for that purpose, and take possession of the Secured Assets with like rights.

13.6 **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.

13.7 **Sever fixtures and fittings**

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

13.8 **Valid receipts**

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

13.9 **Make settlements**

A Receiver may make any arrangement, settlement or compromise between the Borrower and any other person that it may think expedient.

13.10 **Bring proceedings**

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.

13.11 **Improve the Equipment**

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

13.12 **Make calls on Borrower's members**

A Receiver may make calls conditionally or unconditionally on the members of the Borrower 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 Borrower on its directors in respect of calls authorised to be made by them.

13.13 **Insure**

A Receiver may, if it thinks fit, but without prejudice to the indemnity in clause 16, 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 Borrower under this deed.

13.14 **Powers under the LPA 1925**

A Receiver may exercise all powers provided for in the LPA 1925 in the same way as if it had been duly appointed under the LPA 1925, and exercise all powers provided for an administrative receiver in Schedule 1 to the Insolvency Act 1986.

13.15 **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 Borrower, and the monies so paid shall be deemed to be an expense properly incurred by the Receiver.

13.16 **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, and do all those acts and things, as an absolute beneficial owner could exercise or do in the ownership and management of the Secured Assets or any part of the Secured Assets.

13.17 **Incidental powers**

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

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

13.17.2 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

13.17.3 lawfully may or can do as agent for the Borrower.

14 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.

15 APPLICATION OF PROCEEDS

All monies received by the Lenders, a Receiver or a Delegate pursuant to this deed, after the security constituted by this deed has become enforceable, 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:

15.1.1 in or towards payment of or provision for all costs, 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;

15.1.2 in or towards payment of or provision for the Secured Liabilities in any order and manner that the Lenders determines; and

15.1.3 in payment of the surplus (if any) to the Borrower or other person entitled to it.

16 COSTS AND INDEMNITY

16.1 Costs

The Borrower shall, promptly on 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:

16.1.1 this deed or the Secured Assets;

16.1.2 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

16.1.3 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 or expense arose until full discharge of that cost or expense (whether before or after judgment, liquidation, winding up or administration of the Borrower) at the rate and in the manner specified in the Share Purchase Agreement.

16.2 Indemnity

The Borrower shall indemnify the Lenders, each Receiver and each Delegate, and their respective employees and agents 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:

16.2.1 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;

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

16.2.3 any default or delay by the Borrower in performing any of its obligations under this deed.

Any past or present employee or agent may enforce the terms of this clause 16.2subject to and in accordance with the provisions of the Contracts (Rights of Third Parties) Act 1999.

17 FURTHER ASSURANCE

17.1 Further assurance

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

17.1.1 creating, perfecting or protecting the security intended to be created by this deed;

17.1.2 facilitating the realisation of any Secured Asset; or

17.1.3 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 (if the Lenders or Receiver thinks it expedient) the execution of any 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 registration.

18 RELEASE

Subject to clause 26.2, on the expiry of the Security Period (but not otherwise), the Lenders shall, at the request and cost of the Borrower, take whatever action is necessary to:

18.1.1 release the Secured Assets from the security constituted by this deed; and

18.1.2 reassign the Secured Assets to the Borrower.

19 ASSIGNMENT AND TRANSFER

19.1 Assignment by Lender

19.1.1 At any time, without the consent of the Borrower, the Lenders may assign or transfer any or all of its rights and obligations under this deed.

19.1.2 The Lenders may disclose to any actual or proposed assignee or transferee any information in its possession that relates to the Borrower, the Secured Assets and this deed that the Lenders considers appropriate.

19.2 Assignment by Borrower

The Borrower may not assign any of its rights, or transfer any of its rights or obligations, under this deed.

20 SET-OFF

The Lenders may at any time set off any liability of the Borrower to the Lenders against any liability of the Lenders to the Borrower, whether either liability is present or future, liquidated or unliquidated, and whether or not either liability arises under this deed.

21 AMENDMENTS, WAIVERS AND CONSENTS

21.1 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).

21.2 Waivers and consents

21.2.1 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.

21 2.2 A failure to exercise, or a delay in exercising, 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.

21.3 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.

22 BUYER A PARTY

22.1 It is acknowledged that the Buyer is a party to this deed in order to:

(a) acknowledge and confirm its consent for the Borrower to enter into this deed;

(b) to give the representations and warranties in clause 5 jointly and severally with the Buyer; and

(c) to give the undertaking set out in sub-clause 24.2.

22.2 The Buyer HEREBY AGREES to procure the fulfilment by the Borrower of the Borrower's obligations pursuant to this deed.

23 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.

24 COUNTERPARTS

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.

25 THIRD PARTY RIGHTS

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.

26 FURTHER PROVISIONS

26.1 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.

26.2 Discharge conditional

Any release, discharge or settlement between the Borrower 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 pursuant to any law relating to insolvency, bankruptcy, winding-up, administration, receivership or otherwise.

26.3 Certificates

A certificate or determination by the Lenders as to any amount for the time being due to it from the Borrower under this deed and the Share Purchase Agreement shall be, in the absence of any manifest error, conclusive evidence of the amount due.

26.4 Consolidation

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

27 NOTICES

Each notice or other communication required to be given to a party under or in connection with this deed shall be in writing, delivered by hand or by pre-paid first-class post or other next working day

delivery service, and sent to the Borrower or the Lenders (as the case may be) at the address set out in respect of it on page 1 of this deed or any other address as is notified in writing by one party to the other from time to time.

28 GOVERNING LAW AND JURISDICTION

28.1 *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.

28.2 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.

28.3 Other service

The Borrower irrevocably consents to any process in any legal action or proceedings under clause 28.2being served on it in accordance with the provisions of this deed relating to service of notices. *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 **DIRECT PACKAGING LIMITED***acting by* **STEVEN CHRISTOPHER KNIGHT** a director, in the presence of:

....
Steven Christopher Knight

.....
Witness' signature

Print name:
Address:

Occupation:

Executed as a deed by **CHARLOTTE ANNE CRAWLEY,**
in the presence of:

....

.....
Witness' signature

Print name:
Address:

Occupation:

Executed as a deed by **BRENDA ELIZABETH FRANCES KIRK,**
in the presence of:

.....

.....
Witness' signature

Print name: ELIZABETH K ARCHER
Address: WINDRUSH, STAMBRIDGE ROAD, ROCHFORD, ESSEX
Occupation: TEACHING ASSISTANT

Executed as a deed by **JOHN FRANCIS ROBERTSON KIRK,**
in the presence of:

.....

.....
Witness' signature

Print name: ELIZABETH K ARCHER
Address: WINDRUSH, STAMBRIDGE ROAD ROCHFORD SS4 2BJ
Occupation: TEACHING ASSISTANT

Executed as a deed by **DIRECT PACKAGING GROUP LIMITED** acting by **STEVEN CHRISTOPHER KNIGHT**, a director, in the presence of:

....
Steven Christopher Knight

.....
Witness' signature

Print name:
Address:

Occupation:

DATED 2ND OCTOBER 2018

DEBENTURE

between

(1) DIRECT PACKAGING LIMITED

and

(2) C. A. CRAWLEY

and

(3) B. E. F. KIRK

and

(4) J. F. R. KIRK

and

(5) DIRECT PACKAGING GROUP LIMITED

I, DAVID EDMUND ROBINSON Solicitor, hereby certify that this is a true and complete copy of the original document.

David E Robinson 10th October 2018

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BIRMINGHAM **BRISTOL** **GLOUCESTER** **LONDON**

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THIS DEED is dated 2ND OCTOBER **2018**

PARTIES

(1) DIRECT PACKAGING LIMITED a company incorporated and registered in England and Wales with company number 02062528 whose registered office is at Suites 17 & 18 Riverside House, Lower Southend Road, Wickford, Essex, SS11 8BB (**Borrower**).

(2) CHARLOTTE ANNE CRAWLEY of 82 Boston Avenue, Southend On Sea, Essex,SS2 6JD;

(3) BRENDA ELIZABETH FRANCES KIRK of Homestead, Borwick Lane, Wickford, Essex, SS12 0QA; and

(4) JOHN FRANCIS ROBERTSON KIRK of Homestead, Borwick Lane, Wickford, Essex, SS12 0QA;

(together the **Lenders**).

(5) DIRECT PACKAGING GROUP LIMITED a company incorporated and registered in England and Wales with company number 11436247 whose registered office is at Bowden House, 36 Northampton Road, Market Harborough, Leicester, United Kingdom, LE16 9HE (**Buyer**)

BACKGROUND

(A) Pursuant to a share purchase agreement dated on or around the date of this deed and made between the Buyer and the Lenders (**Share Purchase Agreement**), the Lenders agreed to accept part of the consideration payable pursuant to the Share Purchase Agreement on deferred terms and in the sum of £680,000 (**Deferred Consideration**).

(B) The Deferred Consideration is the subject of a Guarantee and Indemnity granted by the Borrower in favour of the Lenders (**Guarantee**)

(C) The Borrower is the wholly-owned subsidiary of the Buyer.

(D) This deed secures the Guaranteed Obligations and the Indemnity set out in the Guarantee.

IT IS AGREED as follows:

1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

Terms defined in the Guarantee shall, unless otherwise defined in this deed, have the same meaning in this deed. In addition, the following definitions apply in this deed.

Administrator	an administrator appointed to manage the affairs, business and property of the Borrower pursuant to clause 9.2.
Book Debts	all present and future book and other debts, and monetary claims due or owing to the Borrower, and the benefit of all security, guarantees and other rights of any nature enjoyed or held by the Borrower in relation to any of them.
Delegate	any person appointed by any Receiver pursuant to clause 14 and any person appointed as attorney of a Receiver or

Delegate.

Equipment — all present and future equipment, plant, machinery, tools, vehicles, furniture, fittings, installations and apparatus and other tangible moveable property for the time being owned by the Borrower, including any part of it and all spare parts, replacements, modifications and additions.

Event of Default — *has the meaning set out in clause10.1.*

Financial Collateral — has the meaning given to that expression in the Financial Collateral Regulations.

FinancialCollateral Regulations — the Financial Collateral Arrangements (No 2) Regulations 2003 (*SI 2003/3226*).

Insurance Policy — each contract and policy of insurance effected or maintained by the Borrower from time to time in respect of its assets or business (including, without limitation, any contract or policy of insurance relating to the Properties or the Equipment).

Intellectual Property — the Borrower's present and future patents, rights to inventions, copyright and related rights, trade marks, business names and domain names, goodwill and the right to sue for passing off, rights in designs, rights in computer software, database rights, rights to use, and protect the confidentiality of, confidential information (including know-how and trade secrets) and all other intellectual property rights, in each case whether *registered or unregistered and including all applications and* rights to apply for and be granted, renewals or extensions of, and rights to claim priority from, such rights and all similar or *equivalent rights or forms of protection which subsist or will* subsist now or in the future in any part of the world.

Investments — all present and future certificated stocks, shares, loan capital, securities, bonds and investments (whether or not marketable) for the time being owned (at law or in equity) by the Borrower, including any:

(a) dividend, interest or other distribution paid or payable in relation to any of the investments; and

(b) right, money, shares or property accruing, offered or issued at any time in relation to any of the investments by way of redemption, substitution, exchange, conversion, bonus, preference or otherwise, under option rights or otherwise.

LPA 1925 — *the Law of Property Act 1925.*

Permitted Security — any Security arising under:

(a) the Security created by or outstanding under this deed;

(b) any normal title retention arrangements included in a supplier's standard conditions of supply of goods acquired by the Borrower in the ordinary course of trade;

(c) any Security created or outstanding with the Lenders' prior written consent.

Properties	all freehold and leasehold properties (whether registered or unregistered) and all commonhold properties, now or in the future (and from time to time) owned by the Borrower, or in which the Borrower holds an interest, and **Property** means any of them.
Receiver	a receiver, receiver and manager or administrative receiver of any or all of the Secured Assets appointed by the Lenders under clause 12.
Secured Assets	all the assets, property and undertaking for the time being 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) but excluding the Book Debts.
Secured Liabilities	all present and future monies, obligations and liabilities of the Borrower to the Lenders, whether actual or contingent and whether owed jointly or severally, as principal or surety or in any other capacity, under or in connection with the Share Purchase Agreement or this deed, together with all interest (including, without limitation, default interest) accruing in respect of those monies, obligations or liabilities.
Security Financial Collateral Arrangement	has the meaning given to that expression in the Financial Collateral Regulations.
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 Period:	the period starting on the date of this deed and ending on the date on which the Lenders are 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.

1.2 **Interpretation**

The Interpretation provisions in the Share Purchase Agreement apply to this deed as if they were set out in full in this deed, except that each reference in that clause to the Share Purchase Agreement shall be read as a reference to this deed.

1.3 **Clawback**

If the Lenders consider that an amount paid by the Borrower in respect of the Secured Liabilities is capable of being avoided or otherwise set aside on the liquidation or administration of the Borrower 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 Property includes:

1.4.1 all buildings and fixtures and fittings (including trade and tenant's fixtures and fittings) that are situated on or form part of that Property at any time;

1.4.2 the proceeds of the sale of any part of that Property and any other monies paid or payable in respect of or in connection with that Property;

1.4.3 the benefit of any covenants for title given, or entered into, by any predecessor in title of the Borrower in respect of that 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 Property.

1.5 **Law of Property (Miscellaneous Provisions) Act 1989**

For the purposes of section 2 of the Law of Property (Miscellaneous Provisions) Act 1989, the terms of the Share Purchase Agreement and of any side letters between any parties in relation to the Share Purchase Agreement are incorporated into this deed.

2 COVENANT TO PAY

The Borrower shall, on demand, pay to the Lenders and discharge the Secured Liabilities when they become due.

3 GRANT OF SECURITY

3.1 ***Legal mortgage***

As a continuing security for the payment and discharge of the Secured Liabilities, the Borrower with full title guarantee charges to and for the benefit of the Lenders, by way of first legal mortgage, each Property.

3.2 **Fixed charges**

As a continuing security for the payment and discharge of the Secured Liabilities, the Borrower with full title guarantee charges to and for the benefit of the Lenders by way of first fixed charge:

3.2.1 all Properties acquired by the Borrower in the future;

3.2.2 all present and future interests of the Borrower not effectively mortgaged or charged under the preceding provisions of this clause 3 in, or over, freehold or leasehold property;

3.2.3 all present and future rights, licences, guarantees, rents, deposits, contracts, covenants and warranties relating to each Property;

3.2.4 all licences, consents and authorisations (statutory or otherwise) held or required in connection with the Borrower's business or the use of any Secured Asset, and all rights in connection with them;

3.2.5 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);

3.2.6 all its rights in respect of each Insurance Policy, including all claims, the proceeds of all claims and all returns of premium in connection with each Insurance Policy, to the extent not effectively assigned under clause 3.3; and

3.2.7 all its rights in respect of all agreements, instruments and rights relating to the Secured Assets, to the extent not effectively assigned under clause 3.3.

3.3 **Assignment**

As a continuing security for the payment and discharge of the Secured Liabilities, the Borrower with full title guarantee assigns to and for the benefit of theLenders absolutely, subject to a proviso for reassignment on irrevocable discharge in full of the Secured Liabilities:

3.3.1 all its rights in each Insurance Policy, including all claims, the proceeds of all claims and all returns of premium in connection with each Insurance Policy; and

3.3.2 the benefit of all agreements, instruments and rights relating to the Secured Assets.

3.4 **Floating charge**

As a continuing security for the payment and discharge of the Secured Liabilities, the Borrower with full title guarantee charges to and for the benefit of the Lenders, by way of first floating charge, all the undertaking, property, assets and rights of the Borrower at any time not effectively mortgaged, charged or assigned pursuant to clause 3.1to clause 3.3inclusive other than the Book Debts.

3.5 **Qualifying floating charge**

Paragraph 14 of Schedule B1 to the Insolvency Act 1986 applies to the floating charge created by clause 3.4

3.6 **Automatic crystallisation of floating charge**

The floating charge created by clause 3.4shall automatically and immediately (without notice) convert into a fixed charge over the assets subject to that floating charge if:

3.6.1 the Borrower:

(a) 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 the Share Purchase Agreement); or

(b) 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);

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

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

3.7 **Crystallisation of floating charge by notice**

The Lenders may, in their sole discretion, by written notice to the Borrower, 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 an Event of Default is not remedied within 3 days of its occurrence.

3.8 **Assets acquired after any floating charge has crystallised**

Any asset acquired by the Borrower 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 confirm otherwise to the Borrower in writing) be charged to the Lenders by way of first fixed charge.

4 LIABILITY OF THE BORROWER

4.1 **Liability not discharged**

The Borrower'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 Borrower.

4.2 **Immediate recourse**

The Borrower 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 Borrower.

5 **REPRESENTATIONS AND WARRANTIES**

5.1 **Representations and warranties**

The Borrower and the Buyer jointly and severally make the representations and warranties set out in this clause 5to the Lenders (and each of them).

5.2 **Ownership of Secured Assets**

The Borrower is the sole legal and beneficial owner of the Secured Assets.

5.3 **No Security**

The Secured Assets are free from any Security other than Permitted Security.

5.4 **Times for making representations and warranties**

5.5 The representations and warranties set out in clauses 5.2and 5.3are made by the Borrower and the Buyer on the date of this deed and 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.

6 **GENERAL COVENANTS**

6.1 **Negative pledge and disposal restrictions**

The Borrower shall not at any time, except with the prior written consent of the Lenders:

6.1.1 create, purport to create or permit to subsist any Security on, or in relation to, any Secured Asset other than the Permitted Security;

6.1.2 sell, assign, transfer, part with possession of, or otherwise dispose of in any manner (or purport to do so), all or any part of, or any interest in, the Secured Assets (except, in the ordinary course of business, Secured Assets that are only subject to an uncrystallised floating charge); or

6.1.3 create or grant (or purport to create or grant) any interest in the Secured Assets in favour of a third party.

6.2 **Preservation of Secured Assets**

The Borrower 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.

6.3 **Insurance**

6.3.1 The Borrower shall insure and keep insured, the Secured Assets with a reputable insurance company or underwriters against all risks usually insured against by persons carrying on a business such as that carried on by it and such other risks as the Lenders may from time to time reasonably require (to include public liability and third party liability insurance).

6.3.2 The Borrower shall promptly pay all premiums in respect of each Insurance Policy and do all other things necessary to keep that policy in full force and effect.

6.3.3 All monies payable under any Insurance Policy at any time (whether or not the security constituted by this deed has become enforceable) shall be applied in making good or recouping expenditure in respect of the loss or damage for which those monies are received.

6.4 **Notices to be given by the Borrower**

The Borrower shall, immediately upon request by the Lenders following the occurrence of an Event of Default which is not remedied within 3 days of its occurrence, give notice of the Security constituted by this deed in such form as the Lenders may require to any counterparty to any agreement that is subject to Security pursuant to either clause 3.28 or clause 3.3.2, the insurer under any Insurance Policy and any bank or other institution with whom the Borrower holds an account, and the Borrower shall use best endeavours to procure that the recipient of any such notice provides an acknowledgement thereof in a form and substance satisfactory to the Lenders promptly following receipt thereof.

7 **PROPERTY COVENANTS**

7 1 **Maintenance**

The Borrower shall keep all premises and fixtures and fittings on each Property in good and substantial repair and condition.

7.2 **Inspection**

The Borrower shall permit the Lenders, any Receiver and any person appointed by either of them to enter on and inspect any Property on reasonable prior notice.

7.3 **Property Information**

The Borrower shall inform the Lenders promptly of any acquisition by the Borrower of, or contract made by the Borrower to acquire, any freehold, leasehold or other interest in any property.

8 **EQUIPMENT COVENANTS**

8.1 **Maintenance of Equipment**

The Borrower shall:

8.1.1 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;

8.1.2 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

8.1.3 not permit any Equipment to be:

(a) used or handled other than by properly qualified and trained persons; or

(b) overloaded or used for any purpose for which it is not designed or reasonably suitable.

8.2 Notice of charge

8.2.1 The Borrower 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]."

8.2.2 The Borrower shall not, and shall not permit any person to, conceal, obscure, alter or remove any plate affixed in accordance with clause 8.2.1.

9 POWERS OF THE LENDERS

9.1 Lender has Receiver's powers

To the extent permitted by law, any right, power or discretion conferred by this deed 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.

9.2 Appointment of an Administrator

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

9.2.2 Any appointment under this clause 9.2shall:

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

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

9.2.3 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 9.2appoint a replacement for any Administrator who has died, resigned, been removed or who has vacated office upon ceasing to be qualified.

10 WHEN SECURITY BECOMES ENFORCEABLE

The security granted by this deed shall become immediately enforceable if an Event of Default occurs. For the purposes of this deed the following shall each and / or together shall each constitute an Event of Default, namely;

10.1 A breach by the Borrower and / or the Buyer of the terms of;

(a) clauses 3.3 and 3.4 of the Share Purchase Agreement;

(b) the Guarantee;

(c) this deed including (but not limited to a breach of the representations and warranties set out in clause 5);

(d) The Borrower stops or suspends payment of any of its debts, or is unable to, or admits its inability to pay its debts as they fall due.

(e) The value of the Borrower's assets is less than its liabilities (taking into account contingent and prospective liabilities).

(f) A moratorium is declared in respect of any debt of the Borrower.

(g) Any action, proceedings, procedure or step is taken for:

i. the suspension of payments, a moratorium of any indebtedness, winding up, dissolution, administration or reorganisation (using a voluntary arrangement, scheme of arrangement or otherwise) of the Borrower; or

ii. the composition, compromise, assignment or arrangement with any creditor; or

iii. the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of the Borrower or any of its assets; or

iv. the enforcement of any Security over any assets of the Borrower.

(h) The Borrower commences negotiations, or enters into any composition, compromise, assignment or arrangement, with one or more of its creditors with a view to rescheduling any of its indebtedness (because of actual or anticipated financial difficulties).

(i) A distress, attachment, execution, expropriation, sequestration or another analogous legal process is levied, enforced or sued out on, or against, the Borrower's assets.

(j) Any provision of this deed is or becomes, for any reason, invalid, unlawful, unenforceable, terminated, disputed or ceases to be effective or to have full force and effect.

(k) The Borrower repudiates or shows an intention to repudiate this deed.

(l) The Borrower ceases, or threatens to cease, to carry on all or a substantial part of its business.

(m) Any event occurs (or circumstances exist) which, in the reasonable opinion of the Lenders, has or is likely to materially and adversely affect the Borrower's ability to perform all or any of its obligations under, or otherwise comply with the terms of this deed.

10.2 At any time after an Event of Default has occurred, the Lender may, by notice to the Borrower declare that the Deferred Consideration and all other amounts outstanding under this deed is immediately due and payable, whereupon they shall become immediately due and payable.

11 ENFORCEMENT OF SECURITY

11.1 Enforcement powers

11.1.1 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.

11.1.2 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 10.

11.1.3 Section 103 of the LPA 1925 does not apply to the security constituted by this deed.

11.2 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 Borrower, to:

11.2.1 grant a lease or agreement to lease;

11.2.2 accept surrenders of leases; or

11.2.3 grant any option 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 Borrower, 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.

11.3 No liability as mortgagee in possession

Neither the Lenders, any Receiver, any Delegate nor any Administrator 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, neglect or default of any nature in connection with, all or any of the Secured Assets for which a mortgagee in possession might be liable as such.

11.4 Right of appropriation

11.4.1 To the extent that:

(a) the Secured Assets constitute Financial Collateral; and

(b) this deed and the obligations of the Borrower 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.

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

(a) in the case of cash, the amount standing to the credit of each of the Borrower's accounts with any bank, financial institution or other person, together with all interest accrued but unposted, at the time the right of appropriation is exercised; and

(b) in the case of investments, the price of those investments at the time the right of appropriation is exercised as listed on any recognised market index or determined by any other method that the Lenders may select (including independent valuation).

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

12 RECEIVER

12.1 Appointment

At any time after the security constituted by this deed has become enforceable, or at the request of the Borrower, 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.

12.2 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.

12.3 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.

12.4 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.

12 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.

12.6 Agent of the Borrower

Any Receiver appointed by the Lenders under this deed shall be the agent of the Borrower and the Borrower 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 Borrower goes into liquidation and after that the Receiver shall act as principal and shall not become the agent of the Lenders.

13 POWERS OF RECEIVER

13.1 General

13.1.1 Any Receiver appointed by the Lenders under this deed shall, in addition to the powers conferred on it by statute, have the powers set out in clause 13.2to clause 13.17.

13.1.2 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.

13.1.3 Any exercise by a Receiver of any of the powers given by clause 13 may be on behalf of the Borrower, the directors of the Borrower or itself.

13.2 Repair and develop Properties

A Receiver may undertake or complete any works of repair, building or development on the 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.

13.3 Surrender leases

A Receiver may grant, or accept surrenders of, any leases or tenancies affecting any Property and may grant any other interest or right over any Property on any terms, and subject to any conditions, that it thinks fit.

13.4 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.

13.5 Realise Secured Assets

A Receiver may collect and get in the Secured Assets or any part of them in respect of which it is appointed, and make any demands and take any proceedings as may seem expedient for that purpose, and take possession of the Secured Assets with like rights.

13.6 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.

13.7 Sever fixtures and fittings

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

13.8 Valid receipts

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

13.9 Make settlements

A Receiver may make any arrangement, settlement or compromise between the Borrower and any other person that it may think expedient.

13.10 Bring proceedings

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.

13.11 Improve the Equipment

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

13.12 Make calls on Borrower's members

A Receiver may make calls conditionally or unconditionally on the members of the Borrower 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 Borrower on its directors in respect of calls authorised to be made by them.

13.13 **Insure**

A Receiver may, if it thinks fit, but without prejudice to the indemnity in clause 16, 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 Borrower under this deed.

13.14 **Powers under the LPA 1925**

A Receiver may exercise all powers provided for in the LPA 1925 in the same way as if it had been duly appointed under the LPA 1925, and exercise all powers provided for an administrative receiver in Schedule 1 to the Insolvency Act 1986.

13.15 **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 Borrower, and the monies so paid shall be deemed to be an expense properly incurred by the Receiver.

13.16 **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, and do all those acts and things, as an absolute beneficial owner could exercise or do in the ownership and management of the Secured Assets or any part of the Secured Assets.

13.17 **Incidental powers**

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

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

13.17.2 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

13.17.3 lawfully may or can do as agent for the Borrower.

14 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.

15 APPLICATION OF PROCEEDS

All monies received by the Lenders, a Receiver or a Delegate pursuant to this deed, after the security constituted by this deed has become enforceable, 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:

15.1.1 in or towards payment of or provision for all costs, 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;

15.1.2 in or towards payment of or provision for the Secured Liabilities in any order and manner that the Lenders determines; and

15.1.3 in payment of the surplus (if any) to the Borrower or other person entitled to it.

16 COSTS AND INDEMNITY

16.1 Costs

The Borrower shall, promptly on 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:

16.1.1 this deed or the Secured Assets;

16.1.2 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

16.1.3 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 or expense arose until full discharge of that cost or expense (whether before or after judgment, liquidation, winding up or administration of the Borrower) at the rate and in the manner specified in the Share Purchase Agreement.

16.2 Indemnity

The Borrower shall indemnify the Lenders, each Receiver and each Delegate, and their respective employees and agents 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:

16.2.1 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;

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

16.2.3 any default or delay by the Borrower in performing any of its obligations under this deed.

Any past or present employee or agent may enforce the terms of this clause 16.2subject to and in accordance with the provisions of the Contracts (Rights of Third Parties) Act 1999.

17 FURTHER ASSURANCE

17.1 Further assurance

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

17.1.1 creating, perfecting or protecting the security intended to be created by this deed;

17.1.2 facilitating the realisation of any Secured Asset; or

17.1.3 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 (if the Lenders or Receiver thinks it expedient) the execution of any 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 registration.

18 RELEASE

Subject to clause 26.2, on the expiry of the Security Period (but not otherwise), the Lenders shall, at the request and cost of the Borrower, take whatever action is necessary to:

18.1.1 release the Secured Assets from the security constituted by this deed; and

18.1.2 reassign the Secured Assets to the Borrower.

19 ASSIGNMENT AND TRANSFER

19.1 Assignment by Lender

19.1.1 At any time, without the consent of the Borrower, the Lenders may assign or transfer any or all of its rights and obligations under this deed.

19.1.2 The Lenders may disclose to any actual or proposed assignee or transferee any information in its possession that relates to the Borrower, the Secured Assets and this deed that the Lenders considers appropriate.

19.2 Assignment by Borrower

The Borrower may not assign any of its rights, or transfer any of its rights or obligations, under this deed.

20 SET-OFF

The Lenders may at any time set off any liability of the Borrower to the Lenders against any liability of the Lenders to the Borrower, whether either liability is present or future, liquidated or unliquidated, and whether or not either liability arises under this deed.

21 AMENDMENTS, WAIVERS AND CONSENTS

21.1 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).

21.2 Waivers and consents

21.2.1 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.

21.2.2 A failure to exercise, or a delay in exercising, 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.

21.3 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.

22 BUYER A PARTY

22.1 It is acknowledged that the Buyer is a party to this deed in order to:

(a) acknowledge and confirm its consent for the Borrower to enter into this deed;

(b) to give the representations and warranties in clause 5 jointly and severally with the Buyer; and

(c) to give the undertaking set out in sub-clause 24.2.

22.2 The Buyer HEREBY AGREES to procure the fulfilment by the Borrower of the Borrower's obligations pursuant to this deed.

23 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.

24 COUNTERPARTS

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.

25 THIRD PARTY RIGHTS

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.

26 FURTHER PROVISIONS

26.1 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.

26.2 Discharge conditional

Any release, discharge or settlement between the Borrower 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 pursuant to any law relating to insolvency, bankruptcy, winding-up, administration, receivership or otherwise.

26.3 Certificates

A certificate or determination by the Lenders as to any amount for the time being due to it from the Borrower under this deed and the Share Purchase Agreement shall be, in the absence of any manifest error, conclusive evidence of the amount due.

26.4 Consolidation

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

27 NOTICES

Each notice or other communication required to be given to a party under or in connection with this deed shall be in writing, delivered by hand or by pre-paid first-class post or other next working day

delivery service, and sent to the Borrower or the Lenders (as the case may be) at the address set out in respect of it on page 1 of this deed or any other address as is notified in writing by one party to the other from time to time.

28 GOVERNING LAW AND JURISDICTION

28.1 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.

28.2 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.

28.3 Other service

The Borrower irrevocably consents to any process in any legal action or proceedings under clause 28.2being served on it in accordance with the provisions of this deed relating to service of notices. 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 **DIRECT PACKAGING LIMITED**acting by **STEVEN CHRISTOPHER KNIGHT**, a director, in the presence of:

.....
Steven Christopher Knight

.....
Witness' signature

Print name:
Address:

Occupation:

Executed as a deed by **CHARLOTTE ANNE CRAWLEY,**
in the presence of:

Charlotte Crawley

.....
Witness' signature

Print name: ALEX BUILDERSON
Address: 57 Queen Anne St London W1G 9JR

Occupation: Solicitor

Executed as a deed by **BRENDA ELIZABETH FRANCES KIRK,**
in the presence of:

.....

.....
Witness' signature

Print name:
Address:

Occupation:

Executed as a deed by **JOHN FRANCIS ROBERTSON KIRK,**
in the presence of:

.....

.....
Witness' signature

Print name:
Address:

Occupation:

Executed as a deed by **DIRECT PACKAGING GROUP LIMITED** acting by **STEVEN CHRISTOPHER KNIGHT**, a director, in the presence of:

.....
Steven Christopher Knight

.....
Witness' signature

Print name:
Address:

Occupation: