

DAVID WOOD BAKING LIMITED
214 Leeds Road
Rothwell
Leeds
LS26 0JF

Served at:
1 Calverley Road
Oulton
Leeds
LS26 8JD

Dated: 5th April 2018

Dear Sirs,

We refer to our recent discussions and write to confirm that the DAVID WOOD PENSION SCHEME (the “Scheme”) acting by its trustees (the “Trustees”) will make available to DAVID WOOD BAKING LIMITED (the “Borrower”) a loan facility of £260,000.00 (two hundred and sixty thousand pounds) for the purchase of capital equipment (each advance made there under being a “Loan” and the aggregate advances made thereunder being the “Loan”), to be secured by a charge over the whole of the shares held by the Chargee referred to in the Charge Document as DAVID ANTHONY WOOD of 1 Calverley Road, Oulton, Leeds, LS26 8JD (the “Charge”). The Loan is subject to the terms and conditions set out in this letter.

1 **ADVANCES**

1.1 *General*

Subject to receipt of the documents listed in paragraph 5.1 and advances shall be made by credit transfer to the account of the Borrower under reference “Loan Advance”.

1.2 *General Loan Conditions*

It is a condition of making any Loan that:

- 1.2.1 the Loan shall not at any time exceed £260,000.00;
- 1.2.2 the Loan shall not at any time exceed 50 per cent of the net asset value of the assets of the Scheme;
- 1.2.3 no Loan may remain outstanding for more than 5 years, unless the Trustees give written consent to an extension of the repayment term such extension not to exceed 5 years and not to be further extended; and
- 1.2.4 the Loan is secured by charges over certain assets of the Chargee which in the opinion of the Trustees of the Scheme have a net realisable value sufficient to repay the Loan, accrued interest and any costs of realisation.

2 **TERM**

2.1 *Facility term*

This facility may be cancelled by the Scheme at any time by written notice to the Company. Subject to that, this facility will become available upon the Trustees receiving the documents listed in paragraph 5.1 and will continue until terminated by mutual agreement.

2.2 *Length of Loan*

The period for which a Loan may be outstanding shall be stipulated in the Drawdown Request therefor. No Loan may be for a period exceeding five years from the date the Loan is made or if that day is not a day when banks in the City of London are open for business (a "**Business Day**") on the preceding Business Day (the "**Term Date**").

2.3 *Extension of Term Date*

The Trustees in their absolute discretion and with the agreement of the Borrower may extend the Term Date in respect of a Loan once only for a period not exceeding five years.

3 **NATURE OF THE LOAN**

3.1 *Uncommitted*

The Loan is not committed and whether the Trustees agree to the making of any advance and in what amount is in their absolute discretion.

3.2 *Non-revolving nature*

The Loan is not revolving and if a Loan is repaid in whole or in part the Scheme is not obliged to permit the repayments to be re borrowed or to make further advances to the Borrower and the Scheme is not obliged to lend additional funds on any further occasion.

4 **OUTSTANDINGS REPAYABLE ON DEMAND**

4.1 *Repayment on demand*

The Borrower shall, on the Trustees' first written demand, pay to the Scheme the outstanding balance of the Loan or such individual Loans as the Trustees may have specified together with interest, calculated in accordance with this letter, accrued to, and unpaid before, the date of payment and all other costs and expenses then owing under this letter.

4.2 *Discretion of Trustees*

The Trustees may make demand under this letter at any time at their discretion, and whether or not the Borrower is in default of any of the provisions of this letter, and

whether or not the making or allowing to remain outstanding any Loan would be contrary to any law applicable to the Scheme.

4.3 *Enforcement of Charge*

If the Trustees have made a demand for payment under paragraph 4.1 which has not been satisfied in accordance with the terms of the demand, the Scheme shall be entitled to enforce the Charge forthwith and without further notice to the Borrower.

5 **CONDITIONS**

5.1 *Documentation*

The Borrower shall provide to the Trustees all of the following in form and substance reasonably satisfactory to them:

- 5.1.1 a duplicate of this letter duly executed by or on behalf the Borrower by way of acceptance of its provisions;
- 5.1.2 a copy of a resolution of the Board of Directors of the Borrower approving and accepting the provisions of this letter or authorising any Director to accept the provisions of this letter on behalf of the Borrower and authorising named persons or office holders to sign this letter on behalf of the Borrower and authorising named persons or office holders to give any notice, request or other communications which may be required under this letter;
- 5.1.3 the Charge duly executed by the Chargee;

5.2 *Waiver*

The Borrower acknowledges that paragraph 5.1 above is included in this letter for the exclusive benefit of the Scheme and that the Trustees may waive compliance by the Borrower with any of its provisions on the basis that if any condition precedent is waived by the Trustees that condition shall be complied with by the Borrower within three Business Days thereafter.

6 **LOAN ACCOUNT**

The Trustees shall open and maintain an account in the Scheme's books of account for each Loan (each a "**Loan Account**" and together the "**Loan Accounts**"). The Trustees shall keep an accurate record in the Loan Accounts of the amount from time to time owing to the Scheme in respect of the Loan, including interest accrued.

7 **REPAYMENT**

7.1 *Non-mandatory reductions*

The Borrower may, at any time and from time to time, reduce the debit balance on the Loan Accounts by paying from other sources an amount in pounds sterling to the Scheme for credit in the Loan Accounts. Unless the Borrower makes an appropriation to any particular Loan Account, the Trustees shall apply any repayment first to the earliest Loan outstanding.

7.2 *Repayment on demand*

The Borrower shall, on the Trustees' first written demand, pay to the Scheme an amount equal to the then debit balance on the Loan Accounts, together with interest, calculated in accordance with this letter, accrued to, and unpaid before, the date of payment and all other costs and expenses then owing under this letter.

7.3 *Amortisation of Loan*

7.3.1 The Borrower shall repay the loan to the Trustees on such dates as set out in the Repayment Schedule attached to this agreement as Schedule 1, until and unless the Trustees determine otherwise.

7.3.2 Commencing on the first Payment Date following the advance of the Loan, the Loan shall be repaid by paying from other sources in pounds sterling to the Scheme for credit in the relevant Loan Account an amount equal to the amount indicated in Schedule 1, until and unless the Trustees determine otherwise.

7.4 *Repayment on Term Date*

Unless the Trustees have agreed to extend the Term Date under paragraph 2.3, an outstanding Loan shall be repaid in full from other sources on its Term Date.

8 **INTEREST**

8.1 *Interest rate*

Subject to paragraph 8.4, the Borrower shall pay interest on the outstanding balance of each Loan Account from time to time at the rate of 3.5% per annum fixed for the term of the Loan ("**Base Rate**").

8.2 *Time for payment*

The Borrower shall pay interest annually in arrears for the term of the loan (each an "**Interest Payment Date**").

8.3 *Method of payment*

On each Interest Payment Date, the Borrower shall, to the extent that the Borrower has not paid interest then due and payable from other funds, debit each Loan Account with the amount of interest then accrued and unpaid.

8.4 *Rate of interest on overdue payments*

The Borrower shall, on any amount not paid when due, pay additional interest at the aggregate rate of one per cent per annum over the base rate from time to time of Royal Bank of Scotland plc.

8.5 *Time for payment of interest on overdue payments*

The Borrower shall pay such interest accruing under paragraph 8.4 on the last Business Day in each month and on each occasion on which the overdue payment

referred to in paragraph 8.4 is made to the Scheme and, to the extent that the Borrower does not pay that interest from other funds, the Loan Account shall be debited with the amount of interest then accrued and due and payable but unpaid.

8.6 *Tax deductions*

If the Borrower makes any payment from other funds and the Borrower is obliged to deduct tax from the payment, the grossed-up amount credited to the Loan Accounts shall be considered to have been paid by the Borrower provided that the Borrower has provided to the Trustees such evidence and certificates as the Trustees may require as evidence for the taxation authorities of the deduction of tax.

9 **FEES AND EXPENSES**

9.1 *Initial and other costs*

The Borrower shall forthwith on demand pay to the Scheme the amount of all reasonable and proper costs and expenses incurred by the Trustees in connection with the negotiation, preparation, execution and performance of this letter and the negotiation, preparation, execution, performance and registration of the Charge and the Deed of Priority at the Companies Registry and all waivers in relation to, and variations of, this letter, the Charge or the Deed of Priority.

9.2 *Enforcement costs*

The Borrower shall, forthwith on demand, pay to the Scheme the amount of all costs and expenses incurred by the Scheme in connection with the enforcement or attempted enforcement against the Borrower of its rights under this letter, the Charge or the Deed of Priority.

9.3 *Legal expenses and taxes*

The costs and expenses referred to above include, without limitation, the fees and expenses of legal advisers and any value added tax or similar tax, and are payable in the currency in which they are incurred.

9.4 *Stamp duty etc*

The Borrower shall pay an amount equal to any stamp, documentary and other like duties and taxes to which this letter, the Charge or the Deed of Priority may be subject or give rise.

9.5 *Transfer charges*

The Borrower shall reimburse on demand all bank and other charges (excluding interest on money borrowed) incurred by the Scheme:

9.5.1 in arranging and maintaining funding of the Loan, and

9.5.2 to carry out transfers of funds to the Borrower.

10 **NOTICES**

10.1 *Communications to be in writing*

Each communication to be made under this letter shall be made in writing but, unless otherwise stated, may be made by facsimile or letter.

10.2 *Delivery of communications*

Any communication or document to be made or delivered by one person to another under this letter shall (unless that other person has by 15 days' written notice to the other party specified another address) be made or delivered to that other person at the facsimile number or address identified at the beginning of this letter and shall be deemed to have been made or delivered when receipt has been acknowledged (in the case of any communication by personal delivery or by facsimile) or (in the case of posting) two working days after being deposited in the post postage prepaid in an envelope addressed to it at that address provided that:

10.2.1 any communication or document to be made or delivered to the Trustees shall be effective only when received by them; and

10.2.2 any communication or document made or delivered outside normal business hours in the place of receipt shall not be deemed to be made or delivered until opening of business on the next working day in such place.

11 **INFORMATION**

11.1 *Annual Accounts*

The Borrower shall provide to the Trustees no later than the date upon which the audited annual accounts of the Borrower and the report of the directors thereon is delivered to Companies House in each year a true and complete copy of the accounts as filed.

11.2 *Management Accounts*

The Borrower shall provide to the Trustees on their written request (but no more frequently than quarterly) a copy of the most recent management accounts of the Borrower.

11.3 *Conditions to making Loan*

The Trustees may as a condition of making any Loan require the Borrower to provide to the Trustees at the cost of the Borrower such information as the Trustees may in their absolute discretion consider necessary or desirable for the purposes of considering whether or not to make a Loan to the Borrower.

12 **GENERAL**

12.1 *Certificates*

The certificate of the Trustees as to Base Rate and the balance at any time on the Loan Accounts or as to any amount payable under this letter or of the fact that any

amount is due and payable shall be conclusive and binding on the Borrower unless there is an obvious error.

12.2 *Severability*

If a provision of this letter is or becomes illegal, invalid or unenforceable in any jurisdiction, that shall not affect the validity or enforceability in that jurisdiction of any other provision of this letter.

12.3 *Waivers, remedies cumulative*

The rights of the Scheme under this letter may be exercised as often as the Trustees consider necessary or desirable, are cumulative and not exclusive of the Scheme's rights under any applicable law and may be waived only in writing and specifically.

12.4 *Delay*

Delay in exercising or the non-exercise of any of the Scheme's rights under this letter is not a waiver of that right.

12.5 *Restrictions on the Borrower*

The Borrower may not assign or transfer any of its rights and/or obligations under this letter.

12.6 *Successors etc*

This letter shall be binding on and inure to the benefit of the Scheme and the Trustees of the Scheme from time to time and the Borrower and their respective successors and permitted assigns and references in this letter to any of them shall be construed accordingly.

12.7 *Governing law*

This letter shall be governed by English law.

12.8 *Third Parties*

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

If you are in agreement with the above terms and conditions, please sign and return the enclosed copy of this letter.

Yours faithfully


.....
DAVID ANTHONY WOOD


.....
KAREN WOOD

We refer to your letter dated 5th April 2018 (of which the above is a copy) and confirm that the Borrower accepts and agrees to be bound by the terms and conditions thereof.


.....
Director
For and on behalf of
DAVID WOOD BAKING LIMITED
Dated 5th April 2018

Schedule 1 – Repayment Schedule

Payment No.	Payment Date	Payment	Principal	Interest	Extra Payments	Balance
						£260,000.00
1	5-Apr-2019	£57,585.16	£48,485.16	£9,100.00		£211,514.84
2	5-Apr-2020	£57,585.16	£50,182.14	£7,403.02		£161,332.70
3	5-Apr-2021	£57,585.16	£51,938.52	£5,646.64		£109,394.18
4	5-Apr-2022	£57,585.16	£53,756.36	£3,828.80		£55,637.82
5	5-Apr-2023	£57,585.14	£55,637.82	£1,947.32		£0.00

David Wood Baking Limited
Company Resolution

Date: 5th April 2018

To fund its continuing growth, the Company is desirous to raise additional capital. For this reason, it has approached David Wood Pension Scheme to secure a loan of £260,000 to be used for purchase of capital equipment..

The Trustees of the David Wood Pension Scheme have offered a proposal in which £260,000 will be forwarded to the Company, to be repaid over five years at an annual interest rate of 3.5%. The loan will be secured upon the ordinary shareholdings held personally by David Anthony Wood.

Having regard for the Company's current and predicted future financial position, its existing borrowing commitments and confidence in the Company's ability to repay the proposed loan, the Directors are satisfied that the proposed loan is viable, sustainable and suitable for the Company's needs. Therefore, the Directors of David Wood Baking Ltd resolve to accept the terms of the proposed loan from David Wood Pension Scheme, commencing on 5th April 2018 for a term of five years, with the first payment date on 5th April 2019.

David Wood
.....

David Anthony Wood
DIRECTOR

K Wood
.....

Karen Wood
DIRECTOR

Resolution of the Trustees of the David Wood Pension Scheme

Date: 5th April 2018

Interpretation

The Trustees confirm that the terms used in this resolution should be interpreted as they are defined in the Definitive Trust Deed and Rules dated 6th June 2008 and all subsequent amendments for the David Wood Pension Scheme (the 'Existing Provisions').

Background

The Trustees of the David Wood Pension Scheme have been approached by the Sponsoring Employer to the Scheme - David Wood Baking Limited (Company No 06541251) - regarding the provision of a loan facility of £260,000 to be used for purchase of capital equipment required for new sales contracts. The Trustees are meeting to decide to suitability of this proposal.

Resolution

The Trustees, having considered the current level of borrowing undertaken by the Sponsoring Employer and satisfying themselves that the proposed loan will not breach HMRC lending regulations, and having regarded the suitability and viability of the loan request itself, resolve to forward a loan of £260,000 to David Wood Baking Limited, to be secured by a charge over the shares in David Wood Baking Ltd by David Anthony Wood, having further satisfied themselves, by way of an accountant's letter, that these shares are of sufficient value to act as adequate security upon which to secure the proposed loan in addition to the existing loan commitments already secured on these shares.

It is further resolved to allow the security offered to exist on equal terms ('pari passu') with the existing charges against these shares already held by the Scheme.

Signed by the Trustees of the **David Wood Pension Scheme**

David Wood.....

David Anthony Wood

K Wood.....

Karen Wood

Undertaking to a loan agreement dated: 5th April 2018

Between:

DAVID ANTHONY WOOD of 1 Calverley Road, Oulton, Leeds, LS26 8JD (the "Chargee")

-and-

KAREN WOOD and **DAVID ANTHONY WOOD** both of 1 Calverley Road, Oulton, Leeds, LS26 8JD acting for and as Trustees of David Wood Pension Scheme (the "Trustees")

Whereas:

The Trustees of David Wood Pension Scheme have a legal charge dated 5th April 2018 against the "Charged Assets" which means the whole of the shares held by the Chargee referred to in the Charge Document as David Anthony Wood of 1 Calverley Road, Oulton, Leeds, LS26 8JD.

The Chargee of DAVID WOOD BAKING LIMITED undertakes that:

As a consequence of the Chargee's undertakings to the Trustees and so as not to diminish any and all existing or future legal charges and debentures, the Chargee undertakes to the Trustees that all existing charges held by the Trustees are to be treated *pari passu* with each other, and to treat any new legal charges and debentures issued and held by the Trustees as *pari passu* with these existing charges.

David Wood

DAVID ANTHONY WOOD

CHARGE

K Wood

KAREN WOOD

TRUSTEE

David Wood

DAVID ANTHONY WOOD

TRUSTEE

Dated: 5th April 2018

David Anthony Wood

(as Chargor)

and

The Trustees of David Wood Pension Scheme

(as Charge Holders)

CHARGE OVER SHARES

CONTENTS

1	DEFINITIONS AND INTERPRETATION	1
2	CHARGING PROVISIONS	4
3	RESTRICTIONS ON DEALING WITH CHARGED SHARES	4
4	CERTIFICATIONS, REPRESENTATIONS AND WARRANTIES	5
5	SECURITY TO BECOME ENFORCEABLE	6
6	POWERS OF CHARGE HOLDERS	6
7	LIABILITY OF CHARGE HOLDERS	6
8	APPLICATION OF PROCEEDS OF REALISATION	7
9	DELEGATION	8
10	PROTECTION OF THIRD PARTIES	8
11	REDEMPTION OF PRIOR SECURITY INTERESTS	9
12	FURTHER ASSURANCES	9
13	POWER OF ATTORNEY	9
14	SUBSEQUENT SECURITY INTERESTS	10
15	INDEMNITIES AND EXPENSES	10
16	EFFECTIVENESS OF SECURITY	12
17	RELEASE OF SECURITY	12
18	MISCELLANEOUS	12
19	ASSIGNMENTS, TRANSFER, ETC	13
20	NOTICES	14
21	COUNTERPARTS	14
22	LAW	14

THIS DEED is made: 5th April 2018

PARTIES

- (1) DAVID ANTHONY WOOD (the “**Chargor**”) of 1 Calverley Road, Oulton, Leeds, LS26 8JD; and
- (2) KAREN WOOD and DAVID ANTHONY WOOD acting as and for the Trustees of DAVID WOOD PENSION SCHEME of 1 Calverley Road, Oulton, Leeds, LS26 8JD (the “**Charge Holders**”).

OPERATIVE PROVISIONS

1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Deed, the following words and expressions have the following meanings:

“**Act**” means the Law of Property Act 1925;

“**Charged Shares**” means all Ordinary class Shares held from time to time by the Chargor as defined by the Special Resolution and Memorandum and Articles of the Company;

“**Company**” means David Wood Baking Limited, a company incorporated under the laws of England and Wales with registered number 06541251 whose registered office is at 1 Calverley Road, Oulton, Leeds, LS26 8JD;

“**Default Rate**” means, in relation to any amount not paid on its due date by the Chargor, 1% per annum over the base rate from time to time of The Royal Bank of Scotland plc;

“**Enforcement Event**” means any of the following events:

- (a) the failure by David Wood Baking Limited (06541251) to pay when due any of the Secured Liabilities; or
- (b) the commencement of the Winding-up of David Wood Baking Limited (06541251); or
- (c) any event which causes the Charge Holders reasonably to believe that any of the Charged Shares are in danger of seizure, distress, diligence or other legal process or that this Security is otherwise for any reason in jeopardy;

“**Secured Liabilities**” means each and every liability which the Company may now or hereafter have to the Charge Holders for borrowed money, and whether for principal, interest or otherwise now or hereafter owing due or incurred by the Company to the Charge Holders in respect of any such liabilities together with all

sums covenanted in this Deed to be paid by the Chargor to the Charge Holders;

“Security” means the security from time to time constituted by, or pursuant to, this Deed;

“Security Interest” means any mortgage, charge, pledge, hypothecation, lien, assignment, title retention, option, right of set-off, security interest, trust arrangement and any other preferential right or agreement to confer security and any transaction which, although in legal terms is not a secured borrowing, has an economic or financial effect similar to that of a secured borrowing;

“Security Period” means the period beginning on the date of this Deed and ending on the date on which the Charge Holders are satisfied that all the Secured Liabilities have been unconditionally and irrevocably paid and discharged in full;

“Shares” means 4,550,004 ordinary class shares of David Wood Baking UK Limited registered in the name of the Chargor.

“Tax” means and includes any present or future tax (including Value Added Tax), levy, impost, duty, charge, fee, deduction or withholding of any nature and any interest or penalty in respect thereof; and

“Winding-up” of a person means the administration, amalgamation, reconstruction, reorganisation, dissolution, liquidation, merger or consolidation of that person, and any equivalent or analogous procedure under the laws of any jurisdiction and a reference to **the commencement** of any of these includes a reference to the presentation of a petition to a court of competent jurisdiction or the passing of a resolution by the person for, or with a view to, any of them.

1.2 *Interpretation*

In this Deed, unless the context requires otherwise:

- 1.2.1 references to **the Chargor** or **the Charge Holders** shall be construed so as to include her or their successors in title and permitted assignees and transferees;
- 1.2.2 references to Clauses are to clauses of this Deed;
- 1.2.3 headings to Clauses and the contents page are for convenience only and are to be ignored in construing this Deed;
- 1.2.4 references to a **“person”** are to be construed so as to include any individual, firm, company, government, state or agency of a state, local or municipal authority, or any joint venture, association or partnership (whether or not having separate legal personality);
- 1.2.5 subject to Clause 6, references to any statute or statutory provision are to be construed as references to the same as it may have been, or may from time to time be, amended or re-enacted, and include references to all bylaws, instruments, orders and regulations for the time being made thereunder or deriving validity therefrom;

- 1.2.6 any reference to any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall, in respect of a jurisdiction other than England, be deemed to include that which most nearly approximates in that jurisdiction to the English legal term;
- 1.2.7 any reference to the “**Charged Shares**” shall be a reference to all the Charged Shares and/or to each and every part of the Charged Shares and reference to any other defined term or noun in the plural number or collective plural shall be interpreted mutatis mutandis in the same manner;
- 1.2.8 in this Deed the masculine gender shall also include the feminine and neuter genders and vice versa;
- 1.2.9 references in this Deed to this “**Deed**” or any other deed, agreement or instrument are references to this Deed, the relevant deed, agreement or instrument as amended, supplemented, replaced or novated from time to time and include references to any document which amends, supplements, replaces, novates or is entered into, made or given pursuant to, or in accordance with, this Deed, the relevant deed, agreement or instrument; and
- 1.2.10 references in this Deed to “**including**” and “**in particular**” (and other cognate references) shall be construed as not limiting any general words or expressions in connection with which they are used.
- 1.3 *Law of Property (Miscellaneous Provisions) Act 1989*
- The terms of any agreements between the parties hereto in relation to the Secured Liabilities are incorporated in this Deed to the extent required to ensure that any disposition of the Charged Shares contained in this Deed is a valid disposition in accordance with section 2(1) of the Law of Property (Miscellaneous Provisions) Act 1989.
- 1.4 *Contracts (Rights of Third Parties) Act 1999*
- A person who is not a party to this Deed shall not under the Contracts (Rights of Third Parties) Act 1999 be entitled to enforce or enjoy the benefit of any of the terms of this Deed, except the Receiver, its directors, employees and agents and any delegate or sub-delegate appointed pursuant to Clause 9.
- 1.5 *The Charge Holders’ discretion*
- Any liberty or power which may be exercised or any determination which may be made under this Deed by the Charge Holders may be exercised or made in their absolute and unfettered discretion without any obligation to give reasons therefor.
- 1.6 *Acts of the Charge Holders*
- Anything required to be done by the Charge Holders under this Deed may be done by one of them acting for both Charge Holders, and the receipt of one Charge Holder shall be a good discharge to the Chargor.

2 **CHARGING PROVISIONS**

The Chargor with full title guarantee charges in favour of the Charge Holders for the payment and discharge of the Secured Liabilities by way of fixed charge the Charged Shares in pari pasu to an Existing Charge Deed.

3 **RESTRICTIONS ON DEALING WITH CHARGED SHARES**

3.1 *No Security Interests over Charged Shares*

The Chargor shall allow to subsist in pari pasu with any Security Interest on or over the Charged Shares, only under a Charge Deed with the consent of the Charge Holder.

3.2 *Obligations*

The Chargor shall observe and perform all conditions and obligations assumed by her in respect of the Charged Shares.

3.3 *Notices*

The Chargor shall, immediately following receipt, forward to the Charge Holders all notices, reports, accounts, circulars and other documents relating to or affecting or likely to affect the Charged Shares.

3.4 *Voting and other rights before enforceability*

Until this Security becomes enforceable:

3.4.1 all the voting and other rights relating to the Charged Shares may be exercised by the Chargor or, if the Charge Holders or any nominee of the Charge Holders has been registered as owner of the Charged Shares, shall be exercised in accordance with the directions of the Chargor, in both cases for any purpose not inconsistent with this Deed; and

3.4.2 except as otherwise directed by the Charge Holders in writing, all dividends, interest and other distributions paid in respect of the Charged Shares shall be paid to the Chargor.

3.5 *Rights when this Security becomes enforceable*

Without prejudice to Clause 6, after this Security has become enforceable (and at all times thereafter):

3.5.1 the Charge Holders shall be entitled to exercise or direct the exercise of all voting and other rights relating to the Charged Shares;

3.5.2 the Chargor shall comply or procure the compliance with any directions of the Charge Holders in respect of the exercise of such voting and other rights, and shall deliver to the Charge Holders such forms of proxy or other appropriate forms of authorisation to enable the Charge Holders to exercise such voting and other rights;

- 3.5.3 the Charge Holders shall be entitled to receive and retain all dividends, interest and other distributions paid in respect of the Charged Shares which the Charge Holders shall apply in accordance with Clause 8.

3.6 *Deposit of certificate*

The Chargor shall, on the date of this Deed deposit with the Charge Holders:

- 3.6.1 all stock and certificates and other documents evidencing title to the Charged Shares;
- 3.6.2 duly executed undated blank transfer forms in respect of the Charged Shares; and
- 3.6.3 such other documentation relating to the Charged Shares as the Charge Holders shall require in order to perfect the Security Interest intended to be created by this Deed or for vesting or enabling the Charge Holders to vest the Charged Shares in themselves, their nominees or any purchaser,

all of which the Charge Holders shall be entitled to retain throughout the Security Period.

3.7 *Completion of transfer forms by the Charge Holders*

Without prejudice to Clause 6, the Charge Holders may at any time following the occurrence of an Enforcement Event or, at any time, if the Charge Holders reasonably considers that this Security (whether in relation to the Charged Shares or otherwise) is in jeopardy, complete the transfer forms on behalf of the Chargor in favour of themselves or, following the occurrence of an Enforcement Event, in favour of such other person as they shall select and present them for registration.

4 **CERTIFICATIONS, REPRESENTATIONS AND WARRANTIES**

4.1 *Nature and timing*

The representations and warranties set out in this Clause 4 are made in favour of the Charge Holders with the knowledge and intention that the Charge Holders are relying on and shall rely on them throughout the Security Period.

4.2 *Ownership of Charged Shares*

The Chargor represents and warrants that she is now and undertakes that she shall, throughout the Security Period, be the sole, lawful and beneficial owner of all the Charged Shares free from any Security Interest.

4.3 *Disposal of prior rights*

The Chargor represents and warrants that, before the date of this Deed, she had not sold or granted any rights of pre-emption over or agreed to sell or grant any right of pre-emption over the Charged Shares.

5 SECURITY TO BECOME ENFORCEABLE

5.1 *Powers arising*

The Secured Liabilities shall be deemed to have become due and payable, and the power of sale and other powers conferred on mortgagees by section 101 of the Act as varied and extended by this Deed shall arise, immediately on execution of this Deed by the Chargor.

5.2 *Powers exercisable*

Neither section 93 nor section 103 of the Act shall apply to this Deed and the powers referred to in Clause 5.1 may be exercised by the Charge Holders and this Security shall become enforceable without notice to the Chargor on or any time after an Enforcement Event has occurred.

6 POWERS OF CHARGE HOLDERS

6.1 *Powers*

The Charge Holders shall have the powers conferred by the Act (as in force at the date of this Deed) and may exercise those powers either in their own names or in the name of the Chargor and shall in addition have the following powers:

- 6.1.1 in connection with any sale or other disposition of the Charged Shares, to receive the consideration therefor in a lump sum or in instalments and to receive shares by way of consideration;
- 6.1.2 to grant options, licences or any other interest in the Charged Shares;
- 6.1.3 to exercise any voting rights appertaining to the Charged Shares;
- 6.1.4 to do all other acts and things which they may consider desirable or necessary for realising any of the Charged Shares or incidental or conducive to any of the rights, powers or discretions conferred on them under or by virtue of this Deed; and
- 6.1.5 to exercise, in relation to Charged Shares, all other powers, authorities and rights which they could exercise if they were their absolute unencumbered beneficial owners.

7 LIABILITY OF CHARGE HOLDERS

7.1 *Possession*

If the Charge Holders enter into possession of the Charged Assets, the Charge Holders may, from time to time and at any time, go out of such possession.

7.2 *Receipts*

The Charge Holders shall not, by reason of any entry by them into, or the taking by them of, possession of the Charged Shares or for any other reason (and whether as mortgagee in possession or on any other basis):

- 7.2.1 be liable to account to the Chargor for anything except their actual receipts arising from the exercise of their powers under this Deed; or
- 7.2.2 be liable to the Chargor for any loss or damage arising from:
- (a) any act, default or omission of the Charge Holders in relation to the Charged Shares; or
 - (b) any exercise or non-exercise by the Charge Holders of any power, authority or discretion conferred on them in relation to the Charged Shares under this Deed or the Act.

7.3 *Protection of the Charge Holders*

The Charge Holders shall be entitled to all the privileges and immunities which the Act confers on mortgagees under the Act.

8 **APPLICATION OF PROCEEDS OF REALISATION**

8.1 *Order of application*

All monies received by the Charge Holders shall, after this Security becomes enforceable and subject to the payment of any claims having priority to this Security, be applied in the following order (but without prejudice to the right of the Charge Holders to recover any shortfall from the Chargor and notwithstanding any purported appropriation by the Chargor):

- 8.1.1 **first**, in payment of the costs of realisation, including any costs and expenses of, or incidental to, any exercise of any power conferred by this Deed;
- 8.1.2 **secondly**, in or towards the payment of any debts or other amounts which are in law payable in preference to the Secured Liabilities ; and
- 8.1.3 **thirdly**, in or towards satisfaction of the Secured Liabilities in such order (as to principal or interest) as the Charge Holders shall, in their absolute discretion, determine,

and the surplus (if any) shall be paid to the Chargor or such other person as may be entitled to that surplus.

8.2 *Variation of statutes*

Clause 8.1 shall take effect as a variation of sections 99 to 109 of the Act, which as so varied are deemed incorporated into this Deed.

8.3 *Contingencies*

If the Charge Holders enforces this Security at a time when no Secured Liabilities are due but at a time when Secured Liabilities may or will become so due, the Charge Holders may, out of the proceeds of any recoveries effected by the Charge Holders, retain such amount as the Charge Holders consider appropriate in order to provide adequate cash cover for the contingent or future liability.

9 **DELEGATION**

9.1 *Method of appointment*

The Charge Holders may delegate by power of attorney or in any other manner to any person any right, power or discretion exercisable by any of them under this Deed in relation to the Charged Shares.

9.2 *Terms of delegation*

Any such delegation may be made on the terms (including power to sub-delegate) and subject to any regulations which the Charge Holders may think fit, and may be made either by deed or by instrument in writing under the hand of the Charge Holders or any person so authorised in writing in that behalf by the Charge Holders.

9.3 *Liability of Charge Holder*

The Charge Holders shall not be liable or responsible to the Chargor for any loss or liability arising from any act, default, omission or misconduct on the part of any such delegate or sub-delegate.

9.4 *Liability of delegates and sub-delegates*

Clause 7.2 shall apply in respect of the liability of any delegate or sub-delegate referred to in this Clause 9 in all respects as though every reference in Clause 7.2 to the Charge Holders were instead a reference to such delegate or sub-delegate.

10 **PROTECTION OF THIRD PARTIES**

10.1 *Contractual*

No person dealing with the Charge Holders, a delegate or sub-delegate, or their agents will be concerned to enquire:

10.1.1 whether the Security Period continues;

10.1.2 whether the Secured Liabilities have become payable or have been paid;

10.1.3 whether any power, authority or discretion which the Charge Holders, the delegate or sub-delegate is purporting to exercise has become exercisable or has been properly exercised; or

10.1.4 how any monies paid to the Charge Holders, the delegate or sub-delegate are to be or have been applied.

10.2 *Statutory*

The protection given to purchasers in sections 104 and 107 of the Act shall apply equally to purchasers and any other persons dealing with the Charge Holders.

11 **REDEMPTION OF PRIOR SECURITY INTERESTS**

11.1 *Redemption and other action*

If this Security has become enforceable or if any proceedings or steps are being taken to enforce or realise any prior Security Interest affecting the Charged Shares, the Charge Holders:

- 11.1.1 redeem any prior Security Interest affecting any Charged Shares;
- 11.1.2 procure the transfer of that Security Interest to the Charge Holders or to their nominees; and
- 11.1.3 settle the accounts of the holder of the prior Security Interest (and any accounts so settled shall be conclusive and binding on the Chargor).

11.2 *Monies paid by the Charge Holders*

All principal monies, interest, costs, charges and expenses of, and incidental to, any such redemption or transfer shall be paid by the Chargor to the Charge Holders on demand.

12 **FURTHER ASSURANCES**

12.1 *Perfection of Security Interests*

The Chargor shall, at his own expense, execute and do all such assurances, acts and things as the Charge Holders may require for perfecting the Security Interests intended to be created by this Deed over the Charged Shares or for facilitating the realisation of the Charged Shares and in the exercise of all powers, authorities and discretions vested in the Charge Holders or in any delegate or sub-delegate.

12.2 *Notices of this Security*

The Chargor shall if so requested by the Charge Holders, promptly cause to be indorsed on the certificates and documents which constitute or evidence title to the Charged Shares, such notices, endorsements or memoranda referring to this Security as the Charge Holders may reasonably and from time to time require.

13 **POWER OF ATTORNEY**

13.1 *Appointment*

The Chargor hereby by way of security and in order more fully to secure the performance of its obligations under this Deed irrevocably appoints the Charge Holders and every delegate or sub-delegate to be his attorney acting severally, and on his behalf and in his name or otherwise:

- 13.1.1 to execute and do all such assurances, acts and things which the Chargor ought to do under this Deed;
- 13.1.2 to execute and deliver any transfers of the Charged Shares;

13.1.3 to exercise the powers, authorities and discretions conferred by or pursuant to this Deed or by statute on the Charge Holders, delegate or sub-delegate; and

13.1.4 to sell and deliver and otherwise perfect any deed, assurance, agreement, instrument or act which they may deem proper in or for the purpose of exercising any of such powers, authorities and discretions.

13.2 *Ratification*

The Chargor hereby ratifies and confirms and agrees to ratify and confirm whatever any such attorney as is mentioned in this Clause 13 shall do or purport to do in the exercise or purported exercise of all or any of the powers, authorities and discretions referred to in this Clause.

13.3 *General power*

The appointment under Clause 13.1 shall operate as a general power of attorney made under section 10 of the Powers of Attorney Act 1971.

14 **SUBSEQUENT SECURITY INTERESTS**

If the Charge Holders shall at any time receive or be deemed to have received notice of any Security Interest affecting the Charged Shares or any assignment or transfer thereof which is prohibited by this Deed, then unless the Charge Holders gives express written notice to the Chargor to the contrary, all payments by or on behalf of the Company to the Charge Holders shall be credited or treated as having been credited to any advance made by the Charge Holders to or any liability of the Company to the Charge Holders arising after such time and not as having been applied in reduction of the Secured Liabilities at such time.

15 **INDEMNITIES AND EXPENSES**

15.1 *General indemnity*

The Chargor shall, on demand, indemnify the Charge Holders, and any person for whose liability, acts or omissions the Charge Holders may be answerable from and against all liabilities, costs, charges, losses, expenses, legal and other professional fees (including Tax) suffered or incurred by any of them arising from or as a result of:

15.1.1 the exercise or the purported exercise of any powers, authorities or discretions conferred on any of them under or by virtue of this Deed;

15.1.2 any matter or thing done or omitted to be done under, or in any way relating to, this Deed;

15.1.3 any breach, non-observance or non-performance by the Chargor of any of its covenants, undertakings, obligations, representations or warranties under this Deed;

15.1.4 the making good of any such breach, non-observance or non-performance;

15.1.5 the enforcement of this Deed; or

15.1.6 any action, claim or proceeding relating to any of the above.

15.2 *Obligation to pay*

The Chargor shall, in accordance with Clause 15.5, pay to the Charge Holders:

15.2.1 the items of expenditure set out in Clause 15.3; and

15.2.2 the amount referred to in Clause 15.4.

15.3 *Identification of expenses*

The items of expenditure referred to in Clause 15.2.1 are all expenses (including, without limitation, legal and out-of-pocket expenses on a full indemnity basis) incurred by the Charge Holders in connection with:

15.3.1 the preparation, negotiation and execution of this Deed;

15.3.2 the preparation and negotiation of documentation relating to any amendment or extension of this Deed, regardless of the form which such documentation takes and whether or not such documentation is acceptable to, and/or executed by, any or all parties to that documentation;

15.3.3 the granting, preparation and documenting of any waiver, approval, consent, confirmation or release under, or in respect of, this Deed;

15.3.4 any investigation or due diligence into the financial or other condition of the Company or into ascertaining whether or not the Chargor has complied or is complying with this Deed;

15.3.5 the contemplation of the enforcement of any rights or the exercise of any powers under this Deed or in investigating any possible breach by the Chargor of this Deed;

15.3.6 any proceedings (legal or otherwise) involving the Charge Holders in connection with this Deed or the Charged Shares, whether such proceedings are brought by the Chargor or a third party; and

15.3.7 the matters referred to in Clause 14.

15.4 *Stamp duties and other payments*

In addition, the Chargor shall pay an amount equal to any stamp duties, search fees, registration fees and duties payable in connection with this Deed and any penalties with respect to, or resulting from, delay or omission to pay any such duties or fees.

15.5 *Time for payment*

The Chargor shall, on first demand, pay or reimburse the Charge Holders for the items of expenditure referred to in Clause 15.3 and any amount referred to in Clause 15.4.

15.6 *Interest*

If the Chargor fails to pay any sum to be paid under this Deed when due, the Chargor shall pay the Charge Holders interest thereon at the Default Rate from the date due until the date of payment.

16 **EFFECTIVENESS OF SECURITY**

16.1 *Continuing security*

This Security is a continuing security and will not be considered satisfied by any intermediate payment or settlement of account or otherwise, but will remain in force until the end of the Security Period.

16.2 *Rights additional*

The rights of the Charge Holders under this Deed are in addition to any guarantee, other rights or Security Interest, present or future, held by the Charge Holders from the Chargor or any other person in respect of the payment or discharge of the Secured Liabilities and will not merge with, or prejudice or be prejudiced by, any guarantee, such rights or Security Interest or by any dealing with, exchanging, releasing, modifying or abstaining from perfecting or enforcing any of them, and this Deed may be enforced against the Chargor without first having recourse to the Company or any guarantee, other rights or Security Interest in favour of the Charge Holders.

16.3 *Other dealing*

This Security and its validity shall not in any way be prejudiced or affected by the Charge Holders dealing with, exchanging, releasing, modifying or abstaining from perfecting or enforcing any Security Interest, guarantee or other rights or remedies referred to in Clause 16.2 or by giving time for payment or indulgence or compounding with any other person liable.

16.4 *Perpetuity period*

The perpetuity period for the trusts contained in this Deed is 80 years from the date of this Deed.

17 **RELEASE OF SECURITY**

On the expiry of the Security Period, the Charge Holders shall, at the request and cost of the Chargor and without any warranty or representation, release the remaining Charged Shares from this Security.

18 **MISCELLANEOUS**

18.1 *Certificate of Charge Holders*

The certificate of the Charge Holders as to:

- 18.1.1 any matter in relation to this Deed which is to be designated, calculated, decided, determined or certified by the Charge Holders under, or in respect of, this Deed; or

- 18.1.2 the amount at any time of the Secured Liabilities or any other amount payable under this Deed; or any rate of exchange or currencies,
- shall be conclusive and binding on the Chargor unless there is an obvious error.
- 18.2 *Severability*
- If a provision of this Deed is or becomes illegal, invalid or unenforceable in any jurisdiction, that shall not affect the validity or enforceability in that jurisdiction of any other provision of this Deed.
- 18.3 *Waivers, remedies cumulative*
- The rights of the Charge Holders under this Deed:
- 18.3.1 may be exercised as often as the Charge Holders consider necessary or desirable;
- 18.3.2 are cumulative and not exclusive of their respective rights under any applicable law; and
- 18.3.3 may be waived only in writing and specifically.
- 18.4 *Delay*
- Delay in exercising or the non-exercise of any right of the Charge Holders under this Deed is not a waiver of that right.
- 18.5 *Liability of the Trustees*
- The Chargor acknowledges that the Charge Holders are contracting solely as the Trustees of the scheme and that their liability under this Deed is limited to the assets of the scheme.
- 19 **ASSIGNMENTS, TRANSFER, ETC**
- 19.1 *Chargor*
- The Chargor may not assign, transfer or otherwise dispose of any of his rights or obligations under this Deed.
- 19.2 *Charge Holders*
- The benefit of this Deed may be assigned in whole or in part by the Charge Holders without regard to any set-off, counterclaim or equities between the Chargor and the Charge Holders or any intermediate holder.
- 19.3 *Disclosure of Information*
- The Charge Holders shall be entitled to disclose any information concerning the Chargor to a person to whom the Charge Holders have assigned or purported to assign the benefit of this Deed or to any person who may otherwise enter into or proposes to enter into contractual relations with the Charge Holders in relation to this Deed.

20 **NOTICES**

20.1 *Communications to be in writing*

Each communication to be made under this Deed shall be made in writing but, unless otherwise stated, may be made by facsimile or letter.

20.2 *Delivery of communications*

Any communication or document to be made or delivered by one person to another under this Deed shall (unless that other person has by 15 days' written notice to the other party specified another address) be made or delivered to that other person at the facsimile number or address identified with that person's signature below and shall be deemed to have been made or delivered when receipt has been acknowledged (in the case of any communication by facsimile) or (in the case of posting) two working days after being deposited in the post postage prepaid in an envelope addressed to that person at that address provided that:

20.2.1 any communication or document to be made or delivered to the Charge Holders shall be effective only when received by the Charge Holders; and

20.2.2 any communication or document made or delivered after normal business hours in the place of receipt shall not be deemed to be made or delivered until opening of business on the next working day in such place.

21 **COUNTERPARTS**

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

22 **LAW**

This Deed shall be governed by English law.

IN WITNESS WHEREOF this Deed has been executed as a Deed by the Chargor and the Charge Holders and is intended to be and is hereby delivered on the date stated at the beginning of this Deed.

THE CHARGOR

EXECUTED as a DEED by David Wood (signature)
DAVID ANTHONY WOOD

In the presence of:

Witness Signature:

Peter m. Juddson

Witness Name:

PETER ROBERT JUDDSON

Witness Address:

14 CASTLEY LANE
OTLEY
LS21 2QB

Witness Occupation:

COMPANY DIRECTOR

THE CHARGE HOLDERS

EXECUTED as a DEED by K Wood (signature)
KAREN WOOD

In the presence of:

Witness Signature:

Peter m. Juddson

Witness Name:

PETER ROBERT JUDDSON

Witness Address:

14 CASTLEY LANE
OTLEY
LS21 2QB

Witness Occupation:

COMPANY DIRECTOR

THE CHARGE HOLDERS

EXECUTED as a DEED by David Wood (signature)
DAVID ANTHONY WOOD

In the presence of:

Peter M. Tindson

Witness Signature:

Witness Name:

PETER ROBERT TINDSON

Witness Address:

14 CASTLEY LANE
OTLEY
LS21 2PB

Witness Occupation:

COMPANY DIRECTOR

Address for notices to both Charge Holders:

Mail: Pension Practitioner, 48 Chorley New Road, Bolton,
Lancashire, BL1 4AP

Fax: 020 8711 2522