

# MR01

## Particulars of a charge



Companies House

A fee is payable with this form  
Please see 'How to pay' on the  
last page

You can use the WebFiling service to file this form online  
Please go to [www.companieshouse.gov.uk](http://www.companieshouse.gov.uk)

☒ **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 for**  
You may not use this form to  
register a charge where there is no  
instrument. Use form MR00

For further information, please  
refer to our guidance at  
[www.companieshouse.gov.uk](http://www.companieshouse.gov.uk)

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



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



LD4

\*L51E4R9U\*

24/02/2016

#43

COMPANIES HOUSE

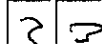
WEDNESDAY

### 1 Company details

Company number 0 0 0 1 5 4 5 4

Company name in full THE PRUDENTIAL ASSURANCE COMPANY LIMITED

For official use



#### → Filing in this form

Please complete in typescript or in  
bold black capitals

All fields are mandatory unless  
specified or indicated by \*

### 2 Charge creation date

Charge creation date 2 3 0 2 2 0 1 6

### 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 HANNOVER RUECK SE

Name

Name

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

MRO1

Particulars of a charge

<b>4</b>	<b>Brief description</b>	
Brief description	<p>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</p>	<p>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"</p> <p>Please limit the description to the available space</p>
	None	
<b>5</b>	<b>Other charge or fixed security</b>	
	<p>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</p> <p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p>	
<b>6</b>	<b>Floating charge</b>	
	<p>Is the instrument expressed to contain a floating charge? Please tick the appropriate box</p> <p><input checked="" type="checkbox"/> Yes Continue</p> <p><input type="checkbox"/> No Go to <b>Section 7</b></p> <p>Is the floating charge expressed to cover all the property and undertaking of the company?</p> <p><input type="checkbox"/> Yes</p>	
<b>7</b>	<b>Negative Pledge</b>	
	<p>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</p> <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>	
<b>8</b>	<b>Trustee statement <sup>1</sup></b>	
	<p>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</p> <p><input type="checkbox"/></p>	<p><sup>1</sup> This statement may be filed after the registration of the charge (use form MR06)</p>
<b>9</b>	<b>Signature</b>	
Signature	<p>Please sign the form here</p>	
	<p>Signature</p> <p><b>X</b> <i>Stapher and Me</i> <b>X</b></p> <p>LEGAL COUNSEL TO THE CHARGOR</p> <p>This form must be signed by a person with an interest in the charge</p>	

# 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 **PAUL MOYSES**

Company name **SLAUGHTER AND MAY**

Address **ONE BUNHILL ROW**

Post town **LONDON**

County/Region **LONDON**

Postcode **E C 1 Y 8 Y Y**

Country **ENGLAND**

DX

Telephone **020 7090 4247**



### 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 £13 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.companieshouse.gov.uk](http://www.companieshouse.gov.uk) or email [enquiries@companieshouse.gov.uk](mailto:enquiries@companieshouse.gov.uk)

**This form is available in an alternative format. Please visit the forms page on the website at [www.companieshouse.gov.uk](http://www.companieshouse.gov.uk)**



**FILE COPY**

## **CERTIFICATE OF THE REGISTRATION OF A CHARGE**

Company number: 15454

Charge code: 0001 5454 0033

The Registrar of Companies for England and Wales hereby certifies that a charge dated 23rd February 2016 and created by THE PRUDENTIAL ASSURANCE COMPANY LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 24th February 2016.

*f*

Given at Companies House, Cardiff on 1st March 2016



**Companies House**



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

We certify that, save for material  
retracted pursuant to s. 859G of the  
Companies Act 2006, this is a true copy.

AGREED FORM  
STRICTLY CONFIDENTIAL

Slaughter and May  
23 February 2016

*H. H. H. H. H.*

True

DATED 23 February 2016

THE PRUDENTIAL ASSURANCE COMPANY LIMITED  
as Chargor

- and -

HANNOVER RUECK SE  
as Chargee

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PAC SECURITY DEED

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Slaughter and May  
One Bunhill Row  
London EC1Y 8YY  
(MJXT/PGM)

532896099

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THIS DEED is made on 23 February 2016

**BETWEEN**

- (1) **THE PRUDENTIAL ASSURANCE COMPANY LIMITED**, a company incorporated in England (registered number 15454) whose registered office is at Laurence Pountney Hill, London EC4R 0HH (the "Chargor"), and
- (2) **HANNOVER RUECK SE**, a stock corporation incorporated under the laws of Germany with registered number HRB 6778 and having its registered office at Karl-Wiechert-Allee 50, 30625, Hannover, Germany (the "Chargee")

**WHEREAS**

- (A) Pursuant to a reinsurance agreement made between the Chargee (as reinsurer) and the Chargor (as ceding company) dated on or about the date hereof (as amended, supplemented and/or modified from time to time, the "**Reinsurance Agreement**"), the Chargee has agreed to reinsure the Chargor in respect of certain reinsurance claims relating to liabilities of the Chargor under the Reinsured Policies (as defined in the Reinsurance Agreement)
- (B) Pursuant to the Reinsurance Agreement, the Chargor has agreed to pay certain reinsurance fees to the Chargee
- (C) The Chargor has agreed to provide financial collateral for the benefit of the Chargee to secure the future obligations of the Chargor to the Chargee arising from or in respect of, and as set out in detail in, the Reinsurance Agreement, on and subject to the terms set out in this Deed

**IT IS AGREED**

**1 Definitions and Interpretation**

**1.1 In this Deed**

"**Account Control Agreement**" means an account control agreement entered into on or about the date of this Deed by the Chargor, the Chargee, the Investment Manager and the Custodian in relation to the Secured Accounts, as the same may be replaced from time to time in accordance with clause 27 of the Reinsurance Agreement;

"**Agreements**" has the meaning given to it in the Reinsurance Agreement,

"**Alternative Security Arrangement**" has the meaning given to it in the Reinsurance Agreement,

"**Business Day**" means any day, other than Saturday and Sunday, on which banks are generally open for business in London, the UK and in Germany (other than solely for trading and settlement in euro),



**"Capital Resources Event"** means the Chargor not having capital resources equal at least to its capital resources requirement (with the capital resources and capital resources requirement being determined according to applicable insurance regulatory laws and regulations or, following the implementation in the United Kingdom of the Solvency II Directive, the Chargor not holding eligible basic own funds equal at least to its minimum capital requirement (being its "MCR" as referred to in Article 129 of the Solvency II Directive) as calculated in accordance with the applicable law or regulations implementing the Solvency II Directive),

**"Cash"** means any Deposits denominated in GBP and such other currency or currencies as may from time to time be agreed in writing between the Parties,

**"Cash Collateral"** means Collateral comprising Cash,

**"Charged Property"** means the property, assets and rights (including the Collateral) for the time being subject to the security granted pursuant to this Deed,

**"Clearing System"** means Euroclear Bank S A /N V, Clearstream Banking, Société Anonyme, Luxembourg, The Depository Trust & Clearing Corporation and any other person whose business is or includes the provision of clearance services or the provision of security accounts or any nominee or depositary for any such person, which system is from time to time used in connection with transactions relating to Non-Cash Assets,

**"Collateral"** means all the Cash or Non-Cash Assets which stand to the credit of a Secured Account from time to time delivered pursuant to this Deed, together with all Proceeds, interest, substitutions for and additions to the foregoing and which have not been redelivered, distributed, paid or otherwise transferred to the Chargor,

**"Collateral Rights"** means all rights, powers and remedies of the Chargee provided by this Deed or by law,

**"Custodian"** means HSBC Bank plc or any successor Custodian appointed in accordance with clause 27 of the Reinsurance Agreement,

**"Custodian Agreement"** means the global custody agreement dated 4 July 2001 (as amended by way of supplemental agreements dated 20 January 2004 and 18 May 2005) pursuant to which the Custodian acts as custodian of the Chargor, entered into between the Custodian and M&G Investment Management Limited as agent of the Chargor, which is referred to as an "Underlying Client" therein, as replaced from time to time in accordance with clause 27 of the Reinsurance Agreement,

**"Delegate"** means any person appointed pursuant to Clause 13.1 and any person appointed as an attorney of the Chargee and/or any Receiver,

**"Deposit"** means each credit balance from time to time on a Secured Account and all rights, benefits and proceeds in respect thereof,

**"Eligible Collateral"** has the meaning given to it in the Reinsurance Agreement,

**"Eligible Value"** has the meaning given to it in the Reinsurance Agreement,

**"Encumbrance"** means any mortgage, charge, pledge, lien, hypothecation, assignment, trust arrangement, right of set-off, option, restriction, right of first refusal, right of pre-emption, third party right or interest, other encumbrance or security interest of any kind, or other type of preferential arrangement (including without limitation, a title transfer or retention arrangement) having similar effect (other than a lien routinely imposed on securities in a relevant Clearing System), except to the extent that the same arises from the express terms of the Custodian Agreement and the Account Control Agreement,

**"Enforcement Notice"** means a notice in the form appearing in Part C of Schedule 2 (*Form of Enforcement Notice*) served by the Chargee on the Chargor in accordance with Clause 10.1 notifying the Chargor that an Event of Default has occurred and that the Chargee intends to enforce the security conferred on it hereunder,

**"Event of Default"** means

- (a) the failure by the Chargor at any time after the Termination Effective Date
  - (i) to pay any amount required under the Agreements, or
  - (ii) to deliver additional Eligible Collateral in accordance with clause 25.2 of the Reinsurance Agreement, save where such failure constitutes an Excluded Event of Default, or
- (b) the occurrence of an Insolvency Event with respect to the Chargor,

**"Excluded Event of Default"** means any failure by the Chargor to deliver additional Eligible Collateral as required under the Agreements where such failure arises out of

- (a) a Force Majeure Event, or
- (b) a change in the law of England and Wales, Scotland, Germany or the Home State of the Chargor or Chargee such that it becomes unlawful for either Party to perform material parts of their obligations under the Agreements,

**"GBP"** and **"£"** mean British pounds sterling,

**"Insolvency Event"** has the meaning given to it in the Reinsurance Agreement,

**"Interest Rate"** has the meaning given to it in the Reinsurance Agreement,

**"Investment Manager"** means the investment manager of the Collateral held in the Secured Accounts from time to time, being, on the date hereof, MAGIM,

**"LPA 1925"** means the Law of Property Act 1925,

**"MAGIM"** means M&G Investment Management Limited, a company incorporated in England and Wales with registered number 0936683 and with its registered office at Laurence Pountney Hill, London EC4R 0HH,

**"MAGIM Control Notice"** means the notice to be served on the Custodian pursuant to Clause 18 by the Chargee following the remedy or waiver of a Relevant Event, in the form set out in Part B of Schedule 2 (*Form of MAGIM Control Notice*),

**"Non-Cash Assets"** means assets denominated in GBP, or in any other currency, other than Cash (and, for the avoidance of doubt, this includes, without limitation, any loans or similar lending instruments, debt or equity, securities, all financial or derivative instruments and contracts and similar assets) and any other such assets which the Chargor may deposit in a Secured Account from time to time and shall include the certificates and other documents of or evidencing title and transfer in respect of the foregoing (as appropriate),

**"Non-Cash Collateral"** means Collateral comprising Non-Cash Assets,

**"Notice of Termination"** means a notice of termination validly given by a party to, and in accordance with the terms of, the Reinsurance Agreement,

**"PAC Reinsurance Fee Collateral Amount"** has the meaning given to it in the Reinsurance Agreement,

**"Parties"** means the Chargor and the Chargee and **"Party"** shall mean either of them as the context may indicate,

**"Permitted Encumbrance"** means any Encumbrance existing at any time (a) in favour of the Chargee, (b) in favour of the Custodian under the Custodian Agreement and/or the Account Control Agreement, (c) in favour of any Sub-custodian arising by operation of law or by reason of its agreement with the Custodian, (d) granted to a cedant for the purposes of enabling such cedant to recover from the Chargor pursuant to a reinsurance agreement the amount that it would have received if it had been a direct policyholder of the Chargor (and not been subordinated pursuant to the Insurers (Reorganisation and Winding-Up) Regulations 2004) which is subordinated to the charges created by this Deed, or (e) to which the Chargee gives its prior written consent,

**"Proceeds"** means all principal, interest, dividends and other payments (including margin payments) and distributions of Cash or other property paid or distributed in connection with all Non-Cash Collateral and all rights, privileges and other securities of every kind distributed, derived from or offered with respect to or in exchange for such Non-Cash Collateral including by way of redemption, substitution, conversion, exchange, reorganisation, restructuring, takeover offer, tender offer, merger, bonus or preference, under option rights or otherwise. For the avoidance of doubt, Proceeds will not include any item of property acquired by the Chargee upon any disposition or liquidation of Collateral,

**"Receiver"** means a receiver appointed under this Deed,

**"Reinsurance Fee"** has the meaning given to it in the Reinsurance Agreement,

**"Reinsurance Fee PV"** has the meaning given to it in the Reinsurance Agreement,

**"Relevant Event"** means

- (a) the service of a notice of termination in respect of the Custodian Agreement, or the termination of the Custodian Agreement, in circumstances where an Alternative Security Arrangement has not been put in place
  - (i) where notice of termination has been given in respect of the Custodian Agreement, by the Business Day preceding the date of termination, or
  - (ii) in the case of automatic termination of the Custodian Agreement, within 20 Business Days after termination,
- (b) the occurrence of a PAC Fault Termination Event or a Neutral Termination Event, or any event or circumstance specified in Schedule 8 (*Termination Events*) of the Reinsurance Agreement which would (with the expiry of a grace period, the giving of notice, the making of any determination under the Agreements or any combination of the foregoing) be a PAC Fault Termination Event or a Neutral Termination Event,
- (c) the Credit Rating of PAC falling below A- (or equivalent), or
- (d) the occurrence of any of the events set out in paragraphs (a) to (d) of Clause 3.3,

**"Restricted Period"** means any time at which

- (a) the floating charge created pursuant to Clause 3.1 has been crystallised (and has not subsequently been reconverted to a floating charge pursuant to Clause 3.4), and
- (b) a Secured Party Control Notice has been delivered by the Chargee to the Custodian (and which has not been superseded by a MAGIM Control Notice),

**"Secured Account"** means each account of the Chargor set out in Schedule 1 to this Deed held with the Custodian under the Custodian Agreement and subject to the Account Control Agreement, or any replacement account opened from time to time with the Custodian or with an alternate custodian appointed pursuant to the Reinsurance Agreement and/or the Account Control Agreement,

**"Secured Obligations"** means all obligations or liabilities of the Chargor arising from or in respect of the Reinsurance Agreement or this Deed at any time due, owing or incurred by the Chargor to the Chargee whether present or future, actual or contingent, and whether incurred alone or jointly, as principal or as surety or in some other capacity together with all interest thereon,

**"Secured Party Control Notice"** means the notice to be served on the Custodian pursuant to Clause 18 by the Chargee following a Relevant Event, in the form set out in Part A of Schedule 2 (*Form of Secured Party Control Notice*),

**"Sub-custodian"** means any bank or financial institution appointed by the Custodian pursuant to the Custodian Agreement which may from time to time hold the Collateral or any part of it on behalf of the Custodian for the Chargor,

**"Termination Effective Date"** has the meaning given to it in the Reinsurance Agreement,

**"Underlying Client"** as used in the Account Control Agreement and as referred to in this Deed, means the Chargor,

**"Unrestricted Period"** means any period which is not a Restricted Period, and

**"Valuation Percentage"** has the meaning given to it in the Reinsurance Agreement

1 2 In this Deed, unless otherwise specified, any reference to

- (a) **"assets"** includes properties, revenues and rights of every kind, present, future and contingent, and whether tangible or intangible,
- (b) **"authorisation"** or **"consent"** shall be construed as including any authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration,
- (c) a **"company"** includes any company, corporation or other body corporate, wherever and however incorporated or established,
- (d) **"continuing"** has the meaning given to it in the Reinsurance Agreement,
- (e) **"this Deed"** or any other agreement or instrument is a reference to this Deed or other agreement or instrument as it may have been amended, supplemented, replaced or novated from time to time and includes a reference to any document which amends, supplements, replaces, novates or is entered into, made or given pursuant to or in accordance with any of the terms of this Deed or, as the case may be, the relevant deed, agreement or instrument,
- (f) **"law"** includes any present or future common or customary law, principles of equity and any constitution, decree, judgment, decision, legislation, statute, order, ordinance, regulation, bye-law or other legislative measure in any jurisdiction or any present or future official directive, regulation, guideline, request, rule, code of practice, treaty or requirement (in each case, whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the general practice of a person to whom the directive, regulation, guideline, request, rule, code of practice, treaty or requirement is intended to apply) of any governmental, intergovernmental or

supranational body, agency, department or regulatory, self-regulatory or other authority or organisation,

- (g) a **"person"** includes any natural person, firm, company, government, state or agency of a state, any local or municipal authority, trust or any association or partnership (whether or not having separate legal personality) of two or more of the foregoing, and
- (h) **"rights"** includes all rights, title, benefits, powers, privileges, interests, claims, authorities, discretions, remedies, liberties, easements, quasi easements and appurtenances (in each case, of every kind, present, future and contingent)

### 1 3 Interpretation of this Deed

- (a) Unless a contrary indication appears, a reference to any party or person shall be construed as including its and any subsequent successors in title, permitted transferees and permitted assigns, in each case in accordance with their respective interests
- (b) Unless a contrary indication appears, a reference to a time of day shall be construed as referring to London time
- (c) The terms **"include"**, **"includes"** and **"including"** shall be construed without limitation
- (d) References in this Deed to any Clause or Schedule shall be to a clause or schedule contained in this Deed
- (e) Clause and Schedule headings are for ease of reference only and shall be ignored in construing this Deed
- (f) Unless a contrary indication appears, references to any provision of any law are to be construed as referring to that provision as it may have been, or may from time to time be, amended or re-enacted, and as referring to all bye laws, instruments, orders, decrees, ordinances and regulations for the time being made under or deriving validity from that provision

### 1 4 Any capitalised term used in this Deed, which is not defined herein, but which is defined in the Account Control Agreement, the Reinsurance Agreement or the Custodian Agreement shall have the meaning given to it in the Account Control Agreement, the Reinsurance Agreement or the Custodian Agreement, as the case may be, provided that to the extent there is any conflict between the definitions in

- (a) this Deed and any other Agreement, the definitions in this Deed shall prevail, and
- (b) the Custody Agreement, the Account Control Agreement and the Reinsurance Agreement (but not this Deed), the definitions in the Reinsurance Agreement shall prevail

## 2 **Covenant to Pay**

The Chargor shall pay and discharge all Secured Obligations in accordance with the Reinsurance Agreement

## 3 **Floating Charge**

3 1 As continuing security for the full and punctual payment, performance and discharge of the Secured Obligations, the Chargor, with full title guarantee, charges to the Chargee by way of first floating charge, all right, title and interest from time to time in and to each Secured Account and the Collateral (the "**Charged Collateral**")

3 2 Without prejudice to Clause 3 3, the Chargee may at any time after a Relevant Event has occurred and is continuing, convert the floating charge created by Clause 3 1 into a fixed charge on all or such of the Charged Collateral as shall be specified (whether generally or specifically) by notice to the Chargor

3 3 Notwithstanding Clause 3 2, and without prejudice to any law relating to the automatic conversion of a floating charge into a fixed charge, if, without the prior written consent of the Chargee

- (a) the Chargor creates or permits to subsist any Encumbrance (other than a Permitted Encumbrance) on, over or with respect to any of the Charged Collateral, or attempts to do so,
- (b) any person levies or attempts to levy any distress, attachment, execution or other legal process against any of the Charged Collateral,
- (c) an Insolvency Event occurs with respect to the Chargor, or
- (d) a Capital Resources Event occurs with respect to the Chargor,

then the floating charge created by Clause 3 1 shall, with effect from the instant before such event occurs, be treated as having automatically converted into a fixed charge

3 4 The Chargee may, at any time after crystallisation of the charge pursuant to Clause 3 2 or Clause 3 3 (and shall, following the remedy or waiver of the Relevant Event entitling the Chargee to give notice of crystallisation pursuant to Clause 3 2), reconvert the crystallised charge into a floating charge on all or such of the Charged Collateral as shall be specified (whether generally or specifically) by notice to the Chargor (which shall be all of the Charged Collateral following the remedy or waiver of the Relevant Event entitling the Chargor to give notice of crystallisation pursuant to Clause 3 2)

## 4 **Assignment**

As continuing security for the full and punctual payment, performance and discharge of the Secured Obligations, the Chargor, with full title guarantee, hereby assigns by way of security in favour of the Chargee

- (a) all its rights, title and interest from time to time in under and in connection with the Account Control Agreement or otherwise arising in connection with any Collateral, and
- (b) all its rights, title and interest from time to time in under and in connection with the Custody Agreement to the extent that such rights, title and interest pertain to the Collateral

## **5 Nature and Protection of Security**

- 5 1 The security created by this Deed shall be a continuing security and shall remain in full force and effect as a continuing security unless and until released or discharged by the Chargee pursuant to this Deed, and will extend to the ultimate balance of all the Secured Obligations regardless of any intermediate discharge or payment in whole or in part. The security constituted by this Deed shall be in addition to and shall not merge with any other security now or subsequently held by the Chargee for all of or any of the Secured Obligations
- 5 2 Notwithstanding any contrary provision of this Deed or of the Agreements, the amount recoverable by the Chargee under this Deed and the liability of the Chargor to the Chargee under this Deed shall not exceed the Reinsurance Fee PV from time to time and the Chargee shall have no right or interest in any Charged Property remaining after the Chargee has received the amounts referred to in Clause 10
- 5 3 The Chargee need not, before exercising any of the rights, title, benefit and interest conferred upon it by this Deed or by law (i) take action or obtain judgement against the Chargor or any other person in any court, (ii) make or file any claim or proof in the liquidation of the Chargor or any other person or (iii) enforce or seek to enforce the recovery of the moneys and liabilities hereby secured or enforce or seek to enforce any other security interest or guarantee
- 5 4 Each of the charges on the terms set out in Clause 3 and the assignment on the terms set out in Clause 4 constitutes and effects an immediate and full charge and/or assignment of the Charged Property and shall be effective, and the security intended to be created by this Deed shall be constituted, immediately upon its execution
- 5 5 Notwithstanding but without prejudice to Clause 5 4 and Clause 8, the Chargor shall continue to be entitled to receive payments and to exercise all of the rights, powers, discretions, claims and remedies which would (but for this Deed) be vested in the Chargor under and in respect of the Charged Property unless and except to the extent that either
  - (a) any such exercise is prohibited by or would contravene, or result in a contravention of, or would conflict with the rights of the Chargee under, this Deed, or
  - (b) the Chargee requires otherwise following service of an Enforcement Notice



- 5 6 The Chargor shall remain at all times bound by and liable to perform all of the obligations and liabilities assumed by it under or in respect of the Charged Property to the same extent as if the security created pursuant to this Deed had not been created
- 5 7 The exercise by the Chargee or any Receiver, or any of its or their agents or nominees, of any of the rights, benefits, interests or claims created pursuant to this Deed shall not release the Chargor from any of its obligations towards the Chargee
- 5 8 If any discharge (whether in respect of the obligations of the Chargor or any security for those obligations or otherwise) or arrangement is made in whole or in part by the Chargee on the faith of any payment, security or other disposition which is avoided or must be restored upon insolvency, liquidation, administration or otherwise without limitation, the liability of the Chargor under this Deed will continue or be reinstated as if the discharge or arrangement had not occurred
- 5 9 No failure to exercise, nor any delay in exercising, on the part of the Chargee, any Collateral Rights shall operate as a waiver, nor shall any single or partial exercise of a Collateral Right prevent any further or other exercise of that or any other Collateral Right
- 5 10 If the Chargee at any time receives notice of any subsequent mortgage, assignment, charge or other similar interest affecting all or any part of the Collateral, all payments made by the Chargor to the Chargee after that time shall be treated as having been credited to a new account of the Chargor and not as having been applied in reduction of the Secured Obligations as at the time when the Chargee received notice
- 5 11 Without prejudice to the other provisions of this Clause 5, neither this Deed nor the security created under this Deed nor the liability of the Chargor for the Secured Obligations shall be prejudiced or affected by
  - (a) any variation or amendment of, or waiver or release granted under or in connection with, any other security or any guarantee or indemnity or other document, or
  - (b) any time or waiver granted, or any other indulgence or concession granted, by the Chargee to the Chargor or any other person, or
  - (c) the taking, holding, failure to take or hold, varying, realisation, non-enforcement, non-perfection or release by the Chargee or any other person of any other security or any guarantee or indemnity or other document, or
  - (d) the insolvency, administration, reorganisation, liquidation or dissolution of, or any analogous proceeding in respect of, the Chargor or any other person, or
  - (e) any change in the constitution of the Chargor, or
  - (f) the existence of any claim, set-off or other right which the Chargor may have at any time against the Chargee or any other person, or

- (g) the making or absence of any demand for payment or discharge of any Secured Obligations on the Chargor or any other person, whether by the Chargee or any other person, or
- (h) any other thing done or omitted or neglected to be done by the Chargee or any other person or any other dealing, fact, matter or thing which, but for this provision, might operate to prejudice or affect any of the security interests created under this Deed or the liability of the Chargor for the Secured Obligations

## **6 Representations**

- 6 1 The Chargor repeats the representations and warranties set out in clause 33 1(A) to (J) (*Representations and warranties*) of the Reinsurance Agreement on the date of this Deed by reference to the facts and circumstances existing as at the date of this Deed
- 6 2 The Chargor represents and warrants to the Chargee that each of the Custodian Agreement and the Account Control Agreement is in full force and effect as at the date of this Deed and that no amendment has been made to the Custodian Agreement since the date of the Reinsurance Agreement other than any amendment that has been disclosed in writing to the Chargee and which has not resulted and is not likely to result in a material adverse effect on the security of the Chargee
- 6 3 The Chargor represents and warrants to the Chargee that
  - (a) any Collateral held in a Secured Account on the date hereof is free of any Encumbrance other than a Permitted Encumbrance, and
  - (b) the security interests created under this Deed are (subject to completion of all registrations required by law, and to any bankruptcy, insolvency, liquidation, or other similar laws of general application) legal, valid, binding and enforceable security having the priority and ranking which they are expressed to have

## **7 Covenants and Undertakings**

- 7 1 The undertakings in this Clause 7 are given to the Chargee by the Chargor and will remain in force from the date of this Deed for so long as any of the Secured Obligations is outstanding or any security interest created under this Deed has not been released or discharged
- 7 2 The Chargor shall promptly obtain, comply with and do all that is necessary to maintain in full force and effect any authorisation required under any law or regulation of its jurisdiction of incorporation to enable it to create security and perform its obligations under this Deed and to ensure the legality, validity, enforceability or admissibility in evidence in its jurisdiction of incorporation of this Deed and the security created under this Deed
- 7 3 The Chargor shall not (and shall ensure that the Investment Manager shall not), without the prior written consent of the Chargee

- (a) sell, transfer or otherwise dispose of any of the Charged Property other than in accordance with the terms of this Deed,
- (b) create or permit to subsist any Encumbrance over any of the Charged Property (other than a Permitted Encumbrance), without the prior written consent of the Chargee,
- (c) permit or agree to any variation of its rights under the Custodian Agreement and/or the Account Control Agreement, where such variation would
  - (i) have a material adverse effect on the Secured Accounts or its or the Chargee's rights in respect thereof, or
  - (ii) amount to a material amendment to its or the Custodian's or the Investment Manager's obligations thereunder,

provided that the Chargor shall, to the extent reasonably practicable, give notice in writing to the Chargee prior to permitting or agreeing to any such proposed variation,
- (d) give any instruction that contravenes any of the Chargor's obligations under the Agreements or this Deed,
- (e) remove or permit the withdrawal of any Charged Collateral from the Secured Accounts or the sale or other disposition of the Charged Collateral except as permitted pursuant to this Deed, or
- (f) permit its right, title and interest in and to the Charged Property to be conferred on any other person other than as permitted pursuant to this Deed

## **8 Exchange, Substitution and Withdrawal of Collateral**

8.1 During a Restricted Period, neither the Chargor nor the Investment Manager (acting on behalf of the Chargor) shall sell, dispose of or otherwise transfer out of a Secured Account, all or any part of the Collateral without the prior written consent of the Chargee. Such consent shall not be unreasonably withheld or delayed by the Chargee (and the Chargee shall execute an instruction requiring such transfer to be effected) if the Chargor wishes to transfer out of a Secured Account all or any part of the Collateral in that Secured Account

- (a) on terms whereby
  - (i) Collateral in the Secured Accounts (the "**Substituted Collateral**") is to be substituted by the Chargor for replacement Eligible Collateral with an Eligible Value which is at least equal to the Eligible Value of the Collateral to be transferred out of the Secured Account (the "**Replacement Collateral**"),

- (ii) the Chargor deposits the Replacement Collateral in a Secured Account prior to the Substituted Collateral being transferred out of the relevant Secured Accounts, and
    - (iii) the aggregate Eligible Value of Collateral in the Secured Accounts following such substitution is not less than the PAC Reinsurance Fee Collateral Amount, or
  - (b) where the Chargor is entitled to remove such Collateral from a Secured Account pursuant to clause 25 (*Collateral Arrangements in Respect of Reinsurance Fee*) of the Reinsurance Agreement)
- 8 2 At any time during an Unrestricted Period, and subject to the terms of the Reinsurance Agreement, the Investment Manager (acting on behalf of the Chargor) shall be entitled, to deal with Charged Property in the manner described in Clauses 8 1(a) and 8 1(b) above without the consent of the Reinsurer, provided always that the Eligible Value of the Charged Property shall not, as a result of such dealings, fall below the most recently determined PAC Reinsurance Fee Collateral Amount
- 8 3 The withdrawal of any Collateral from a Secured Account shall be effected by the debit of such assets from the relevant Secured Account and the release of such Collateral from the security created by this Deed in accordance with the provisions of Clause 25
- 8 4 The Chargor shall give not less than 1 Business Day's written notice to the Chargee prior to undertaking any dealings in the Collateral or any withdrawal of Collateral pursuant to Clause 8 2
- 8 5 The Chargee shall give any consent under Clause 8 1 in writing and, if such consent is given, execute the instruction referred to in Clause 8 1 by appropriate authorised signatories, as soon as reasonably practicable and in any event within 5 Business Days of the time of delivery of the request, provided that the Chargee is able (other than for reasons caused by it, or within its control, or due to its own technical or systems-related issues) to access electronically account information pertaining to the Secured Accounts during the relevant period. For the avoidance of doubt, this Clause 8 5 shall be without prejudice to the right of the Chargee to reasonably withhold or delay its consent to the matters described Clause 8 1

## 9 Further assurance

The Chargor shall at its own expense execute all documents and do or procure all things (including the delivery, transfer, assignment or payment of all or part of the Collateral to the Custodian or Sub-custodian on behalf of the Chargee) that the Chargee may reasonably consider to be necessary for (a) enforcing its security under this Deed or (b) conferring on the Chargee security over any Collateral located outside England and Wales equivalent or similar to the security intended to be conferred on the Chargee by or pursuant to this Deed or (c) perfecting and protecting its security over or title to all or any part of the Charged Property, or perfecting or protecting the priority of such security or (d) enabling the Chargee to vest and transfer all or part of the Collateral in its

name or in the name of its nominee(s), agent or any purchaser in the enforcement of its security under this Deed

## **10 Enforcement of Security**

- 10 1 The Chargee may, at any time after the occurrence of an Event of Default which is continuing, serve an Enforcement Notice on the Chargor, with a copy to the Custodian, which notice shall take effect immediately following service (and provided that no failure on the part of the Chargee to copy such notice to the Custodian shall invalidate the same)
- 10 2 At any time after the service of an Enforcement Notice, the security created by or pursuant to this Deed shall be immediately enforceable and the Chargee may, without notice to the Chargor or prior authorisation from any court, in its absolute discretion, but subject to Clause 18 2 and Clause 18 5
- (a) enforce all or any part of that security (at the times, in the manner and on the terms it thinks fit),
  - (b) sell or otherwise dispose of all or any part of the Charged Property The Chargee shall be entitled to apply the proceeds of such sale or other disposal received by it or any Receiver in paying the costs of that sale or disposal and in or towards the discharge of the Secured Obligations The Chargee shall be entitled to treat any Cash Collateral as if it were the proceeds of such sale or other disposal, and
  - (c) whether or not it has appointed a Receiver, exercise all or any of the powers, authorities and discretions conferred by the LPA 1925 (as varied or extended by this Deed) on mortgagees and by this Deed on any Receiver or otherwise conferred by law on mortgagees or receivers
- 10 3 Notwithstanding any other provisions of this Deed, the Secured Obligations shall be deemed for the purposes of section 101 of the LPA 1925 to have become due and payable within the meaning of section 101 of the LPA 1925, and the power of sale and other powers conferred on mortgagees by the LPA 1925 as varied or extended by this Deed including the power to appoint a receiver or an administrative receiver shall arise, immediately on execution of this Deed
- 10 4 The restrictions contained in sections 93 and 103 of the LPA 1925 shall not apply to this Deed or to the exercise by the Chargee or any Receiver of its right to consolidate all or any of the security created by or pursuant to this Deed with any other security in existence at any time or to its power of sale, which powers shall be immediately exercisable by the Chargee or any Receiver without notice to the Chargor at any time after the security created by or pursuant to this Deed has become enforceable
- 10 5 A certificate in writing by an officer or agent of the Chargee that any power of sale or other disposal has arisen and is exercisable shall, in the absence of manifest error, be conclusive evidence of that fact in favour of a purchaser of all or any part of the Collateral

- 10 6 Neither the Chargee nor any Receiver shall be liable to account as mortgagee or mortgagee in possession in respect of the Non-Cash Collateral or be liable for any loss upon realisation or for any neglect or default of any nature whatsoever in connection with the Non-Cash Collateral for which a mortgagee or mortgagee in possession might as such be liable, unless any such loss is caused by the Chargee or the Receiver acting with fraud, gross negligence or wilful misconduct

## 11 Power of attorney

The Chargor, by way of security, irrevocably appoints the Chargee (or such person as the Chargee may nominate) and any Receiver severally as its attorney and in its name, on its behalf and as its attorney to execute, deliver and perfect all documents and do all things in the name of the Chargor or the Chargee (as the attorney may decide) that the Chargee may reasonably consider to be necessary for (a) carrying out any obligation imposed on the Chargor under this Deed or (b) exercising any of the Collateral Rights. The Chargee shall ratify and confirm all things reasonably done and all documents reasonably executed by the Chargee or the Receiver in the exercise of that power of attorney

## 12 Receiver

- 12 1 At any time after the security created by or pursuant to this Deed has become enforceable, the Chargee may by deed or otherwise (acting through an authorised officer of the Chargee), without prior notice to the Chargor
- (a) appoint one or more persons to be a Receiver in respect of the Charged Property;
  - (b) remove (so far as they are lawfully able) any Receiver so appointed, and
  - (c) appoint another person (or persons) as an additional or replacement Receiver (or Receivers)
- 12 2 Any Receiver may be appointed in respect of the whole or any part of the Charged Property specified in the instrument appointing him and different Receivers may be appointed in respect of different parts of the Charged Property
- 12 3 The powers of appointment of a Receiver conferred on the Chargee by this Deed shall be in addition to all statutory and other powers of appointment conferred by the LPA 1925 (as extended by this Deed), the Insolvency Act 1986 or otherwise and such powers shall remain exercisable from time to time by the Chargee in respect of any part of the Charged Property
- 12 4 Each Receiver shall be
- (a) entitled to act individually or together with any other person appointed or substituted as Receiver (except as otherwise stated in the instrument of appointment),

- (b) deemed for all purposes to be the agent of the Chargor which shall be solely responsible for his acts, defaults and liabilities and for the payment of his remuneration and no Receiver shall at any time act as agent for the Chargee, and
  - (c) entitled to remuneration for his services at a reasonable rate to be fixed by the Chargee from time to time (without being limited to the maximum rate specified by the LPA 1925)
- 12 5 Sections 109(1), (6) and (8) of the LPA 1925 shall not apply to a Receiver appointed under this Deed
- 12 6 Every Receiver shall (subject to any restrictions in the instrument appointing him but notwithstanding any winding-up or dissolution of the Chargor) have and be entitled to exercise, in relation to the Charged Property (and any assets of the Chargor which, when got in, would be Charged Property) in respect of which he was appointed (in the name of or on behalf of the Chargor or in his own name and, in each case, at the cost of the Chargor)
  - (a) all the powers conferred by the LPA 1925 on mortgagees and mortgagees in possession and on receivers appointed under that Act,
  - (b) all the powers of an administrative receiver set out in Schedule 1 to the Insolvency Act 1986 (whether or not the Receiver is an administrative receiver),
  - (c) all the powers and rights of an absolute owner and the power to do or omit to do anything which the Chargee itself could do or omit to do, and
  - (d) the power to do all things (including bringing or defending proceedings in the name or on behalf of the Chargor) which the Receiver considers incidental or conducive to
    - (i) any of the functions, powers, authorities or discretions conferred on or vested in him,
    - (ii) the exercise of the Collateral Rights (including realisation of all or any part of the Charged Property), or
    - (iii) bringing to his hands any assets of the Chargor constituting, or which when got in would be, Charged Property
- 12 7 To the fullest extent permitted by law, any right, power or discretion conferred by this Deed (expressly or impliedly) upon a Receiver may, at any time after the security created by or pursuant to this Deed becomes enforceable, be exercised by the Chargee, without prior notice to the Chargor in relation to any Charged Property, irrespective of whether or not it has taken possession of the Charged Property and without first appointing a Receiver or notwithstanding the appointment of a Receiver

### **13 Discretion and delegation**

- 13 1 Each of the Chargee and any Receiver shall have full power to delegate to any person (either generally or specifically) the powers, authorities and discretions conferred on it by this Deed (including any power of attorney) on such terms and conditions as it shall see fit which delegation shall not preclude the subsequent exercise of those powers, authorities or discretions by the Chargee or the Receiver, any revocation of the delegation or any subsequent delegation of any such powers, authorities and discretions. Neither the Chargee nor any Receiver shall be bound to supervise, or be in any way responsible for any loss incurred by reason of any misconduct or default (other than wilful default, gross negligence or fraud) on the part of, any Delegate
- 13 2 Subject to and without prejudice to Clause 13 1, each Party (the "**Delegating Party**") may by notice in writing to the other Party appoint an agent to perform the Delegating Party's obligations under this Deed, provided that the Delegating Party shall be liable for the conduct of the agent to the same extent as it is liable for its own conduct. The Chargor hereby notifies the Chargee that it appoints M&G Investment Management Limited as its agent in accordance with the provisions of this Clause 13 2 and the Chargee accepts such appointment

### **14 No liability**

- 14 1 None of the Chargee, any Receiver or Delegate or any of their respective officers, employees, agents or attorneys shall be liable to the Chargor or any other person by reason of
- (a) taking any action permitted by this Deed,
  - (b) taking possession of or realising all or any part of the Charged Property,
  - (c) any neglect, default or omission in connection with the Charged Property; or
  - (d) the exercise, or the attempted or purported exercise, of any of the Collateral Rights,
- in each case, except in the case of gross negligence, wilful default, fraud or breach of duty on its part
- 14 2 Without limiting Clause 14 1, entry into or taking possession of all or any part of the Charged Property shall not render the Chargee or any Receiver or Delegate liable to account as a mortgagee in possession and, if and whenever the Chargee or any Receiver or Delegate enters into or takes possession of the Charged Property, it shall be entitled at any time at its discretion to go out of such possession

### **15 Protection of purchasers**

- 15 1 No person dealing with the Chargee or any Receiver or Delegate shall be bound to enquire



- (a) whether the rights conferred by or pursuant to this Deed have arisen or become exercisable,
- (b) whether any consents, regulations, restrictions or directions relating to such rights have been obtained or complied with,
- (c) otherwise as to the propriety or regularity of acts purporting or intended to be in exercise of any such rights, or
- (d) as to the application of any money borrowed or raised or whether any amount remains secured by this Deed

15 2 All the protection afforded to purchasers contained in Sections 104, 107 and 109 of the LPA 1925, section 42(3) of the Insolvency Act 1986 (where a Receiver is an administrative receiver) or in any other applicable legislation shall apply to any person purchasing from or dealing with the Chargee or any Receiver or Delegate

15 3 The receipt of the Chargee, any Receiver or Delegate shall be an absolute and conclusive discharge to any purchaser of the Charged Property and shall relieve such purchaser of any obligation to see to the application of any monies paid to or by the direction of the Chargee or any Receiver or Delegate and, in making any sale or disposal of any of the Charged Property or in making any acquisition, the Chargee or any Receiver or Delegate may do so for such consideration, in such manner and on such terms as it thinks fit

## **16 Right of appropriation**

16 1 To the extent that any of the Charged Property, this Deed and the rights and obligations of the parties under this Deed constitute a "security financial collateral arrangement" (as defined in and for the purposes of, the Financial Collateral Arrangements (No 2) Regulations 2003 (SI 2003/3226) (the "**Regulations**")), the Chargor shall have the benefit of all of the rights of a collateral taker conferred upon it by the Regulations, including the right to appropriate all or any part of the financial collateral (as defined in the Regulations) in or towards discharge of the Secured Obligations in such order as the Chargee shall (in its absolute discretion) determine, and thereafter in payment of any surplus to the Chargor or other person entitled to it

16 2 Where, upon an appropriation under this Clause 16 or otherwise, it is necessary to determine the value of the financial collateral (as defined in the Regulations) so appropriated, the Parties agree that the value of the financial collateral shall be the value as determined by the Chargee as at the time of appropriation by reference to a reputable independent pricing source selected in good faith and at a commercially reasonable manner by the Chargee. Where the Chargee exercises its rights of appropriation and the value of the Collateral appropriated differs from the amount of the Secured Obligations then either (i) the Chargee must account to the Chargor for the amount by which the value of the Collateral appropriated exceeds the Secured Obligations or (ii) the Chargor will remain liable to the Chargee for any amount by which the value of the Collateral appropriated is less than the Secured Obligations. On exercise of the right of appropriation the Chargee shall give notice to the Chargor in any

manner permitted under Clause 22. The parties agree that the method of valuation provided for in this Deed is a commercially reasonable method of valuation for the purposes of the Regulations.

## **17 Collateral**

- 17.1 Upon an Enforcement Notice taking effect in accordance with Clause 10 (*Enforcement of Security*), or (subject to Clause 18.2) upon a Secured Party Control Notice taking effect in accordance with Clause 18, the Chargee shall be entitled, without notice or further demand, immediately to exercise all the rights, powers and remedies possessed by it according to law as assignee of the rights of the Chargor under the Custodian Agreement and/or the rights of the Chargor against the Custodian or the Investment Manager under the Account Control Agreement.
- 17.2 Subject to Clause 18.2, in respect of Cash Collateral, the Chargee may at any time and without notice to the Chargor, apply the Cash Collateral in or towards payment or discharge of any amounts payable by the Chargor with respect to any Secured Obligation in such order as the Chargee sees fit, or set off all or any part of any amount payable by the Chargor with respect to any Secured Obligation against any obligation of the Chargee to repay any amount to the Chargor, including without limitation, any obligation in respect of the Collateral.
- 17.3 When a Secured Party Control Notice and/or Enforcement Notice has been served on the Custodian, the Chargee may exercise, at its discretion (in the name of the Chargor or otherwise) in respect of any of the Collateral in the Secured Accounts, any voting rights and any powers or rights which may be exercised by the person or persons in whose name or names such Collateral is registered or who is the bearer or holder of them.
- 17.4 The provisions of this Clause 17 are without prejudice to the Chargee's general enforcement rights under Clause 10 (*Enforcement of Security*).

## **18 Secured Party Control Notice, MAGIM Control Notice and Enforcement Notice**

- 18.1 At any time after the occurrence of a Relevant Event which is continuing, the Chargee may, without any further consent or authority on the part of the Chargor, give notice to the Custodian substantially in the form set out in Part A of Schedule 2 (a "**Secured Party Control Notice**") with a copy to the Chargor and the Investment Manager. The Secured Party Control Notice will take effect immediately.
- 18.2 The Chargee will not
- (a) act under the power of attorney conferred by Clause 11, or
  - (b) appoint a receiver under Clause 12.1, or
  - (c) exercise the power of sale under Clause 10.2(b), or
  - (d) apply Cash Collateral under Clause 17.2, or

(e) exercise voting and other rights in respect of Collateral under Clause 17.3,

unless and until a Secured Party Control Notice has been given (and, in the case of Clauses 18.2(b), 18.2(c) and 18.2(d), unless and until an Enforcement Notice has been given and has become effective), but may do so thereafter, subject to Clause 18.5

18.3 For the avoidance of doubt, the Chargee will not serve a Secured Party Control Notice unless a Relevant Event has occurred and is continuing

18.4 Following the remedy or waiver to the reasonable satisfaction of the Chargee of all Relevant Events which are continuing, the Chargee shall give notice to the Custodian, with a copy to the Chargor and the Investment Manager, substantially in the form set out in Part B of Schedule 2 (a "**MAGIM Control Notice**") revoking the Secured Party Control Notice

18.5 Prior to service of an Enforcement Notice, the Chargee shall not transfer (by way of sale or transfer to itself or otherwise) any Collateral from any Secured Account

## **19 Subsequent Interests and Secured Accounts**

All monies received, recovered or realised by the Chargee under this Deed (including the proceeds of any conversion of currency) may in its discretion be credited to and held in any suspense or impersonal account pending their application from time to time in or towards the discharge of any of the Secured Obligations

## **20 Costs and expenses and indemnity**

The Chargor shall, on demand of the Chargee, reimburse the Chargee for all reasonable costs and expenses (including legal fees, stamp duties and any irrecoverable value added tax) properly incurred in connection with (a) the enforcement of the security interests hereby constituted or (b) the exercise of any Collateral Right or (c) the defence, perfection, protection and/or preservation of, any Collateral Right, together with interest from the date the same were incurred to the date of payment at the Interest Rate. For the avoidance of doubt, to the extent that the Investment Manager makes a payment to the Chargee in respect of the same loss for which the Chargor is liable, the liability of the Chargor to the Chargee shall be reduced by any payments so made by the Investment Manager that are not required to be repaid to the Investment Manager

## **21 Currency conversion**

For the purpose of discharging, or pending the discharge of any of the Secured Obligations, the Chargee may convert any money received, recovered or realised or subject to application by it under this Deed from one currency to another, as the Chargee may think fit and any such conversion shall be effected at the spot rate of exchange of the Custodian (or in the event that a spot rate of exchange is for whatever reason not available from the Custodian, the spot rate of exchange of any UK clearing bank) for the time being for obtaining such other currency with the first currency

**22 Notices**

22 1 All notices under this Deed shall be in writing in the English language and shall be delivered to the addressee in person, or sent to the addressee by courier, by first class post (airmail if overseas), by email or facsimile to the address, email address or fax number set out in Clause 22 2 and marked for the attention of the department or person specified in Clause 22 2, or to such other address, email address or fax number, or marked for the attention of such other person or department, as a party may from time to time designate by notice duly given in accordance with this Clause 22. A notice shall be deemed to have been received

- (a) if delivered by post, on the fifth Business Day after the date of posting if it is a business day in the country of the place of delivery and if not, on the next following Business Day which is a business day in that country,
- (b) if delivered by email, when sent, subject to no delivery failure notification being received by the sender within 24 hours of the time of sending,
- (c) if delivered by facsimile, when the party sending the notice has received a fax transmission report confirming delivery, and
- (d) if delivered in person or by courier, on the date it is delivered

In relation to Clauses 22 1(b),(c) and (d), a notice or communication given after 5pm on a Business Day shall be deemed to have been given at 9am on the next following Business Day

22 2 The addresses of the parties for the purposes of Clause 22 1 are

**The Chargor**

Addressee	THE PRUDENTIAL ASSURANCE COMPANY LIMITED
Address	Laurence Pountney Hill London EC4R 0HH
E-mail	UKCoSec@Prudential.co.uk
Attention	Company Secretary

**The Investment Manager**

Addressee	M & G INVESTMENT MANAGEMENT LIMITED
Address	Laurence Pountney Hill London

EC4R 0HH  
UK

E-mail DLMOINTCLIENTS@mandg.co.uk /  
Legal Services@MandG.co.uk

Attention Jonathan McClelland

Copy Derran Llewellyn

**The Chargee**

Addressee HANNOVER RUCK SE

Address Karl-Wiechert-Allee 50  
30625  
Hannover  
Germany

E-mail Karin Froehling@hannover-re.com

Attention Kann Fröhling

**The Custodian**

Addressee HSBC Bank plc

Address HSBC Securities Services  
8 Canada Square  
Canary Wharf  
London  
E14 5HQ  
UK

Fax +44 (0) 20 7260 6144

E-mail Sophievillecourt@hsbc.com / Sian Young@hsbc.com

Attention Relationship Manager, Insurance Companies

## 23 Successors

This Deed shall remain in effect despite any amalgamation, merger or transfer of business (however effected) relating to either or both of the Parties and references to either Party shall be deemed to include its assignee or successor in title and any person who, under the laws of its jurisdiction of incorporation or domicile, has assumed the rights and obligations of the Party hereunder or to which under such laws the same have been transferred

## 24 Severability

If any term or provision set forth in this Deed shall be invalid or unenforceable, the remainder of this Deed, or the application of such terms or provisions to persons or circumstances, other than those to which it is held invalid or unenforceable, shall be construed in all respects as if such invalid or unenforceable term or provision were omitted and the remainder of this Deed shall not in any way be affected or impaired by such invalidity or unenforceability

## 25 Release and discharge

25 1 If the Chargee is satisfied that

- (a) all Secured Obligations have been unconditionally and irrevocably paid or discharged in full, or
- (b) security or a guarantee for the Secured Obligations, in each case acceptable to the Chargee, has been provided in substitution for this Deed, or
- (c) the Chargor is unconditionally entitled pursuant to any provision of the Reinsurance Agreement or this Deed to have the Charged Property (or any part of it) released from the security under this Deed,

then the Chargee shall at the request and cost of the Chargor take whatever action is necessary to release the Charged Property (or any part thereof which the Chargor is unconditionally entitled to have released from the security under this Deed) from the security under this Deed

## 26 Law and jurisdiction

26 1 This Deed and any non-contractual obligations arising out of or in connection with this Deed shall be governed by, and interpreted in accordance with, English law Subject to Clause 26 2, each Party irrevocably submits and agrees to the exclusive jurisdiction of the English courts in connection with this Agreement

26 2 Any dispute arising out of or in connection with this Deed, including any question regarding its existence, validity or termination, shall be referred to and finally resolved by arbitration under the rules of The London Court of International Arbitration (the "LCIA Rules"), which are deemed to be incorporated by reference to this Clause

26 3 The number of arbitrators shall be three

26 4 The seat, or legal place, of arbitration shall be London

26 5 The language to be used in the arbitral proceedings shall be English

26 6 Insofar as any provision contained in the LCIA Rules is incompatible with applicable English law, that provision or relevant part of that provision is to be excluded

**27 Variation**

27 1 No variation of this Deed shall be valid unless it is in writing and signed by or on behalf of each of the Parties to it. The expression "**variation**" shall include any variation, supplement, deletion or replacement however effected

27 2 Unless expressly agreed, no variation shall constitute a general waiver of any provisions of this Deed, nor shall it affect any rights, obligations or liabilities under or pursuant to this Deed which have already accrued up to the date of variation, and the rights and obligations of the Parties under or pursuant to this Deed shall remain in full force and effect, except and only to the extent that they are so varied

**28 Counterparts**

This Deed may be executed in one or more counterparts and by the different parties on separate counterparts, each of which when executed shall be an original, but all the counterparts together shall constitute one and the same instrument

**29 Third Party Rights**

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

IN WITNESS whereof this Deed has been executed and delivered as a deed by the parties on the date specified above

**Schedule 1**  
**Secured Accounts**

<b>Account name:</b>	
<b>Securities a/c</b>	
<b>GBP cash a/c.</b>	
<b>Sort code:</b>	



[to be on letterhead of Secured Party]

Attention Company Secretary

Pursuant to Clause 2.2 of the Account Control Agreement, we hereby give you notice that a Relevant Event has occurred under the PAC Security Deed

Subject to the provisions of the Account Control Agreement, you should upon receipt of this notice cease complying with instructions from MAGIM or the Underlying Client and accept communications and instructions from us alone

This notice, and any non-contractual obligations arising out of or in connection with it, shall be governed by and construed in accordance with English law

Please acknowledge receipt of this notice by signing and returning to us the enclosed duplicate of this notice

Yours faithfully

For and on behalf of  
**HANNOVER RUECK SE**

*[On the duplicate]*

We acknowledge receipt of the notice of which this is a duplicate

For and on behalf of  
**HSBC BANK PLC**  
Name  
Title  
Date

**Part B Form of MAGIM Control Notice**

[to be on letterhead of Secured Party]

To HSBC Bank plc  
HSBC Securities Services  
8 Canada Square  
London  
E14 5HQ

Attention Relationship Manager, Insurance Companies

Copy M&G Investment Management Limited  
Laurence Pountney Hill  
London  
EC4R 0HH

Attention Jonathan McClelland / Derran Llewellyn

The Prudential Assurance Company Limited  
Laurence Pountney Hill  
London  
EC4R 0HH

Attention Company Secretary

[Insert Date]

Dear Sirs

**MAGIM CONTROL NOTICE pursuant to the Account Control Agreement dated  
between M & G INVESTMENT MANAGEMENT LIMITED,  
HANNOVER RUECK SE, HSBC BANK PLC and THE PRUDENTIAL ASSURANCE  
COMPANY LIMITED (the "Account Control Agreement")  
ACCOUNT NUMBER [insert account number or other details of account]**

Words and expressions defined in the Account Control Agreement shall have the same meaning when used in this notice

Pursuant to Clause 2.3 of the Account Control Agreement, we hereby give you notice that a Relevant Event has been remedied or waived under the PAC Security Deed

Subject to the provisions of the Account Control Agreement, you should upon receipt of this notice resume complying with communications and instructions from MAGIM alone in accordance with Clause 2.1 of the Account Control Agreement and cease complying with instructions from the Secured Party

This notice, and any non-contractual obligations arising out of or in connection with it, shall be governed by and construed in accordance with English law

Please acknowledge receipt of this notice by signing and returning to us the enclosed duplicate of this notice

Yours faithfully

For and on behalf of  
**HANNOVER RUECK SE**

*[On the duplicate ]*

We acknowledge receipt of the notice of which this is a duplicate

For and on behalf of  
**HSBC BANK PLC**

Name

Title

Date

**Part C Form of Enforcement Notice**

[to be on letterhead of Chargee]

To     The Prudential Assurance Company Limited  
          Laurence Pountney Hill  
          London  
          EC4R 0HH

          Attention Company Secretary

Copy   HSBC Bank plc  
          HSBC Securities Services  
          8 Canada Square  
          London  
          E14 5HQ

          Attention Relationship Manager, Insurance Companies

          M&G Investment Management Limited  
          Laurence Pountney Hill  
          London  
          EC4R 0HH

          Attention Jonathan McClelland / Derran Llewellyn

[Insert Date]

Dear Sirs

**ENFORCEMENT NOTICE pursuant to the security deed dated  
between M & G INVESTMENT MANAGEMENT LIMITED, HANNOVER RUECK SE, HSBC  
BANK PLC and THE PRUDENTIAL ASSURANCE COMPANY LIMITED (the "PAC Security  
Deed")**

**ACCOUNT NUMBER [insert account number or other details of account]**

Words and expressions defined in the PAC Security Deed shall have the same meaning when used in this notice

Pursuant to Clause 10.1 of the PAC Security Deed, we hereby give you notice that the security constituted under the PAC Security Deed has become enforceable and we have determined or become bound to enforce the same

Subject to the provisions of the Account Control Agreement, the Custodian should upon receipt of a copy of this notice cease complying with instructions from MAGIM or the Underlying Client and accept communications and instructions from us alone

This notice, and any non-contractual obligations arising out of or in connection with it, shall be governed by and construed in accordance with English law

We request that the Custodian acknowledges receipt of the copy of this notice by signing and returning to us the enclosed duplicate of this notice

Yours faithfully

For and on behalf of  
**HANNOVER RUECK SE**

*[On the duplicate ]*

We acknowledge receipt of the notice of which this is a duplicate

For and on behalf of  
**HSBC BANK PLC**  
Name  
Title  
Date

## SIGNATURES

## Chargor

**Executed as a deed by THE PRUDENTIAL ASSURANCE COMPANY LIMITED**  
acting by a director in the presence of

Director

**Witness's signature:**

Name (print)

### Occupation

**Address**

FOUR CLARK  
EXECUTIVE ASSISTANT,  
3 SULLOCH SQUARE  
LANOON W26PR.

## Chargee

EXECUTED AND DELIVERED as a )  
deed by HANNOVER RUECK SE )  
acting by Thomas Fiedler and )  
Gerhard Lubitz who, in )  
accordance with the laws of the )  
territory in which HANNOVER RUECK )  
SE is incorporated, are acting under )  
the authority of HANNOVER RUECK )  
SE )

  
\_\_\_\_\_  
Authorized signatory

  
\_\_\_\_\_  
Authorized signatory Gerhard Lubitz  
General Manager