

MR01

Particulars of a charge

014568-13



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

☒ **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 MR02

For further information, please
refer to our guidance at
www.companieshouse.gov.uk

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

 You **must** enclose a certified copy of the instrument with this form scanned and placed on the public record



A18 18/05/2013 #360
COMPANIES HOUSE

1 Company details

Company number 0 4 9 9 2 0 6 8

Company name in full North East Property Partnership Limited (the "Company")

For official use
8
→ **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 d1 d4 m0 m5 y2 y0 y1 y3

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 Homes and Communitas Agency (the "Lender")

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

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4**Description**

Please give a short description of any land (including buildings), ship, aircraft or intellectual property registered (or required to be registered) in the UK which is subject to this fixed charge or fixed security

Continuation page

Please use a continuation page if you need to enter more details

Description

All the properties listed in the property identification agreement dated 14 May 2013 entered into between, among others, the Company and the Lender being

Estate	Title number
BT2004 - Balliol Industrial Estate ("Balliol")	TY415128
BT114 - Boldon Industrial Estate	TY208895
DC122 - Harmire Industrial Estate	DU258873 and DU152372
BT2003 - Hylton Park Industrial Estate	TY249285 and TY415127
BT94 - Leechmere Industrial Estate	TY11631
BT76 - Nelson Park Industrial Estate	ND70178, ND138075 and ND137236

Please see attached continuation pages

5**Fixed charge or fixed security**

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

☒ **Yes**

☐ **No**

6**Floating charge**

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

☒ **Yes** Continue

☐ **No** Go to **Section 7**

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

☒ **Yes**

7**Negative Pledge**

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

☒ **Yes**

☐ **No**

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Trustee statement ①

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

☐

① This statement may be filed after the registration of the charge (use form MR06)

9

Signature

Please sign the form here

Signature

Signature

X

Pinxent Masmas LLP

X

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

MR01**Particulars of a charge****Presenter information**

We will send the certificate to the address entered below. All details given here will be available on the public record. You do not have to show any details here but, if none are given, we will send the certificate to the company's Registered Office address.

Contact name **Anthony Frost**

Company name **Pinsent Masons LLP**

Address **3 Hardman Street**

Post town **Manchester**

County/Region

Postcode **M 3 3 A U**

Country

DX **14490 Manchester 2**

Telephone **0161 234 8234**

**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 or email 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

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Description

Please give a short description of any land (including buildings), ship, aircraft or intellectual property registered (or required to be registered) in the UK which is subject to this fixed charge or fixed security

Description

Estate	Title number
BT175 - New York Industrial Estate	TY415126
BT20 - North Tees Industrial Estate	CE131373, CE19301, CE139962 and CE173911
BT16 - Pallion Industrial Estate	TY251877
BT97 - Park View Industrial Estate	CE19795
BT77 - Pennywell Industrial Estate	DU12463
BT43 - Prudhoe Industrial Estate	ND75598
BT25 - Southwick Industrial Estate	TY251444
BT95 - Tanfield Lea Industrial Estate	DU193387
BT1 - Team Valley Industrial Estate	TY253273 TY253274 TY253275 TY253276 TY253277 TY253278 TY253279 TY253280 TY253281 TY253282 TY253283 TY253284 TY253285 TY253287 TY253286 TY253291 TY253289

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Description

Please give a short description of any land (including buildings), ship, aircraft or intellectual property registered (or required to be registered) in the UK which is subject to this fixed charge or fixed security

Description

Estate	Title number
BT1 - Team Valley Industrial Estate	TY253290
	TY253294
	TY253296
	TY253298
	TY253292
	TY253295
	TY253293
	TY253297
	TY253299
	TY253301
	TY253302
	TY253303
	TY253304
	TY253305
	TY253306
	TY253307
	TY253308
	TY253309
BT1 - Team Valley Industrial Estate	TY253310
	TY100477
	TY253320
	TY253319
	TY253318
	TY253317
	TY253316
	TY253315
	TY253314
	TY253313
	TY253312
	TY253311
	TY253288
	TY253300
	TY488432

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Description

Please give a short description of any land (including buildings), ship, aircraft or intellectual property registered (or required to be registered) in the UK which is subject to this fixed charge or fixed security

Description

Estate	Title number
BT50 - Teesside Industrial Estate	CE114693 and CE108556
BT167 - Wansbeck Industrial Estate	ND137235
EP2006 - Whitehouse Industrial Estate	TY320686



FILE COPY

CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number. 4992068

Charge code: 0499 2068 0008

The Registrar of Companies for England and Wales hereby certifies that a charge dated 14th May 2013 and created by NORTH EAST PROPERTY PARTNERSHIP LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 18th May 2013

Given at Companies House, Cardiff on 22nd May 2013



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES

0x

i certify that, save for material redacted pursuant to s. 859G of the Companies Act 2006, this copy instrument is a correct copy of the original instrument
17 May 2013

Pinsent Masons LLP

EXECUTION VERSION

Dated 14 May 2013

**NORTH EAST PROPERTY PARTNERSHIP
(ACTING BY ITS GENERAL PARTNER,
NORTH EAST PROPERTY PARTNERSHIP LIMITED)
as Borrower**

**NORTH EAST PROPERTY PARTNERSHIP LIMITED
as General Partner**

**HOMES AND COMMUNITIES AGENCY
as Lender**

SECURITY AGREEMENT

***This Deed is subject to the terms of the
Intercreditor Deed (as that term is defined in the
Mezzanine Facility Agreement, as defined in this
Deed)***

CERTIFIED TO BE A TRUE AND COMPLETE
COPY OF THE ORIGINAL

DATED THIS 17 DAY OF May 2013

Pinsent Masons LLP

Pinsent Masons LLP

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Part 1 - Form of notice of charge	26
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This Deed is made on

14 May 2013

Between

- (1) **North East Property Partnership** (a limited partnership registered in England and Wales with number LP009379) (**Partnership**) (acting through its general partner, the General Partner) (**Borrower**)
- (2) **North East Property Partnership Limited** (registered in England with number 4992068) (**General Partner**),
- (3) **Homes and Communities Agency** (**Lender**)

It is agreed

1 Definitions and interpretation

1.1 Definitions

In this Deed

Balliol Property means the property as identified as Property 2 and referred to as "Balliol" in schedule 1 of the Property Identification Agreement

Blocked Account means

- (a) the Rent Account
- (b) the Disposals and Prepayment Account and
- (c) any other account designated as a Blocked Account by the Borrower and the Lender

Charged Account has the meaning given to it in clause 3.4(h) (First fixed charges)

Chargors means the Borrower and the General Partner and **Chargor** shall mean any of them

Debts has the meaning given to it in clause 3.4(f) (First fixed charges)

Disposals and Prepayment Account has the meaning given to it in the Senior Facilities Agreement

Fixtures means, in respect of any Secured Property, all fixtures and fittings (including trade fixtures and fittings) and fixed plant and machinery now or at any time after the date of this Deed on that Secured Property

Floating Charge Assets means all the assets and undertaking from time to time subject to the floating charge created under clause 3.5 (Floating charge)

Hedging Agreement means any ISDA Master Agreement, confirmation, transaction, schedule or other agreement entered into or to be entered into by the Borrower and a hedge counterparty

Intellectual Property means

- (a) any patents, trade marks, service marks, designs, business names, copyrights, database rights, design rights, topography rights, domain names, moral rights,

inventions, confidential information, knowhow and any other associated or similar intellectual property rights and interests anywhere in the world (which may now or in the future subsist), and in each case whether registered or unregistered and

- (b) the benefit of all applications, rights to apply for and rights to use such assets (including, without limitation, any licences and sub-licences of the same) (which may now or in the future subsist)

Investments means any shares, stocks, debenture security, securities, bonds and investments of any type whatever, including but not limited to, negotiable instruments, certificates of deposit, eligible debt securities, interests in collective investment schemes, or other investments referred to in section 22 of, and as defined in Part II of Schedule 2 to, the Financial Services and Markets Act 2000 and Part III of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, whether certificated or uncertificated, physical or dematerialised, registered or unregistered, held by that relevant Chargor or by a trustee or clearance system or nominee (excluding any LLP Interests whatsoever held by a Chargor)

LLP means North East Regeneration Partnership LLP, a limited liability partnership registered in England and Wales with number OC384291

LLP Agreement means the agreement pursuant to which the LLP is constituted

LLP Interests means the interests of the General Partner in the LLP from time to time whether pursuant to the LLP Agreement or otherwise

Mezzanine Facility Agreement means the facility agreement between the Borrower as borrower and the Lender as lender and dated on or about the date of this Deed under which the Lenders agree to make available to the Borrower a sterling term loan facility

New York Property means the property as identified as Property 8 and referred to as "New York" in schedule 1 of the Property Identification Agreement

Party means a party to this Deed

Property means all Properties listed in the Property Identification Agreement and **Property** means each or any of them as the context requires

Property Identification Agreement means the property identification agreement dated on or about the date of this Deed and entered into between, among others, the Borrower, the Lender and The Royal Bank of Scotland plc as Agent for the Finance Parties (as such terms are defined therein)

Receiver means any receiver, manager or administrative receiver appointed by the Lender in respect of a Chargor or any of the Secured Assets

Related Rights means, in respect of any Investment

- (a) all monies paid or payable in respect of that Investment (whether as income, capital or otherwise)
- (b) all shares, investments or other assets derived from that Investment and
- (c) all rights derived from or incidental to that Investment

Relevant Agreement means

- (a) the Property Management Agreement
- (b) each Hedging Agreement
- (c) each other agreement designated as a Relevant Agreement by the Lender and each relevant Chargor in writing

Relevant Policies means, in respect of a Chargor, all policies of insurance present and future in which it has an interest (other than policies in respect of public liability and third party liability) together with all monies payable in respect of such policies

Rent Account has the meaning given to it in the Senior Facilities Agreement

Restricted Activity means

- (a) The manufacture texturization or polymerisation of synthetic fibres (ie polyester polyamide (nylon) acrylic and polypropylene)
- (b) The building conversion or repairing of sea-going vessels with metal hulls of 100 gross tonnes or more
- (c) Iron and steel
 - (i) projects involving the production of all Treaty of Paris products (raw materials for iron and steel production, pig iron for steel making foundry and other pig iron, ferro alloys, crude semi-finished and hot-finished products of iron ordinary steel or special steel, tinplate terneplate blackplate galvanised sheets other coated sheets cold rolled sheets and plate electric sheets strip for tinplate, ferrous scrap-including shipbreaking)
 - (ii) projects involving the production of seamless tubes welded tubes and pipes wire drawing bright bar drawing cold rolled narrow strip
 - (iii) projects relating to foundries where the applicant is a steel producing company
 - (iv) projects involving heavy open-die forging
 - (v) projects where grant might be of significant benefit to companies engaged in i) or ii) above eg companies which lease assets to or whose output is largely supplied to manufacturers of the products in (a) or (b) above
- (d) The production of handling or treatment of coal
- (e) The manufacture and assembly of motor vehicles and manufacture of motor vehicle engines Component manufacturers per se are not restricted however aid given to a motor vehicle manufacturer or its subsidiary for the manufacture of parts or accessories is restricted as aid granted for the manufacture of parts or accessories under licence or patent of a vehicle manufacture
- (f) Primary agricultural production
- (g) The processing and marketing of agricultural products

- (h) Any activity involving the production of sugar or any carbohydrate which can be used as a substitute for sugar
- (i) The manufacture and marketing of dairy products or imitation substitute products
- (j) Any activity involving the slaughtering and processing of livestock and poultry
- (k) Fisheries enterprises

Secured Assets means in respect of any Chargor, all of its assets and undertaking the subject of any Security created by, under or supplemental to, this Deed in favour of the Lender

Secured Obligations means, in respect of any Chargor, all monies and liabilities now or after the date of this Deed due owing or incurred by that Chargor to the Lender under the Finance Documents (or any of them) in any manner and in any currency or currencies and whether present or future, actual or contingent, whether incurred solely or jointly with any other person and whether as principal or surety, together with all interest accruing on such monies and liabilities and all costs, charges and expenses incurred by the Lender under any Finance Document, except for any obligation which, if it were included here, would constitute unlawful financial assistance or its equivalent in any other jurisdiction

Secured Property means, at any time, the Property and all other freehold, leasehold or commonhold property which is subject to any Security created by, under or supplemental to, this Deed

Security Period means the period beginning on the date of this Deed and ending on the first date on which the facility made available by the Lender under the Finance Documents (or any of them) have been fully and finally discharged to the satisfaction of the Lender, whether or not as a result of an enforcement, and the Lender is under no further obligation to provide financial accommodation to the Borrower under the Finance Documents

Senior Facilities Agreement means the facilities agreement entered into on or around the date of this Deed between (among others) the Borrower and The Royal Bank of Scotland plc as Agent for the Finance Parties (as such terms are defined therein)

1 2 Interpretation

- (a) Unless otherwise defined in this Deed, a term defined in the Mezzanine Facility Agreement has the same meaning when used in this Deed or any notices, acknowledgements or other documents issued under or in connection with this Deed
- (b) In this Deed the term **dispose** includes any sale, lease, licence, transfer or loan
- (c) Clause 1 2 (Construction) of the Mezzanine Facility Agreement is incorporated in this Deed as if set out here in full but so that each reference in that clause to **this Agreement** shall be read as a reference to this Deed
- (d) In the event of any conflict between the terms of this Deed and the Mezzanine Facility Agreement, the terms of the Mezzanine Facility Agreement will prevail

1 3 Third party rights

- (a) Unless expressly provided to the contrary in any Finance Document, a person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 to

enforce or enjoy the benefit of any term of this Deed or any other Finance Document issued or entered into under or in connection with it but this does not affect any right or remedy of a third party which exists or is available apart from the Contracts (Rights of Third Parties) Act 1999

- (b) Unless expressly provided to the contrary in any Finance Document the consent of any person who is not a Party is not required to rescind or vary this Deed or any other Finance Document entered into under or in connection with it

1 4 Administration

- (a) Any reference in this Deed, or any other Finance Document entered into under or in connection with it, to the making of an administration order shall be treated as including a reference to the appointment of an administrator under paragraph 14 (by the holder of a qualifying floating charge in respect of the assets of a Chargor) or 22 (by a Chargor or the directors of a Chargor) of Schedule B1 to the Insolvency Act 1986 or any steps taken toward such order or appointment
- (b) Any reference in this Deed or any other Finance Document entered into under or in connection with it, to making an application for an administration order by petition shall be treated as including a reference to making an administration application to the court under Schedule B1 to the Insolvency Act 1986, appointing an administrator under paragraph 14 or 22 of that Schedule, or giving notice under paragraph 15 or 26 of that Schedule of intention to appoint an administrator or any steps taken towards such application or notice

1 5 Incorporated terms

The terms of the Finance Documents and of any side letters relating to the Finance Documents and the Secured Obligations are incorporated into this Deed to the extent required for any purported disposition of any Secured Assets contained in this Deed to be a valid disposition in accordance with section 2(1) of the Law of Property (Miscellaneous Provisions) Act 1989

1 6 Property held on trust

The General Partner confirms that it holds each of the Secured Assets of the Borrower from time to time as assets of the Partnership

2 Covenant to pay

Each Chargor covenants with the Lender to pay and discharge the Secured Obligations when they become due for payment and discharge in accordance with the terms of the Finance Documents

3 Charging provisions

3 1 General

All Security created by a Chargor under clauses 3 2 to 3 5 inclusive is

- (a) a continuing security for the payment and discharge of the Secured Obligations,
- (b) subject to the Security created pursuant to the Senior Security Documents, granted with full title guarantee,

- (c) granted in respect of all the right, title and interest (if any), present and future, of that Chargor in and to the relevant Secured Asset,
- (d) created in respect of all of the assets of the Partnership from time to time, and
- (e) granted in favour of the Lender

3 2 Legal mortgages

Each Chargor charges by way of legal mortgage the Property, and all Fixtures on the Property

3 3 Assignments

To the extent not already assigned to a prior ranking creditor, each Chargor assigns

- (a) all Rental Income, and all other sums, payable under any Occupational Lease including any guarantee of Rental Income contained in, or relating to, any Occupational Lease,
- (b) the Relevant Agreements, and
- (c) the Relevant Policies

Each Chargor shall remain liable to perform all its obligations under each Occupational Lease, each Relevant Agreement and each Relevant Policy

3 4 Fixed charges

Each Chargor charges by way of fixed charge

- (a) all interests and estates in any freehold, leasehold or commonhold property owned by it on the date of this Deed (other than any freehold, leasehold or commonhold property effectively charged by way of legal mortgage under clause 3 2) and, in each case, the Fixtures on each such property,
- (b) the proceeds of sale of its Secured Property and all licences to enter on or use any Secured Property,
- (c) the benefit of all other agreements, instruments and rights relating to its Secured Property,
- (d) all plant, machinery, vehicles, computers, office and other equipment, all furniture, furnishings, equipment and tools and any removals or replacement of them, present and future and the benefit of all contracts, licences, warranties, maintenance contracts relating to them and any renewals and replacements of them,
- (e) the Investments together with all Related Rights,
- (f) all book and other debts due to the relevant Chargor and their proceeds (both collected and uncollected) (together **Debts**) and all rights, guarantees, security or other collateral in respect of the Debts (or any of them) and the benefit of any judgment or order to pay a sum of money and all rights to enforce the Debts (or any of them),

- (g) all monies from time to time standing to the credit of each Blocked Account,
- (h) all monies from time to time standing to the credit of each account including, without limitation, the General Account held by the relevant Chargor with any bank, building society, financial institution or other person, other than any Blocked Account (each a **Charged Account**),
- (i) all its Intellectual Property,
- (j) all its goodwill and uncalled capital,
- (k) the benefit of all Authorisations held or utilised by it in connection with its business or the use of any of its assets and the right to recover and receive compensation payable in respect of any of them, and
- (l) to the extent that any assignment in clause 3.3 is ineffective as an assignment, the assets referred to in that clause

3.5 Floating charge

Each Chargor charges by way of first floating charge all its assets and undertaking wherever located both present and future other than any assets effectively charged by way of legal mortgage or fixed charge or assigned under clauses 3.2, 3.3 or 3.4

3.6 Qualifying floating charge

This Deed contains a qualifying floating charge and paragraph 14 of Schedule B1 to the Insolvency Act 1986 applies to the floating charge created by or under this Deed

3.7 Conversion of floating charge to a fixed charge

The Lender may, at any time by notice in writing to any Chargor, convert the floating charge created under clause 3.5 into a fixed charge as regards any Floating Charge Asset as it shall specify in the notice if

- (a) an Event of Default is continuing, or
- (b) in the opinion of the Lender (acting reasonably) that Floating Charge Asset is in danger of being seized or any legal process or execution is being enforced against that Floating Charge Asset

3.8 Automatic conversion of floating charge to a fixed charge

- (a) If (unless permitted in writing by the Lender or expressly permitted under the terms of any Finance Document)
 - (i) each Chargor creates or attempts to create any Security over any of its Floating Charge Assets,
 - (ii) any person levies or attempts to levy any distress, attachment, execution or other legal process against any Floating Charge Asset, or
 - (iii) any corporate action, legal proceedings or other procedures or steps are taken for the winding up, dissolution, administration or reorganisation of any Chargor,

the floating charge created by this Deed

- (A) in relation to those specific Floating Charge Assets affected pursuant to clauses 3.8 (a)(i) and 3.8 (a)(ii) will, automatically and immediately without notice be converted into a fixed charge over the relevant Floating Charge Assets, or
 - (B) in relation to the circumstances described in clause 3.8 (a)(iii) will, automatically and immediately without notice be converted into a fixed charge over all of the Floating Charge Assets
- (b) The Lender agrees that it will not convert any fixed charge created by the crystallisation of the floating charge pursuant to clause 3.8(a) into a floating charge if the action that resulted in the fixed charge created pursuant to clauses 3.8 (a)(ii) and 3.8 (a)(iii) was frivolous, vexatious or an abuse of process and such action is dismissed within 14 days of such action being taken

3.9 Documents of title

Each Chargor shall

- (a) immediately following the Senior Discharge Date (and on the acquisition by it of any interest in any Secured Assets at any time after the Senior Discharge Date) deposit with the Lender all deeds, certificates and other documents in its possession constituting or evidencing title to the Secured Assets (or otherwise procure that any such deeds, certificates and other documents are held to the order of the Lender on terms acceptable to the Lender), and
- (b) deposit with the Lender at any time following the Senior Discharge Date any further deeds, certificates and other documents constituting or evidencing title to the Secured Assets, promptly upon coming into possession of them (or otherwise procure that any such deeds, certificates and other documents are held to the order of the Lender on terms acceptable to the Lender)

3.10 Small company moratorium

Where a Chargor is an eligible company within the meaning of paragraphs 2 to 4 (inclusive) of Schedule A1 to the Insolvency Act 1986, then the obtaining of a moratorium, including any preliminary decision, or investigation in terms of paragraph 43 of Schedule A1 to the Insolvency Act 1986 shall not cause the floating charge created by this Deed to crystallise into a fixed charge, nor cause restrictions which would not otherwise apply to be imposed on the disposal of its property and assets by that Chargor

4 Continuing security

4.1 Continuing security

The Security constituted by this Deed shall be continuing security and shall remain in full force and effect regardless of any intermediate payment or discharge by any Chargor or any other person of the whole or any part of the Secured Obligations

4.2 Recourse

The Security constituted by this Deed

- (a) is in addition to any other Security which the Lender may hold at any time for the Secured Obligations (or any of them), and
- (b) may be enforced without first having recourse to any other rights of the Lender

5 Negative pledge

5.1 No Chargor shall create or permit to subsist any Security over any of its assets or any assets of the Partnership

5.2 No Chargor shall

- (a) sell, transfer or otherwise dispose of any of its assets or any assets of the Partnership on terms whereby they are or may be leased to or re-acquired by a Chargor,
- (b) sell, transfer or otherwise dispose of any of its receivables on recourse terms,
- (c) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts, or
- (d) enter into any other preferential arrangement having a similar effect

5.3 Clauses 5.1 and 5.2 do not apply to any Permitted Security

6 Restrictions on disposals

6.1 No Chargor shall enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to dispose of all or any part of any Secured Assets

6.2 Clause 6.1 does not apply to

- (a) any disposal permitted pursuant to clause 20.2 (Occupational Leases) of the Mezzanine Facility Agreement, or
- (b) any other disposal which is permitted pursuant to clause 19.4 (Disposals) of the Mezzanine Facility Agreement

7 Further assurance

7.1 Each Chargor shall promptly do all such acts and execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Lender may reasonably specify (and in such form as the Lender may reasonably require in favour of the Lender or its nominee(s))

- (a) to perfect, protect and maintain the Security created or intended to be created under or evidenced by this Deed or for the exercise of any rights, powers and remedies of the Lender provided by or pursuant to this Deed or by law,
- (b) to confer on the Lender Security over any property and assets of that Chargor located in any jurisdiction equivalent or similar to the Security intended to be conferred by or pursuant to this Deed, and/or

- (c) (if an Event of Default is continuing) to facilitate the realisation of the assets which are, or are intended to be, the subject of the Security created by or under this Deed

7 2 Each Chargor shall take all such action as is available to it (including making all filings and registrations) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any Security conferred or intended to be conferred on the Lender by or pursuant to this Deed

7 3 To the extent not already recovered under the terms of the Mezzanine Facility Agreement, any document required to be executed by a Chargor under this clause 7 will be prepared at the cost of that Chargor

8 Land Registry

8 1 Application for restriction

- (a) In relation to land and buildings situated in England and Wales, title to which is registered or is to be registered at the Land Registry, each Chargor consents to an application being made to the Chief Land Registrar for registration of a restriction on the register of title of all present and future registered freehold, leasehold or commonhold property of that Chargor (and any unregistered properties subject to compulsory first registration at the date of this Deed)
- (b) Each Chargor confirms that save for as disclosed in any Property Report so far as any of the Secured Property is unregistered, such land is not affected by any disclosable overriding interests within the meaning of the Land Registration Act 2002 or the Land Registration Rules 2003

8 2 Tacking and further advances

The Lenders are, subject to the terms of the Mezzanine Facility Agreement, under an obligation to make further advances to the Borrower and this security has been made for securing such further advances. The Lender and each Chargor by this Deed consent to an application being made to the Chief Land Registrar to enter a note of such obligation on the register of title to all present and future registered property of that Chargor (and any unregistered properties subject to compulsory first registration at the date of this Deed)

9 Notices of assignments and charges

9 1 Rental Income

- (a) On the date referred to in clause 10 1(b), each relevant Chargor shall give notice in substantially the form specified in part 1 (Form of notice of assignment) of schedule 1 to each tenant under each Occupational Lease that the relevant Chargor has assigned to the Lender all its right, title and interest in the Rental Income and other monies payable under that Occupational Lease including any guarantee of Rental Income contained in, or relating to, any Occupational Lease
- (b) Each relevant Chargor shall give the notices referred to in clause 9 1(a) at any time after the Senior Discharge Date and after service of a notice pursuant to Clause 23 14 (*Acceleration*) of the Mezzanine Facility Agreement and as soon as reasonably practicable following a written request from the Lender
- (c) The relevant Chargor shall use reasonable endeavours to procure that the recipient of each such notice acknowledges that notice in substantially the form specified in

part 2 (Form of acknowledgement) of schedule 1 within 45 Business Days of that notice being given

9 2 Relevant Agreements

- (a) Each relevant Chargor shall give notice to the other parties to each Relevant Agreement that the relevant Chargor has assigned to the Lender all its right, title and interest in that Relevant Agreement, the form of such notice to be agreed between the relevant Chargor and the Lender at the time specified in clause 9 2(b) (in each case, each party acting reasonably)
- (b) Each relevant Chargor shall give the notices referred to in clause 9 2(a)
 - (i) in the case of each Relevant Agreement in existence as at the date of this Deed, on the Senior Discharge Date, and
 - (ii) in the case of each Relevant Agreement coming into existence or being designated as such after the date of this Deed, on the later of that agreement coming into existence, being designated a Relevant Agreement or the Senior Discharge Date
- (c) The relevant Chargor shall use reasonable endeavours to procure that the recipient of each such notice acknowledges that notice in substantially the form agreed in clause 9 2(a) within 15 Business Days of that notice being given

9 3 Blocked Accounts

- (a) On the Senior Discharge Date, each relevant Chargor shall give notice in substantially the form specified in part 1 (Form of notice of charge) of schedule 2 to the financial institution at which each Blocked Account is held that the relevant Chargor has created a fixed charge over the balance standing to the credit of that Blocked Account
- (b) Each relevant Chargor shall give the notices referred to in clause 9 3(a) in the case of a Blocked Account opened after the date of this Deed, promptly upon the later of that Blocked Account being opened or the Senior Discharge Date

10 Investments

10 1 Delivery of documents

On the later of

- (a) the date of this Deed,
- (b) the date of acquisition of those Investments or Related Rights, and
- (c) the Senior Discharge Date,

each Chargor shall

- (i) deliver to the Lender all certificates of title and other documents of title or evidence of ownership in respect of its Investments and the Related Rights, and

- (ii) deliver to the Lender such transfer documents (with the transferee left blank) or any other documents as the Lender may require or otherwise request (in both cases, acting reasonably) in respect of those Investments and Related Rights
- (d) At any time while an Event of Default is continuing, the Lender may complete any transfer documents held by it in respect of the Investments and/or Related Rights in favour of itself or such other person or nominee as it shall select
- (e) At any time after the Security created by or under this Deed has become enforceable, the Lender and its nominee or nominees may sell all or any of the Investments or Related Rights of the Chargor (or any of them) in any manner permitted by law and on such terms as the Lender shall in its absolute discretion determine
- (f) If any Chargor receives any dividends, distributions or other monies in respect of its Investments and Related Rights at a time when the Lender has made a taken any steps under clause 12.2 to enforce Security created by or under this Deed, each Chargor shall immediately pay such sums received directly to the Lender for application in accordance with clause 15 (Application of monies) and shall hold all such sums on trust for the Lender pending payment of them to such account as the Lender shall direct

10.2 Dividends

Until the Security created by or under this Deed is enforced each Chargor shall be entitled to receive and retain all dividends, distributions and other monies receivable in respect of its Investments and Related Rights

10.3 Voting rights

Each Chargor may exercise its voting and other rights in respect of its Investments and Related Rights

10.4 Payments

Each Chargor shall make all payments which may become due and payable in respect of any of its Investments and Related Rights. If it fails to make any such payments, the Lender may, but shall not be obliged to, make such payment on behalf of the relevant Chargor. Any sums so paid by the Lender shall be repayable by the relevant Chargor to the Lender on demand and pending such repayment shall constitute part of the Secured Obligations

10.5 Obligations

Each Chargor shall comply with all of the material conditions and obligations assumed by it in respect of its Investments and Related Rights and the Lender shall not be required to perform or fulfil any obligation of the relevant Chargor in respect of any Investments or Related Rights

10.6 Conversion

Immediately on conversion of any Investments or Related Rights from a certificated to an uncertificated form, and on the acquisition of any Investments or Related Rights in an uncertificated form, the relevant Chargor shall give such instructions or directions and take such other steps and enter into such documentation as the Lender may require in order to protect or preserve the Security intended to be created by this Deed

11 Security power of attorney

Each Chargor, by way of security, irrevocably and severally appoints the Lender, each Receiver and any of their delegates or sub-delegates to be its attorney to take any action which the Chargor is obliged to take under this Deed but which it has failed to take after becoming aware or after 10 Business Days after notice has been served on the relevant Chargor. Each Chargor ratifies and confirms whatever any attorney does or purports to do pursuant to its appointment under this clause 11.

12 Enforcement of security

12.1 When security is enforceable

On the occurrence of any Event of Default which is continuing, the Security created by and under this Deed is immediately enforceable but only for so long as that Event of Default is continuing.

12.2 Acts of enforcement

The Lender may, at its absolute discretion, at any time after the Security created by or under this Deed is enforceable:

- (a) enforce all or any part of the Security created by or under this Deed in any manner it sees fit,
- (b) exercise its rights and powers conferred upon mortgagees by the Law of Property Act 1925, as varied and extended by this Deed, and rights and powers conferred on a Receiver by this Deed, whether or not it has taken possession or appointed a Receiver to any of the Secured Assets,
- (c) appoint a Receiver to all or any part of the Secured Assets,
- (d) appoint an administrator in respect of any Chargor and take any steps to do so,
- (e) exercise its power of sale under section 101 of the Law of Property Act 1925 (as amended by this Deed), or
- (f) if permitted by law, appoint an administrative receiver in respect of the Chargor.

12.3 Right of appropriation

To the extent that the Security created by this Deed constitutes a "security financial collateral arrangement" and the Secured Assets constitute "financial collateral" for the purpose of the Financial Collateral Arrangements (No 2) Regulations 2003 (**Regulations**), the Lender shall have the right on giving prior notice to the relevant Chargor, at any time after the Security becomes enforceable, to appropriate all or any part of those Secured Assets in or towards discharge of the Secured Obligations. The parties agree that the value of the appropriated Secured Assets shall be, in the case of cash, the amount of cash appropriated and, in the case of Investments, determined by the Lender by reference to any available publicly available market price in the absence of which by such other means as the Lender (acting reasonably) may select including, without limitation, an independent valuation. For the purpose of Regulation 18(1) of the Regulations, the relevant Chargor agrees that any such determination by the Lender will constitute a valuation "in a commercially reasonable manner".

12 4 Statutory powers - general

- (a) For the purposes of all powers implied by statute, the Secured Obligations are deemed to have become due and payable on the date of this Deed
- (b) Section 103 of the Law of Property Act 1925 and section 93 of the Law of Property Act 1925 do not apply to the Security constituted by or under this Deed
- (c) The statutory powers of leasing conferred on the Lender are extended so that, without the need to comply with any provision of section 99 or section 100 of the Law of Property Act 1925, the Lender is empowered to lease and make agreements for lease at a premium or otherwise, accept surrenders of leases and grant options or vary or reduce any sum payable under any leases or tenancy agreements as it may think fit
- (d) Each Receiver and the Lender is entitled to all the rights, powers, privileges and immunities conferred by the Law of Property Act 1925 and the Insolvency Act 1986 on mortgagees and Receivers when such Receivers have been duly appointed under the relevant Act

12 5 Contingencies

If the Lender enforces the Security constituted by or under this Deed at a time when no amounts are due to the Lender under the Finance Documents but at a time when amounts may or will become so due, the Lender (or the Receiver) may pay the proceeds of any recoveries effected by it into an interest bearing suspense account

12 6 Mortgagee in possession - no liability

Neither the Lender nor any Receiver will be liable, by reason of entering into possession of a Secured Asset, to account as mortgagee in possession or for any loss on realisation or for any default or omission for which a mortgagee in possession might otherwise be liable

12 7 Redemption of prior mortgages

At any time after the Security created by or under this Deed has become enforceable, the Lender may, at the sole cost of the Chargors (payable to the Lender on demand)

- (a) redeem any prior form of Security over any Secured Asset, and/or
- (b) procure the transfer of that Security to itself, and/or
- (c) settle and pass the accounts of any prior mortgagee, chargee or encumbrancer which once so settled and passed shall be conclusive and binding on each Chargor

13 Receiver

13 1 Appointment of Receiver

- (a)
 - (i) At any time after any Security created by or under this Deed is enforceable, the Lender may appoint a Receiver to all or any part of the Secured Assets in accordance with clause 12 2(c) (Acts of enforcement)

- (ii) At any time, if so requested in writing by any Chargor, without further notice, the Lender may appoint a Receiver to all or any part of the Secured Assets as if the Lender had become entitled under the Law of Property Act 1925 to exercise the power of sale conferred under the Law of Property Act 1925
- (b) Any Receiver appointed under this Deed shall be the agent of the Chargor and the relevant Chargor shall be solely responsible for his acts or defaults and for his remuneration and liable on any contracts or engagements made or entered into by him and in no circumstances whatsoever shall the Lender be in any way responsible for any misconduct, negligence or default of the Receiver
- (c) Where a Chargor is an eligible company within the meaning of paragraphs 2 to 4 (inclusive) of Schedule A1 to the Insolvency Act 1986
 - (i) obtaining a moratorium, or
 - (ii) anything done with a view to obtaining a moratorium including any preliminary decision or investigation in terms of paragraph 43 of Schedule A1 to the Insolvency Act 1986,

shall not be grounds for appointment of a Receiver

13.2 Removal

The Lender may by written notice remove from time to time any Receiver appointed by it (subject to the provisions of section 45 of the Insolvency Act 1986 in the case of an administrative receiver) and, whenever it may deem appropriate, appoint a new Receiver in the place of any Receiver whose appointment has terminated

13.3 Powers of Receiver

(a) General

- (i) In addition to those conferred by the Law of Property Act 1925 on any Receiver appointed under that Act, each Receiver has, and is entitled to exercise, all of the rights, powers and discretions set out in this clause 13.3
- (ii) If there is more than one Receiver holding office at the same time, unless the document appointing him states otherwise, each Receiver may exercise all of the powers conferred on a Receiver under this Deed or under the Insolvency Act 1986 individually and to the exclusion of any other Receivers
- (iii) A Receiver of a Chargor has all the rights, powers and discretions of an administrative receiver under the Insolvency Act 1986
- (iv) A Receiver may, in the name of any Chargor
 - (A) do all other acts and things which he may consider expedient for realising any Secured Asset, and
 - (B) exercise in relation to any Secured Asset all the powers, authorities and things which he would be capable of exercising if he were its absolute beneficial owner

(b) **Borrow money**

A Receiver may raise and borrow money (either unsecured or on the security of any Secured Asset, either in priority to the security constituted by this Deed or otherwise) on any terms and for whatever purpose which he thinks fit. No person lending that money need enquire as to the propriety or purpose of the exercise of that power or to check the application of any money so raised or borrowed.

(c) **Carry on business**

A Receiver may carry on the business of any relevant Chargor as he thinks fit and, for the avoidance of doubt, a Receiver may apply for such Authorisations as he considers in his absolute discretion appropriate.

(d) **Compromise**

A Receiver may settle, adjust, refer to arbitration, compromise and arrange any claims, accounts, disputes, questions and demands with or by any person who is or claims to be a creditor of any relevant Chargor or relating in any way to any Secured Asset.

(e) **Delegation**

A Receiver may delegate his powers in accordance with clause 14 (Delegation).

(f) **Employees**

For the purposes of this Deed, a Receiver as he thinks appropriate, on behalf of the relevant Chargor or for itself as Receiver, may

(i) appoint and discharge managers, officers, agents, accountants, servants, workmen and others upon such terms as to remuneration or otherwise as he may think proper, and

(ii) discharge any such persons appointed by any relevant Chargor.

(g) **Leases**

A Receiver may let any Secured Asset for any term and at any rent (with or without a premium) which he thinks proper and may accept a surrender of any lease or tenancy of any Secured Assets on any terms which he thinks fit (including the payment of money to a lessee or tenant on a surrender).

(h) **Legal actions**

A Receiver may bring, prosecute, enforce, defend and abandon all actions, suits and proceedings or submit to arbitration or any form of alternative dispute resolution in the name of the relevant Chargor in relation to any Secured Asset as he considers expedient.

(i) **Possession**

A Receiver may take immediate possession of, get in and collect any Secured Asset.

(j) **Protection of assets**

A Receiver may, in each case as he may think fit

- (i) make and effect all repairs and insurances and do all other acts which the relevant Chargor might do in the ordinary conduct of its business be they for the protection or for the improvement of the Secured Assets,
- (ii) commence and/or complete any building operations on the Secured Property or other Secured Asset, and
- (iii) apply for and maintain any planning permission, building regulation approval or any other permission, consent or licence

(k) **Receipts**

A Receiver may give valid receipts for all monies and execute all assurances and things which may be expedient for realising any Secured Asset

(l) **Sale of assets**

A Receiver may sell, exchange, convert into monies and realise any Secured Asset by public auction or private contract in any manner and on any terms which he thinks proper. The consideration for any such transaction may consist of cash, debenture or other obligations, shares, stock or other valuable consideration and any such consideration may be payable in a lump sum or by instalments spread over such period as he thinks fit. Fixtures and any plant and machinery annexed to any part of the Secured Property may be severed and sold separately from the property containing them without the consent of the relevant Chargor.

(m) **Subsidiaries**

A Receiver may form a Subsidiary of the relevant Chargor and transfer to that Subsidiary any Secured Asset

(n) **Deal with Secured Assets**

A Receiver may, without restriction sell, let or lease, or concur in selling, letting or leasing, or vary the terms of, determine, surrender or accept surrenders of, leases or tenancies of, or grant options and licences over or otherwise dispose of or deal with, all or any part of the Secured Assets without being responsible for loss or damage, and so that any such sale, lease or disposition may be made for cash payable by instalments, loan stock or other debt obligations or for shares or securities of another company or other valuable consideration. The Receiver may form and promote, or concur in forming and promoting, a company or companies to purchase, lease, licence or otherwise acquire interests in all or any of the Secured Assets or otherwise, arrange for such companies to trade or cease to trade and to purchase, lease, license or otherwise acquire all or any of the Secured Assets on such terms and conditions whether or not including payment by instalments secured or unsecured as he may think fit.

(o) **Voting rights**

A Receiver may exercise all voting and other rights attaching to the Investments, Related Rights and stocks, shares and other securities owned by the relevant Chargor and comprised in the Secured Assets in such manner as he may think fit

(p) **Security**

A Receiver may redeem any prior Security and settle and pass the accounts of the person entitled to the prior Security so that any accounts so settled and passed shall (subject to any manifest error) be conclusive and binding on the relevant Chargor and the money so paid shall be deemed to be an expense properly incurred by the Receiver

(q) **Acquire land**

The Receiver may purchase or acquire any land and purchase, acquire or grant any interest in or right over land

(r) **Development**

A Receiver may implement or continue the development of (and obtain all consents required in connection therewith) and/or complete any buildings or structures on, any real property comprised in the Secured Property and do all acts and things incidental to the Secured Property

(s) **Landlord's obligations**

A Receiver may on behalf of the relevant Chargor and without consent of or notice to the relevant Chargor exercise all the powers conferred on a landlord or a tenant by the Landlord and Tenants Acts, the Rents Acts and Housing Acts or any other legislation from time to time in force in any relevant jurisdiction relating to rents or agriculture in respect of any part of the Secured Property

(t) **Uncalled capital**

A Receiver may make calls conditionally or unconditionally on the members of the relevant Chargor in respect of uncalled capital

(u) **Incidental matters**

A Receiver may do all other acts and things including without limitation, signing and executing all documents and deeds as may be considered by the Receiver to be incidental or conducive to any of the matters or powers listed here or granted by law or otherwise incidental or conducive to the preservation, improvement or realisation of the Secured Assets and to use the name of the relevant Chargor for all the purposes set out in this clause 13

13.4 **Remuneration**

The Lender may from time to time fix the remuneration of any Receiver appointed by it

14 Delegation

- 14 1 The Lender and any Receiver may delegate by power of attorney or in any other manner all or any of the powers, authorities and discretions which are for the time being exercisable by the Lender and the Receiver (as appropriate) under this Deed to any person or persons as it shall think fit. Any such delegation may be made upon such terms and conditions (including the power to sub-delegate) as the Lender and Receiver (as appropriate) may think fit.
- 14 2 The Lender and any Receiver will not be liable or responsible to the relevant Chargor or any other person for any losses, liabilities or expenses arising from any act, default, omission or misconduct on the part of any delegate.

15 Application of monies

- 15 1 Sections 109(6) and (8) (Appointment, powers, remuneration and duties of receiver) of the Law of Property Act 1925 shall not apply to a Receiver appointed under this Deed.
- 15 2 All monies received by the Lender or any Receiver under this Deed shall be applied in accordance with the provisions of the Intercreditor Deed.
- 15 3 The Lender and any Receiver may place any money received, recovered or realised pursuant to this Deed in an interest bearing suspense account and it may retain the same for such period as it considers expedient without having any obligation to apply the same or any part of it in or towards discharge of the Secured Obligations.

16 Remedies and waivers

- 16 1 No failure to exercise, nor any delay in exercising, on the part of the Lender or any Receiver, any right or remedy under this Deed shall operate as a waiver of any such right or remedy or constitute an election to affirm this Deed. No election to affirm this Deed on the part of the Lender or any Receiver shall be effective unless it is in writing. No single or partial exercise of any right or remedy shall prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Deed are cumulative and not exclusive of any rights or remedies provided by law.
- 16 2 A waiver given or consent granted by the Lender or any Receiver under this Deed will be effective only if given in writing and then only in the instance and for the purpose for which it is given.

17 Protection of third parties

- 17 1 No person (including a purchaser) dealing with the Lender or a Receiver or its or his agents has an obligation to enquire of the Lender, Receiver or others
- (a) whether the Secured Obligations have become payable,
 - (b) whether any power purported to be exercised has become exercisable,
 - (c) whether any Secured Obligations or other monies remain outstanding,
 - (d) how any monies paid to the Lender or to the Receiver shall be applied, or
 - (e) the status, propriety or validity of the acts of the Receiver or Lender

17 2 The receipt of the Lender or any Receiver shall be an absolute and a conclusive discharge to a purchaser and shall relieve him of any obligation to see to the application of any monies paid to or by the direction of the Lender or any Receiver

17 3 In clauses 17 1 and 17 2 **purchaser** includes any person acquiring, for money or monies worth, any lease of, or Security over, or any other interest or right whatsoever in relation to, the Secured Assets or any of them

18 Additional security

The Security created by or under this Deed is in addition to and is not in any way prejudiced by any guarantee or security now or subsequently held by the Lender

19 Settlements conditional

19 1 If the Lender (acting reasonably) believes that any amount paid by the relevant Chargor or any other person in respect of the Secured Obligations is capable of being avoided or set aside for any reason, then for the purposes of this Deed, such amount shall not be considered to have been paid

19 2 Any settlement, discharge or release between the relevant Chargor and the Lender shall be conditional upon no Security or payment to or for the Lender by a Chargor or any other person being avoided or set aside or ordered to be refunded or reduced by virtue of any law relating to bankruptcy, insolvency or liquidation or otherwise

20 Subsequent Security

If the Lender receives notice of any other subsequent Security or other interest affecting all or any of the Secured Assets it may open a new account or accounts for the relevant Chargor in its books. If it does not do so then, unless it gives express written notice to the contrary to the relevant Chargor, as from the time of receipt of such notice by the Lender, all payments made by the relevant Chargor to the Lender shall be treated as having been credited to a new account of the relevant Chargor and not as having been applied in reduction of the Secured Obligations

21 Set-off

The Lender may, set off any matured obligation due from the relevant Chargor under the Finance Documents against any matured obligation owed by the Lender to the relevant Chargor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Lender may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off

22 Notices

Any communication under this Deed or any other Security or Finance Document created by or under this Deed, shall be made and given in accordance with the terms of clause 28 (Notices) of the Mezzanine Facility Agreement

23 Invalidity

Clause 30 (Partial invalidity) of the Mezzanine Facility Agreement shall apply to this Deed as if set out here in full but so that references to the Finance Documents shall be construed as references to this Deed and any Security created by or under it

24 Assignment

The Lender may assign or otherwise transfer all or any part of its rights under this Deed or any Security created by or under it in accordance with the terms of the Finance Documents

25 Releases

Upon the expiry of the Security Period, the Lender shall, at the request and reasonable cost of the relevant Chargor, promptly take whatever action is necessary or desirable to release and reassign (or evidence the release and reassignment) to the relevant Chargor

(a) its rights arising under this Deed,

(b) the Secured Assets from the Security created by and under this Deed,

and return all documents or deeds of title delivered to it under this Deed

26 Currency clauses

26 1 Clause 26 6 (Change of currency) of the Mezzanine Facility Agreement shall apply to this Deed as if set out here in full but so that references to the Finance Documents shall be construed as references to this Deed and any Security created by or under it

26 2 If a payment is made to the Lender under this Deed in a currency (**Payment Currency**) other than the currency in which it is expressed to be payable (**Contractual Currency**), the Lender may convert that payment into the Contractual Currency at the rate at which it (acting reasonably and in good faith) is able to purchase the Contractual Currency with the Payment Currency on or around the date of receipt of the payment and to the extent that the converted amount of the payment falls short of the amount due and payable the relevant Chargor will remain liable for such shortfall

27 Certificates and determinations

Clause 29 2 (Certificates and determinations) of the Mezzanine Facility Agreement shall apply to this Deed as if set out here in full but so that references to the Finance Documents shall be construed as references to this Deed and any Security created by or under it and references to the Finance Parties shall be construed as references to the Lender

28 Undertaking of the Lender relating to the Balliol Property and the New York Property

In the event the Lender enters into possession of either the whole or any part of the Balliol Property or the New York Property during the period from the date of this Deed up to 26th August 2016, then the Lender will not itself use either of the Balliol Property or the New York Property or any part thereof for any activity which is a Restricted Activity nor will it sell, assign, underlet or in any way part with possession of either of the Balliol Property or the New York Property or any part thereof to a person which carries on a Restricted Activity at any location at the time of such sale, assignment, underletting or parting with possession

29 Intercreditor Deed

The provisions of this Deed are subject to the provisions of the Intercreditor Deed and where there is any contradiction between the terms this Deed and the Intercreditor Deed, the terms of the Intercreditor Deed shall prevail

30 Counterparts

This Deed or any Finance Document entered into under or in connection with this Deed may be executed in any number of counterparts, and by each party on separate counterparts. Each counterpart is an original, but all counterparts shall together constitute one and the same instrument. Delivery of a counterpart of this Deed or any such Finance Document entered into under or in connection with this Deed by e-mail attachment or telecopy shall be an effective mode of delivery.

31 Governing law

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

32 Enforcement

32.1 The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Deed (including a dispute relating to the existence, validity or termination of this Deed or any non-contractual obligation arising out of or in connection with this Deed) (**Dispute**).

32.2 The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.

32.3 This clause 32 is for the benefit of the Lender. As a result, the Lender shall not be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Lender may take concurrent proceedings in any number of jurisdictions.

This Security Agreement has been executed as a deed and delivered on the date given at the beginning of this Security Agreement.

Schedule 1

Occupational Leases

Part 1 - Form of notice of assignment

To ♦

Dated ♦

Dear Sirs

The lease described in the attached schedule (the Lease)

We hereby notify you that we have assigned by way of security to Homes and Communities Agency (**Lender**) all our right, title and interest in and to the Lease (including all rental income and other monies payable under the Lease)

We hereby irrevocably and unconditionally authorise and instruct you until notified to the contrary by the Lender

- 1 without notice or reference to or further authority from us and without enquiring as to the justification or the validity of those instructions, to comply only with any instructions from time to time received by you from the Lender relating to the Lease, and
- 2 to pay all sums payable by you under the Lease directly to such account as the Lender may advise from time to time

We remain liable to perform all our obligations [as landlord] under the Lease and the Lender is under no obligation of any kind whatsoever under the Lease nor under any liability whatsoever in the event of any failure by us to perform our obligations under the Lease

Please sign and return the acknowledgement attached to one enclosed copy of this notice to the Lender and the other copy to us

The provisions of this notice (and any non-contractual obligations arising out of or in connection with it) are governed by English law

Yours faithfully

for and on behalf of
North East Property Partnership acting through its general partner, **North East Property Partnership Limited**

Part 2 - Form of acknowledgement

To Homes and Communities Agency

To North East Property Partnership acting through its general partner, North East Property Partnership Limited (**Chargor**)

We acknowledge receipt of the notice of assignment (**Notice**) of which the enclosed is a duplicate
Terms defined in the Notice shall have the same meaning when used in this acknowledgement We confirm that

- (a) we shall act in accordance with the Notice,
- (b) the Chargor will remain liable to perform all its obligations under the Lease and the Lender is under no obligation of any kind whatsoever under the Lease nor under any liability whatsoever in the event of any failure by the Chargor to perform its obligations under the Lease,
- (c) no breach or default on the part of the Chargor of any of the terms of such Lease will be deemed to have occurred unless we have given notice of such breach to the Lender specifying how to make good such breach,
- (d) we have made all necessary arrangements for all future payments payable under such Lease to be made into such account as the Lender may advise from time to time,
- (e) as at the date of this acknowledgement we have not received any notice of assignment or charge of the Chargor's interest in the Lease in favour of any other person, and
- (f) [Tenants only to include this statement if this is factually correct] we do not have and have not claimed or exercised any right or claim against the Chargor or exercised or attempted to exercise any right of set-off, counterclaim or other right relating to the Lease

The provisions of this acknowledgement (and any non-contractual obligations arising out of or in connection with it) are governed by English law

For and on behalf of
[Tenant]

Schedule 2

Blocked Accounts

Part 1 - Form of notice of charge

To [insert name and address of account holding institution]

Dated ♦

Dear Sirs -

Account number ♦ (Blocked Account)

Sort code: ♦

Account holder ♦ Limited

We hereby notify you that we have charged by way of first fixed charge to Homes and Communities Agency (Lender) all our right, title and interest in and to the monies from time to time standing to the credit of the Blocked Account

We hereby irrevocably and unconditionally authorise and instruct you to comply with the terms of the facilities agreement dated • and made between, North East Property Partnership acting through its general partner, North East Property Partnership Limited and the Homes and Communities Agency

The provisions of this notice (and any non-contractual obligations arising out of it or in connection with it) are governed by English law

Yours faithfully

for and on behalf of
North East Property Partnership acting through its general partner, **North East Property Partnership Limited**

Part 2 - Form of acknowledgement

To Homes and Com [REDACTED] y

To North East Prop [REDACTED] acting through its general partner, North East Property Partnership Limited (Charged)

We acknowledge receipt of the notice of charge (**Notice**) of which the enclosed is a duplicate [REDACTED]

The provisions of this acknowledgement (and any non-contractual obligations) it or in connection with it) are governed by English law [REDACTED]

For and on behalf of [REDACTED]
[account holding institution]

[REDACTED]

[REDACTED]

[REDACTED]

SIGNATORIES TO THE SECURITY AGREEMENT

Borrower

Executed as a deed by)
North East Property Partnership acting)
through its general partner,) Director
North East Property Partnership Limited
acting by a director in the presence of

Signature of witness

Name

Address **MUCKLE LLP**
TIME CENTRAL
32 GALLOWGATE
NEWCASTLE UPON TYNE
NE1 4BF

General Partner

Executed as a deed by)
North East Property Partnership Limited)
acting by a director in the presence of) Director

Signature of witness

Name

Address **MUCKLE LLP**
TIME CENTRAL
32 GALLOWGATE
NEWCASTLE UPON TYNE
NE1 4BF

Lender

Executed as a deed by)
affixing the common seal of)
Homes and Communities Agency)
in the presence of) Authorised Signatory

Signature of witness

Name

Address

I certify that, save for material redacted pursuant to s 859G of the Companies Act 2006, this copy instrument is a correct copy of the original instrument

17 May 2013

Pinsent Masons LLP

EXECUTION VERSION

Dated 14 May 2013

**NORTH EAST PROPERTY PARTNERSHIP
(ACTING BY ITS GENERAL PARTNER,
NORTH EAST PROPERTY PARTNERSHIP LIMITED)
as Borrower**

**NORTH EAST PROPERTY PARTNERSHIP LIMITED
as General Partner**

**HOMES AND COMMUNITIES AGENCY
as Lender**

SECURITY AGREEMENT

***This Deed is subject to the terms of the
Intercreditor Deed (as that term is defined in the
Mezzanine Facility Agreement, as defined in this
Deed)***

CERTIFIED TO BE A TRUE AND COMPLETE
COPY OF THE ORIGINAL
DATED THIS 17 DAY OF May 2013
Pinsent Masons LLP *Pinsent Masons LLP*

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This Deed is made on

14 May

2013

Between

- (1) **North East Property Partnership** (a limited partnership registered in England and Wales with number LP009379) (**Partnership**) (acting through its general partner, the General Partner) (**Borrower**)
- (2) **North East Property Partnership Limited** (registered in England with number 4992068) (**General Partner**),
- (3) **Homes and Communities Agency** (**Lender**)

It is agreed

1 Definitions and Interpretation

1.1 Definitions

In this Deed

Balliol Property means the property as identified as Property 2 and referred to as "Balliol" in schedule 1 of the Property Identification Agreement

Blocked Account means

- (a) the Rent Account
- (b) the Disposals and Prepayment Account and
- (c) any other account designated as a Blocked Account by the Borrower and the Lender

Charged Account has the meaning given to it in clause 3.4(h) (First fixed charges)

Chargors means the Borrower and the General Partner and **Chargor** shall mean any of them

Debts has the meaning given to it in clause 3.4(f) (First fixed charges)

Disposals and Prepayment Account has the meaning given to it in the Senior Facilities Agreement

Fixtures means, in respect of any Secured Property, all fixtures and fittings (including trade fixtures and fittings) and fixed plant and machinery now or at any time after the date of this Deed on that Secured Property

Floating Charge Assets means all the assets and undertaking from time to time subject to the floating charge created under clause 3.5 (Floating charge)

Hedging Agreement means any ISDA Master Agreement, confirmation, transaction, schedule or other agreement entered into or to be entered into by the Borrower and a hedge counterparty

Intellectual Property means

- (a) any patents, trade marks, service marks, designs, business names, copyrights, database rights, design rights, topography rights, domain names, moral rights,

inventions, confidential information, knowhow and any other associated or similar intellectual property rights and interests anywhere in the world (which may now or in the future subsist), and in each case whether registered or unregistered and

- (b) the benefit of all applications, rights to apply for and rights to use such assets (including, without limitation, any licences and sub-licences of the same) (which may now or in the future subsist)

Investments means any shares, stocks, debenture security, securities, bonds and investments of any type whatever, including but not limited to, negotiable instruments, certificates of deposit, eligible debt securities, interests in collective investment schemes, or other investments referred to in section 22 of, and as defined in Part II of Schedule 2 to, the Financial Services and Markets Act 2000 and Part III of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, whether certificated or uncertificated, physical or dematerialised, registered or unregistered, held by that relevant Chargor or by a trustee or clearance system or nominee (excluding any LLP Interests whatsoever held by a Chargor)

LLP means North East Regeneration Partnership LLP, a limited liability partnership registered in England and Wales with number OC384291

LLP Agreement means the agreement pursuant to which the LLP is constituted

LLP Interests means the interests of the General Partner in the LLP from time to time whether pursuant to the LLP Agreement or otherwise

Mezzanine Facility Agreement means the facility agreement between the Borrower as borrower and the Lender as lender and dated on or about the date of this Deed under which the Lenders agree to make available to the Borrower a sterling term loan facility

New York Property means the property as identified as Property 8 and referred to as "New York" in schedule 1 of the Property Identification Agreement

Party means a party to this Deed

Property means all Properties listed in the Property Identification Agreement and **Property** means each or any of them as the context requires

Property Identification Agreement means the property identification agreement dated on or about the date of this Deed and entered into between, among others, the Borrower, the Lender and The Royal Bank of Scotland plc as Agent for the Finance Parties (as such terms are defined therein)

Receiver means any receiver, manager or administrative receiver appointed by the Lender in respect of a Chargor or any of the Secured Assets

Related Rights means, in respect of any Investment

- (a) all monies paid or payable in respect of that Investment (whether as income, capital or otherwise)
- (b) all shares, investments or other assets derived from that Investment and
- (c) all rights derived from or incidental to that Investment

Relevant Agreement means

- (a) the Property Management Agreement
- (b) each Hedging Agreement
- (c) each other agreement designated as a Relevant Agreement by the Lender and each relevant Chargor in writing

Relevant Policies means, in respect of a Chargor, all policies of insurance present and future in which it has an interest (other than policies in respect of public liability and third party liability) together with all monies payable in respect of such policies

Rent Account has the meaning given to it in the Senior Facilities Agreement

Restricted Activity means

- (a) The manufacture texturization or polymerisation of synthetic fibres (ie polyester polyamide (nylon) acrylic and polypropylene)
- (b) The building conversion or repairing of sea-going vessels with metal hulls of 100 gross tonnes or more
- (c) Iron and steel
 - (i) projects involving the production of all Treaty of Paris products (raw materials for iron and steel production, pig iron for steel making foundry and other pig iron, ferro alloys, crude semi-finished and hot-finished products of iron ordinary steel or special steel, tinplate terneplate blackplate galvanised sheets other coated sheets cold rolled sheets and plate electric sheets strip for tinplate, ferrous scrap-including shipbreaking)
 - (ii) projects involving the production of seamless tubes welded tubes and pipes wire drawing bright bar drawing cold rolled narrow strip
 - (iii) projects relating to foundries where the applicant is a steel producing company
 - (iv) projects involving heavy open-die forging
 - (v) projects where grant might be of significant benefit to companies engaged in i) or ii) above eg companies which lease assets to or whose output is largely supplied to manufacturers of the products in (a) or (b) above
- (d) The production of handling or treatment of coal
- (e) The manufacture and assembly of motor vehicles and manufacture of motor vehicle engines Component manufacturers per se are not restricted however aid given to a motor vehicle manufacturer or its subsidiary for the manufacture of parts or accessories is restricted as aid granted for the manufacture of parts or accessories under licence or patent of a vehicle manufacture
- (f) Primary agricultural production
- (g) The processing and marketing of agricultural products

- (h) Any activity involving the production of sugar or any carbohydrate which can be used as a substitute for sugar
- (i) The manufacture and marketing of dairy products or imitation substitute products
- (j) Any activity involving the slaughtering and processing of livestock and poultry
- (k) Fisheries enterprises

Secured Assets means in respect of any Chargor, all of its assets and undertaking the subject of any Security created by, under or supplemental to, this Deed in favour of the Lender

Secured Obligations means, in respect of any Chargor, all monies and liabilities now or after the date of this Deed due owing or incurred by that Chargor to the Lender under the Finance Documents (or any of them) in any manner and in any currency or currencies and whether present or future, actual or contingent, whether incurred solely or jointly with any other person and whether as principal or surety, together with all interest accruing on such monies and liabilities and all costs, charges and expenses incurred by the Lender under any Finance Document, except for any obligation which, if it were included here, would constitute unlawful financial assistance or its equivalent in any other jurisdiction

Secured Property means, at any time, the Property and all other freehold, leasehold or commonhold property which is subject to any Security created by, under or supplemental to, this Deed

Security Period means the period beginning on the date of this Deed and ending on the first date on which the facility made available by the Lender under the Finance Documents (or any of them) have been fully and finally discharged to the satisfaction of the Lender, whether or not as a result of an enforcement, and the Lender is under no further obligation to provide financial accommodation to the Borrower under the Finance Documents

Senior Facilities Agreement means the facilities agreement entered into on or around the date of this Deed between (among others) the Borrower and The Royal Bank of Scotland plc as Agent for the Finance Parties (as such terms are defined therein)

1 2 Interpretation

- (a) Unless otherwise defined in this Deed, a term defined in the Mezzanine Facility Agreement has the same meaning when used in this Deed or any notices, acknowledgements or other documents issued under or in connection with this Deed
- (b) In this Deed the term **dispose** includes any sale, lease, licence, transfer or loan
- (c) Clause 1 2 (Construction) of the Mezzanine Facility Agreement is incorporated in this Deed as if set out here in full but so that each reference in that clause to **this Agreement** shall be read as a reference to this Deed
- (d) In the event of any conflict between the terms of this Deed and the Mezzanine Facility Agreement, the terms of the Mezzanine Facility Agreement will prevail

1 3 Third party rights

- (a) Unless expressly provided to the contrary in any Finance Document, a person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 to

enforce or enjoy the benefit of any term of this Deed or any other Finance Document issued or entered into under or in connection with it but this does not affect any right or remedy of a third party which exists or is available apart from the Contracts (Rights of Third Parties) Act 1999

- (b) Unless expressly provided to the contrary in any Finance Document the consent of any person who is not a Party is not required to rescind or vary this Deed or any other Finance Document entered into under or in connection with it

1 4 Administration

- (a) Any reference in this Deed, or any other Finance Document entered into under or in connection with it, to the making of an administration order shall be treated as including a reference to the appointment of an administrator under paragraph 14 (by the holder of a qualifying floating charge in respect of the assets of a Chargor) or 22 (by a Chargor or the directors of a Chargor) of Schedule B1 to the Insolvency Act 1986 or any steps taken toward such order or appointment
- (b) Any reference in this Deed or any other Finance Document entered into under or in connection with it, to making an application for an administration order by petition shall be treated as including a reference to making an administration application to the court under Schedule B1 to the Insolvency Act 1986, appointing an administrator under paragraph 14 or 22 of that Schedule, or giving notice under paragraph 15 or 26 of that Schedule of intention to appoint an administrator or any steps taken towards such application or notice

1 5 Incorporated terms

The terms of the Finance Documents and of any side letters relating to the Finance Documents and the Secured Obligations are incorporated into this Deed to the extent required for any purported disposition of any Secured Assets contained in this Deed to be a valid disposition in accordance with section 2(1) of the Law of Property (Miscellaneous Provisions) Act 1989

1 6 Property held on trust

The General Partner confirms that it holds each of the Secured Assets of the Borrower from time to time as assets of the Partnership

2 Covenant to pay

Each Chargor covenants with the Lender to pay and discharge the Secured Obligations when they become due for payment and discharge in accordance with the terms of the Finance Documents

3 Charging provisions

3 1 General

All Security created by a Chargor under clauses 3 2 to 3 5 inclusive is

- (a) a continuing security for the payment and discharge of the Secured Obligations,
- (b) subject to the Security created pursuant to the Senior Security Documents, granted with full title guarantee,

- (c) granted in respect of all the right, title and interest (if any), present and future, of that Chargor in and to the relevant Secured Asset,
- (d) created in respect of all of the assets of the Partnership from time to time, and
- (e) granted in favour of the Lender

3 2 Legal mortgages

Each Chargor charges by way of legal mortgage the Property, and all Fixtures on the Property

3 3 Assignments

To the extent not already assigned to a prior ranking creditor, each Chargor assigns

- (a) all Rental Income, and all other sums, payable under any Occupational Lease including any guarantee of Rental Income contained in, or relating to, any Occupational Lease,
- (b) the Relevant Agreements, and
- (c) the Relevant Policies

Each Chargor shall remain liable to perform all its obligations under each Occupational Lease, each Relevant Agreement and each Relevant Policy

3 4 Fixed charges

Each Chargor charges by way of fixed charge

- (a) all interests and estates in any freehold, leasehold or commonhold property owned by it on the date of this Deed (other than any freehold, leasehold or commonhold property effectively charged by way of legal mortgage under clause 3 2) and, in each case, the Fixtures on each such property,
- (b) the proceeds of sale of its Secured Property and all licences to enter on or use any Secured Property,
- (c) the benefit of all other agreements, instruments and rights relating to its Secured Property,
- (d) all plant, machinery, vehicles, computers, office and other equipment, all furniture, furnishings, equipment and tools and any removals or replacement of them, present and future and the benefit of all contracts, licences, warranties, maintenance contracts relating to them and any renewals and replacements of them,
- (e) the Investments together with all Related Rights,
- (f) all book and other debts due to the relevant Chargor and their proceeds (both collected and uncollected) (together **Debts**) and all rights, guarantees, security or other collateral in respect of the Debts (or any of them) and the benefit of any judgment or order to pay a sum of money and all rights to enforce the Debts (or any of them),

- (g) all monies from time to time standing to the credit of each Blocked Account,
- (h) all monies from time to time standing to the credit of each account including, without limitation, the General Account held by the relevant Chargor with any bank, building society, financial institution or other person, other than any Blocked Account (each a **Charged Account**),
- (i) all its Intellectual Property;
- (j) all its goodwill and uncalled capital,
- (k) the benefit of all Authorisations held or utilised by it in connection with its business or the use of any of its assets and the right to recover and receive compensation payable in respect of any of them, and
- (l) to the extent that any assignment in clause 3.3 is ineffective as an assignment, the assets referred to in that clause

3.5 Floating charge

Each Chargor charges by way of first floating charge all its assets and undertaking wherever located both present and future other than any assets effectively charged by way of legal mortgage or fixed charge or assigned under clauses 3.2, 3.3 or 3.4

3.6 Qualifying floating charge

This Deed contains a qualifying floating charge and paragraph 14 of Schedule B1 to the Insolvency Act 1986 applies to the floating charge created by or under this Deed

3.7 Conversion of floating charge to a fixed charge

The Lender may, at any time by notice in writing to any Chargor, convert the floating charge created under clause 3.5 into a fixed charge as regards any Floating Charge Asset as it shall specify in the notice if

- (a) an Event of Default is continuing, or
- (b) in the opinion of the Lender (acting reasonably) that Floating Charge Asset is in danger of being seized or any legal process or execution is being enforced against that Floating Charge Asset

3.8 Automatic conversion of floating charge to a fixed charge

- (a) If (unless permitted in writing by the Lender or expressly permitted under the terms of any Finance Document)
 - (i) each Chargor creates or attempts to create any Security over any of its Floating Charge Assets,
 - (ii) any person levies or attempts to levy any distress, attachment, execution or other legal process against any Floating Charge Asset, or
 - (iii) any corporate action, legal proceedings or other procedures or steps are taken for the winding up, dissolution, administration or reorganisation of any Chargor,

the floating charge created by this Deed

- (A) in relation to those specific Floating Charge Assets affected pursuant to clauses 3.8(a)(i) and 3.8(a)(ii) will, automatically and immediately without notice be converted into a fixed charge over the relevant Floating Charge Assets, or
 - (B) in relation to the circumstances described in clause 3.8(a)(iii) will, automatically and immediately without notice be converted into a fixed charge over all of the Floating Charge Assets
- (b) The Lender agrees that it will not convert any fixed charge created by the crystallisation of the floating charge pursuant to clause 3.8(a) into a floating charge if the action that resulted in the fixed charge created pursuant to clauses 3.8(a)(i) and 3.8(a)(iii) was frivolous, vexatious or an abuse of process and such action is dismissed within 14 days of such action being taken

3.9 Documents of title

Each Chargor shall

- (a) immediately following the Senior Discharge Date (and on the acquisition by it of any interest in any Secured Assets at any time after the Senior Discharge Date) deposit with the Lender all deeds, certificates and other documents in its possession constituting or evidencing title to the Secured Assets (or otherwise procure that any such deeds, certificates and other documents are held to the order of the Lender on terms acceptable to the Lender), and
- (b) deposit with the Lender at any time following the Senior Discharge Date any further deeds, certificates and other documents constituting or evidencing title to the Secured Assets, promptly upon coming into possession of them (or otherwise procure that any such deeds, certificates and other documents are held to the order of the Lender on terms acceptable to the Lender)

3.10 Small company moratorium

Where a Chargor is an eligible company within the meaning of paragraphs 2 to 4 (inclusive) of Schedule A1 to the Insolvency Act 1986, then the obtaining of a moratorium, including any preliminary decision, or investigation in terms of paragraph 43 of Schedule A1 to the Insolvency Act 1986 shall not cause the floating charge created by this Deed to crystallise into a fixed charge, nor cause restrictions which would not otherwise apply to be imposed on the disposal of its property and assets by that Chargor

4 Continuing security

4.1 Continuing security

The Security constituted by this Deed shall be continuing security and shall remain in full force and effect regardless of any intermediate payment or discharge by any Chargor or any other person of the whole or any part of the Secured Obligations

4.2 Recourse

The Security constituted by this Deed

- (a) is in addition to any other Security which the Lender may hold at any time for the Secured Obligations (or any of them), and
- (b) may be enforced without first having recourse to any other rights of the Lender

5 Negative pledge

5.1 No Chargor shall create or permit to subsist any Security over any of its assets or any assets of the Partnership

5.2 No Chargor shall

- (a) sell, transfer or otherwise dispose of any of its assets or any assets of the Partnership on terms whereby they are or may be leased to or re-acquired by a Chargor,
- (b) sell, transfer or otherwise dispose of any of its receivables on recourse terms,
- (c) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts, or
- (d) enter into any other preferential arrangement having a similar effect

5.3 Clauses 5.1 and 5.2 do not apply to any Permitted Security

6 Restrictions on disposals

6.1 No Chargor shall enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to dispose of all or any part of any Secured Assets

6.2 Clause 6.1 does not apply to

- (a) any disposal permitted pursuant to clause 20.2 (Occupational Leases) of the Mezzanine Facility Agreement, or
- (b) any other disposal which is permitted pursuant to clause 19.4 (Disposals) of the Mezzanine Facility Agreement

7 Further assurance

7.1 Each Chargor shall promptly do all such acts and execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Lender may reasonably specify (and in such form as the Lender may reasonably require in favour of the Lender or its nominee(s))

- (a) to perfect, protect and maintain the Security created or intended to be created under or evidenced by this Deed or for the exercise of any rights, powers and remedies of the Lender provided by or pursuant to this Deed or by law,
- (b) to confer on the Lender Security over any property and assets of that Chargor located in any jurisdiction equivalent or similar to the Security intended to be conferred by or pursuant to this Deed, and/or

- (c) (if an Event of Default is continuing) to facilitate the realisation of the assets which are, or are intended to be, the subject of the Security created by or under this Deed
- 7 2 Each Chargor shall take all such action as is available to it (including making all filings and registrations) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any Security conferred or intended to be conferred on the Lender by or pursuant to this Deed
- 7 3 To the extent not already recovered under the terms of the Mezzanine Facility Agreement, any document required to be executed by a Chargor under this clause 7 will be prepared at the cost of that Chargor
- 8 Land Registry**
- 8 1 Application for restriction**
 - (a) In relation to land and buildings situated in England and Wales, title to which is registered or is to be registered at the Land Registry, each Chargor consents to an application being made to the Chief Land Registrar for registration of a restriction on the register of title of all present and future registered freehold, leasehold or commonhold property of that Chargor (and any unregistered properties subject to compulsory first registration at the date of this Deed)
 - (b) Each Chargor confirms that save for as disclosed in any Property Report so far as any of the Secured Property is unregistered, such land is not affected by any disclosable overriding interests within the meaning of the Land Registration Act 2002 or the Land Registration Rules 2003
- 8 2 Tacking and further advances**

The Lenders are, subject to the terms of the Mezzanine Facility Agreement, under an obligation to make further advances to the Borrower and this security has been made for securing such further advances. The Lender and each Chargor by this Deed consent to an application being made to the Chief Land Registrar to enter a note of such obligation on the register of title to all present and future registered property of that Chargor (and any unregistered properties subject to compulsory first registration at the date of this Deed)
- 9 Notices of assignments and charges**
- 9 1 Rental Income**
 - (a) On the date referred to in clause 10 1(b), each relevant Chargor shall give notice in substantially the form specified in part 1 (Form of notice of assignment) of schedule 1 to each tenant under each Occupational Lease that the relevant Chargor has assigned to the Lender all its right, title and interest in the Rental Income and other monies payable under that Occupational Lease including any guarantee of Rental Income contained in, or relating to, any Occupational Lease
 - (b) Each relevant Chargor shall give the notices referred to in clause 9 1(a) at any time after the Senior Discharge Date and after service of a notice pursuant to Clause 23 14 (*Acceleration*) of the Mezzanine Facility Agreement and as soon as reasonably practicable following a written request from the Lender
 - (c) The relevant Chargor shall use reasonable endeavours to procure that the recipient of each such notice acknowledges that notice in substantially the form specified in

part 2 (Form of acknowledgement) of schedule 1 within 45 Business Days of that notice being given

9 2 Relevant Agreements

- (a) Each relevant Chargor shall give notice to the other parties to each Relevant Agreement that the relevant Chargor has assigned to the Lender all its right, title and interest in that Relevant Agreement, the form of such notice to be agreed between the relevant Chargor and the Lender at the time specified in clause 9 2(b) (in each case, each party acting reasonably)
- (b) Each relevant Chargor shall give the notices referred to in clause 9 2(a)
 - (i) in the case of each Relevant Agreement in existence as at the date of this Deed, on the Senior Discharge Date, and
 - (ii) in the case of each Relevant Agreement coming into existence or being designated as such after the date of this Deed, on the later of that agreement coming into existence, being designated a Relevant Agreement or the Senior Discharge Date
- (c) The relevant Chargor shall use reasonable endeavours to procure that the recipient of each such notice acknowledges that notice in substantially the form agreed in clause 9 2(a) within 15 Business Days of that notice being given

9 3 Blocked Accounts

- (a) On the Senior Discharge Date, each relevant Chargor shall give notice in substantially the form specified in part 1 (Form of notice of charge) of schedule 2 to the financial institution at which each Blocked Account is held that the relevant Chargor has created a fixed charge over the balance standing to the credit of that Blocked Account
- (b) Each relevant Chargor shall give the notices referred to in clause 9 3(a) in the case of a Blocked Account opened after the date of this Deed, promptly upon the later of that Blocked Account being opened or the Senior Discharge Date

10 Investments

10 1 Delivery of documents

On the later of

- (a) the date of this Deed,
- (b) the date of acquisition of those Investments or Related Rights, and
- (c) the Senior Discharge Date,

each Chargor shall

- (i) deliver to the Lender all certificates of title and other documents of title or evidence of ownership in respect of its Investments and the Related Rights, and

- (ii) deliver to the Lender such transfer documents (with the transferee left blank) or any other documents as the Lender may require or otherwise request (in both cases, acting reasonably) in respect of those Investments and Related Rights
- (d) At any time while an Event of Default is continuing, the Lender may complete any transfer documents held by it in respect of the Investments and/or Related Rights in favour of itself or such other person or nominee as it shall select
- (e) At any time after the Security created by or under this Deed has become enforceable, the Lender and its nominee or nominees may sell all or any of the Investments or Related Rights of the Chargor (or any of them) in any manner permitted by law and on such terms as the Lender shall in its absolute discretion determine
- (f) If any Chargor receives any dividends, distributions or other monies in respect of its Investments and Related Rights at a time when the Lender has made a taken any steps under clause 12.2 to enforce Security created by or under this Deed, each Chargor shall immediately pay such sums received directly to the Lender for application in accordance with clause 15 (Application of monies) and shall hold all such sums on trust for the Lender pending payment of them to such account as the Lender shall direct

10.2 Dividends

Until the Security created by or under this Deed is enforced each Chargor shall be entitled to receive and retain all dividends, distributions and other monies receivable in respect of its Investments and Related Rights

10.3 Voting rights

Each Chargor may exercise its voting and other rights in respect of its Investments and Related Rights

10.4 Payments

Each Chargor shall make all payments which may become due and payable in respect of any of its Investments and Related Rights. If it fails to make any such payments, the Lender may, but shall not be obliged to, make such payment on behalf of the relevant Chargor. Any sums so paid by the Lender shall be repayable by the relevant Chargor to the Lender on demand and pending such repayment shall constitute part of the Secured Obligations

10.5 Obligations

Each Chargor shall comply with all of the material conditions and obligations assumed by it in respect of its Investments and Related Rights and the Lender shall not be required to perform or fulfil any obligation of the relevant Chargor in respect of any Investments or Related Rights

10.6 Conversion

Immediately on conversion of any Investments or Related Rights from a certificated to an uncertificated form, and on the acquisition of any Investments or Related Rights in an uncertificated form, the relevant Chargor shall give such instructions or directions and take such other steps and enter into such documentation as the Lender may require in order to protect or preserve the Security intended to be created by this Deed

11 Security power of attorney

Each Chargor, by way of security, irrevocably and severally appoints the Lender, each Receiver and any of their delegates or sub-delegates to be its attorney to take any action which the Chargor is obliged to take under this Deed but which it has failed to take after becoming aware or after 10 Business Days after notice has been served on the relevant Chargor. Each Chargor ratifies and confirms whatever any attorney does or purports to do pursuant to its appointment under this clause 11.

12 Enforcement of security

12.1 When security is enforceable

On the occurrence of any Event of Default which is continuing, the Security created by and under this Deed is immediately enforceable but only for so long as that Event of Default is continuing.

12.2 Acts of enforcement

The Lender may, at its absolute discretion, at any time after the Security created by or under this Deed is enforceable:

- (a) enforce all or any part of the Security created by or under this Deed in any manner it sees fit,
- (b) exercise its rights and powers conferred upon mortgagees by the Law of Property Act 1925, as varied and extended by this Deed, and rights and powers conferred on a Receiver by this Deed, whether or not it has taken possession or appointed a Receiver to any of the Secured Assets,
- (c) appoint a Receiver to all or any part of the Secured Assets,
- (d) appoint an administrator in respect of any Chargor and take any steps to do so,
- (e) exercise its power of sale under section 101 of the Law of Property Act 1925 (as amended by this Deed), or
- (f) if permitted by law, appoint an administrative receiver in respect of the Chargor.

12.3 Right of appropriation

To the extent that the Security created by this Deed constitutes a "security financial collateral arrangement" and the Secured Assets constitute "financial collateral" for the purpose of the Financial Collateral Arrangements (No 2) Regulations 2003 (**Regulations**), the Lender shall have the right on giving prior notice to the relevant Chargor, at any time after the Security becomes enforceable, to appropriate all or any part of those Secured Assets in or towards discharge of the Secured Obligations. The parties agree that the value of the appropriated Secured Assets shall be, in the case of cash, the amount of cash appropriated and, in the case of Investments, determined by the Lender by reference to any available publicly available market price in the absence of which by such other means as the Lender (acting reasonably) may select including, without limitation, an independent valuation. For the purpose of Regulation 18(1) of the Regulations, the relevant Chargor agrees that any such determination by the Lender will constitute a valuation "in a commercially reasonable manner".

12 4 Statutory powers - general

- (a) For the purposes of all powers implied by statute, the Secured Obligations are deemed to have become due and payable on the date of this Deed
- (b) Section 103 of the Law of Property Act 1925 and section 93 of the Law of Property Act 1925 do not apply to the Security constituted by or under this Deed
- (c) The statutory powers of leasing conferred on the Lender are extended so that, without the need to comply with any provision of section 99 or section 100 of the Law of Property Act 1925, the Lender is empowered to lease and make agreements for lease at a premium or otherwise, accept surrenders of leases and grant options or vary or reduce any sum payable under any leases or tenancy agreements as it may think fit
- (d) Each Receiver and the Lender is entitled to all the rights, powers, privileges and immunities conferred by the Law of Property Act 1925 and the Insolvency Act 1986 on mortgagees and Receivers when such Receivers have been duly appointed under the relevant Act

12 5 Contingencies

If the Lender enforces the Security constituted by or under this Deed at a time when no amounts are due to the Lender under the Finance Documents but at a time when amounts may or will become so due, the Lender (or the Receiver) may pay the proceeds of any recoveries effected by it into an interest bearing suspense account

12 6 Mortgagee in possession - no liability

Neither the Lender nor any Receiver will be liable, by reason of entering into possession of a Secured Asset, to account as mortgagee in possession or for any loss on realisation or for any default or omission for which a mortgagee in possession might otherwise be liable

12 7 Redemption of prior mortgages

At any time after the Security created by or under this Deed has become enforceable, the Lender may, at the sole cost of the Chargors (payable to the Lender on demand)

- (a) redeem any prior form of Security over any Secured Asset, and/or
- (b) procure the transfer of that Security to itself, and/or
- (c) settle and pass the accounts of any prior mortgagee, chargee or encumbrancer which once so settled and passed shall be conclusive and binding on each Chargor

13 Receiver

13 1 Appointment of Receiver

- (a)
 - (i) At any time after any Security created by or under this Deed is enforceable, the Lender may appoint a Receiver to all or any part of the Secured Assets in accordance with clause 12 2(c) (Acts of enforcement)

- (ii) At any time, if so requested in writing by any Chargor, without further notice, the Lender may appoint a Receiver to all or any part of the Secured Assets as if the Lender had become entitled under the Law of Property Act 1925 to exercise the power of sale conferred under the Law of Property Act 1925
- (b) Any Receiver appointed under this Deed shall be the agent of the Chargor and the relevant Chargor shall be solely responsible for his acts or defaults and for his remuneration and liable on any contracts or engagements made or entered into by him and in no circumstances whatsoever shall the Lender be in any way responsible for any misconduct, negligence or default of the Receiver
- (c) Where a Chargor is an eligible company within the meaning of paragraphs 2 to 4 (inclusive) of Schedule A1 to the Insolvency Act 1986
 - (i) obtaining a moratorium, or
 - (ii) anything done with a view to obtaining a moratorium including any preliminary decision or investigation in terms of paragraph 43 of Schedule A1 to the Insolvency Act 1986,

shall not be grounds for appointment of a Receiver

13 2 Removal

The Lender may by written notice remove from time to time any Receiver appointed by it (subject to the provisions of section 45 of the Insolvency Act 1986 in the case of an administrative receiver) and, whenever it may deem appropriate, appoint a new Receiver in the place of any Receiver whose appointment has terminated

13 3 Powers of Receiver

(a) General

- (i) In addition to those conferred by the Law of Property Act 1925 on any Receiver appointed under that Act, each Receiver has, and is entitled to exercise, all of the rights, powers and discretions set out in this clause 13 3
- (ii) If there is more than one Receiver holding office at the same time, unless the document appointing him states otherwise, each Receiver may exercise all of the powers conferred on a Receiver under this Deed or under the Insolvency Act 1986 individually and to the exclusion of any other Receivers
- (iii) A Receiver of a Chargor has all the rights, powers and discretions of an administrative receiver under the Insolvency Act 1986
- (iv) A Receiver may, in the name of any Chargor
 - (A) do all other acts and things which he may consider expedient for realising any Secured Asset, and
 - (B) exercise in relation to any Secured Asset all the powers, authorities and things which he would be capable of exercising if he were its absolute beneficial owner

(b) Borrow money

A Receiver may raise and borrow money (either unsecured or on the security of any Secured Asset, either in priority to the security constituted by this Deed or otherwise) on any terms and for whatever purpose which he thinks fit. No person lending that money need enquire as to the propriety or purpose of the exercise of that power or to check the application of any money so raised or borrowed.

(c) Carry on business

A Receiver may carry on the business of any relevant Chargor as he thinks fit and, for the avoidance of doubt, a Receiver may apply for such Authorisations as he considers in his absolute discretion appropriate.

(d) Compromise

A Receiver may settle, adjust, refer to arbitration, compromise and arrange any claims, accounts, disputes, questions and demands with or by any person who is or claims to be a creditor of any relevant Chargor or relating in any way to any Secured Asset.

(e) Delegation

A Receiver may delegate his powers in accordance with clause 14 (Delegation).

(f) Employees

For the purposes of this Deed, a Receiver as he thinks appropriate, on behalf of the relevant Chargor or for itself as Receiver, may

- (i) appoint and discharge managers, officers, agents, accountants, servants, workmen and others upon such terms as to remuneration or otherwise as he may think proper, and
- (ii) discharge any such persons appointed by any relevant Chargor.

(g) Leases

A Receiver may let any Secured Asset for any term and at any rent (with or without a premium) which he thinks proper and may accept a surrender of any lease or tenancy of any Secured Assets on any terms which he thinks fit (including the payment of money to a lessee or tenant on a surrender).

(h) Legal actions

A Receiver may bring, prosecute, enforce, defend and abandon all actions, suits and proceedings or submit to arbitration or any form of alternative dispute resolution in the name of the relevant Chargor in relation to any Secured Asset as he considers expedient.

(i) Possession

A Receiver may take immediate possession of, get in and collect any Secured Asset.

(j) Protection of assets

A Receiver may, in each case as he may think fit

- (i) make and effect all repairs and insurances and do all other acts which the relevant Chargor might do in the ordinary conduct of its business be they for the protection or for the improvement of the Secured Assets,
- (ii) commence and/or complete any building operations on the Secured Property or other Secured Asset, and
- (iii) apply for and maintain any planning permission, building regulation approval or any other permission, consent or licence

(k) Receipts

A Receiver may give valid receipts for all monies and execute all assurances and things which may be expedient for realising any Secured Asset

(l) Sale of assets

A Receiver may sell, exchange, convert into monies and realise any Secured Asset by public auction or private contract in any manner and on any terms which he thinks proper. The consideration for any such transaction may consist of cash, debenture or other obligations, shares, stock or other valuable consideration and any such consideration may be payable in a lump sum or by instalments spread over such period as he thinks fit. Fixtures and any plant and machinery annexed to any part of the Secured Property may be severed and sold separately from the property containing them without the consent of the relevant Chargor.

(m) Subsidiaries

A Receiver may form a Subsidiary of the relevant Chargor and transfer to that Subsidiary any Secured Asset

(n) Deal with Secured Assets

A Receiver may, without restriction sell, let or lease, or concur in selling, letting or leasing, or vary the terms of, determine, surrender or accept surrenders of, leases or tenancies of, or grant options and licences over or otherwise dispose of or deal with, all or any part of the Secured Assets without being responsible for loss or damage, and so that any such sale, lease or disposition may be made for cash payable by instalments, loan stock or other debt obligations or for shares or securities of another company or other valuable consideration. The Receiver may form and promote, or concur in forming and promoting, a company or companies to purchase, lease, licence or otherwise acquire interests in all or any of the Secured Assets or otherwise, arrange for such companies to trade or cease to trade and to purchase, lease, license or otherwise acquire all or any of the Secured Assets on such terms and conditions whether or not including payment by instalments secured or unsecured as he may think fit.

(o) Voting rights

A Receiver may exercise all voting and other rights attaching to the Investments, Related Rights and stocks, shares and other securities owned by the relevant Chargor and comprised in the Secured Assets in such manner as he may think fit

(p) Security

A Receiver may redeem any prior Security and settle and pass the accounts of the person entitled to the prior Security so that any accounts so settled and passed shall (subject to any manifest error) be conclusive and binding on the relevant Chargor and the money so paid shall be deemed to be an expense properly incurred by the Receiver

(q) Acquire land

The Receiver may purchase or acquire any land and purchase, acquire or grant any interest in or right over land

(r) Development

A Receiver may implement or continue the development of (and obtain all consents required in connection therewith) and/or complete any buildings or structures on, any real property comprised in the Secured Property and do all acts and things incidental to the Secured Property

(s) Landlord's obligations

A Receiver may on behalf of the relevant Chargor and without consent of or notice to the relevant Chargor exercise all the powers conferred on a landlord or a tenant by the Landlord and Tenants Acts, the Rents Acts and Housing Acts or any other legislation from time to time in force in any relevant jurisdiction relating to rents or agriculture in respect of any part of the Secured Property

(t) Uncalled capital

A Receiver may make calls conditionally or unconditionally on the members of the relevant Chargor in respect of uncalled capital

(u) Incidental matters

A Receiver may do all other acts and things including without limitation, signing and executing all documents and deeds as may be considered by the Receiver to be incidental or conducive to any of the matters or powers listed here or granted by law or otherwise incidental or conducive to the preservation, improvement or realisation of the Secured Assets and to use the name of the relevant Chargor for all the purposes set out in this clause 13

13.4 Remuneration

The Lender may from time to time fix the remuneration of any Receiver appointed by it

14 Delegation

- 14 1 The Lender and any Receiver may delegate by power of attorney or in any other manner all or any of the powers, authorities and discretions which are for the time being exercisable by the Lender and the Receiver (as appropriate) under this Deed to any person or persons as it shall think fit. Any such delegation may be made upon such terms and conditions (including the power to sub-delegate) as the Lender and Receiver (as appropriate) may think fit.
- 14 2 The Lender and any Receiver will not be liable or responsible to the relevant Chargor or any other person for any losses, liabilities or expenses arising from any act, default, omission or misconduct on the part of any delegate.

15 Application of monies

- 15 1 Sections 109(6) and (8) (Appointment, powers, remuneration and duties of receiver) of the Law of Property Act 1925 shall not apply to a Receiver appointed under this Deed.
- 15 2 All monies received by the Lender or any Receiver under this Deed shall be applied in accordance with the provisions of the Intercreditor Deed.
- 15 3 The Lender and any Receiver may place any money received, recovered or realised pursuant to this Deed in an interest bearing suspense account and it may retain the same for such period as it considers expedient without having any obligation to apply the same or any part of it in or towards discharge of the Secured Obligations.

16 Remedies and waivers

- 16 1 No failure to exercise, nor any delay in exercising, on the part of the Lender or any Receiver, any right or remedy under this Deed shall operate as a waiver of any such right or remedy or constitute an election to affirm this Deed. No election to affirm this Deed on the part of the Lender or any Receiver shall be effective unless it is in writing. No single or partial exercise of any right or remedy shall prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Deed are cumulative and not exclusive of any rights or remedies provided by law.
- 16 2 A waiver given or consent granted by the Lender or any Receiver under this Deed will be effective only if given in writing and then only in the instance and for the purpose for which it is given.

17 Protection of third parties

- 17 1 No person (including a purchaser) dealing with the Lender or a Receiver or its or his agents has an obligation to enquire of the Lender, Receiver or others
- (a) whether the Secured Obligations have become payable,
 - (b) whether any power purported to be exercised has become exercisable,
 - (c) whether any Secured Obligations or other monies remain outstanding,
 - (d) how any monies paid to the Lender or to the Receiver shall be applied, or
 - (e) the status, propriety or validity of the acts of the Receiver or Lender.

17 2 The receipt of the Lender or any Receiver shall be an absolute and a conclusive discharge to a purchaser and shall relieve him of any obligation to see to the application of any monies paid to or by the direction of the Lender or any Receiver

17 3 In clauses 17 1 and 17 2 **purchaser** includes any person acquiring, for money or monies worth, any lease of, or Security over, or any other interest or right whatsoever in relation to, the Secured Assets or any of them

18 Additional security

The Security created by or under this Deed is in addition to and is not in any way prejudiced by any guarantee or security now or subsequently held by the Lender

19 Settlements conditional

19 1 If the Lender (acting reasonably) believes that any amount paid by the relevant Chargor or any other person in respect of the Secured Obligations is capable of being avoided or set aside for any reason, then for the purposes of this Deed, such amount shall not be considered to have been paid

19 2 Any settlement, discharge or release between the relevant Chargor and the Lender shall be conditional upon no Security or payment to or for the Lender by a Chargor or any other person being avoided or set aside or ordered to be refunded or reduced by virtue of any law relating to bankruptcy, insolvency or liquidation or otherwise

20 Subsequent Security

If the Lender receives notice of any other subsequent Security or other interest affecting all or any of the Secured Assets it may open a new account or accounts for the relevant Chargor in its books. If it does not do so then, unless it gives express written notice to the contrary to the relevant Chargor, as from the time of receipt of such notice by the Lender, all payments made by the relevant Chargor to the Lender shall be treated as having been credited to a new account of the relevant Chargor and not as having been applied in reduction of the Secured Obligations

21 Set-off

The Lender may, set off any matured obligation due from the relevant Chargor under the Finance Documents against any matured obligation owed by the Lender to the relevant Chargor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Lender may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off

22 Notices

Any communication under this Deed or any other Security or Finance Document created by or under this Deed, shall be made and given in accordance with the terms of clause 28 (Notices) of the Mezzanine Facility Agreement

23 Invalidity

Clause 30 (Partial invalidity) of the Mezzanine Facility Agreement shall apply to this Deed as if set out here in full but so that references to the Finance Documents shall be construed as references to this Deed and any Security created by or under it

24 Assignment

The Lender may assign or otherwise transfer all or any part of its rights under this Deed or any Security created by or under it in accordance with the terms of the Finance Documents

25 Releases

Upon the expiry of the Security Period, the Lender shall, at the request and reasonable cost of the relevant Chargor, promptly take whatever action is necessary or desirable to release and reassign (or evidence the release and reassignment) to the relevant Chargor

(a) its rights arising under this Deed,

(b) the Secured Assets from the Security created by and under this Deed,

and return all documents or deeds of title delivered to it under this Deed

26 Currency clauses

26 1 Clause 26 6 (Change of currency) of the Mezzanine Facility Agreement shall apply to this Deed as if set out here in full but so that references to the Finance Documents shall be construed as references to this Deed and any Security created by or under it

26 2 If a payment is made to the Lender under this Deed in a currency (**Payment Currency**) other than the currency in which it is expressed to be payable (**Contractual Currency**), the Lender may convert that payment into the Contractual Currency at the rate at which it (acting reasonably and in good faith) is able to purchase the Contractual Currency with the Payment Currency on or around the date of receipt of the payment and to the extent that the converted amount of the payment falls short of the amount due and payable the relevant Chargor will remain liable for such shortfall

27 Certificates and determinations

Clause 29 2 (Certificates and determinations) of the Mezzanine Facility Agreement shall apply to this Deed as if set out here in full but so that references to the Finance Documents shall be construed as references to this Deed and any Security created by or under it and references to the Finance Parties shall be construed as references to the Lender

28 Undertaking of the Lender relating to the Balliol Property and the New York Property

In the event the Lender enters into possession of either the whole or any part of the Balliol Property or the New York Property during the period from the date of this Deed up to 26th August 2016, then the Lender will not itself use either of the Balliol Property or the New York Property or any part thereof for any activity which is a Restricted Activity nor will it sell, assign, underlet or in any way part with possession of either of the Balliol Property or the New York Property or any part thereof to a person which carries on a Restricted Activity at any location at the time of such sale, assignment, underletting or parting with possession

29 Intercreditor Deed

The provisions of this Deed are subject to the provisions of the Intercreditor Deed and where there is any contradiction between the terms this Deed and the Intercreditor Deed, the terms of the Intercreditor Deed shall prevail

30 Counterparts

This Deed or any Finance Document entered into under or in connection with this Deed may be executed in any number of counterparts, and by each party on separate counterparts. Each counterpart is an original, but all counterparts shall together constitute one and the same instrument. Delivery of a counterpart of this Deed or any such Finance Document entered into under or in connection with this Deed by e-mail attachment or telecopy shall be an effective mode of delivery.

31 Governing law

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

32 Enforcement

32.1 The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Deed (including a dispute relating to the existence, validity or termination of this Deed or any non-contractual obligation arising out of or in connection with this Deed) (Dispute).

32.2 The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.

32.3 This clause 32 is for the benefit of the Lender. As a result, the Lender shall not be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Lender may take concurrent proceedings in any number of jurisdictions.

This Security Agreement has been executed as a deed and delivered on the date given at the beginning of this Security Agreement.

Schedule 1

Occupational Leases

Part 1 - Form of notice of assignment

To ♦

Dated ♦

Dear Sirs

The lease described in the attached schedule (the Lease)

We hereby notify you that we have assigned by way of security to Homes and Communities Agency (**Lender**) all our right, title and interest in and to the Lease (including all rental income and other monies payable under the Lease)

We hereby irrevocably and unconditionally authorise and instruct you until notified to the contrary by the Lender

- 1 without notice or reference to or further authority from us and without enquiring as to the justification or the validity of those instructions, to comply only with any instructions from time to time received by you from the Lender relating to the Lease, and
- 2 to pay all sums payable by you under the Lease directly to such account as the Lender may advise from time to time

We remain liable to perform all our obligations [as landlord] under the Lease and the Lender is under no obligation of any kind whatsoever under the Lease nor under any liability whatsoever in the event of any failure by us to perform our obligations under the Lease

Please sign and return the acknowledgement attached to one enclosed copy of this notice to the Lender and the other copy to us

The provisions of this notice (and any non-contractual obligations arising out of or in connection with it) are governed by English law

Yours faithfully

for and on behalf of

North East Property Partnership acting through its general partner, North East Property Partnership Limited

Part 2 - Form of acknowledgement

To Homes and Communities Agency

To North East Property Partnership acting through its general partner, North East Property Partnership Limited (Chargor)

We acknowledge receipt of the notice of assignment (Notice) of which the enclosed is a duplicate
Terms defined in the Notice shall have the same meaning when used in this acknowledgement We confirm that

- (a) we shall act in accordance with the Notice,
- (b) the Chargor will remain liable to perform all its obligations under the Lease and the Lender is under no obligation of any kind whatsoever under the Lease nor under any liability whatsoever in the event of any failure by the Chargor to perform its obligations under the Lease,
- (c) no breach or default on the part of the Chargor of any of the terms of such Lease will be deemed to have occurred unless we have given notice of such breach to the Lender specifying how to make good such breach,
- (d) we have made all necessary arrangements for all future payments payable under such Lease to be made into such account as the Lender may advise from time to time,
- (e) as at the date of this acknowledgement we have not received any notice of assignment or charge of the Chargor's interest in the Lease in favour of any other person, and
- (f) [Tenants only to include this statement if this is factually correct] we do not have and have not claimed or exercised any right or claim against the Chargor or exercised or attempted to exercise any right of set-off, counterclaim or other right relating to the Lease

The provisions of this acknowledgement (and any non-contractual obligations arising out of or in connection with it) are governed by English law

For and on behalf of
[Tenant]

Schedule 2

Blocked Accounts

Part 1 - Form of notice of charge

To *[insert name and address of account holding institution]*

Dated ♦

Dear Sirs

Account number. ♦ (Blocked Account)

Sort code ♦

Account holder: ♦ Limited

We hereby notify you that we have charged by way of first fixed charge to Homes and Communities Agency (Lender) all our right, title and interest in and to the monies from time to time standing to the credit of the Blocked Account

We hereby irrevocably and unconditionally authorise and instruct you to comply with the terms of the facilities agreement dated • and made between, North East Property Partnership acting through its general partner, North East Property Partnership Limited and the Homes and Communities Agency

The provisions of this notice (and any non-contractual obligations arising out of it or in connection with it) are governed by English law

Yours faithfully

for and on behalf of
North East Property Partnership acting through its general partner, **North East Property Partnership Limited**

Part 2 - Form of acknowledgement

To Homes and Communities Agency

To North East Property Partnership acting through its general partner, North East Property Partnership Limited (**Chargor**)

We acknowledge receipt of the notice of charge (Notice) of which the enclosed is a duplicate

The provisions of this acknowledgement (and any non-contractual obligations arising out of it or in connection with it) are governed by English law

For and on behalf of
[*account holding institution*]

SIGNATORIES TO THE SECURITY AGREEMENT

Borrower

Executed as a deed by)
North East Property Partnership acting)
through its general partner,) Director
North East Property Partnership Limited
acting by a director in the presence of

Signature of witness

Name

Address

General Partner

Executed as a deed by)
North East Property Partnership Limited)
acting by a director in the presence of) Director

Signature of witness

Name

Address

Lender

Executed as a deed by)
affixing the common seal of)
Homes and Communities Agency)
in the presence of) Authorised Signatory

Signature of witness

Name

Address



