



Registration of a Charge

Company name: **HEYLO HOUSING REGISTERED PROVIDER LIMITED**

Company number: **06573772**



X7DHTAJC

Received for Electronic Filing: **31/08/2018**

Details of Charge

Date of creation: **24/08/2018**

Charge code: **0657 3772 0002**

Persons entitled: **HEYLO HOUSING LIMITED**

Brief description:

Contains fixed charge(s).

Contains negative pledge.

Authentication of Form

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

Authentication of Instrument

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

Certified by: **PINSENT MASONS LLP**



CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 6573772

Charge code: 0657 3772 0002

The Registrar of Companies for England and Wales hereby certifies that a charge dated 24th August 2018 and created by HEYLO HOUSING REGISTERED PROVIDER LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 31st August 2018 .

Given at Companies House, Cardiff on 4th September 2018

The above information was communicated by electronic means and authenticated by the Registrar of Companies under section 1115 of the Companies Act 2006



Companies House



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

SECURITY AGREEMENT

24 AUGUST

2018

HEYLO HOUSING REGISTERED PROVIDER LIMITED

and

HEYLO HOUSING LIMITED
as Chargee

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THIS DEED is dated 24 AUGUST 2018

BETWEEN:

- (1) **HEYLO HOUSING REGISTERED PROVIDER LIMITED**, a private limited company incorporated under the laws of England and Wales with registered number 6573772, whose registered office is at 5th Floor, One New Change, London EC4M 9AF (**Heylo**); and
- (2) **HEYLO HOUSING LIMITED**, a private limited company incorporated under the laws of England and Wales with registered number 9123811, whose registered office is at 5th Floor, One New Change, London EC4M 9AF (**Beneficiary**);

BACKGROUND:

- (A) The Parties enter into this Deed in connection with the granting of long leasehold interests to Heylo by the Beneficiary, the granting of subleases by Heylo thereunder and certain contractual obligations of Heylo to the Beneficiary.
- (B) It is intended by the parties to this Deed that this document will take effect as a deed despite the fact that a party may only execute this document under hand.

IT IS AGREED as follows:

1. INTERPRETATION

1.1 Definitions

In this Deed:

Additional Security Agreement means each security agreement between Heylo and the Beneficiary entered into after the date of this Deed substantially in the form of this Deed under which, *inter alia*, Heylo creates a fixed charge over its interest in certain properties and a fixed charge and/or assignment by way of security over certain Related Security Assets, in each case, in favour of the Beneficiary as security for the obligations of Heylo under the Finance Documents and the Intercreditor Deed.

Agreement to Surrender means the agreement to surrender to be entered into on or around the date of this Deed between Heylo and the Beneficiary.

Approved Tenancy Agreement means a tenancy agreement, shared ownership lease or licence substantially in line with the guidelines of the Regulator or in such other form as may be approved by the Beneficiary.

Bonds means the bonds issued by HHT plc pursuant to the terms and conditions of the Bond Trust Deed.

Bond Trust Deed means the bond trust deed dated 5th September 2014 between, amongst others, Heylo and Prudential Trustee Company Limited (as Bond Trustee) constituting the 2049/2079 Bonds and as supplemented and amended pursuant to an supplemental bond trust deed dated 20th January 2016 as further amended by an amendment deed dated 26 May 2017 and as further amended by an amendment deed dated on or about the same date as this Deed.

Enforcement Event means (i) any event or circumstance that permits the Beneficiary (in its capacity as landlord) to commence forfeiture proceedings in respect of Heylo's interest under any Lease or (ii) a breach by Heylo of any of its obligations under the Relevant Documents and this Deed.

Finance Documents means (i) as such term is defined in the Bond Trust Deed; or (ii) where the Bonds are refinanced, any other documents as may be designated as a 'Finance Document' by Heylo and the replacement financier.

Fixtures means, in relation to any leasehold property charged by or pursuant to this Deed, all fixtures and fittings (including trade fixtures and fittings) and fixed plant and machinery from time to time thereon owned by Heylo.

Headleases means all those leases of property made between Heylo and the Beneficiary as listed in the Schedule hereto.

Insurances means all contracts and policies of insurance of whatever nature which are from time to time taken out by or with the authority and on behalf of Heylo in connection with the Mortgaged Property.

Intercreditor Deed means the intercreditor deed to be entered into on or around the date of this Deed between Heylo, the Beneficiary and Heylo Housing Group Limited.

Letting Document means any lease, tenancy or licence to occupy or any agreement for any of the same from time to time granted or entered into by Heylo or any predecessor in title of Heylo as lessor in respect of the Mortgaged Property referred to in Clause 2 (*First Fixed Charge*) and any licence, consent or approval given thereunder.

Mortgaged Property means the properties set out in the Schedule hereto and any future properties acquired by Heylo that are subject to a lease between Heylo and the Beneficiary.

Option Agreement means the option agreement to be entered into on or around the date of this Deed between Heylo and the Beneficiary.

Parent Support Agreement means the parent support agreement to be entered into on or around the date of this Deed between Heylo and the Beneficiary.

Planning Acts means the **Consolidating Acts** as defined in the Planning (Consequential Provisions) Act 1990 and shall include any orders, rules and regulations made under or by virtue of such Acts or any of them.

Premises means all buildings and erections for the time being comprised within the definition of Security Assets.

Receiver means an administrative receiver, a receiver and manager or a receiver, in each case appointed under this Deed.

Related Security Assets means, in relation to any Mortgaged Property, all rights, title and interest of Heylo in, to and under fixed plant and machinery, insurances, licences consents and authorisations, Letting Documents and security thereunder, warranties and all other agreements, rights and assets, in each case, related to such Mortgaged Property and the subject of the security created under any Security Agreement.

Relevant Documents means:

- (a) the Parent Support Agreement;
- (b) the Intercreditor Deed;
- (c) the Option Agreement; and
- (d) the Agreement to Surrender.

Secured Liabilities means all present and future obligations and liabilities (whether actual or contingent) owed by Heylo to the Beneficiary under the Headleases.

Security Agreement means:

- (a) this Deed;
- (b) each Additional Security Agreement.

Security Assets means all assets, rights, property and undertakings of Heylo mortgaged, charged, assigned or the subject of any security created pursuant to a Security Agreement.

Security Interest means any mortgage, pledge, lien, charge, assignment, hypothecation or security interest, or any other agreement having the effect of conferring security.

Security Period means the period beginning on the date hereof and ending on the date upon which the Beneficiary determines that all the Secured Liabilities which have arisen or may arise have been unconditionally and irrevocably paid and discharged in full or the security hereby created has been unconditionally and irrevocably released and discharged.

Shared Equity Property means any property acquired by Heylo then being occupied on shared equity terms or in respect of which Heylo grants a lease on shared equity terms meaning that a share in the value of the property is secured by way of a charge to Heylo allowing Heylo to receive rent from the tenant and share in the proceeds of any disposal of the property.

Shared Ownership Property means any property acquired by Heylo then being occupied on shared ownership terms or in respect of which Heylo grants a lease on shared ownership terms so that Heylo holds, or is intending to hold upon disposal on shared ownership terms, less than 100 per cent. of the beneficial (or heritable) interest in that property and the purchaser of the balance of that beneficial (or heritable) interest has the right to acquire a further portion of Heylo's retained beneficial (or heritable) interest.

Taxes means any present or future taxes, duties, assessments or governmental charges of whatever nature.

1.2 Construction

- (a) The terms of the documents under which the Secured Liabilities arise and of any side letters between the parties hereto in relation thereto are incorporated herein to the extent required for any purported disposition of the Mortgaged Property contained herein to be a valid disposition in accordance with Section 2(1) of the Law of Property (Miscellaneous Provisions) Act 1989 (but for no other purpose and to no greater extent).
- (b) If the Beneficiary, having taken legal advice where in its sole discretion it considers appropriate, considers that an amount paid to the Beneficiary, the Representatives or the Beneficiaries for application in or towards repayment of the Secured Liabilities is capable of being, and is likely to be,

avoided or otherwise set aside on the liquidation or administration of Heylo or otherwise, then such amount shall not be considered to have been irrevocably paid for the purposes hereof.

(c) Save to the extent that the context or the express provisions of this Deed require otherwise, in this Deed:-

- i. words importing the singular shall include the plural and vice versa;
- ii. words importing any gender shall include all other genders;
- iii. any reference to a Recital, Clause or Schedule is to the relevant Recital, Clause or Schedule of or to this Deed;
- iv. references to this Deed or to any other document shall be construed as references to this Deed or to that other document as modified, amended, varied, supplemented, assigned, novated or replaced from time to time;
- v. references to any statute or statutory provision (including any subordinate legislation) includes any statute or statutory provision which amends, extends, consolidates or replaces the same, or which has been amended, extended, consolidated or replaced by the same, and shall include any orders, regulations, instruments or other subordinate legislation made under the relevant statute or statutory provision provided that no such amendment, extension, consolidation or replacement shall be included in the reference or apply for the purposes of this Deed to the extent that it would impose any new or extended obligation, liability or restriction on, or otherwise adversely affect the rights of, any party;
- vi. references to a "**person**" includes any individual, firm, company, corporation, body corporate, government, state or agency of state, trust or foundation, or any association, partnership or unincorporated body (whether or not having separate legal personality and wherever incorporated or established) or two or more foregoing;
- vii. any phrase introduced by the words "including", "include", "in particular" or any similar expression shall be construed as illustrative only and shall not be construed as limiting the generality of any preceding words;
- viii. any reference to a party to this Deed includes that party's permitted successors, transferees and assignees; and
- ix. a "**month**" is a reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that, if there is no numerically corresponding day in the month in which that period ends, that period shall end on the last day in that calendar month.

1.3 Certificates

A certificate of the Beneficiary setting forth the amount of any Secured Liability due from Heylo shall be *prima facie* evidence of such amount against Heylo in the absence of manifest error.

2. FIRST FIXED CHARGE

Heylo, as security for the payment and discharge of all Secured Liabilities of Heylo, charges in favour of the Beneficiary:

- (a) by way of a first legal mortgage all its interest in the Mortgaged Property together with all buildings and Fixtures, erections and structures thereon or in the course of construction thereon, the proceeds of sale of all or any part thereof and (so far as the same are capable of being mortgaged) the benefit of any covenants for title given or entered into by any predecessor in title of Heylo and any moneys paid or payable in respect of such covenants;
- (b) by way of first fixed charge:
 - (i) all fixed plant and machinery now or in the future owned by Heylo and its interest in any fixed plant or machinery in its possession, in each case which form part of the Mortgaged Property;
 - (ii) except to the extent that Heylo is obliged to apply or give the benefit of the proceeds of claim under the Insurances to a third party pursuant to the terms of any Letting Document, title provision or management agreement, all benefits in respect of the Insurances and all claims and returns of premiums in respect thereof;
 - (iii) the benefit of all present and future licences, consents and authorisations (statutory or otherwise) held in connection with its business so far as it relates to the Security Assets or the use of any of the Security Assets specified in paragraph (a) and subparagraph (i) above and the right to recover and receive all compensation which may at any time become payable to it in respect thereof; and
 - (iv) if and in so far as the legal mortgages set forth in paragraph (a) above or the assignments set forth in Clause 3 (*Assignment*) shall for any reason be ineffective as legal mortgages or assignments, the assets referred to in those clauses.

3. ASSIGNMENT

Heylo, as security for payment and discharge of all Secured Liabilities of Heylo assigns to the Beneficiary, with a right to reassignment on discharge in full of all such Secured Liabilities, all of its rights, title and interest in and to:

- (a) the personal agreements and covenants by the tenants, lessees, licensees or other parties under the Letting Documents and by all guarantors and all security held by Heylo from time to time, whether present or future, in respect of the obligations of the tenants, lessees, licensees or other parties under the Letting Documents (including, without limiting the generality of the foregoing, all moneys due and owing to Heylo or which may become due and owing to Heylo or which may become due and owing to Heylo at any time in the future in connection therewith);
- (b) all agreements, now or from time to time entered into or to be entered into for the sale, letting or other disposal or realisation of the whole or any part of the Security Assets (including, without limitation the generality of the foregoing, all moneys due and owing to Heylo or which may become due and owing to Heylo at any time in the future in connection therewith);
- (c) all agreements, contracts, deeds, licences, undertakings, guarantees, covenants, warranties, representations and other documents (including all documents entered into now or in the future so as to enable Heylo to perfect its rights under each such agreement, contract, deed, licence, undertaking, guarantee, covenant, warranty, representation or other document) entered into by or given to Heylo in respect of the Mortgaged Properties and all claims, remedies, awards or judgments paid or payable to Heylo (including, without limitation, all

liquidated and ascertained damages payable to Heylo under the above) in each case relating to the Mortgaged Properties;

- (d) all licences held now or in the future in connection with each Mortgaged Property and also the right to recover and receive all compensation which may at any time become payable to Heylo in relation to each Mortgaged Property;
- (e) all rights and claims to which Heylo is now or may hereafter become entitled in relation to any development, construction project, redevelopment, refurbishment, repair or improvement of or on each Mortgaged Property;
- (f) all rights and claims to which Heylo is now or may hereafter become entitled to in relation to all guarantees, warranties, bonds and representations given or made or which may be given or made by and any rights or remedies against all or any of the designers, builders, contractors, surveyors, valuers, professional advisers, sub-contractors, manufacturers, suppliers and installers of any Fixtures in respect of each Mortgaged Property; and
- (g) all rental income and disposal proceeds unless already assigned pursuant to (i), (ii) or (iii) above in each case relating to the Mortgaged Properties specified therein and the right to make demand for and receive the same,

PROVIDED ALWAYS that, until an Enforcement Event has occurred and is outstanding (but subject to the terms of the Finance Documents), Heylo shall be entitled to exercise all its rights and claims under or in connection with the agreements and covenants referred to in paragraphs (a) to (g) above,

AND PROVIDED FURTHER THAT the Beneficiary shall not give any notice of the assignment contained in this Clause 3 to any person (other than the landlord of property in respect of which Heylo is a tenant) unless and until an Enforcement Event has occurred and is outstanding.

4. NOTICES OF ASSIGNMENT

Heylo shall promptly after a request by the Beneficiary (which will only be given if a Default has occurred and is outstanding), serve notice on any person referred to in Clause 3 upon whom Heylo can be required to serve notice pursuant thereto, in such form as the Beneficiary may reasonably require.

5. CONTINUING SECURITY, ETC.

5.1 Continuing security

The security constituted by this Deed shall be continuing and will extend to the ultimate balance of all Secured Liabilities, regardless of any intermediate payment or discharge in whole or in part.

5.2 Reinstatement

- (a) Where any discharge is made in whole or in part or any arrangement is made on the faith of any payment, security or other disposition which is avoided or must be restored on insolvency, liquidation or otherwise without limitation, the liability of Heylo under this Deed shall continue as if the discharge or arrangement had not occurred.
- (b) The Beneficiary may concede or compromise any claim that any payment, security or other disposition is liable to avoidance or restoration.

5.3 Immediate recourse

Heylo waives any right it may have of first requiring the Beneficiary to proceed against or enforce any other rights or security or claim payment from any other person before enforcing the security constituted hereby.

5.4 Additional security

This Deed is in addition to and is not in any way prejudiced by any other security now or hereafter held by the Beneficiary.

5.5 Covenants for Title

Each mortgage, charge and assignment created under this Deed is made by Heylo with full title guarantee in accordance with the Law of Property (Miscellaneous Provisions) Act 1994.

5.6 Waiver of Defences

The obligations of Heylo under this Deed will not be affected by any act, omission, matter or thing which would reduce, release or prejudice any of its obligations under this Deed including (without limitation and whether or not known to it):

- (a) any time or waiver granted to, or composition with, Heylo or any other person;
- (b) the release of any Heylo or any other person under the terms of any composition or arrangement with any creditor of any member of Heylo;
- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against or security over assets of, Heylo or other person;
- (d) any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- (e) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of Heylo or any other person;
- (f) any amendment of this Deed or any other document or security;
- (g) any unenforceability, illegality, or non-provability of any obligation of any person under this Deed or any other document or security; or
- (h) insolvency or similar proceedings.

5.7 Non-competition

Until the Secured Liabilities of each Heylo have been paid and discharged in full, Heylo shall not after the Security under this Deed has been enforced:

- (a) be subrogated to any rights, security or moneys held, received or receivable by the Beneficiary (or any trustee or agent on its behalf) or be entitled to any right of contribution or indemnity in respect of any payment made or moneys received on account of Heylo's liability under this Deed;

- (b) claim, rank, prove or vote as a creditor of Heylo or its estate in competition with the Beneficiary (or any trustee or agent on its behalf); or
- (c) receive, claim or have the benefit of any payment, distribution or security from or on account of Heylo, or exercise any right of set-off as against Heylo.

Heylo shall hold in trust for and forthwith pay or transfer to the Beneficiary any payment or distribution or benefit of security received by it contrary to this Clause 5.7.

6. REPRESENTATIONS AND WARRANTIES

6.1 To whom made

Heylo makes the representations and warranties set out in this Clause 6 to the Beneficiary. The representations and warranties set out in this Clause 6 shall remain in force so long as the Secured Liabilities are outstanding.

6.2 Matters represented

(a) The Mortgaged Property

Subject to the terms of the Finance Documents:

- (i) planning permission has been obtained or is deemed to have been granted in accordance with statute for the purposes of the Planning Acts and has been complied with in all material respects in respect of any development and the existing use of the Mortgaged Property and the Planning Acts and all relevant building regulations or previously relevant building bylaws have been complied with in all material respects in respect of all developments, alterations and improvements to the Mortgaged Property save where such building regulations or bylaws did not apply to Heylo or its predecessors at the relevant time and they have also been complied with in respect of the use of the Mortgaged Property;
- (ii) there are no covenants, agreements, stipulations, reservations, conditions, interest, rights or other matters whatsoever affecting the Mortgaged Property which materially and adversely affect or are reasonably likely materially and adversely to affect the value of the Mortgaged Property taken as a whole or of any part of it or the security constituted by this Deed;
- (iii) save for the Letting Documents, so far as Heylo is aware after due enquiry, nothing has arisen or been created or is subsisting which would be an overriding interest or an unregistered interest which overrides first registration or registered dispositions over the Mortgaged Property which materially and adversely affects or is reasonably likely materially and adversely to affect the value of the Mortgaged Property taken as a whole or of any part of it or the security constituted by this Deed;
- (iv) no facilities necessary for the enjoyment and use of the Mortgaged Property are enjoyed by the Mortgaged Property on terms entitling any person to terminate or curtail its or their use which materially and adversely affects or is reasonably likely materially and adversely to affect the value of the Mortgaged Property taken as a whole or of any part of it or the security constituted by this Deed;
- (v) Heylo has received no valid notice of any adverse claims by any person in respect of the ownership of the Mortgaged Property or any interest therein, nor has any acknowledgement been given to any person in respect thereof; and

- (vi) the Mortgaged Property will from the date hereof be free from any Security Interest or any tenancies or licences other than those permitted or created under the Finance Documents.

(b) Security

Subject to registration at Companies House and at the Land Registry or in the Land Charges Register, this Deed creates those Security Interests it purports to create ranking as set out above and there is no reason why any of them is liable to be avoided or otherwise set aside on the liquidation or administration of Heylo or otherwise.

6.3 Times for making representations and warranties

The representations and warranties set out in this Clause 6 are made on the date hereof and are deemed to be repeated on the first day of each month during which the Security Period.

7. UNDERTAKINGS

7.1 Duration and with whom made

The undertakings in this Clause 7:

- (a) shall remain in force throughout the Security Period; and
- (b) are given by Heylo to the Beneficiary for the benefit of itself and any Receiver.

7.2 Maintenance of Property

Heylo will:

- (a) **Repair:** insofar as it is within Heylo's control pursuant to the terms of the Letting Documents, keep the Premises in good and tenantable repair and condition and keep the Fixtures and all plant, machinery, implements and other effects for the time being owned by it and which are in or upon the Premises or elsewhere in a good state of repair and in good working order and condition (save for fair wear and tear) or procure the same;
- (b) **Insurance:** insofar as it is within Heylo's control pursuant to the terms of the Letting Documents, insure and keep insured or procure the insurance of the Premises and all its other assets of an insurable nature therein against loss or damage by fire and other risks normally insured against by persons carrying on the same class of business as that carried on by it and in such amounts as is usual for prudent persons carrying on the same class of business as that carried on by it with such insurance company or underwriters as may be acceptable to the Beneficiary and effect and maintain, to the satisfaction of the Beneficiary, insurance against such other risks as the Beneficiary shall require. All moneys which may at any time hereafter be received or receivable under any insurance in respect of the Premises or such other assets whether or not effected pursuant to the foregoing provisions shall (unless otherwise required by any Letting Document or title provision) be applied in replacing, restoring or reinstating the Premises or assets destroyed or damaged or in such manner as the Beneficiary may agree or, after an Enforcement Event which is outstanding if the Beneficiary so directs and the terms of the relevant insurances so permit, in or towards satisfaction of the Secured Liabilities;
- (c) **Taxes and outgoings:** pay or procure to be paid as and when the same shall become payable all Taxes, rates, duties, charges, assessments and outgoings whatsoever (whether parliamentary, parochial, local or of any other description) which shall be assessed, charged

or imposed upon or payable in respect of the Mortgaged Property or any part thereof but not in respect of the occupier thereof (save to the extent that payment of the same is being contested in good faith);

- (d) **User:** use the Mortgaged Property only for such purpose or purposes as may for the time being be authorised as the permitted use or user thereof under or by virtue of the Planning Acts;
- (e) **Notices:** within 30 days after the receipt by Heylo of any application, requirement, order or notice served or given by any public or local or any other authority in relation to the Mortgaged Property (or any part thereof) where the cost of compliance with that application, order or notice when aggregated with others outstanding at that time in respect of the Mortgaged Properties is in excess of £100,000 (indexed) give written notice thereof to the Beneficiary and also produce the same or a copy thereof to the Beneficiary and inform it of the steps taken or proposed to be taken to comply with any such requirement thereby made or implicit therein;
- (f) **Statutes:** duly and punctually perform and observe or procure to be performed and observed all its obligations in connection with the Security Assets under any present or future statute or any regulation, order or notice made or given thereunder;
- (g) **Leases:**
 - (i) comply with its obligations under the Letting Documents in all material respects;
 - (ii) in all respects comply with the requirements of the Beneficiary in respect of the grant of leases, tenancies or licences and in addition not without the previous consent in writing of the Beneficiary, grant or agree to grant (whether in exercise or independently of any statutory power) any lease or tenancy of the Mortgaged Property or any part thereof or accept a surrender of any lease or tenancy or confer upon any person any contractual licence or right to occupy the Mortgaged Property other than in the form of an Approved Tenancy Agreement or on terms which confer no fewer material rights on Heylo as the lessor or licensor and impose no material obligations on Heylo additional to those set out in an Approved Tenancy Agreement and provided, on request by the Beneficiary, it notifies the Beneficiary of all leases, tenancies, licences or rights to occupy granted or surrendered by it and, if so requested by the Beneficiary, provided it sends a copy thereof to the Beneficiary forthwith upon request;
 - (iii) not without the prior written consent of the Beneficiary accept or agree to accept the surrender or alteration of any of the Letting Documents which materially and adversely affects or is reasonably likely to affect materially and adversely the value of, or render less marketable or non-mortgageable, the Mortgaged Property taken as a whole or of any material part of it and observe and perform all the covenants, conditions, agreements and obligations on its part in all material respects; and
 - (iv) enforce and not waive or release the covenants, conditions, agreements and obligations contained in or imposed by any of the Letting Documents or any guarantee in respect of the obligations of the tenants, lessees, licensees or other parties thereunder which materially and adversely affects or is reasonably likely to affect materially and adversely the value of the Mortgaged Property taken as a whole or of any material part of it;
- (h) **Land Registry:**

- (i) in respect of any leasehold property which is hereafter acquired by Heylo and which is part of the Mortgaged Property the title to which is registered at the Land Registry or the title to which is required to be so registered, give such Registry written notice of this Deed and procure that notice of these presents is duly noted in the Register to each such title; and
- (ii) if Heylo's solicitors have not complied with their obligations to lodge applications at the Land Registry (with full and proper payment in respect of fees and all necessary documents) for registration of this Deed as a first legal charge of the Mortgaged Property, by the date which is 5 working days prior to the expiry of the priority period allowed by the searches referred to in paragraph 1 of the Letter of Undertaking, Heylo shall notify the Beneficiary forthwith and shall, at the request of the Beneficiary, irrevocably instruct its solicitors to make such applications within the remainder of the priority period at Heylo's expense;
- (i) **Deposit of title deeds:** deposit with the Beneficiary all deeds and documents of title relating to the Mortgaged Property (and it is hereby agreed that the Beneficiary or its nominee shall be entitled to hold the same during the Security Period);
- (j) **Compliance with covenants:** duly and punctually perform and observe or procure to be performed and observed in all material respects all covenants and stipulations restrictive or otherwise affecting all or any material part of the Mortgaged Property;
- (k) **Investigation of title:** after the occurrence of an Enforcement Event which is outstanding, grant the Beneficiary or its lawyers on request all such facilities within the power of Heylo to enable such lawyers to carry out investigations of title to the Mortgaged Property and other property which is or may be subject to this security and enquiries into matters in connection therewith as may be carried out by a prudent mortgagee. All expenses incurred by the Beneficiary in relation to such investigations and enquiries shall be paid by Heylo; and
- (l) **Report on title:** after the occurrence of an Enforcement Event which is outstanding, as soon as practicable after demand by the Beneficiary, provide the Beneficiary with a report as to the title of Heylo to the Mortgaged Property and other property which is or may be subject to this security and related matters concerning the items which may properly sought to be covered by a prudent mortgagee in a lawyer's report of this nature provided that no such report may be required where there has already been an investigation of title under paragraph (k) above.

7.3 Negative Pledge and Disposals

- (a) Heylo shall not create or permit to subsist any Security Interest on any of the Security Assets except for those **Security** Interests which are permitted or created under each of the Letting Documents.
- (b) Heylo also covenants that it shall not, except as permitted under the Letting Documents, sell, transfer, grant or lease or otherwise dispose of all or any part of the Security Assets without the prior written consent of the Beneficiary (other than the grant of lettings with tenancy agreements in the form of an Approved Tenancy Agreement or on terms which confer no fewer material rights on Heylo as the lessor or licensor and impose no material obligations on Heylo additional to those set out in an Approved Tenancy Agreement).
- (c) For the avoidance of doubt, nothing in this Clause 7.3 shall restrict (i) a tenant of, and holder of an interest in, a Shared Ownership Property or a Shared Equity Property creating a

mortgage or charge or any other security interest in respect of, and to the extent of, its interest in such Shared Ownership Property or Shared Equity Property, as applicable, or (ii) the grant of lettings in respect of social rented properties on open market terms in circumstances the relevant local authority has failed to nominate a tenant in respect thereof within any applicable time period.

7.4 Beneficiary Undertakings

The Beneficiary agrees that it shall not:

- (a) demand, claim, sue for, recover, retain or receive any amount from Heylo (including by way of set off, counterclaim or retention) except and only to the extent that Heylo is expressly obliged to pay such amount to the Beneficiary under the Headleases;
- (b) receive or permit any guarantee, surety, indemnity or other assurance against loss to subsist in its favour in respect of any of the obligations of Heylo under the Headleases other than the Security Interests created by this Deed;
- (c) initiate, support or take any action in relation or with a view to:
 - (i) any suspension of payments, moratorium of any indebtedness, winding-up, administration, reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) or dissolution of Heylo;
 - (ii) any composition, assignment or arrangement with any creditor of Heylo; or
 - (iii) the appointment of a Receiver, liquidator, administrator, compulsory manager or similar official in respect of Heylo or any of its assets other than the Mortgaged Property; or
- (d) seek to recover any amounts from Heylo by any means other than through the realisation of the Security Assets.

8. POWER TO REMEDY

In case of default by Heylo in repairing or keeping in repair or insuring the Mortgaged Property or any material part thereof or in observing or performing any of the covenants or stipulations affecting the same, Heylo will permit the Beneficiary or its agents and contractors to enter on the Mortgaged Property and to comply with or object to any notice served on Heylo in respect of the Mortgaged Property and to effect such repairs or insurance or generally do such things or pay all such costs, charges and expenses as the Beneficiary may consider necessary or desirable to prevent or remedy any breach of covenant or stipulation or to comply with or object to any notice. Heylo will indemnify and keep the Beneficiary indemnified against all losses, costs, charges and expenses incurred in connection with the exercise of the powers contained in this Clause 8.

9. WHEN SECURITY BECOMES ENFORCEABLE

At any time after the occurrence of an Enforcement Event which is outstanding, the security created by or pursuant to this Deed will be immediately enforceable and the Beneficiary may, without notice to Heylo or any prior authorisation from any court, in its absolute discretion:

- (a) enforce all or any part of that security (at the times, in the manner and on the terms it thinks fit) and take possession of and hold or dispose of all or any part of the Security Assets; and

- (b) whether or not it has appointed a Receiver, exercise all or any of the powers, authorities and discretions conferred by the Law of Property Act 1925 (as varied or extended by this Deed) on mortgagees and by this Deed on any Receiver or otherwise conferred by law on mortgagees or Receivers.

After the security constituted hereby has become enforceable, the Beneficiary may in its absolute discretion enforce all or any part of such security in such manner as it sees fit.

10. ENFORCEMENT OF SECURITY

10.1 General

For the purposes of all powers implied by statute the Secured Liabilities shall be deemed to have become due and payable on the date hereof and Section 103 of the Law of Property Act 1925 (restricting the power of sale) and Section 93 of the same Act (restricting the right of consolidation) shall not apply to this security. The statutory powers of leasing conferred on the Beneficiary shall be extended so as to authorise the Beneficiary to lease, make agreements for leases, accept surrenders of leases and grant options as the Beneficiary shall think fit and without the need to comply with any of the provisions of sections 99 and 100 of the said Act.

11. RECEIVER

11.1 Appointment of Receiver

Except as provided below, at any time after this security becomes enforceable or if Heylo so requests the Beneficiary in writing at any time, the Beneficiary may without further notice appoint under seal or in writing under hand any one or more persons to be a Receiver of all or any part of the Security Assets in like manner in every respect as if the Beneficiary had become entitled under the Law of Property Act 1925 to exercise the power of sale thereby conferred. If there is more than one Receiver holding office at the same time, each Receiver may (unless the document appointing him states otherwise) exercise all of the powers conferred on a Receiver under this Deed individually and to the exclusion of any other Receivers.

11.2 Powers of Receiver

Every Receiver appointed in accordance with Clause 11.1 (*Appointment of Receiver*) shall have and be entitled to exercise all of the powers set out below in addition to those conferred by the Law of Property Act 1925 on any receiver appointed thereunder. A Receiver (whether an administrative receiver or otherwise) shall have all the powers of an administrative receiver under the Insolvency Act 1986. The powers referred to above are:

- (a) **Take possession:** to take immediate possession of, get in and collect the Security Assets or any part thereof;
- (b) **Carry on business:** to carry on the business of Heylo relating to the Security Assets as he may think fit;
- (c) **Protection of assets:** to make and effect all repairs and insurances and do all other acts which Heylo might do in the ordinary conduct of its business as well for the protection as for the improvement of the Security Assets and to commence and/or complete any building operations on the Mortgaged Property and to apply for and maintain any planning permissions, building regulation approvals and any other permissions, consents or licences, in each case as he may in his absolute discretion think fit;

- (d) **Employees:** to appoint and discharge managers, officers, agents, accountants, servants, workmen and others for the purposes hereof upon such terms as to remuneration or otherwise as he may think proper and to discharge any such persons appointed by Heylo;
- (e) **Borrow money:** for the purpose of exercising any of the powers, authorities and discretions conferred on him by or pursuant to this Deed and/or of defraying any costs, charges, losses or expenses (including his remuneration) which shall be incurred by him in the exercise thereof or for any other purpose, to raise and borrow money either unsecured or on the security of the Security Assets or any part thereof either in priority to the security constituted by this Deed or otherwise and generally on such terms and conditions as he may think fit and no person lending such money shall be concerned to enquire as to the propriety or purpose of the exercise of such power or to see to the application of any money so raised or borrowed;
- (f) **Sell assets:** to sell, exchange, convert into money and realise all or any part of the Security Assets by public auction or private contract and generally in such manner and on such terms as he shall think proper. Without prejudice to the generality of the foregoing he may do any of these things for a consideration consisting of cash, debentures 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 may think fit. Fixtures, other than landlords' or tenants' fixtures, may be severed and sold separately from the property containing them without the consent of Heylo;
- (g) **Leases:** to let all or any part of the Security Assets for such term and at such rent (with or without a premium), risk free period or other inducement as he may think proper and to vary the terms of such leases to accept a surrender of any lease or tenancy thereof on such terms as he may think fit (including the payment of money to a lessee or tenant on a surrender);
- (h) **Compromise:** to 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 Heylo or relating in any way to the Security Assets or any part thereof;
- (i) **Legal Actions:** to bring, prosecute, enforce, defend and abandon all such actions, suits and proceedings in relation to the Security Assets or any part thereof as may seem to him to be expedient;
- (j) **Receipts:** to give valid receipts for all moneys and execute all assurances and things which may be proper or desirable for realising the Security Assets; and
- (k) **General powers:** to do all such other acts and things as he may consider desirable or necessary for realising the Security Assets or any part thereof or incidental or conducive to any of the matters, powers or authorities conferred on a Receiver under or by virtue of this Deed, to exercise in relation to the Security Assets or any part thereof all such powers, authorities and things as he would be capable of exercising if he were the absolute beneficial owner of the same and to use the name of Heylo for all or any of such purposes.

11.3 Beneficiary may exercise

To the fullest extent permitted by law, all or any of the powers, authorities and discretions which are conferred by this Deed (either expressly or impliedly) upon a Receiver of the Security Assets may be exercised after the security hereby created becomes enforceable by the Beneficiary in relation to the whole of such Security Assets or any part thereof without first appointing a Receiver of such property or any part thereof or notwithstanding the appointment of a Receiver of such property or any part thereof.

12. APPLICATION OF PROCEEDS

After the security hereby constituted shall have become enforceable any moneys received by the Beneficiary or by any Receiver appointed by it pursuant to this Deed and/or under the powers hereby conferred shall, be applied by the Beneficiary in its sole discretion (but without prejudice to the right of the Beneficiary, the Representatives or the Beneficiaries to recover any shortfall from Heylo).

13. NO LIABILITY AS MORTGAGEE IN POSSESSION

The Beneficiary shall not nor shall any Receiver appointed as aforesaid by reason of it, the Beneficiary or any Receiver entering into possession of the Security Assets or any part thereof be liable to account as mortgagee in possession or be liable for any loss on realisation or for any default or omission for which a mortgagee in possession might be liable. Every Receiver duly appointed by the Beneficiary under the powers in that behalf herein contained shall be deemed to be the agent of Heylo for all purposes and shall as such agent for all purposes be deemed to be in the same position as a Receiver duly appointed by a mortgagee under the Law of Property Act 1925. Heylo alone shall be responsible for his contracts, engagements, acts, omissions, defaults and losses and for liabilities incurred by him and the Beneficiary shall incur any liability therefor (either to Heylo or to any other person whatsoever) by reason of the Beneficiary's making his appointment as such Receiver or for any other reason whatsoever. Every such Receiver and the Beneficiary shall be entitled to all the rights, powers, privileges and immunities by the said Act conferred on mortgagees and receivers when such receivers have been duly appointed under the said Act but so that Section 103 of that Act shall not apply.

14. PROTECTION OF THIRD PARTIES

No purchaser, mortgagee or other person or company dealing with the Beneficiary or the Receiver or its or his agents shall be concerned to enquire whether the Secured Liabilities have become payable or whether any power which the Receiver is purporting to exercise has become exercisable or whether any money remains due under the Letting Documents or to see to the application of any money paid to the Beneficiary or to such Receiver.

15. EXPENSES

The amount of all such fees, liabilities, claims, demands, costs, charges, expenses (including Taxes) incurred by and payments made by the Beneficiary or any Receiver appointed hereunder in the lawful exercise of the powers hereby conferred whether or not occasioned by any act, neglect or default of Heylo shall be payable by Heylo promptly following demand.

16. INDEMNITY

The Beneficiary and every Receiver, attorney, manager, agent or other person appointed by the Beneficiary hereunder (each an **Indemnified Party**) shall be entitled to be indemnified out of the Security Assets in respect of all liabilities and expenses properly incurred by them in the execution, or purported execution in good faith, of any of the powers, authorities or discretions vested in them pursuant hereto or any Security Document and against all actions, proceedings, costs, claims and demands in respect of any matter or thing done or omitted in any way relating to the Security Assets (save, in the case of any Indemnified Party, to the extent arising solely from such Indemnified Party's gross negligence, wilful misconduct or fraud) and the Beneficiary and any such Receiver may retain and pay all sums in respect of the same out of any moneys received under the powers hereby conferred.

17. DELEGATION BY BENEFICIARY

The Beneficiary may at any time and from time to time delegate by power of attorney or in any other manner to any person or persons all or any of the powers, authorities and discretions which are for the time being exercisable by the Beneficiary under this Deed in relation to the Security Assets or any part thereof. Any such delegation may be made upon such terms (including power to sub-delegate) and subject to such regulations as the Beneficiary may think fit. The Beneficiary shall not be in any way liable or responsible to Heylo for any loss or damage arising from any act, default, omission or misconduct on the part of any such delegate or sub-delegate.

18. FURTHER ASSURANCES

18.1 General

Heylo shall at its own expense execute and do all such assurances, acts and things as the Beneficiary may require for perfecting or protecting the security intended to be created hereby over the Security Assets or any part thereof or for facilitating the realisation of the Security Assets or any part thereof and in the exercise of all powers, authorities and discretions vested in the Beneficiary or any Receiver of the Security Assets or any part thereof or in any such delegate or sub-delegate as aforesaid. To that intent, Heylo shall in particular execute all transfers, conveyances, assignments and assurances of such property whether to the Beneficiary or to its nominees and give all notices, orders and directions and make all registrations which the Beneficiary may think expedient.

18.2 Legal Charge

Without prejudice to the generality of Clause 18.1 (*General*), Heylo will forthwith at the request of the Beneficiary execute a legal mortgage, charge or assignment over all or any of the Security Assets subject to or intended to be subject to any fixed security hereby created in favour of the Beneficiary in such form as the Beneficiary may require.

18.3 Additional Security Agreements

Without prejudice to the generality of Clause 18.1 (*General*), Heylo undertakes that it will enter into an Additional Security Agreement in respect of each any interest in Mortgaged Property that it acquires after the date hereof.

19. REDEMPTION OF PRIOR MORTGAGES

The Beneficiary may, at any time after the security hereby constituted has become enforceable, redeem any prior Security Interest against the Security Assets or any part thereof or procure the transfer thereof to itself and may settle and pass the accounts of the prior mortgagee, chargee or encumbrancer. Any accounts so settled and passed shall be conclusive and binding on Heylo save for manifest error. All principal moneys, interest, costs, charges and expenses of and incidental to such redemption and transfer shall be paid by Heylo to the Beneficiary on demand.

20. POWER OF ATTORNEY

20.1 Appointment

Heylo hereby by way of security and in order more fully to secure the performance of its obligations hereunder irrevocably appoints the Beneficiary and every Receiver of the Security Assets or any part thereof appointed hereunder and every such delegate or sub-delegate as aforesaid to be its attorney acting severally, and on its behalf and in its name or otherwise to execute and do all such assurances,

acts and things which Heylo ought to do under the covenants and provisions contained in this Deed (including, without limitation, to make any demand upon or to give any notice or receipt to any person owing moneys to Heylo and to execute and deliver any charges, legal mortgages, assignments or other security and any transfers of securities) and generally in its name and on its behalf to exercise all or any of the powers, authorities and discretions conferred by or pursuant to this Deed or by statute on the Beneficiary or any such Receiver, delegate or sub-delegate and (without prejudice to the generality of the foregoing) to seal and deliver and otherwise perfect any deed, assurance, agreement, instrument or act which it or he may deem proper in or for the purpose of exercising any of such powers, authorities and discretions.

20.2 Ratification

Heylo hereby ratifies and confirms and agrees to ratify and confirm whatever any such attorney as is mentioned in Clause 20.1 (*Appointment*) shall do, or purport to do, in the exercise or purported exercise of all or any of the powers, authorities and discretions referred to in such.

21. STAMP DUTIES

Heylo shall pay and, forthwith on demand, indemnify the Beneficiary against any liability it incurs in respect of any stamp, registration and similar Tax which is or becomes payable in connection with the entry into, performance or enforcement of this Deed.

22. EXERCISE OF RIGHTS

If the Beneficiary has any rights under this Deed or the consent, approval, waiver or amendment is required for any action or response, the Beneficiary shall not be obliged to provide such response, consent, approval, waiver or amendment unless and until the Beneficiary is permitted to do so pursuant to any arrangements the Beneficiary has in place under any financing arrangements that affect the Mortgaged Properties.

23. ASSIGNMENTS, ETC.

23.1 The Beneficiary

The Beneficiary may assign and transfer all of its respective rights and obligations hereunder.

24. WAIVERS, REMEDIES CUMULATIVE

The rights of the Beneficiary under this Deed:

- (a) may be exercised as often as necessary;
- (b) are cumulative and not exclusive of its rights under general law; and
- (c) may be waived only in writing and specifically.

Delay in exercising or non-exercise of any such right is not a waiver of that right.

25. SET-OFF

25.1 General

Following an Enforcement Event which is outstanding, the Beneficiary may (to the extent that the same is beneficially owned by it) set off any matured obligation owed by Heylo under the RP Property Agreements against any obligation (whether or not matured) owed by the Beneficiary to

Heylo, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Beneficiary may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

26. SEVERABILITY

If a provision of this Deed is or becomes illegal, invalid or unenforceable (including any guarantee given in respect of any of the Secured Liabilities), that shall not affect the validity or enforceability of any other provision of this Deed.

27. COUNTERPARTS

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

28. ADDRESSES FOR NOTICES

The address and facsimile number of Heylo and the Beneficiary for all notices under, or in connection with, this Deed are:

(a) in the case of Heylo and the Beneficiary:

Heylo Housing Limited
5th Floor
One New Change
London EC4M 9AF

copied to:

6th Floor
The Chambers
Chelsea Harbour
London SW10 0XF

Email: finance@heylohousing.com
Fax: 08702 388 047
Attn: Finance Director

or, in each case, such other details as one may notify the other in writing.

29. LAND REGISTRY

In respect of the Mortgaged Property specified in the Schedule to this Deed the title to which is registered at the Land Registry and in respect of any other registered title(s) against which this Deed may be noted:

(a) Heylo hereby applies to the Chief Land Registrar for a restriction in the following terms to be entered on the Proprietorship Register at the Register of Title relating thereto:

"No disposition of the registered estate by the proprietor of the registered estate or by the proprietor of any registered charge is to be registered without a written consent signed by the proprietor for the time being of the charge dated [●] in favour of Heylo Housing Limited referred to in the charges register or, if appropriate, signed on such proprietor's behalf by its company secretary or conveyancer or other authorised signatory"; and

- (b) it is hereby certified that the security created hereby does not contravene any of the provisions of the Companies Act 2006 or the Articles of Association of Heylo.

30. RELEASE

During the Security Period, the Beneficiary shall when required and permitted to do so under and in accordance with the Security Trust Deed, at the expense of Heylo, release the relevant assets (or part thereof) constituting the Security Assets from the security constituted by this Deed to the extent that Heylo is permitted to dispose of or have released to it any Security Assets by the terms of each of the Finance Documents.

Upon the expiry of the Security Period, the Security Trustee shall, at the request and cost of Heylo, take whatever action is necessary to release and reassign to Heylo the Security Assets from the security constituted by this Deed.

31. GOVERNING LAW

This Deed and any non-contractual obligations or matters arising from it or connected with it shall be governed by, and construed in accordance with, English law.

IN WITNESS whereof this Deed has been duly executed as a deed on the date first above written.

Schedule
Mortgaged Property

SIGNATORIES

Heylo

Executed as a Deed (but not delivered until the date of this Deed) by **HEYLO HOUSING LIMITED** acting by

Nicholas Alexander
McAlpine-Lee

Full Name (Director/Attorney)
in the presence of:

KIRSTY ERIN MURPHY

Full Name (Witness)

100 Pinner Road, Pinner, London

30 Crown Place

London

Address

Signature of Director/Attorney

Signature of Witness

Beneficiary

Executed as a Deed (but not delivered until the date of this Deed) by **HEYLO HOUSING REGISTERED PROVIDER LIMITED**

acting by

Nicholas Alexander
McAlpine-Lee

Full Name (Director/Attorney)
in the presence of:

KIRSTY ERIN MURPHY

Full Name (Witness)

100 Pinner Road, Pinner, London

30 Crown Place

London

Address

Signature of Director/Attorney

Signature of Witness