



**Registration of a Charge**

Company name: **Verto Homes Ltd**

Company number: **07479926**



X6FI6UD4

Received for Electronic Filing: **22/09/2017**

---

**Details of Charge**

Date of creation: **20/09/2017**

Charge code: **0747 9926 0003**

Persons entitled: **CAPITA TRUST COMPANY LIMITED**

Brief description: **THE COMPANY CHARGED BY WAY OF FIRST LEGAL MORTGAGE  
ALL ITS REAL PROPERTY (ALTHOUGH NO FURTHER DETAILS ARE  
SPECIFIED IN THE CHARGE). FOR FURTHER DETAIL SEE CLAUSE 4.1.**

**Contains fixed charge(s).**

**Contains floating charge(s) (floating charge covers all the property or  
undertaking of the company).**

**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:

**OLIVER ABEL SMITH**



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

Company number: 7479926

Charge code: 0747 9926 0003

The Registrar of Companies for England and Wales hereby certifies that a charge dated 20th September 2017 and created by Verto Homes Ltd was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 22nd September 2017 .

Given at Companies House, Cardiff on 26th September 2017

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**

Date: 20 SEPTEMBER..... 2017

**VERTO HOMES LTD**

as Chargor

**CAPITA TRUST COMPANY LIMITED**

as Security Trustee

## Security Agreement

## **Contents**

<b>No.</b>	<b>Heading</b>	<b>Page</b>
1.	Definitions and interpretation	1
2.	Undertaking to pay	5
3.	Provisions relating to Security	5
4.	Fixed Security	6
5.	Floating Security	8
6.	Restrictions on dealing	9
7.	Representations	9
8.	General undertakings	10
9.	Real Property	11
10.	Investments	13
11.	Insurance	15
12.	Power to remedy	15
13.	When Security becomes enforceable	16
14.	Enforcement of Security	16
15.	Receiver	18
16.	Powers of Receiver	19
17.	Exclusion of liability	22
18.	Application of proceeds	23
19.	Expenses and payments	23
20.	Delegation of powers by Security Trustee or Receiver	24
21.	Further assurance	25
22.	Power of attorney	25
23.	Non-release provisions	25
24.	Release and recourse	27
25.	Benefit of this Deed	27

	Execution version
<b>26. Notices</b>	<b>28</b>
<b>27. Miscellaneous</b>	<b>28</b>
<b>28. Governing law</b>	<b>30</b>
<b>29. Jurisdiction and Enforcement</b>	<b>31</b>

THIS SECURITY AGREEMENT is made the 20<sup>th</sup> day of SEPTEMBER 2017

**BETWEEN:**

- (1) **VERTO HOMES LTD** a company incorporated in England and Wales with the registered number 07479926 and with its registered office at Whyfield Green Court, Truro Business Park, Threemilestone, Truro, Cornwall, TR4 9LF (the "**Chargor**"); and
- (2) **CAPITA TRUST COMPANY LIMITED** (the "**Security Trustee**") a company registered in England and Wales with registration number 00239726 and whose principal office is at 4th Floor, 40 Dukes Place, London EC3A 7NH, in its capacity as trustee for the Secured Parties (the "**Security Trustee**").

**IT IS AGREED** as follows:

**1. Definitions and interpretation**

**1.1 Definitions**

In this Deed:

"**Act**" means the Law of Property Act 1925;

"**Acceleration Event**" means an Event of Default is continuing and the Security Trustee has accelerated the redemption of the Notes in accordance with the Instrument and the Trust Deed;

"**Acquired Investments**" means the Investments acquired by the Chargor in the issued capital of any company incorporated in England and Wales before or after the date of this Deed;

"**Administrator**" means an administrator appointed under paragraph 14 of schedule B1 to the Insolvency Act 1986;

"**Authorisation**" means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration;

"**Business Day**" means a day (other than a Saturday or Sunday) on which banks are open for general business in London;

"**Dividends**" means all dividends, interest, coupons and other distributions paid or payable in respect of any Investment;

"**Equipment**" means all fixed and moveable plant, machinery, tools, vehicles, computers and office and other equipment and the benefit of all related Authorisations, agreements and warranties (including all spare parts, replacements, modifications and additions);

"**Event of Default**" shall have the meaning given to that term in Condition 5(a) of the Notes;

"**Fee Letter**" means any letter or letters dated on or about the date of this Deed between the Security Trustee and the Issuer setting out any of the fees referred to in Clause 7.1 of the Trust Deed;

"**Finance Document**" means any Notes (including the terms and conditions of the Notes), the Instrument, the Trust Deed, any Fee Letter, this Deed and any other document designated as a 'Finance Document' by the Chargor and the Security Trustee;

**"Group"** means the Chargor and its Subsidiaries from time to time;

**"Group Shares"** means, in relation to the Chargor, the shares in any member of the Group owned legally or beneficially by the Chargor or held by the Security Trustee or any nominee on its behalf (if any) including any Acquired Investments;

**"Instrument"** means the loan note instrument dated and executed by the Chargor constituting the Notes on or about the date of this Deed;

**"Insurance Policy"** means, in relation to the Chargor, any contract or policy of insurance of any kind (other than in relation to third party liabilities or similar claims) in which the Chargor has an interest from time to time and all rights related to any such policy;

**"Investments"** means, in relation to the Chargor:

- (a) any stock, share, debenture, loan stock, security, bond, warrant, coupon, interest in any investment fund and any other investment (whether or not marketable) whether held directly by or to the order of the Chargor or by any trustee, nominee, fiduciary, investment manager or depository or clearance system on its behalf (including, but not limited to, the Group Shares);
- (b) all allotments, accretions, offers, options, rights, bonuses, benefits and advantages, whether by way of conversion, redemption, preference, option or otherwise which at any time accrue to or are offered or arise in respect of any such investments mentioned in paragraph (a) above; and
- (c) all rights the Chargor has against any trustee, nominee, fiduciary, investment manager, depository or clearance system in respect of any such investments mentioned in paragraphs (a) or (b) above;

**"Lease"** includes any lease, agreement for lease or tenancy and (where the context admits) any licence or other right of occupation;

**"Material Adverse Effect"** means a material adverse effect on:

- (a) the business or financial condition of the Chargor;
- (b) the ability of the Chargor to perform its payment, financial covenant and other material obligations under any Finance Document;
- (c) the validity or enforceability of any Finance Document; or
- (d) any right or remedy of the Security Trustee in respect of any Finance Document;

**"Noteholder"** means any registered holder of the Notes at any one time;

**"Notes"** means the up to £10,000,000 secured loan notes 2018 issued or to be issued by the Issuer pursuant to the Instrument;

**"Permitted Disposal"** means any sale, lease, licence, transfer or other disposal:

- (a) made in the ordinary course of trading of the disposing entity;
- (b) of assets in exchange for other assets comparable or superior as to type, value and quality; and



- (c) of obsolete or redundant vehicles, plant and equipment for cash;

**"Permitted Security"** means:

- (a) any netting or set-off arrangement entered into by any member of the Group in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances;
- (b) any lien arising by operation of law and in the ordinary course of trading;
- (c) any Security entered into pursuant to any Finance Document; or
- (d) any Security arising under any retention of title, hire purchase or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to a member of the Group in the ordinary course of trading and on the supplier's standard or usual terms and not arising as a result of any default or omission by any member of the Group.

**"Real Property"** means freehold, leasehold or other immoveable property and any buildings, erections, fixtures, fittings, fixed plant or machinery from time to time situated on or forming part of such property and easements or other rights servicing that property;

**"Receiver"** means any one or more persons appointed by the Security Trustee as a receiver, receiver and manager or (if allowed by law) administrative receiver under this Deed;

**"Regulations"** means the Financial Collateral Arrangements (No. 2) Regulations 2003 (SI 2003 No. 3226) (as amended) or (where the context admits) equivalent legislation in any applicable jurisdiction bringing into effect Directive 2002/47/EC on financial collateral arrangements;

**"Rental Income"** means, in relation to the Chargor, all present and future amounts payable to or for the benefit of the Chargor under or in connection with any Lease or any other letting of Real Property forming part of the Security Assets;

**"Secured Obligations"** means the aggregate amount of all present and future obligations and liabilities of the Chargor owed or expressed to be owed under or in connection with any Finance Document whether actual or contingent and whether owed or incurred alone or jointly and/or severally with another and as principal or as surety or in any other capacity or of any nature;

**"Secured Parties"** means:

- (a) the Security Trustee; and
- (b) the Noteholders;

**"Security"** means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect;

**"Security Assets"** means all assets and undertaking of the Chargor from time to time the subject of any Security created or, where the context admits, to be created by this Deed;

**"Security Period"** means the period beginning on the date of this Deed and ending on the date on which the Secured Obligations have been unconditionally and irrevocably paid in full and no further Secured Obligations are capable of becoming outstanding;

"**Subsidiary**" means a subsidiary undertaking of the Chargor within the meaning of section 1162 of the Companies Act 2006;

"**Trust Deed**" means the trust deed dated on or about the date of this Deed between the Security Trustee and the Company; and

"**VAT**" means value added tax as provided for in the Value Added Tax Act 1994 and any other tax of a similar nature.

## 1.2 Construction

- (a) In this Deed, unless a contrary indication appears, any reference to:
  - (i) "**assets**" includes present and future properties, revenues and rights of every description and includes the proceeds of sale of any such asset;
  - (ii) a Finance Document or any other agreement or document is a reference to that Finance Document or other agreement or document as it may have been, or may from time to time be, amended, varied, supplemented or novated;
  - (iii) a party to this Deed shall be construed so as to include its successors in title, permitted assigns and permitted transferees;
  - (iv) a "**person**" includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium, partnership or other entity (whether or not having separate legal personality);
  - (v) a provision of law includes that provision as amended, re-enacted or replaced from time to time and includes any subordinate legislation;
  - (vi) "**Real Property**", the "**Security Assets**", and any other asset or assets or the "**Secured Obligations**" includes a reference to any part of them or it;
  - (vii) a "**regulation**" includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
  - (viii) "**this Security**" means any Security created or constituted by this Deed; and
  - (ix) words in the singular include the plural and vice versa and words in one gender include any other gender.
- (b) Headings in this Deed are for ease of reference only.
- (c) Any covenant or undertaking by the Chargor under this Deed is given to or made in favour of the Security Trustee and remains in force during the Security Period.
- (d) An Event of Default is "**continuing**" if it has not been remedied or waived.
- (e) It is intended that this document take effect as a deed notwithstanding the fact that (if executed by the Security Trustee) the Security Trustee may only execute this document under hand.

- (f) The terms of the other Finance Documents and of any side letter between the parties to this Deed are incorporated in this Deed to the extent required to ensure that any purported disposition of or purported agreement to dispose of any Real Property contained in this Deed is a valid disposition in accordance with section 2(1) of the Law of Property (Miscellaneous Provisions) Act 1989.
- (g) This Deed is a Finance Document.
- (h) Unless expressly defined in this Deed or a contrary indication appears, words and expressions defined in the Instrument have the same meanings when used in this Deed.

### **1.3 Third party rights**

- (a) Unless expressly provided to the contrary in this Deed, a person who is not a party to this Deed has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of this Deed.
- (b) Notwithstanding any provision of this Deed, the consent of any person who is not a party to this Deed is not required to rescind or vary this Deed at any time.

## **2. Undertaking to pay**

### **2.1 Undertaking to pay**

The Chargor, as primary obligor and not merely as surety, undertakes with the Security Trustee to pay the Secured Obligations on demand on the date(s) on which such Secured Obligations are expressed to become due and in the manner provided for in the relevant Finance Document.

### **2.2 Amount secured**

The Chargor acknowledges to the Security Trustee that the amount secured by this Deed and in respect of which this Security is enforceable is the full amount of the Secured Obligations.

### **2.3 Interest**

If the Chargor fails to pay any of the Secured Obligations on the due date for payment of that sum, the Chargor shall on demand pay to the Security Trustee interest on all such sums from the due date until the date of payment (both before and after judgment) calculated and payable in accordance with the rate and in the manner specified in the Instrument.

## **3. Provisions relating to Security**

### **3.1 Nature of Security created**

- (a) All the Security created under this Deed is created:
  - (i) with full title guarantee as a continuing security for the payment, discharge and performance of the Secured Obligations;
  - (ii) in favour of the Security Trustee; and
  - (iii) (except in the case of assets which are the subject of a legal mortgage under this Deed) over all present and future assets of the kind described which are

owned by the Chargor and, to the extent it does not own those assets, shall extend to any right, title or interest which it may have in them.

- (b) The Security Trustee holds the benefit of this Deed on trust for the Secured Parties.

### **3.2 Consents**

- (a) If the Chargor purports to mortgage, assign or charge (absolutely or by way of fixed mortgage or charge) an asset under this Deed and such mortgage, assignment or charge breaches a term of an agreement or licence binding on the Chargor in respect of that asset because the consent of a person (other than a member of the Group) has not been obtained:
- (i) the Chargor shall notify the Security Trustee immediately;
  - (ii) subject to paragraph (iv) below, the relevant mortgage, assignment or fixed charge under this Deed will extend (to the extent no breach of the relevant agreement would occur) to all amounts which the Chargor may receive and other rights in respect of that asset but will exclude the asset itself;
  - (iii) unless the Security Trustee otherwise requires, the Chargor shall use all reasonable endeavours to obtain the consent of the relevant person and, once obtained, shall promptly provide a copy of that consent to the Security Trustee; and
  - (iv) immediately upon the relevant consent being obtained, the relevant asset shall become subject to this Security in favour of the Security Trustee under Clause 4 (*Fixed Security*).

## **4. Fixed Security**

### **4.1 Real Property**

- (a) The Chargor charges:
- (i) by way of first legal mortgage the Real Property vested in it on the date of this Deed;
  - (ii) by way of first fixed charge any right, title or interest in Real Property (to the extent not the subject of a mortgage under paragraph (i) above).
- (b) The Chargor assigns absolutely, subject to the provisions of Clause 24 (*Release and recourse*):
- (i) all Rental Income;
  - (ii) all rights under any licence, agreement for sale or agreement for lease or other use of its Real Property or under any agreement to purchase Real Property (in each case present or future);
  - (iii) all rights, powers, benefits, claims, contracts, warranties, remedies, covenants for title, security, guarantees or indemnities (present or future) in respect of any of its Real Property or any Rental Income;
  - (iv) the proceeds of sale of any of its Real Property; and

- (v) any other moneys paid or payable in respect of its Real Property.

#### **4.2 Equipment**

The Chargor charges by way of first fixed charge all its rights, title or interest in Equipment in so far as it is not charged under Clause 4.1 (*Real Property*) and in any Equipment for the time being in its possession.

#### **4.3 Investments**

- (a) The Chargor charges by way of first legal mortgage all its rights, title or interest in the Group Shares and any other shares forming part of the Investments belonging to it on the date of this Deed and, in each case all Dividends in respect of the Group Shares or other Investments.
- (b) The Chargor charges by way of first fixed charge all its rights, title or interest in the Investments (to the extent not the subject of an effective mortgage under paragraph (a) above).

#### **4.4 Goodwill**

The Chargor charges by way of first fixed charge its goodwill.

#### **4.5 Uncalled capital**

The Chargor charges by way of first fixed charge all its uncalled capital.

#### **4.6 Authorisations**

The Chargor charges by way of first fixed charge all its rights, title or interest in Authorisations held in relation to any other Security Asset.

#### **4.7 Insurances**

The Chargor assigns absolutely, subject to the provisions of Clause 24 (*Release and recourse*), all its rights, title or interest in the Insurance Policies and the proceeds of such policies.

#### **4.8 Contracts**

The Chargor assigns absolutely, subject to the provisions of Clause 24 (*Release and recourse*), all its rights, title or interest in:

- (a) all agreements to which it is a party except to the extent that it is subject to any fixed security created under any other term of this Clause 4; and
- (b) the benefit of any guarantee or security for the performance of any of such agreements.

#### **4.9 Pension funds**

The Chargor charges by way of first fixed charge any beneficial interest, claim or entitlement it has in any pension fund.

## **5. Floating Security**

### **5.1 Floating charge**

The Chargor charges by way of first floating charge the whole of its present and future business, undertaking and assets to the extent that they are not effectively mortgaged, charged or assigned to the Security Trustee by way of fixed security under Clause 4 (*Fixed Security*).

### **5.2 Conversion**

Subject to Clause 5.3 (*Moratorium under Insolvency Act*), the Security Trustee may at any time by written notice to the Chargor convert the floating charge created by the Chargor by Clause 5.1 (*Floating charge*) into a fixed charge as regards any assets specified in the notice if:

- (a) an Acceleration Event has occurred;
- (b) the Security Trustee considers such assets to be in danger of being seized or sold under any form of distress, attachment, execution or other legal process or to be otherwise in jeopardy or to be at risk of becoming subject to any Security (other than this Security); or
- (c) the Security Trustee considers it is necessary in order to protect the value of the Security Asset or the priority of this Security.

### **5.3 Moratorium under Insolvency Act**

The Security Trustee shall not be entitled to convert the floating charge created by Clause 5.1 (*Floating charge*) into a fixed charge as a result only of the Chargor obtaining a moratorium or anything done with a view to obtaining a moratorium under section 1A of and Schedule A1 to the Insolvency Act 1986.

### **5.4 Qualifying floating charge**

Paragraph 14 of Schedule B1 to the Insolvency Act 1986 applies to the floating charge created by Clause 5.1 (*Floating charge*), which is a "qualifying floating charge" for the purpose of paragraph 14(1) of Schedule B1 to the Insolvency Act 1986.

### **5.5 Automatic conversion**

The floating charge created by Clause 5.1 (*Floating charge*) will convert automatically into a fixed charge over all of the Chargor's assets not already subject to an effective fixed charge:

- (a) if the Security Trustee receives notice of an intention to appoint an administrator of the Chargor;
- (b) if any step is taken to appoint a liquidator, provisional liquidator, administrator or Receiver in respect of the Chargor or over all or any of its assets, or if such person is appointed;
- (c) the Chargor takes any step to create Security over any Security Asset in breach of Clause 6 (*Restrictions on dealing*);
- (d) on the crystallisation of any other floating charge over the Security Assets;

- (e) if any person takes any step to seize, attach, charge, take possession of or sell any Security Asset under any form of distress, sequestration, execution or other process; or
- (f) in any other circumstances prescribed by law.

#### **5.6 Reconversion to floating charge**

Any floating charge which has crystallised under Clause 5.2 (*Conversion*) or Clause 5.5 (*Automatic conversion*) may by notice in writing given at any time by the Security Trustee to the relevant Chargor be reconverted into a floating charge under Clause 5.1 (*Floating charge*) in relation to the assets, rights and property specified in such notice.

#### **6. Restrictions on dealing**

The Chargor shall not:

- (a) create or permit to subsist any Security over any of the Security Assets created by or under Clause 4 (*Fixed Security*) of this Deed; or
- (b) sell, transfer, license, lease or otherwise dispose of any of the Security Assets created by or under Clause 4 (*Fixed Security*) of this Deed,

except as expressly permitted to do so by the Security Trustee or under the Instrument other than any Permitted Security or Permitted Disposal.

#### **7. Representations**

The Chargor makes the representations and warranties set out in this Clause to the Security Trustee.

##### **7.1 Nature of Security**

Subject to general principles of law limiting its obligations, this Deed creates the Security it purports to create in respect of the Chargor and such Security is valid and effective.

##### **7.2 Security Assets**

- (a) It is the sole legal and beneficial owner of, and absolutely entitled to, the assets it purports to mortgage, charge or assign under this Deed (save, where relevant, in respect of the legal ownership of any of its Investments registered in the name of its nominee or custodian or in the name of the Security Trustee (or its nominee) pursuant to this Deed).
- (b) Such assets are free from any Security (except as created by this Deed in favour of the Security Trustee (on behalf of the Secured Parties) or any Permitted Security) and it has not granted any option or other right in favour of a third party or otherwise encumbered any such assets.

##### **7.3 Investments**

- (a) Its Investments are duly authorised, validly issued, freely transferable and fully paid.
- (b) It has not nominated any person to enjoy or exercise any rights relating to the Investments pursuant to Part 9 of the Companies Act 2006 or otherwise.

- (c) The Investments held as at the date of this Deed constitute all of the share capital of each of its Subsidiaries.
- (d) Other than as notified to the Security Trustee, no person has or is entitled to any conditional or unconditional option, warrant or other right to subscribe for, purchase or otherwise acquire any issued or unissued shares, or any interest in shares, in the capital of any of its Subsidiaries.

#### **7.4 Repetition**

The representations and warranties in this Clause are deemed to be made by the Chargor on the date of this Deed and to be repeated by the Chargor by reference to the facts and circumstances then existing on each day during the Security Period.

### **8. General undertakings**

#### **8.1 Covenant to perform**

The Chargor shall at all times observe and perform the obligations, terms and conditions on its part of the Finance Documents.

#### **8.2 Carry on business**

The Chargor shall carry on its business in a proper manner and not make any material alteration in the nature of its business.

#### **8.3 Laws**

The Chargor shall observe and perform all laws, covenants and stipulations from time to time affecting any of its Security Asset or otherwise relating to its business.

#### **8.4 Not to jeopardise this Security**

Chargor shall not do or cause or permit to be done anything which may depreciate, jeopardise or otherwise prejudice the Security Assets or their value to the Security Trustee.

#### **8.5 Maintenance**

The Chargor shall keep all Equipment for the time being required for it to operate its business in a good and substantial state of repair and in good working order and condition and when necessary replace the same by items of similar quality and value.

#### **8.6 Accounting records**

The Chargor shall keep proper accounting records and make all proper entries in relation to its affairs and make such records available for inspection by or on behalf of the Security Trustee or any Receiver at the cost of the Chargor at all reasonable times.

#### **8.7 Information**

If requested to do so by the Security Trustee acting reasonably, the Chargor shall promptly:

- (a) provide the Security Trustee or any Receiver with all such documents and information about its Security Assets and about the Chargor's business and affairs (including its



books, accounts and records) as the Security Trustee may from time to time reasonably require;

- (b) provide the Security Trustee with copies of all communications sent to shareholders and/or creditors or any class of them generally; and
- (c) deliver to the Security Trustee a copy of any notice or litigation, arbitration or administrative proceedings which to its knowledge are threatened, pending or have been commenced against it which is likely to have a Material Adverse Effect.

## **8.8 Documents**

- (a) The Chargor shall, upon execution of this Deed or, if later, upon receipt, deposit with the Security Trustee all deeds, certificates and other documents evidencing title in respect of its Investments and/or Real Property.
- (b) The Security Trustee is entitled to hold and retain all such deeds, certificates and documents until the expiry of the Security Period or, if earlier, until the Security Asset to which such deeds, certificates or documents of title relate is released from this Security in accordance with the Finance Documents.

## **8.9 Events of Default**

The Chargor shall upon becoming aware of the same promptly notify the Security Trustee of the occurrence of any Event of Default and at the same time inform the Security Trustee of any action taken or proposed to be taken by it in connection with it.

## **8.10 Accuracy of information**

The Chargor shall ensure that all information supplied to the Security Trustee by it is at the time of supply complete and accurate in all material respects.

# **9. Real Property**

## **9.1 HM Land Registry**

- (a) The Chargor applies and agrees that it shall apply to HM Land Registry (by submitting a form RX1, CH2 or otherwise as appropriate) to:
  - (i) enter a restriction in the following terms on the register or registers of title relating to any of its Real Property now or after the date of this Deed registered at HM Land Registry and against which this Deed may be noted:

"No disposition of the registered estate by the proprietor of the registered estate or by the proprietor of any registered charge, not being a charge registered before the entry of this restriction, is to be registered without a written consent signed by the proprietor for the time being of the charge dated [date] in favour of Capita Trust Company Limited (as trustee for the Secured Parties referred to in that charge) referred to in the Charges Register [or [their conveyancer or specify appropriate details]]."
  - (ii) to enter any obligation to make further advances on the relevant register of title.

- (b) The Chargor certifies to HM Land Registry that this Security does not contravene any of the provisions of its memorandum or articles of association or other constitutive documents.

## **9.2 Acquisitions of Real Property**

The Chargor shall:

- (a) notify the Security Trustee immediately upon the acquisition by or on behalf of the Chargor of any Real Property and the title number of such Real Property;
- (b) at the cost of the Chargor, execute and deliver to the Security Trustee a legal mortgage in favour of the Security Trustee of any Real Property which becomes vested in it after the date of this Deed substantially in the form of this Deed;
- (c) if the title to such Real Property is (or is required to be) registered at HM Land Registry, promptly submit an application to register the Chargor as proprietor of the Real Property and of the Security Trustee as proprietor of such legal mortgage; and
- (d) if the consent of the landlord in whom the reversion of any lease comprised in any Real Property which becomes vested in the Chargor after the date of this Deed is required for the Chargor to create any fixed charge or legal mortgage, it will:
  - (i) use all reasonable endeavours to obtain such landlord's consent;
  - (ii) notify the Security Trustee in writing upon receipt of such consent; and
  - (iii) not be required to create a fixed charge or legal mortgage over such Real Property until it has received the landlord's consent.

## **9.3 Outgoings**

The Chargor shall punctually pay or cause to be paid and shall indemnify and/or secure the Security Trustee and any Receiver against all rents, rates, taxes, liabilities, duties, assessments and other outgoings payable in respect of or by the owner or occupier of its Real Property.

## **9.4 Repair**

The Chargor shall put and keep all buildings, installations and structures on its Real Property in good and substantial repair and condition, replacing, rebuilding and renewing the same when necessary and shall keep all fixtures and fittings from time to time on or in its Real Property in good and substantial repair and in good working order, in each case, ordinary wear and tear excepted.

## **9.5 Compliance with leases**

The Chargor shall:

- (a) observe and perform all the terms on its part contained in any Lease comprised within its Real Property and enforce the due observance and performance of all obligations of all other parties to such Lease;
- (b) not do or knowingly permit to be done any act as a result of which any such Lease may become liable to forfeiture or otherwise be determined;

- (c) not accelerate or defer payment of any moneys due or waive or vary any obligation under the terms of any Lease or other property agreement comprised within its Real Property; and
- (d) comply with any rent review procedures in Leases comprised within its Real Property.

**9.6 Compliance with covenants**

The Chargor shall duly and punctually perform and observe and indemnify and/or secure the Security Trustee for any breach of any covenants and stipulations (restrictive or otherwise) affecting its Real Property or its use and enjoyment.

**9.7 Compliance with applicable laws and regulations**

The Chargor shall perform all of its obligations under any law or regulation affecting its Real Property including, but not limited to, any planning permission in any way related to or affecting its Real Property or its use and enjoyment.

**10. Investments**

**10.1 Documents of title relating to Investments**

- (a) The Chargor shall, subject to paragraph (b) below, on the date of this Deed or, if later, upon becoming entitled to the relevant Investments, deliver to the Security Trustee:
  - (i) all stock and share certificates and other documents of title relating to its Investments; and
  - (ii) all stock transfer forms (duly executed in blank and left undated) and other documents that the Security Trustee may request in respect of such Investments and in such form as the Noteholders may require (including declarations of trust in relation to any Investments in which the Chargor has an interest that are not held in its sole name, and forms of waiver of any pre-emption rights necessary to enable such transfers to be registered).
- (b) In respect of the Acquired Investments, the Chargor shall, as soon as reasonably practicable and in any event within 10 Business Days of receipt of the stamped stock transfer forms from HMRC, deliver to the Security Trustee the share certificates relating to the Acquired Investments.

**10.2 Voting powers**

- (a) Prior to the occurrence of a Voting Event the Chargor may continue to exercise the voting rights, powers and other rights in respect of its Investments (subject to paragraph (b) below).
- (b) The Chargor shall not exercise any of its voting rights, powers and other rights in respect of its Investments in any manner which varies the rights attaching to or conferred by the Investments in any way which could reasonably be expected to adversely affect the interests of the Noteholders in any material respect or which could reasonably be expected to materially prejudice the value of or the ability of the Security Trustee to realise this Security in respect of such Investments.

- (c) Before the occurrence of a Voting Event, voting power (for the purposes of section 435(10) of the Insolvency Act 1986) in respect of its Investments shall remain with the Chargor and shall not pass to the Security Trustee.
- (d) In this Clause 10 "**Voting Event**" in relation to a particular Investment means service of a notice by the Security Trustee (either specifying that Investment or generally in relation to all or a designated class of Investments) on the Chargor on or following an Acceleration Event specifying that control over voting rights are to pass to the Security Trustee.

### 10.3 Other undertakings

- (a) Prior to the occurrence of an Acceleration Event, the Chargor shall be entitled to receive and retain all Dividends paid or payable in relation to its Investments.
- (b) On and after the occurrence of an Acceleration Event, all Dividends in respect of any of its Investments will be payable to the Security Trustee and may be applied by the Security Trustee in reduction of the Secured Obligations whether or not any such Investment is registered in the name of the Security Trustee or its nominee or in the name of the Chargor or its nominee.
- (c) The Chargor shall not nominate any person, other than the Security Trustee (or its nominee), to enjoy or exercise any right relating to any of the Investments whether pursuant to Part 9 of the Companies Act 2006 or otherwise.
- (d) At any time when any Investments of the Chargor have been registered in the name of the Security Trustee (or its nominee), the Security Trustee (or its nominee) will not be under any duty to ensure that any Dividends or other monies payable in respect of such Investments are duly and promptly paid or received by it (or its nominee), or to verify that the correct amounts are paid or received by it (or its nominee), or to take any action in connection with the taking up of any (or any offer of any) stocks, shares, rights, monies or other property paid, distributed, accruing or offered at any time by way of interest, dividend, redemption, bonus, rights, preference, option, warrant or otherwise on or in respect of such Investments.
- (e) The Chargor shall pay when due all calls or other payments that may be or become due in respect of any of its Investments. In the case of a default by the Chargor in such payment, the Security Trustee may make such payment on behalf of the Chargor in which case any sums paid by the Security Trustee shall be reimbursed (together with interest at the rate applicable under Clause 2.3 (*Interest*) for the period from and including the date incurred up to and excluding the date reimbursed) by the Chargor to the Security Trustee on demand.

### 10.4 Exercise of rights on Voting Event

- (a) On and after the occurrence of a Voting Event, the Security Trustee (or its nominee) may exercise or refrain from exercising any voting rights, powers and other rights in respect of the Investments in each case in the name of the Chargor, the registered holder or otherwise and without any further consent or authority on the part of the Chargor and irrespective of any direction given by the Chargor.
- (b) The Chargor irrevocably appoints the Security Trustee (or its nominee) as its proxy to exercise all voting rights in respect of the Investments with effect from the occurrence of a Voting Event to the extent that such Investments remain registered in its name.

## **11. Insurance**

### **11.1 Cover**

The Chargor shall keep its assets which are of an insurable nature insured against all risks which a prudent person carrying on a business similar to that of the Chargor would reasonably insure.

### **11.2 Other undertakings**

- (a) The Chargor will promptly pay all premiums and take all reasonable and practicable steps to preserve and enforce its rights and remedies under or in respect of each of its Insurance Policies.
- (b) The Chargor shall supply to the Security Trustee on request copies of each of its Insurance Policies together with the current applicable premium receipts.

### **11.3 Proceeds**

11.3.1 All money received under any Insurance Policy shall be applied:

- (a) prior to the occurrence of an Acceleration Event, in making good the relevant loss or damage (any deficiency being made good by the Chargor); and
- (b) following the occurrence of an Acceleration Event, in or towards discharge of the Secured Obligations.

11.3.2 Any such money received by the Chargor shall be held on trust for the Security Trustee.

## **12. Power to remedy**

### **12.1 Security Trustee's powers**

If the Chargor fails to comply with any of the covenants or obligations set out in this Deed or fails to perform its obligations affecting the Security Assets, and such failure is not remedied promptly to the satisfaction of the Security Trustee, the Chargor will allow the Security Trustee, its agents or contractors to take such action on behalf of the Chargor as may be necessary to ensure that such covenants and obligations are complied with. Such action may include, but is not limited to:

- (a) entering the Chargor's Real Property and carrying out any repairs or other works which the Chargor has failed to do; and
- (b) taking such action as the Security Trustee considers necessary or appropriate to comply with or object to any notice served on the Chargor in respect of its Real Property,

and the Security Trustee shall not, by taking any such action, become liable as a mortgagee in possession.

### **12.2 Reimbursement of expenses**

The Chargor shall reimburse the Security Trustee on demand for all properly incurred and documented costs and expenses incurred by the Security Trustee in anything done pursuant to the powers contained in Clause 14.1 (*Security Trustee's powers*) together with interest from the

date of payment by the Security Trustee until the reimbursement calculated in accordance with Clause 2.3 (*Interest*).

**13. When Security becomes enforceable**

**13.1 Timing**

This Security shall become immediately enforceable if:

- (a) an Acceleration Event occurs; or
- (b) the Chargor requests the Security Trustee to exercise any of its powers under this Deed.

**13.2 Enforcement**

After this Security has become enforceable, the Security Trustee may in its absolute discretion enforce all or any part of this Security in accordance with the Finance Documents.

**14. Enforcement of Security**

**14.1 Security Trustee's powers**

Immediately upon this Security becoming enforceable or at any time thereafter the Security Trustee may do all or any of the following:

- (a) exercise the power of sale and all other rights, powers and discretions conferred on mortgagees by section 101 of the Act as varied or extended by this Deed;
- (b) appoint one or more qualified persons as an Administrator of the Chargor (to act together or independently of any others so appointed) in accordance with schedule B1 to the Insolvency Act 1986, and for this purpose "qualified person" means a person who, under the Insolvency Act 1986, is qualified to act as an administrator of any company with respect to which he is appointed;
- (c) subject to section 72A of and paragraph 43 of schedule A1 to the Insolvency Act 1986, appoint one or more persons as a Receiver of all or any part of the Security Assets;
- (d) exercise all the rights, powers and discretions conferred on a Receiver by this Deed, the Act, the Insolvency Act 1986 or otherwise by law, without first appointing a Receiver or notwithstanding the appointment of a Receiver;
- (e) by notice to the Chargor end the Chargor's right to possession of all or any of its Real Property and enter into possession of all or such part of such Real Property;
- (f) exercise all other powers conferred on mortgagees or receivers by law;
- (g) to the extent that this Deed constitutes a "security financial collateral arrangement" as defined in the Regulations, without notice to the Chargor, appropriate any Security Asset which constitutes "financial collateral" as defined in the Regulations in or towards satisfaction of the Secured Obligations and for this purpose the value of the financial collateral so appropriated shall be:

- (i) in the case of cash, the amount standing to the credit of each relevant account together with any accrued but unposted interest at the time the right of appropriation is exercised;
- (ii) in the case of any Investment, the market price of such Investment at the time the right of appropriation is exercised determined by the Security Trustee in a commercially reasonable manner (including by reference to a public index or independent valuation or other procedure selected by the Security Trustee acting reasonably); and
- (iii) in the case of any other Security Asset, such amount as the Security Trustee determines having taken into account advice obtained by it from an independent investment or accounting firm of national standing selected by it.

The Chargor agrees that the methods of valuation provided for in this clause are commercially reasonable for the purposes of the Regulations.

#### **14.2 Consideration on a disposal**

The consideration for any sale or other disposal of the Security Assets by the Security Trustee or any Receiver in the exercise of their respective powers may (in addition to that permitted under the Act on a sale by a mortgagee) consist of cash, shares, securities, debentures or other valuable consideration, may fluctuate according to or dependent upon profit or turnover or be determined by a third party, and may be payable in a lump sum or in instalments (with or without security).

#### **14.3 Leasing**

The statutory powers of leasing conferred on the Security Trustee are extended so as to authorise the Security Trustee to lease, make agreements for leases, accept surrenders of leases and grant options as the Security Trustee may think fit and without the need to comply with any provision of sections 99 or 100 of the Act, and may be exercised by the Security Trustee at any time after this Security has become enforceable. Any lease granted will bind any holder of a subsequent Security deriving title under the Security Trustee.

#### **14.4 Protection of third parties**

No person (including a purchaser) dealing with the Security Trustee or a Receiver will be concerned to enquire:

- (a) whether the Secured Obligations have become payable;
- (b) whether any right or power which the Security Trustee or a Receiver is purporting to exercise has arisen or become exercisable;
- (c) whether any money remains due under this Deed or the other Finance Documents;
- (d) how any money paid to the Security Trustee or to a Receiver is to be applied; or
- (e) as to the propriety or regularity of such dealings.

#### **14.5 Redemption of prior mortgages**

At any time after this Security has become enforceable, the Security Trustee may redeem any prior Security against any Security Asset, and/or procure the transfer of that Security to itself, and/or settle and pass the accounts of the prior mortgagee, chargee or encumbrancer. Any accounts so settled and passed shall be conclusive and binding on the Chargor. All principal moneys, interest, costs, charges and expenses of and incidental to any such redemption and/or transfer shall be paid by the Chargor to the Security Trustee on demand and form part of the Secured Obligations.

#### **14.6 Receipts**

The receipt of the Security Trustee or the Receiver shall be an absolute and a conclusive discharge to a purchaser and shall relieve it of any obligation to see to the application of any moneys paid to or by the direction of the Security Trustee or the Receiver.

#### **14.7 General**

- (a) For the purposes of all rights, powers and discretions implied by statute or arising by law, the Secured Obligations are deemed to have become due and payable on the date of this Deed.
- (b) The power of sale and all other powers conferred on mortgagees by section 101 of the Act as varied or extended by this Deed shall arise on the execution of this Deed by the Chargor.
- (c) Section 103 of the Act (restricting the power of sale) and section 93 of the Act (restricting the right of consolidation) do not apply to this Security.
- (d) The power to appoint a Receiver pursuant to Clause 14.1 (*Security Trustee's powers*) is in addition to the power to appoint a Receiver under section 101 of the Act. Section 109(1) of the Act does not apply to this Deed.

### **15. Receiver**

#### **15.1 Appointment**

Any appointment of a Receiver by the Security Trustee shall be by deed or in writing under its hand.

#### **15.2 Extension of appointment**

If a Receiver is appointed of part of the Security Assets, the Security Trustee may subsequently extend the appointment to all or any other part of the Security Assets or appoint another Receiver of any other part of the Security Assets.

#### **15.3 Removal**

The Security Trustee may by writing under its hand or by deed (subject to any requirement for an order of the court in the case of an administrative receiver):

- (a) remove any Receiver appointed by it; and
- (b) whenever it deems it expedient, appoint a new Receiver to be an additional Receiver or in the place of any Receiver whose appointment may for any reason have terminated.



**15.4 Remuneration**

The Security Trustee may appoint any Receiver upon such terms as to remuneration and otherwise as the Security Trustee thinks fit, and the maximum rate specified in section 109(6) of the Act will not apply.

**15.5 Payments to the Security Trustee**

Only monies actually paid by a Receiver to the Security Trustee in satisfaction or discharge of the Secured Obligations shall be capable of being applied by the Security Trustee for that purpose.

**15.6 Agent of Chargor**

Each Receiver shall be the agent of the Chargor for all purposes and accordingly is deemed to be in the same position as a Receiver duly appointed by a mortgagee under the Act. The Chargor alone shall be responsible for his remuneration and for his contracts, engagements, acts, omissions, defaults and losses and for liabilities incurred by him and the Security Trustee shall not incur any liability (either to the Chargor or to any other person) by reason of the Security Trustee making his appointment as a Receiver or for any other reason. If a liquidator is appointed in respect of the Chargor, the Receiver shall act as principal and not as agent of the Security Trustee.

**15.7 Receivers of the same assets**

If at any time any two or more persons appointed by the Security Trustee hold office as Receivers of the same assets or income, each of them may (unless otherwise stated in the instrument(s) appointing them) exercise all rights, powers and discretions conferred on Receivers by this Deed individually and to the exclusion of the other or others of them.

**16. Powers of Receiver**

**16.1 General powers**

A Receiver has (subject to any limitation or restriction expressed in the instrument appointing him) all the rights, powers and discretions set out below in this Clause 16 in addition to those conferred on the Receiver by any law or otherwise conferred by this Deed. Such rights, powers and discretions include (without limitation):

- (a) in the case of an administrative receiver all the rights, powers and discretions conferred on an administrative receiver under the Insolvency Act 1986;
- (b) otherwise, all the rights, powers and discretions conferred on a receiver (or receiver or manager) under the Act or the Insolvency Act 1986.

**16.2 Possession**

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

**16.3 Comply with undertakings**

A Receiver may comply with and perform all of the undertakings and covenants of the Chargor contained in this Deed.

**16.4 Carry on business**

A Receiver may carry on, manage, develop, amalgamate, reconstruct or diversify the whole or any part of the Chargor's business and, where the Chargor has one or more Subsidiaries, may supervise, control and finance any such Subsidiary or business.

**16.5 Building operations**

A Receiver may commence and/or complete any building operations or development on any Real Property subject to any of this Security and apply for and obtain any planning permissions, building regulation approvals and any other permissions, consents or licences, and may appoint and enter into contracts with building and engineering contractors or other contractors or professional advisors, in each such case as he may think fit.

**16.6 Repairs**

A Receiver may repair, decorate, maintain, furnish, alter or improve the Security Assets.

**16.7 Borrow money**

A Receiver may raise or borrow money either unsecured or on the security of any Security Asset either in priority to this Security or otherwise and generally on such terms as he may think fit.

**16.8 Subsidiaries**

A Receiver may form a Subsidiary of the Chargor and transfer any Security Asset to that Subsidiary on such terms and conditions as he thinks fit.

**16.9 Leasehold property**

If the Real Property subject to any of this Security is leasehold a Receiver may vary the terms of or surrender the lease and/or take a new lease of such Real Property on such terms as he may think fit. Any such new lease shall automatically be charged to the Security Trustee on the terms of this Deed so far as applicable, but a Receiver shall if requested by the Security Trustee execute a formal legal charge over such new lease in favour of the Security Trustee in such form as the Security Trustee may require.

**16.10 Power of sale**

A Receiver may sell, transfer, assign, exchange, hire out, lend or otherwise convert into money or realise or dispose of the Security Assets or concur in any of the same, either by public auction or private contract or in any other manner, and generally in such manner and on such terms and conditions and for such consideration as he may think fit. Equipment, other than landlord's fixtures (where the Real Property subject to this Security is leasehold), may be severed and sold separately from such Real Property.

**16.11 Leases**

A Receiver may grant Leases of Real Property subject to this Security for any term and at any rent, with or without a premium, and otherwise on such terms and conditions as he may think fit and may accept surrenders of such Leases on such terms as he may think fit, with or without a premium to or by any tenant or other person.

**16.12 Transfers and other disposals**

A Receiver may carry any sale, letting or other disposal into effect by transferring, letting or otherwise making such disposal in the name of the Chargor and for that purpose may give valid receipts for all moneys and enter into covenants and contractual obligations in the name of and so as to bind the Chargor.

**16.13 Legal actions**

A Receiver may bring, prosecute, enforce, defend and abandon all actions, suits and proceedings in relation to the Security Assets or the business of the Chargor as he may think fit.

**16.14 Obligations in relation to the Security Assets**

A Receiver may enter into, perform, repudiate, rescind, rectify or vary contracts, bonds, covenants, commitments, guarantees, indemnities and similar matters in relation to the Security Assets and may make all payments needed to effect, maintain, perform or satisfy any of the same.

**16.15 Settle disputes**

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 the Chargor or relating in any way to the Security Assets.

**16.16 Insurance**

A Receiver may effect such insurances of or in connection with the Security Assets as he may think fit.

**16.17 Employees**

A Receiver may engage or employ or dismiss managers, officers, contractors, agents, servants, workmen and others for any of the purposes referred to in this Clause 16 upon such terms as to remuneration or otherwise as he may think fit.

**16.18 Prior Security**

A Receiver may redeem, discharge or compromise any prior Security and settle the account of encumbrances on such terms as he may think fit.

**16.19 Act in Chargor's name**

A Receiver may do all acts and execute in the name and on behalf of the Chargor, any deed, receipt or other document.

**16.20 VAT**

A Receiver may make such elections, registrations and applications for VAT purposes as he may think fit, and may do so in, or use the Chargor's name, for any such purpose.

**16.21 Credit and guarantees**

A Receiver may lend money or extend credit to any customer of the Chargor, enter into bonds, covenants, commitments, guarantees, indemnities or like matters and make all requisite payments to effect, maintain or satisfy the same.

**16.22 Other acts**

A Receiver may do all other acts and things which he may consider to be necessary, expedient or desirable for preserving, improving or realising any Security Asset or the getting in and collection of the Security Assets (or any assets which when got in would constitute Security Assets) or which are incidental or conducive to any of the rights, powers and discretions conferred on a Receiver by or pursuant to this Deed or by law.

**16.23 Other powers**

A Receiver may exercise in relation to the Security Assets all powers, authorities and things which he could exercise if he were the absolute beneficial owner of the Security Assets.

**17. Exclusion of liability**

**17.1 No obligation to recover**

Neither the Security Trustee nor any Receiver is under any obligation to take action to collect any money or enforce any rights comprised in the Security Assets whether or not it is in possession of the relevant Security Assets.

**17.2 No liability as mortgagee in possession**

Neither the Security Trustee nor any Receiver shall be liable, by reason of entering into possession of the Security Assets to account as mortgagee or be liable for any loss on realisation or for any default or omission for which a mortgagee might be liable.

**17.3 Possession**

If the Security Trustee or any Receiver shall take possession of the Security Assets it or he may at any time go out of possession. The Chargor will remain liable to observe and perform all conditions and obligations relating to its Security Assets.

**17.4 Losses on enforcement**

The Security Trustee or any Receiver will not be liable to the Chargor for any loss or damage arising from:

- (a) any sale of any Security Asset;
- (b) any act, default or omission of the Security Trustee or any Receiver in relation to any Security Asset; or
- (c) any exercise or non-exercise by the Security Trustee or any Receiver of any power conferred upon it in relation to any Security Asset by or pursuant to this Deed or by the Act,

unless such loss or damage is caused by the fraud, gross negligence or wilful misconduct of the Security Trustee or any Receiver.

**17.5 Exercise of Power**

The Security Trustee executes this Deed as security trustee in the exercise of the powers and authority conferred and vested in it under the Trust Deed and any other Finance Documents as trustee on behalf of the Secured Parties for whom it acts. It will exercise its powers and authority under this Deed in the manner provided for in the Trust Deed and, in so acting, the Security Trustee shall have the protections, rights, powers, authorisations, indemnities and benefits conferred on it under and by the Trust Deed and the other Finance Documents.

**18. Application of proceeds**

**18.1 Order of application**

Subject to any claims having priority to this Security all money recovered by the Security Trustee or any Receiver as a result of the enforcement of this Deed or otherwise by reason of this Security will be applied in the following order:

- (a) in payment of all costs, fees, taxes and expenses incurred by the Security Trustee or any Receiver in or pursuant to the exercise of the powers set out in this Deed and all other outgoings properly payable by any Receiver;
- (b) in payment of remuneration to any Receiver;
- (c) in or towards payment of the Secured Obligations in accordance with the Trust Deed; and
- (d) the balance (if any) will be applied as required by law.

The Security Trustee may at any time vary such order in its absolute discretion.

**18.2 Contingent or future liabilities**

If any money is received by the Security Trustee or a Receiver as a result of the enforcement of or otherwise by reason of this Security at a time when the Secured Obligations include contingent or future liabilities the Security Trustee or any Receiver may hold some or all of such money in an interest bearing suspense account.

**18.3 Insurance moneys**

Any insurance moneys received by a Receiver deriving from any Insurance Policy which form part of the Security Assets shall be applied in accordance with Clause 11.3 (*Proceeds*) and section 109(8) of the Act shall not apply.

**19. Expenses and payments**

**19.1 Enforcement and preservation costs**

All costs and expenses (including legal fees), charges and liabilities incurred in connection with the negotiation, preparation, printing, execution, registration and perfection, enforcement of, or the preservation of any rights under, this Deed by the Security Trustee or any Receiver shall be paid by the Chargor to the Security Trustee on demand.

## **19.2 Indemnity**

The Chargor shall indemnify the Security Trustee and any Receiver upon demand against all liabilities, claims and expenses whether arising out of contract or in tort or in any other way which may at any time be incurred by any of them in connection with this Deed or for anything done or omitted to be done in the exercise or purported exercise of their powers pursuant to this Deed unless such liabilities, claims and expenses are caused by the fraud, gross negligence or wilful default of the Security Trustee or such Receiver.

## **19.3 Stamp taxes**

The Chargor shall pay and, within three Business Days of demand, indemnify and/or secure the Security Trustee and any Receiver against any cost, loss or liability the Security Trustee or Receiver incurs in relation to all stamp duty, stamp duty land tax, registration and other similar taxes payable in respect of or in connection with the entry into, performance or enforcement against the Chargor of this Deed.

## **19.4 VAT**

Where this Deed requires the Chargor to reimburse or indemnify and/or secure the Security Trustee or any Receiver for any costs or expenses the Chargor shall at the same time pay and indemnify and/or secure the Security Trustee or any Receiver against all VAT incurred by the Security Trustee or any Receiver in respect of the costs and expenses to the extent that the Security Trustee or any Receiver determines that it is not entitled to credit or repayment of the VAT. All amounts payable by the Chargor under this Deed are exclusive of VAT. The Chargor will, in addition, pay any applicable VAT on those amounts.

## **20. Delegation of powers by Security Trustee or Receiver**

### **20.1 Delegation**

Clause 2.16 (*Delegation by the Security Trustee*) of the Trust Deed is incorporated into this Deed.

### **20.2 No liability for delegates**

Neither the Security Trustee nor any Receiver will be in any way liable or responsible to the Chargor for any loss or liability arising from any act, default, omission or misconduct on the part of any such delegate or sub-delegate.

### **20.3 Construction of this Deed**

References in this Deed to the Security Trustee or a Receiver shall be deemed to include references to any delegate of the Security Trustee or Receiver appointed in accordance with this Clause 20.

**21. Further assurance**

When required by the Security Trustee or any Receiver the Chargor shall, at its own cost convey, transfer, assign or otherwise deal with any Security Assets in such manner as the Security Trustee or any Receiver may require in connection with any enforcement of any of this Security.

**22. Power of attorney**

**22.1 Grant of power of attorney**

The Chargor, by way of security, irrevocably and severally appoints the Security Trustee and each Receiver to be its attorney in its name and on its behalf, after the occurrence of an Event of Default which is continuing, to take any action which the Chargor is or may be obliged to take under or pursuant to this Deed or which the Security Trustee or any Receiver in its or his sole and absolute discretion considers to be requisite, expedient or appropriate in order to carry any sale, lease or other disposal into effect, or to execute any deed, document or instrument, or to convey or transfer any legal estate or other interest in any asset, or to get in the Security Assets, or generally to enable the Security Trustee or a Receiver to exercise the respective rights, powers and discretions conferred on them by or pursuant to this Deed or by law.

**22.2 Ratification**

The Chargor agrees to ratify and confirm whatever any such attorney shall do, or attempt to do, in the exercise or purported exercise of the power of attorney granted under this Clause 22.

**22.3 Appropriation**

The power of attorney conferred on the Security Trustee and each Receiver shall continue notwithstanding the exercise by the Security Trustee of any right of appropriation pursuant to Clause 14.1 (*Security Trustee's powers*).

**23. Non-release provisions**

**23.1 Waiver of defences**

The obligations and liabilities of the Chargor under this Deed and this Security will not be affected by an act, omission or thing (whether or not known to it or the Security Trustee) which, but for this Clause, would reduce, release or prejudice any of such obligations and liabilities or Security including:

- (a) any time, waiver or consent granted to, or composition with, the Chargor or other person;
- (b) the release of the Chargor or any other person under the terms of any composition or arrangement;
- (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 property of, the Chargor 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 the Chargor or any other person;
- (f) any amalgamation, merger or reconstruction of the Security Trustee with any other person or any sale or transfer of the whole or any part of the assets of the Security Trustee to any other person;
- (g) the existence of any claim, set-off or other rights which any other Chargor may have at any time against the Security Trustee, whether in connection with the Finance Documents or otherwise;
- (h) any novation, amendment (however fundamental) or replacement of a Finance Document or any other document or Security;
- (i) any obligation of any person under any Finance Document or any other document or Security being void, voidable, invalid, unenforceable or otherwise irrecoverable; or
- (j) any insolvency or similar proceedings.

### **23.2 Immediate recourse**

The Chargor waives any right it may have of first requiring the Security Trustee to proceed against or enforce any other rights or Security or claim payment from any person before enforcing this Security. This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.

### **23.3 Appropriations**

During the Security Period the Security Trustee may:

- (a) refrain from applying or enforcing any moneys, Security or rights held or received by it (or any trustee or agent on its behalf) in respect of the Secured Obligations, or, subject to Clause 18 (*Application of proceeds*), apply and enforce the same in such manner and order as it sees fit (whether against the Secured Obligations or otherwise) and the Chargor shall not be entitled to the benefit of the same; and
- (b) hold in an interest bearing suspense account any moneys received from the Chargor for or on account of the Secured Obligations.

### **23.4 Deferral of Chargors' rights**

Until the expiry of the Security Period and unless the Security Trustee otherwise directs, the Chargor will not exercise any rights which it may have by reason of the enforcement of this Deed to:

- (a) be indemnified by any other person in respect of any obligations and liabilities of that person under the Finance Documents;
- (b) claim any contribution from any other person in respect of any obligations and liabilities of that person under the Finance Documents;
- (c) take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Security Trustee under the Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Finance Documents by the Security Trustee; and/or



- (d) exercise any right of quasi-retainer or other analogous equitable right.

### **23.5 Turnover**

If the Chargor receives any benefit, payment or distribution in relation to the rights referred to in Clause 23.4 (*Deferral of Chargors' rights*) it shall hold that benefit, payment or distribution on trust for the Security Trustee and shall promptly pay or transfer the same to the Security Trustee or as the Security Trustee may direct for application in or towards discharge of the Secured Obligations.

## **24. Release and recourse**

### **24.1 Release of Security Assets**

Upon the expiry of the Security Period (but not otherwise), the Security Trustee shall, at the request and cost of the Chargor:

- (a) take whatever action is necessary to release the Security Assets from, and/or to cancel, this Security; and
- (b) reassign or procure the reassignment to the Chargor of the assets assigned by it to the Security Trustee pursuant to this Deed,

in each case subject to Clause 24.2 (*Releases conditional*) and without recourse to, or any representation or warranty by, the Security Trustee or any of its nominees.

### **24.2 Releases conditional**

Any settlement, release or discharge under this Deed between the Security Trustee and the Chargor will be conditional upon no security or payment to the Security Trustee by the Chargor or any other person being avoided or set aside or ordered to be refunded or reduced by virtue of any provision or enactment relating to bankruptcy, winding-up, administration or insolvency for the time being in force, and if such condition is not satisfied, the Security Trustee will be entitled to recover from the Chargor on demand the value of such security or the amount of any such payment as if such settlement, release or discharge had not occurred and/or to enforce this Security to the full extent of the Secured Obligations. The Security Trustee may concede or compromise any claim that any payment, security or disposition is liable to avoidance, refund or reduction.

## **25. Benefit of this Deed**

### **25.1 Assignment by the Security Trustee**

- (a) The Security Trustee may only assign or transfer all or any part of its rights and/or obligations under this Deed to a successor in accordance with the Trust Deed.
- (b) Upon giving the consent required under Clause 25.1(a) above, the Chargor:
  - (i) agrees to enter into any documents specified by the Security Trustee to be necessary or desirable to give effect to such assignment or transfer; and
  - (ii) authorises the Security Trustee to execute on its behalf any such document the Security Trustee considers necessary or desirable in relation to the creation, perfection or maintenance of this Security and any assignment or transfer contemplated by such provisions.

**25.2 No assignment by the Chargor**

No Chargor may assign or transfer all or any part of its rights and/or obligations under this Deed.

**25.3 Disclosure of information**

The Security Trustee may disclose to:

- (a) any person to (or through) whom it assigns or transfers (or may potentially assign or transfer) this Security or all or any of its rights and obligations under this Deed;
- (b) any Receiver or proposed replacement or additional Receiver;
- (c) any person with (or through) whom it enters into (or may potentially enter into) any arrangement in relation to, or any other transaction under which payments are to be made by reference to, the Secured Obligations; or
- (d) any person to whom, and to the extent that, information is required to be disclosed by any applicable law or regulation,

any information about the Chargor and this Deed as the Security Trustee shall consider appropriate.

**25.4 Change in name or constitution**

This Deed shall remain valid and enforceable notwithstanding any change in the name, composition or constitution of any party or any merger, amalgamation or consolidation of such party with any other corporation or any reconstruction or reorganisation of any kind.

**26. Notices**

Clause 12.2 (*Notices*) of the Trust Deed is incorporated into this Deed.

**27. Miscellaneous**

**27.1 Continuing security**

This Security is continuing and will extend to the ultimate balance of all the Secured Obligations, regardless of any intermediate payment or discharge in whole or in part.

**27.2 Additional Security**

This Security is in addition to and is not in any way prejudiced by any bill, note, guarantee, indemnity or other Security now or subsequently held by the Security Trustee for any of the Secured Obligations.

**27.3 New accounts**

If the Security Trustee receives, or is deemed to be affected by, notice, whether actual or constructive, of any subsequent Security or other interest affecting any Security Asset and/or the proceeds of sale of any Security Asset, or this Security for any reason ceases to be a continuing security in respect of the Chargor, the Security Trustee may open a new account for the Chargor. If the Security Trustee does not open a new account, it shall nevertheless be treated as if it had done so at the time when it received or was deemed to have received notice. As from that time all payments made to the Security Trustee will be credited or be treated as having been

credited to the new account and will not operate to reduce any amount for which this Deed is security.

**27.4 No deduction or withholding**

All payments made by the Chargor to the Security Trustee under this Deed shall (save insofar as required by law to the contrary) be paid in full without set-off or counterclaim and free and clear of and without any deduction or withholding or payment for or on account of any present or future tax, levy, duty, impost or other charge or withholding of a similar nature. If the Chargor shall be required by law to effect any such deduction or withholding or payment the Chargor shall immediately pay to the Security Trustee such additional amount as will result in the immediate receipt by the Security Trustee of the full amount which would otherwise have been received had no such deduction or withholding or payment been made.

**27.5 Set-off**

The Security Trustee may set off any matured obligation owed by the Chargor to the Security Trustee against any obligation (whether or not matured) owed by the Security Trustee to the Chargor regardless of the place of payment, or currency of either obligation. If the obligations are in different currencies, the Security Trustee may convert either obligation at a market rate of exchange for the purpose of the set-off in an amount estimated by it in good faith to be the amount of that obligation.

**27.6 Remedies**

No failure to exercise, nor any delay in exercising, on the part of the Security Trustee, any right or remedy under this Deed, shall operate as a waiver, nor shall any single or partial exercise of any right or remedy 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.

**27.7 Waivers**

A waiver given or consent granted by the Security Trustee 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.

**27.8 Partial invalidity**

If, at any time, any provision of this Deed is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

**27.9 Amendments**

Any term of this Deed may be amended, varied or supplemented with the consent of the Security Trustee and the Chargor and by an instrument in writing signed by the parties to this Deed and any such amendment, variation or supplement will be binding on the Security Trustee and the Chargor.

**27.10 Certificates and determinations**

Any certification or determination by the Security Trustee of a rate or amount under this Deed is, in the absence of manifest or proven error, conclusive evidence of the matters to which it relates.

#### 27.11 Accounts

In any litigation or arbitration proceedings arising out of or in connection with this Deed, the entries made in the accounts maintained by the Security Trustee are *prima facie* evidence of the matters to which they relate.

#### 27.12 Currency

- (a) In this Clause, the "**Spot Rate**" means the Security Trustee's spot rate of exchange for the purchase of any currency with any other currency in the London foreign exchange market.
- (b) The Security Trustee may convert any moneys received, recovered or realised in any currency under this Deed (including the proceeds of any previous conversion under this Clause) from their existing currency into any other currency, by purchasing that other currency at the Spot Rate.
- (c) If the Chargor fails to pay any sum under this Deed on the due date, the Security Trustee may, without notice to the Chargor, purchase at the Spot Rate any currency which the Security Trustee considers necessary or desirable to cover the liabilities of the Chargor to pay that sum.

#### 27.13 Currency indemnity

- (a) If any sum due from the Chargor under this Deed (a "**Sum**"), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the "**First Currency**") in which that Sum is payable into another currency (the "**Second Currency**") for the purpose of:
  - (i) making or filing a claim or proof against the Chargor; or
  - (ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

the Chargor shall as an independent obligation, within three Business Days of demand, indemnify and/or secure the Security Trustee against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to the Security Trustee at the time of its receipt of that Sum.

- (b) The Chargor waives any right it may have in any jurisdiction to pay any amount under this Deed in a currency or currency unit other than that in which it is expressed to be payable.

#### 27.14 Counterparts

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

#### 28. Governing law

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

**29. Jurisdiction and Enforcement**

- (a) The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Deed (including a dispute regarding the existence, validity or termination of this Deed or any non-contractual obligations arising out of or in connection with this Deed) (a "**Dispute**").
- (b) The Security Trustee and the Chargor agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly neither of them will argue to the contrary.
- (c) This Clause 29 is for the benefit of the Security Trustee only. As a result, the Security Trustee shall not be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Security Trustee may take concurrent proceedings in any number of jurisdictions.

**EXECUTED** as a deed and delivered by the Chargor and signed on behalf of the Security Trustee on the date stated at the beginning of this document.

**Signatories**

**EXECUTED** as a **DEED** by **VERTO HOMES LTD** acting  
by a director in the presence of:



Signature of director

Signature of witness ..  ..

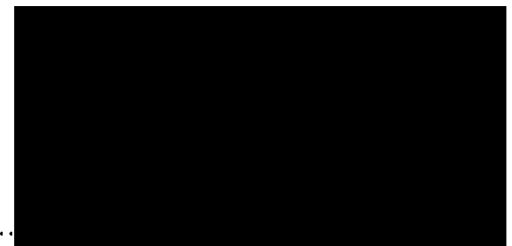
Print name .. DANIEL SOLOMON ..

Address .. FIELDFISHER LLP, RIVERBANK HOUSE,  
2 SWAN LANE, LONDON, ECLAR 3TT ..

Occupation .. PARALEGAL ..

**The Security Trustee**

**EXECUTED** as a **DEED** by **CAPITA TRUST COMPANY  
LIMITED** acting through its lawfully appointed attorney:



Signature of authorised attorney

in the presence of

Signature of witness ..  ..

Print name .. Samuel Denereaz ..

Address .. Capita Trust Company Limited  
4th Floor  
40 Dukes Place  
London EC3A 7NH ..

Occupation .. Senior Trust Manager ..