



**Registration of a Charge**

Company name: **PRS FINANCE PLC**

Company number: **09331085**

Received for Electronic Filing: **03/08/2015**



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**Details of Charge**

Date of creation: **29/07/2015**

Charge code: **0933 1085 0001**

Persons entitled: **THE SECRETARY OF STATE FOR COMMUNITIES AND LOCAL GOVERNMENT**

Brief description:

**Contains fixed charge(s).**

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

**Contains negative pledge.**

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**Authentication of Form**

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

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**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:

**BELINDA CHAN, SLAUGHTER AND MAY**



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

Company number: 9331085

Charge code: 0933 1085 0001

The Registrar of Companies for England and Wales hereby certifies that a charge dated 29th July 2015 and created by PRS FINANCE PLC was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 3rd August 2015 .

Given at Companies House, Cardiff on 4th August 2015

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

EXECUTION VERSION

Date 29 July 2015

PRS Finance plc  
as Issuer

The Secretary of State for Communities and Local Government  
as Guarantor

ISSUER SECURITY DEED

This deed is subject to the terms of the Subordination Deed

**Certified to be a true copy**

**SLAUGHTER AND MAY**

1 BUNHILL ROW  
LONDON EC1Y 8YY

33210486.18

3rd August 2015

*I certify that, save for material  
redacted pursuant to s. 859A of the  
Companies Act 2006, this is a true copy.*

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DATE

29 July

2015

## PARTIES

- 1 **PRS Finance plc**, a company incorporated in England and Wales with company number 09331085 and whose registered office is at 35 Great St. Helen's, London EC3A 6AP as chargor (the "**Issuer**"); and
- 2 **The Secretary of State for Communities and Local Government** of 2 Marsham Street, Westminster, London SW1P 4DF (the "**Guarantor**").

## BACKGROUND

- A On 10 December 2014, the Guarantor granted a licence (the "**Licence**") to PRS Operations Limited (the "**Licensee**") for the management and delivery of the Housing Guarantee Scheme for the Private Rented Sector (the "**Private Rented Guarantee Scheme**").
- B The Licensee shall manage and deliver the Private Rented Guarantee Scheme by, inter alia, procuring that the Issuer, its wholly-owned subsidiary, shall from time to time issue bonds for the purpose of on-lending the proceeds of such bond issues thereof to approved borrowers under the Private Rented Guarantee Scheme (including, without limitation, by applying amounts to reserves and in respect of certain fees).
- C On or about the date of this deed, the Issuer has established a £3,500,000,000 guaranteed secured bond programme for the issue of bonds by the Issuer of a maximum aggregate nominal amount not exceeding £3,500,000,000 or such greater amount (up to a maximum aggregate nominal amount not exceeding £6,500,000,000) as the Guarantor may, in its sole discretion, consent to (the "**Programme**"), in respect of which the Issuer has published a programme memorandum (the "**Programme Memorandum**").
- D In connection with the Private Rented Guarantee Scheme, the Programme and the Licence, the Guarantor has provided, or will provide, the Bond Guarantee to the Bond Trustee and various Loan Guarantees to the Issuer. The Issuer has agreed to enter into a guarantee and reimbursement agreement with the Guarantor and the Licensee on or about the date of this deed (the "**Guarantee and Reimbursement Agreement**") for the purpose of reimbursing and indemnifying the Guarantor in respect of any payment made by the Guarantor under the Bond Guarantee and each Loan Guarantee.
- E In respect of its present and future obligations and liabilities to the Guarantor under the Finance Documents, the Issuer has agreed to grant certain fixed security in favour of the Guarantor as well as a floating charge over the whole of the Issuer's undertaking, property and assets.

**IT IS AGREED** as follows:

### 1 **Definitions and interpretation**

#### 1.1 **Definitions**

Unless otherwise provided in this deed, terms defined in the Guarantee and Reimbursement Agreement, or incorporated from the Licence into the Guarantee and Reimbursement Agreement, shall have the same meaning where used in this deed (including in the recitals hereto).

In addition, in this deed, unless the context otherwise requires, terms defined in the recitals shall have the same meaning where used in the main body of this deed and the following terms shall have the following meanings:

**Accounts:** means all accounts opened, owned, operated, maintained or held by the Issuer (or in which the Issuer has an interest) with any bank, financial institution or other person in

any jurisdiction now or at any time hereafter (and from time to time), including all credit balances and the debts represented by those credit balances from time to time on such accounts, accrued but unpaid interest arising on those accounts and all Related Rights;

**Administrator:** a person appointed in accordance with Schedule B1 to the Insolvency Act 1986 to manage the Issuer's affairs, business and property;

**Assigned Agreements:** the Servicing Agreement, the Loan Agreements, any other Relevant Documents and any other document, agreement or instrument designated in writing as an Assigned Agreement by the Issuer and the Guarantor together in each case with such document's, agreement's or instrument's Related Rights;

**Authorised Investments:** has the meaning given to it in the Cash Management Agreement;

**Bondholders:** has the meaning given to it in the Programme Memorandum;

**Bonds:** has the meaning given to it in the Programme Memorandum;

**Cash Management Agreement:** has the meaning given to it in the Programme Memorandum;

**Charged Assets:** all the assets for the time being subject to the Security (and references to the Charged Assets include references to any part of them);

**Charged Rights:** all rights of the Guarantor or any Receiver provided by or pursuant to this deed or by law in respect of the subject matter of this deed;

**Conditions:** has the meaning given to it in the Programme Memorandum;

**Coupons:** has the meaning given to it in the Programme Memorandum;

**Debts:** all book and other debts of any kind whatsoever now or at any time hereafter (and from time to time) due, owing or payable to the Issuer or in which the Issuer has an interest and the proceeds of the same, including the benefit of any judgement or order to pay a sum of money and all Related Rights;

**Declared Default:** an Enforcement Event which has resulted in the Guarantor serving notice to the Issuer of its intention to enforce the Security;

**Derived Assets:** any shares, stock or other assets which accrue or are offered, issued, paid or distributed at any time (by way of bonus, rights issue, redemption, reduction, conversion, exchange, substitution, consolidation, subdivision, preference, warrant, option, purchase, dividend or otherwise, in respect of any Shares or Investments;

**Dividends:** all dividends, interest and other income paid or payable in respect of any Shares, Investments or Derived Assets;

**Enforcement Event:**

- (a) non-reimbursement by the Issuer or the Licensee pursuant to clause 5 (*Reimbursement*) or clause 9 (*Licensee's Guarantee and Indemnity*) (as applicable) of the Guarantee and Reimbursement Agreement other than, for the avoidance of doubt, any such non-reimbursement to the extent that the payment of the relevant amount is deferred pursuant to paragraph 2.2 (*Deferral of amounts due on an Issuer Series Sweep Date*) of schedule 2 (*Cash Management and Maintenance of Ledgers*) to the Cash Management Agreement;
- (b) the occurrence of an Event of Default;

- (c) the occurrence of a termination event under Condition A27 (*Termination on Change of Control, Unlawfulness and Insolvency*) or Condition A28 (*Termination on Default or Misrepresentation*) of the Licence; or
- (d) the occurrence of an Insolvency Event not covered in Condition A27 (*Termination on Change of Control, Unlawfulness and Insolvency*) of the Licence;

**Equipment:** all equipment, plant, machinery, tools, vehicles, furniture and other tangible moveable property now or at any time hereafter (and from time to time) owned by the Issuer, and any part thereof, together with the benefit of all contracts and warranties relating to the same and all Related Rights;

**Event of Default:** following the occurrence of a Guarantor Trigger Event,

- (a) the Issuer fails to perform or observe any of its obligations under the Bonds (other than a default in the payment when due of any monies payable on redemption of the whole or any part of the Bonds), the Coupons or the Bond Trust Deed, the breach of which obligation the Bond Trustee certifies to be materially prejudicial to the interests of the Bondholders, and (except in any case where the Bond Trustee considers the failure to be incapable of remedy or certifies that in its opinion any delay would be materially prejudicial to the interests of the Bondholders when no continuation or notice as is hereinafter mentioned will be required) such failure continues for a period of 30 days (or such longer period as the Bond Trustee may permit) next following the service by the Bond Trustee upon the Issuer of notice requiring the same to be remedied;
- (b) any order shall be made by any competent court or any resolution passed for the winding up or dissolution of the Issuer (save for the purposes of amalgamation, merger, consolidation, reorganisation or other similar arrangement on terms approved by the Bond Trustee) or the Issuer becomes unable to pay its debts as and when they fall due, or is deemed unable to pay its debts within the meaning of section 123 of the Insolvency Act 1986 (excluding, for this purpose, any debts which have the benefit of a guarantee from the Guarantor);
- (c)
  - (i) proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or, as the case may be, in relation to the whole or any part of the undertaking or assets of the Issuer or an encumbrancer takes possession of the whole or any part of the undertaking or assets of the Issuer, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or any part of the undertaking or assets of the Issuer; and
  - (ii) in any such case (other than the appointment of an administrator or an administrative receiver appointed following presentation of a petition for an administration order), is not discharged within 20 days;
- (d) the Issuer (or its directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or



- (e) if any event occurs which, under the laws of any Relevant Jurisdiction, has or may have, in the Bond Trustee's opinion, an analogous effect to any of the events referred to in paragraphs (b) to (d) above;

**Finance Documents:** the Licence, this deed, the Licensee-Guarantor Security Deed, any other document pursuant to which any Guarantor Security is or is purported to be created, the Guarantor Fee Letter, the Loan Loss Reserve Letter, the Bond Guarantee, each Loan Guarantee, each Mandate Letter, the Guarantee and Reimbursement Agreement, the Management Agreement, the Intra-Group Services Agreement, the Subordination Deed and the Programme Documents;

**Floating Charge Assets:** all the assets for the time being subject to the floating charge created by this deed (and references to the Floating Charge Assets include references to any part of it);

**Goodwill:** all goodwill now or at any time hereafter (and from time to time) of or in the Issuer;

**Guarantor Security:** all security from time to time held by the Guarantor for any of the Secured Liabilities including, without limitation, the Security and the security created by the Licensee in favour of the Guarantor pursuant to the Licensee-Guarantor Security Deed;

**Guarantor Security Discharge Date:** has the meaning given to it in the Subordination Deed;

**Insolvency Event:** in relation to the Issuer or the Licensee:

- (a) any resolution is passed or order made for the winding up, dissolution, administration or reorganisation of the Issuer or the Licensee (as applicable), a moratorium is declared in relation to any indebtedness of the Issuer or the Licensee (as applicable) or an administrator is appointed to the Issuer or the Licensee (as applicable);
- (b) any composition, compromise, assignment or arrangement is made with any of its creditors (excluding the Guarantor) by reason of or with a view to avoiding actual or anticipated financial difficulties;
- (c) the appointment of any liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of the Issuer or the Licensee (as applicable) or any of its assets; or
- (d) any analogous procedure or step is taken in any jurisdiction;

**Insurance Policies:** all contracts and policies of insurance, assurance or indemnity and all moneys payable under or pursuant to such policies, now or at any time hereafter (and from time to time) taken out by or on behalf of the Issuer or (to the extent of its interest) in which the Issuer has an interest together with all Related Rights but excluding, in each case, contracts and policies of insurance, assurance or indemnity which relate to liabilities to third parties;

**Intellectual Property:** all interests in respect of any patent (including supplementary protection certificates), trade mark, service mark, trade name, domain name, registered design, design right, copyright, know-how, utility model, topographical or similar right, moral right, invention, confidential information, trade secret, database right, right in passing off and any other right in intellectual property subsisting anywhere in the world in any of the foregoing whether registered or unregistered and in each case, any registrations, extensions, renewals or applications of or for the same, now or at any time hereafter (and from time to time) owned or held by the Issuer or (to the extent of its interest) in which the Issuer has an interest and, in each case, together with all Related Rights;

**Investments:** any;

- (a) Authorised Investments;
- (b) equity securities (including shares and stock);
- (c) debt securities and other forms of instrument giving rise to or acknowledging indebtedness including bonds, notes, certificates of deposit, depositary receipts, loan stock and debenture stock;
- (d) interests in collective investment schemes, partnerships, limited partnerships and limited liability partnerships; and
- (e) warrants, options and other rights to subscribe, purchase, call for delivery or otherwise acquire any investments of a type described in the foregoing paragraphs,

held by (or on behalf of) the Issuer, and includes the Issuer's rights in or in respect of and claims relating to investments of a type specified in paragraphs (a) to (e) above (and whether or not on a fungible basis), including any rights or claims against any trustee, nominee, depositary, custodian, intermediary, fiduciary or clearance or settlement system and all Related Rights;

**Issuer Series Sweep Date:** has the meaning given to it in the Cash Management Agreement;

**Licensee-Guarantor Security Deed:** the security deed dated on or about the date of this deed made between the Licensee and the Guarantor;

**Loan Agreements:** has the meaning given to it in the Programme Memorandum;

**Loan Applicant:** a person who applies to the Licensee to be considered for a Loan under the Private Rented Guarantee Scheme;

**LPA:** the Law of Property Act 1925;

**LP(MP)A:** the Law of Property (Miscellaneous Provisions) Act 1994;

**Mandate Letter:** each mandate letter between a Loan Applicant, the Licensee and the Guarantor in respect of the application by such Loan Applicant for funding under the Private Rented Guarantee Scheme;

**Material Intellectual Property:** any Intellectual Property that is material to the business or operations of the Issuer;

**Permitted Disposal:** any disposal pursuant to the exercise of the Issuer's rights and the performance of its obligations under, and the entry into transactions contemplated by, any Finance Document or any activity reasonably incidental thereto or necessary in connection therewith;

**Priority of Payments:** has the meaning given to it in the Cash Management Agreement;

**Programme Documents:** has the meaning given to the term in the Programme Memorandum;

**Real Property:** any freehold, heritable, leasehold or other immovable property together with any buildings and fixtures (including construction work in progress), fittings and fixed plant, machinery and equipment situated on or forming part of any such freehold, heritable, leasehold or other immovable property and including all Related Rights;

**Receiver:** a person appointed by the Guarantor to be a receiver or receiver and manager or (if permitted by law) an administrative receiver of all or any part of the Charged Assets;

**Related Rights:** in relation to any asset:

- (a) the proceeds of sale or other disposal of any part of that asset;
- (b) all rights under any licence, agreement for sale or agreement for lease in respect of that asset;
- (c) all other assets and rights at any time receivable or distributable in respect of, or in exchange for, that asset;
- (d) the benefit of all rights in respect of or appurtenant to that asset (including, the benefit of all claims, distributions, covenants for title, warranties, guarantees, indemnities and security interests); and
- (e) any moneys and proceeds paid or payable in respect of that asset;

**Relevant Documents:** has the meaning given to it in the Conditions;

**Relevant Jurisdiction:** in relation to the Issuer:

- (a) its jurisdiction of incorporation;
- (b) any jurisdiction where any material asset subject to or intended to be subject to the Security to be created by it is situated; and
- (c) any jurisdiction where it conducts a material part of its business;

**Secured Liabilities:** all present and future obligations and liabilities of the Issuer and the Licensee (whether actual, prospective or contingent and whether owed jointly or severally or in any other capacity whatever) to the Guarantor under the Finance Documents, except for any obligation or liability which, if it were included, would cause that obligation or liability, or any of the security interests in respect thereof, to be unlawful, prohibited or invalid by or under any applicable law;

**Security:** means the security constituted or expressed to be constituted in favour of the Guarantor by or pursuant to this deed;

**Security Period:** the period starting on the date of this deed and ending on the Guarantor Security Discharge Date;

**Servicing Agreement:** has the meaning given to it in the Programme Memorandum;

**Shares:** means any shares in an Approved Borrower at any time held by, issued to or acquired by the Issuer, together with all Related Rights;

**Subordination Deed:** means the subordination deed dated on or about the date of this deed made between the Issuer, the Bond Trustee and the Guarantor; and

**Trustee Security:** has the meaning given to the term in the Subordination Deed.

## 1.2

### Construction

1.2.1 In this deed (unless the context requires otherwise) any reference to:

- 1.2.1.1 the "Issuer", the "Licensee", the "Guarantor", the "Bond Trustee", any "Administrator" or "Receiver" or any other person shall be construed so as to include their successors in title, permitted assignees, permitted transferees and (in all cases other than the Issuer) lawful substitutes and/or replacements;
- 1.2.1.2 a "Finance Document" or any other agreement or instrument is a reference to that Finance Document or other agreement or

instrument as amended (however fundamentally, including any amendment providing for any increase in the amount of any liability) restated, novated, supplemented, extended or replaced from time to time with the agreement of the relevant parties and (solely where such consent is, by the terms of this deed or the relevant document, specifically required to be obtained as a condition to such amendment, restatement, novation, supplement, extension or replacement being permitted) the prior consent of the Guarantor;

- 1.2.1.3 "assets" includes present and future properties, revenues and rights of every description;
- 1.2.1.4 the Security constituted by this deed becoming "**enforceable**" shall mean that the Security created under this deed has become enforceable under clause 14.1 (*Enforcement events*);
- 1.2.1.5 "**owned**" includes having legal or equitable title to or a right to have legal or equitable title transferred;
- 1.2.1.6 "**law**" includes the common law, any statute, bye-law, regulation or instrument and any kind of subordinate legislation, and any order, requirement, code of practice, circular, guidance note, licence, consent or permission made or given pursuant to any of the foregoing which has the force of law or, if not having the force of law, is of a type with which any person to which it applies is accustomed to comply;
- 1.2.1.7 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);
- 1.2.1.8 a "**company**" includes any company, corporation or other body corporate, wherever and however incorporated or established;
- 1.2.1.9 "**rights**" includes all rights, title benefits, powers, privileges, interests, claims, authorities, discretions, remedies, liberties, easements, quasi easements, and appurtenances (in each case, of every kind, present, future and contingent);
- 1.2.1.10 "**security**" includes any mortgage, sub-mortgage, standard security, charge, sub-charge, sub-security, pledge, lien (other than a lien arising by operation of law), assignment, assignation in security, hypothecation, right of set-off, combination or counter-claim, trust arrangement for the purpose of providing security or other encumbrance or security interest howsoever created or arising having the effect of securing any obligation of any person (including the deposit of moneys or property with a person with the intention of affording such person a right of lien, set-off, combination or counter-claim) or any other type of preferential arrangement (including, without limitation, title transfer and retention arrangements) having a similar effect and "**security interest**" shall be construed accordingly;
- 1.2.1.11 a provision of law is a reference to that provision as amended or re-enacted from time to time;
- 1.2.1.12 a time of day is a reference to London time;

- 1.2.1.13 any gender includes a reference to the other genders;
    - 1.2.1.14 the singular includes a reference to the plural and vice versa; and
    - 1.2.1.15 a clause or schedule is to a clause or schedule (as the case may be) of or to this deed.
  - 1.2.2 References in this deed to the terms “include”, “includes” and “including” shall be construed without limitation.
  - 1.2.3 Clause and schedule headings are for ease of reference only.
- 1.3 **Secured Liabilities**

References in this deed to the Secured Liabilities shall be construed in relation to the Finance Documents so as to include any rescheduling of the indebtedness incurred thereunder.
- 2 **Covenant to pay**
  - 2.1 **Covenant to pay**

The Issuer hereby covenants with the Guarantor that it will pay and discharge all Secured Liabilities owing or incurred from or by it to the Guarantor when the same become due in accordance with the terms of the Finance Documents.
  - 2.2 **Potential invalidity**

Neither the covenant to pay in clause 2.1 (*Covenant to pay*) nor the Security shall extend to or include any liability or sum which would, but for this clause, cause such covenant or Security to be unlawful under any applicable law.
- 3 **Grant of security**
  - 3.1 **General**
    - 3.1.1 All the security created under this deed is created over present and future assets of the Issuer.
    - 3.1.2 The term “**all of its rights**” as used in this clause 3 includes, unless the context requires otherwise:
      - 3.1.2.1 the benefit of all covenants, undertakings, representations, warranties and indemnities;
      - 3.1.2.2 all powers and remedies of enforcement and/or protection;
      - 3.1.2.3 all rights to receive payment of all amounts assured or payable (or to become payable), all rights to serve notices and /or make demands and all rights to take such steps as are required to cause payment to become due and payable; and
      - 3.1.2.4 all causes and rights of action in respect of any breach and all rights to receive damages or obtain other relief in respect thereof,

in each case, in respect of the Charged Assets.
    - 3.1.3 If the rights of the Issuer under a document cannot be secured without the consent of a party to that document:

- 3.1.3.1 the Issuer must notify the Guarantor promptly;
- 3.1.3.2 the Security will extend to all amounts which the Issuer may receive, or has received, under that document but exclude the Issuer's rights under the document itself; and
- 3.1.3.3 unless the Guarantor otherwise requires, the Issuer must use reasonable endeavours to obtain the consent of the relevant party to the Issuer's rights under that document becoming subject to the Security.

## 3.2 Fixed security

As continuing security for the payment, discharge or performance of all of the Secured Liabilities, the Issuer, with full title guarantee in accordance with the LP(MP)A, hereby:

- 3.2.1 charges to the Guarantor, by way of first fixed charge, all of its rights, title, benefit and interest from time to time in, under or in respect of and to each of the following assets:
  - 3.2.1.1 the Equipment;
  - 3.2.1.2 the Intellectual Property;
  - 3.2.1.3 the Investments;
  - 3.2.1.4 the Real Property;
  - 3.2.1.5 the Shares;
  - 3.2.1.6 the Insurance Policies;
  - 3.2.1.7 the Debts (other than any claims which are otherwise subject to a fixed charge or assignment (at law or in equity) pursuant to this deed);
  - 3.2.1.8 the Accounts; and
  - 3.2.1.9 the Goodwill and rights in relation to the uncalled capital of the Issuer; and
- 3.2.2 assigns to the Guarantor absolutely, subject to a proviso for reassignment on redemption, all of its rights, title, benefit and interest from time to time in, under or in respect of the Assigned Agreements to which it is a party or an addressee.

## 3.3 Floating security

### 3.3.1 Floating charge

- 3.3.1.1 As continuing security for the payment, discharge or performance of all of the Secured Liabilities, the Issuer, with full title guarantee in accordance with the LP(MP)A, hereby charges to the Guarantor, by way of first floating charge, all of its present and future property, business, undertaking, assets and uncalled capital together with all Related Rights not effectively mortgaged, charged or assigned pursuant to clauses 3.2.1-3.2.2 inclusive above.
- 3.3.1.2 This floating charge shall be without prejudice to and shall rank behind all fixed Security but shall rank in priority to any other

security interest created by the Issuer on or after the date of this deed.

**3.3.2 Qualifying floating charge**

Paragraph 14 of Schedule B1 to the Insolvency Act 1986 (as inserted by section 248 of, and Schedule 16 to, the Enterprise Act 2002) applies to the floating charge created by this deed.

**3.3.3 Automatic conversion of floating charge**

Notwithstanding anything express or implied in this deed (save for clause 3.3.7 (*Small company moratorium*)), and without prejudice to any law which may have similar effect, if:

- 3.3.3.1 a Declared Default has occurred;
- 3.3.3.2 the Issuer creates or attempts to create or permits to subsist any security (other than as permitted under the Finance Documents including, for the avoidance of doubt, the Trustee Security) or any trust in favour of another person over any Floating Charge Asset;
- 3.3.3.3 the Issuer disposes or attempts to dispose of any Floating Charge Asset other than as permitted under the Finance Documents or in the ordinary course of its trading;
- 3.3.3.4 the second-ranking floating charge created pursuant to the Bond Trust Deed is converted into a fixed charge; or
- 3.3.3.5 an administrator is appointed in respect of the Issuer,

the floating charge created by this deed will automatically and immediately (without notice) be converted into a fixed charge over all the Floating Charge Assets or, in the case of clauses 3.3.3.2 and 3.3.3.3 above, over the relevant Floating Charge Asset, in each case with effect from the instant before such event occurred.

**3.3.4 Conversion of floating charge by notice**

Notwithstanding anything express or implied in this deed (save for clause 3.3.7 (*Small company moratorium*) below), the Guarantor may at any time, by written notice to the Issuer, convert the floating charge created by this deed with immediate effect into a fixed charge over all or any of the Floating Charge Assets of the Issuer specified in such notice (but without prejudice to the Guarantor's rights to serve a notice in respect of any other Floating Charge Assets and any other rights of the Guarantor whatsoever) if:

- 3.3.4.1 an Enforcement Event has occurred; or
- 3.3.4.2 the Guarantor considers (acting reasonably) that any Floating Charge Asset may be in danger of being seized or sold pursuant to any form or legal process, is subject to any distress, diligence, attachment, execution or other process or any attempt on the same by any person or is otherwise in jeopardy.

**3.3.5 Assets acquired after any floating charge conversion**

Any asset acquired by the Issuer after any conversion of the floating charge created under this deed, in accordance with clauses 3.3.3 or 3.3.4 above which

but for such conversion would be subject to a floating charge shall, (unless the Guarantor confirms in writing to the contrary) be charged to the Guarantor by way of first fixed charge.

**3.3.6 Reconversion of fixed charge assets into floating charge assets**

The Guarantor may at any time after any conversion of the floating charge created under this deed over any Floating Charge Assets into a fixed charge in accordance with clauses 3.3.3 (*Automatic Conversion of floating charge*) or 3.3.4 (*Conversion of floating charge by notice*) reconvert such fixed charge into a floating charge by notice to the Issuer.

**3.3.7 Small company moratorium**

The floating charge created under this deed may not be converted into a fixed charge solely by reason of:

3.3.7.1 the obtaining of a moratorium; or

3.3.7.2 anything done with a view to obtaining a moratorium (including any preliminary decision or investigation),

under section 1A of the Insolvency Act 1986.

**4 Real Property**

**4.1 Perfection**

4.1.1 In respect of any estate or interest in Real Property acquired by it after the date of this deed, the Issuer shall:

4.1.1.1 as security for the Secured Liabilities:

(i) within 10 Business Days of acquiring such estate or interest in Real Property, execute and deliver, or procure that there is executed and delivered, to the Guarantor, a first legal mortgage substantially in the form set out in schedule 4 (*Form of legal mortgage*) and which will be supplemental to and on the same terms and conditions of this deed; and

(ii) on demand, deposit with the Guarantor (and the Guarantor shall during the continuance of this Security be entitled to hold) all deeds and documents of title within its possession or control (or otherwise obtainable by it) relating to any Real Property as the Guarantor may from time to time require.

and, pending execution of any such mortgage, the Issuer shall hold all its estate and interest in the relevant Real Property upon trust for the Guarantor as security for the Secured Liabilities; and

4.1.1.2 within 10 Business Days of acquiring such estate or interest in Real Property, apply and, without prejudice to the foregoing, consents to application being made, to H.M. Land Registry for each of the following to be entered on the register of the title to the Real Property registered under the Land Registration Act 2002:

(i) a notice in the following terms:



"No disposition of the registered estate by the proprietor of the registered estate is to be registered without a written consent signed by the proprietor for the time being of the charge dated [date] in favour of The Secretary of State for Communities and Local Government referred to in the charges register"; and

- (ii) a notice of the floating charge created by this deed.

## **4.2 Covenants**

The Issuer shall:

- 4.2.1 promptly notify the Guarantor of any estate or interest in Real Property acquired by it after the date of this deed; and
- 4.2.2 not at any time without the prior written consent of the Guarantor sever or remove any of the fixtures forming part of any Real Property or any of the plant or machinery on or in the Real Property (except for the purpose of any necessary repairs or replacement).

## **5 Shares and Investments**

### **5.1 Perfection**

In respect of any Shares or Investments acquired by it after the date of this deed and any Derived Assets in connection with such Shares or Investments, the Issuer shall, on demand and as security for the Secured Liabilities, deliver to the Guarantor, or to such agent or custodian as it may specify, all certificates, documents of title and other documentary evidence of ownership and transfers duly executed by the Issuer (or the Issuer's nominee) with the name of the transferee left blank or, if the Guarantor so requires, in favour of the Guarantor (or its nominee) together with all other documents the Guarantor may require (acting reasonably) to enable the Guarantor (or its nominee) or any purchaser to be registered as the owner of, or otherwise to obtain legal title to, such Shares, Investments or Derived Assets (as applicable).

### **5.2 Covenants**

The Issuer shall:

- 5.2.1 promptly notify the Guarantor of any Shares or Investments acquired by it after the date of this deed;
- 5.2.2 prior to the Security becoming enforceable,
  - 5.2.2.1 ensure that all Dividends it receives in connection with any Shares, Investments or Derived Assets in connection with any Shares or Investments (as applicable) between the date of this deed and the earlier of such date as none of the Secured Liabilities are outstanding and the date on which the Security has been released and discharged in full shall promptly upon receipt be paid into an Account which is subject to the Security; and
  - 5.2.2.2 be entitled to exercise all voting rights in relation to the Shares and the Investments, provided that the exercise of such rights is not inconsistent with the terms of any Finance Document and would not prejudice the Guarantor's Security under this deed or the value of the shares or investments (as applicable); and

- 5.2.2.3 notify any subsequent chargee or person acquiring any interest whatsoever in the Shares or the Investments or any Derived Assets in connection with the Shares or the Investments (as applicable) of the existence of the Security.

**5.3 Role of Guarantor or nominee**

The Issuer shall at all times remain liable to observe and perform all of the other conditions and obligations relating to the Shares and the Investments. The Guarantor shall not be required to perform or fulfil any such conditions or obligations.

**6 Equipment**

The Issuer shall, on demand, place and maintain on each item of Equipment which is subject to (or intended to be subject to) a fixed charge under this deed, in a conspicuous place, an identification plaque containing the following notice in the following terms:

“NOTICE OF CHARGE

This [machine] and all additions and ancillary equipment are subject to a first fixed charge in favour of the Secretary of State for Communities and Local Government.”.

**7 Accounts**

**7.1 Perfection**

The Issuer represents and warrants to the Guarantor that the list of Accounts in respect of which it is the account holder (or in respect of which it has an interest) provided at schedule 1 (*Accounts*), and the details in respect of each Account contained therein, are correct and complete in all respects as at the date of this deed.

**7.2 The Issuer shall:**

7.2.1 as soon as reasonably practicable following, and in any event within five Business Days of, the date of any change in relation to an Account (including any change in account bank name, address and sort code and Account name, number and currency), notify the Guarantor of such change and, on demand, provide the Guarantor with an up to date list of the Accounts and the details (including account bank name, address and sort code and Account name, number and currency) in respect of the Accounts; and

7.2.2 save to the extent already provided for in the relevant Finance Document(s) as soon as reasonably practicable following, and in any event within five Business Days of the execution of this deed or the opening of any Account after the date of this deed, give notice substantially in the form set out in part 1 of schedule 6 (Form of notice of charge to third party bank) to any bank, financial institution or other person of charging to the Guarantor pursuant to clause 3.2.1.8 of its right, title, benefits and interests in, under or in respect of the Accounts and shall use its reasonable endeavours to procure that each addressee of such notice will promptly provide an acknowledgement to the Guarantor substantially in the form set out in part 2 of schedule 6 (Form of acknowledgement from third party bank) or with such amendments thereto as the Guarantor (acting reasonably) may agree.

**7.3 Covenants**

Prior to the Security becoming enforceable, the Issuer (or the Cash Manager on its behalf) may make withdrawals from the Accounts in accordance with the Cash Management Agreement.

## 8 Insurance Policies

- 8.1 The Issuer represents and warrants to the Guarantor that the list of Insurance Policies in respect of which it has an interest provided at schedule 2 (*Insurance Policies*), and the details in respect of each Insurance Policy contained therein, are correct and complete in all respects as at the date of this deed.
- 8.2 The Issuer shall as soon as reasonably practicable following, and in any event within five Business Days of the date of any change to the list of Insurance Policies in respect of which it has an interest provided at schedule 2 (*Insurance Policies*), deliver to the Guarantor details (including type, name of insured and insurer, duration, interest of insured, specified cover and limits, deductibles and key conditions) of each Insurance Policy; and
- 8.3 The Issuer shall:
- 8.3.1 comply with, and maintain such insurance policies as are required by, condition A14 (*Insurance*) of the Licence;
  - 8.3.2 promptly pay all insurance premiums and other monies payable under all its insurance policies and, on demand, shall produce to the Guarantor evidence (reasonably acceptable to the Guarantor) of the payment of such sums;
  - 8.3.3 subject to clause 14.5 (*Insurance Policies and Assigned Agreements*), prior to the occurrence of an Enforcement Event, diligently pursue its rights under each of the Insurance Policies, provided that the exercise of such rights is not inconsistent with the Finance Documents;
  - 8.3.4 subject to clause 14.5 (*Insurance Policies and Assigned Agreements*), pay all amounts received by it under or in connection with any Insurance Policy into an Account which is subject to the Security;
  - 8.3.5 ensure that it does not do, omit to do or permit or suffer to be done, anything which might render any of its Insurance Policies void, voidable or unenforceable; and
  - 8.3.6 not permit or agree to any variation of its rights attaching to any Insurance Policy or terminate any Insurance Policy without the prior written consent of the Guarantor.

## 9 Assigned Agreements

### 9.1 Perfection

- 9.1.1 Save to the extent already provided for in the relevant Assigned Agreement, the Issuer shall upon demand by the Guarantor give notice substantially in the form set out in part 1 of schedule 5 (*Form of notice to counterparties of Assigned Agreements*) to the other parties to the Assigned Agreements to which it is a party or an addressee of the assignment pursuant to clause 3.2.2 (*Fixed security*) of all of its rights, title, benefit and interest in and, under or in respect of the Assigned Agreements and shall use its reasonable endeavours to procure that each addressee of such notice will promptly provide an acknowledgement to the Guarantor substantially in the form set out in part 2 of schedule 5 (*Form of acknowledgement from counterparties to Assigned Agreements*) or with such amendments thereto as the Guarantor (acting reasonably) may agree.

### 9.2 Covenants

The Issuer shall, subject to clause 14.5 (*Insurance Policies and Assigned Agreements*):

- 9.2.1 pay all monies received under an Assigned Agreement into an Account which is subject to the Security; and
- 9.2.2 duly perform its obligations and diligently pursue its rights under each of the Assigned Agreements, provided that the exercise of such rights is not inconsistent with the Finance Documents.

## **10 Intellectual Property**

### **10.1 Perfection**

- 10.1.1 The Issuer represents and warrants to the Guarantor that the list of Material Intellectual Property provided at schedule 3 (*Material Intellectual Property*), and the details in respect of all of its Material Intellectual Property contained therein, are correct and complete in all respects as at the date of this deed.
- 10.1.2 The Issuer shall deliver to the Guarantor, as soon as reasonably practicable following, and in any event within five Business Days of, the date of any change to the list of its Material Intellectual Property provided at schedule 3 (*Material Intellectual Property*), details of its Material Intellectual Property.
- 10.1.3 On demand, the Issuer shall execute all such documents and do all acts as the Guarantor may require (acting reasonably) to record the interest of the Guarantor in any registers relating to any registered Intellectual Property.

## **11 General Undertakings**

### **11.1 Negative pledge**

The Issuer shall not create or permit to subsist any security over all or any part of the Charged Assets or all or any part of its business other than the Security and the Trustee Security.

### **11.2 Preservation of Charged Assets**

The Issuer shall not take or permit any action which is reasonably likely to materially adversely affect the value of, or otherwise depreciate, impair or prejudice, any Charged Asset or the Charged Rights or result in an Enforcement Event.

## **12 Use of assets**

- 12.1 Prior to the Security becoming enforceable pursuant to clause 14.1 (*Enforcement events*), the Issuer may (subject to the terms of the Finance Documents) from time to time:

- 12.1.1 enter into, make, execute, sign and do all such contracts, agreements, receipts, payments, assignments, transfers, conveyances, assurances and things and bring, prosecute, enforce, defend and abandon all such actions, suits and proceedings in relation to the relevant part or parts of the Charged Assets as it may think expedient;
- 12.1.2 exercise all or any of the powers or rights incidental to the ownership of all or any of the assets comprising the relevant part or parts of the Charged Assets and all rights to give any consent or notification or make any declaration in relation to the Charged Assets;
- 12.1.3 without prejudice to the generality of the foregoing, exercise all or any of the powers or rights of the Issuer under or pursuant to the Charged Assets; and
- 12.1.4 without prejudice to the generality of the foregoing, act generally in relation to the relevant part or parts of the Charged Assets in such manner as it may think expedient.

**13 Power to remedy**

13.1 If the Issuer is at any time in breach of any of its obligations contained in this deed, the Guarantor shall be entitled (but shall not be bound) to remedy such breach and the Issuer hereby irrevocably authorises the Guarantor and its agents to do all things reasonably necessary in connection therewith. All monies expended by the Guarantor in doing so shall be reimbursed by the Issuer to the Guarantor in accordance with the Priority of Payments and, in respect of the timing thereof, the Cash Management Agreement.

13.2 The rights of the Guarantor contained in this clause 13 are without prejudice to any other rights of the Guarantor hereunder and the exercise by the Guarantor of its rights under this clause shall not make the Guarantor liable to account as a mortgagee in possession.

**14 Enforcement**

**14.1 Enforcement event**

The Security shall become immediately enforceable if a Declared Default has occurred.

**14.2 Enforcement rights**

Upon or after the Security becoming enforceable, the Guarantor may, without notice to the Issuer or prior authorisation from any court, enforce all or any part of the Security and exercise all or any of the powers, authorities and discretions conferred by the Finance Documents (including this deed) or otherwise by law on mortgagees, chargees and receivers (whether or not it has appointed a Receiver), in each case at the times, in the manner and on the terms it thinks fit.

**14.3 Shares and Investments**

Upon or after the Security becoming enforceable:

14.3.1 the Guarantor may exercise (or refrain from exercising) any voting rights in respect of the Shares and the Investments;

14.3.2 the Issuer shall hold all Dividends in respect of the Shares and the Investments on trust for the Guarantor pending payment to the Guarantor for application in accordance with clause 16 (*Amounts received*);

14.3.3 as the Guarantor shall require, the Issuer shall transfer, or shall procure the transfer of, the Shares and the Investments into the name of the Guarantor or otherwise as the Guarantor may direct; and

14.3.4 the Issuer shall exercise (or refrain from exercising) any other rights conferred on or exercisable by the legal or beneficial owner of the Shares or the Investments (as applicable) in such manner and on such terms as the Guarantor may think fit.

**14.4 Accounts and Debts**

Upon or after the Security becoming enforceable, the Issuer (or the Cash Manager on its behalf) shall not be entitled to receive, withdraw or otherwise transfer any amount from an Account and the Issuer shall hold any amounts standing to the credit of an Account and any proceeds of a Debt on trust for the Guarantor pending payment to the Guarantor for application in accordance with clause 16 (*Amounts received*).

**14.5 Insurance Policies and Assigned Agreements**

Upon or after the Security becoming enforceable:

- 14.5.1 the Guarantor may exercise any of the Issuer's rights under its Insurance Policies (including, in the Issuer's name and on the Issuer's behalf, making any claim against an insurer under any part of any Insurance Policy and to admit, compromise or settle any such claim or any liability relating to any such claim or potential claim) and the Assigned Agreements; and
- 14.5.2 the Issuer shall hold all monies received by it or for its account under any Insurance Policies or any Assigned Agreements on trust for the Guarantor pending payment to the Guarantor for application in accordance with clause 16 (*Amounts received*). In relation to the proceeds of any Insurance Policy received by it or for its account, the Issuer waives any rights to apply such proceeds to the reinstatement, repair or replacement of the relevant asset.

#### 14.6 Statutory power of sale

The statutory powers conferred by section 101 of the LPA (including the power of sale) shall arise on and be exercisable at any time after the execution of this deed (and the Secured Liabilities shall be deemed to have become due and payable for that purpose), provided that the Guarantor shall not exercise such powers (including the power of sale) until the Security has become enforceable.

#### 14.7 Extension of statutory powers

- 14.7.1 Any restriction imposed by law on the power of sale (including under section 103 LPA) or on the right of a mortgagee to consolidate mortgages (including under section 93 of the LPA) does not apply to the Security and the Guarantor or any Receiver shall have the right to consolidate all or any of the Security with any other security interest in existence at any time and to make any applications to the Land Registry in support of the same.
- 14.7.2 Any powers of leasing conferred on the Guarantor or any Receiver by law (including under sections 99 and 100 of the LPA) may be exercised by the Guarantor or any Receiver at any time on or after the Security becomes enforceable and such powers are extended so as to authorise the Guarantor or any Receiver to lease, make agreements for leases, accept surrenders of leases and grant options as the Guarantor or Receiver may think fit and without the need to comply with any restrictions conferred by law (including under sections 99 and 100 of the LPA). For the purposes of sections 99 and 100 of the LPA, the expression "mortgagor" shall include any encumbrancer deriving title under the original mortgagor and section 99(18) of the LPA shall not apply.

#### 14.8 Consideration

The receipt by the Guarantor or any Administrator or Receiver shall be conclusive discharge to a purchaser and any sale or disposal of any of the Charged Assets or any acquisition by the Guarantor or any Administrator or Receiver shall be for such consideration, and made in such manner and on such terms as it thinks fit.

#### 14.9 No obligation to enquire

- 14.9.1 No purchaser or other person dealing with the Guarantor, any Administrator or any Receiver appointed hereunder, or its agents or brokers, shall be concerned to enquire:
- 14.9.1.1 whether the Security has become enforceable;
- 14.9.1.2 whether any power exercised or purported to be exercised has become exercisable;

- 14.9.1.3 whether any money remains due under the Finance Documents;
  - 14.9.1.4 as to the necessity or expediency of the stipulations and conditions subject to which any sale of any Charged Assets shall be made, or otherwise as to the propriety or regularity of any sale of any of the Charged Assets; or
  - 14.9.1.5 how any money paid to the Guarantor, Administrator or Receiver, or its agents or brokers is to be applied.
- 14.9.2 All the protections given to purchasers from a mortgagee by sections 104 and 107 of the LPA 1925, and to persons dealing with a receiver in section 42(3) of the Insolvency Act, shall apply equally to any person purchasing from or dealing with the Guarantor, any Administrator or any Receiver.

#### **14.10 No liability as mortgagee in possession**

None of the Guarantor, any Administrator or any Receiver nor any officer, agent or employee of any of them shall be liable:

- 14.10.1 to account to the Issuer or any other person as mortgagee in possession in respect of all or any of the Charged Assets; or
- 14.10.2 to the Issuer or any other person for any loss upon realisation of, or for any neglect or default of any nature whatsoever in connection with, all or any of the Charged Assets for which a mortgagee in possession might as such be liable.

#### **14.11 Redemption of prior Security**

At any time after the Security shall have become enforceable the Guarantor may:

- 14.11.1 redeem any prior security;
- 14.11.2 procure the transfer thereof to itself; and/or
- 14.11.3 settle and pass the accounts of the prior encumbrancer and any account so settled and passed shall be conclusive and binding on the Issuer and all monies paid by the Guarantor to the prior encumbrancer in accordance with such accounts shall as from such payment be due from the Issuer to the Guarantor on current account and shall bear interest and be secured as part of the Secured Liabilities.

### **15 Administrator and Receiver**

#### **15.1 Appointment of Administrator or Receiver**

At any time on or after:

- (a) the Security becomes enforceable (whether or not the Guarantor shall have taken possession of the Charged Assets);
- (b) any corporate action or any other steps are taken or legal proceedings started by or in respect of the Issuer with a view to the appointment of an Administrator; or
- (c) at the request of the Issuer,

the Guarantor may without further notice, under seal or by writing under hand of a duly authorised officer of the Guarantor:

- 15.1.1 appoint any person or persons to be an Administrator of the Issuer; or
- 15.1.2 appoint any person or persons to be a Receiver of all or any part of the Charged Assets of the Issuer; and
- 15.1.3 (subject to section 45 of the Insolvency Act 1986) from time to time remove any person appointed to be Receiver and appoint one or more others in his place.

## 15.2 **More than one appointment**

Where more than one person is appointed Administrator or Receiver, the Guarantor may give the relevant persons power to exercise all or any of the powers conferred on Administrator or Receivers (as applicable) individually as well as jointly and to the exclusion of the other or others of them.

## 15.3 **Scope of appointment**

Any Administrator or Receiver may be appointed as Administrator or Receiver (as applicable) of either all of the Charged Assets or of such part of the Charged Assets as may be specified in the appointment. In the latter case, the rights conferred by clause 15.7 (*Powers of Administrator and Receiver*) shall take effect as though every reference in that clause to "powers" and "rights" were a reference to powers and rights in respect of the specified part of the Charged Assets.

## 15.4 **Additional powers**

- 15.4.1 The powers of appointing an Administrator or a Receiver conferred by this deed shall be in addition to all statutory and other powers of the Guarantor under the Insolvency Act 1986 and the LPA or otherwise and shall be exercisable without the restrictions contained in section 109 of the LPA or otherwise.
- 15.4.2 The power to appoint an Administrator or a Receiver (whether conferred by this deed or by statute) shall be and remain exercisable by the Guarantor notwithstanding any prior appointment in respect of all or any part of the Charged Assets.

## 15.5 **Agent of the Issuer**

- 15.5.1 Any Administrator or Receiver shall be the agent of the Issuer (and therefore any Receiver shall be deemed to be in the same position as a Receiver duly appointed by a mortgagee under the LPA) and the Issuer shall be solely responsible for his acts and remuneration as well as for any defaults committed by him.
- 15.5.2 The Guarantor will not incur any liability (either to the Issuer or to any other person) by reason of the appointment of an Administrator or Receiver.

## 15.6 **Remuneration of Receivers**

Subject to section 36 of the Insolvency Act 1986, the Guarantor may from time to time fix the remuneration of any Receiver appointed by it (without being limited to the maximum rate specified in section 109(6) of the LPA) and may direct payment of such remuneration out of moneys accruing to him as Receiver, but the Issuer alone shall be liable for the payment of such remuneration and for all other costs, charges and expenses of the Receiver.

## 15.7 **Powers of Administrator and Receiver**

A Receiver shall have (and shall be entitled to exercise), in relation to the Charged Assets over which he is appointed, and an Administrator shall have in addition to the powers he



enjoys under Schedule B1 to the Insolvency Act 1986, the following powers (as the same may be varied or extended by the provisions of this deed):

- 15.7.1 (in respect of a Receiver) all of the powers of an administrative receiver set out in Schedule 1 to the Insolvency Act 1986 as in force at the date of this deed (whether or not in force at the date of exercise) and all rights of an administrative receiver as may be added to Schedule 1 to the Insolvency Act 1986 after the date of this deed (in either case, (whether or not the Receiver is an administrative receiver);
- 15.7.2 all of the powers conferred from time to time on receivers, mortgagors and mortgagees in possession by the LPA;
- 15.7.3 all of the powers and rights of a legal and beneficial owner and the power to do or omit to do anything which the Issuer itself could do or omit to do (including the right to take possession of, manage use and apply all or any of the Charged Assets and to dispose of or otherwise realise all or any part of the Charged Assets in any manner whatsoever);
- 15.7.4 all of the powers and rights conferred on the Guarantor (as the beneficiary of the Security) in this deed and in the other Finance Documents; and
- 15.7.5 the power to do all things which, in the opinion of the Administrator or Receiver (as appropriate) are incidental or conducive to any of the powers, functions, authorities or discretions conferred or vested in the Administrator or Receiver pursuant to this deed or upon receivers by statute or law generally (including the bringing or defending of proceedings in the name of, or on behalf of, the Issuer; the collection and/or realisation of Charged Assets in such manner and on such terms as the Administrator or Receiver sees fit; and the execution of documents in the name of the Issuer (whether under hand, or by way of deed)), the exercise of the Charged Rights or bringing into his hands any assets forming part of, or which when got in would form part of, the Charged Assets.

## **16 Amounts received**

### **16.1 Application of proceeds**

All monies arising from the exercise of the powers of enforcement under this deed shall (except as may be otherwise required by applicable law) be held by the Guarantor and any Receiver and (subject to clause 16.4 (*Suspense account*)) applied in or towards payment to the Cash Manager (in accordance with the Subordination Deed) for application in accordance with the Priority of Payments (but without prejudice to the right of the Guarantor to recover any shortfall from the Issuer).

### **16.2 Section 109(8) Law of Property Act 1925**

Subject to the terms of the Subordination Deed, neither the Guarantor nor any Receiver or Administrator shall be bound (whether by virtue of section 109(8) of the LPA, which is hereby varied accordingly, or otherwise) to pay or appropriate any receipt or payment first towards interest rather than principal or otherwise in any particular order as between any of the Secured Liabilities.

### **16.3 Currencies of denomination**

For the purpose of or pending the discharge of any of the Secured Liabilities the Guarantor may convert any monies received, recovered or realised by the Guarantor under this deed from their existing denominations and/or currencies of denomination into such other denominations and/or currencies of denomination as the Guarantor may think fit and any such conversion shall be effected at then prevailing spot selling rate of exchange of Elavon Financial Services Limited.

#### 16.4 **Suspense account**

Subject to the terms of the Subordination Deed, all monies received recovered or realised by the Guarantor under this deed may at the discretion of the Guarantor be credited to any interest bearing suspense or impersonal account and may be held in such account for so long as the Guarantor (acting reasonably) thinks fit pending the application from time to time (as the Guarantor shall be entitled to do as it may think fit) of such monies and accrued interest thereon (if any) in or towards the discharge of any of the Secured Liabilities.

#### 16.5 **New accounts**

Subject to clause 16.1 (*Application of Proceeds*), if the Guarantor receives or is deemed to have received notice of any subsequent security interest affecting all or part of the Charged Assets, or any assignment or transfer of the Charged Assets which is prohibited by the terms of this deed or the other Finance Documents or the occurrence of an Insolvency Event in relation to the Issuer, the Guarantor may open a new account or accounts for the Issuer in its books and (without prejudice to the Guarantor's right to combine accounts) no money paid to the credit of the Issuer in any such new account will be appropriated towards or have the effect of discharging any part of the Secured Liabilities. If the Guarantor does not open a new account or accounts immediately on receipt of such notice then unless the Guarantor gives express notice to the contrary to the Issuer as from the time of receipt of such notice by the Guarantor all payments made by the Issuer to the Guarantor in the absence of any express appropriation by the Issuer to the contrary shall be treated as having been credited to a new account of the Issuer and not as having been applied in reduction of the Secured Liabilities.

#### 16.6 **Guarantor set-off rights**

Subject to the terms of the Subordination Deed, if the Guarantor shall have more than one account for the Issuer in its books the Guarantor may at any time after the Security has become enforceable or the Guarantor has received notice of any subsequent security interest affecting all or any part of the Charged Assets not otherwise permitted under this deed or the other Finance Documents and without prior notice forthwith transfer all or any part of the balance standing to the credit of any such account to any other such account which may be in debit but the Guarantor shall notify the Issuer of the transfer having been made.

### 17 **Power of attorney, discretion and delegation**

#### 17.1 **Power of attorney**

The Issuer hereby by way of security irrevocably (within the meaning of the Powers of Attorney Act 1971) appoints the Guarantor and (jointly and severally) each and every Administrator or Receiver of this deed to be the attorney of the Issuer and in its name and on its behalf and as its act and deed or otherwise and at any time after the occurrence of an Enforcement Event and in such manner as the attorney may think fit:

- 17.1.1 to take any action which it is obliged to take under this Deed but has not taken;
- 17.1.2 on or after the Security becoming enforceable, to do all things that the Issuer could do in relation to the Charged Assets (including, without limitation, to sign, execute, seal, deliver, complete any blanks in and otherwise perfect any deed, transfer, assurance, agreement or instrument); and
- 17.1.3 to take any action required to enable the Guarantor or a Receiver or Administrator to exercise any right, power or discretion conferred on the Guarantor or any Receiver or Administrator or any of their respective delegates or sub-delegates in respect of any Charged Asset,

and the taking of action by the attorney or attorneys shall (as between the attorney and any third party) be conclusive evidence to any third party of its right to take such action.

## **17.2 Ratification**

The Issuer ratifies and confirms and agrees to ratify and confirm:

- 17.2.1 all lawful transactions entered into by the Guarantor and/or any Administrator or Receiver in the proper exercise of its or their powers in accordance with this deed; and
- 17.2.2 all lawful transactions entered into by the Guarantor and/or any Administrator or Receiver in signing, sealing, delivering and otherwise perfecting any assignment, mortgage, charge, security, document or other act,

provided, in each case, that such acts were not carried out by the Guarantor with gross negligence or in default of the provisions of this deed.

## **17.3 Delegation**

- 17.3.1 The Guarantor and any Administrator or Receiver shall have full power to delegate the powers, authorities and discretions conferred on it or him by this deed (including the power of attorney), on such terms and conditions as it or he shall see fit which shall not preclude exercise of these powers, authorities or discretions by it or him or any revocation of the delegation or subsequent delegation.
- 17.3.2 Under no circumstances will the Guarantor, nor any Administrator, Receiver or other delegate nor any officer, agent or employee of any of them be liable to the Issuer or any other person as a result of or in connection with any act, default, omission or misconduct on the part of any delegate except to the extent caused by its fraud, gross negligence or wilful default.

## **18 Protection of security and further assurance**

### **18.1 Independent security**

The Security and the Security Rights shall be cumulative, in addition to and independent of every other security or guarantee that the Guarantor may at any time hold for any of the Secured Liabilities. No prior security held by the Guarantor over the whole or any part of the Charged Assets shall merge into the Security.

### **18.2 Continuing security**

This deed shall remain in full force and effect as a continuing security for the Secured Liabilities, notwithstanding any settlement of account or intermediate payment or discharge in whole or in part.

### **18.3 No prejudice**

- 18.3.1 No failure to exercise, nor delay in exercising, on the part of the Guarantor, any right or remedy under this deed shall operate as a waiver of any such right or remedy or constitute an election to affirm this deed, nor shall any single or partial exercise of any right or remedy preclude any further or other exercise, or the exercise of any other right or remedy. No election to affirm this deed on the part of the Guarantor shall be effective unless it is in writing. The rights and remedies of the Guarantor provided in this deed are cumulative and not exclusive of any rights or remedies provided by law.
- 18.3.2 Without prejudice to any other provision of this deed, none of the Security, its priority, the Security Rights or the liability of the Issuer or any other person for the Secured Liabilities shall be prejudiced, reduced, released or otherwise adversely affected by any act, omission, fact or any other thing which but for this clause 18.3.2 would or may do so.

**18.4 Details of Charged Assets**

The fact that no or incomplete details of any Charged Asset are inserted in the schedules to this deed shall not affect the validity or enforceability of the Security.

**18.5 Immediate recourse**

The Issuer waives any right it may have of first requiring the Guarantor to proceed against or enforce any other rights or security or claim payment from any person before claiming from the Issuer under this deed. This waiver applies irrespective of any law or provision of this deed to the contrary.

**18.6 No Issuer set-off**

The Issuer waives any right of set-off it may have now or at any time in the future in respect of the Secured Liabilities (including sums payable by the Issuer under this deed).

**18.7 Further assurance**

18.7.1 The Issuer shall, promptly upon request by the Guarantor or any Receiver or Administrator, at its own expense (such expense to be reasonable and properly incurred, to be made payable by the Approved Borrowers and to be expended in accordance with the Priority of Payments), take whatever action the Guarantor or a Receiver or Administrator (acting reasonably) may require for:

18.7.1.1 creating, perfecting, preserving or protecting any security intended to be created by or pursuant to this deed and its priority;

18.7.1.2 ensuring that the Security is and remains valid, legally binding and enforceable;

18.7.1.3 conferring on the Guarantor security interests over any of its property and assets located in any jurisdiction outside of England and Wales equivalent or similar to the Security;

18.7.1.4 facilitating the realisation of any Charged Asset; or

18.7.1.5 exercising any right, power or discretion conferred on the Guarantor, or any Receiver or any Administrator or any of their respective delegates or sub-delegates in respect of any Charged Asset,

which shall include, without limitation:

18.7.1.6 the re-execution of this deed;

18.7.1.7 following the Security becoming enforceable and in order to facilitate realisation, the execution of any legal mortgage, charge, transfer, conveyance, assignment or assurance of any property, whether to the Guarantor or to its nominee; and

18.7.1.8 the giving of any notice, order or direction and the making of any filing or registration,

18.7.2 The obligations of the Issuer under this clause 18.7 shall be in addition to, and not in substitution for, the covenants of further assurance deemed to be included in this Deed by virtue of the LP(MP)A.

**18.8 Consents**

The Issuer shall use all reasonable endeavours to obtain as soon as possible (in a form satisfactory to the Guarantor) any consents necessary to enable each of its assets to be the subject of the security interest expressed to be created in respect of that asset pursuant to clause 3 (*Grant of Security*). Promptly following the obtaining of any such consent, the Issuer shall deliver a copy of that consent to the Guarantor.

**18.9 Implied Covenants for Title**

The obligations of the Issuer under this deed shall be in addition to the covenants for title deemed to be included in this deed by virtue of Part 1 of the LP(MP)A.

**19 Costs and Expenses**

The provisions of clause 6 (*Expenses*) of the Guarantee and Reimbursement Agreement are incorporated into this deed as if set out in full *mutatis mutandis*.

**20 Stamp taxes**

The Issuer shall pay promptly, and in any event before any penalty becomes payable, all stamp, registration, documentary and similar Taxes, if any, payable in connection with the entry into, performance, enforcement or admissibility in evidence of this deed, and shall indemnify the Guarantor on demand against any Costs and Expenses with respect to, or resulting from any delay in paying or omission to pay, any such Tax.

**21 Payments free of deduction**

All payments to be made to the Issuer under this deed shall be made free and clear of and without deduction for or on account of Tax unless Issuer is required to make such payment subject to the deduction or withholding of Tax, in which case the sum payable by the Issuer shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the person on account of whose liability to Tax such deduction or withholding has been made, receives and retains (free from any liability in respect of any such deduction or withholding) a net sum equal to the sum which it would have received and so retained had no such deduction or withholding been made or required to be made.

**22 Indemnity**

The Issuer hereby agrees to indemnify and hold harmless the Guarantor, any Administrator and any Receiver from and against all actions, claims, expenses, demands and liabilities, whether arising out of contract or in tort or in any other way, which may at any time be incurred by him or by any manager, agent, officer, servant or workman for whose debt, default or miscarriage he may be answerable for anything done or omitted to be done in the exercise or purported exercise of his powers pursuant to this deed provided that such actions, claims, expenses, demands and liabilities did not arise as a consequence of the gross negligence or wilful default of the Guarantor or any manager, agent, officer, servant or workman of the Guarantor.

**23 Payments**

Any payments made by the Issuer under any of clauses 19 (*Costs and Expenses*) to 22 (*Indemnity*) shall be made in accordance with the Priority of Payments (and, in respect of the timing thereof, the terms of the Cash Management Agreement).

**24 No liability**

Neither the Guarantor nor any Administrator or Receiver nor any officer, agent or employee of any of them will in any circumstances be liable to the Issuer or any other person as a result of or in connection with:

- 24.1 taking any action permitted by this deed; or
- 24.2 any neglect, default or omission in relation to the Charged Assets;
- except in each case, to the extent caused by fraud or wilful default or gross negligence on its part.
- 25 **Miscellaneous**
- 25.1 **Certificates conclusive**
- A certificate or determination by the Guarantor as to any amount or rate under this deed shall be conclusive evidence of that amount or rate in the absence of any manifest error.
- 25.2 **Financial collateral**
- 25.2.1 To the extent that the Charged Assets constitute "financial collateral" and this deed and the obligations of the Issuer under this deed constitute a "security financial collateral arrangement" (in each case for the purpose of and as defined in the Financial Collateral Arrangements (No. 2) Regulations 2003 (SI 2003 No. 3226) (the Regulations)), at any time on or after the Security has become enforceable, the Guarantor shall have the benefit of all of the rights of a collateral taker conferred upon it by the Regulations, including the right, but not the obligation, to appropriate all or any part of that financial collateral in or towards the satisfaction of the Secured Liabilities.
- 25.2.2 For the purpose of clause 25.2.1, the value of the financial collateral appropriated shall be such amount as the Guarantor reasonably determines having taken into account advice obtained by it from an independent investment or accountancy firm of national standing selected by it.
- 25.3 **Severability**
- 25.3.1 If any provision of this deed is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, the legality, validity and enforceability of the remaining provisions under the law of that jurisdiction or any other jurisdiction, and the legality, validity or enforceability of such provision under the law of any other jurisdiction, shall not be affected or impaired in any way thereby.
- 25.3.2 The parties to this deed shall enter into good faith negotiations, but without any liability whatsoever in the event of no agreement being reached, to replace any illegal, invalid or unenforceable provision with a view to obtaining the same commercial effect as this deed would have had if such provision had been legal, valid and enforceable.
- 25.4 **Section 2(1) Law of Property (Miscellaneous Provisions) Act 1989**
- The terms of the Finance Documents and of any side letters between any parties in relation to the Finance Documents are incorporated in this deed to the extent required to ensure that any purported disposition of Charged Assets contained in this deed is a valid disposition in accordance with section 2(1) of the Law of Property (Miscellaneous Provisions) Act 1989.
- 25.5 **Third party rights**
- Save as 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. Notwithstanding any term 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.

26      **Demands and notices**

Any demand, notice, consent or communication to be made or given by or to the Issuer or the Guarantor under or in connection with this deed shall be made and delivered as provided in clause 18 (*Notices*) of the Guarantee and Reimbursement Agreement. Any demand on the Issuer shall be validly made whether or not it contains an accurate statement of the amount of the Secured Liabilities.

27      **Amendments and waivers**

No term of this deed may be amended, modified or waived in any respect without the prior written consent of each of the parties to this deed.

28      **Assignment and transfer**

28.1    **Assignment by Guarantor**

The Guarantor may, at any time without the consent of the Issuer, assign or transfer the whole or any part of its rights under this deed to any successor Guarantor appointed in accordance with the terms of the Bond Guarantee. Upon such assignment or transfer taking effect, the replacement Guarantor shall be and be deemed to be acting as the Guarantor for the purposes of this deed in place of the previous Guarantor.

28.2    **Assignment by Issuer**

The Issuer may not assign any of its rights or transfer any of its obligations under this deed or enter into any transaction which would result in any of these rights or obligations directly or indirectly passing to another person.

29      **Release of Security**

29.1    **Release**

Subject to clauses 29.2 (*Avoidance of payments and reinstatement*) and 29.3 (*Discharge conditional*), upon the expiry of the Security Period (but not otherwise) the Guarantor shall promptly following the request and at the cost of the Issuer, take whatever action is necessary to release the Charged Assets from the Security, re-assign any rights assigned under or pursuant to this deed, return all deeds and documents of title (if any) delivered to the Guarantor under this deed and execute and deliver such further deeds or documents as the Issuer may reasonably require in order to give effect to this clause.

29.2    **Avoidance of payments and reinstatement**

If any payment by the Issuer or any discharge given by the Guarantor (whether in respect of the obligations of the Issuer or any security for those obligations or otherwise) is (a) capable of being and is reasonably likely to be avoided, invalidated or reduced (in the opinion of the Guarantor (acting reasonably and on the basis of legal advice received by it for this purpose)) or (b) avoided, invalidated or reduced in each case as a result of insolvency or any similar event or applicable law, then, notwithstanding any re-assignment or discharge of the security over the Charged Assets:

- 29.2.1      the liability of the Issuer under this deed and the Security will continue as if the payment, discharge, avoidance or reduction had not occurred;
- 29.2.2      the Guarantor will be entitled to recover the value or amount of that security or payment from the Issuer, as if the payment, discharge, avoidance or reduction had not occurred; and
- 29.2.3      the Guarantor shall be entitled to enforce this deed subsequently as if such payment, discharge, avoidance or reduction had not occurred.

**29.3 Discharge conditional**

Any release, discharge or settlement between the Issuer and the Guarantor shall be deemed conditional upon no payment or security received by the Guarantor in respect of the Secured Liabilities being avoided, invalidated or reduced or ordered to be refunded pursuant to any provision of any enactment relating to insolvency, bankruptcy, winding-up, administration or receivership and, notwithstanding any such release, discharge or settlement:

29.3.1 the Guarantor or its nominee shall be at liberty to retain this deed and the Security, including all certificates and documents relating to the Charged Assets or any part thereof, for such period as the Guarantor (acting reasonably and on the basis of legal advice received by it for this purpose) shall deem necessary (taking into account any subsequent Insolvency Event in relation to the Issuer) to provide the Guarantor with security against any such avoidance or reduction or order for refund; and

29.3.2 the Guarantor shall be entitled to recover the value or amount of such security or payment from the Issuer concerned subsequently as if such settlement, discharge or release had not occurred and the Issuer agrees with the Guarantor accordingly and charges the Charged Assets and the proceeds of sale thereof with any liability under this clause, whether actual or contingent.

**30 Trusts**

If any trust intended to arise pursuant to any provision of this deed fails or for any reason (including the laws of any jurisdiction in which any assets, monies, payments or distributions may be situated) cannot be given effect to, the Issuer shall pay to the Guarantor for application in accordance with clause 16.1 (*Application of proceeds*) an amount equal to the amount (or the value of the relevant assets) intended to be so held on trust for the Guarantor.

**31 Execution as a deed**

Each of the Issuer and the Guarantor intends this deed to be a deed and confirms that it is executed and delivered as a deed notwithstanding the fact that one or more of the parties to this deed may only execute it under hand.

**32 Governing law**

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

**33 Jurisdiction**

33.1 Each party to this deed hereby irrevocably submits to the exclusive jurisdiction of the English courts in any action or proceeding arising out of or relating to this deed (including a dispute relating to any non-contractual obligations in connection with this deed) and hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined by such courts.

33.2 Each party to this deed hereby irrevocably waives, to the fullest extent it may possibly do so, any defence or claim that the English courts are an inconvenient forum for the maintenance or hearing of such action or proceeding.

**34 Counterparts**

This deed may be executed in counterparts, all of which when taken together shall be deemed to constitute one and the same instrument.



**In Witness** whereof this deed has been executed by the Issuer and is intended to be and is hereby delivered as a deed the day and year first above written and has been signed on behalf of the Guarantor.

## SCHEDULE 1

### Accounts

Account Bank name and address	Account name	Account number
Elavon Financial Services Limited, acting through its UK Branch at Fifth Floor, 125 Old Broad Street, London EC2N 1AR	PRS FINANCE PLC COLLECTIONS ACCOUNT	(REDACTED)
Elavon Financial Services Limited, acting through its UK Branch at Fifth Floor, 125 Old Broad Street, London EC2N 1AR	PRS FINANCE PLC LOAN LOSS RESERVE ACCOUNT	(REDACTED)
Elavon Financial Services Limited, acting through its UK Branch at Fifth Floor, 125 Old Broad Street, London EC2N 1AR	PRS FINANCE PLC RETAINED BOND CASH ACCOUNT	(REDACTED)
Elavon Financial Services Limited, acting through its UK Branch at Fifth Floor, 125 Old Broad Street, London EC2N 1AR	PRS FINANCE PLC RETAINED BOND CUSTODY ACCOUNT	(REDACTED)
Elavon Financial Services Limited, acting through its UK Branch at Fifth Floor, 125 Old Broad Street, London EC2N 1AR	PRS FINANCE PLC SHARE CAPITAL ACCOUNT	(REDACTED)
Elavon Financial Services Limited, acting through its UK Branch at Fifth Floor, 125 Old Broad Street, London EC2N 1AR	PRS FINANCE PLC BOND SERIES PAYMENT ACCOUNT	(REDACTED)
Elavon Financial Services Limited, acting through its UK Branch at Fifth Floor, 125 Old Broad Street, London EC2N 1AR	PRS FINANCE PLC BOND PREPAYMENT ACCOUNT	(REDACTED)

## SCHEDULE 2

### Insurance Policies

Policy number/ Market reference	Period	Insurer	Insurance type
(REDACTED)	4 Oct 2014 to 3 Oct 2015	Hiscox Insurance Company Limited	Public and Products' Liability
(REDACTED)	5 Dec 2014 to 3 Oct 2015	Hiscox Insurance Company Limited	Employers' Liability
(REDACTED)	30 Sep 2014 to 30 Sep 2015	Markel International Insurance Company Ltd	Directors & Officers Liability Insurance  Professional Indemnity Insurance

### **SCHEDULE 3**

#### **Material Intellectual Property**

None at the date of this deed.

## SCHEDULE 4

### Form of legal mortgage

DATE [Date]

#### PARTIES

- 1 **PRS Finance plc**, a company incorporated in England and Wales with company number 09331085 and whose registered office is at 35 Great St. Helen's, London EC3A 6AP as chargor (the "**Issuer**"); and
- 2 **The Secretary of State for Communities and Local Government** of 2 Marsham Street, Westminster London SW1P 4DF (the "**Guarantor**").

#### BACKGROUND

- A The Issuer has entered into a security deed dated [ ] 2015 (the "**Security Deed**") in favour of the Guarantor.

**IT IS AGREED** as follows:

#### 1 Definitions and interpretation

- 1.1 This deed is supplemental to the Security Deed. Terms defined in the Security Deed have the same meaning in this deed unless given a different meaning in this deed.
- 1.2 Clause 1.2 (*Construction*) of the Security Deed shall apply, *mutatis mutandis*, to this deed.

#### 2 Charge by way of legal mortgage

As a continuing security for the payment, discharge and performance of all of the Secured Liabilities, the Issuer with full title guarantee in accordance with the LP(MP)A, hereby charges to the Guarantor, by way of first legal mortgage, the freehold and leasehold property specified in the Schedule (*Mortgaged Property*) (the "**Mortgaged Property**").

#### 3 Section 2(1) of the Law of Property (Miscellaneous Provisions) Act 1989

The terms of the Finance Documents and of any side letters between any parties in relation to the Finance Documents are incorporated in this deed to the extent required to ensure that any purported disposition of the Mortgaged Property is a valid disposition in accordance with section 2(1) of the Law of Property (Miscellaneous Provisions) Act 1989.

#### 4 Application to the Land Registry

In respect of any Mortgaged Property registered at the Land Registry, the Issuer shall apply and, without prejudice to the foregoing, consents to application being made, to H.M. Land Registry for the following restriction to be entered on the register of the title to the Mortgaged Property:

*"No disposition of the registered estate by the proprietor of the registered estate is to be registered without a written consent signed by the proprietor for the time being of the charge dated [ ] in favour of The Secretary of State for Communities and Local Government referred to in the charges register or, if appropriate, signed on such proprietor's behalf by its conveyancer."*

#### 5 Incorporation of terms of the Security Deed

- 5.1 The obligations, undertakings, covenants, rights and powers specified and contained in the Security Deed which relate to the property referred to in, and the security and other rights

and powers created under and pursuant to, the Security Deed shall be deemed to be repeated in this deed and shall apply, *mutatis mutandis*, to the property referred to in clause 2 (*Charge by way of legal mortgage*) and the security and other rights and powers created under and pursuant hereto and the whole remaining terms of the Security Deed shall, except insofar as they are inconsistent with this deed, apply, *mutatis mutandis*, to this deed, provided always that this deed shall be without prejudice to the Security Deed and all of the rights, powers, obligations and immunities comprised therein and arising pursuant thereto, which shall remain in full force and effect notwithstanding this deed.

- 5.2 The provisions of clause 17.7 (*Further assurance*) of the Security Deed shall apply, *mutatis mutandis*, to this deed.

## 6 **Governing law**

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

## 7 **Jurisdiction**

- 7.1 Each party to this deed hereby irrevocably submits to the exclusive jurisdiction of the English courts in any action or proceeding arising out of or relating to this deed (including a dispute relating to any non-contractual obligations in connection with this deed) and hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined by such courts.
- 7.2 Each party to this deed hereby irrevocably waives, to the fullest extent it may possibly do so, any defence or claim that the English courts are an inconvenient forum for the maintenance or hearing of such action or proceeding

## 8 **Counterparts**

This deed may be executed in counterparts, all of which when taken together shall be deemed to constitute one and the same instrument.

**In Witness** whereof this deed has been duly executed on the date first above written.

### **SCHEDULE**

#### **Mortgaged Property**

<b>Property Description</b>	<b>Title number</b>

## SIGNATORIES (TO LEGAL MORTGAGE)

### The Issuer

EXECUTED as a DEED and )  
DELIVERED by **PRS FINANCE PLC** )  
acting by two directors being SFM )  
Directors Limited and SFM Directors )  
(No. 2) Limited: )

Director

Director

### The Guarantor

EXECUTED as a DEED and )  
DELIVERED by **THE SECRETARY** )  
**OF STATE FOR COMMUNITIES** )  
**AND LOCAL GOVERNMENT** )

The Corporate Seal of the Secretary )  
of State for Communities and )  
Local Government hereunto affixed )  
is authenticated by: )

Signature:

Name (print):

A senior official in the Department for Communities and Local Government

## SCHEDULE 5

### PART 1

#### Form of notice to counterparties of Assigned Agreements

From: PRS Finance plc  
35 Great St. Helen's, London EC3A 6AP

To: [counterparty]

Copy: The Secretary of State for Communities and Local Government  
2 Marsham Street, Westminster, London SW1P 4DF

Attention: PRS Guarantees, DCLG

Date:

Dear Sirs

We refer to the [describe relevant Assigned Agreement] (the "**Agreement**")

We hereby notify you that pursuant to a security deed dated [ ] (the "**Security Deed**") we have assigned to The Secretary of State for Communities and Local Government as guarantor (the "**Guarantor**") absolutely (subject to a proviso for reassignment on redemption) all our right, title, interest and benefit in and to the Agreement.

We also give you notice that we have agreed with the Guarantor that, we will not amend, supplement, vary, waive, discharge, terminate, supersede, assign or novate the Agreement (or agree to do so) without the prior written consent of the Guarantor.

We further notify you that:

- (a) you may continue to deal with us in relation to the Agreement until you receive written notice to the contrary from the Guarantor. Thereafter we will cease to have any right to deal with you in relation to the Agreement and therefore from that time you should deal only with the Guarantor;
- (b) you are authorised to disclose information in relation to the Agreement to the Guarantor on request;
- (c) you may continue to pay all monies to which we are entitled under the Agreement to us until you receive written notice from the Guarantor that the security under the Security Deed has become enforceable; and
- (d) the provisions of this notice may only be revoked with the written consent of the Guarantor.

Please sign and return the enclosed copy of this notice to the Guarantor (with a copy to us) by way of confirmation that:

- (i) you agree to the terms set out in this notice and to act in accordance with its provisions; and
- (ii) you have not received notice that we have assigned our rights under the Agreement to a third party or created any other interest (whether by way of security or otherwise) in the Agreement in favour of a third party.



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

Yours faithfully

.....  
per pro SFM Directors Limited, as director for and on behalf of  
PRS Finance plc

## PART 2

### Form of acknowledgement from counterparties of Assigned Agreements

From: [counterparty]

To: The Secretary of State for Communities and Local Government  
2 Marsham Street, Westminster, London SW1P 4DF

Attention: PRS Guarantees, DCLG

Copy to: PRS Finance plc  
35 Great St. Helen's, London EC3A 6AP

Attention: The Directors

Date:

We hereby acknowledge receipt of the notice dated [ ], a copy of which is attached to the acknowledgment (the "**Notice**") and confirm the matters set out in paragraphs (i) and (ii) of the Notice.

.....  
for and on behalf of  
[counterparty]

## SCHEDULE 6

### PART 1

#### Form of notice of charge to third party bank

To: [name and address of third party bank]

Attention: [ ]

Date:

Dear Sirs

We hereby give you notice that by a security deed dated [ ] (the "**Security Deed**") (a copy of which is attached) we have charged to The Secretary of State for Communities and Local Government as guarantor (the "**Guarantor**") all our right, title and interest in and to all sums of money which are now or may from time to time in the future be held in the following accounts in our name with you together with all interest credited thereto and the debts represented by those sums:

[ ] (together the "**Accounts**")

We hereby irrevocably instruct and authorise you:

- (a) until you receive written notice from the Guarantor that the security under the Security Deed has become enforceable, to hold all sums from time to time standing to the credit of each Account in our name with you to our order for application in accordance with the Priority of Payments (as defined in the Security Deed);
- (b) until you receive written notice from the Guarantor that the security under the Security Deed has become enforceable, to pay or release all or any part of the sums from time to time standing to the credit of each Account in our name with you in accordance with the Priority of Payments (as defined in the Security Deed); and
- (c) once you receive written notice from the Guarantor that the security under the Security Deed has become enforceable, to hold all sums from time to time standing to the credit of each Account in our name with you to the order of the Guarantor and to comply with the terms of any written notice or instructions in any way relating to the Accounts or the sums standing to the credit of any Account from time to time which you may receive from the Guarantor without any reference to or further authority from us and without any liability or inquiry by you as to the justification for or validity of such notice or instructions.

By counter-signing this notice, the Guarantor confirms that we may make withdrawals from the Accounts until such time as the Guarantor shall notify you in writing that their permission is withdrawn, whereupon we will not be permitted to withdraw any amounts from any Account without the prior written consent of the Guarantor.

These instructions cannot be revoked or varied without the prior written consent of the Guarantor.

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

Please confirm your acceptance of the above instructions by returning the attached acknowledgement to the Guarantor with a copy to ourselves.

Yours faithfully

By: .....  
per pro SFM Directors Limited, as director for and on behalf of  
PRS Finance plc

By: .....  
for and on behalf of  
The Secretary of State for Communities and Local Government

## PART 2

### Form of acknowledgement from third party bank

To: The Secretary of State for Communities and Local Government (the "**Guarantor**")  
2 Marsham Street, Westminster, London SW1P 4DF

Attention: PRS Guarantees, DCLG

Copy: PRS Finance plc  
35 Great St. Helen's, London EC3A 6AP

Attention: The Directors

Date:

Dear Sirs

We confirm receipt of a notice dated [ ] (the "**Notice**") from PRS Finance plc (the "**Company**") of a charge, upon the terms of a Security Deed dated [ ], over all the Company's right, title and interest in and to all sums of money which are now or may from time to time in the future be held in the following accounts with us in the name of the Company together with interest relating thereto:

[ ] (together the "**Accounts**")

We confirm that:

- (a) we accept the instructions and authorisations contained in the Notice and undertake to comply with its terms;
- (b) we have not received notice of the interest of any third party in any Account or in the sums of money held in any Account or the debts represented by those sums and we will notify you promptly should we receive notice of any third party interest;
- (c) until you notify us in writing that withdrawals are prohibited, the Company may make withdrawals from the Accounts; upon receipt of such notice we will hold all sums standing to the credit of the Accounts to your order and will not permit any amount to be withdrawn from any Account except against the signature of one of your authorised signatories; and
- (d) we will not seek to modify, vary or amend the terms upon which sums are deposited in the Accounts without your prior written consent.

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

Yours faithfully

.....  
for and on behalf of  
[third party bank]

## SIGNATORIES (TO SECURITY DEED)

### The Issuer

EXECUTED as a DEED and )  
DELIVERED by PRS FINANCE PLC )  
acting by two directors being SFM )  
Directors Limited and SFM Directors )  
(No. 2) Limited: )

(REDACTED)

Director

(REDACTED)

Director

### The Guarantor

SIGNED by )  
for and on behalf of the Secretary of )  
State for Communities and Local )  
Government )

## SIGNATORIES (TO SECURITY DEED)

### The Issuer

EXECUTED as a DEED and )  
DELIVERED by PRS FINANCE PLC )  
acting by two directors being SFM )  
Directors Limited and SFM Directors )  
(No. 2) Limited: )

Director

Director

### The Guarantor

SIGNED by  
for and on behalf of the Secretary of  
State for Communities and Local  
Government

(REDACTED)

"DAVID KURNISBERG