



**Registration of a Charge**

Company name: **LOK DEVELOPMENTS JV2 LTD**

Company number: **10921649**



X93FJ2HV

Received for Electronic Filing: **21/04/2020**

---

**Details of Charge**

Date of creation: **17/04/2020**

Charge code: **1092 1649 0006**

Persons entitled: **HERITAGE SQUARE LIMITED**

Brief description: **LAND AT SALTERS ROAD (FORMER SANDERSON HOSPITAL SITE),  
GOSFORTH, NEWCASTLE UPON TYNE, NE3 4DU (TITLE NUMBER  
TY312719)**

**Contains fixed charge(s).**

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

**Contains negative pledge.**

---

**Authentication of Form**

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

---

**Authentication of Instrument**

Certification statement: **I CERTIFY THAT SAVE FOR MATERIAL REDACTED PURSUANT  
TO S.859G OF THE COMPANIES ACT 2006 THE ELECTRONIC**

**COPY INSTRUMENT DELIVERED AS PART OF THIS APPLICATION  
FOR REGISTRATION IS A CORRECT COPY OF THE ELECTRONIC  
ORIGINAL OF THE INSTRUMENT.**

Certified by:

**BURGES SALMON LLP**



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

Company number: 10921649

Charge code: 1092 1649 0006

The Registrar of Companies for England and Wales hereby certifies that a charge dated 17th April 2020 and created by LOK DEVELOPMENTS JV2 LTD was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 21st April 2020 .

Given at Companies House, Cardiff on 22nd April 2020

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



**Companies House**



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

## **SECURITY AGREEMENT**

**LOK DEVELOPMENTS JV2 LIMITED** (1)

and

**HERITAGE SQUARE LIMITED** acting as Security Agent (2)

## CONTENTS

Clause	Heading	Page
1	DEFINITIONS AND INTERPRETATION.....	1
2	CREATION OF SECURITY.....	4
3	RESTRICTIONS ON DEALINGS .....	9
4	LAND .....	9
5	INVESTMENTS.....	10
6	ACCOUNTS.....	12
7	INSURANCES .....	12
8	OTHER CONTRACTS.....	13
9	WHEN SECURITY BECOMES ENFORCEABLE .....	13
10	ENFORCEMENT OF SECURITY.....	13
11	RECEIVER .....	15
12	POWERS OF RECEIVER .....	17
13	APPLICATION OF PROCEEDS.....	19
14	EXPENSES AND INDEMNITY .....	19
15	DELEGATION.....	20
16	FURTHER ASSURANCES.....	20
17	POWER OF ATTORNEY .....	21
18	MISCELLANEOUS .....	21
19	RELEASE .....	22
20	GOVERNING LAW.....	22
	SCHEDULE 1 - Property .....	23
	SCHEDULE 2 - Forms of Letter for Account Bank.....	24

PART A - Notice to Account Bank.....	24
PART B - Acknowledgement of Account Bank.....	26
SCHEDULE 3 - Forms of Letter for Insurers .....	27
PART A - Notice to Insurer .....	27
PART B - Acknowledgement of Insurer.....	29
SCHEDULE 4 - Forms of Letter for Other Contracts.....	30
PART A - Notice to Counterparty .....	30
PART B - Acknowledgement of Counterparty .....	32

THIS DEED is dated

17<sup>th</sup> April 2020 and is made

**BETWEEN:**

- (1) **LOK DEVELOPMENTS JV2 LIMITED** a company registered in England and Wales with registered number 10921649 and whose registered office is at 9 Silkwood Park, Fryers Way, Wakefield WF5 9TJ (**Chargor**); and
- (2) **HERITAGE SQUARE LIMITED** a private limited company registered in England and Wales with registered number 08364250 and whose registered office address is at Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, United Kingdom, KT13 0TS as security trustee for the Secured Parties (**Security Agent**).

**BACKGROUND:**

- (A) The Chargor enters into this Deed in connection with the Facility Agreement (as defined below).
- (B) It is intended that this document takes effect as a deed notwithstanding the fact that a party may only execute this document under hand.

**IT IS AGREED** as follows:

**1 DEFINITIONS AND INTERPRETATION**

**1.1 Definitions**

In this Deed:

**Act** means the Law of Property Act 1925.

**Event of Default** shall have the meaning as set out in the Facility Agreement.

**Facility Agreement** means the facility agreement dated on or around the date of this Deed between (among others) the Chargor and the Security Agent.

**General Account** means the "General Account" as defined in the Facility Agreement and designated as such by a letter between the Parties.

**Investments** means all present and future certificated stocks, shares, loan capital, securities, bonds and investments (whether or not marketable) for the time being owned (at law or in equity) by the Chargor, including (but not limited to):

- (a) any dividend, interest or other distribution paid or payable in relation to any of the Investments; and

- (b) any right, money, shares or property accruing, offered or issued at any time in relation to any of the Investments by way of redemption, substitution, exchange, conversion, bonus, preference or otherwise, under option rights or otherwise.

**Mortgaged Property** means all freehold or leasehold property included in the definition of Security Asset.

**Party** means a party to this Deed.

**Permitted Security** shall have the meaning given to that expression in the Facility Agreement.

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

**Relevant Contract** means

- (a) a Development Document (as defined in the Facility Agreement)
- (b) any purchase agreement (and any related agreements) entered into by the Chargor and any vendor of the Property relating to the acquisition of the Property (if any)
- (c) any other document designated as a Transaction Document pursuant to the Facility Agreement (other than a Finance Document) or
- (d) any other document designated as such by the Security Agent and the Chargor

**Secured Liabilities** means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each Transaction Obligor to any Secured Party under each Finance Document.

**Security Asset** means any asset of the Chargor which is, or is expressed to be, subject to any Security created by this Deed.

**Security Period** means the period beginning on the date of this Deed and ending on the date on which all the Secured Liabilities have been unconditionally and irrevocably paid and discharged in full.

## **1.2 Construction**

- (a) Capitalised terms defined in the Facility Agreement have the same meaning in this Deed unless expressly defined in this Deed.



- (b) The provisions of clause 1.2 (*Construction*) of the Facility Agreement apply to this Deed as though they were set out in full in this Deed except that references to the Facility Agreement will be construed as references to this Deed.
- (c) Unless a contrary indication appears, a reference in this Deed to:
- (i) a Finance Document or Transaction Document or any other agreement or instrument is a reference to that Finance Document or Transaction Document or other agreement or instrument as amended, novated, supplemented, extended or restated;
  - (ii) any rights in respect of an asset includes:
    - (A) all amounts and proceeds paid or payable;
    - (B) all rights to make any demand or claim; and
    - (C) all powers, remedies, causes of action, security, guarantees and indemnities,in each case in respect of or derived from that asset;
  - (iii) any share, stock, debenture, bond or other security or investment includes:
    - (A) any dividend, interest or other distribution paid or payable;
    - (B) any right, money or property accruing or offered at any time by way of redemption, substitution, exchange, bonus or preference, under option rights or otherwise,in each case in respect of that share, stock, debenture, bond or other security or investment; and
  - (iv) the term “**this Security**” means any Security created by this Deed.
- (d) Any covenant of the Chargor under this Deed (other than a payment obligation which has been discharged) remains in force during the Security Period.
- (e) The terms of the other Finance Documents and of any other agreement or instrument between any Parties in relation to any Finance Document are incorporated in this Deed to the extent required to ensure that any purported disposition, or any agreement for the disposition, of any freehold or leasehold property contained in this Deed is a valid disposition in accordance with section 2(1) of the Law of Property (Miscellaneous Provisions) Act 1989.

- (f) If the Security Agent considers that an amount paid to a Secured Party under a Finance Document is capable of being avoided or otherwise set aside on the liquidation or administration of the payer or otherwise, then that amount will not be considered to have been irrevocably paid for the purposes of this Deed.
- (g) Unless the context otherwise requires, a reference to a Security Asset includes the proceeds of any disposal of that Security Asset.

### **1.3 Effect as a Deed**

This Deed is intended to take effect as a deed notwithstanding that the Security Agent may have executed it under hand only.

### **1.4 Third party rights**

- (a) Unless expressly provided to the contrary in a Finance Document, a person who is not a Party has no right under the Third Parties Act to enforce or to enjoy the benefit of any term of this Deed.
- (b) Notwithstanding any term of any Finance Document, the consent of any person who is not a Party is not required to rescind or vary this Deed at any time.
- (c) Any Receiver may enforce and enjoy the benefit of any Clause which expressly confers rights on it, subject to paragraph (b) above and the provisions of the Third Parties Act.

## **2 CREATION OF SECURITY**

### **2.1 General**

- (a) The Chargor must pay or discharge the Secured Liabilities in the manner provided for in the Finance Documents.
- (b) All the security created under this Deed:
  - (i) is created in favour of the Security Agent;
  - (ii) is created over present and future assets of the Chargor;
  - (iii) is security for the payment of all the Secured Liabilities; and
  - (iv) is made with full title guarantee in accordance with the Law of Property (Miscellaneous Provisions) Act 1994.
- (c) If the granting of any Security in respect of any Security Asset is prohibited:
  - (i) the Chargor must notify the Security Agent promptly;

- (ii)
    - (A) if the Security Asset constitutes a right under any contract, this Security will constitute security over all proceeds and other amounts which the Chargor may receive, or has received, under the relevant contract but will exclude the Chargor's other rights under that contract; and
    - (B) otherwise, the Chargor shall hold that Security Asset in trust for the Security Agent;
  - (iii) unless the Security Agent otherwise requires, the Chargor must:
    - (A) in respect of any consent or waiver required for the granting of Security in respect of that Security Asset:
      - 1) promptly apply for such consent or waiver; and
      - 2) if such consent or waiver is not to be unreasonably withheld, use reasonable endeavours to obtain such consent or waiver;
    - (B) in respect of any condition required to be met or satisfied for the granting of Security in respect of that Security Asset, use its reasonable endeavours to promptly satisfy the relevant condition; and
    - (C) in all cases, keep the Security Agent informed of the progress in respect of such consent, waiver or condition; and
  - (iv) if the Chargor obtains the required consent or waiver or satisfies the relevant condition:
    - (A) the Chargor must notify the Security Agent promptly; and
    - (B) that Security Asset will immediately be secured in accordance with Clause 2.2 (*Land*) to Clause 2.10 (*Floating charge*) as appropriate.
- (d) The Security Agent holds the benefit of this Deed and this Security on trust for the Secured Parties.

## 2.2 Land

- (a) The Chargor charges:
  - (i) by way of a first legal mortgage all estates or interests in any freehold or leasehold property now owned by it (other than any freehold or leasehold

property in Scotland) including, without limitation, the real property (if any) specified in Schedule 1 (*Property*); and

- (ii) (to the extent that they are not either (A) the subject of a mortgage under paragraph (i) above or (B) freehold or leasehold property in Scotland) by way of a first fixed charge all estates or interests in any freehold or leasehold property now or subsequently owned by it.
- (b) A reference in this Clause 2 to a mortgage or charge of any freehold or leasehold property includes:
- (i) all buildings, fixtures, fittings and fixed plant and machinery on that property; and
  - (ii) the benefit of any covenants for title given or entered into by any predecessor in title of the Chargor in respect of that property or any moneys paid or payable in respect of those covenants.

### **2.3 Investments**

The Chargor charges by way of a first fixed charge its interest in all the Investments.

### **2.4 Plant and machinery**

To the extent that they are not the subject of a mortgage or a first fixed charge under Clause 2.2 (*Land*), the Chargor charges by way of a first fixed charge all plant and machinery owned by the Chargor and its interest in any plant or machinery in its possession.

### **2.5 Credit balances**

- (a) The Chargor assigns absolutely, subject to a proviso for re-assignment on redemption, all of its rights in respect of the General Account, any amount standing to the credit of any such account and the debt represented by it.
- (b) To the extent they have not been effectively assigned under paragraph (a), the Chargor charges by way of a first fixed charge all of its rights in respect of the General Account, any amount standing to the credit of any such account and the debt represented by it.

### **2.6 Book debts etc.**

- (a) The Chargor assigns absolutely, subject to a proviso for re-assignment on redemption;
  - (i) all of its book and other debts;

- (ii) all other moneys due (other than any money due under the Facility Agreement) and owing to it; and
  - (iii) the benefit of all rights in relation to any item under paragraphs (i) to (iii) above.
- (b) To the extent they have not been effectively assigned under paragraph (a), the Chargor charges by way of first fixed charge all of the assets listed in paragraph (a) above.

## 2.7 Insurances

- (a) The Chargor assigns absolutely, subject to a proviso for re-assignment on redemption, all of its rights under any contract or policy of insurance taken out by it or on its behalf or in which it has an interest (together, the **Insurance Rights**).
- (b) To the extent that they have not been effectively assigned under paragraph (a) above, the Chargor charges by way of a first fixed charge all of its Insurance Rights.

## 2.8 Relevant Contracts and other contracts

- (a) The Chargor:
  - (i) assigns absolutely, subject to a proviso for re-assignment on redemption, all of its rights:
    - (A) under each Relevant Contract; and
    - (B) under any document, agreement or instrument to which it and any nominee or trustee is party in respect of an Investment; and
  - (ii) charges by way of a first fixed charge all of its rights under any other document, agreement or instrument to which it is a party except to the extent that it is subject to any fixed security created under any other term of this Clause 2.
- (b) To the extent that they have not been effectively assigned under paragraph (a)(i) above, the Chargor charges by way of a first fixed charge all of its rights listed under paragraph (a)(i) above.

## 2.9 Miscellaneous

The Chargor charges by way of first fixed charge:

- (a) its goodwill;

- (b) the benefit of any Authorisation (statutory or otherwise) held in connection with its use of any Security Asset;
- (c) the right to recover and receive compensation which may be payable to it in respect of any Authorisation referred to in paragraph (b) above;
- (d) its uncalled capital; and
- (e) the benefit of all rights in relation to any item under paragraphs (a) to (d) above.

## 2.10 Floating charge

- (a) The Chargor charges by way of a first floating charge all its assets not otherwise effectively mortgaged, charged or assigned by way of fixed mortgage, fixed charge or assignment under this Clause 2.
- (b) Except as provided below, the Security Agent may by notice to the Chargor convert the floating charge created by this Clause 2.10 (*Floating charge*) into a fixed charge as regards any of the Chargor's assets specified in that notice if:
  - (i) an Event of Default is continuing and has not been remedied or waived pursuant to the Facility Agreement; or
  - (ii) the Security Agent considers those assets to be in danger of being seized or sold under any form of distress, attachment, execution or other legal process or to be otherwise in jeopardy.
  - (iii) The floating charge created by this Clause 2.10 (*Floating charge*) may not be converted into a fixed charge solely by reason of:
    - (iv) the obtaining of a moratorium; or
    - (v) anything done with a view to obtaining a moratorium,
 under section 1A of the Insolvency Act 1986.
- (a) The floating charge created by this Clause 2.10 (*Floating charge*) will (in addition to the circumstances when this may occur under the general law) automatically convert into a fixed charge over all of the Chargor's assets if:
  - (i) the Chargor:
    - (A) creates, or attempt to create, any Security or a trust in favour of any person over all or any part of the Security Assets; or
    - (B) disposes, or attempts to dispose, of all or any part of the Security Assets (other than any Security Asset which are subject only to

the floating charge created by this Clause 2.10 (*Floating charge*) while it remains uncrystallised),

without the prior written consent of the Security Agent or as permitted by the terms of the Finance Documents;

- (ii) any person levies, or attempts to levy, any distress, attachment, execution or other legal process against all or any part of the Security Assets; or
  - (iii) a resolution is passed or an order is made for the winding-up, dissolution, administration or reorganisation of the Chargor; or
  - (iv) an administrator is appointed to the Chargor or the Security Agent receives notice of an intention to appoint an administrator to the Chargor.
- (b) The floating charge created by this Clause 2.10 (*Floating charge*) is a qualifying floating charge for the purpose of paragraph 14 of Schedule B1 to the Insolvency Act 1986.

### **3 RESTRICTIONS ON DEALINGS**

#### **3.1 Security**

Except as expressly allowed under the Facility Agreement or this Deed, the Chargor must not create or permit to subsist any Security on any Security Asset, other than the Permitted Security.

#### **3.2 Disposals**

Except as expressly allowed under the Facility Agreement or this Deed, the Chargor must not enter into a single transaction or a series of transactions (whether related or not and whether voluntary or involuntary) to dispose of all or any part of any Security Asset.

### **4 LAND**

#### **4.1 Acquisitions**

If the Chargor acquires any freehold or leasehold property in England and Wales in accordance with the Facility Agreement after the date of this Deed it must:

- (a) notify the Security Agent promptly;
- (b) promptly on request by the Security Agent and at the cost of the Chargor, execute and deliver to the Security Agent a legal mortgage over that property in favour of the Security Agent in any form which the Security Agent may require; and

- (c) (i) if the title to that freehold or leasehold property is registered at the Land Registry or required to be so registered, give the Land Registry written notice of this Security; and
- (ii) if applicable, ensure that this Security is correctly noted against that title in the title register at the Land Registry.

#### **4.2 Land Registry**

The Chargor consents to a restriction in the following terms being entered into on the Register of Title relating to any Mortgaged Property registered at the Land Registry:

*"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 [ ] referred to in the charges register or their conveyancer. (Standard Form P)".*

#### **4.3 Deposit of title deeds**

The Chargor must immediately:

- (a) unless agreed otherwise with the Security Agent, deposit with the Security Agent all deeds and documents necessary to show good and marketable title to any property referred to in Clause 4.1 (*Acquisitions*) (the **Title Documents**);
- (b) procure that the Title Documents are held at the applicable Land Registry to the order of the Security Agent; or
- (c) procure that the Title Documents are held to the order of the Agent by a firm of solicitors approved by the Security Agent for that purpose.

### **5 INVESTMENTS**

#### **5.1 Deposit**

The Chargor must immediately:

- (a) deposit with the Security Agent, or as the Security Agent may direct, all certificates and other documents of title or evidence of ownership in relation to the Investments; and
- (b) execute and deliver to the Security Agent all share transfers and other documents which may be requested by the Security Agent in order to enable the Security Agent or its nominees to be registered as the owner of or otherwise obtain a legal title to its Investments at any time and without notice to the Chargor.



## **5.2 Calls**

- (a) The Chargor must pay all calls or other payments due and payable in respect of any of its Investments in accordance with the Facility Agreement.
- (b) If the Chargor fails to do so, the Security Agent may pay the calls or other payments in respect of any of its Investments on behalf of the Chargor. The Chargor must immediately on request reimburse the Security Agent for any payment made by the Security Agent under this Clause 5.2 (*Calls*).

## **5.3 Other obligations in respect of Investments**

- (a) The Chargor must promptly send a copy to the Security Agent of, and comply with all requests for, information which is within its knowledge and which are made under any law or regulation or any similar provision contained in any articles of association or other constitutional document, or by any listing or other authority, relating to any of its Investments. If it fails to do so, the Security Agent may elect to provide such information as it may have on behalf of the Chargor.
- (b) The Chargor must comply with all other conditions and obligations assumed by it in respect of any of its Investments.
- (c) The Security Agent is not obliged to:
  - (i) perform any obligation of the Chargor;
  - (ii) make any payment;
  - (iii) make any enquiry as to the nature or sufficiency of any payment received by it or the Chargor; or
  - (iv) present or file any claim or take any other action to collect or enforce the payment of any amount to which it may be entitled under this Deed,in respect of any of the Investments.

## **5.4 Voting rights**

- (a) Before this Security becomes enforceable:
  - (i) the voting rights, powers and other rights in respect of its Investments will be exercised:
    - (A) by the Chargor; or
    - (B) if exercisable by the Security Agent, in any manner which the Chargor may direct the Security Agent in writing; and

- (ii) all dividends, distributions or other income paid or payable in relation to any of its Investments in accordance with the Facility Agreement must be paid into the General Account.
- (b) The Chargor must indemnify the Security Agent against any loss or liability incurred by the Security Agent as a consequence of the Security Agent acting in respect of any of its Investments as permitted by this Deed on the direction of the Chargor.
- (c) After this Security has become enforceable, the Security Agent may exercise (in the name of the Chargor and without any further consent or authority on the part of the Chargor) any voting rights and any powers or rights which may be exercised by the legal or beneficial owner of any Investment, any person who is the holder of any Investment or otherwise.

## **6 ACCOUNTS**

### **6.1 General**

In this Clause 6, "**Account Bank**" means a person with whom any bank account of the Chargor is maintained.

### **6.2 Book debts and receipts**

The Chargor must get in and realise its book and other debts and other moneys due and owing to it in the ordinary course of its business and hold the proceeds of the getting in and realisation, until payment into account of the Chargor, on trust for the Security Agent.

### **6.3 Notices of charge**

The Chargor must:

- (a) promptly serve a notice of charge, substantially in the form of Part A of Schedule 2 (*Forms of Letter for Account Bank*), on each Account Bank; and
- (b) use reasonable endeavours to ensure that each Account Bank acknowledges the notice, substantially in the form of Part B of Schedule 2 (*Forms of Letter for Account Bank*).

## **7 INSURANCES**

The Chargor must:

- (a) promptly serve a notice of assignment, substantially in the form of Part A of Schedule 3 (*Forms of Letter for Insurers*), on each counterparty to an Insurance; and

- (b) use reasonable endeavours to ensure that such counterparty acknowledges that notice, substantially in the form of Part B of Schedule 3 (*Forms of Letter for Insurers*).

## **8 OTHER CONTRACTS**

The Chargor must, at the request of the Security Agent:

- (a) promptly serve a notice of charge, substantially in the form of Part A of Schedule 4 (*Forms of Letter for Other Contracts*), on each counterparty to a contract listed in Clause 2.8 (*Relevant Contracts and other contracts*); and
- (b) use reasonable endeavours to ensure that each such party acknowledges that notice, substantially in the form of Part B of Schedule 4 (*Forms of Letter for Other Contracts*).

## **9 WHEN SECURITY BECOMES ENFORCEABLE**

### **9.1 Event of Default**

This Security will become immediately enforceable if an Event of Default occurs.

### **9.2 Discretion**

After this Security has become enforceable, the Security Agent may enforce all or any part of this Security in any manner it sees fit or as instructed in accordance with the Facility Agreement.

### **9.3 Statutory powers**

The power of sale and other powers conferred by section 101 of the Act, as amended by this Deed, will be immediately exercisable at any time after this Security has become enforceable.

## **10 ENFORCEMENT OF SECURITY**

### **10.1 General**

- (a) For the purposes of all powers implied by statute, the Secured Liabilities are deemed to have become due and payable on the date of this Deed.
- (b) Section 103 of the Act (restricting the power of sale) and section 93 of the Act (restricting the right of consolidation) do not apply to this Security.
- (c) The statutory powers of leasing conferred on the Security Agent are extended so as to authorise the Security Agent to lease, make agreements for leases, accept surrenders of leases and grant options as the Security Agent may think fit and

without the need to comply with any provision of section 99 or section 100 of the Act.

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

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

#### **10.3 Privileges**

The Security Agent and each Receiver is entitled to all the rights, powers, privileges and immunities conferred by the Act on mortgagees and receivers duly appointed under the Act, except that section 103 of the Act does not apply.

#### **10.4 Protection of third parties**

No person (including a purchaser) dealing with the Security Agent or a Receiver or its or his/her agents will be concerned to enquire:

- (a) whether the Secured Liabilities have become payable;
- (b) whether any power which the Security Agent or a Receiver is purporting to exercise has become exercisable or is being properly exercised;
- (c) whether any money remains due under the Finance Documents; or
- (d) how any money paid to the Security Agent or to that Receiver is to be applied.

#### **10.5 Redemption of prior mortgages**

- (a) At any time after this Security has become enforceable, the Security Agent may:
  - (i) redeem any prior Security against any Security Asset; and/or
  - (ii) procure the transfer of that Security to itself; and/or
  - (iii) settle and pass the accounts of the prior mortgagee, chargee or encumbrancer; any accounts so settled and passed will be, in the absence of manifest error, conclusive and binding on the Chargor.
- (b) The Chargor must pay to the Security Agent, immediately on demand, the costs and expenses incurred by the Security Agent in connection with any such redemption and/or transfer, including the payment of any principal or interest.

## **10.6 Contingencies**

If this Security is enforced at a time when no amount is due under the Finance Documents but at a time when amounts may or will become due, the Security Agent (or a Receiver) may pay the proceeds of any recoveries effected by it into a suspense account or other account selected by it.

## **10.7 Financial collateral**

(a) To the extent that the Security Assets constitute "financial collateral" and this Deed and the obligations of the Chargor 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), the Security Agent will have the right after this Security has become enforceable to appropriate all or any part of that financial collateral in or towards the satisfaction of the Secured Liabilities.

(b) Where any financial collateral is appropriated:

- (i) if it is listed or traded on a recognised exchange, its value will be taken as being the value at which it could have been sold on the exchange on the date of appropriation; or
- (ii) in any other case, its value will be such amount as the Security Agent reasonably determines having taken into account advice obtained by it from an independent commercial property adviser, investment bank or accountancy firm of national standing selected by it,

and each Finance Party will give credit for the proportion of the value of the financial collateral appropriated to its use.

## **11 RECEIVER**

### **11.1 Appointment of Receiver**

(a) Except as provided below, the Security Agent may appoint any one or more persons to be a Receiver of all or any part of the Security Assets if:

- (i) this Security has become enforceable; or
- (ii) the Chargor so requests to the Security Agent at any time.

(b) Any appointment under paragraph (a) above may be by deed, under seal or in writing under its hand.

- (c) Except as provided below, any restriction imposed by law on the right of a mortgagee to appoint a Receiver (including under section 109(1) of the Act) does not apply to this Deed.
- (d) The Security Agent is not entitled to appoint a Receiver solely as a result of the obtaining of a moratorium (or anything done with a view to obtaining a moratorium) under section 1A of the Insolvency Act 1986.
- (e) The Security Agent may not appoint an administrative receiver (as defined in section 29(2) of the Insolvency Act 1986) over the Security Assets if the Security Agent is prohibited from so doing by section 72A of the Insolvency Act 1986 and no exception to the prohibition on appointing an administrative receiver applies.

## **11.2 Removal**

The Security Agent may by writing under its hand (subject to any requirement for an order of the court in the case of an administrative receiver) remove any Receiver appointed by it and may, whenever it thinks fit, appoint a new Receiver in the place of any Receiver whose appointment may for any reason have terminated.

## **11.3 Remuneration**

The Security Agent may fix the remuneration of any Receiver appointed by it and the maximum rate specified in section 109(6) of the Act will not apply.

## **11.4 Agent of the Chargor**

- (a) A Receiver will be deemed to be the agent of the Chargor for all purposes and accordingly will be deemed to be in the same position as a Receiver duly appointed by a mortgagee under the Act. The Chargor alone is responsible for any contracts, engagements, acts, omissions, defaults and losses of a Receiver and for any liabilities incurred by a Receiver.
- (b) No Secured Party will incur any liability (either to the Chargor or to any other person) by reason of the appointment of a Receiver or for any other reason.

## **11.5 Relationship with Security Agent**

To the fullest extent allowed by law, any right, power or discretion conferred by this Deed (either expressly or impliedly) or by law on a Receiver may after this Security becomes enforceable be exercised by the Security Agent in relation to any Security Asset without first appointing a Receiver and notwithstanding the appointment of a Receiver.

## **12 POWERS OF RECEIVER**

### **12.1 General**

- (a) A Receiver has all of the rights, powers and discretions set out below in this Clause 12 in addition to those conferred on it by any law. This includes:
  - (i) in the case of an administrative receiver, all the rights, powers and discretions conferred on an administrative receiver under the Insolvency Act 1986; and
  - (ii) otherwise, all the rights, powers and discretions conferred on a receiver (or a receiver and manager) under the Act and the Insolvency Act 1986.
- (b) If there is more than one Receiver holding office at the same time, each Receiver may (unless the document appointing him/her states otherwise) exercise all of the powers conferred on a Receiver under this Deed individually and to the exclusion of any other Receiver.

### **12.2 Possession**

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

### **12.3 Carry on business**

A Receiver may carry on any business of the Chargor in any manner he/she thinks fit.

### **12.4 Employees**

- (a) A Receiver may appoint and discharge managers, officers, agents, accountants, servants, workmen and others for the purposes of this Deed upon such terms as to remuneration or otherwise as he/she thinks fit.
- (b) A Receiver may discharge any person appointed by the Chargor.

### **12.5 Borrow money**

A Receiver may raise and borrow money either unsecured or on the security of any Security Asset either in priority to this Security or otherwise and generally on any terms and for whatever purpose which he/she thinks fit.

### **12.6 Sale of assets**

- (a) A Receiver may sell, exchange, convert into money and realise any Security Asset by public auction or private contract and generally in any manner and on any terms which he/she thinks fit.

- (b) The consideration for any such transaction may consist of cash or non-cash consideration and any such consideration may be payable in a lump sum or by instalments spread over any period which he/she thinks fit.
- (c) Fixtures, other than landlord's fixtures, may be severed and sold separately from the property containing them without the consent of the Chargor.

#### **12.7 Leases**

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

#### **12.8 Compromise**

A Receiver may settle, adjust, refer to arbitration, compromise and arrange any claim, account, dispute, question or demand with or by any person who is or claims to be a creditor of the Chargor or relating in any way to any Security Asset.

#### **12.9 Legal actions**

A Receiver may bring, prosecute, enforce, defend and abandon any action, suit or proceedings in relation to any Security Asset which he/she thinks fit.

#### **12.10 Receipts**

A Receiver may give a valid receipt for any moneys and execute any assurance or thing which may be proper or desirable for realising any Security Asset.

#### **12.11 Subsidiaries**

A Receiver may form a Subsidiary of the Chargor and transfer to that Subsidiary any Security Asset.

#### **12.12 Delegation**

A Receiver may delegate his/her powers in accordance with this Deed.

#### **12.13 Lending**

A Receiver may lend money or advance credit to any person.

#### **12.14 Protection of assets**

A Receiver may:



- (a) effect any repair or insurance and do any other act which the Chargor might do in the ordinary conduct of its business to protect or improve any Security Asset;
- (b) commence and/or complete any building operation; and
- (c) apply for and maintain any planning permission, building regulation approval or any other Authorisation,

in each case as he/she thinks fit.

#### **12.15 Other powers**

A Receiver may:

- (a) do all other acts and things which he/she may consider necessary or desirable for realising any Security Asset or incidental or conducive to any of the rights, powers or discretions conferred on a Receiver under or by virtue of this Deed or law;
- (b) exercise in relation to any Security Asset all the powers, authorities and things which he/she would be capable of exercising if he/she were the absolute beneficial owner of that Security Asset; and
- (c) use the name of the Chargor for any of the above purposes.

### **13 APPLICATION OF PROCEEDS**

All amounts from time to time received or recovered by the Security Agent or any Receiver pursuant to the terms of this Deed or in connection with the realisation or enforcement of all or part of this Security will be held by the Security Agent and applied in accordance with the Facility Agreement. This Clause 13:

- (a) is subject to the payment of any claims having priority over this Security; and
- (b) does not prejudice the right of any Secured Party to recover any shortfall from the Chargor.

### **14 EXPENSES AND INDEMNITY**

The Chargor must:

- (a) immediately on demand pay to each Secured Party the amount of all costs and expenses (including legal fees) incurred by that Secured Party in connection with this Deed including any arising from any actual or alleged breach by any person of any law or regulation; and

- (b) keep each Secured Party indemnified against any failure or delay in paying those costs or expenses.

## **15 DELEGATION**

### **15.1 Power of Attorney**

The Security Agent or any Receiver may, at any time, delegate by power of attorney or otherwise to any person for any period all or any right, power, authority or discretion exercisable by it under this Deed.

### **15.2 Terms**

Any such delegation may be made upon any terms and conditions (including the power to sub-delegate) and subject to any restrictions that the Security Agent or that Receiver (as the case may be) may, in its discretion, think fit in the interests of the Secured Parties.

### **15.3 Liability**

Neither the Security Agent nor any Receiver shall be bound to supervise, or be in any way responsible for any damages, costs or losses incurred by reason of any misconduct, omission or default on the part of, any such delegate or sub-delegate.

## **16 FURTHER ASSURANCES**

- (a) The Chargor must promptly, at its own expense, take whatever action the Security Agent or a Receiver may require for:

- (i) creating, perfecting or protecting any security over any Security Asset;  
or
- (ii) facilitating the realisation of any Security Asset, or the exercise of any right, power or discretion exercisable, by the Security Agent or any Receiver or any of their respective delegates or sub-delegates in respect of any Security Asset.

- (b) The action that may be required under paragraph (a) above includes:

- (i) the execution of any mortgage, charge, transfer, conveyance, assignment or assurance of any asset, whether to the Security Agent or to its nominees; or
- (ii) the giving of any notice, order or direction and the making of any filing or registration,

which, in any such case, the Security Agent may consider necessary or desirable.

## **17 POWER OF ATTORNEY**

The Chargor, by way of security, irrevocably and severally appoints the Security Agent, each Receiver and any of their respective delegates or sub-delegates to be its attorney with the full power and authority of the Chargor to execute, deliver and perfect all deeds, instruments and other documents in its name and otherwise on its behalf and to do or cause to be done all acts and things, in each case which may be required or which any attorney may in its absolute discretion deem necessary for carrying out any obligation of the Chargor under or pursuant to this Deed or generally for enabling the Security Agent or any Receiver to exercise the respective powers conferred on them under this Deed or by law. The Chargor ratifies and confirms whatever any attorney does or purports to do under its appointment under this Clause 17.

## **18 MISCELLANEOUS**

### **18.1 Continuing Security**

This Security is a continuing security and will extend to the ultimate balance of the Secured Liabilities regardless of any intermediate payment or discharge in whole or in part.

### **18.2 Tacking**

Each Lender must perform its obligations under the Facility Agreement (including any obligation to make available further advances).

### **18.3 New Accounts**

- (a) If any subsequent charge or other interest affects any Security Asset, a Secured Party may open a new account with the Chargor.
- (b) If that Secured Party does not open a new account, it will nevertheless be treated as if it had done so at the time when it received or was deemed to have received notice of that charge or other interest.
- (c) As from that time all payments made to that Secured Party will be credited or be treated as having been credited to the new account and will not operate to reduce any Secured Liability.

### **18.4 Time deposits**

Without prejudice to any right of set-off any Secured Party may have under any other Finance Document or otherwise, if any time deposit matures on any account the Chargor has with any Secured Party within the Security Period when:

- (a) this Security has become enforceable; and

(b) no Secured Liability is due and payable,

that time deposit will automatically be renewed for any further maturity which that Secured Party considers appropriate.

#### **18.5 Notice to Chargor**

This Deed constitutes notice in writing to the Chargor of any charge or assignment of a debt owed by the Chargor to any Transaction Obligor and contained in any other Security Document.

#### **19 RELEASE**

At the end of the Security Period, the Finance Parties must, at the request and cost of the Chargor, take whatever action is reasonably necessary to release its Security Assets from this Security.

#### **20 GOVERNING LAW**

This Deed and any non-contractual obligations arising out of or in connection with it are governed by English law and the courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Deed (including a dispute relating to the existence, validity or termination of this Deed or any non contractual obligation arising out of or in connection with this Deed).

**THIS DEED has been executed and delivered as a deed on the date stated at the beginning of this Deed.**

**Schedule 1**

**Property**

<b>Address</b>	<b>Title Interest</b>	<b>Title Number</b>
Land at Salters Road (Former Sanderson Hospital site), Gosforth, Newcastle Upon Tyne, NE3 4DU	Freehold	TY312719

## **Schedule 2**

### **Forms of Letter for Account Bank**

#### **Part A**

#### **Notice to Account Bank**

To: [Account Bank]

Copy: Heritage Square Limited (as Security Agent as defined below)

[Date]

Dear Sirs,

#### **Security Agreement dated [●] between LOK Developments JV2 Limited and Heritage Square Limited (the "Security Agreement")**

This letter constitutes notice to you that under the Security Agreement we have charged (by way of a first fixed charge) in favour of Heritage Square Limited as security trustee for the Secured Parties as referred to in the Security Agreement (the "**Security Agent**") all our rights in respect of any account, and any amount standing to the credit of any account, maintained by us with you (the "**Accounts**").

We irrevocably instruct and authorise you to:

- (a) disclose to the Security Agent any information relating to any Account requested from you by the Security Agent;
- (b) comply with the terms of any written notice or instruction relating to any Account received by you from the Security Agent;
- (c) hold all sums standing to the credit of any Account to the order of the Security Agent; and
- (d) following notice by the Security Agent, pay or release any sum standing to the credit of any such Account only in accordance with the written instructions of the Security Agent.

Following notice by the Security Agent, we are not permitted to withdraw any amount from any Account without the prior written consent of the Security Agent.

We acknowledge that you may comply with the instructions in this letter without any further permission from us.

The instructions in this letter may not be revoked or amended without the prior written consent of the Security Agent.

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

Please confirm your agreement to the above by sending the attached acknowledgement to the Security Agent at [address] with a copy to us.

Yours faithfully,

.....

**(Authorised Signatory)**

**LOK Developments JV2 Limited**

Part B

Acknowledgement of Account Bank

To: Heritage Square Limited

Copy: LOK Developments JV2 Limited

[Date]

Dear Sirs,

**Security Agreement dated [●] between LOK Developments JV2 Limited and Heritage Square Limited (the "Security Agreement")**

We confirm receipt from LOK Developments JV2 Limited (the "**Chargor**") of a notice dated [●] (the Notice) of a charge upon the terms of the Security Agreement over all the rights of the Chargor to any amount standing to the credit of any of the Chargor's accounts with us (the "**Accounts**").

We confirm that we:

- (a) accept the instructions contained in the Notice and agree to comply with the Notice;
- (b) have not received notice of any prior security over, or the interest of any third party in, any Account;
- (c) have neither claimed nor exercised, nor will claim or exercise, any security interest, set-off, counter-claim or other right in respect of any Account; and
- (d) will comply with any notice we may receive from the Security Agent in respect of the General Account.

The Accounts maintained with us are:[Specify accounts and account numbers]

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

Yours faithfully,

.....

**(Authorised signatory)**



### Schedule 3

#### Forms of Letter for Insurers

##### Part A

##### Notice to Insurer

To: [Insurer]

Copy: Heritage Square Limited (as Security Agent as defined below)

[Date]

Dear Sirs,

**Security Agreement dated [●] between LOK Developments JV2 Limited and Heritage Square Limited (the "Security Agreement")**

This letter constitutes notice to you that under the Security Agreement we have assigned absolutely, subject to a proviso for re-assignment on redemption, to Heritage Square Limited (as trustee for the Secured Parties as referred to in the Security Agreement, the "**Security Agent**") all our rights in respect of [*insert details of contract of insurance*] (the "**Insurance**").

We confirm that:

- (a) we will remain liable under the Insurance to perform all the obligations assumed by us under the Insurance; and
- (b) none of the Security Agent, its agents, any receiver or any other person will at any time be under any obligation or liability to you under or in respect of the Insurance (unless, and to the extent, otherwise expressly provided for in the Insurance).

We will also remain entitled to exercise all our rights, powers and discretions under the Insurance, and you should continue to give notices and make payments under the Insurance to us (unless, and to the extent, otherwise expressly provided for in the Insurance or in any insurer letter you may have issued to the Security Agent in respect of the Insurance), unless and until you receive notice from the Security Agent to the contrary stating that the security under the Security Agreement has become enforceable. In this event, all the rights, powers and discretions will be exercisable by, and notices must be given and payments must be made to, the Security Agent or as it directs (unless, and to the extent, otherwise expressly provided for in the Insurance or in any insurer letter you may have issued to the Security Agent in respect of the Insurance).

We irrevocably instruct and authorise you to disclose to the Security Agent any information relating to the Insurance requested from you by the Security Agent.

The instructions in this letter may not be revoked or amended without the prior written consent of the Security Agent.

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

Please acknowledge receipt of this letter by sending the attached acknowledgement to the Security Agent at [address] with a copy to us.

Yours faithfully,

.....

**(Authorised signatory)**

**LOK Developments JV2 Limited**

Part B

Acknowledgement of Insurer

To: Heritage Square Limited

Copy: LOK Developments JV2 Limited

[Date]

Dear Sirs,

**Security Agreement dated [●] between LOK Developments JV2 Limited and Heritage Square Limited (the Security Agreement)**

We confirm receipt from LOK Developments JV2 Limited (the Chargor) of a notice dated [ ] (the "**Notice**") of an assignment on the terms of the Security Agreement of all the Chargor's rights in respect of [*insert details of the contract of insurance*] (the "**Insurance**").

We confirm that we:

- (a) accept the instructions contained in the Notice and agree to comply with the Notice; and
- (b) will give notices and make payments under the Insurance as directed in the Notice.

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

Yours faithfully,

.....

**(Authorised signatory)**

**[Insurer]**

#### Schedule 4

##### Forms of Letter for Other Contracts

##### Part A

##### Notice to Counterparty

To: [Contract Counterparty]

Copy: Heritage Square Limited (as Security Agent as defined below)

[Date]

Dear Sirs,

**Security Agreement dated [●] between LOK Developments JV2 Limited and Heritage Square Limited (the "Security Agreement")**

This letter constitutes notice to you that under the Security Agreement we charged by way of a first fixed charge to Heritage Square Limited (as trustee for the Secured Parties as referred to in the Security Agreement, the "**Security Agent**") all our rights in respect of *[insert details of contract]* (the "**Contract**").

We confirm that:

- (a) we will remain liable under the Contract to perform all the obligations assumed by us under the Contract; and
- (b) none of the Security Agent, its agents, any receiver or any other person will at any time be under any obligation or liability to you under or in respect of the Contract.

We will also remain entitled to exercise all our rights, powers and discretions under the Contract, and you should continue to give notices and make payments under the Contract to us, unless and until you receive notice from the Security Agent to the contrary stating that the security under the Security Agreement has become enforceable. In this event, all the rights, powers and discretions will be exercisable by, and notices must be given and payments must be made to, the Security Agent or as it directs.

We irrevocably instruct and authorise you to disclose to the Security Agent any information relating to the Contract requested from you by the Security Agent.

The instructions in this letter may not be revoked or amended without the prior written consent of the Security Agent.

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

Please acknowledge receipt of this letter by sending the attached acknowledgement to the Security Agent at [address] with a copy to us.

Yours faithfully,

.....

**(Authorised signatory)**

**LOK Developments JV2 Limited**

Part B

Acknowledgement of Counterparty

To: Heritage Square Limited

Copy: LOK Developments JV2 Limited

[Date]

Dear Sirs,

**Security Agreement dated [●] between LOK Developments JV2 Limited and Heritage Square Limited (the "Security Agreement")**

We confirm receipt from LOK Developments JV2 Limited (the "**Chargor**") of a notice dated [●] (the "**Notice**") of an assignment and/or fixed charge on the terms of the Security Agreement of all the Chargor's rights in respect of *[insert details of the contract]* (the "**Contract**").

We confirm that we:

- (a) accept the instructions contained in the Notice and agree to comply with the Notice; and
- (b) will give notices and make payments under the Contract as directed in the Notice.

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

Yours faithfully,

.....

**(Authorised signatory)**

**[Contract counterparty]**

.

EXECUTION PAGE

CHARGOR

EXECUTED as a DEED by )

LOK Developments JV2 Limited )

acting by: )

Director ) 

in the presence of a witness: 

Name of witness: Rachael Connor,

Address: Hulcroft

Durham

DH7 9QS

SECURITY AGENT

SIGNED by Heritage Square Limited )

acting by: )

Authorised Signatory .....

**EXECUTION PAGE**

**CHARGOR**

**EXECUTED** as a **DEED** by )

**LOK Developments JV2 Limited** )

acting by: )

Director .....

in the presence of a witness: ).....

Name of witness: .....

Address: .....

.....

.....

**SECURITY AGENT**

**SIGNED** by **Heritage Square Limited** )

acting by: )

Authorised Signatory ..... 