

MR01

567438/63

Particulars of a charge

A fee is payable with this form.
Please see 'How to pay' on the
last page.

You can use the WebFiling service to file this form online.
Please go to www.companieshouse.gov.uk

✓ **What this form is for**
You may use this form to register
a charge created or evidenced by
an instrument.

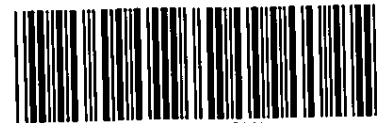
✗ **What this form is NOT for**
You may not use this form to
register a charge where there is no
instrument. Use form MR08.

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

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

 You must enclose a certified copy of the instrument with this form. It
must be scanned and placed on the public record. **Do not send the original.**

WEDNESDAY



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SCT

12/08/2015

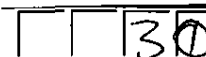
#218

COMPANIES HOUSE

1 Company details

Company number S C 0 2 1 9 2 8

Company name in full HOUSE OF FRASER LIMITED

 For official use

→ **Filling in this form**
Please complete in typescript or in
bold black capitals.

All fields are mandatory unless
specified or indicated by *

2 Charge creation date

Charge creation date d 0 5 m 0 8 y 2 0 y 1 5

3 Names of persons, security agents or trustees entitled to the charge

Please show the names of each of the persons, security agents or trustees
entitled to the charge.

Name HSBC CORPORATE TRUSTEE COMPANY (UK) LIMITED

AS SECURITY AGENT

Name

Name

Name

If there are more than four names, please supply any four of these names then
tick the statement below.

☐ I confirm that there are more than four persons, security agents or
trustees entitled to the charge.

MR01

Particulars of a charge

4

Brief description

Please give a short description of any land, ship, aircraft or intellectual property registered or required to be registered in the UK subject to a charge (which is not a floating charge) or fixed security included in the instrument.

Brief description

Please submit only a short description. If there are a number of plots of land, aircraft and/or ships, you should simply describe some of them in the text field and add a statement along the lines of, "for more details please refer to the instrument".

Please limit the description to the available space.

5

Other charge or fixed security

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

☐ Yes

☒ No

6

Floating charge

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

☒ Yes Continue

☐ No Go to Section 7

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

☒ Yes

7

Negative Pledge

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

☒ Yes

☐ No

8

Trustee statement ¹

You may tick the box if the company named in Section 1 is acting as trustee of the property or undertaking which is the subject of the charge.

☐

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

9

Signature

Please sign the form here.

Signature

Signature

X

FOR AND ON BEHALF OF BURNES PAULL LLP

X

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

MR01

Particulars of a charge



Presenter information

You do not have to give any contact information, but if you do, it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name LEILA MCDUGALL (HSB/2001/00047)

Company name BURNES PAULL LLP

Address 50 LOTHIAN ROAD

FESTIVAL SQUARE

Post town EDINBURGH

County/Region

Postcode E H 3 9 W J

Country

DX ED73 EDINBURGH

Telephone 0131 473 6000



Certificate

We will send your certificate to the presenter's address if given above or to the company's Registered Office if you have left the presenter's information blank.



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have included a certified copy of the instrument with this form.
- ☐ You have entered the date on which the charge was created.
- ☐ You have shown the names of persons entitled to the charge.
- ☐ You have ticked any appropriate boxes in Sections 3, 5, 6, 7 & 8.
- ☐ You have given a description in Section 4, if appropriate.
- ☐ You have signed the form.
- ☐ You have enclosed the correct fee.
- ☐ Please do not send the original instrument; it must be a certified copy.



Important information

Please note that all information on this form will appear on the public record.



How to pay

A fee of £13 is payable to Companies House in respect of each mortgage or charge filed on paper.

Make cheques or postal orders payable to 'Companies House.'



Where to send

You may return this form to any Companies House address. However, for expediency, we advise you to return it to the appropriate address below:

For companies registered in England and Wales:

The Registrar of Companies, Companies House, Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

For companies registered in Scotland:

The Registrar of Companies, Companies House, Fourth floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, Scotland, EH3 9FF.
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post).

For companies registered in Northern Ireland:

The Registrar of Companies, Companies House, Second Floor, The Linenhall, 32-38 Linenhall Street, Belfast, Northern Ireland, BT2 8BG.
DX 481 N.R. Belfast 1.



Further information

For further information, please see the guidance notes on the website at www.companieshouse.gov.uk or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.companieshouse.gov.uk



FILE COPY

CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 21928

Charge code: SC02 1928 0030

The Registrar of Companies for Scotland hereby certifies that a charge dated 5th August 2015 and created by HOUSE OF FRASER LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 12th August 2015.

Given at Companies House, Edinburgh on 18th August 2015



Companies House



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

Certified a true copy

Edinburgh 12/8/15

James Paull
for and on behalf of Burness Paull LLP

~~Burness Paull~~

HOUSE OF FRASER LIMITED

in favour of

HSBC CORPORATE TRUSTEE COMPANY (UK) LIMITED
as Security Agent

BOND AND FLOATING CHARGE

THE HONG KONG AND SHANGHAI
FREEPORT DEVELOPMENT COMPANY LIMITED
AND THE HONG KONG AND SHANGHAI
FREEPORT DEVELOPMENT COMPANY LIMITED

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BOND AND FLOATING CHARGE

by

- (1) **HOUSE OF FRASER LIMITED** incorporated in Scotland (Registered Number SC021928) whose registered office is at Granite House, 31 Stockwell Street, Glasgow G1 4RZ (the "Company")

in favour of

- (2) **HSBC CORPORATE TRUSTEE COMPANY (UK) LIMITED** (Registered Number 06447555) whose registered office is at 8 Canada Square, London E14 5HQ as security trustee for itself and the other Secured Parties (as defined below) (the "Security Agent")

1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Security unless the context requires otherwise:

"Act" means the Insolvency Act 1986 as amended by the Insolvency Act 2000 and the Enterprise Act 2002 or, where the context so requires, any of those enactments;

"Agreed Security Principles" means the principles set out in Schedule 12 (*Agreed Security Principles*) to the Facilities Agreement;

"Business Day" has the meaning given to that term in the Facilities Agreement;

"Default Rate" means the rate at which interest is payable under Clause 12.3 (*Default Interest*) of the Facilities Agreement;

"Event of Default" has the meaning given to that term in the Facilities Agreement;

"Facilities Agreement" means the facilities agreement dated on or about the date hereof and made between, among others, Highland Group Holdings Limited as Parent, certain of its subsidiaries as Original Borrowers, Highland Group Holdings Limited and certain of its subsidiaries as Original Guarantors, HSBC Bank plc as Arranger, the Agent, the Security Agent and the financial institutions named therein as Original Lenders (in each case as defined therein);

"Intercreditor Agreement" has the meaning given to that term in the Facilities Agreement;

"Material Adverse Effect" has the meaning given to that term in the Facilities Agreement;

"Quasi-Security" means a transaction in which the Company:

- (a) sells, transfers or otherwise disposes of any of its assets on terms whereby they are or may be leased to or re-acquired by the Company or any other member of the Group;
- (b) sells, transfers or otherwise disposes of any of its receivables on recourse terms;
- (c) enters into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or
- (d) enters into any other preferential arrangement having a similar effect,

in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness (as defined in any the Facilities Agreement) or of financing the acquisition of an asset;

"Receiver" means any receiver or administrative receiver appointed in respect of the Secured Assets under this Security (whether by the Company or the Court) and includes joint receivers;

"Secured Assets" means the whole of the property (including uncalled capital) which is or may from time to time, while this Security is in force, be comprised in the property and undertaking of the Company;

"Secured Obligations" means all present and future monies, debts, liabilities and obligations due, owing or incurred at any time of any member of the Group to the Security Agent (whether for its own account or as trustee for the Secured Parties) or any other Secured Party (both actual and contingent and whether incurred solely or jointly with any other person and as principal or surety or in any other capacity, including any liability in respect of any further advances made under the Senior Secured Finance Documents) including without limitation any amounts (such as post-insolvency interest) that would be included in any thereof but for any discharge, non-provability, unenforceability or non-allowance of those amounts in any insolvency or other proceedings, under the Senior Secured Finance Documents;

"Secured Parties" shall have the meaning given to that term in the Intercreditor Agreement; and

"Security" means these presents (and, as the context may require or imply, the floating charge hereby created) as amended, supplemented, novated, extended or restated from time to time.

1.2 Construction

In this Security, unless a contrary intention appears, a reference to:

- 1.2.1 an **"agreement"** includes any legally binding arrangement, concession, contract, deed or franchise (in each case whether oral or written);
- 1.2.2 an **"amendment"** includes any amendment, supplement, variation, novation, modification, replacement or restatement and **"amend"**, **"amending"** and **"amended"** shall be construed accordingly;
- 1.2.3 **"assets"** includes present and future properties, revenues and rights of every description;
- 1.2.4 **"including"** means including without limitation and **"includes"** and **"included"** shall be construed accordingly;
- 1.2.5 **"losses"** includes losses, actions, damages, claims, proceedings, costs, demands, expenses (including fees) and liabilities and **"loss"** shall be construed accordingly;
- 1.2.6 a **"person"** includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust joint venture, consortium or partnership (whether or not having separate legal personality);
- 1.2.7 a **"regulation"** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
- 1.2.8 a **"fixed security"** means a fixed security as defined by Section 486 of the Companies Act 1985; and (i) a matter not prohibited by the Senior Secured Finance Documents includes a matter being permitted under, or not prohibited by, the Senior Secured Finance Documents; and
- 1.2.9 a matter not prohibited by the Senior Secured Finance Documents includes a matter being permitted under or not prohibited by, the Senior Secured Finance Documents.

1.3 Other References

1.3.1 In this Security, unless a contrary intention appears, a reference to:

- (a) any Secured Party, the Company or any other person is, where relevant, deemed to be a reference to or to include, as appropriate, that person's successors in title, permitted assignees and transferees and in the case of the Security Agent, any person for the time being appointed as Security

Agent or Security Agents in accordance with the Senior Secured Finance Documents;

- (b) any Senior Secured Finance Document or other agreement or instrument is to be construed as a reference to that agreement or instrument as amended supplemented, varied, extended, restated, replaced or novated, including by way of increase of the facilities or addition of new facilities made available under them or accession or retirement of the parties to these agreements but excluding any amendment or novation made contrary to any provision of any Senior Secured Finance Document;
- (c) any clause or schedule is a reference to, respectively, a clause of and schedule to this Security and any reference to this Security includes its schedules; and
- (d) a provision of law is a reference to that provision as amended or re-enacted.

1.3.2 The index to and the headings in this Security are inserted for convenience only and are to be ignored in construing this Security.

1.3.3 Words importing the plural shall include the singular and vice versa.

1.4 Incorporation by reference

Unless the context otherwise requires or unless otherwise defined in this Security, words and expressions defined in the Intercreditor Agreement have the same meanings when used in this Security.

2 FLOATING CHARGE

2.1 Covenant to pay

The Company as primary obligor covenants with and undertakes to the Security Agent (for the benefit of itself and the other Secured Parties) that it will pay the Secured Obligations on demand of the Security Agent, provided that the relevant Secured Obligations owed by it have fallen due for payment.

2.2 Floating Charge

In security for the payment and discharge of the Secured Obligations, the Company hereby grants a floating charge over the Secured Assets in favour of the Security Agent (for the benefit of itself and the other Secured Parties).

2.3 Negative pledge and ranking

Save where to do so is permitted by the Finance Documents or with the prior written consent of the Security Agent, and subject to Section 464(2) of the Companies Act 1985:

- 2.3.1 the Company shall not create or agree to create or permit to subsist any Security, Quasi-Security or other floating charge over all or any part of the Secured Assets after its execution of this Security except any fixed security in favour of the Security Agent;
- 2.3.2 the Company shall not sell, transfer or otherwise dispose of all or any part of the Secured Assets (other than on arm's length terms in the ordinary course of trading) or the right to receive or to be paid the proceeds arising on the disposal of the same, or agree or attempt to do so; and
- 2.3.3 this Security shall rank in priority to any fixed security or other floating charge created by the Company after its execution of this Security except any fixed security in favour of the Security Agent.

3 PROTECTION OF SECURITY

3.1 Continuing security

This Security shall be a continuing security notwithstanding any intermediate payment or satisfaction of the Secured Obligations and shall remain in force and may not be revoked until the Secured Obligations have been fully and unconditionally paid and discharged.

3.2 No prejudice

This Security shall be in addition to and independent of and shall not in any way prejudice or be prejudiced by any other security, right or remedy which the Security Agent or any Secured Party may now or at any time hereafter hold for all or any part of the Secured Obligations.

3.3 No waiver

Failure or delay on the part of the Security Agent in exercising any right, power or discretion under or pursuant to this Security shall not operate as a waiver thereof, nor will any single or partial exercise of any such right, power or discretion preclude any other or further exercise thereof. The rights, powers and discretions contained in this Security are in addition to and not substitution for any right of set-off, compensation, retention, combination of accounts, lien or other right or remedy provided by law.

3.4 Severability

The provisions of this Security shall be severable and distinct from one another and if at any time one or more of such provisions is or becomes or is declared void, invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions of this Security shall not in any way be affected or impaired thereby.

3.5 Non impairment

The Company agrees that none of its obligations or the Security Agent's rights, powers and discretions under this Security shall be reduced, discharged or otherwise adversely affected by:

- 3.5.1 any variation, extension, discharge, compromise, dealing with, exchange or renewal of any security or any right or remedy which the Security Agent may have now or in the future from or against the Company or any other person in respect of any of the Secured Obligations; or
- 3.5.2 any failure, act or omission by the Security Agent or any other person in taking up, perfecting or enforcing any security or guarantee from or against the Company or any other person in respect of the Secured Obligations; or
- 3.5.3 any increase in or waiver or discharge of the Secured Obligations or any termination, amendment, variation, supplement, restatement, novation or replacement of any document constituting a Secured Obligation; or
- 3.5.4 any grant of time, indulgence, waiver or concession to the Company or any other person; or
- 3.5.5 any of the administration, receivership, liquidation, winding-up, insolvency, bankruptcy, incapacity, limitation, disability, discharge by operation of law or any change in the constitution, name or style of the Company or any other person; or
- 3.5.6 any invalidity, illegality, unenforceability, irregularity or frustration of the Secured Obligations; or
- 3.5.7 anything done or omitted to be done by the Security Agent or any other person which but for this provision might operate to exonerate or discharge or otherwise reduce or extinguish the liability of the Company under this Security.

3.6 Further assurance

- 3.6.1 Subject to the Agreed Security Principles, the Company shall (and at its own expense) promptly do all such acts (including payment of all stamp duties or

fees) or execute all such documents (including assignments, assignments, transfers, mortgages, standard securities, charges, pledges, notices and instructions on terms equivalent or similar to those set out in this Security) as the Security Agent may reasonably specify (and in such *form* as the Security Agent may reasonably require in favour of the Security Agent or its nominee(s));

- (a) to create, perfect or protect the Security created or intended to be created hereunder or for the exercise of any rights, powers and remedies of the Security Agent, any Receiver or the Secured Parties provided by or pursuant to this Security or by law;
- (b) to confer on the Security Agent, or on the Secured Parties, Security over any property and assets of the Company located in any jurisdiction equivalent or similar to the Security intended to be conferred hereby or hereunder; and/or
- (c) following the occurrence of an Event of Default which is continuing, to facilitate the realisation of the assets which are, or are intended to be, the subject of the Security created hereunder.

- 3.7 Subject to the Agreed Security Principles, the Company shall take all such action as is available to it (including making all filings and registrations) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any Security conferred or intended to be conferred on the Security Agent or the Secured Parties by or pursuant to this Security.

4 MANDATE AND ATTORNEY

- 4.1 The Company hereby irrevocably appoints the Security Agent, each Receiver and any person nominated for the purpose by the Security Agent or any Receiver (in writing and signed by an officer of the Security Agent or Receiver) to be its mandatary and attorney for it and on its behalf and in its name or otherwise and as such to create or constitute any deed, or to make any alteration or addition or deletion in or to, any documents which the Security Agent or the Receiver may require for perfecting or protecting the title of the Security Agent or the Receiver to the Secured Assets or for vesting any of the Secured Assets in the Security Agent or the Receiver or its nominees or any purchaser and to re-deliver the same thereafter and upon the occurrence of an Event of Default and for so long as such Event of Default is continuing, to sign, seal and deliver and perfect any fixed security, floating charge, transfer, disposition, assignment, security and/or assurance or any writing, assurance, document or act which may be required or may be deemed proper by the Security Agent or the Receiver on or in connection with any sale, lease, disposition, realisation, getting in or other enforcement by the Security Agent or the Receiver of all or any of the Secured Assets.

- 4.2 The Company hereby ratifies and confirms and agrees to ratify and confirm whatever any such mandatary or attorney shall do in the exercise or purported exercise of all or any of the powers, authorities and discretions referred to in this Clause 4.

5 UNDERTAKINGS

- 5.1 The Company undertakes to the Security Agent in the terms of this Clause 5 from the date of this Security and for so long as any of the Secured Obligations are outstanding.
- 5.2 The Company shall maintain in good working order and condition (ordinary wear and tear excepted) all of its assets necessary in the conduct of its business where failure to do so has or is reasonably likely to have a Material Adverse Effect.
- 5.3 The Company will keep all real property which forms part of the Secured Assets in good and substantial state of repair (fair wear and tear excepted) where failure to do so is reasonably likely to have a Material Adverse Effect.
- 5.4 The Company will notify the Security Agent promptly upon contracting to purchase any estate or interest in any freehold, heritable or leasehold property.
- 5.5 The Company will permit the Security Agent and any person nominated by the Security Agent to enter into and upon any freehold or leasehold property owned or occupied by the Company at all reasonable times during business hours and at times reasonably convenient to management of the Company and on not less than 2 Business Days notice to view the state and condition of such property and will remedy any material defect or disrepair promptly after the Security Agent serves written notice of such defect or disrepair.
- 5.6 The Company will not grant any lease, tenancy, contractual licence or right to occupy in respect of the whole or any part of the Secured Assets or otherwise part with possession of the whole or any part of the Secured Assets (except where to do so is not prohibited by the terms of any Senior Secured Finance Document).
- 5.7 On request, deposit with the Security Agent all title deeds, certificates and other documents of title or evidence of ownership or occupation in relation to the Secured Assets or any property acquired pursuant to paragraph 5.4 above and all other documents relating to the Secured Assets which the Security Agent may from time to time reasonably require.
- 5.8 The Security Agent may retain any document delivered to it under this Clause 5 or otherwise until the security created under or pursuant to this Security is released and, if for any reason it ceases to hold any such document before that time, it may by notice to the Company require that document be redelivered to it and the Company shall promptly comply (or procure compliance) with that notice.
- 5.9 Any document required to be delivered to the Security Agent under this Clause 5 which is for any reason not so delivered or which is released by the Security Agent to the

Company shall be held on trust by the Company for the Security Agent for so long as the asset to which the document relates is charged hereunder.

6 SECURITY AGENT'S POWER TO REMEDY

6.1 Power to Remedy

If the Company fails to comply with any obligation set out in Clause 3 (*Protection of Security*) and Clause 5 (*Undertakings*) and that failure is not remedied to the satisfaction of the Security Agent within 10 Business Days of the Security Agent giving notice to the Company or the Company becoming aware of the failure to comply, it will allow (and irrevocably authorises) the Security Agent or any person which the Security Agent nominates to take any action on behalf of the Company which is necessary to ensure that those obligations are complied with.

6.2 Indemnity

The Company will indemnify the Security Agent, its Delegates and any Receiver against all losses incurred by the Security Agent as a result of a breach by the Company of any of its obligations under this Security (after the applicable grace period has expired) (otherwise, in each case, than by reason of the relevant Security Agent's, Receiver's or Delegate's gross negligence or wilful misconduct). All sums the subject of this indemnity will be payable by the Company to the Security Agent or other relevant party on demand and if not so paid will bear interest at the Default Rate from the date of such demand by the Security Agent until the date of payment. Any unpaid interest will be compounded monthly.

7 ENFORCEMENT

7.1 Enforceable

This Security shall be enforceable (without further notice to the Company):

7.1.1 immediately upon, or at any time after an Event of Default has occurred and for so long as such Event of Default is continuing; or

7.1.2 the Company requesting the appointment of a Receiver or administrator.

7.2 Appointment of Receiver or administrator

7.2.1 Subject to the Intercreditor Agreement, at any time after the security constituted by or pursuant to this Security becomes enforceable, or if so requested by the Company following an Event of Default which is continuing, the Security Agent shall be entitled:

- (a) to appoint one or more persons as a Receiver or Receivers in respect of the Secured Assets, or apply to the Court for such appointment;

- (b) to appoint one or more persons as an administrator or administrators of the Company;
- (c) to make an administration application in respect of the Company; or
- (d) to give notice of intention to appoint an administrator or administrators in respect of the Company.

7.2.2 The appointment of a Receiver or Receivers or an administrator or administrators, or the giving of notice of intention to appoint an administrator or administrators shall be effected by the Security Agent by written instrument or notice in accordance with and in such form as may be prescribed under the Act. If any such person so appointed as Receiver or administrator is removed from office by the Court or otherwise ceases to act, the Security Agent shall be entitled (subject to the provisions of the Act) to appoint a replacement in the same manner.

7.3 Powers of Receiver

A Receiver appointed under this Security shall have the following powers in addition to any law including those specified in Schedule 2 of the Act:

- 7.3.1 to promote or procure the incorporation of any new company (whether or not a subsidiary of the Company), to transfer any part of the Secured Assets to such company for any form of consideration (including shares, debentures, loan stock or loan capital in such company), and/or to subscribe for or otherwise acquire shares, debentures, loan stock or loan capital in such company in name of the Company, or the Receiver, or its or his/her nominee or trustee;
- 7.3.2 subject to the articles of association, to convene extraordinary general meetings of the Company;
- 7.3.3 generally, without prejudice to the other provisions of this Clause to exercise all the rights, powers, authorities and discretions in respect of the Secured Assets it would be entitled to exercise if it were the absolute owner thereof and to do all acts and things the Receiver may consider necessary or expedient for the realisation of the Secured Assets and the application of the proceeds in or towards satisfaction of or their retention as continuing security for the Secured Obligations;
- 7.3.4 in respect of any of the Secured Assets situated in England and Wales (or any other jurisdiction) to exercise in addition to the foregoing powers, all the powers conferred by the Act or any other enactment or rule of law on receivers or receivers and managers (or analogous officers) in that jurisdiction; and

7.3.5 use the name of the Company.

7.4 Agent of Company

The Receiver shall be the agent of the Company which shall be solely responsible for his acts or defaults, and for his remuneration and expenses and be liable on any agreements or engagements made or entered into by him. The Security Agent will not be responsible for any misconduct, negligence or default of a Receiver.

7.5 Application of proceeds

All moneys received or recovered by the Security Agent or any Receiver pursuant to this Security shall (subject to the claims of any person having prior rights thereto) be applied in the order and manner specified by the Intercreditor Agreement notwithstanding any purported appropriation by the Company.

7.6 Monies on suspense account

7.6.1 Until the Secured Obligations are paid in full, the Security Agent may place and keep (for such time as it shall determine) any money received, recovered or realised pursuant to this Security or on account of the Company's liability in respect of the Secured Obligations in an interest bearing separate suspense account (to the credit of either the Company or the Security Agent as the Security Agent shall think fit) and the Receiver may retain the same for the period which he and the Security Agent consider expedient without having any obligation to apply all or any part of that money in or towards discharge of the Secured Obligations.

7.6.2 If the Security created under this Security is enforced at a time when no amount is due under the Senior Secured Finance Documents but at the time when amounts may or will become due, the Security Agent (or Receiver) may pay the proceeds of recoveries into a suspense account.

7.7 Balance

The rights powers and discretions conferred on the Receiver under this Clause are subject only to his/her obligation to account to the Company or any other person entitled thereto for any balance of the Secured Assets or their proceeds remaining in his/her hands after the Secured Obligations have been fully and unconditionally paid and discharged.

7.8 Third parties

7.8.1 No purchaser from or other person dealing with the Receiver in relation to the Secured Assets shall be concerned to enquire whether any of the powers exercised or purported to be exercised by him/her hereunder has become exercisable, whether any of the Secured Obligations remains outstanding.

how the funds of a purchase are applied or generally as to the propriety or validity of the exercise or purported exercise of any power hereunder.

- 7.8.2 The receipt or discharge of the Receiver shall be an absolute discharge to any purchaser or other person dealing with the Receiver in relation to the Secured Assets and any such purchaser or third party shall not have any obligation to enquire after or see to the application of any payments made by it to the Receiver or at its direction.

8 REINSTATEMENT AND RELEASE

8.1 Amounts Avoided

If any amount paid by the Company in respect of the Secured Obligations is capable of being avoided or set aside on the liquidation or administration of the Company or otherwise, then for the purposes of this Security that amount shall not be considered to have been paid. No interest shall accrue on any such amount, unless and until such amount is so avoided or set aside.

8.2 Discharge Conditional

Any settlement or discharge between the Company and any Secured Party shall be conditional upon no security or payment to that Secured Party by the Company or any other person being avoided, set aside, ordered to be refunded or reduced by virtue of any provision or enactment relating to insolvency and accordingly (but without limiting the other rights of that Secured Party under this Security) that Secured Party shall be entitled to recover from the Company the value which that Secured Party has placed on that security or the amount of any such payment as if that settlement or discharge had not occurred.

8.3 Covenant To Release

Once all the Secured Obligations have been irrevocably paid in full and none of the Security Agent nor any Secured Party has any actual or contingent liability to advance further monies to, or incur liability on behalf of, the Company, or as otherwise permitted or required pursuant to the terms of the Senior Secured Finance Documents, the Security Agent and each Secured Party shall, at the request and cost of the Company, take any action which may be necessary to release or re-assign the Secured Assets from the Security constituted hereunder in each case subject to Clause 8.1 (*Amounts Avoided*) and without recourse to, or any representation or warranty by, the Security Agent or any of its nominees.

9 PROTECTION OF RECEIVER AND SECURITY AGENT

9.1 No Liability

Neither the Security Agent nor any Receiver shall be liable in respect of any of the Secured Assets or for any loss or damage which arises out of the exercise or the attempted or purported exercise of, or the failure to exercise any of, their respective powers, unless directly caused by its or his gross negligence or wilful misconduct under the Senior Secured Finance Documents. The Security Agent shall not be under any obligation in relation to the Secured Assets as a consequence of this Security and the Company shall at all times remain liable to perform all obligations in respect of the Secured Assets.

9.2 Security Agent

9.2.1 The provisions set out in Clause 16 (*The Security Agent*) of the Intercreditor Agreement shall govern the rights, duties and obligations of the Security Agent under this Security.

9.2.2 The Security Agent and the Receiver shall not be obliged to perform any obligation of the Company, make any payment, make any enquiry as to the nature or sufficiency of any payment received by it or the Company, present or file any claim or take any other action to collect or enforce the payment of any amount to which it or the Company may be entitled; or exercise any rights to which it or the Company may be entitled.

9.3 Delegation

The Security Agent and any Receiver may delegate by power of attorney or in any other manner all or any of the powers, authorities and discretions which are for the time being exercisable by it under this Security to any person or persons upon such terms and conditions (including the power to sub-delegate) as it may think fit. The Security Agent and any Receiver will not be liable or responsible to the Company or any other person for any losses arising from any act, default, omission or misconduct on the part of any Delegate.

9.4 Cumulative Powers

The powers which this Security confers on the Security Agent, the other Secured Parties and any Receiver appointed hereunder, are cumulative, without prejudice to their respective powers under the general law, and may be exercised as often as the relevant person thinks appropriate. The Security Agent, the other Secured Parties or the Receiver may, in connection with the exercise of their powers, join or concur with any person in any transaction, scheme or arrangement whatsoever. The respective powers of the Security Agent, the other Secured Parties and the Receiver will in no circumstances be suspended, waived or otherwise prejudiced by anything other than an express consent or amendment.

10 COSTS AND EXPENSES

10.1 Initial Expenses

The Company shall within three Business Days of demand pay (or procure payment to) to the Security Agent the amount of all costs and expenses (including legal fees) (together with any applicable VAT) reasonably incurred by any of them (and by any Receiver or Delegate) in connection with:

10.1.1 the negotiation, preparation, execution, completion and perfection of this Security and any other documents or notices referred to in, or related or incidental to, this Security; and

10.1.2 any amendment, waiver or consent relating to this Security (and documents, matters or things referred to in this Security),

in each case subject to any limits that may be agreed from time to time in writing between the Security Agent and the Company.

10.2 Enforcement Expenses

The Company shall, within three Business Days of demand, pay to each of the Security Agent and any Receiver the amount of all costs and expenses (including legal fees and together with any applicable VAT) incurred by it in connection with the enforcement of or the preservation of any rights under any Senior Secured Finance Document and any proceedings instituted by or against the Security Agent as a consequence of taking or holding the Security created hereunder or enforcing these rights.

10.3 Stamp Duties, etc

The Company shall pay and, within three Business Days of demand, indemnify each Secured Party against any cost, loss or liability that Secured Party incurs in relation to all stamp duty, registration and other similar taxes payable in respect of this Security.

10.4 Default Interest

If not paid when due, the amounts payable under this Clause 10 shall carry interest compounded with monthly rests at the Default Rate (after as well as before judgment), from the date of demand and shall form part of the Secured Obligations.

11 NON COMPLIANCE BY COMPANY

If the Company fails to make any payment or fulfil any obligation due by it under or pursuant to this Security, the Receiver or the Security Agent, as the case may be, shall be entitled to do so on its behalf and in its name (or in its own name as it considers expedient) and/or to take such action to remedy or mitigate the consequences of such failure as it considers expedient, and the amount of any such payment and/or the costs

incurred in fulfilling such obligation or mitigating the consequences of such failure, shall be repayable by the Company on demand, together with interest at the Default Rate from the date of demand until settlement and shall constitute Secured Obligations.

12 CURRENCY CLAUSES

12.1 Conversion

All monies received or held by the Security Agent or any Receiver under this Security may be converted into any other currency which the Security Agent considers necessary to cover the obligations and liabilities comprised in the Secured Obligations in that other currency at the Security Agent's Spot Rate of Exchange.

12.2 No Discharge

No payment to the Security Agent (whether under any judgment or court order or otherwise) shall discharge the obligation or liability of the Company in respect of which it was made unless and until the Security Agent has received payment in full in the currency in which the obligation or liability is payable or, if the currency of payment is not specified, was incurred. To the extent that the amount of any such payment shall on actual conversion into that currency fall short of that obligation or liability expressed in that currency, the Security Agent shall have a further separate cause of action against the Company and shall be entitled to enforce the Security constituted hereunder to recover the amount of the shortfall.

13 SET-OFF

13.1 Set-off rights

At any time following a Default, any Secured Party may set off any matured obligation due from the Company under the Senior Secured Finance Documents (to the extent beneficially owned by that Secured Party) against any matured obligation owed by that Secured Party to the Company, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Secured Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

13.2 Different Currencies

- 13.3 A Secured Party may exercise its rights under Clause 13.1 (*Set-off rights*) notwithstanding that the amounts concerned may be expressed in different currencies and each Secured Party is authorised to effect any necessary conversions at a market rate of exchange selected by it.

14 NEW ACCOUNTS

If the Security Agent or any other Secured Party receives notice of any subsequent Security or other interest affecting any of the Secured Assets (except as permitted by all the Finance Documents) it may open a new account for the Company in its books. If it does not do so then (unless it gives express notice to the contrary to the Company), as from the time it receives that notice, all payments made by the Company to it (in the absence of any express appropriation to the contrary) shall be treated as having been credited to a new account of the Company and not as having been applied in reduction of the Secured Obligations.

15 NOTICES

15.1 Communications in writing

Any communication to be made under or in connection with this Security shall be made in writing and, unless otherwise stated, may be made by fax or letter.

15.2 Addresses

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each party to this Security for any communication or document to be made or delivered under or in connection with this Security is:

15.2.1 The Security Agent

Address: 8 Canada Square
London
E14 5HQ

Facsimile: +44 (0) 20 7991 4351

Attention of: CTLA Trustee Services Administration

Email: Ctl.trustee.admin@hsbc.com

The Company

Address: House of Fraser
Store Support Centre
27 Baker Street
London W1U 8AH
United Kingdom

Facsimile: 020 7003 4921

Attention: The Finance Director and the Company Secretary

15.2.2 or in the case of any person who becomes a party after the date of this Security, notified in writing to the Security Agent on or prior to the date on which it becomes a party.

or any substitute address, fax number or department or officer as the party may notify to the Security Agent (or the Security Agent may notify to the other parties, if a change is made by the Security Agent) by not less than five Business Days' notice.

15.3 Delivery

15.3.1 Any communication or document made or delivered by one person to another under or in connection with this Security will only be effective:

- (a) if by way of fax, when received in legible form; or
- (b) if by way of letter, when it has been left at the relevant address or seven Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address.

and, if a particular department or officer is specified as part of its address details provided under Clause 15.2, if addressed to that department or officer.

15.3.2 Any communication or document to be made or delivered to the Security Agent will be effective only when actually received by the Security Agent and then only if it is expressly marked for the attention of the department or officer identified with the Security Agent's signature below (or any substitute department or officer as the Security Agent shall specify for this purpose).

16 CHANGES TO PARTIES

16.1 No assignments or transfers by Company

The Company may not assign any of its rights or transfer any of its rights or obligations under this Security.

16.2 Assignment by the Security Agent

The Security Agent may at any time assign or otherwise transfer all or any part of its rights under this Security in accordance with the Senior Secured Finance Documents.

16.3 Changes to Parties

The Company authorises and agrees to changes to parties under the Senior Secured Finance Documents and authorises the Security Agent to execute on its behalf any document required to effect the necessary transfer of rights or obligations contemplated by those provisions.

17 AMENDMENTS

This Security may be amended only if the Security Agent and the Company so agree in writing and any breach of this Security may be waived before or after it occurs if the Security Agent agrees in writing in accordance with terms of the Intercreditor Agreement.

18 MISCELLANEOUS

18.1 Invalidity of any Provision

If any provision of this Security is or becomes invalid, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions shall not be affected or impaired in any way.

18.2 Intercreditor Agreement

This Security is subject to the Intercreditor Agreement and in the event of conflict between the provisions of this Security and the Intercreditor Agreement, the Intercreditor Agreement shall prevail.

19 GOVERNING LAW AND JURISDICTION

This Security shall be governed by, and construed in all respects in accordance with, the law of Scotland and, for the benefit of the Security Agent, the Company irrevocably submits to the non-exclusive jurisdiction of the Scottish courts but without prejudice to the ability of the Security Agent to proceed against the Company in any other appropriate jurisdiction.

20 **CONSENT TO REGISTRATION**

A certificate or determination of the Security Agent as to any amount payable under this Security will be conclusive and binding on the Company, except in the case of manifest error, and no suspension of a charge or of a threatened charge for payment of the balance so constituted shall pass nor any sist of execution thereon be granted except on consignment. The Company hereby consents to the registration of this Security and of any such certificate for preservation: IN WITNESS WHEREOF these presents consisting of this and the preceding 18 pages are executed as follows:

THE COMPANY

SUBSCRIBED for and on behalf of
the said **HOUSE OF FRASER
LIMITED**

at LONDON

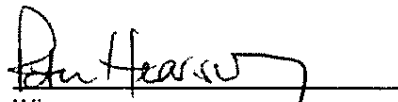
on 5 AUGUST 2015

By COLIN ELLIOT
Print Full Name


Director

before this witness

PETER HEARSEY
Print Full Name


Witness

Address

6 York Gate
London N14 6HS