



SECURITY TRUST DEED

Dated 31st October, 2017

**CATALYST HOUSING LIMITED
as Original Obligor**

**PRUDENTIAL TRUSTEE COMPANY LIMITED
as Representative for the 2047 Bond Beneficiaries**

and

**PRUDENTIAL TRUSTEE COMPANY LIMITED
as Security Trustee**

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THIS SECURITY TRUST DEED is dated 31st October, 2017

BETWEEN:

- (1) **CATALYST HOUSING LIMITED**, a registered society registered under the Co-operative and Community Benefit Societies Act 2014 (registration number 16561R) and registered with the Regulation Committee of the Homes and Communities Agency under the Housing and Regeneration Act 2008, as amended by the Localism Act 2011, (registered number L0699) with its registered office at Ealing Gateway, 26-30 Uxbridge Road, London W5 2AU (the **Original Obligor**);
- (2) **PRUDENTIAL TRUSTEE COMPANY LIMITED**, a company incorporated under the laws of England and Wales, whose registered office is at Laurence Pountney Hill, London EC4R 0HH (registered number 1863305) as representative for the 2047 Bond Beneficiaries (as defined below) (the **2047 Bond Representative**); and
- (3) **PRUDENTIAL TRUSTEE COMPANY LIMITED**, a company incorporated under the laws of England and Wales, whose registered office is at Laurence Pountney Hill, London EC4R 0HH (registered number 1863305) as security trustee (the **Security Trustee**, which expression shall, wherever the context so admits, include any such company and all other persons or companies for the time being the trustee or trustees of these presents) as security trustee for the Beneficiaries referred to below.

BACKGROUND:

- (A) The Parties (as defined below) enter into this Deed in connection with the issue by the Original Obligor of its £250,000,000 3.125 per cent. Secured Bonds due 2047.
- (B) The Original Obligor (and any Additional Obligor) may enter into further financial arrangements in the future and it is intended that this Deed governs the security provided by the Original Obligor and any Additional Obligors and its application in relation to such financial arrangements so that the providers of such financial arrangements have the benefit of this Deed and the security constituted by the Security Documents.
- (C) The Security Trustee agrees to hold the benefit of the Security Documents and the security created thereunder on trust in accordance with the terms of this Deed for and on behalf of itself and the Beneficiaries.
- (D) 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. INTERPRETATION

1.1 Definitions

In this Deed:

2047 Bond Beneficiaries means the holders of the 2047 Bonds and the other Secured Parties (as defined in the 2047 Bond Trust Deed).

2047 Bond Documents has the meaning given to the term "Transaction Documents" in the 2047 Bond Trust Deed.

2047 Bond Trust Deed means the bond trust deed dated on or around the date of this Security Trust Deed and entered into between the Original Obligor and Prudential Trustee Company Limited (as bond trustee).

2047 Bonds means the £250,000,000 3.125 per cent. Secured Bonds due 2047 issued by the Original Obligor.

Accession Date means the date on which a Deed of Accession takes effect subject to and in accordance with Clause 13.2 (*New Parties*).

Additional Obligor means each member of the Group which accedes to this Deed in its capacity as obligor in accordance with Clause 13.2 (*New Parties*).

Additional Security Agreement means each security agreement between an Obligor and the Security Trustee entered into after the date of this Deed under which, *inter alia*, such Obligor creates a fixed charge over certain Properties belonging to it and a fixed charge and/or assignment by way of security over certain Related Security Assets and/or a floating charge, in each case, in favour of the Security Trustee as security for an Obligor's obligations under certain Finance Documents, substantially in the form set out in Schedule 4, duly completed.

Ancillary Documents means the valuations, reports, opinions, Certificates of Title or other certificates delivered pursuant to the terms of this Deed to the Security Trustee and/or any Beneficiary in respect of the Security Assets.

Appointee any attorney, manager, agent, delegate, nominee, custodian, receiver or other person appointed by the Security Trustee under, or pursuant to, this Deed.

Apportionment Certificate has the meaning given to that term in Clause 2.1(c) (*Designation of Charged Properties and Related Security Assets*).

Approved Tenancy Agreement means a tenancy agreement in substantially the form of a standard tenancy agreement of the relevant Obligor which complies with the provisions of the Regulatory Framework and/or (where applicable) any requirements of the Homes and Communities Agency and/or the Greater London Authority under the Housing and Regeneration Act 2008 (as amended by the Localism Act 2011) or, in respect of any tenancy agreement relating to Charged Property which forms part of any Designated Security which does not so comply, approved by the Relevant Beneficiary (acting reasonably).

Beneficiary means:

- (a) the 2047 Bond Beneficiaries;
- (b) any Funding Beneficiaries;
- (c) any additional Bond Beneficiaries; and
- (d) any other person which accedes to this Deed in accordance with Clause 13.2 (*New Parties*) other than an Additional Obligor.

Bond Beneficiaries means, in respect of any series of Bonds, collectively, the holders of such Bonds and the other secured parties in respect thereof (howsoever defined in the Bond Documents relating to such Bonds).

Bond Documents means, in respect of any series of Bonds, any documents relating to such Bonds issued by an Obligor.

Bond Trustee means, in respect of any series of Bonds, the entity appointed as bond trustee in accordance with the terms of the relevant Bond Documents.

Bonds means any secured bonds or other secured securities issued by an Obligor from time to time (including, without limitation, the 2047 Bonds).

Business Day means a day (other than a Saturday or Sunday) on which banks and building societies are open for general business in London.

Certificate of Title means a certificate of title addressed to the Security Trustee and the Beneficiaries substantially in the form set out in Schedule 5 or such other form as is acceptable to the Security Trustee.

Charged Property means all estates and interests of an Obligor in any freehold or leasehold property which complies with any relevant requirements of the Finance Documents and is mortgaged or charged pursuant to a Security Document and all buildings, fixtures, fittings (other than tenants' fixtures and fittings) and fixed plant and machinery from time to time thereon (and **Charged Properties** shall be construed accordingly).

Commitment means, in relation to any borrowing or other debt obligation under a Finance Document (including under any hedging documentation entered into with a Beneficiary that is designated as a Finance Document), either (as applicable):

- (a) the aggregate of the principal amount which is (or, as the case may be, was immediately prior to any Enforcement Event) outstanding, or available for drawing, from the Obligors; or
- (b) the aggregate mark to market exposure (after making any deductions or additions in accordance with the relevant hedging documentation) under any hedging documentation entered into with a Beneficiary which is (or, as the case may be, was immediately prior to any Enforcement Event) outstanding from the Obligors (in relation to any such obligation under any such hedging documentation).

Deed of Accession means a deed of accession substantially in the form set out in Schedule 1, duly completed.

Designated Security means, in relation to any Beneficiary and a specified Finance Document, the Fixed Security Assets the proceeds of which are allocated for application in reduction of the Secured Liabilities of that Beneficiary under that Finance Document pursuant to Clause 2 (*Designation of Fixed Security Assets*).

Enforcement Event means any event, howsoever described, specified in a Finance Document as an event upon the occurrence of which the relevant Beneficiary or group of Beneficiaries (or any Representative thereof) to whom such Finance Document relates becomes entitled:

- (a) to call for early repayment of all or any Secured Liabilities under such Finance Documents; and/or
- (b) to call for cash collateral in respect of all or any contingent Secured Liabilities under such Finance Documents (but shall not include any Beneficiary becoming entitled to call for the delivery of cash pursuant to an ISDA credit support annex unless the relevant Obligor fails to make payment thereof when so demanded); and/or

- (c) to terminate all or any of the transactions entered into pursuant to such Finance Documents (but excluding any interest rate arrangement entered into by the relevant Beneficiary to which the relevant Obligor is not a party unless such Beneficiary becomes entitled to terminate the same as a consequence of a default (howsoever described) by such Obligor under the terms of the Finance Document prior to the scheduled maturity date thereof); and/or
- (d) to require the Security Trustee to enforce any of the Security Documents constituting such Beneficiary's Designated Security.

Event of Default has the meaning given to that term (or its equivalent) in any Finance Document.

Fee Letter has the meaning given to that term (or its equivalent) in the relevant Finance Document.

Finance Document means:

- (a) each Funding Agreement;
- (b) each Bond Document;
- (c) each Fee Letter;
- (d) each Security Document; and
- (e) any other document designated as a Finance Document in accordance with the terms of another Finance Document.

Fixed Security Assets means all Security Assets which are subject to or are intended to be subject to fixed security created pursuant to any Security Agreement.

Floating Charge means each floating charge created by an Additional Obligor that is registered as a company under the Companies Act 2006 pursuant to an Additional Security Agreement.

Funding Agreement means:

- (a) any loan agreement; and/or
- (b) any hedging arrangement; and/or
- (c) any other agreement or instrument,

in each case, entered into after the date of this Deed between, *inter alios*, a Funding Party or Funding Parties and any Obligor and designated by the parties thereto as a Funding Agreement for the purposes of this Deed.

Funding Beneficiary means, in relation to each Funding Agreement, each Funding Party under such Funding Agreement, the Representative acting on behalf of the Funding Party(ies) under such Funding Agreement and the Security Trustee (either individually or, where the context requires, collectively and, in the case of each Funding Party, in the capacity of:

- (a) a lender; and/or
- (b) an arranger or similar agent; and/or

(c) a provider of hedging arrangements,

in each case, for the benefit of the relevant Obligor pursuant to or in connection with a Funding Agreement).

Funding Party means an entity which becomes a party to a Funding Agreement, in its capacity as:

(a) a lender; and/or

(b) an arranger; and/or

(c) a provider of hedging arrangements,

and accedes to this Deed in accordance with Clause 13.2 (*New Parties*).

Greater London Authority means the Greater London Authority as constituted pursuant to Part I of the Greater London Authority Act 1999.

Group means the Group Parent and any other present or future, direct or indirect, Subsidiaries of the Group Parent (which includes, for the avoidance of doubt, any entity with which any Obligor may amalgamate, merge or be consolidated with at any time).

Group Parent means Catalyst Housing Limited and, following an amalgamation with, or a transfer of engagements to, another entity pursuant to section 109 or section 110 of the Co-operative and Community Benefit Societies Act 2014, such successor registered society created thereby or such transferee, as applicable.

Housing Act means the Housing Act 1996.

Housing and Regeneration Act means the Housing and Regeneration Act 2008.

Letter of Undertaking means a letter of undertaking from solicitors acting for the relevant Obligor in a form acceptable to the Security Trustee, in relation to, *inter alia*, the title deeds to the relevant Charged Properties and perfection of security.

Letting Documents, in relation to a Unit or Charged Property, has the meaning given to that term in the Security Agreement under which such Unit or Charged Property is charged.

Liability means any loss, damage, cost, fee, charge, claim, demand, expense, judgment, action, proceeding or other liability whatsoever (including without limitation, in respect of taxes, duties, levies, imports and other charges) and including any value added tax or similar tax charged or chargeable in respect thereof and legal fees and expenses on a full indemnity basis.

Obligors means the Original Obligor and any Additional Obligor, in each case for so long as it is an obligor under the relevant Finance Documents.

Original Security Agreement means the security agreement between the Original Obligor and the Security Trustee dated the date hereof pursuant to which the Original Obligor creates a fixed charge over certain Properties belonging to it and a fixed charge and/or assignment by way of security over certain Related Security Assets in favour of the Security Trustee as security for the Original Obligor's obligations under the Finance Documents substantially in the form set out in Schedule 4, duly completed.

Party means a party to this Deed (which, for the avoidance of doubt, includes any person acceding to this Deed in accordance with Clause 13.2 (*New Parties*)).

Permitted Disposal means (a) a Statutory Disposal; or (b) any other disposal of a Property that is permitted under each Finance Document.

Potential Enforcement Event means any event which with the giving of notice, passage of time, the making of any certification and/or declaration and/or demand and/or determination or the fulfilment of any other applicable condition or any combination of the foregoing will constitute an Enforcement Event.

Property means all estates or interests of an Obligor in any freehold or leasehold property wheresoever situate now or in future belonging to it and all buildings, fixtures, fittings (other than tenants fixtures and fittings) and fixed plant and machinery from time to time thereon (and **Properties** shall be construed accordingly).

Receiver means an administrative receiver, a receiver or a receiver and manager.

Registered Provider of Social Housing means a person listed in the register of providers of social housing established under Chapter 3 of Part 2 of the Housing and Regeneration Act (or any replacement or successor legislation thereto) or a person having a status which, in the opinion of the Representatives and the Security Trustee, is substantially equivalent under any replacement or successor legislation.

Regulator means the Regulation Committee of the Homes and Communities Agency constituted pursuant to the Housing and Regeneration Act, as amended by the Localism Act 2011, or any similar future authority or authorities carrying on substantially the same regulatory and/or supervisory functions.

Regulatory Framework means:

- (a) the publication entitled "The regulatory framework for social housing in England from April 2012" published by the Social Housing Regulator in March 2012 (including the annexes thereto) (as amended with effect on and from 1st April, 2017); or
- (b) any publication, document or regulation which succeeds that publication,

or, if withdrawn and not replaced, the then applicable regulatory requirements of the Regulator.

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

Relevant Beneficiary means, in respect of any Designated Security, the Beneficiary or group of Beneficiaries to whom it has been designated in accordance with Clause 2.1.

Relevant Finance Documents means:

- (a) in relation to the 2047 Bond Beneficiaries, the 2047 Bond Documents;

- (b) in relation to each Funding Beneficiary, each Funding Agreement specified as a Funding Agreement in the Deed of Accession executed by that additional Funding Beneficiary (or its Representative); and
- (c) in relation to each additional Bond Beneficiary, each Bond Document specified as a Finance Document in the Deed of Accession executed by the Representative thereof,

and, in each case, any Security Documents and Ancillary Documents in respect of its Designated Security, and each is a **Relevant Finance Document**.

Relevant Liabilities means, in respect of a Beneficiary or group of Beneficiaries, the Secured Liabilities payable, owing or due or by the Obligors to such Beneficiary or group of Beneficiaries under or in connection with any of the Relevant Finance Documents.

Relevant Proportion means, in respect of any Designated Security or, as the case may be, a Relevant Beneficiary:

$$\frac{A}{B}$$

where:

- A** is the total Commitments in respect of the Relevant Beneficiary; and
- B** is the total Commitments in respect of all Beneficiaries.

Relevant Trustee Expenses means, in respect of a Relevant Beneficiary:

- (a) in respect of any Designated Security, all Trustee Expenses which relate exclusively to the Designated Security of such Relevant Beneficiary;
- (b) all amounts due to the Security Trustee from the Relevant Beneficiary pursuant to Clause 5.4; and
- (c) such Relevant Beneficiary's Relevant Proportion of all amounts due and payable pursuant to Clause 7 but which remain unpaid.

Representative means:

- (a) in relation to liabilities arising in relation to the 2047 Bond Documents, the 2047 Bond Representative;
- (b) in relation to liabilities arising in relation to any other Bond Documents, the relevant Bond Trustee;
- (c) in relation to liabilities arising under a Funding Agreement (i) if there is only one Funding Party, the Funding Party or (ii) if there is more than one Funding Party, the entity designated as Representative in the relevant Deed of Accession.

Right-to-Buy means the right of a tenant of a property:

- (a) to buy that property from an Obligor under section 180 of the Housing and Regeneration Act or under Part V of the Housing Act 1985 (or any similar right replacing those rights) or under any contract conferring such a right and including, without limitation, such rights

preserved notwithstanding any previous transfers of that property to an Obligor from any local authority;

- (b) to acquire an interest in that property from an Obligor by means of a Shared Ownership Lease where the terms of any such lease comply with the Regulatory Framework or have been approved by such Obligor; or
- (c) to buy or acquire an interest in that property from an Obligor under any voluntary scheme approved by such Obligor.

Secured Liabilities means, in relation to any Obligor, all present and future moneys, obligations and liabilities (whether actual or contingent and whether sole or joint) payable, owing or due by such Obligor to any Beneficiary under the Finance Documents or any Ancillary Documents.

Security Agreement means:

- (a) the Original Security Agreement; and
- (b) each Additional Security Agreement.

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

Security Document means:

- (a) each Security Agreement;
- (b) this Deed; and
- (c) any other document creating, evidencing or granting any security in support of the obligations of any Obligor under the Finance Documents.

Shared Ownership Lease means a shared ownership lease as defined in section 106 of the Housing Associations Act 1985, where the terms of any such lease:

- (a) are imposed by statute;
- (b) comply with the requirements of the Regulator, the Greater London Authority, the Regulatory Framework; or
- (c) have been approved by the Relevant Beneficiary (or, in respect of Undesignated Security only, approved by the Security Trustee) including, in particular, any mortgagee protection provisions proposed to be inserted in any such lease.

Shared Ownership Property means any property acquired by an Obligor then being occupied pursuant to a Shared Ownership Lease where such Obligor holds, or is intending to hold upon disposal on shared ownership terms by the grant of a Shared Ownership Lease, less than 100 per cent. of the beneficial (or heritable) interest in that property and the purchaser of the balance of that beneficial (or heritable) interest has the right to acquire a further portion of such Obligor's retained beneficial (or heritable) interest.

Shared Ownership Sale means the disposal of the whole or any interest in a unit of residential accommodation by an Obligor (or of the retained interest of any Obligor in any unit of residential

accommodation) which, immediately before the disposal, was comprised in a Shared Ownership Property.

Social HomeBuy has the meaning given to that term in the Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2006.

Statutory Disposal means a Shared Ownership Sale, the exercise of a Right-to-Buy, a Social HomeBuy disposal or any other disposal of a Property where it is required that some or all of the relevant disposal proceeds be credited to the disposal proceeds fund (as defined in section 177 of the Housing and Regeneration Act) of the relevant Obligor.

Subsidiary means an entity of which a person has direct and indirect control or owns directly or indirectly more than 50 per cent. of the voting capital or similar rights of ownership and **control** for this purpose means the powers to direct the management and the policies of the entity whether through the ownership of voting capital, by contract or otherwise.

Taxes includes all present and future taxes, charges, imposts, duties, levies, deductions, withholdings or fees of any kind whatsoever, or any amount payable on account of or as security for any of the foregoing, by whosoever, on whosoever and wherever imposed, levied, collected, withheld or assessed, together with any penalties, additions, fines, surcharges or interest relating thereto, and **Tax** and **Taxation** shall be construed accordingly.

Trust Corporation means a corporation entitled by rules made under the Public Trustee Act 1906 or entitled pursuant to any other comparable legislation applicable to a trustee in any other jurisdiction to carry out the functions of a custodian trustee.

Trustee Acts means the Trustee Act 1925 and the Trustee Act 2000.

Trustee Expenses means all costs, charges, fees, expenses, losses, demands, claims, judgments and liabilities (and all interest, taxes and duties thereon as provided in the relevant Security Documents) incurred by or on behalf of the Security Trustee and any Appointee in connection with carrying out its duties and exercising its powers and discretions under the relevant Security Documents and the remuneration of the Security Trustee and every Receiver under the relevant Security Documents in respect of acting in relation to the relevant Security Assets.

Undesignated Security means, at any time, Fixed Security Assets which are not Designated Security at such time.

Unit means, at any time, a Charged Property or part thereof in relation to which there is or, when let, there would be, a separate rental contract entered into with an Obligor and **Units** means all such Charged Properties or parts thereof.

VAT means value added tax as provided for in the Value Added Tax Act 1994 or any similar tax which may be imposed in addition to or in place thereof from time to time.

1.2 Construction

- (a) In this Deed, unless the contrary intention appears, a reference to:
- (i) an **amendment** includes a supplement, novation, restatement or re-enactment and **amended** will be construed accordingly;
 - (ii) **assets** includes present and future properties, revenues and rights of every description;

- (iii) an **authorisation** includes an authorisation, consent, approval, resolution, licence, exemption, filing, registration or notarisation;
 - (iv) **disposal** means a sale, transfer, grant, lease or other disposal, whether voluntary or involuntary, and **dispose** will be construed accordingly;
 - (v) **indebtedness** includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money;
 - (vi) a **person** includes any individual, company, corporation, unincorporated association or body (including a partnership, trust, joint venture or consortium), government, state, agency, organisation or other entity whether or not having separate legal personality;
 - (vii) a **regulation** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law but, if not having the force of law, being of a type with which any person to which it applies is accustomed to comply) of any governmental, inter-governmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
 - (viii) a currency is a reference to the lawful currency for the time being of the relevant country;
 - (ix) an Enforcement Event or an Event of Default being **continuing** means that it has not been remedied (within any applicable grace period) or waived in writing;
 - (x) a provision of law is a reference to that provision as extended, applied, amended or re-enacted and includes any subordinate legislation;
 - (xi) a Clause, a paragraph or a Schedule is a reference to a clause or paragraph of, or a schedule to, this Deed;
 - (xii) a person includes its successors in title, permitted assigns and permitted transferees;
 - (xiii) a Finance Document or another document is a reference to that Finance Document or other document as amended; and
 - (xiv) a time of day is a reference to London time.
- (b) Unless the contrary intention appears, a reference to a **month** or **months** is a reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month or the calendar month in which it is to end, except that:
- (i) if the numerically corresponding day is not a Business Day, the period will end on the next Business Day in that month (if there is one) or the preceding Business Day (if there is not);
 - (ii) if there is no numerically corresponding day in that month, that period will end on the last Business Day in that month; and
 - (iii) notwithstanding subparagraph (i) above, a period which commences on the last Business Day of a month will end on the last Business Day in the next month or the calendar month in which it is to end, as appropriate.

- (c) Unless the contrary intention appears:
 - (i) a reference to a Party will not include that Party if it has ceased to be a Party under this Deed;
 - (ii) a word or expression used in any other Security Document or in any notice given in connection with any Security Document has the same meaning in that Security Document or notice as in this Deed unless otherwise expressly defined therein; and
 - (iii) any obligation of an Obligor under the Finance Documents which is not a payment obligation remains in force for so long as any payment obligation (actual or contingent, present or future) of such Obligor is or may be continuing under the Finance Documents.
- (d) The headings in this Deed do not affect its interpretation.
- (e) In the event of any conflict between the terms of this Deed and any other Finance Document, the provisions contained in this Deed shall prevail.

2. DESIGNATION OF FIXED SECURITY ASSETS

2.1 Designation of Charged Properties and Related Security Assets

- (a) The Charged Properties are apportioned on the date of this Deed, and will (together with any other Fixed Security Assets) be apportioned on an ongoing basis as part of the adjustments to Designated Security set out in Clause 2.1(b)(i), in each case, into such number of parts between the Beneficiaries as is appropriate (with the remaining number of Charged Properties and other Fixed Security Assets, comprising the Undesignated Security), such apportionment to be on an individual or collective basis and be in accordance with the provisions set out below so that:
 - (i) the Designated Security shall comprise the specific Charged Properties (and any other specific Fixed Security Assets) designated to such Beneficiary and as agreed between the relevant Obligors and the relevant Representative (together, in the case of the specific Charged Properties, with the Related Security Assets); and
 - (ii) each Obligor will be able to comply with the applicable asset cover or similar ratios set out in each of the Finance Documents.
- (b) The Obligors shall:
 - (i) on each 31st March and 30th September; and
 - (ii) immediately before and as a condition precedent to (x) entry into, and disbursement of any loan or posting of collateral (as applicable), under any Funding Agreement, (y) the issue of any Bonds and/or (z) the accession of a new Beneficiary (subject to paragraph (d) below) to this Deed or release of an existing Beneficiary from this Deed,

review the certificates of each Beneficiary's respective Designated Security most recently provided in accordance with paragraph (c) below in the light of releases and/or substitutions and/or additions from and to the Fixed Security Assets which have taken place since the date of last review and/or in light of the proposed loan disbursement and/or the accession or release of any Beneficiary and, if necessary and possible, agree with the relevant

Representative (such agreement not to be unreasonably withheld) to adjust, subject to the immediately following provisos, the Designated Security of each Beneficiary and the Undesignated Security as they may deem appropriate (and shall notify the Security Trustee of any such adjustments), provided that:

- (A) subject to paragraph (f) and Clause 2.2 (*Disposals of Charged Properties*), any such adjustment shall only be made to the extent that the terms of the relevant Finance Document relating to releases and/or substitutions and/or additions have been complied with, no Event of Default has occurred and is continuing or would occur following such adjustment (unless the relevant Representative agrees to waive the Event of Default) and all applicable asset cover or similar ratios included in each Finance Document will be satisfied following such adjustment (unless the relevant Representative agrees to waive the compliance with the applicable asset cover or similar ratios); and
- (B) where such adjustment is made in any of the following circumstances, the agreement of the relevant Representative and the Obligors shall be required:
 - I. a reduction of a Beneficiary's Designated Security where the Units or other Fixed Security Assets concerned become Undesignated Security;
 - II. allocation to a Beneficiary (whether new or existing) of Units or other Fixed Security Assets from the Undesignated Security; or
 - III. allocation to a new Beneficiary of Units or other Fixed Security Assets from an existing Beneficiary's Designated Security.

Where an advance is to be drawn under, or collateral is to be posted pursuant to, any Funding Agreement and/or Bonds are to be issued and/or a new Beneficiary is to accede to, or an existing Beneficiary is to be released from, this Deed, such adjustment shall take effect on the date of the relevant Apportionment Certificate issued pursuant to such drawdown, posting, issue, accession or release.

- (c) With effect from any apportionment effected in accordance with paragraphs (a) or (b) above or paragraph (f) below, the affected Obligors shall notify each relevant Representative, copied to the Security Trustee, in writing of the specific designated Properties included in the relevant Beneficiary's Designated Security, by delivering to such Representative, copied to the Security Trustee, a certificate substantially in the form of Schedule 3 (an **Apportionment Certificate**) and such Apportionment Certificate shall be signed by the relevant Obligors and countersigned by the Security Trustee. Where any Charged Property or Unit or other Fixed Security Asset included in any Designated Security is re-allocated in accordance with this Deed, such reallocation shall be evidenced by the affected Obligor delivering a revised Apportionment Certificate to the Representative of each affected Beneficiary, such Apportionment Certificate shall be signed by the relevant Obligors and countersigned by the Security Trustee. In each case, each such Apportionment Certificate shall be conclusive in the absence of manifest error and shall be countersigned by the relevant Representative as evidence of its agreement to the Designated Security referred to in the revised Apportionment Certificate (but the absence of such countersignature shall not prejudice the validity thereof). For the avoidance of doubt, unless an Apportionment Certificate has been delivered to a Representative, the Units and other Fixed Security Assets in respect of the relevant Beneficiary shall be deemed not to be adjusted.

An Apportionment Certificate issued to the relevant Representative may (in respect of a Funding Agreement) and shall (in respect of a series of Bonds) identify the specific designated Properties and other Fixed Security Assets allocated to the relevant Beneficiaries on a collective basis.

- (d) For the avoidance of doubt, an adjustment to the Designated Security and the Undesignated Security will not be deemed to be necessary for the purposes of paragraph (i) above and a reallocation and issue of a revised Apportionment Certificate will not be required for the purposes of paragraph (c) above in circumstances where:
- (i) a Funding Beneficiary transfers its rights and/or obligations thereunder, in full or in part, to another party in accordance with the provisions of such Funding Agreement and the transferee accedes to, and becomes a Beneficiary for the purposes of, this Deed in accordance with Clause 13.2 (*New Parties*); and
 - (ii) the Apportionment Certificate issued most recently prior to such transfer in respect of the transferring Funding Party has been issued to a Representative (acting on behalf of such Funding Party and any other Funding Parties party to such Funding Agreement) on a collective basis as contemplated in paragraph (c) above.

Where such circumstances exist, the acceding Beneficiary will share in the Charged Properties and other Fixed Security Assets apportioned to the Funding Beneficiaries party to such Funding Agreement by its accession to this Deed, the extent of its share being proportionate to the rights and obligations transferred to it under such Funding Agreement as determined in accordance with the provisions thereof.

- (e) Any additional Properties charged to the Security Trustee pursuant to any Additional Security Agreement shall be deemed to be Undesignated Security unless secured pursuant to any specific provision in a Finance Document in substitution for another Charged Property specifically included in the Designated Security of any Beneficiary, in which case such additional Property or Properties shall be included in the Designated Security of such Beneficiary.
- (f) In circumstances where any Obligor is in breach of any asset cover or similar ratio in any Finance Document, then the Obligors and the relevant Representatives will, to the extent it is necessary and possible, agree to reallocate Units and/or other Fixed Security Assets (by withdrawing Properties and/or other Fixed Security Assets from one Beneficiary's Designated or, as the case may be, the Unallocated Properties and allocating it to another Beneficiary' Designated Security) and will instruct the Security Trustee to reallocate Units and/or other Fixed Security Assets accordingly PROVIDED always that the Obligors certify to the Security Trustee that the asset cover or similar ratios or any other covenants or requirements that need to be satisfied prior thereto in respect of any other Finance Document will continue to be complied with after such reallocation and no Event of Default (other than the Event of Default which is to be remedied by the reallocation of Units and/or other Fixed Security Assets) has occurred and is continuing or would occur as a result of such adjustment. The affected Obligor shall issue to the Security Trustee and all Representatives a revised Apportionment Certificate (such Apportionment Certificate shall be signed by the affected Obligor and countersigned by the Security Trustee and the relevant Representative) reflecting such reallocation. For the avoidance of doubt, the Units and/or other Fixed Security Assets shall not be deemed to be reallocated until the relevant Representatives have agreed as aforesaid.

- (g) The Parties agree that (i) no designation of Fixed Security Assets shall be effected except in accordance with paragraphs (a), (i) or (f) above and (ii) any designation of Fixed Security Assets contemplated by this Clause 2.1 and any other provision of this Deed is notional in nature, being included in this Deed primarily for the purposes of determining, as between the Beneficiaries, their respective shares in the proceeds of any enforcement of the security constituted by the Security Documents over the Fixed Security Assets.
- (h) Upon the initial allocation of a Charged Property to the Designated Security of a Beneficiary or group of Beneficiaries, the relevant Obligor shall be deemed to certify to the Security Trustee and the Representative of the Relevant Beneficiary on the date of such initial allocation that:
 - (i) it is not aware of any matter affecting the marketability of that Charged Property; and
 - (ii) if let, that Charged Property is let pursuant to Approved Tenancy Agreement.

2.2 Disposals of Charged Properties

- (a) Subject to (b) below, if, under the terms of the Finance Documents, the relevant Representative has directed the Security Trustee to release any Charged Property forming part of its Designated Security from any security interest created by any Security Document then the Security Trustee shall promptly release such Charged Property from the security interest created by the Security Documents and such Charged Property shall, upon such release, be withdrawn from the Charged Properties and the Security Trustee shall have no liability for any losses incurred by any person as a result of the Security Trustee acting on such direction.
- (b) Each Obligor may require the Security Trustee (without the written consent of any Beneficiary or Representative) to (and the Security Trustee is hereby authorised by the Beneficiaries to or, in the case of the Bond Beneficiaries, is deemed to be authorised to) release any Charged Property from any security interest created by any Security Document (save as may be required by law) but only where such Obligor confirms to the Security Trustee that such release is connected with a Statutory Disposal or other Permitted Disposal, save that, unless such release is in connection with a Statutory Disposal, the Security Trustee will not execute any release of security interest over any Charged Property unless instructed in writing by the Representative of any Beneficiary whose Designated Security will be affected by such release or otherwise save as required by law. For the avoidance of doubt, the Security Trustee shall be under no obligation to effect a release of any Charged Property unless such confirmation and (where applicable) instruction is received by it.

2.3 Additional Charged Properties

At the request and expense of the relevant Obligor, the Security Trustee shall (and is hereby authorised by the Beneficiaries to or, in the case of the Bond Beneficiaries, is deemed to be authorised to) accept any additional Property (and Related Security Assets) into charge after the date of this Deed as may be selected by the relevant Obligor, provided that the relevant Obligor has:

- (a) confirmed to the Security Trustee that such additional Properties are residential properties of a type and nature that are usually owned by a Registered Provider of Social Housing;
- (b) delivered to the Security Trustee such other documents as the Security Trustee may require as set out in paragraphs 1 to 12 of Schedule 2 (*Additional Property Conditions Precedent*) in form and substance satisfactory to the Security Trustee;

- (c) executed a Security Agreement in respect of such Property (and its Related Security Assets) in a form and substance satisfactory to the Security Trustee; and
- (d) delivered to each Representative such other documents which may be required in accordance with the Finance Documents.

2.4 Release of Undesignated Security

At any time prior to the Security Trustee taking any steps to enforce any Undesignated Security, upon receiving instructions from the relevant Obligor to do so, the Security Trustee shall (and is hereby authorised by the Beneficiaries to or, in the case of the Bond Beneficiaries, is deemed to be authorised to) release the benefit of any encumbrance, charge, mortgage, assignment, rights or obligations held by it over the Undesignated Security as security for all or any of the Secured Liabilities (other than those held by it pursuant to any Floating Charge) provided that the relevant Obligor shall have paid to the Security Trustee, or provided for to the satisfaction of the Security Trustee, all Trustee Expenses which relate to those Undesignated Security and the Security Trustee shall have no liability for any losses incurred by any person as a result of the Security Trustee acting on such direction.

2.5 Security Register

The Obligors will at all times maintain a register of the Designated Security and any Undesignated Security (the **Security Register**). Each Obligor will promptly make an entry in the Security Register in respect of:

- (a) each Charged Property and other Fixed Security Assets charged by such Obligor in favour of the Security Trustee together with details of the Relevant Beneficiary in relation to each Designated Security;
- (b) each release of Fixed Security Assets from the Security Documents;
- (c) any disposition or dealing affecting (or which may be expected to affect) the title and/or value of, and/or Security Trustee's interest in, any Fixed Security Asset including (without limitation) any disposition by operation of law but excluding any letting on a tenancy agreement approved under a Finance Document;
- (d) any de-allocation of Charged Property or other Fixed Security Assets comprised in the Designated Security of a Beneficiary to the Undesignated Security;
- (e) any re-allocation of Charged Property or other Fixed Security Assets from the Designated Security of a Beneficiary to the Designated Security of another Beneficiary; and
- (f) each allocation of Charged Property or other Fixed Security Assets comprised in the Undesignated Security to the Designated Security of a Beneficiary.

2.6 Inspection

The Obligors shall make (a) the Security Register available for inspection by the Security Trustee and (b) the Security Register in relation to each Designated Security available for inspection by the relevant Representative, in each case, at all reasonable times and upon reasonable notice during business hours at the registered office of each Obligor from time to time.

2.7 Reconciliation

Not less than once in every successive period of three months falling after the date of this Deed, the Obligor shall deliver to the Security Trustee a copy of the Security Register and a note of any changes to the Security Register since a copy was last delivered to the Security Trustee so as to enable the Security Trustee to reconcile its records to the Security Register.

2.8 Documentary taxes indemnity

All stamp, documentary, registration or other like duties or Taxes, including any penalties, additions, fines, surcharges or interest relating to those duties and Taxes which are imposed or chargeable on or in connection with any Security Document shall be paid by the relevant Obligor. The Security Trustee shall be entitled, but not obliged, to pay any such duties or Taxes (whether or not they are its primary responsibility). If the Security Trustee does so, it shall notify the Obligor as soon as reasonably practicable, and in any event the Obligor shall jointly and severally and on demand indemnify the Security Trustee against those duties and Taxes and against any costs and expenses incurred by the Security Trustee in discharging them and hereby agrees to pay an equivalent amount to the Security Trustee of any costs or expenses incurred by the Security Trustee in discharging the same.

2.9 Reliance

The Security Trustee may rely on the Security Register absolutely without further enquiry or investigation in respect thereof.

3. APPLICATION OF PROCEEDS

- (a) Upon the Security Trustee becoming aware that the security constituted by the Security Documents has become enforceable in accordance with their respective terms, the Security Trustee shall notify each Representative as soon as reasonably practicable that such security has become enforceable.
- (b) Any moneys received by the Security Trustee or by any Receiver appointed pursuant to any Security Document in respect of any Beneficiary's Designated Security (together with the Related Security Assets) shall be applied by the Security Trustee in the following order of priority:
 - (i) **first**, in or towards payment of all Relevant Trustee Expenses;
 - (ii) **secondly**, in satisfaction when due of the Relevant Liabilities (other than Relevant Trustee Expenses) arising under or in connection with the Relevant Finance Documents in the order set out therein;
 - (iii) **thirdly**, by allocating the balance among the Beneficiaries whose Relevant Liabilities have not been fully discharged under Clause 3(b)(ii) above *pro rata* to their unpaid liabilities so that the amount allocated to each Beneficiary shall be applied in satisfaction when due of the Relevant Liabilities owed to such Beneficiary arising in connection with such Beneficiary's Relevant Finance Documents in the order of priority set out therein (and so that, in each case, any surplus remaining after payment of all such Relevant Liabilities when due shall be re-allocated among the remaining Beneficiaries *mutatis mutandis* in accordance with the foregoing provisions);

- (iv) **fourthly**, to the extent not already covered, in payment of all outstanding Trustee Expenses; and
 - (v) **fifthly**, in payment of any surplus to the relevant Obligor.
- (c) It is agreed by all Parties that each Beneficiary has a prior ranking interest in such Beneficiary's Designated Security including any Related Security Assets and that the interests of the other Beneficiaries, in each case, are subordinated to this prior claim in the manner set out in Clause 3(b) above.
- (d) Any moneys received by the Security Trustee or by any Receiver appointed pursuant to any Security Document in respect of any Undesignated Security shall be applied by the Security Trustee in the following order of priority:
- (i) **first**, to the extent not recovered under Clause 3(b) above, in or towards payment of all Trustee Expenses;
 - (ii) **secondly**, by allocating the balance among the Beneficiaries whose Relevant Liabilities have not been fully discharged under Clause 3(b) above *pro rata* to their unpaid liabilities so that the amount allocated to each Beneficiary shall be applied in satisfaction when due of the Relevant Liabilities owed to such Beneficiary arising in connection with such Beneficiary's Relevant Finance Document in the order of priority set out therein (and so that, in each case, any surplus remaining after payment of all such Relevant Liabilities when due shall be re-allocated among the remaining Beneficiaries *mutatis mutandis* in accordance with the foregoing provisions); and
 - (iii) **thirdly**, in payment of any surplus to the relevant Obligor.
- (e) Each Obligor shall promptly notify each Representative of the occurrence of an Enforcement Event. Not later than three Business Days after receipt of notice of the same, each Representative shall notify the Security Trustee of the total outstanding amount due to the Beneficiary or group of Beneficiaries under and in connection with the Finance Document in respect of which it act as Representative as at such date, giving such details as the Security Trustee may require.

4. REPRESENTATIVES

For the avoidance of doubt, where the provisions of this Deed require a Beneficiary or Beneficiaries to take any action, issue or execute any notices, instructions, requests or documents or give or withhold its consent or agreement, such Beneficiary or Beneficiaries shall act for such purposes exclusively through its/their Representative and the Representative shall, and shall be empowered to, take such action, issue or execute such notice, instruction, request or document or give or withhold consent or agreement, in each case, on behalf of such Beneficiary or Beneficiaries in accordance with the provisions of the Relevant Finance Document(s).

5. SECURITY TRUSTEE'S POWERS AND DUTIES

5.1 Powers and Duties of Security Trustee

The Security Trustee shall hold the security created under the Security Documents on trust for the benefit of itself and the other Beneficiaries on the terms and subject to the conditions of this Deed and the other Security Documents and shall exercise such rights, powers, remedies and discretions

that are specifically created under this Deed and the other Security Documents together with any incidental rights, powers and discretions.

5.2 Beneficiary prohibitions and assistance

- (a) None of the Beneficiaries or Representatives shall have any independent power to enforce this Deed or any of the Security Documents or to exercise any rights, discretions or powers or to grant any consents or releases under or pursuant to this Deed or any of the Security Documents or otherwise have direct recourse to the security constituted by any of the Security Documents unless the Security Trustee, having become bound to act, fails to do so within a reasonable period and such failure is continuing. Any action taken by the Security Trustee in accordance with this Deed or the Security Documents shall be binding on all the Beneficiaries and their Representatives.
- (b) Each of the Beneficiaries (other than the Security Trustee) hereby covenants with, and undertakes to, the Security Trustee, that:
 - (i) it will send to the Security Trustee, on request, a list of its duly authorised officers together with specimen signatures of such persons; and
 - (ii) it will, so far as permitted by applicable law and regulatory requirements, provide the Security Trustee with all such information (including details of the Relevant Liabilities outstanding to it) as the Security Trustee may reasonably require for the purposes of the discharge of the rights, duties, powers, trusts, authorities and discretions vested in the Security Trustee by this Deed or any Relevant Finance Document or by operation of law.

5.3 Duty to act as directed

- (a) The Security Trustee shall only be required to take such action (including, without limitation, the exercise of all rights, discretions or powers and the granting of consents or releases) or, as the case may be, refrain from taking such action under or pursuant to this Deed and the other Security Documents acting:
 - (i) on the written instructions of any Representative regarding the timing and determination of an Enforcement Event or the crystallisation of any Floating Charge;
 - (ii) in respect of the Designated Security of any Beneficiary, on the written instructions of the Representative of that Beneficiary, including, without limitation, regarding the appointment of a Receiver or the manner in which the Security Trustee should manage or dispose of such Properties including the Related Security Assets; and
 - (iii) in respect of the Undesignated Security:
 - (A) on the written instructions of the Representative of any Beneficiary regarding the timing and determination of an Enforcement Event; and
 - (B) on the joint written instructions of the Representatives of all the Beneficiaries (or, to the extent that such joint instructions cannot be agreed, the joint written instructions of the Representatives of a majority (by reference to their Relevant Proportion) of the Representatives of the Beneficiaries) regarding the manner of management and disposal of such

Properties by the Security Trustee and the appointment of a Receiver over all or part of the Undesignated Security,

provided always that the Security Trustee has first been indemnified and/or secured and/or pre-funded to its satisfaction, and the Security Trustee will not be liable to any person if it acts in accordance with the instructions of the relevant Representative as indicated above in connection with the exercise of any right or power or any matter not expressly provided for in this Deed and, in each case, subject to Clause 5.4 (*Indemnity*) below.

- (b) The Security Trustee shall be entitled to seek clarification from the relevant Representative with regard to any such instructions and may, in its discretion, elect not to act pending receipt of such clarification to its satisfaction from the relevant Representative.
- (c) In the event that a Receiver or administrator is appointed under the Security Documents or (if applicable) an administrator is appointed under the Insolvency Act 1986 and:
 - (i) any Representative of a Beneficiary gives written instructions in respect of its Designated Security; or
 - (ii) the instructions regarding the manner of management and disposal of the Undesignated Security are provided by joint written instructions of the Representatives of a majority of the Beneficiaries pursuant to Clause 5.3(a)(iii)(B) above,

the Security Trustee shall act accordingly and, as soon as reasonably practicable, fully inform such receiver or administrator of the instructions or requests set out above.

- (d) The Security Trustee shall be entitled to seek clarification from the relevant Representative with regard to any such instructions and may, in its discretion, elect not to act pending receipt of such clarification to its satisfaction from the relevant Representative.

5.4 Indemnity

- (a) Without prejudice to the Obligors' joint and several obligations to indemnify the Security Trustee under this Deed, each of the Beneficiaries (other than the Security Trustee and the Bond Beneficiaries), subject to the provisions of Clauses 5.4(b) and 5.4(c), hereby undertakes severally to indemnify and hold harmless the Security Trustee against:
 - (i) all remuneration, costs, charges, losses, claims, damages, liabilities, expenses and other sums (or actions in respect thereof) including VAT thereon suffered or properly incurred by the Security Trustee or any person appointed by the Security Trustee to whom any right, power, trust, authority or discretion may be delegated by it pursuant hereto, in connection with this Deed, the Security Documents and the Ancillary Documents and the rights, powers, trusts, authorities and discretion and duties contemplated therein or actions in respect thereof; and
 - (ii) all remuneration, costs, charges, expenses and other sums (or actions in respect thereof) including VAT thereon suffered or properly incurred by the Security Trustee or such person as a result of complying with the provisions hereof or as a result of any Beneficiary challenging the right of the Security Trustee so to comply,

to the extent that (other than in respect of any indemnity to be given by any Beneficiary in order to satisfy the indemnification provisions of Clause 5.3, Clause 5.5(l), Clause 6.3 and Clause 10(f)) the Obligors have failed to comply with their obligations to indemnify and/or

secure and/or pre-fund the Security Trustee as aforesaid (other than as a result of the gross negligence, wilful default or fraud of the Security Trustee). Each amount referred to in this Clause 5.4(a) is an **Indemnified Amount**.

- (b) To the extent the Security Trustee determines that any Indemnified Amount has been incurred in relation to any specific Designated Security or the Relevant Liabilities of any Beneficiary, that Relevant Beneficiary alone shall be responsible for the indemnity in relation to that Indemnified Amount under Clause 5.4(a).
- (c) To the extent that the Security Trustee determines that any Indemnified Amount does not fall within Clause 5.4(b) then each Beneficiary (other than the Security Trustee) shall be responsible for an indemnity for such part of the Indemnified Amount as shall represent its Relevant Proportion (subject, in the case of any Bond Beneficiary, to Clauses 5.4(e) and 5.4(f) below).
- (d) Each Representative shall provide the Security Trustee, on request, with accurate and up-to-date information as to the amount of the Commitment of the Beneficiary for which it is the Representative to enable the Security Trustee to calculate the amount of a Beneficiary's Relevant Proportion where it is relevant for the Security Trustee to do so for the purposes of calculating any fees or indemnities contained in this Deed, and the Security Trustee shall be entitled to rely on any such information and shall have no duty to enquire as to the accuracy thereof.
- (e) In respect of any Bond Beneficiary and their Representatives, the Security Trustee is not obliged to act in connection with this Deed, the Security Documents and any other Finance Documents unless it is indemnified and/or secured and/or pre-funded to its satisfaction.
- (f) The Security Trustee confirms that:
 - (i) it will act on the instructions of the Representative of any Beneficiaries, in relation to their Designated Security secured pursuant to a specific Security Document, whether or not it has an indemnity from any other Beneficiaries which are relying on another Designated Security which may also be secured by the same Security Document; and
 - (ii) it will not refrain from acting on the instructions of the Representative of any Beneficiaries (other than the Bond Beneficiaries) which provide the indemnity in Clause 5.4(a) in relation to their Designated Security, merely because it does not have an indemnity undertaking from the Bond Beneficiaries.

5.5 Protections

Where there are any inconsistencies between the Trustee Acts and the provisions of this Deed, the provisions of this Deed shall, to the extent allowed by law, prevail and, in the case of any such inconsistency with the Trustee Act 2000, the provisions of this Deed shall constitute a restriction or exclusion for the purposes of that Act. In particular, the Parties hereby agree that Section 1 of the Trustee Act 2000 shall not apply. The Security Trustee shall have all the powers conferred upon trustees by the Trustee Acts and by way of supplement thereto, it is expressly declared as follows:

- (a) the Security Trustee may, in relation to any of the provisions of this Deed, each Deed of Accession and any of the other Security Documents and Ancillary Documents, obtain, pay for and act on the opinion or advice of, or any information obtained from, any lawyer, valuers, surveyor, broker, auctioneer, accountant or other expert whether obtained by an Obligor, a Beneficiary, a Representative or the Security Trustee or otherwise and shall not

be responsible for any loss occasioned by so acting (notwithstanding that such opinion, advice or information may contain a cap or other limitation (monetary or otherwise) on the liability or any person), provided that the Security Trustee has exercised reasonable care and acted in good faith in the selection of such person;

- (b) any opinion, advice or information obtained pursuant to the provisions of this Deed may be sent or obtained by letter, email, fax, telephone or other means and the Security Trustee shall not be liable for acting on any opinion, advice or information purporting to be so conveyed or any other document purporting to be conveyed from a Beneficiary, a Representative or an Obligor notwithstanding if, in any such case, the same may contain some error or shall not be authentic;
- (c) the Security Trustee may call for and shall be at liberty to accept as sufficient evidence a certificate or notice (including but not limited to a notice in respect of the release of Charged Properties) signed by any two authorised signatories or board members of an Obligor (in accordance with the relevant Finance Document) or any certificate or notice of any valuer to the effect that any particular dealing, transaction, step or thing is, in the opinion of the persons so certifying, suitable or expedient or as to any other fact or matter upon which the Security Trustee may require to be satisfied. The Security Trustee shall be in no way bound to call for further evidence or be responsible for any loss that may be occasioned by acting on any such certificate;
- (d) the Security Trustee may refrain from doing anything which would or might in its opinion be contrary to any law of any jurisdiction or any directive of any agency of any state or which would or might in its opinion otherwise render it liable to any person and may do anything which is in its opinion necessary to comply with any such law or directive;
- (e) the Security Trustee shall not be liable for any failure, omission or defect in perfecting the security constituted by any of the Security Documents including, without prejudice to the generality of the foregoing:
 - (i) failure to obtain any licence, consent or other authority for the execution of any Security Document;
 - (ii) failure to register the same; or
 - (iii) failure to obtain any documents which, under the terms of any Security Document or Ancillary Document, should have been deposited with it;
- (f) the Security Trustee shall accept without enquiry, requisition, objection or investigation such title as an Obligor may have to the Security Assets or any part thereof;
- (g) the Security Trustee shall be at liberty (at its sole discretion) to place all title deeds and other documents certifying, representing or constituting the title to any of the property charged pursuant to the Security Documents for the time being in its hands in any safe deposit, safe or receptacle selected by the Security Trustee or with any bank or company whose business includes undertaking the safe custody of documents or solicitor or firm of solicitors and may at its discretion make any such arrangements as it thinks fit for allowing any Obligor or its solicitors and auditors access to or possession of such title deeds and other documents when necessary or convenient and the Security Trustee shall not be responsible for any Liability incurred in connection with any such deposit, access or possession and the relevant Obligor shall pay all sums reasonably required to be paid on account of or in respect of any such deposit. For the avoidance of doubt, the Security Trustee in its capacity as trustee or otherwise in respect of the Security Documents is not under any obligation to hold any title

deed or any other document in connection with the property charged by any Security Document or any other such security in its own possession;

- (h) save as otherwise provided in this Deed, any Deed of Accession or any Security Document, all monies which under the trusts herein contained are received by the Security Trustee may be invested in the name of or under the control of the Security Trustee in any investment for the time being authorised by English law for the investment by trustees of trust monies or in any other investments, whether similar to the aforesaid or not, which may be selected by the Security Trustee or by placing the same on deposit in the name of or under the control of the Security Trustee at such bank or institution (including the Security Trustee) as the Security Trustee may think fit, and the Security Trustee may at any time vary or transfer any such investments for or into other such investments and shall not be responsible for any loss occasioned thereby whether by depreciation in value or otherwise save in respect of any gross negligence or wilful default by the Security Trustee. For the avoidance of doubt, the Security Trustee may not invest such monies in any currency other than sterling and may not convert any such monies deposited in any such investments into any other currency;
- (i) the Security Trustee shall have only those duties, obligations and responsibilities expressly specified in this Deed and shall not have any implied duties, obligations and responsibilities;
- (j) the Security Trustee shall not be under any obligation to insure any of the Security Assets or any deeds or documents of title or other evidence in respect thereof and shall not be responsible for any loss, expense or liability which may be suffered as a result of the lack of or inadequacy of any such insurance;
- (k) nothing in this Deed, any Deed of Accession or any other Finance Document or any document referred to therein shall require the Security Trustee to expend or risk its own funds or otherwise incur any Liability in the performance of any of its duties or in the exercise of any of its rights, powers, authorities or discretions if it shall have reasonable grounds for believing that repayment of such funds is not assured to it or it is not indemnified and/or secured and/or pre-funded to its satisfaction against such Liability and, for this purpose, the Security Trustee may demand prior to taking any such action, that there be paid to it in advance such sums as it considers (without prejudice to any further demand) shall be sufficient so to indemnify and/or secure it;
- (l) the Security Trustee may in the conduct of the trusts pursuant to the Security Documents instead of acting personally employ and pay an agent (on such terms and subject to such conditions, including the power to sub-delegate, as the Security Trustee may specify) whether being a solicitor or other appropriately qualified person to transact or concur in transacting any business and to do or concur in doing any acts required to be done by the Security Trustee, including the receipt and payment of money, and any agent being a solicitor, broker or other person engaged in any profession or business shall be entitled to be paid all usual professional and other charges for business transacted and acts done by him or any partner of his in connection with the trusts hereof. The Security Trustee shall not be responsible for the acts or omissions of any such person provided that the Security Trustee has exercised reasonable care and acted in good faith in the selection of such person;
- (m) the Security Trustee shall not be responsible for the legality, validity, effectiveness, suitability, adequacy or enforceability of any Finance Document or other documents entered into in connection therewith or any other document or any obligation or rights created or purported to be created thereby or pursuant thereto or any security or the priority thereof constituted or purported to be constituted thereby or pursuant thereto, nor shall it be responsible or liable to any person because of any invalidity of any provision of such

documents or the unenforceability thereof, whether arising from statute, law or decision of any court, nor shall it be responsible for the adequacy, accuracy and/or completeness of any information whatsoever supplied to any person in connection with the Security Assets or any Finance Document;

- (n) neither the Security Trustee nor any of its directors or officers shall by reason of the fiduciary position of the Security Trustee be in any way precluded from making any contracts or entering into any transactions in the ordinary course of business with an Obligor or any person or body corporate directly or indirectly associated with any of them, or from accepting the trusteeship of any debenture stock, debentures or security of an Obligor or any person or body corporate directly or indirectly associated with any of them and neither the Security Trustee nor any such director or officer shall be accountable to any Beneficiary or any Representative for any profit, fees, commissions, interest, discounts or share of brokerage earned, arising or resulting from any such contracts or transactions and the Security Trustee and any such director or officer shall also be at liberty to retain the same for its or his own benefit;
- (o) except as expressly provided in this Deed, the Security Trustee is hereby authorised and it shall be entitled to assume without enquiry (in the absence of actual knowledge by or an express notice to it to the contrary) that no Enforcement Event or Potential Enforcement Event has occurred and that each Obligor is duly performing and observing all the covenants, conditions, provisions and obligations contained in the Security Documents, and/or in respect of the Secured Obligations, to be performed and observed by it. In particular, the Security Trustee is under no duty to enquire as to any disposition or dealing affecting a Property (including any arising by operation of law);
- (p) the Security Trustee will have no responsibility for assessing the value of and income deriving from any Beneficiary's Designated Security;
- (q) unless otherwise specifically stated in any discharge of this Deed, the provisions of this Clause 5 shall continue in full force and effect notwithstanding such discharge;
- (r) where any action, approval, consent or authorisation requires the consent of any party under any Security Document, the Security Trustee will not undertake that action or grant that approval, consent or authorisation without obtaining that consent;
- (s) the Security Trustee shall, when acting as Security Trustee, be regarded as acting through its security trust division which shall be treated as a separate entity from any other of its divisions or departments, such that if information is received by another division or department of the Security Trustee, it may be treated as confidential to that division or department and the Security Trustee shall not be deemed to have notice of it; and
- (t) the Security Trustee shall not be responsible for:
 - (i) the financial condition of any Obligor;
 - (ii) the performance and observance by the Obligors of their respective obligations under any Finance Document; or
 - (iii) the collectability of amounts payable under any Finance Document.

5.6 Performance by the Obligors

Except as herein expressly provided, the Security Trustee is hereby authorised and it shall be entitled to assume without enquiry (in the absence of knowledge by it or any express notice to it to the contrary) that each Obligor is duly performing and observing all the covenants, conditions, provisions and obligations contained in this Deed and the Security Documents to which it is party and/or in respect of the Secured Liabilities and on its part to be performed and observed.

6. TRUST AND PROCEEDINGS

6.1 Trust

- (a) With effect from the date of this Deed the Security Trustee shall hold the security constituted by the Security Documents on trust for itself and the Beneficiaries in accordance with and subject to this Deed.
- (b) For the avoidance of doubt, notwithstanding the defined term of Beneficiary as used herein, the Security Trustee shall be a beneficiary of the security constituted by the Security Documents.

6.2 Proceedings

The Security Trustee shall not enforce the security constituted by any Security Document or take any other action under or in relation to this Deed or any Security Document except as directed in accordance with Clause 5.3 (*Duty to act as directed*) above and then only if it shall be indemnified and/or secured and/or pre-funded to its satisfaction against all Liabilities to which it may thereby render itself liable and which it may incur by so doing.

6.3 Default Procedure

- (a) If a Representative becomes aware of the occurrence of an Enforcement Event or a Potential Enforcement Event under a Relevant Finance Document to which it is a party which is continuing unremedied or unwaived, it shall, as soon as reasonably practicable, notify the Security Trustee in writing giving reasonable details of the same and the Security Trustee shall, as soon as reasonably practicable following such notice, inform each other Representative of the Enforcement Event or the Potential Enforcement Event giving reasonable details of the same.
- (b) Following notification pursuant to Clause 6.3(a):
 - (i) each Representative shall within three Business Days provide the Security Trustee in writing with the information required pursuant to Clause 6.3(c) solely for the purposes of determining each Beneficiary's Relevant Liabilities; and
 - (ii) in relation to the Designated Security attributed to the Relevant Liabilities of a Relevant Beneficiary, the Security Trustee shall, following the occurrence of an Enforcement Event which is continuing unremedied or unwaived in relation to such Relevant Liabilities and if so instructed in writing by the Representative of that Relevant Beneficiary, enforce all rights vested in the Security Trustee by virtue of, or pursuant to, its holding the interests conferred on it by the Security Documents or under the Ancillary Documents and all rights to make demands, bring proceedings or take any other action in respect thereof which relate to the Designated Security in accordance with the instructions of that Representative, provided that nothing in this Clause 6.3 shall entitle the Representative to enforce any rights contrary to the terms

of any of the Relevant Finance Documents and provided that the Security Trustee shall be entitled to decline to take any action to enforce any security unless indemnified and/or secured and/or pre-funded to its satisfaction.

- (c) Each Representative shall provide the Security Trustee, on request, with accurate and up-to-date information as to the Relevant Liabilities owing (actually or contingently) to the Beneficiary for which it is the Representative to enable the Security Trustee to perform its functions under this Deed, such certificate to be in a form reasonably required by the Security Trustee and signed by an authorised officer of the Representative and the Security Trustee shall be entitled to rely on any such certificates and shall have no duty to enquire as to the accuracy thereof.
- (d) Each of the parties hereto agrees that an Enforcement Event under a Finance Document shall constitute an Enforcement Event under each other Finance Document.

6.4 Duration

The trust constituted by this Deed shall remain in full force and effect until whichever is the earlier of:

- (a) the expiration of a period of 125 years from the date of this Deed; and
- (b) the date on which the Security Trustee receives unconditional confirmation in writing from the Representatives of all Beneficiaries to its satisfaction that no Secured Liabilities remain outstanding, such confirmation to be provided by the relevant Representatives promptly after the occurrence of the same,

and the Parties declare that the perpetuity period applicable to this Deed shall for the purposes of the Perpetuities and Accumulations Act 2009 be the period of 125 years.

7. REMUNERATION AND INDEMNIFICATION OF SECURITY TRUSTEE

7.1 Remuneration

The Obligors shall pay to the Security Trustee remuneration for its services, as trustee as from the date of this Deed, such remuneration at such rate and to be paid on such dates as may from time to time be agreed between the Obligors and the Security Trustee. In the absence of any agreement to the contrary, such remuneration shall be payable in advance on 31st October in each year, the first such payment to be made on the date hereof. Such remuneration shall accrue from day to day and be payable up to and including the date when, in the opinion of the Security Trustee, the Secured Liabilities have been discharged in full and the security created pursuant to any Security Document has been released and/or reassigned, PROVIDED THAT if subsequently any further action is required of the Security Trustee in connection with Clause 1.2(d) of any Security Agreement in the form set out in Schedule 4 (or any corresponding clause in any other Security Document), remuneration will commence again to accrue.

7.2 Additional Remuneration

In the event of the occurrence of an Event of Default or an Enforcement Event, the Obligors hereby agree that the Security Trustee shall be entitled to be paid additional remuneration, which may be calculated at its normal hourly rates in force from time to time. In any other case, if the Security Trustee considers it expedient or necessary or is requested by an Obligor or a Representative to undertake duties which the Security Trustee determines to be of an exceptional nature or otherwise outside the scope of the normal duties of the Security Trustee under the Security Documents and this

Deed, the Obligors shall pay to the Security Trustee such additional remuneration as shall be agreed between them (and which may be calculated by reference to the Security Trustee's normal hourly rates from time to time).

7.3 Tax in respect of Remuneration

- (a) All amounts payable to the Security Trustee under these presents which constitute the consideration for any supply for the purposes of VAT are deemed to be exclusive of VAT properly chargeable thereon and if VAT is or becomes chargeable in respect of any supply by the Security Trustee under these presents, the Obligors shall in addition pay the Security Trustee an amount equal to the amount of such VAT, subject to the receipt of a valid VAT invoice.
- (b) Where in any Security Document an Obligor has an obligation to indemnify or reimburse the Security Trustee in respect of any loss or payment, the calculation of the amount payable by way of indemnity or reimbursement shall take account of the likely Tax treatment in the hands of the Security Trustee of the amount payable by way of indemnity or reimbursement and of the loss or payment in respect of which that amount is payable.

7.4 Remuneration Disputes

In the event of the Security Trustee and the Obligors failing to agree:

- (a) (in a case to which Clause 7.1 (*Remuneration*) above applies) upon the amount of the remuneration; or
- (b) (in a case to which Clause 7.2 (*Additional Remuneration*) above applies) upon whether such duties shall be of an exceptional nature or otherwise outside the scope of the normal duties of the Security Trustee under these presents, or upon such additional remuneration,

such matters shall be determined by a person (acting as an expert and not as an arbitrator) selected by the Security Trustee and approved in writing by the Obligors or, failing such approval, nominated (on the application of the Security Trustee) by the President for the time being of The Law Society of England and Wales (the expenses involved in such nomination and the fees of such person being payable by the Obligors) and the determination of any such person shall be final and binding upon the Security Trustee, the Obligors, the Representatives and the other Beneficiaries.

7.5 Security Trustee's Expenses

Without prejudice to any similar liability contained in any Security Document and the rights of indemnity by law given to trustees, the Obligors shall also pay or discharge all Liabilities incurred by the Security Trustee and every Appointee and keep it or him indemnified against all Liabilities to which it or he may be or become subject or which may become subject or which may be incurred by it or him in relation to:

- (a) the preparation and execution of this Deed, each Deed of Accession, each Security Document and each Ancillary Document;
- (b) responding to, evaluating, negotiating or complying with any request for an amendment, waiver or consent under this Deed, any Deed of Accession, any Security Document or any Ancillary Document; and
- (c) the exercise of powers, enforcement or preservation of rights or the performance of its duties and in any other manner (including in connection with proceedings initiated by or against

the Security Trustee as a consequence of it taking or holding the Security Assets or enforcing its rights in relating thereto) in relation to or under this Deed, any Deed of Accession, any Security Document or any Ancillary Document,

including but not limited to legal and travelling expenses and any stamp, issue, registration, documentary and other taxes or duties paid or payable by the Security Trustee and every Appointee in connection with any action taken or contemplated by or on behalf of the Security Trustee and every Appointee for enforcing, or resolving any doubt concerning, or for any other purpose in relation to, this Deed or any other Security Document.

7.6 Timing of Payments

All amounts payable pursuant to Clause 7.5 (*Security Trustee's Expenses*) shall be payable by the Obligors on the date specified in a demand by the Security Trustee and, in the case of payments actually made by the Security Trustee prior to such demand, shall carry interest at the rate of two per cent. per annum above the base rate (on the date on which payment was made by the Security Trustee) of HSBC Bank plc from the date such demand is made, and in all other cases shall (if not paid within 30 days after the date of such demand or, if such demand specifies that payment is to be made on an earlier date, on such earlier date) carry interest at such rate from such thirtieth day or such other date specified in such demand. All remuneration payable to the Security Trustee shall carry interest at such rate from the due date therefor.

7.7 Indemnity

- (a) Without prejudice to any indemnity contained in any Security Document, the Obligors shall jointly and severally indemnify the Security Trustee:
- (i) in respect of all liabilities and expenses incurred by the Security Trustee or by any person (including, without limitation, any receiver, attorney or agent) appointed by the Security Trustee to whom any right, trust, power, authority or discretion may be delegated by the Security Trustee in the execution or purported execution of the rights, trusts, powers, authorities or discretions vested in the Security Trustee by this Deed, any Deed of Accession, any Security Document or any Ancillary Document; and
 - (ii) against all liabilities, actions, proceedings, costs, claims and demands in respect of any matter or thing done or omitted in any way in relation to this Deed, any Deed of Accession, any Security Document or any Ancillary Document,

save where the same has arisen from the Security Trustee's gross negligence, wilful default or fraud.

- (b) Where any amount which would otherwise be payable by the Obligors under Clause 7.5 (*Security Trustee's Expenses*) has instead been paid by any person or persons other than the Obligors (each, an **Indemnifying Party**), the Obligors shall pay to the Security Trustee an equal amount for the purpose of enabling the Security Trustee to reimburse each Indemnifying Party.

7.8 Provisions Continuing

Unless otherwise specifically stated in any discharge of this Deed the provisions of this Clause 7 shall continue in full force and effect notwithstanding such discharge.

8. SECURITY TRUSTEE'S LIABILITY

8.1 Standard of Care

Nothing contained in the Security Documents shall in any case in which the Security Trustee has failed to show the degree of care and diligence required of it as trustee of the Security Documents having regard to the provisions of the Security Documents conferring on it any trusts, powers, authorities or discretions exempt the Security Trustee from or indemnify it against any liability in respect of such failure or, in any case, for breach of trust of which it may be guilty in relation to its duties under the Security Documents.

8.2 Consequential Loss

Subject to Clause 8.1 (*Standard of Care*), the Security Trustee shall not in any event be liable for any special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to loss of profits) and regardless of whether the claim for loss or damage is made in negligence, for breach of contract or otherwise. However, this Clause 8.2 shall not apply in the event of a determination of fraud, gross negligence or wilful default on the part of the Security Trustee.

8.3 Responsibility for documentation

The Security Trustee shall not be responsible to any other Party for:

- (a) the execution, genuineness, delivery, admissibility in evidence, suitability, validity, enforceability or sufficiency of any Finance Document or any other document;
- (b) the nature, status, creditworthiness or solvency of any Obligor or any other party to any Finance Document;
- (c) the title to, or the ownership, value, sufficiency or existence of the Security Assets;
- (d) the registration, filing, protection, perfection or the priority of any security created by any Security Agreement, whether in respect of any initial advance or any subsequent advance or any other sums or liabilities;
- (e) any insurance in respect of any of the Security Assets or to require any other person to maintain any such insurance;
- (f) the scope or accuracy of any recital, representation, warranty or statement made by or on behalf of any person in any Finance Document or any other document entered into in connection therewith;
- (g) the failure by any person to obtain or comply with any licence, consent or other authority in connection with any Finance Document;
- (h) the failure to call for delivery of documents of title to or require any transfers, legal mortgages, charges or other further assurances pursuant to this Deed or the provisions of any other Finance Document;
- (i) any accounts, books, records or files maintained by any person in connection with or in respect of the Security Assets;
- (j) the collectability of amounts payable under any Finance Document; or

- (k) the accuracy of any statements (whether written or oral) made in or in connection with any Finance Document.

8.4 Exoneration

- (a) Without limiting paragraph (b) below and without prejudice to Clause 8.1 (*Standard of Care*) above, the Security Trustee will not be liable to any other Party for any action taken or not taken by it under, or in connection with, any other Security Document, unless directly caused by its wilful misconduct, fraud or its gross negligence.
- (b) No Party may take any proceedings against any officer, employee or agent of the Security Trustee in respect of any claim it might have against the Security Trustee or in respect of any act or omission of any kind by that officer, employee or agent in relation to this Deed or any Security Document. However, this paragraph (b) shall not apply in the event of a determination of fraud, gross negligence or wilful default on the part of the Security Trustee.

8.5 Reliance

The Security Trustee may:

- (a) rely on any notice or document believed by it to be genuine and correct and to have been signed by, or with the authority of, the proper person;
- (b) rely on any statement made by a director or employee of any person regarding any matters which may be assumed to be within his knowledge or within his power to verify; and
- (c) engage, pay for and rely on legal or other professional advisers selected by it (including those in the Security Trustee's employment and those representing a Party other than the Security Trustee).

8.6 Credit approval and appraisal

Without affecting the responsibility of any Obligor for information supplied by it under, or in connection with, any Finance Document, each Party other than the Security Trustee confirms (and each Bond Beneficiary shall be deemed to confirm) that:

- (a) it has made its own independent investigation and assessment of the financial condition and affairs of the Obligors and related entities in connection with its participation in any relevant Finance Document; and
- (b) it will continue to make its own independent appraisal of the creditworthiness of the Obligors and their respective related entities.

8.7 Information

- (a) The Security Trustee shall as soon as reasonably practicable forward to the person concerned the original or a copy of any document which is delivered to the Security Trustee by a Party for that person.
- (b) The Security Trustee is not obliged to review or check the accuracy or completeness of any document it sends to another Party.
- (c) Except as provided above, the Security Trustee has no duty:

- (i) either initially or on a continuing basis to provide any Representative or any Beneficiary with any credit or other information concerning the financial condition or affairs of any Obligor or their related entities, whether coming into its possession before, on or after the date of this Deed; or
 - (ii) unless specifically requested to do so by a Representative in accordance with the express terms of this Deed, to request any certificates or other documents from any Obligor.
- (d) Each Obligor covenants that it shall send to each applicable Representative copies of each communication that it sends to the Security Trustee under this Deed and the Security Documents, at the same time that it sends such communication to the Security Trustee, provided that no Obligor shall be obliged to report more frequently than semi-annually in relation to changes to the Security Register and matters required to be recorded on the Security Register.

8.8 Conflict

The Security Trustee may:

- (a) carry on any business with any Obligor or their related entities;
- (b) act as agent or trustee for, or in relation to any financing involving, any Obligor or their related entities;
- (c) retain any profits or remuneration in connection with its activities under the Finance Documents or in relation to any of the foregoing; and
- (d) release any Charged Property and Related Security Assets in accordance with this Deed and the other Security Documents and/or re-allocate Charged Properties and Related Security Assets pursuant to this Deed.

8.9 Security Trustee

- (a) The Security Trustee is not liable for any failure, omission or defect in perfecting the security constituted by any Security Document, including failure (i) to register the same in accordance with the provisions of any of the documents of title or title deeds of the relevant Obligor to any of the property thereby charged or (ii) to effect or procure registration of or otherwise protect any Security Document or any security created by a Security Document under the Land Registration Acts 1925-2002 or any other registration laws in any jurisdiction.
- (b) The Security Trustee may accept without enquiry such title as the relevant Obligor may have to the Fixed Security Assets.
- (c) The Security Trustee will use all reasonable care to ensure the safe custody of all such title deeds, Finance Documents and other documents which are in its possession but will not be liable for the damage or destruction of any such deeds or documents save where caused by the gross negligence of the Security Trustee or any of its employees, servants or agents.
- (d) Save as otherwise provided in the Finance Documents, all moneys which under the trusts therein contained are received by the Security Trustee in its capacity as trustee or otherwise may be invested in the name of or under the control of the Security Trustee either (i) in any investments for the time being authorised by English law for the investment by trustees of

trust money or (ii) in any other investments, in each of cases (i) and (ii) above, as directed by the relevant Representative, or which may be selected by the Security Trustee. Additionally, the same may be placed on deposit in the name of or under the control of the Security Trustee, but only if directed by the relevant Representative at such bank or institution (including the Security Trustee or one of its Affiliates) and upon such terms, as directed by the relevant Representative or, as the Security Trustee may think fit.

9. WAIVER; AUTHORISATION; MODIFICATIONS

9.1 Variations

The Security Trustee shall, but only on the instructions of the Representatives of all Beneficiaries communicated in writing and without prejudice to its rights in respect of any subsequent breach, condition, event or act, from time to time and at any time and subject to being indemnified and/or secured and/or pre-funded to its satisfaction, waive or authorise on such terms and subject to such conditions as the Representatives of all Beneficiaries may specify any breach or proposed breach by an Obligor or any other party of any of the covenants or provisions contained in the other Security Documents and this Deed provided however that, if the matter relates to a Charged Property and any Related Security Assets, then the written instructions of the Representatives required shall be as set out in Clause 5.3 (*Duty to act as directed*).

9.2 Amendments

The Security Trustee shall, but only on the instructions of the Representatives of all Beneficiaries from time to time communicated in writing (or if and to the extent expressly authorised by any other provision of any relevant Security Document), concur with the relevant Obligor(s) and/or any other person in making any amendment or modification to the other Security Documents and this Deed provided as aforesaid in Clause 9.1 (*Variations*) (subject in all cases to being indemnified and/or secured and/or pre-funded to its satisfaction). Any such modification shall be binding upon the other Parties and shall be notified to the other Parties as soon as practicable thereafter.

10. SECURITY TRUSTEE'S RETIREMENT AND REMOVAL

- (a) The Security Trustee may retire at any time on giving not less than 90 days' prior written notice to the Representatives and each Obligor without giving any reason and without being responsible for any Liabilities incurred by reason of such retirement.
- (b) The Representatives of all Beneficiaries may remove the Security Trustee for the time being of this Deed following consultation with each Obligor and by giving 90 days' prior written notice.
- (c) The Obligors undertake that in the event of the only security trustee of this Deed which is a Trust Corporation giving notice under this Clause or being removed by the Representatives of all Beneficiaries they will use all reasonable endeavours to procure that a new security trustee of this Deed being a Trust Corporation is appointed as soon as reasonably practicable thereafter. The retirement or removal of any such security trustee shall not become effective until a successor security trustee being a Trust Corporation is appointed. If, in such circumstances, no appointment of such a new security trustee has become effective within 30 days of the date of the relevant notice, the Security Trustee shall be entitled to appoint a Trust Corporation as security trustee of this Deed, but no such appointment shall take effect unless previously approved by the Representatives of all Beneficiaries.
- (d) The retiring Security Trustee must, at the Obligors' cost, make available to the successor Security Trustee such documents and records and provide such assistance as the successor

Security Trustee may reasonably request for the purposes of performing its functions as the Security Trustee under the Finance Documents.

- (e) Upon its resignation becoming effective, the Security Trustee, subject to Clause 10(d) above, will have no further obligations under any Finance Document.
- (f) Upon its resignation becoming effective, the indemnities and protections in favour of the Security Trustee set out in this Deed will continue to benefit the retiring Security Trustee in respect of any action taken or not taken by it in connection with the Finance Documents while it was the Security Trustee.

11. SECURITY TRUSTEE'S ADDITIONAL POWERS

- (a) The powers conferred upon the Security Trustee by the other Security Documents and this Deed shall be in addition to any powers which may from time to time be vested in the Security Trustee by the general law or as a party to any of the other Finance Documents.
- (b) With the prior written consent of the Representative of each Beneficiary to the extent reasonably practicable in the circumstances prevailing at the relevant time (such consent shall not be unreasonably withheld or delayed), the Security Trustee may at any time appoint any person (whether or not a trust corporation) to act either as a separate trustee or as a co-trustee jointly with it:
 - (i) if it considers, acting reasonably, such appointment to be in the interests of the Beneficiaries; or
 - (ii) for the purposes of conforming to any legal requirements, restrictions or conditions which the Security Trustee deems relevant for the purposes hereof,and the Security Trustee shall give notice to the Obligors of any such appointment.
- (c) Any person so appointed shall have such rights, powers, authorities and discretions and such duties and obligations as shall be conferred or imposed on such person by the instrument of appointment, and shall have the same benefits under Clause 5, 6 and 7 as the Security Trustee.
- (d) The Security Trustee shall have power to remove any person so appointed.
- (e) The Security Trustee may pay to any person so appointed any properly incurred remuneration, and any such remuneration, costs, charges and expenses properly incurred by such person in performing its functions pursuant to such appointment shall, for the purposes of this Deed, be treated as costs, charges and expenses incurred by the Security Trustee in performing its function as trustee under this Deed.

12. TRANSFERS

12.1 Successors and Assigns

This Deed is binding on the successors and permitted transferees and assigns of the Parties hereto.

12.2 Transfer by the Funding Beneficiaries

Each Party to this Deed agrees and acknowledges that the Funding Beneficiaries may assign or transfer their respective rights, liabilities and/or obligations under this Deed in accordance with the

provisions of the relevant Funding Agreement provided that (i) such assignment or transfer is in connection with the disposal of corresponding rights, liabilities and/or obligations under the relevant Funding Agreement (including, an assignment by way of security to any security trustee of a Funding Party) and (ii) the person to whom such assignment or transfer is made (or a Representative on their behalf) accedes to this Deed by delivering to the Security Trustee a duly dated and executed Deed of Accession in the form set out in Schedule 1. Each Party irrevocably authorises the Security Trustee to accept such Deed of Accession (in the form set out in Schedule 1) on its behalf provided that such authorisation does not extend to the acceding party named in such Deed of Accession.

12.3 References to a Party following a transfer

If any Party transfers all or any of its rights and/or obligations as provided in Clauses 10 or 12.2, all relevant references in this Deed and the other Security Documents to such Party shall thereafter be construed as a reference to such Party and/or the new Party to the extent of their respective rights and/or obligations and, in the case of a transfer of all or part of such Party's rights or obligations, the other parties to this Deed and the other Security Documents shall thereafter look only to the new Party in respect of that proportion of that Party's rights or obligations under this Deed and/or any relevant Security Documents as corresponds to the rights or obligations assumed by such new Party.

12.4 No assignment by the Obligors

No Obligor may assign or transfer any of its rights or obligations under this Deed.

13. EFFECT OF THIS DEED AND CHANGE OF PARTIES

13.1 Consent and agreement to arrangements

Each of the Parties joins in this Deed for the purpose of acknowledging the provisions of this Deed and undertakes with the Security Trustee and each of the other Parties to observe the provisions of this Deed at all times and not in any way to prejudice or affect the enforcement of such provisions or do or suffer anything within its control which would be in breach of the terms of this Deed.

13.2 New Parties

- (a) Without prejudice to Clause 12.2 (*Transfer by the Funding Beneficiaries*):
 - (i) an Obligor may propose that any entity becomes a Beneficiary, a Representative or (subject to paragraph (d) below) an Obligor, provided that the other provisions of this Deed are complied with, including, without limitation, Clause 2.1 (*Designation of Charged Properties and Related Security Assets*); and
 - (ii) such Obligor will procure that any entity which becomes a Beneficiary (other than a Bond Beneficiary), a Representative or an Obligor under or in respect of any Finance Document after the date of this Deed, executes and delivers a Deed of Accession in the relevant form set out in Schedule 1.
- (b) Upon receipt by the Security Trustee of the duly completed and executed documents referred to in Clause 13.2(a), the Security Trustee shall execute the Deed of Accession. Each of the Parties acknowledges and agrees that any Deed of Accession delivered pursuant to this Clause 13.2 shall (subject to paragraph (c) below) take effect upon its execution by the Security Trustee.

- (c) An entity which is proposed as a Beneficiary, a Representative or an Obligor shall become a Beneficiary, a Representative or an Obligor, respectively, upon the Accession Date subject, in the case of an Obligor, to the consent in writing of each existing Obligor.
- (d) Unless otherwise approved by the Security Trustee, each entity which is proposed to be an Obligor must be:
 - (i) a member of the Group;
 - (ii) a Registered Provider of Social Housing; and
 - (iii) a charity within the meaning ascribed to it in section 96(1) of the Charities Act 1993 which, for the avoidance of doubt, shall include an exempt charity.

13.3 Release of Obligors

In the event that any Obligor ceases to provide any Fixed Security Assets by reason of the release of all Fixed Security Assets provided by such Obligor pursuant to, and in accordance with, these presents and such Obligor has no Secured Liabilities outstanding, then such Obligor shall be automatically released from all its obligations pursuant to these presents without the need for any further formalities, provided however that the Obligor shall notify the Security Trustee as soon as possible of such release.

14. NOTICES

- (a) Subject to the other provisions of this Clause 14, any communication in connection with this Deed must be in writing and, unless otherwise stated, may be given in person, by post, by fax or by email.
- (b) Unless it is agreed to the contrary, any consent or agreement required under this Deed must be given in writing.
- (c) Any communication or document (unless made by fax) to be made or delivered by one party to another pursuant to this Deed shall, unless that other party has by ten Business Days' written notice to the Security Trustee specified another address, be made or delivered to that other party at the address identified with its execution below or, in the case of any acceding Beneficiary, Representative or Obligor, in any Deed of Accession. Such notice shall be deemed to have been made or delivered when despatched or, in the case of any communication made by letter, either:
 - (i) when left at that address; or
 - (ii) two Business Days after being deposited in the post, postage prepaid, in an envelope addressed to it at that address,

provided that any communication or document to be made or delivered to the Security Trustee shall be effective only when received by the Security Trustee and then only if the same is expressly marked for the attention of the department and officer as the Security Trustee shall from time to time specify for this purpose.

- (d) Any fax communication made by one party to another shall be made to that other party at the relevant fax number specified by it from time to time for the purpose and shall be deemed to have been received when transmission of such fax communication has been completed. Each such fax communication, if made to the Security Trustee by an Obligor,

shall be signed by the party or parties authorised by such Obligor in the certificate delivered to the Security Trustee in connection with this Deed and shall be expressed to be for the attention of the department and officer as the Security Trustee shall from time to time specify for this purpose.

- (e) (i) Any communication to be made between any two Parties under or in connection with this Deed may be made by electronic mail or other electronic means (including, without limitation, by way of posting to a secure website) if those two Parties:
 - (A) notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and
 - (B) notify each other of any change to their address or any other such information supplied by them by not less than five Business Days' notice.
- (ii) Any such electronic communication as specified in Clause 14(e)(i) which is to be made between an Obligor and a Beneficiary may only be made in that way to the extent that those two Parties agree (unless and until notified to the contrary) that this is to be an accepted form of communication.
- (iii) Any such electronic communication as specified in Clause 14(e)(i) made between any two Parties will be effective only when actually received (or made available) in readable form and, in the case of any electronic communication made by a Party to the Security Trustee, only if it is addressed in such a manner as the Security Trustee shall specify for this purpose.
- (iv) Any reference in this Deed to a communication being sent or received shall be construed to include that communication being made available in accordance with this Clause 14(e).
- (f) A notice or communication given in accordance with the above but received on a non-Business Day or after 5:00 p.m. will only be deemed to be given on the next Business Day.
- (g) A communication to the Security Trustee, a Representative or a Beneficiary will only be effective on actual receipt by it.

15. FURTHER ASSURANCES

Each Obligor shall, at its own expense, take whatever action the Security Trustee or a Receiver or any Representative may require for:

- (a) perfecting or protecting the security intended to be created by the Security Documents to which it is party over any Security Asset or any part thereof; or
- (b) facilitating the realisation of any Security Asset or the exercise of any right, power or discretion exercisable, by the Security Trustee or any Receiver or any of its or their delegates or sub-delegates in respect of any Security Asset,

including, without limitation, the execution of any transfer, conveyance, assignment or assurance of any property whether to the Security Trustee or to its nominees, and the giving of any notice, order or direction and the making of any registration, which, in any such case, the Security Trustee or any Representative may require.

16. COUNTERPARTS

This Deed may be executed in any number of counterparts, and by the parties on separate counterparts, each of which shall constitute an original but all of which taken together shall be deemed to constitute one and the same instrument.

17. WAIVERS; REMEDIES CUMULATIVE

The rights of the Beneficiaries under this Deed and the Security Documents:

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

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

18. SEVERANCE

If any provision of this Deed or any Security Document is or becomes illegal, invalid or unenforceable in any jurisdiction, that shall not affect:

- (a) the legality, validity or enforceability in that jurisdiction of any other provision of this Deed or the Security Documents (as applicable); or
- (b) the legality, validity or enforceability in any other jurisdiction of that or any other provision of this Deed or the Security Documents (as applicable).

19. SET OFF AND COUNTERCLAIM

All payments under this Deed shall be made without set-off or counterclaim.

20. GOVERNING LAW

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

21. SUBMISSION TO JURISDICTION

Each of the Parties hereto irrevocably agrees (and each of the Bond Beneficiaries shall be deemed to agree) that the courts of England are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with this Deed (including a dispute relating to any non-contractual obligations arising out of or in connection with this Deed) and accordingly submits to the exclusive jurisdiction of the English courts. Each of the Parties waives (and each of the Bond Beneficiaries shall be deemed to waive) any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Security Trustee may take any suit, action or proceeding arising out of or in connection with this Deed against each of the other Parties in any other court of competent jurisdiction and concurrent proceedings in any number of jurisdictions.

22. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

A person who is not a party to this Deed (other than a Bond Beneficiary or a Beneficiary represented by a Representative) has no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce

any term of this Deed, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

IN WITNESS whereof this Deed has been executed as a deed by the Parties and entered into the day and year first above written.

SCHEDULE 1

DEEDS OF ACCESSION

PART 1

DEED OF ACCESSION FOR FUNDING BENEFICIARIES

THIS DEED dated [●] is supplemental to a security trust deed (the **Deed**) dated 31st October, 2017 made between Prudential Trustee Company Limited and Catalyst Housing Limited (as the same may from time to time be amended, restated, novated or supplemented).

Words and expressions defined in the Deed have the same meaning when used in this Deed.

1. [On the date hereof [●] has [[transferred [all/a portion equal to [●]] of] the facility provided pursuant to the Finance Document(s) specified below on [●] to [●] (the **New Counterparty**).]

[[●] (the **New Counterparty**), in its capacity as [●] under the Finance Document (as designated below)][The New Counterparty] hereby agrees with each other person who is or who becomes a party to the Deed that, with effect on and from the date hereof, it will observe and be bound by the Deed [and the other Finance Documents to which the [●] is expressed to be a party] as [●] as if it had been an original party to the Deed in that capacity.

2. The address for notices of the New Counterparty for the purposes of Clause 14 of the Deed is:

[●]

3. The [Finance Document referred to above is][following documents shall be designated as Finance Documents for the purposes of the Deed]:

[specify]

This Deed shall be read as one with the Deed so that any reference therein to "this Deed" and similar shall include and be deemed to include this Deed of Accession.

This Deed may be executed in any number of counterparts, all of which taken together shall constitute one and the same agreement, and any party may enter into this Deed by executing a counterpart.

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

EXECUTED and DELIVERED)
as a **DEED** by)
[Name of Beneficiary])

Given under the **COMMON SEAL** of)
PRUDENTIAL TRUSTEE COMPANY LIMITED)
in the presence of:)
Sealing officer)

PART 2

DEED OF ACCESSION FOR REPRESENTATIVES OF FUNDING BENEFICIARIES

THIS DEED dated [●] is supplemental to a security trust deed (the **Deed**) dated 31st October, 2017 made between Prudential Trustee Company Limited and Catalyst Housing Limited (as the same may from time to time be amended, restated, novated or supplemented).

Words and expressions defined in the Deed have the same meaning when used in this Deed.

1. [Name] (the **Representative**) of [address] hereby agrees with each other person who is or who becomes a party to the Deed that, with effect on and from the date hereof, it will observe and be bound by and benefit from the Deed as the Representative in respect of the Designated Security owed to the Funding Beneficiaries from time to time (each as referred to below).
2. The Funding Beneficiaries for whom the Representative is acting are as follows:
[specify]
3. The address for notices of the Representative for the purposes of Clause 14 of the Deed is:
[●]
4. The following documents shall be designated as Finance Documents for the purposes of the Deed:
[specify]

This Deed shall be read as one with the Deed so that any reference therein to "this Deed" and similar shall include and be deemed to include this Deed of Accession.

This Deed may be executed in any number of counterparts, all of which taken together shall constitute one and the same agreement, and any party may enter into this Deed by executing a counterpart.

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

EXECUTED and DELIVERED)
as a **DEED** by)
[Name of Representative])

Given under the **COMMON SEAL** of)
PRUDENTIAL TRUSTEE COMPANY LIMITED)
in the presence of:)
Sealing officer)

PART 3

DEED OF ACCESSION FOR REPRESENTATIVES OF BOND BENEFICIARIES

THIS DEED dated [●] is supplemental to a security trust deed (the **Deed**) dated 31st October, 2017 made between Prudential Trustee Company Limited and Catalyst Housing Limited (as the same may from time to time be amended, restated, novated or supplemented).

Words and expressions defined in the Deed have the same meaning when used in this Deed.

1. [Name of Bond Trustee] (the **Representative**) of [address] hereby agrees with each other person who is or who becomes a party to the Deed that, with effect on and from the date hereof, it will observe and be bound by and benefit from the Deed as the Representative in respect of the Designated Security owed to the Bond Beneficiaries from time to time (each as referred to below).

2. The Bond Beneficiaries for whom the Representative is acting are as follows:

[This should conform to the definition of Secured Parties in the bond documentation],

each as defined in the [Bond Trust Deed dated [●] between [relevant Obligor] and the Representative] (the **Bond Trust Deed**). Such Beneficiaries shall be referred to as the [maturity of Bonds] Bond Beneficiaries for the purpose of the Deed and any document relating thereto.

3. The address for notices of the Representative for the purposes of Clause 14 of the Deed is:

[●]

4. The following documents shall be designated as Finance Documents for the purposes of the Deed:

[This should conform to the definition of Transaction Documents in the bond documentation.]

This Deed shall be read as one with the Deed so that any reference therein to "this Deed" and similar shall include and be deemed to include this Deed of Accession.

This Deed may be executed in any number of counterparts, all of which taken together shall constitute one and the same agreement, and any party may enter into this Deed by executing a counterpart.

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

EXECUTED and DELIVERED)
as a **DEED** by)
[Name of Representative])

Given under the **COMMON SEAL** of)
PRUDENTIAL TRUSTEE COMPANY LIMITED)
in the presence of:)
Sealing officer)

PART 4

DEED OF ACCESSION FOR OBLIGORS

THIS DEED dated [●] is supplemental to a security trust deed (the **Deed**) dated 31st October, 2017 made between Prudential Trustee Company Limited and Catalyst Housing Limited (as the same may from time to time be amended, restated, novated or supplemented).

Words and expressions defined in the Deed have the same meaning when used in this Deed.

1. [●] (the **New Obligor**) hereby agrees with each other person who is or who becomes a party to the Deed that, with effect on and from the date hereof, it will observe and be bound by the Deed as an Obligor as if it had been an original party to the Deed in that capacity.
2. The address for notices of the New Obligor for the purposes of Clause 14 of the Deed is:

[●]

This Deed shall be read as one with the Deed so that any reference therein to "this Deed" and similar shall include and be deemed to include this Deed of Accession.

This Deed may be executed in any number of counterparts, all of which taken together shall constitute one and the same agreement, and any party may enter into this Deed by executing a counterpart.

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

EXECUTED and DELIVERED)
as a **DEED** by)
[Name of Obligor])

[Execution block to be updated as appropriate]

Given under the **COMMON SEAL** of)
PRUDENTIAL TRUSTEE COMPANY LIMITED)
in the presence of:)
Sealing officer)

SCHEDULE 2

ADDITIONAL PROPERTY CONDITIONS PRECEDENT

1. To the extent not already provided, a certified copy of a resolution of the board of management (or of a duly constituted and authorised sub-committee thereof) of the relevant Obligor (such copy to be certified by an authorised signatory of the relevant Obligor as correct, complete, up-to-date and in full force and effect):
 - (a) approving the terms of, and the entry into of, this Deed or, as applicable, the relevant Deed of Accession and the relevant Security Agreement and resolving that it executes each such document;
 - (b) authorising a specified person or persons to execute each such document on its behalf if it is to be executed by a specified person or persons; and
 - (c) authorising its seal to be affixed to each such document if they are to be executed by the relevant Obligor under seal.

If the resolution delivered above is a resolution of a sub-committee of the board of management of the relevant Obligor, a certified copy of a resolution of the board of management of the relevant Obligor appointing that sub-committee and establishing its authority (such copy to be certified by an authorised signatory as correct, complete, up-to-date and in full force and effect).

2. If required, a certified copy an officer's certificate of the relevant Obligor (such copy to be certified by an authorised signatory of the relevant Obligor as correct, complete, up-to-date and in full force and effect) in relation to each additional Charged Property.
3. A valuation report in relation to each Charged Property the subject of the Security Agreement addressed to the Security Trustee and dated no earlier than three months prior to the date on which the additional Charged Properties are to be charged confirming the value of the additional Charged Properties based on a valuation conducted pursuant to the relevant bases for the purposes of the Finance Documents.
4. A Certificate of Title relating to the additional Charged Properties, duly executed by the solicitors acting for the relevant Obligor, which may be on the basis of a sample of the additional Charged Properties to be charged if agreed between the relevant Obligor and the Security Trustee.
5. A sampling methodology letter duly prepared and executed by the relevant Obligor and the solicitors acting for the relevant Obligor setting out the basis of any agreed sampling in relation to the additional Charged Properties and in the form agreed between the relevant Obligor and the Security Trustee.
6. To the extent not already included within the Certificate of Title, a Letter of Undertaking relating to the title, registrations and deeds to the additional Charged Properties, duly executed by the solicitors acting for the relevant Obligor.
7. Land Registry searches or, if appropriate, Land Charges Searches showing no adverse entries affording priority to the Security Trustee for a period of not less than ten Business Days following the date upon which the relevant Security Agreement is entered into, against each additional Charged Property or part thereof to be charged, the title to which is, in each case, registered or which is unregistered and in respect of which an application for first registration is to be lodged at the Land Registry.

8. Copies of policies, certificates or cover notes relating to each contract or policy of insurance taken out by or on behalf of the relevant Obligor or in which the relevant Obligor has an interest and which relates to the additional Charged Property to be charged and evidence satisfactory to each Representative that a note of the Security Trustee's interest has been endorsed upon each such contract or policy of insurance (or there is a provision for automatic noting) in accordance with the Security Agreement.
9. A copy of a property overview report in relation to the Certificate of Title, signed by the solicitors acting for the Security Trustee and addressed to the Security Trustee.
10. A copy of the forms of each Approved Tenancy Agreement (as defined in the relevant Security Agreement) used by the relevant Obligor at each additional Charged Property.
11. Evidence of an effective discharge of all mortgages, charges, standard securities and liens (other than pursuant to a Security Document) affecting the relevant Obligor's interests in the additional Charged Property or, in connection with any existing floating charge, deliver a certificate of non-crystallisation from, and, where appropriate, the necessary consent of the relevant chargee in respect thereof.
12. Such other authorisations, documents, opinions (including opinion from counsel for the relevant Obligor covering customary matters including, *inter alia*, capacity, enforceability and stamp duty) or assurances (including, without limitation, structural surveys and environmental reports) which the Security Trustee or any Relevant Beneficiary (or its/their Representative) reasonably considers to be necessary or desirable.

SCHEDULE 3

FORM OF APPORTIONMENT CERTIFICATE

To: [●] as Representative in respect of the [Funding Beneficiaries in respect of the [*describe Finance Document*]][●] Bond Beneficiaries]

From: [*Relevant Obligor(s)*]

Security Trust Deed dated 31st October, 2017 (as supplemented, amended and novated, the *Security Trust Deed*) entered into by Catalyst Housing Limited and Prudential Trustee Company Limited

Words and expressions used in this certificate have the same meaning when used in the Security Trust Deed.

This is the certificate referred to in Clause 2.1(c) of the Security Trust Deed.

In accordance with the Security Trust Deed, the following Charged Properties have been allocated to your Designated Security as at the date of this certificate.

[*list Charged Properties*]

[In addition, [●] as other Fixed Security Assets have also been allocated to your Designated Security as at the date of this certificate.]

[The total number of Units comprising the Charged Properties is [●].

The total number of Units comprised in the Designated Security is [●].

The total number of Units comprised in the Undesignated Security is [●].]¹

Signed by (certifying for the benefit of the Security Trustee and the Representative that the above is correct):

[*Relevant Obligor(s)*]

Receipt acknowledged by:

Prudential Trustee Company Limited
as Security Trustee

Agreed by:

[●]
as Representative.

¹ To be included for Bond Beneficiaries only unless specifically agreed between the Security Trustee and any Funding Beneficiaries.

SCHEDULE 4
FORM OF SECURITY AGREEMENT

SECURITY AGREEMENT

[DATE]

[Relevant Obligor]

and

PRUDENTIAL TRUSTEE COMPANY LIMITED
as Security Trustee

subject to a Security Trust Deed dated 31st October, 2017

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THIS DEED is dated [●]

BETWEEN:

- (1) [●], [a registered society registered under the Co-operative and Community Benefit Societies Act 2014][a company limited by guarantee incorporated under the laws of England and Wales] with registration number [●] and registered with the Regulation Committee of the Homes and Communities Agency under the Housing and Regeneration Act 2008, as amended by the Localism Act 2011, with number [●] with its registered office at [●] (the **Chargor**); and
- (2) **PRUDENTIAL TRUSTEE COMPANY LIMITED**, whose registered office is at Laurence Pountney Hill, London EC4R 0HH as trustee of the security constituted under this Deed for itself and the Beneficiaries (as defined below) in accordance with the Security Trust Deed (the **Security Trustee**, which expression shall include any person or company for the time being appointed as trustee or as an additional trustee of the security hereby created and any subsequent successors, transferees and assigns thereof).

BACKGROUND:

- (A) The Chargor has entered into a security trust deed with[, *inter alios*,] the Security Trustee dated 31st October, 2017 (the **Security Trust Deed**) pursuant to which the Chargor and the Security Trustee have agreed to regulate their rights in relation to the Security Documents (as defined in the Security Trust Deed).
- (B) It is intended by the parties to this Deed that this document will take effect as a deed despite the fact that a party may only execute this document under hand.

IT IS AGREED as follows:

1. INTERPRETATION

1.1 Definitions

In this Deed:

Constitutional Documents means the [rules][memorandum and articles of association] of the Chargor as may be amended from time to time;

[**Existing Floating Charge** means [●];]

[**Fixed Security Assets** means all Security Assets which are subject to or are intended to be subject to fixed security created pursuant to this Deed;][*To be included where this Deed also contains a floating charge*]

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

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

Legal Reservations means:

- (a) the principle that equitable remedies may be granted or refused at the discretion of the court;
- (b) the limitation of enforcement by laws relating to bankruptcy, insolvency, liquidation, reorganisation, court schemes, moratoria, administration and other laws generally affecting the rights of creditors generally;
- (c) the time barring of claims under the limitation acts;
- (d) the possibility that an undertaking to assume liability for or to indemnify against non-payment of UK stamp duty may be void;
- (e) defences of set off or counterclaim;
- (f) the principle that a charge which is expressed to be a fixed charge may be held by a court to have effect as a floating charge; and
- (g) similar principles, rights and defences under the laws of any foreign jurisdictions in which relevant obligations may have to be performed (where applicable);

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

Mortgaged Property means the property hereby legally mortgaged and any other freehold or leasehold property charged by way of fixed charge under this Deed;

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

Premises means all buildings and erections for the time being comprised within the definition of **[Fixed] Security Assets**;

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

Relevant Agreement has the meaning given to it in Clause 4 (*Assignment*);

[Remaining Site has the meaning given to it in Clause 19.3 (*[Deed of Grant]*);]

[Rights has the meaning given to it in Clause 19.3 (*[Deed of Grant]*);]

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

Security Assets means all assets, rights, property and undertakings of the Chargor mortgaged, charged, assigned or the subject of any security created pursuant to this Deed; and

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

1.2 Construction

- (a) The provisions of Clause 1.2 (*Construction*) of the Security Trust Deed apply to this Deed as though they were set out in full in this Deed except that references to **this Deed** shall be construed as references to this Deed.
- (b) Unless otherwise defined or the contrary intention appears, terms defined in the Security Trust Deed shall have the same meaning in this Deed.
- (c) The terms of the documents under which the Secured Liabilities arise and of any side letters between the parties hereto in relation thereto are incorporated herein to the extent required for any purported disposition of the Mortgaged Property contained herein to be a valid disposition in accordance with Section 2(1) of the Law of Property (Miscellaneous Provisions) Act 1989 (but for no other purpose and to no greater extent).
- (d) If the Security Trustee, having taken legal advice where in its sole discretion it considers appropriate, considers that an amount paid to the Security Trustee, the Representatives or the Beneficiaries for application in or towards repayment of the Secured Liabilities is capable of being, and is likely to be, avoided or otherwise set aside on the liquidation or administration of the Chargor or any other Obligor or otherwise, then such amount shall not be considered to have been irrevocably paid for the purposes hereof.
- (e) The rights, obligations, liabilities, responsibilities, protections, powers, exoneration of, and exercise of any discretion and standard of care to be expected from, the Security Trustee are in each case subject to the Security Trust Deed and, in the event of conflict between this Deed and the Security Trust Deed, the Security Trust Deed will prevail in all respects.

1.3 Certificates

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

2. FIRST FIXED CHARGE

The Chargor, as security for the payment and discharge of all Secured Liabilities, charges in favour of the Security Trustee for the benefit of itself and the Beneficiaries:

- (a) by way of a first legal mortgage all the property referred to in the Schedule to this Deed together with all buildings and Fixtures thereon, the proceeds of sale of all or any part thereof and (so far as the same are capable of being mortgaged) the benefit of any covenants for title given or entered into by any predecessor in title of the Chargor and any moneys paid or payable in respect of such covenants;
- (b) by way of first fixed charge:
 - (i) all fixed plant and machinery now or in the future owned by the Chargor and its interest in any fixed plant or machinery in its possession, in each case which form part of the Mortgaged Property;
 - (ii) all benefits in respect of the Insurances and all claims and returns of premiums in respect thereof;

- (iii) the benefit of all present and future licences, consents and authorisations (statutory or otherwise) held in connection with its business so far as it relates to the [Fixed] Security Assets or the use of any of the [Fixed] Security Assets specified in paragraph (a) and subparagraph (i) above and the right to recover and receive all compensation which may at any time become payable to it in respect thereof; and
- (iv) if and in so far as the legal mortgages set forth in paragraph (a) above or the assignments set forth in Clause 4 (*Assignment*) shall for any reason be ineffective as legal mortgages or assignments, the assets referred to in those clauses.

3. [FLOATING CHARGE]

3.1 Floating Charge

- (a) The Chargor, as security for the payment and discharge of all Secured Liabilities, charges in favour of the Security Trustee for the benefit of itself and the Beneficiaries, by way of a floating charge, the whole of the Chargor's undertaking and assets, present and future.
- (b) Paragraph 14 of Schedule B1 to the Insolvency Act 1986 (as amended by Section 248 of the Enterprise Act 2002) applies to the floating charge created pursuant to Clause 3.1(a).

3.2 Dealings and Conversion of Floating Charge

- (a) The Chargor may, at any time, without the consent of the Security Trustee (but subject to the terms of the Finance Documents) dispose of or deal with any of the assets subject to the floating charge created pursuant to Clause 3.1 in the ordinary and normal course of its business in such manner as the Chargor considers fit (except to the extent that those assets are also Fixed Security Assets (under this Agreement or another Security Agreement)).
- (b) If an Enforcement Event occurs and is continuing unremedied or unwaived, the Security Trustee may, at any time before an administrator is appointed to the Chargor, crystallise the floating charge created pursuant to Clause 3.1 by appointing a Receiver to the whole or substantially the whole of the assets and undertaking of the Chargor.²

4. ASSIGNMENT

The Chargor, as security for payment and discharge of all Secured Liabilities, assigns to the Security Trustee (for the benefit of itself and the Beneficiaries) with a right to reassignment on redemption all of its rights, title and interest in and to:

- (a) the personal agreements and covenants by the tenants, lessees, licensees or other parties under the Letting Documents and by all guarantors in respect thereof and all security held by the Chargor in respect of the obligations of the tenants, lessees, licensees or other parties under the Letting Documents (including, without limiting the generality of the foregoing, all moneys due and owing to the Chargor or which may become due and owing to the Chargor at any time in the future in connection therewith); and
- (b) all agreements, now or from time to time entered into or to be entered into for the sale, letting or other disposal or realisation of, or in connection with the management, ownership, refurbishment, development, repair, improvement or servicing of, the whole or any part of the [Fixed] Security Assets (including, without limiting the generality of the foregoing, all moneys due and owing to the Chargor or which may become due and owing to the Chargor

² Insert for an Obligor which is a company limited by guarantee.

at any time in the future in connection therewith) (each such agreement, together with the agreements and covenants referred to in paragraphs (a) and (b) above, a **Relevant Agreement** and together the **Relevant Agreements**).

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

AND PROVIDED FURTHER THAT the Security Trustee shall not give any notice of the assignment contained in this Clause 4 to any person (other than the landlord of property in respect of which the Chargor is a tenant) unless and until an Event of Default has occurred and is continuing.

5. NOTICES OF ASSIGNMENT

The Chargor shall promptly after a request by the Security Trustee (which will only be given if an Event of Default has occurred and is continuing), serve notice on any person referred to in Clause 4 upon whom the Chargor can be required to serve notice pursuant thereto, in such form as the Security Trustee may reasonably require.

6. CONTINUING SECURITY, ETC.

6.1 Continuing security

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

6.2 Reinstatement

(a) Where any discharge (whether in respect of the obligations of the Chargor or any security for those obligations or otherwise) is made in whole or in part or any arrangement is made on the faith of any payment, security or other disposition which is avoided or must be restored on insolvency, liquidation or otherwise without limitation, the liability of the Chargor under this Deed shall continue as if the discharge or arrangement had not occurred.

(b) The Security Trustee may concede or compromise any claim that any payment, security or other disposition is liable to avoidance or restoration.

6.3 Immediate recourse

The Chargor waives any right it may have of first requiring the Security Trustee, the Representatives or the Beneficiaries to proceed against or enforce any other rights or security or claim payment from any other person before enforcing the security constituted hereby.

6.4 Additional security

This Deed is in addition to and is not in any way prejudiced by any other security now or hereafter held by the Security Trustee, any of the Representatives or any of the Beneficiaries.

6.5 Covenants for Title

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

7. REPRESENTATIONS AND WARRANTIES

7.1 To whom made

The Chargor makes the representations and warranties set out in this Clause 7 to the Security Trustee for the benefit of itself, the Representatives and the Beneficiaries. The representations and warranties set out in this Clause 7 shall remain in force so long as the Secured Liabilities are outstanding.

7.2 Matters represented

(a) The Mortgaged Property

Save as disclosed in any Certificate of Title relating to the Mortgaged Property provided on or prior to the date of this Deed and subject to the terms of the Finance Documents:

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

- (vii) the Mortgaged Property will from the date hereof be free from any Security Interest or any tenancies or licences other than those permitted or created under the Finance Documents[.] and other than the Existing Floating Charge[s] in respect of which the chargee has delivered to the Security Trustee [a] certificate[s] confirming the non-crystallisation thereof; and
- (viii) to the Chargor's knowledge no event has occurred or circumstances arisen on or before the date of this Deed which has caused the crystallisation of the Existing Floating Charge[s] and the Chargor has taken no steps itself to crystallise the Existing Floating Charge[s].

(b) Security

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

7.3 Times for making representations and warranties

The representations and warranties set out in this Clause 7:

- (a) will survive the execution of each Finance Document, each drawdown under each Funding Agreement and each issue of Bonds; and
- (b) are made on the date hereof and are deemed to be repeated on (i) the date of each entry into, request for a drawdown and posting of collateral under, each Funding Agreement, (ii) the first day of each funding, interest or calculation period under any other Finance Document (other than the Bond Documents) and (iii) the date of subscription, and the date of issue, of any Bonds, in each case with reference to the facts and circumstances then existing.

8. UNDERTAKINGS

8.1 Duration and with whom made

The undertakings in this Clause 8:

- (a) shall remain in force throughout the Security Period; and
- (b) are given by the Chargor to the Security Trustee for the benefit of itself, the Representatives and the Beneficiaries.

8.2 Maintenance of Property

The Chargor will:

- (a) **Repair:** keep the Premises in good and tenantable repair and condition (save for fair wear and tear) and keep the Fixtures and all plant, machinery, implements and other effects for the time being owned by it and which are in or upon the Premises or elsewhere in a good state of repair and in good working order and condition (save for fair wear and tear) or procure the same;

- (b) **Insurance:** insure and keep insured or procure the insurance of the Premises and all its other assets of an insurable nature therein against loss or damage by fire and other risks normally insured against by persons carrying on the same class of business as that carried on by it and in such amounts as is usual for prudent persons carrying on the same class of business as that carried on by it with such insurance company or underwriters as may be acceptable to the Security Trustee and effect and maintain, to the satisfaction of the Security Trustee, insurance against such other risks as the Security Trustee shall require. All moneys which may at any time hereafter be received or receivable under any insurance in respect of the Premises or such other assets whether or not effected pursuant to the foregoing provisions shall be applied in replacing, restoring or reinstating the Premises or assets destroyed or damaged or in such manner as the Security Trustee may agree or, after an Enforcement Event which is continuing if the Security Trustee so directs and the terms of the relevant insurances so permit, in or towards satisfaction of the Secured Liabilities;
- (c) **Taxes and outgoings:** pay or procure to be paid as and when the same shall become payable all Taxes, rates, duties, charges, assessments and outgoings whatsoever (whether parliamentary, parochial, local or of any other description) which shall be assessed, charged or imposed upon or payable in respect of the Mortgaged Property or any part thereof but not in respect of the occupier thereof (save to the extent that payment of the same is being contested in good faith);
- (d) **User:** use the Mortgaged Property only for such purpose or purposes as may for the time being be authorised as the permitted use or user thereof under or by virtue of the Planning Acts;
- (e) **Notices:** within 30 days after the receipt by the Chargor of any application, requirement, order or notice served or given by any public or local or any other authority in relation to the Mortgaged Property (or any part thereof) where the cost of compliance with that application, order or notice when aggregated with others outstanding at that time in respect of the Charged Properties (as defined in the Security Trust Deed) is in excess of £100,000 (indexed) give written notice thereof to the Security Trustee and also produce the same or a copy thereof to the Security Trustee and inform it of the steps taken or proposed to be taken to comply with any such requirement thereby made or implicit therein;
- (f) **Statutes:** duly and punctually perform and observe or procure to be performed and observed all its obligations in connection with the [Fixed] Security Assets under any present or future statute or any regulation, order or notice made or given thereunder;
- (g) **Leases:**
- (i) in all respects comply with the requirements of each of the Finance Documents in respect of the grant of leases, tenancies or licences and in addition not (except as authorised by each of the Finance Documents) without the previous consent in writing of the Security Trustee, grant or agree to grant (whether in exercise or independently of any statutory power) any lease or tenancy of the Mortgaged Property or any part thereof or accept a surrender of any lease or tenancy or confer upon any person any contractual licence or right to occupy the Mortgaged Property other than in the form of an Approved Tenancy Agreement or on terms which confer no fewer material rights on the Chargor as the lessor or licensor and impose no material obligations on the Chargor additional to those set out in an Approved Tenancy Agreement or as provided in the Finance Documents and provided, on request by the Security Trustee, it notifies the Security Trustee of all leases, tenancies, licences or rights to occupy granted or surrendered by it and, if so

requested by the Security Trustee, provided it sends a copy thereof to the Security Trustee forthwith upon request;

- (ii) not without the prior written consent of the Security Trustee accept or agree to accept the surrender or alteration of any of the Letting Documents which materially and adversely affects or is reasonably likely to affect materially and adversely the value of, or render less marketable or non-mortgageable, the Mortgaged Property taken as a whole or of any material part of it and observe and perform all the covenants, conditions, agreements and obligations on its part in all material respects; and
- (iii) enforce and not waive or release the covenants, conditions, agreements and obligations contained in or imposed by any of the Letting Documents or any guarantee in respect of the obligations of the tenants, lessees, licensees or other parties thereunder which materially and adversely affects or is reasonably likely to affect materially and adversely the value of the Mortgaged Property taken as a whole or of any material part of it;

(h) **Land Registry:**

- (i) in respect of any freehold or leasehold property which is hereafter acquired by the Chargor and which is part of the Mortgaged Property the title to which is registered at the Land Registry or the title to which is required to be so registered, give such Registry written notice of this Deed and procure that notice of these presents is duly noted in the Register to each such title; and
 - (ii) if the Chargor's solicitors have not complied with their obligations to lodge applications at the Land Registry (with full and proper payment in respect of fees and all necessary documents) for registration of this Deed as a first legal charge of the Mortgaged Property, by the date which is 5 working days prior to the expiry of the priority period allowed by the searches referred to in paragraph 1 of the Letter of Undertaking, the Chargor shall notify the Security Trustee forthwith and shall, at the request of the Security Trustee, irrevocably instruct its solicitors to deliver forthwith to [●] all fees (subject to the Chargor's solicitors having received such fees from the Chargor) and necessary documents to enable [●] to make such applications within the remainder of the priority period at the Chargor's expense;
- (i) **Deposit of title deeds:** deposit with the Security Trustee all deeds and documents of title relating to the Mortgaged Property (and it is hereby agreed that the Security Trustee shall be entitled to hold the same during the Security Period except to the extent that the Mortgaged Property is released by the Security Trustee pursuant to the terms of the Security Trust Deed) or provide the Security Trustee with an undertaking to hold the same to the order of the Security Trustee and to deliver them to the Security Trustee on demand;
- (j) **Compliance with covenants:** duly and punctually perform and observe or procure to be performed and observed in all material respects all covenants and stipulations restrictive or otherwise affecting all or any material part of the Mortgaged Property;
- (k) **Investigation of title:** after the occurrence of an Enforcement Event which is continuing, grant the Security Trustee or its lawyers on request all such facilities within the power of the Chargor to enable such lawyers to carry out investigations of title to the Mortgaged Property and other property which is or may be subject to this security and enquiries into matters in connection therewith as may be carried out by a prudent mortgagee. All expenses incurred

by the Security Trustee in relation to such investigations and enquiries shall be paid by the Chargor; and

- (l) **Report on title:** after the occurrence of an Enforcement Event which is continuing, as soon as practicable after demand by the Security Trustee, provide the Security Trustee with a report as to the title of the Chargor to the Mortgaged Property and other property which is or may be subject to this security and related matters concerning the items which may properly sought to be covered by a prudent mortgagee in a lawyer's report of this nature provided that no such report may be required where there has already been an investigation of title under paragraph (k) above.

8.3 Negative Pledge and Disposals

- (a) The Chargor shall not create or permit to subsist any Security Interest on any of the [Fixed] Security Assets except for those Security Interests which are permitted or created under each of the Finance Documents.
- (b) The Chargor also covenants that it shall not, except as permitted or not otherwise restricted under each of the Finance Documents, sell, transfer, grant or lease or otherwise dispose of all or any part of the [Fixed] Security Assets without the prior written consent of the Security Trustee (other than the grant of lettings with tenancy agreements in the form of an Approved Tenancy Agreement or on terms which confer no fewer material rights on the Chargor as the lessor or licensor and impose no material obligations on the Chargor additional to those set out in an Approved Tenancy Agreement).
- (c) [For the avoidance of doubt, and without prejudice to Clause 3.2 above, nothing contained within the Security Documents shall restrict the Chargor from creating or permitting to subsist any Security Interests, or from selling, transferring, granting or leasing or otherwise disposing of all or any part of the Security Assets which are not Fixed Security Assets prior to the crystallisation of the floating charge granted pursuant to Clause 3.1 above.]

9. POWER TO REMEDY

In case of default by the Chargor in repairing or keeping in repair or insuring the Mortgaged Property or any material part thereof or in observing or performing any of the covenants or stipulations affecting the same, the Chargor will permit the Security Trustee or its agents and contractors to enter on the Mortgaged Property and to comply with or object to any notice served on the Chargor in respect of the Mortgaged Property and to effect such repairs or insurance or generally do such things or pay all such costs, charges and expenses as the Security Trustee may consider necessary or desirable to prevent or remedy any breach of covenant or stipulation or to comply with or object to any notice. The Chargor will indemnify and keep the Security Trustee indemnified against all losses, costs, charges and expenses incurred in connection with the exercise of the powers contained in this Clause 9.

10. WHEN SECURITY BECOMES ENFORCEABLE

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

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

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

After the security constituted hereby has become enforceable, subject to the terms of the Finance Documents, the Security Trustee may in its absolute discretion enforce all or any part of such security in such manner as it sees fit in accordance with the provisions of the Security Trust Deed.

11. ENFORCEMENT OF SECURITY

11.1 General

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

12. RECEIVER

12.1 Appointment of Receiver

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

12.2 Powers of Receiver

Every Receiver appointed in accordance with Clause 12.1 (*Appointment of Receiver*) shall have and be entitled to exercise all of the powers set out below in addition to those conferred by the Law of Property Act 1925 on any receiver appointed thereunder. A Receiver (whether an administrative receiver or otherwise) shall have all the powers of an administrative receiver under the Insolvency Act 1986. The powers referred to above are:

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

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

12.3 Security Trustee may exercise

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

Security Assets or any part thereof or notwithstanding the appointment of a Receiver of such Security Assets or any part thereof.

13. APPLICATION OF PROCEEDS

After the security hereby constituted shall have become enforceable any moneys received by the Security Trustee or by any Receiver appointed by it pursuant to this Deed and/or under the powers hereby conferred shall, be applied by the Security Trustee in the order set out in Clause 3 (*Application of Proceeds*) of the Security Trust Deed (but without prejudice to the right of the Security Trustee, the Representatives or the Beneficiaries to recover any shortfall from the relevant Obligor).

14. NO LIABILITY AS MORTGAGEE IN POSSESSION

The Security Trustee, the Representatives and the Beneficiaries shall not nor shall any Receiver appointed as aforesaid by reason of it, the Representatives, the Beneficiaries or any Receiver entering into possession of the Security Assets or any part thereof be liable to account as mortgagee in possession or be liable for any loss on realisation or for any default or omission for which a mortgagee in possession might be liable. Every Receiver duly appointed by the Security Trustee under the powers in that behalf herein contained shall be deemed to be the agent of the Chargor for all purposes and shall as such agent for all purposes be deemed to be in the same position as a Receiver duly appointed by a mortgagee under the Law of Property Act 1925. The Chargor alone shall be responsible for his contracts, engagements, acts, omissions, defaults and losses and for liabilities incurred by him and neither the Security Trustee, the Representatives nor the Beneficiaries shall incur any liability therefor (either to the Chargor or to any other person whatsoever) by reason of the Security Trustee's making his appointment as such Receiver or for any other reason whatsoever. Every such Receiver and the Security Trustee, the Representatives and the Beneficiaries shall be entitled to all the rights, powers, privileges and immunities by the said Act conferred on mortgagees and receivers when such receivers have been duly appointed under the said Act but so that Section 103 of that Act shall not apply.

15. PROTECTION OF THIRD PARTIES

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

16. EXPENSES

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

17. INDEMNITY

The Security Trustee, the Representatives and the Beneficiaries and every Receiver, attorney, manager, agent or other person appointed by the Security Trustee hereunder or under the Security Trust Deed or under a Security Document (as defined in the Security Trust Deed) (each an **Indemnified Party**) shall be entitled to be indemnified out of the Security Assets in respect of all liabilities and expenses properly incurred by them in the execution, or purported execution in good faith, of any of the powers, authorities or discretions vested in them pursuant hereto or pursuant to

the Security Trust Deed or any such Security Document and against all actions, proceedings, costs, claims and demands in respect of any matter or thing done or omitted in any way relating to the Security Assets (save, in the case of any Indemnified Party, to the extent arising solely from such Indemnified Party's wilful misconduct, gross negligence or fraud) and the Security Trustee, the Representatives, the Beneficiaries and any such Receiver may retain and pay all sums in respect of the same out of any moneys received under the powers hereby conferred.

18. DELEGATION BY SECURITY TRUSTEE

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

19. FURTHER ASSURANCES

19.1 General

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

19.2 Legal Charge

Without prejudice to the generality of Clause 19.1 (*General*), the Chargor will forthwith at the request of the Security Trustee execute a legal mortgage, charge or assignment over all or any of the Security Assets subject to or intended to be subject to any fixed security hereby created in favour of the Security Trustee (as agent and trustee as aforesaid) in such form as the Security Trustee may require.

19.3 [Deed of Grant

This Clause 19.3 applies to those Mortgaged Properties which form part of a Remaining Site at the date of this Deed and which are identified by reference to a plan in Schedule 1.

(a) In this Clause 19.3:

Rights means any rights, easements and reservations which are reasonably necessary and appropriate for the use and enjoyment of the relevant Mortgaged Property or the relevant Remaining Site (as appropriate); and

Remaining Site means the land comprising the registered title of which the Mortgaged Property forms part at the date of this Deed but excluding the Mortgaged Property.

(b) The Parties agree that in the event (within 21 years of the date of this Deed) of:

- (i) the Security Trustee exercising its power of sale over the Mortgaged Property arising from this Deed, then the Security Trustee must procure that the purchaser of the Mortgaged Property enters into a deed of grant with the Chargor to grant and reserve the Rights over the Mortgaged Property and the Remaining Site (as applicable); or
- (ii) the sale by the Chargor of the Remaining Site, the Chargor will procure that the purchaser of the Remaining Site enters into a deed of grant with the Chargor to grant and reserve the Rights over the Mortgaged Property and the Remaining Site (as applicable),

as soon as reasonably practicable.

- (c) The Chargor shall ensure that, where applicable, any legal mortgage granted over the Remaining Site after the date of this Deed (a **Subsequent Legal Charge**) contains provisions whereby, in the event (within 21 years of the date of this Deed) of a sale of the Remaining Site by the mortgagee of the Chargor under a Subsequent Legal Charge, such mortgagee of the Chargor is obliged to enter into (or procure that the purchaser of the Remaining Site enters into) a deed of grant with the Chargor to grant and reserve the Rights over the Mortgaged Property and the Remaining Site (as applicable) as soon as reasonably practicable.
- (d) Any grant of the Rights by the Security Trustee or any mortgagee of the Chargor under a Subsequent Legal Charge shall be with limited title guarantee only.
- (e) In this Clause 19.3 references to the Mortgaged Property and the Remaining Site include any part of them (as applicable).
- (f) Any dispute arising in connection with this Clause 19.3, and in particular the required Rights, shall be determined by an independent surveyor appointed by the Security Trustee and the Chargor jointly or, if they cannot agree on a joint appointment, the surveyor shall be nominated, on the application of either the Security Trustee or the Chargor, by the President for the time being of the Royal Institution of Chartered Surveyors or the person for the time being authorised to act on his behalf. The surveyor shall act as an expert, not an arbitrator.
- (g) The Chargor shall promptly upon completion of this Deed apply to the Land Registry for the following restriction to be entered on the title register to the Mortgaged Property (and the Remaining Site if for any reason that is allocated a different title number following completion of this Deed):

"No disposition by the proprietor of the registered estate or by the proprietor of any registered charge is to be registered without a certificate signed by a conveyancer that the provisions of Clause 19.3 of a legal charge dated [●] and referred to in the charges register have been complied with or do not apply to the disposition".]

20. REDEMPTION OF PRIOR MORTGAGES

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

21. POWER OF ATTORNEY

21.1 Appointment

The Chargor hereby by way of security and in order more fully to secure the performance of its obligations hereunder irrevocably appoints the Security Trustee and every Receiver of the Security Assets or any part thereof appointed hereunder and every such delegate or sub-delegate as aforesaid to be its attorney acting severally, and on its behalf and in its name or otherwise to execute and do all such assurances, acts and things which the Chargor ought to do under the covenants and provisions contained in this Deed (including, without limitation, to make any demand upon or to give any notice or receipt to any person owing moneys to the Chargor and to execute and deliver any charges, legal mortgages, assignments or other security and any transfers of securities) and generally in its name and on its behalf to exercise all or any of the powers, authorities and discretions conferred by or pursuant to this Deed or by statute on the Security Trustee or any such Receiver, delegate or sub-delegate and (without prejudice to the generality of the foregoing) to seal and deliver and otherwise perfect any deed, assurance, agreement, instrument or act which it or he may deem proper in or for the purpose of exercising any of such powers, authorities and discretions.

21.2 Ratification

The Chargor hereby ratifies and confirms and agrees to ratify and confirm whatever any such attorney as is mentioned in Clause 21.1 (*Appointment*) shall do, or purport to do, in the exercise or purported exercise of all or any of the powers, authorities and discretions referred to in such.

22. NEW ACCOUNTS

If the Security Trustee, any Representative or any Beneficiary receives or is deemed to be affected by notice whether actual or constructive of any subsequent charge or other interest affecting any part of the Security Assets and/or the proceeds of sale thereof, the Security Trustee, the Representative or the Beneficiary may open a new account or accounts with the Chargor. If the Security Trustee, a Representative or a Beneficiary (as the case may be) does not open a new account it shall nevertheless be treated as if it had done so at the time when it received or was deemed to have received notice and as from that time all payments made to the Security Trustee, the relevant Representative or the relevant Beneficiary shall be credited or be treated as having been credited to the new account and shall not operate to reduce the amount for which this Deed is security.

23. STAMP DUTIES

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

24. ASSIGNMENTS, ETC.

24.1 The Security Trustee

The Security Trustee may assign and transfer all of its respective rights and obligations hereunder to a replacement Security Trustee in accordance with the Security Trust Deed. Upon such assignment and transfer taking effect, the replacement Security Trustee shall be and be deemed to be acting as trustee for the Beneficiaries (as well as for itself) for the purposes of this Deed in place of the old Security Trustee.

24.2 Assignments and Transfers

The Chargor shall be bound by and hereby irrevocably authorises each Representative to execute on its behalf novation certificates or equivalent documentation evidencing substitution of Beneficiaries under any Finance Documents (without any need for the prior consent of the Beneficiaries) in accordance with the provisions of the Funding Agreements or any other Finance Document.

25. WAIVERS, REMEDIES CUMULATIVE

The rights of the Security Trustee, the Representatives and the Beneficiaries under this Deed:

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

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

26. SET-OFF

26.1 General

Following an Enforcement Event which is continuing, the Security Trustee, each Representative and each Beneficiary may (to the extent that the same is beneficially owned by it) set off any matured obligation owed by the Chargor under the Finance Documents against any obligation (whether or not matured) owed by the Security Trustee, the Representative or the Beneficiary (as the case may be) to the Chargor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Security Trustee, the Representative or the Beneficiary (as the case may be) may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

26.2 Time deposits

Without prejudice to Clause 26.1 (*General*), if any time deposit matures on any account the Chargor has with the Security Trustee, a Representative or a Beneficiary at a time within the Security Period when:

- (a) this security has become enforceable; and
- (b) no amount of the Secured Liabilities is due and payable;

such time deposit shall automatically be renewed for such further maturity as the Security Trustee, the Representative or the Beneficiary in its absolute discretion considers appropriate unless the Security Trustee, the Representative or the Beneficiary (as the case may be) otherwise agrees in writing.

27. SEVERABILITY

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

28. COUNTERPARTS

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

29. ADDRESSES FOR NOTICES

The address, facsimile number and email address of the Chargor and the Security Trustee for all notices under, or in connection with, this Deed are:

- (a) in the case of the Chargor:

[*Name of Chargor*]

[*Chargor Address*]

Fax: [●]

Email: [●]

Attn: [●]

- (b) in the case of the Security Trustee:

Prudential Trustee Company Limited
Laurence Pountney Hill
London EC4R 0HH

Fax: 020 7548 3883

Email: trustees@mandg.co.uk

Attn: Corporate Trust Manager

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

30. LAND REGISTRY

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

- (a) the Chargor hereby applies to the Land Registry for a restriction in the following terms to be entered on the Proprietorship Register relating thereto:

"No disposition of [the part of]the registered estate [edged in red on the plan]by the proprietor of the registered estate or by the proprietor of any registered charge, not being a charge registered before the entry of this restriction, is to be registered without a written consent signed by the proprietor for the time being of the charge dated [●] in favour of Prudential Trustee Company Limited referred to in the charges register or their conveyancer"; and

- (b) it is hereby certified that the security created hereby does not contravene any of the provisions of the [Co-operative and Community Benefit Societies Act 2014][Companies Act 2006] or the Constitutional Documents of the Chargor.

31. COVENANT TO MAKE FACILITIES AVAILABLE

- (a) The Funding Parties under the Funding Agreements to which they are party, by the Security Trustee's execution of this Deed, hereby covenant with the Chargor that they will, upon and subject to each of the terms of the Funding Agreements to which they are party, make the facilities available to the relevant Obligor (including, without limitation, advances and further advances to the extent that they are provided for in the Funding Agreements to which they are party).
- (b) For the purposes of sub-section 94(1)(c) of the Law of Property Act 1925, sub-section 49(3) of the Land Registration Act 2002 and Rule 108 of the Land Registration Rules 2003, the obligation on the relevant Beneficiaries to make further advances will be deemed to be incorporated in this Deed as if the same were set out in this Deed.
- (c) For the purposes of the Land Registration Rules 2003 and sub-section 49(3) of the Land Registration Act 2002, the Security Trustee hereby applies to the Chief Land Registrar for the entry of a note of the obligation to make further advances on the Charges Register of any registered land forming part of the Mortgaged Property.

32. RELEASE

During the Security Period, the Security Trustee shall when required and permitted to do so under and in accordance with the Security Trust Deed, at the expense of the Chargor, release the relevant assets (or part thereof) constituting the [Fixed] Security Assets from the security constituted by this Deed.

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

33. EXEMPT CHARITY

The land charged is held by the proprietor, an exempt charity.

For the avoidance of doubt, the expression **land charged** shall have the same meaning as the expression **Mortgaged Property** and the expression **the proprietor** shall have the same meaning as the expression **the Chargor**.

34. GOVERNING LAW

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

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

Schedule

Mortgaged Property

The whole of the land registered at the Land Registry under the title numbers listed below[, and identified by reference to an attached plan in respect of charges of part of a title number,] which titles include the individual properties detailed below.

[•]

SIGNATORIES TO THE SECURITY AGREEMENT

Chargor

EXECUTED as a **DEED**)
by affixing **THE COMMON SEAL** of)
[●])
in the presence of)

Authorised signatory

Authorised signatory

Security Trustee

Given under the **COMMON SEAL** of)
PRUDENTIAL TRUSTEE COMPANY LIMITED)
in the presence of:)

Sealing officer

SCHEDULE 5
FORM OF CERTIFICATE OF TITLE

CERTIFICATE OF TITLE
relating to
Freehold [and Leasehold] properties
owned by [●]

CERTIFICATE OF TITLE

To: [Prudential Trustee Company Limited] as Security Trustee (the **Security Trustee**) pursuant to a Security Trust Deed dated 31st October, 2017 (the **Security Trust Deed**) for the benefit of itself and the other Beneficiaries (as defined therein)

Properties owned by [Chargor] (the Association)

Introduction

1 In accordance with the instructions of the Association, but in the knowledge that you will be relying on this Certificate in connection with the [loan facilities made or to be made available to][issue of bonds by] [the Association] [the proceeds of which will be] to be on-lent to the Association [and other [●]] and/or the hedging transactions and interest rate agreements to be entered into with [the Association] and/or other financial arrangements entered or to be entered into with [the Association], we have investigated fully and appropriately the title of the Association to those properties (the **Properties**, each being a **Property**) short particulars of which are contained in schedule 1. This Certificate is given in connection with the Security Trust Deed and a legal mortgage to be dated with today's date and made between the Association and Prudential Trustee Company Limited (the **Charge**) as both may be amended, novated, replaced, restated, supplemented or varied from time to time (the **Transaction**). We acknowledge that in providing this Certificate we owe a duty of care to the Security Trustee and the Beneficiaries from time to time for whom any of the Properties are allocated.

In this Certificate, references to the **Properties** includes the whole and every part of each of the Properties and reference to any schedule is a reference to a schedule to this Certificate.

Save where otherwise defined herein, terms defined in the Security Trust Deed shall bear the same meanings in this Certificate.

Headings in this Certificate are for reference only and shall not affect its construction.

2 In giving this Certificate, we have:

- (a) examined and considered all relevant title and other documents relating to the Properties;
- (b) made all necessary and appropriate searches in relation to the Association and the Properties given the nature and location of the Properties (which searches we confirm are no older than six months at the date of this Certificate) including those required to protect the Security Trustee as mortgagee; and
- (c) made all relevant and necessary enquiries of the Association enabling us to provide this Certificate.

3 The Association has confirmed to us in writing within the 5 working days before the date of this Certificate that it has no information which renders any statement in this Certificate incomplete or inaccurate in any respect.

4 We confirm that we have received a copy of the valuation report prepared by [●] (the **Valuers**) dated [●] (the **Valuation**) and that the assumptions made by the Valuers about title (its tenure, easements, boundaries and restrictions on use) in the Valuation are correct. There is nothing in the Valuation which is inconsistent with this Certificate. A copy of this Certificate has been supplied to the Valuers and we confirm that the Valuers have confirmed to us that the contents of the Certificate do not affect the Valuation.

Certificate

We certify as follows:

1 Properties

- (a) Save as itemised in part II of schedule 1, the Properties are registered at the Land Registry with title absolute and the title numbers and postal addresses appear in part I of schedule 1 which details we confirm are complete and accurate, and where registered are not subject to any unregistered interests referred to in Schedules 1, 3 or 12 of the Land Registration Act 2002. In the case of those unregistered Properties appearing in part II of schedule 1 the Association's title to those Properties commences with a valid and effective conveyance on sale of at least 15 years, no event has occurred in consequence of which registration should have been effected and there is no caution against first registration. We are of the opinion that on compulsory first registration the Association will be registered with title absolute.
- (b) Schedule 2 sets out particulars of the leases under which those Properties which are leasehold are held, otherwise the tenure of the Properties is freehold.
- (c) Details of the insurance of the Properties are set out in schedule 3 and the Association has confirmed to us that all premiums due have been paid. The interest of the Security Trustee has been noted on the policy of insurance in a manner which complies with the requirements of the Security Trust Deed and the Charge.
- (d) The Association has confirmed that all of the Properties are presently used for general residential purposes (the **Existing Use**) and, save as disclosed in schedule 4, our searches, investigations and enquiries do not reveal otherwise.
- (e) Save as disclosed in schedule 4, no consents (statutory or otherwise) are required for the charging of the Properties by the Association or for the subsequent disposal of the Properties by the Security Trustee (or any receiver appointed by the Security Trustee) following enforcement of the security created by the Charge or otherwise.

2 Title

- (a) Save as disclosed in schedule 4:
 - (i) the Association is the sole legal and beneficial owner of the Properties and has a good and marketable title to each of them and is absolutely entitled to the whole proceeds of sale thereof;
 - (ii) the Properties enjoy all rights and easements which are necessary for their use and enjoyment for the Existing Use and they are enjoyed on terms which do not entitle any person to terminate or curtail them and we have no reason to believe such rights and easements will not be enjoyed indefinitely (whether or not after enforcement of the Security Trustee's security or otherwise) and such rights and easements are enjoyed without the need to pass through land either in the possession or ownership of another or that of the Association (and which land is not included in the Charge);
 - (iii) the entrances to the Properties abut a roadway maintainable at public expense;
 - (iv) the Properties drain to a public sewer;
 - (v) the Properties are connected to all services necessary for their use and enjoyment for the Existing Use;

- (vi) the Association is in sole possession of the Properties save only for those in respect of which the Association has granted tenancies in accordance with the terms of the Security Trust Deed and the Charge;
- (vii) all deeds and documents or copies necessary to show good and marketable title to the Properties are in our possession;
- (viii) the Properties and the Association are not subject to any monetary payment for the rights and easements mentioned in this Certificate save for any reasonable contribution required for the repair or maintenance of the subject of any such rights; and
- (ix) the Charge is being granted over the whole of each of the Properties.

3 Third Party Rights

- (a) Save as disclosed in schedule 4:
 - (i) the Properties are not subject to any adverse estate, right, interest, covenant, restriction, stipulation, easement or other encumbrance or liability whatsoever of an unusual or onerous nature (including, without limitation, financial charges (including for the avoidance of doubt floating charges or any security for the repayment of public sector grant) and planning, statutory or regulatory conditions and restrictions), or rights of nomination binding on the Properties and/or on any mortgagee, chargee or receiver of the Properties, or restrictions on disposal by charge or otherwise by the Association or any such mortgagee, chargee or receiver, or any third party rights or to the payment of outgoings other than the usual rates;
 - (ii) the Association has confirmed that (having made all necessary enquiries) it is not aware of any material disputes in respect of the Properties;
 - (iii) the Association has confirmed that, as far as it is aware (having made all necessary enquiries), any covenants, restrictions, stipulations or other encumbrances affecting the Properties have been complied with to date and our searches, investigations and enquiries have not revealed otherwise. The Association has also confirmed that, as far as it is aware (having made all necessary enquiries), no demands or complaints have been made or received in respect of the Properties and no notices have been given or received nor are any anticipated to be made or received or given and there are no outstanding monies payable relating to the Property due from the Association but not paid and our searches, investigations and enquiries have not revealed otherwise.

4 Planning

- (a) Save as disclosed in schedule 4:
 - (i) there are no agreements or obligations affecting the Properties under section 52 Town and Country Planning Act 1971, section 33 Local Government (Miscellaneous Provisions) Act 1982, section 106 Town and Country Planning Act 1990 (as amended) or any legislation of a similar nature or any agreements under sections 38 and/or 278 Highways Act 1980 or section 18 Public Health Act 1936 or section 104 Water Industry Act 1991 affecting the Properties nor any agreement to create any of the same whereby such agreement is binding upon or enforceable against any person deriving title from or under the original contracting parties;

- (ii) none of the buildings, erections or structures on the Properties have been listed under section 1 Planning (Listed Buildings and Conservation Areas) Act 1990 (the **1990 Act**) nor has the local authority served any building preservation notice under section 3 or 4 of the 1990 Act or any repairs notice under section 48 of the 1990 Act in respect of the Properties or any building, structure or erection thereon;
- (iii) there is no resolution and the Association is not aware of any proposal for the compulsory acquisition of the Properties and it is not in an area designated as an urban development area or an enterprise zone;
- (iv) the Association has confirmed that no development has been carried out in relation to the Properties which is unlawful or which has been carried out without any necessary consents and permissions under the Town and Country Planning legislation and Building Regulations and no enforcement proceedings have been commenced or any notices served or proposed and our searches, investigations and enquiries do not reveal otherwise;
- (v) the use of the Properties for the Existing Use is not in contravention of the Town and Country Planning legislation and the planning permission affecting the Properties is not the subject of an existing challenge as to its validity. There are no planning conditions which now or will in the future restrict or affect the Existing Use and the Association has confirmed that all conditions attached to such planning permission have been complied with. We have seen confirmation from the local planning authority that such conditions have been discharged where discharge is required by the local planning authority;
- (vi) there are no unusual or onerous conditions attaching to any planning permission affecting the Properties and no planning permission is subject to any condition or limitation making it temporary (other than the conditions referred to in the Town and Country Planning Act 1990 sections 91 and 92) or personal to anyone or which limits use or occupation to a specific class (including in the case of sheltered housing to persons over any particular age) or is awaiting determination or subject to appeal; and
- (vii) in respect of the Community Infrastructure Levy (**CIL**):
 - (A) the Properties are not subject to an existing CIL liability; and
 - (B) the Association has confirmed to us that it is not aware of any existing or future CIL liability relating to the Properties and that no notice or correspondence relating to any existing or future CIL liability in respect of the Properties (including in relation to any payments of CIL in kind) have been sent, lodged or received.

5 Statutory matters

- (a) Save as disclosed in schedule 4:
 - (i) the Association has confirmed that it is not aware of any material breach of planning legislation, building, fire and other relevant regulations, and our searches, investigations and enquiries do not reveal otherwise;
 - (ii) the Association has confirmed that there is no outstanding statutory or formal notice relating to the Properties or to any business carried on there or to the Existing Use or which involves any expenditure in compliance with it nor any circumstances which

may result in any such order or notice being made or served and our searches, investigations and enquiries do not reveal otherwise; and

- (iii) our searches and enquiries reveal that there is no outstanding monetary claim or liability, contingent or otherwise, in respect of the Properties under any Act of Parliament or any order, regulation or bye-law made under it, and the Association does not anticipate that it will be obliged to incur expenditure in relation to the Properties of any substantial sum of money in the near future whether to comply with the requirements of any Act of Parliament, order, regulation or bye-law or otherwise.

6 Leases of the Properties

- (a) In relation to those Properties identified as leasehold and summarised in schedule 2 and save as disclosed in schedule 4:
 - (i) the leases and any headlease are on usual institutionally acceptable terms and comply with the requirements of the UK Finance Mortgage Lenders' Handbook and the leases will be acceptable as security by the Security Trustee, there being no rent review and there being no restrictions which prevent the Properties being used now or in the future for the Existing Use or which conflict with that use, and there are no terms of an onerous or unusual nature which are prejudicial to the interests of the Security Trustee as mortgagee and in particular:
 - (A) there are no forfeiture and re-entry provisos (save for those which are only exercisable on grounds of non payment of rent or breach of covenant by the tenant);
 - (B) where the insurance of any such Property is controlled by the landlord (or by any head landlord) the arrangements effectively cover the replacement value; the landlord is obliged to apply the insurance monies accordingly in reinstating the Property; any shortfall is payable by the landlord; the Association has the right to a copy of the policy; and your interest will be noted on the policy on completion of the Charge;
 - (C) there are no break clauses or option to determine the leases (or any headlease) exercisable by the landlord or tenant; and
 - (D) there are no provisions which fetter the Association's right to assign the lease or prevent the lease being sold at a premium;
 - (ii) the Association has confirmed that it (having made all necessary enquiries) is not aware of any material breach of any of the covenants (on the part of the landlord or tenant) or terms contained in the leases or of any notice or formal written complaint having been issued or received by the Association in respect of any such breach;
 - (iii) we have received written confirmation from the landlord that the rent (which shall include all other sums due from the tenant to the landlord under the terms of the lease) is paid up to date and that there are no known breaches of the covenants contained in the lease; and
 - (iv) no consent is necessary under the leases, headleases or otherwise to the charging or mortgaging of the Properties or in respect of any disposal of the Properties.

7 Tenancies

- (a) The Properties are not subject to any lease, licence or tenancy other than lettings using the forms of tenancy and/or shared ownership lease substantially in the form(s) [contained in the Appendix][approved by the Homes and Communities Agency or by the [●]], and where any letting differs from each such form, such difference does not materially adversely affect either the title of the Association to the Properties, the value of the Properties or the acceptability of the Properties by the Security Trustee as security for loans made or to be made pursuant to the [●] and/or the hedging transactions and interest rate agreements entered or to be entered into with the [●] and/or other financial arrangements entered or to be entered into with the [●]. We have verified with the Association that the lettings of individual units at the Properties are in accordance with the restrictions contained in the Security Trust Deed and the Charge and with the details (including rent and percentage of equity retained) in the Valuation.
- (b) We certify that where Properties are subject to shared ownership leases or long leases in each case the form of lease is either in a form recommended by the Homes and Communities Agency or contains adequate service charge provisions for the maintenance and upkeep of the structure and common parts and the Association has confirmed that each lease is in substantially similar form.
- (c) Where the Properties are let using shared ownership leases:
 - (i) the Association has confirmed that the information contained in the Valuation in relation to the shared ownership leases is correct as at the date of this Certificate;
 - (ii) the Association has informed us that since the date of the Valuation it has received no notices from any shared ownership tenant purporting to exercise any rights to purchase a further interest in the Properties nor has any such tenant completed the purchase of any such further interest; and
 - (iii) any of the Properties that are subject to shared ownership rights are listed together with details of the shared ownership leases and the Association's percentage shares in part 1 of schedule 5.
- (d) Unless otherwise disclosed in part 2 of schedule 5 none of the Properties are subject to the tenant's statutory right to buy or the right to acquire pursuant to the Housing Act 1985 and Housing Act 1996 respectively or section 180 Housing and Regeneration Act 2008 all as may be amended or supplemented from time to time or any other statute or contract.
- (e) The Association has confirmed that there are no material breaches of the terms of any tenancy or lease and that no legal proceedings have been instigated by the Association or any tenant or lessee and our searches, investigations and enquiries do not reveal otherwise.

8 Searches and General

- (a) There is no other matter arising on our investigation of title, including our searches and enquiries, which casts any doubt on the title of the Association to the Properties and the acceptability of the Properties as security and which should be brought to your attention before the Transaction is completed.
- (b) We confirm that where appropriate the Properties have the benefit of NHBC, Zurich Insurance, Foundation 15 or Premier Guarantee cover.

9 Environmental

- (a) Save as disclosed in schedule 4, so far as the Association is aware (having made all such diligent and proper enquiries as a prudent purchaser would make and our investigations of title searches and enquiries made (and in particular the desktop environmental searches commissioned) do not reveal otherwise):
- (i) the Properties are not contaminated with, nor have they or any of the premises adjoining them been used for any purpose which may have caused the Properties or the ground water beneath or in its vicinity to be contaminated with any noxious or hazardous substances (whether in solid or liquid form or in the form of gas or vapour and whether by seepage or contamination from any neighbouring or adjoining property) which may cause environmental pollution or harm to human health (and “environmental pollution” and “harm” shall have the meanings respectively ascribed to them by s.1 Pollution Prevention and Control Act 1999);
 - (ii) the Properties have not been used for landfill or other waste disposal purposes;
 - (iii) no claim or notice relating to any pollution of, or release into, the environment on or from the Properties has been received from, or threatened by, any third party, the Environment Agency, the relevant local authority or any other competent authority and the state and condition of the Properties is not such as to constitute contaminated land for the purpose of Part IIA of the Environmental Protection Act 1990;
 - (iv) any development carried out on the Properties has been in accordance with the recommendations of any site/soil investigation report obtained in respect of the Properties;
 - (v) the Properties have never suffered from flooding or problems as a result of subsidence; and
 - (vi) the Association does not hold any permits, licences, consents, authorisations, registrations or any other approvals (together an **environmental permit**) under any legislation relating to pollution or protection of health and the environment (together **environmental laws**) in respect of the Properties and is not aware of any need for any environmental permit.

Undertakings

[DN: funders' advisers to stipulate whether this is to be documented separately or left incorporated in the CoT. It should be noted that the terms of the undertaking may need to be tailored to meet the requirements of a specific transaction.]

We undertake in the following terms:

- 1 We have obtained clear Land Registry searches in Forms OS1 and/or OS2 (as appropriate) or Land Charge Searches (as appropriate) in your favour, save, in the case of Land Registry Searches, for reference to pending applications in favour of third parties for the registration of matters which we confirm are non material to enable the charges created by the Charge to become fully effective and binding upon the Association and to charge properly the Properties.
- 2 We have ensured that all the properties listed in the Valuation are charged by the Charge and that the Charge contains adequate conveyancing descriptions of the Properties to satisfy the requirements of the Land Registry for the registration of the Charge.

- 3 We have ensured that the Charge is correctly and validly executed by the Association as at the date hereof and will be registered as a first fixed charge over the Properties.
- 4 We have obtained all necessary third party consents (if any) for completion of the Charge and any disposal of the Properties pursuant to the Charge.
- 5 We have obtained all requisite letters of consent from all relevant chargeholders to the creation of the Charge and shall not complete the Charge without first obtaining letters of non crystallisation in respect of any floating charges entered into by the Association.
- 6 Within the priority period afforded by the searches referred to in paragraph 1 we shall complete the Charge and following completion of the Charge, we shall procure that any deeds of transfer or assurance to the Association are properly and duly stamped by HM Revenue & Customs or a correctly completed land transaction return delivered to HM Revenue & Customs (as appropriate) within the appropriate time, and that during the priority period allowed by the searches referred to in paragraph 1 above, we shall:
- (a) lodge the applications (which shall be in a form approved by you or your solicitors should you request and in any event in the correct Land Registry form) at the Land Registry where necessary together with all necessary documents (which, in the case of the transfer to the Association, shall include only a fully certified copy and not the original) with a payment in respect of fees for the registration of the Association as proprietor of:
 - (i) those of the Properties with registered title which have been transferred to the Association prior to the date hereof; and
 - (ii) those of the Properties with unregistered titles which should be subject to an application for first registration of title;
 - (b) lodge applications (which shall be in a form approved by you or your solicitors should you request and in any event in the correct Land Registry form) at the Land Registry (including, but not limited to, applications in form RX1) and all necessary documents (which, in the case of the Charge, shall include only a fully certified copy and not the original) with a payment in respect of fees [including, but not limited to, the certificate of registration of the Charge at Companies House (following receipt of the certificate of registration from [●])] [***DN: Wording in brackets to be included in respect of Companies Act chargors only***] for the registration of:
 - (i) the Charge as a first legal mortgage over the Properties; and
 - (ii) a note of the restrictions and applications referred to in clause [●] of the Chargein the Title Registers of each of the Properties to be obtained by us pursuant to our obligations under this paragraph 6; and
 - (c) file Land Registry Form CH2 (which shall be in a form approved by you or your solicitors should you request and in any event in the correct Land Registry form) applying for the Chief Land Registrar to note the obligation of [●] under the [●] to make further advances on the Charges Registers of each of the Properties and to be obtained by us under our obligations set out above.
- 7 We shall ensure that there shall be discharged any mortgages secured against the Properties to enable the Charge to be registered as a first legal mortgage.

- 8 To use our reasonable endeavours to perfect the Association's title to the Properties and the security under the Charge and deal promptly (which, for the avoidance of doubt, means within 5 working days of our receipt of notification of such by either [●], its Solicitors or the Land Registry and in any event no later than the relevant cancellation date) with any requisitions on title raised by the Land Registry relating thereto or to the application to register the Association as proprietor of the Properties (to the extent not already registered) [and to provide you or your solicitors with a copy of such requisitions as soon as they are received by us from the Land Registry and, in addition, a copy of the replies given to such requisitions at the same time as they are sent to the Land Registry – *DN: this option may be included by specific funders*].
- 9 Within ten business days of completion of the Charge to send to you or your solicitors a schedule in duplicate of all documents of title and other documents relating to the Properties and to hold all documents of title (to include, but not limited to, the original Charge where this has been sent to us by your solicitors) relating to the Properties charged pursuant to the Charge to your order (subject only to the requirements of the Land Registry) and give you written notice on completion of registration of the Association's title (if applicable) and the Charge and to send to you or your solicitors the original Title Information Documents with official copies of the registers of title to the Properties and filed plans, the original Charge and any original indemnity insurance policies we have agreed in this Certificate to place on risk and to hold all other title deeds and documents to your order.
- 10 After completion of the Charge promptly to:
- [(a) register the Charge at the Mutual Societies Registration Section of the Financial Conduct Authority and to forward the original certificate of registration to the Security Trustee or its solicitors on receipt;
 - (b)] serve notice of charge in duplicate (and to pay any associated registration fee due) on:
 - (i) the landlord of those of the Properties pursuant to the Charge which are leasehold; and
 - (ii) any other third parties on whom notice must be served;in each case in accordance with the requirements of the relevant document and to place the receipted notices with the title deeds for the Properties; and
 - (c) put on risk all new indemnity insurance policies as referred to in Schedules 2 and 4 of this Certificate.

General

- 1 We confirm that a copy of this Certificate has been produced to the Association which acknowledges and agrees that all action undertaken will be at the cost of the Association.
- 2 We confirm that our obligations under this Certificate shall not be limited in any way by reference to any other undertaking and/or certificates given by other solicitors to you.
- 3 We undertake to maintain professional negligence insurance for at least 6 years for an amount not less than £[●] (each and every claim) provided such insurance remains available on reasonably commercial terms.
- 4 We confirm that if any of the Properties are to be purchased by the Association we are not also acting for the seller.

Signed:

Date:

Solicitors (Ref: [●])

Schedule 1

Part I – Registered title details of the Properties

[●]

Part II - Unregistered title details of the Properties

[●]

Schedule 2

Particulars of the leases

| | |
|-----------------------------|-----|
| Property: | [•] |
| Commencement Date: | [•] |
| Landlord: | [•] |
| Term: | [•] |
| Current rent: | [•] |
| Rent review provisions: | [•] |
| Alienation: | [•] |
| Insurance: | [•] |
| Service charge: | [•] |
| Onerous/unusual provisions: | [•] |

Schedule 3

Insurance

[•]

Schedule 4

Matters to be disclosed

[•]

Schedule 5

Part 1 – shared ownership Properties

Property: [•]

Percentage of equity
retained by Association: [•]

Part 2 – Properties subject to the right to buy or right to acquire

[•]

[Appendix

Standard Form Tenancy Agreement(s)

See attached]

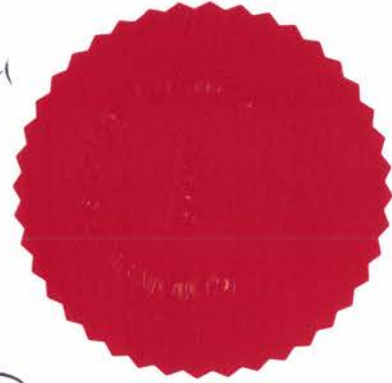
SIGNATORIES

15721

Original Obligor

EXECUTED as a DEED
by affixing THE COMMON SEAL of
CATALYST HOUSING LIMITED
in the presence of

)
)
)



Authorised signatory

[Handwritten signature]
) *[Handwritten signature]*

Authorised signatory

Fax: 020 8832 3345
Attn: Michaela Booth, Director of Corporate Finance; Gill Bloomfield, Head of Treasury

2047 Bond Representative

Given under the COMMON SEAL of
PRUDENTIAL TRUSTEE COMPANY LIMITED
in the presence of:
Sealing officer

)
)
)
)

Prudential Trustee Company Limited
Laurence Pountney House
London EC4R 0HH

Fax: 020 7548 3883
Email: trustees@mandg.co.uk
Attn: Corporate Trust Manager

Security Trustee

Given under the COMMON SEAL of
PRUDENTIAL TRUSTEE COMPANY LIMITED
in the presence of:
Sealing officer

)
)
)
)

Prudential Trustee Company Limited
Laurence Pountney House
London EC4R 0HH

Fax: 020 7548 3883
Email: trustees@mandg.co.uk
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SIGNATORIES

Original Obligor

EXECUTED as a DEED)
by affixing **THE COMMON SEAL of**)
CATALYST HOUSING LIMITED)
in the presence of

Authorised signatory)

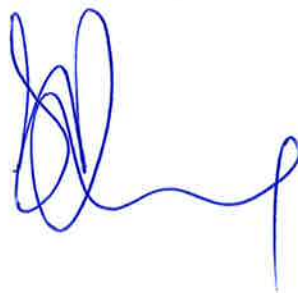
Authorised signatory)

Fax: 020 8832 3345
Attn: Michaela Booth, Director of Corporate Finance; Gill Bloomfield, Head of Treasury

2047 Bond Representative

Given under the **COMMON SEAL of**)
PRUDENTIAL TRUSTEE COMPANY LIMITED)
in the presence of:)
Donna Puttock - Sealing officer)

Prudential Trustee Company Limited
Laurence Pountney House
London EC4R 0HH

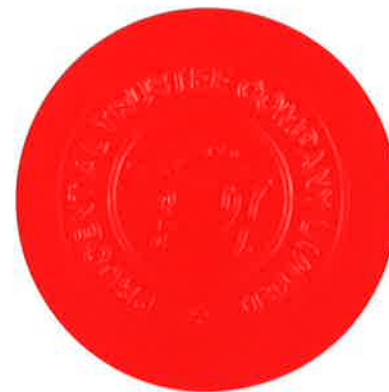
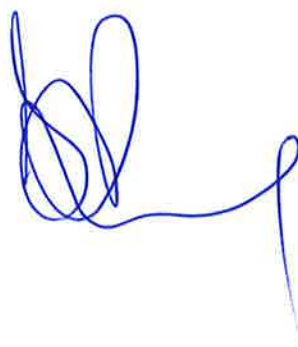


Fax: 020 7548 3883
Email: trustees@mandg.co.uk
Attn: Corporate Trust Manager

Security Trustee

Given under the **COMMON SEAL of**)
PRUDENTIAL TRUSTEE COMPANY LIMITED)
in the presence of:)
Donna Puttock - Sealing officer)

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London EC4R 0HH



Fax: 020 7548 3883
Email: trustees@mandg.co.uk
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