



Registration of a Charge

Company name: **TESCO STORES LIMITED**

Company number: **00519500**



X9KK9WE1

Received for Electronic Filing: **24/12/2020**

Details of Charge

Date of creation: **22/12/2020**

Charge code: **0051 9500 0137**

Persons entitled: **TESCO PENSION TRUSTEES LIMITED**

Brief description: **LAND LYING TO THE SOUTH WEST AND NORTH EAST SIDES OF MARSHALL ROAD (ALSO KNOWN AS THE LAND AND BUILDINGS KNOWN AS TESCO STORE, THE MEADOWS, MARSHALL ROAD, SANDHURST, SURREY GU47 9FD) WITH TITLE NUMBER BK274580, AS MORE PARTICULARLY DESCRIBED IN SCHEDULE 1 OF THE INSTRUMENT. LAND AT 265 BURLINGTON ROAD, NEW MALDEN, KT3 4NE AND 300 BEVERLEY WAY, NEW MALDEN, KT3 4PJ WITH TITLE NUMBERS SGL429015 AND SGL487650, AS MORE PARTICULARLY DESCRIBED IN SCHEDULE 1 OF THE INSTRUMENT. LAND AND BUILDINGS ON THE EAST SIDE OF BRUNTON LANE, NEWCASTLE UPON TYNE, TESCO STORE, BRUNTON LANE, NEWCASTLE UPON TYNE NE3 2BF, AND LAND ON THE SOUTH SIDE OF BELVEDERE PARKWAY, NEWCASTLE UPON TYNE WITH TITLE NUMBERS TY182307, TY188664 AND TY366636, AS MORE PARTICULARLY DESCRIBED IN SCHEDULE 1 OF THE INSTRUMENT.**

Contains fixed charge(s).

Contains negative pledge.

Authentication of Form

Authentication of Instrument

Certification statement: **I CERTIFY THAT SAVE FOR MATERIAL REDACTED PURSUANT TO S.859G OF THE COMPANIES ACT 2006 THE ELECTRONIC COPY INSTRUMENT DELIVERED AS PART OF THIS APPLICATION FOR REGISTRATION IS A CORRECT COPY OF THE ORIGINAL INSTRUMENT.**

Certified by: **CHRIS BROOKS**



CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 519500

Charge code: 0051 9500 0137

The Registrar of Companies for England and Wales hereby certifies that a charge dated 22nd December 2020 and created by TESCO STORES LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 24th December 2020 .

Given at Companies House, Cardiff on 30th December 2020

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



Companies House



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES

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Execution version

Dated: 22 December 2020

(1) TESCO STORES LIMITED

(2) TESCO PENSION TRUSTEES LIMITED as Trustees of the Tesco PLC
Pension Scheme

Security agreement

We certify this document as a true copy of the original save
for the material redacted pursuant to section 859G
Companies Act 2006

Eversheds Sutherland (International) LLP

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Eversheds Sutherland (International) LLP

Contents

Clause		Page
1	DEFINITIONS AND INTERPRETATION	1
2	CREATION OF SECURITY	7
3	REPRESENTATIONS - GENERAL	8
4	COVENANTS	10
5	DEFAULT	17
6	SUBSTITUTION	19
7	PLANNING	20
8	WHEN SECURITY BECOMES ENFORCEABLE	21
9	ENFORCEMENT OF SECURITY	21
10	RECEIVER	22
11	POWERS OF RECEIVER	23
12	APPLICATION OF PROCEEDS	25
13	EXPENSES AND INDEMNITY	25
14	DELEGATION	25
15	FURTHER ASSURANCES	25
16	COVENANT TO PAY	26
17	POWER OF ATTORNEY	26
18	PRESERVATION OF SECURITY	26
19	CHANGES TO THE PARTIES	28
20	AMENDMENTS	28
21	RELEASES	28
22	EXPERT DETERMINATION	29
23	SEVERABILITY	29
24	COUNTERPARTS	29
25	NOTICES	30
26	LANGUAGE	30
27	GOVERNING LAW	30
28	ENFORCEMENT	31
	Schedules	32
1	Security Assets	32
2	Form of Letter for Occupational Tenants	34
	Part I Notice to Occupational Tenant	34
	Part II Acknowledgement of Occupational Tenant	35
3	Leases	36
4	Substitution Criteria	37

THIS DEED is made on 22 December 2020

BETWEEN:

- (1) **TESCO STORES LIMITED** (Registered number 00519500) (the "**Chargor**"); and
- (2) **TESCO PENSION TRUSTEES LIMITED** (Company no 01118945) (as trustees of the Tesco PLC Pension Scheme registered with Pension Scheme Registry number 10057010) (the "**Trustees**").

BACKGROUND

It is intended that this document takes effect as a deed notwithstanding the fact that a party may only execute this document under hand.

IT IS AGREED as follows:

1. **DEFINITIONS AND INTERPRETATION**

In this Deed:

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

"**Alterations**" means alterations, additions, improvements, extensions in or to and demolition of (where rebuilding) and the rebuilding and creation of any new buildings or structures on the Premises or any part of them.

"**Approved Firms**" means, on the date of this Deed, Cushman & Wakefield or such other reputable firms of chartered surveyors as may be nominated by the Chargor and approved by the Trustees from time to time, such approval not to be unreasonably withheld or delayed.

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

"**Certificate**" means the written certificate of, and signed by, the Property Adviser given to (inter alia) the Trustees under a clause of this Deed.

"**Company**" means any of:

- (a) Tesco PLC of Tesco House, Shire Park Kestrel Way, Welwyn Garden City AL7 1GA (registered number 00445790);
- (b) Tesco Stores Limited of Tesco House, Shire Park Kestrel Way, Welwyn Garden City AL7 1GA (registered number 00519500);
- (c) Tesco Personal Finance PLC of 2 South Gyle Crescent, Edinburgh, EH12 9FQ (registered number SC173199);
- (d) One-Stop Stores Limited of Apex Road, Brownhills, Walsall, West Midlands WS8 7HU (registered number 02462858); and
- (e) Tesco Pension Investment Limited of Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, United Kingdom, AL7 1GA (registered number 07754822),

together the "**Companies**".

"**Completion Date**" has the meaning given in Clause 6.5.

"**Environmental Approval**" means any authorisation required by any Environmental Law.

"Environmental Claim" means any claim by any person in connection with:

- (a) a breach, or alleged breach, of an Environmental Law;
- (b) any accident, fire, explosion or other event of any type involving an emission or substance which is capable of causing harm to any living organism or the environment; or
- (c) any other environmental contamination.

"Environmental Law" means any law or regulation concerning:

- (a) the protection of health and safety;
- (b) the environment; or
- (c) any emission or substance which is capable of causing harm to any living organism or the environment.

"Event of Default" means an event specified as such in Clause 5 (*Default*).

"Fixtures" means all fixtures and fittings and fixed plant and machinery belonging to the Chargor on the Mortgaged Property.

"Gross Internal Area" has the meaning given to the phrase **"Gross Internal Area"** by the Code of Measuring Practice published on behalf of RICS (Sixth Edition) ignoring open-sided areas.

"Group Company" means any company which is, for the time being:

- (a) a subsidiary of the relevant party;
- (b) the holding company of that party; or
- (c) another subsidiary of the holding company of that party, in each case within the meaning of section 1159 of the Companies Act 2006, save that for the purpose of this definition reference in section 1159 of the Companies Act 2006 to "a majority" shall be construed as if replaced by the words "at least half".

"Incoming Property" means a property identified in a Certificate which is to be or has been (as the context requires) substituted for an Outgoing Property identified in the same Certificate.

"Insolvency Event" means:

- (a) an 'insolvency event' as defined in section 121 of the Pensions Act 2004 or regulations made from time to time thereunder; or
- (b) the receipt by the Pension Protection Fund of an application or notification from the Trustees or the Pensions Regulator that an employer is unlikely to continue as a going concern, which is purported to be made in accordance with section 129 of the Pensions Act 2004 or regulations made from time to time thereunder.

"Insured Property Assets" means the Premises and all the Chargor's other assets of an insurable nature in the Premises which are subject to this Security.

"Insured Risks" means fire, storm, tempest, flood, earthquake, lightning, civil commotion, riot, explosion, malicious damage, aircraft (but not hostile aircraft) and other aerial devices parts of them and articles dropped from them (not being war damage), burst pipes, overflowing of pipes or other apparatus, impact subsidence and heave and, to the extent that insurance cover against any particular risk is ordinarily available at commercially

reasonable rates in the UK insurance market and on such terms as are commonly available for such property of a similar type, size and value as the Premises, terrorism and such additional risks as may reasonably be requested by the Trustees, and subject to such exceptions, conditions and limitations as shall at the relevant time be commonly imposed by insurers in agreeing to provide such insurance.

"Market Rent" has the meaning given to that term in the then current edition of the Appraisal and Valuation Manual (as amended from time to time) issued by RICS, failing which the nearest equivalent document defining generally accepted valuation terms, requirements and practice (as amended from time to time).

"Market Value" has the meaning given to that term in the then current edition of the Appraisal and Valuation Manual (as amended from time to time) issued by RICS, failing which the nearest equivalent document defining generally accepted valuation terms, requirements and practice (as amended from time to time) with the special assumptions that (i) Tesco Stores Limited are not in occupation of the relevant property and (ii) neither Tesco PLC nor any Subsidiaries of Tesco PLC would be in the market as potential purchasers or tenants of the relevant property.

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

- (a) the ability of the Chargor to perform its payment obligations under this Deed;
- (b) the validity or enforceability of this Deed.

"Minor Disposal" means the transfer or sale (which includes the grant of a lease of rights or easement) of part of the Premises where:

- (a) the transfer or sale is made on arm's length terms to an independent third party;
- (b) the land the subject of the transfer or sale does not form part of any Premises or part of a key access route and will not alter the then applicable access route(s) to the Premises unless an equivalent or better access route(s) is/are provided;
- (c) the transfer or sale would not impair the operation, use or enjoyment of the Premises in any way which is reasonably likely to result in a material adverse impact on trading of the business being carried on at the Premises by the Chargor;
- (d) the transfer or sale would not breach a planning condition affecting the Premises or be made in breach of any Planning Acts, planning regulations or requirements;
- (e) the transfer or sale will not have an adverse effect on the future redevelopment of the Premises or on the Market Value of the remainder of the Premises; and
- (f) the total value of all consideration paid to or by the Chargor for any such sale or transfer does not exceed £50,000 (excluding Value Added Tax).

"Mortgaged Property" means all freehold or leasehold property included in the definition of Security Assets.

"Outgoing Property" means a property identified in a Certificate which is to be substituted by an Incoming Property.

"Party" means a party to this Deed.

"Pension Protection Fund" means the Board of the Pension Protection Fund as established under Part 2 of the Pensions Act 2004.

"Permitted Part" means at any time a part of the Premises in relation to which the following is at that time satisfied, that each of such part and the Unlet Premises is capable of being occupied and used as a separate unit with all necessary services and rights for

such occupation and use, without causing any Let Unit to cease being a Permitted Part and for the purpose of this definition:

- (a) **"Unlet Premises"** means the Premises excluding Let Units; and
- (b) **"Let Unit"** means a part of the Premises which is let by the Chargor at that time.

"Planning Acts" means the Town and Country Planning Act 1990, the Planning (Listed Buildings and Conservation Areas) Act 1990, the Planning (Hazardous Substances) Act 1990, the Planning (Consequential Provisions) Act 1990 and the Planning and Compensation Act 1991 and any other town and country planning or related legislation.

"Premises" means all buildings and erections included in the definition of **Security Assets**.

"Property Adviser" means, at any time, one of the Approved Firms acting by a chartered surveyor who is of not less than ten years' standing and a fellow of RICS and experienced in dealing with matters of the type of the particular matter to be referred to the Property Adviser and appointed by the Chargor on the basis that the Property Adviser owes a duty of care in respect of matters covered by its appointment to the Chargor and the Trustees.

"Rating Agency" means Standard & Poor's Ratings Services, a division of the McGraw Hill Companies, Inc.

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

"Release Request" has the meaning given to it in Clause 21 (*Release*).

"Rental Income" means the aggregate of all amounts receivable by the Chargor in connection with the letting of any part of the Security Assets, including each of the following amounts:

- (a) rent, licence fees and equivalent amounts paid or payable;
- (b) any sum received or receivable from any deposit held as security for performance of a tenant's obligations;
- (c) a sum equal to any apportionment of rent allowed in favour of the Chargor;
- (d) any other moneys paid or payable in respect of occupation and/or usage of a Security Asset and any fixture and fitting on a Security Asset including any fixture or fitting on a Security Asset for display or advertisement, on licence or otherwise;
- (e) any sum paid or payable under any policy of insurance in respect of loss of rent or interest on rent;
- (f) any sum paid or payable, or the value of any consideration given, for the surrender or variation of any lease;
- (g) any sum paid or payable by any guarantor of any occupational tenant under any lease; and
- (h) any interest paid or payable on, and any damages, compensation or settlement paid or payable in respect of, any sum referred to above less any related fees and expenses incurred (which have not been reimbursed by another person) by the Chargor,

but excluding any value added tax, insurance premium payments, service charges or other similar sums notwithstanding that the same may be expressed to be reserved as rent and deducting the amount (if any) of head rents or ground rents payable by the Chargor under the terms of any superior lease under which it holds any Security Asset.

"Report on Title" means any report on, or certificate of, title on the Mortgaged Property addressed and provided at the request of the Trustees.

"Reservations" means:

- (a) the principle that equitable remedies are remedies which may be granted or refused at the discretion of the court and damages may be regarded as an adequate remedy;
- (b) the limitation on enforcement as a result of laws relating to bankruptcy, insolvency, liquidation, reorganisation, court schemes, moratoria, administration and other laws affecting the rights of creditors generally;
- (c) the statutory time-barring of claims;
- (d) defences of set off or counterclaim;
- (e) rules against penalties and similar principles;
- (f) the fact that security which is described as fixed security may in fact be floating security;
- (g) the possibility that an undertaking to assume liability for, or indemnify a person against, non-payment of stamp duty may be void;
- (h) the fact that a court may refuse to give effect to a purported contractual obligation to pay costs imposed upon another person in respect of costs of an unsuccessful litigation brought against that person or may not award by way of costs all of the expenditure incurred by a successful litigant in proceedings brought before that court or that a court may stay proceedings if concurrent proceedings based on the same grounds and between the same parties have previously been brought before another court;
- (i) steps for perfection not required by the terms of this Deed to be taken,

and any other reservations or qualifications of law contained in any legal opinion delivered to a Company, the Trustees or the Chargor in respect of this Deed.

"RICS" means the Royal Institution of Chartered Surveyors.

"Scheme" means the Tesco PLC Pension Scheme registered with Pension Scheme Registry number 10057010.

"Secured Liabilities" means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally and in any capacity whatsoever (and, for the avoidance of doubt, any future or contingent obligation or liability shall be deemed to become due and payable immediately upon the occurrence of an Event of Default)) of the Companies to make payments to the Scheme up to a maximum amount of £775,000,000.

"Security Assets" means all assets of the Chargor the subject of this Security.

"Security Interest" means any mortgage, pledge, lien, charge, assignment, hypothecation or security interest or any other agreement or arrangement having a similar effect.

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

"Subsidiary" means:

- (a) a subsidiary within the meaning of section 736 of the Companies Act 1985; and
- (b) unless the context otherwise requires, a subsidiary undertaking within the meaning of section 258 of the Companies Act 1985.

"Substitution" means the release of an Outgoing Property from the charge created by this Deed and the simultaneous charging of an Incoming Property in its place and **substitute** and **substituted** are to be construed accordingly.

"Substitution Criteria" means the criteria set out in Schedule 4 (*Substitution Criteria*).

"Vacant Possession Value" means the amount determined to be the Market Value as at the date of Valuation assuming (if not the fact) that vacant possession of all parts of the Mortgaged Property has been provided.

"Valuation" means a valuation of the Chargor's interest in the Security Assets by the Valuer, addressed to the Trustees and prepared on the basis of the Market Value.

"Value Added Tax" means value added tax as provided for in the Value Added Tax Act 1994 and any other tax imposed in the United Kingdom (instead of or in addition to value added tax) from time to time replacing it or of a similar fiscal nature.

"Valuer" means Cushman & Wakefield LLP or any other surveyor or valuer appointed by the Trustees.

1.1 Construction

- (a) In this Deed unless the contrary intention appears, a reference to:
 - (i) **"assets"** includes present and future properties, revenues and rights of every description;
 - (ii) an **"authorisation"** includes an authorisation, consent, approval, resolution, licence, exemption, filing, registration or notarisation;
 - (iii) **"disposal"** means a sale, transfer, grant, lease or other disposal, whether voluntary or involuntary, and dispose will be construed accordingly;
 - (iv) **"this Security"** means any security created by this Deed;
 - (v) 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;
 - (vi) 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 persons to which it applies are accustomed to comply) or any governmental, inter-governmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
 - (vii) a **"currency"** is a reference to the lawful currency for the time being of the relevant country;
 - (viii) a **"provision of law"** is a reference to that provision as extended, applied, amended or re-enacted and includes any subordinate legislation;

- (ix) a Clause, a Sub-clause, a Paragraph, a Sub-paragraph or a Schedule is a reference to a clause, sub-clause, paragraph or sub-paragraph of, or a schedule to, this Deed;
 - (x) a Party or any other person includes its successors in title, permitted assigns and permitted transferees; and
 - (xi) 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 Sub-paragraph (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 expressly provided to the contrary in this Deed, a person who is not a party to this Deed may not enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999 and, notwithstanding any term of this Deed, no consent of any third party is required for any variation (including any release or compromise of any liability) or termination of this Deed.
- (d) The headings in this Deed do not affect its interpretation.
- (e) Any covenant of the Chargor under this Deed (other than a payment obligation) remains in force during the Security Period.
- (f) If the Trustees consider that an amount paid to them under this Deed is capable of being avoided or otherwise set aside on the liquidation or administration of the payer or otherwise, then that amount will not be considered to have been irrevocably paid for the purposes of this Deed.
- (g) Unless the context otherwise requires, a reference to a Security Asset includes the proceeds of sale of that Security Asset.

2. **CREATION OF SECURITY**

2.1 **General**

- 2.1.1 All the security created under this Deed:
- 2.1.1.1 is created in favour of the Trustees;
 - 2.1.1.2 is created over present and future assets of the Chargor;
 - 2.1.1.3 is security for the payment of all the Secured Liabilities; and
 - 2.1.1.4 is made with full title guarantee in accordance with the Law of Property (Miscellaneous Provisions) Act 1994.
- 2.1.2 If the rights of the Chargor under a document cannot be secured without the consent of a party to that document:

- 2.1.2.1 the Chargor must notify the Trustees promptly;
- 2.1.2.2 this Security will secure all amounts which the Chargor may receive, or has received, under that document but exclude the document itself; and
- 2.1.2.3 unless the Trustees otherwise require, the Chargor must use reasonable endeavours to obtain the consent of the relevant party to that document being secured under this Deed.

2.2 **Land**

- 2.2.1 The Chargor charges by way of a first legal mortgage the real property specified in Schedule 1 (*Security Assets*) under the heading "**Real Property**".
- 2.2.2 A reference in this Sub-clause to a mortgage or charge of any freehold or leasehold property includes:
 - 2.2.2.1 all buildings, fixtures, fittings and fixed plant and machinery on that property belonging to the Chargor; and
 - 2.2.2.2 the benefit of any covenants for title given or entered into by any predecessor in title of the Chargor in respect of that property or any moneys paid or payable in respect of those covenants.

2.3 **Rental Income**

The Chargor charges, by way of first fixed charge, all of its rights in respect of all Rental Income.

3. **REPRESENTATIONS - GENERAL**

3.1 **Representations**

The representations set out in this Clause are made by the Chargor to the Trustees.

3.2 **Status**

- 3.2.1 It is a limited liability company, duly incorporated and validly existing under the laws of its jurisdiction of incorporation.
- 3.2.2 It has the power to own its assets and carry on its business as it is being conducted.

3.3 **Powers and authority**

It has the power to enter into and perform, and has taken all necessary action to authorise the entry into and performance of, this Deed and the transactions contemplated by this Deed.

3.4 **Legal validity**

Subject to the Reservations, this Deed is legally binding, valid and enforceable obligation.

3.5 **Non-conflict**

The entry into and performance by it of, and the transactions contemplated by, this Deed do not conflict with:

- 3.5.1 any law or regulation applicable to it;

3.5.2 its constitutional documents; or

3.5.3 any document which is binding upon it or any of its assets;

in such a manner or to an extent which is reasonably likely to have a Material Adverse Effect.

3.6 **No default**

No event is outstanding which constitutes a default under any document which is binding on it or any of its assets to an extent or in a manner which has or is reasonably likely to have a Material Adverse Effect.

3.7 **Authorisations**

All necessary authorisations required by it in connection with the entry into, performance, validity and enforceability of the transactions contemplated by, this Deed have been obtained or effected (as appropriate) and are in full force and effect.

3.8 **Litigation**

No litigation, arbitration or administrative proceedings are current or, to its knowledge, pending or threatened, which have or, if adversely determined, are reasonably likely to have a Material Adverse Effect.

3.9 **Nature of security**

3.9.1 Subject to the Reservations, this Deed creates those Security Interests it purports to create and is not liable to be amended or otherwise set aside on the liquidation or administration of the Chargor or otherwise.

3.9.2 The security created by this Deed constitutes a first priority Security Interest, subject to the Reservations, of the type described over the Security Assets and the Security Assets are not subject to any prior or *pari passu* Security Interest other than any prior charges granted in favour of the Trustees.

3.10 **Information for Report on Title**

3.10.1 The information provided to the lawyers who prepared any Report on Title for the purpose of that Report on Title was true in all material respects at the date it was expressed to be given;

3.10.2 the information referred to in Clause 3.10.1 above was at the date it was expressed to be given complete and did not omit any information which, if disclosed would make that information untrue or misleading in any material respect; and

3.10.3 as at the date of this Deed, nothing has occurred, since the date of delivery of any information referred to in Clause 3.10.1 above, which renders that information untrue or misleading in any material respect or, since the omission of any information referred to in Clause 3.10.1 above, which, if disclosed, would make that information untrue or misleading in any material respect.

3.11 **Title**

Except as disclosed in any Report on Title:

3.11.1 it is the legal and beneficial owner of the Mortgaged Property;

3.11.2 no breach of any law or regulation is outstanding which materially adversely affects or is reasonably likely to materially adversely affect the value of the Mortgaged Property;

- 3.11.3 there are no covenants, agreements, stipulations, reservations, conditions, interest, rights or other matters whatsoever materially adversely affecting the value of the Mortgaged Property;
- 3.11.4 nothing has arisen or has 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;
- 3.11.5 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 use;
- 3.11.6 it has received no notice of any adverse claims by any person in respect of the ownership of the Mortgaged Property or any interest in it, nor has any acknowledgement been given to any person in respect of the Mortgaged Property, where such adverse claims or interest or details contained in any acknowledgement are reasonably likely to have a Material Adverse Effect; and
- 3.11.7 subject to any matters expressly permitted under Clauses 4.5 (*Disposals and negative pledge*) and 4.12 (*Leases*), the Mortgaged Property is held by it free from any Security Interest or any tenancies or licences.

3.12 Valuation

- 3.12.1 All information supplied by it or on its behalf to the Valuer for the purposes of each Valuation was true and accurate in all material respects as at its date or (if appropriate) as at the date (if any) at which it is stated to be given;
- 3.12.2 any financial projections contained in the information referred to in Clause 3.12.1 above supplied by it or on its behalf to the Valuer have been prepared as at their date, on the basis of recent historical information and assumptions believed by it to be fair and reasonable;
- 3.12.3 it has not omitted to supply any information which, if disclosed, would materially adversely affect the Valuation; and
- 3.12.4 nothing has occurred since the date information referred to in Clause 3.12.1 above was supplied which, if it had occurred prior to the Valuation, would materially adversely affect the Valuation.

3.13 Times for making representations

- 3.13.1 The representations set out in this Deed (including in this Clause) are made on the date of this Deed.
- 3.13.2 Unless a representation is expressed to be given at a specific date, each representation under this Deed is deemed to be repeated by the Chargor on the last day of every one month period, during the Security Period, the first of which will start on the date of this Deed.
- 3.13.3 When a representation is repeated, it is applied to the circumstances existing at the time of repetition.

4. COVENANTS

4.1 General

The Chargor agrees to be bound by the covenants set out in this Clause.

4.2 Notification of breach

The Chargor must notify the Trustees of any Event of Default promptly upon becoming aware of its occurrence.

4.3 Authorisations

The Chargor must promptly obtain, maintain and comply with the terms of any authorisation required under any law or regulation to enable it to perform its obligations under, or for the validity or enforceability of, this Deed.

4.4 Compliance with laws

The Chargor must comply in all respects with all laws to which it is subject where failure to do so has or is reasonably likely to have a Material Adverse Effect.

4.5 Disposals and negative pledge

4.5.1 Subject to Clause 4.5.2 below, the Chargor must not, without the prior written consent of the Trustees:

4.5.1.1 create or permit to subsist any Security Interest on any Security Asset; or

4.5.1.2 sell, transfer, licence, lease or otherwise dispose of any Security Asset.

4.5.2 Clause 4.5.1 shall not apply to:

4.5.2.1 liens arising by operation of law in the ordinary course of business in respect of any obligation which is not overdue for settlement; or

4.5.2.2 any Security Interest arising out of title retention provisions in a supplier's standard conditions of supply of goods acquired by the Chargor in the ordinary course of its business; or

4.5.2.3 any Security Interest granted to the Trustees under this Deed;

4.5.2.4 anything permitted under Clause 4.12.2 (*Leases*);

4.5.2.5 any Minor Disposal (and the Trustees will, if requested by and at the cost (including any associated tax) of the Chargor, enter into such documentation as is reasonably necessary to enable the Chargor to complete any Minor Disposal and the Chargor shall indemnify the Trustees against any liability as may arise as a result of entering into any such documentation);

4.5.2.6 to the extent that the Chargor makes a Substitution in accordance with Clause 6 (*Substitutions*);

4.5.2.7 disposals at arm's length and on normal commercial terms of assets (other than Properties); or

4.5.2.8 disposals of cash (including Rental Income, whether or not standing to the credit of any account save where an Event of Default has occurred and is continuing) in a manner not prohibited by this Deed.

4.6 Environmental matters

4.6.1 The Chargor must:

- 4.6.1.1 obtain all Environmental Approvals required by it;
- 4.6.1.2 comply in all material respects with any Environmental Approval or Environmental Law applicable to it where failure to do so is reasonably likely to have a Material Adverse Effect;
- 4.6.1.3 ensure that the Trustees do not incur any material liability by reason of any breach by the Chargor of any Environmental Law or Environmental Approval; and
- 4.6.1.4 promptly upon becoming aware notify the Trustees of:
 - (a) any Environmental Claim which, if adversely determined, would have a Material Adverse Effect or which may reasonably be expected to result in any liability for the Trustees which is current or, to its knowledge, pending or threatened against it; or
 - (b) any circumstances reasonably likely to result in an Environmental Claim against it which, if adversely determined, would have a Material Adverse Effect.

4.6.2 The Chargor must indemnify each Trustee against any loss or liability which:

- 4.6.2.1 that Trustee incurs as a result of any actual or alleged breach of any Environmental Law by any person; and
- 4.6.2.2 which would not have arisen if this Deed had not been entered into,

unless it is caused by that Trustee's gross negligence or wilful misconduct.

4.6.3 A breach of Clause 4.6.1 shall not constitute a default to the extent that the Trustees are indemnified against any liability under Clause 4.6.2.

4.7 **Repair and Alterations**

4.7.1 The Chargor must keep (subject to usual wear and tear and the Chargor's entitlement to replace obsolete items):

- 4.7.1.1 the Premises in good and substantial repair and condition and adequately and properly painted and decorated; and
- 4.7.1.2 the Fixtures and all plant and machinery owned by it and which are in or on the Premises in a good state of repair and in good working order and condition.

4.7.2 The Chargor may, without the consent of the Trustees, carry out any Alterations to the Premises provided that within six months of practical completion of the Alterations it provides to the Trustees a written certificate from and signed by the Valuer, identifying the nature and extent of the Alterations and certifying that the Alterations did not reduce the Vacant Possession Value of the Premises as at the date of practical completion. The Chargor covenants with the Trustees not to commence any Alterations if it has reason to believe that it will not be able to procure such a certificate.

4.8 **Insurance**

4.8.1 If and for so long as Tesco PLC has a long-term senior unsecured investment grade credit rating from the Rating Agency (the "**Credit Rating**") and the rating is not less than BBB- the Chargor may, by not less than 20 Business Days prior notice to the Trustees, elect to self-insure the Premises in respect of some or all risks and/or insurable value. If Tesco PLC ceases to maintain such a Credit

Rating, the Chargor shall cease to be entitled to self-insure and shall notify the Trustees within ten Business Days of becoming aware of the same and Clauses 4.8.4 to 4.8.12 shall immediately apply.

- 4.8.2 In the event the Chargor has elected to self-insure in accordance with Clause 4.8.1, the Chargor shall be responsible for replacing, restoring or reinstating the Insured Property Assets destroyed or damaged.
- 4.8.3 In the event the Chargor determines (acting reasonably) that it is not able to so replace, restore or reinstate, then the provisions of Clauses 4.9.4 and 4.9.5 shall apply and the Trustees shall be entitled to serve notice of a Security Cover Shortfall and the Chargor shall ensure that Additional Property Security is provided on the terms set out in Clause 4.9.4 and 4.9.5.
- 4.8.4 The Chargor must insure the Insured Property Assets against:
 - 4.8.4.1 the Insured Risks;
 - 4.8.4.2 explosion of any engineering and electrical plant and machinery to the extent that the same is not covered by Clause 4.8.4.1 above;
 - 4.8.4.3 against third party liability for death, bodily injury or disease and loss of or damage to property arising out of or in connection with the ownership, leasing, management or use of the Mortgaged Property, in a sum which is reasonable taking into account the Chargor's use of the Mortgaged Property; and
 - 4.8.4.4 such other insurances as a reasonably prudent company in the business of the occupation and letting of the Mortgaged Property would effect.
- 4.8.5 Any insurance must be in a sum or sums not less than the Replacement Value of the Insured Property Assets. For this purpose, "**Replacement Value**" means the total cost of entirely rebuilding, reinstating or replacing those Insured Property Assets in the event of their being completely destroyed, together with architects' and surveyors' fees.
- 4.8.6 Any insurance required under this Clause must be:
 - 4.8.6.1 in an amount and form reasonably acceptable to the Trustees; and
 - 4.8.6.2 with an insurance company or underwriter that is reasonably acceptable to the Trustees.
- 4.8.7 All moneys received or receivable under any insurance in respect of the Insured Property Assets must be applied:
 - 4.8.7.1 in replacing, restoring or reinstating the Insured Property Assets destroyed or damaged or in any other manner which the Trustees may agree; or
 - 4.8.7.2 after an Event of Default has occurred, if the Trustees so direct and the terms of the relevant insurances allow, in or towards satisfaction of the Secured Liabilities.
- 4.8.8 The Chargor must procure that the interests of the Trustees are noted on all insurance policies in respect of the Insured Property Assets.
- 4.8.9 The Chargor must ensure that each insurance policy contains:
 - 4.8.9.1 a standard mortgagee clause under which the insurance will not be vitiated or avoided as against the trustees as a result of any

misrepresentation, act or neglect or failure to disclose on the part of any insured party or any circumstances beyond the control of an insured party; and

4.8.9.2 terms providing that it will not, so far as the Trustees are concerned, be invalidated for failure to pay any premium due without the insurer giving to the Trustees not less than 20 Business Days' notice in writing.

4.8.10 The Chargor must not do or permit anything to be done which may make void or voidable any policy of insurance in connection with any Insured Property Asset.

4.8.11 The Chargor must promptly pay all premiums and do all other things necessary to keep each policy of insurance in respect of the Insured Property Assets in force.

4.8.12 The Chargor must, within ten Business Days of written demand by the Trustees, produce to the Trustees a copy of the policy, certificate or cover note relating to any insurance policy in respect of the Insured Property Assets and a copy of the receipt for the payment of any premium for any such insurance policy as the Trustees may reasonably request.

4.9 **Valuations**

4.9.1 The Chargor must, on or before the date of this Deed, provide a Valuation to the Trustees.

4.9.2 The Chargor shall also deliver to the Trustees a Valuation at least once in any 12 month period as at a date not later than, or earlier than one month before, the end of the financial year of the Chargor ended immediately prior to the delivery of such Valuation (starting with its financial period ending 28 February 2022).

4.9.3 All such Valuations and any Valuation obtained while an Event of Default is continuing shall be at the Chargor's expense.

4.9.4 If and whenever the amount of the Secured Liabilities exceeds the amount of the Market Value of the Mortgaged Properties based on the latest Valuation delivered to the Trustees pursuant to Clause 4.9.2 above (the excess being referred to as the "**Security Cover Shortfall**") then the Trustees may give notice to the Chargor that it must, and following receipt of such notice it must, within 90 Business Days of such notification ensure that Additional Property Security is provided the value of which based upon the Market Value set out in a Valuation dated no more than 30 days prior to the date of the notification is at least equal to the Security Cover Shortfall.

4.9.5 For the purposes of Clause 4.9.4 above, "**Additional Property Security**" means any real property of any person acceptable to the Trustees (acting reasonably), such real property to be approved by the Trustees (acting reasonably), which is the subject of a fixed Security Interest in favour of the Trustees for the payment of Secured Liabilities.

4.10 **Compliance with leases**

The Chargor must:

4.10.1 perform all the terms on its part contained in any lease comprised in the Mortgaged Property where failure to do so would have a Material Adverse Effect; and

- 4.10.2 not do or allow to be done any act as a result of which any lease comprised in the Mortgaged Property may become liable to forfeiture or otherwise be terminated.

4.11 Notices

The Chargor must, as soon as reasonably practicable (and in any event within 20 Business 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 with respect to the Mortgaged Property (or any part of it):

- 4.11.1 deliver a copy to the Trustees; and
- 4.11.2 inform the Trustees of the steps taken or proposed to be taken to comply with the relevant requirement.

4.12 Leases

- 4.12.1 The Chargor must not without the prior written consent of the Trustees 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 of it or accept a surrender of any lease or tenancy or confer upon any person any contractual licence or right to occupy the Mortgaged Property.

- 4.12.2 Clause 4.12.1 shall not apply to:

- 4.12.2.1 subject to the proviso in Clause 4.12.3 below, letting a Permitted Part subject to satisfaction of the following terms:

- (a) the principal annual rent payable pursuant to the proposed lease is not less than the Market Rent of the part the subject of the letting, taking account of the proposed terms of the lease, and any rent free or concessionary rent period or financial inducement to be given;
- (b) any rent free or service charge free or concessionary rent or service charge period or financial inducement to be given is not more than that which is customary at that time in the open market;
- (c) the provisions of sections 24 to 28 of the Landlord and Tenant Act 1954 are excluded in relation to the proposed lease; and
- (d) compliance with the terms set out in Schedule 3 (*Leases*);

- 4.12.2.2 subject to the proviso in Clause 4.12.3 below, granting licences, concessions or franchises of part of the Premises provided that:

- (a) no relationship of landlord and tenant is created between any licensee, concessionaire or franchisee and the Chargor and no security of tenure is conferred upon the licensee, concessionaire or franchisee; and
- (b) the Chargor gives to the Trustees written notice including details of its material terms of any licensee, franchisee or concessionaire, the address of its registered office within 15 Business Days of any written request for information on franchisees or concessionaires from the Trustees;

- 4.12.2.3 subject to the proviso in Clause 4.12.3 below, sharing the whole or any part of the Premises with a company which is and remains a Group Company of the Chargor so long as such occupation shall

not create the relationship of landlord and tenant between the Chargor and the Group Company and the Chargor may (on the same terms) share occupation with Tesco Personal Finance PLC; and

4.12.2.4 entering into such documentation as is reasonably required in order to complete a Minor Disposal.

4.12.3 Clauses 4.12.2.1 to 4.12.2.3 are subject to the proviso that the Chargor shall not let, share or part with possession or occupation of the whole or any part of each of the Premises which, in aggregate with other parts of the said Premises which are let or not occupied by the Chargor trading as "Tesco", constitute more than 40 per cent. of the Gross Internal Area of each of the Premises (save that any concessions or franchises occupying in compliance with Clause 4.12.2.2 that are trading as part of Tesco's normal operational business and in total occupy no more than 1,000 square feet of the Gross Internal Area of each of the Premises shall be disregarded for the purpose of calculating the 40 per cent. of the Gross Internal Area of each of the Premises).

4.12.4 The parties to this Deed agree that nothing contained in this Clause 4.12 or any other provision of this Deed shall prevent the Chargor from varying or waving the terms of any lease provided the same does not result in the lease of the Permitted Part ceasing to comply with Clause 4.12.2.1 above.

4.13 The Land Registry

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

"No disposal of the registered estate by the proprietor of the registered estate is to be registered without a certificate signed by Tesco Stores Limited or its solicitors that the provisions of Clause 4.12 of the security agreement referred to in the charges register dated [●] 2020 in favour of Tesco Pension Trustees Limited have been complied with."

4.14 Deposit of title deeds

The Chargor must deposit with the Trustees, or maintain with its solicitors subject to an appropriate undertaking in favour of the Trustees, all deeds and documents of title relating to the Mortgaged Property and all local land charges, land charges and Land Registry search certificates and similar documents received by or on behalf of the Chargor.

4.15 Access

The Chargor must permit the Trustees and any person reasonably nominated by them at all reasonable times and with reasonable notice to enter any part of the Mortgaged Property and view the state of it, subject to the rights of any lessee under any lease.

4.16 Investigation of title

The Chargor must grant the Trustees or their lawyers on reasonable request all facilities within the power of the Chargor to enable the Trustees or their lawyers (following an Event of Default at the expense of the Chargor) to:

4.16.1 carry out investigations of title to the Mortgaged Property; and

4.16.2 make such enquiries in relation to any part of the Mortgaged Property as a prudent mortgagee might carry out,

in order to protect this Security or facilitate the realisation of proceeds of the Security Assets following an Event of Default which is continuing.

4.17 Power to remedy

If the Chargor fails to perform any term affecting the Mortgaged Property, where such failure is reasonably likely to have a Material Adverse Effect, the Chargor must allow the Trustees or their agents and contractors:

- 4.17.1 to enter any part of the Mortgaged Property;
- 4.17.2 to comply with or object to any notice served on the Chargor in respect of the Mortgaged Property; and
- 4.17.3 to take any action as the Trustees may reasonably consider necessary to prevent or remedy any breach of any such term or to comply with or object to any such notice.

The Chargor must immediately on request by the Trustees pay the costs and expenses of the Trustees or their agents and contractors properly incurred in connection with any action taken by them under this Sub-clause.

4.18 Notices to tenants

The Chargor must, following an Event of Default which is continuing, at the request of the Trustees:

- 4.18.1 immediately serve a notice of assignment, substantially in the form of Part I of Schedule 2 (*Forms of letter for occupational tenants*), on each tenant of the Mortgaged Property; and
- 4.18.2 use its best endeavours to ensure that each such tenant acknowledges that notice, substantially in the form of Part II of Schedule 2 (*Forms of letter for occupational tenants*).

4.19 Notifiable events

The Chargor shall promptly notify the Trustees upon becoming aware that any event has occurred in respect of a Company or the Chargor which would (or would if that Company or the Chargor were an employer in relation to the Scheme within the meaning set out in Section 318 of the Pensions Act 2004 and regulations made thereunder) require notification to the Pensions Regulator in accordance with section 69 of the Pensions Act 2004 and any regulations and directions made thereunder.

4.20 Market Value deterioration

The Chargor shall notify the Trustees upon becoming aware of any issue which it reasonably believes is likely to materially and adversely affect the value of a Mortgaged Property, and shall consult with the Trustees regarding reasonable steps which may be taken to ensure that the amount of the Secured Liabilities does not exceed the aggregate amount of the Market Value of the Mortgaged Properties, as a result of the diminution of the value of that Mortgaged Property.

5. DEFAULT**5.1 Events of Default**

Each of the events set out in this Clause 5 is an Event of Default.

5.2 Breach of this Deed

The Chargor does not comply with any term of this Deed unless the non-compliance:

- 5.2.1 is capable of remedy; and

- 5.2.2 is remedied within 20 Business Days of the earlier of the Trustees giving notice and the Chargor becoming aware of the non-compliance.

5.3 **Misrepresentation**

A representation made or repeated by the Chargor in this Deed is incorrect or misleading in any material respect when made or deemed to be repeated, unless the circumstances giving rise to the misrepresentation:

- 5.3.1 are capable of remedy; and
- 5.3.2 are remedied within 20 Business Days of the earlier of the Trustees giving notice and the Chargor becoming aware of the non-compliance.

5.4 **Insolvency**

An Insolvency Event occurs in respect of Tesco PLC or the Chargor.

5.5 **Insolvency proceedings**

- 5.5.1 Except as provided below, any of the following occurs in respect of Tesco PLC or the Chargor:

- 5.5.1.1 any step is taken with a view to a moratorium or a composition, assignment or similar arrangement with any of its creditors;
- 5.5.1.2 a meeting of its shareholders, directors or other officers is convened for the purpose of considering any resolution for, to petition for or to file documents with a court or any registrar for, its winding-up, administration or dissolution or any such resolution is passed;
- 5.5.1.3 any person presents a petition, or files documents with a court or any registrar, for its winding-up, administration, dissolution or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise);
- 5.5.1.4 any Security Interest is enforced over any of its material assets;
- 5.5.1.5 an order for its winding-up, administration or dissolution is made;
- 5.5.1.6 any liquidator, trustee in bankruptcy, judicial custodian, compulsory manager, receiver, administrative receiver, administrator or similar officer is appointed in respect of it or any of its assets;
- 5.5.1.7 its shareholders, directors or other officers request the appointment of, or give notice of their intention to appoint, a liquidator, trustee in bankruptcy, judicial custodian, compulsory manager, receiver, administrative receiver, administrator or similar officer; or
- 5.5.1.8 any other analogous step or procedure is taken in any jurisdiction.

- 5.5.2 Clause 5.5.1 above does not apply to:

- 5.5.2.1 a petition for winding-up presented by a creditor which is being contested in good faith and with due diligence and is discharged or struck out within 21 days;
- 5.5.2.2 any winding up or liquidation for the purposes of, and followed by, an amalgamation, merger or reconstruction while solvent and on

terms previously approved in writing by the Trustees, such approval not to be unreasonably withheld or delayed;

- 5.5.2.3 shall not apply to an application to a third party creditor to the court for an administration order or a notice of appointment of an administrator in respect of Tesco PLC or the Chargor, as the case may be, if and for so long as Tesco PLC or the Chargor, as the case may be, is able to demonstrate to the reasonable satisfaction of the Trustees that the application will be, or is reasonably likely to be, unsuccessful and that Tesco PLC or the Chargor, as the case may be, is contesting the application in good faith.

5.6 Creditors' process

Any attachment, sequestration, distress, execution or analogous event affects any assets of Tesco PLC or the Chargor, and is not discharged within 21 days.

5.7 Cessation of business

Tesco PLC or the Chargor ceases, or threatens to cease, to carry on business.

5.8 Effectiveness of this Deed

- 5.8.1 It is or becomes unlawful for the Chargor to perform any of its obligations under this Deed.
- 5.8.2 This Deed is not effective in accordance with its terms or is alleged by the Chargor to be ineffective in accordance with its terms for any reason.
- 5.8.3 The Chargor repudiates this Deed or evidences an intention to repudiate this Deed.

6. SUBSTITUTION

- 6.1 The Chargor has the right at any time to make a Substitution subject to its ability to provide substitute security in accordance with the provisions of this Clause 6 (*Substitution*).
- 6.2 If the Chargor requires a Substitution it shall identify the Outgoing Property and three properties which are each available for Substitution as an Incoming Property, in each case, together with the Gross Internal Area and which the Chargor, acting reasonably, considers will satisfy the Substitution Criteria and give written notice of them to the Trustees with reasonably sufficient information to substantiate the satisfaction of the Substitution Criteria.
- 6.3 Subject to the provision of the choice of Incoming Properties in accordance with Clause 6.2, the Trustees shall select one of the properties identified by the Chargor under Clause 6.2 and notify the Chargor of its selection within 30 Business Days of receipt of the Chargor's notice under Clause 6.2. If the Trustees fails so to do, the Chargor may (acting reasonably) make the selection itself provided that in doing so it shall act in good faith to select the Incoming Property most similar to the Outgoing Property and for the avoidance of doubt if the Chargor is unable to comply with the requirements of Clause 6.2 from time to time it shall be unable to make a Substitution until it is able to do so or the parties otherwise agree.
- 6.4 As soon as practicable following the selection under Clause 6.2, the Chargor will procure that the Property Advisor provides:
 - 6.4.1 a Certificate (dated not more than 20 Business Days before the Completion Date) addressed to the Trustees which identifies the Outgoing Property and the Incoming Property (being the property selected under Clause 6.3 and states as at the date of the Certificate:)
 - 6.4.1.1 the Gross Internal Area for the Incoming Property;

- 6.4.1.2 the Vacant Possession Value of the Incoming Property; and
 - 6.4.1.3 the Vacant Possession Value of the Outgoing Property;
 - 6.4.1.4 that the Substitution Criteria have been and/or will be met on the Completion Date in respect of the Incoming Property;
- 6.4.2 a written confirmation to the Trustees from the Chargor's solicitors, that the Substitution Criteria have been met based upon its review of the certificate referred to in Clause 6.4.1; and
- 6.4.3 to the Trustees and its solicitors:
 - 6.4.3.1 the certificate of title referred to in Schedule 4 (*Substitution Criteria*) paragraph 2.3; and
 - 6.4.3.2 the report referred to in Schedule 4 (*Substitution Criteria*) paragraph 2.4.
- 6.5 On the date (the "**Completion Date**") being the later of the date 20 Business Days following the date on which the last of the documents mentioned in Clause 6.4 is provided and the date three months after the Chargor notifies the Trustees it requires a Substitution and subject to an updated certificate of title as referred to in Clause 6.4.3.1 but dated with the Completion Date revealing no new and materially adverse matters that would affect Vacant Possession Value:
 - 6.5.1 the relevant Tesco Group Company will grant to the Trustees a charge over the Incoming Property in substantially the same terms mutatis mutandis, as the charge over the Outgoing Property; and
 - 6.5.2 the Trustees shall deliver to the Chargor a discharge in form DS1 of the Outgoing Property.
- 6.6 Where a Valuation is required, the following principles will apply
 - 6.6.1 Valuations will be undertaken by one of the Approved Firms; and
 - 6.6.2 the date of Valuation shall be the date of the Certificate.
- 6.7 The professional costs of the Trustees reasonably and properly incurred in connection with any Substitution shall be borne by the Chargor.

7. **PLANNING**

The Trustees will, if it is necessary to do so to procure the grant of any planning permission required by the Chargor in relation to the Premises, at the request and cost of the Chargor, enter into planning obligations by deed with the highways or other local or statutory authority in such form as may be reasonable in the circumstances, but if so then:

- 7.1.1 it must be stipulated in the planning obligations that they are to become operative only if the development to which they relate is begun, and that the Trustees shall in any event be relieved from all liability for them after it has parted with all interest in the Premises;
- 7.1.2 there must be generic mortgagee protection wording included in any such planning agreement; and
- 7.1.3 the Chargor will indemnify the Trustees against such liability as may arise under or in respect of the planning obligations or entering into such agreements and/or procuring the relevant planning consents procured.

8. WHEN SECURITY BECOMES ENFORCEABLE

8.1 Event of Default

This Security will become immediately enforceable for so long as an Event of Default is continuing.

8.2 Discretion

After this Security has become enforceable, the Trustees may in their absolute discretion enforce all or any part of this Security in any manner they see fit.

8.3 Power of sale

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

9. ENFORCEMENT OF SECURITY

9.1 General

9.1.1 For the purposes of all powers implied by statute, the Secured Liabilities shall be deemed to have become due and payable immediately after this Security has become enforceable.

9.1.2 Section 103 of the Act (restricting the power of sale) and Section 93 of the Act (restricting the right of consolidation) do not apply to this Security.

9.1.3 The statutory powers of leasing conferred on the Trustees are extended so as to authorise the Trustees to lease, make agreements for leases, accept surrenders of leases and grant options as the Trustees may think fit and without the need to comply with any provision of section 99 or 100 of the Act.

9.2 No liability as mortgagee in possession

No Trustee or any Receiver will be liable, by reason of entering into possession of a Security Asset, to account as mortgagee in possession or for any loss on realisation or for any default or omission for which a mortgagee in possession might be liable.

9.3 Privileges

Each Receiver and the Trustees are entitled to all the rights, powers, privileges and immunities conferred by the Act on mortgagees and receivers duly appointed under the Act, except that Section 103 of the Act does not apply.

9.4 Protection of third parties

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

9.4.1 whether the Secured Liabilities have become payable;

9.4.2 whether any power which the Trustees or a Receiver is/are purporting to exercise has become exercisable or is being properly exercised;

9.4.3 whether any money remains due in respect of the Secured Liabilities; or

9.4.4 how any money paid to the Trustees or to that Receiver is to be applied.

9.5 Redemption of prior mortgages

- 9.5.1 At any time after this Security has become enforceable, the Trustees may:
- 9.5.1.1 redeem any prior Security Interest against any Security Asset; and/or
 - 9.5.1.2 procure the transfer of that Security Interest to themselves; and/or
 - 9.5.1.3 settle and pass the accounts of the prior mortgagee, chargee or encumbrancer; any accounts so settled and passed will be, in the absence of manifest error, conclusive and binding on the Chargor.
- 9.5.2 The Chargor must pay to the Trustees, immediately on demand, the costs and expenses incurred by the Trustees in connection with any such redemption and/or transfer, including the payment of any principal or interest.

10. RECEIVER

10.1 Appointment of Receiver

- 10.1.1 Except as provided below, the Trustees may appoint any one or more persons to be a Receiver of all or any part of the Security Assets if:
- 10.1.1.1 this Security has become enforceable; or
 - 10.1.1.2 the Chargor so requests the Trustees in writing at any time.
- 10.1.2 Any appointment under Clause 10.1.1 above may be by deed, under seal or in writing under its hand.
- 10.1.3 Except as provided below, any restriction imposed by law on the right of a mortgagee to appoint a Receiver (including under section 109(1) of the Act) does not apply to this Deed.
- 10.1.4 The Trustees are not entitled to appoint a Receiver solely as a result of the obtaining of a moratorium (or anything done with a view to obtaining a moratorium) under section 1A of the Insolvency Act 1986.

10.2 Removal

The Trustees may by writing (subject to any requirement for an order of the court in the case of an administrative receiver) remove any Receiver appointed by them and may, whenever they think fit, appoint a new Receiver in the place of any Receiver whose appointment may for any reason have terminated.

10.3 Remuneration

The Trustees may fix the remuneration of any Receiver appointed by them and the maximum rate specified in Section 109(6) of the Act will not apply.

10.4 Agent of the Chargor

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

10.5 **Relationship with Trustees**

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

11. **POWERS OF RECEIVER**

11.1 **General**

11.1.1 A Receiver has all of the rights, powers and discretions set out below in this Clause 11 in addition to those conferred on it by any law; this includes:

11.1.1.1 in the case of an administrative receiver, all the rights, powers and discretions conferred on an administrative receiver under the Insolvency Act, 1986; and

11.1.1.2 otherwise, all the rights, powers and discretions conferred on a receiver (or a receiver and manager) under the Act and the Insolvency Act, 1986.

11.1.2 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 Receiver.

11.2 **Possession**

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

11.3 **Carry on business**

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

11.4 **Employees**

11.4.1 A Receiver may appoint and discharge managers, officers, agents, accountants, servants, workmen and others for the purposes of this Deed upon such terms as to remuneration or otherwise as he thinks fit.

11.4.2 A Receiver may discharge any person appointed by the Chargor.

11.5 **Borrow money**

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

11.6 **Sale of assets**

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

11.6.2 The consideration for any such transaction may consist 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 any period which he thinks fit.

11.6.3 Fixtures, other than landlord's fixtures, may be severed and sold separately from the property containing them without the consent of the Chargor.

11.7 Leases

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

11.8 Compromise

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

11.9 Legal actions

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

11.10 Receipts

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

11.11 Subsidiaries

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

11.12 Delegation

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

11.13 Lending

A Receiver may lend money or advance credit to any customer of the Chargor.

11.14 Protection of assets

A Receiver may:

11.14.1 effect any repair or insurance and do any other act which the Chargor might do in the ordinary conduct of its business to protect or improve any Security Asset;

11.14.2 commence and/or complete any building operation; and

11.14.3 apply for and maintain any planning permission, building regulation approval or any other authorisation,

in each case as he thinks fit.

11.15 Other powers

A Receiver may:

11.15.1 do all other acts and things which he may consider desirable or necessary for realising any Security Asset or incidental or conducive to any of the rights, powers or discretions conferred on a Receiver under or by virtue of this Deed or law;

11.15.2 exercise in relation to any Security Asset all the powers, authorities and things which he would be capable of exercising if he were the absolute beneficial owner of that Security Asset; and

11.15.3 use the name of the Chargor for any of the above purposes.

12. APPLICATION OF PROCEEDS

12.1 Any moneys received by the Trustees or any Receiver after this Security has become enforceable must be applied in the following order of priority:

12.1.1 in or towards payment of or provision for all costs and expenses properly incurred by the Trustees or any Receiver under or in connection with this Deed and of all remuneration due to any Receiver under or in connection with this Deed;

12.1.2 in or towards payment of or provision for the Secured Liabilities; and

12.1.3 in payment of the surplus (if any) to the Chargor or other person entitled to it.

12.2 This Clause 12 is subject to the payment of any claims having priority over this Security. This Clause 12 does not prejudice the right of the Trustees to recover any shortfall from the Chargor.

13. EXPENSES AND INDEMNITY

The Chargor must:

13.1.1 within five Business Days of demand pay all reasonable costs and expenses (including reasonable legal fees) properly incurred in connection with this Deed by the Trustees, any Receiver, attorney, manager, agent or other person appointed by the Trustees under this Deed including any arising from any actual or alleged breach by any person of any law or regulation, whether relating to the environment or otherwise; and

13.1.2 keep each of them indemnified against any failure or delay in paying those costs or expenses.

14. DELEGATION

14.1 Power of Attorney

The Trustees or any Receiver may delegate by power of attorney or in any other manner to any person any right, power or discretion exercisable by them or it under this Deed.

14.2 Terms

Any such delegation may be made upon any terms (including power to sub-delegate) which the Trustees or any Receiver may think fit.

14.3 Liability

Neither the Trustees nor any Receiver will be in any way liable or responsible to the Chargor for any loss or liability arising from any act, default, omission or misconduct on the part of any delegate or sub-delegate, except in the case of wilful default or negligence in the choice of any delegate or sub-delegate.

15. FURTHER ASSURANCES

The Chargor must (unless caused by an negligence or wilful default on the part of the Trustees, at its own expense) take whatever action the Trustees or a Receiver may reasonably require for:

- 15.1.1 creating, perfecting or protecting any security intended to be created by this Deed; or
- 15.1.2 for so long as an Event of Default is continuing, facilitating the realisation of any Security Asset, or the exercise of any right, power or discretion exercisable, by the Trustees or any Receiver or any of its delegates or sub-delegates in respect of any Security Asset.

This includes:

- 15.1.2.1 the execution of any transfer, conveyance, assignment or assurance of any property, whether to a Trustee or to its nominee; or
- 15.1.2.2 the giving of any notice, order or direction and the making of any registration,

which, in any such case, the Trustees reasonably believes is necessary.

16. **COVENANT TO PAY**

The Chargor must pay or discharge the Secured Liabilities when due and payable.

17. **POWER OF ATTORNEY**

The Chargor, by way of security, irrevocably and severally appoints the Trustees, each Receiver and any of its delegates or sub-delegates, for so long as an Event of Default is continuing, to be its attorney to take any action which the Chargor is obliged to take under this Deed or which the relevant Trustee, Receiver or delegate may in their absolute discretion consider appropriate in connection with the exercise of any of their rights, powers, authorities or discretions in relation to the Security Assets or under or otherwise for the purposes of this Security or any law or regulation. The Chargor ratifies and confirms whatever any attorney does or purports to do under its appointment under this Clause 17.

18. **PRESERVATION OF SECURITY**

18.1 **Continuing security**

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

18.2 **Reinstatement**

- 18.2.1 If any discharge or arrangement is made in whole or in part 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 will continue as if the discharge or arrangement had not occurred.
- 18.2.2 The Trustees may concede or compromise any claim that any payment, security or other disposition is liable to avoidance or restoration.

18.3 **Waiver of defences**

The obligations of the Chargor under this Deed will not be affected by any act, omission or thing which, but for this provision, would reduce, release or prejudice any of its obligations under this Deed (whether or not known to the Chargor or any Trustee). This includes:

- 18.3.1 any time or waiver granted to, or composition with, any person;
- 18.3.2 the release of any person under the terms of any composition or arrangement;

- 18.3.3 the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any person;
- 18.3.4 any non-presentation or non-observance of any formality or other requirement in respect of any instruments or any failure to realise the full value of any security;
- 18.3.5 any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of any person;
- 18.3.6 any amendment (however fundamental) of this Deed or any other document or security; or
- 18.3.7 any unenforceability, illegality, invalidity or non-provability of any obligation of any person under this Deed or any other document or security.

18.4 **Immediate recourse**

The Chargor waives any right it may have of first requiring any Trustee to proceed against or enforce any other rights or security or claim payment from any person before claiming from the Chargor under this Deed.

18.5 **Appropriations**

Each Trustee may at any time during the Security Period without affecting the liability of the Chargor under this Deed:

- 18.5.1 refrain from applying or enforcing any other moneys, security or rights held or received by that Trustee in respect of those amounts; or
- 18.5.2 apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise); and
- 18.5.3 hold in an interest bearing suspense account any moneys received from the Chargor or on account of the liability of the Chargor under this Deed provided that, to the extent that there is sufficient amount in any such suspense account to discharge all Secured Liabilities then due and payable, the Trustees must apply such amount towards discharging the Secured Liabilities then due and payable.

18.6 **Non-competition**

Unless:

- 18.6.1 the Security Period has expired; or
- 18.6.2 the Trustees otherwise direct,

the Chargor will not, after a claim has been made under this Deed or by virtue of any payment or performance by it under this Deed:

- 18.6.2.1 be subrogated to any rights, security or moneys held, received or receivable by any Trustee;
- 18.6.2.2 be entitled to any right of contribution or indemnity in respect of any payment made or moneys received on account of the Chargor's liability under this Deed;
- 18.6.2.3 claim, rank, prove or vote as a creditor of a Company or its estate in competition with any Trustee; or

- 18.6.2.4 receive, claim or have the benefit of any payment, distribution or security from or on account of a Company, or exercise any right of set-off as against a Company.

The Chargor must hold in trust for and immediately pay or transfer to the Trustees any payment or distribution or benefit of security received by it contrary to this Clause 18 or in accordance with any directions given by the Trustees under this Clause 18 as directed by the Trustees.

18.7 **Additional security**

This Security is in addition to and is not in any way prejudiced by any other security now or subsequently held by the Trustees.

19. **CHANGES TO THE PARTIES**

19.1 **Assignments and transfers by the Chargor**

The Chargor may not assign or transfer any of its rights and obligations under this Deed other than with the prior written consent of the Trustees.

19.2 **Assignments and transfers by Trustees**

The Chargor acknowledges that:

- 19.2.1 the rights and obligations of the Trustees under this Deed may be transferred to the Pension Protection Fund as a result of the operation of Section 161 of and Schedule 6 to the Pensions Act 2004, but not otherwise; and
- 19.2.2 Tesco Pension Trustees Limited may be replaced as trustee of the Scheme by an alternative corporate trustee and the rights and obligations under this Deed shall be binding upon and enure for the benefit of any such replacement trustee (or any future replacement of that trustee) person who is for the time being a trustee of the Scheme.

20. **AMENDMENTS**

The parties to this Deed may by written agreement between themselves amend any provision of this Deed.

21. **RELEASES**

- 21.1.1 The Chargor may, at any time (a "**Release Request Date**"), submit to the Trustees a request (a "**Release Request**") that one or more Mortgaged Property be released from this Security, which must contain the following information:
- 21.1.1.1 the amount of the Secured Liabilities on the Release Request Date;
- 21.1.1.2 details of the Mortgaged Property or Mortgaged Properties which are the subject of the Release Request, including the Market Value of that Mortgaged Property or Mortgaged Properties (as the case may be) as set out in the most recent Valuation of that Mortgaged Property or Mortgaged Properties (as the case may be) which must be dated no more than 30 Business Days prior the Release Request Date; and
- 21.1.1.3 the aggregate Market Value of the Mortgaged Properties based upon the most recent Valuation of the Mortgaged Properties which must be dated no more than 30 Business Days prior to the Release Request Date,

and which must be accompanied by copies of the Valuations referred to in Clauses 21.1.1.1 and 21.1.1.3 above.

- 21.1.2 The Trustees must consent to a Release Request if the aggregate Market Value of the Mortgaged Properties (as set out in the relevant Valuation delivered pursuant to Clause 21.1.1 above) exceeds the Secured Liabilities as at the Release Request Date (the amount of such excess being the "**Security Cover Excess**") and the Chargor and the Trustees shall take (at the cost of the Chargor) whatever action is necessary to release the Mortgaged Property or Mortgaged Properties which are the subject of the Release Request from this Security to the extent that the Market Value of such Mortgaged Property or Mortgaged Properties (as the case may be) are equal to or less than the Security Cover Excess.
- 21.1.3 At the end of the Security Period, the Trustees must, at the request and cost of the Chargor, take whatever action is necessary to release the Security Assets from this Security.

22. **EXPERT DETERMINATION**

- 22.1.1 In case of dispute arising in relation to a substitution of property pursuant to Clause 6 (*Substitution*), the matter in dispute is to be dealt with by submission to an independent expert.
- 22.1.2 The expert is to be appointed by the parties jointly, but, if they do not agree on an appointment, appointed by the president (or other acting senior officer) for the time being of the Institution of Chartered Surveyors at the request of either party.
- 22.1.3 The person is so appointed to act as an expert and not an arbitrator.
- 22.1.4 The expert is to be a person who has at least ten years' experience of matters relating to property of the same type and in the same location as the Premises.
- 22.1.5 The expert is required to afford each party the opportunity within reasonable and proper time limits to make representations to him, inform each part of the representations of the other, and allow each party to make submissions to him on the representations of the other.
- 22.1.6 The fees and expenses of the expert, including the cost of his nomination, are to be borne by the Chargor.
- 22.1.7 The determination of the issue in dispute by the expert is to be conclusive and to bind the parties.

23. **SEVERABILITY**

If a term of this Deed is or becomes illegal, invalid or unenforceable in any jurisdiction, that shall not affect:

- 23.1.1 the legality, validity or enforceability in that jurisdiction of any other term of this Deed; or
- 23.1.2 the legality, validity or enforceability in other jurisdictions of that or any other term of this Deed.

24. **COUNTERPARTS**

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

25. NOTICES

25.1 In writing

25.1.1 Any communication in connection with this Deed must be in writing and, unless otherwise stated, may be given in person, by post or fax.

25.1.2 Unless it is agreed to the contrary, any consent or agreement required under this Deed must be given in writing.

25.2 Contact details

25.2.1 The contact details of the Trustees for this purpose are:

Address: Tesco House, Shire Park Kestrel Way, Welwyn Garden City AL7 1GA

Attention: Company

Secretary

Copied to: Tesco Pension Investment Limited, 125 Finsbury Pavement London EC2A 1NQ

Attention: Governance Director

25.2.2 The contact details of the Chargor are:

Address: Tesco House, Shire Park Kestrel Way, Welwyn Garden City AL7 1GA

Attention: Property Director

25.2.3 The contact details of the Property Adviser are:

Address: Cushman & Wakefield, 29 St George Street, Hanover Square London W1A 3BG

Attention: Property Adviser

25.3 Effectiveness

25.3.1 Except as provided below, any communication in connection with this Deed will be deemed to be given as follows:

25.3.1.1 if delivered in person, at the time of delivery;

25.3.1.2 if posted, five days after being deposited in the post, postage prepaid, in a correctly addressed envelope; and

25.3.1.3 if by fax, when received in legible form.

25.3.2 A communication given under Clause 25.3.1 above but received on a non-working day or after business hours in the place of receipt will only be deemed to be given on the next working day in that place.

26. LANGUAGE

Any notice given in connection with this Deed must be in English.

27. GOVERNING LAW

This Deed is governed by English law.

28. ENFORCEMENT

28.1 Jurisdiction

28.1.1 The English courts have non-exclusive jurisdiction to settle any dispute in connection with this Deed.

28.1.2 The English courts are the most appropriate and convenient courts to settle any such dispute.

28.1.3 This Clause 28 is for the benefit of the Trustees only. To the extent allowed by law, a Trustee may take:

28.1.3.1 proceedings in any other court; and

28.1.3.2 concurrent proceedings in any number of jurisdictions.

28.2 Waiver of immunity

The Chargor irrevocably and unconditionally:

28.2.1 agrees not to claim any immunity from proceedings brought by a Trustee against it in relation to this Deed and to ensure that no such claim is made on its behalf;

28.2.2 consents generally to the giving of any relief or the issue of any process in connection with those proceedings; and

28.2.3 waives all rights of immunity in respect of it or its assets.

This Deed is executed as a deed and delivered on the date stated at the beginning of this Deed.

SCHEDULE 1**Security Assets**

Real Property			
Name of Chargor		Address/description of the Real Property	Title Number
TESCO LIMITED	STORES	Land Lying To The South West And North East Sides Of Marshall Road (Also known as the land and buildings known as Tesco Store, The Meadows, Marshall Road, Sandhurst, Surrey GU47 9FD)	BK274580
TESCO LIMITED	STORES	265 Burlington Road, New Malden, KT3 4NE, and 300 Beverley Way, New Malden, KT3 4PJ	SGL429015 and SGL487650
TESCO LIMITED	STORES	Land and buildings on the East side of Brunton Lane, Newcastle Upon Tyne, Tesco Store, Brunton Lane, Newcastle upon Tyne NE3 2BF, and Land on the south side of Belvedere Parkway, Newcastle Upon Tyne	TY182307, TY188664 and TY366636
TESCO LIMITED	STORES	Tesco Stores Ltd, Brookfield Centre, Cheshunt, Waltham Cross, Hertfordshire EN8 OTA	HD219384
TESCO LIMITED	STORES	Tesco Stores Ltd, Coldfield Drive, Redditch, B98 7RU	HW79050
TESCO LIMITED	STORES	Land On The North-East Side Of The Shoreham-By-Pass, Shoreham-By-Sea. (Also known as Tesco Store, Holmbush Centre, Upper Shoreham Road, Shoreham-by-Sea, West Sussex BN43 6TD)	WSX169343
TESCO LIMITED	STORES	Tesco Stores Ltd, Bryant Avenue, Romford, RM3 OLL	EGL75298
TESCO LIMITED	STORES	Tesco Stores Ltd, Brunel Way, Slough, SL1 1XW	BK281252
TESCO LIMITED	STORES	Land On The North Side Of Prince Avenue, Southend-On-Sea, Tesco Stores Ltd, Prince Avenue, Westcliff-on-Sea, Essex SS0 0JP and Land Lying To The North Of Prince Close, Westcliff-On-Sea	EX759173, EX512160 and EX757294
TESCO LIMITED	STORES	Tesco Stores Ltd, Wren Nest Road, Glossop, SK13 8HB	DY453495
TESCO LIMITED	STORES	Land on the west side of Charles Avenue, Burgess Hill	WSX321825
TESCO LIMITED	STORES	Tesco Store, The Square, Notley Green, Great Notley, Braintree CM77 7WT	EX854759
TESCO LIMITED	STORES	Tesco Stores Ltd, Cheriton High Street, Folkestone, CT19 4QJ	K569490

TESCO LIMITED	STORES	Tesco Store, Stour Park, Blandford St Mary, Blandford Forum DT11 9PU	DT211483
TESCO LIMITED	STORES	Tesco Store, Kingsmeadow Park, Cricklade Road, Cirencester GL7 1NP	GR224110
TESCO LIMITED	STORES	Tesco Store, Salterton Road, Exmouth, EX8 2TS	DN268807
TESCO LIMITED	STORES	Land and buildings at Livestock Market, Harlescott Lane, Shrewsbury, SY1 3AH	SL178336
TESCO LIMITED	STORES	Townsend Shopping Park, Townsend, Shepton Mallet BA4 5SB	ST137952
TESCO LIMITED	STORES	Tesco Stores Ltd, Stratford Road, Stroud GL5 4AG	GR118318
TESCO LIMITED	STORES	Land On The East Side Of High Street, Nailsea	ST201847
TESCO LIMITED	STORES	Tesco Stores, Godsey Lane, Market Deeping PE6 8UD, Land on the north east side of Godsey Lane, Market Deeping	LL169033, LL204752
TESCO LIMITED	STORES	Land on The East Side of Pytchley Road, Kettering (Also known as Land and Buildings known as Tesco Store, Carina Road, Kettering Business Park, Kettering, NN15 6XB)	NN126920

SCHEDULE 2

Form of Letter for Occupational Tenants

Part I Notice to Occupational Tenant

[On the letterhead of the Chargor]

To: [Occupational tenant]

[Date]

Dear Sirs,

Re: [Property]

**Security Agreement dated [•] 2020 between [Chargor]
and Tesco Pension Trustees Limited as trustees of the Tesco PLC Pension Scheme
registered with Pension Scheme Registry number 10057010 (the Security Agreement)**

We refer to the lease dated [•] and made between [•] and [•] (the **Lease**).

This letter constitutes notice to you that under the Security Agreement we have charged to **Tesco Pension Trustees Limited as trustees of the Tesco PLC Pension Scheme** (the "**Trustees**") all our rights under the Lease.

We irrevocably instruct and authorise you to pay any rent payable by you under the Lease to the Trustees account at [•], Account No. [•], Sort Code [•] (the "**Rent Account**").

The instructions in this letter apply until you receive notice from the Trustees to the contrary and notwithstanding any previous instructions given by us.

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

This letter is governed by English law.

Please acknowledge receipt by signing the attached acknowledgement and returning it to the Trustees at *[insert address details]* with a copy to ourselves.

Yours faithfully,

For
TESCO STORES LIMITED

Part II Acknowledgement of Occupational Tenant

To: [●] and [●] as trustees of the [● pension scheme]

Attention: [●]

[Date]

Dear Sirs,

Re: [Property]

**Security Agreement dated [●] 2020 between [Chargor]
and Tesco Pension Trustees Limited as trustees of the Tesco PLC Pension Scheme
registered with Pension Scheme Registry number 10057010 (the Security Agreement)**

We confirm receipt from [Chargor] (the "**Chargor**") of a notice dated [●] (the "**Notice**") in relation to the Lease (as defined in the Notice).

We accept the instructions contained in the Notice.

We confirm that:

- (a) we have not received any notice that any third party has or will have any right or interest in, or has made or will be making any claim or demand or taking any action in respect of, the rights of the Chargor under or in respect of the Lease (as deemed in the Notice); and
- (b) we must pay all rent and all other monies payable by us under the Lease into the Rent Account (as defined in the Notice); and
- (c) we must continue to pay those monies into the Rent Account until we receive your written instructions to the contrary.

This letter is governed by English law.

Yours faithfully,

.....
For
[●]

SCHEDULE 3

Leases

1. The proposed lease shall not be granted at a fine or a premium.
2. Every permitted lease shall contain:
 - (a) institutionally acceptable provisions for the review of the rent payable under it (which may comprise indexation);
 - (b) a condition for re-entry on breach of any covenant by the tenant;
 - (c) a covenant (where the rent is not inclusive of such) by the tenant as to the payment of a service charge providing for the recovery by the Chargor of a due proportion of the costs of repairs and services to the premises to be let, such service charge to be in a form and substance which accords with current market practice;
 - (d) a prohibition on assignment of part of the premises let and on charging the whole or part of the premises let and on parting with possession or sharing occupation of the whole or any part of the premises let but may incorporate provisions allowing the tenant to underlet the whole of the premises let (but prohibiting any further sub-underletting of whole or part) and allowing assignment of the whole of the premises let; and
 - (e) a covenant providing that for the purposes of section 19(A) of the 1927 Act and section 16 of the 1995 Act any consents to an assignment of the lease shall inter alia be subject to a condition that the tenant shall where reasonable prior to the assignment being completed execute and deliver to the Chargor (if the Chargor so requires) an authorised guarantee agreement.

SCHEDULE 4

Substitution Criteria

1. Value Criteria

The Vacant Possession Value of the Incoming Property is the same or greater than the Vacant Possession Value of the Outgoing Property at the date of the Certificate.

2. Legal/Technical and Qualitative Criteria

2.1 The Incoming Property is located in England or Wales.

2.2 The Incoming Property is owned by a Tesco Group Company freehold.

2.3 The Trustees has received a certificate of title addressed to them (in the then current CLLS form or, failing that, the nearest equivalent form of certificate of title that is generally in use in the UK property market for high value commercial property at the time), from the Chargors' solicitors (whose identity and terms of appointment have first been approved by the Trustees, in a form acceptable to the Trustees), disclosing no materially adverse matters in respect of the Incoming Property and certifies that the Incoming Property enjoys good and marketable title as approved by the Trustees' solicitors such approval not to be unreasonably withheld or delayed, which certificate is to be held by the Trustees and dated on the Completion Date.

2.4 The Trustees has received a long form valuation report addressed jointly to the Trustees and the Chargor as to Market Value of the Incoming Property from one of the Approved Firms, supporting the Certificate of the Property Adviser provided under Clause 6.4.1 of this Deed.

2.5 The Outgoing Property and Incoming Property are of the same store format (i.e. "Tesco Extra" or "Superstore") or bigger and the Incoming Property has a comparable car parking to store size ratio to the Outgoing Property.

SIGNATORIES

THE CHARGOR

Executed as a deed by
TESCO STORES LIMITED acting by two
directors:

)
)
)
)
)

Signature of Director
Name: Adrian Morris

)
)
)
)
)

Signature of Director
Name: Steve Rigby

THE TRUSTEES

Executed as a deed by
TESCO PENSION TRUSTEES LIMITED
acting by two authorised signatories:

)
)
)
)
)

Authorised signatory
Name: Ruston Smith

)
)
)
)
)

Authorised signatory
Name: Mitesh Bagoban