



Registration of a Charge

Company Name: **THE MANOR HOUSE HOTEL (CASTLE COMBE) LIMITED**

Company Number: **02256084**



Received for filing in Electronic Format on the: **28/03/2022**

XB0RAYPS

Details of Charge

Date of creation: **21/03/2022**

Charge code: **0225 6084 0012**

Persons entitled: **NATIONAL WESTMINSTER BANK PLC**

Brief description: **PLEASE SEE DOCUMENT FOR FURTHER DETAILS**

Contains fixed charge(s).

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

Contains negative pledge.

Authentication of Form

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

Authentication of Instrument

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

Certified by: **DMH STALLARD LLP**



CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 2256084

Charge code: 0225 6084 0012

The Registrar of Companies for England and Wales hereby certifies that a charge dated 21st March 2022 and created by THE MANOR HOUSE HOTEL (CASTLE COMBE) LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 28th March 2022 .

Given at Companies House, Cardiff on 31st March 2022

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**

DATED: 21st March 2022

(1) THE COMPANIES NAMED IN THIS DEED AS CHARGING COMPANIES

and

**(2) NATIONAL WESTMINSTER BANK PLC
as Security Agent**

SECURITY AGREEMENT



www.dmhstallard.com

Ref: 306704-15/C59/B17/v.03

Table of Contents

1.	Definitions and Interpretation	1
2.	Covenant to Pay	5
3.	Grant of Security	6
4.	Fixed Security	6
5.	Floating Charge	10
6.	Conversion of Floating Charge	10
7.	Continuing Security	11
8.	Liability of Charging Companies relating to the Security Assets	12
9.	Accounts	12
10.	Power to Remedy	15
11.	When Security becomes Enforceable	16
12.	Enforcement of Security	16
13.	Receiver	18
14.	Powers of Receiver	19
15.	Application of Proceeds and Intercreditor Agreement	21
16.	Set-off	22
17.	Delegation	23
18.	Further Assurances	23
19.	Power of Attorney	24
20.	Payments	24
21.	Stamp Taxes	24
22.	Costs and Expenses	24
23.	Indemnity	25
24.	Change to the Parties	25
25.	Miscellaneous	26
26.	Notices	28
27.	Calculations and Certificates	28
28.	Partial Invalidity	28
29.	Remedies and Waivers	28
30.	Amendments and Waivers	28
31.	Counterparts	29
32.	Release	29
33.	Governing Law	29
	Schedule 1	30
	Schedule 2	31
	Schedule 3	33
	Schedule 4	37
	Schedule 5	39
	Schedule 6	41

THIS SECURITY AGREEMENT is made on 21st March 2022

BETWEEN

- (1) THE COMPANIES LISTED IN SCHEDULE 1 TO THIS DEED (the "Charging Companies"); and
- (2) NATIONAL WESTMINSTER BANK PLC (as security trustee for the Secured Parties (as defined below)) (in such capacity, the "Security Agent").

IT IS AGREED

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Deed:

- (a) terms defined in, or construed for the purposes of, the Facilities Agreement (as defined below) have the same meanings when used in this Deed (unless the same are otherwise defined in this Deed); and
- (b) the following terms have the following meanings:

Act: means the Law of Property Act 1925;

Assigned Assets: means the Security Assets expressed to be assigned pursuant to clause 4.2 (*Security assignments*);

Charged Investments: means the Charged Securities and all present and future Related Rights accruing to all or any of the Charged Securities;

Charged Securities: means:

- (a) the securities (if any) specified in Part 2 of Schedule 2 (Details of Security Assets); and
- (b) all other stocks, shares, debentures, bonds, warrants, coupons, negotiable instruments, certificates of deposit or other securities or "investments" (as defined in part II of schedule II to the Financial Services and Markets Act 2000 as in force at the date of this Deed) now or in future owned (legally or beneficially) by a Charging Company or held by a nominee, trustee, fiduciary or clearance system on its behalf or in which such Charging Company has an interest at any time;

Collection Account: has the meaning given to that term in clause 9.1.1(c).

Default Rate: means the rate of interest determined in accordance with clause 10.5 of the Facilities Agreement;

Facilities Agreement: means the senior facilities agreement dated on or around the date of this Deed and made between (1) The Manor House Hotel (Castle Combe) Limited (the Parent), (2) and (3) the companies listed in part 1 of schedule 1 to it (as Original Borrowers and Original Guarantors), (4), (5), (6), (7) and (8) National Westminster Bank plc (as Arranger, Original Lender, Original Lender, Agent and Security Agent) and as that may be amended, novated, supplemented, extended or restated from time to time;

Insurances: means all policies of insurance which are at any time held by or written in favour of a Charging Company, or in which a Charging Company from time to time has an interest (including, without limitation, the policies of insurance (if any) specified in Part 4 of Schedule 2 (*Details of Security Assets*));

Intercreditor Agreement: means the intercreditor agreement dated on or around the Date of this Deed and made between, among others, the Lender (as Security Agent and as Senior Lender), the Hedge Counterparty, the Original Investors (each as defined in the Intercreditor Agreement), and the Original Obligors, Intra-Group Creditors, Intra-Group Debtors (as defined in the Intercreditor Agreement) and as that may be amended, novated, supplemented, extended or restated from time to time;

Party: means a party to this Deed;

Property: means all Real Property now or in future belonging to any Charging Company, or in which any Charging Company has an interest at any time (including the registered and unregistered land (if any) in England and Wales specified in Part 1 of Schedule 2 (*Details of Security Assets*));

Receivables: means all present and future sums due to any Charging Company under any Hedging Agreement, book debts and other debts, rentals, royalties, fees, VAT and monetary claims and all other amounts at any time recoverable or receivable by, or due or owing to, any Charging Company (whether actual or contingent and whether arising under contract or in any other manner whatsoever) together with:

- (a) the benefit of all rights, guarantees, Security and remedies relating to any of the foregoing (including without limitation, negotiable instruments, indemnities, reservations of property rights, rights of tracing and unpaid vendor's liens and similar associated rights); and
- (b) all proceeds of any of the foregoing;

Related Rights: means, in relation to any Charged Securities:

- (a) all dividends, distributions and other income paid or payable on the relevant Charged Securities or on any asset referred to in paragraph (b) below;

- (b) all rights, monies or property accruing or offered at any time in relation to such Charged Securities whether by way of redemption, substitution, exchange, bonus or preference, under option rights or otherwise;

Relevant Contract: means each agreement (if any) specified in Part 3 of Schedule 2 (*Details of Security Assets*) together with each other agreement supplementing or amending or novating or replacing the same;

Secured Obligations: means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or alone or in any other capacity whatsoever) of any present or future Obligor to the Security Agent and/or the other Secured Parties (or any of them) under or pursuant to any Finance Document and all monies covenanted to be paid under this Deed.

Secured Parties: means:

- (a) each Finance Party; and
- (a) any Receiver; and
- (b) any Delegate;

Security Assets: means all property and assets from time to time mortgaged, charged or assigned (or expressed to be mortgaged, charged or assigned) by or pursuant to this Deed;

Security Period: means the period beginning on the date of this Deed and ending on the date on which:

- (a) all the Secured Obligations have been unconditionally and irrevocably paid and discharged in full; and
- (b) no Secured Party has any further commitment, obligation or liability under or pursuant to the Finance Documents.

1.2 Interpretation

1.2.1 Capitalised terms defined in the Facilities Agreement have the same meaning in this Deed unless expressly defined in this Deed.

1.2.2 Unless a contrary indication appears, any reference in this Deed to:

- (a) a "Charging Company", the "Security Agent" or any other "Secured Party" shall be construed so as to include its successors in title, permitted assigns and permitted transferees and in the case of the Security Agent, any person for the time being appointed as Security Agent in accordance with the Finance Documents;

- (b) **"this Deed"**, the **"Facilities Agreement"**, any other **"Finance Document"** or any other agreement or instrument shall be construed as a reference to this Deed, the Facilities Agreement, such other Finance Document or such other agreement or instrument as amended, supplemented, novated and/or replaced in any manner from time to time (even if any of the same increases the obligations of any person or provides for further advances);
 - (c) **"assets"** includes any present and future properties, revenues and rights of every description and includes uncalled capital;
 - (d) an Event of Default is **"continuing"** if it has not been remedied to the satisfaction of the Lender or waived in writing by the Lender;
 - (e) **"including"** or **"includes"** means including or includes without limitation;
 - (f) **"Secured Obligations"** includes obligations and liabilities which would be treated as such but for the liquidation or dissolution of or similar event affecting any person;
 - (g) a provision of law is a reference to that provision as amended or re-enacted; and
 - (h) the singular includes the plural and vice versa.
- 1.2.3 References to clauses, paragraphs and schedules are references to clauses, paragraphs and schedules of this Deed unless otherwise stated. References to this Deed include its schedules.
- 1.2.4 Clause and schedule headings are for ease of reference only and shall not affect the construction of this Deed.
- 1.2.5 Each undertaking of a Charging Company (other than a payment obligation) contained in this Deed:
- (a) must be complied with at all times during the Security Period; and
 - (b) is given by such Charging Company for the benefit of the Security Agent and each other Secured Party.
- 1.2.6 The terms of the other Finance Documents, and of any side letters between any of the parties to them in relation to any Finance Document are incorporated in this Deed to the extent required to ensure that any disposition of the Property contained in this Deed is a valid disposition in accordance with section 2(1) of the Law of Property (Miscellaneous Provisions) Act 1989.
- 1.2.7 If a Finance Party reasonably considers that an amount paid to a Secured Party under a Finance Document as appropriate is capable of being avoided or otherwise set aside on the liquidation bankruptcy or administration of the

payer, then that amount shall not be considered to have been irrevocably paid for the purposes of this Deed.

1.2.8 The liabilities and obligations of each Charging Company under this Deed are joint and several. Each Charging Company agrees to be bound by this Deed notwithstanding that any other Charging Company which was intended to sign or be bound by this Deed did not so sign or is not bound by this Deed.

1.2.9 The Parties intend that this document shall take effect as a deed notwithstanding the fact that a Party may only execute this document under hand.

1.2.10 This Deed is made subject to the terms of the Intercreditor Agreement.

1.3 Joint and Several

The liabilities and obligations of each Charging Company under this deed are joint and several. Each Charging Company agrees to be bound by this Deed notwithstanding that any other Charging Company which was intended to sign or to be bound by this Deed did not sign or is not bound by this Deed.

1.4 Inconsistency between this Deed and other Finance Documents

If there is any conflict or inconsistency between any provision of this Deed and any provision of the Facilities Agreement, the provision of the Facilities Agreement shall prevail.

1.5 Trust

All Security and dispositions made or created, and all obligations and undertakings contained, in this Deed to, in favour of or for the benefit of the Security Agent are made, created and entered into in favour of the Security Agent as trustee for the Finance Parties from time to time on the terms of the Intercreditor Agreement.

1.6 Third party rights

A person who is not a Party or a Secured Party has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or enjoy the benefit of any term of this Deed.

1.7 Delivery

The Parties intend this Deed to be delivered on the first date specified on page 1 of this Deed.

2. COVENANT TO PAY

2.1 Covenant to pay

2.1.1 Each Charging Company, as principal obligor and not merely as surety, covenants in favour of the Security Agent that it will pay and discharge the Secured Obligations from time to time when they fall due.

2.1.2 Every payment by a Charging Company of a Secured Obligation which is made to or for the benefit of a Secured Party to which that Secured Obligation is due and payable in accordance with the Finance Document under which such sum is payable to that Secured Party, shall operate in satisfaction to the same extent of the covenant contained in clause 2.1.1.

2.2 Default interest

2.2.1 Any amount which is not paid under this Deed when due shall bear interest (both before and after judgment and payable on demand) from the due date until the date on which such amount is unconditionally and irrevocably paid and discharged in full on a daily basis at the rate and in the manner agreed in the Finance Document under which such amount is payable and, in the absence of such agreement, at the Default Rate from time to time.

2.2.2 Default interest will accrue from day to day and will be compounded at such intervals as the Security Agent (acting on the instructions of the Lender or, in respect of amounts being payable pursuant to a Hedging Agreement, the relevant Hedge Counterparty).

3. GRANT OF SECURITY

3.1 Nature of security

All Security and dispositions created or made by or pursuant to this Deed are created or made:

3.1.1 in favour of the Security Agent;

3.1.2 with full title guarantee in accordance with the Law of Property (Miscellaneous Provisions) Act 1994; and

3.1.3 as continuing security for payment of the Secured Obligations.

3.2 Qualifying floating charge

Paragraph 14 of Schedule B1 to the Insolvency Act 1986 applies to any floating charge created by or pursuant to this Deed (and each floating charge is a qualifying floating charge for the purposes of the Insolvency Act 1986).

4. FIXED SECURITY

4.1 Fixed charges

Each Charging Company charges and agrees to charge all of its present and future right, title and interest in and to the following assets which are at any time owned by it, or in which it has an interest:

- 4.1.1 by way of first fixed legal mortgage:
- (a) the Property (if any) specified in Part 1 of Schedule 2 (*Details of Security Assets*); and
 - (b) all other Property (if any) at the date of this Deed vested in, or charged to, such Charging Company (not charged by clause 4.1.1(a));
- 4.1.2 by way of first fixed charge (to the extent not mortgaged by clause 4.1.1):
- (a) all other Property and all interests in Property (not charged by clause 4.1.1);
 - (b) all licences to enter upon or use land and the benefit of all other agreements relating to land;
 - (c) the proceeds of sale of all Property; and
 - (d) the benefit of any rental deposit given or charged to the Charging Company by any occupier of the Property.
- 4.1.3 by way of first fixed charge (to the extent not assigned by clause 4.2) all building contracts, appointments of professionals, collateral warranties and all rights in respect of any of them;
- 4.1.4 by way of first fixed charge all plant and machinery (not charged by clause 4.1.1 or 4.1.2) and the benefit of all contracts, licences and warranties relating to the same;
- 4.1.5 by way of first fixed charge:
- (a) all computers, vehicles, office equipment and other equipment (not charged by clause 4.1.4); and
 - (b) the benefit of all contracts, licences and warranties relating to the same,
- 4.1.6 by way of first fixed charge:
- (a) the Charged Securities referred to in Part 2 of Schedule 2 (*Details of Security Assets*);
 - (b) all other Charged Securities (not charged by clause 4.1.6(a)),
- in each case, together with (1) all Related Rights from time to time accruing to those Charged Securities and (2) all rights which such Charging Company may have at any time against any clearance or settlement system or any custodian in respect of any Charged Investments;
- 4.1.7 by way of first fixed charge:

- (a) the Accounts and all monies at any time standing to the credit of the Accounts;
- (b) the Collection Accounts and all monies at any time standing to the credit of the Collection Accounts; and
- (c) all accounts of such Charging Company with any bank, financial institution or other person at any time (not charged by clause 4.1.7(a)) and all monies at any time standing to the credit of such accounts,

in each case, together with all interest from time to time accrued or accruing on such monies, any investment made out of such monies or account and all rights to repayment of any of the foregoing;

4.1.8 by way of first fixed charge the Intellectual Property;

4.1.9 to the extent that any Assigned Asset is not effectively assigned under clause 4.2 (*Security assignments*), by way of first fixed charge such Assigned Asset;

4.1.10 by way of first fixed charge (to the extent not otherwise charged or assigned in this Deed):

- (a) the benefit of all licences, consents, agreements and Authorisations held or used in connection with the business of such Charging Company or the use of any of its assets;
- (b) each Hedging Agreement and each other agreement supplementing or amending or replacing or novating the same, and all rights and remedies in connection with them and all proceeds and claims arising from them; and
- (c) any letter of credit issued in favour of such Charging Company and all bills of exchange and other negotiable instruments held by it; and
- (d) all building contracts, appointments of professionals, collateral warranties and all rights in respect of them.

4.1.11 by way of first fixed charge all of the goodwill and uncalled capital of such Charging Company.

4.2 **Security assignments**

Each Charging Company assigns and agrees to assign absolutely (subject to a proviso for reassignment on redemption) all of its present and future rights, title and interest in and to:

4.2.1 the Relevant Contracts, all rights and remedies in connection with the Relevant Contracts and all proceeds and claims arising therefrom;

- 4.2.2 the Insurances, all claims under the Insurances and all proceeds of the Insurances;
- 4.2.3 the Hedging Agreements;
- 4.2.4 all building contracts, appointments of professionals, collateral warranties and all rights in respect of any of them; and
- 4.2.5 all other Receivables (not assigned under clause 4.2.1 to 4.2.3).

To the extent that any Assigned Asset described in clause 4.2.2 is not assignable, the assignment which that clause purports to effect shall operate as an assignment of all present and future rights and claims of such Charging Company to any proceeds of the Insurances.

4.3 Notice of assignment and/or charge

Immediately upon execution of this Deed (and immediately upon the obtaining of any Insurance, or the execution of any Relevant Contract or Hedging Agreement after the date of this Deed) each Charging Company shall:

- 4.3.1 in respect of each Relevant Contract to which it is a party, deliver a duly completed notice of assignment to each other party to that Relevant Contract, and use reasonable endeavours to procure that each such party executes and delivers to the Security Agent an acknowledgement, in each case in the respective forms set out in Schedule 4 (*Form of notice to and acknowledgement by party to Relevant Contract*) (or in such other form as the Security Agent shall agree);
- 4.3.2 in respect of each Hedging Agreement to which it is a party, deliver a duly completed notice of assignment to each other party to that Hedging Agreement, and shall use reasonable endeavours to procure that each such party executes and delivers to the Security Agent an acknowledgement, in each case in the respective forms set out in Schedule 6 (*Form of notice to and acknowledgement by party to Hedging Agreement*) (or in such other form as the Security Agent shall agree); and
- 4.3.3 in respect of each of its Insurances, deliver a duly completed notice of assignment to each other party to that Insurance, and shall use its reasonable endeavours (which shall not extend to making payments to any such party) to procure that each such party executes and delivers to the Security Agent an acknowledgement, in each case in the respective forms set out in Schedule 5 (*Form of notice to and acknowledgement by insurers*) (or in such other form as the Security Agent shall agree); and
- 4.3.4 deliver a duly completed notice to the Account Bank and shall use its reasonable endeavours to procure that the Account Bank executes and delivers to the Security Agent an acknowledgement, in each case in fee respective forms set out in Schedule 3 (*Form of notice to and*

acknowledgement from bank operating Accounts) (or in such other form as the Lender shall agree).

4.4 **Assigned Assets**

The Security Agent is not obliged to take any steps necessary to preserve any Assigned Asset, to enforce any term of a Relevant Contract against any person or to make any enquiries as to the nature or sufficiency of any payment received by it pursuant to this Deed.

5. **FLOATING CHARGE**

Each Charging Company charges and agrees to charge by way of first floating charge:

- 5.1 all of its present and future assets and undertaking (wherever located) which are not effectively charged by way of first fixed mortgage or charge or assigned pursuant to clause 4.1 (*Fixed charges*), clause 4.2 (*Security assignments*) or any other provision of this Deed; and
- 5.2 all of its present and future (whether or not effectively so charged or assigned) heritable property and all other property and assets in Scotland.

6. **CONVERSION OF FLOATING CHARGE**

6.1 **Conversion by notice**

The Security Agent may, by written notice to a Charging Company, convert the floating charge created under this Deed into a fixed charge as regards all or any of the assets of such Charging Company specified in file notice if:

- 6.1.1 an Event of Default has occurred and is continuing;
- 6.1.2 the Security Agent considers any Security Assets (whether or not those specified in the notice) to be in danger of being seized or sold under any form of distress, attachment, execution or other legal process or to be otherwise in jeopardy.

6.2 **Small companies**

The floating charged created under this Deed by any Charging Company shall not convert into a fixed charge solely by reason of a moratorium being obtained under the Insolvency Act 2000 (or anything done with a view to obtaining such a moratorium in respect of such Charging Company).

6.3 Automatic conversion

The floating charge created under this Deed shall (in addition to the circumstances in which the same will occur under general law) automatically convert into a fixed charge:

6.3.1 in relation to any Security Asset which is subject to a floating charge if:

- (a) such Charging Company creates (or attempts or purports to create) any Security (other than a Permitted Security) on or over the relevant Security Asset without the prior written consent of the Security Agent; or
- (b) any third party levies or attempts to levy any distress, execution, attachment or other legal process against any such Security Asset; and

6.3.2 over all Security Assets of a Charging Company which are subject to a floating charge if an administrator is appointed in respect of such Charging Company or the Security Agent receives notice of intention to appoint such an administrator.**6.4 Partial conversion**

The giving of a notice by the Security Agent pursuant to clause 6.1 (*Conversion by notice*) in relation to any class of assets of any Charging Company shall not be construed as a waiver or abandonment of the rights of the Security Agent to serve similar notices in respect of any other class of assets or of any other right of the Security Agent and/or the other Secured Parties.

7. CONTINUING SECURITY**7.1 Continuing security**

The Transaction Security is continuing and will extend to the ultimate balance of the Secured Obligations regardless of any intermediate payment or discharge in whole or in part. This Deed shall remain in full force and effect as a continuing Security Interest for the duration of the Security Period.

7.2 Additional and separate security

This Deed is in addition to, without prejudice to, and shall not merge with, any other right, remedy, guarantee or Security which the Security Agent and/or any other Secured Party may at any time hold for any Secured Obligation.

7.3 Right to enforce

This Deed may be enforced against each or any Charging Company without

the Security Agent and/or any other Secured Party first having recourse to any other right, remedy, guarantee or Security held by or available to it or any of them.

8. LIABILITY OF CHARGING COMPANIES RELATING TO THE SECURITY ASSETS

Notwithstanding anything contained in this Deed or implied to the contrary, each Charging Company remains liable to observe and perform all conditions and obligations assumed by it in relation to the Security Assets. The Security Agent is under no obligation to perform or fulfil any such condition or obligation or to make any payment in respect of any such condition or obligation.

9. ACCOUNTS

No monies at any time standing to the credit of any account (of any type and however designated) of any Charging Company with the Security Agent and/or any other Secured Party (or any of them) or in which any Charging Company has an interest (and no rights and benefits relating thereto) shall be capable of being assigned to any third party.

9.1 Dealings with and realisation of Receivables and Accounts

9.1.1 Subject to the terms of the Facilities Agreement, each Charging Company shall:

- (a) not, without the prior written consent of the Security Agent, sell, assign, charge, factor or discount or in any other manner deal with any Receivable;
- (b) collect all Receivables promptly in the ordinary course of trading as agent for the Security Agent; and
- (c) immediately upon receipt pay all monies which it receives in respect of the Receivables into;
 - (i) such specially designated account(s) with the Security Agent as the Security Agent may from time to time direct; or
 - (ii) such other account(s) with such other bank as the Security Agent may from time to time direct,

(each such account(s), together with all additions to or renewals or replacements thereof (in whatever currency) being a "Collection Account"); and
- (d) pending such payment, hold all monies so received upon trust for the Security Agent.

9.1.2 Subject to the terms of the Facilities Agreement, each Charging Company shall deal with the Receivables (both collected and uncollected) and the Collection Accounts in accordance with any directions given in writing from time to time by the Security Agent and, in default of and subject to such directions, in accordance with this Deed.

9.1.3 Each Charging Company shall deliver to the Security Agent such information as to the amount and nature of its Receivables as the Security Agent may from time to time reasonably require (taking into account the requirements of the Finance Documents).

9.2 Operation of Collection Accounts

Subject to the Facilities Agreement:

9.2.1 No Charging Company shall withdraw, attempt or be entitled to withdraw (or direct any transfer of) all or any part of the monies in any Collection Account without the prior written consent of the Security Agent and the Security Agent shall be entitled (in its reasonable discretion) to refuse to permit any such withdrawal or transfer.

9.2.2 If from time to time there is any credit balance on any other account of any Charging Company with the Security Agent into which proceeds of Receivables are paid or transferred, the Security Agent shall be entitled in its reasonable discretion to refuse to permit such credit balance to be utilised or withdrawn by any Charging Company (whether in whole or in part) for so long as any of the Secured Obligations is outstanding.

9.2.3 If the right of a Charging Company to withdraw the proceeds of any Receivables standing to the credit of a Collection Account results in the charge over that Collection Account being characterised as floating charge, that will not affect the nature of any other fixed security created by any Charging Company under this Deed on all its outstanding Receivables.

9.3 Charged Investments

9.3.1 Each Charging Company shall, immediately upon execution of this Deed or (if later), as soon as is practicable after its acquisition of any Charged Securities by way of security for the Secured Obligations:

(a) deposit with the Security Agent (or as the Security Agent may direct) all certificates and other documents of title or evidence of ownership to the Charged Securities and their Related Rights; and

(b) execute and deliver to the Security Agent:

(i) instruments of transfer in respect of the Charged Securities (executed in blank and left undated); and/or

(ii) such other documents as the Security Agent shall require to enable it (or its nominees) to be registered as the owner of or

otherwise to acquire a legal title to the Charged Securities and their Related Rights (or to pass legal title to any purchaser).

9.3.2 Each Charging Company shall:

- (a) promptly give notice to any custodian of any agreement with such Charging Company in respect of any Charged Investment in a form the Security Agent may require; and
- (b) use its reasonable endeavours to ensure that the custodian acknowledges that notice in a form the Security Agent may require.

9.4 Rights of the Parties in respect of Charged Investments

9.4.1 Until an Event of Default occurs which is continuing, each Charging Company shall be entitled to:

- (a) receive and retain all dividends, distributions and other monies paid on or derived from its Charged Securities; and
- (b) exercise all voting and other rights and powers attaching to its Charged Securities, provided that it must not do so in a manner which:
 - (i) has the effect of changing the terms of such Charged Securities (or any class of them) or of any Related Rights; or
 - (ii) is prejudicial to the interests of the Security Agent and/or the other Secured Parties.

9.4.2 At any time following the occurrence of an Event of Default which is continuing, the Security Agent may complete the instrument(s) of transfer for all or any Charged Securities on behalf of any Charging Company in favour of itself or such other person as it may select.

9.4.3 At any time when any Charged Securities is registered in the name of the Security Agent or its nominee, the Security Agent shall be under no duty to:

- (a) ensure that any dividends, distributions or other monies payable in respect of such Charged Securities are duly and promptly paid or received by it or its nominee;
- (b) verify that the correct amounts are paid or received; or
- (c) take any action in connection with the taking up of any (or any offer of any) Related Rights in respect of or in substitution for, any such Charged Securities.

9.5 Relevant Contracts

- 9.5.1 No Charging Company shall, except with the prior written consent of the Security Agent (such consent not to be unreasonably withheld or delayed), amend or waive any term of any Relevant Contract, terminate any Relevant Contract or release any other party from its obligations under any Relevant Contract, if to do so would be likely to have a Material Adverse Effect.
- 9.5.2 Each Charging Company shall duly perform its obligations under each Relevant Contract, shall notify the Security Agent of any material default by it or any other party under any Relevant Contract and shall not take any action which will reduce or impede recoveries in respect of any Assigned Asset.
- 9.5.3 Each Charging Company shall provide to the Security Agent as soon as practicable upon receipt copies of all material notices and information received by it from any other party to any Relevant Contract.

10. POWER TO REMEDY

10.1 Power to remedy

If at any time a Charging Company does not comply with any of its obligations under this Deed, the Security Agent (without prejudice to any other rights arising as a consequence of such non-compliance) shall be entitled (but not bound) to rectify that default. The relevant Charging Company irrevocably authorises the Security Agent and its employees and agents by way of security to do all such things (including entering the property of such Charging Company) which are necessary or desirable to rectify that default.

10.2 Mortgagee in possession

The exercise of the powers of the Security Agent under this clause 10 shall not render it, or any other Secured Party, liable as a mortgagee in possession.

10.3 Monies expended

The relevant Charging Company shall pay to the Security Agent on written demand any monies which are expended by the Security Agent in exercising its powers under this clause 10, together with interest at the Default Rate determined under the Facilities Agreement from the date on which those monies were expended by the Security Agent (both before and after judgment) and otherwise in accordance with clause 2.2 (*Default interest*).

11. WHEN SECURITY BECOMES ENFORCEABLE

11.1 When enforceable

The Transaction Security shall become immediately enforceable upon the occurrence of an Event of Default.

11.2 Statutory powers

The power of sale and other powers conferred by Section 101 of the Act (as amended or extended by this Deed) shall be immediately exercisable upon and at any time after the occurrence of any Event of Default.

11.3 Enforcement

After the Transaction Security has become enforceable, the Security Agent may in its absolute discretion enforce all or any part of the Transaction Security in such manner as it sees fit.

12. ENFORCEMENT OF SECURITY

12.1 General

For the purposes of all rights and powers implied by statute, the Secured Obligations are deemed to have become due and payable on the date of this Deed. Sections 93 and 103 of the Act shall not apply to the Transaction Security.

12.2 Powers of leasing

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

12.3 Powers of Security Agent

12.3.1 At any time after the Transaction Security becomes enforceable, the Security Agent may without further notice (unless required by law):

- (a) (or if so requested by any Charging Company by written notice at any time may) appoint any person (or persons) to be a receiver, receiver and manager of all or any part of the Security Assets and/or of the income of the Security Assets; and/or
- (b) appoint or apply for the appointment of any person who is appropriately qualified as administrator of a Charging Company; and/or

- (c) exercise all or any of the powers conferred on mortgagees by the Act (as amended or extended by this Deed) and/or all or any of the powers which are conferred by this Deed on a Receiver, in each case without first appointing a Receiver or notwithstanding the appointment of any Receiver; and/or
- (d) exercise (in the name of any Charging Company and without any further consent or authority of such Charging Company) any voting rights and any powers or rights which may be exercised by any person(s) in whose name any Charged Investment is registered, or who is the holder of any of them (including all the powers given to trustees by section 10(3) and (4) of the Trustee Act 1925 in respect of securities or property subject to a trust).

12.3.2 The Security Agent is not entitled to appoint a Receiver in respect of any Security Assets of any Charging Company which are subject to a charge which (as created) was a floating charge solely by reason of a moratorium being obtained under the Insolvency Act 2000 (or anything done with a view to obtaining such a moratorium) in respect of such Charging Company.

12.4 Redemption of prior mortgages

At any time after the Transaction Security has become enforceable, the Security Agent may:

- 12.4.1 redeem any prior Security against any Security Asset; and/or
- 12.4.2 procure the transfer of that Security to itself; and/or
- 12.4.3 settle and pass the accounts of the holder of any prior Security and any accounts so settled and passed shall be conclusive and binding on each Charging Company.

All principal, interest, costs, charges and expenses of an incidental to any such redemption and/or transfer shall be paid by the relevant Charging Company to the on demand.

12.5 Privileges

- 12.5.1 Each Receiver and the Security Agent is entitled to all the rights, powers, privileges and immunities conferred by the Act on mortgagees and receivers when such receivers have been duly appointed under the Act, except that section 103 of the Act does not apply.
- 12.5.2 To the extent that the Security Assets constitute "*financial collateral*" and this Deed and the obligations of the Charging Companies under this deed constitute a "*security financial collateral arrangement*" (in each case for the purpose of and as defined in the Financial Collateral Arrangements (No. 2) Regulations 2003) (SI 2003 No 3226) each Receiver and the Security Agent shall have the right after this Security has become enforceable to appropriate

all or any part of that financial collateral in or towards the satisfaction of the Secured Obligations.

- 12.5.3 For the purpose of clause 12.5.2, the value of the financial collateral appropriated shall be such amount as the Receiver or Security Agent reasonably determines having taken into account advice obtained by it from an independent investment or accountancy firm of national standing selected, by it.

12.6 No liability

- 12.6.1 Neither the Security Agent, nor any other Secured Party shall be liable (1) in respect of all or any part of the Security Assets or (2) for any loss or damage which arises out of the exercise or the attempted or purported exercise of, or the failure to exercise any of, its or his respective powers (unless such loss or damage is caused by its or his gross negligence or wilful misconduct).

- 12.6.2 Without prejudice to the generality of clause 12.6.1, neither the Security Agent, nor any other Secured Party shall 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.

12.7 Protection of third parties

No person (including a purchaser) dealing with the Security Agent, any Receiver or Delegate will be concerned to enquire:

- 12.7.1 whether the Secured Obligations have become payable; or
- 12.7.2 whether any power which the Security Agent or the Receiver or the Delegate is purporting to exercise has become exercisable; or
- 12.7.3 whether any money remains due under any Finance Document; or
- 12.7.4 how any money paid to the Security Agent, the Receiver or to the Delegate is to be applied.

13. RECEIVER

13.1 Removal and replacement

The Security Agent may from time to time remove any Receiver appointed by it and, whenever it may deem appropriate, may appoint a new Receiver in the place of any Receiver whose appointment has terminated.

13.2 Multiple Receivers

If at any time there is more than one Receiver of all or any part of the Security Assets and/or the income of the Security Assets, each Receiver

shall have power to act individually (unless otherwise stated in the appointment document).

13.3 Remuneration

Any Receiver shall be entitled to remuneration for his services at a rate to be fixed by agreement between him and the Security Agent (or, failing such agreement, to be fixed by the Security Agent).

13.4 Payment by Receiver

Only monies actually paid by a Receiver to the Security Agent in relation to the Secured Obligations shall be capable of being applied by the Security Agent in discharge of the Secured Obligations.

13.5 Agent of Charging Companies

Any Receiver shall be the agent of the Charging Company in respect of which it is appointed. Such Charging Company shall (subject to the Companies Act 1985 and the Insolvency Act 1986) be solely responsible for his acts and defaults and for the payment of his remuneration. No Secured Party shall incur any liability (either to such Charging Company or to any other person) by reason of the appointment of a Receiver or for any other reason.

14. POWERS OF RECEIVER

14.1 General powers

Any Receiver shall have:

- 14.1.1 all the powers which are conferred on the Security Agent by clause 12.3 (*Powers of Security Agent*).
- 14.1.2 all the powers which are conferred by the Act on mortgagees in possession and receivers appointed under the Act;
- 14.1.3 all the powers which are listed in schedule 1 of the Insolvency Act 1986; and
- 14.1.4 all powers which are conferred by any other law conferring power on receivers.

14.2 Additional powers

In addition to the powers referred to in clause 14.1 (*General powers*), a Receiver shall have the following powers:

- 14.2.1 to take possession of, collect and get in all or any part of the Security Assets and/or income in respect of which he was appointed;

- 14.2.2 to manage the Security Assets and the business of any Charging Company as he thinks fit;
- 14.2.3 to redeem any security and to borrow or raise any money and secure the payment of any money in priority to the Secured Obligations for the purpose of the exercise of his powers and/or defraying any costs or liabilities incurred by him in such exercise;
- 14.2.4 to sell or concur in selling, leasing or otherwise disposing of all or any part of the Security Assets in respect of which he was appointed without the need to observe the restrictions imposed by section 103 of the Act and:
- (a) fixtures may be severed and sold separately from the Property containing them, without the consent of any Charging Company;
 - (b) the consideration for any such transaction may consist of cash, debentures or other obligations, shares, stock or other valuable consideration (and the amount of such consideration may be dependent upon profit or turnover or be determined by a third party);
 - (c) any such consideration may be payable in a lump sum or by instalments spread over such period as he thinks fit;
- 14.2.5 to alter, improve, develop, complete, construct, modify, refurbish or repair any building or land and to complete or undertake or concur in the completion or undertaking (with or without modification) of any project in which any Charging Company was concerned or interested before his appointment (being a project for the alteration, improvement, development, completion, construction, modification, refurbishment or repair of any building or land);
- 14.2.6 to carry out any sale, lease or other disposal of all or any part of the Security Assets by conveying, transferring, assigning or leasing the same in the name of the relevant Charging Company and, for that purpose, to enter into covenants and other contractual obligations in the name of, and so as to bind, such Charging Company;
- 14.2.7 to take any such proceedings (in the name of any of the relevant Charging Companies or otherwise) as he shall think fit in respect of the Security Assets and/or income in respect of which he was appointed (including proceedings for recovery of rent or other monies in arrears at the date of his appointment);
- 14.2.8 to enter into or make any such agreement, arrangement or compromise as he shall think fit;
- 14.2.9 to insure, and to renew any insurances in respect of, the Security Assets as he shall think fit (or as the Security Agent shall direct);

- 14.2.10 to appoint and employ such managers, officers and workmen and engage such professional advisers as he shall think fit (including, without prejudice to the generality of the foregoing power, to employ his partners and firm);
- 14.2.11 to form one or more Subsidiaries of any Charging Company, and to transfer to any such Subsidiary all or any part of the Security Assets;
- 14.2.12 to operate any rent review clause in respect of any Property in respect of which he was appointed (or any part thereof) and to apply for any new or extended lease; and
- 14.2.13 to:
 - (a) give valid receipts for all monies and to do all such other things as may seem to him to be incidental or conducive to any other power vested in him or necessary or desirable for the realisation of any Security Asset;
 - (b) exercise in relation to each Security Asset all such powers and rights as he would be capable of exercising if he were the absolute beneficial owner of the Security Assets;
 - (c) and use the name of any Charging Company for any of the above purposes.

15. APPLICATION OF PROCEEDS AND INTERCREDITOR AGREEMENT

15.1 Application

All monies received by the Security Agent or any Receiver after the Transaction Security has become enforceable shall (subject to the rights and claims of any person having a security ranking in priority to the Transaction Security and subject to the Intercreditor Agreement) be applied in the following order:

- 15.1.1 *first*, in satisfaction of, or provision for, all costs, charges and expenses incurred, and payments made by the Security Agent, or any other Secured Party and of all remuneration due to the Receiver in connection with this Deed or the Security Assets;
- 15.1.2 *secondly*, in or towards the satisfaction of the remaining Secured Obligations in accordance with clause 15.3 (*Appropriation and suspense account*); and
- 15.1.3 *thirdly*, in payment of any surplus to any Charging Company or other person entitled to it.

15.2 Contingencies

If the Transaction Security is enforced at a time when no amounts are due under the Finance Documents (but at a time when amounts may become so

due), the Security Agent or a Receiver may pay the proceeds of any recoveries effected by it into a blocked suspense account.

15.3 Appropriation Intercreditor Agreement and suspense account

15.3.1 Subject to the Intercreditor Agreement and clause 15.1 (*Application*), the Security Agent may apply all payments received in respect of the Secured Obligations in redaction of any part of the Secured Obligations in any order or manner which it may determine.

15.3.2 Any such appropriation shall override any appropriation by any Charging Company.

15.3.3 All monies received, recovered or realised by the Security Agent under or in connection with this Deed may at the discretion of the Security Agent be credited to a separate interest-bearing suspense account for so long as the Security Agent determines (with interest accruing thereon at such rate (if any) as the Security Agent may determine for the account of relevant Charging Company) without the Security Agent having any obligation to apply such monies and interest or any part of it in or towards the discharge of any of the Secured Obligations.

16. SET-OFF

16.1 Set-off

16.1.1 The Security Agent and each other Secured Party may (but shall not be obliged to) set off any obligation which is due and payable by any Charging Company and unpaid (whether under the Finance Documents or which has been assigned to the Security Agent or such other Secured Party by any other Charging Company) against any obligation (whether or not matured) owed by the Security Agent or such other Secured Party to such Charging Company, regardless of the place of payment, booking branch or currency of either obligation.

16.1.2 At any time after the Transaction Security has become enforceable (and in addition to its rights under clause 16.1.1), the Security Agent and each other Secured Party may set-off any contingent liability owed by a Charging Company under any Finance Document against any obligation (whether or not matured) owed by the Security Agent or such other Secured Party to such Charging Company, regardless of the place of payment, booking branch or currency of either obligation.

16.1.3 If the obligations are indifferent currencies, the Security Agent or such other Secured Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

16.1.4 If either obligation is unliquidated or unascertained, the Security Agent or such other Secured Party may set off in an amount estimated by it in good faith to be the amount of that obligation.

16.2 Time deposits

Without prejudice to clause 16.1 (*Set-off*), if any time deposit matures on any account which any Charging Company has with the Security Agent or any other Secured Party at a time within the Security Period when:

- 16.2.1 the Transaction Security has become enforceable; and
- 16.2.2 no Secured Obligation is due and payable, such time deposit shall automatically be renewed for such further maturity as the Security Agent or such other Secured Party in its absolute discretion considers appropriate unless the Security Agent or such other Secured Party otherwise agrees in writing.

17. DELEGATION

Each of the Security Agent and any Receiver may delegate, by power of attorney (or in any other manner) to any person, any right, power or discretion exercisable by them under this Deed upon any terms (including power to sub-delegate) which it may think fit. Neither the Security Agent nor any Receiver shall be in any way liable or responsible to any Charging Company for any loss or liability arising from any act, default, omission or misconduct on the part of any Delegate.

18. FURTHER ASSURANCES**18.1 Further action**

Each Charging Company shall, at its own expense, promptly take whatever action the Security Agent or a Receiver may require for:

- 18.1.1 creating, perfecting or protecting the Security intended to be created by this Deed;
- 18.1.2 facilitating the realisation of any Security Asset;
- 18.1.3 facilitating the exercise of any right, power or discretion exercisable by the Security Agent or any Receiver or any Delegate in respect of any Security Asset; and
- 18.1.4 creating and perfecting security in favour of the Security Agent over any asset of that Charging Company located in any jurisdiction outside England and Wales equivalent or similar to the security intended to be created by this Deed,

including the execution of any transfer, conveyance, assignment or assurance of any property whether to the Security Agent or to its nominees, the giving of any notice, order or direction and the making of any registration, which in any such case, the Security Agent may think expedient.

18.2 Specific security

Without prejudice to the generality of clause 18.1 (*Further action*), each Charging Company will immediately at the request of the Security Agent execute a legal mortgage, charge, assignment, assignation or other security over any Security Asset which is subject to or intended to be subject to any fixed security created by this Deed in favour of the Security Agent (including any arising or intended to arise pursuant to clause 6 (*Conversion of floating charge*)) in such form as the Security Agent may require.

19. POWER OF ATTORNEY

Each Charging Company, by way of security, irrevocably and severally appoints the Security Agent, each Receiver and any Delegate to be its attorney to take any action which such Charging Company is obliged to take under this Deed, including under clause 18 (*Further assurances*). Each Charging Company ratifies and confirms whatever any attorney does or purports to do pursuant to its appointment under this clause.

20. PAYMENTS

All payments to be made by a Charging Company in respect of this Deed shall be made:

- 20.1 in immediately available funds to the credit of such account as the Security Agent may designate; and
- 20.2 without (and free and clear of, and without any deduction for or on account of):
 - 20.2.1 any set-off or counterclaim; or
 - 20.2.2 except to the extent compelled by law, any deduction or withholding for or on account of Tax.

21. STAMP TAXES

Each Charging Company shall:

- 21.1 pay all present and future stamp, registration and similar Taxes or charges which may be payable, or determined to be payable, in connection with the execution, delivery, performance or enforcement of this Deed or any judgment given in connection with it; and
- 21.2 indemnify the Security Agent, each other Secured Party and any Receiver or Delegate on demand against any and all costs, losses or liabilities (including, without limitation, penalties) with respect to, or resulting from, its delay or omission to pay any such stamp, registration and similar Taxes or charges.

22. COSTS AND EXPENSES

22.1 Transaction and amendment expenses

Each Charging Company shall promptly on demand pay to the Security Agent and each Secured Party the amount of all costs, charges and expenses (including, without limitation, legal fees, valuation, accountancy and consultancy fees (and any VAT or similar Tax thereon)) reasonably and properly incurred by any of them (and in the case of the Security Agent, by any Receiver or Delegate) in connection with:

- 22.1.1 the negotiation, preparation, printing, execution, registration, perfection and completion of this Deed, the Transaction Security and any other document referred to in this Deed; or
- 22.1.2 any actual or proposed amendment or extension of, or any waiver or consent under, this Deed.

22.2 Enforcement and preservation costs

Each Charging Company shall promptly on demand pay to the Security Agent and each other Secured Party the amount of all costs, charges and expenses (including legal fees (and any VAT or similar Tax thereon)) incurred by any of them in connection with the enforcement, exercise or the preservation (or the attempted enforcement, exercise or preservation) of any of their respective rights under this Deed or any document referred to in this Deed or the Transaction Security (including all remuneration of the Receiver).

23. INDEMNITY

Each Charging Company shall indemnify the Security Agent, each other Secured Party, and any attorney, agent or other person appointed by the Security Agent under this Deed and the Security Agent's officers and employees (each an "Indemnified Party") on demand against any cost, loss, liability or expense (however arising) incurred by any Indemnified Party as a result of or in connection with:

- 23.1 the taking, holding, protection or enforcement of the Transaction Security;
- 23.2 anything done or omitted in the exercise or purported exercise of the powers, discretions and remedies contained in this Deed or vested in the Security Agent and each rights, Receiver and Delegate by the Finance Documents or by law;
- 23.3 the Security Assets or the use or occupation of them by any person (including any Environmental Claim); or
- 23.4 any breach by any Charging Company in the performance of any obligations expressed to be assumed by it under this Deed, any other Finance Document.

24. CHANGE TO THE PARTIES

24.1 **Charging Companies**

No Charging Company may assign any of its rights or obligations under this Deed.

24.2 **Security Agent**

The Security Agent may assign or transfer all or any part of its rights under this Deed pursuant to the resignation or removal of the Security Agent in accordance with the Intercreditor Agreement. Each Charging Company shall, immediately upon being requested to do so by the Security Agent, enter into such documents as may be necessary or desirable to effect such assignment or transfer.

25. **MISCELLANEOUS**

25.1 **New accounts**

25.1.1 If the Security Agent or any other Secured Party receives, or is deemed to be affected by, notice, whether actual or constructive, of any subsequent Security (other than a Permitted Security) affecting any Security Asset and/or the proceeds of sale of any Security Asset or any Transaction Security ceases to continue in force, it may open a new account or accounts for any Charging Company. If it does not open a new account, it shall nevertheless be treated as if it had done so at the time when it received or was deemed to have received such notice.

25.1.2 As from that time all payments made to the Security Agent or such other Secured Party will be credited or be treated as having been credited to the new account and will not operate to reduce any amount of the Secured Obligations.

25.2 **Tacking**

This Deed secures advances already made and further advances to be made under the Facilities Agreement or any other Finance Document.

25.3 **Articles of Association**

Each Charging Company certifies that the Transaction Security does not contravene any of the provisions of the articles of association of that Charging Company.

25.4 **Land Registry**

25.4.1 Each Charging Company applies and shall apply to the Chief Land Registrar for a restriction in the following terms to be entered on the Register of Title relating to any Property registered at Land Registry (or any unregistered land subject to first registration) and against which this Deed *may be noted*:

"No disposition of the registered estate by the proprietor of the registered estate is to be registered without a written consent signed by the proprietor for the time being of the charge dated [] 20[] in favour of [] referred to in the charges register or their conveyancer".

25.4.2 Each Charging Company:

- (a) authorises the Security Agent to make any application which the Security Agent deems appropriate for the designation of this Deed, the Facilities Agreement or any other Finance Document as an exempt information document under rule 136 of the Land Registration Rules 2003;
- (b) shall use its reasonable endeavours to assist with any such application made by or on behalf of the Security Agent; and
- (c) shall notify the Security Agent in writing as soon as it receives notice of any person's application under rule 137 of the Land Registration Rules 2003 for the disclosure of this Deed, the Facilities Agreement any other Finance Document following its designation as an exempt information document.

25.4.3 No Charging Company shall make any application under rule 138 of the Land Registration Rules 2003 for the removal of the designation of any such document as an exempt information document.

25.4.4 Each Charging Company shall promptly make all applications to and filings with HM Land Registry which are necessary or desirable under the Land Registration Rules 2003 to protect the Transaction Security.

25.4.5 No Charging Company shall, without the prior written consent of the Security Agent, permit any person to be or become registered under the Land Registration Act 2002 as the proprietor of a Security Asset who is not so registered under the Land Registration Act 2002 at the date of this Deed or, in the case of Property acquired after the date of this Deed, at the date of such acquisition.

25.5 Protective clauses

25.5.1 Each Charging Company is deemed to be a principal debtor in relation to this Deed. The obligations of each Charging Company under, and the security intended to be created by, this Deed shall not be impaired by any forbearance, neglect, indulgence, extension or time, release, surrender or loss of securities, dealing, amendment or arrangement by any Secured Party which would otherwise have reduced, released or prejudiced the Transaction Security or any surety liability of a Charging Company (whether or not known to it or to any Secured Party).

25.5.2 Clause 19 of the Facilities Agreement (*Guarantee and indemnity*) apply in relation to this Deed as if references to the obligations referred to in such

clauses respectively were references to the obligations of each Charging Company under this Deed.

26. NOTICES

26.1 Communications in writing

Any communication to be made under, or in connection with, this Deed shall be made in writing and, unless otherwise stated, may be made by fax or letter (but not by email).

26.2 Facilities Agreement

Clause 34 of the Facilities Agreement (*Notices*) (relating to all communications to be made under the Facilities Agreement) is incorporated into this Deed as if fully set out in this Deed. The address and fax numbers of each Party for all communications or documents given under or in connection with this Deed are those identified with its name below or those subsequently notified from time to time by the relevant Party for the Purposes of the Facilities Agreement.

27. CALCULATIONS AND CERTIFICATES

A certificate of the Lender specifying the amount of any Secured Obligation due from the Charging Companies (including details of any relevant calculation thereof) shall be prima facie evidence of such amount against the Charging Companies in the absence of manifest error.

28. PARTIAL INVALIDITY

All the provisions of this Deed are severable and distinct from one another and if at any time any provision is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of any of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

29. REMEDIES AND WAIVERS

No failure to exercise, nor any delay in exercising, on the part of the Security Agent (or any other Secured Party), any right or remedy under this Deed shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise, or the exercise of any other right or remedy. The rights and remedies provided are cumulative and not exclusive of any rights or remedies provided by law.

30. AMENDMENTS AND WAIVERS

Any provision of this Deed may be amended only if the Security Agent and the Charging Companies so agree in writing and any breach of this Deed may be waived before or after it only if the Security Agent so agrees in writing. A

waiver given or consent granted by the Security Agent under this Deed will be effective only if given in writing and then only in the instance and for the purpose for which it is given.

31. COUNTERPARTS

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

32. RELEASE

32.1 Release

Upon the expiry of the Security Period (but not otherwise) the Security Agent shall, at the request and cost of the Charging Companies, take whatever action is necessary to release or re-assign (without recourse or warranty) the Security Assets from the Transaction Security.

32.2 Reinstatement

Where any discharge (whether in respect of the obligations of any Charging Company or any security for those obligations or otherwise) is made in whole or in part or any arrangement is made on the faith of any payment, security or other disposition which is avoided or must be restored on insolvency, liquidation or otherwise (without limitation), the liability of the Charging Companies under this Deed shall continue as if the discharge or arrangement had not occurred. The Security Agent may concede or compromise any claim that any payment, security or other disposition is liable to avoidance or restoration.

33. GOVERNING LAW

This Deed is governed by English law.

IN WITNESS of which this Deed has been duly executed by each of the Charging Companies as a deed and duly executed by the Security Agent and has been delivered on the date written at the beginning of this Deed.

SCHEDULE 1**The Charging Companies**

Company name	Registered number	Registered Address
The Manor House Hotel (Castle Combe) Limited	02256084	Executive Office Pennyhill Park Hotel & Spa, Bagshot, Surrey, GU19 5EU
Pennyhill Park Limited	01654812	Executive Office Pennyhill Park Hotel & Spa, Bagshot, Surrey, GU19 5EU
South Lodge Limited	01844415	Executive Office Pennyhill Park Hotel & Spa, Bagshot, Surrey, GU19 5EU
Fanhams Hall Hotel Limited	05500642	Executive Office Pennyhill Park Hotel & Spa, Bagshot, Surrey, GU19 5EU
Royal Berkshire Hotel Limited	02254293	Executive Office Pennyhill Park Hotel & Spa, Bagshot, Surrey, GU19 5EU
Lainston House Limited	01711117	Executive Office Pennyhill Park Hotel & Spa, Bagshot, Surrey, GU19 5EU

SCHEDULE 2**Details of Security Assets****Part 1 - Property**

Charging Company	Address	Title Number
Pennyhill Park Limited (CRN: 01654812)	Land adjoining Pennyhill Park Hotel, College Ride, Bagshot	SY570594
	Land lying to the South-East of College Ride, Bagshot	SY518182
	Pennyhill Park Farm and Land adjoining Pennyhill park Golf Course, London Road, Bagshot, GU19 5EU	SY744709
	Pennyhill Park Hotel, London Road, Bagshot, GU19 5EU	SY419737
South Lodge Limited (CRN: 01844415)	South Lodge Hotel, Brighton Road, Lower Beeding, Horsham, RH13 6PS	WSX331265

Part 2 – Charged Securities

Charging Company	Name of company which shares are held	Class of shares held	Number of shares held	Issued share capital
The Manor House Hotel (Castle Combe) Limited (CRN: 02256084)	Pennyhill Park Limited (CRN: 01654812)	Ordinary	15,000,000	15,000,000
The Manor House Hotel (Castle Combe) Limited (CRN: 02256084)	South Lodge Limited (CRN: 01844415)	Ordinary	2,000,000	2,000,000
The Manor House Hotel (Castle Combe) Limited (CRN: 02256084)	Fanhams Hall Hotel Limited (CRN: 05500642)	Ordinary	2,000,000	2,000,000

The Manor House Hotel (Castle Combe) Limited (CRN: 02256084)	Royal Berkshire Hotel Limited (CRN: 02254293)	Ordinary	2,000,000	2,000,000
The Manor House Hotel (Castle Combe) Limited (CRN: 02256084)	Lainston House Limited (CRN: 01711117)	Ordinary	2,000,000	2,000,000

Part 3 – Relevant Contracts

Charging Company	Date of Relevant Contract	Parties	Details of Relevant Contract
None specified			

Part 3 – Insurances

Charging Company	Insurer	Insured risks	Policy number
TBC			

SCHEDULE 3

Form of notice to and acknowledgement from Account Bank

To: *[insert name and address of Account Bank]*

Dated []

Dear Sirs,

Account Holder: *[insert name of each Charging Company]* (the "Charging Companies")

1. We give notice that, by a security agreement dated *[Date]* (the "Security Agreement"), we have charged to *[Name]* (the "Security Agent") all our present and future right, title and interest in and to:
 - 1.1. each Account (each as defined in the schedule to this letter) all monies from time to time standing to the credit of each Account and all additions to or renewals or replacements thereof (in whatever currency); and
 - 1.2. all other accounts from time to time maintained with you by each Charging Company and all monies at any time standing to the credit of such accounts,

(together the "Charged Accounts") and to all interest from time to time accrued or accruing on the Charged Accounts, any investment made out of any such monies or account and all rights to repayment of any of the foregoing by you.
2. We advise you that, under the terms of the Security Agreement, we are not entitled to withdraw any monies from each Account without first having obtained the prior written consent of the Security Agent.
3. We irrevocably authorise and instruct you from time to time:
 - 3.1. unless the Security Agent so authorises you in writing, not to permit withdrawals from each Account;
 - 3.2. to hold all monies from time to time standing to the credit of the Charged Accounts to the order of the Security Agent;
 - 3.3. to pay all or any part of the monies standing to the credit of the Charged Accounts to the Security Agent (or as it may direct) promptly following receipt of written instructions from the Security Agent to that effect; and
 - 3.4. to disclose to the Security Agent such information relating to the Charging Companies and the Charged Accounts as the Security Agent may from time to time request you to provide.
4. We agree that you are not bound to enquire whether the right of the Security Agent to withdraw any monies from any Charged Account has arisen or be

concerned with (i) the propriety or regularity of the exercise of that right or (ii) notice to the contrary or (iii) or to be responsible for the application of any monies received by the Security Agent.

5. This notice may only be revoked or amended with the prior written consent of the Security Agent.
6. Please confirm by completing the enclosed copy of this notice and returning it to the Security Agent (with a copy to each Charging Company) that:
 - 6.1. you agree to comply with this notice;
 - 6.2. you have not, at the date this notice is returned to the Security Agent, received notice of any assignment or charge of or claim to the monies standing to the credit of any Charged Account or the grant of any security or other interest over those monies or any Charged Account in favour of any third party and you will notify the Security Agent promptly if you should do so in the future; and
 - 6.3. you do not at the date of this notice and will not in the future exercise any right to combine accounts or any rights of set-off or lien or any similar rights in relation to the monies standing to the credit of the Charged Accounts.

7. This notice (and any acknowledgement) is governed by English law.

Yours faithfully,

for and on behalf of

[Name of Charging Company]

Name: _____

Title: _____

for and on behalf of

[Name of Charging Company]

Name: _____

Title: _____

for and on behalf of

[Name of Charging Company]

Name: _____

Title: _____

Countersigned by

for and on behalf of

[Name of Security Agent]

SCHEDULE

The Charged Accounts

Part 1 Accounts		
Account name	Account number	Account Bank, address and sort code of Account branch
[]	[]	[]
[]	[]	[]
[]	[]	[]

[On copy]

To: [Name]
as Security Agent
[Address of Security Agent]

Copy to: [Name of each Charging Company]

We acknowledge receipt of the above notice. We confirm and agree:

- (a) That the matters referred to in it do not conflict with the terms which apply to any Charged Account; and
- (b) The matters set out in paragraph [6] of the above notice.

for and on behalf of
[Name of Account Bank]

Dated: _____

SCHEDULE 4

Form of notice to and acknowledgement by party to Relevant Contract

To: *[insert name and address of relevant party]*

Dated []]

Dear Sirs,

Re: *[describe Relevant Contract]* dated *[Date]* between (1) you and *[specify parties]* and (2) *[Name of Charging Company]* (the "Charging Company") (the "Agreement")

1. We give notice that, by a security agreement dated *[Date]* (the "**Security Agreement**"), we have assigned to *[Name]* (the "**Security Agent**") all our present and future right, title and interest in and to *[insert details of Relevant Contract]* (together with any other agreement supplementing or amending the same, the "**Agreement**") including all rights and remedies in connection with the Agreement and all proceeds and claims arising from the Agreement.
2. We irrevocably authorise and instruct you from time to time:
 - 2.1. to hold all sums from time to time due and payable by you to us under the Agreement to the order of the Security Agent;
 - 2.2. to pay or release all or any part of the sums from time to time due and payable by you to us under the Agreement only in accordance with the written instructions given to you by the Security Agent from time to time;
 - 2.3. to comply with any written notice or instructions in any way relating to, or purporting to relate to, the Security Agreement, the sums payable to us from time to time under the Agreement or the debts represented thereby which you receive at any time from the Security Agent without any reference to or further authority from us and without any enquiry by you as to the justification for or validity of such notice or instruction; and
 - 2.4. to send copies of all notices and other information given or received under the Agreement to the Security Agent.
3. We are not permitted to receive from you, otherwise than through the Security Agent, any amount in respect of or on account of the sums payable to us from time to time under the Agreement or to agree any amendment or supplement to, or waive any obligation under, the Agreement without the prior written consent of the Security Agent.
4. This notice may only be revoked or amended with the prior written consent of the Security Agent.
5. Please confirm your agreement to the above by completing the enclosed copy of this notice and returning it to the Security Agent (with a copy to us) that:

- 5.1. you accept the instructions and authorisations contained in this notice and you undertake to comply with this notice;
- 5.2. you have not, at the date this notice is returned to the Security Agent, received notice of the assignment or charge, the grant of any security or the existence of any other interest of any third party in or to the Agreement or any proceeds of it and you will notify the Security Agent promptly if you should do so in future;
- 5.3. you will not permit any sums to be paid to us or any other person under or pursuant to the Agreement without the prior written consent of the Security Agent.
- 5.4. you will not exercise any right to terminate the Agreement or take any action to amend or supplement the Agreement without the prior written consent of the Security Agent.

6. This notice (an any acknowledgement) is governed by English law.

Yours faithfully,

for itself and on behalf of
[Name of Charging Company]

[On copy]

To: *[Name]* as Security Agent
[Address of Security Agent]

Copy to: *[Name of Charging Company]*

We acknowledge receipt of the above notice and consent to its terms. We confirm and agree to the matters set out in paragraph [5] of the above notice.

for and on behalf of
[Name of relevant party]

Dated: _____

SCHEDULE 5

Form of notice to and acknowledgement by insurers

To: *[insert name and address of insurer]*

Dated []

Dear Sirs,

[Describe insurance policies] dated ***[Date]*** between (1) you and (2) ***[Name of Charging Company]*** (the "Charging Company") (the "Policies")

1. We give notice that, by a security agreement dated ***[Date]*** (the "Security Agreement"), we have ***[assigned]*** to ***[Name]*** (the "Security Agent") all our present and future right, title and interest in and to Policies (together with any other agreement supplementing or amending the same, the "Policies") including all rights and remedies in connection with the Policies and all proceeds and claims arising from the Policies.
2. We irrevocably authorise and instruct you from time to time:
 - 2.1. to disclose to the Security Agent (without any reference to or further authority from us and without any enquiry by you as to the justification for such disclosure) such information relating to the Policies as the Security Agent may reasonably request;
 - 2.2. to hold all sums from time to time due and payable by you to us under the Policies to the order of the Security Agent;
 - 2.3. to pay or release all or any part of the sums from time to time due and payable by you to us under the Policies only in accordance with the written instructions given to you by the Security Agent from time to time;
 - 2.4. to comply with any written notice or instructions in any way relating to (or purporting to relate to) the Security Agreement, the sums payable to us from time to time under the Policies or the debts represented by them which you may receive from the Security Agent (without any reference to or further authority from us and without any enquiry by you as to the justification for or validity of such notice or instruction); and
3. We irrevocably instruct you, with effect from the date of this letter, to note on the relevant Policies the Security Agent's interest as loss payee in respect of claims or series of connected claims in excess of £50,000 and as first priority assignee of the Policies and the rights, remedies, proceeds and claims referred to above.
4. We are not permitted to receive from you, otherwise than through the Security Agent, any amount in respect of or on account of the sums payable to us from time to time under the Policies in excess of £50,000 or to agree any amendment or supplement to, or waive any obligation under, the Policies without the prior written consent of the Security Agent.

5. This notice may only be revoked or amended with the prior written consent of the Security Agent.
6. Please confirm by completing the enclosed copy of this notice and returning it to the Security Agent (with a copy to us) that:
 - 6.1. you accept the instructions and authorisations contained in this notice and you undertake to comply with this notice;
 - 6.2. you have not, at the date this notice is returned to the Security Agent, received notice of the assignment or charge, the grant of any security or the existence of any other interest of any third party in or to the Policies or any proceeds of them and you will notify the Security Agent promptly if you should do so in future;
 - 6.3. you will not permit any sums in respect of claims to be paid to us or any other person under or pursuant to the Policies without the prior written consent of the Security Agent;
 - 6.4. you will send notice of termination cancellation variation waiver or amendment of the Policies to the Security Agent.
7. This notice (and any acknowledgement) is governed by English law.

Yours faithfully,

for itself and on behalf of
[Name of Charging Company]

[On copy]

To: National Westminster Bank plc as Security Agent
280 Bishopsgate London EC2M 4RB

Copy to: [Name of Charging Company]

Dear Sirs

We acknowledge receipt of the above notice and consent and agree to its terms. We confirm and agree to the matters set out in paragraph [6] in the above notice.

for and on behalf of
[Name of relevant party]

Dated: _____

SCHEDULE 6

Form of notice to and acknowledgement by party to Hedging Agreement

To: *[insert name and address of relevant party]*

Dated []

Dear Sirs,

[Describe Hedging Agreement] pursuant to Facilities Agreement dated ***[Date]*** between (1) you ***[Specify parties]*** and (2) ***[Name]*** (the "Charging Company") (the "Agreement[s]")

1. We give notice that, by a security agreement dated ***[Date]*** (the "Security Agreement"), we have assigned to National Westminster Bank plc (the "Security Agent") all our present and future right, title and interest in and to ***[insert details of Hedging Agreement]*** (together with any other agreement supplementing or amending the same, the "Agreement") including all rights and remedies in connection with the Agreement and all proceeds and claims arising from the Agreement.
2. We irrevocably authorise and instruct you from time to time:
 - 2.1. to disclose to the Security Agent (without any reference to or further authority from us (and without any enquiry by you as to the justification for such disclosure), such information relating to the Agreement as the Security Agent may at any time and from time to time request;
 - 2.2. to hold all sums from time to time due and payable by you to us under the Agreement to the order of the Security Agent;
 - 2.3. to pay or release all or any part of the sums from time to time due and payable by you to us under the Agreement only in accordance with the written instructions given to you by the Security Agent from time to time;
 - 2.4. to comply with any written notice or instructions in any way relating to, or purporting to relate to, the Security Agreement, the sums payable to us from time to time under the Agreement or the debts represented thereby which you receive from the Security Agent without any reference to or further authority from us and without any enquiry by you as to the justification for or validity of such notice or instruction; and
 - 2.5. to send copies of all notices and other information given or received under the Agreement to the Security Agent.
3. This notice may only be revoked or amended with the prior written consent of the Security Agent.
4. Please confirm your agreement to the above by completing the enclosed copy of this notice and returning it to the Security Agent (with a copy to us) that:

- 4.1. you accept the instructions and authorisations contained in this notice and you undertake to comply with this notice;
- 4.2. you have not, at the date this notice is returned to the Security Agent, received notice of the assignment or charge, the grant of any security or the existence of any other interest of any third party in or to the Agreement or any proceeds thereof and you will notify the Security Agent promptly if you should do so in future;
- 4.3. you will not permit any sums to be paid to us or any other person under or pursuant to the Agreement without the prior written consent of the Security Agent;
- 4.4. you will not exercise any right to terminate the Agreement without the prior written consent of the Security Agent.

5. This notice (and any acknowledgement) is governed by English law.

Yours faithfully,

for itself and on behalf of

[Name] Limited

[On copy]

To: [Name] (as Security Agent)
[Address]

Copy to: [Name]

We acknowledge receipt of the above notice and consent and agree to its terms. We confirm and agree to the matters set out in paragraph 4.1 to 4.4 in the above notice.

for and on behalf of

[Name of relevant party]

Dated: _____

EXECUTION PAGES

THE CHARGING COMPANIES

EXECUTED as a deed (but not delivered until
the date of this Deed) by **THE MANOR HOUSE
HOTEL (CASTLE COMBE) LIMITED** acting by:

Director

~~Director/Secretary~~

EXECUTED as a deed (but not delivered until
the date of this Deed) by **SOUTH LODGE
LIMITED** acting by:

Director

~~Director/Secretary~~

EXECUTED as a deed (but not delivered until
the date of this Deed) by **PENNYHILL PARK
LIMITED** acting by:

Director

~~Director/Secretary~~

EXECUTED as a deed (but not delivered until
the date of this Deed) by **FANHAMS HALL
HOTEL LIMITED** acting by:

Director

~~Director/Secretary~~

EXECUTED as a deed (but not delivered until
the date of this Deed) by **ROYAL BERKSHIRE
HOTEL LIMITED** acting by:

)
)
)

Director



~~Director/Secretary~~



EXECUTED as a deed (but not delivered until
the date of this Deed) by **LAINSTON HOUSE
LIMITED** acting by:

)
)
)

Director



~~Director/Secretary~~



THE SECURITY AGENT

Signed and Delivered as a deed (but not
delivered until the date of this Deed) for and on
behalf of **NATIONAL WESTMINSTER BANK
PLC**

) _____
)

DATED: 21 March 2022

(1) THE COMPANIES NAMED IN THIS DEED AS CHARGING COMPANIES

and

(2) NATIONAL WESTMINSTER BANK PLC
as Security Agent

SECURITY AGREEMENT



DMH Stallard

www.dmhstallard.com

Ref: 306704-15/C59/B17/v.03

Table of Contents

1.	Definitions and Interpretation	1
2.	Covenant to Pay	5
3.	Grant of Security	6
4.	Fixed Security	6
5.	Floating Charge	10
6.	Conversion of Floating Charge	10
7.	Continuing Security	11
8.	Liability of Charging Companies relating to the Security Assets	12
9.	Accounts	12
10.	Power to Remedy	15
11.	When Security becomes Enforceable.....	16
12.	Enforcement of Security	16
13.	Receiver	18
14.	Powers of Receiver	19
15.	Application of Proceeds and Intercreditor Agreement.....	21
16.	Set-off	22
17.	Delegation	23
18.	Further Assurances	23
19.	Power of Attorney	24
20.	Payments	24
21.	Stamp Taxes	24
22.	Costs and Expenses	24
23.	Indemnity	25
24.	Change to the Parties	25
25.	Miscellaneous.....	26
26.	Notices.....	28
27.	Calculations and Certificates.....	28
28.	Partial Invalidity	28
29.	Remedies and Waivers.....	28
30.	Amendments and Waivers.....	28
31.	Counterparts	29
32.	Release	29
33.	Governing Law	29
	Schedule 1	30
	Schedule 2	31
	Schedule 3	33
	Schedule 4	37
	Schedule 5	39
	Schedule 6	41

THIS SECURITY AGREEMENT is made on

21 March 2022

BETWEEN

- (1) THE COMPANIES LISTED IN SCHEDULE 1 TO THIS DEED (the "**Charging Companies**"); and
- (2) NATIONAL WESTMINSTER BANK PLC (as security trustee for the Secured Parties (as defined below)) (in such capacity, the "**Security Agent**").

IT IS AGREED

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Deed:

- (a) terms defined in, or construed for the purposes of, the Facilities Agreement (as defined below) have the same meanings when used in this Deed (unless the same are otherwise defined in this Deed); and
- (b) the following terms have the following meanings:

Act: means the Law of Property Act 1925;

Assigned Assets: means the Security Assets expressed to be assigned pursuant to clause 4.2 (*Security assignments*);

Charged Investments: means the Charged Securities and all present and future Related Rights accruing to all or any of the Charged Securities;

Charged Securities: means:

- (a) the securities (if any) specified in Part 2 of Schedule 2 (Details of Security Assets); and
- (b) all other stocks, shares, debentures, bonds, warrants, coupons, negotiable instruments, certificates of deposit or other securities or "investments" (as defined in part II of schedule II to the Financial Services and Markets Act 2000 as in force at the date of this Deed) now or in future owned (legally or beneficially) by a Charging Company or held by a nominee, trustee, fiduciary or clearance system on its behalf or in which such Charging Company has an interest at any time;

Collection Account: has the meaning given to that term in clause 9.1.1(c).

Default Rate: means the rate of interest determined in accordance with clause 10.5 of the Facilities Agreement;

Facilities Agreement: means the senior facilities agreement dated on or around the date of this Deed and made between (1) The Manor House Hotel (Castle Combe) Limited (the Parent), (2) and (3) the companies listed in part 1 of schedule 1 to it (as Original Borrowers and Original Guarantors), (4), (5), (6), (7) and (8) National Westminster Bank plc (as Arranger, Original Lender, Original Lender, Agent and Security Agent) and as that may be amended, novated, supplemented, extended or restated from time to time;

Insurances: means all policies of insurance which are at any time held by or written in favour of a Charging Company, or in which a Charging Company from time to time has an interest (including, without limitation, the policies of insurance (if any) specified in Part 4 of Schedule 2 (*Details of Security Assets*));

Intercreditor Agreement: means the intercreditor agreement dated on or around the Date of this Deed and made between, among others, the Lender (as Security Agent and as Senior Lender), the Hedge Counterparty, the Original Investors (each as defined in the Intercreditor Agreement), and the Original Obligors, Intra-Group Creditors, Intra-Group Debtors (as defined in the Intercreditor Agreement) and as that may be amended, novated, supplemented, extended or restated from time to time;

Party: means a party to this Deed;

Property: means all Real Property now or in future belonging to any Charging Company, or in which any Charging Company has an interest at any time (including the registered and unregistered land (if any) in England and Wales specified in Part 1 of Schedule 2 (*Details of Security Assets*));

Receivables: means all present and future sums due to any Charging Company under any Hedging Agreement, book debts and other debts, rentals, royalties, fees, VAT and monetary claims and all other amounts at any time recoverable or receivable by, or due or owing to, any Charging Company (whether actual or contingent and whether arising under contract or in any other manner whatsoever) together with:

- (a) the benefit of all rights, guarantees, Security and remedies relating to any of the foregoing (including without limitation, negotiable instruments, indemnities, reservations of property rights, rights of tracing and unpaid vendor's liens and similar associated rights); and
- (b) all proceeds of any of the foregoing;

Related Rights: means, in relation to any Charged Securities:

- (a) all dividends, distributions and other income paid or payable on the relevant Charged Securities or on any asset referred to in paragraph (b) below:

- (b) all rights, monies or property accruing or offered at any time in relation to such Charged Securities whether by way of redemption, substitution, exchange, bonus or preference, under option rights or otherwise;

Relevant Contract: means each agreement (if any) specified in Part 3 of Schedule 2 (*Details of Security Assets*) together with each other agreement supplementing or amending or novating or replacing the same;

Secured Obligations: means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or alone or in any other capacity whatsoever) of any present or future Obligor to the Security Agent and/or the other Secured Parties (or any of them) under or pursuant to any Finance Document and all monies covenanted to be paid under this Deed.

Secured Parties: means:

- (a) each Finance Party; and
- (a) any Receiver; and
- (b) any Delegate;

Security Assets: means all property and assets from time to time mortgaged, charged or assigned (or expressed to be mortgaged, charged or assigned) by or pursuant to this Deed;

Security Period: means the period beginning on the date of this Deed and ending on the date on which:

- (a) all the Secured Obligations have been unconditionally and irrevocably paid and discharged in full; and
- (b) no Secured Party has any further commitment, obligation or liability under or pursuant to the Finance Documents.

1.2 Interpretation

1.2.1 Capitalised terms defined in the Facilities Agreement have the same meaning in this Deed unless expressly defined in this Deed.

1.2.2 Unless a contrary indication appears, any reference in this Deed to:

- (a) a "**Charging Company**", the "**Security Agent**" or any other "**Secured Party**" shall be construed so as to include its successors in title, permitted assigns and permitted transferees and in the case of the Security Agent, any person for the time being appointed as Security Agent in accordance with the Finance Documents;

- (b) **"this Deed"**, the **"Facilities Agreement"**, any other **"Finance Document"** or any other agreement or instrument shall be construed as a reference to this Deed, the Facilities Agreement, such other Finance Document or such other agreement or instrument as amended, supplemented, novated and/or replaced in any manner from time to time (even if any of the same increases the obligations of any person or provides for further advances);
- (c) **"assets"** includes any present and future properties, revenues and rights of every description and includes uncalled capital;
- (d) an Event of Default is **"continuing"** if it has not been remedied to the satisfaction of the Lender or waived in writing by the Lender;
- (e) **"including"** or **"includes"** means including or includes without limitation;
- (f) **"Secured Obligations"** includes obligations and liabilities which would be treated as such but for the liquidation or dissolution of or similar event affecting any person;
- (g) a provision of law is a reference to that provision as amended or re-enacted; and
- (h) the singular includes the plural and vice versa.

- 1.2.3 References to clauses, paragraphs and schedules are references to clauses, paragraphs and schedules of this Deed unless otherwise stated. References to this Deed include its schedules.
- 1.2.4 Clause and schedule headings are for ease of reference only and shall not affect the construction of this Deed.
- 1.2.5 Each undertaking of a Charging Company (other than a payment obligation) contained in this Deed:
 - (a) must be complied with at all times during the Security Period; and
 - (b) is given by such Charging Company for the benefit of the Security Agent and each other Secured Party.
- 1.2.6 The terms of the other Finance Documents, and of any side letters between any of the parties to them in relation to any Finance Document are incorporated in this Deed to the extent required to ensure that any disposition of the Property contained in this Deed is a valid disposition in accordance with section 2(1) of the Law of Property (Miscellaneous Provisions) Act 1989.
- 1.2.7 If a Finance Party reasonably considers that an amount paid to a Secured Party under a Finance Document as appropriate is capable of being avoided or otherwise set aside on the liquidation bankruptcy or administration of the

payer, then that amount shall not be considered to have been irrevocably paid for the purposes of this Deed.

1.2.8 The liabilities and obligations of each Charging Company under this Deed are joint and several. Each Charging Company agrees to be bound by this Deed notwithstanding that any other Charging Company which was intended to sign or be bound by this Deed did not so sign or is not bound by this Deed.

1.2.9 The Parties intend that this document shall take effect as a deed notwithstanding the fact that a Party may only execute this document under hand.

1.2.10 This Deed is made subject to the terms of the Intercreditor Agreement.

1.3 **Joint and Several**

The liabilities and obligations of each Charging Company under this deed are joint and several. Each Charging Company agrees to be bound by this Deed notwithstanding that any other Charging Company which was intended to sign or to be bound by this Deed did not sign or is not bound by this Deed.

1.4 **Inconsistency between this Deed and other Finance Documents**

If there is any conflict or inconsistency between any provision of this Deed and any provision of the Facilities Agreement, the provision of the Facilities Agreement shall prevail.

1.5 **Trust**

All Security and dispositions made or created, and all obligations and undertakings contained, in this Deed to, in favour of or for the benefit of the Security Agent are made, created and entered into in favour of the Security Agent as trustee for the Finance Parties from time to time on the terms of the Intercreditor Agreement.

1.6 **Third party rights**

A person who is not a Party or a Secured Party has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or enjoy the benefit of any term of this Deed.

1.7 **Delivery**

The Parties intend this Deed to be delivered on the first date specified on page 1 of this Deed.

2. **COVENANT TO PAY**

2.1 **Covenant to pay**

2.1.1 Each Charging Company, as principal obligor and not merely as surety, covenants in favour of the Security Agent that it will pay and discharge the Secured Obligations from time to time when they fall due.

2.1.2 Every payment by a Charging Company of a Secured Obligation which is made to or for the benefit of a Secured Party to which that Secured Obligation is due and payable in accordance with the Finance Document under which such sum is payable to that Secured Party, shall operate in satisfaction to the same extent of the covenant contained in clause 2.1.1.

2.2 **Default interest**

2.2.1 Any amount which is not paid under this Deed when due shall bear interest (both before and after judgment and payable on demand) from the due date until the date on which such amount is unconditionally and irrevocably paid and discharged in full on a daily basis at the rate and in the manner agreed in the Finance Document under which such amount is payable and, in the absence of such agreement, at the Default Rate from time to time.

2.2.2 Default interest will accrue from day to day and will be compounded at such intervals as the Security Agent (acting on the instructions of the Lender or, in respect of amounts being payable pursuant to a Hedging Agreement, the relevant Hedge Counterparty).

3. **GRANT OF SECURITY**

3.1 **Nature of security**

All Security and dispositions created or made by or pursuant to this Deed are created or made:

3.1.1 in favour of the Security Agent;

3.1.2 with full title guarantee in accordance with the Law of Property (Miscellaneous Provisions) Act 1994; and

3.1.3 as continuing security for payment of the Secured Obligations.

3.2 **Qualifying floating charge**

Paragraph 14 of Schedule B1 to the Insolvency Act 1986 applies to any floating charge created by or pursuant to this Deed (and each floating charge is a qualifying floating charge for the purposes of the Insolvency Act 1986).

4. **FIXED SECURITY**

4.1 **Fixed charges**

Each Charging Company charges and agrees to charge all of its present and future right, title and interest in and to the following assets which are at any time owned by it, or in which is from time to time has an interest:

- 4.1.1 by way of first fixed legal mortgage:
- (a) the Property (if any) specified in Part 1 of Schedule 2 (*Details of Security Assets*); and
 - (b) all other Property (if any) at the date of this Deed vested in, or charged to, such Charging Company (not charged by clause 4.1.1(a));
- 4.1.2 by way of first fixed charge (to the extent not mortgaged by clause 4.1.1):
- (a) all other Property and all interests in Property (not charged by clause 4.1.1);
 - (b) all licences to enter upon or use land and the benefit of all other agreements relating to land;
 - (c) the proceeds of sale of all Property; and
 - (d) the benefit of any rental deposit given or charged to the Charging Company by any occupier of the Property.
- 4.1.3 by way of first fixed charge (to the extent not assigned by clause 4.2) all building contracts, appointments of professionals, collateral warranties and all rights in respect of any of them;
- 4.1.4 by way of first fixed charge all plant and machinery (not charged by clause 4.1.1 or 4.1.2) and the benefit of all contracts, licences and warranties relating to the same;
- 4.1.5 by way of first fixed charge:
- (a) all computers, vehicles, office equipment and other equipment (not charged by clause 4.1.4); and
 - (b) the benefit of all contracts, licences and warranties relating to the same,
- 4.1.6 by way of first fixed charge:
- (a) the Charged Securities referred to in Part 2 of Schedule 2 (*Details of Security Assets*);
 - (b) all other Charged Securities (not charged by clause 4.1.6(a)),
- in each case, together with (1) all Related Rights from time to time accruing to those Charged Securities and (2) all rights which such Charging Company may have at any time against any clearance or settlement system or any custodian in respect of any Charged Investments;
- 4.1.7 by way of first fixed charge:

- (a) the Accounts and all monies at any time standing to the credit of the Accounts;
- (b) the Collection Accounts and all monies at any time standing to the credit of the Collection Accounts; and
- (c) all accounts of such Charging Company with any bank, financial institution or other person at any time (not charged by clause 4.1.7(a)) and all monies at any time standing to the credit of such accounts,

in each case, together with all interest from time to time accrued or accruing on such monies, any investment made out of such monies or account and all rights to repayment of any of the foregoing;

4.1.8 by way of first fixed charge the Intellectual Property;

4.1.9 to the extent that any Assigned Asset is not effectively assigned under clause 4.2 (*Security assignments*), by way of first fixed charge such Assigned Asset;

4.1.10 by way of first fixed charge (to the extent not otherwise charged or assigned in this Deed):

- (a) the benefit of all licences, consents, agreements and Authorisations held or used in connection with the business of such Charging Company or the use of any of its assets;
- (b) each Hedging Agreement and each other agreement supplementing or amending or replacing or novating the same, and all rights and remedies in connection with them and all proceeds and claims arising from them; and
- (c) any letter of credit issued in favour of such Charging Company and all bills of exchange and other negotiable instruments held by it; and
- (d) all building contracts, appointments of professionals, collateral warranties and all rights in respect of them.

4.1.11 by way of first fixed charge all of the goodwill and uncalled capital of such Charging Company.

4.2 **Security assignments**

Each Charging Company assigns and agrees to assign absolutely (subject to a proviso for reassignment on redemption) all of its present and future rights, title and interest in and to:

4.2.1 the Relevant Contracts, all rights and remedies in connection with the Relevant Contracts and all proceeds and claims arising therefrom;

- 4.2.2 the Insurances, all claims under the Insurances and all proceeds of the Insurances;
- 4.2.3 the Hedging Agreements;
- 4.2.4 all building contracts, appointments of professionals, collateral warranties and all rights in respect of any of them; and
- 4.2.5 all other Receivables (not assigned under clause 4.2.1 to 4.2.3).

To the extent that any Assigned Asset described in clause 4.2.2 is not assignable, the assignment which that clause purports to effect shall operate as an assignment of all present and future rights and claims of such Charging Company to any proceeds of the Insurances.

4.3 **Notice of assignment and/or charge**

Immediately upon execution of this Deed (and immediately upon the obtaining of any Insurance, or the execution of any Relevant Contract or Hedging Agreement after the date of this Deed) each Charging Company shall:

- 4.3.1 in respect of each Relevant Contract to which it is a party, deliver a duly completed notice of assignment to each other party to that Relevant Contract, and use reasonable endeavours to procure that each such party executes and delivers to the Security Agent an acknowledgement, in each case in the respective forms set out in Schedule 4 (*Form of notice to and acknowledgement by party to Relevant Contract*) (or in such other form as the Security Agent shall agree);
- 4.3.2 in respect of each Hedging Agreement to which it is a party, deliver a duly completed notice of assignment to each other party to that Hedging Agreement, and shall use reasonable endeavours to procure that each such party executes and delivers to the Security Agent an acknowledgement, in each case in the respective forms set out in Schedule 6 (*Form of notice to and acknowledgement by party to Hedging Agreement*) (or in such other form as the Security Agent shall agree); and
- 4.3.3 in respect of each of its Insurances, deliver a duly completed notice of assignment to each other party to that Insurance, and shall use its reasonable endeavours (which shall not extend to making payments to any such party) to procure that each such party executes and delivers to the Security Agent an acknowledgement, in each case in the respective forms set out in Schedule 5 (*Form of notice to and acknowledgement by insurers*) (or in such other form as the Security Agent shall agree); and
- 4.3.4 deliver a duly completed notice to the Account Bank and shall use its reasonable endeavours to procure that the Account Bank executes and delivers to the Security Agent an acknowledgement, in each case in fee respective forms set out in Schedule 3 (*Form of notice to and*

acknowledgement from bank operating Accounts) (or in such other form as the Lender shall agree).

4.4 **Assigned Assets**

The Security Agent is not obliged to take any steps necessary to preserve any Assigned Asset, to enforce any term of a Relevant Contract against any person or to make any enquiries as to the nature or sufficiency of any payment received by it pursuant to this Deed.

5. **FLOATING CHARGE**

Each Charging Company charges and agrees to charge by way of first floating charge:

- 5.1 all of its present and future assets and undertaking (wherever located) which are not effectively charged by way of first fixed mortgage or charge or assigned pursuant to clause 4.1 (*Fixed charges*), clause 4.2 (*Security assignments*) or any other provision of this Deed; and
- 5.2 all of its present and future (whether or not effectively so charged or assigned) heritable property and all other property and assets in Scotland.

6. **CONVERSION OF FLOATING CHARGE**

6.1 **Conversion by notice**

The Security Agent may, by written notice to a Charging Company, convert the floating charge created under this Deed into a fixed charge as regards all or any of the assets of such Charging Company specified in file notice if:

- 6.1.1 an Event of Default has occurred and is continuing;
- 6.1.2 the Security Agent considers any Security Assets (whether or not those specified in the notice) to be in danger of being seized or sold under any form of distress, attachment, execution or other legal process or to be otherwise in jeopardy.

6.2 **Small companies**

The floating charged created under this Deed by any Charging Company shall not convert into a fixed charge solely by reason of a moratorium being obtained under the Insolvency Act 2000 (or anything done with a view to obtaining such a moratorium in respect of such Charging Company).

6.3 **Automatic conversion**

The floating charge created under this Deed shall (in addition to the circumstances in which the same will occur under general law) automatically convert into a fixed charge:

6.3.1 in relation to any Security Asset which is subject to a floating charge if:

- (a) such Charging Company creates (or attempts or purports to create) any Security (other than a Permitted Security) on or over the relevant Security Asset without the prior written consent of the Security Agent; or
- (b) any third party levies or attempts to levy any distress, execution, attachment or other legal process against any such Security Asset; and

6.3.2 over all Security Assets of a Charging Company which are subject to a floating charge if an administrator is appointed in respect of such Charging Company or the Security Agent receives notice of intention to appoint such an administrator.

6.4 **Partial conversion**

The giving of a notice by the Security Agent pursuant to clause 6.1 (*Conversion by notice*) in relation to any class of assets of any Charging Company shall not be construed as a waiver or abandonment of the rights of the Security Agent to serve similar notices in respect of any other class of assets or of any other right of the Security Agent and/or the other Secured Parties.

7. **CONTINUING SECURITY**

7.1 **Continuing security**

The Transaction Security is continuing and will extend to the ultimate balance of the Secured Obligations regardless of any intermediate payment or discharge in whole or in part. This Deed shall remain in full force and effect as a continuing Security Interest for the duration of the Security Period.

7.2 **Additional and separate security**

This Deed is in addition to, without prejudice to, and shall not merge with, any other right, remedy, guarantee or Security which the Security Agent and/or any other Secured Party may at any time hold for any Secured Obligation.

7.3 **Right to enforce**

This Deed may be enforced against each or any Charging Company without

the Security Agent and/or any other Secured Party first having recourse to any other right, remedy, guarantee or Security held by or available to it or any of them.

8. **LIABILITY OF CHARGING COMPANIES RELATING TO THE SECURITY ASSETS**

Notwithstanding anything contained in this Deed or implied to the contrary, each Charging Company remains liable to observe and perform all conditions and obligations assumed by it in relation to the Security Assets. The Security Agent is under no obligation to perform or fulfil any such condition or obligation or to make any payment in respect of any such condition or obligation.

9. **ACCOUNTS**

No monies at any time standing to the credit of any account (of any type and however designated) of any Charging Company with the Security Agent and/or any other Secured Party (or any of them) or in which any Charging Company has an interest (and no rights and benefits relating thereto) shall be capable of being assigned to any third party.

9.1 **Dealings with and realisation of Receivables and Accounts**

9.1.1 Subject to the terms of the Facilities Agreement, each Charging Company shall:

- (a) not, without the prior written consent of the Security Agent, sell, assign, charge, factor or discount or in any other manner deal with any Receivable;
- (b) collect all Receivables promptly in the ordinary course of trading as agent for the Security Agent; and
- (c) immediately upon receipt pay all monies which it receives in respect of the Receivables into;
 - (i) such specially designated account(s) with the Security Agent as the Security Agent may from time to time direct; or
 - (ii) such other account(s) with such other bank as the Security Agent may from time to time direct,

(each such account(s), together with all additions to or renewals or replacements thereof (in whatever currency) being a "**Collection Account**"; and
- (d) pending such payment, hold all monies so received upon trust for the Security Agent.

9.1.2 Subject to the terms of the Facilities Agreement, each Charging Company shall deal with the Receivables (both collected and uncollected) and the Collection Accounts in accordance with any directions given in writing from time to time by the Security Agent and, in default of and subject to such directions, in accordance with this Deed.

9.1.3 Each Charging Company shall deliver to the Security Agent such information as to the amount and nature of its Receivables as the Security Agent may from time to time reasonably require (taking into account the requirements of the Finance Documents).

9.2 **Operation of Collection Accounts**

Subject to the Facilities Agreement:

9.2.1 No Charging Company shall withdraw, attempt or be entitled to withdraw (or direct any transfer of) all or any part of the monies in any Collection Account without the prior written consent of the Security Agent and the Security Agent shall be entitled (in its reasonable discretion) to refuse to permit any such withdrawal or transfer.

9.2.2 If from time to time there is any credit balance on any other account of any Charging Company with the Security Agent into which proceeds of Receivables are paid or transferred, the Security Agent shall be entitled in its reasonable discretion to refuse to permit such credit balance to be utilised or withdrawn by any Charging Company (whether in whole or in part) for so long as any of the Secured Obligations is outstanding.

9.2.3 If the right of a Charging Company to withdraw the proceeds of any Receivables standing to the credit of a Collection Account results in the charge over that Collection Account being characterised as floating charge, that will not affect the nature of any other fixed security created by any Charging Company under this Deed on all its outstanding Receivables.

9.3 **Charged Investments**

9.3.1 Each Charging Company shall, immediately upon execution of this Deed or (if later), as soon as is practicable after its acquisition of any Charged Securities by way of security for the Secured Obligations:

- (a) deposit with the Security Agent (or as the Security Agent may direct) all certificates and other documents of title or evidence of ownership to the Charged Securities and their Related Rights; and
- (b) execute and deliver to the Security Agent:
 - (i) instruments of transfer in respect of the Charged Securities (executed in blank and left undated); and/or
 - (ii) such other documents as the Security Agent shall require to enable it (or its nominees) to be registered as the owner of or

otherwise to acquire a legal title to the Charged Securities and their Related Rights (or to pass legal title to any purchaser).

9.3.2 Each Charging Company shall:

- (a) promptly give notice to any custodian of any agreement with such Charging Company in respect of any Charged Investment in a form the Security Agent may require; and
- (b) use its reasonable endeavours to ensure that the custodian acknowledges that notice in a form the Security Agent may require.

9.4 Rights of the Parties in respect of Charged Investments

9.4.1 Until an Event of Default occurs which is continuing, each Charging Company shall be entitled to:

- (a) receive and retain all dividends, distributions and other monies paid on or derived from its Charged Securities; and
- (b) exercise all voting and other rights and powers attaching to its Charged Securities, provided that it must not do so in a manner which:
 - (i) has the effect of changing the terms of such Charged Securities (or any class of them) or of any Related Rights; or
 - (ii) is prejudicial to the interests of the Security Agent and/or the other Secured Parties.

9.4.2 At any time following the occurrence of an Event of Default which is continuing, the Security Agent may complete the instrument(s) of transfer for all or any Charged Securities on behalf of any Charging Company in favour of itself or such other person as it may select.

9.4.3 At any time when any Charged Securities is registered in the name of the Security Agent or its nominee, the Security Agent shall be under no duty to:

- (a) ensure that any dividends, distributions or other monies payable in respect of such Charged Securities are duly and promptly paid or received by it or its nominee;
- (b) verify that the correct amounts are paid or received; or
- (c) take any action in connection with the taking up of any (or any offer of any) Related Rights in respect of or in substitution for, any such Charged Securities.

9.5 Relevant Contracts

- 9.5.1 No Charging Company shall, except with the prior written consent of the Security Agent (such consent not to be unreasonably withheld or delayed), amend or waive any term of any Relevant Contract, terminate any Relevant Contract or release any other party from its obligations under any Relevant Contract, if to do so would be likely to have a Material Adverse Effect.
- 9.5.2 Each Charging Company shall duly perform its obligations under each Relevant Contract, shall notify the Security Agent of any material default by it or any other party under any Relevant Contract and shall not take any action which will reduce or impede recoveries in respect of any Assigned Asset.
- 9.5.3 Each Charging Company shall provide to the Security Agent as soon as practicable upon receipt copies of all material notices and information received by it from any other party to any Relevant Contract.

10. **POWER TO REMEDY**

10.1 **Power to remedy**

If at any time a Charging Company does not comply with any of its obligations under this Deed, the Security Agent (without prejudice to any other rights arising as a consequence of such non-compliance) shall be entitled (but not bound) to rectify that default. The relevant Charging Company irrevocably authorises the Security Agent and its employees and agents by way of security to do all such things (including entering the property of such Charging Company) which are necessary or desirable to rectify that default.

10.2 **Mortgagee in possession**

The exercise of the powers of the Security Agent under this clause 10 shall not render it, or any other Secured Party, liable as a mortgagee in possession.

10.3 **Monies expended**

The relevant Charging Company shall pay to the Security Agent on written demand any monies which are expended by the Security Agent in exercising its powers under this clause 10, together with interest at the Default Rate determined under the Facilities Agreement from the date on which those monies were expended by the Security Agent (both before and after judgment) and otherwise in accordance with clause 2.2 (*Default interest*).

11. WHEN SECURITY BECOMES ENFORCEABLE

11.1 When enforceable

The Transaction Security shall become immediately enforceable upon the occurrence of an Event of Default.

11.2 Statutory powers

The power of sale and other powers conferred by Section 101 of the Act (as amended or extended by this Deed) shall be immediately exercisable upon and at any time after the occurrence of any Event of Default.

11.3 Enforcement

After the Transaction Security has become enforceable, the Security Agent may in its absolute discretion enforce all or any part of the Transaction Security in such manner as it sees fit.

12. ENFORCEMENT OF SECURITY

12.1 General

For the purposes of all rights and powers implied by statute, the Secured Obligations are deemed to have become due and payable on the date of this Deed. Sections 93 and 103 of the Act shall not apply to the Transaction Security.

12.2 Powers of leasing

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

12.3 Powers of Security Agent

12.3.1 At any time after the Transaction Security becomes enforceable, the Security Agent may without further notice (unless required by law):

- (a) (or if so requested by any Charging Company by written notice at any time may) appoint any person (or persons) to be a receiver, receiver and manager of all or any part of the Security Assets and/or of the income of the Security Assets; and/or
- (b) appoint or apply for the appointment of any person who is appropriately qualified as administrator of a Charging Company; and/or

- (c) exercise all or any of the powers conferred on mortgagees by the Act (as amended or extended by this Deed) and/or all or any of the powers which are conferred by this Deed on a Receiver, in each case without first appointing a Receiver or notwithstanding the appointment of any Receiver; and/or
- (d) exercise (in the name of any Charging Company and without any further consent or authority of such Charging Company) any voting rights and any powers or rights which may be exercised by any person(s) in whose name any Charged Investment is registered, or who is the holder of any of them (including all the powers given to trustees by section 10(3) and (4) of the Trustee Act 1925 in respect of securities or property subject to a trust).

12.3.2 The Security Agent is not entitled to appoint a Receiver in respect of any Security Assets of any Charging Company which are subject to a charge which (as created) was a floating charge solely by reason of a moratorium being obtained under the Insolvency Act 2000 (or anything done with a view to obtaining such a moratorium) in respect of such Charging Company.

12.4 **Redemption of prior mortgages**

At any time after the Transaction Security has become enforceable, the Security Agent may:

- 12.4.1 redeem any prior Security against any Security Asset; and/or
- 12.4.2 procure the transfer of that Security to itself; and/or
- 12.4.3 settle and pass the accounts of the holder of any prior Security and any accounts so settled and passed shall be conclusive and binding on each Charging Company.

All principal, interest, costs, charges and expenses of an incidental to any such redemption and/or transfer shall be paid by the relevant Charging Company to the on demand.

12.5 **Privileges**

- 12.5.1 Each Receiver and the Security Agent is entitled to all the rights, powers, privileges and immunities conferred by the Act on mortgagees and receivers when such receivers have been duly appointed under the Act, except that section 103 of the Act does not apply.
- 12.5.2 To the extent that the Security Assets constitute "*financial collateral*" and this Deed and the obligations of the Charging Companies under this deed constitute a "*security financial collateral arrangement*" (in each case for the purpose of and as defined in the Financial Collateral Arrangements (No. 2) Regulations 2003) (SI 2003 No 3226) each Receiver and the Security Agent shall have the right after this Security has become enforceable to appropriate

all or any part of that financial collateral in or towards the satisfaction of the Secured Obligations.

- 12.5.3 For the purpose of clause 12.5.2, the value of the financial collateral appropriated shall be such amount as the Receiver or Security Agent reasonably determines having taken into account advice obtained by it from an independent investment or accountancy firm of national standing selected, by it.

12.6 **No liability**

- 12.6.1 Neither the Security Agent, nor any other Secured Party shall be liable (1) in respect of all or any part of the Security Assets or (2) for any loss or damage which arises out of the exercise or the attempted or purported exercise of, or the failure to exercise any of, its or his respective powers (unless such loss or damage is caused by its or his gross negligence or wilful misconduct).

- 12.6.2 Without prejudice to the generality of clause 12.6.1, neither the Security Agent, nor any other Secured Party shall 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.

12.7 **Protection of third parties**

No person (including a purchaser) dealing with the Security Agent, any Receiver or Delegate will be concerned to enquire:

- 12.7.1 whether the Secured Obligations have become payable; or
- 12.7.2 whether any power which the Security Agent or the Receiver or the Delegate is purporting to exercise has become exercisable; or
- 12.7.3 whether any money remains due under any Finance Document; or
- 12.7.4 how any money paid to the Security Agent, the Receiver or to the Delegate is to be applied.

13. **RECEIVER**

13.1 **Removal and replacement**

The Security Agent may from time to time remove any Receiver appointed by it and, whenever it may deem appropriate, may appoint a new Receiver in the place of any Receiver whose appointment has terminated.

13.2 **Multiple Receivers**

If at any time there is more than one Receiver of all or any part of the Security Assets and/or the income of the Security Assets, each Receiver

shall have power to act individually (unless otherwise stated in the appointment document).

13.3 **Remuneration**

Any Receiver shall be entitled to remuneration for his services at a rate to be fixed by agreement between him and the Security Agent (or, failing such agreement, to be fixed by the Security Agent).

13.4 **Payment by Receiver**

Only monies actually paid by a Receiver to the Security Agent in relation to the Secured Obligations shall be capable of being applied by the Security Agent in discharge of the Secured Obligations.

13.5 **Agent of Charging Companies**

Any Receiver shall be the agent of the Charging Company in respect of which it is appointed. Such Charging Company shall (subject to the Companies Act 1985 and the Insolvency Act 1986) be solely responsible for his acts and defaults and for the payment of his remuneration. No Secured Party shall incur any liability (either to such Charging Company or to any other person) by reason of the appointment of a Receiver or for any other reason.

14. **POWERS OF RECEIVER**

14.1 **General powers**

Any Receiver shall have:

- 14.1.1 all the powers which are conferred on the Security Agent by clause 12.3 (*Powers of Security Agent*).
- 14.1.2 all the powers which are conferred by the Act on mortgagees in possession and receivers appointed under the Act;
- 14.1.3 all the powers which are listed in schedule 1 of the Insolvency Act 1986; and
- 14.1.4 all powers which are conferred by any other law conferring power on receivers.

14.2 **Additional powers**

In addition to the powers referred to in clause 14.1 (*General powers*), a Receiver shall have the following powers:

- 14.2.1 to take possession of, collect and get in all or any part of the Security Assets and/or income in respect of which he was appointed;

- 14.2.2 to manage the Security Assets and the business of any Charging Company as he thinks fit;
- 14.2.3 to redeem any security and to borrow or raise any money and secure the payment of any money in priority to the Secured Obligations for the purpose of the exercise of his powers and/or defraying any costs or liabilities incurred by him in such exercise;
- 14.2.4 to sell or concur in selling, leasing or otherwise disposing of all or any part of the Security Assets in respect of which he was appointed without the need to observe the restrictions imposed by section 103 of the Act and:
 - (a) fixtures may be severed and sold separately from the Property containing them, without the consent of any Charging Company;
 - (b) the consideration for any such transaction may consist of cash, debentures or other obligations, shares, stock or other valuable consideration (and the amount of such consideration may be dependent upon profit or turnover or be determined by a third party);
 - (c) any such consideration may be payable in a lump sum or by instalments spread over such period as he thinks fit;
- 14.2.5 to alter, improve, develop, complete, construct, modify, refurbish or repair any building or land and to complete or undertake or concur in the completion or undertaking (with or without modification) of any project in which any Charging Company was concerned or interested before his appointment (being a project for the alteration, improvement, development, completion, construction, modification, refurbishment or repair of any building or land);
- 14.2.6 to carry out any sale, lease or other disposal of all or any part of the Security Assets by conveying, transferring, assigning or leasing the same in the name of the relevant Charging Company and, for that purpose, to enter into covenants and other contractual obligations in the name of, and so as to bind, such Charging Company;
- 14.2.7 to take any such proceedings (in the name of any of the relevant Charging Companies or otherwise) as he shall think fit in respect of the Security Assets and/or income in respect of which he was appointed (including proceedings for recovery of rent or other monies in arrears at the date of his appointment);
- 14.2.8 to enter into or make any such agreement, arrangement or compromise as he shall think fit;
- 14.2.9 to insure, and to renew any insurances in respect of, the Security Assets as he shall think fit (or as the Security Agent shall direct);

- 14.2.10 to appoint and employ such managers, officers and workmen and engage such professional advisers as he shall think fit (including, without prejudice to the generality of the foregoing power, to employ his partners and firm);
- 14.2.11 to form one or more Subsidiaries of any Charging Company, and to transfer to any such Subsidiary all or any part of the Security Assets;
- 14.2.12 to operate any rent review clause in respect of any Property in respect of which he was appointed (or any part thereof) and to apply for any new or extended lease; and
- 14.2.13 to:
 - (a) give valid receipts for all monies and to do all such other things as may seem to him to be incidental or conducive to any other power vested in him or necessary or desirable for the realisation of any Security Asset;
 - (b) exercise in relation to each Security Asset all such powers and rights as he would be capable of exercising if he were the absolute beneficial owner of the Security Assets;
 - (c) and use the name of any Charging Company for any of the above purposes.

15. APPLICATION OF PROCEEDS AND INTERCREDITOR AGREEMENT

15.1 Application

All monies received by the Security Agent or any Receiver after the Transaction Security has become enforceable shall (subject to the rights and claims of any person having a security ranking in priority to the Transaction Security and subject to the Intercreditor Agreement) be applied in the following order:

- 15.1.1 *first*, in satisfaction of, or provision for, all costs, charges and expenses incurred, and payments made by the Security Agent, or any other Secured Party and of all remuneration due to the Receiver in connection with this Deed or the Security Assets;
- 15.1.2 *secondly*, in or towards the satisfaction of the remaining Secured Obligations in accordance with clause 15.3 (*Appropriation and suspense account*); and
- 15.1.3 *thirdly*, in payment of any surplus to any Charging Company or other person entitled to it.

15.2 Contingencies

If the Transaction Security is enforced at a time when no amounts are due under the Finance Documents (but at a time when amounts may become so

due), the Security Agent or a Receiver may pay the proceeds of any recoveries effected by it into a blocked suspense account.

15.3 Appropriation Intercreditor Agreement and suspense account

15.3.1 Subject to the Intercreditor Agreement and clause 15.1 (*Application*), the Security Agent may apply all payments received in respect of the Secured Obligations in redaction of any part of the Secured Obligations in any order or manner which it may determine.

15.3.2 Any such appropriation shall override any appropriation by any Charging Company.

15.3.3 All monies received, recovered or realised by the Security Agent under or in connection with this Deed may at the discretion of the Security Agent be credited to a separate interest-bearing suspense account for so long as the Security Agent determines (with interest accruing thereon at such rate (if any) as the Security Agent may determine for the account of relevant Charging Company) without the Security Agent having any obligation to apply such monies and interest or any part of it in or towards the discharge of any of the Secured Obligations.

16. SET-OFF

16.1 Set-off

16.1.1 The Security Agent and each other Secured Party may (but shall not be obliged to) set off any obligation which is due and payable by any Charging Company and unpaid (whether under the Finance Documents or which has been assigned to the Security Agent or such other Secured Party by any other Charging Company) against any obligation (whether or not matured) owed by the Security Agent or such other Secured Party to such Charging Company, regardless of the place of payment, booking branch or currency of either obligation.

16.1.2 At any time after the Transaction Security has become enforceable (and in addition to its rights under clause 16.1.1), the Security Agent and each other Secured Party may set-off any contingent liability owed by a Charging Company under any Finance Document against any obligation (whether or not matured) owed by the Security Agent or such other Secured Party to such Charging Company, regardless of the place of payment, booking branch or currency of either obligation.

16.1.3 If the obligations are indifferent currencies, the Security Agent or such other Secured Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

16.1.4 If either obligation is unliquidated or unascertained, the Security Agent or such other Secured Party may set off in an amount estimated by it in good faith to be the amount of that obligation.

16.2 Time deposits

Without prejudice to clause 16.1 (*Set-off*), if any time deposit matures on any account which any Charging Company has with the Security Agent or any other Secured Party at a time within the Security Period when:

- 16.2.1 the Transaction Security has become enforceable; and
- 16.2.2 no Secured Obligation is due and payable, such time deposit shall automatically be renewed for such further maturity as the Security Agent or such other Secured Party in its absolute discretion considers appropriate unless the Security Agent or such other Secured Party otherwise agrees in writing.

17. DELEGATION

Each of the Security Agent and any Receiver may delegate, by power of attorney (or in any other manner) to any person, any right, power or discretion exercisable by them under this Deed upon any terms (including power to sub-delegate) which it may think fit. Neither the Security Agent nor any Receiver shall be in any way liable or responsible to any Charging Company for any loss or liability arising from any act, default, omission or misconduct on the part of any Delegate.

18. FURTHER ASSURANCES**18.1 Further action**

Each Charging Company shall, at its own expense, promptly take whatever action the Security Agent or a Receiver may require for:

- 18.1.1 creating, perfecting or protecting the Security intended to be created by this Deed;
- 18.1.2 facilitating the realisation of any Security Asset;
- 18.1.3 facilitating the exercise of any right, power or discretion exercisable by the Security Agent or any Receiver or any Delegate in respect of any Security Asset; and
- 18.1.4 creating and perfecting security in favour of the Security Agent over any asset of that Charging Company located in any jurisdiction outside England and Wales equivalent or similar to the security intended to be created by this Deed,

including the execution of any transfer, conveyance, assignment or assurance of any property whether to the Security Agent or to its nominees, the giving of any notice, order or direction and the making of any registration, which in any such case, the Security Agent may think expedient.

18.2 Specific security

Without prejudice to the generality of clause 18.1 (*Further action*), each Charging Company will immediately at the request of the Security Agent execute a legal mortgage, charge, assignment, assignation or other security over any Security Asset which is subject to or intended to be subject to any fixed security created by this Deed in favour of the Security Agent (including any arising or intended to arise pursuant to clause 6 (*Conversion of floating charge*)) in such form as the Security Agent may require.

19. POWER OF ATTORNEY

Each Charging Company, by way of security, irrevocably and severally appoints the Security Agent, each Receiver and any Delegate to be its attorney to take any action which such Charging Company is obliged to take under this Deed, including under clause 18 (*Further assurances*). Each Charging Company ratifies and confirms whatever any attorney does or purports to do pursuant to its appointment under this clause.

20. PAYMENTS

All payments to be made by a Charging Company in respect of this Deed shall be made:

- 20.1 in immediately available funds to the credit of such account as the Security Agent may designate; and
- 20.2 without (and free and clear of, and without any deduction for or on account of):
 - 20.2.1 any set-off or counterclaim; or
 - 20.2.2 except to the extent compelled by law, any deduction or withholding for or on account of Tax.

21. STAMP TAXES

Each Charging Company shall:

- 21.1 pay all present and future stamp, registration and similar Taxes or charges which may be payable, or determined to be payable, in connection with the execution, delivery, performance or enforcement of this Deed or any judgment given in connection with it; and
- 21.2 indemnify the Security Agent, each other Secured Party and any Receiver or Delegate on demand against any and all costs, losses or liabilities (including, without limitation, penalties) with respect to, or resulting from, its delay or omission to pay any such stamp, registration and similar Taxes or charges.

22. COSTS AND EXPENSES

22.1 **Transaction and amendment expenses**

Each Charging Company shall promptly on demand pay to the Security Agent and each Secured Party the amount of all costs, charges and expenses (including, without limitation, legal fees, valuation, accountancy and consultancy fees (and any VAT or similar Tax thereon)) reasonably and properly incurred by any of them (and in the case of the Security Agent, by any Receiver or Delegate) in connection with:

- 22.1.1 the negotiation, preparation, printing, execution, registration, perfection and completion of this Deed, the Transaction Security and any other document referred to in this Deed; or
- 22.1.2 any actual or proposed amendment or extension of, or any waiver or consent under, this Deed.

22.2 **Enforcement and preservation costs**

Each Charging Company shall promptly on demand pay to the Security Agent and each other Secured Party the amount of all costs, charges and expenses (including legal fees (and any VAT or similar Tax thereon)) incurred by any of them in connection with the enforcement, exercise or the preservation (or the attempted enforcement, exercise or preservation) of any of their respective rights under this Deed or any document referred to in this Deed or the Transaction Security (including all remuneration of the Receiver).

23. **INDEMNITY**

Each Charging Company shall indemnify the Security Agent, each other Secured Party, and any attorney, agent or other person appointed by the Security Agent under this Deed and the Security Agent's officers and employees (each an "**Indemnified Party**") on demand against any cost, loss, liability or expense (however arising) incurred by any Indemnified Party as a result of or in connection with:

- 23.1 the taking, holding, protection or enforcement of the Transaction Security;
- 23.2 anything done or omitted in the exercise or purported exercise of the powers, discretions and remedies contained in this Deed or vested in the Security Agent and each rights, Receiver and Delegate by the Finance Documents or by law;
- 23.3 the Security Assets or the use or occupation of them by any person (including any Environmental Claim); or
- 23.4 any breach by any Charging Company in the performance of any obligations expressed to be assumed by it under this Deed, any other Finance Document.

24. **CHANGE TO THE PARTIES**

24.1 **Charging Companies**

No Charging Company may assign any of its rights or obligations under this Deed.

24.2 **Security Agent**

The Security Agent may assign or transfer all or any part of its rights under this Deed pursuant to the resignation or removal of the Security Agent in accordance with the Intercreditor Agreement. Each Charging Company shall, immediately upon being requested to do so by the Security Agent, enter into such documents as may be necessary or desirable to effect such assignment or transfer.

25. **MISCELLANEOUS**

25.1 **New accounts**

25.1.1 If the Security Agent or any other Secured Party receives, or is deemed to be affected by, notice, whether actual or constructive, of any subsequent Security (other than a Permitted Security) affecting any Security Asset and/or the proceeds of sale of any Security Asset or any Transaction Security ceases to continue in force, it may open a new account or accounts for any Charging Company. If it does not open a new account, it shall nevertheless be treated as if it had done so at the time when it received or was deemed to have received such notice.

25.1.2 As from that time all payments made to the Security Agent or such other Secured Party will be credited or be treated as having been credited to the new account and will not operate to reduce any amount of the Secured Obligations.

25.2 **Tacking**

This Deed secures advances already made and further advances to be made under the Facilities Agreement or any other Finance Document.

25.3 **Articles of Association**

Each Charging Company certifies that the Transaction Security does not contravene any of the provisions of the articles of association of that Charging Company.

25.4 **Land Registry**

25.4.1 Each Charging Company applies and shall apply to the Chief Land Registrar for a restriction in the following terms to be entered on the Register of Title relating to any Property registered at Land Registry (or any unregistered land subject to first registration) and against which this Deed *may be noted*:

"No disposition of the registered estate by the proprietor of the registered estate is to be registered without a written consent signed by the proprietor for the time being of the charge dated [] 20[] in favour of [] referred to in the charges register or their conveyancer".

25.4.2 Each Charging Company:

- (a) authorises the Security Agent to make any application which the Security Agent deems appropriate for the designation of this Deed, the Facilities Agreement or any other Finance Document as an exempt information document under rule 136 of the Land Registration Rules 2003;
- (b) shall use its reasonable endeavours to assist with any such application made by or on behalf of the Security Agent; and
- (c) shall notify the Security Agent in writing as soon as it receives notice of any person's application under rule 137 of the Land Registration Rules 2003 for the disclosure of this Deed, the Facilities Agreement any other Finance Document following its designation as an exempt information document.

25.4.3 No Charging Company shall make any application under rule 138 of the Land Registration Rules 2003 for the removal of the designation of any such document as an exempt information document.

25.4.4 Each Charging Company shall promptly make all applications to and filings with HM Land Registry which are necessary or desirable under the Land Registration Rules 2003 to protect the Transaction Security.

25.4.5 No Charging Company shall, without the prior written consent of the Security Agent, permit any person to be or become registered under the Land Registration Act 2002 as the proprietor of a Security Asset who is not so registered under the Land Registration Act 2002 at the date of this Deed or, in the case of Property acquired after the date of this Deed, at the date of such acquisition.

25.5 **Protective clauses**

25.5.1 Each Charging Company is deemed to be a principal debtor in relation to this Deed. The obligations of each Charging Company under, and the security intended to be created by, this Deed shall not be impaired by any forbearance, neglect, indulgence, extension or time, release, surrender or loss of securities, dealing, amendment or arrangement by any Secured Party which would otherwise have reduced, released or prejudiced the Transaction Security or any surety liability of a Charging Company (whether or not known to it or to any Secured Party).

25.5.2 Clause 19 of the Facilities Agreement (*Guarantee and indemnity*) apply in relation to this Deed as if references to the obligations referred to in such

clauses respectively were references to the obligations of each Charging Company under this Deed.

26. **NOTICES**

26.1 **Communications in writing**

Any communication to be made under, or in connection with, this Deed shall be made in writing and, unless otherwise stated, may be made by fax or letter (but not by email).

26.2 **Facilities Agreement**

Clause 34 of the Facilities Agreement (*Notices*) (relating to all communications to be made under the Facilities Agreement) is incorporated into this Deed as if fully set out in this Deed. The address and fax numbers of each Party for all communications or documents given under or in connection with this Deed are those identified with its name below or those subsequently notified from time to time by the relevant Party for the Purposes of the Facilities Agreement.

27. **CALCULATIONS AND CERTIFICATES**

A certificate of the Lender specifying the amount of any Secured Obligation due from the Charging Companies (including details of any relevant calculation thereof) shall be prima facie evidence of such amount against the Charging Companies in the absence of manifest error.

28. **PARTIAL INVALIDITY**

All the provisions of this Deed are severable and distinct from one another and if at any time any provision is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of any of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

29. **REMEDIES AND WAIVERS**

No failure to exercise, nor any delay in exercising, on the part of the Security Agent (or any other Secured Party), any right or remedy under this Deed shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise, or the exercise of any other right or remedy. The rights and remedies provided are cumulative and not exclusive of any rights or remedies provided by law.

30. **AMENDMENTS AND WAIVERS**

Any provision of this Deed may be amended only if the Security Agent and the Charging Companies so agree in writing and any breach of this Deed may be waived before or after it only if the Security Agent so agrees in writing. A

waiver given or consent granted by the Security Agent under this Deed will be effective only if given in writing and then only in the instance and for the purpose for which it is given.

31. COUNTERPARTS

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

32. RELEASE

32.1 Release

Upon the expiry of the Security Period (but not otherwise) the Security Agent shall, at the request and cost of the Charging Companies, take whatever action is necessary to release or re-assign (without recourse or warranty) the Security Assets from the Transaction Security.

32.2 Reinstatement

Where any discharge (whether in respect of the obligations of any Charging Company or any security for those obligations or otherwise) is made in whole or in part or any arrangement is made on the faith of any payment, security or other disposition which is avoided or must be restored on insolvency, liquidation or otherwise (without limitation), the liability of the Charging Companies under this Deed shall continue as if the discharge or arrangement had not occurred. The Security Agent may concede or compromise any claim that any payment, security or other disposition is liable to avoidance or restoration.

33. GOVERNING LAW

This Deed is governed by English law.

IN WITNESS of which this Deed has been duly executed by each of the Charging Companies as a deed and duly executed by the Security Agent and has been delivered on the date written at the beginning of this Deed.

SCHEDULE 1**The Charging Companies**

Company name	Registered number	Registered Address
The Manor House Hotel (Castle Combe) Limited	02256084	Executive Office Pennyhill Park Hotel & Spa, Bagshot, Surrey, GU19 5EU
Pennyhill Park Limited	01654812	Executive Office Pennyhill Park Hotel & Spa, Bagshot, Surrey, GU19 5EU
South Lodge Limited	01844415	Executive Office Pennyhill Park Hotel & Spa, Bagshot, Surrey, GU19 5EU
Fanhams Hall Hotel Limited	05500642	Executive Office Pennyhill Park Hotel & Spa, Bagshot, Surrey, GU19 5EU
Royal Berkshire Hotel Limited	02254293	Executive Office Pennyhill Park Hotel & Spa, Bagshot, Surrey, GU19 5EU
Lainston House Limited	01711117	Executive Office Pennyhill Park Hotel & Spa, Bagshot, Surrey, GU19 5EU

SCHEDULE 2**Details of Security Assets****Part 1 - Property**

Charging Company	Address	Title Number
Pennyhill Park Limited (CRN: 01654812)	Land adjoining Pennyhill Park Hotel, College Ride, Bagshot	SY570594
	Land lying to the South-East of College Ride, Bagshot	SY518182
	Pennyhill Park Farm and Land adjoining Pennyhill park Golf Course, London Road, Bagshot, GU19 5EU	SY744709
	Pennyhill Park Hotel, London Road, Bagshot, GU19 5EU	SY419737
South Lodge Limited (CRN: 01844415)	South Lodge Hotel, Brighton Road, Lower Beeding, Horsham, RH13 6PS	WSX331265

Part 2 – Charged Securities

Charging Company	Name of company which shares are held	Class of shares held	Number of shares held	Issued share capital
The Manor House Hotel (Castle Combe) Limited (CRN: 02256084)	Pennyhill Park Limited (CRN: 01654812)	Ordinary	15,000,000	15,000,000
The Manor House Hotel (Castle Combe) Limited (CRN: 02256084)	South Lodge Limited (CRN: 01844415)	Ordinary	2,000,000	2,000,000
The Manor House Hotel (Castle Combe) Limited (CRN: 02256084)	Fanhams Hall Hotel Limited (CRN: 05500642)	Ordinary	2,000,000	2,000,000

The Manor House Hotel (Castle Combe) Limited (CRN: 02256084)	Royal Berkshire Hotel Limited (CRN: 02254293)	Ordinary	2,000,000	2,000,000
The Manor House Hotel (Castle Combe) Limited (CRN: 02256084)	Lainston House Limited (CRN: 01711117)	Ordinary	2,000,000	2,000,000

Part 3 – Relevant Contracts

Charging Company	Date of Relevant Contract	Parties	Details of Relevant Contract
None specified			

Part 3 – Insurances

Charging Company	Insurer	Insured risks	Policy number
TBC			

SCHEDULE 3

Form of notice to and acknowledgement from Account Bank

To: *[insert name and address of Account Bank]*

Dated []

Dear Sirs,

Account Holder: *[insert name of each Charging Company]* (the "**Charging Companies**")

1. We give notice that, by a security agreement dated *[Date]* (the "**Security Agreement**"), we have charged to *[Name]* (the "**Security Agent**") all our present and future right, title and interest in and to:
 - 1.1. each Account (each as defined in the schedule to this letter) all monies from time to time standing to the credit of each Account and all additions to or renewals or replacements thereof (in whatever currency); and
 - 1.2. all other accounts from time to time maintained with you by each Charging Company and all monies at any time standing to the credit of such accounts,

(together the "**Charged Accounts**") and to all interest from time to time accrued or accruing on the Charged Accounts, any investment made out of any such monies or account and all rights to repayment of any of the foregoing by you.
2. We advise you that, under the terms of the Security Agreement, we are not entitled to withdraw any monies from each Account without first having obtained the prior written consent of the Security Agent.
3. We irrevocably authorise and instruct you from time to time:
 - 3.1. unless the Security Agent so authorises you in writing, not to permit withdrawals from each Account;
 - 3.2. to hold all monies from time to time standing to the credit of the Charged Accounts to the order of the Security Agent;
 - 3.3. to pay all or any part of the monies standing to the credit of the Charged Accounts to the Security Agent (or as it may direct) promptly following receipt of written instructions from the Security Agent to that effect; and
 - 3.4. to disclose to the Security Agent such information relating to the Charging Companies and the Charged Accounts as the Security Agent may from time to time request you to provide.
4. We agree that you are not bound to enquire whether the right of the Security Agent to withdraw any monies from any Charged Account has arisen or be

concerned with (i) the propriety or regularity of the exercise of that right or (ii) notice to the contrary or (iii) or to be responsible for the application of any monies received by the Security Agent.

5. This notice may only be revoked or amended with the prior written consent of the Security Agent.

6. Please confirm by completing the enclosed copy of this notice and returning it to the Security Agent (with a copy to each Charging Company) that:

6.1. you agree to comply with this notice;

6.2. you have not, at the date this notice is returned to the Security Agent, received notice of any assignment or charge of or claim to the monies standing to the credit of any Charged Account or the grant of any security or other interest over those monies or any Charged Account in favour of any third party and you will notify the Security Agent promptly if you should do so in the future; and

6.3. you do not at the date of this notice and will not in the future exercise any right to combine accounts or any rights of set-off or lien or any similar rights in relation to the monies standing to the credit of the Charged Accounts.

7. This notice (and any acknowledgement) is governed by English law.

Yours faithfully,

for and on behalf of
[Name of Charging Company]
Name: _____
Title: _____

for and on behalf of
[Name of Charging Company]
Name: _____
Title: _____

for and on behalf of

[Name of Charging Company]

Name: _____

Title: _____

Countersigned by

for and on behalf of

[Name of Security Agent]

SCHEDULE

The Charged Accounts

Part 1 Accounts		
Account name	Account number	Account Bank, address and sort code of Account branch
[]	[]	[]
[]	[]	[]
[]	[]	[]

[On copy]

To: [Name]
 as Security Agent
 [Address of Security Agent]

Copy to: [Name of each Charging Company]

We acknowledge receipt of the above notice. We confirm and agree:

- (a) That the matters referred to in it do not conflict with the terms which apply to any Charged Account; and
- (b) The matters set out in paragraph [6] of the above notice.

for and on behalf of
[Name of Account Bank]

Dated: _____

SCHEDULE 4

Form of notice to and acknowledgement by party to Relevant Contract

To: *[insert name and address of relevant party]*

Dated []

Dear Sirs,

Re: *[describe Relevant Contract]* dated *[Date]* between (1) you and *[specify parties]* and (2) *[Name of Charging Company]* (the "Charging Company") (the "Agreement")

1. We give notice that, by a security agreement dated *[Date]* (the "**Security Agreement**"), we have assigned to *[Name]* (the "**Security Agent**") all our present and future right, title and interest in and to *[insert details of Relevant Contract]* (together with any other agreement supplementing or amending the same, the "**Agreement**") including all rights and remedies in connection with the Agreement and all proceeds and claims arising from the Agreement.
2. We irrevocably authorise and instruct you from time to time:
 - 2.1. to hold all sums from time to time due and payable by you to us under the Agreement to the order of the Security Agent;
 - 2.2. to pay or release all or any part of the sums from time to time due and payable by you to us under the Agreement only in accordance with the written instructions given to you by the Security Agent from time to time;
 - 2.3. to comply with any written notice or instructions in any way relating to, or purporting to relate to, the Security Agreement, the sums payable to us from time to time under the Agreement or the debts represented thereby which you receive at any time from the Security Agent without any reference to or further authority from us and without any enquiry by you as to the justification for or validity of such notice or instruction; and
 - 2.4. to send copies of all notices and other information given or received under the Agreement to the Security Agent.
3. We are not permitted to receive from you, otherwise than through the Security Agent, any amount in respect of or on account of the sums payable to us from time to time under the Agreement or to agree any amendment or supplement to, or waive any obligation under, the Agreement without the prior written consent of the Security Agent.
4. This notice may only be revoked or amended with the prior written consent of the Security Agent.
5. Please confirm your agreement to the above by completing the enclosed copy of this notice and returning it to the Security Agent (with a copy to us) that:

- 5.1. you accept the instructions and authorisations contained in this notice and you undertake to comply with this notice;
- 5.2. you have not, at the date this notice is returned to the Security Agent, received notice of the assignment or charge, the grant of any security or the existence of any other interest of any third party in or to the Agreement or any proceeds of it and you will notify the Security Agent promptly if you should do so in future;
- 5.3. you will not permit any sums to be paid to us or any other person under or pursuant to the Agreement without the prior written consent of the Security Agent.
- 5.4. you will not exercise any right to terminate the Agreement or take any action to amend or supplement the Agreement without the prior written consent of the Security Agent.

6. This notice (and any acknowledgement) is governed by English law.

Yours faithfully,

for itself and on behalf of
[Name of Charging Company]

[On copy]

To: *[Name]* as Security Agent
[Address of Security Agent]

Copy to: *[Name of Charging Company]*

We acknowledge receipt of the above notice and consent to its terms. We confirm and agree to the matters set out in paragraph [5] of the above notice.

for and on behalf of
[Name of relevant party]

Dated: _____

SCHEDULE 5

Form of notice to and acknowledgement by insurers

To: *[insert name and address of insurer]*

Dated []

Dear Sirs,

[Describe insurance policies] dated ***[Date]*** between (1) you and (2) ***[Name of Charging Company]*** (the "Charging Company") (the "Policies")

1. We give notice that, by a security agreement dated *[Date]* (the "**Security Agreement**"), we have *[assigned]* to *[Name]* (the "**Security Agent**") all our present and future right, title and interest in and to Policies (together with any other agreement supplementing or amending the same, the "**Policies**") including all rights and remedies in connection with the Policies and all proceeds and claims arising from the Policies.
2. We irrevocably authorise and instruct you from time to time:
 - 2.1. to disclose to the Security Agent (without any reference to or further authority from us and without any enquiry by you as to the justification for such disclosure) such information relating to the Policies as the Security Agent may reasonably request;
 - 2.2. to hold all sums from time to time due and payable by you to us under the Policies to the order of the Security Agent;
 - 2.3. to pay or release all or any part of the sums from time to time due and payable by you to us under the Policies only in accordance with the written instructions given to you by the Security Agent from time to time;
 - 2.4. to comply with any written notice or instructions in any way relating to (or purporting to relate to) the Security Agreement, the sums payable to us from time to time under the Policies or the debts represented by them which you may receive from the Security Agent (without any reference to or further authority from us and without any enquiry by you as to the justification for or validity of such notice or instruction); and
3. We irrevocably instruct you, with effect from the date of this letter, to note on the relevant Policies the Security Agent's interest as loss payee in respect of claims or series of connected claims in excess of £50,000 and as first priority assignee of the Policies and the rights, remedies, proceeds and claims referred to above.
4. We are not permitted to receive from you, otherwise than through the Security Agent, any amount in respect of or on account of the sums payable to us from time to time under the Policies in excess of £50,000 or to agree any amendment or supplement to, or waive any obligation under, the Policies without the prior written consent of the Security Agent.

5. This notice may only be revoked or amended with the prior written consent of the Security Agent.
6. Please confirm by completing the enclosed copy of this notice and returning it to the Security Agent (with a copy to us) that:
 - 6.1. you accept the instructions and authorisations contained in this notice and you undertake to comply with this notice;
 - 6.2. you have not, at the date this notice is returned to the Security Agent, received notice of the assignment or charge, the grant of any security or the existence of any other interest of any third party in or to the Policies or any proceeds of them and you will notify the Security Agent promptly if you should do so in future;
 - 6.3. you will not permit any sums in respect of claims to be paid to us or any other person under or pursuant to the Policies without the prior written consent of the Security Agent;
 - 6.4. you will send notice of termination cancellation variation waiver or amendment of the Policies to the Security Agent.
7. This notice (and any acknowledgement) is governed by English law.

Yours faithfully,

 for itself and on behalf of
[Name of Charging Company]

[On copy]

To: National Westminster Bank plc as Security Agent
 280 Bishopsgate London EC2M 4RB

Copy to: *[Name of Charging Company]*

Dear Sirs

We acknowledge receipt of the above notice and consent and agree to its terms. We confirm and agree to the matters set out in paragraph [6] in the above notice.

 for and on behalf of
[Name of relevant party]

Dated: _____

SCHEDULE 6

Form of notice to and acknowledgement by party to Hedging Agreement

To: *[insert name and address of relevant party]*

Dated []

Dear Sirs,

[Describe Hedging Agreement] pursuant to Facilities Agreement dated *[Date]* between (1) you *[Specify parties]* and (2) *[Name]* (the "Charging Company") (the "Agreement[s]")

1. We give notice that, by a security agreement dated *[Date]* (the "**Security Agreement**"), we have assigned to National Westminster Bank plc (the "**Security Agent**") all our present and future right, title and interest in and to *[insert details of Hedging Agreement]* (together with any other agreement supplementing or amending the same, the "**Agreement**") including all rights and remedies in connection with the Agreement and all proceeds and claims arising from the Agreement.
2. We irrevocably authorise and instruct you from time to time:
 - 2.1. to disclose to the Security Agent (without any reference to or further authority from us (and without any enquiry by you as to the justification for such disclosure), such information relating to the Agreement as the Security Agent may at any time and from time to time request;
 - 2.2. to hold all sums from time to time due and payable by you to us under the Agreement to the order of the Security Agent;
 - 2.3. to pay or release all or any part of the sums from time to time due and payable by you to us under the Agreement only in accordance with the written instructions given to you by the Security Agent from time to time;
 - 2.4. to comply with any written notice or instructions in any way relating to, or purporting to relate to, the Security Agreement, the sums payable to us from time to time under the Agreement or the debts represented thereby which you receive from the Security Agent without any reference to or further authority from us and without any enquiry by you as to the justification for or validity of such notice or instruction; and
 - 2.5. to send copies of all notices and other information given or received under the Agreement to the Security Agent.
3. This notice may only be revoked or amended with the prior written consent of the Security Agent.
4. Please confirm your agreement to the above by completing the enclosed copy of this notice and returning it to the Security Agent (with a copy to us) that:

- 4.1. you accept the instructions and authorisations contained in this notice and you undertake to comply with this notice;
- 4.2. you have not, at the date this notice is returned to the Security Agent, received notice of the assignment or charge, the grant of any security or the existence of any other interest of any third party in or to the Agreement or any proceeds thereof and you will notify the Security Agent promptly if you should do so in future;
- 4.3. you will not permit any sums to be paid to us or any other person under or pursuant to the Agreement without the prior written consent of the Security Agent;
- 4.4. you will not exercise any right to terminate the Agreement without the prior written consent of the Security Agent.

5. This notice (and any acknowledgement) is governed by English law.

Yours faithfully,

 for itself and on behalf of
 [Name] Limited

[On copy]

To: [Name] (as Security Agent)
 [Address]

Copy to: [Name]

We acknowledge receipt of the above notice and consent and agree to its terms. We confirm and agree to the matters set out in paragraph 4.1 to 4.4 in the above notice.

 for and on behalf of
 [Name of relevant party]
 Dated: _____

EXECUTION PAGES

THE CHARGING COMPANIES

EXECUTED as a deed (but not delivered until
the date of this Deed) by **THE MANOR HOUSE
HOTEL (CASTLE COMBE) LIMITED** acting by:)
)
)

Director _____

Director/Secretary _____

EXECUTED as a deed (but not delivered until)
the date of this Deed) by **SOUTH LODGE**)
LIMITED acting by:)

Director _____

Director/Secretary _____

EXECUTED as a deed (but not delivered until)
the date of this Deed) by **PENNYHILL PARK**)
LIMITED acting by:)

Director _____

Director/Secretary _____

EXECUTED as a deed (but not delivered until
the date of this Deed) by **FANHAMS HALL
HOTEL LIMITED** acting by:)
)
)

Director _____

Director/Secretary _____

EXECUTED as a deed (but not delivered until
the date of this Deed) by **ROYAL BERKSHIRE
HOTEL LIMITED** acting by:

)
)
)

Director _____

Director/Secretary _____

EXECUTED as a deed (but not delivered until
the date of this Deed) by **LAINSTON HOUSE
LIMITED** acting by:

)
)
)

Director _____

Director/Secretary _____

THE SECURITY AGENT

Signed and Delivered as a deed (but not
delivered until the date of this Deed) for and on
behalf of **NATIONAL WESTMINSTER BANK
PLC**

)
)
)

