



Registration of a Charge

Company name: **ADMIN RE UK LIMITED**

Company number: **02970583**



X5B880V6

Received for Electronic Filing: **14/07/2016**

Details of Charge

Date of creation: **08/07/2016**

Charge code: **0297 0583 0004**

Persons entitled: **ADMIN RE PENSION TRUSTEES LIMITED**

Brief description: **NONE**

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.**



CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 2970583

Charge code: 0297 0583 0004

The Registrar of Companies for England and Wales hereby certifies that a charge dated 8th July 2016 and created by ADMIN RE UK LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 14th July 2016 .

Given at Companies House, Cardiff on 15th July 2016

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 *8th July* ~~JUNE~~ 2016

ADMIN RE UK LIMITED

IN FAVOUR OF

ADMIN RE PENSION TRUSTEES LIMITED AS TRUSTEE OF THE ADMIN RE STAFF
PENSION SCHEME

SECURITY AGREEMENT IN RELATION TO THE
FUNDING AGREEMENT FOR THE ADMIN RE STAFF
PENSION SCHEME

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8 July

THIS AGREEMENT is made by way of deed on ~~June~~ 2016

BETWEEN

- (1) **ADMIN RE UK LIMITED** (Company No. 02970583) whose registered office is at Windsor House, Telford Centre, Telford, Shropshire TF3 4NB ("Admin Re"); and
- (2) **ADMIN RE PENSION TRUSTEES LIMITED** (Company No. 01800078) as trustee of **THE ADMIN RE STAFF PENSION SCHEME** whose registered office is at Windsor House, Ironmasters Way, Town Centre, Telford, Shropshire TF3 4NB (the "Trustee").

RECITALS:

- (A) Admin Re and the Trustee have entered into a funding agreement dated June 2016 (the "**Funding Agreement**") in relation to the Admin Re Staff Pension Scheme (the "**Scheme**") which sets out the funding and investment strategy of the Scheme and the proposed arrangements in respect of a series of payments or transfers of assets into the Custody Account (as defined below).
- (B) The Funding Agreement also makes provision for a level of security in respect of obligations of Admin Re to fund the Scheme in case insolvency or in case the Scheme is not funded to a targeted level by 31 December 2025.
- (C) The Security constituted by this Agreement has been granted by Admin Re in favour of the Trustee to support Admin Re's payment obligations under the Funding Agreement.
- (D) It is intended by the parties to this Agreement that this document will take effect as a deed despite the fact that the Trustee may only execute this Agreement under hand.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

"**Account Control Agreement**" has the same meaning as that term has in the Funding Agreement;

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

"**Collateral Rights**" means all rights, powers and remedies of the Trustee provided by this Agreement or by law.

"Custodian" means JPMorgan Chase Bank, National Association, London Branch or any substitute custodian approved by the Trustee acting reasonably in all the relevant circumstances.

"Custody Account" means each cash and custody account defined as "Accounts" in the Account Control Agreement in the name of Admin Re maintained with the Custodian, pursuant to the terms of the Custody Agreement (including any renewal or redesignation thereof or substitution therefor).

"Custody Agreement" means the custody agreement dated 11 April 2014 between the Custodian and Admin Re (including any renewal thereof or substitution therefor).

"Custody Account Investment Guidelines" shall have the meaning given to that term in the Funding Agreement.

"Event of Default" means any event or circumstance specified in as such in Clause 8 (*Events of Default*).

"Funding Agreement" means the deed relating to the funding of the Scheme between Admin Re and the Trustee dated June 2016 as referred to in Recital A;

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

"Receiver" means a receiver, receiver and manager or an administrative receiver as the Trustee may specify at any time in the relevant appointment made under this Agreement, which terms will include any appointee made under a joint and/or several appointment by the Trustee.

"Relevant Assets" means the securities, other property or distributions deposited from time to time in the Custody Account and all proceeds of such securities, other property or distributions standing to the credit of the Custody Account.

"Secured Obligations" means all monies or liabilities due, owing or incurred to the Trustee by Admin Re under the Funding Agreement, whether present or future, actual or contingent, incurred solely or jointly with any other person and whether as principal or surety together with all interest accruing thereon.

"Secured Property" means all the assets and undertaking of Admin Re which from time to time are the subject of the Security created or expressed to be created in favour of the Trustee by or pursuant to this Agreement.

"Security" means a mortgage, charge, pledge, lien, assignment by way of security or other security interest securing any obligation of a person or other agreement or arrangement having a similar effect.

"Security Release" shall have the meaning given to that term in the Funding Agreement.

"Transaction Documents" means this Agreement, the Account Control Agreement, the Funding Agreement and the Custody Agreement.

"Trustee Custody Account" means the custody account in the name of the Trustee the details of which have been specified by the Trustee to Admin Re and the Custodian in writing prior to the relevant Physical Settlement Date.

"Trustee Nominee" shall have the meaning given to that term in the Funding Agreement.

1.2 Save as otherwise defined herein, terms defined in the Funding Agreement have the same meaning in this Agreement.

1.3 In this Agreement, any reference to:

- (a) a **"clearance system"** means Euroclear Bank SA/NV (including for the avoidance of doubt, Euroclear UK & Ireland Limited) or Clearstream Banking, Luxembourg, The Depository Trust Bank and such other clearance system as may from time to time be used in connection with transactions relating to any securities, and any depository for any of the foregoing; and
- (b) **"securities"** includes any gilt, bond, debenture, note, stock, share, warrant, unit or other security and all moneys, rights or property which may at any time accrue or be offered (whether by way of bonus, redemption, preference, option or otherwise) in respect of any of them (and, whether constituted, evidenced or represented by a certificate or other document or by an entry in the books or any other permanent records of the issuer, a trustee or other fiduciary, or a clearance system).

1.4 **Construction**

- (a) Unless a contrary indication appears any reference in this Agreement to:
 - (i) **"Admin Re"** or the **"Trustee"** shall be construed so as to include its successors in title, permitted assigns and permitted transferees;
 - (ii) **"assets"** includes present and future properties, revenues and rights of every description;
 - (iii) a **"Transaction Document"** or any other agreement or instrument is a reference to that Transaction Document or other agreement or instrument as amended, extended, novated, supplemented, replaced or restated;

- (iv) **"including"** shall be construed as a reference to **"including without limitation"**, so that any list of items or matters appearing after the word **"including"** shall be deemed not to be an exhaustive list, but shall be deemed rather to be a representative list, of those items or matters forming a part of the category described prior to the word **"including"**;
 - (v) a **"person"** includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium or partnership (whether or not having separate legal personality);
 - (vi) a **"regulation"** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
 - (vii) a **"successor"** includes an assignee or successor in title of any party and any person who under the laws of its jurisdiction of incorporation or domicile has assumed the rights and obligations of any party under this Agreement or any other Transaction Document or to which, under such laws, any rights and obligations have been transferred;
 - (viii) a **"transfer"** means, in relation to cash, payment and, in relation to other assets, delivery; and
 - (ix) a provision of law is a reference to that provision as amended or re-enacted.
- (b) Section, Clause and Schedule headings are for ease of reference only.
 - (c) An Event of Default is **"continuing"** if it has not been remedied or waived.

1.5 **Third Party Rights**

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

2. **COVENANT TO PAY**

Admin Re as primary obligor covenants with the Trustee to pay, discharge and satisfy the Secured Obligations in accordance with their respective terms.

3. **SECURITY OVER THE CUSTODY AGREEMENT, CUSTODY ACCOUNT AND RELEVANT ASSETS**

3.1 **Floating Charge**

As security for the payment and discharge of the Secured Obligations, Admin Re charges with full title guarantee in favour of the Trustee by way of first floating charge: (a) the benefit of all Admin Re's right, title and interest in and claims under the Custody Agreement insofar as the same relate to the Accounts (the "**Related Rights**"); (b) the Relevant Assets; and (c) the Custody Account. Insofar as the Related Rights may not be capable of being charged hereunder, Admin Re agrees to hold the Related Rights together with the proceeds of any claims in respect of the Related Rights on trust for the Trustee.

3.2 **Conversion of Floating Charge**

If:

- (a) an Event of Default has occurred which is continuing; or
- (b) the Trustee is of the view, acting reasonably, that any legal process or execution is being enforced against any asset charged under Clause 3.1 (*Floating Charge*) (each a "**Floating Charge Asset**") or that any Floating Charge Asset is in danger of being seized or otherwise in jeopardy or if it is otherwise necessary to do so in order to protect or preserve the priority of the Security created by or pursuant to this Agreement,

the Trustee may, by notice to Admin Re, convert the floating charge created under this Agreement into a fixed charge over the relevant Floating Charge Asset at the time of such notice. Admin Re shall, promptly following request by the Trustee, execute a fixed charge or legal assignment over those assets in the form which the Trustee reasonably requires, provided that there shall be no assignment of the Related Rights.

3.3 **Automatic Conversion of Floating Charge**

If Admin Re creates (or purports to create) any Security (excluding any lien routinely imposed on all securities held in a relevant clearing system or any lien routinely imposed by a custodian over its client's accounts, including the lien imposed by the Custodian under the Custody Agreement as referred to in and subject to the proviso in that respect contained in the Account Control Agreement) on or over any Floating Charge Asset without the prior consent in writing of the Trustee, or if any third party levies or attempts to levy any distress, attachment, execution or other legal process against any Floating Charge Asset, the floating charge created under this Agreement will automatically (without notice) and immediately be converted into a fixed charge over the relevant Floating Charge Asset.

3.4 Release of the Secured Property

- (a) If the Trustee has confirmed or is deemed to have confirmed to Admin Re that it agrees there has been a Release Event pursuant to Clauses 10.2.2 or 10.2.4 (*Release Events*) of the Funding Agreement and Admin Re has given written notice to the Trustee pursuant to Clause 10.4 (*Release Events*) of the Funding Agreement in accordance with the terms of Clause 10.5 (*Release Events*) of the Funding Agreement, the Trustee shall, subject to Clause 11.9 (*Avoidance of Payments*) release such Secured Property from the Security created by this Agreement (in accordance with Clause 10.5 (*Release Events*) of the Funding Agreement). Any such release of any Secured Property in accordance with this paragraph (a) shall take effect on the date specified by Admin Re pursuant to Clause 10.5.1 (*Release Events*) of the Funding Agreement in the relevant notice provided to the Trustee pursuant to Clause 10.4 (*Release Events*) of the Funding Agreement. Such release be limited to the Secured Property withdrawn from the Custody Account in an amount no more than the amount specified by Admin Re in such notice pursuant to Clause 10.5.1 (*Release Events*) of the Funding Agreement.
- (b) If Clauses 10.2.5 (*Release Events*) and 15.14 to 15.20 (*Disagreements over occurrence of a Release Event*) of the Funding Agreement apply, and the Expert determines that a Release Event has occurred pursuant to Clauses 15.14 to 15.20 (*Disagreements over occurrence of a Release Event*) of the Funding Agreement (the "**Expert's Decision**") and Admin Re is therefore entitled to withdraw any Secured Property from the Custody Account under the terms of the Funding Agreement, the Trustee shall, subject to Clause 11.9 (*Avoidance of Payments*) release such Secured Property from the Security created by this Agreement. Any such release of any Secured Property in accordance with this paragraph (b) shall take effect on the date of the Expert's Decision or (if specified) the date notified in the Expert's Decision. Such release shall be limited to the Secured Property withdrawn from the Custody Account in an amount no more than the amount specified by Admin Re pursuant to Clause 10.5.1 (*Release Events*) of the Funding Agreement in the relevant notice provided to the Trustee pursuant to Clause 10.4 (*Release Events*) of the Funding Agreement and which otherwise accords with the Expert's Decision.
- (c) Subject to Clause 11.9 (*Avoidance of Payments*), at the time that the Secured Obligations have been discharged in full, the Trustee shall irrevocably release and cancel the Security constituted by this Agreement.
- (d) Any release by the Trustee pursuant to this Clause 3.4 shall be without recourse to, and without any representations or warranties by, the Trustee.

4. THE CUSTODY ACCOUNT AND THE CUSTODY AGREEMENT

4.1 Subject to Clause 4.3, until the occurrence of an Event of Default which is continuing, Admin Re is authorised to:

- (a) receive all sums payable by the Custodian to the account holder in respect of the Relevant Assets or the Custody Account;
- (b) provide instructions in relation to the Custody Account (and the Trustee Nominee will authorise such instructions in accordance with Clause 5.8 (*Custody Account Investment Guidelines*) of the Funding Agreement);
- (c) receive notices in connection with the Custody Account; and
- (d) make any transfer or withdrawal from the Custody Account (and the Trustee Nominee will authorise any such transfer or withdrawal instrument in accordance with Clause 5.8 (*Custody Account Investment Guidelines*) of the Funding Agreement),

provided that such instructions, transfers or withdrawals permitted by paragraphs (b) and (c) above, (i) comply with the Custody Account Investment Guidelines and Clauses 5.2 to 5.7 (*Custody Account Investment Guidelines*) of the Funding Agreement; or (ii) are required pursuant to Clause 8.4 or 8.5 (*Testing the Funding Position of the Scheme on a Self Sufficiency Basis*) or Clause 10 (*Release Events*) of the Funding Agreement.

4.2 The Trustee hereby acknowledges its consent to Admin Re withdrawing the Relevant Assets from the Custody Account in accordance with Clause 4.1. The Trustee agrees not to send a Notice of Exclusive Control (as defined in the Account Control Agreement) unless and until an Event of Default has occurred as is continuing. Any such Notice of Exclusive Control will be provided in accordance with Clause 9.4 of the Funding Agreement.

4.3 The terms of this Agreement do not impact: (a) Admin Re's ability to exercise its rights, powers and discretions under and in connection with the Custody Agreement or its right to receive notices under and in connection with the Custody Agreement; or (b) Admin Re's right to receive sums payable by the Custodian to the account holder under and in connection with the Custody Agreement. In enforcing against the Custody Agreement, the Trustee must not do or omit to do anything that would reasonably be expected to affect adversely Admin Re's rights and its enjoyment of its rights under and in connection with the Custody Agreement other than insofar as relating to the Custody Account and the Relevant Assets

5. ADMIN RE COVENANTS

5.1 Admin Re undertakes to the Trustee for the duration of this Agreement that it shall, other than as permitted pursuant to the provisions of the Transaction Documents:

- (a) not sell, assign, transfer or otherwise dispose of all or any part of the Secured Property;
- (b) not create, grant or permit to subsist any Security over all or any of its right, title and interest in the Secured Property or agree to do any of those things (excluding any lien routinely imposed on all securities held in a relevant clearing system or, with the prior written consent of the Trustee, any lien routinely imposed by a custodian over its client's accounts (by signing this Agreement the Trustee consents subject to the proviso in that respect in the Account Control Agreement to the lien imposed by the Custodian under the Custody Agreement and the Account Control Agreement));
- (c) not do or permit to be done any act or thing which would be reasonably likely to jeopardise the rights of the Trustee in the Secured Property or which would be reasonably likely to adversely affect or diminish the value of the Secured Property; and
- (d) not take or omit to take any action which would be reasonably likely to result in:
 - (i) the alteration or impairment of any rights in the Secured Property;
 - (ii) any default of any of its obligations under the Custody Agreement insofar as failure so to comply would reasonably be expected to affect adversely the Trustee's security under this Agreement;
 - (iii) any right to terminate the Custody Agreement becoming exercisable by the relevant counterparty thereto insofar as would reasonably be expected to affect adversely the Security created by this Agreement; or
 - (iv) any counterclaims or rights of set-off arising under the Custody Agreement in so far they relate to the Accounts.

5.2 Admin Re undertakes to the Trustee for the duration of this Agreement that it shall, other than as permitted pursuant to the provisions of the Transaction Documents:

- (a) promptly notify the Trustee of any circumstances which give rise, or may reasonably be expected to give rise, to a claim on or under the Secured Property;
- (b) promptly comply with its obligations under the Custody Agreement insofar as would reasonably be expected to affect adversely the Trustee's security under this Agreement; and

- (c) promptly deposit with the Trustee (or as it shall direct) all documents relating to the Custody Account and Relevant Assets which the Trustee from time to time reasonably requires. The Trustee may retain any document delivered to it under this paragraph or otherwise until the Security created by this Agreement is irrevocably released.

6. FURTHER ASSURANCE

6.1 Covenant for Further Assurance

Admin Re will promptly at its own cost do all such acts or execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Trustee may reasonably specify (and in such form as the Trustee may require in favour of the Trustee or its nominee(s)) for the purpose of exercising the Collateral Rights or perfecting the Security created or intended to be created in respect of the Secured Property (which may include the execution by Admin Re of a mortgage, charge or assignment over all or any of the assets constituting, or intended to constitute, the Related Rights, Relevant Assets and/or the Custody Account) or for the exercise of the rights, powers and remedies of the Trustee provided by or pursuant to this Agreement or by law in each case in accordance with the rights vested in it under this Agreement.

6.2 Prescribed Wording

The following covenants shall be implied in respect of any action taken by Admin Re to comply with its obligations under Clause 6.1 (*Covenant for Further Assurance*):

- (a) Admin Re has the right to take such action in respect of the Custody Agreement, Relevant Assets and/or the Custody Account; and
- (b) Admin Re will at its own cost do all that it reasonably can to give the Trustee or its nominee the title and/or rights that it purports to give.

7. POWER OF ATTORNEY

7.1 Appointment and Powers

Admin Re, by way of security, irrevocably appoints the Trustee and any Receiver and any person nominated for the purpose by the Trustee or any Receiver severally to be its attorney (with full power of substitution and delegation) and in its name, on its behalf and as its act and deed to execute, deliver and perfect all documents and do all things that the attorney may consider to be required or desirable for:

- (a) carrying out any obligation imposed on Admin Re under this Agreement or any other agreement binding on Admin Re to which the Trustee is a party including the execution and delivery of any deeds, charges, assignments or other security and any transfers of the assets subject to

the security;

- (b) enabling the Trustee to enforce the terms of the Custody Agreement insofar as these relate to the Accounts in the event that the Trustee has delivered a Notice of Exclusive Control (as defined in the Account Control Agreement);
- (c) enabling the Trustee to exercise, or delegate the exercise of, all or any of the Collateral Rights; or
- (d) enabling any Receiver to exercise, or delegate the exercise of, any of the rights, powers and authorities conferred on them by or pursuant to this Agreement or by law.

7.2 Ratification

Admin Re shall ratify and confirm all things done and all documents executed by any attorney in the exercise or purported exercise of his powers.

8. EVENTS OF DEFAULT

- (a) Subject to paragraph (b) below, it shall be an Event of Default if:
 - (i) as at the Final Assessment Date the Scheme is not 100% funded on the Self Sufficiency Funding Basis and the Trustee has not received the payment from Admin Re or the transfer from the Custody Account within 10 Business Days of receipt of the SSB Determination Notice (or other agreed grace period) in accordance with Clause 8.7 of the Funding Agreement; or
 - (ii) after the circumstances have arisen under which Admin Re is required to comply with the terms of Clause 12.1 of the Funding Agreement, the Trustee has not received the transfer of assets required under Clause 12.1 of the Funding Agreement within 10 Business Days of the Relevant Date as defined in Clause 12.1 of the Funding Agreement (or other agreed grace period).
- (b) There shall be no Event of Default if:
 - (i) in relation to Clause 12.1 of the Funding Agreement, Admin Re transfers assets in an amount equal to the Relevant Amount in accordance with such clause; or
 - (ii) in relation to Clause 12.1 or Clause 8.7 of the Funding Agreement if the Trustee or Trustee Nominee fails to give instructions to the Custodian to release, withdraw or transfer assets (where such instructions are required), thereby causing the breach.

9. SECURITY ENFORCEMENT

9.1 Time for Enforcement

After the occurrence of an Event of Default which is continuing or if Admin Re requests the Trustee to exercise any of its powers under this Agreement the Security created by or pursuant to this Agreement is immediately enforceable and, subject to Clauses 9.2 – 9.6 (*Circumstances in which the trustees can enforce the security*) of the Funding Agreement, the Trustee may without notice to Admin Re or prior authorisation from any court, in its absolute discretion:

- (a) secure and perfect its title to all or any part of the Secured Property (including transferring the same into the name of the Trustee or its nominee(s)) or otherwise exercise in relation the Secured Property all the rights of an absolute owner;
- (b) enforce all or any part of the Security created by or pursuant to this Agreement (at the times, in the manner and on the terms it thinks fit) and appropriate, hold, sell, or otherwise dispose of all or any part of the Secured Property (at the time, in the manner and on the terms it thinks fit); and
- (c) whether or not it has appointed a Receiver, exercise all or any of the powers, authorisations and discretions conferred by the Law of Property Act 1925 (as varied or extended by this Agreement) on chargees and by this Agreement on any Receiver or otherwise conferred by law on chargees or Receivers,

provided always that, the Trustee may not transfer its rights or obligations in relation to the Custody Agreement or the Custody Account without the prior written consent of Admin Re unless and until it has realised all of the Relevant Assets pursuant to its enforcement powers under this Agreement.

9.2 Power of sale

- (a) The power of sale or other disposal conferred on the Trustee and on any Receiver by this Agreement shall operate as a variation and extension of the statutory power of sale under Section 101 of the Law of Property Act 1925 and such power shall arise (and the Secured Obligations shall be deemed due and payable for that purpose) on execution of this Agreement.
- (b) The restrictions contained in Sections 93 and 103 of the Law of Property Act 1925 shall not apply to this Agreement or to the exercise by the Trustee of its right to consolidate all or any of the Security created by or pursuant to this Agreement with any other security in existence at any time or to its power of sale.

9.3 In addition to the powers contained in Clause 9.2 (*Power of Sale*), once the Security constituted by this Agreement has become enforceable, the Trustee shall be entitled, without notice or further demand, immediately to exercise all the rights, powers and remedies possessed by it according to law as chargee of the Custody Account and, without limitation, to:

- (a) demand and receive all and any monies due under or arising out of the Custody Account;
- (b) exercise in relation to the Custody Account all such rights as Admin Re was then entitled to exercise in relation to the Custody Account or might, but for the terms of this Agreement, exercise; and
- (c) apply, set-off or transfer any or all of Relevant Assets in or towards the payment or other satisfaction of the Secured Obligations or any part of them.

9.4 **Certificate**

A certificate in writing by an officer or agent of the Trustee that the power of sale or disposal has arisen and is exercisable shall be conclusive evidence of that fact, in favour of a purchaser of all or any part of the Secured Property.

9.5 **Chargee's liability**

Neither the Trustee nor any Receiver will be liable to account as mortgagee or mortgagee in possession in respect of the Secured Property or be liable for any loss upon realisation or for any neglect or default of any nature whatsoever in connection with the Secured Property for which a mortgagee or mortgagee in possession might as such be liable.

9.6 **Effect of moratorium**

The Trustee shall not be entitled to exercise its rights under Clause 9 (*Security Enforcement*) or Clause 3.2 (*Conversion of a floating charge*) where the right arises as a result of an Event of Default occurring solely due to any person obtaining, or taking steps to obtain, a moratorium pursuant to Schedule A1 of the Insolvency Act 1986.

9.7 **Right of Appropriation**

To the extent that the Secured Property constitutes "financial collateral" and this Agreement and the obligations of Admin Re hereunder constitute a "security financial collateral arrangement" (in each case as defined in, and for the purposes of, the Financial Collateral Arrangements (No. 2) Regulations 2003 (SI 2003 No. 3226) (the "**Regulations**") the Trustee shall have the right to appropriate all or any part of such financial collateral in or towards discharge of the Secured Obligations and may exercise such right to appropriate upon giving written notice to Admin Re. For this purpose, the parties agree that the value of

such financial collateral so appropriated shall be, in the case of Relevant Assets, the market price of such assets determined by the Trustee by reference to a public index or by such other process as the Trustee may select, including independent valuation. The parties further agree that the method of valuation provided for in this Agreement shall constitute a commercially reasonable method of valuation for the purposes of the Regulations. If the value of the financial collateral appropriated is less than the amount of the Secured Obligations Admin Re will remain liable to the Trustee for any shortfall.

9.8 Statutory powers

The powers conferred by this Agreement on the Trustee are in addition to and not in substitution for the powers conferred on mortgagees and mortgagees in possession under the Law of Property Act 1925, the Insolvency Act 1986 or otherwise by law and in the case of any conflict between the powers contained in any such Act and those conferred by this Agreement the terms of this Agreement will prevail.

10. RECEIVERS

10.1 Appointment and Removal

At any time after having been requested to do so by Admin Re or after this Agreement becomes enforceable in accordance with Clause 9 (*Security Enforcement*), the Trustee may by deed or otherwise (acting through an authorised officer of the Trustee), without prior notice to Admin Re:

- (a) appoint one or more persons to be a Receiver of the whole or any part the Secured Property;
- (b) remove (so far as it is lawfully able) any Receiver so appointed; and
- (c) appoint another person(s) as an additional or replacement Receiver.

10.2 Capacity of Receivers

Each person appointed to be a Receiver pursuant to Clause 10.1 (*Appointment and Removal*) will be:

- (a) entitled to act individually or together with any other person appointed or substituted as Receiver;
- (b) for all purposes deemed to be the agent of Admin Re which shall be solely responsible for his acts, defaults and liabilities and for the payment of his remuneration and no Receiver shall at any time act as agent for the Trustee; and

- (c) entitled to remuneration for his services at a rate to be fixed by the Trustee from time to time (without being limited to the maximum rate specified by the Law of Property Act 1925).

10.3 Statutory powers of appointment

The powers of appointment of a Receiver shall be in addition to all statutory and other powers of appointment of the Trustee under the Law of Property Act 1925 (as extended by this Agreement) or otherwise and such powers shall remain exercisable from time to time by the Trustee in respect of any part of the Secured Property.

10.4 Powers of Receivers

Every Receiver shall (subject to any restrictions in the instrument appointing him but notwithstanding any winding-up or dissolution of Admin Re) have and be entitled to exercise, in relation to the Secured Property in respect of which he was appointed, and as varied and extended by the provisions of this Agreement (in the name of or on behalf of Admin Re or in his own name and, in each case, at the cost of Admin Re):

- (a) all the powers conferred by the Law of Property Act 1925 on mortgagors and on mortgagees in possession and on receivers appointed under that Act;
- (b) all the powers of an administrative receiver set out in Schedule 1 to the Insolvency Act 1986 (whether or not the Receiver is an administrative receiver);
- (c) all the powers and rights of an absolute owner and power to do or omit to do anything which Admin Re itself could do or omit to do;
- (d) the power to delegate (either generally or specifically) the powers, authorities and discretions conferred on it by this Agreement (including the power of attorney) on such terms and conditions as it shall see fit which delegation shall not preclude either the subsequent exercise of any subsequent delegation or any revocation of such power, authority or discretion by the Receiver itself; and
- (e) the power to do all things (including bringing or defending proceedings in the name or on behalf of Admin Re) which seem to the Receiver to be incidental or conducive to:
 - (i) any of the functions, powers, authorities or discretions conferred on or vested in him;
 - (ii) the exercise of any rights, powers and remedies of the Trustee provided by or pursuant to this Agreement or by law (including realisation of all or any part of the Secured Property); or

- (iii) bringing to his hands any assets of Admin Re forming part of, or which when got in would be, the Secured Property,

provided always that, the Receiver may not transfer its rights or obligations in relation to the Custody Account or the Custody Agreement without the prior written consent of Admin Re unless and until it has realised all of the Relevant Assets pursuant to its enforcement powers under this Agreement.

10.5 Consideration

The receipt of the Trustee or any Receiver shall be a conclusive discharge to a purchaser and, in making any sale or disposal of any of the Secured Property or making any acquisition, the Trustee or any Receiver may do so for such consideration, in such manner and on such terms as it thinks fit.

10.6 Protection of purchasers

No purchaser or other person dealing with the Trustee or any Receiver shall be bound to inquire whether the right of the Trustee or such Receiver to exercise any of its powers has arisen or become exercisable or be concerned with any propriety or regularity on the part of the Trustee or such Receiver in such dealings.

10.7 Discretions

Any liberty or power which may be exercised or any determination which may be made under this Agreement by the Trustee or any Receiver may be exercised or made in its absolute and unfettered discretion without any obligation to give reasons.

11. EFFECTIVENESS OF COLLATERAL

11.1 Collateral Cumulative

The collateral constituted by this Agreement and the Collateral Rights shall be cumulative, in addition to and independent of every other security which the Trustee may at any time hold for the Secured Obligations or any rights, powers and remedies provided by law. No prior security held by the Trustee over the whole or any part of the Secured Property shall merge into the collateral constituted by this Agreement.

11.2 No Waiver

No failure to exercise, nor any delay in exercising, on the part of the Trustee, any right or remedy under this Agreement shall operate as a waiver of any such right or remedy or constitute an election to affirm this Agreement. No single or partial exercise of any right or remedy shall prevent any further or other exercise or the exercise of any other right or remedy of the Trustee. The rights

and remedies are cumulative and not exclusive of any rights or remedies provided by law.

11.3 Illegality, Invalidity, Unenforceability

If, at any time, any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of this Agreement nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

11.4 No liability

None of the Trustee its nominee(s) or any Receiver appointed pursuant to this Agreement shall be liable by reason of (a) taking any action permitted by this Agreement or (b) any neglect or default in connection with the Secured Property or (c) the taking possession or realisation of all or any part of the Secured Property, except in the case of gross negligence or wilful default upon its part.

11.5 Implied Covenants for Title

- (a) The covenants set out in Sections 3(1), 3(2) and 6(2) of the Law of Property (Miscellaneous Provisions) Act 1994 will not extend to Clause 3 (*Security over the Custody Agreement, Custody Account and Relevant Assets*).
- (b) It shall be implied in respect of Clause 3 (*Security over the Custody Agreement, Custody Account and Relevant Assets*) that Admin Re is charging the Secured Property free from all charges and encumbrances (whether monetary or not) and from all other rights exercisable by third parties (including liabilities imposed and rights conferred by or under any enactment), other than any rights of lien, combination, consolidation or set-off in relation to the Custody Account that relate solely to the Custody Account.

11.6 Continuing security

- (a) Subject to Clause 3.4 (*Release of the Secured Property*), the Security from time to time constituted by this Agreement is a continuing security and will remain in full force and effect as a continuing security until the date that is the earlier of (i) the date that a Security Release occurs or (ii) the date that the Security is otherwise released or discharged by the Trustee.
- (b) Subject to and without prejudice to Clause 4.1 (*Transfer of Assets into the Custody Account*) of the Funding Agreement, no part of the Security from time to time constituted by this Agreement will be considered

satisfied or discharged by any intermediate payment, discharge or satisfaction of the whole or any part of the Secured Obligations.

11.7 Fungibles

Admin Re acknowledges that any Relevant Assets held through, by or in any clearance system are held on a fungible basis.

11.8 Immediate recourse

Admin Re waives any right it may have of first requiring the Trustee to proceed against or enforce any other rights or security or claim payment from any person before claiming from Admin Re under this Agreement. This waiver applies irrespective of any law or any provision of this Agreement to the contrary.

11.9 Avoidance of Payments

Notwithstanding Clause 3.4 (*Release of the Secured Property*) and that any release given pursuant to that clause is expressed to be irrevocable, if the Trustee considers that any amount paid or credited to it is capable of being avoided or reduced by virtue of any bankruptcy, insolvency, liquidation or similar laws the liability of Admin Re under this Agreement and the Security constituted by this Agreement shall continue or be reinstated and that amount shall not be considered to have been irrevocably paid.

11.10 No prejudice

The Security created by or pursuant to this Agreement and the rights, powers and remedies of the Trustee provided by or pursuant to this Agreement or by law shall not be prejudiced by any unenforceability or invalidity of any other agreement or document or by any time or indulgence granted to Admin Re or any other person by the Trustee or by any other thing which might otherwise prejudice the Security or any rights, powers and remedies of the Trustee provided by or pursuant to this Agreement or by law.

12. EXPENSES, STAMP TAXES, INDEMNITY

12.1 Enforcement expenses

Admin Re shall, within three Business Days of demand pay to the Trustee or any Receiver all costs and expenses (including legal fees) incurred by it in connection with the exercise, preservation and/or enforcement of any of the rights, powers or remedies of the Trustee or the Security created by or pursuant to this Agreement or any proceedings instituted by or against the Trustee as a consequence of taking or holding the Security created by or pursuant to this Agreement or of enforcing any rights, powers or remedies of the Trustee or any Receiver.

12.2 Indemnity

Admin Re shall, notwithstanding any release or discharge of all or any part of the Security created by or pursuant to this Agreement, indemnify the Trustee, its attorneys and any Receiver (each acting reasonably) against any action, proceeding, claims, losses, liabilities and costs which it may sustain as a consequence of any breach by Admin Re of the provisions of this Agreement, the exercise or purported exercise of any of the rights and powers conferred on them by this Agreement or otherwise relating to the Custody Account.

12.3 Interest on Demand

If Admin Re fails to pay any sum on the due date for payment of that sum, Admin Re shall pay interest on any such sum (before and after any judgment and to the extent interest at a default rate is not otherwise being paid on such sum) from the date of demand until the date of payment calculated on a daily basis at the rate of one per cent. per annum over the base rate set by the Bank of England.

12.4 Payments Free Of Deduction

All payments to be made to the Trustee under this Agreement shall be made free and clear of and without deduction for or on account of tax unless Admin Re is required to make such payment subject to the deduction or withholding of tax, in which case the sum payable by Admin Re in respect of which such deduction or withholding is required to be made shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the person on account of whose liability to tax such deduction or withholding has been made receives and retains (free from any liability in respect of any such deduction or withholding) a net sum equal to the sum which it would have received and so retained had no such deduction or withholding been made or required to be made.

13. APPLICATION OF PROCEEDS

All moneys received or recovered by the Trustee or any Receiver pursuant to this Agreement or the powers conferred by it shall (subject to the claims of any person having prior rights thereto and by way of variation of the provisions of the Law of Property Act 1925) be applied first in the payment of the costs, charges and expenses incurred and payments made by the Receiver, the payment of his remuneration and the discharge of any liabilities incurred by the Receiver in, or incidental to, the exercise of any of his powers, and thereafter shall be applied by the Trustee (notwithstanding any purported appropriation by Admin Re) as the Trustee shall think fit in discharge of the Secured Obligations.

14. OTHER SECURITY INTERESTS

14.1 Redemption or transfer

In the event of any action, proceeding or step being taken to exercise any powers or remedies conferred by any prior ranking security in case of exercise by the Trustee or any Receiver of any power of sale under this Agreement the Trustee may redeem such prior security or procure the transfer thereof to itself.

14.2 Accounts

The Trustee may settle and pass the accounts of the prior security and any accounts so settled and passed will be conclusive and binding on Admin Re.

14.3 Costs of redemption or transfer

All principal monies, interest, costs, charges and expenses of and incidental to any redemption or transfer will be paid by Admin Re to the Trustee on demand together with accrued interest thereon (after as well as before judgment) at the rate from time to time applicable to unpaid sums specified in Clause 12.3 (*Interest on Demands*) from the time or respective times of the same having been paid or incurred until payment thereof (after as well as before judgment).

14.4 Subsequent Interests

If the Trustee at any time receives notice of any subsequent mortgage, assignment, charge or other interest affecting all or any part of the Custody Account, all payments made by Admin Re to the Trustee after that time shall be treated as having been credited to a new account of Admin Re and not as having been applied in reduction of the Secured Obligations as at the time when the Trustee received notice.

15. SUSPENSE ACCOUNTS

All monies received, recovered or realised by the Trustee under this Agreement (including the proceeds of any conversion of currency) may in the discretion of the Trustee be credited to any interest bearing suspense or impersonal account maintained with the Trustee or any bank, building society or financial institution as it considers appropriate and may be held in such account for so long as the Trustee may think fit pending their application from time to time (as the Trustee is entitled to do in its discretion) in or towards the discharge of any of the Secured Obligations and save as provided herein no party will be entitled to withdraw any amount at any time standing to the credit of any suspense or impersonal account referred to above.

16. SET-OFF

The Trustee may at any time after an Event of Default has occurred which is continuing (without notice to Admin Re) set-off any obligations (whether or not

then due for performance) owed by the Trustee to Admin Re against any liability of Admin Re to the Trustee under this Agreement and/or the other Transaction Documents.

17. ASSIGNMENT

17.1 Assignment by the Trustee

The Trustee may not transfer its rights or obligations in relation to the Custody Agreement or the Custody Account without the prior written consent of Admin Re unless and until it has realised all of the Relevant Assets pursuant to its enforcement powers under this Agreement.

17.2 Permitted Successors

This Agreement shall be binding upon and shall inure to the benefit of each party and its direct or subsequent legal successors, permitted transferees and assigns, **provided that** Admin Re may not transfer its rights or obligations under this Agreement without the prior written consent of the Trustee (not to be unreasonably withheld).

17.3 Trustee's Successors

This Agreement shall remain in effect despite any amalgamation or merger (however effected) relating to the Trustee and references to the Trustee shall include any assignee or successor in title of the Trustee and any person who, under the laws of its jurisdiction of incorporation or domicile, has assumed the rights and obligations of the Trustee under this Agreement or to which, under such laws, those rights and obligations have been transferred.

17.4 Disclosure

The Trustee shall be entitled to disclose such information concerning Admin Re or any other person and this Agreement as the Trustee considers appropriate to any actual or proposed direct or indirect successor or to any person to whom information may be required to be disclosed by applicable law.

18. NOTICES

A notice under or in connection with this deed shall be:

- (a) in writing;
- (b) in the English language; and
- (c) sent by e mail to the following contacts or such replacement contact as a party may notify to the other in writing:

For Admin Re:

Mike Woodcock@swissre.com; copy to
Matthew Dobson@swissre.com;

For the Trustee:

Chris P Martin@itslimited.org.uk; copy to david.lightwood@Admin
Re.co.uk and jeremy.grace@Admin Re.co.uk

19. WAIVERS AND COUNTERPARTS

19.1 Waivers

No waiver by the Trustee of any of its rights under this Agreement shall be effective unless given in writing.

19.2 Counterparts

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

20. GOVERNING LAW

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

21. ENFORCEMENT

21.1 Jurisdiction of English Courts

- (a) The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute relating to the existence, validity or termination of this Agreement or the consequences of its nullity) or any non-contractual obligation arising out of or in connection with this Agreement).
- (b) The parties agree that the courts of England are the most appropriate and convenient courts to settle disputes and accordingly no party will argue to the contrary.

THIS AGREEMENT has been signed on behalf of the Trustee and executed as a deed by Admin Re and is intended to be and is hereby delivered by it as a deed on the date specified above.

**SIGNATURES
SECURITY AGREEMENT**

Executed as a Deed by
ADMIN RE UK LIMITED
by the signatures of

)
)



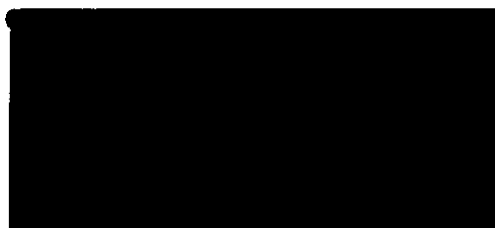
Director
Name:

.....Mike Woodcock

.....

Director/Secretary
Name:

.....MATT COHLS



Executed as a Deed by
ADMIN RE PENSION TRUSTEES LIMITED AS)
TRUSTEE OF THE ADMIN RE STAFF)
PENSION SCHEME)
by the signatures of)

Director
Name:

.....

Name..... who is duly authorised by
Independent Trustee Services Limited to sign on its behalf as director of Admin Re
Pension Trustees Limited

(signature).....

**SIGNATURES
SECURITY AGREEMENT**

Executed as a Deed by
ADMIN RE UK LIMITED
by the signatures of

)
)

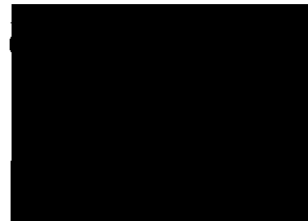
Director
Name:

.....

Director/Secretary
Name:

.....

Executed as a Deed by
**ADMIN RE PENSION TRUSTEES LIMITED AS)
TRUSTEE OF THE ADMIN RE STAFF)
PENSION SCHEME)
by the signatures of)**



Director
Name:

..... JEREMY GRACE

Name..... CPV MARION who is duly authorised by
Independent Trustee Services Limited to sign on its behalf as director of Admin Re
Pension Trustees Limited /

(signature).....

