

713133

£13

In accordance with  
Sections 859A and  
859J of the Companies  
Act 2006

**MR01****Particulars of a charge**

Laserform

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

**You can use the WebFiling service to file this form online**  
Please go to [www.companieshouse.gov.uk](http://www.companieshouse.gov.uk)

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

☒ **What this form is NOT for**  
You may not use this form to  
register a charge where there is  
an instrument. Use form MR08

For further information, please  
go to our guidance at  
[www.gov.uk](http://www.gov.uk)



A23

\*A43XN8P5\*  
25/03/2015  
COMPANIES HOUSE

#66

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

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

**1 Company details**

Company number 0 3 6 9 1 9 1 7 ✓

Company name in full CQS Management Limited ✓

For official use

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

All fields are mandatory unless  
specified or indicated by \*

**2 Charge creation date**

Charge creation date 2 3 0 3 2 0 1 5 ✓

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

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

Name Deutsche Bank AG, London Branch ✓

Name

Name

Name

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

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

MR01

Particulars of a charge

4

**Brief description**

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

Brief description

None

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

Please limit the description to the available space

5

**Other charge or fixed security**

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

☒ Yes

☐ No

6

**Floating charge**

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

☒ Yes Continue

☐ No Go to Section 7

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

☐ Yes

7

**Negative Pledge**

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

☒ Yes

☐ No

8

**Trustee statement** ①

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

☐

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

9

**Signature**

Please sign the form here

Signature

Signature

X *Went, Gotshal & Manges* X

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

# MR01

## Particulars of a charge



### Presenter information

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

Contact name Sophie Coster

Company name Weil, Gotshal & Manges

Address 110 Fetter Lane

Post town London

County/Region

Postcode E C 4 A 1 A Y

Country England

DX 110 London/Chancery Lane

Telephone 02079031166



### Certificate

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



### Checklist

**We may return forms completed incorrectly or with information missing**

**Please make sure you have remembered the following**

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



### Important information

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



### How to pay

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

Make cheques or postal orders payable to 'Companies House'



### Where to send

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

**For companies registered in England and Wales**  
The Registrar of Companies, Companies House,  
Crown Way, Cardiff, Wales, CF14 3UZ  
DX 33050 Cardiff

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

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



### Further information

For further information, please see the guidance notes on the website at [www.companieshouse.gov.uk](http://www.companieshouse.gov.uk) or email [enquiries@companieshouse.gov.uk](mailto:enquiries@companieshouse.gov.uk)

**This form is available in an alternative format. Please visit the forms page on the website at [www.companieshouse.gov.uk](http://www.companieshouse.gov.uk)**

DX



**FILE COPY**

## **CERTIFICATE OF THE REGISTRATION OF A CHARGE**

Company number: 3691917

Charge code: 0369 1917 0004

The Registrar of Companies for England and Wales hereby certifies that a charge dated 23rd March 2015 and created by CQS MANAGEMENT LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 25th March 2015

Given at Companies House, Cardiff on 31st March 2015



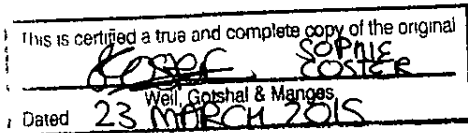
**Companies House**



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

Weil, Gotshal & Manges  
110 Fetter Lane  
London EC4A 1AY  
+44 20 7903 1000 main tel  
+44 20 7903 0990 main fax  
weil.com

**Weil**



**EXECUTION VERSION**

**SECURITY DEED**

dated 23 March 2015

by

**CQS INVESTMENT MANAGEMENT LIMITED**  
as Chargor

and

**CQS MANAGEMENT LIMITED**  
as Assignor

in favour of

**DEUTSCHE BANK AG, LONDON BRANCH**  
as Security Trustee

## TABLE OF CONTENTS

CLAUSE	PAGE
1 DEFINITION AND INTERPRETATION	3
2 COVENANT TO PAY SECURED OBLIGATIONS	8
3 CREATION OF SECURITY	9
4 SECURITY PROVISIONS	10
5 REPRESENTATIONS AND WARRANTIES	11
6 COVENANTS	13
7 ADDITIONAL CHARGED ASSETS	19
8 FURTHER ASSURANCE	20
9 CUSTODIAN AND CUSTODY AGREEMENT	20
10 ACCOUNT BANK AND ACCOUNT BANK AGREEMENT	22
11 ENFORCEMENT	24
12 SECURITY TRUSTEE'S RIGHTS AND POWERS	25
13 ORDER OF DISTRIBUTIONS	27
14 POWER OF ATTORNEY	27
15 PROTECTION OF THIRD PARTIES	28
16 SAVING PROVISIONS	29
17 DISCHARGE OF SECURITY	32
18 PAYMENTS/PERFORMANCE	32
19 PROTECTION OF THE SECURITY TRUSTEE, ANY RECEIVER AND APPOINTEE AND INDEMNITY	32
20 SECURITY TRUSTEE PROVISIONS	33
21 SECURITY TRUSTEE'S REMUNERATION	39
22 APPOINTMENT OF NEW SECURITY TRUSTEE	40
23 SET-OFF	41
24 ENFORCEMENT COSTS	41
25 RIGHTS, AMENDMENTS, WAIVERS AND DETERMINATIONS	41
26 AVOIDANCE OF PAYMENTS	42
27 NOTICES	42
28 PARTIAL INVALIDITY	44
29 COUNTERPARTS	44
30 GOVERNING LAW	44
31 JURISDICTION	44
<b>SCHEDULE 1</b>	
<b>RIGHTS OF SECURITY TRUSTEE</b>	45
<b>SCHEDULE 2</b>	
<b>NOTICE FOR ACCOUNTS</b>	48

<b>SCHEDULE 3</b>	
<b>NOTICE TO THE CUSTODIAN</b>	53
<b>Execution Pages</b>	58

THIS DEED is dated 23 March 2015 and made between

- (1) **CQS INVESTMENT MANAGEMENT LIMITED**, a private limited company established under the laws of England and Wales under the number 05607786 and having its registered office at 5th Floor, 33 Chester Street, London SW1X 7BL in its capacity as the chargor (the '**Chargor**'),
- (2) **CQS MANAGEMENT LIMITED**, a private limited company established under the laws of England and Wales under the number 03691917 and having its registered office at 5th Floor, 33 Chester Street, London SW1X 7BL as the assignor (the '**Assignor**'), and
- (3) **DEUTSCHE BANK AG, LONDON BRANCH**, of Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom as security trustee (the '**Security Trustee**', which expression shall, wherever the context so admits, include such person and all other persons for the time being the security trustee or security trustees under this deed) for the Secured Parties (as defined below)

#### **Background**

- (A) The Chargor is entering into this Security Deed (this "**Deed**") in connection with the Finance Documents and specifically the Facility Agreement dated of even date herewith under which the Chargor is required to enter into this Deed
- (B) The board of directors of the Chargor is satisfied that entering into this Deed is for the purposes and to the benefit of the Chargor and its business
- (C) The Security Trustee, the Chargor and the Assignor intend this document to take effect as a deed (even though the Security Trustee only executes it under hand)

IT IS AGREED as follows

## **1 DEFINITION AND INTERPRETATION**

### **Definitions**

- 1.1 Save as expressly defined herein capitalised terms used herein shall have the meaning given to them in the Facility Agreement (as defined below) In the event of any conflict between definitions in the Facility Agreement and this Deed the definitions in this Deed shall prevail
- 1.2 Save where the context otherwise requires, the following terms and expressions when used in this Deed shall bear the meanings assigned to them below

"**Account Bank**" means Deutsche Bank AG, London Branch

"**Accounts**" means each of the Custody Account the Cash Account and the IML Investment Management Fees Account and the whole of the Chargor's present or future right, title or interest (including all Rights) in, to or under each of the Custody Account, the Cash Account and the IML Investment Management Fees Account and each debt represented by thereby, including all interest accrued and other monies received in respect thereof

"**Affected Collateral**" has the meaning given to it in Clause 4.1 (*Security Provisions*)

"**Appointee**" means any attorney, manager agent, Delegate or other person properly appointed by the Security Trustee under the terms of this Deed to discharge any of its functions or to advise it in relation thereto



**"Cash Account"** means the cash account with account number GB91DEUT40508115556500 held in the name of the Chargor with the Account Bank under the Account Bank Agreement

**"Charged Assets"** means the assets from time to time subject or expressed to be subject to the Security Interests or any part of those assets

**"Currency of Account"** means the currency in which any relevant indebtedness is denominated or, if different, is payable

**"Custody Account"** means the account in the Euroclear System held by the Custodian (or the Sub-Custodian on behalf of the Custodian) or, if a replacement Custodian or Sub-Custodian shall be appointed such account in the Euroclear System held by such replacement Custodian or Sub-Custodian (as the case may be) as it shall designate

**"Enforcement Event"** means the occurrence of an Event of Default under the Facility Agreement

**"Euroclear"** means the securities, custody and clearing system currently operated in Brussels by Euroclear Bank S A /N V as well as any successor organisation

**"Euroclear System"** means the clearance and settlement system for internationally traded securities operated under contract by Euroclear, which is recognised as a central depository for purposes of Royal Decree no 62 including all services offered by Euroclear in respect of securities held or recorded in any account as set forth in the Terms and Conditions Governing Use of Euroclear or in the Operating Procedures of the Euroclear System

**"Facility Agreement"** means the facility agreement dated on or about the date of this Deed between, *inter alios*, the Chargor as borrower and the Security Trustee

**"Financial Collateral"** has the meaning given to it in Clause 12.6(a) (*Financial collateral arrangement*)

**"Insolvency Act"** means the Insolvency Act 1986

**"Insolvency Regulation"** has the meaning given to it in Clause 6.1(a)(i) (*General covenants as to Security Interests*)

**"Land Registry"** means H M Land Registry

**"Liabilities"** means any and all actions, charges, claims, costs, damages, demands, expenses, losses, proceedings and other liabilities (including legal and other professional fees properly incurred on a full indemnity basis and excluding taxes other than stamp, registration or documentary duties or tax and any value added tax liabilities which the Security Trustee, any Receiver or any Appointee incurs as a result of providing the services contemplated by this Deed and each other Finance Document)

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

**"LPMPA"** has the meaning given to it in Clause 1.5(b) (*Provisions relating to Security*)

**"Monetary Claims"** means any book and other debts and monetary claims owing to the Chargor (other than in respect of any Account) and all Rights in relation thereto

**"Party"** means a party to this Deed

**"Permitted Security"** means the Security or Quasi-Security listed in Clause 23.4 (*Negative pledge*) of the Facility Agreement

**"Regulations"** has the meaning given to it in Clause 12.6 (*Financial collateral arrangement*)

**"relevant person"** has the meaning given to it in Clause 20.3(n) (*Security Trustee Provisions*)

**"Rights"** means, in relation to any asset

- (a) all rights under any licence, agreement for sale or agreement for lease or other use in respect of all or any part of that asset,
- (b) all rights, powers, benefits, claims, contracts, warranties, remedies, covenants for title, security, guarantees or indemnities in respect of all or any part of that asset,
- (c) the benefit of any and all representations, warranties, covenants, undertakings and indemnities, any rights to serve notices and/or make demands and/or to take such steps as are required to cause payments to become due and payable in respect of all or any part of that asset,
- (d) any rights of action in respect of any breach of the terms of, or default in respect of, any rights to receive payment of any amounts which may become payable to it or any payments received by it in respect of and any rights to receive damages, compensation or obtain other relief (including in respect of any breach of the terms of or default) in respect of all or a part of that asset,
- (e) the proceeds of sale of all or any part of that asset, and
- (f) any other monies paid or payable in respect of that asset

**"Secured Custody Assets"** has the meaning given to it in paragraph 1 (*Notice of Security*) of Schedule 3 (*Notice to the Custodian*)

**"Secured Obligations"** means all present and future monies, debts and liabilities due, owing or incurred by the Chargor and the Assignor to the Finance Parties (as defined both in the Loan Agreement and the 2015-1 Loan Agreement) under or in connection with any Finance Document or any 2015-1 Finance Document (in each case, whether independently or jointly, or jointly and severally with any other person, whether actually or contingently and whether as principal, surety or otherwise)

**"Secured Parties"** means each Lender, the Security Trustee, any Receiver, the Custodian, the Account Bank, the Facility Agent and the Calculation Agent

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

**"Security Interests"** means all or any of the Security created or expressed to be created by or pursuant to this Deed and the other Security Documents

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

**"Sub-Custodian"** means a sub-custodian duly appointed by the Custodian in accordance with the terms of the Custody Agreement

**"Trust Collateral"** has the meaning given to it in Clause 4.1 (*Security Provisions*)

**"Trustee Acts"** has the meaning given to it in Clause 20.3 (*Security Trustee Provisions*)



### 1.3 Construction

- (a) Unless a contrary indication appears, any reference in this Deed to
  - (i) the “Chargor”, the “Assignor”, the “Security Trustee” or any “Party” 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 reference to a “Finance Document” or any other agreement, document contract or instrument is a reference to that Finance Document or other agreement, document, contract or instrument as amended, novated, supplemented, extended, restated (however fundamentally and whether or not more onerously) or replaced and includes any change in the purpose of, any extension of or any increase in any facility or the addition of any new facility under that Finance Document or other agreement, document, contract or instrument,
  - (iv) “indebtedness” includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future actual or contingent,
  - (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 order, decree, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or of any regulatory, self-regulatory or other authority or organisation,
  - (vii) a provision of law is a reference to that provision as amended or re-enacted,
  - (viii) a time of day is a reference to London time,
  - (ix) the singular includes the plural and vice versa,
  - (x) a reference to a “clearing system” means a person whose business is or includes the provision of depository or clearance services or security accounts or any nominee or depository for such person, and
  - (xi) a reference to a “Charged Asset” includes
    - (A) any part of that Charged Asset, and
    - (B) the proceeds of that Charged Asset,
- (b) Section, Clause and Schedule headings are for ease of reference only
- (c) Unless a contrary indication appears, a term used in any other Finance Document or in any notice given under or in connection with any Finance Document has the same meaning in this Deed as in that Finance Document or that notice
- (d) A Default or Mandatory Prepayment Event is “**continuing**” if it has not been waived to the satisfaction of the Facility Agent (acting on the instructions of the Majority Lenders)

- (e) Any covenant of the Chargor or the Assignor under this Deed remains in force during the Security Period and is given for the benefit of each Secured Party and the Security Trustee holds the benefit of this Deed on trust for each Secured Party
- (f) If the Security Trustee considers that an amount paid by the Chargor or Assignor in respect of the Secured Obligations is capable of being avoided or otherwise set aside on the liquidation or administration of (as applicable) the Chargor or Assignor (or otherwise), then the Security Interests and the liability of the Chargor or Assignor (as applicable) hereunder shall continue and such amount shall not be considered to have been paid for the purposes of this Deed
- (g) The terms of the other Finance Documents and any side letters between any person relating to a Finance Document are incorporated into this Deed to the extent required to ensure that any contract for the purported disposition of the Charged Assets contained in this Deed is a valid disposition in accordance with Section 2(1) of the Law of Property (Miscellaneous Provisions) Act 1989

#### **1.4 Third Party Rights**

Other than

- (a) a Receiver or Appointee under and in relation to Clause 19 (*Protection of the Security Trustee any Receiver and Appointee and Indemnity*), and
- (b) the Facility Agent under and in relation to Clause 14 (*Power of Attorney*),

(any of which may rely upon and enforce its rights under this Deed as if it were a Party hereto), a person who is not a 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

#### **1.5 Provisions relating to Security**

- (a) Each Security Interest
  - (i) is created in favour of the Security Trustee (as trustee for the Secured Parties)
  - (ii) is created over the relevant present and future assets of the Chargor or Assignor (as applicable), and
  - (iii) is continuing security for the payment, discharge and performance of all of the Secured Obligations, will extend to the ultimate balance of all sums payable under the Finance Documents regardless of any intermediate payment or discharge in whole or in part and secures any further advances made under or pursuant to the terms of the Finance Documents
- (b) Each Security Interest created pursuant to this Deed by the Chargor or Assignor is made with full title guarantee under the Law of Property (Miscellaneous Provisions) Act 1994 (the 'LPMPA') but in each case so that the covenants implied by the LPMPA in relation to such Security are construed with the omission of
  - (i) the words 'other than any charges, encumbrances or rights which that person does not and could not reasonably be expected to know about' in section 3(1) of the LPMPA,
  - (ii) the words 'except to the extent that' and all of the words thereafter in section 3(2) of the LPMPA, and

- (iii) section 6(2) of the LPMPA
- (c) If the Chargor purports to charge or assign or the Assignor purports to assign (whether absolutely or by way of mortgage or charge) an asset under this Deed and such charge or assignment breaches a term of any agreement binding on the Chargor or Assignor (as applicable) in respect of that asset because the consent of a person has not been obtained
  - (i) the Chargor or Assignor (as applicable) shall notify the Security Trustee immediately,
  - (ii) subject to paragraph (iv) below, the relevant charge or assignment (other than any charge taken by way of the floating charges contained herein) will (to the extent no breach of the relevant agreement would occur) secure the Rights in respect of that asset but may exclude the asset itself,
  - (iii) unless the Security Trustee otherwise requires, the Chargor and the Assignor shall use best endeavours to obtain the consent of the relevant person and once obtained, shall promptly provide a copy of such consent to the Security Trustee, and
  - (iv) upon receipt of the relevant consent, the relevant asset shall become subject to Security in favour of the Security Trustee under Clause 3.1 (*Fixed Charges*) or Clause 3.2 (*Assignments*)
- (d) The fact that the details of any assets described in this Deed are incorrect or incomplete shall not affect the validity or enforceability of this Deed in respect of the assets of the Chargor or the Assignor

#### **1.6 Perpetuity Period**

The perpetuity period applicable to all trusts declared by this Deed shall be 100 years

#### **1.7 Statement of account**

Any statement of account of the Borrower under the Facility Agreement, signed as correct by the Security Trustee and showing the amount of the Secured Obligations of the Borrower which are the subject of the guarantee under the Finance Documents shall, in the absence of manifest error be binding and conclusive on and against each Guarantor

#### **1.8 Gross-Up**

All Secured Obligations shall be paid in full without any deduction or withholding on account of any taxes, duties, levies or charges or otherwise unless the Chargor or Assignor shall be required by law to make any such deduction or withholding in which case the amount so payable shall be increased to the extent necessary so that the amount receivable after deduction or withholding is equal to the amount which would have been receivable had no such deduction or withholding been required

### **2 COVENANT TO PAY SECURED OBLIGATIONS**

Each of the Chargor and the Assignor, as primary obligor and not merely as surety shall pay or perform each of the Secured Obligations in accordance with the terms of the Finance Documents on the dates on which such Secured Obligations are expressed to become due and in the manner provided for therein or, if time for payment or performance is not specified, immediately on demand by the Security Trustee (as trustee for the Secured Parties)

### **3 CREATION OF SECURITY**

#### **3.1 Fixed Charges**

The Chargor, with full title guarantee and as continuing security for the payment or performance of all Secured Obligations, charges in favour of the Security Trustee (for itself and on behalf of each Secured Party) by way of first fixed charge to the extent not effectively assigned pursuant to Clause 3.2 (*Assignments*) below, any and all of its present and future right, title, interest and benefit (including all Rights) in, to, under and in respect of

- (a) the CLO Retention Assets now or in the future held by the Chargor, including, for the avoidance of doubt, any and all CLO Retention Assets held by the Custodian or other person by or on the Chargor's behalf in the Custody Account pursuant to the terms of the Custody Agreement and the Euroclear Security Agreement, or otherwise,
- (b) all Accounts, together with all amounts (including interest) now or in the future standing to the credit of or accrued or accruing on the Accounts,
- (c) all Finance Documents to which it is a party, and
- (d) all Monetary Claims including, for the avoidance of doubt, all its present and future right title and interest (including all Rights) in, to and under the CQS CLO Management Fees

#### **3.2 Assignments**

- (a) The Chargor, by way of first fixed security for the payment and discharge of the Secured Obligations, hereby assigns to and in favour of the Security Trustee (for itself and on behalf of each Secured Party) any and all of its present and future right, title, interest and benefit (including all Rights) in, to, under and in respect of
  - (i) the Finance Documents to which it is a party, and
  - (ii) its contractual rights as noteholder in respect of the CLO Retention Assets
- (b) The Assignor, by way of first fixed security for the payment and discharge of the Secured Obligations, hereby assigns to and in favour of the Security Trustee (for itself and on behalf of each Secured Party) any and all of its present and future right, title interest and benefit (including all Rights) in, to, under and in respect of the Intra-Group Loan

#### **3.3 Floating Charge**

- (a) The Chargor hereby charges to and in favour of the Security Trustee (for itself and on behalf of each Secured Party), by way of first floating charge for the payment or discharge of all Secured Obligations the whole of its undertaking and all of its property and assets whatsoever and wherever situated, present and future other than any property or assets from time to time or for the time being effectively charged by Clause 3.1 (*Fixed Charges*) or otherwise assigned as security by Clause 3.2(a) (*Assignments*)
- (b) The floating charge created under this Deed is a qualifying floating charge for the purpose of paragraph 14 of Schedule B1 to the Insolvency Act and paragraph 14 of Schedule B1 to the Insolvency Act shall apply to this Deed

- (c) The floating charge created under this Deed will automatically and immediately (without notice) be converted into a fixed charge over all of the undertaking property and assets of the Chargor subject to such floating charge if
  - (i) the Chargor attempts to create any Security or any trust or quasi-security in favour of another person over all or any part of the Charged Assets or disposes of or attempts to dispose of all or any part of the Charged Assets,
  - (ii) any person takes, levies or attempts to take or levy any distress expropriation sequestration, attachment, execution or other similar process over all or any part of the Charged Assets subject to the floating charge, or
  - (iii) the Security Trustee receives notice of an intention to appoint an administrator in relation to the Chargor
- (d) Notwithstanding the provisions of Clause 3 3(c) above (and without prejudice to any other circumstances in which the floating charge created by this Deed may crystallise) the Security Trustee may at any time and from time to time by written notice to the Chargor, convert any floating charge created under this Deed into a fixed charge as regards any part of the Charged Assets if
  - (i) an Event of Default has occurred or the Security Interests hereunder have become enforceable,
  - (ii) the Security Trustee considers (in its sole discretion) that any part of the Charged Assets the subject of the floating charge are in danger of being seized or sold under any form of distress, expropriation, sequestration attachment, execution or other similar process or to be otherwise in jeopardy, or
  - (iii) the Security Trustee considers (in its sole discretion) that such conversion is desirable to protect the value of the Charged Assets or the priority of any Security Interests
- (e) Any asset acquired by the Chargor after any crystallisation of a floating charge created under this Deed which, but for such crystallisation would be subject to a floating charge shall unless the Security Trustee confirms in writing to the contrary be charged to the Security Trustee by way of first fixed charge
- (f) Any floating charge which has crystallised under Clause 3 3(c) or 3 3(d) above may by notice in writing given at any time by the Security Trustee to the Chargor be reconverted into a floating charge under Clause 3 3(a) in relation to the assets specified in such notice

#### 4 SECURITY PROVISIONS

- 4.1 If, for any reason, the purported assignment by way of security of or grant of a charge over (as applicable) the property assets rights and/or benefits described in Clause 3 (*Creation of Security*) is found to be ineffective in respect of any such property, assets rights and/or benefits (together the "Affected Collateral"), the Chargor or the Assignor (as appropriate) shall hold the benefit and Rights in relation to the Affected Collateral and any sums received in respect thereof or any security interest, guarantee or indemnity or undertaking of whatever nature given to secure such Affected Collateral (together, the "Trust Collateral") on trust for the Security Trustee and shall
  - (a) account to the Security Trustee for or otherwise apply all sums received in respect of such Trust Collateral as the Security Trustee may direct (provided that subject to the terms of the Facility Agreement, if no Default or Mandatory Prepayment Event has occurred and is continuing, the Chargor and the Assignor shall be entitled to apply the benefit of such Trust Collateral and such sums in respect of such Trust Collateral received by it and held



on trust under this Clause 4 (*Security Provisions*) without prior direction from the Security Trustee, subject to such actions being in compliance with the Finance Documents in relation to the payment or application of such sums),

- (b) exercise any rights it may have in respect of the Trust Collateral at the direction of the Security Trustee, and
- (c) at its own cost take such action and execute such documents as the Security Trustee may in its sole discretion require

4.2 Without prejudice to the rights of the Security Trustee after any Security Interest created hereby has become enforceable, the Chargor and the Assignor hereby authorise the Security Trustee prior to such Security Interest becoming enforceable to exercise, or refrain from exercising all Rights, powers, authorities, discretions and remedies under or in respect of the Charged Assets in accordance with this Deed and the Euroclear Security Agreement, in such manner as in absolute discretion it shall think fit

## 5 REPRESENTATIONS AND WARRANTIES

### 5.1 Representations and Warranties

The Chargor and, unless otherwise specified, the Assignor represents and warrants to each Secured Party as follows

- (a)
  - (i) in respect of the Chargor only, it is a private company with limited liability, duly incorporated and validly existing under the laws of the Relevant Jurisdiction and
  - (ii) in respect of the Assignor only, it is a limited liability partnership duly incorporated and validly existing under the laws of its Relevant Jurisdictions,

and in each case, it has the full corporate power and authority to own its assets and the assets proposed to be owned by it and to transact the business in which it is presently engaged and is duly qualified under the laws of each Relevant Jurisdiction,
- (b) the entry into and performance by it of and the transactions contemplated by this Deed, each other Finance Document and each CLO Transaction Document to which it is a party do not and will not conflict with
  - (i) any law or regulation applicable to it
  - (ii) its constitutional documents or
  - (iii) any agreement or instrument binding upon it or its assets

nor (except as provided herein) result in the existence of, or oblige it to create any Security over any of its assets,
- (c) the obligations expressed to be assumed by it in this Deed and each other Finance Document to which it is a party are legal, valid, binding and enforceable,
- (d) all Authorisations required
  - (i) to enable it lawfully to enter into, exercise its rights and comply with its obligations in this Deed and each other Finance Document to which it is a party,

- (ii) to make this Deed and each other Finance Document to which it is a party admissible in evidence in its Relevant Jurisdictions and
- (iii) to enable it to create the Security to be created by it pursuant to this Deed and any other Security Document and to ensure that such Security has the priority and ranking it is expressed to have,

have been obtained or effected and are in full force and effect,

- (e) it is absolutely legally and beneficially entitled to all of the Charged Assets which it purports to charge or assign under this Deed and it owns such Charged Assets free from all Security and claims whatsoever other than as created under this Deed or the other Security Documents,
- (f) it has taken all necessary steps to enable it to create Security over or in respect of the Charged Assets in accordance with Clause 3 (*Creation of Security*), subject to any required registration or filing or otherwise protecting or perfecting the Security Interests created hereby or under any other Security Document and in each case such Security Interests take effect as a first ranking security or in each case creates the Security Interests it purports to create and such Security Interests are not liable to be avoided or otherwise set aside on its liquidation or administration or otherwise,
- (g) it has not sold, transferred, lent, assigned, parted with its interest in, disposed of granted any option in respect of or otherwise dealt with any of its rights title and interest in and to the Charged Assets, or agreed to do any of the foregoing (otherwise than pursuant to this Deed and the Euroclear Security Agreement) and has not taken any other action or steps to prejudice its right, title and interest in and to the Charged Assets and is not aware of any other person taking any such action,
- (h) in respect of the Chargor only, the CLO Retention Assets which it purports to charge under this Deed and the Euroclear Security Agreement are in each case duly authorised and validly issued,
- (i) its obligations under each Finance Document to which it is a party are valid, legally binding and enforceable in accordance with their terms and there is no prohibition on assignment in any Finance Document to which it is a party that has not been waived by the other parties to it and the entry into and performance of it of this Deed and each other Finance Document does not conflict with any term of any Finance Document to which it is a party, and
- (j) in respect of the Chargor only, in relation to the Collateral
  - (i) each of the CLO Retention Assets forming part of the Collateral is in each instance a legal, valid and binding obligation, enforceable in accordance with its terms, duly and validly issued under the terms of the relevant CQS CLO Transaction Documents, is not subject to any pre-emptive rights option to purchase or similar right and is in each case freely and fully transferable (other than any restrictions on transfer set out in the prospectus for the relevant CLO Retention Assets) and not subject to any restrictions on transfer or any Security other than Permitted Security and
  - (ii) the Chargor is the sole and absolute legal and beneficial owner of all and has good and marketable title to, the rights (including the Rights) in relation to the CLO Retention Assets, at which time the Sub-Custodian is the sole and absolute legal owner and the Chargor is the sole and absolute beneficial owner of the CLO Retention Assets) and it is the sole and absolute legal and beneficial owner of the

Custody Account from the date it is opened and its rights under the Custody Agreement and the Euroclear Security Agreement

## **5.2 Times for making representations and warranties**

The representations and warranties set out in Clause 5.1 (*Representations and Warranties*)

- (a) are made by the Chargor and/or the Assignor (as applicable) on the date of this Deed, and
- (b) are deemed to be repeated by the Chargor and/or the Assignor (as applicable) on each date during the Security Period

in each case by reference to the facts and circumstances existing at such time

## **6 COVENANTS**

### **6.1 General covenants as to Security Interests**

Until the Secured Obligations have been irrevocably and unconditionally repaid and discharged in full, each of Chargor and the Assignor covenants with the Security Trustee that it will

- (a)
  - (i) maintain its "centre of main interests" (as that term is used in Article 3(1) in Council Regulation (EC) no 1346/2000 on Insolvency Proceedings (the "**Insolvency Regulation**") in and not open or establish branch offices or other establishment (as that term is used in Article 2(h) and Article 3(2) of the Insolvency Regulation) anywhere in the world outside of the United Kingdom,
  - (ii) take all necessary steps to establish and maintain its tax residence only in, and not take any steps (other than steps which are necessary in order for the Chargor or Assignor (as applicable) to comply with its obligations under the Finance Documents) that may lead to it being tax resident in any place other than the United Kingdom, and
  - (iii) act out of, and only act out of, in relation to all activities pursuant to the Finance Documents and have no fixed establishment or business establishment in any jurisdiction other than the United Kingdom, and
- (b) ensure that it has no, and will have no office or fixed place in the United States for United States federal income tax purposes,
- (c) pay to the Security Trustee on demand the amount of all costs, expenses or Liabilities which the Security Trustee may incur in or with a view to perfecting or enforcing the Security Interests under this Deed or the Euroclear Security Agreement,
- (d) take all action within its power to procure, maintain in effect and comply with all the terms and conditions of all Authorisations necessary in relation to or affecting the Charged Assets
- (e) ensure that the Security Interests applicable to it will at all times be a legal, valid and binding Security over the relevant Charged Assets,
- (f) give notice in writing to the Security Trustee and the Facility Agent of the occurrence of any Default or Mandatory Prepayment Event of which it becomes aware, and
- (g) not, without the prior written consent of each of the Security Trustee and the Facility Agent (acting on the instructions of the Majority Lenders) (which in the case of the Facility Agent, may be by way of e-mail)

- (i) amend its constitutional documents in a way that materially adversely affects the Charged Assets or the validity, value or priority of the security created hereunder,
- (ii) (whether by a single transaction or a number of related or unrelated transactions and whether at the same time or over a period of time) sell, factor, discount, transfer, assign, lend, lease, licence, part possession with or otherwise dispose of or create, attempt or permit to subsist any Security over any of its Charged Assets (or purport to do any of the following) except as permitted pursuant to the Finance Documents,
- (iii) take or omit to take any action which act or omission could reasonably adversely affect or diminish the value of any of the Charged Assets except as permitted under the CQS CLO Transaction Documents,
- (iv) commingle any of its assets with assets of any other person,
- (v) create or permit to subsist any Security on or over any of the Charged Assets (except for Permitted Security) or create or grant (or purport to create or grant) any interest in the Charged Assets in favour of a third party,
- (vi) amend any term or condition of or agree to any amendment to any provisions of, or grant any waiver or consent under, any CQS CLO Transaction Document to the extent that such amendment, waiver or grant of consent would have a Material Adverse Effect on the Charged Assets or any Secured Party's interest in relation thereto, or
- (vii) enter into any reconstruction, amalgamation, merger or consolidation

## 6.2 Covenants relating to CLO Retention Assets

- (a) The Chargor shall procure that, on the date of this Deed, the CLO Retention Assets shall be delivered to the Custodian, pursuant to the terms of the Custody Agreement,
- (b) The Chargor shall, forthwith upon it becoming the beneficial or registered owner of any definitive certificated CLO Retention Asset on or following the date of this Deed, promptly deliver to the Security Trustee all certificates, together with any blank transfer form (or other document relating to transfer of title) in respect of such CLO Retention Assets duly executed by or on behalf of the Chargor (or its nominee, as appropriate)
- (c) The Chargor shall, on the date of this Deed (or, if later, upon becoming entitled to the relevant CLO Retention Asset), deliver to the Security Trustee (or as the Security Trustee may direct) in the agreed form all documents of title or evidence of ownership (including, without limitation, any executed transfer certificate or assignment agreement) in relation to the CLO Retention Assets and any related Rights, and any other documents that the Security Trustee may request in respect of such CLO Retention Assets and related Rights
- (d) The Security Trustee may at any time cause any or all of the CLO Retention Assets to be registered into the name of the Security Trustee or its nominee and the Chargor agrees to execute and deliver all such transfers and other documents and do all such things as may be necessary or desirable to achieve such registration
- (e) The Chargor hereby grants and agrees to procure as necessary all consents, waivers, approvals and permissions which may be necessary, under the constitutional documents of the issuer of a CLO Retention Asset or otherwise, for the transfer of the CLO Retention Assets to the Security Trustee or its nominee or to a purchaser upon enforcement of any of the Security Interests created under a Security Document

- (f) The Chargor (and its nominee) shall duly and promptly pay all monies which may be payable from time to time in respect of any CLO Retention Asset and the related Rights
- (g) The Chargor shall not, without the Security Trustee's prior written consent amend or agree to the amendment of the memorandum or articles of association (or similar constitutional documents) of any issuer or the Rights or liabilities attaching to any CLO Retention Asset and the Chargor covenants to comply with all other conditions and obligations assumed by it under or in respect of any CLO Retention Asset
- (h) The Chargor (and its nominee) shall promptly send to the Security Trustee copies of all material notices, circulars, reports accounts and other material documents relating to any of the CLO Retention Assets and any related Rights (subject to any contractually binding confidentiality restrictions contained in an applicable CQS CLO Transaction Document as at the date of this Deed or otherwise binding upon the Chargor by applicable law or regulation) and will provide to the Security Trustee and the Custodian any information which is within its knowledge and required under the Custody Agreement or the Euroclear Security Agreement, applicable law or regulation any listing or other applicable regulatory authority or under any similar provision contained in any document relating to any of the CLO Retention Assets and if it fails to do so the Security Trustee may elect to provide such information as it may have on behalf of the Chargor
- (i) If the Chargor's interest in any CLO Retention Asset is not at any time solely represented by the interests of the Chargor under the Custody Agreement and the Euroclear Security Agreement (and secured as such), or in the event of a termination of the Custody Agreement or the Euroclear Security Agreement, it must immediately notify the Security Trustee and hereby irrevocably instructs and agrees to use its reasonable efforts to procure that the Custodian on its behalf shall
  - (i) ensure that no dealings with the applicable clearing system may take place in respect of any CLO Retention Asset without the written or authenticated consent of the Security Trustee,
  - (ii) upon request of the Security Trustee, ensure that all actions are taken as necessary to withdraw any CLO Retention Assets held in a clearing system from such clearing system and re-certificated or transferred out of such clearing system,
  - (iii) immediately upon the withdrawal of such CLO Retention Asset from such clearing system, the Chargor will instruct the Custodian to deposit with the Security Trustee or as the Security Trustee may direct, any bearer instrument, certificate or other certificated document of title or evidence of ownership in relation to that CLO Retention Asset, and
  - (iv) promptly take any action and execute and deliver to the Security Trustee any transfer or other document which may be requested by the Security Trustee in order to enable the transferee to be registered as the owner or otherwise obtain a legal title to the CLO Retention Assets
- (j) Without limiting Clause 6.2(i) above in the event that any CLO Retention Asset ceases to be held pursuant to the Custody Agreement and the Euroclear Security Agreement or in any other case if reasonably requested by the Security Trustee, the Chargor shall
  - (i) instruct any clearing system to transfer any CLO Retention Asset held by it for the Chargor or its nominee to an account of the Security Trustee or its nominee with that clearing system, and
  - (ii) take whatever action the Security Trustee may request for the dematerialisation or rematerialisation of any CLO Retention Assets held in a clearing system

and the Security Trustee may, at the expense of the Chargor take whatever action the Security Trustee considers necessary for the dematerialisation or rematerialisation of any CLO Retention Asset

- (k) Subject to Clause 6 2(l) below, prior to the occurrence of a Default or a Mandatory Prepayment Event
- (i) the Chargor shall be entitled to exercise, refrain from exercising or direct the exercise of the voting and other rights attached to any CLO Retention Asset or non-cash Dividend comprising Collateral as it sees fit, provided that the exercise of or failure to exercise those rights would not have a material adverse effect on the value of the CLO Retention Assets or non-cash Dividends and would not otherwise be a breach of any Finance Document or which could be expected to prejudice the ability of the Security Trustee to realise the Security Interests in respect of the CLO Retention Assets or non-cash Dividends,
  - (ii) if any CLO Retention Asset or non-cash Dividend comprising Collateral has been registered in the name of the Security Trustee or its nominee, the Security Trustee (or its nominee) may exercise the voting rights, powers and other rights in respect of such CLO Retention Asset or non-cash Dividend in such manner as it may direct in writing from time to time but the Security Trustee (or its nominee) will not be under any duty to ensure that any dividends (including any Dividends), distributions or other monies payable in respect of such CLO Retention Asset are duly or promptly paid or received by it or its nominee, or to verify that the correct amounts are paid or received by it (or its nominee) or to take any action in connection with the taking up of any (or the offer of any) stocks, shares rights monies or other property paid, distributed, accruing or offered at any time by way of interest, dividend, redemption, bonus, Right, preference, option, warrant or otherwise in respect of such CLO Retention Asset or non-cash Dividend
  - (iii) the Security Trustee shall use reasonable efforts to forward to the Chargor any material notices, correspondence or other communication it receives in relation to any part of the Collateral, and
  - (iv) all Dividends or other amounts paid or payable in respect of any CLO Retention Assets comprising Collateral shall be paid into the Cash Account or the Custody Account as applicable, in accordance with the terms of the Facility Agreement and the Chargor shall (or shall procure that the Custodian will) promptly notify the Security Trustee and the Facility Agent of the declaration payment allotment, offer, issue or suspension of any Dividend or other amounts paid or payable in respect of the CLO Retention Assets comprising Collateral
- (l) On and after the occurrence of a Default or a Mandatory Prepayment Event if the Security Trustee has given notice to the Custodian specifying the same
- (i) the Security Trustee shall be entitled to exercise or direct the exercise of the voting and other Rights attached to any CLO Retention Asset comprising Collateral as it sees fit and
  - (ii) the Chargor shall comply or procure the compliance with any directions of the Security Trustee in respect of the exercise of those Rights and shall promptly execute and/or deliver to the Security Trustee such forms of proxy as it may require in connection with that exercise and the Chargor hereby irrevocably appoints the Security Trustee or its nominee as its proxy to exercise any voting or other rights in respect of any part of the Collateral with effect from the occurrence of a Default or Mandatory Prepayment Event to the extent that such CLO Retention Assets remain registered in its name,

except that

- (A) if the notice delivered by the Security Trustee to the Custodian specifies that the Security Trustee should continue to comply with the instructions of the Chargor in respect of voting rights attached to any part of the Collateral then those voting rights shall be excluded from paragraphs (i) and (ii) above, and
  - (B) in the event that the Security Trustee does not specify in the notice delivered by it to the Custodian that it shall exercise or direct the exercise of the voting rights attached to any part of the Collateral, this shall not affect its right to do so by notice to the Custodian at any time subsequently after a Default or Mandatory Prepayment Event has occurred
- (m) In the event that the Security Trustee gives a notice to the Custodian in accordance with Clause 6.2(1)(i)(A) above, it shall use its reasonable endeavours promptly thereafter to provide a copy of that notice to the Chargor (provided that failure to do so will not in any way render a notice invalid)

### 6.3 Covenants relating to Accounts

- (a) The Chargor shall, no later than the date of this Deed (or in relation to any Account opened following the date of this Deed, no later than five (5) Business Days following the date of opening of such Account) give notice
  - (i) in respect of the Custody Account, to the Custodian substantially in the form set out in Schedule 3 (*Notice to the Custodian*) and shall procure that the Custodian delivers to the Security Trustee a duly completed acknowledgement of each such notice, and
  - (ii) in respect of the Cash Account and the IML Investment Management Fees Account, to the Account Bank substantially in the form set out in Schedule 2 (*Notice for Accounts*) and shall procure that the Account Bank delivers to the Security Trustee a duly completed acknowledgement of each such notice
- (b) Each Account shall be operated in accordance with the terms of the Facility Agreement as well as
  - (i) in respect of the Custody Account the Custody Agreement and the Euroclear Security Agreement and
  - (ii) in respect of the Cash Account and the IML Investment Management Fees Account, the Account Bank Agreement,

and for the avoidance of doubt, the Chargor shall not be entitled to receive, withdraw or otherwise transfer any credit balance from time to time on such Accounts except as otherwise permitted by the terms of the Custody Agreement the Account Bank Agreement or the Euroclear Security Agreement (as applicable) or with the consent of the Security Trustee and the Facility Agent (acting on the instructions of the Majority Lenders), and the Chargor shall not, without the Security Trustee's prior written consent (such consent countersigned by the Facility Agent (acting on the instructions of the Majority Lenders), which may be by way of e-mail), permit or agree to any variation of the rights attaching to the Custody Account, the Cash Account or the IML Investment Management Fees Account or close any of the Custody Account the Cash Account or the IML Investment Management Fees Account

- (c) In relation to each Account other than the Custody Account the Cash Account and the IML Investment Management Fees Account the Chargor shall
  - (i) prior to the occurrence of an Event of Default and subject always to the terms of the Finance Documents, be entitled to receive, withdraw or otherwise transfer any credit balance from time to time on such Account if designated as "not a blocked account", and
  - (ii) on and after the occurrence of an Event of Default, not be entitled to receive withdraw or otherwise transfer any credit balance from time to time on such Account without the prior consent of the Security Trustee and the Security Trustee shall be entitled, without notice, to withdraw apply, transfer or set-off any or all of the credit balances from time to time on any Account in or towards payment or other satisfaction of all or part of the Secured Obligations in accordance with Clause 13 (*Order of Distributions*)
- (d) The Chargor shall promptly deliver to the Security Trustee details of any Accounts maintained by it

#### **6.4 Covenants relating to Finance Documents**

- (a) The Chargor will take all reasonable and practical steps to preserve and enforce its rights and remedies under or in respect of the Finance Documents to which it is a party and will supply to the Security Trustee on reasonable request any information or documentation relating thereto unless limited by any contractually binding confidentiality restrictions contained in the CQS CLO Transaction Documents as at the date of this Deed or otherwise binding upon the Chargor by applicable law or regulation
- (b) Prior to the occurrence of an Event of Default, the Chargor shall remain entitled to exercise all of its rights under the Finance Documents but on and after the occurrence of an Event of Default the Security Trustee may exercise (without any further consent or authority on the part of the Chargor and irrespective of any direction given by the Chargor) any of the Chargor's rights under any of its Finance Documents to which it is a party

#### **6.5 Covenants relating to Monetary Claims**

The Chargor shall

- (a) prior to the occurrence of an Event of Default
  - (i) collect and realise its Monetary Claims relating to Charged Assets in a prudent manner,
  - (ii) not release exchange, compound set-off, grant time or indulgence in respect of, or in any other manner deal with, all or any of the Monetary Claims relating to Charged Assets except as expressly provided for in a Finance Document and
  - (iii) not factor, discount or otherwise deal with its Monetary Claims relating to Charged Assets other than as permitted by the Finance Documents (including by complying with its obligations (A) to not permit any amendments or variations to the arrangements by which CQS CLO Management Fees are incurred or received by the Chargor as at the date of this Deed, (B) by ensuring that at least 95 per cent of the CQS CLO Management Fees received by the Cayco are transferred to the Chargor within two Business Days of receipt, as contemplated in the Facility Agreement, and (C) not to permit any reductions waivers or deferrals of such CQS CLO Management Fees),



such interest, Rights, assets, liabilities or other property (as the case may be) shall, to the extent permitted by law immediately become part of this Deed for all the purposes of the Security interests hereunder

- (b) the Assignor acquires any further Intra-Group Liabilities,
- (a) the Chargor acquires any interest or Rights in relation to any assets or other property of a type that would fall within the scope of Clause 3 (*Creation of Security*), or

If at any time during the Security Period

#### ADDITIONAL CHARGED ASSETS

- (d) CQS Investment Management Limited as debtor under the Intra-Group Loan acknowledges the assignment of the Intra-Group Loan pursuant to Clause 3 2(b) (*Assignments*)
- (c) Prior to the occurrence of an Event of Default, the Assignor shall remain entitled to exercise all of its rights under the Intra-Group Loan but on and after the occurrence of an Event of Default the Security Trustee may exercise (without any further consent or authority on the part of the Assignor and irrespective of any direction given by the Assignor) any of the Assignor's rights under the Intra-Group Loan
- (b) The Assignor will not amend, waive or terminate any material term of the Intra-Group Loan unless permitted pursuant to the terms thereof or unless it has obtained the prior written consent of the Security Trustee
- (a) The Assignor will take all reasonable and practical steps to preserve and enforce its rights and remedies under or in respect of the Intra-Group Loan and will supply to the Security Trustee on reasonable request any information or documentation relating thereto unless limited by any contractually binding confidentiality restrictions contained in the Intra-Group Loan as at the date of this Deed or otherwise binding upon the Assignor by applicable law or regulation

#### 6 6 Covenants relating to the Intra-Group Loan

- (i) give notice to the debtors from whom such Monetary Claims are due owing or incurred in respect of any Monetary Claims (including by executing a legal assignment of any such Monetary Claims to the Security Trustee) in such terms as the Security Trustee may require
- (ii) comply with any notice served on the Chargor by the Security Trustee prohibiting it from withdrawing all or any monies from time to time standing to the credit of any Accounts except with the prior written consent of the Security Trustee (and following such notice being served, the Chargor shall not be entitled to withdraw or otherwise transfer the proceeds of collection or realisation of any Monetary Claims standing to the credit of any Account), and
- (c) on and following a Security Interest under this Deed or the Euroclear Security Agreement becoming enforceable
- (b) on and following the occurrence of a Default or Mandatory Prepayment Event comply at all times with the restrictions and other obligations set out in the Finance Documents including in relation to the service of a Direct Payment Notice and the procurement of the payment of the CQS CLO Management Fees directly into the ML Investment Management Fees Account in each case as set out in the Finance Documents and

## **8 FURTHER ASSURANCE**

Each of the Chargor and the Assignor (as applicable) shall at its own expense promptly do whatever the Security Trustee or a Receiver may require or consider expedient

- (a) to create perfect or protect any Security Interest intended to be created by it by this Deed or the Euroclear Security Agreement or the priority of the Security Interests created pursuant to this Deed or the Euroclear Security Agreement,
- (b) to create and perfect any Security in favour of the Security Trustee over its assets located in any jurisdiction outside of England and Wales, and
- (c) to facilitate the realisation of any Charged Asset or the exercise of any right power or discretion exercisable by or vested in the Security Trustee or any Appointee or Receiver,

including executing any Security, transfer, conveyance assignment or assurance (whether to the Security Trustee or its nominees or otherwise) or making any filing or registration and giving any notice, order or direction

## **9 CUSTODIAN AND CUSTODY AGREEMENT**

### **9.1 Custody Agreement**

- (a) The Chargor shall, on the date of this Deed, deliver to each of the Security Trustee and the Facility Agent a copy of the duly executed Custody Agreement and shall promptly execute and/or deliver such other documents relating to the Custody Agreement as the Security Trustee or the Facility Agent (acting on the instructions of the Majority Lenders or otherwise) requires
- (b) The Chargor shall, on the date of the Euroclear Security Agreement deliver to each of the Security Trustee and the Facility Agent a copy of the duly executed Euroclear Security Agreement and shall promptly execute and/or deliver such other documents relating to the Euroclear Security Agreement as the Security Trustee or the Facility Agent (acting on the instructions of the Majority Lenders, or otherwise) requires

### **9.2 Notice of Security**

The Chargor shall, on the date of this Deed give notice of the Security Interests set out in Clause 3 (*Creation of Security*) of this Deed, substantially in the form set out in Schedule 3 (*Notice to the Custodian*) (or such other form as is acceptable to the Security Trustee) and shall use all reasonable endeavours to ensure that the Custodian promptly signs and returns the form of acknowledgement requested in such notice(s) provided that, where the Custodian is also the same legal entity as the Security Trustee the notices referred to in this Clause 9.2 (*Notice of Security*) are deemed to have been given by the Chargor and are likewise deemed to have been received and acknowledged by the Custodian, in each case by each Party executing this Deed

### **9.3 Operation of Custody Agreement**

The Chargor shall ensure that

- (a) the Custody Account is maintained at all times with the Custodian, or any Sub-Custodian on behalf of the Custodian (unless the Custodian is changed to another bank or financial institution in accordance with the terms of the Custody Agreement)
- (b) all Collateral (including any and all CLO Retention Assets) it has or acquires any interest in, to or under is immediately transferred and credited to the Custody Account,

- (c) no CLO Retention Assets or non-cash Dividends standing to the credit of the Custody Account are withdrawn from the Custody Account or otherwise disposed of or dealt with except with the prior written consent of the Security Trustee and the Facility Agent (acting on the instructions of the Majority Lenders) or, following the occurrence of a Mandatory Prepayment Event or an Event of Default the Security Trustee, or as otherwise permitted pursuant to the Custody Agreement and the Euroclear Security Agreement,
- (d) no other instructions are given to or by the Custodian under the Custody Agreement or the Euroclear Security Agreement, except with the consent of the Security Trustee and the Facility Agent (acting on the instructions of the Majority Lenders) (which, in the case of the Facility Agent, may be by way of e-mail) or in accordance with Clause 9.4 (*Custodian Instructions*) below, and
- (e) the Custodian provides to the Security Trustee and the Facility Agent such information regarding the CLO Retention Assets held in the Custody Account or as contemplated in the Custody Agreement or the Euroclear Security Agreement as the Security Trustee or the Facility Agent (acting on the instructions of the Majority Lenders, or otherwise) may reasonably require

#### **9.4 Custodian Instructions**

Subject to Clause 9.5 (*Instructions to Custodian following Default*) of this Deed and clauses 7 (*Instructions*) and 8 (*Settlement and Application of Payments*) of the Custody Agreement the Chargor (or the Obligors' Agent on its behalf) shall notify the Security Trustee and the Facility Agent of any proposed instructions it intends to make to the Custodian in relation to the Custody Agreement and/or the Euroclear Security Agreement and shall only issue those instructions to the Custodian with the prior written consent of the Security Trustee (and, prior to the occurrence of a Mandatory Prepayment Event or an Event of Default, the Facility Agent (acting on the instructions of the Majority Lenders)), which shall be evidenced by each of the Security Trustee's and (if applicable) the Facility Agent's countersignature of those instructions which may be by way of e-mail

#### **9.5 Instructions to Custodian following a Mandatory Prepayment Event or Event of Default**

- (a) At any time following the occurrence of a Mandatory Prepayment Event or an Event of Default, if the Security Trustee has given notice of the same to the Custodian the Security Trustee shall be entitled to issue any instructions to the Custodian in relation to the Custody Agreement, the Euroclear Security Agreement and the Charged Assets the subject of such agreements as it sees fit and the Chargor shall not be entitled to issue any instructions to the Custodian
- (b) If the Security Trustee gives a notice to the Custodian it shall use its reasonable endeavours promptly thereafter to provide a copy of that notice to the Chargor (provided that failure to do so will not in any way render that notice invalid)

#### **9.6 Chargor still liable in respect of the Custody Agreement and the Euroclear Security Agreement**

The Chargor shall remain liable to (and will) perform all its obligations under the Custody Agreement and the Euroclear Security Agreement, and none of the Security Trustee, Facility Agent nor any Appointee or Receiver shall at any time be under any obligation or Liability to the Chargor or any other person under or in respect of the Custody Agreement or the Euroclear Security Agreement

**9 7 No variation etc of the Custody Agreement or the Euroclear Security Agreement**

The Chargor shall not, without the prior written consent of the Security Trustee and the Facility Agent (acting on the instructions of the Majority Lenders) (which may be by way of e-mail)

- (a) amend, supplement, vary or waive (or agree to amend, supplement, vary or waive) any provision of the Custody Agreement or the Euroclear Security Agreement,
- (b) exercise any right to rescind, cancel or terminate the Custody Agreement or the Euroclear Security Agreement,
- (c) release any counterparty from any obligations under the Custody Agreement or the Euroclear Security Agreement,
- (d) waive any breach by any counterparty or consent to any act or omission which would otherwise constitute such a breach, or
- (e) except as expressly provided for in the Finance Documents, novate, transfer or assign any of its rights under the Custody Agreement or the Euroclear Security Agreement

**9 8 Breach of the Custody Agreement or the Euroclear Security Agreement**

The Chargor shall notify the Security Trustee and the Facility Agent of

- (a) any breach of or default under the Custody Agreement or the Euroclear Security Agreement by it,
- (b) any right of it arising to rescind, cancel or terminate the Custody Agreement or the Euroclear Security Agreement, and
- (c) any claim made or to be made by it under or in connection with the Custody Agreement or the Euroclear Security Agreement

promptly on becoming aware of the same and will provide the Security Trustee and the Facility Agent with reasonable details of any such claim and its progress and notify the Security Trustee and the Facility Agent as soon as practicable upon that claim being resolved

**10 ACCOUNT BANK AND ACCOUNT BANK AGREEMENT**

**10 1 Account Bank Agreement**

The Chargor shall, on the date of this Deed, deliver to each of the Security Trustee and the Facility Agent a copy of the Account Bank Agreement duly executed and shall promptly execute and/or deliver such other documents relating to the Account Bank Agreement as the Security Trustee or the Facility Agent (acting on the instructions of the Majority Lenders, or otherwise) requires

**10 2 Notice of Security**

The Chargor shall, on the date of this Deed, give notice of the Security Interests set out in Clause 3 (*Creation of Security*) to the Account Bank substantially in the form set out in Schedule 2 (*Notice for Accounts*) (or such other form as is acceptable to the Security Trustee) and shall use all reasonable endeavours to ensure that the Account Bank promptly signs and returns the form of acknowledgement requested in such notice(s) provided that, where the Account Bank is also the same legal entity as the Security Trustee, the notices referred to in this Clause 10 2 (*Notice of Security*) are deemed to have been given by the Chargor and are likewise deemed to have been received and acknowledged by the Account Bank, in each case by each Party executing this Deed

### 10.3 Operation of Account Bank Agreement

The Chargor shall ensure that

- (a) each of the Cash Account and the IML Investment Management Fees Account is maintained at all times with the Account Bank (unless the Account Bank is changed to another bank or financial institution in accordance with the terms of the Account Bank Agreement),
- (b) all Dividends or any other payment in respect of the Collateral (including any and all CLO Retention Assets) paid or received in cash in respect of the Collateral (including any and all CLO Retention Assets) is promptly paid and credited to the Cash Account in accordance with the provisions of the Facility Agreement,
- (c) no amounts are withdrawn from the Cash Account or the IML Investment Management Fees Account except with the consent of the Security Trustee (and prior to the occurrence of a Mandatory Prepayment Event or an Event of Default, the Facility Agent (acting on the instructions of the Majority Lenders)) or as otherwise permitted pursuant to clause 6.1 (*Directions for Operation of the Account Bank Accounts*) of the Account Bank Agreement,
- (d) no other instructions are given to or by the Account Bank under the Account Bank Agreement, except with the consent of the Security Trustee and the Facility Agent (acting on the instructions of the Majority Lenders) (which in the case of the Facility Agent, may be by way of e-mail) or in accordance with Clause 10.4 (*Account Bank Instructions*) below, and
- (e) the Account Bank provides to the Security Trustee and the Facility Agent such information regarding the cash held in the Cash Account or the IML Investment Management Fees Account or as contemplated in the Account Bank Agreement as the Security Trustee or the Facility Agent (acting on the instructions of the Majority Lenders or otherwise) may reasonably require

### 10.4 Account Bank Instructions

Subject to Clause 10.5 (*Instructions to Account Bank following Default*) of this Deed and the terms of Clauses 4 (*Establishment and Operation of Account Bank Accounts*) and 6 (*Directions for Operation of the Account Bank Accounts*) of the Account Bank Agreement the Chargor (or the Obligors' Agent on its behalf) shall notify the Security Trustee and the Facility Agent of any proposed instructions it intends to make to the Account Bank in relation to the Account Bank Agreement and shall only issue those instructions to the Account Bank with the written consent of the Security Trustee (and, prior to the occurrence of a Mandatory Prepayment Event or an Event of Default, the Facility Agent (acting on the instructions of the Majority Lenders)) which shall be evidenced by each of the Security Trustee's and (if applicable) the Facility Agent's countersignature of those instructions which may be by way of e-mail

### 10.5 Instructions to Account Bank following Default

- (a) At any time following the occurrence of a Default, if the Security Trustee has given notice to the Account Bank, the Security Trustee shall be entitled to issue any instructions to the Account Bank in relation to the Account Bank Agreement and the Charged Assets the subject of the Account Bank Agreement as it sees fit and the Chargor shall not be entitled to issue any instructions to the Account Bank
- (b) If the Security Trustee gives a notice to the Account Bank it shall use its reasonable endeavours promptly thereafter to provide a copy of that notice to the Chargor (provided that failure to do so will not in any way render that notice invalid)

#### **10.6   Chargor still liable in respect of the Account Bank Agreement**

The Chargor shall remain liable to (and will) perform all its obligations under the Account Bank Agreement and none of the Security Trustee, Facility Agent nor any Appointee or Receiver shall at any time be under any obligation or Liability to the Chargor or any other person under or in respect of the Account Bank Agreement.

#### **10.7   No variation etc. of Account Bank Agreement**

The Chargor shall not, without the prior written consent of the Security Trustee and the Facility Agent (acting on the instructions of the Majority Lenders) (which may be by way of e-mail)

- (a) amend, supplement, vary or waive (or agree to amend, supplement, vary or waive) any provision of the Account Bank Agreement,
- (b) exercise any right to rescind, cancel or terminate the Account Bank Agreement,
- (c) release any counterparty from any obligations under the Account Bank Agreement,
- (d) waive any breach by any counterparty or consent to any act or omission which would otherwise constitute such a breach, or
- (e) except as expressly provided for in the Finance Documents, novate, transfer or assign any of its rights under the Account Bank Agreement.

#### **10.8   Breach of Account Bank Agreement**

The Chargor shall notify the Security Trustee and the Facility Agent of

- (a) any breach of or default under the Account Bank Agreement by it or any other party,
- (b) any right of it or any other party arising to rescind, cancel or terminate the Account Bank Agreement, and
- (c) any claim made or to be made by it or any other party under or in connection with the Account Bank Agreement,

promptly on becoming aware of the same and will provide the Security Trustee and the Facility Agent with reasonable details of any such claim and its progress and notify the Security Trustee and the Facility Agent as soon as practicable upon that claim being resolved.

### **11    ENFORCEMENT**

#### **11.1   When enforceable**

- (a) As between (i) the Chargor and the Security Trustee or (ii) the Assignor and the Security Trustee, the Security Interests shall be immediately enforceable by the Security Trustee and the powers conferred by Section 101 of the LPA as varied and extended by this Deed shall be exercisable upon the occurrence of an Enforcement Event or the appointment of a Receiver.
- (b) On and following any Security Interest becoming enforceable the Security Trustee may in its absolute discretion enforce all or any part of the Security Interests in any manner it sees fit (including but not limited to exercising the powers set out in Schedule 1 (*Rights of Security Trustee*)) or as the Facility Agent (acting on the instructions of the Majority Lenders) directs.

- (c) No Secured Party shall be liable to the Chargor or the Assignor for any loss or Liability arising from the manner in which the Security Trustee or any other Secured Party enforces or refrains from enforcing a Security Interest

#### **11.2 Power of sale**

- (a) The statutory power of sale, of appointing a receiver and the other statutory powers conferred on mortgagees by Section 101 of the LPA (as varied and extended by this Deed) shall arise, and the Secured Obligations shall be deemed to have become due and payable for the purposes of Section 101 of the LPA, on the date of this Deed
- (b) The provisions of the LPA relating to the power of sale and the other powers conferred by section 101(1) and (2) are hereby extended (as if such extensions were contained therein) to authorise the Security Trustee or any Receiver in its absolute discretion
  - (i) to sell, exchange, convert into money or otherwise dispose of or realise the Chargor's or the Assignor's (as applicable) title to or interest in the Charged Assets, and to do so for any part of the Collateral whatsoever, or in consideration of an agreement to pay all or part of the purchase price at a later date or dates or an agreement to make periodical payments, whether or not the agreement is secured by the Security or a guarantee, or for such other consideration whatsoever as the Security Trustee or any Receiver may think fit and also to grant any option to purchase, and to effect exchanges, and/or
  - (ii) with a view to or in connection with the sale of the Charged Assets to carry out any transaction scheme or arrangement which the Security Trustee or any Receiver may, in its absolute discretion, consider appropriate
- (c) The statutory powers of sale, leasing and accepting surrenders exercisable by the Security Trustee under this Deed are extended so as to authorise the Security Trustee, whether in its own name or in the name of the Chargor or the Assignor, to grant a lease or leases (at a premium or otherwise), surrender, rescind or agree or accept surrenders of leases and grant options on such terms and with whatever rights and containing whatever covenants on the part of the Chargor or the Assignor (including as to the payment of money to a lessee or tenant on a surrender) as it shall think fit without the need for the Security Trustee to comply with Sections 99 or 100 of the LPA

#### **11.3 Section 103 LPA**

Section 103 of the LPA shall not apply to this Deed

### **12 SECURITY TRUSTEE'S RIGHTS AND POWERS**

#### **12.1 Rights of Security Trustee**

All or any of the powers conferred on mortgagees by the LPA as varied or extended by this Deed and any and all of the rights and powers conferred by this Deed on a Receiver (whether express or implied) may be exercised by the Security Trustee without further notice to the Chargor or the Assignor at any time after an Enforcement Event has occurred, irrespective of whether the Security Trustee has taken possession of the Charged Assets or appointed a Receiver

## **12.2 No liability as mortgagee in possession**

Neither the Security Trustee nor any Receiver will be liable by reason of entering into possession of a Charged Asset

- (a) to account as mortgagee in possession in respect of all or any part of the Charged Assets or for any loss on realisation in respect of such Charged Asset or
- (b) for any neglect, default or omission of any nature whatsoever for which a mortgagee in possession may be liable

## **12.3 Redemption of prior Security Interests**

The Security Trustee or any Receiver may, at any time after an Enforcement Event has occurred redeem any prior Security on or relating to any of the Charged Assets or procure the transfer of that Security to itself and may settle and pass the accounts of any person entitled to that prior Security and any account so settled or passed shall be conclusive and binding on the Chargor and the Assignor. The Chargor and/or the Assignor (as appropriate) shall, on demand, pay to the Security Trustee all principal monies and interest and all losses incidental to any such redemption or transfer.

## **12.4 Delegation**

With the consent of the Facility Agent (acting on the instructions of the Majority Lenders) the Security Trustee or any Receiver may whenever it thinks fit delegate by power of attorney or otherwise to any person or persons or fluctuating body of persons (whether being a joint trustee hereunder or not) all or any of its trusts, powers, authorities and discretions hereunder or in connection with any other Finance Document provided that any such delegate first acknowledges that such trusts, powers, authorities and discretions are held by the Security Trustee in its capacity as security trustee for itself and on behalf of the Secured Parties. Such delegation may be made upon such terms (including power to sub-delegate) and subject to such conditions and regulations as the Security Trustee may think fit. The Security Trustee shall not be in any way responsible for any Liability incurred by reason of any misconduct or default on the part of any such delegate or sub-delegate, nor shall it be under any obligation to supervise the proceedings or acts of such delegate or sub-delegate. The Security Trustee shall promptly give notice of any such delegation and any renewal, extension or termination thereof to the Chargor and the Assignor. The Security Trustee will take all reasonable steps to recover, or assist the Chargor and the Assignor in recovering any loss caused by the action or inaction of a delegate. References in this Deed to the Security Trustee or a Receiver shall be deemed to include references to any delegate of the Security Trustee or Receiver appointed in accordance with this Clause 12.4 (*Delegation*).

## **12.5 Power to remedy**

If the Chargor or the Assignor is at any time in breach of any of its obligations contained in this Deed or any Security Document the Security Trustee shall be entitled (but shall not be bound) to remedy such breach and each of the Chargor and the Assignor hereby irrevocably authorises the Security Trustee and its agents to do all such things necessary or desirable in connection therewith. The Chargor and/or the Assignor (as the case may be) shall be liable to the Security Trustee for the expenses of the Security Trustee in so doing together with interest at the rate of two per cent above the base rate of Deutsche Bank AG, London Branch from the date of payment by the Security Trustee until the date of repayment. The rights of the Security Trustee under this Clause 12.5 (*Power to remedy*) are without prejudice to any other rights under this Deed or any other document and (for the avoidance of doubt) shall not make the Security Trustee liable to account as a mortgagee in possession.





## **12.6 Financial collateral arrangement**

To the extent that this Deed constitutes a "financial collateral arrangement" (as defined in the Financial Collateral Arrangements (No. 2) Regulations 2003 (the **Regulations**)) the Security Trustee shall have the right at any time after any Security Interest has become enforceable

- (a) to appropriate use and dispose of any Charged Asset which constitutes "financial collateral" (as defined in the Regulations ( **Financial Collateral**)), in which case the Security Trustee shall comply with the requirements of the Regulations as to obtaining equivalent financial collateral" (as defined in the Regulations), and
- (b) to appropriate any Charged Asset which constitutes Financial Collateral in or towards satisfaction of the Secured Obligations in accordance with the Regulations

## **13 ORDER OF DISTRIBUTIONS**

### **13.1 Application of proceeds**

- (a) All assets or amounts received or recovered by the Security Trustee or any Receiver or Appointee in exercise of their rights under this Deed shall, subject to the rights of any creditors having priority, be applied in the order provided in clause 19.2(d) (*Cash Account*) of the Facility Agreement and the order of application referred to in this Clause 13.1 (*Application of proceeds*) shall override any appropriation by the Chargor or the Assignor
- (b) This Clause 13.1 (*Application of proceeds*) does not prejudice the right of any Secured Party to recover any shortfall from the Chargor or the Assignor

### **13.2 Section 109(8) LPA**

Neither the Security Trustee or any Receiver or Appointee shall be bound (whether by virtue of Section 109(8) of the LPA, which is hereby varied accordingly, or otherwise) to pay or appropriate any receipt or payment first towards interest rather than principal or otherwise in any particular order as between any of the Secured Obligations

## **14 POWER OF ATTORNEY**

### **14.1 Appointment of Security Trustee**

The Chargor by way of security, irrevocably constitutes and appoints the Security Trustee and every Receiver or Appointee to be its attorney (with full power of substitution) on its behalf and in its name or otherwise at such time and in such manner as the attorney thinks fit

- (a) to do anything which the Chargor is obliged to do (but has not done) under any Finance Document to which it is party, and
- (b) on and following the occurrence of an Enforcement Event to exercise any of the rights conferred on the Security Trustee or any Receiver or Appointee in relation to the Charged Assets or under any Finance Document, the LPA or the Insolvency Act,

including but not limited to sign, execute, seal, deliver complete any blanks in and otherwise perfect any deed, assurance, agreement, instrument or act (including creating Security over and effecting transfers, conveyances, assignments and assurances of, and making or giving any other instruments, notices, orders and directions relating to, the Charged Assets) which the Security Trustee, Receiver or Appointee may consider necessary, desirable or expedient in the exercise of its powers or the Chargor's obligations under any Finance Document, including but not limited to the power to sell or otherwise dispose of the Charged Assets (in whole or in part) to any purchaser

on any terms that the Security Trustee, Receiver or Appointee sees fit, to send an instruction to the Registrar to amend the register to reflect Deutsche Bank AG, London Branch as owner of the CLO Retention Assets and to send Direct Payment Notices on the Chargor's behalf, if the Chargor has not done so when required under the terms of the Finance Documents

#### **14.2 Appointment of Facility Agent**

- (a) The Chargor, by way of security, irrevocably and severally constitutes and appoints the Facility Agent to be its attorney (with full power of substitution) on its behalf and in its name or otherwise, at such time and in such manner as the attorney thinks fit on and following the occurrence of a Default or a Mandatory Prepayment Event, to do anything which the Chargor is obliged to do (but has not done) under any Finance Document to which it is a party
- (b) The Chargor will, from time to time, execute and deliver to the Facility Agent, or cause to be executed and delivered to the Facility Agent, all such other powers of attorney, proxies, instruments, documents and assurances as the Facility Agent (acting on the instructions of the Majority Lenders, or otherwise) may reasonably request for the purpose of enabling the Facility Agent to exercise the rights and powers which it is entitled to exercise pursuant to the Facility Agreement

#### **14.3 Survival**

The power of attorney granted by this Deed is declared to be irrevocable, is given as security for the interests of (in the case of Clause 14.1 (*Appointment of Security Trustee*)) the Security Trustee and (in the case of Clause 14.2 (*Appointment of Facility Agent*)) the Facility Agent hereunder and will, to the fullest extent of any applicable mandatory law, survive and not be affected by the subsequent bankruptcy or insolvency or dissolution of CQS Investment Management Limited

#### **14.4 Power of Attorney Act 1971**

The power of attorney hereby granted is to secure the performance of obligations owed to the donee within the meaning of the Powers of Attorney Act 1971

#### **14.5 Ratification**

Each of the Chargor and the Assignor ratifies and confirms (and covenants with the Security Trustee, the Facility Agent and with any Receiver or Appointee that if requested to do so it will ratify and confirm) whatever any such attorney shall do in the exercise or purported exercise of the power of attorney granted by it in Clause 14.1 (*Appointment of Security Trustee*) above and each of the Chargor and the Assignor agrees to indemnify and keep indemnified the Security Trustee and each Receiver or Appointee (and any substitute attorney) against all damages, liabilities, claims, losses, costs or expenses which may arise from the exercise or purported exercise of any such powers granted under this Deed or any Finance Document

### **15 PROTECTION OF THIRD PARTIES**

#### **15.1 No duty to enquire**

No person (including a purchaser) dealing with the Security Trustee or any Appointee or Receiver shall be concerned to enquire

- (a) whether the rights conferred by or pursuant to any Finance Document or any power exercised or purported to be exercised are exercisable or have been properly exercised (including whether the Security Interests under this Deed are enforceable)

- (b) whether any monies remain due in relation to any Finance Document or whether the Secured Obligations have become payable,
- (c) as to the necessity or expediency of the stipulations and conditions subject to which any sale of any Charged Assets shall be made,
- (d) whether any consents, regulations, restrictions or directions relating to such rights have been obtained or complied with,
- (e) otherwise as to the propriety or regularity of acts purporting or intended to be in exercise of any such rights including but not limited to the sale of any Charged Assets or
- (f) as to the application of any money borrowed or raised or paid to or by the Security Trustee or any Appointee or Receiver,

and each such dealing shall be deemed to be within the powers hereby conferred and to be valid and effectual accordingly and the receipt by the Security Trustee or any Appointee or Receiver shall be an absolute and conclusive discharge and shall relieve any person dealing with the Security Trustee or that Appointee or Receiver of any obligation to see to the application of any monies paid to or at the direction of the Security Trustee, Appointee or Receiver

#### **15.2 Protection to purchasers**

All the protection to purchasers contained in Sections 104 and 107 of the LPA Section 42(3) of the Insolvency Act or in any other applicable legislation shall apply to any person purchasing from or dealing with the Security Trustee or any Appointee

### **16 SAVING PROVISIONS**

#### **16.1 Continuing Security**

This Deed shall remain in full force and effect as, and the Security Interests are a continuing security for the Secured Obligations and will extend to the ultimate payment, performance and discharge of the Secured Obligations, regardless of any settlement of account, intermediate payment, performance or discharge in whole or in part or any other matter or thing whatsoever unless and until discharged in accordance with Clause 17 (*Discharge of Security*) below. The Secured Obligations and obligations of the Chargor and the Assignor under this Deed shall remain in force notwithstanding any act, omission, neglect, event or matter whatsoever by any person except the proper and valid payment and discharge of the Secured Obligations, and the foregoing shall apply in relation to anything which would have afforded the Chargor or the Assignor any legal or equitable defence and in relation to any winding up or dissolution of or any change in constitution or corporate identity or loss of corporate identity in respect of, the Chargor, the Assignor the Security Trustee or any other person

#### **16.2 Reinstatement**

If any payment or performance by the Chargor or the Assignor or any discharge or release given by the Security Trustee or a Secured Party (whether in respect of the obligations of any person or any security for those obligations or otherwise) is avoided or reduced as a result of liquidation, administration or insolvency or any similar event

- (a) the liability and obligations of the Chargor, the Assignor and the Security Interests shall continue as if the payment, performance discharge, avoidance or reduction had not occurred and

- (b) the Security Trustee and the relevant Secured Party shall be entitled to recover the value or amount of that security or payment from the Chargor or the Assignor (as applicable), as if the payment, performance, discharge, avoidance or reduction had not occurred,

and the Security Trustee may concede or compromise any claim that any payment security or other disposition is liable to avoidance or restoration

### **16.3 Waiver of defences**

Neither the obligations of the Chargor or the Assignor under this Deed nor the Security Interests will be affected by an act, omission, matter or thing which but for this Clause would reduce release or prejudice or provide a defence to any of their obligations under any Finance Document or any of the Security Interests (without limitation and whether or not known to it or the Security Trustee or any other Secured Party) including

- (a) any time, waiver or consent granted to, or composition with, the Chargor, the Assignor or any other person,
- (b) the release of the Chargor, the Assignor or any other person under the terms of any composition or arrangement with any creditor of the Chargor, the Assignor or member of the CQS Group or any such person,
- (c) the taking, variation, compromise, exchange renewal or release of or refusal or neglect to perfect take up or enforce any rights against, or Security over assets of, the Chargor, the Assignor or any other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any Security,
- (d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of the Chargor, the Assignor or any other person,
- (e) any amendment (however fundamental and including any amendment that may increase the Liabilities of an Obligor) or replacement of a Finance Document or any other document or security,
- (f) any unenforceability illegality or invalidity of any obligation of any person under any Finance Document or any other document or security, or
- (g) any insolvency or similar proceedings

### **16.4 Immediate recourse**

Each of the Chargor and the Assignor waives any right it may have of first requiring the Security Trustee (or any trustee, agent or other person on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from or enforcing against the Chargor and/or the Assignor (as applicable) under this Deed This waiver applies irrespective of any law or any provision of a Finance Document to the contrary

### **16.5 Appropriations**

During the Security Period and until all agreements and/or obligations which might give rise to Secured Obligations have terminated or if a Security Interest is enforced at a time when no amount is due under a Finance Document but where an amount may or will become due the Security Trustee (or any agent or other person on its behalf, including a Receiver or Appointee) may

- (a) refrain from applying or enforcing any other assets monies security or rights held or received by the Security Trustee (or any agent or other person on its behalf) in respect of

those obligations, or apply and enforce the same in such manner and order as it sees fit (whether against those obligations or otherwise) and neither the Chargor nor the Assignor shall be entitled to the benefit of the same, and

- (b) pay into and/or hold in an interest-bearing suspense account any recoveries or monies received from the Chargor or on account of the Chargor's liability, or from the Assignor or on the account of the Assignor's liability, under this Deed,

in each case as the Security Trustee considers appropriate

#### **16.6 Deferral of Obligor's rights**

During the Security Period and until all agreements and/or obligations which might give rise to Secured Obligations have terminated (notwithstanding payment of a dividend in any liquidation or under any compromise or arrangement or the discharge by any Guarantor or its Liability under its guarantee) and unless the Security Trustee otherwise directs each Obligor agrees it will not exercise any rights which it may have by reason of performance (or a claim for performance) by it of its obligations under the Finance Documents

- (a) to be indemnified by any person or to take any step to enforce any right against the Borrower or other Guarantor or any other person liable in respect of such indebtedness
- (b) to claim any contribution from any other provider of Security for or any other guarantor of any person's obligations under the Finance Documents,
- (c) to take the benefit (in whole or in part and whether by way of subrogation reimbursement, indemnity or otherwise) of any rights of the Security Trustee or a Secured Party under the Finance Documents or of any other guarantee or other security taken pursuant to, or in connection with, the Finance Documents by the Security Trustee or any other Secured Party or
- (d) to claim any set-off or counterclaim against any Obligor or any other person liable or to claim or prove in competition with the Security Trustee in the liquidation administration or winding-up of any Obligor (and each of the Chargor and the Assignor hereby waive any set-off rights it may now or at any time have in the future in respect of the Secured Obligations (including sums payable by the Chargor and the Assignor under this Deed)) or have the benefit of or share in any payment from or composition with any Obligor or any other security now or hereafter held by the Security Trustee for any Secured Obligations of any Obligor but provided at all times that, if directed by the Security Trustee, it will prove for the whole or any part of its claim in the insolvency of an Obligor on terms that the benefit of such proof and all monies received by it in respect thereof shall be held on trust for the Security Trustee and applied in or towards discharge of the Secured Obligations in such manner as the Security Trustee shall deem appropriate

#### **16.7 Additional Security and non-merger**

The Security Interests are in addition to and shall not be merged into or in any way excluded or prejudiced by any other guarantees or security now or subsequently held by or on behalf of the Security Trustee or any Secured Party or any other amount due by the Chargor or the Assignor to a Secured Party

#### **16.8 Security held by Chargor**

Neither the Chargor nor the Assignor shall, without the prior consent of the Security Trustee hold or otherwise take the benefit of any security from any other Obligor in respect of (respectively) the Chargor's or the Assignor's Liabilities under this Deed or the Euroclear Security Agreement and

each of the Chargor and the Assignor (as applicable) shall hold any security held by it in breach of this provision on trust for the Security Trustee

## **17 DISCHARGE OF SECURITY**

### **17.1 Final Redemption**

If the Security Trustee is satisfied that all Secured Obligations have been irrevocably paid performed and discharged in full and all agreements and/or obligations which might give rise to Secured Obligations have terminated the Security Trustee shall, at the request and cost of the Chargor, release, re-assign or discharge (as appropriate) the Charged Assets from the Security Interests, in each case without recourse to or any representation or warranty by the Security Trustee or any Secured Party

### **17.2 Consolidation**

Section 93 of the LPA shall not apply to the Security Interests or to this Deed

## **18 PAYMENTS/PERFORMANCE**

### **18.1 Demands**

Any demand for payment or performance made by the Security Trustee shall be valid and effective even if it contains no statement of the relevant Secured Obligations or an inaccurate or incomplete statement of them

### **18.2 Payments**

All payments by the Chargor and/or the Assignor under this Deed (including damages for either of their breach) shall be made in the Currency of Account and to such account, with such financial institution and in such other manner as the Security Trustee may direct and shall be made in full without any set-off or counterclaim whatsoever free and clear of any deductions or withholdings on the due date to such account as the Security Trustee may from time to time specify

### **18.3 Continuation of accounts**

At any time after

- (a) the receipt by the Security Trustee of notice (either actual or otherwise) of any subsequent security affecting a Charged Assets, or
- (b) any step is taken in relation to the winding-up of the Chargor or the Assignor,

the Security Trustee may open a new account in the name of the Chargor or the Assignor (as applicable) with the Facility Agent or Custodian (whether or not it permits any existing account to continue) and if the Security Trustee does not open such a new account it shall nevertheless be treated as if it had done so when the relevant event occurred. No monies paid into any account, whether new or continuing, after that event shall discharge or reduce the amount recoverable pursuant to any Finance Document to which the Chargor or the Assignor is party or the Secured Obligations

## **19 PROTECTION OF THE SECURITY TRUSTEE, ANY RECEIVER AND APPOINTEE AND INDEMNITY**

- 19.1** Subject to Clause 20.4 (*Security Trustee Provisions*) neither the Security Trustee nor any Receiver or Appointee shall be liable to the Chargor or the Assignor in respect of any loss





Liability or damage which arises out of the exercise, the attempted or purported exercise or the failure to exercise any of the Security Trustee's, any Appointee or any Receiver's powers

- 19.2 Without prejudice to the right of indemnity by law given to trustees the Chargor shall pay and reimburse on a full indemnity basis, the Security Trustee and keep it indemnified and/or secured and/or prefunded against all Liabilities incurred to which it or each Appointee and Receiver may be or become subject or which may be incurred by it or them in the execution or purported execution of any of its trusts, powers, authorities or discretions under this Deed or any other Finance Document to which it is a party or its or their functions under any such appointment or in respect of any other matter or thing done or omitted in any way relating to this Deed or any other Finance Document to which it is a party or any such appointment except to the extent such Liabilities were incurred by reason of acts or omissions constituting gross negligence, fraud or wilful default of the Security Trustee, an Appointee or a Receiver. The Security Trustee may retain from any part of any monies in its hands arising from the trusts of this Deed all sums necessary to affect such indemnity, the payment or discharge of all Liabilities incurred by the Security Trustee and also the remuneration of the Security Trustee hereinafter provided
- 19.3 All amounts payable pursuant to Clause 19.2 (*Protection of the Security Trustee any Receiver and Appointee and Indemnity*) shall be payable by the Chargor on the date specified in a demand by the Security Trustee and in the case of payments actually made by the Security Trustee prior to such demand shall (if not paid within three Business Days after such demand and if the Security Trustee so requires) carry interest at the rate of two per cent per annum above the base rate from time to time of Deutsche Bank AG London branch from the date specified in such demand and in all other cases shall (if not paid on the date specified in such demand or if later, within three Business Days after such demand and, in either case, if the Security Trustee so requires) carry interest at such rate from the date specified in such demand
- 19.4 All sums of whatsoever nature which are payable by the Chargor under this Deed and which are now or at any time hereafter become subject to value added tax or any similar tax (except as provided in Clause 21 (*Security Trustee's Remuneration*)) shall be deemed to be exclusive of value added tax and the Chargor, in addition to such sums, will indemnify the Security Trustee from and against all claims and Liabilities whatsoever in respect thereof
- 19.5 The provisions contained in this Clause 19 (*Protection of the Security Trustee any Receiver and Appointee and Indemnity*) shall survive the termination of this Deed

## 20 SECURITY TRUSTEE PROVISIONS

- 20.1 The Security Trustee shall hold the benefit of the Security Interests and the covenants of the Chargor and the Assignor contained in this Deed on trust for the benefit of itself and the other Secured Parties upon the terms provided in this Deed shall deal with the Secured Obligations in accordance with the terms of this Deed and shall apply all payments, receipts or recoveries in respect of the Secured Obligations in accordance with this Deed and the order of distributions set out in Clause 13 (*Order of Distributions*)
- 20.2 Notwithstanding anything else contained herein or in any other Finance Document the Security Trustee shall not be obliged to take any action, or to exercise any right power, authority or discretion vested in it, that it would otherwise be obliged to take or to exercise under this Deed or any other Finance Document unless and until it has been
- (a) directed by the Facility Agent (acting on the instructions of the Majority Lenders) and
  - (b) indemnified and/or secured and/or prefunded to its satisfaction (whether by payment in advance or otherwise) against any Liabilities which might be brought, made suffered, incurred or sustained by it as a result (except any Liabilities resulting directly from the Security Trustee's gross negligence, fraud or wilful default)

and nothing contained herein or in any other Finance Document shall require the Security Trustee to expend or risk its own funds or otherwise incur any financial or other Liability in the performance of any of its duties or the exercise of any right, power, authority and discretion hereunder or thereunder (other than the actions required of it hereunder or in the event of the Security Trustee's gross negligence, fraud or wilful default) unless and until it has been indemnified and/or secured and/or prefunded as aforesaid and, without prejudice to the foregoing nothing contained in this Deed or in any other Finance Document shall impose any obligation on the Security Trustee to make any advance to any person

**20.3** Section 1 of the Trustee Act 2000 shall not apply to the duties of the Security Trustee in relation to the trusts created by this Deed. Where there are any inconsistencies between the Trustee Act 1925 and the Trustee Act 2000 (the "Trustee Acts") and this Deed, the provisions of this Deed shall, to the extent allowed by law, prevail and, in the case of any inconsistency with the Trustee Act 2000 the provisions of this Deed shall constitute a restriction or exclusion for the purposes of that Act. The Security Trustee shall have all the powers conferred upon trustees by the Trustee Acts and by way of supplement thereto it is expressly declared as follows

- (a) The Security Trustee may, in relation to this Deed and any other Finance Document to which it is a party, act on the written advice or opinion of or any information obtained at the cost of the Chargor (without duplication of any costs recovered by the Security Trustee pursuant to Clause 24 (*Enforcement Costs*)) and in good faith from any lawyer, valuer, accountant, surveyor, banker, broker, auctioneer or other expert (which written advice, opinion or information may be subject to any limitation of liability or scope) whether obtained by or addressed to the Chargor or the Assignor the Security Trustee or otherwise and shall not be responsible for any Liability occasioned by so acting regardless of any monetary limit or exclusion of liability specified therein
- (b) Any such advice, opinion or information may be sent or obtained by letter, telegram, facsimile transmission or e-mail and the Security Trustee shall not be liable for acting on any advice, opinion or information purporting to be conveyed by any such letter, telegram, facsimile transmission or e-mail in the event that the same contains some error or is not authentic
- (c) The Security Trustee may call for and shall be entitled to accept
  - (i) any notice or certificate purporting to be duly signed by the persons giving such notice or certificate as having been duly signed by each such person
  - (ii) any certificate signed by two duly authorised officers of the Chargor, the Assignor or any Secured Party as to any fact or matter *prima facie* within the Chargor's, the Assignor's or such Secured Party's knowledge (including without limitation as to the amount of any Secured Obligations) as sufficient evidence thereof, and
  - (iii) a certificate signed by two duly authorised officers of any such person to the effect that any particular dealing or transaction or step or thing *prima facie* within the knowledge of such person is, in the opinion of the person so certifying, expedient as sufficient evidence that it is expedient

and the Security Trustee shall not be bound in any such case to ask for further evidence of authority or otherwise or be responsible for any loss or Liability that may be occasioned by its failing so to do or by its acting on any such certificate regardless of any monetary limit or exclusion of liability specified in such certificate

- (d) The Security Trustee shall be at liberty to hold or to place this Deed and any other documents relating thereto in any part of the world with any banker or banking company or company whose business includes undertaking the safe custody of documents or lawyer

or firm of lawyers considered by the Security Trustee to be of good repute and the Security Trustee shall not be responsible for or required to insure against any Liability incurred in connection with any such deposit and may pay all sums required to be paid on account of or in respect of any such deposit provided that (except where such deposit is made in the United Kingdom or is considered by the Security Trustee (as directed by the Facility Agent (acting on the instructions of the Majority Lenders)) necessary for the purpose of enforcing the provisions of this Deed or the Security Interests) such deposit does not cause any stamp or other documentary taxes to become payable

- (e) The Security Trustee shall not be bound to give notice to any person of the execution of any documents comprised or referred to in this Deed or any other Finance Document or to take any steps to ascertain whether any Default, Mandatory Prepayment Event or Enforcement Event or any breach by the Chargor or the Assignor of its obligations under this Deed has occurred and, until it shall have actual knowledge or express notice to the contrary, the Security Trustee shall be entitled to assume that no such Default, Mandatory Prepayment Event or Enforcement Event or breach has occurred
- (f) Save as expressly otherwise provided herein and under the other Finance Documents the Security Trustee shall have absolute and uncontrolled discretion as to the exercise of its powers, authorities and discretions hereunder and shall not, in the absence of its gross negligence, fraud or wilful default, having regard to the powers, rights and protections of the Security Trustee under, and the other terms of, this Deed and the other Finance Documents, be responsible for any Liability which may result from their exercise or non-exercise
- (g) Any consent or approval given by the Security Trustee for the purposes hereunder may be given on such terms and subject to such conditions (if any) as the Security Trustee thinks fit and, notwithstanding anything to the contrary herein, may be given retrospectively
- (h) The Security Trustee shall be entitled to rely on and act in accordance with the provisions of this Deed and each other Finance Document and not be responsible for any defect relating to, or any error contained in, any notice from, or which purports to be from, any other party to any of the Finance Documents
- (i) In connection with the exercise by it of any of its trusts, powers, authorities and discretions hereunder and under the other Finance Documents (including, without limitation, the granting of any consent)
  - (i) the Security Trustee shall have regard to the interests only of the Majority Lenders where in its opinion there is a conflict between the interests of one or more Secured Parties,
  - (ii) the Security Trustee will not agree to any modification or amendment to any Finance Document unless the prior written consent of the Facility Agent (acting on the instructions of the Majority Lenders) has been obtained (which may be by way of e-mail), and
  - (iii) without prejudice to paragraph (ii) above, all amendments and modifications to Finance Documents shall be made in accordance with the terms thereof
- (j) Any security trustee hereunder being a lawyer, accountant, broker or other person engaged in any profession or business shall be entitled to charge and be paid all usual professional and other charges for business transacted and acts done by him or his firm in connection with the trusts hereunder and also his reasonable charges in addition to disbursements for all other work and business done and all time spent by him or his firm in connection with matters arising in connection herewith

- (k) The Security Trustee may in the conduct of the trusts hereunder instead of acting personally employ and pay an agent (whether being a lawyer or other professional person) to transact or conduct or concur in transacting or conducting, any business and to do, or concur in doing, all acts required to be done in connection herewith or under any other Finance Document (including the receipt and payment of money) The Security Trustee shall not be in any way responsible for any Liability incurred by reason of any misconduct or default on the part of any such agent, nor shall it be under any obligation to supervise the proceedings or acts of any such agent The Security Trustee shall give notice of any such employment of an agent and any renewal extension or termination thereof to the Chargor, the Assignor and the Facility Agent
- (l) The Security Trustee shall not be responsible for the execution, delivery, legality effectiveness adequacy, genuineness validity enforceability or admissibility in evidence of any Finance Document or the Security Interests or the provisions concerning the enforcement of the Security Interests and shall not be liable for any failure to obtain any licence, consent or other authority for the execution delivery, legality, effectiveness adequacy, genuineness, validity, performance, enforceability or admissibility in evidence of any Finance Document or the Security Interests
- (m) The Security Trustee as between itself and the Secured Parties shall have full power to determine all questions and doubts arising in relation to any of the provisions of this Deed and every such determination shall be conclusive and binding upon the Security Trustee and the Secured Parties except in the case of manifest error
- (n) Neither the Security Trustee nor any director or officer of any corporation being the Security Trustee shall by reason of the fiduciary position of such Security Trustee be in any way precluded from making any contracts or entering into any transactions in the ordinary course of business with the Chargor, the Assignor or any other party to the Finance Documents or any other person the rights of the Chargor or the Assignor against whom are comprised in the Secured Obligations or any person or body corporate directly or indirectly associated with the Chargor the Assignor or any party to the Finance Documents or any such other person (each a "relevant person"), or from accepting the trusteeship of any debenture stock, debentures or securities of any relevant person and without prejudice to the generality of these provisions it is expressly declared that such contracts and transactions include any contract or transaction in relation to the placing underwriting, purchasing, subscribing for or dealing with or lending money upon or making payments in respect of the Facility Agreement or any stock, shares, debenture stock, debentures or other securities of any relevant person, any contract of banking or insurance or from accepting or holding the office of security trustee for the Secured Parties and neither the Security Trustee nor any such director or officer shall be accountable to the Secured Parties or any relevant person, for any profit, fees commissions, interest, discounts or share of brokerage earned arising or resulting from any such contracts or transactions and the Security Trustee and any such director or officer shall also be at liberty to retain the same for its or his own benefit
- (o) Except as specified herein the Security Trustee shall not incur any responsibility in respect of any monies lent or paid to or raised by the Chargor or the Assignor or be bound to monitor or supervise the application thereof by or on behalf of the Chargor or the Assignor
- (p) The Security Trustee shall not be responsible for monitoring or supervising or enforcing the observance and performance by the Chargor, the Assignor or any other party thereto of the provisions of the Finance Documents (other than if so obliged enforcing observance and performance by the Chargor or the Assignor of their obligations pursuant to the terms hereof) or any other document related thereto

- (q) Notwithstanding anything else contained herein or in any other Finance Document, the Security Trustee may refrain from doing anything which would or might, in its reasonable opinion, be contrary to any law of any jurisdiction or any directive or regulation of any agency of any state and may do anything which is, in its reasonable opinion, necessary to comply with any such law directive or regulation and shall use its best efforts to notify the Chargor, the Assignor and the Facility Agent in writing accordingly
- (r) The Security Trustee shall not be obliged to take any action under or in relation to this Deed or any other Finance Document unless (subject as otherwise provided therein) the provisions herein or therein expressly require it to do so and it is indemnified and/or secured and/or prefunded to its satisfaction
- (s) The Security Trustee shall accept without investigation, requisition or objection such right and title as the Chargor or the Assignor may have to any of the Secured Obligations and shall not be bound or concerned to examine or enquire into or be liable for any defect or failure in the right or title of the Chargor or the Assignor to all or any of the Secured Obligations, whether such defect or failure was known to the Security Trustee or might have been discovered upon examination or enquiry and whether capable of remedy or not
- (t) The Security Trustee shall not be under any obligation to insure all or any of the Secured Obligations or any certificate or other evidence in respect thereof or to require any other person to maintain any such insurance and the Security Trustee shall not be responsible for any Liability resulting from any of the Secured Obligations or any certificate or other evidence in respect thereof being uninsured or inadequately insured
- (u) The Security Trustee shall have no responsibility to the Chargor, the Assignor or any Secured Party as regards any deficiency which might arise as a result of the Security Trustee or any Receiver or Appointee being subject to any tax in respect of all or any of the Secured Obligations, the income therefrom or the proceeds thereof, or being required to make any deduction or withholding from any payment made by it or any Receiver or Appointee under this Deed
- (v) Without prejudice to the obligations of the Chargor or the Assignor hereunder, the Security Trustee shall not be liable for any failure, omission or defect in perfecting protecting or further assuring the security constituted by this Deed including (without prejudice to the generality of the foregoing)
  - (i) any failure, omission or defect in registering or filing or procuring registration or filing of or otherwise protecting or perfecting the Security Interests or the priority thereof or the right or title of any person in or to the assets comprised therein by registering under any applicable registration laws in any territory any notice or other entry prescribed by or pursuant to the provisions of any such laws, or
  - (ii) any failure or omission to require any further assurance in relation to the security constituted by this Deed
- (w) Except as otherwise contemplated hereunder, the Security Trustee shall not be under any obligation to hold any deeds or documents of title or other evidence in respect of any of the Secured Obligations in its own possession or under its own control or to take any steps to protect or preserve the same or to ensure that the Chargor, the Assignor or any other person does any of the foregoing and the Security Trustee shall not be responsible for any Liability incurred thereby
- (x) The Security Trustee shall not be responsible for monitoring the Charged Assets including, without limitation, the suitability, adequacy or fitness of any Charged Assets as security for the Secured Obligations or the sufficiency of the Charged Assets for the discharge of the Secured Obligations or the existence or exercise of any right, power or

discretion under or in relation to any Charged Assets and shall not be responsible for any loss of or diminution in value of any Charged Assets including without limitation any loss or diminution in value caused by any act or omission of any clearing system or the operator thereof, any intermediary, any depositary or any other person by or through whom any Charged Assets or any interest therein is held

(y) The Security Trustee shall not be responsible for recitals, statements, warranties or representations of any other party contained in any Finance Document or other document entered into in connection therewith and shall not assume the accuracy and correctness thereof, nor shall the Security Trustee be responsible for the execution, legality effectiveness adequacy, genuineness validity or enforceability or admissibility in evidence of any such agreement or other document or any security thereby constituted. Without limitation to the generality of the foregoing each Secured Party shall be responsible for making its own independent appraisal of and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Chargor and the Assignor and the Security Trustee shall not at any time have any responsibility for the same and no Secured Party shall rely on the Security Trustee in respect thereof

(z) Notwithstanding anything to the contrary herein, neither the Security Trustee nor any of its Appointees or any Receiver shall be liable for any error of judgment made in good faith by any officer or employee of the Security Trustee, its Appointees or any Receiver or any of its agents and delegates, unless it shall be proved that such Security Trustee Receiver or Appointee or the officer or employee or agent or delegate of such Security Trustee, Receiver, Appointee, agent or delegate was guilty of gross negligence fraud or wilful default in ascertaining the pertinent facts

**20.4** Nothing herein shall, in any case in which the Security Trustee has failed to show the degree of care and diligence required of it as security trustee having regard to the provisions hereof or of any other Finance Document conferring on it any trusts powers authorities or discretions

(a) exempt the Security Trustee from, or indemnify it against, any Liability which by virtue of any rule of law would otherwise attach to it in respect of any gross negligence wilful default or fraud on its part in relation to its duties under this Deed or

(b) prevent any Secured Party from taking any action against the Security Trustee in respect of any such gross negligence, wilful default or fraud

**20.5** Notwithstanding any provision in this Deed to the contrary, in no event shall the Security Trustee be liable for any special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Security Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action

**20.6 Instructions**

(a) In the exercise of any right, power or authority under the Finance Documents, the Security Trustee shall act solely in accordance with the instructions of the Facility Agent (acting unless specified otherwise in the Facility Agreement, on the instructions of the Majority Lenders) (subject to being indemnified and/or secured and/or prefunded to its satisfaction) and shall be fully protected in so doing. In the absence of any such instructions the Security Trustee may act or refrain from acting with respect to such right or power and determine all questions and doubts arising in relation to the interpretation or application of any of the provisions of this Deed and every such determination shall be conclusive and binding on all the Secured Parties absent manifest error

(b) The Security Trustee shall be entitled to request clarification of any instruction or direction received by it from the Facility Agent as to whether, and in what manner, it should exercise or refrain from exercising any rights, remedies powers or discretions and

shall refrain from acting unless and until those instructions or clarifications are received by it and shall have no liability for the consequences thereof

- (c) Notwithstanding anything contained in this Deed, the Security Trustee is entitled at all times to act without having been instructed by the Facility Agent to protect its own position and interests (including its own personal financial interest) or in relation to matters which the Security Trustee determines are necessary or appropriate for the protection of its position and interests in its personal capacity, but without prejudice to its obligations under this Deed towards the Secured Parties

#### **20 7 Exculpation**

The Security Trustee shall not be liable to any person for any breach by a Secured Party of this Deed or be liable to a Secured Party for any breach by any other person of this Deed or any other Finance Document

#### **20 8 Information**

- (a) The Security Trustee shall not have any duty
  - (i) either initially or on a continuing basis to provide a Secured Party or any other party to this Deed with any credit or other information with respect to the financial condition or affairs of the Chargor or the Assignor or any of its related entities whether coming into its possession or that of any related entities of the Security Trustee before or on the entry into this Deed or at any time thereafter, or
  - (ii) unless specifically requested to do so by the Facility Agent in accordance with this Deed, to request any certificates or other documents from the Chargor or the Assignor or any other person
- (b) The parties hereto (other than the Security Trustee) shall provide the Security Trustee with all necessary directions and information as it may reasonably require for the purposes of carrying out its duties and obligations under this Deed

#### **20 9 Disclosure**

The Security Trustee need not disclose any information relating to the Chargor or the Assignor or any of its related entities or any other person or any matter if such disclosure would or might in the reasonable opinion of the Security Trustee constitute a breach of any law, fiduciary duty regulation or the provisions of any Finance Document or be otherwise actionable at the suit of any person and no such person shall be entitled to take any action to obtain from the Security Trustee any such information

#### **21 SECURITY TRUSTEE'S REMUNERATION**

- 21 1 The Chargor shall remunerate the Security Trustee for its services as security trustee from the date of this Deed as shall be separately agreed between the Chargor and the Security Trustee
- 21 2 In the event of the occurrence of a Default, Mandatory Prepayment Event or Enforcement Event or the Security Trustee considering it expedient or necessary or being requested by the Chargor or any Secured Party to undertake duties which the Security Trustee, the Facility Agent (acting on the instructions of the Majority Lenders) and the Chargor agree to be of an exceptional nature or otherwise outside the scope of the normal duties of the Security Trustee hereunder, the Chargor shall pay to the Security Trustee such additional remuneration as shall be agreed in writing between them

- 21.3 Amounts payable to the Trustee pursuant to Clause 21.1 and Clause 21.2 above shall be inclusive of any value added tax or similar tax chargeable in respect thereof
- 21.4 In the event of the Security Trustee, the Facility Agent (acting on the instructions of the Majority Lenders) and the Chargor failing to agree upon whether the duties referred to in Clause 21.2 are of an exceptional nature or otherwise outside the scope of the normal duties of the Security Trustee hereunder or upon the amount of such additional remuneration, such matters shall be determined by an investment bank (acting as an expert and not as an arbitrator) selected by the Security Trustee and approved by the Facility Agent (acting on the instructions of the Majority Lenders) (which may be by way of e-mail) and the Chargor, which approval shall not be unreasonably withheld or delayed, or, failing such approval, nominated (on the application of the Security Trustee) by the President for the time being of The Law Society of England and Wales (the expenses and the fees of such investment bank being payable by the Chargor) and the determination of any such investment bank shall be final and binding upon the Security Trustee, the Facility Agent, the other Secured Parties and the Chargor
- 21.5 The Chargor shall also pay or discharge all Liabilities incurred by the Security Trustee or any Appointee or Receiver in relation to the preparation and execution of, the exercise of its powers and the performance of its duties under, and in any other manner in relation to any Finance Document including but not limited to legal expenses on a full indemnity basis but excluding all taxes other than value added tax and any stamp, issue, registration, documentary and other similar taxes or duties paid or payable by the Security Trustee in connection with any action taken or contemplated by or on behalf of the Security Trustee for enforcing, or resolving any doubt concerning, or for any other purpose in relation to, this Deed or any other Finance Document
- 21.6 All amounts payable to the Security Trustee hereunder shall be payable by the Chargor on the date specified in a demand delivered to the Chargor by the Security Trustee and shall (if not paid within three days of delivery of such demand and the Security Trustee so requires) carry interest at the rate of two per cent per annum above the base rate from time to time of the Deutsche Bank AG, London branch (or any other bank or financial institution specified by the Facility Agent (acting on the instructions of the Majority Lenders) and the Security Trustee) from and including the date specified in such demand to but excluding the date of payment (determined on the basis of the actual number of days in such period divided by 360)
- 21.7 Unless otherwise specifically stated in any discharge of this Deed the provisions of this Clause 21 (*Security Trustee's Remuneration*) and Clauses 20 (*Security Trustee Provisions*) and Clause 24 (*Enforcement Costs*) shall continue in full force and effect and survive the termination of this Deed
- 22 APPOINTMENT OF NEW SECURITY TRUSTEE**
- 22.1 The power to appoint a new security trustee hereunder shall be vested in the Facility Agent (acting on the instructions of the Majority Lenders) provided that (unless the then-existing Security Trustee's appointment is terminated pursuant to Clause 22.4 below) the Facility Agent shall provide 90 days' notice of the appointment of such new trustee to the then-existing Security Trustee. Any appointment of a new security trustee hereunder shall as soon as practicable following such appointment be notified by the Facility Agent to the Chargor, the Assignor, each Lender and the Custodian
- 22.2 Notwithstanding the provisions of Clause 22.1 above, the Security Trustee may, subject to the prior written approval of the Facility Agent (acting on the instructions of the Majority Lenders) (which may be by way of e-mail) and upon giving prior notice to the Chargor, the Assignor and the Custodian, appoint any person established or resident in any jurisdiction to act either as a separate trustee or as a co-trustee jointly with the Security Trustee
- (a) if the Security Trustee considers such appointment not to be materially prejudicial to the interests of the Secured Parties



- (b) for the purposes of conforming to any legal requirements, restrictions or conditions in any jurisdiction in which any particular act or acts is or are to be performed, or
- (c) for the purposes of obtaining a judgment in any jurisdiction or the enforcement in any jurisdiction of a judgment already obtained on any of the provisions hereof against the Chargor, the Assignor or the Security Interests

**22.3** Such a person shall (subject always to the provisions hereof) have such trusts, powers, authorities and discretions (not exceeding those conferred on the Security Trustee hereunder) and such duties and obligations as shall be conferred or imposed by the instrument of appointment. The Security Trustee shall have the power to remove any such person in a like manner. Such reasonable remuneration as the Security Trustee may pay to any such person, together with any attributable costs, expenses and other Liabilities incurred by it in performing its function as such separate trustee or co-trustee, shall for the purposes hereof be treated as costs, expenses and other Liabilities incurred by the Security Trustee.

**22.4** The Security Trustee may retire at any time on giving not less than 90 days' prior written notice to the Facility Agent, the Custodian, the Chargor and the Assignor without giving any reason and without being responsible for any costs, expenses and other Liabilities incurred by reason of such retirement, provided that prior to such retirement being effective the Facility Agent ensures that a replacement security trustee is found (failing which, the Security Trustee may designate a replacement security trustee) and enters into the Finance Documents on the same terms as the Security Trustee. For the avoidance of doubt, the Security Trustee shall not retire until a replacement security trustee approved in writing by the Facility Agent (acting on the instructions of the Majority Lenders) (which may be by way of e-mail) is found and such replacement security trustee enters into the Finance Documents on the same terms as the Security Trustee.

## **23 SET-OFF**

The Security Trustee may set off any matured obligation due from the Chargor or the Assignor under the Finance Documents (to the extent beneficially owned by the Security Trustee) against any matured obligation owed by the Security Trustee to the Chargor or the Assignor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Security Trustee may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

## **24 ENFORCEMENT COSTS**

**24.1** The Chargor shall, within three days of demand, pay to the Security Trustee the amount of all out-of-pocket costs and expenses (including legal fees) incurred by the Security Trustee in connection with the enforcement of, or the preservation of any rights under, any Finance Document, including but not limited to taking, holding or enforcing against all or any of the Charged Assets and including without limitation any stamp, transfer, registration or other taxes or fees payable in relation to such Charged Assets and, on a sale of any of the Charged Assets, any costs associated with the placing of the Charged Assets (as the case may be) on an accelerated basis (which shall include brokerage fees charged by the Security Trustee for placing the Charged Assets, as the case may be).

**24.2** The provisions contained in this Clause 24 (*Enforcement Costs*) shall survive the termination of this Deed.

## **25 RIGHTS, AMENDMENTS, WAIVERS AND DETERMINATIONS**

### **25.1 Ambiguity**

Where there is any ambiguity or conflict between the rights conferred by law and those conferred by or pursuant to any Finance Document, the terms of that Finance Document shall prevail.

## **25.2 Remedies and waivers**

No failure to exercise, nor any delay in exercising, on the part of the Security Trustee, Receiver or Appointee any right or remedy under the Finance Documents, 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 in the Finance Documents are cumulative and not exclusive of any rights or remedies provided by law.

## **25.3 Amendments and waivers**

Any term of this Deed may be amended or waived only with the consent of the Security Trustee, the Chargor and the Assignor.

## **25.4 Certificates and Determinations**

Any certification or determination by the Security Trustee or any Receiver or Appointee under any Finance Document is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

## **26 AVOIDANCE OF PAYMENTS**

### **26.1 No Release**

No assurance, security or payment which may be avoided or adjusted under the law, including under any enactment relating to bankruptcy or insolvency and no release, settlement or discharge given or made by the Security Trustee on the faith of any such assurance, security or payment shall prejudice or affect the right of the Security Trustee to recover the Secured Obligations from the Chargor or the Assignor (including any monies which it may be compelled to pay or refund under the provisions of the Insolvency Act and any costs payable by it pursuant to or otherwise incurred in connection therewith) or to enforce Charge to the full extent of the Secured Obligations.

### **26.2 Retention of Charge**

If the Security Trustee shall have grounds in its absolute discretion for believing that the Chargor or the Assignor may be insolvent or deemed to be insolvent as at the date of any payment made by the Chargor or the Assignor to the Security Trustee, the Security Trustee shall be at liberty to retain the relevant Security Interests until the expiry of a period of one month plus such statutory period within which any assurance, security, guarantee or payment can be avoided or invalidated after the payment and discharge in full of all Secured Obligations notwithstanding any release, settlement, discharge or arrangement which may be given or made by the Security Trustee on or as a consequence of, such payment or discharge of liability provided that, if at any time within such period a petition shall be presented to a competent court for an order for the winding up or the making of an administration order in respect of the Chargor or the Assignor or the Chargor or the Assignor shall commence to be wound up or to go into administration or any analogous proceedings shall be commenced by or against the Chargor or the Assignor, the Security Trustee shall be at liberty to continue to retain the relevant Security Interests for such further period as the Security Trustee may determine and such Security Interests shall be deemed to continue to have been held as security for the payment and discharge to the Security Trustee of all Secured Obligations.

## **27 NOTICES**

**27.1** Unless expressly provided otherwise herein, all notices, requests, demands and other communications required or permitted under this Deed shall be in writing (including by fax or e-mail) and shall be deemed to have been duly given (in the case of delivery by hand) when

delivered or (in the case of fax or e-mail) at the time received by a responsible individual at the address fax number or e-mail address set forth below

**If to the Chargor:**

CQS Investment Management Limited  
5th Floor  
33 Chester Street  
London SW1X 7BL  
United Kingdom

Attention Craig Scordellis, Pavan Lotey, Sarah Higgins  
Tel +44 207 201 5416 / +44 207 201 2492 / +44 207 201 2421  
Telefax +44 207 201 1200 / +44 207 201 1281  
E-mail craig.scordellis@cqsm.com, creditinfo@cqsm.com, loanoperations@cqsm.com

**If to the Assignor**

CQS Management Limited  
5th Floor  
33 Chester Street  
London SW1X 7BL  
United Kingdom

Attention Loan Team / Team Operations  
Tel +44 207 201 6900  
Facsimile +44 207 201 1200  
Email loanoperations@cqsm.com, loanteam@cqsm.com

**If to the Security Trustee or the Facility Agent**

Deutsche Bank AG, London Branch  
Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

Attention Leigh Muntz  
Tel + 44 (0) 207 547 5905  
Facsimile +44 (0) 207 547 6419  
E-mail leigh.muntz@db.com

**If to the Custodian or the Account Bank**

Deutsche Bank AG, London Branch  
Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

Attention TAS (SCS Group – EMEA)  
Fax +44 (0) 207 545 3686  
E-mail CQSRetentionfinance@list.db.com

- 27.2** Any party may alter the address, fax number or e-mail address to which communications or copies are to be sent by giving notice of such change in conformity with the provisions of this Clause 27 (*Notices*) for the giving of notice

**28 PARTIAL INVALIDITY**

If, at any time, any provision of the Finance Documents is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability 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 COUNTERPARTS**

This Deed 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 Deed.

**30 GOVERNING LAW**

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

**31 JURISDICTION**

**31.1 Jurisdiction of English courts**

- (a) The courts of England have exclusive jurisdiction to settle any Dispute.
- (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.
- (c) This Clause 31.1 (*Jurisdiction of English courts*) is for the benefit of the Security Trustee only. As a result, the Security Trustee shall not be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Security Trustee may take concurrent proceedings in any number of jurisdictions.

**This Deed** has been delivered on the date stated at the beginning of this Deed.

## SCHEDULE 1

### RIGHTS OF SECURITY TRUSTEE

The Security Trustee shall have the right, *inter alia*, either in its own name or in the name of the Chargor or the Assignor (as appropriate) or otherwise and in such manner and upon such terms and conditions as the Security Trustee thinks fit, and either alone or jointly with any other person

**1 Take possession**

to take possession of, get in and collect the Charged Assets and to require payment to it of all CQS CLO Management Fees Dividends or the credit balance of any Account

**2 Deal with Charged Assets**

to sell, transfer, assign, exchange or otherwise dispose of or realise the Charged Assets to any person either by public offer or auction, tender or private contract and for a consideration of any kind (which may be payable or delivered in one amount or by instalments spread over a period or deferred) and whether in one lot or any number and size of smaller lots, and whether at the same time or over a period,

**3 Borrow money**

to borrow or raise money either unsecured or on the security of the Charged Assets (either in priority to the Security Interests or otherwise)

**4 Rights of ownership**

to exercise and do (or permit the Chargor, the Assignor or any nominee of the Chargor or the Assignor to exercise and do) all such rights and things as the Security Trustee would be capable of exercising or doing if it were the absolute beneficial owner of the Charged Assets,

**5 Claims**

to settle, adjust, refer to arbitration, compromise and arrange any claims accounts disputes questions and demands with or by any person relating to the Charged Assets

**6 Legal actions**

to bring, prosecute, enforce, defend and abandon actions, suits and proceedings in relation to the Charged Assets,

**7 Redemption of Security**

to redeem any Security (whether or not having priority to the Security Interests) over the Charged Assets and to settle the accounts of any person with an interest in the Charged Assets,

**8 Appoint a Receiver**

by writing appoint a Receiver of the Charged Assets or the relevant part thereof and remove any Receiver so appointed and appoint another such Receiver in his stead The following provisions shall have effect in relation thereto

- (a) such appointment may be made either before or after the Security Trustee shall have taken possession of the Charged Assets or the relevant part thereof,

- (b) such Receiver may be vested by the Security Trustee with such powers and discretions as the Security Trustee may think expedient and may sell or concur in selling the Charged Assets or the relevant part thereof, or assign or release the whole or the relevant part of the Charged Assets, in each case without restriction and on such terms and for such consideration (if any) as he may think fit and may carry any such transaction into effect by conveying, transferring and delivering in the name or on behalf of the Chargor or the Assignor or otherwise,
- (c) except as otherwise required by statute, the Security Trustee may by writing or by deed remove the Receiver whether or not appointing another in his place and the Security Trustee may also appoint another Receiver if the existing Receiver resigns and the Security Trustee may apply to court for an order removing a Receiver
- (d) the exclusion of any part of the Charged Assets from the appointment of the Receiver shall not preclude the Security Trustee from subsequently extending his appointment (or that of any Receiver replacing him) to that part of the Charged Assets or appointing another Receiver over any other part of the Charged Assets
- (e) the remuneration of the Receiver may be fixed by the Security Trustee in good faith and on commercially reasonable terms (and may be or include a commission calculated by reference to the gross amount of all money received or otherwise) and may include remuneration in connection with claims, actions or proceedings made or brought against the Receiver by the Chargor or the Assignor or any other person or the performance or discharge of any obligation imposed upon him by statute or otherwise but such remuneration shall be payable by the Chargor or the Assignor alone and the amount of such remuneration shall be secured on the Charged Assets in accordance with the terms hereof,
- (f) the Receiver shall have, *mutatis mutandis* the powers, authorities and discretions conferred upon the Security Trustee under this Deed, subject to such restrictions as the Security Trustee may think fit Without prejudice to the generality of the foregoing any Receiver appointed to the whole or substantially the whole of the Charged Assets shall have the powers referred to in Schedule 1 to the Insolvency Act, as amended,
- (g) the Security Trustee may pay over to such Receiver any monies constituting part of the Charged Assets to the intent that the same may be applied for the purposes of the Security Deed by such Receiver and the Security Trustee may from time to time determine what funds the Receiver shall be at liberty to keep in hand with a view to the performance of its duties as such Receiver,
- (h) Sections 109(6) and (8) of the LPA (relating to application of monies received by a Receiver) shall not apply in relation to a Receiver appointed under the foregoing provisions of this Schedule 1 (*Rights of Security Trustee*),
- (i) none of the restrictions imposed by the LPA in relation to the appointment of Receivers or as to the giving of notice or otherwise shall apply,
- (j) the Security Trustee may from time to time and at any time require any such Receiver to give security for the due performance of his duties as Receiver and may fix the nature and amount of the security to be so given but the Security Trustee shall not be bound in any case to require any such security or be responsible for its adequacy or sufficiency,
- (k) save so far as otherwise directed by the Security Trustee or as otherwise required by law all monies from time to time received by such Receiver shall be paid over forthwith to the Security Trustee to be held by it,

- (l) every such Receiver shall be agent of the Chargor or the Assignor for all purposes and the Chargor or the Assignor (as applicable) alone shall be responsible for his acts defaults and misconduct, and the Security Trustee and the Secured Parties shall not incur any liability thereof or by reason of its or their making or consenting to the appointment of a person as a Receiver. The Receiver shall have no power to take any action in relation to the Secured Obligations which the Security Trustee is not permitted to take or which the Security Trustee is prohibited from taking by virtue of the terms of this Deed. If a liquidator of the Chargor or the Assignor shall be appointed the Receiver shall act as principal and not as agent for the Security Trustee, and
- (m) none of the Security Trustee or the Secured Parties shall be in any way responsible for any fraud, misconduct, negligence or default on the part of any such Receiver or any losses or Liabilities incurred as a result of the appointment of such Receiver

**9 Other powers**

to do anything else it may think fit for the realisation of the Charged Assets or incidental to the exercise of any of the rights conferred on the Security Trustee under or by virtue of any Finance Document to which the Chargor or the Assignor is party, the LPA or the Insolvency Act and

**10 Instructions to the Custodian**

to give instructions to the Custodian in respect of the Charged Assets in respect of or to exercise any of the rights described above

## SCHEDULE 2

### NOTICE FOR ACCOUNTS

From **CQS INVESTMENT MANAGEMENT LIMITED** as Chargor

To **DEUTSCHE BANK AG, LONDON BRANCH**

Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

Attention TAS (SCS Group – EMEA)  
Fax +44 (0) 207 545 3686  
Email CQSRetentionfinance@list.db.com

Copy **DEUTSCHE BANK AG, LONDON BRANCH** as Security Trustee

Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

Attention Leigh Muntz  
Tel + 44 (0) 207 547 5905  
Facsimile +44 (0) 207 547 6419  
E-mail leigh.muntz@db.com

[•] 2015

We refer to

- (i) the account bank agreement between you and us dated on or about the date hereof (the **'Account Bank Agreement'**),
- (ii) the cash account designated as a "blocked account" maintained by us with you pursuant to the Account Bank Agreement (the **"Cash Account"**),
- (iii) the fee diversion account designated as a "blocked account" maintained by us with you pursuant to the Account Bank Agreement (the **"IML Investment Management Fees Account"**), and
- (iv) the Security Deed dated on or about the date hereof between us and the Security Trustee (the **'Security Deed'**)

Terms capitalised but not otherwise defined in this notice (the **"Notice"**) shall have the same meaning as given to them in the Security Deed

#### **1 Notice of Security**

We hereby give you notice that we have secured in favour of Deutsche Bank AG London Branch (the **"Security Trustee"**) for itself and on behalf of certain secured parties pursuant to the Security Deed, among other things, all of our right, title, interest and benefit in to and under all sums of money which may now or in the future be held with you for our account in the Cash Account the IML Investment Management Fees Account and to any other accounts from time to time maintained with you by us (the **'Accounts'**) together with all interest from time to time earned on such sums and the debts represented by such sums and interest



**2 Instructions prior to notice from Security Trustee**

In accordance with the terms of the Facility Agreement and the Security Deed we hereby instruct you that, prior to the receipt by you of a notice from the Security Trustee to the contrary

- (a) subject to paragraph 5 below, all sums or other securities or assets from time to time standing to the credit of the Cash Account and the IML Investment Management Fees Account should be held to the order of the Security Trustee and such sums, securities or assets may only be paid, transferred or released in accordance with (and we are not permitted to withdraw any monies from the Cash Account or the IML Investment Management Fees Account without) the written instructions of the Security Trustee (countersigned by the Facility Agent (acting on the instructions of the Majority Lenders) which may be by way of e-mail), and
- (b) the terms and conditions relating to the Cash Account, the IML Investment Management Fees Account and any other Account held with the Account Bank may not be amended, varied or waived without the prior written consent of the Security Trustee

**3 With effect from the date of your receipt of this Notice**

- (a) subject to paragraph (c) below, all sums from time to time standing to the credit of the Accounts should be held to the order of the Security Trustee,
- (b) subject to paragraph (c) below, such sums may only be paid or released in accordance with the written instructions of the Security Trustee and the Facility Agent (acting on the instructions of the Majority Lenders) at any time, or as otherwise permitted pursuant to the terms of the Account Bank Agreement,
- (c) the terms and conditions relating to the Accounts designated in the Annex hereto as "blocked accounts" may not be amended, varied or waived without the prior written consent of the Security Trustee,
- (d) we are not permitted to withdraw any amounts from the Accounts designated as "blocked accounts" in the annex to this Notice without the prior written consent of the Security Trustee, and
- (e) we are permitted to withdraw or transfer amounts from the Accounts designated as "no blocked accounts" in the annex to this Notice until such time as the Security Trustee provides written notice to you that such permission is withdrawn (and the Security Trustee may withdraw or notify you of this permission at any time)

**4 Instructions on and following notice from Security Trustee**

In accordance with the terms of the Facility Agreement and the Security Deed we hereby instruct you that, on and following the receipt by you of a notice instructing the same from the Security Trustee and until you receive a notice instructing the contrary

- (a) all sums from time to time standing to the credit of the Cash Account, the IML Investment Management Fees Account and any other Account held with the Account Bank should be held to the order of the Security Trustee and such sums may only be paid, transferred or released in accordance with (and we are not permitted to withdraw any monies from the Cash Account and the IML Investment Management Fees Account without) the written instructions of the Security Trustee at any time,
- (b) the terms and conditions relating to the Cash Account, the IML Investment Management Fees Account and any other Account held with the Account Bank may not be amended, varied or waived without the prior written consent of the Security Trustee and

- (c) the Security Trustee shall be entitled to issue any instructions to you in relation to the Account Bank Agreement and the Secured Custody Assets the subject of the Account Bank Agreement as it sees fit and neither us nor any other person within the CQS Group shall be entitled to issue any instructions to you

## 5 General Instructions to the Account Bank

You are authorised and instructed by us, without requiring any further approval from us

- (a) to pay all
  - (i) CQS CLO Management Fees received by you into the IML Investment Management Fees Account,
  - (ii) all other monies (including all income from and all other cash arising under or in respect of the CLO Retention Assets, including all Dividends comprising cash, any proceeds from the sale or redemption of the CLO Retention Assets and any other cash arising under or in relation to the Secured Custody Assets) received by you into the Cash Account,
- (b) to provide the Security Trustee and the Facility Agent (acting on the instructions of the Majority Lenders, or otherwise) with such information relating to the Accounts (including the balance of any Account) as it may from time to time request
- (c) to deliver to the Calculation Agent
  - (i) prior to the occurrence of an Event of Default or a Mandatory Prepayment Event on each Payment Date a statement (copied to the Facility Agent and the Security Trustee) detailing the amount of cash deposited in the Cash Account, containing sufficient information for the Calculation Agent to determine the Cash Account Balance and to make the relevant payments pursuant to clause 19 2(d) (*Cash Account*) of the Facility Agreement, and
  - (ii) following the occurrence of an Event of Default or a Mandatory Prepayment Event, on each Business Day, a statement (copied to the Facility Agent and the Security Trustee) detailing the amount of cash deposited in the Cash Account and the amount of cash representing CQS CLO Management Fees deposited in the IML Investment Management Fees Account, containing sufficient information for the Calculation to determine the Cash Account Balance and the IML Investment Management Fees Account Balance and to make the relevant payments pursuant to clause 19 2(d) (*Cash Account*) and clause 19 4(d) (*IML Investment Management Fees Account*) of the Facility Agreement, and
- (d) to comply with the terms of any written notice or instructions in any way relating to, or purporting to relate to, the Security Deed, the sums standing to the credit of the Accounts from time to time or the debts represented by them which you receive at any time from the Security Trustee without any reference to or further authority from us and without any further enquiry by you as to the justification for or validity of such notice or instruction

6 These instructions may not be revoked without the prior written consent of the Security Trustee

7 Despite the Security Interests referred to above or the making of any payment by you to or on the order of the Security Trustee or the performance by you of any obligation pursuant to the same we hereby acknowledge that we shall remain liable to perform all our obligations under the Account Bank Agreement or otherwise relating to any Secured Custody Asset and neither the Security Trustee nor any Receiver, or Appointee appointed by it shall at any time be under any

obligation or Liability to you or any other person under or in respect of any Secured Custody Asset

- 8 Any notice or instructions given by the Security Trustee shall, for the purposes of the Account Bank Agreement, constitute "Instructions" and the Security Trustee shall be an "Authorised Person"
- 9 The Security Trustee agrees that it is not a customer of the Account Bank for the purposes of and in accordance with the terms of the Account Bank Agreement
- 10 Any notice or instructions given by the Security Trustee shall be transmitted or delivered in a form and manner satisfactory to you and you may rely on any such notice or instructions you believe in good faith to be genuine
- 11 The Security Trustee and we acknowledge that you shall have no liability to either of the Security Trustee or us in connection with the monitoring or valuation of the Secured Custody Assets or the adequacy or enforceability of the Security Deed or for advising either party on any matter or for the acts or omissions of either of the Security Trustee or us
- 12 The authority and instructions in this Notice are in each case irrevocable and may not be revoked without the prior written consent of the Security Trustee
- 13 **Acknowledgement**

Please sign and return the enclosed copy of this Notice to the Security Trustee (with a copy to us) to confirm (by way of undertaking to the Security Trustee) that

  - (a) you agree with the terms of this Notice and to act in accordance with its provisions
  - (b) you have not received notice of the interest of any third party in the Accounts and
  - (c) you have not, and will not claim, exercise or enforce any security interest right of set-off counterclaim, merger, consolidation of accounts or similar right in respect of the Accounts or the debts represented by them without the prior written consent of the Security Trustee (or, in relation to the Accounts designated as "not blocked accounts" in the Annex to this Notice, pursuant to the current account netting arrangements previously approved in writing by the Security Trustee)
- 14 The Notice and any non-contractual obligations arising out of or in connection with it are in each case governed by English law

**ANNEX TO NOTICE FOR ACCOUNTS**

<b>Account Name</b>	<b>Account Number (IBAN)</b>	<b>Status (blocked account/ not blocked account)</b>
CQS MANAGEMENT LTD CASH ACCOUNT	GB91DEUT40508115556500	Blocked account
CQS MANAGEMENT LTD FEE DIVERSION ACCOUNT	GB64DEUT40508115556501	Blocked account

**For and on behalf of**  
**DEUTSCHE BANK AG, LONDON BRANCH**  
as Security Trustee

**For and on behalf of CQS INVESTMENT**  
**MANAGEMENT LIMITED**  
as Chargor

We acknowledge receipt of the Notice of which this is a copy and confirm each of the matters referred to therein

**For and on behalf of**  
**DEUTSCHE BANK AG, LONDON BRANCH**  
as Account Bank

**SCHEDULE 3  
NOTICE TO THE CUSTODIAN**

**From CQS INVESTMENT MANAGEMENT LIMITED** as Chargor

**To DEUTSCHE BANK AG, LONDON BRANCH** as Custodian  
Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

Attention TAS (SCS Group – EMEA)  
Fax +44 (0) 207 545 3686  
Email CQSRetentionfinance@lst.db.com

**Copy DEUTSCHE BANK AG, LONDON BRANCH** as Security Trustee  
Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

Attention Leigh Muntz  
Tel + 44 (0) 207 547 5905  
Facsimile +44 (0) 207 547 6419  
E-mail leigh.muntz@db.com

[•] 2015

We refer to

- (i) the **custody** agreement between you and us dated on or about the date hereof (the **Custody Agreement**),
- (ii) the client account maintained by us with you pursuant to the Custody Agreement (the **Custody Account**) and
- (iii) the Security Deed dated on or about the date hereof between us and the Security Trustee (the **'Security Deed'**)

Terms capitalised but not otherwise defined in this notice (the **"Notice"**) shall have the same meaning as given to them in the Security Deed

**1 Notice of Security**

We hereby notify you that we have, pursuant to the Security Deed, secured in favour of the Security Trustee for itself and on behalf of certain secured parties, by way of first fixed charge any and all of our present and future right, title, interest and benefit (including all Rights) in to under and in respect of, among other things

- (a) all CLO Retention Assets now or in the future held by us, including for the avoidance of doubt, any and all CLO Retention Assets held by you on our behalf in the Custody Account,

- (b) the Accounts (including the Custody Account) together with all amounts (including interest) now or in the future standing to the credit of or accrued or accruing on the Accounts,
- (c) all Finance Documents to which we are a party, including the Custody Agreement, and
- (d) all Monetary Claims including for the avoidance of doubt, all our present and future right, title and interest (including all Rights) in, to and under the CQS CLO Management Fees

together, the “Secured Custody Assets”

## 2 Instructions prior to notice from Security Trustee

In accordance with the terms of the Facility Agreement and the Security Deed we hereby instruct you that prior to the receipt by you of a notice from the Security Trustee to the contrary

- (a) all Dividends payable in cash received by you as Custodian under or in connection with the Secured Custody Assets and any other Collateral shall be paid into the Cash Account
- (b) all Dividends payable in a form other than in cash received by you under or in connection with the Secured Custody Assets and any other Collateral shall be transferred into and held in the Custody Account
- (c) subject to paragraph 4 below all CLO Retention Assets and Dividends standing to the credit of the Custody Account should be held to the order of the Security Trustee and such CLO Retention Assets and Dividends may only be paid, transferred or released in accordance with (and we are not permitted to withdraw any monies from the Custody Account without) the written instructions of the Security Trustee (countersigned by the Facility Agent (acting on the instructions of the Majority Lenders) which may be by way of e-mail) at any time, and
- (d) the terms and conditions relating to the Custody Account may not be amended varied or waived without the prior written consent of the Security Trustee

## 3 Instructions on and following notice from Security Trustee

In accordance with the terms of the Facility Agreement and the Security Deed we hereby instruct you that, on and following the receipt by you of a notice instructing the same from the Security Trustee (and until you receive a notice instructing the contrary)

- (a) all CQS CLO Management Fees received by you shall be paid into the IML Investment Management Fees Account,
- (b) all CLO Retention Assets and Dividends from time to time standing to the credit of the Custody Account should be held to the order of the Security Trustee and such CLO Retention Assets and Dividends may only be paid, transferred or released in accordance with (and we are not permitted to withdraw any assets from the Custody Account without) the written instructions of the Security Trustee (countersigned by the Facility Agent (acting on the instructions of the Majority Lenders) which may be by way of e-mail) at any time,
- (c) the Security Trustee shall be entitled to exercise or direct the exercise of the voting and other Rights attached to any CLO Retention Assets comprising Collateral held by you in the Custody Account as it sees fit (and the Chargor has agreed that it shall comply or procure the compliance with any directions in respect of the exercise of those Rights and shall promptly execute and/or deliver to the Security Trustee or you such forms of proxy

as may be required in connection with that exercise) and the Chargor has appointed the Security Trustee or its nominee as its proxy to exercise any voting or other rights in respect of any CLO Retention Assets comprising Collateral with effect from the occurrence of an Event of Default or Mandatory Prepayment Event to the extent that such CLO Retention Assets remain registered in its name, except that

- (i) if the notice delivered to you by the Security Trustee specifies that the Security Trustee should continue to comply with our instructions in respect of voting rights attached to the CLO Retention Assets comprising Collateral, then the voting rights in relation to such specified CLO Retention Assets shall continue to be exercised by us, and
  - (ii) in the event that the Security Trustee does not specify in a notice to you that it shall exercise or direct the exercise of the voting rights attached to any CLO Retention Asset comprising Collateral, this shall not affect its right to do so by notice to you at any time subsequently thereafter,
- (d) the terms and conditions relating to the Custody Account may not be amended varied or waived without the prior written consent of the Security Trustee, and
- (e) the Security Trustee shall be entitled to issue any instructions to you in relation to the Custody Agreements, the Secured Custody Assets the subject of the Custody Agreement and the CLO Retention Assets held in the Custody Account as it sees fit and neither us nor any other person within the CQS Group shall be entitled to issue any instructions to you

#### **4 General instructions to the Custodian**

You are generally authorised and instructed by us, without requiring any further approval from us

- (a) to pay all
- (i) CQS CLO Management Fees received by you into the IML Investment Management Fees Account,
  - (ii) Dividends payable in cash received by you as Custodian under or in connection with the Secured Custody Assets and any other Collateral into the Cash Account, and
  - (iii) all Dividends payable in a form other than in cash received by you under or in connection with the Secured Custody Assets and any other Collateral into the Custody Account,
- (b) to provide the Security Trustee with such information relating to the Custody Account (including the balance of or identity of the assets within the Custody Account) as it may from time to time request, and
- (c) to comply with the terms of any written notice or instructions in any way relating to or purporting to relate to, the Security Deed, the Facility Agreement or the Custody Agreement, the CLO Retention Assets and Dividends standing to the credit of the Custody Account from time to time or the debts represented by them which you receive at any time from the Security Trustee without any reference to or further authority from us and without any further enquiry by you as to the justification for or validity of such notice or instruction

#### **5 Despite the Security Interests referred to above or the making of any payment by you to or on the order of the Security Trustee or the performance by you of any obligation pursuant to the same**

we hereby acknowledge that we shall remain liable to perform all our obligations under the Custody Agreement or otherwise relating to any Secured Custody Asset and neither the Security Trustee nor any Receiver or Appointee appointed by it shall at any time be under any obligation or Liability to you or any other person under or in respect of any Secured Custody Asset

- 6 Any notice or instructions given by the Security Trustee shall, for the purposes of the Custody Agreement, constitute 'Instructions' and the Security Trustee shall be an "Authorised Person"
- 7 The Security Trustee agrees that it is not a customer of the Custodian for the purposes of and in accordance with the terms of the Custody Agreement
- 8 Any notice or instructions given by the Security Trustee shall be transmitted or delivered in a form and manner satisfactory to you and you may rely on any such notice or instructions you believe in good faith to be genuine
- 9 The Security Trustee and we acknowledge that you shall have no liability to either of the Security Trustee or us in connection with the monitoring or valuation of the Secured Custody Assets or the adequacy or enforceability of the Security Deed or for advising either party on any matter or for the acts or omissions of either of the Security Trustee or us
- 10 The authority and instructions in this Notice are in each case irrevocable and may not be revoked without the prior written consent of the Security Trustee

#### **Acknowledgement**

- 11 Please sign and return the enclosed copy of this Notice to the Security Trustee (with a copy to us) to confirm (by way of undertaking to the Security Trustee) that
  - (a) you agree with the terms of this Notice and will act in accordance with its provisions
  - (b) you will pay all sums due under the Custody Agreements and/or received under or in connection with any Secured Custody Asset as directed by or pursuant to this Notice,
  - (c) you have not, and will not claim, exercise or enforce any security interest, right of set-off counterclaim, merger consolidation of accounts or similar right in respect of the Custody Account or the debts represented by them without the prior written consent of the Security Trustee,
  - (d) you have not received any other notice of any assignment or charge of any Secured Custody Asset or of any other interest of any third party in any Secured Custody Asset and
  - (e) you will not agree to amend, supplement vary or waive any provision of the Custody Agreement or exercise any right to rescind, cancel or terminate the Custody Agreement (or accept any notice or instructions from us in connection with any of the foregoing) or give any consent under the Custody Agreement without the consent of the Security Trustee
- 12 The Notice and any non-contractual obligations arising out of or in connection with it are in each case governed by English law

**For and on behalf of DEUTSCHE BANK AG,  
LONDON BRANCH**  
as Security Trustee

**For and on behalf of CQS INVESTMENT  
MANAGEMENT LIMITED**  
as Chargor




We acknowledge receipt of the Notice of which this is a copy and confirm each of the matters referred to in paragraphs 11(a) to (c) (inclusive) of the Notice

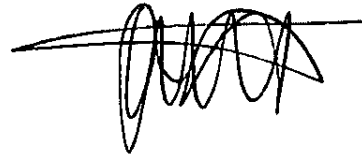
For and on behalf of  
**DEUTSCHE BANK AG, LONDON BRANCH**  
as Custodian

Execution Pages

Chargor  
SIGNED as a DEED by  
CQS INVESTMENT MANAGEMENT LIMITED

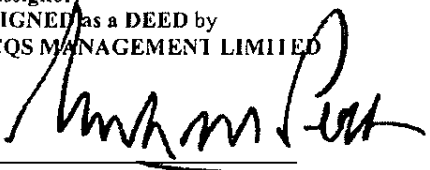
  
\_\_\_\_\_  
Director/Secretary MARTIN PABARI

Witness: Atholl Wilton

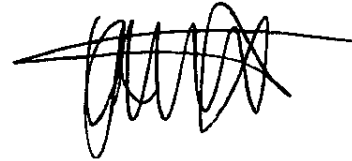


\_\_\_\_\_  
Director/Secretary

Assignor  
SIGNED as a DEED by  
CQS MANAGEMENT LIMITED

  
\_\_\_\_\_  
Director/Secretary SIR MICHAEL PEAT

Witness: Atholl Wilton



\_\_\_\_\_  
Director/Secretary

Security Trustee

SIGNED as a DEED for and on behalf of  
DEUTSCHE BANK AG, LONDON BRANCH

\_\_\_\_\_  
Director/Secretary

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Director/Secretary

Execution Pages

Chargor  
SIGNED as a DEED by  
CQS INVESTMENT MANAGEMENT LIMITED

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Director/Secretary

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Director/Secretary

Assignor  
SIGNED as a DEED by  
CQS MANAGEMENT LIMITED


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Director/Secretary

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Director/Secretary

Security Trustee

SIGNED as a DEED for and on behalf of  
DEUTSCHE BANK AG, LONDON BRANCH

  
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~~Director/Secretary~~ AUTHORIZED SIGNATORY

  
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