



Registration of a Charge

Company name: **PRECIS (1789) LIMITED**

Company number: **03812495**



X40YKYW1

Received for Electronic Filing: **10/02/2015**

Details of Charge

Date of creation: **28/01/2015**

Charge code: **0381 2495 0003**

Persons entitled: **BRITISH AMERICAN TOBACCO UK PENSION FUND TRUSTEE LIMITED
(AND ITS SUCCESSORS IN TITLE)**

Brief description: **THE FREEHOLD PROPERTY KNOWN AS GLOBE HOUSE, 4 TEMPLE
PLACE, LONDON WC2R 2PG REGISTERED WITH TITLE NUMBER
NGL623620**

Contains fixed charge(s).

Contains negative pledge.

Authentication of Form

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

Authentication of Instrument

Certification statement: **I CERTIFY THAT THE ELECTRONIC COPY INSTRUMENT
DELIVERED AS PART OF THIS APPLICATION FOR REGISTRATION
IS A CORRECT COPY OF THE ORIGINAL INSTRUMENT.**

Certified by:

ANN GRIFFITHS, SECRETARY



CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 3812495

Charge code: 0381 2495 0003

The Registrar of Companies for England and Wales hereby certifies that a charge dated 28th January 2015 and created by PRECIS (1789) LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 10th February 2015 .

Given at Companies House, Cardiff on 11th February 2015

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



Companies House



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES

Dated 28 January 2015

MORTGAGE DEED

created by

PRECIS (1789) LIMITED

in favour of

**BRITISH AMERICAN TOBACCO UK
PENSION FUND TRUSTEE LIMITED**

Linklaters

(representing the Trustee)

Linklaters LLP
One Silk Street
London EC2Y 8HQ

Telephone (44-20) 7456 2000
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Ref Claire Petheram

Mayer Brown International LLP

(representing Holdings and the Chargor)

201 Bishopsgate
London EC2M 3AF

Telephone (44-20) 3130 3000
Facsimile (44-20) 3130 8774

Ref: Anna Rogers

This Mortgage Deed ("Deed") is made on 28 January 2015 between:

- (1) **PRECIS (1789) LIMITED** (Company No. 03812495) whose registered office is at Globe House, 4 Temple Place, London, WC2R 2PG (the "**Chargor**"); and
- (2) **BRITISH AMERICAN TOBACCO UK PENSION FUND TRUSTEE LIMITED** (Company No 02608167) whose registered office is at Globe House, 1 Water Street, London, WC2R 3LA (the "**Trustee**"),

and together, the "**Parties**".

WHEREAS

- (A) British-American Tobacco (Holdings) Limited ("**Holdings**") is the main participating employer in relation to the British American Tobacco UK Pension Fund (the "**Scheme**"). The Trustee is the present trustee in relation to the Scheme. British American Tobacco (Investments) Limited is the present principal employer in relation to the Scheme.
- (B) The Scheme is governed by rules dated 21 May 2013 as amended from time to time in which are set out the provisions governing the Scheme ("the **Rules**").
- (C) Holdings and the Trustee have entered into a funding agreement a copy of which is appended to this Deed at Schedule 2 as part of a package of measures relating to the formal valuation of the Scheme as at 31 March 2014 (the "**Funding Agreement**").
- (D) The Chargor owns the Property (as defined below) subject to the Existing Lease (also as defined below).
- (E) Under the terms of the Funding Agreement Holdings agreed to procure that the Chargor would create a legal mortgage over the Property in favour of the Trustee on terms which had been agreed, by way of security for certain obligations of Holdings.
- (F) That legal mortgage was created by a mortgage deed entered into between the Chargor and the Trustee on 15 December 2014 (the "**Original Mortgage Deed**"). The Parties have agreed that the security created by the Original Mortgage Deed shall be released and a new legal mortgage created. This Deed contains both that release and that new legal mortgage.
- (G) Holdings and the Chargor have entered into a separate guarantee agreement pursuant to which Holdings has agreed to pay a guarantee fee to the Chargor in consideration for its entering into the Original Mortgage Deed. Those parties have agreed that the guarantee agreement will continue to apply as if it referred to this Deed in place of the Original Mortgage Deed.

IT IS HEREBY AGREED AS FOLLOWS:

1 Interpretation

1.1 Definitions

In this Deed, except to the extent that the context requires otherwise:

"**Administration**" means administration under Part II of the Insolvency Act as amended from time to time;

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

"Charged Assets" means all assets of the Chargor for the time being subject to the Charge created by this Deed, which for the avoidance of doubt will not include any assets of Holdings or any other person (apart from the Chargor) in or on the Property;

"Charge" means all or any of the security created by or pursuant to this Deed;

"Delegate" has the meaning given in Clause 8.2 (*Delegation*);

"Encumbrance" means any mortgage, charge, pledge, lien, hypothecation or other security interest of any kind other than liens arising by operation of law in the ordinary course of the Chargor's business;

"Enforcement Date" means the first date upon which the Trustee commences any enforcement of its Rights under this Deed;

"Enforcement Event" has the meaning given to it in Clause 6.2 (*Enforcement Events*);

"Existing Lease" means the occupational lease dated 1 August 2002 made between (1) Globe House (No. 1) Limited and Globe House (No. 2) Limited; (2) British American Tobacco (1998) Limited; (3) B.A.T Industries Plc; and (4) Hammerson UK Properties Plc.;

"Fixtures" means fixtures, fittings (including trade fixtures and fittings) and fixed plant, machinery and apparatus of any kind;

"Insolvency Act" means the Insolvency Act 1986;

"Insurance Proceeds Account" has the meaning given to it in Clause 4.6.4 (*Insurance and the Insurance Proceeds Account*);

"LPA" means the Law of Property Act 1925;

"Maximum Amount" means an amount equal to the lowest of (i), (ii) and (iii):

- (i) the amount required to ensure that the value of the assets of the Scheme as at the date of the first application of proceeds by the Trustee (or such other date as is agreed between the Trustee and the Chargor), as determined by the Scheme actuary is equal to 110% of the Long Term Funding Target as at such date;
- (ii) the amount estimated by the Scheme actuary to be necessary as at the date of the first application of proceeds by the Trustee (or such other date as is agreed between the Trustee and the Chargor) to enable all liabilities of the Scheme to be fully bought out on the open market; and
- (iii) £150 million.

"Person" includes any individual, company, corporation, firm, partnership, joint venture, association, organisation, trust, state or agency of a state (in each case whether or not having separate legal personality);

"Perfection Requirements" means the making of the appropriate registrations of this Deed with the Registrar of Companies (if applicable) and any other registrations, filings and notices that are deemed appropriate by the Trustee, acting reasonably, for the perfection of the security constituted by this Deed;

"Property" means the property described in Schedule 1 and any part or parts thereof including all Rights of the Chargor from time to time attached or appurtenant thereto and all buildings and Fixtures of the Chargor from time to time therein or thereon;

"Receiver" means any receiver (including, but not limited to, a receiver and manager, and an administrative receiver) appointed under this Deed in respect of all or any of the Charged Assets and where more than one receiver has been appointed each of them;

"Remaining Maximum Amount" at any time means the Maximum Amount less the aggregate of any amounts previously recovered by the Trustee and any other Indemnified Persons under this Deed as a result of any enforcement by the Trustee of the Charge or of any payment made by the Chargor in order to remedy a breach which has occurred;

"Rights" means rights, authorities, discretions, remedies, liberties, powers, easements, quasi-easements and appurtenances (in each case, of any nature whatsoever);

"Secured Liabilities" means:

- (i) all money, liabilities and obligations now or in the future incurred by the Chargor to the Trustee under this Deed, whether certain or contingent; and
- (ii) all of the obligations to Holdings to make:
 - (a) contributions to the Trustee pursuant to Clauses 2 (*Additional Contributions*) and 3 (*Annual Payments*) of the Funding Agreement; and
 - (b) any future contributions to the Trustee which Holdings or any employer participating in the Scheme undertakes from time to time to make or becomes liable to make.

"Settlement Documents" means the Funding Agreement, the schedule of contributions in force in relation to the Scheme, this Deed and any other debenture, guarantee or security document entered into by any Person and at any time in respect of Holdings' obligations under any Settlement Document in force in relation to the Scheme in favour of the Trustee, and **"Settlement Document"** shall mean any of them; and

"Tax" means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

Other words and expressions shall have the meaning given in the Funding Agreement.

1.2 Other Interpretation

In this Deed unless the context otherwise requires:

- 1.2.1 Assets:** a reference to **"assets"** includes present and future properties, revenues and rights of every description;
- 1.2.2 Clauses:** a reference to a **"Clause"** or a **"Schedule"** is a reference to a Clause of, or a Schedule to, this Deed;
- 1.2.3 Companies Act:** words and phrases defined in the Companies Act 2006 have the same meanings in this Deed but the word "company" includes any body corporate;
- 1.2.4 General:** general words shall not be given a restrictive meaning by reason of the fact they are followed by particular examples intended to be embraced by the general words;

- 1.2.5 **Headings:** headings are for reference purposes only and shall not affect the construction of anything in this Deed;
- 1.2.6 **Indebtedness:** any reference to "**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;
- 1.2.7 **Interest:** references to any rate of interest shall be construed as meaning that rate as from time to time in force, calculated from day to day, and compounded on the last day of every month, both before and after judgment;
- 1.2.8 **Plurals:** the singular includes the plural and vice versa, and reference to any gender includes the other genders;
- 1.2.9 **Statute:** any reference to any statute or statutory instrument or any section or part thereof includes any enactment (present or future) replacing or amending it or any instrument, order or regulation made under it and also includes any past statutory provisions (as from time to time modified or re-enacted) which such provision has directly or indirectly replaced;
- 1.2.10 **Trustee:** references to the "**Trustee**" shall be construed so as to include its successors in title as trustee of the Scheme; and
- 1.2.11 **Winding-up:** reference to "**winding-up**" of a Person also includes the amalgamation, reconstruction, reorganisation, dissolution, liquidation, merger or consolidation of that Person, and any equivalent or analogous procedure under the law of any jurisdiction (and references to the commencement of any of the foregoing include a reference to the presentation of a petition to a court of competent jurisdiction or the passing of a valid resolution for or with a view to any of the foregoing).

2 Chargor's obligations in respect of Secured Liabilities

The Chargor shall pay, perform and discharge each of the Secured Liabilities to the Trustee in accordance with the terms of the Settlement Documents (or procure that the same are so paid, performed and discharged) within two months after the same becomes due.

3 Security

3.1 Fixed Charges

The Chargor with full title guarantee and as security for the payment, performance and discharge of all Secured Liabilities hereby:

- 3.1.1 charges the Property in favour of the Trustee by way of first legal mortgage; and
- 3.1.2 charges the Insurance Proceeds Account, any balance on the Insurance Proceeds Account from time to time and the indebtedness represented by that balance in favour of the Trustee by way of first fixed charge.

3.2 Assignment

The Chargor with full title guarantee and as security for the payment and discharge of all Secured Liabilities hereby assigns to the Trustee the benefit of all Rights (save to the extent mortgaged by Clause 3.1.1 above) to which the Chargor is now or may hereafter become entitled in relation to the Property and/or any buildings now or hereafter standing thereon including in particular (but without prejudice to the generality of the foregoing) the benefit of all insurances in relation thereto and all Rights against all past present and future tenants and undertenants of the whole or any part or parts of the Property and their respective guarantors or sureties subject to the provision for re-assignment hereinafter contained.

3.3 Limited recourse

Notwithstanding any other provision of this Deed:

- 3.3.1 the sole right of recourse of the Trustee and other Indemnified Persons to the Chargor in respect of the obligations of the Chargor under this Deed and the Funding Agreement and the other Secured Liabilities shall be by way of an enforcement by the Trustee of the Charge in accordance with and subject to the terms of this Deed and accordingly the Trustee shall not be entitled to take any other action (including without limitation commencing court proceedings or initiating or supporting insolvency proceedings) against or in respect of the Chargor in respect of the same; and
- 3.3.2 the aggregate amount recoverable by the Trustee and other Indemnified Persons under this Deed as a result of such enforcement or of any payment by the Chargor shall not exceed the lesser of:
 - (i) the proceeds of such enforcement; and
 - (ii) the Maximum Amount.

In this Clause 3.3, "**Indemnified Persons**" means the Trustee, a Receiver and any other Person from time to time entitled to an indemnity under Clause 9.3 (Indemnity from the Chargor).

4 Chargor Covenants and Restrictions

4.1 Encumbrances

The Chargor covenants not, without the prior written consent of the Trustee, to create (otherwise than in favour of the Trustee) any Encumbrance, or to allow any Encumbrance to arise or continue, on or over the whole or any part of the Charged Assets other than an Encumbrance which ranks in priority behind the Charge.

4.2 Disposal

The Chargor shall not (nor agree to) enter into a single transaction or a series of transactions (whether related or not and whether voluntary or involuntary) to sell, lease, licence, sub-licence, transfer or otherwise dispose of its interest (whether whole or in part) in the Charged Assets or part thereof without the prior written consent of the Trustee, except that the consent of the Trustee shall not be required in respect of the granting of a lease, licence, sub-licence or other occupational interest on arm's length terms including

the payment of rent of a market rate or (for the avoidance of doubt) in respect of the amendment or extension of the Existing Lease.

4.3 Documents of title

The Chargor shall ensure that during the continuance of the Charge the Trustee shall be entitled to access on reasonable notice to review all deeds and documents of title relating to the Property.

4.4 Registered Land

Where the Property is registered at the Land Registry, the Chargor shall:

- 4.4.1 promptly apply to the Land Registry to register the legal mortgage created by Clause 3.1.1;
- 4.4.2 promptly submit to the Land Registry the duly completed Form RX1 requesting a restriction be entered on the register of the title of the Property in standard Form P in Schedule 4 to the Land Registration Rules 2003; and
- 4.4.3 promptly pay all appropriate registration fees,

or, if the Trustee gives notice to the Chargor that the Trustee will submit the relevant forms to the Land Registry, the Chargor shall promptly provide the Trustee with all duly completed forms reasonably requested by the Trustee and all appropriate registration fees.

4.5 Title Information Document

On completion of the registration of the legal mortgage pursuant to this Clause 4, the Chargor shall promptly supply to the Trustee a certified copy of the relevant Title Information Document issued by the Land Registry.

4.6 Insurance and the Insurance Proceeds Account

- 4.6.1 The Chargor shall maintain, or procure the maintenance of, insurances in respect of the Property on such terms and with such insurers as the Chargor, acting reasonably, shall determine. The Chargor shall procure that within 60 days after the date of this Deed:

- (i) the existence of the charge by way of legal mortgage granted in Clause 3.1.1 shall be noted on each such policy; and
- (ii) the proceeds of any payment in respect of the value of the Property made under any such policy relating to damage or destruction of the Property (an "**Insurance Proceeds Payment**") shall be paid to the Chargor unless the Trustee agrees otherwise (such agreement not to be unreasonably withheld or delayed).

- 4.6.2 The Chargor shall comply at all times with all the requirements of any such insurance policy, and not do or omit to do anything, or allow anything to occur or continue, which will or may cause any such insurance policy to become void or voidable, or allow the insurer to refuse any indemnity under it.

- 4.6.3 The Chargor shall on the Trustee's request from time to time (but not more frequently than once every 12 months) provide a copy of the certificate of insurance in place in respect of the Property or other appropriate evidence.

- 4.6.4 Promptly following receipt of any Insurance Proceeds Payment, the Chargor shall pay into a bank account in its name established for this purpose (the "**Insurance Proceeds Account**") the lesser of (a) the amount of that Insurance Proceeds Payment and (b) the amount, if any, required to bring the balance on the Insurance Proceeds Account up to the Remaining Maximum Amount.
- 4.6.5 The Chargor shall have no obligation to restore or reinstate the Property following loss or damage which results in an Insurance Proceeds Payment being made; but notwithstanding the charge created by Clause 3.1.1 it shall be entitled (in its discretion) to have monies released from the Insurance Proceeds Account to fund (or reimburse the funding of) expenditure incurred in such restoration or reinstatement.
- 4.6.6 Notwithstanding the charge created by Clause 3.1.1, the Chargor shall be entitled at any time to have released from the Insurance Proceeds Account the amount (if any) by which the balance on the Insurance Proceeds Account exceeds the Remaining Maximum Amount at that time.
- 4.6.7 Subject to Clauses 4.6.5 and 4.6.6, any withdrawals from the Insurance Proceeds Account will require the consent of the Trustee and (except at any time when an Enforcement Event has occurred and is continuing) the Chargor.
- 4.6.8 The Chargor shall within a reasonable period deliver to the Trustee, and the Trustee shall be entitled to hold, such documents relating to the Insurance Proceeds Account as the Trustee reasonably requires, including any notice to the relevant bank or financial institution of the charge over the Insurance Proceeds Account in such form as the Trustee may reasonably require.

4.7 Condition of the Property

The Chargor shall keep, or procure the keeping of, the Property in good and substantial repair (save for any disrepair which is not material).

4.8 Compliance with Covenants

The Chargor shall:

- 4.8.1 at all times observe and perform (and ensure that any other Person at any time occupying any part of the Property also observes and performs) all material restrictive and other covenants to which the Property or any part of it may from time to time be subject, all material obligations on the part of the Chargor in any lease or tenancy agreement, and all building regulations and all restrictions, conditions and stipulations for the time being affecting the Property or any part of it or the use or enjoyment of the Property;
- 4.8.2 pay all rents, rates, Taxes and outgoings payable by virtue of its ownership or occupation of the Property;
- 4.8.3 notify the Trustee of the commencement and progress of any negotiations with any competent authorities with regard to the compulsory acquisition of the Property or consent to the compulsory acquisition of the Property;
- 4.8.4 observe and perform the material terms on its part contained in any lease or agreement for lease comprised within the Property; and

- 4.8.5 duly and punctually perform and observe in all material respects any covenants, stipulations and obligations (restrictive or otherwise) affecting the Property.

4.9 Information

The Chargor shall:

- 4.9.1 notify the Trustee of the occurrence of any Enforcement Event of which it becomes aware; and
- 4.9.2 promptly deliver to the Trustee such further information regarding the Charged Assets as the Trustee may reasonably request; and
- 4.9.3 provide upon request by the Trustee a copy of any valuation carried out by or on behalf of it in respect of the Property after the date of this Deed.

4.10 Authorisations

The Chargor shall promptly:

- 4.10.1 obtain, comply with and do all that is necessary to maintain in full force and effect; and
- 4.10.2 supply certified copies to the Trustee of,

any authorisation required by applicable law to enable it to perform its obligations under the Settlement Documents and to ensure the legality, validity, enforceability or admissibility in evidence of the Settlement Documents in any relevant jurisdiction.

4.11 Perfection requirements

The Chargor shall promptly comply with the Perfection Requirements.

5 Further Assurance

The Chargor shall promptly do whatever the Trustee or Receiver reasonably requires:

- (a) to perfect or protect the Charge or the priority of the Charge; or
- (b) to facilitate the exercise of any rights, powers and remedies of the Trustee or any Receiver or Delegate provided by or pursuant to this Deed or by law; or
- (c) to facilitate the realisation of the Charged Assets or the exercise of any rights vested in the Trustee,

including making any registration and giving any appropriate notice, order or direction, in each case as required by law, and (following an Enforcement Event which is continuing) executing any transfer, conveyance, charge, assignment or assurance of the Charged Assets (whether to the Trustee or its nominees or otherwise).

6 Enforcement

6.1 Exercise of Rights

The statutory power of sale and of appointing a Receiver conferred on mortgagees by Section 101 of the LPA as varied and extended by this Deed shall be deemed to arise on the date hereof and shall in favour of any purchaser (as defined in Section 205 of the LPA) or any Person dealing in good faith with the Trustee or any Receiver or Delegate be

deemed to be exercisable on and from the date of this Deed but as between the Chargor and the Trustee (but not so as to affect or concern such purchaser, Person, Receiver or Delegate as aforesaid) shall be exercisable after the occurrence of an Enforcement Event which is continuing at the relevant time. Section 103 of the LPA shall not apply to this Deed.

6.2 Enforcement Events

The occurrence at any time and for any reason, whether within or beyond the control of any party to this Deed, of any of the following events shall constitute an "Enforcement Event":

- 6.2.1 Holdings does not pay any or procure the payment of any of the Secured Liabilities owed by it within two months (or such longer period as may be agreed by the Trustee, acting reasonably) of the same becoming due at the place and in the currency in which it is expressed to be payable;
- 6.2.2 the Chargor fails in a material respect to observe or perform any of the covenants and restrictions in Clause 4 (*Chargor Covenants and Restrictions*) where either (a) the failure is not capable of being remedied or (b) the failure is not remedied within three months of the Trustee serving notice on the Chargor requiring the same or the Chargor becoming aware of the failure;
- 6.2.3 Holdings is unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness;
- 6.2.4 Holdings is unable to pay its debts as they fall due within the meaning of s123(2) Insolvency Act (as if the words "it is proved to the satisfaction of the court that" did not appear);
- 6.2.5 Holdings takes any corporate action, legal proceedings or other procedure or step in relation to:
 - (i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, Administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of Holdings; or
 - (ii) a composition, assignment or arrangement with any creditor of Holdings;
- 6.2.6 a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer is appointed in respect of Holdings or any of its assets, or any analogous procedure or step is taken in any jurisdiction; or
- 6.2.7 another creditor with an Encumbrance over the Property enforces (or attempts to enforce) that Encumbrance by taking possession of the Property or exercising its power of sale over the Property.

7 Appointment and Rights of Receivers

7.1 Appointment of Receivers

Where entitled under Clause 6.1 (*Exercise of Rights*), or if otherwise requested by the Chargor, or if an application is presented for the making of an administration order in relation to the Chargor or any person who is entitled to do so gives written notice of its

intention to appoint an administrator of the Chargor or files such a notice with the court, the Trustee may:

- 7.1.1 appoint free from the restrictions imposed by Section 109(1) of the LPA either under seal or in writing under its hand any one or more persons to be a Receiver of the whole or any part or parts of the Charged Property in like manner in every respect as if the Trustee had become entitled under the LPA to exercise the power of sale conferred under the LPA;
- 7.1.2 remove any Receiver and appoint any Person instead of any Receiver; and
- 7.1.3 if the Trustee appoints more than one Person as Receiver of the Charged Assets, the Trustee may give the relevant Persons power to act either jointly or severally. The appointment of a Receiver shall be in writing and may be signed by any director or employee on behalf of the Trustee.

7.2 Scope of appointment

Any Receiver may be appointed as Receiver of all of the Charged Assets or Receiver of a part of the Charged Assets specified in the appointment.

7.3 Rights of Receivers

The Receiver shall be the agent of the Chargor (which shall be solely liable for his acts, defaults and remuneration) unless and until the Chargor goes into liquidation, whereafter he shall act as principal and shall not become the agent of the Trustee. The Receiver shall have and be entitled to exercise in relation to the Charged Assets all the powers set out in the Insolvency Act 1986 Schedule 1 (whether or not he is an administrative receiver) and in applying that Schedule:

- 7.3.1 the words "he" and "him" refer to the Receiver; and
- 7.3.2 references to the "property of the company" are to the Charged Assets over which the Receiver is appointed;

and, in particular, by way of addition to but without limiting such powers (and without prejudice to the Trustee's powers), the Receiver shall have power to maintain, repair, make safe, improve and develop the Charged Assets, and to do all such other things as may in his opinion be necessary or desirable for maintaining or enhancing the value or marketability of any Charged Asset.

7.4 Remuneration

The Trustee may from time to time determine the remuneration of any Receiver (without any restriction imposed by Section 109(6) of the LPA) and direct payment of such remuneration out of moneys accruing to him as Receiver but the Chargor alone shall be liable for the payment of such remuneration and for all other costs, charges and expenses of the Receiver. The remuneration of the Receiver shall be a debt secured by this Deed, which shall be due and payable immediately upon its being paid by the Trustee.

8 The Trustee's Rights

8.1 Rights of Receiver

Any Rights conferred by this Deed (either expressly or impliedly) upon a Receiver may be exercised by the Trustee (after such Rights have become exercisable as provided in

Clause 6.1 (*Exercise of Rights*)) irrespective of whether the Trustee shall have taken possession or appointed a Receiver of the Charged Assets.

8.2 Delegation

The Trustee may delegate in any reasonable manner to any Person selected by it with reasonable care any of the Rights which are for the time being exercisable by the Trustee under this Deed. Any such delegation may be made upon such terms and conditions (including power to sub-delegate) as the Trustee may think fit. Any delegate or sub-delegate shall each be referred to as a "**Delegate**" for the purposes of this Deed.

8.3 Insurance

If the Chargor fails within a reasonable period following a request by the Trustee to produce evidence of insurances as referred to in Clause 4.6.3 (*Insurance*) which prove to the satisfaction of the Trustee, acting reasonably, that the Chargor is complying with Clause 4.6 (*Insurance*), the Trustee shall be entitled to effect such insurances of the Charged Assets as it thinks fit.

8.4 Extension of Statutory Powers of Leasing

The statutory powers of leasing and accepting surrenders are extended so as to authorise the Trustee, any Receiver or Delegate, at any time when an Enforcement Event has arisen and is continuing, whether in its own name or in that of the Chargor, to make any lease or agreement for lease, accept surrenders of leases or grant any option of the whole or part of the Property with whatever rights relating to other parts of it, containing whatever covenants on the part of the Chargor, generally on such terms and conditions (including the payment of money to a lessee or tenant on a surrender) and whether or not at a premium, as the Trustee, Receiver or Delegate thinks fit without the need to comply with any restriction imposed by sections 99 and 100 of the LPA.

9 No Liability of the Trustee, Receivers and Delegates

9.1 Possession

If the Trustee, any Receiver or any Delegate shall take possession of the Charged Assets, they may at any time relinquish such possession. The Trustee shall not become liable as a mortgagee in possession by viewing the state of repair of or repairing the Charged Assets or for any other reason.

9.2 No Liability to Account

None of the Trustee, any Receiver or Delegate (each a "**Relevant Person**") or any officer, employee or agent of a Relevant Person shall in any circumstances (either by reason of taking possession of the Charged Assets or for any other reason whatsoever and whether as mortgagee in possession or on any other basis whatsoever):

9.2.1 (in the case of the Trustee) be liable to account to the Chargor or any other Person for anything except the Trustee's own actual receipts which have not been distributed or paid to the Chargor or the Persons entitled or at the time of payment honestly and reasonably believed by the Trustee to be entitled thereto;

9.2.2 be liable to the Chargor or any other Person for any costs, charges, losses, damages, liabilities or expenses arising from or connected with any realisation of the Charged Assets or from any act, default, omission or misconduct of the

Relevant Person or any of their respective officers, employees or agents in relation to the Charged Assets or from any exercise or purported exercise or non-exercise by the Relevant Person of any power, authority or discretion provided by or pursuant to this Deed or by law or for any other loss of any nature whatsoever in connection with the Charged Assets or the Settlement Documents in connection with this Deed except to the extent that they shall be caused by that person's own fraud, negligence or wilful misconduct or that of its officers or employees or agents; or

- 9.2.3 by virtue of this Clause 9.2 owe any duty of care or other duty to any Person which it would not owe in the absence of this Clause 9.2.

9.3 Indemnity from the Chargor

The Chargor shall indemnify and keep indemnified the Trustee, every Receiver, and any Person who acts as the servant, agent, delegate or attorney of any of them, against all claims, costs, expenses and liabilities which any of them may suffer or incur arising in the proper exercise or purported exercise of any Right, power, authority or discretion given by it under this Deed in relation to the Charged Assets. The provisions of this Clause 9 shall continue in full force and effect notwithstanding any release or discharge of this Deed, or the discharge of any Receiver from office; but this is without prejudice to Clause 3.3 (*Limited recourse*).

10 Power of Attorney

10.1 Appointment

The Chargor by way of security irrevocably appoints the Trustee, every Receiver and every Delegate severally its attorney (with full power of substitution), on its behalf and in its name or otherwise, at such time after the Rights conferred by this Deed have become exercisable as provided in Clause 6.1 (*Exercise of Rights*) and in such manner as the attorney may think fit:

- 10.1.1 to do anything which the Chargor is obliged to do (but has not following a request from the Trustee done) under this Deed including, without limitation, pursuant to Clause 5 (*Further Assurance*); and
- 10.1.2 generally during the continuance of an Enforcement Event to exercise all or any of the rights conferred on the Trustee, any Receiver or any Delegate in relation to the Charged Assets or under this Deed or by law (including the exercise of any right of an absolute legal or beneficial owner of the Charged Assets).

10.2 Ratification

The Chargor hereby ratifies and confirms and agrees to ratify and confirm whatever any such attorney shall do or purport to do in the proper exercise or purported exercise of the power of attorney in Clause 10.1 above.

11 Protection of Third Parties

No Person dealing with the Trustee, any Receiver or any Delegate shall be concerned to enquire whether any event has happened upon which any of the Rights conferred by or pursuant to this Deed are or may be exercisable, whether any consents, regulations, restrictions or directions relating to such Rights have been obtained or complied with or

otherwise as to the propriety or regularity of acts purporting or intended to be in exercise of any such Rights or as to the application of any money borrowed or raised. 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 legislation for the time being in force shall apply to any Person purchasing from or dealing with the Trustee, any Receiver or any Delegate.

12 Payments

12.1 All amounts from time to time received or recovered by the Trustee or any Receiver or Delegate under or in respect of this Deed shall, subject to the discharge of any liabilities having priority to the Secured Liabilities and subject always to Clause 3.3 (*Limited recourse*), be applied as follows:

12.1.1 in or towards the payment of all costs, charges, losses, liabilities and expenses of and incidental to the appointment of any Receiver or Delegate and the exercise of any of his Rights including his remuneration and all outgoings paid by him;

12.1.2 in or towards the payment of such of the Secured Liabilities in such order as the Trustee in its absolute discretion may from time to time determine (save that the Trustee may credit the same (in an amount up to, but not exceeding, the Remaining Maximum Amount) to, and require the same (in an amount up to, but not exceeding, the Remaining Maximum Amount) to be paid to them for crediting to, a suspense account for so long and in such manner as the Trustee may determine and save that the Receiver may retain the same (in an amount up to, but not exceeding, the Remaining Maximum Amount) for so long and in such manner as he and the Trustee may determine); and

12.1.3 in payment of any surplus to the Chargor or other Person entitled to it.

12.2 Clause 12.1 (*Payments*) will override any appropriation made by the Chargor.

13 Discharge of Security

13.1 Continuing Security

Subject to Clause 13.4 (*Final Redemption*), the Charge is continuing security and will, subject always to Clause 3.3 (*Limited recourse*), extend to the ultimate balance of the Secured Liabilities, regardless of any intermediate payment or discharge in whole or in part, and shall be in addition to any other security, guarantee or indemnity now or hereafter held by the Trustee or any other Person in respect of the Secured Liabilities.

13.2 Waiver of defences

Neither the obligations of the Chargor under this Deed nor the Charge will be affected by an act, omission, matter or thing which, but for this Clause, would reduce, release or prejudice any of its obligations under any Settlement Document or the Charge (without limitation and whether or not known to it or the Trustee) including:

13.2.1 any time, waiver or consent granted to, or composition with, the Chargor or any other Person;

13.2.2 the release of the Chargor or any other Person under the terms of any composition or arrangement with any creditor of the Chargor or any such Person;

- 13.2.3 the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce any rights against, or security over assets of, the Chargor 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;
- 13.2.4 any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of the Chargor or any other Person;
- 13.2.5 any amendment or replacement of a Settlement Document or any other document or security;
- 13.2.6 any unenforceability, illegality or invalidity of any obligation of any Person under any Settlement Document or any other document or security; or
- 13.2.7 any insolvency or similar proceedings.

13.3 Immediate recourse

The Chargor waives any right it may have of first requiring the Trustee (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any Person or file any proof or claim in any insolvency, administration, winding up or liquidation proceedings relating to any person before claiming from the Chargor under this Deed.

13.4 Final Redemption

The Trustee shall at the request and cost of the Chargor release, reassign or discharge (as appropriate) the Charged Assets from the Charge, and release the Chargor from its obligations under this Deed, on the Release Date referred to in Clause 5.3 of the Funding Agreement including by promptly entering into such release, reassignment or discharge documents as the Chargor may reasonably require for this purpose.

13.5 Consolidation

Section 93 of the LPA dealing with consolidation of mortgages shall not apply to the Charge.

13.6 Reinstatement

If any payment by the Chargor or any discharge given by the Trustee (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 insolvency or any similar event:

- 13.6.1 the liability of the Chargor and the Charge shall continue and be reinstated as if the payment, discharge, avoidance or reduction had not occurred; and
- 13.6.2 the Trustee shall be entitled to recover the value or amount of that security or payment from the Chargor, as if the payment, discharge, avoidance or reduction had not occurred.

14 Communications

14.1 Communications in writing

Any communication to be made or provided under or in connection with this Deed (including any demands or notices) shall be made or provided in writing and may be delivered by post or personal delivery to the addresses set out in clause 14.2 below.

14.2 Addresses

The address of each Party for any communication to be made or delivered under or in connection with this Deed is:

The Chargor

c/o The Company Secretary, British American Tobacco p.l.c.
Globe House, 4 Temple Place, London, WC2R 2PG

with a copy to

Corporate/M&A Counsel
Globe House, 4 Temple Place, London, WC2R 2PG

The Trustee

The Company Secretary, British American Tobacco UK Pension Fund Trustee
Limited
Globe House, 1 Water Street, London, WC2R 3LA

or any substitute address as the relevant Party may notify to the other party by not less than 15 Business Days' notice.

14.3 Delivery

Any communication made or provided by one Party to another under or in connection with this Deed will only be effectively made or provided when it has been left at the relevant address or has otherwise actually been received by the relevant addressee.

15 Rights, amendments and waivers

15.1 Ambiguity

Where there is any ambiguity or conflict between the rights conferred by law and those conferred by or pursuant to this Deed, the terms of this Deed shall (to the extent permitted by law) prevail. If there is any inconsistency between the terms of this Deed and those of the Funding Agreement, the terms of the Funding Agreement shall prevail.

15.2 Remedies and waivers

No failure to exercise, nor any delay in exercising, on the part of the Trustee, Receiver or Delegate any right or remedy under this Deed shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Deed are additional to any rights or remedies provided by law.

15.3 Amendments and waivers

Any term of this Deed may be amended or waived only with the consent in writing of the Trustee and the Chargor.

15.4 Assignment

15.4.1 The Trustee may assign or transfer the whole of the Trustee's rights under this Deed to any successor in title as trustee of the Scheme.

15.4.2 Subject to Clause 15.4.1, neither Party may assign any of its rights or transfer any of its obligations under this Deed or enter into any transaction which would result in any of those rights or obligations passing to another Person.

16 Partial invalidity

If any part of this Deed should be held or deemed to be held void, illegal, invalid or unenforceable under any applicable enactment or rule of law, such provision or part shall to that extent be deemed not to form part of this Deed and the validity, legality and enforceability of the remainder of this Deed shall not in any way be affected or impaired and shall remain in full force and effect.

17 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.

18 Successors to the Trustee

This Deed shall be binding on and continue for the benefit of the Trustee and to the extent permitted by law, any successor in title as trustee of the Scheme.

19 Third parties

Save to the extent required to give effect to the provision in Clauses 1.2.10 and 18 (*Successors to the Trustee*) above, a person who is not a party to this Deed shall not have any right by virtue of the Contracts (Rights of Third Parties) Act 1999 or otherwise to enforce or enjoy the benefit of any term (express or implied) of this Deed.

20 Release of the Original Mortgage Deed

With effect from the date of this Deed:

(a) the Trustee:

- (i) unconditionally and irrevocably releases and discharges the Chargor's property, assets and undertaking from the Encumbrances constituted, created, evidenced or conferred by or pursuant to the Original Mortgage Deed; and
- (ii) unconditionally and irrevocably releases, discharges, waives, terminates, reassigns and retransfers to the Chargor all its rights, title, and interest in the Chargor's property, assets and undertaking, present or future, that were

assigned, charged or otherwise provided as Charged Assets to the Trustee by or pursuant to the Original Mortgage Deed;

- (b) each Party releases the other from all obligations undertaken by it under the Original Mortgage Deed; and
- (c) the Parties acknowledge and agree that the Original Mortgage Deed shall immediately cease and terminate and be of no further effect.

21 Governing Law and Jurisdiction

- 21.1.1** This Deed and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with English law.
- 21.1.2** All the Parties irrevocably agree that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Deed and that accordingly any proceedings arising out of or in connection with this Deed shall be brought in such courts.

**Schedule 1
Property**

| Tenure | Owner | Address | Title Number |
|---------------|-----------------------|---|---------------------|
| Freehold | Precis (1789) Limited | Globe House 4 Temple Place London WC2R 2PG United Kingdom | NGL623620 |

Schedule 2
The Funding Agreement

Dated 15 December 2014

THE BRITISH AMERICAN TOBACCO UK PENSION FUND

FUNDING AGREEMENT

Linklaters

(representing the Trustee)

Linklaters LLP
One Silk Street
London EC2Y 8HQ

Telephone (+44) 20 7456 2000
Facsimile (+44) 20 7456 2222

Ref Claire Petheram

Mayer Brown International LLP

(representing the Company)

201 Bishopsgate
London EC2M 3AF

Linklaters

Telephone (44-20) 3130 3000
Facsimile (44-20) 3130 8774

Ref: Anna Rogers

This Agreement is made on 15 December 2014 between:

- (1) **British-American Tobacco (Holdings) Limited ("the Company");** and
- (2) **British American Tobacco UK Pension Fund Trustee Limited ("the Trustee").**

Background

- A. The Trustee is trustee in relation to the British American Tobacco UK Pension Fund ("the Fund"). The Company is the main participating employer in relation to the Fund.
- B. The Company and the Trustee are entering into this Agreement as part of a package of measures relating to the formal valuation of the Fund as at 31 March 2014.

Further definitions

For the purpose of this Agreement:

"Additional Contributions" means contributions detailed at Clause 2.1.

"Annual Payments" means contributions detailed at (a) and (b) of Clause 3.1.

"Annual Payment Date" means 6 July.

"Annual Payment Reference Date" means 31 March.

"Fund Value" means the value of assets in the Fund as at the Annual Payment Reference Date each year determined by the Fund actuary and as used for the purpose of actuarial valuations and actuarial reports as described in the Occupational Pension Schemes (Scheme Funding) Regulations 2005. For the avoidance of doubt, this value shall include any contributions which the Company has committed to make to the Fund prior to the end of the relevant year but shall exclude Annual Payments.

"Globe House Charge" means the mortgage deed referred to in Clause 5.1.

"Long Term Funding Target" means the value of the Fund's liabilities, calculated by the Fund actuary using the Long Term Funding Target Assumptions.

"Long Term Funding Target Assumptions" means a set of actuarial assumptions consistent with a low risk investment strategy and a high degree of cashflow matching, such that the Fund would be expected to operate with limited reliance on the support provided by the Company. These assumptions will be determined by the Trustee, acting reasonably, after consulting the Fund actuary and in consultation with the Company.

One of the more material assumptions is the discount rate, which for the 31 March 2014 actuarial valuation is 0.4% per annum in excess of the yield obtainable on gilts. While the intention is that this assumption will be maintained for the long term, it can be reviewed (with other assumptions) from time to time should there be a material change in market conditions or change in covenant strength.

The Fund's liabilities calculated using the Long Term Funding Target Assumptions will never be higher than those based on an estimate of the liabilities under Section 75(2) of the Pensions Act 1995.

"Property" means the property details of which are set out in the Appendix.

Operative Part

1 Funding Intention

The intention is that the funding of the Fund should be at least equal to the Long Term Funding Target by 31 December 2018. The contributions payable by the Company to achieve this will include:

- 1.1 Additional Contributions; and
- 1.2 Annual Payments.

2 Additional Contributions

- 2.1 The Company will make or procure that there are made contributions to the Fund in cash as detailed in the Fund's schedule of contributions to be finalised following the formal valuation of the Fund as at 31 March 2014. The key principle to be used in calculating these contributions is that they should be designed to deliver a 66% probability of the Long Term Funding Target being achieved by 31 December 2018.
- 2.2 It is acknowledged by the Trustee that when calculating Additional Contributions or any other future contributions to the Fund it will take into account the Globe House Charge and the value of anticipated future Annual Payments to the Fund, such value being calculated by reference to assumptions (including as to the likelihood and extent of Annual Payments being made) as the Trustee reasonably considers appropriate.

3 Annual Payments

- 3.1 The Company will make further contributions to the Fund in cash as follows:
 - (a) an initial payment to be made on or before the Annual Payment Date in 2015 of £8 million; and
 - (b) payment to be made on or before the Annual Payment Date in each year subsequent to 2015 up to and including 2039 equal to the previous year's payment increased in line with the increase in the Retail Prices Index published in the October of the preceding year which represents the increase in retail prices over the 12 month period ending in the September prior to such October date.
- 3.2 Notwithstanding the above, an Annual Payment shall only be made to the extent detailed below:
 - (a) in the event that the Fund Value is less than 105% of the Long Term Funding Target by an amount equal to or greater than the Annual Payment, the whole Annual Payment shall be paid;
 - (b) in the event that the Fund Value is equal to or greater than 105% of the Long Term Funding Target, the Annual Payment shall not be paid; and
 - (c) in the event that the Fund Value is less than 105% of the Long Term Funding Target by an amount less than the Annual Payment, only such part of the Annual Payment which is required to increase the Fund Value to 105% of the Long Term Funding Target shall be made.

For the avoidance of doubt an Annual Payment in any year will only be due once the Fund Value for such year has been calculated.

4 Cessation of Annual Payments

If at any Annual Payment Reference Date the Fund Value is equal to or greater than 110% of the Long Term Funding Target then this Agreement will terminate and no further Annual Payments will be payable under its terms.

5 Globe House Charge

5.1 The Company will procure that Precis (1789) Limited will create a legal mortgage over the Property in favour of the Trustee by entering into on or about the date of this Agreement a mortgage deed in terms which have been agreed between the parties.

5.2 The Trustee acknowledges that the terms of this Agreement shall not affect the lease between Precis (1789) Limited and the Company being the "Existing Lease" for the purpose of the Globe House Charge. The Globe House Charge is subject to such lease.

5.3 The Globe House Charge will be released on the date of the first to occur of the following:

- (i) 31 December 2039 provided that all Annual Payments, Additional Contributions and other contributions due to the Fund from the Company and other employers participating in the Fund before that date (even if payable after it) have been paid in full, and if they have not been so paid by 31 December 2039 the date on which they have been so paid;
- (ii) the Remaining Maximum Amount (as defined in the Globe House Charge) being reduced to zero;
- (iii) the Fund Value being determined at any Annual Payment Reference Date to be equal to or greater than 110% of the Long Term Funding Target;
- (iv) all liabilities of the Fund being fully secured following a winding-up of the Fund;
- (v) the Globe House Charge being replaced by alternative security acceptable to the Trustee (and the Trustee will not unreasonably withhold acceptance); and
- (vi) the Trustee agreeing to release the Globe House Charge following a request from the Company,

such date being the "Release Date" for the purpose of the Globe House Charge.

5.4 The maximum amount recoverable under the Globe House Charge shall be the Maximum Amount (as defined in the Globe House Charge) which, for the avoidance of doubt, may not exceed £150 million.

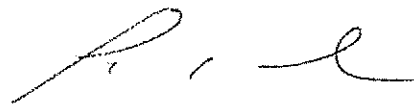
6 General

6.1 Sums required to meet the cost of future service and benefit accrual under the Fund and Fund life assurance costs, PPF levies and expenses are, for the avoidance of doubt, payable in addition to the Annual Payments and Additional Contributions.

6.2 Nothing in this Agreement shall prejudice any powers, rights or discretions of the Trustee including under the terms of the Rules governing the Fund.

- 6.3 This Agreement may be varied by agreement evidenced in writing between the Company and the Trustee.
- 6.4 Neither the Company nor the Trustee intends that anyone who is not a party to this Agreement shall have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement.
- 6.5 This Agreement is governed by English law and the English courts have exclusive jurisdiction in relation to any dispute arising out of or in respect of it.

SIGNED as a deed by T L MARROCO)
Director, duly authorised for and on behalf of)
British-American Tobacco (Holdings) Limited in the)
presence of:



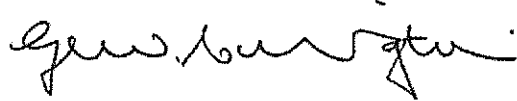
Witness's signature



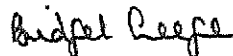
Witness's name ELIZABETH JANE BARNES-GRAHAM
(in capitals)

Address 8 LEFEVRE WALK, BOW, LONDON E3 2RL

SIGNED as a deed by G C W CUNNINGTON)
Director, duly authorised for and on behalf of)
British American Tobacco UK Pension Fund Trustee)
Limited in the presence of:



Witness's signature



Witness's name BRIDGET MARY CREEGAN
(in capitals)

Address GLOBE HOUSE, 4 TEMPLE PLACE, LONDON WC2R 2PG

Appendix
The Property

| Tenure | Owner | Address | Title Number |
|---------------|-----------------------|---|---------------------|
| Freehold | Precis (1789) Limited | Globe House 4 Temple Place London WC2R 2PG United Kingdom | NGL623620 |

IN WITNESS WHEREOF this document has been executed as a Deed and delivered by or on behalf of the Parties on the date stated at the beginning.

CHARGOR

SIGNED as a DEED by N. SNOOK
Director, duly authorised for and on behalf of
PRECIS (1789) LIMITED in the presence of:

} N. Snook

Witness's signature

Ann Griffiths

Witness's name
(in capitals)

ANN GRIFFITHS

Witness's address

GLOBE HOUSE
1 WATER STREET
LONDON WC2R 3LA

TRUSTEE

SIGNED as a DEED by G. C. Cunningham
Director, duly authorised for and on behalf of
BRITISH AMERICAN TOBACCO UK PENSION
FUND TRUSTEE LIMITED in the presence of:

} G. C. Cunningham

Witness's signature

Bridget Creegan

Witness's name
(in capitals)

BRIDGET CREEGAN

Witness's address

GLOBE HOUSE, 4 TEMPLE PLACE, LONDON WC2R 2PG

