

MR01

Particulars of a charge



Companies House

100196/46



Go online to file this information
www.gov.uk/companieshouse

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

☒ **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 with
an instrument. Use form

For further information, please
refer to our guidance at:

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



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

WEDNESDAY



A07 *A88XKJWY*
03/07/2019 #243
COMPANIES HOUSE

1 Company details

Company number 0 5 8 2 2 7 0 6

Company name in full CIRCASSIA PHARMACEUTICALS PLC

2 For official use

→ **Filling 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 d 1 d 9 m 0 m 6 y 2 y 0 y 1 y 9

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 WILMINGTON TRUST (LONDON) LIMITED

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.

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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

ALL RIGHT, TITLE AND INTEREST IN THE PRODUCTS AND ALL GOODS AND INVENTORY THERETO, ALL ACCOUNTS ARISING FROM OR RELATING TO THE PRODUCTS, ALL DEPOSIT ACCOUNTS SET OUT IN SCHEDULE 1, ALL RIGHTS AND GENERAL INTANGIBLES UNDER ANY CONTRACTS (THE "COLLATERAL"). FOR MORE DETAILS, PLEASE REFER TO THE INSTRUMENT.

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

Coventry & Building Ltd

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	DENITSA MARINOVA
Company name	COVINGTON & BURLING LLP
Address	265 STRAND
Post town	LONDON
County/Region	
Postcode	W C 2 R 1 B H
Country	UNITED KINGDOM
DX	
Telephone	02070672235



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 £23 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.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse



FILE COPY

CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 5822706

Charge code: 0582 2706 0002

The Registrar of Companies for England and Wales hereby certifies that a charge dated 19th June 2019 and created by CIRCASSIA PHARMACEUTICALS PLC was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 3rd July 2019.

Given at Companies House, Cardiff on 10th July 2019



Companies House



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

EXECUTION COPY

SECURITY AGREEMENT (NEW YORK LAW)

DATED JUNE 19, 2019

between

CIRCASSIA LIMITED

CIRCASSIA PHARMACEUTICALS INC.

CIRCASSIA PHARMACEUTICALS PLC

and

WILMINGTON TRUST (LONDON) LIMITED

Certified to be a true copy of the original
Date: 1 July 2019
Signature: *[Signature]*
Covington & Burling LLP
265 Strand, London WC2R 1BH

(same for material
redacted pursuant
to s 859G of the
Companies Act 2006)

ALLEN & OVERY

Allen & Overy LLP

0109750-0000015 NY:34152600.12

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THIS AGREEMENT is dated June 19, 2019

BETWEEN:

- (1) **CIRCASSIA LIMITED (Circassia Limited), CIRCASSIA PHARMACEUTICALS INC. (Circassia US) and CIRCASSIA PHARMACEUTICALS PLC (Circassia PLC)**, as security providers (each a **Security Provider** and collectively, the **Security Providers**); and
- (2) **WILMINGTON TRUST (LONDON) LIMITED**, as security agent for AstraZeneca (as defined below) in connection with the Development and Commercialisation Agreement described below (in this capacity, Wilmington Trust (London) Limited and its successors and permitted assigns, the **Security Agent**).

BACKGROUND:

- (a) The Security Agent enters into this Agreement in accordance with the instructions and directions of AstraZeneca to acknowledge the arrangements herein and to take the benefits conferred herein. The indemnities provided in the Security Trust Deed (as defined below) shall apply in accordance with the terms thereof.
- (b) The Security Providers enter into this Agreement in connection with the Development and Commercialisation Agreement dated March 17, 2017 between Circassia PLC and AstraZeneca, the rights, powers, interests and benefits of Circassia PLC to which were assigned to Circassia Limited effective September 1, 2017 (as amended by letter agreements effective April 23, 2018, September 28, 2018 and December 11, 2018 and as further amended, restated, supplemented or otherwise modified from time to time, the **Development and Commercialisation Agreement**).
- (c) On the date of this Agreement, each Security Provider has also entered into the English Law Deed (as defined below) in order to grant a security interest over certain assets in respect of the Products (as defined below) owned by it which are located in, or governed by, the laws of England and Wales.

IT IS AGREED as follows:

1. INTERPRETATION

1.1 Definitions

In this Agreement:

ABF has the meaning given to such term in the Development and Commercialisation Agreement.

Assignment Acknowledgement means an acknowledgement from a counterparty to the Security Agent and the applicable Security Provider substantially in the form of Exhibit 2 (Form of Assignment Acknowledgement).

Assignment Notice means a notice from a Security Provider or the Security Agent, as applicable, to a counterparty substantially in the form of Exhibit 1 (Form of Assignment Notice).

AstraZeneca means AstraZeneca UK Limited and its successors, permitted transferees and assigns in accordance with the Development and Commercialisation Agreement.

Bailee means any bailee, processor, shipper, warehouseman, agent or other third party at any time having possession of any Collateral.

Bailee Acknowledgement means an acknowledgement from a Bailee to the Security Agent and the applicable Security Provider substantially in the form of Exhibit 4 (Form of Bailee Acknowledgement).

Bailee Notice means a notice from a Security Provider or the Security Agent, as applicable, to a Bailee substantially in the form of Exhibit 3 (Form of Bailee Notice).

The term **Collateral** means all right, title and interest that a Security Provider now has or later acquires in, to and under the following personal property of such Security Provider, wherever located:

- (a) the Products and all goods and inventory arising from or relating thereto;
- (b) all accounts arising from or relating to the Products;
- (c) all deposit accounts specified on Schedule 1 and any other deposit accounts (i) into which payments from account debtors of accounts arising from or relating to the Products are made and (ii) which are not subject to a security interest for the benefit of the Security Agent pursuant to the English Law Deed or any other security agreement which may from time to time be entered into by any Security Provider in favor of AstraZeneca in connection with the Development and Commercialisation Agreement, and all cash, funds, checks, notes and instruments from time to time on deposit in any of such deposit accounts;
- (d) all rights and general intangibles under any contracts, including without limitation the contracts specified on Schedule 2 under the heading "Assigned Contracts", which generate sales revenues in respect of the Products;
- (e) supporting obligations in relation to any of the foregoing,

and, to the extent not listed above as original Collateral, proceeds and products of, and accessions to, each of the above assets. The terms "account", "check", "deposit account", "general intangibles", "goods", "instrument", "inventory", "proceeds" and "supporting obligations" have the meanings given to such terms in the UCC.

Control Agreement means an agreement, in form and substance satisfactory to the Security Agent, between the Security Agent, the relevant Security Provider and any other person the Security Agent may require, with the provisions necessary to establish the Security Agent's control of any deposit account constituting Collateral.

Debt Provider has the meaning given to such term in the Development and Commercialisation Agreement.

English Law Deed means the English law-governed deed dated on or around the date of this Agreement between the Security Providers and the Security Agent.

Event of Default means any event specified in Clause 12.3.2(h) (Loan Payment Terms) of the Development and Commercialisation Agreement, provided that an Event of Default based on the expiration or termination of the Development and Commercialisation Agreement shall occur only to the

extent that the Loan Amount (and any accrued unpaid interest thereon) is not paid within 10 Business Days of such expiration or termination.

Lien means any security interest, lien, mortgage, pledge, encumbrance, charge, assignment, hypothecation, adverse claim, claim, or restriction on assignment, transfer or pledge or any other arrangement having the effect of conferring security.

Loan Amount has the meaning given to such term in the Development and Commercialisation Agreement.

Loan Terms has the meaning given to such term in the Development and Commercialisation Agreement.

Material Adverse Effect means a material adverse effect on:

- (a) the ability of the Security Providers (taken as a whole) to perform their obligations under this Agreement;
- (b) the ability of the Security Providers (taken as a whole) to repay the Secured Liabilities; or
- (c) the validity or enforceability of, or the effectiveness or priority of this Agreement or the rights or remedies of the Security Agent or AstraZeneca under this Agreement.

Product means ABF or Tudorza, as the context requires, and **Products** means both of them.

Secured Liabilities means each liability and obligation specified in Clause 2 (Secured Liabilities).

Security means any security interest created by this Agreement.

Security Period means the period beginning on the date of this Agreement and ending on the date on which all the Secured Liabilities have been indefeasibly, unconditionally and irrevocably paid and discharged in full. The Security Period will be extended to take into account any extension or reinstatement of this Agreement under Clause 1.1(b) (General).

Security Trust Deed means the security trust deed entered into between AstraZeneca and the Security Agent on or around the date hereof.

Tudorza has the meaning given to such term in the Development and Commercialisation Agreement.

UCC means the Uniform Commercial Code as in effect on the date of this Agreement in the State of New York; provided, however, that if by reason of mandatory provisions of law, any or all of the perfection or priority of the Security Agent's security interest in any item or portion of the Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, the term "UCC" means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions hereof relating to such perfection or priority and for purposes of definitions relating to such provisions.

1.2 Construction

- (a) Any term defined in the UCC and not defined in this Agreement has the meaning given to that term in the UCC. *However, if a term is defined in Article 9 of the UCC differently than in another article of the UCC, the term has the meaning specified in Article 9.*
- (b) Any term defined in the Development and Commercialisation Agreement and not defined in this Agreement or the UCC has the meaning given to that term in the Development and Commercialisation Agreement.
- (c) No reference to **proceeds** in this Agreement authorizes any sale, transfer or other disposition of Collateral by any Security Provider.
- (d) In this Agreement, unless the contrary intention appears, a reference to:
 - (i) an **amendment** includes a supplement, novation, restatement or re-enactment and **amended** will be construed accordingly;
 - (ii) a Clause, a Subclause or a Schedule is a reference to a Clause or Subclause of, or a Schedule to, this Agreement;
 - (iii) a law is a reference to that law as amended or re-enacted and to any successor law;
 - (iv) an agreement is a reference to that agreement as amended;
 - (v) **fraudulent transfer law** means any applicable U.S. Bankruptcy Law or state fraudulent transfer or conveyance statute, and the related case law; and
 - (vi) **law** includes any law, statute, regulation, regulatory requirement, rule, ordinance, ruling, decision, treaty, directive, order, guideline, regulation, policy, writ, judgment, injunction or request of any court or other governmental, inter-governmental or supranational body, officer or official, fiscal or monetary authority, or other ministry or public entity (and their interpretation, administration and application), whether or not having the force of law.
- (e) An Event of Default is “**continuing**” if it has not been waived by the Security Agent or remedied in a manner that the Security Agent confirms in writing is satisfactory to it.
- (f) In this Agreement:
 - (i) **includes** and **including** are not limiting;
 - (ii) **or** is not exclusive; and
 - (iii) the headings are for convenience only, do not constitute part of this Agreement and are not to be used in construing it.

2. SECURED LIABILITIES

2.1 Secured Liabilities

Each obligation and liability whether:

- (a) present or future, actual, contingent or unliquidated; or
- (b) owed jointly or severally (or in any other capacity whatsoever),

of the Security Providers to AstraZeneca pursuant to the Loan Terms, this Agreement or the English Law Deed is a Secured Liability.

2.2 Specification of Secured Liabilities

The Secured Liabilities include any liability or obligation for:

- (a) repayment of the Loan Amount;
- (b) payment of interest and any other amount payable in connection with the Loan Amount;
- (c) payment of any amount owed under any amendment, modification, renewal, extension or novation of any of the above obligations; and
- (d) payment of an amount which arises after a petition is filed by, or against, any Security Provider under the US Bankruptcy Code of 1978 even if the obligations do not accrue because of the automatic stay under Section 362 of the US Bankruptcy Code of 1978 or otherwise.

3. CREATION OF SECURITY

3.1 Security Interest

As security for the prompt and complete payment and performance of the Secured Liabilities when due (whether due because of stated maturity, acceleration, mandatory prepayment, or otherwise), each Security Provider assigns and grants to the Security Agent for the benefit of AstraZeneca a continuing security interest in the Collateral.

3.2 General

- (a) All the Security created under this Agreement:
 - (i) is continuing security for the irrevocable and infeasible payment in full of the Secured Liabilities, regardless of any intermediate payment or discharge in whole or in part;
 - (ii) is in addition to, and not in any way prejudiced by, any other security now or subsequently held by the Security Agent or AstraZeneca.
- (b) If, at any time for any reason (including the bankruptcy, insolvency, receivership, reorganization, dissolution or liquidation of any Security Provider or the appointment of any receiver, intervenor or conservator of, or agent or similar official for, any Security Provider or any of their respective properties), any payment received by the Security Agent or AstraZeneca in respect of the Secured Liabilities is rescinded or avoided or must otherwise be restored or returned by the Security Agent or AstraZeneca, that payment will not be considered to have been made for purposes of this Agreement, and this Agreement will continue to be effective or will be reinstated, if necessary, as if that payment had not been made.

- (c) This Agreement is enforceable against each Security Provider to the maximum extent permitted by the fraudulent transfer laws.
- (d) Any guarantee provided by the Security Providers hereunder will not apply to any liability to the extent that it would result in the guarantee constituting unlawful financial assistance within the meaning of sections 678 or 679 of the Companies Act 2006 or any equivalent and applicable provisions under the laws of the jurisdiction of incorporation of the relevant Security Provider.

4. PERFECTION AND FURTHER ASSURANCES

4.1 General perfection

Each Security Provider must take, at its own expense, promptly, and in any event within any applicable time limit:

- (a) whatever action is necessary or desirable; and
- (b) any action which the Security Agent or AstraZeneca may require,

to ensure that this Security is, and will continue to be until the end of the Security Period, a validly created, attached, enforceable and perfected first priority continuing security interest in the Collateral, in all relevant jurisdictions, securing payment and performance of the Secured Liabilities.

This includes the giving of any notice, order or direction, the making of any filing or registration, the passing of any resolution and the execution and delivery of any documents or agreements which the Security Agent may think expedient.

4.2 Filing of financing statements

Each Security Provider authorizes the Security Agent to prepare and file, and the Security Providers agree to pay any reasonable expense in connection therewith:

- (a) financing statements describing the Collateral;
- (b) continuation statements; and
- (c) any amendment in respect of those statements.

4.3 Control

Prior to opening or maintaining any deposit account that would constitute Collateral, each Security Provider and each other necessary party will enter into an appropriate Control Agreement with the Security Agent. Each Security Provider will, promptly after any request from the Security Agent, take all other actions necessary for the Security Agent to have control of any Collateral consisting of deposit accounts.

4.4 Notice of security interest

- (a) Without limitation of the rights of the Security Agent under applicable law and this Agreement, each Security Provider authorizes the Security Agent, upon the occurrence and continuation of an Event of Default, in such Security Provider's name, to execute and deliver an Assignment Notice to each account

debtor and contract party in respect of each existing contract and account which constitute Collateral, and agrees to execute and deliver such Assignment Notice to each account debtor and contract party in respect of each such contract and account, if so requested by the Security Agent. Each Security Provider agrees to promptly provide the Security Agent, upon the occurrence and continuation of an Event of Default, with a list of all account debtors and contract parties in respect of each existing contract and account which constitute Collateral, and to use its best efforts to cause each of the applicable account debtors and contract parties to deliver to the Security Agent an Assignment Acknowledgement within 30 days of receipt of an Assignment Notice.

- (b) (i) Without limitation of the rights of the Security Agent under applicable law and this Agreement, each Security Provider authorizes the Security Agent, upon the occurrence and continuation of an Event of Default, in such Security Provider's name, to execute and deliver a Bailee Notice to each Bailee and agrees to execute and deliver such Bailee Notice to each Bailee, if so requested by the Security Agent. Each Security Provider agrees to promptly provide the Security Agent, upon the occurrence and continuation of an Event of Default, with a list of all Bailees and to use its best efforts to cause each of the Bailees to deliver to the Security Agent a Bailee Acknowledgement within 30 days of receipt of the Bailee Notice.
- (ii) If any Bailee fails to deliver a Bailee Acknowledgement within that period, the Security Provider must immediately take possession of all Collateral held by that Bailee.

4.5 Further assurances

- (a) Each Security Provider must take, at its own expense, promptly, and in any event within any applicable time limit, whatever action the Security Agent may require for:
 - (i) creating, attaching, perfecting and protecting, and maintaining the priority of, any security interest intended to be created by this Agreement;
 - (ii) facilitating the enforcement of this Security or the exercise of any right, power or discretion exercisable by the Security Agent or any of its delegates or sub-delegates in respect of any Collateral; and
 - (iii) obtaining control of any Collateral described in Clause 4.3 (Control).

This includes the execution and delivery of any transfer, assignment or other agreement or document, whether to the Security Agent or its nominee, which the Security Agent may think expedient.

- (b) Each Security Provider irrevocably constitutes and appoints the Security Agent, with full power of substitution, as such Security Provider's true and lawful attorney-in-fact, in such Security Provider's name or in the Security Agent's name or otherwise, and at the Security Providers' expense, to take from time to time and, in the case of Subclause (a)(ii) above, after an Event of Default has occurred and is continuing, any of the actions referred to in paragraph (a) above without notice to or the consent of any Security Provider. This power of attorney is a power coupled with an interest and cannot be revoked. Each Security Provider ratifies and confirms all actions taken by the Security Agent or its agents under this power of attorney.

5. SURETYSHIP PROVISIONS

5.1 Nature of Security Providers' obligations

- (a) The Security Providers' obligations under this Agreement are independent of any obligation of any other person.
- (b) A separate action or actions may be brought and prosecuted against each Security Provider under this Agreement.
- (c) The Security Agent may enforce its rights under this Agreement, whether or not any action is brought or prosecuted against any other person and whether or not any other person is joined in any action under this Agreement.

5.2 Waiver of defenses

- (a) The obligations of each Security Provider under this Agreement will not be affected by, and each Security Provider irrevocably waives any defense it might have by virtue of, any act, omission, matter or thing which, but for this Clause, would reduce, release or prejudice any of its obligations under this Agreement (whether or not known to it, the Security Agent or AstraZeneca). This includes:
 - (i) any time, forbearance, extension or waiver granted to, or composition or compromise with, another person;
 - (ii) any taking, variation, compromise, exchange, renewal or release of, or any refusal or failure to perfect or enforce, any rights against, or security over assets of, any person;
 - (iii) any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realize the full value of any security;
 - (iv) any disability, incapacity or lack of powers, authority or legal personality of or dissolution or change in the members or status of any person;
 - (v) any amendment, restatement or novation (however fundamental) of the Development and Commercialisation Agreement or any other document, guaranty or security;
 - (vi) any unenforceability, illegality or invalidity of any obligation of any person under the Development and Commercialisation Agreement or any other document, guaranty or security, the intent of the parties being that the Security Agent's security interest in the Collateral and the Security Providers' obligations under this Agreement are to remain in full force and be construed accordingly, as if there were no unenforceability, illegality or invalidity;
 - (vii) any avoidance, postponement, discharge, reduction, non-provability or other similar circumstance affecting any obligation of any Security Provider under the Development and Commercialisation Agreement resulting from any bankruptcy, insolvency, receivership, liquidation or dissolution proceedings or from any law, regulation or order so that each such obligation is for the purposes of the Security Providers' obligations under this Agreement construed as if there were no such circumstance; or

- (viii) the acceptance or taking of other guaranties or security for the Secured Liabilities, or the settlement, release or substitution of any guaranty or security or of any endorser, guarantor or other obligor in respect of the Secured Liabilities.
- (b) Each Security Provider unconditionally and irrevocably waives:
 - (i) diligence, presentment, demand for performance, notice of non-performance, protest, notice of protest, notice of dishonor, notice of the creation or incurring of new or additional indebtedness of the Security Providers to the Security Agent or AstraZeneca, notice of acceptance of this Agreement, and notices of any other kind whatsoever;
 - (ii) the filing of any claim with any court in the event of a receivership, insolvency or bankruptcy;
 - (iii) the benefit of any statute of limitations affecting any Security Provider's obligations under Development and Commercialisation Agreement or this Agreement or the enforcement of this Agreement or the Security Agent's security interest in the Collateral; and
 - (iv) any offset or counterclaim or other right, defense, or claim based on, or in the nature of, any obligation now or later owed to any Security Provider by the Security Agent or AstraZeneca.
- (c) Each Security Provider irrevocably and unconditionally authorizes the Security Agent and AstraZeneca to take any action in respect of the Secured Liabilities or any collateral or guaranties securing them or any other action that might otherwise be deemed a legal or equitable discharge of a surety, without notice to or the consent of any Security Provider and irrespective of any change in the financial condition of any Security Provider.

5.3 Immediate recourse

Each Security Provider waives any right it may have of first requiring the Security Agent or AstraZeneca (or any trustee or agent on their behalf) to proceed against or enforce any other rights, security or other guaranty or claim payment from any person before claiming from any Security Provider under this Agreement and enforcing the Security Agent's security interest in the Collateral.

5.4 Appropriations

Until the expiry of the Security Period, the Security Agent and AstraZeneca (or any trustee or agent on their behalf) may:

- (a) refrain from applying or enforcing any other moneys, security, guaranties or rights held or received by the Security Agent or AstraZeneca (or any trustee or agent on their behalf) in respect of the Secured Liabilities;
- (b) apply and enforce them in such manner and order as it sees fit (whether against the Secured Liabilities or otherwise); and
- (c) hold in a suspense account any moneys received from any realization of the Collateral, from any Security Provider or on account of the Security Providers' liability under this Agreement or the Development and Commercialisation Agreement, without liability to pay interest on those moneys.

5.5 Non-competition

Unless:

- (a) the Security Period has expired, or
- (b) *the Security Agent otherwise directs in writing:*

no Security Provider will, after a claim has been made by the Security Agent or AstraZeneca against any Security Provider, or by virtue of any payment or performance by any Security Provider under this Agreement:

- (i) be subrogated to any rights, security or moneys held, received or receivable by the Security Agent or AstraZeneca (or any trustee or agent on their behalf);
- (ii) be entitled to any right of contribution or indemnity in respect of any payment made or moneys received on account of the Security Providers' liability under this Agreement or the Development and Commercialisation Agreement;
- (iii) claim, rank, prove or vote as a creditor of any other Security Provider or its estate in competition with the Security Agent or AstraZeneca (or any trustee or agent on their behalf); or
- (iv) receive, claim or have the benefit of any payment, distribution or security from or on account of any other Security Provider, or exercise any right of set-off as against any other Security Provider.

Each Security Provider must hold in trust for and immediately pay or transfer to the Security Agent (or as directed by the Security Agent) for AstraZeneca any payment or distribution or benefit of security received by it contrary to this Subclause or in accordance with any directions given by the Security Agent under this Subclause.

6. REPRESENTATIONS AND WARRANTIES

6.1 Representations and warranties

The representations and warranties set out in this Clause are made by each Security Provider to the Security Agent and AstraZeneca.

6.2 Security Providers

- (a) Circassia Limited
 - (i) It is duly organized and validly existing under the laws of England and Wales.
 - (ii) Its exact legal name, as it appears in the public records of its jurisdiction of incorporation or organization, is Circassia Limited. It has not changed its name, whether by amendment of its organizational documents, reorganization, merger or otherwise, during the past five years.
 - (iii) Its organizational identification number, as issued by its jurisdiction of organization is 03689966.

- (iv) Its registered office is located at The Magdalen Centre, Robert Robinson Avenue, The Oxford Science Park, Oxford, OX4 4GA. The Security Provider has not changed its registered office within the past five years.
- (b) Circassia US
 - (i) It is duly organized and validly existing under the laws of the State of Delaware.
 - (ii) Its exact legal name, as it appears in the public records of its jurisdiction of incorporation or organization, is Circassia Pharmaceuticals Inc. Prior to September 2, 2016, its exact legal name, as it appeared in the public records of its jurisdiction of incorporation or organization, was Aerocrine Inc.
 - (iii) Its organizational identification number, as issued by its jurisdiction of incorporation is 3308390.
 - (iv) Its chief executive office is located at 5151 McCrimmon Parkway, Suite 260, Morrisville, NC 27560. The Security Provider has not changed its chief executive office within the past five years.
- (c) Circassia PLC
 - (i) It is duly organized and validly existing under the laws of England and Wales.
 - (ii) Its exact legal name, as it appears in the public records of its jurisdiction of incorporation or organization, is Circassia Pharmaceuticals PLC. It has not changed its name, whether by amendment of its organizational documents, reorganization, merger or otherwise, during the past five years.
 - (iii) Its organizational identification number, as issued by its jurisdiction of organization is 5822706.
 - (iv) Its registered office is located at The Magdalen Centre, Robert Robinson Avenue, The Oxford Science Park, Oxford, OX4 4GA. The Security Provider has not changed its registered office within the past five years.
- (d) Each Security Provider has all requisite power and authority to own and operate its properties, to carry on its business as now conducted and as proposed to be conducted, to enter into this Agreement and to carry out the transactions contemplated hereby.
- (e) The execution, delivery and performance of this Agreement have been duly authorized by all necessary action on the part of each Security Provider.
- (f) The execution, delivery and performance by each Security Provider of this Agreement and the consummation of the transactions contemplated by this Agreement do not and will not:
 - (i) violate any provision of any law or any governmental rule or regulation applicable to such Security Provider, the organizational documents of such Security Provider or any order, judgment or decree of any court or other Government Authority binding on such Security Provider;

- (ii) conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any contractual obligation of such Security Provider; or
 - (iii) result in or require the creation or imposition of any Lien upon any of its properties or assets (other than any Liens created hereunder).
- (g) The execution, delivery and performance by any Security Provider of this Agreement and the consummation of the transactions contemplated by this Agreement do not and will not require any governmental authorization or any approval or consent of any person under any contractual obligation of the Security Providers, except for such authorization, approvals or consents which have been obtained.
- (h) This Agreement has been duly executed and delivered by each Security Provider and is the legally valid and binding obligation of such Security Provider, enforceable against such Security Provider in accordance with its respective terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability.
- (i) Except to the extent that failure to do so could not reasonably be expected to result in a Material Adverse Effect, each Security Provider is in compliance with all laws applicable to it.

6.3 The Collateral

- (a) It has exclusive possession and control of all Collateral except for:
- (i) Collateral subject to a Control Agreement in compliance with Clause 4.3 (Control); and
 - (ii) Collateral held by a Bailee in accordance with Clause 4.4 (Notice of security interest).
- (b) Except as permitted under the Development and Commercialisation Agreement:
- (i) it is the sole legal and beneficial owner of, and has the power to transfer and grant a security interest in, the Collateral;
 - (ii) as of the date of this Agreement, there are no other deposit accounts that constitute Collateral other than those specified on Schedule 1 under the heading "Deposit Accounts";
 - (iii) as of the date of this Agreement, there are no contracts to which any of the Security Providers are a party that constitute Collateral other than those specified on Schedule 2 under the heading "Assigned Contracts";
 - (iv) none of the Collateral is subject to any Lien (including, without limitation, any control agreement) other than this Security, any Liens of the depository bank party to a Control Agreement and other Liens permitted by the Development and Commercialisation Agreement or the English Law Deed;
 - (v) except in connection with sales of goods and inventory in the ordinary course of business and Liens granted under the English Law Deed or otherwise created in favor of the Security Agent in connection with the Development and Commercialisation Agreement or Liens of the depository bank party to a Control Agreement, it has not agreed or committed to sell, assign, pledge, transfer, license, lease or encumber any of the Collateral, or granted any option, warrant or right with respect to any of the Collateral; and

- (vi) no effective mortgage, deed of trust, financing statement, security agreement or other instrument similar in effect is on file or of record with respect to any Collateral, except for those that create, perfect or evidence this Security or the Liens granted under the English Law Deed or otherwise created in favor of the Security Agent in connection with the Development and Commercialisation Agreement.
- (c) Each deposit account listed on Schedule 1 is subject to a Control Agreement in compliance with Clause 4.3(Control) and an executed copy of each such Control Agreement and a copy of the current account statement for each such deposit account have been delivered to the Security Agent.
- (d) With respect to each contract to which any of the Security Providers are a party that constitutes Collateral:
 - (i) an executed copy of such contract has been provided to the Security Agent;
 - (ii) each such contract to which a Security Provider is a party is such Security Provider's legal, valid, binding and enforceable obligation;
 - (iii) it is not in default of any of its obligations under any such contract; and
 - (iv) there is no prohibition on assignment in, or other restriction on the creation of security by the Security Providers over, any such contract that would prevent assignment to the Security Agent or AstraZeneca in accordance with this Agreement.
- (e) No litigation, arbitration or administrative proceedings are current or pending or, to its knowledge, threatened, involving or affecting the Collateral, and none of the Collateral is subject to any order, writ, injunction, execution or attachment.

6.4 No liability

- (a) Its rights, interests, liabilities and obligations under contractual obligations that constitute part of the Collateral are not affected by this Agreement or the exercise by the Security Agent of its rights under this Agreement.
- (b) Neither the Security Agent nor AstraZeneca, unless it expressly agrees in writing, will have any liabilities or obligations under any contractual obligation that constitutes part of the Collateral as a result of this Agreement, the exercise by the Security Agent of its rights under this Agreement or otherwise.
- (c) Neither the Security Agent nor AstraZeneca has or will have any obligation to collect upon or enforce any contractual obligation or claim that constitutes part of the Collateral, or to take any other action with respect to the Collateral.

6.5 Consideration and solvency

- (a) Terms used in this Subclause have the meanings given to them in, and must be construed in accordance with, the fraudulent transfer laws.
- (b) The sum of its debts (including its obligations under this Agreement) is less than the value of its property (calculated at the lesser of fair valuation and present fair saleable value).
- (c) Its capital is not unreasonably small to conduct its business as currently conducted or as proposed to be conducted.

- (d) It has not incurred, does not intend to incur and does not believe it will incur debts beyond its ability to pay as they mature.
- (e) It has not made a transfer or incurred an obligation under this Agreement with the intent to hinder, delay or defraud any of its present or future creditors.

6.6 Times for making representations and warranties

- (a) The representations and warranties set out in this Agreement (including in this Clause) are made on the date of this Agreement with reference to the facts and circumstances then existing.
- (b) The representations and warranties of each Security Provider contained in this Agreement or made by any Security Provider in any certificate or notice delivered under this Agreement will survive the making and repayment of the Loan Amount, and any novation, transfer or assignment thereof.

7. UNDERTAKINGS

7.1 Undertakings

Each Security Provider agrees to be bound by the covenants set out in this Clause.

7.2 The Security Providers

- (a) Each Security Provider must preserve its corporate existence and no Security Provider will, in one transaction or a series of related transactions, merge into or consolidate with any other entity, or sell all or substantially all of its assets without providing written notice to the Security Agent no later than 30 days thereafter.
- (b) No Security Provider will change the jurisdiction of its incorporation or organization without providing written notice to the Security Agent no later than 30 days thereafter.
- (c) No Security Provider will change its name without providing written notice to the Security Agent no later than 30 days thereafter.
- (d) Except to the extent that the failure to do so could not reasonably be expected to result in a Material Adverse Effect, each Security Provider shall be in compliance with all laws applicable to it.
- (e) Each Security Provider must keep at the address indicated in Clause 25.7.2(a) of the Development and Commercialisation Agreement (Address for Notice) or (in the case of Circassia US), Clause 17 (Notices) of this Agreement, its corporate records and all records, documents and instruments constituting, relating to or evidencing Collateral.
- (f) Each Security Provider permits the Security Agent and its agents and representatives, during normal business hours and upon reasonable notice, to inspect the Collateral, to examine and make copies of and abstracts from the records referred to in paragraph (d) above, and to discuss matters relating to the Collateral directly with such Security Provider's officers and employees.
- (g) At the Security Agent's request, each Security Provider must provide the Security Agent with any information concerning the Collateral that the Security Agent may reasonably request.

7.3 The Collateral

- (a) Except as expressly permitted by the Development and Commercialisation Agreement or this Agreement and except in connection with sales of goods and inventory for fair market value in the ordinary course of business the proceeds of which are subject to the Security Agent's security interest pursuant to this Agreement, the English Law Deed or any other security agreement which may from time to time be entered into by any Security Provider in favor of the Security Agent in connection with the Development and Commercialisation Agreement), each Security Provider:
- (i) must maintain sole legal and beneficial ownership of the Collateral;
 - (ii) must not permit any Collateral to be subject to any Lien (including, without limitation, any control agreement) other than the Security Agent's security interest under this Agreement, the English Law Deed or any other security agreement which may from time to time be entered into by such Security Provider in favor of AstraZeneca in connection with the Development and Commercialisation Agreement, and Liens of the depository bank party to a Control Agreement, and must at all times warrant and defend the Security Agent's security interest in the Collateral against all other Liens and claimants;
 - (iii) must not sell, assign, transfer, pledge, license, lease or encumber, or grant any option, warrant, or right with respect to, any of the Collateral, or agree or contract to do any of the foregoing except as expressly permitted or required under the English Law Deed or any other security agreement which may from time to time be entered into by such Security Provider in favor of AstraZeneca in connection with the Development and Commercialisation Agreement;
 - (iv) must not waive, amend or terminate, in whole or in part, any accessory or ancillary right or other right in respect of any Collateral, including any right under any contract that constitutes Collateral;
 - (v) in respect of any contract that constitutes Collateral:
 - (A) must duly and promptly perform its obligations, and diligently pursue its rights, under any such contract;
 - (B) must not take any action that might jeopardize the existence or enforceability of any such contract or adversely impact or materially delay any payments due under any such contract;
 - (C) must ensure that any such contract it enters into after the date of this Agreement does not contain any prohibition on assignment or other restriction on the creation of security that would prevent assignment to the Security Agent or AstraZeneca in accordance with this Agreement; and
 - (D) must supply the Security Agent with copies of each such contract, and any information and documentation relating to any such contract requested by the Security Agent;

provided that any failure to comply with SubClause 7.3(a)(v)(C) shall not constitute a breach of the terms of this Agreement to the extent that it is capable of remedy and is remedied within 30 days of the Security Provider becoming aware of its failure to comply; and

- (vi) must not take any action which would result in a reduction in the value of any Collateral.
- (b) Each Security Provider must pay when due (and in any case before any penalties are assessed or any Lien is imposed on any Collateral) all taxes, assessments and charges imposed on or in respect of Collateral and all claims against the Collateral, including claims for labor, materials and supplies except for taxes, assessments, charges and claims that are being contested in good faith and for which such Security Provider shall have set aside on its book appropriate reserves.
- (c) In any suit, legal action, arbitration or other proceeding involving the Collateral or the Security Agent's security interest, each Security Provider must take all lawful action to avoid impairment of the Security Agent's security interest or the Security Agent's rights under this Agreement or the imposition of a Lien on any Collateral.

7.4 Notices

- (a) Each Security Provider must give the Security Agent prompt notice of the occurrence of any of the following events:
 - (i) any Event of Default;
 - (ii) any pending or threatened claim, suit, legal action, arbitration or other proceeding involving or affecting any Security Provider or any Collateral which could reasonably be expected to impair the Security Agent's security interest or the Security Agent's rights under this Agreement or result in the imposition of a Lien (other than Liens permitted by the Development and Commercialisation Agreement) on any Collateral;
 - (iii) any loss or damage to any material portion of the Collateral; or
 - (iv) any representation or warranty contained in this Agreement is or becomes untrue, incorrect or incomplete in any material respect.
- (b) Each notice delivered under this Clause, must include:
 - (i) reasonable details about the event; and
 - (ii) the Security Providers' proposed course of action.

Delivery of a notice under this Clause does not affect the Security Providers' obligations to comply with any other term of this Agreement.

8. WHEN SECURITY BECOMES ENFORCEABLE

This Security may be enforced by the Security Agent at any time after an Event of Default has occurred and is continuing.

9. ENFORCEMENT OF SECURITY

9.1 Events of Default

9.2 General

- (a) After an Event of Default has occurred and is continuing, the Security Agent may immediately, in its absolute discretion, exercise any right under:

- (i) applicable law; or
- (ii) this Agreement,

to enforce all or any part of the Security in respect of any Collateral in any manner or order it sees fit.

- (b) This includes:

- (i) any rights and remedies available to the Security Agent under applicable law and under the UCC (whether or not the UCC applies to the affected Collateral and regardless of whether or not the UCC is the law of the jurisdiction where the rights or remedies are asserted) as if those rights and remedies were set forth in this Agreement in full;
- (ii) transferring or assigning to, or registering in the name of, the Security Agent or its nominees any of the Collateral;
- (iii) exercise dominion and control over and provide instructions directing the disposition of funds in deposit accounts subject to a Control Agreement;
- (iv) exercising any consent and other rights relating to any Collateral;
- (v) performing or complying with any contractual obligation that constitutes part of the Collateral;
- (vi) receiving, endorsing, negotiating, executing and delivering or collecting upon any check, draft, note, acceptance, account, instrument, document, contract, agreement, receipt, release, bill of lading, invoice, endorsement, assignment, bill of sale, deed or instrument of conveyance or transfer constituting or relating to any Collateral;
- (vii) asserting, instituting, filing, defending, settling, compromising, adjusting, discounting or releasing any suit, action, claim, counterclaim, right of set-off or other right or interest relating to any Collateral;
- (viii) executing and delivering acquittances, receipts and releases in respect of Collateral; and
- (ix) exercising any other right or remedy available to the Security Agent under the Development and Commercialisation Agreement or any other agreement between the parties.

9.3 Collections after an Event of Default

- (a) If an Event of Default occurs and is continuing, each Security Provider must hold all funds and other property received or collected in respect of the Collateral in trust for the Security Agent, and must keep

these funds and this other property segregated from all other funds and property so as to be capable of identification.

- (b) Each Security Provider must deliver those funds and that other property to the Security Agent in the identical form received, properly endorsed or assigned when required to enable the Security Agent to complete collection.
- (c) After the occurrence and during the continuation of an Event of Default, no Security Provider may settle, compromise, adjust, discount or release any claim in respect of Collateral or accept any returns of merchandise other than in the ordinary course of business.

9.4 Security Agent's rights upon default

- (a) Each Security Provider irrevocably constitutes and appoints the Security Agent, with full power of substitution, as such Security Provider's true and lawful attorney-in-fact, in such Security Provider's name or in the Security Agent's name or otherwise, and at the Security Providers' expense, to take any of the actions authorized by this Agreement or permitted under applicable law upon the occurrence and during the continuation of an Event of Default, without notice to or the consent of any Security Provider. This power of attorney is a power coupled with an interest and cannot be revoked. Each Security Provider ratifies and confirms all actions taken by the Security Agent or its agents under this power of attorney.
- (b) Each Security Provider agrees that 10 days' notice shall constitute reasonable notice in connection with any sale, transfer or other disposition of Collateral.
- (c) The Security Agent may comply with any applicable state or federal law requirements in connection with a disposition of Collateral and compliance will not be considered adversely to affect the commercial reasonableness of any sale of Collateral.
- (d) The grant to the Security Agent under this Agreement of any right, power or remedy does not impose upon the Security Agent any duty to exercise that right, power or remedy. The Security Agent will have no obligation to take any steps to preserve any claim or other right against any person or with respect to any Collateral.
- (e) Each Security Provider bears the risk of loss, damage, diminution in value, or destruction of the Collateral.
- (f) The Security Agent will have no responsibility for any act or omission of any courier, bailee, broker, bank, investment bank or any other person chosen by it with reasonable care.
- (g) The Security Agent makes no express or implied representations or warranties with respect to any Collateral or other property released to any Security Provider or its successors and assigns.
- (h) Each Security Provider agrees that the Security Agent will have met its duty of care under applicable law if it holds, maintains and disposes of Collateral in the same manner that it holds, maintains and disposes of property for its own account.
- (i) Except as set forth in this Clause or as required under applicable law, the Security Agent will have no duties or obligations under this Agreement or otherwise with respect to the Collateral.

- (j) The sale, transfer or other disposition under this Agreement of any right, title, or interest of any Security Provider in any item of Collateral will:
 - (i) operate to divest any Security Provider permanently and all persons claiming under or through such Security Provider of that right, title, or interest, and
 - (ii) be a perpetual bar, both at law and in equity, to any claims by any Security Provider or any person claiming under or through any Security Providerwith respect to that item of Collateral.

9.5 No marshaling

- (a) The Security Agent need not, and each Security Provider irrevocably waives and agrees that it will not invoke or assert any law requiring the Security Agent to:
 - (i) attempt to satisfy the Secured Liabilities by collecting them from any other person liable for them; or
 - (ii) marshal any security or guarantee securing payment or performance of the Secured Liabilities or any particular asset of any Security Provider.
- (b) The Security Agent may release, modify or waive any collateral or guarantee provided by any other person to secure any of the Secured Liabilities, without affecting the Security Agent's rights against any Security Provider.

10. APPLICATION OF PROCEEDS

Any moneys received in connection with the Collateral by the Security Agent after this Security has become enforceable must be applied in the following order of priority:

- (a) **first**, in or towards payment of or provision for all costs and expenses incurred by the Security Agent or AstraZeneca in connection with the enforcement of this Security;
- (b) **second**, in or towards payment of, or provision for, the Secured Liabilities; and
- (c) **third**, in payment of the surplus (if any) to the Security Providers or any other person entitled to it under applicable law.

This Clause is subject to the payment of any claims having priority over this Security. This Clause does not prejudice the right of the Security Agent or AstraZeneca to recover any shortfall from the Security Providers.

11. DELEGATION

11.1 Power of attorney

The Security Agent may delegate by power of attorney or in any other manner to any person any right, power or discretion exercisable by it under or in connection with this Agreement.

11.2 Terms

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

11.3 Liability

The Security Agent will not be in any way liable or responsible to any Security Provider for any loss or liability arising from any act, default, omission or misconduct on the part of any delegate or sub-delegate.

12. EVIDENCE AND CALCULATIONS

In the absence of manifest error, the records of the Security Agent are conclusive evidence of the existence and the amount of the Secured Liabilities.

13. CHANGES TO THE PARTIES

13.1 Assignments

- (a) Any assignments of rights and obligations under this Agreement shall be subject to the terms of Clause 25.3.1 of the Development and Commercialisation Agreement; provided that notwithstanding anything to the contrary set forth herein or the Development and Commercialisation Agreement, the Security Agent will have the right to resign at any time by giving 30 days' prior written notice thereof to AstraZeneca and the Security Providers.
- (b) Upon any such notice of resignation by Security Agent, AstraZeneca shall have the right to appoint a successor Security Agent. If no such successor shall have been so appointed and shall have accepted such appointment within 30 days after the retiring Security Agent gives notice of its resignation, the retiring Security Agent may, on behalf of AstraZeneca, appoint a successor Security Agent.
- (c) If the Security Agent shall notify AstraZeneca and the Security Providers that no person has accepted such appointment as successor Security Agent, such resignation shall nonetheless become effective in accordance with the Security Agent's notice and
 - (i) the retiring Security Agent shall be discharged from its duties and obligations hereunder, except that any Collateral held by the Security Agent will continue to be held by it until a person shall have accepted the appointment of successor Security Agent, and
 - (ii) all payments, communications and determinations provided to be made by, to or through the Security Agent shall instead be made by, to or through AstraZeneca directly, until such time as AstraZeneca appoints a successor Security Agent.
- (d) Upon the acceptance of any appointment as Security Agent hereunder by a successor Security Agent, that successor Security Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Security Agent and the retiring Security Agent shall be discharged from its duties and obligations under this Agreement (if not already discharged as set forth above).

- (e) Each Security Provider waives and will not assert against any assignee of the Security Agent any claims, defenses or set-offs which the Security Providers could assert against the Security Agent except for defenses which cannot be waived under applicable law.

13.2 Successors and assigns

This Agreement shall be binding on and inure to the benefit of the respective successors and permitted assigns of the Security Providers and the Security Agent.

14. MISCELLANEOUS

14.1 Amendments and waivers

Any term of this Agreement may be amended or waived only by the written agreement of each Security Provider and the Security Agent.

14.2 Waivers and remedies cumulative

- (a) The rights and remedies of the Security Agent under this Agreement:
 - (i) may be exercised as often as necessary;
 - (ii) are cumulative and not exclusive of its rights under applicable law; and
 - (iii) may be waived only in writing and specifically.
- (b) Delay in exercising, or non-exercise, of any right or remedy under this Agreement is not a waiver of that right or remedy.

14.3 Counterparts

This Agreement may be executed in counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or in electronic (e.g., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Agreement.

15. SEVERABILITY

If any term of this Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction, that will not affect:

- (a) the legality, validity or enforceability in that jurisdiction of any other term of this Agreement; or
- (b) the legality, validity or enforceability in any other jurisdiction of that or any other term of this Agreement.

16. RELEASE

- (a) At the end of the Security Period, the Security Agent must, at the request and cost of the Security Providers, take whatever action is necessary to release the Collateral from this Security.

- (b) Upon any disposition of property in the ordinary course of business (including, without limitation, any distribution of samples in customary quantity in accordance with industry practice), the security interest granted pursuant to this Agreement shall be deemed to be automatically released and such property shall automatically revert to the applicable Security Provider with no further action on the part of any person. The Security Agent shall, at the applicable Security Provider's expense, promptly execute and deliver or otherwise authorize the filing of such documents as such Security Provider shall reasonably request, in form and substance reasonably satisfactory to the Security Agent, including financing statement amendments to evidence such release.

17. NOTICES

17.1 Notices

- (a) Any communication in connection with this Agreement must be given in accordance with Clause 25.7 (Notices) of the Development and Commercialisation Agreement.
- (b) The contact details of Circassia Limited for this purpose shall be the same as those for Circassia PLC as set out in Clause 25.7.2 of the Development and Commercialisation Agreement. The contact details of Circassia US for this purpose are:

Circassia Pharmaceuticals Inc.
Address: 5151 McCrimmon Parkway, Suite 260,
Morrisville, NC 27560
Attention: Legal department
Email: info@circassia.com

- (c) The contact details of the Security Agent are:

Wilmington Trust (London) Limited
Address: 1 King's Arms Yard, Third Floor
London, EC2R 7AF
Attention: Terry Herridge, Relationship Manager
Email: herridge@wilmingtontrust.com

18. GOVERNING LAW

This Agreement and any claim or dispute (whether sounding in contract, tort, statute or otherwise) relating to this Agreement shall be governed by and construed in accordance with law of the State of New York including section 5-1401 of the New York General Obligations Law but excluding any other conflict of law rules that would lead to the application of the law of another jurisdiction. If the law of a jurisdiction other than New York is, under section 1-301(c) of the UCC, mandatorily applicable to the perfection, priority or enforcement of any security interest granted under this Agreement in respect of any particular Collateral, that other law shall apply solely to the matters of perfection, priority or enforcement to which it is mandatorily applicable.

19. ENFORCEMENT

19.1 Jurisdiction

- (a) For the benefit of the Security Agent, each Security Provider agrees that any New York State court or Federal court sitting in the City and County of New York has jurisdiction to settle any disputes in connection with this Agreement and accordingly submits to the jurisdiction of those courts.
- (b) Each Security Provider:
 - (i) waives objection to the New York State and Federal courts on grounds of personal jurisdiction, inconvenient forum or otherwise as regards proceedings in connection with this Agreement; and
 - (ii) agrees that a judgment or order of a New York State or Federal court in connection with this Agreement is conclusive and binding on it and may be enforced against it in the courts of any other jurisdiction.
- (c) Nothing in this Clause limits the right of the Security Agent or AstraZeneca to bring proceedings against any Security Provider in connection with this Agreement:
 - (i) in any other court of competent jurisdiction; or
 - (ii) concurrently in more than one jurisdiction.

19.2 Service of Process

- (a) Each of Circassia Limited and Circassia PLC irrevocably appoints Circassia US as its agent for service of process in relation to proceedings before any courts located in the State of New York in connection with this Agreement and, by executing and delivering this Agreement, Circassia US unconditionally accepts such appointment.
- (b) Each Security Provider consents to the service of process relating to any proceedings by a notice given in accordance with Clause 17 (Notices) above and agrees that service as provided in this Clause is sufficient to confer personal jurisdiction over such Security Provider in any such proceeding in any such court, and otherwise constitutes effective and binding service in every respect.
- (c) Each Security Provider agrees that the Security Agent retains the right to serve process in any other manner permitted by law or to bring proceedings against such Security Provider in the courts of any other jurisdiction, and agrees that the provisions of this Clause 19.2 relating to jurisdiction and venue shall be binding and enforceable to the fullest extent permissible under the New York General Obligations Law or otherwise.

19.3 Complete Agreement

This Agreement and the Development and Commercialisation Agreement contain the complete agreement between the parties on the matters to which they relate and supersede all prior commitments, agreements and understandings, whether written or oral, on those matters.

19.4 Waiver of Jury Trial

EACH SECURITY PROVIDER AND THE SECURITY AGENT (FOR ITSELF AND ON BEHALF OF ASTRAZENECA) WAIVE ANY RIGHTS THEY MAY HAVE TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED ON OR ARISING FROM THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

The undersigned, intending to be legally bound, have executed and delivered this Agreement on the date stated at the beginning of this Agreement.

SCHEDULE 1
DEPOSIT ACCOUNTS

Bank: Bank of America, NA
Account #: [REDACTED]
Routing #: [REDACTED]
ABA (US) #: [REDACTED]

SCHEDULE 2

ASSIGNED CONTRACTS

Name of Security Provider	Name of counterparty	Date of execution	Type of contract
Circassia Pharmaceuticals Inc.	Cardinal Health 105, Inc.	January 4, 2019, as supplemented by the Title Model Addendum dated January 4, 2019 and amended by amendment dated as of June 7, 2019	Exclusive Distribution Agreement with Title Model Addendum
Circassia Pharmaceuticals Inc.	Cardinal Health, Inc. and subsidiaries of Cardinal Health, Inc. designated from time to time	May 8, 2019	Wholesale Purchase Agreement
Circassia Pharmaceuticals Inc.	McKesson Corporation	May 28, 2019, effective as of June 1, 2019	Redistribution Center and Core Distribution Agreement (RCCDA) and McKesson Supplier Standard Terms & Conditions, incorporated by reference (T&Cs)

SIGNATORIES

Security Providers

CIRCASSIA LIMITED

By: 

Title: DIRECTOR

CIRCASSIA PHARMACEUTICALS INC.

By: 

Title: PRESIDENT U.S.

CIRCASSIA PHARMACEUTICALS PLC

By: 

Title: DIRECTOR

Security Agent

WILMINGTON TRUST (LONDON) LIMITED

By:

Title:

[Signature page to Security Agreement]

SIGNATORIES

Security Providers

CIRCASSIA LIMITED

By:

Title:

CIRCASSIA PHARMACEUTICALS INC.

By:

Title:

CIRCASSIA PHARMACEUTICALS PLC

By:

Title:

Security Agent

WILMINGTON TRUST (LONDON) LIMITED

By:

Title:

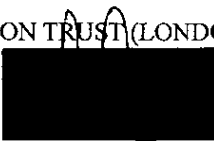

Keith Rogers
Authorised Signatory

EXHIBIT 1
FORM OF ASSIGNMENT NOTICE

From: [SECURITY PROVIDER] [SECURITY AGENT]

To: [COUNTERPARTY]

Copy: [SECURITY AGENT] [SECURITY PROVIDER]

[DATE]

Ladies and Gentlemen,

Re: [describe Contract] (the **Contract**)

1. [Notice]

We give you notice that [we have granted] [[SECURITY PROVIDER] (the **Security Provider**) has granted] to [SECURITY AGENT] the (**Security Agent**) a first-priority security interest in all of [our][its] rights and interests under the Contract [and that the Security Agent has the exclusive right to exercise all of such rights and powers under the Contract. In particular, after the delivery of this letter, you are to pay all sums due under the Contract only as directed by the Security Agent. **If there is a conflict between instructions you receive from us and instructions you receive from the Security Agent, you are to follow the Security Agent's instructions.**]¹

2. [Notice]

We give you notice that we have granted to [SECURITY AGENT] the (**Security Agent**) a first-priority security interest in all of our rights and interests under the Contract.

3. Rights under the Contract

Until you receive a notice or instruction from the Security Agent to the contrary (an **Enforcement Notice**), we may exercise all our rights and powers under the Contract. After the Security Agent has delivered to you an Enforcement Notice, the Security Agent will have the exclusive right to exercise all of our rights and powers under the Contract. In particular, after the delivery of an Enforcement Notice, you are to pay all sums due under the Contract only as directed by the Security Agent. **If there is a conflict between instructions you receive from us and instructions you receive from the Security Agent, you are to follow the Security Agent's instructions.**]²

¹ Use this provision if you have chosen the first option in Clause 1.1(a).

² Use these provisions if you have chosen the second option in Clause **Error! Reference source not found.**

4. [Authorization]

We irrevocably instruct and authorize you, from and after the date of this letter, to:

- (a) disclose to the Security Agent any information relating to the Contract which the Security Agent may request;
- (b) comply with the terms of any notice or instruction you receive from the Security Agent relating to the Contract; and
- (c) send copies of any notices and other information required or permitted to be sent to us under the Contract to the Security Agent as follows:

[●]

Fax: [●]

Attention: [●]

5. Amendments

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

6. Acknowledgement

We request that you indicate your agreement to the terms of this notice by signing and returning to the Security Agent and to [us][the Security Provider] copies of the acknowledgement that is attached.

Yours faithfully,

[SECURITY PROVIDER] [SECURITY AGENT]

(Authorized signatory)

By:

Title:

EXHIBIT 2

FORM OF ASSIGNMENT ACKNOWLEDGEMENT [on the letterhead of the Counterparty]

From: [COUNTERPARTY]

To: [SECURITY AGENT]

and

[SECURITY PROVIDER]

[DATE]

Ladies and Gentlemen:

Re: [describe the Contract] [the Contract]

1. We confirm that we have received from [SECURITY AGENT] [SECURITY PROVIDER] a notice dated [] (the **Notice**) informing us that [SECURITY PROVIDER] (the **Security Provider**) has granted to [SECURITY AGENT] (the **Security Agent**) a first-priority security interest in all of its rights and interests under the Contract.
2. We also confirm that:
 - (i) we accept the instructions and authorizations contained in the Notice and undertake to comply with the terms of the Notice;
 - (ii) we have not received notice of any other assignment of the Contract or of any interest or claim of any third party in or to the Contract; and
 - (iii) [we will comply with all notices and instructions we receive from the Security Agent and pay sums due under the Contract only as directed by the Security Agent.]³ [we will comply with all notices and instructions we receive from the Security Agent, and after our receipt of the Enforcement Notice referred to in the Notice, we will pay sums due under the Contract only as directed by the Security Agent.]⁴

Yours faithfully,

[COUNTERPARTY]
(Authorized signatory)

By:

Title:

³ Use this provision if you have chosen the first option in Clause 1.1(a).

⁴ Use this provision if you have chosen the second option in Clause **Error! Reference source not found.**

EXHIBIT 3
FORM OF BAILEE NOTICE

From: [SECURITY PROVIDER] [SECURITY AGENT]

To: [BAILEE]

Copy: [SECURITY AGENT] [SECURITY PROVIDER]

[DATE]

Ladies and Gentlemen:

1. Notice

We give you notice that [we have granted] [[SECURITY PROVIDER] (the **Security Provider**) has granted] a first-priority security interest to [SECURITY AGENT] (the **Security Agent**) in all property (the **Property**) belonging to [us][SECURITY PROVIDER] that is now or later in your possession, [and that the Security Agent has the exclusive right to exercise all of [our][the Security Provider's] rights and powers with respect to the Property] ⁵ including without limitation the following:

[SPECIFY PROPERTY]].

[Until you receive a notice or instruction from the Security Agent to the contrary (an **Enforcement Notice**), we may exercise all rights with respect to the Property. After the Security Agent has delivered to you an Enforcement Notice, the Security Agent will have the exclusive right to exercise all of our rights and powers with respect to the Property. ⁶] **If there is a conflict between instructions you receive from us and instructions you receive from the Security Agent, you are to follow the Security Agent's instructions.**

2. [Authorization]

We irrevocably direct you to hold possession of the Property for the Security Agent's benefit. In addition, we irrevocably instruct and authorize you, without any further authorization from us or notice to us, from and after the date of this letter, to:

- (a) disclose to the Security Agent any information relating to the Property which the Security Agent may request;
- (b) comply with the terms of any notice or instructions you receive from the Security Agent relating to the Property, including without limitation, at the time or after you receive an Enforcement Notice, instructions from the Security Agent relating to the delivery of the Property;
- (c) permit the Security Agent and its agents and representatives, at any reasonable time and from time to time, to inspect the Property, to examine and make copies of and abstracts from your

⁵ Use this provision if you have chosen the first option in Clause 1.1(b).

⁶ Use this provision if you have chosen the second option in Clause **Error! Reference source not found.**

records concerning the Property and to discuss these records and other matters relating to the Property with the your officers and employees; and

- (d) send copies of any notices and other information required or permitted to be sent to us with respect to the Property to the Security Agent as follows:

[●]

Fax: [●]

Attention: [●]

3. Amendments

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

4. Acknowledgement

We request that you indicate your agreement to the terms of this notice by signing and returning to the Security Agent and to [us][the Security Provider] copies of the acknowledgment that is attached.

Yours faithfully,

[SECURITY PROVIDER] [SECURITY AGENT]

(Authorized signatory)

By:

Title:

EXHIBIT 4
FORM OF BAILEE ACKNOWLEDGEMENT
[on the letterhead of Bailee]

From: [BAILEE]

To: [SECURITY AGENT]

and

[SECURITY PROVIDER]

Ladies and Gentlemen:

1. We confirm that we have received from [SECURITY AGENT] [SECURITY PROVIDER] a notice dated [] (the **Notice**) stating that [SECURITY PROVIDER] (the **Security Provider**) has granted to [SECURITY AGENT] (the **Security Agent**) a first-priority security interest in all property (the **Property**) belonging to the Security Provider that is now or later in the our possession.
2. We confirm that we:
 - (i) hold possession of the Property for the benefit of the Security Agent;
 - (ii) accept the instructions and authorizations contained in the Notice and undertake to comply with the terms of the Notice;
 - (iii) have not received notice of any claim or interest of any third party in or to the Property; and
 - (iv) will not deliver the Property to the Security Provider or any other person if we receive instructions from the Security Agent to the contrary.

Yours faithfully,

[BAILEE]

(Authorized signatory)

By:

Title: