

MR01

Particulars of a charge

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Laserform

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last page

You can use the WebFiling
Please go to www.companieshouse.gov.uk

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

☒ **What this form is NOT for**
You may not use this form to
register a charge where the
instrument Use form MR01



L11 19/12/2014 #190
COMPANIES HOUSE

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

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

1

Company details

Company number 0 5 8 5 4 1 4 7

Company name in full Morethanhotels Trading Limited

For official use

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

All fields are mandatory unless
specified or indicated by *

2

Charge creation date

Charge creation date d 1 7 m 1 2 y 2 0 y 1 4

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 U S Bank Trustees Limited
125 Old Broad Street, London EC2N 1AR

Name

Name

Name

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

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

MR01

Particulars of a charge

4

Brief description

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

Brief description

Land Registry title number WYK801454
Land Registry title number WM900691
Land Registry title number BL98328
Land Registry title number GR302679

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 CLIFFORD CHANCE LLP 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 **Deborah Lipszyc**

Company name **Clifford Chance LLP**

(VIA CH LONDON COUNTER)
Address **10 Upper Bank Street**

Post town **London**

Country/Region

Postcode **E 1 4 5 J J**

Country **United Kingdom**

DX **149120 Canary Wharf 3**

Telephone **020 7006 1000**

**Certificate**

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

**Checklist**

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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

**Important information**

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

**How to pay**

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

Make cheques or postal orders payable to 'Companies House'

**Where to send**

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

For companies registered in England and Wales:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ
DX 33050 Cardiff

For companies registered in Scotland:

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

For companies registered in Northern Ireland:

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

**Further information**

For further information, please see the guidance notes on the website at www.companieshouse.gov.uk or email enquiries@companieshouse.gov.uk

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



FILE COPY

CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 5854147

Charge code. 0585 4147 0003

The Registrar of Companies for England and Wales hereby certifies that a charge dated 17th December 2014 and created by MORETHANHOTELS TRADING LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 19th December 2014.

LC

Given at Companies House, Cardiff on 30th December 2014



Companies House



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

**C L I F F O R D
C H A N C E**

CLIFFORD CHANCE LLP

EXECUTION VERSION

DATED 17 December 2014

**THE PERSONS LISTED IN SCHEDULE 1
AS CHARGORS**

IN FAVOUR OF

**U.S. BANK TRUSTEES LIMITED
AS THE SECURITY AGENT**

SECURITY AGREEMENT

We hereby certify that, save for material redacted
pursuant to s 859G of the Companies Act 2006, this
is a true copy of the original

Signed CLIFFORD CHANCE LLP

Date 19/12/2014

Clifford Chance LLP
10 Upper Bank Street
London E14 5JJ

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C L I F F O R D
C H A N C E

CLIFFORD CHANCE LLP

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THIS SECURITY AGREEMENT is made by way of deed on 17 December 2014 by.

- (1) **THE PERSONS** listed in Schedule 1 (*Chargors*) (each a "**Chargor**") in favour of:
- (2) **U.S. BANK TRUSTEES LIMITED** as trustee for each of the Secured Parties (the "**Security Agent**").

IT IS AGREED as follows.

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Security Agreement:

"Acceleration Event" means the giving of notice pursuant to Clause 27.18 (*Acceleration*) of the Facility Agreement.

"Administration Event" means:

- (a) the presentation of an application or petition to the court for the making of an administration order in relation to a **Chargor**; or
- (b) any person (who is entitled to do so) gives notice of its intention to appoint an administrator to a **Chargor** or files such a notice with the court.

"Loans" means each and every sum paid or payable from time to time by a **Chargor** pursuant to any Intra-Group Loan and any other sum from time to time paid or payable by any other person for the time being a **Chargor**

"Facility Agreement" means the Facility Agreement dated 16 December 2014 between, amongst others, the Borrower, the Guarantors, the Arranger, the Agent, the Security Agent and the Lenders (each as defined in that agreement as amended, varied, novated or supplemented from time to time).

"Insurance" means any contract or policy of insurance in which an Obligor may at any time have an interest, entered into in accordance with Clause 26.8 (*Insurances*) of the Facility Agreement.

"Investment" means all Shares, securities, certificates of deposit and other investments, all interests in collective investment schemes and partnerships and all warrants, options and rights to subscribe for any investment whether held directly by or to the order of any **Chargor** or by any trustee, nominee, custodian, fiduciary or clearance system on its behalf (including all rights against any such trustee, nominee, custodian, fiduciary or clearance system).

"Mortgaged Property" means the freehold and leasehold property specified in Schedule 2 (*Mortgaged Property*).

"Party" means a party to this Security Agreement.

"Real Property" means (including as provided in Clause 1.5 (*Real Property*)), the Mortgaged Property and any present or future freehold or leasehold or immoveable property and any other interest in land or buildings and all rights relating thereto in which any Chargor has an interest.

"Related Rights" means, in relation to any asset:

- (a) the proceeds of sale or rental of any part of that asset,
- (b) all rights under any licence, agreement for sale or agreement for lease in respect of that asset;
- (c) all rights, powers, benefits, claims, causes of action, contracts, warranties, remedies, security, guarantees, indemnities or covenants for title in respect of or derived from that asset; and
- (d) any moneys and proceeds paid or payable in respect of that asset.

"Relevant Share" means all Shares held by any Chargor from time to time in any Chargor and all of any Chargor's other present and future Shares in any member of the Group for the time being.

"Secured Liabilities" means all present and future obligations and liabilities (whether actual or contingent, whether owed jointly or severally or in any other capacity whatsoever and whether originally incurred by a Chargor or by some other person) of each Chargor to any Secured Party under each Finance Document.

"Secured Parties" means each Finance Party from time to time party to the Facility Agreement, the Servicer and any Receiver or Delegate.

"Security Assets" means each of the assets and undertaking of each Chargor which from time to time are, or are expressed to be, the subject of any Security created or expressed to be created by it in favour of the Security Agent by or pursuant to this Security Agreement.

"Security Period" means the period beginning on the date of this Security Agreement and ending on the date on the Secured Liabilities have been irrevocably and unconditionally paid or discharged in full.

"Share" means any stock, share, debenture or other security.

1.2 Terms defined in other Finance Documents

Unless defined in this Security Agreement, or the context otherwise requires, a term defined in the Facility Agreement or in any other Finance Document has the same meaning in this Security Agreement or any notice given under or in connection with this Security Agreement, as if all references in those defined terms to the Facility Agreement or other Finance Document were a reference to this Security Agreement or that notice.

1.3 Construction

Clauses 1.2 (*Construction*) and 1.3 (*Currency symbols and definitions*) of the Facility Agreement will apply as if incorporated in this Security Agreement or in any notice given under or in connection with this Security Agreement, as if all references in that Clause to the Facility Agreement were a reference to this Security Agreement or that notice.

1.4 Application of provisions in Facility Agreement

Each of the parties to this Security Agreement hereby acknowledges that in acting under this Security Agreement (including, without limitation, entering into a deed of covenant on or around the date hereof in favour of Mitchells & Butlers Retail Limited in connection with a deed of covenant dated 29 April 1999), the Security Agent is entitled to the benefit of all protections and other provisions expressed to be in its favour as Security Agent as set out in the Facility Agreement and that Clauses 1.4 (*Third party rights*), 10.3 (*Default interest*), 12.4 (*Break costs*), 14 (*Tax gross up and indemnities*), 15 (*Increased Costs*), 16 (*Other indemnities*), 18 (*Costs and expenses*), 28.1 (*Assignments and transfers by Lenders*), 30.1 (*Assignment and transfers by Obligors*), 31.1 (*the Agent and the Security Agent*), 31.29 (*Power Supplemental to Trustee Acts*), 34 (*Payment mechanics*), 35 (*Set-Off*), 36 (*Notices*), 37.1 (*Accounts*), 37.2 (*Certificates and determinations*), 40 (*Amendments and waivers*) and 44 (*Enforcement*) of the Facility Agreement are deemed to form part of this Security Agreement as if expressly incorporated into it and as if all references in those clauses to the Facility Agreement were references to this Security Agreement.

1.5 Real Property

A reference in this Security Agreement to a mortgage, assignment or charge of any freehold, leasehold or commonhold property includes all buildings, fixtures and fittings from time to time on or forming part of that property and all Related Rights.

1.6 Present and future assets

- (a) A reference in this Security Agreement to any Mortgaged Property, Security Asset or other asset includes, unless the contrary intention appears, present and future Mortgaged Property, Security Assets and other assets.
- (b) The absence of or incomplete details of any Security Assets in any Schedule shall not affect the validity or enforceability of any Security under this Security Agreement.

1.7 Disposition of Property

The terms of the Facility Agreement and each other Finance Document and of any side letters between the Parties in relation to the Finance Documents are incorporated into this Security Agreement and each other Finance Document to the extent required for any purported disposition of any Real Property contained in any Finance Document to be a valid disposition in accordance with Section 2(1) of the Law of Property (Miscellaneous Provisions) Act 1989.

1.8 Fixed Security

Clauses 4.1 (*Mortgage*) to 4.3 (*Fixed charges*) shall be construed as creating a separate and distinct mortgage, fixed charge or assignment by way of security over each relevant asset within any particular class of assets defined under this Security Agreement and the failure to create an effective mortgage, fixed charge or assignment by way of security (whether arising out of this Security Agreement or any act or omission by any party) on any one asset shall not affect the nature of any mortgage, fixed charge or assignment imposed on any other asset whether within that same class of assets or not.

1.9 No obligation

The Security Agent shall not be under any obligation in relation to the Security Assets as a consequence of this Security Agreement and each Chargor shall at all times remain liable to perform all obligations expressed to be assumed by it in respect of the Security Assets.

1.10 Approvals, consents, rights of the Security Agent

References in this Security Agreement to the cooperation of, or to an approval, opinion, consent, discretion or requirement of the Security Agent means, the cooperation of, or an approval, opinion, consent, direction or requirement of the Security Agent acting on the instructions of the Majority Lenders pursuant to the Facility Agreement or, as the case may be, the Lenders to the extent that the Facility Agreement specifies the need for an all Lender instruction or consent.

2. COVENANT TO PAY

Each Chargor covenants with the Security Agent (as trustee for the Secured Parties) that it shall, on demand of the Security Agent pay, discharge and satisfy the Secured Liabilities in accordance with their respective terms and to indemnify the Secured Parties against any losses, costs, charges, expenses and liabilities arising from any breach or failure to pay, discharge and satisfy the Secured Liabilities in accordance with their respective terms (which indemnified sums shall be treated as Secured Liabilities for the purposes of this Security Agreement).

3 COMMON PROVISIONS

3.1 Common provisions as to all Security

All the Security constituted by or pursuant to this Security Agreement is:

- (a) created with full title guarantee;
- (b) created in favour of the Security Agent as trustee for the Secured Parties and the Security Agent shall hold the benefit of this Security Agreement and the Security created by or pursuant to it on trust for the Secured Parties; and
- (c) continuing security for the payment and discharge of all the Secured Liabilities.

4. FIXED SECURITY

4.1 Mortgage

- (a) Each Chargor (other than Morethan Hotels (Stafford) No.1 Limited, Morethan Hotels (Stafford) No.2 Limited, Morethan Hotels (Birmingham) No.1 Limited Morethan Hotels (Birmingham) No.2 Limited charges, by way of first legal mortgage, its Mortgaged Property.
- (b) Morethan Hotels (Stafford) No.1 Limited and Morethan Hotels (Stafford) No.2 Limited charge, by way of first legal mortgage, their Mortgaged Property shortly known as Express by Holiday Inn, Stafford.
- (c) Morethan Hotels (Birmingham) No.1 Limited and Morethan Hotels (Birmingham) No.2 Limited charge, by way of first legal mortgage, their Mortgaged Property shortly known as Express by Holiday Inn, Bickhill Parkway, Birmingham.

4.2 Assignment by way of Security

Each Chargor assigns and agrees to assign absolutely (to the extent not validly and effectively charged by way of first legal mortgage pursuant to Clause 4.1 (*Mortgage*)) and to the fullest extent assignable or capable of assignment without infringing any contractual provision restricting the same, all of its right, title and interest from time to time in and to each of the following assets.

- (a) any agreements, contracts, deeds, leases, licences, undertakings, guarantees, covenants, warranties, representations and other documents entered into by, given to or otherwise benefiting that Chargor in respect of the Real Property and all other Related Rights;
- (b) any sums paid or payable to or for the benefit of that Chargor arising from the letting, use or occupation of all or any part of any Real Property and all sums paid or payable and any other consideration given or to be given for the disposal of an interest in all or part of any Real Property or of any shares in any person which owns or whose subsidiary owns all or any part of any Real Property and the right to make demand for and receive the same;
- (c) any policy of insurance in which that Chargor may at any time have an interest and all proceeds paid or payable thereunder and all other Related Rights; and
- (d) any Hedging Agreement.

To the extent that two or more Chargors hold any asset on trust for themselves or for another person with one or more other Chargors, the relevant Chargors confirm that they have acted jointly in respect of any assignment above.

4.3 Fixed charges

Each Chargor charges (to the extent not validly and effectively charged by way of first legal mortgage pursuant to Clause 4.1 (*Mortgage*) or assigned pursuant to Clause 4.2 (*Assignment by way of Security*)) by way of first fixed charge, all of its rights, title and interest from time to time in and to each of the following assets

- (a) the Real Property and all Related Rights;
- (b) each account maintained by that Chargor and designated as an operating account, debt reserve account, capex reserve account, mandatory prepayment account, holding account and general account (and in each case, its interest in any replacement account or sub-account or sub-division of that account) and the debt or debts represented thereby and all other Related Rights;
- (c) each of its accounts with any bank, building society, financial institution or other person (including any replacement account or sub-division or sub-account of that account) and the debt or debts represented thereby and all other Related Rights;
- (d) book and other debts and monetary claims owing to it and any proceeds of those debts and claims (including any claims or sums of money deriving from or in relation to any court order or judgment, the proceeds of any insurance policy, any contract or agreement to which any Chargor is a party and any other assets, property, rights or undertaking of that Chargor and all Related Rights;
- (e) plant, machinery, office equipment, computers, vehicles, furniture, fittings and other chattels (excluding any for the time being forming part of any Chargor's stock in trade or work in progress) and all Related Rights;
- (f) goodwill and rights and claims in relation to its uncalled share capital;
- (g) rights to recover any VAT on any supplies made to it relating to the Security Assets and any sums so recovered;
- (h) the Relevant Shares and all dividends, interest and other moneys payable in respect of the Relevant Shares and all other Related Rights (whether derived by way of redemption, bonus, preference, options, substitution, conversion, compensation or otherwise),
- (i) Investments and all Related Rights (including all rights against any trustee, nominee, fiduciary or clearance system in respect of those Investments) to the extent not charged pursuant to (j) above; and
- (j) the Loans, together with all Related Rights.

To the extent that two or more Chargors hold any asset on trust for themselves or for another person with one or more other Chargors, the relevant Chargors confirm that they have acted jointly in respect of any charge above

5 FLOATING CHARGE

5.1 Floating charge

- (a) Each Chorgor charges, by way of first floating charge, all present and future assets and undertaking of that Chorgor.
- (b) The floating charge created by paragraph (a) above shall be deferred in point of priority to all fixed Security validly and effectively created by that Chorgor under the Finance Documents in favour of the Security Agent (as trustee for the Secured Parties) as security for the Secured Liabilities
- (c) Paragraph 14 of Schedule B1 to the Insolvency Act 1986 applies to the floating charge created by paragraph (a) above.

5.2 General Accounts

The Parties agree that any Security granted or other interest created under this Security Agreement by a Chorgor in favour of the Security Agent or any other Secured Party in respect of its General Account or any amounts standing to the credit of its General Account shall not, until the occurrence of an Acceleration Event, prevent that Chorgor from withdrawing any amounts standing to the credit of its General Account, notwithstanding the occurrence of an Event of Default

5.3 Rights of the Chargors

Each Chorgor shall remain entitled to exercise all of its rights, powers and discretions under or in relation to the Security Assets in each case so long as such exercise is not in breach of the Facility Agreement, unless and until an Acceleration Event has occurred and is continuing when all such rights, powers and discretions shall be exercisable by, and notices shall be given to, the Security Agent or as it directs.

5.4 Conversion of floating charge to fixed Security

- (a) The Security Agent may at any time, while this Security Agreement is enforceable in accordance with Clause 10 (*Enforcement of security*), by notice to any Chorgor convert the floating charge constituted under Clause 5.1 (*Floating charge*) with immediate effect into a fixed charge as regards any asset which is the subject of the floating charge or which is specified in the notice if:
 - (i) an Acceleration Event has occurred and is continuing; or
 - (ii) the Security Agent reasonably considers that any of the Security Assets may be in jeopardy or in danger of being seized or sold pursuant to any form of legal process; or

- (iii) the Security Agent reasonably considers that it is desirable in order to protect the priority of the Security.
- (b) In addition, without prejudice to any law which may have a similar effect, the floating charge constituted under Clause 5.1 (*Floating charge*) will automatically be converted (without notice) with immediate effect into a fixed charge as regards all assets the subject of the floating charge if:
 - (i) any Chargor creates or attempts to create any Security (other than any Security permitted under the terms of the Facility Agreement), over any of the Security Assets;
 - (ii) any person levies or attempts to levy any distress, execution or other process against any of the Security Assets;
 - (iii) an Administration Event occurs;
 - (iv) a Receiver is appointed over all or any of the Security Assets;
 - (v) a resolution is passed or an order is made for the winding-up, dissolution, administration or re-organisation of a Chargor or an administrator is appointed to a Chargor,
 - (vi) any person (who is entitled to do so) gives notice of its intention to appoint an administrator to a Chargor or files such a notice with the court;
 - (vii) a meeting is convened for the passing of a resolution for the voluntary winding-up of any Chargor;
 - (viii) a petition is presented for the compulsory winding-up of any Chargor;
 - (ix) a provisional liquidator is appointed to any Chargor; or
 - (x) a resolution is passed or an order is made for the dissolution or reorganisation of any Chargor,

or any analogous procedure or step is taken in any jurisdiction.

6. PROVISIONS AS TO SECURITY AND PERFECTION

6.1 Negative pledge and restriction on dealings

Except where agreed in writing by the Security Agent or as permitted under the Finance Documents, no Chargor will at any time during the Security Period create or permit to subsist any Security over all or any part of the Security Assets or dispose of or otherwise deal with any part of the Security Assets.

6.2 Implied covenants for title

- (a) The covenants set out in Sections 3(1), 3(2) and 6(2) of the Law of Property (Miscellaneous Provisions) Act 1994 will not extend to Clauses 4 (*Fixed Security*) or 5 (*Floating charge*).
- (b) It shall be implied in respect of Clauses 4 (*Fixed Security*) and 5 (*Floating charge*) that each Chargor is disposing of the Security Assets free from all charges and encumbrances (whether monetary or not) and from all other rights exercisable by third parties (including liabilities imposed and rights conferred by or under any enactment).

6.3 Notices of Security: Lease Documents and Insurances

Immediately.

- (i) upon the date of this Security Agreement, in relation to all Lease Documents relating to the Real Property in existence on the date of this Security Agreement and all Insurances in existence on the date of this Security Agreement; or
- (ii) if later, upon any Chargor entering into a Lease Document with any person or any Insurances with any insurer,

each Chargor will join the Security Agent in giving notice to all landlords, tenants and other persons which are parties to such Lease Documents and to all insurers party to any Insurances, of the Security constituted under this Security Agreement in respect of any such Lease Documents or Insurances, such notices being in the form set out in Part A of Schedule 3 (*Notice of security*)

6.4 Notice of Security: Accounts

- (a) Each Chargor will immediately upon the date of this Security Agreement in relation to each Account and each other account maintained by it, or if later, upon the opening of any other Account or any other account, give notice to the relevant bank, building society, financial institution or other person of the charge constituted under this Security Agreement, the notice being in the form set out in Part A of Schedule 5 (*Notice of Security to Account Holding Bank*).
- (b) Each Chargor will procure from the account holding bank or any other such bank, building society or other financial institution, an acknowledgement of receipt of such notice in the form set out in Part B of Schedule 4 (*Acknowledgement of Security by Account Bank*).

6.5 Notice of Security: Loans

Each Chargor acknowledges the security over the Loans in accordance with this Agreement.

6.6 Notice of Security: Hedging Agreements

Promptly (and in any event within five Business Days) after entering into of any such Hedging Agreement, the Borrower as Chargor shall ensure delivery to the Security Agent of notices of security in the form set out in Schedule 5 (*Hedging Agreements*) (or in such other form as may be agreed by the Security Agent) duly executed by or on behalf of the Borrower as Chargor and acknowledged by the relevant Hedge Counterparty in the form set out therein

6.7 Notices of Security: other assets

Each Chargor shall join the Security Agent in giving notices of assignment or charge (in such form as may be specified by the Security Agent) in respect of any Hotel Franchising Agreements and Hotel Management Agreements promptly upon the request of the Security Agent from time to time and will use all reasonable endeavours to procure from each recipient of those notices, an acknowledgement in a form reasonably satisfactory to the Security Agent

6.8 Delivery of share certificates

Each Chargor shall:

- (a) immediately upon the execution of this Security Agreement, deposit with the Security Agent (or procure the deposit of) all certificates or other documents of title to the Relevant Shares and stock transfer forms (executed in blank by it or on its behalf); and
- (b) promptly upon the accrual, offer or issue of any stocks, shares, warrants or other securities in respect of or derived from the Relevant Shares (or upon acquiring any interest therein), notify the Security Agent of that occurrence and procure the delivery to the Security Agent of (a) all certificates or other documents of title representing such items and (b) such stock transfer forms or other instruments of transfer (executed in blank by it or on its behalf) in respect thereof as the Security Agent may request.

6.9 Deposit of title deeds

Each Chargor shall:

- (a) immediately upon the execution of this Security Agreement (and upon the acquisition by it of any interest in any Security Asset at any time) deposit (or procure the deposit) with the Security Agent all deeds, certificates and other documents constituting or evidencing title to the Security Assets; and
- (b) deposit with the Security Agent at any time thereafter any further such deeds, certificates, instruments of transfer and other documents, promptly upon coming into possession of any of those items.

6.10 Application to the Land Registry

Each Chargor hereby consents to an application being made to the Land Registry to enter the following restriction in the Proprietorship Register of any registered land at any time forming part of the Real Property.

"No disposition of the registered estate by the proprietor of the registered estate, or by the proprietor of any registered charge, not being a charge registered before the entry of this restriction, is to be registered without a written consent signed by the proprietor for the time being of the charge dated [] in favour of [] referred to in the charges register or their conveyancer "

6.11 Further advances

- (a) Subject to the terms of the Facility Agreement, each Lender is under an obligation to make further advances to each Chargor and that obligation will be deemed to be incorporated in this Security Agreement as if set out in this Security Agreement.
- (b) Each Chargor consents to an application being made to the Land Registry to enter the obligation to make further advances on the Charges Register of any registered land forming part of the Security Assets.

6.12 Loans

- (a) No Chargor shall take, or omit to take, any action which might result in (a) the alteration or impairment of any rights in the Loans, in each case, save as permitted under the Facility Agreement or the Subordination Agreement (b) any default of any of its obligations under any Inter-company Loan Agreement or in respect of any Assigned Loan, (c) any right to terminate any Inter-company Loan Agreement or any Loan becoming exercisable by any other party to that agreement, or (d) any counterclaims or rights of set-off arising under any Inter-company Loan Agreement or any Loan.
- (b) The Security Agent shall not be under any obligation in relation to any Loan or any Inter-company Loan Agreement as a consequence of this Agreement and each Chargor shall at all times remain liable to perform all obligations expressed to be assumed by it in respect of the Loans and each Inter-company Loan Agreement.

7. FURTHER ASSURANCE

7.1 Further assurance

- (a) The covenant set out in Section 2(1)(b) of the Law of Property (Miscellaneous Provisions) Act 1994 shall extend to include the obligations set out in paragraph (b) below.
- (b) Each Chargor shall promptly, at its own cost, do all such acts or execute all such documents (including assignments transfers, mortgages, charges, notarisations, registrations, notices and instructions) as the Security Agent

may reasonably specify (and in such form as the Security Agent may reasonably require) in favour of the Security Agent or its nominee(s) to:

- (i) create, perfect and/or protect the Security created or intended to be created in respect of the Security Assets in accordance with the rights vested in it under this Agreement (which may include the execution by that Chargor of a mortgage, charge or assignment over all or any of the assets constituting, or intended to constitute, Security Assets) or for the exercise of any of the rights, powers and remedies of the Security Agent provided by or pursuant to this Security Agreement or by law;
- (ii) confer on the Security Agent Security over any asset or undertaking of that Chargor located in any jurisdiction outside England and Wales equivalent or similar to the security intended to be conferred by or pursuant to this Security Agreement; and/or
- (iii) while an Event of Default is continuing, facilitate the realisation of the Security Assets

7.2 Necessary action

Each Chargor shall take all such action as is available to it (including making all filings and registrations and applying for relief against forfeiture) as may be necessary or as may reasonably be requested by the Security Agent for the purpose of the creation, perfection, protection or maintenance of any security conferred or intended to be conferred on the Security Agent by or pursuant to this Security Agreement.

8 SHARES AND INVESTMENTS

8.1 Voting rights and dividends prior to an Acceleration Event

Prior to the occurrence of an Acceleration Event, the relevant Chargor shall:

- (a) be entitled to receive all dividends, interest and other moneys arising from the Relevant Shares, and
- (b) exercise all voting rights in relation to the Relevant Shares **provided that** the Chargor shall not exercise, or permit the exercise of, any voting rights in respect of the Relevant Shares in such manner as would reasonably be expected to have a material adverse effect on the value of the Security Assets or any part thereof.

8.2 Voting rights and dividends after an Acceleration Event

Upon the occurrence of an Acceleration Event, the Security Agent may, at its discretion, (in the name of the relevant Chargor or otherwise and without any further consent or authority from any Chargor):

- (a) exercise (or refrain from exercising) any voting rights in respect of the Relevant Shares,

- (b) apply all dividends, interest and other moneys arising from the Relevant Shares in accordance with Clause 14 (*Application of Moneys*);
- (c) transfer the Relevant Shares into the name of such nominee(s) of the Security Agent as it shall require; and
- (d) exercise (or refrain from exercising) (without limitation) the powers and rights conferred on or exercisable by the legal or beneficial owner of the Relevant Shares, in each case in the manner and on the terms the Security Agent thinks fit, and the proceeds of any such action shall form part of the Relevant Shares.

9. ACCOUNTS

The Security Agent may, at any time on behalf of any Secured Party while this Security Agreement is enforceable in accordance with Clause 10 (*Enforcement of security*), without prior notice:

- (a) set-off, transfer or apply any Account and any other account which is the subject of the security created by this Security Agreement and any debt represented thereby in or towards satisfaction of all or any part of the Secured Liabilities; and
- (b) demand and receive all and any moneys due under or arising out of each Account which has been assigned by this Security Agreement and exercise all rights that any Chargor was then entitled to exercise in relation to that Account or might, but for the terms of this Security Agreement, exercise.

10. ENFORCEMENT OF SECURITY

10.1 Enforcement

On and at any time after the occurrence of:

- (a) an Acceleration Event; or
- (b) an Administration Event; or
- (c) a request from any Chargor to the Security Agent that it exercise any of its powers under this Security Agreement,

the Security created by or pursuant to this Security Agreement is, immediately enforceable and the Security Agent may, without notice to any Chargor or prior authorisation from any court, in its absolute discretion:

- (i) enforce all or any part of that Security (at the times, in the manner and on the terms it thinks fit and take possession of and hold or dispose of all or any part of the Security Assets (at the times, in the manner and on the terms it thinks fit (including whether for cash or non-cash consideration)); and
- (ii) whether or not it has appointed a Receiver, exercise all or any of the rights, powers, authorities and discretions conferred by the Law of

Property Act 1925 (as varied or extended by this Security Agreement) on mortgagees and by this Security Agreement on any Receiver or otherwise conferred by law on mortgagees or Receivers.

10.2 Effect of Moratorium

The Security Agent shall not be entitled to exercise its rights under Clause 10.1 (*Enforcement*) or Clause 5.4 (*Conversion of floating charge to fixed Security*) where the right arises as a result of an Event of Default occurring solely due to any person obtaining or taking steps to obtain a moratorium pursuant to Schedule A1 of the Insolvency Act 1986.

11. EXTENSION OF POWERS AND RIGHT OF APPROPRIATION

11.1 Extension of powers

The power of sale or other disposal conferred on the Security Agent and on any Receiver by this Security Agreement shall operate as a variation and extension of the statutory power of sale under Section 101 of the Law of Property Act 1925 and such power shall arise (and the Secured Liabilities shall be deemed due and payable for that purpose) on execution of this Security Agreement.

11.2 Restrictions

The restrictions contained in Sections 93 and 103 of the Law of Property Act 1925 shall not apply to this Security Agreement or to the exercise by the Security Agent of its right to consolidate all or any of the security created by or pursuant to this Security Agreement with any other security in existence at any time or to its power of sale pursuant to Clause 11.1 (*Extension of powers*) above, which powers arise on execution of this Security Agreement and which may be exercised by the Security Agent without notice to any Chargor on or at any time after this Security Agreement has become enforceable in accordance with Clause 10 (*Enforcement of Security*).

11.3 Power of leasing

- (a) The statutory powers of leasing may be exercised by the Security Agent at any time on or after this Security Agreement has become enforceable in accordance with Clause 10 (*Enforcement of Security*) and the Security Agent and any Receiver may make any lease or agreement for lease, accept surrenders of leases and grant options on such terms as it shall think fit, without the need to comply with Sections 99 and 100 of the Law of Property Act 1925.
- (b) For the purposes of Sections 99 and 100 of the Law of Property Act 1925, the expression "Mortgagor" will include any encumbrancer deriving title under any Chargor and neither Sub-section (18) of Section 99 nor Sub-section (12) of Section 100 of the Law of Property Act 1925 will apply.
- (c) No Chargor shall have, at any time during the Security Period, the power pursuant to Section 99 of the Law of Property Act 1925 to make any lease in

respect of any Real Property without the prior written consent of the Security Agent or as permitted pursuant to the terms of the Facility Agreement.

11.4 Right of appropriation

To the extent that the provisions of the Financial Collateral Arrangements (No. 2) Regulations 2003 (the "**Regulations**") apply to a Security Asset, the Security Agent shall have the right to appropriate all or any part of that Security Asset in or towards the payment or discharge of the Secured Liabilities and may exercise such right to appropriate upon giving written notice to the Chargors. For this purpose, a commercially reasonable method of valuing a Security Asset shall be:

- (a) in the case of cash, the amount standing to the credit of each Account or to the credit of any other account with any bank, building society, financial institution or otherwise, together with any accrued but unposted interest, at the time of appropriation; and
- (b) in the case of any Investments or Shares, their market value determined by the Security Agent by reference to a public index, independent valuation or by such other process as the Security Agent may select

In each case, the parties agree that the method of valuation provided for this Security Agreement shall constitute a commercially reasonable method of valuation for the purposes of the Regulations.

12. APPOINTMENT OF RECEIVER OR ADMINISTRATOR

12.1 Appointment and removal

After the Security created by or pursuant to this Security Agreement has become enforceable in accordance with Clause 10 (*Enforcement of security*), the Security Agent may by deed or otherwise (acting through an authorised officer of the Security Agent):

- (a) without prior notice to any Chargor:
 - (i) appoint one or more persons to be a Receiver of the whole or any part of the Security Assets; or
 - (ii) appoint two or more Receivers of separate parts of the Security Assets, or
 - (iii) remove (so far as it is lawfully able) any Receiver so appointed; or
 - (iv) appoint another person(s) as an additional or replacement Receiver(s); or
 - (v) appoint one or more persons to be an administrator of any Chargor pursuant to paragraph 14 of Schedule B1 of the Insolvency Act 1986; and

- (b) following notice to any relevant Chargor, appoint one or more persons to be an administrator of any Chargor pursuant to paragraph 12 of Schedule B1 of the Insolvency Act 1986

12.2 Capacity of Receivers

Each person appointed to be a Receiver pursuant to Clause 12.1 (*Appointment and removal*) shall be

- (a) entitled to act individually or together with any other person appointed or substituted as Receiver;
- (b) for all purposes deemed to be the agent of each Chargor which shall be solely responsible for his acts, defaults and liabilities and for the payment of his remuneration and no Receiver shall at any time act as agent for the Security Agent; and
- (c) entitled to remuneration for his services at a rate to be fixed by the Security Agent from time to time (without being limited to the maximum rate specified by the Law of Property Act 1925)

12.3 Statutory powers of appointment

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

13. POWERS OF RECEIVERS

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

- (a) all the powers conferred by the Law of Property Act 1925 on mortgagors and on mortgagees in possession and on receivers appointed under that Act;
- (b) all the powers of an administrative receiver set out in Schedule 1 to the Insolvency Act 1986 (whether or not the Receiver is an administrative receiver);
- (c) all the powers and rights of an absolute owner and power to do or omit to do anything which any Chargor itself could do or omit to do; and

- (d) the power to do all things (including bringing or defending proceedings in the name or on behalf of any Chargor) which seem to the Receiver to be incidental or conducive to:
 - (i) any of the functions, powers, authorities or discretions conferred on or vested in him,
 - (ii) the exercise of any rights, powers and remedies of the Security Agent provided by or pursuant to this Security Agreement or by law (including realisation of all or any part of the assets in respect of which that Receiver was appointed); or
 - (iii) bringing to his hands any assets of any Chargor forming part of, or which when got in would be, Security Assets.

14. APPLICATION OF MONEYS

All moneys received or recovered and any non-cash recoveries made or received by the Security Agent or any Receiver pursuant to this Security Agreement or the powers conferred by it shall (subject to the claims of any person having prior rights thereto and by way of variation of the provisions of the Law of Property Act 1925) be applied first in the payment or other discharge of the costs, charges and expenses incurred and payments made by the Receiver, the payment or other discharge of his remuneration and the discharge of any liabilities incurred by the Receiver in, or incidental to, the exercise of any of his powers, and thereafter shall be applied by the Security Agent (notwithstanding any purported appropriation by any Chargor) in accordance with the terms of the Facility Agreement

15. PROTECTION OF PURCHASERS

15.1 Consideration

The receipt of the Security Agent or any Receiver shall be conclusive discharge to a purchaser and, in making any sale or disposal of any of the Security Assets or making any acquisition, the Security Agent or any Receiver may do so for such consideration (whether cash or non-cash), in such manner and on such terms as it thinks fit.

15.2 Protection of purchasers

No purchaser or other person dealing with the Security Agent, any Receiver or any of the Security Agent's or Receiver's delegates shall be bound to inquire whether the right of the Security Agent, such Receiver or such delegates to exercise any of its powers has arisen or become exercisable or be concerned with any propriety or regularity on the part of the Security Agent, such Receiver or such delegates in such dealings. No purchaser or other person dealing with any such delegate shall be concerned as to whether the delegation by the Security Agent or the Receiver (as applicable) pursuant to the terms of this Security Agreement shall have lapsed for any reason or been revoked.

16. POWER OF ATTORNEY

16.1 Appointment and powers

Each Chargor by way of security irrevocably appoints the Security Agent and any Receiver severally to be its attorney and in its name, on its behalf and as its act and deed to execute, deliver and perfect all documents and do all things which the attorney may consider to be required or desirable for:

- (a) carrying out any obligation imposed on any Chargor by this Security Agreement or any other agreement binding on such Chargor to which the Security Agent is party (including the execution and delivery of any deeds, charges, assignments or other security and any transfers of the Security Assets and perfecting and/or releasing the security created or intended to be created in respect of the Security Assets); and
- (b) enabling the Security Agent and any Receiver to exercise or delegate the exercise of, any of the rights, powers and authorities conferred on them by or pursuant to this Security Agreement or by law (including, after this Security Agreement has become enforceable in accordance with Clause 10 (*Enforcement of security*), the exercise of any right of a legal or beneficial owner of the Security Assets).

16.2 Ratification

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

17. EFFECTIVENESS OF SECURITY

17.1 Continuing security

- (a) The Security created by or pursuant to this Security Agreement shall remain in full force and effect as a continuing security for the Secured Liabilities unless and until discharged by the Security Agent in writing.
- (b) No part of the Security from time to time intended to be constituted by this Security Agreement will be considered satisfied or discharged by an intermediate payment, discharge or satisfaction of the whole or any part of the Secured Liabilities

17.2 Cumulative rights

The Security created by or pursuant to this Security Agreement shall be cumulative, in addition to and independent of every other Security which the Security Agent or any Secured Party may at any time hold for the Secured Liabilities or any other obligations or any rights, powers and remedies provided by law and shall operate as an independent security notwithstanding any receipt, release or discharge endorsed on or given in respect of or under any such other Security. No prior Security held by the Security Agent (whether in its capacity as trustee or otherwise) or any of the other

Secured Parties over the whole or any part of the Security Assets shall merge into the Security constituted by this Security Agreement.

17.3 No prejudice

The Security created by or pursuant to this Security Agreement shall not be prejudiced by any unenforceability or invalidity of any other agreement or document or by any time or indulgence granted to each Chargor or any other person, by the Security Agent (whether in its capacity as trustee or otherwise) or any of the other Secured Parties or by any variation of the terms of the trust upon which the Security Agent holds the security or by any other thing which might otherwise prejudice that Security.

17.4 Remedies and Waivers

No failure on the part of the Security Agent to exercise, nor any delay on its part in exercising, any right, power or remedy under this Security Agreement, shall operate as a waiver of that right, power or remedy or, power constitute an election to affirm this Security Agreement. No election to affirm this Security Agreement on the part of the Security Agent shall be effective unless it is in writing. The rights, powers and remedies provided in this Agreement are cumulative and not exclusive of any provided by law. No single or partial exercise of any right, power or remedy shall preclude any further or other exercise of that or any other right or remedy

17.5 No liability

None of the Security Agent, its nominee(s) nor any Receiver shall be liable

- (a) to account as a mortgagee or mortgagee in possession; or
- (b) for any loss arising by reason of taking any action permitted by this Security Agreement or any neglect, default or omission in connection with the Security Assets or taking possession of or realising all or any part of the Security Assets,

except in the case of gross negligence or wilful default upon its part

17.6 Partial invalidity

If, at any time, any provision of this Security Agreement is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of this Security Agreement nor of such provision under the laws of any other jurisdiction shall in any way be affected or impaired thereby and, if any part of the security intended to be created by or pursuant to this Security Agreement is invalid, unenforceable or ineffective for any reason, that shall not affect or impair any other part of the security

17.7 Waiver of defences

The obligations of, and the Security created by, each Chargor under this Security Agreement and the rights and remedies provided by this Security Agreement will not

be affected by any act, omission, matter or thing which, but for this Clause 17.7, would reduce, release or prejudice any of its obligations under, or the Security created by, this Security Agreement and whether or not known to that Chargor or any Secured Party including:

- (a) any time, waiver or consent granted to, or composition with, any Obligor or other person;
- (b) the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of any Obligor;
- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or Security over assets of, any Obligor or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any Security;
- (d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of, any Obligor or any other person;
- (e) any amendment, novation, supplement, extension (whether of maturity or otherwise) or restatement (in each case however fundamental and of whatsoever nature, and whether or not more onerous) or replacement of a Finance Document or any other document or security or of the Secured Liabilities (including, without limitation, any change in the purpose of, any extension of, or any variation or increase in any facility or amount made available under any facility or the addition of any new facility under any Finance Document or other documents);
- (f) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or Security or of the Secured Liabilities; and
- (g) any insolvency or similar proceedings.

17.8 Chargor intent

Without prejudice to the generality of Clause 17.7 (*Waiver of Defences*), each Chargor expressly confirms that it intends that the Security created under this Security Agreement and the rights and remedies arising thereunder, shall extend from time to time to any (however fundamental and of whatsoever nature, and whether or not more onerous) variation, increase, extension or addition of or to any of the Finance Documents and/or any facility or amount made available under any of the Finance Documents for the purposes of or in connection with any of the following: acquisitions of any nature; increasing working capital, enabling investor distributions to be made, carrying out restructurings; refinancing existing facilities; refinancing any other indebtedness; making facilities available to new borrowers; any other variation or extension of the purposes for which any such facility or amount might be made available from time to time; and any fees, costs and/or expenses associated with any of the foregoing

17.9 Immediate recourse

Each Chargor waives any right it may have of first requiring any Secured Party (or any trustee or agent on its behalf) to proceed against or enforce any other rights or Security or claim payment from any other person before claiming from any Chargor under this Security Agreement. This waiver applies irrespective of any law or any provision of this Security Agreement to the contrary

17.10 Deferral of rights

Until the end of the Security Period, no Chargor will exercise any rights which it may have by reason of performance by it of its obligations under this Security Agreement.

- (a) to be indemnified by an Obligor;
- (b) to claim any contribution from any guarantor of any Obligor's obligations under this Security Agreement;
- (c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any right of the Secured Parties under this Security Agreement or of any other guarantee or Security taken pursuant to, or in connection with, this Security Agreement by any Secured Party
- (d) to bring legal or other proceedings for an order requiring any Obligor to make any payment, or perform any obligation, in respect of which any Obligor has given a guarantee, undertaking or indemnity under any Finance Document;
- (e) to exercise any right of set-off against any Obligor; or
- (f) to claim or prove as a creditor of any Obligor in competition with any Secured Party.

If each Chargor receives any benefit, payment or distribution in relation to such rights it shall hold that benefit, payment or distribution on trust for the Security Agent to the extent necessary to enable all amounts which may be or become payable to any Secured Party by the Obligors under or in connection with this Security Agreement to be repaid in full and shall promptly pay or transfer the same to the Security Agent or as the Security Agent may direct for application in accordance with Clause 14 (*Application of Moneys*).

18 PRIOR SECURITY INTERESTS

- (a) In the event of any action, proceeding or step being taken to exercise any powers or remedies conferred by any prior ranking Security against any of the Security Assets or in case of exercise by the Security Agent or any Receiver of any power of sale under this Security Agreement, the Security Agent may redeem such prior Security or procure the transfer thereof to itself.
- (b) The Security Agent may settle and agree the accounts of the prior Security and any accounts so settled and agreed will be conclusive and binding on each Chargor.

- (c) All principal moneys, interest, costs, charges and expenses of and incidental to any redemption or transfer will be paid by each Chargor to the Security Agent on demand together with accrued interest thereon as well as before judgment at the rate from time to time applicable to unpaid sums specified in the Facility Agreement from the time or respective times of the same having been paid or incurred until payment thereof (as well as after as before judgment).

19 SUBSEQUENT SECURITY INTERESTS

If the Security Agent acting in its capacity as trustee or otherwise or any of the other Secured Parties at any time receives or is deemed to have received notice of any subsequent Security, assignment or transfer affecting all the Security Assets or any part of the Security Assets which is prohibited by the terms of any Finance Document, all payments thereafter by or on behalf of that Chargor to the Security Agent (whether in its capacity as trustee or otherwise) or any of the other Secured Parties will (in the absence of any express contrary appropriation by that Chargor) be credited or treated as having been credited to a new account of that Chargor and not as having been applied in reduction of the Secured Liabilities at the time that notice was received

20. SUSPENSE ACCOUNTS

All moneys received, recovered or realised by the Security Agent under this Security Agreement (including the proceeds of any conversion of currency) may in the discretion of the Security Agent be credited to any interest bearing suspense or impersonal account(s) maintained with a bank, building society, financial institution or other person as it considers appropriate (including itself) for so long as it may think fit (the interest being credited to the relevant account) pending their application from time to time at the Security Agent's discretion, in or towards the discharge of any of the Secured Liabilities and save as provided herein no party will be entitled to withdraw any amount at any time standing to the credit of any suspense or impersonal account referred to above.

21. RELEASE OF SECURITY

21.1 Release of Security

Upon the expiry of the Security Period, the Security Agent must, at the request and cost of each Chargor, promptly release and cancel the security constituted by this Security Agreement and procure the reassignment to that Chargor of the property and assets assigned to the Security Agent pursuant to this Security Agreement, in each case without recourse to, or any representation or warranty by, the Security Agent or any of its nominees.

21.2 Clawback

If the Security Agent reasonably considers (having taken legal advice) that any amount paid or credited to any Secured Party is capable of being avoided or reduced by virtue of any bankruptcy, insolvency, liquidation or similar laws, the liability of each Chargor under this Security Agreement and the Security constituted by that document will continue and such amount will not be considered to have been irrevocably discharged.

22. DISCRETION AND DELEGATION

22.1 Discretion

Any liberty or power which may be exercised or any determination which may be made under this Security Agreement by the Security Agent or any Receiver may, subject to the terms and conditions of the Facility Agreement, be exercised or made in its absolute and unfettered discretion without any obligation to give reasons.

22.2 Delegation

Each of the Security Agent and any Receiver shall have full power to delegate (either generally or specifically) the powers, authorities and discretions conferred on it by this Security Agreement (including the power of attorney) on such terms and conditions as it shall see fit which delegation shall not preclude the subsequent exercise any subsequent delegation or any revocation of such power, authority or discretion by the Security Agent or the Receiver itself.

23. GOVERNING LAW

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

24. JURISDICTION

24.1 English courts

The courts of England have exclusive jurisdiction to settle any dispute (a "Dispute") arising out of, or in connection with this Security Agreement (including a dispute relating to the existence, validity or termination of this Security Agreement or the consequences of its nullity or any non-contractual obligations arising out of or in connection with this Security Agreement).

24.2 Convenient Forum

The parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes between them and, accordingly, that they will not argue to the contrary.

24.3 Exclusive Jurisdiction

This Clause 24 (*Jurisdiction*) is for the benefit of the Security Agent only. As a result and notwithstanding Clause 24.1 (*English Courts*), it does not prevent the Security Agent from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law the Security Agent may take concurrent proceedings in any number of jurisdictions

25 SERVICE OF PROCESS

Each Chargor agrees that the documents which start any proceedings in relation to this Security Agreement, and any other documents required to be served in connection with those proceedings, may be served on it by being delivered to:

- (a) in the case of any Chargor incorporated in England and Wales, at its registered office or place of business in England and Wales; and
- (b) in the case of any Chargor not incorporated in England and Wales, at the Borrower's address,

or, in each case, to such other address in England and Wales as each such Chargor may specify by notice in writing to the Security Agent. Nothing in this paragraph shall affect the right of any Finance Party to serve process in any other manner permitted by law. This Clause applies to proceedings in England and proceedings elsewhere.

THIS SECURITY AGREEMENT has been executed as, and is intended to take effect as, a deed by each Chargor and has been signed by the Security Agent on the date written on the first page of this Security Agreement.

**SCHEDULE 1
CHARGORS**

Name	Jurisdiction	Company Number
Morethan Bidco Limited	England	06260079
Solid Foundations Limited	British Virgin Islands	516303
Morethan Stevenage Limited	England	04663698
Morethanhotels Trading Limited	England	05854147
Morethanhotels (Stafford) No. 2 Limited	England	06390162
Morethanhotels (Birmingham) No. 2 Limited	England	06390126
Morethanhotels (Bristol) Limited	England	03262497
Morethanhotels Limited	England	02567988
Morethanhotels (Stafford) Limited	England	03324967
Morethanhotels (Birmingham) Limited	England	03479641
Morethanhotels (No.1) Limited	England	04018884
Morethanhotels Properties Limited	England	05854109
Morethanhotels (Holdings) Limited	England	03439896
Morethanhotels FM Limited	England	03328699

SCHEDULE 2 MORTGAGED PROPERTY

Chargor Name	Property Description	Title Number
Morethanhotels (Birmingham) Limited and Morethanhotels (Birmingham No 2) Limited	Land and buildings known as Express by Holiday Inn, Bickhill Parkway, Birmingham, West Midlands	WM707586
Morethanhotels Trading Limited	Land and buildings known as the Hotel, the Leisure Exchange, Vicar Lane, Bradford	WYK801454
Morethanhotels (Bristol) Limited	Land and buildings known as Block B, Temple Gate House, Temple Gate Bristol BS1 6PL	BL71141
Morethanhotels Limited	Land and buildings known as Express Holiday Inn, Telford Way, Waterwells Business Park, Quedgeley, Gloucester GL2 2AB	GR215943 and GR239387
Morethanhotels Limited	Land and buildings lying to the east of Stockings Lane, Shenstone, Lichfield	SF424740
Morethanhotels Limited	Land buildings known as land on the south side of Smugglers Way, Wandsworth, London	TGL167462
Morethanhotels Limited	Land and buildings known as Holiday Inn Express, Land lying to the north of Hyde Road, Manchester	GM821643
Morethanhotels Limited	Land and buildings known as Holiday Inn Express, Clasper Way, Swalwell, Newcastle on Tyne, NE16 3BE	TY360190
Morethanhotels Limited	Land and buildings known as land on the south side of Oundle Road, Alwalton, Peterborough	CB211812
Morethanhotels Limited	Holiday Inn, Redbridge Lane, Nursling, Southampton SO16 0YP.	HP581790
Morethanhotels (Stafford) Limited and Morethanhotels (Stafford No 2) Limited	Express by Holiday Inn, Stafford South, Acton Court, Acton Gate, Stafford	SF384424 SF381471
Morethan Stevenage Limited	Express by Holiday Inn, Danestrete, Stevenage SG1 1XB	HD303416
Morethanhotels Trading Limited	Hotel premises known as Express by Holiday Inn, Bickhill Parkway, Birmingham, West Midlands	WM900691
Morethanhotels Trading Limited	Land and buildings known as Block B, Temple Gate House, Temple Gate, Bristol BS1 6PL	BL99328 BL98328
Morethanhotels Trading Limited	Hotel premises known as Express Holiday Inn, Telford Way, Waterwells Business park, Quedgeley, Gloucester	GR302679

Chargor Name	Property Description	Title Number
	GL2 2AB	
Morethanhotels Trading Limited	Land and buildings known as Hotel, Wall Island, Lichfield	SF524093
Morethanhotels Trading Limited	Land and buildings known as land on the south side of Smugglers Way, Wandsworth, London	TGL287074
Morethanhotels Trading Limited	Land and buildings known as Holiday Inn Express, Land lying to the north of Hyde Road, Manchester	MAN76570
Morethanhotels Trading Limited	The Hotel known as Holiday Inn Express, Clasper Way, Swalwell, Newcastle on Tyne, NE16 3BE	TY456698
Morethanhotels Trading Limited	Land and buildings known as land on the south side of Oundle Road, Alwalton, Peterborough	CB319209
Morethanhotels Trading Limited	Holiday Inn, Redbridge Lane, Nursling, Southampton SO16 0YP	HP684589
Morethanhotels Trading Limited	Express by Holiday Inn, Stafford South, Acton Court, Acton Gate, Stafford	SF525024

**SCHEDULE 3
LEASES AND INSURANCES**

**PART A
NOTICE OF SECURITY**

To [Headlease holder/tenant/Insurer]

Date []

Dear Sirs,

We give you notice that, by a Security Agreement dated [] (the "**Security Agreement**"), we created security by way of [equitable assignment] to U S Bank Trustees Limited (the "**Security Agent**") as trustee for the Secured Parties all our right, interests and benefits in, to and under [the [*describe Lease (date/term/parties/premises)*] dated [] between [] relating to [] (including all moneys payable thereunder and the proceeds of all claims and judgments for breach of covenant) (the "**Lease**").] OR [the [*describe Insurances*] policy number effected by us or whomsoever in relation to the risk to [*describe Property*] (including all moneys payable thereunder, proceeds of all claims, awards and judgments) and all other insurances entered into supplemental to or in replacement of such policy of insurance (the "**Policy**").]

We will remain liable to perform all our obligations under the [Lease/Policy] and the Security Agent is under no obligation of any kind whatsoever under the [Lease/Policy] nor under any liability whatsoever in the event of any failure by us to perform our obligations under the [Lease/Policy].

[*Insurances*: With effect from your receipt of this notice we irrevocably instruct and authorise you to:

1. make all payments and claims [in excess of £ []] under or arising from the Policy to the account called "[*Chargor Name*] - [*Holding*] Account", Account number [] sort code [].
2. note the interest of the Security Agent on the Policy, and
3. disclose to the Security Agent, without further approval from us, such information regarding the Policy as the Security Agent may from time to time request and to send it copies of all notices issued by you under the Policy.]

Please note that:

1. all remedies provided for under the [Lease/Policy] or available at law or in equity are exercisable by the Security Agent;
2. all rights to compel performance of the [Lease/Policy] are exercisable by the Security Agent; and
3. all rights, interests and benefits whatsoever accruing to or for the benefit of us arising under the [Lease/Policy] (including all rights to compel performance) belong to the Security Agent

This letter and all non-contractual obligations arising out of or in connection with it are governed by and will be construed in accordance with the laws of England and Wales. Would you please confirm your agreement to the above by sending the enclosed acknowledgement to the Security Agent with a copy to us.

Yours faithfully

[*Chargor Name*]

**SCHEDULE 4
ACCOUNTS**

**PART A
NOTICE OF SECURITY TO ACCOUNT BANK**

To: [Bank or other financial institution holding the Account]

Date. []

Dear Sirs

We give you notice that, by a Security Agreement dated [] (the "Security Agreement"), we created security by way of first fixed charge to U S Bank Trustees Limited (the "Security Agent") as trustee for the Secured Parties any accounts and all moneys (including interest) from time to time standing to the credit of those accounts with any bank, building society, financial institution or other person and the debt or debts represented thereby.

The account[s] maintained with your [bank/building society/financial institution/other] [is/are]:

Account Name[s]: [Debt Service Account/Mandatory Prepayment Account/Cash Trap Account]1/[Operating Account/Capex Reserve Account/General Account]2

Sort Code[s]: []

Account No[s]: []

We irrevocably instruct and authorise you to disclose to the Security Agent without any reference to or further authority from us and without any inquiry by you as to the justification for such disclosure, such information relating to [any] account[s] maintained with you from time to time as the Security Agent may request you to disclose to it.

With effect from the date of your receipt of this notice all rights, interests and benefits whatsoever accruing to or for the benefit of ourselves arising from the accounts belong to the Security Agent

[Without prejudice to the foregoing, we may operate the Account at any time until such time as the Security Agent has informed you that an Acceleration Event (as defined in the Security Agreement) has occurred.]³

This letter and all non-contractual obligations arising out of or in connection with it are governed by and will be construed in accordance with the laws of England and Wales. Would you please confirm your agreement to the above by sending the enclosed acknowledgement to the Security Agent with a copy to us.

Yours faithfully

[Chargor Name]

¹ Accounts in respect of which the Security Agent has signing rights (the "Blocked Accounts")

² Accounts in respect of which a Chargor has signing rights (the "Unblocked Accounts")

³ Include for Unblocked Accounts only

PART B
ACKNOWLEDGEMENT OF SECURITY BY ACCOUNT BANK

To: U.S. Bank Trustees Limited as Security Agent
Address: 125 Old Broad Street, London, EC2N 1AR
Fax: +44 207 365 2577
Attention: Loan Agency (loan_agency_London@usbank.com)

Date: []

Dear Sirs

We confirm receipt from [*Chargor Name*] (the "**Chargor**") of a notice dated [] of security created by way of first fixed charge upon the terms of a Security Agreement dated [] (the "**Security Agreement**") of all moneys (including interest) from time to time standing to the credit of the Chargor's account[s] (as specified therein) (the "**Account[s]**") which [is/are] maintained with us and the debt or debts represented thereby.

[We confirm that the balance standing to the Account[s] at today's date is [], no fees or periodic charges are payable in respect of the Account[s] and there are no restrictions on (a) the payment of the credit balance on the Account[s] [(except, in the case of a time deposit, the expiry of the relevant period)] or (b) the creation of Security over the Account[s] in favour of the Security Agent or any third party.]

We unconditionally and irrevocably waive all rights of set-off, lien, combination or consolidation of accounts, security in respect of any Account[s] and similar rights (however described) which we may have now or in the future in respect of [each of] the Account[s] or the balance thereon to the extent that such rights relate to amounts owed to us by the Chargor

We confirm that we have not received notice of the interest of any third party in [any of] the Account[s] and will not, without the Security Agent prior written consent, amend or vary any rights attaching to the Account[s].

[After we have received notice from you notifying us that an Acceleration Event (as defined in the Security Agreement) has occurred,]⁴ We will act only in accordance with the instructions given by persons authorised by the Security Agent and we shall send all statements and other notices given by us relating to the Account to the Security Agent.

This letter and all non-contractual obligations arising out of or in connection with it are to be governed by and will be construed in accordance with the laws of England and Wales.

Yours faithfully

[Bank or other financial institution holding the Account]

cc [*Chargor Name*]

⁴ Include for Unblocked Accounts only

**SCHEDULE 5
HEDGING AGREEMENTS**

**PART A
NOTICE OF ASSIGNMENT**

To. [Hedge Counterparty Name]

Date: []

Dear Sirs,

1. We hereby give you notice that we have created security by way of assignment to **U.S. Bank Trustees Limited** (the "Security Agent") pursuant to a security agreement entered into by us in favour of the Security Agent dated [] all our right, title and interest in and under [details of relevant Hedging Agreement] (including all monies payable thereunder, but subject to the application of any rights of set-off or netting provided for thereunder) (the "Hedging Agreement")
2. We shall continue to be solely responsible for the performance of our obligations under or in connection with the Hedging Agreement.
3. With effect from the date of your receipt of this notice:
 - (a) all payments by you to us under or arising from the Hedging Agreement shall be paid to [insert payment instructions/account details], or otherwise at the direction of the Security Agent, as it may specify in writing from time to time. It is very important that you make all immediate arrangements for all sums payable by you under the Hedging Agreements to be paid to this account;
 - (b) all remedies provided for in the Hedging Agreement or available at law or in equity shall be exercisable by, or at the direction of, the Security Agent; and
 - (c) all rights, interests and benefits whatsoever accruing to or for the benefit of ourselves arising under the Hedging Agreements shall belong to the Security Agent,in each case, subject to the application of any rights of set-off or netting provided for in the Hedging Agreement.
4. Please acknowledge receipt of this notice by signing the acknowledgement on the enclosed copy letter and returning it to the Security Agent at [] marked for the attention of []
5. This notice and any non-contractual obligations arising out of or in connection with it are governed by the laws of England and Wales.

Yours faithfully,

For and on behalf of

PART B
ACKNOWLEDGEMENT OF ASSIGNMENT

To: U.S. Bank Trustees Limited as Security Agent
Address: 125 Old Broad Street, London, EC2N 1AR
Fax +44 207 365 2577
Attention: Loan Agency (loan_agency.London@usbank.com)

Date: []

Dear Sirs

We confirm receipt from Morethan Bidco Limited (the "**Chargor**") of a notice dated [] of security created by way of assignment upon the terms of a Security Agreement dated [] (the "**Security Agreement**") to U.S. Bank Trustees Limited (the "**Security Agent**") as trustee for the Secured Parties of all the Chargor's right, interest and benefit in, to and under the Hedging Agreement (but subject to the application of any rights of set-off or netting provided for in the Hedging Agreement) (as specified in that notice) to which we are a party.

We confirm that we have not received notice of

- (a) any assignment or charge of or over any of the rights, interests and benefits specified in such notice; or
- (b) the interest of any third party in any of the rights, interests and benefits specified in such notice,

and will make all payments [to the account][as] specified in that notice.

We further acknowledge.

- 1. no amendment, waiver or release of any rights, interests and benefits arising under the Hedging Agreement will be effective without the prior written consent of the Security Agent;
- 2. the right to exercise certain rights, interests or benefits (including certain termination rights) is subject to clause 8.4 (*Hedging*) of the Facility Agreement (as defined in the Security Agreement);
- 3. no termination of such rights, interests or benefits will be effective unless we have given the Security Agent 21 days' written notice of the proposed termination and specifying the action necessary to avoid such termination, and
- 4. the Chargor will remain liable to perform all its obligations under the Hedging Agreement and the Security Agent is under no obligation of any kind whatsoever under the Hedging Agreement nor under any liability whatsoever in the event of any failure by the Chargor to perform its obligations under the Hedging Agreement.

We confirm that we have made all necessary arrangements for all future payments payable under such Hedging Agreement to be made into the account specified in the notice.

We unconditionally and irrevocably waive all rights of set-off, lien, combination of accounts and similar rights (however described) which we may have now or in the future to the extent that such rights relate to amounts owed to us by the Chargor (and the proceeds thereof) and we will send you copies of all statements, orders and notices given by us relating to such debt.

This letter and all non-contractual obligations arising out of or in connection with it are governed by and will be construed in accordance with the laws of England and Wales.

Yours faithfully

[Hedge Counterparty]

cc. [*Chargor Name*]

EXECUTION PAGE

Chargors

EXECUTED AS A DEED by

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)

Morethan Bidco Limited

Acting by a director in the presence of: **Nicholas Amis**

Signature of witness

Name:

Address:

17 Dominion Street, London, EC2M 2EF

Solicitor

SRA No: 377661

EXECUTED AS A DEED by

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)

Morethan Stevenage Limited

Acting by a director in the presence of

Signature of witness:

Name:

Address

Nicholas Amis

17 Dominion Street, London, EC2M 2EF

Solicitor

SRA No: 377661

EXECUTED AS A DEED by

)
)
)

Morethanhotels (No. 1) Limited

Acting by a director in the presence of

Signature of witness.

Name:

Address:

Nicholas Amis

17 Dominion Street, London, EC2M 2EF

Solicitor

SRA No 377661

EXECUTED AS A DEED by

)
)
)

Morethanhotels (Stafford) No. 2 Limited

Acting by a director in the presence of:

Signature of witness

Name:

Address:

Nicholas Amis

17 Dominion Street, London, EC2M 2EF

Solicitor

SRA No: 377661

EXECUTED AS A DEED by
Morethanhotels (Birmingham) No.2
Limited

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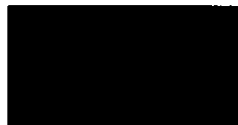
Acting by a director in the presence of.
Signature of witness
Name.
Address:



Nicholas Amis
17 Dominion Street, London, EC2M 2EF
Solicitor
SRA No. 377661

EXECUTED AS A DEED by
Morethanhotels Trading Limited

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)
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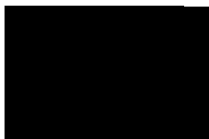
Acting by a director in the presence of
Signature of witness:
Name
Address.



Nicholas Amis
17 Dominion Street, London, EC2M 2EF
Solicitor
SRA No. 377661

EXECUTED AS A DEED by
Morethanhotels Properties Limited

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)



Acting by a director in the presence of:
Signature of witness:
Name
Address.



Nicholas Amis
17 Dominion Street, London, EC2M 2EF
Solicitor
SRA No: 377661

EXECUTED AS A DEED by
Morethanhotels (Bristol) Limited

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Acting by a director in the presence of:
Signature of witness:
Name
Address:



Nicholas Amis
17 Dominion Street, London, EC2M 2EF
Solicitor
SRA No 377661

EXECUTED AS A DEED by

Morethanhotels Limited

Acting by a director in the presence of:

Signature of witness:

Name:

Address:

EXECUTED AS A DEED by

Morethanhotels (Holdings) Limited

Acting by a director in the presence of:

Signature of witness:

Name:

Address:

EXECUTED AS A DEED by

Morethanhotels FM Limited

Acting by a director in the presence of:

Signature of witness:

Name:

Address:

EXECUTED AS A DEED by

Morethanhotels (Stafford) Limited

Acting by a director in the presence of:

Signature of witness:

Name:

Address:

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Nicholas Amis

17 Dominion Street, London, EC2M 2EF

Solicitor

SRA No: 377661

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Nicholas Amis

17 Dominion Street, London, EC2M 2EF

Solicitor

SRA No: 377661

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Nicholas Amis

17 Dominion Street, London, EC2M 2EF

Solicitor

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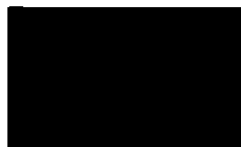
Nicholas Amis

17 Dominion Street, London, EC2M 2EF


Solicitor

SRA No: 377661

EXECUTED AS A DEED by)
)
Morethanhotels (Birmingham) Limited)



Acting by a director in the presence of:

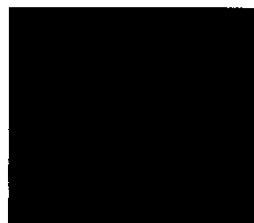
Signature of witness. 
Name.
Address:

Nicholas Amis
17 Dominion Street, London, EC2M 2EF
Solicitor
SRA No 377661

Director
Name.

Director/Secretary
Name:

EXECUTED AS A DEED on behalf of)
)
Solid Foundations Limited, a company
incorporated in the British Virgin Islands)
acting by NEAL MORAR)
)
being a person)
who, in accordance with the laws of)
The British Virgin Islands, is)
acting under the authority of the company)



Name:

Name:

Security Agent

Signed by)
U.S. BANK TRUSTEES LIMITED)
for and on its behalf)
By two of its duly authorised)
signatories)

**C L I F F O R D
C H A N C E**

CLIFFORD CHANCE LLP

EXECUTION VERSION

DATED 17 December 2014

**THE PERSONS LISTED IN SCHEDULE 1
AS CHARGORS**

IN FAVOUR OF

**U.S. BANK TRUSTEES LIMITED
AS THE SECURITY AGENT**

SECURITY AGREEMENT

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C L I F F O R D
C H A N C E

CLIFFORD CHANCE LLP

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THIS SECURITY AGREEMENT is made by way of deed on 17 December 2014 by:

- (1) **THE PERSONS** listed in Schedule 1 (*Chargors*) (each a "**Chargor**") in favour of:
- (2) **U.S. BANK TRUSTEES LIMITED** as trustee for each of the Secured Parties (the "**Security Agent**").

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Security Agreement.

"Acceleration Event" means the giving of notice pursuant to Clause 27.18 (*Acceleration*) of the Facility Agreement.

"Administration Event" means:

- (a) the presentation of an application or petition to the court for the making of an administration order in relation to a **Chargor**; or
- (b) any person (who is entitled to do so) gives notice of its intention to appoint an administrator to a **Chargor** or files such a notice with the court.

"Loans" means each and every sum paid or payable from time to time by a **Chargor** pursuant to any Intra-Group Loan and any other sum from time to time paid or payable by any other person for the time being a **Chargor**.

"Facility Agreement" means the Facility Agreement dated 16 December 2014 between, amongst others, the Borrower, the Guarantors, the Arranger, the Agent, the Security Agent and the Lenders (each as defined in that agreement as amended, varied, novated or supplemented from time to time).

"Insurance" means any contract or policy of insurance in which an Obligor may at any time have an interest, entered into in accordance with Clause 26.8 (*Insurances*) of the Facility Agreement.

"Investment" means all Shares, securities, certificates of deposit and other investments, all interests in collective investment schemes and partnerships and all warrants, options and rights to subscribe for any investment whether held directly by or to the order of any **Chargor** or by any trustee, nominee, custodian, fiduciary or clearance system on its behalf (including all rights against any such trustee, nominee, custodian, fiduciary or clearance system).

"Mortgaged Property" means the freehold and leasehold property specified in Schedule 2 (*Mortgaged Property*).

"Party" means a party to this Security Agreement.

"Real Property" means (including as provided in Clause 1 5 (*Real Property*)), the Mortgaged Property and any present or future freehold or leasehold or immovable property and any other interest in land or buildings and all rights relating thereto in which any Chargor has an interest

"Related Rights" means, in relation to any asset:

- (a) the proceeds of sale or rental of any part of that asset;
- (b) all rights under any licence, agreement for sale or agreement for lease in respect of that asset;
- (c) all rights, powers, benefits, claims, causes of action, contracts, warranties, remedies, security, guarantees, indemnities or covenants for title in respect of or derived from that asset; and
- (d) any moneys and proceeds paid or payable in respect of that asset.

"Relevant Share" means all Shares held by any Chargor from time to time in any Chargor and all of any Chargor's other present and future Shares in any member of the Group for the time being.

"Secured Liabilities" means all present and future obligations and liabilities (whether actual or contingent, whether owed jointly or severally or in any other capacity whatsoever and whether originally incurred by a Chargor or by some other person) of each Chargor to any Secured Party under each Finance Document.

"Secured Parties" means each Finance Party from time to time party to the Facility Agreement, the Servicer and any Receiver or Delegate.

"Security Assets" means each of the assets and undertaking of each Chargor which from time to time are, or are expressed to be, the subject of any Security created or expressed to be created by it in favour of the Security Agent by or pursuant to this Security Agreement.

"Security Period" means the period beginning on the date of this Security Agreement and ending on the date on the Secured Liabilities have been irrevocably and unconditionally paid or discharged in full

"Share" means any stock, share, debenture or other security.

1.2 Terms defined in other Finance Documents

Unless defined in this Security Agreement, or the context otherwise requires, a term defined in the Facility Agreement or in any other Finance Document has the same meaning in this Security Agreement or any notice given under or in connection with this Security Agreement, as if all references in those defined terms to the Facility Agreement or other Finance Document were a reference to this Security Agreement or that notice.

1.3 Construction

Clauses 1.2 (*Construction*) and 1.3 (*Currency symbols and definitions*) of the Facility Agreement will apply as if incorporated in this Security Agreement or in any notice given under or in connection with this Security Agreement, as if all references in that Clause to the Facility Agreement were a reference to this Security Agreement or that notice.

1.4 Application of provisions in Facility Agreement

Each of the parties to this Security Agreement hereby acknowledges that in acting under this Security Agreement (including, without limitation, entering into a deed of covenant on or around the date hereof in favour of Mitchells & Butlers Retail Limited in connection with a deed of covenant dated 29 April 1999), the Security Agent is entitled to the benefit of all protections and other provisions expressed to be in its favour as Security Agent as set out in the Facility Agreement and that Clauses 1.4 (*Third party rights*), 10.3 (*Default interest*), 12.4 (*Break costs*), 14 (*Tax gross up and indemnities*), 15 (*Increased Costs*), 16 (*Other indemnities*), 18 (*Costs and expenses*), 28.1 (*Assignments and transfers by Lenders*), 30.1 (*Assignment and transfers by Obligors*), 31.1 (*the Agent and the Security Agent*), 31.29 (*Power Supplemental to Trustee Acts*), 34 (*Payment mechanics*), 35 (*Set-Off*), 36 (*Notices*), 37.1 (*Accounts*), 37.2 (*Certificates and determinations*), 40 (*Amendments and waivers*) and 44 (*Enforcement*) of the Facility Agreement are deemed to form part of this Security Agreement as if expressly incorporated into it and as if all references in those clauses to the Facility Agreement were references to this Security Agreement.

1.5 Real Property

A reference in this Security Agreement to a mortgage, assignment or charge of any freehold, leasehold or commonhold property includes all buildings, fixtures and fittings from time to time on or forming part of that property and all Related Rights.

1.6 Present and future assets

- (a) A reference in this Security Agreement to any Mortgaged Property, Security Asset or other asset includes, unless the contrary intention appears, present and future Mortgaged Property, Security Assets and other assets.
- (b) The absence of or incomplete details of any Security Assets in any Schedule shall not affect the validity or enforceability of any Security under this Security Agreement.

1.7 Disposition of Property

The terms of the Facility Agreement and each other Finance Document and of any side letters between the Parties in relation to the Finance Documents are incorporated into this Security Agreement and each other Finance Document to the extent required for any purported disposition of any Real Property contained in any Finance Document to be a valid disposition in accordance with Section 2(1) of the Law of Property (Miscellaneous Provisions) Act 1989

1.8 Fixed Security

Clauses 4.1 (*Mortgage*) to 4.3 (*Fixed charges*) shall be construed as creating a separate and distinct mortgage, fixed charge or assignment by way of security over each relevant asset within any particular class of assets defined under this Security Agreement and the failure to create an effective mortgage, fixed charge or assignment by way of security (whether arising out of this Security Agreement or any act or omission by any party) on any one asset shall not affect the nature of any mortgage, fixed charge or assignment imposed on any other asset whether within that same class of assets or not.

1.9 No obligation

The Security Agent shall not be under any obligation in relation to the Security Assets as a consequence of this Security Agreement and each Chargor shall at all times remain liable to perform all obligations expressed to be assumed by it in respect of the Security Assets.

1.10 Approvals, consents, rights of the Security Agent

References in this Security Agreement to the cooperation of, or to an approval, opinion, consent, discretion or requirement of the Security Agent means, the cooperation of, or an approval, opinion, consent, direction or requirement of the Security Agent acting on the instructions of the Majority Lenders pursuant to the Facility Agreement or, as the case may be, the Lenders to the extent that the Facility Agreement specifies the need for an all Lender instruction or consent

2. COVENANT TO PAY

Each Chargor covenants with the Security Agent (as trustee for the Secured Parties) that it shall, on demand of the Security Agent pay, discharge and satisfy the Secured Liabilities in accordance with their respective terms and to indemnify the Secured Parties against any losses, costs, charges, expenses and liabilities arising from any breach or failure to pay, discharge and satisfy the Secured Liabilities in accordance with their respective terms (which indemnified sums shall be treated as Secured Liabilities for the purposes of this Security Agreement).

3. COMMON PROVISIONS

3.1 Common provisions as to all Security

All the Security constituted by or pursuant to this Security Agreement is:

- (a) created with full title guarantee;
- (b) created in favour of the Security Agent as trustee for the Secured Parties and the Security Agent shall hold the benefit of this Security Agreement and the Security created by or pursuant to it on trust for the Secured Parties; and
- (c) continuing security for the payment and discharge of all the Secured Liabilities.

4. FIXED SECURITY

4.1 Mortgage

- (a) Each Chargor (other than Morethan Hotels (Stafford) No.1 Limited, Morethan Hotels (Stafford) No.2 Limited, Morethan Hotels (Birmingham) No.1 Limited Morethan Hotels (Birmingham) No.2 Limited charges, by way of first legal mortgage, its Mortgaged Property.
- (b) Morethan Hotels (Stafford) No.1 Limited and Morethan Hotels (Stafford) No.2 Limited charge, by way of first legal mortgage, their Mortgaged Property shortly known as Express by Holiday Inn, Stafford.
- (c) Morethan Hotels (Birmingham) No.1 Limited and Morethan Hotels (Birmingham) No.2 Limited charge, by way of first legal mortgage, their Mortgaged Property shortly known as Express by Holiday Inn, Bickhill Parkway, Birmingham.

4.2 Assignment by way of Security

Each Chargor assigns and agrees to assign absolutely (to the extent not validly and effectively charged by way of first legal mortgage pursuant to Clause 4.1 (*Mortgage*)) and to the fullest extent assignable or capable of assignment without infringing any contractual provision restricting the same, all of its right, title and interest from time to time in and to each of the following assets:

- (a) any agreements, contracts, deeds, leases, licences, undertakings, guarantees, covenants, warranties, representations and other documents entered into by, given to or otherwise benefiting that Chargor in respect of the Real Property and all other Related Rights;
- (b) any sums paid or payable to or for the benefit of that Chargor arising from the letting, use or occupation of all or any part of any Real Property and all sums paid or payable and any other consideration given or to be given for the disposal of an interest in all or part of any Real Property or of any shares in any person which owns or whose subsidiary owns all or any part of any Real Property and the right to make demand for and receive the same;
- (c) any policy of insurance in which that Chargor may at any time have an interest and all proceeds paid or payable thereunder and all other Related Rights; and
- (d) any Hedging Agreement.

To the extent that two or more Chargors hold any asset on trust for themselves or for another person with one or more other Chargors, the relevant Chargors confirm that they have acted jointly in respect of any assignment above.

4.3 Fixed charges

Each Chargor charges (to the extent not validly and effectively charged by way of first legal mortgage pursuant to Clause 4.1 (*Mortgage*) or assigned pursuant to Clause 4.2 (*Assignment by way of Security*)) by way of first fixed charge, all of its rights, title and interest from time to time in and to each of the following assets:

- (a) the Real Property and all Related Rights;
- (b) each account maintained by that Chargor and designated as an operating account, debt reserve account, capex reserve account, mandatory prepayment account, holding account and general account (and in each case, its interest in any replacement account or sub-account or sub-division of that account) and the debt or debts represented thereby and all other Related Rights;
- (c) each of its accounts with any bank, building society, financial institution or other person (including any replacement account or sub-division or sub-account of that account) and the debt or debts represented thereby and all other Related Rights;
- (d) book and other debts and monetary claims owing to it and any proceeds of those debts and claims (including any claims or sums of money deriving from or in relation to any court order or judgment, the proceeds of any insurance policy, any contract or agreement to which any Chargor is a party and any other assets, property, rights or undertaking of that Chargor and all Related Rights;
- (e) plant, machinery, office equipment, computers, vehicles, furniture, fittings and other chattels (excluding any for the time being forming part of any Chargor's stock in trade or work in progress) and all Related Rights;
- (f) goodwill and rights and claims in relation to its uncalled share capital;
- (g) rights to recover any VAT on any supplies made to it relating to the Security Assets and any sums so recovered;
- (h) the Relevant Shares and all dividends, interest and other moneys payable in respect of the Relevant Shares and all other Related Rights (whether derived by way of redemption, bonus, preference, options, substitution, conversion, compensation or otherwise);
- (i) Investments and all Related Rights (including all rights against any trustee, nominee, fiduciary or clearance system in respect of those Investments) to the extent not charged pursuant to (j) above; and
- (j) the Loans, together with all Related Rights.

To the extent that two or more Chargors hold any asset on trust for themselves or for another person with one or more other Chargors, the relevant Chargors confirm that they have acted jointly in respect of any charge above.

5. FLOATING CHARGE

5.1 Floating charge

- (a) Each Chargor charges, by way of first floating charge, all present and future assets and undertaking of that Chargor.
- (b) The floating charge created by paragraph (a) above shall be deferred in point of priority to all fixed Security validly and effectively created by that Chargor under the Finance Documents in favour of the Security Agent (as trustee for the Secured Parties) as security for the Secured Liabilities.
- (c) Paragraph 14 of Schedule B1 to the Insolvency Act 1986 applies to the floating charge created by paragraph (a) above.

5.2 General Accounts

The Parties agree that any Security granted or other interest created under this Security Agreement by a Chargor in favour of the Security Agent or any other Secured Party in respect of its General Account or any amounts standing to the credit of its General Account shall not, until the occurrence of an Acceleration Event, prevent that Chargor from withdrawing any amounts standing to the credit of its General Account, notwithstanding the occurrence of an Event of Default.

5.3 Rights of the Chargors

Each Chargor shall remain entitled to exercise all of its rights, powers and discretions under or in relation to the Security Assets in each case so long as such exercise is not in breach of the Facility Agreement, unless and until an Acceleration Event has occurred and is continuing when all such rights, powers and discretions shall be exercisable by, and notices shall be given to, the Security Agent or as it directs.

5.4 Conversion of floating charge to fixed Security

- (a) The Security Agent may at any time, while this Security Agreement is enforceable in accordance with Clause 10 (*Enforcement of security*), by notice to any Chargor convert the floating charge constituted under Clause 5.1 (*Floating charge*) with immediate effect into a fixed charge as regards any asset which is the subject of the floating charge or which is specified in the notice if:
 - (i) an Acceleration Event has occurred and is continuing; or
 - (ii) the Security Agent reasonably considers that any of the Security Assets may be in jeopardy or in danger of being seized or sold pursuant to any form of legal process; or

- (iii) the Security Agent reasonably considers that it is desirable in order to protect the priority of the Security.
- (b) In addition, without prejudice to any law which may have a similar effect, the floating charge constituted under Clause 5.1 (*Floating charge*) will automatically be converted (without notice) with immediate effect into a fixed charge as regards all assets the subject of the floating charge if:
 - (i) any Chargor creates or attempts to create any Security (other than any Security permitted under the terms of the Facility Agreement), over any of the Security Assets;
 - (ii) any person levies or attempts to levy any distress, execution or other process against any of the Security Assets;
 - (iii) an Administration Event occurs,
 - (iv) a Receiver is appointed over all or any of the Security Assets;
 - (v) a resolution is passed or an order is made for the winding-up, dissolution, administration or re-organisation of a Chargor or an administrator is appointed to a Chargor,
 - (vi) any person (who is entitled to do so) gives notice of its intention to appoint an administrator to a Chargor or files such a notice with the court,
 - (vii) a meeting is convened for the passing of a resolution for the voluntary winding-up of any Chargor,
 - (viii) a petition is presented for the compulsory winding-up of any Chargor;
 - (ix) a provisional liquidator is appointed to any Chargor; or
 - (x) a resolution is passed or an order is made for the dissolution or reorganisation of any Chargor,

or any analogous procedure or step is taken in any jurisdiction.

6. PROVISIONS AS TO SECURITY AND PERFECTION

6.1 Negative pledge and restriction on dealings

Except where agreed in writing by the Security Agent or as permitted under the Finance Documents, no Chargor will at any time during the Security Period create or permit to subsist any Security over all or any part of the Security Assets or dispose of or otherwise deal with any part of the Security Assets.

6.2 Implied covenants for title

- (a) The covenants set out in Sections 3(1), 3(2) and 6(2) of the Law of Property (Miscellaneous Provisions) Act 1994 will not extend to Clauses 4 (*Fixed Security*) or 5 (*Floating charge*).
- (b) It shall be implied in respect of Clauses 4 (*Fixed Security*) and 5 (*Floating charge*) that each Chargor is disposing of the Security Assets free from all charges and encumbrances (whether monetary or not) and from all other rights exercisable by third parties (including liabilities imposed and rights conferred by or under any enactment).

6.3 Notices of Security: Lease Documents and Insurances

Immediately:

- (i) upon the date of this Security Agreement, in relation to all Lease Documents relating to the Real Property in existence on the date of this Security Agreement and all Insurances in existence on the date of this Security Agreement; or
- (ii) if later, upon any Chargor entering into a Lease Document with any person or any Insurances with any insurer,

each Chargor will join the Security Agent in giving notice to all landlords, tenants and other persons which are parties to such Lease Documents and to all insurers party to any Insurances, of the Security constituted under this Security Agreement in respect of any such Lease Documents or Insurances, such notices being in the form set out in Part A of Schedule 3 (*Notice of security*).

6.4 Notice of Security: Accounts

- (a) Each Chargor will immediately upon the date of this Security Agreement in relation to each Account and each other account maintained by it, or if later, upon the opening of any other Account or any other account, give notice to the relevant bank, building society, financial institution or other person of the charge constituted under this Security Agreement, the notice being in the form set out in Part A of Schedule 5 (*Notice of Security to Account Holding Bank*).
- (b) Each Chargor will procure from the account holding bank or any other such bank, building society or other financial institution, an acknowledgement of receipt of such notice in the form set out in Part B of Schedule 4 (*Acknowledgement of Security by Account Bank*).

6.5 Notice of Security: Loans

Each Chargor acknowledges the security over the Loans in accordance with this Agreement

6.6 Notice of Security: Hedging Agreements

Promptly (and in any event within five Business Days) after entering into of any such Hedging Agreement, the Borrower as Chargor shall ensure delivery to the Security Agent of notices of security in the form set out in Schedule 5 (*Hedging Agreements*) (or in such other form as may be agreed by the Security Agent) duly executed by or on behalf of the Borrower as Chargor and acknowledged by the relevant Hedge Counterparty in the form set out therein.

6.7 Notices of Security: other assets

Each Chargor shall join the Security Agent in giving notices of assignment or charge (in such form as may be specified by the Security Agent) in respect of any Hotel Franchising Agreements and Hotel Management Agreements promptly upon the request of the Security Agent from time to time and will use all reasonable endeavours to procure from each recipient of those notices, an acknowledgement in a form reasonably satisfactory to the Security Agent.

6.8 Delivery of share certificates

Each Chargor shall.

- (a) immediately upon the execution of this Security Agreement, deposit with the Security Agent (or procure the deposit of) all certificates or other documents of title to the Relevant Shares and stock transfer forms (executed in blank by it or on its behalf); and
- (b) promptly upon the accrual, offer or issue of any stocks, shares, warrants or other securities in respect of or derived from the Relevant Shares (or upon acquiring any interest therein), notify the Security Agent of that occurrence and procure the delivery to the Security Agent of (a) all certificates or other documents of title representing such items and (b) such stock transfer forms or other instruments of transfer (executed in blank by it or on its behalf) in respect thereof as the Security Agent may request.

6.9 Deposit of title deeds

Each Chargor shall:

- (a) immediately upon the execution of this Security Agreement (and upon the acquisition by it of any interest in any Security Asset at any time) deposit (or procure the deposit) with the Security Agent all deeds, certificates and other documents constituting or evidencing title to the Security Assets, and
- (b) deposit with the Security Agent at any time thereafter any further such deeds, certificates, instruments of transfer and other documents, promptly upon coming into possession of any of those items

6.10 Application to the Land Registry

Each Chargor hereby consents to an application being made to the Land Registry to enter the following restriction in the Proprietorship Register of any registered land at any time forming part of the Real Property.

"No disposition of the registered estate by the proprietor of the registered estate, or by the proprietor of any registered charge, not being a charge registered before the entry of this restriction, is to be registered without a written consent signed by the proprietor for the time being of the charge dated [] in favour of [] referred to in the charges register or their conveyancer."

6.11 Further advances

- (a) Subject to the terms of the Facility Agreement, each Lender is under an obligation to make further advances to each Chargor and that obligation will be deemed to be incorporated in this Security Agreement as if set out in this Security Agreement.
- (b) Each Chargor consents to an application being made to the Land Registry to enter the obligation to make further advances on the Charges Register of any registered land forming part of the Security Assets.

6.12 Loans

- (a) No Chargor shall take, or omit to take, any action which might result in (a) the alteration or impairment of any rights in the Loans, in each case, save as permitted under the Facility Agreement or the Subordination Agreement (b) any default of any of its obligations under any Inter-company Loan Agreement or in respect of any Assigned Loan, (c) any right to terminate any Inter-company Loan Agreement or any Loan becoming exercisable by any other party to that agreement, or (d) any counterclaims or rights of set-off arising under any Inter-company Loan Agreement or any Loan.
- (b) The Security Agent shall not be under any obligation in relation to any Loan or any Inter-company Loan Agreement as a consequence of this Agreement and each Chargor shall at all times remain liable to perform all obligations expressed to be assumed by it in respect of the Loans and each Inter-company Loan Agreement.

7. FURTHER ASSURANCE

7.1 Further assurance

- (a) The covenant set out in Section 2(1)(b) of the Law of Property (Miscellaneous Provisions) Act 1994 shall extend to include the obligations set out in paragraph (b) below.
- (b) Each Chargor shall promptly, at its own cost, do all such acts or execute all such documents (including assignments transfers, mortgages, charges, notarisations, registrations, notices and instructions) as the Security Agent

may reasonably specify (and in such form as the Security Agent may reasonably require) in favour of the Security Agent or its nominee(s) to:

- (i) create, perfect and/or protect the Security created or intended to be created in respect of the Security Assets in accordance with the rights vested in it under this Agreement (which may include the execution by that Chargor of a mortgage, charge or assignment over all or any of the assets constituting, or intended to constitute, Security Assets) or for the exercise of any of the rights, powers and remedies of the Security Agent provided by or pursuant to this Security Agreement or by law;
- (ii) confer on the Security Agent Security over any asset or undertaking of that Chargor located in any jurisdiction outside England and Wales equivalent or similar to the security intended to be conferred by or pursuant to this Security Agreement; and/or
- (iii) while an Event of Default is continuing, facilitate the realisation of the Security Assets.

7.2 Necessary action

Each Chargor shall take all such action as is available to it (including making all filings and registrations and applying for relief against forfeiture) as may be necessary or as may reasonably be requested by the Security Agent for the purpose of the creation, perfection, protection or maintenance of any security conferred or intended to be conferred on the Security Agent by or pursuant to this Security Agreement.

8. SHARES AND INVESTMENTS

8.1 Voting rights and dividends prior to an Acceleration Event

Prior to the occurrence of an Acceleration Event, the relevant Chargor shall:

- (a) be entitled to receive all dividends, interest and other moneys arising from the Relevant Shares; and
- (b) exercise all voting rights in relation to the Relevant Shares **provided that** the Chargor shall not exercise, or permit the exercise of, any voting rights in respect of the Relevant Shares in such manner as would reasonably be expected to have a material adverse effect on the value of the Security Assets or any part thereof.

8.2 Voting rights and dividends after an Acceleration Event

Upon the occurrence of an Acceleration Event, the Security Agent may, at its discretion, (in the name of the relevant Chargor or otherwise and without any further consent or authority from any Chargor):

- (a) exercise (or refrain from exercising) any voting rights in respect of the Relevant Shares;

- (b) apply all dividends, interest and other moneys arising from the Relevant Shares in accordance with Clause 14 (*Application of Moneys*);
- (c) transfer the Relevant Shares into the name of such nominee(s) of the Security Agent as it shall require; and
- (d) exercise (or refrain from exercising) (without limitation) the powers and rights conferred on or exercisable by the legal or beneficial owner of the Relevant Shares, in each case in the manner and on the terms the Security Agent thinks fit, and the proceeds of any such action shall form part of the Relevant Shares.

9. ACCOUNTS

The Security Agent may, at any time on behalf of any Secured Party while this Security Agreement is enforceable in accordance with Clause 10 (*Enforcement of security*), without prior notice:

- (a) set-off, transfer or apply any Account and any other account which is the subject of the security created by this Security Agreement and any debt represented thereby in or towards satisfaction of all or any part of the Secured Liabilities; and
- (b) demand and receive all and any moneys due under or arising out of each Account which has been assigned by this Security Agreement and exercise all rights that any Chargor was then entitled to exercise in relation to that Account or might, but for the terms of this Security Agreement, exercise.

10. ENFORCEMENT OF SECURITY

10.1 Enforcement

On and at any time after the occurrence of:

- (a) an Acceleration Event; or
- (b) an Administration Event; or
- (c) a request from any Chargor to the Security Agent that it exercise any of its powers under this Security Agreement,

the Security created by or pursuant to this Security Agreement is, immediately enforceable and the Security Agent may, without notice to any Chargor or prior authorisation from any court, in its absolute discretion:

- (i) enforce all or any part of that Security (at the times, in the manner and on the terms it thinks fit and take possession of and hold or dispose of all or any part of the Security Assets (at the times, in the manner and on the terms it thinks fit (including whether for cash or non-cash consideration)), and
- (ii) whether or not it has appointed a Receiver, exercise all or any of the rights, powers, authorities and discretions conferred by the Law of

Property Act 1925 (as varied or extended by this Security Agreement) on mortgagees and by this Security Agreement on any Receiver or otherwise conferred by law on mortgagees or Receivers.

10.2 Effect of Moratorium

The Security Agent shall not be entitled to exercise its rights under Clause 10.1 (*Enforcement*) or Clause 5.4 (*Conversion of floating charge to fixed Security*) where the right arises as a result of an Event of Default occurring solely due to any person obtaining or taking steps to obtain a moratorium pursuant to Schedule A1 of the Insolvency Act 1986.

11. EXTENSION OF POWERS AND RIGHT OF APPROPRIATION

11.1 Extension of powers

The power of sale or other disposal conferred on the Security Agent and on any Receiver by this Security Agreement shall operate as a variation and extension of the statutory power of sale under Section 101 of the Law of Property Act 1925 and such power shall arise (and the Secured Liabilities shall be deemed due and payable for that purpose) on execution of this Security Agreement.

11.2 Restrictions

The restrictions contained in Sections 93 and 103 of the Law of Property Act 1925 shall not apply to this Security Agreement or to the exercise by the Security Agent of its right to consolidate all or any of the security created by or pursuant to this Security Agreement with any other security in existence at any time or to its power of sale pursuant to Clause 11.1 (*Extension of powers*) above, which powers arise on execution of this Security Agreement and which may be exercised by the Security Agent without notice to any Chargor on or at any time after this Security Agreement has become enforceable in accordance with Clause 10 (*Enforcement of Security*).

11.3 Power of leasing

- (a) The statutory powers of leasing may be exercised by the Security Agent at any time on or after this Security Agreement has become enforceable in accordance with Clause 10 (*Enforcement of Security*) and the Security Agent and any Receiver may make any lease or agreement for lease, accept surrenders of leases and grant options on such terms as it shall think fit, without the need to comply with Sections 99 and 100 of the Law of Property Act 1925
- (b) For the purposes of Sections 99 and 100 of the Law of Property Act 1925, the expression "Mortgagor" will include any encumbrancer deriving title under any Chargor and neither Sub-section (18) of Section 99 nor Sub-section (12) of Section 100 of the Law of Property Act 1925 will apply.
- (c) No Chargor shall have, at any time during the Security Period, the power pursuant to Section 99 of the Law of Property Act 1925 to make any lease in

respect of any Real Property without the prior written consent of the Security Agent or as permitted pursuant to the terms of the Facility Agreement.

11.4 Right of appropriation

To the extent that the provisions of the Financial Collateral Arrangements (No. 2) Regulations 2003 (the "**Regulations**") apply to a Security Asset, the Security Agent shall have the right to appropriate all or any part of that Security Asset in or towards the payment or discharge of the Secured Liabilities and may exercise such right to appropriate upon giving written notice to the Chargors. For this purpose, a commercially reasonable method of valuing a Security Asset shall be:

- (a) in the case of cash, the amount standing to the credit of each Account or to the credit of any other account with any bank, building society, financial institution or otherwise, together with any accrued but unposted interest, at the time of appropriation; and
- (b) in the case of any Investments or Shares, their market value determined by the Security Agent by reference to a public index, independent valuation or by such other process as the Security Agent may select

In each case, the parties agree that the method of valuation provided for this Security Agreement shall constitute a commercially reasonable method of valuation for the purposes of the Regulations.

12. APPOINTMENT OF RECEIVER OR ADMINISTRATOR

12.1 Appointment and removal

After the Security created by or pursuant to this Security Agreement has become enforceable in accordance with Clause 10 (*Enforcement of security*), the Security Agent may by deed or otherwise (acting through an authorised officer of the Security Agent).

- (a) without prior notice to any Chargor:
 - (i) appoint one or more persons to be a Receiver of the whole or any part of the Security Assets; or
 - (ii) appoint two or more Receivers of separate parts of the Security Assets, or
 - (iii) remove (so far as it is lawfully able) any Receiver so appointed, or
 - (iv) appoint another person(s) as an additional or replacement Receiver(s); or
 - (v) appoint one or more persons to be an administrator of any Chargor pursuant to paragraph 14 of Schedule B1 of the Insolvency Act 1986; and

- (b) following notice to any relevant Chargor, appoint one or more persons to be an administrator of any Chargor pursuant to paragraph 12 of Schedule B1 of the Insolvency Act 1986.

12.2 Capacity of Receivers

Each person appointed to be a Receiver pursuant to Clause 12.1 (*Appointment and removal*) shall be

- (a) entitled to act individually or together with any other person appointed or substituted as Receiver;
- (b) for all purposes deemed to be the agent of each Chargor which shall be solely responsible for his acts, defaults and liabilities and for the payment of his remuneration and no Receiver shall at any time act as agent for the Security Agent; and
- (c) entitled to remuneration for his services at a rate to be fixed by the Security Agent from time to time (without being limited to the maximum rate specified by the Law of Property Act 1925).

12.3 Statutory powers of appointment

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

13. POWERS OF RECEIVERS

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

- (a) all the powers conferred by the Law of Property Act 1925 on mortgagors and on mortgagees in possession and on receivers appointed under that Act,
- (b) all the powers of an administrative receiver set out in Schedule 1 to the Insolvency Act 1986 (whether or not the Receiver is an administrative receiver),
- (c) all the powers and rights of an absolute owner and power to do or omit to do anything which any Chargor itself could do or omit to do, and

- (d) the power to do all things (including bringing or defending proceedings in the name or on behalf of any Chargor) which seem to the Receiver to be incidental or conducive to:
 - (i) any of the functions, powers, authorities or discretions conferred on or vested in him;
 - (ii) the exercise of any rights, powers and remedies of the Security Agent provided by or pursuant to this Security Agreement or by law (including realisation of all or any part of the assets in respect of which that Receiver was appointed); or
 - (iii) bringing to his hands any assets of any Chargor forming part of, or which when got in would be, Security Assets.

14. APPLICATION OF MONEYS

All moneys received or recovered and any non-cash recoveries made or received by the Security Agent or any Receiver pursuant to this Security Agreement or the powers conferred by it shall (subject to the claims of any person having prior rights thereto and by way of variation of the provisions of the Law of Property Act 1925) be applied first in the payment or other discharge of the costs, charges and expenses incurred and payments made by the Receiver, the payment or other discharge of his remuneration and the discharge of any liabilities incurred by the Receiver in, or incidental to, the exercise of any of his powers, and thereafter shall be applied by the Security Agent (notwithstanding any purported appropriation by any Chargor) in accordance with the terms of the Facility Agreement.

15. PROTECTION OF PURCHASERS

15.1 Consideration

The receipt of the Security Agent or any Receiver shall be conclusive discharge to a purchaser and, in making any sale or disposal of any of the Security Assets or making any acquisition, the Security Agent or any Receiver may do so for such consideration (whether cash or non-cash), in such manner and on such terms as it thinks fit.

15.2 Protection of purchasers

No purchaser or other person dealing with the Security Agent, any Receiver or any of the Security Agent's or Receiver's delegates shall be bound to inquire whether the right of the Security Agent, such Receiver or such delegates to exercise any of its powers has arisen or become exercisable or be concerned with any propriety or regularity on the part of the Security Agent, such Receiver or such delegates in such dealings. No purchaser or other person dealing with any such delegate shall be concerned as to whether the delegation by the Security Agent or the Receiver (as applicable) pursuant to the terms of this Security Agreement shall have lapsed for any reason or been revoked.

16 POWER OF ATTORNEY

16.1 Appointment and powers

Each Chargor by way of security irrevocably appoints the Security Agent and any Receiver severally to be its attorney and in its name, on its behalf and as its act and deed to execute, deliver and perfect all documents and do all things which the attorney may consider to be required or desirable for:

- (a) carrying out any obligation imposed on any Chargor by this Security Agreement or any other agreement binding on such Chargor to which the Security Agent is party (including the execution and delivery of any deeds, charges, assignments or other security and any transfers of the Security Assets and perfecting and/or releasing the security created or intended to be created in respect of the Security Assets); and
- (b) enabling the Security Agent and any Receiver to exercise or delegate the exercise of, any of the rights, powers and authorities conferred on them by or pursuant to this Security Agreement or by law (including, after this Security Agreement has become enforceable in accordance with Clause 10 (*Enforcement of security*)), the exercise of any right of a legal or beneficial owner of the Security Assets).

16.2 Ratification

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

17. EFFECTIVENESS OF SECURITY

17.1 Continuing security

- (a) The Security created by or pursuant to this Security Agreement shall remain in full force and effect as a continuing security for the Secured Liabilities unless and until discharged by the Security Agent in writing
- (b) No part of the Security from time to time intended to be constituted by this Security Agreement will be considered satisfied or discharged by an intermediate payment, discharge or satisfaction of the whole or any part of the Secured Liabilities.

17.2 Cumulative rights

The Security created by or pursuant to this Security Agreement shall be cumulative, in addition to and independent of every other Security which the Security Agent or any Secured Party may at any time hold for the Secured Liabilities or any other obligations or any rights, powers and remedies provided by law and shall operate as an independent security notwithstanding any receipt, release or discharge endorsed on or given in respect of or under any such other Security. No prior Security held by the Security Agent (whether in its capacity as trustee or otherwise) or any of the other

Secured Parties over the whole or any part of the Security Assets shall merge into the Security constituted by this Security Agreement.

17.3 No prejudice

The Security created by or pursuant to this Security Agreement shall not be prejudiced by any unenforceability or invalidity of any other agreement or document or by any time or indulgence granted to each Chargor or any other person, by the Security Agent (whether in its capacity as trustee or otherwise) or any of the other Secured Parties or by any variation of the terms of the trust upon which the Security Agent holds the security or by any other thing which might otherwise prejudice that Security.

17.4 Remedies and Waivers

No failure on the part of the Security Agent to exercise, nor any delay on its part in exercising, any right, power or remedy under this Security Agreement, shall operate as a waiver of that right, power or remedy or, power constitute an election to affirm this Security Agreement. No election to affirm this Security Agreement on the part of the Security Agent shall be effective unless it is in writing. The rights, powers and remedies provided in this Agreement are cumulative and not exclusive of any provided by law. No single or partial exercise of any right, power or remedy shall preclude any further or other exercise of that or any other right or remedy.

17.5 No liability

None of the Security Agent, its nominee(s) nor any Receiver shall be liable

- (a) to account as a mortgagee or mortgagee in possession; or
- (b) for any loss arising by reason of taking any action permitted by this Security Agreement or any neglect, default or omission in connection with the Security Assets or taking possession of or realising all or any part of the Security Assets,

except in the case of gross negligence or wilful default upon its part.

17.6 Partial invalidity

If, at any time, any provision of this Security Agreement is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of this Security Agreement nor of such provision under the laws of any other jurisdiction shall in any way be affected or impaired thereby and, if any part of the security intended to be created by or pursuant to this Security Agreement is invalid, unenforceable or ineffective for any reason, that shall not affect or impair any other part of the security.

17.7 Waiver of defences

The obligations of, and the Security created by, each Chargor under this Security Agreement and the rights and remedies provided by this Security Agreement will not

be affected by any act, omission, matter or thing which, but for this Clause 17.7, would reduce, release or prejudice any of its obligations under, or the Security created by, this Security Agreement and whether or not known to that Chargor or any Secured Party including:

- (a) any time, waiver or consent granted to, or composition with, any Obligor or other person;
- (b) the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of any Obligor;
- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or Security over assets of, any Obligor or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any Security;
- (d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of, any Obligor or any other person;
- (e) any amendment, novation, supplement, extension (whether of maturity or otherwise) or restatement (in each case however fundamental and of whatsoever nature, and whether or not more onerous) or replacement of a Finance Document or any other document or security or of the Secured Liabilities (including, without limitation, any change in the purpose of, any extension of, or any variation or increase in any facility or amount made available under any facility or the addition of any new facility under any Finance Document or other documents),
- (f) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or Security or of the Secured Liabilities; and
- (g) any insolvency or similar proceedings.

17.8 Chargor intent

Without prejudice to the generality of Clause 17.7 (*Waiver of Defences*), each Chargor expressly confirms that it intends that the Security created under this Security Agreement and the rights and remedies arising thereunder, shall extend from time to time to any (however fundamental and of whatsoever nature, and whether or not more onerous) variation, increase, extension or addition of or to any of the Finance Documents and/or any facility or amount made available under any of the Finance Documents for the purposes of or in connection with any of the following: acquisitions of any nature, increasing working capital, enabling investor distributions to be made; carrying out restructurings; refinancing existing facilities; refinancing any other indebtedness; making facilities available to new borrowers; any other variation or extension of the purposes for which any such facility or amount might be made available from time to time; and any fees, costs and/or expenses associated with any of the foregoing.

17.9 Immediate recourse

Each Chargor waives any right it may have of first requiring any Secured Party (or any trustee or agent on its behalf) to proceed against or enforce any other rights or Security or claim payment from any other person before claiming from any Chargor under this Security Agreement. This waiver applies irrespective of any law or any provision of this Security Agreement to the contrary

17.10 Deferral of rights

Until the end of the Security Period, no Chargor will exercise any rights which it may have by reason of performance by it of its obligations under this Security Agreement:

- (a) to be indemnified by an Obligor;
- (b) to claim any contribution from any guarantor of any Obligor's obligations under this Security Agreement;
- (c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any right of the Secured Parties under this Security Agreement or of any other guarantee or Security taken pursuant to, or in connection with, this Security Agreement by any Secured Party
- (d) to bring legal or other proceedings for an order requiring any Obligor to make any payment, or perform any obligation, in respect of which any Obligor has given a guarantee, undertaking or indemnity under any Finance Document;
- (e) to exercise any right of set-off against any Obligor; or
- (f) to claim or prove as a creditor of any Obligor in competition with any Secured Party

If each Chargor receives any benefit, payment or distribution in relation to such rights it shall hold that benefit, payment or distribution on trust for the Security Agent to the extent necessary to enable all amounts which may be or become payable to any Secured Party by the Obligors under or in connection with this Security Agreement to be repaid in full and shall promptly pay or transfer the same to the Security Agent or as the Security Agent may direct for application in accordance with Clause 14 (*Application of Moneys*).

18. PRIOR SECURITY INTERESTS

- (a) In the event of any action, proceeding or step being taken to exercise any powers or remedies conferred by any prior ranking Security against any of the Security Assets or in case of exercise by the Security Agent or any Receiver of any power of sale under this Security Agreement, the Security Agent may redeem such prior Security or procure the transfer thereof to itself.
- (b) The Security Agent may settle and agree the accounts of the prior Security and any accounts so settled and agreed will be conclusive and binding on each Chargor.

- (c) All principal moneys, interest, costs, charges and expenses of and incidental to any redemption or transfer will be paid by each Chargor to the Security Agent on demand together with accrued interest thereon as well as before judgment at the rate from time to time applicable to unpaid sums specified in the Facility Agreement from the time or respective times of the same having been paid or incurred until payment thereof (as well as after as before judgment)

19. SUBSEQUENT SECURITY INTERESTS

If the Security Agent acting in its capacity as trustee or otherwise or any of the other Secured Parties at any time receives or is deemed to have received notice of any subsequent Security, assignment or transfer affecting all the Security Assets or any part of the Security Assets which is prohibited by the terms of any Finance Document, all payments thereafter by or on behalf of that Chargor to the Security Agent (whether in its capacity as trustee or otherwise) or any of the other Secured Parties will (in the absence of any express contrary appropriation by that Chargor) be credited or treated as having been credited to a new account of that Chargor and not as having been applied in reduction of the Secured Liabilities at the time that notice was received.

20. SUSPENSE ACCOUNTS

All moneys received, recovered or realised by the Security Agent under this Security Agreement (including the proceeds of any conversion of currency) may in the discretion of the Security Agent be credited to any interest bearing suspense or impersonal account(s) maintained with a bank, building society, financial institution or other person as it considers appropriate (including itself) for so long as it may think fit (the interest being credited to the relevant account) pending their application from time to time at the Security Agent's discretion, in or towards the discharge of any of the Secured Liabilities and save as provided herein no party will be entitled to withdraw any amount at any time standing to the credit of any suspense or impersonal account referred to above.

21. RELEASE OF SECURITY

21.1 Release of Security

Upon the expiry of the Security Period, the Security Agent must, at the request and cost of each Chargor, promptly release and cancel the security constituted by this Security Agreement and procure the reassignment to that Chargor of the property and assets assigned to the Security Agent pursuant to this Security Agreement, in each case without recourse to, or any representation or warranty by, the Security Agent or any of its nominees.

21.2 Clawback

If the Security Agent reasonably considers (having taken legal advice) that any amount paid or credited to any Secured Party is capable of being avoided or reduced by virtue of any bankruptcy, insolvency, liquidation or similar laws, the liability of each Chargor under this Security Agreement and the Security constituted by that document will continue and such amount will not be considered to have been irrevocably discharged.

22. DISCRETION AND DELEGATION

22.1 Discretion

Any liberty or power which may be exercised or any determination which may be made under this Security Agreement by the Security Agent or any Receiver may, subject to the terms and conditions of the Facility Agreement, be exercised or made in its absolute and unfettered discretion without any obligation to give reasons.

22.2 Delegation

Each of the Security Agent and any Receiver shall have full power to delegate (either generally or specifically) the powers, authorities and discretions conferred on it by this Security Agreement (including the power of attorney) on such terms and conditions as it shall see fit which delegation shall not preclude the subsequent exercise any subsequent delegation or any revocation of such power, authority or discretion by the Security Agent or the Receiver itself.

23. GOVERNING LAW

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

24 JURISDICTION

24.1 English courts

The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of, or in connection with this Security Agreement (including a dispute relating to the existence, validity or termination of this Security Agreement or the consequences of its nullity or any non-contractual obligations arising out of or in connection with this Security Agreement).

24.2 Convenient Forum

The parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes between them and, accordingly, that they will not argue to the contrary.

24.3 Exclusive Jurisdiction

This Clause 24 (*Jurisdiction*) is for the benefit of the Security Agent only. As a result and notwithstanding Clause 24.1 (*English Courts*), it does not prevent the Security Agent from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law the Security Agent may take concurrent proceedings in any number of jurisdictions.

25. SERVICE OF PROCESS

Each Chargor agrees that the documents which start any proceedings in relation to this Security Agreement, and any other documents required to be served in connection with those proceedings, may be served on it by being delivered to:

- (a) in the case of any Chargor incorporated in England and Wales, at its registered office or place of business in England and Wales, and
- (b) in the case of any Chargor not incorporated in England and Wales, at the Borrower's address,

or, in each case, to such other address in England and Wales as each such Chargor may specify by notice in writing to the Security Agent. Nothing in this paragraph shall affect the right of any Finance Party to serve process in any other manner permitted by law. This Clause applies to proceedings in England and proceedings elsewhere.

THIS SECURITY AGREEMENT has been executed as, and is intended to take effect as, a deed by each Chargor and has been signed by the Security Agent on the date written on the first page of this Security Agreement.

**SCHEDULE 1
CHARGORS**

Name	Jurisdiction	Company Number
Morethan Bidco Limited	England	06260079
Solid Foundations Limited	British Virgin Islands	516303
Morethan Stevenage Limited	England	04663698
Morethanhotels Trading Limited ✓	England	05854147 ✓
Morethanhotels (Stafford) No. 2 Limited	England	06390162
Morethanhotels (Birmingham) No. 2 Limited	England	06390126
Morethanhotels (Bristol) Limited	England	03262497
Morethanhotels Limited	England	02567988
Morethanhotels (Stafford) Limited	England	03324967
Morethanhotels (Birmingham) Limited	England	03479641
Morethanhotels (No.1) Limited	England	04018884
Morethanhotels Properties Limited	England	05854109
Morethanhotels (Holdings) Limited	England	03439896
Morethanhotels FM Limited	England	03328699

SCHEDULE 2 MORTGAGED PROPERTY

Chargor Name	Property Description	Title Number
Morethanhotels (Birmingham) Limited and Morethanhotels (Birmingham No 2) Limited	Land and buildings known as Express by Holiday Inn, Bickhill Parkway, Birmingham, West Midlands	WM707586
Morethanhotels Trading Limited	Land and buildings known as the Hotel, the Leisure Exchange, Vicar Lane, Bradford	WYK801454
Morethanhotels (Bristol) Limited	Land and buildings known as Block B, Temple Gate House, Temple Gate Bristol BS1 6PL	BL71141
Morethanhotels Limited	Land and buildings known as Express Holiday Inn, Telford Way, Waterwells Business Park, Quedgeley, Gloucester GL2 2AB	GR215943 and GR239387
Morethanhotels Limited	Land and buildings lying to the east of Stockings Lane, Shenstone, Lichfield.	SF424740
Morethanhotels Limited	Land buildings known as land on the south side of Smugglers Way, Wandsworth, London	TGL167462
Morethanhotels Limited	Land and buildings known as Holiday Inn Express, Land lying to the north of Hyde Road, Manchester	GM821643
Morethanhotels Limited	Land and buildings known as Holiday Inn Express, Clasper Way, Swalwell, Newcastle on Tyne, NE16 3BE	TY360190
Morethanhotels Limited	Land and buildings known as land on the south side of Oundle Road, Alwalton, Peterborough	CB211812
Morethanhotels Limited	Holiday Inn, Redbridge Lane, Nursling, Southampton SO16 0YP.	HP581790
Morethanhotels (Stafford) Limited and Morethanhotels (Stafford No 2) Limited	Express by Holiday Inn, Stafford South, Acton Court, Acton Gate, Stafford	SF384424 SF381471
Morethan Stevenage Limited	Express by Holiday Inn, Danestrete, Stevenage SG1 1XB	HD303416
Morethanhotels Trading Limited	Hotel premises known as Express by Holiday Inn, Bickhill Parkway, Birmingham, West Midlands	WM900691
Morethanhotels Trading Limited	Land and buildings known as Block B, Temple Gate House, Temple Gate, Bristol BS1 6PL	BL09328 BL 98328
Morethanhotels Trading Limited	Hotel premises known as Express Holiday Inn, Telford Way, Waterwells Business park, Quedgeley, Gloucester	GR302678

Chargor Name	Property Description	Title Number
	GL2 2AB	
Morethanhotels Trading Limited	Land and buildings known as Hotel, Wall Island, Lichfield	SF524093
Morethanhotels Trading Limited	Land and buildings known as land on the south side of Smugglers Way, Wandsworth, London	TGL287074
Morethanhotels Trading Limited	Land and buildings known as Holiday Inn Express, Land lying to the north of Hyde Road, Manchester	MAN76570
Morethanhotels Trading Limited	The Hotel known as Holiday Inn Express, Clasper Way, Swalwell, Newcastle on Tyne, NE16 3BE	TY456698
Morethanhotels Trading Limited	Land and buildings known as land on the south side of Oundle Road, Alwalton, Peterborough	CB319209
Morethanhotels Trading Limited	Holiday Inn, Redbridge Lane, Nursling, Southampton SO16 0YP	HP684589
Morethanhotels Trading Limited	Express by Holiday Inn, Stafford South, Acton Court, Acton Gate, Stafford	SF525024

**SCHEDULE 3
LEASES AND INSURANCES**

**PART A
NOTICE OF SECURITY**

To: [Headlease holder/tenant/Insurer]

Date: []

Dear Sirs,

We give you notice that, by a Security Agreement dated [] (the "Security Agreement"), we created security by way of [equitable assignment] to U.S. Bank Trustees Limited (the "Security Agent") as trustee for the Secured Parties all our right, interests and benefits in, to and under [the [describe Lease (date/term/parties/premises)] dated [] between [] relating to [] (including all moneys payable thereunder and the proceeds of all claims and judgments for breach of covenant) (the "Lease")] OR [the [describe Insurances] policy number effected by us or whomsoever in relation to the risk to [describe Property] (including all moneys payable thereunder, proceeds of all claims, awards and judgments) and all other insurances entered into supplemental to or in replacement of such policy of insurance (the "Policy").]

We will remain liable to perform all our obligations under the [Lease/Policy] and the Security Agent is under no obligation of any kind whatsoever under the [Lease/Policy] nor under any liability whatsoever in the event of any failure by us to perform our obligations under the [Lease/Policy]

[Insurances: With effect from your receipt of this notice we irrevocably instruct and authorise you to:

1. make all payments and claims [in excess of £ []] under or arising from the Policy to the account called "[Chargor Name] - [Holding] Account", Account number [] sort code [].
2. note the interest of the Security Agent on the Policy; and
3. disclose to the Security Agent, without further approval from us, such information regarding the Policy as the Security Agent may from time to time request and to send it copies of all notices issued by you under the Policy.]

Please note that:

1. all remedies provided for under the [Lease/Policy] or available at law or in equity are exercisable by the Security Agent;
2. all rights to compel performance of the [Lease/Policy] are exercisable by the Security Agent; and
3. all rights, interests and benefits whatsoever accruing to or for the benefit of us arising under the [Lease/Policy] (including all rights to compel performance) belong to the Security Agent.

This letter and all non-contractual obligations arising out of or in connection with it are governed by and will be construed in accordance with the laws of England and Wales. Would you please confirm your agreement to the above by sending the enclosed acknowledgement to the Security Agent with a copy to us.

Yours faithfully

[*Chargor Name*]

**SCHEDULE 4
ACCOUNTS**

**PART A
NOTICE OF SECURITY TO ACCOUNT BANK**

To: [Bank or other financial institution holding the Account]

Date: []

Dear Sirs

We give you notice that, by a Security Agreement dated [] (the "Security Agreement"), we created security by way of first fixed charge to U.S. Bank Trustees Limited (the "Security Agent") as trustee for the Secured Parties any accounts and all moneys (including interest) from time to time standing to the credit of those accounts with any bank, building society, financial institution or other person and the debt or debts represented thereby

The account[s] maintained with your [bank/building society/financial institution/other] [is/are]

Account Name[s]. [Debt Service Account/Mandatory Prepayment Account/Cash Trap Account]1/[Operating Account/Capex Reserve Account/General Account]2

Sort Code[s] []

Account No[s] []

We irrevocably instruct and authorise you to disclose to the Security Agent without any reference to or further authority from us and without any inquiry by you as to the justification for such disclosure, such information relating to [any] account[s] maintained with you from time to time as the Security Agent may request you to disclose to it.

With effect from the date of your receipt of this notice all rights, interests and benefits whatsoever accruing to or for the benefit of ourselves arising from the accounts belong to the Security Agent

[Without prejudice to the foregoing, we may operate the Account at any time until such time as the Security Agent has informed you that an Acceleration Event (as defined in the Security Agreement) has occurred.]³

This letter and all non-contractual obligations arising out of or in connection with it are governed by and will be construed in accordance with the laws of England and Wales. Would you please confirm your agreement to the above by sending the enclosed acknowledgement to the Security Agent with a copy to us.

Yours faithfully

[Chargor Name]

¹ Accounts in respect of which the Security Agent has signing rights (the "Blocked Accounts").

² Accounts in respect of which a Chagor has signing rights (the "Unblocked Accounts").

³ Include for Unblocked Accounts only.

PART B
ACKNOWLEDGEMENT OF SECURITY BY ACCOUNT BANK

To: U.S. Bank Trustees Limited as Security Agent
Address: 125 Old Broad Street, London, EC2N 1AR
Fax: +44 207 365 2577
Attention: Loan Agency (loan_agency_London@usbank.com)

Date []

Dear Sirs

We confirm receipt from [*Chargor Name*] (the "**Chargor**") of a notice dated [] of security created by way of first fixed charge upon the terms of a Security Agreement dated [] (the "**Security Agreement**") of all moneys (including interest) from time to time standing to the credit of the Chargor's account[s] (as specified therein) (the "**Account[s]**") which [is/are] maintained with us and the debt or debts represented thereby.

[We confirm that the balance standing to the Account[s] at today's date is [], no fees or periodic charges are payable in respect of the Account[s] and there are no restrictions on (a) the payment of the credit balance on the Account[s] [(except, in the case of a time deposit, the expiry of the relevant period)] or (b) the creation of Security over the Account[s] in favour of the Security Agent or any third party.]

We unconditionally and irrevocably waive all rights of set-off, lien, combination or consolidation of accounts, security in respect of any Account[s] and similar rights (however described) which we may have now or in the future in respect of [each of] the Account[s] or the balance thereon to the extent that such rights relate to amounts owed to us by the Chargor

We confirm that we have not received notice of the interest of any third party in [any of] the Account[s] and will not, without the Security Agent prior written consent, amend or vary any rights attaching to the Account[s]

[After we have received notice from you notifying us that an Acceleration Event (as defined in the Security Agreement) has occurred,]⁴ We will act only in accordance with the instructions given by persons authorised by the Security Agent and we shall send all statements and other notices given by us relating to the Account to the Security Agent.

This letter and all non-contractual obligations arising out of or in connection with it are to be governed by and will be construed in accordance with the laws of England and Wales

Yours faithfully

[Bank or other financial institution holding the Account]

cc. [*Chargor Name*]

⁴ Include for Unblocked Accounts only.

**SCHEDULE 5
HEDGING AGREEMENTS**

**PART A
NOTICE OF ASSIGNMENT**

To. [Hedge Counterparty Name]

Date: []

Dear Sirs,

1. We hereby give you notice that we have created security by way of assignment to **U.S. Bank Trustees Limited** (the "Security Agent") pursuant to a security agreement entered into by us in favour of the Security Agent dated [] all our right, title and interest in and under [details of relevant Hedging Agreement] (including all monies payable thereunder, but subject to the application of any rights of set-off or netting provided for thereunder) (the "Hedging Agreement").
2. We shall continue to be solely responsible for the performance of our obligations under or in connection with the Hedging Agreement.
3. With effect from the date of your receipt of this notice
 - (a) all payments by you to us under or arising from the Hedging Agreement shall be paid to [insert payment instructions/account details], or otherwise at the direction of the Security Agent, as it may specify in writing from time to time. It is very important that you make all immediate arrangements for all sums payable by you under the Hedging Agreements to be paid to this account;
 - (b) all remedies provided for in the Hedging Agreement or available at law or in equity shall be exercisable by, or at the direction of, the Security Agent; and
 - (c) all rights, interests and benefits whatsoever accruing to or for the benefit of ourselves arising under the Hedging Agreements shall belong to the Security Agent,in each case, subject to the application of any rights of set-off or netting provided for in the Hedging Agreement.
4. Please acknowledge receipt of this notice by signing the acknowledgement on the enclosed copy letter and returning it to the Security Agent at [] marked for the attention of [].
5. This notice and any non-contractual obligations arising out of or in connection with it are governed by the laws of England and Wales.

Yours faithfully,

For and on behalf of

PART B
ACKNOWLEDGEMENT OF ASSIGNMENT

To: U.S. Bank Trustees Limited as Security Agent
Address: 125 Old Broad Street, London, EC2N 1AR
Fax: +44 207 365 2577
Attention: Loan Agency (loan_agency_London@usbank.com)

Date: []

Dear Sirs

We confirm receipt from Morethan Bidco Limited (the "Chargor") of a notice dated [] of security created by way of assignment upon the terms of a Security Agreement dated [] (the "Security Agreement") to U.S. Bank Trustees Limited (the "Security Agent") as trustee for the Secured Parties of all the Chargor's right, interest and benefit in, to and under the Hedging Agreement (but subject to the application of any rights of set-off or netting provided for in the Hedging Agreement) (as specified in that notice) to which we are a party

We confirm that we have not received notice of

- (a) any assignment or charge of or over any of the rights, interests and benefits specified in such notice; or
- (b) the interest of any third party in any of the rights, interests and benefits specified in such notice,

and will make all payments [to the account][as] specified in that notice.

We further acknowledge:

1. no amendment, waiver or release of any rights, interests and benefits arising under the Hedging Agreement will be effective without the prior written consent of the Security Agent;
2. the right to exercise certain rights, interests or benefits (including certain termination rights) is subject to clause 8.4 (*Hedging*) of the Facility Agreement (as defined in the Security Agreement);
3. no termination of such rights, interests or benefits will be effective unless we have given the Security Agent 21 days' written notice of the proposed termination and specifying the action necessary to avoid such termination; and
4. the Chargor will remain liable to perform all its obligations under the Hedging Agreement and the Security Agent is under no obligation of any kind whatsoever under the Hedging Agreement nor under any liability whatsoever in the event of any failure by the Chargor to perform its obligations under the Hedging Agreement.

We confirm that we have made all necessary arrangements for all future payments payable under such Hedging Agreement to be made into the account specified in the notice

We unconditionally and irrevocably waive all rights of set-off, lien, combination of accounts and similar rights (however described) which we may have now or in the future to the extent that such rights relate to amounts owed to us by the Chargor (and the proceeds thereof) and we will send you copies of all statements, orders and notices given by us relating to such debt.

This letter and all non-contractual obligations arising out of or in connection with it are governed by and will be construed in accordance with the laws of England and Wales.

Yours faithfully

[Hedge Counterparty]

cc. [*Chargor Name*]

EXECUTION PAGE

Chargors

EXECUTED AS A DEED by)
)
Morethan Bidco Limited)

Acting by a director in the presence of:

Signature of witness:

Name:

Address:

EXECUTED AS A DEED by)
)
Morethan Stevenage Limited)

Acting by a director in the presence of:

Signature of witness:

Name.

Address:

EXECUTED AS A DEED by)
)
Morethanhotels (No. 1) Limited)

Acting by a director in the presence of:

Signature of witness:

Name:

Address:

EXECUTED AS A DEED by)
)
Morethanhotels (Stafford) No. 2 Limited)

Acting by a director in the presence of:

Signature of witness:

Name

Address.

EXECUTED AS A DEED by)
)
Morethanhotels (Birmingham) No.2)
Limited

Acting by a director in the presence of:

Signature of witness:

Name:

Address:

EXECUTED AS A DEED by)
)
Morethanhotels Trading Limited)

Acting by a director in the presence of:

Signature of witness:

Name:

Address.

EXECUTED AS A DEED by)
)
Morethanhotels Properties Limited)

Acting by a director in the presence of:

Signature of witness:

Name:

Address:

EXECUTED AS A DEED by)
)
Morethanhotels (Bristol) Limited)

Acting by a director in the presence of:

Signature of witness:

Name:

Address

EXECUTED AS A DEED by)
)
Morethanhotels Limited)

Acting by a director in the presence of

Signature of witness.

Name

Address

)
EXECUTED AS A DEED by)
)
Morethanhotels (Holdings) Limited)

Acting by a director in the presence of

Signature of witness

Name:

Address

)
EXECUTED AS A DEED by)
)
Morethanhotels FM Limited)

Acting by a director in the presence of

Signature of witness

Name:

Address

)
EXECUTED AS A DEED by)
)
Morethanhotels (Stafford) Limited)

Acting by a director in the presence of

Signature of witness.

Name

Address

EXECUTED AS A DEED by)
Morethanhotels (Birmingham) Limited)

Acting by a director in the presence of

Signature of witness
Name
Address.

Director
Name

Director/Secretary
Name.

EXECUTED AS A DEED on behalf of)
Solid Foundations Limited, a company)
incorporated in the British Virgin Islands)
acting by)
being a person)
who, in accordance with the laws of)
The British Virgin Islands, is)
acting under the authority of the company)

Name.

Name:

Security Agent

Signed by)
U.S. BANK TRUSTEES LIMITED)
for and on its behalf)
By two of its duly authorised)
signatories)

Nancy Sun
Authorised Signatory

Christopher Eastlake
Authorised Signatory

CLIFFORD CHANCE LLP
Deborah Lipszyc
Room 2712
tel 020 7006 1332