



Registration of a Charge

Company name: **RETIREMENT BRIDGE HOUSING LIMITED**

Company number: **05887329**



X57QKYR7

Received for Electronic Filing: **25/05/2016**

Details of Charge

Date of creation: **18/05/2016**

Charge code: **0588 7329 0004**

Persons entitled: **BARCLAYS BANK PLC (AS "SECURITY TRUSTEE")**

Brief description: **NOT APPLICABLE.**

Contains fixed charge(s).

Contains negative pledge.

Authentication of Form

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

Authentication of Instrument

Certification statement: **I CERTIFY THAT SAVE FOR MATERIAL REDACTED PURSUANT TO S. 859G OF THE COMPANIES ACT 2006 THE ELECTRONIC COPY INSTRUMENT DELIVERED AS PART OF THIS APPLICATION FOR REGISTRATION IS A CORRECT COPY OF THE COMPOSITE ORIGINAL INSTRUMENT.**

Certified by: **DANIELLE O'HARE**



CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 5887329

Charge code: 0588 7329 0004

The Registrar of Companies for England and Wales hereby certifies that a charge dated 18th May 2016 and created by RETIREMENT BRIDGE HOUSING LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 25th May 2016 .

Given at Companies House, Cardiff on 2nd June 2016

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



Companies House



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES

EXECUTION COPY

APPLEBY

Dated 18 May 2016

- (1) BARCLAYS BANK PLC
- (2) GRAINGER EQUITY RELEASE LIMITED
- (3) GRAINGER RETIREMENT HOUSING LIMITED

SECURITY INTEREST AGREEMENT

In respect of shares in Retirement Housing Management (Guernsey) Limited

Save for material redacted pursuant to s859G of the Companies Act 2006, I certify that this is a true and complete copy of the composite original seen by me

Name: Danielle O'Hare
Title: Solicitor

Date: 25 May 2016.

Hogan Lovells International LLP (Ref: _____)
Atlantic House, Holborn Viaduct, London EC1A 2FQ

PO Box 56
Regency Court
Glatigny Esplanade
St Peter Port
Guernsey
GY1 1WW

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THIS AGREEMENT is dated

18 May

2016

PARTIES

- (1) **BARCLAYS BANK PLC**, as security trustee for the Finance Parties (the **Security Trustee** which expression shall include the Security Trustee's successors and assigns);
- (2) **GRAINGER EQUITY RELEASE LIMITED**, a company incorporated under the laws of England and Wales with the registered number 05358018, having its registered office at Citygate, St James Boulevard, Newcastle upon Tyne, Tyne & Wear, NE1 4JE (**GERL** which expression shall include GERL's successors and permitted assigns); and
- (3) **GRAINGER RETIREMENT HOUSING LIMITED**, a company incorporated under the laws of England and Wales with the registered number 05887329, having its registered office at Citygate, St James Boulevard, Newcastle upon Tyne, Tyne & Wear, NE1 4JE (**GRHL** which expression shall include GRHL's successors and permitted assigns).

BACKGROUND

- (A) Each Obligor is the registered shareholder of its respective Shares and holds the respective Shares registered in its name.
- (B) Each Obligor is the sole beneficial owner of its respective Shares.
- (C) By a facility agreement dated on or around the date of this Agreement and made between, amongst others, the Security Trustee, the Original Borrower and each Obligor (**Facility Agreement**), the Security Trustee has agreed to make available to the Borrowers certain facilities on the terms and conditions set out in the Facility Agreement.
- (D) Certain provisions of the Facility Agreement are conditional upon each Obligor entering into this Agreement.
- (E) This Agreement includes the terms of and constitutes a security agreement in accordance with the provisions of the Security Interests (Guernsey) Law 1993 (the **1993 Law**) and for the purposes of Section 2 thereof the Obligors are the **debtor** and the Security Trustee is the **secured party**.

AGREED TERMS

1. DEFINITIONS AND INTERPRETATIONS

1.1 In this Agreement:

Agreement: every separate and independent stipulation contained herein and includes, without limitation, the parties clause, the recitals and any schedule;

Collateral: all of each Obligor's rights, title and interest in and to its respective Shares (including without limitation (a) any securities substituted for such Shares or added thereto from time to time, (b) all dividends, interest and other income paid or payable on the Shares or such other securities after the date hereof, and (c) all stocks, shares, such

other securities (and the dividends, interest and other income thereon), rights, moneys or other property accruing or offered at any time by way of redemption, bonus, preference, option, consolidation, sub-division or otherwise to, or in respect of, its Shares or such other securities);

Company: Retirement Housing Management (Guernsey) Limited, a company incorporated in the Island of Guernsey (with registered number 36280) whose registered office is at Redwood House, St Julian's Avenue, St Peter Port, Guernsey, GY1 1WA;

Companies Law: the Companies (Guernsey) Law 2008;

Default Rate: shall have the meaning specified in clause 8.3 (Default Interest) of the Facility Agreement;

Event of Default: shall have the meaning given to it in clause 8;

Obligations:

- (a) all monies, obligations and liabilities which shall from time to time (and whether or not at any time after any demand or judgment) be due, owing or incurred from each Transaction Obligor to the Finance Parties under the Finance Documents whether actually or contingently and whether solely or jointly with any other person and in whatever style or name and whether as principal or surety; and
- (b) the obligations of each Obligor arising under this Agreement to pay on a full indemnity basis (a) all sums (including interest) referred to in clause 15 and (b) all other sums whether by way of costs, charges, expenses, losses, interest or otherwise howsoever due under or in connection with this Agreement without double counting any similar obligation under the Facility Agreement;

Obligors: each of GERL and GRHL and **Obligor** shall mean any one of them;

Person: any individual, company, or body of persons, corporate or unincorporated;

Security Period: the period starting on the date of this Agreement and ending on the date on which all the Obligations have been unconditionally and irrevocably paid, performed or otherwise discharged in full and the Finance Parties are under no further obligation to make sums available under the Facility Agreement;

Shares: one (1) ordinary share of £1.00 of the Company which share is issued to and registered in the name of GERL and one thousand (1000) ordinary shares of £1.00 of the Company which shares are issued to and registered in the name of GRHL; and

Transaction Obligor:

- (a) the Original Borrower (notwithstanding any resignation by the Original Borrower pursuant to clause 7.5 (Resignation of a Borrower) of the Facility Agreement);
- (b) each Additional Borrower; and

- (c) a Subordinated Creditor.

1.2 In this Agreement, unless the contrary intention appears, a reference to:

- (a) a provision of a law is a reference to that provision as extended, applied, amended, consolidated or re-enacted;
- (b) a clause or schedule is a reference to a clause of, or a schedule to, this Agreement;
- (c) a person includes its successors in title and permitted assigns (if any);
- (d) a document is a reference to that document as amended, supplemented, restated and/or novated from time to time;
- (e) words in the singular shall include the plural and words in the plural shall include the singular;
- (f) words denoting any gender or pronoun shall include all genders and pronouns;
- (g) words and expressions defined in the 1993 Law shall have the same meanings and bear the same interpretations when used in this Agreement;
- (h) headings in this Agreement do not affect its interpretation; and
- (i) references to any Guernsey legal term shall, in respect of any jurisdiction other than Guernsey, be construed as references to the term or concept which most nearly corresponds to it in that jurisdiction.

1.3 Unless the contrary intention appears, a term used in the Facility Agreement or in any notice given under or in connection with the Facility Agreement has the same meaning in this Agreement as in the Facility Agreement.

2. **SECURITY INTERESTS**

2.1 Each Obligor covenants to the Security Trustee to pay or discharge the Obligations in the manner and at the time provided for in the Finance Documents.

2.2 In consideration of the Security Trustee making available to the Borrower facilities and other accommodation, each Obligor covenants to the Security Trustee to pay or discharge the Obligations and in order to provide continuing security for the payment or performance of the Obligations, and to create security interests in accordance with the 1993 Law, each Obligor hereby:

- (a) vests possession of its respective certificates of title to the Collateral in the Security Trustee (or its agent) to the intent that the Security Trustee shall have a security interest or interests in any and all of its respective Shares and/or securities constituting the Collateral in accordance with Section 1 (3) of the 1993 Law but so that the Security Trustee shall not in any circumstances incur any liability or be under any obligation whatsoever in connection with the Collateral; and

- (b) assigns, transfers and otherwise makes over to the Security Trustee (or its agent) its respective title to the Collateral provided always that the Security Trustee shall not be registered as a member of the Company unless and until an Event of Default occurs.

2.3 Each Obligor shall deliver to the Security Trustee (or its agent) on or before the date hereof:

- (a) all certificates of title for, and signed but undated share transfer forms with details of the transferee left blank in respect of, its Shares so as to enable its Shares, upon an Event of Default which is continuing, to be registered in the name of the Security Trustee (or its agent) and any purchasers together with all such consents or waivers as may be necessary to enable such registration to take place; and
- (b) a duly executed notice substantially in the form set out in Schedule 1 and each Obligor shall procure that the Company executes and delivers to the Security Trustee an acknowledgement substantially in the form set out in Schedule 2, together with a certified copy of the register of members of the Company noting the Security Trustee's interest created pursuant to this Agreement.

2.4 Each of the grants of security interest set out in clause 2.1 shall take effect separately and, for the avoidance of doubt, shall operate so that, wherever there shall in respect of the Collateral be a perfected security interest by way of assignment of title in favour of the Security Trustee, such security interest shall to that extent only exclude any security interest granted by way of possession of the certificates of title.

2.5 Possession by the Security Trustee (or its agent) of the certificates of title to the Collateral and the acquisition by the Security Trustee (or its agent) of the title to the Collateral shall be deemed to be pursuant to this Agreement whether such possession were vested or such title acquired before or after the execution of this Agreement.

3. WAIVERS

3.1 Each Obligor hereby irrevocably and unconditionally waives any such rights whatsoever that it may have under the laws of Guernsey or elsewhere at any time pursuant to the droit de division (whether or not now existing), in relation to this Agreement and any document, agreement or arrangement referred to in or relating to it.

3.2 Each Obligor hereby irrevocably and unconditionally waives any right it may have whatsoever under the laws of Guernsey or elsewhere at any time (whether or not now existing) of first requiring the Security Trustee (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security against, or claim payment from, any person before enforcing this Agreement and this Agreement shall take effect without the benefit to such Obligor of the droit de discussion.

4. FURTHER ASSURANCE AND POWER OF ATTORNEY

4.1 Each Obligor hereby agrees that, at any time and from time to time upon the written request of the Security Trustee, it will forthwith do any and all such acts and things and execute and deliver any and all such documents as the Security Trustee may deem desirable for perfecting, maintaining or upon an Event of Default which is continuing enforcing its security interest or interests in the Collateral (whether in accordance with Section 1(3) or Section 1(6) of the 1993 Law or in accordance with other paragraphs of Section 1 of the 1993 Law as the Security Trustee (or its agent) may deem appropriate) for vesting the Collateral in the Security Trustee (or its agent) or for selling the Collateral and vesting the same in any purchaser or in any respect whatsoever for obtaining the full benefit of this Agreement and of the rights, powers and discretions herein granted.

4.2 For the purpose of facilitating the exercise of the powers of the Security Trustee under the 1993 Law and of the powers given pursuant to this Agreement, each Obligor hereby irrevocably appoints the Security Trustee and the persons deriving rights under the Security Trustee jointly and also each of them severally as each Obligor's attorney for such Obligor and in the name and on behalf of each Obligor to execute and complete any transfers or other documents whatsoever which the Security Trustee may require for perfecting, maintaining or upon an Event of Default which is continuing enforcing its security interest or interests in the Collateral (whether in accordance with paragraphs (3) and (6) of Section 1 of the 1993 Law or in accordance with other paragraphs of Section 1 of the 1993 Law as the Security Trustee (or its agent) may deem appropriate) or for vesting the Collateral in the Security Trustee (or its agent) or for selling the Collateral and vesting the same in any purchaser and to make any substitution, addition or other alteration to the property comprising the Collateral or to this Agreement and generally to execute and deliver or otherwise perfect any such transfers or other documents whatsoever required by the Security Trustee and to do any such acts and things as the Security Trustee may require in order to obtain the full benefit of this Agreement and of the rights, powers and discretions herein granted. Each Obligor hereby covenants with the Security Trustee and the persons deriving rights under the Security Trustee to ratify and confirm any lawful exercise or purported exercise of the power of attorney granted in this clause 4.2.

4.3 Each Obligor hereby agrees to indemnify and keep indemnified the Security Trustee and the persons deriving rights under the Security Trustee (including substitute attorneys) against all losses, liabilities, costs (including, without limitation, legal fees), claims, actions, demands and expenses which may be incurred by the Security Trustee or the persons deriving rights under the Security Trustee (including substitute attorneys) or which may be made or brought against the Security Trustee or the persons deriving rights under the Security Trustee (including substitute attorneys) as a result of or in connection with anything done by the Security Trustee or the persons deriving rights under the Security Trustee (including substitute attorneys) under or pursuant to the power of attorney granted in clause 4.2 hereof other than where any such losses, liabilities, costs (including, without limitation, legal fees), claims, actions, demands or expenses arise as a result of the fraud, wilful misconduct or gross negligence of the Security Trustee or the persons deriving rights under the Security Trustee (including substitute attorneys).

- 4.4 Without prejudice to the foregoing, each Obligor hereby agrees that, during the Security Period, upon the written request of the Security Trustee, it will forthwith execute such further security agreement or agreements (in form and substance satisfactory to the Security Trustee) as the Security Trustee may require in respect of the Collateral.

5. REPRESENTATIONS AND WARRANTIES

Each Obligor represents and warrants to the Security Trustee to the intent that the same shall be continuing representations and warranties during the Security Period:

- (a) subject only to any security interest or interests created pursuant to this Agreement, each Obligor is and will remain the sole absolute and beneficial owner of its respective Collateral;
- (b) other than as provided in this Agreement, there are no security interests, charges, liens, rights of set off or other encumbrances affecting the Collateral and neither Obligor's title to the Collateral is not liable to be challenged on any grounds;
- (c) each Obligor is duly incorporated under the law of its place of registration or incorporation with full power and authority to conduct its activities and to enter into, perform and deliver this Agreement and that it has taken all such corporate action as may be required to authorise it to enter into, perform and deliver this Agreement and to create any security interest or interests hereunder;
- (d) the obligations expressed to be assumed by each Obligor under this Agreement and under the Obligations constitute each Obligor's legal, valid, binding and enforceable obligations and the entry into this Agreement and the performance of such obligations and the transactions contemplated by this Agreement and the granting of security will not contravene any provision of any Obligor's constitutional documents any law or other obligation whatsoever binding upon each Obligor or any of its assets (or constitute a default or termination event (however described) under any such agreement or instrument);
- (e) there are no proceedings or claims before any court, tribunal or arbitration or other authority, which might by itself or together with any other such proceedings or claims affect the business, assets or condition of any Obligor or any of its subsidiaries or the Company or affect the ability of any of them to observe or perform their respective obligations under this Agreement, it is presently in progress or pending or threatened against any Obligor or any of its subsidiaries or the Company or any of their respective assets;
- (f) neither of the Obligors or the Company is unable to pay its debts when they fall due or is otherwise insolvent or has to take or has taken any step or procedure preparatory to stopping or suspending payments or intends to do so, or has taken or intends to take any steps in relation to obtaining any resolution or order in respect of bankruptcy, winding-up, *désastre*, a compromise with creditors, execution of judgment or attachment of assets, or has pending or threatened against it, or is subject to, any such resolution or order, or has taken any action or

omitted to take, or has pending or threatened against it, any action indicative of insolvency in any jurisdiction, including, without limitation, the appointment of a receiver, an administrator, a trustee or similar officer in relation to any or all of their respective assets;

- (g) the Shares are fully paid up and there are no moneys or liabilities outstanding or payable in relation thereto;
- (h) the Shares are not subject to any options to purchase, warrants, pre-emption or similar rights;
- (i) the Shares constitute the entire issued share capital of the Company;
- (j) this Agreement constitutes legally valid and binding obligations of each Obligor which are enforceable in accordance with its terms;
- (k) the execution, delivery and performance by each Obligor of this Agreement does not, and will not violate, cause a default under or in any other way conflict with:
 - (i) any terms of any Obligor's memorandum and articles of association or other constitutional documents; or
 - (ii) any agreement, indenture or other instrument entered into by any Obligor with or for the benefit of any other party or any licence, condition, judgment, decree, order, law, regulation, ordinance or other rule which for the time being is applicable to any such Obligor;
- (l) no governmental or regulatory approval, filing or registration is required in order to give the Security Trustee the full benefit of a first ranking security interest over the Collateral;
- (m) any security interest duly created under this Agreement in accordance with the 1993 Law will be recognised as a first ranking right of security over the Collateral by way of security for the Secured Obligations in any insolvency of the Obligors;
- (n) the Company is a duly incorporated and validly existing company under the laws of Guernsey with full power and authority and having all necessary consents to hold its assets and to conduct its business as presently conducted and as intended to be conducted in the future;
- (o) all resolutions and approvals required by the directors or shareholders of the Company in order for the Obligors to create any security interest or interests hereunder have been duly passed or given; and
- (p) save as provided in this Agreement, there are no restrictions imposed by the Company's constitutional documents or otherwise upon the voting rights associated with, or upon the transfer of, the Shares.

6. **COVENANTS**

6.1 Each Obligor agrees and covenants to the Security Trustee, for itself, during the Security Period:

- (a) to procure that the board of directors of the Company will, upon the request of the Security Trustee (or its agent) following an Event of Default which is continuing, forthwith register the Security Trustee (or its agent) and any purchasers of the Collateral as shareholders of the Company and issue share certificates in respect thereof;
- (b) upon the execution of this Agreement to join with the Security Trustee in giving the Company notice substantially in the form set out in Schedule 1;
- (c) not to assign or otherwise create any security interest, charge, lien, right of set off or other encumbrance affecting the Collateral without the prior written consent of the Security Trustee or as permitted under any Finance Document;
- (d) not to sell, transfer, assign, deal or otherwise dispose of the Collateral or the benefit of any Obligor's interest in the Collateral or to agree to do the same without the prior written consent of the Security Trustee;
- (e) not to take any action which might (and not omit to take any action where any such omission to act might) impair the interest of the Security Trustee or any Obligor or both of them in the Collateral;
- (f) to pay duly and promptly all calls, instalments or other payments which may from time to time be made or become due in respect of the Collateral in default of which the Security Trustee may, if the Security Trustee with absolute discretion thinks fit, make any such payments on behalf of the Obligors. All such payments made by the Security Trustee shall be repayable on demand by the Obligors to the Security Trustee together with all costs and expenses incurred by the Security Trustee;
- (g) not to do or cause or permit to be done anything which in the Security Trustee's reasonable opinion may in any way adversely affect any security interest or interests created pursuant to this Agreement or prejudice the value of the security hereby created, and without limitation to procure that without the prior consent of the Security Trustee or as otherwise permitted under any Finance Document:
 - (i) no further shares or other securities are issued by the Company to any person;
 - (ii) no change is made to the memorandum or articles of incorporation of the Company or to the terms of issue or any rights attaching thereto of any Shares;
 - (iii) the Company does not enter into any transaction other than on arm's length commercial terms; and

- (iv) no action shall be taken or permitted to be taken whereby the rights attaching to the Collateral are altered or diluted;
- (h) promptly to give to the Security Trustee copies of any notices or other communication received by it with respect to the Collateral;
- (i) to provide, or procure the provision of, such financial and other information relating to the Company as the Security Trustee may from time to time require; and
- (j) that each Obligor shall remain liable to observe and perform all of the other conditions and obligations assumed by it or by which a shareholder of the Company is bound in respect of any of the Shares; and that the Security Trustee shall not be required to perform or fulfil any obligation in respect of the Shares except as otherwise set out in this Agreement or the 1993 Law or to make any payment, or to make any enquiry as to the nature and efficiency of any payment received by it or any Obligor, or to present or file any claim or take any other action to collect or enforce the payment of any amount to which it may have been entitled or to which it may be entitled under this Agreement at any time or times.

6.2 Each Obligor acknowledges that the Security Trustee has entered into this Agreement in reliance on the covenants and undertakings set out in this clause 6.

7. SHARE RIGHTS AND RESTRICTIONS

7.1 Income and Dividends

- (a) Without prejudice to clause 2.2(b), any dividends, interest and other income paid or payable on the Collateral, arising when no Event of Default has occurred and is continuing:
 - (i) are hereby released from the security created by this Agreement;
 - (ii) if paid or made over to the Security Trustee, shall be transferred by the Security Trustee to the respective Obligor (or as otherwise directed by such Obligor); and
 - (iii) if paid to an Obligor may be retained, used and applied by such Obligor for its own benefit, subject to the terms of the Finance Documents.
- (b) Without prejudice to clause 2.2(b), when an Event of Default has occurred and is continuing, any dividends, interest or other income paid or payable on the Collateral;
 - (i) shall, if received by an Obligor, be held in trust for the Security Trustee, be segregated from other property and funds of such Obligor, and immediately be paid, delivered and transferred to the Security Trustee (or its nominee) so as to be held as part of the Collateral; and

- (ii) may, at the absolute discretion of the Security Trustee, be applied in or towards reduction or discharge of the Obligations.

7.2 Voting

- (a) Where no Event of Default has occurred and is continuing and the Security Trustee does not have title to the Shares, without prejudice to clause 2.2(b), the Obligors shall be entitled to exercise all voting rights relating to the Shares, but shall not do so in a manner which may harm or prejudice the Security Trustee's interests;
- (b) Where an Event of Default is continuing and the Security Trustee has title to the Shares, without prejudice to clause 2.2(a) and subject to clause 7.3, the Security Trustee shall exercise (or cause to be exercised) the voting rights in relation to the Shares as each Obligor shall direct, in writing, at least ten days prior to the date on which such voting rights are to be exercised. If however, in the Security Trustee's opinion, voting as directed by any Obligor may be harmful or prejudicial to the Security Trustee's interests, the Security Trustee may, at its discretion, vote as if no directions has been given. If no direction is given, the Security Trustee may at its sole discretion, (and without any obligation to do so or liability for failure to do so), exercise such voting rights at its discretion. In any event where the Security Trustee is obliged, under this clause 7.2(b) to exercise any voting rights, the Security Trustee shall not be liable for any failure to do so or for the manner of doing so, save that it may be so liable to any Obligor if the default arises out of the Security Trustee's wilful misconduct or gross negligence.
- (c) Where an Event of Default has occurred and is continuing, and the Security Trustee does not have title to the Shares, the Security Trustee may at its absolute discretion:
 - (i) exercise any voting rights which may be exercised by the Obligors in relation to the Shares whether by using its powers under clause 4.2 or otherwise; and/or
 - (ii) direct the Obligors in writing,
 - (A) whether and how to exercise any voting rights which may be exercised by the Obligors in relation to the Shares; and
 - (B) to appoint the Security Trustee as its proxy so that the Security Trustee may exercise any voting rights which the Obligors may have in relation to the Shares,

and in each case, the Obligors shall immediately comply with such direction.

- (d) Where an Event of Default has occurred and is continuing and the Security Trustee has title to the Shares, the Security Trustee may in its absolute discretion exercise or cause to be exercised (or refrain from doing so) any or all voting rights in relation to the Shares in such manner as the Security Trustee see fit.

7.3 **Company not a subsidiary of Security Trustee for purposes of the Companies Law**

- (a) The Security Trustee may at its discretion at any time and in respect of any period (including an indefinite period) give a notice in writing to the Obligors stating that clause 7.3(b) shall cease to have effect. Upon the giving of such notice, clause 7.3(b) shall cease to have effect for the period or periods specified in such notice. In addition, clause 7.3(b) shall apply only if the Company would, but for clause 7.3(b) be regarded as a subsidiary of the Security Trustee for the purposes of the Companies Law.
- (b) Rights attached to the shares held by way of security pursuant to this Agreement shall:
 - (i) apart from the right to exercise them for the purpose of preserving the value of the security, or of realising it, be exercisable only in accordance with each Obligor's instructions; and
 - (ii) where the shares are held in connection with the granting of loans as part of normal business activities and apart from the right to exercise them for the purpose of preserving the value of the security, or of realising it, be exercisable only in each Obligor's interests.

8. **EVENTS OF DEFAULT AND ENFORCEMENT**

- 8.1 For the purposes of this Agreement each and every event set out in clause 26 of the Facility Agreement (save for clause 26.16 (Acceleration) of the Facility Agreement) and described therein as an **Event of Default** for the purposes thereof shall constitute an Event of Default.
- 8.2 Upon the occurrence of an Event of Default which is continuing, subject to Section 7(3) of the 1993 Law, the Security Trustee, without having to apply to the Royal Court for authority to do so, shall have the power of sale or application of the Collateral.
- 8.3 Such power of sale referred to in clause 8.2 or application shall be exercisable by the Security Trustee in such manner as the Security Trustee may in its absolute discretion deem appropriate having regard to the provisions of the 1993 Law, and with all the powers of a beneficial owner. Without limitation, upon the occurrence of an Event of Default which is continuing, the Security Trustee may sell or dispose of or apply the whole or part of the Collateral at such times in such manner and generally on such terms and conditions and for such consideration as the Security Trustee may think fit. Any such sale or disposal may be for cash, debentures or other obligations, shares, stocks, securities or other valuable consideration and may be payable immediately or by instalments spread over such period as the Security Trustee may think fit. The Security Trustee shall have the right of recourse to any moneys forming part of the Collateral and may apply such moneys in the payment or discharge of the Obligations as if such moneys were proceeds of sale.
- 8.4 No purchaser or other person shall be bound or concerned to see or enquire whether the right of the Security Trustee to exercise the power of sale has arisen or not or be

concerned with notice to the contrary or with the propriety of the exercise or purported exercise of such power.

- 8.5 Upon the occurrence of an Event of Default which is continuing, the Security Trustee shall be entitled to appropriate any part of the Collateral which is money and shall apply the same towards the Obligations as if they were proceeds of sale subject to the provisions of Section 7 of the 1993 Law.
- 8.6 Subject to clause 8.7 the proceeds of an exercise by the Security Trustee of the power of sale of application shall be applied in accordance with the provisions of Section 7(5)(b) of the 1993 Law and the Security Trustee may determine the order in which individual obligations and liabilities comprising the Obligations are paid or discharged.
- 8.7 Any amount received or recovered by the Security Trustee in respect of any sum due or payable by any Obligor pursuant to the Obligations and any amount received or recovered pursuant to this Agreement may be placed in a suspense account for so long as the Security Trustee thinks fit.
- 8.8 Subject to clause 11 if any balance remains after the discharge of the Obligations following an exercise by the Security Trustee of the power of sale such balance shall be placed in an account with the Security Trustee in the name of an Obligor and the Security Trustee shall have no greater responsibility with respect thereto than it has in the normal course of its business as a banker holding an account for its customer.
- 8.9 Subject to Section 7(5)(a) of the 1993 Law, no Obligor shall have any right or claim against the Security Trustee in respect of loss arising out of a sale of or recourse against the Collateral pursuant hereto howsoever such loss may have been caused and in the case of a sale of the Collateral whether or not a better price might have been obtained.

9. CURRENCY

- 9.1 All moneys received or held by the Security Trustee under this Agreement may from time to time after an Event of Default has occurred be converted into such other currency as the Security Trustee considers necessary or desirable to cover the Obligations or any part thereof at the then prevailing spot rate of exchange of the Security Trustee (as conclusively determined by the Security Trustee) for purchasing that other currency with the existing currency.
- 9.2 After the occurrence of an Event of Default which is continuing, the Security Trustee may in its absolute discretion without notice to the Obligors purchase so much of any currency as the Security Trustee considers necessary or desirable to cover the Obligations or any part thereof at the then prevailing spot rate of exchange of the Security Trustee (as conclusively determined by the Security Trustee) for purchasing such currency with sterling and each Obligor hereby agrees to indemnify the Security Trustee against the full cost incurred by the Security Trustee for such purchase.
- 9.3 The Security Trustee shall not be liable to any Obligor for any loss resulting from any fluctuation in exchange rates before or after the exercise of the foregoing powers.

- 9.4 Subject to clause 11, no payment to the Security Trustee shall discharge the Obligations in whole or in part unless and until the Security Trustee shall have received payment in full in the currency or currencies provided for by the Obligations and to the extent that the Obligations are not discharged in full the Security Trustee shall have a further separate cause of action against each Obligor and shall be entitled to enforce this Agreement until the Obligations are discharged in full.

10. NEW ACCOUNTS/SUSPENSE ACCOUNT

- 10.1 If the Security Trustee receives notice of any subsequent security interest, charge, lien, right of set off or other encumbrance or disposal affecting the Collateral or any part thereof of the Collateral or interest therein, the Security Trustee may open a new account for each Obligor. If the Security Trustee does not open a new account then, unless the Security Trustee gives express written notice to the contrary to each Obligor, it shall nevertheless be treated as if it had done so at the time when it received such notice and as from that time all payments made by or on behalf of each Obligor to the Security Trustee shall be credited or be treated as having been credited to the new account and shall not operate to reduce the amount outstanding under the Obligations at the time when it received such notice.
- 10.2 All monies received, recovered or realised by the Security Trustee under this Agreement may, at the discretion of the Security Trustee, be credited to a separate or suspense account for so long as the Security Trustee may think fit without any intermediate obligation on the part of the Security Trustee to apply the same in or towards payment and discharge of the Obligations.

11. CONDITIONAL DISCHARGE AND RETENTION OF COLLATERAL

Any discharge of the Obligations in whole or in part under this Agreement shall be conditional on no security, payment or other disposition given or made by each Obligor to the Security Trustee being avoided or being required to be repaid on bankruptcy, liquidation or otherwise howsoever and this Agreement, the security interest or interests created hereunder in the Collateral and the Obligations shall remain in place until all time periods during which any such security, payment or other disposition might be so avoided or required to be repaid have passed and the Obligations have been unconditionally and irrevocably paid, performed or otherwise discharged in full.

12. CONTINUING SECURITY AND PRESERVATION OF SECURITY

- 12.1 The security interest or interests hereunder shall:
- (a) continue in existence and shall not terminate while the Security Period is continuing and until the applicable provisions of Section 8 of the 1993 Law have been satisfied;
 - (b) constitute a continuing security notwithstanding any intermediate payment or settlement of account or any other matter whatsoever and shall be in addition to and shall not merge with or otherwise prejudice or affect any contractual or other

right or remedy or any guarantee, indemnity, lien, set off, combination, security interest, mortgage, charge or other security or other right now or hereafter held by or available to the Security Trustee and shall not be prejudiced or affected thereby or by the invalidity thereof or by the Security Trustee now or hereafter dealing with, exchanging, releasing, varying or abstaining from perfecting or enforcing any of the same or any rights which the Security Trustee may now or hereafter have or giving time for payment or indulgence or compounding with any other person liable in respect of the Obligations;

- (c) be discharged upon the issuance by the Security Trustee of a certificate of discharge to any Obligor in or substantially in the form set out in the Schedule to the 1993 Law;
- (d) not be discharged by the death, bankruptcy, insolvency or incapacity of an Obligor or by any change in the constitution of an Obligor or by any Obligor becoming involved in any amalgamation, reorganisation, reconstruction or merger; and
- (e) not be affected by any variation of the terms of the Obligations.

12.2 A certificate of the Security Trustee setting forth the amount due from such Obligor under the Obligations or pursuant to this Agreement howsoever shall, as against such Obligor, in the absence of manifest error, be conclusive evidence of such amount.

12.3 No failure or delay by the Security Trustee in exercising any right or remedy shall operate as a waiver thereof nor shall any single or partial exercise or waiver of any right or remedy preclude its further exercise or the exercise of any other right or remedy.

12.4 This Agreement and the obligations of each Obligor hereunder shall not be affected by any act, omission or circumstances which but for this provision might operate to release or otherwise exonerate any Obligor from this Agreement or such obligations.

13. RELEASE OF SECURITY INTERESTS

Upon the Security Trustee (acting reasonably) being satisfied that the Obligations have been irrevocably and unconditionally discharged in full the Security Trustee shall, subject to the rights of any persons for the time being entitled thereto in priority to each Obligor or any rights of set off, at the request and cost of each Obligor:

- (a) release to each Obligor their respective certificates of title to (or, as the case may be, assign to each Obligor) so much (if any) of the Collateral as shall not have been applied by the Security Trustee in or towards satisfaction of the Obligations;
- (b) execute a certificate of discharge in or substantially in the form set out in the Schedule to the 1993 Law; and
- (c) reassign, release or otherwise discharge the security constituted by or pursuant to this Agreement;

EXCEPT THAT if the Security Trustee considers that any amount paid by an Obligor in connection with the discharge of the Obligations is capable of being avoided or otherwise set aside on the insolvency or winding up of such Obligor or otherwise, then that amount shall not be considered to have been irrevocably or unconditionally discharged.

14. SET-OFF AND COMBINATION OF ACCOUNTS

14.1 The Security Trustee shall be entitled (as well before as after the occurrence of an Event of Default), so long as the Obligations remain outstanding in whole or in part, to combine or consolidate all moneys now or hereafter standing to an Obligor's credit in any account held with the Security Trustee (whether in an Obligor's sole name or in joint names with any Obligor and any other person or persons or otherwise howsoever) whether a current or other account and wheresoever situate and to set off or transfer any sum standing to the credit of any one or more such accounts in or towards satisfaction of the Obligations or any part thereof be present, future, actual, contingent, primary, collateral, several or joint or otherwise howsoever.

14.2 Where such combination, consolidation, set off or transfer requires the conversion of one currency into another, such conversion shall be calculated at the then prevailing spot rate of exchange of the Security Trustee (as conclusively determined by the Security Trustee) for purchasing the latter currency with former currency.

15. EXPENSES AND INDEMNITY

15.1 Without double counting any similar obligations under the Facility Agreement, each Obligor agrees to pay to the Security Trustee on demand all costs, charges and expenses whatsoever (including, without limitation, all professional fees and disbursements and all taxes) reasonably incurred by the Security Trustee in negotiating, preparing, executing and administering this Agreement or perfecting the security interest or interests created under it and in connection with the enforcement, preservation or attempted preservation of rights of the Security Trustee under this Agreement.

15.2 Without double counting any similar obligations under the Facility Agreement, all such costs, charges and expenses shall be paid by each Obligor on a full indemnity basis with interest at the Default Rate from the date of payment by the Security Trustee to the date of payment by the Obligor to the Security Trustee, both before and after any judgment.

15.3 Without double counting any similar obligations under the Facility Agreement, each Obligor agrees to indemnify and hold harmless the Security Trustee and its nominees, delegates, officers and agents from and against all losses, actions, claims, expenses, demands and liabilities incurred by the Security Trustee in the exercise or purported exercise (other than where such purported exercise shall be fraudulent or grossly negligent) of the powers herein contained or resulting from any breach by an Obligor of its obligations under this Agreement or under the Obligations or under both. Each Obligor shall pay interest on any sums demanded by the Security Trustee hereunder at the Default Rate from the date of demand to the date of payment, both before and after any judgment.

- 15.4 The Security Trustee shall not be liable for any losses arising in connection with the exercise or purported exercise (other than where such purported exercise shall be fraudulent or grossly negligent) of any of its rights, powers and discretions hereunder and the Security Trustee shall not be liable to account for anything except actual receipts.

16. SUBSTITUTIONS AND ADDITIONS

If any Obligor shall make a request to the Security Trustee to substitute or add property for or to the property from time to time constituting the Collateral, the Security Trustee shall have absolute discretion to approve or refuse such request. If the Security Trustee agrees to any such request then the additional or substituted property shall thenceforth form part of the Collateral and shall be subject to a security interest or interests hereunder (pursuant to whichever paragraph or paragraphs of Section 1 of the 1993 Law may be considered by the Security Trustee to be appropriate) and each Obligor shall do any and all such acts and things and execute and deliver any and all such documents as the Security Trustee may deem desirable in order to perfect such security interest or interests.

17. NOTICES

- 17.1 Any notice or other document required or authorised hereby or by the 1993 Law may be served on the parties hereto at the following addresses and facsimile numbers and upon the persons specified:

(a) for the Security Trustee:

Address: 1 Churchill Place, London E14 5HP
Facsimile Number: +44 (0) 207 773 2347
Attention: Commercial Real Estate Asset Management (CRE-AM) Team, Level 27

(b) for the Obligors:

Address: c/o Patron Capital Advisers LLP, 1 Vine Street, W1J 0AH
Facsimile Number: +44 (0) 207 629 9418
Attention: Shane Law and Kendall Langford

and:

Address: c/o Electra Partners, Paternoster House, 65 St Paul's Churchyard, London, EC4M 8AB
Facsimile Number: +44 (0) 207 241 4201
Attention: Owen Wilson

and with a copy of the Obligor's solicitors, Berwin Leighton Paisner LLP at:

Address: Adelaide House, London, Bridge, London EC4R 9HA
Facsimile Number: +44 (0) 203 400 1111

Attention:

Prashanth Satyadeva and Benjamin Lee

17.2 Any such notice or other document so given shall be deemed to be duly delivered:

- (a) if delivered by hand, at the time of delivery;
- (b) if sent by post, at noon on the day following five Business Days after the time when the same was put in the post;
- (c) if sent by facsimile transmission, at the time of dispatch;

provided that, where delivery or transmission occurs after 5.00 pm on a Business Day or occurs on a day which is not a Business Day, service shall be deemed to occur at 9.00 am on the next Business Day.

17.3 In proving delivery by post it shall be sufficient to prove that the same was properly addressed, stamped and put in the post. If a notice is despatched by facsimile the transmission message shall be sufficient proof of delivery.

18. MISCELLANEOUS

18.1 Each of the provisions of this Agreement is separate and distinct from the others and if at any time one or more of such provisions is or becomes invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

18.2 This Agreement may be executed in any number of counterparts each of which taken together shall constitute a single agreement.

18.3 Unless the context otherwise requires, where any Obligor comprises two or more persons, all agreements, warranties, undertakings and covenants on the part of such Obligor are given jointly and severally and shall be construed accordingly and the act or default of any of them shall be deemed to be the act or default of both or all of them.

18.4 The rights of the Security Trustee shall not be affected or prejudiced in any way by any change in its constitution or by its reconstruction or reorganisation or its absorption in or amalgamation with any other person or the acquisition of all or part of its undertaking by any other person.

18.5 The Security Trustee shall be entitled to assign all or any part of its right, title, interest and benefit under this Agreement and for such purpose shall be entitled and authorised to disclose any information concerning an Obligor to any proposed assignee.

18.6 Neither Obligor may not, without the prior written consent of the Security Trustee, assign transfer, novate or dispose of any of, or any interest in, its rights and obligations under this Agreement.

19. **LANGUAGE**

The principal language of this Agreement shall be English and the parties acknowledge that, notwithstanding receipt of a copy of this Agreement in any other language, the true construction of the Agreement shall be determined in English and all notices, demands or other communications under or in connection with this Agreement shall be in English.

20. **GOVERNING LAW AND JURISDICTION**

20.1 This Agreement shall be governed by and construed in accordance with the laws of the Island of Guernsey and the parties hereby irrevocably agree for the exclusive benefit of the Security Trustee that the courts of Guernsey are to have jurisdiction to settle any disputes which arise out of or in connection with this Agreement and that accordingly any suit, action or proceeding arising out of or in connection with this Agreement (**Proceedings**) may be brought in such court.

20.2 Nothing contained in this Agreement shall limit the right of the Security Trustee to take Proceedings, serve process or seek the recognition or enforcement of a judgment or any similar or related matter against any Obligor in any convenient, suitable or competent jurisdiction nor shall the taking of any action in one or more jurisdiction preclude the taking of action in any other jurisdiction, whether concurrently or not.

20.3 Each Obligor waives (and irrevocably agrees not to raise) any objection which it may have now or hereafter to the taking of any Proceedings in any such court as referred to in this clause, any claim that any such Proceedings have been brought in an inconvenient forum and any right it may have to claim for itself or its assets immunity from suit, execution, attachment or other legal process.

20.4 Each Obligor further irrevocably agrees that a judgment in any Proceedings brought in any such court as is referred to in this clause shall be conclusive and binding upon each Obligor and may be enforced in the court of any other jurisdiction.

20.5 Without prejudice to any other mode of service allowed under the laws of the Island of Guernsey, each Obligor:

- (a) irrevocably appoints Appleby (Guernsey) LLP of PO Box 56, Regency Court, Gategny Esplanade, St Peter Port, Guernsey GY1 1WW (Attention: Gavin Ferguson) (with fax number + 44 (0) 1481 728992) as their agent for service of process in relation to any proceedings before the courts of Guernsey in connection with this Agreement;
- (b) agrees that if a process agent ceases to act as such or no longer has an address in Guernsey the Obligors shall appoint a substitute process agent acceptable to the Security Trustee within five Business Days and shall deliver to the Security Trustee a copy of the new process agent's acceptance of that appointment and failing this the Security Trustee may appoint another agent for this purpose; and

- (c) agrees that the failure by a process agent to notify it of any proceedings will not invalidate the proceedings concerned.

The signatures of the parties to this Agreement are situated after the Schedules to this Agreement.

IN WITNESS WHEREOF the Parties have duly executed this Agreement on the date stated at the beginning of it.

SCHEDULE 1

Notice of Assignment

To: Retirement Housing Management (Guernsey) Limited (**Company**)
From: Barclays Bank plc (**Security Trustee**)
Grainger Equity Release Limited and Grainger Retirement Housing Limited (**Obligors**)

Date: _____

Dear Sirs,

Grainger Equity Release Limited and Grainger Retirement Housing Limited

We hereby give you notice that, by a security agreement dated _____ and made between Security Trustee (**Security Trustee**) and the Obligors (**Security Agreement**), the following property has been assigned by the Obligors to the Security Trustee as security trustee for itself and each of the Finance Parties:

each Obligor's rights, title and interest in and to the one thousand and one (1,001) ordinary shares of £1.00 each (**Shares**) (including without limitation (a) any securities substituted for the Shares or added thereto from time to time; (b) all dividends, interest and other income paid or payable after the date hereof on the Shares or such other securities; and (c) all stocks, shares, such other securities (and the dividends, interest and other income thereon), rights, moneys or other property accruing or offered at any time by way of redemption, bonus, preference, option, consolidation, sub-division or otherwise to, or in respect of, the Shares or such other securities).

Words and expressions defined in or incorporated by reference into the Security Agreement shall unless expressly defined herein or unless the context otherwise requires bear the same meaning in this Notice.

Henceforth, the provisions of the Security Agreement shall apply to the aforesaid property assigned by the Obligors to the Security Trustee pursuant to the Security Agreement.

Upon the occurrence of an Event of Default which is continuing, if the Security Trustee so requires in writing, the Security Trustee (or its nominee(s)) shall be entered into the register of members of the Company in accordance with the Company's Articles of Incorporation.

This Notice is not capable of variation or revocation by the Obligors.

This Notice may be executed in any number of counterparts and by each party on a separate counterpart each of which counterparts when so executed and delivered shall be an original but all such counterparts shall together constitute one and the same instrument.

Please sign and forward to the Security Trustee at 1 Churchill Place, London E14 5HP, the enclosed form of acknowledgement.

This Notice shall be governed by and construed in accordance with the laws of the Island of Guernsey.

Yours faithfully,

For and on behalf of **Barclays Bank plc**

For and on behalf of **Grainger Retirement Housing Limited**

For and on behalf of **Grainger Equity Release Limited**

SCHEDULE 2
Acknowledgement

To: Barclays Bank plc
cc: Grainger Equity Release Limited and Grainger Retirement Housing Limited (**Obligors**)
From: Retirement Housing Management (Guernsey) Limited

We hereby acknowledge receipt of a notice (**Notice**) dated _____ addressed to us by you by the Obligors. Words and expressions defined in or incorporated by reference to the Notice shall unless expressly defined herein or unless the context otherwise requires bear the same meaning as in this Acknowledgement. We confirm that:

1. we accept the authorisations and instructions contained in the Notice and we undertake to act in accordance and comply with the terms of the Notice;
2. the Shares are fully paid up and we have no right (and will not seek to exercise any right) of lien in respect of the Collateral;
3. we have not, at the date of this Acknowledgement, received any notice of any other security interest that any third party has or will have any right or interest whatsoever in the Collateral or is taking any action whatsoever against the same;
4. if we become aware of any matter referred to in paragraph (3) above, we will immediately inform you in writing thereof; and
5. if, pursuant to and in exercise of, your power of sale or other rights under the Security Agreement, you wish your own name, or the name of such other persons as you shall nominate, to be entered in the register of members of the Company as the owner of the Shares, we shall immediately effect this.

This Acknowledgement shall be governed by and construed in accordance with the laws of the Island of Guernsey.

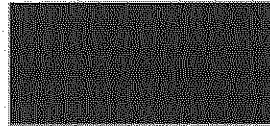
Date: _____

For and on behalf of **Retirement Housing Management (Guernsey) Limited**

SIGNATORIES

Signed on behalf of **BARCLAYS BANK**
PLC, a company incorporated in England
and Wales, by SARAH BROOKS,
Being a person who, in accordance with
the laws of that territory, is acting under
the authority of the company.

)
)



Signature: _____

Address:
Fax:
Attention:

Signed on behalf of **GRAINGER**
EQUITY RELEASE LIMITED, a
company incorporated in England and
Wales, by _____,
Being a person who, in accordance with
the laws of that territory, is acting under
the authority of the company.

)
)

Signature: _____

Address:
Fax:
Attention:

Signed on behalf of **GRAINGER**
RETIREMENT HOUSING LIMITED, a
company incorporated in England and
Wales, by _____,
Being a person who, in accordance with
the laws of that territory, is acting under
the authority of the company.

)
)

Signature: _____

Address:
Fax:
Attention:

SIGNATORIES

Signed on behalf of **BARCLAYS BANK**)
PLC, a company incorporated in England)
and Wales, by _____,
Being a person who, in accordance with
the laws of that territory, is acting under
the authority of the company.

Signature: _____

Address:

Fax:

Attention:

Signed on behalf of **GRAINGER**)
EQUITY RELEASE LIMITED, a)
company incorporated in England and
Wales, by Paul Barber,
Being a person who, in accordance with
the laws of that territory, is acting under
the authority of the company.

Signature: _____

Address: CITYGATE, ST JAMES' BOULEVARD, NEWCASTLE UPON TYNE NE1 4JE

Fax:

Attention:

Signed on behalf of **GRAINGER**)
RETIREMENT HOUSING LIMITED, a)
company incorporated in England and
Wales, by Paul Barber,
Being a person who, in accordance with
the laws of that territory, is acting under
the authority of the company.

Signature: _____

Address: CITYGATE, ST JAMES' BOULEVARD, NEWCASTLE UPON TYNE NE1 4JE

Fax:

Attention: