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Please complete
legibly, preferably
in black type, or
bold block lettering

*insert full name
of Company

COMPANIES FORM No. 395**Particulars of a mortgage or charge**

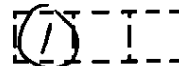
A fee of £13 is payable to Companies House in respect
of each register entry for a mortgage or charge.

Pursuant to section 395 of the Companies Act 1985

To the Registrar of Companies
(Address overleaf - Note 6)

For official use

Company number



06927929

Name of company

* Sovereign Advances Limited (the "Company" and the "Group Borrower")

Date of creation of the charge

10th September, 2009

Description of the instrument (if any) creating or evidencing the charge (note 2)

Group Borrower Security Agreement dated 10th September, 2009 (the "Group Borrower Security Agreement") between the Company and Prudential Trustee Company Limited (the "Security Agent").

Amount secured by the mortgage or charge

All present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of the Company to any Beneficiary (as defined below) under each Finance Document (as defined below) to which the Company is a party.

Please see addendum 2.

Names and addresses of the mortgagees or persons entitled to the charge

Prudential Trustee Company Limited, Laurence Pountney Hill, London (as trustee for itself and the Beneficiaries)

Postcode EC4R 0HH

Presenter's name address and
reference (if any):

Allen & Overy LLP
One Bishops Square
London
E1 6AD

Ref: GWF/EAC/9132067

Time critical reference

For official Use (02/06)

Mortgage Section

Post room

FRIDAY



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18/09/2009

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COMPANIES HOUSE

Short particulars of all the property mortgaged or charged

The Company has:

(a) charged by way of a first floating charge all of its rights in respect of any amount standing to the credit of the Receipts Account (as defined below) and the debt represented by it PROVIDED ALWAYS that, until an Event of Default (as defined below) has occurred and is outstanding and the Security Agent has given written notice of the same to the Account Bank (as defined below) (but subject to the terms of the Finance Documents (as defined below)), the Company shall be entitled to exercise all its rights and claims under or in connection with the Receipts Account; and

(b) assigned absolutely by way of security, subject to a proviso for re-assignment on redemption, all of its present and future rights in respect of the Intra-group Facility Agreements (as defined below) PROVIDED ALWAYS that, until an Event of Default has occurred and is outstanding (but subject to the terms of the Finance Documents), the Company shall be entitled to exercise all its rights and claims under or in connection with the Intra-group Facility Agreements.

Please see addendum 4. +95

Particulars as to commission allowance or discount (note 3)

Nil

Signed

Allen & Overy LLP

Date 17th September 2009

On behalf of ~~XXXXXXXXXXXXXXXXXXXX~~ [chargee] †

Notes

- 1 The original instrument (if any) creating or evidencing the charge, together with these prescribed particulars correctly completed must be delivered to the Registrar of Companies within 21 days after the date of creation of the charge (section 395). If the property is situated and the charge was created outside the United Kingdom delivery to the Registrar must be effected within 21 days after the date on which the instrument could in due course of post, and if dispatched with due diligence, have been received in the United Kingdom (section 398). A copy of the instrument creating the charge will be accepted where the property charged is situated and the charge was created outside the United Kingdom (section 398) and in such cases the copy must be verified to be a correct copy either by the company or by the person who has delivered or sent the copy to the Registrar. The verification must be signed by or on behalf of the person giving the verification and where this is given by a body corporate it must be signed by an officer of that body. A verified copy will also be accepted where section 398(4) applies (property situate in Scotland or Northern Ireland) and Form No. 398 is submitted.
- 2 A description of the instrument, eg "Trust Deed", "Debenture", "Mortgage", or "Legal charge", etc, as the case may be, should be given.
- 3 In this section there should be inserted the amount or rate per cent. of the commission, allowance or discount (if any) paid or made either directly or indirectly by the company to any person in consideration of his;
 - (a) subscribing or agreeing to subscribe, whether absolutely or conditionally, or
 - (b) procuring or agreeing to procure subscriptions, whether absolute or conditional,for any of the debentures included in this return. The rate of interest payable under the terms of the debentures should not be entered.
- 4 If any of the spaces in this form provide insufficient space the particulars must be entered on the prescribed continuation sheet.
- 5 A fee of £13 is payable to Companies House in respect of each register entry for a mortgage or charge. Cheques and Postal Orders must be made payable to **Companies House**.
- 6 The address of the Registrar of Companies is: Companies House, Crown Way, Cardiff CF14 3UZ

Please do not write in this margin

Please complete legibly, preferably in black type, or bold block lettering

A fee is payable to Companies House in respect of each register entry for a mortgage or charge. (See Note 5)

† delete as appropriate

Name of company

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Addendum 1/4

1. Description of the instrument creating or evidencing the mortgage or charge (continued) (note 2)

Addendum 2/4

2. Amount due or owing on the mortgage or charge (continued)

"Additional Guarantor" means each member of the Group which accedes to the Security Trust Deed in its capacity as guarantor in accordance with Clause 12.2 (New Parties) of the Security Trust Deed.

"Additional Lender" means an entity which becomes a party to a Loan Agreement, in its capacity as lender or, as the case may be, the arranger or provider of hedging arrangements, and accedes to the Security Trust Deed in accordance with Clause 12.2 (New Parties) of the Security Trust Deed.

"Additional Loan Agreement" means any other loan agreement and/or hedging arrangement entered into after the date of the Security Trust Deed between a Lender or Lenders, an Agent, if any, and the Group Borrower, to which the Security Agent may be a party, for the purpose of, or in connection with, the proposed or actual making of any loan advances to the Group Borrower and designated by the parties thereto as an Additional Loan Agreement for the purposes of the Security Trust Deed.

"Additional Security Agreement" means (a) each guarantee and security agreement between an Additional Guarantor and the Security Agent entered into after the date of the Security Trust Deed under which, *inter alia*, such Additional Guarantor guarantees the obligations of the Group Borrower under the Finance Documents and creates a fixed charge over certain Properties belonging to it and a fixed charge and/or assignment by way of security over certain Related Security Assets, in each case, in favour of the Security Agent as security for such guarantee obligations and for the Group Borrower's obligations under the Finance Documents substantially in the form set out in Schedule 4, duly completed, of the Security Trust Deed.

"Agent" means an entity which acts in its capacity as facility agent for any Lender party to a Loan Agreement and accedes to the Security Trust Deed in accordance with Clause 12.2 (New Parties) of the Security Trust Deed.

"Associate" has the meaning given to that term by Section 61 of the Housing Act 1996 or Section 271 of the Housing and Regeneration Act 2008, as applicable.

"Beneficiary" means (a) the Original Lender and the Security Agent (either individually or collectively and, in the case of the Original Lender, in its capacity as lender for the benefit of the Group Borrower pursuant to or in connection with the Original Loan Agreement); and (b) each Additional Lender, the Security Agent and each Agent acting on behalf of any such Lender (either individually or, where the context requires, collectively and, in the case of each Additional Lender, in the capacity of lender and/or, as the case may be, arranger or provider of hedging arrangements for the benefit of the Group Borrower pursuant to or in connection with an Additional Loan Agreement).

"Charged Property" means all estates and interests of each Guarantor in any freehold or leasehold or heritable property mortgaged or charged pursuant to a Security Document which complies with any relevant requirements of the Finance Documents and all buildings, fixtures, fittings (other than tenants' fixtures and fittings) and fixed plant and machinery.

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from time to time thereon (and "Charged Properties" shall be construed accordingly).

"Council Sale Agreements" has the meaning given to it in each Security Agreement (if any).

"Fee Letter" has the meaning given to that term in the relevant Loan Agreement.

"Finance Documents" means: (a) each Loan Agreement; (b) each Fee Letter; (c) each Transfer Certificate; (d) each Security Document; and (e) any other document designated as a Finance Document in accordance with the terms of a Loan Agreement.

"Group" means the Parent, its Subsidiaries and its Associates from time to time.

"Group Borrower Security Agreement" means each of: (a) the security agreement made between the Group Borrower and the Security Agent and entered into on 10th September, 2009; and (b) each other security agreement entered or to be entered into between the Group Borrower and the Security Agent in such form as may be approved by the Security Agent and designated by the Group Borrower and the Security Agent as a Group Borrower Security Agreement.

"Guarantor" means, at any time, the Original Guarantor and each Additional Guarantor.

"Lenders" means the Original Lender and each Additional Lender.

"Letting Documents" in relation to a Unit or Charged Property, has the meaning given to that term in the Security Agreement under which such Unit or Charged Property is charged or otherwise becomes subject to a right in security granted in favour of the Security Agent.

"Loan Agreement" means the Original Loan Agreement and each Additional Loan Agreement.

"Obligor" means the Group Borrower and each Guarantor.

"Original Guarantor" means Sovereign Housing Association Limited.

"Original Lender" means Sovereign Housing Capital Plc.

"Original Loan Agreement" means the loan agreement dated 10th September, 2009 between Sovereign Housing Capital Plc as lender and the Group Borrower.

"Original Security Agreement" means the guarantee and security agreement between the Original Guarantor and the Security Agent dated 10th September, 2009 under which, *inter alia*, the Original Guarantor guarantees the obligations of the Group Borrower under the Finance Documents and creates a fixed charge over certain Properties belonging to it and a fixed charge and/or assignment by way of security over certain Related Security Assets, in each case, in favour of the Security Agent as security for such guarantee obligations and for the Group Borrower's obligations under the Finance Documents.

"Parent" means The Sovereign Housing Group Limited, a charitable industrial and provident society registered under the Industrial and Provident Societies Act 1965 (registered with number IP29751R).

"Property" means all estates or interests of each Guarantor in any freehold, heritable or leasehold property wheresoever situate now or in future belonging to it and all buildings, fixtures, fittings (other than tenants fixtures and fittings) and fixed plant and machinery from time to time thereon (and "Properties" shall be construed accordingly).

"Related Security Assets" in relation to any Unit or Charged Property, means all rights,

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title and interest of the relevant Guarantor in, to and under fixed plant and machinery, insurances, licences, consents and authorisations, Letting Documents and security thereunder, warranties, Council Sale Agreements and all other agreements, rights and assets, in each case, related to such Unit or Charged Property and the subject of the security created under any Security Document.

"Security Agreement" means (a) the Original Security Agreement; (b) each Additional Security Agreement; and (c) each Supplemental Legal Charge.

"Security Document" means (a) each Security Agreement; (b) each Group Borrower Security Agreement; (c) the Security Trust Deed; and (d) any other document creating, evidencing or granting any guarantee or security in support of the obligations of any Obligor under the Finance Documents.

"Security Trust Deed" means the security trust deed dated 10th September, 2009 between the Company, the Security Agent, the Original Lender and the Original Guarantor.

"Subsidiary" in relation to the Parent and any Guarantor, has the meaning given to that term in Section 60 of the Housing Act 1996 or Section 271 of the Housing and Regeneration Act 2008 (as applicable) and, in relation to the Group Borrower and any Beneficiary, means an entity of which a person has direct and indirect control or owns directly or indirectly more than 50 per cent. of the voting capital or similar rights of ownership and "control" for this purpose means the powers to direct the management and the policies of the entity whether through the ownership of voting capital, by contract or otherwise.

"Supplemental Legal Charge" means each fixed legal charge executed by a Guarantor in favour of the Security Agent entered into after the date of the Security Trust Deed in respect of additional Properties, substantially in the form of Schedule 5 of the Security Trust Deed.

"Transfer Certificate" has the meaning given to that term in the relevant Loan Agreement.

"Unit" means, at any time, a Charged Property or part thereof in relation to which there is or, when let, there would be, a separate rental contract entered into with a Guarantor and "Units" means all such Charged Properties or parts thereof.

Addendum 3/4

3. Names, addresses and descriptions of the mortgages or persons entitled to the charge (continued)

Addendum 4/4

4. Short particulars of all the property mortgaged or charged (continued)

The Company has agreed that it shall not:

- (a) create or permit to subsist any Security Interest on any Security Asset; or
 - (b) sell, transfer, licence, lease or otherwise dispose of any Security Asset,
- except as expressly allowed under the Finance Documents.

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* Sovereign Advances Limited (the "Company" and the "Group Borrower")

In this Form 395:

"Account Bank" means The National Westminster Bank Plc.

"Additional Intra-group Facility Agreement" means each intra-group facility agreement entered into between the Company and any Additional Guarantor after the date of the Group Borrower Security Agreement.

"Event of Default" has the meaning given to that term (or its equivalent) in any Loan Agreement.

"Intra-group Facility Agreements" means the Original Intra-group Facility Agreement and each Additional Intra-group Facility Agreement.

"Original Intra-group Facility Agreement" means the intra-group facility agreement dated 10th September 2009 between the Company and Sovereign Housing Association Limited.

"Receipts Account" means the account of the Company held with The National Westminster Bank Plc with account number 62187856 and sort-code 60-15-07, into which the Company shall deposit payments of principal, interest and other amounts receivable from each Guarantor under the Intra-group Facility Agreements.

"Security Asset" means all the assets of the Company the subject of any security created by the Group Borrower Security Agreement.

"Security Interest" means any mortgage, pledge, lien, charge, assignment, hypothecation or security interest, or any other agreement having the effect of conferring security.



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

Pursuant to section 401(2) of the Companies Act 1985

**COMPANY NO. 6927929
CHARGE NO. 1**

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES
HEREBY CERTIFIES THAT A GROUP BORROWER SECURITY
AGREEMENT DATED 10 SEPTEMBER 2009 AND CREATED BY
SOVEREIGN ADVANCES LIMITED FOR SECURING ALL MONIES
DUE OR TO BECOME DUE FROM THE COMPANY TO ANY
BENEFICIARY ON ANY ACCOUNT WHATSOEVER UNDER THE
TERMS OF THE AFOREMENTIONED INSTRUMENT CREATING
OR EVIDENCING THE CHARGE WAS REGISTERED PURSUANT
TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE
18 SEPTEMBER 2009

GIVEN AT COMPANIES HOUSE, CARDIFF THE 22 SEPTEMBER
2009



Companies House
— for the record —

P. well.



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES