



Registration of a Charge

Company name: **L&Q PRS CO LIMITED**

Company number: **09293606**



X7Y8L7FC

Received for Electronic Filing: **30/01/2019**

Details of Charge

Date of creation: **23/01/2019**

Charge code: **0929 3606 0003**

Persons entitled: **PRS OPERATIONS LIMITED**

Brief description: **LAND AT 3-19 (ODD, INCLUSIVE) SAMUEL STREET AND FLATS 1, 2, 4-6, 8-21, 24, 25, 27-40 (INCLUSIVE) UNION MILLS APARTMENTS, SAMUEL STREET, LONDON WITH TITLE NUMBER AGL447408 AND OTHER PROPERTY AS LISTED IN SCHEDULE 2 OF THE SECURITY AGREEMENT (EACH DEFINED THEREIN)**

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 ORIGINAL
INSTRUMENT.**

Certified by:

JANE ALLAN



CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 9293606

Charge code: 0929 3606 0003

The Registrar of Companies for England and Wales hereby certifies that a charge dated 23rd January 2019 and created by L&Q PRS CO LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 30th January 2019 .

Given at Companies House, Cardiff on 31st January 2019

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**

We certify this document as a true copy of the original, save for material redacted pursuant to section 859G Companies Act 2006

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Dated: 23 January 2019 -2018

- (1) L&Q PRS CO LIMITED as the Chargor
(2) PRS OPERATIONS LIMITED as the Security Agent

Security Agreement

This Deed is made on

23 January 2019

~~2019~~

between:

- (1) **L&Q PRS CO LIMITED** a company incorporated in England and Wales with company number 09293606 (the "Chargor"); and
- (2) **PRS OPERATIONS LIMITED** (registered in England & Wales under number 09280030) in its capacity as the Security Agent.

1. INTERPRETATION

1.1 Expressly defined terms

In this Deed, the following words and phrases have the specified meanings.

"**Applicable Undertakings**" means those undertakings set out in clauses 20.1 (*Authorisations*) to 20.7 (*Change of business*) (inclusive), 21.11 (*Insurance*) and 16 (*Bank accounts*) inclusive of the Facility Agreement in each case so far as applicable to the Chargor.

"**Associated Rights**" means, in relation to any Secured Asset, all proceeds of sale of such Secured Asset, all rights, powers, benefits, covenants, warranties, guarantees or Security given or implied in respect of such Secured Asset, all rights under any agreement for sale, agreement for lease or licence of or in respect of such Secured Asset, and any monies and proceeds paid or payable in respect of such Secured Asset.

"**Charged Contracts**" means each Lease Document and the £10,000,000 loan facility agreement dated 10th November 2016 and as amended on or about the date of this deed between the Chargor and the Shareholder.

"**Charged Debts**" means all book and other debts and all other rights and claims to the extent they relate to the Property and charged to the Security Agent pursuant to Clause 3.1.6 (*First Fixed Charge in Respect of Book Debts*).

"**COMI**" means centre of main interests (as that term is used in Article 3(1) of the EC Regulation).

"**Companies Act**" means the Companies Act 2006.

"**Delegate**" means any delegate, agent, attorney or trustee appointed by the Security Agent.

"**Derivative Payment**" means, in relation to a Secured Asset, any damages, compensation, remuneration, profit, bonus, royalties, fee, rent, income or other benefit which the Chargor may derive from or be awarded or entitled to in respect of such Secured Asset.

"**Discharge Date**" means the date with effect from which the Security Agent confirms to the Chargor that all the Secured Obligations have been unconditionally and irrevocably paid and discharged in full and all relevant commitments of the Secured Parties cancelled.

"**EC Regulation**" means The Council of the European Union Regulation No. 1346/2000 on Insolvency Proceedings.

"**Enforcement Party**" means any of the Security Agent, a Receiver or a Delegate.

"**Establishment**" means an establishment as that term is defined in relation to a debtor in Article 2 (h) of the EC Regulation.

"**Existing Secured Document**" means each of:

(a) the £10m Committed Loan Agreement;

(b) the Cost Sharing Agreement; and

(c) the Service Level Agreement,

together, the "**Existing Secured Documents**".

"**Facility Agreement**" a facility agreement dated on or around the date of this Deed between, amongst others, the Chargor, PRS Operations Limited as Arranger, Agent and Security Agent and PRS Finance plc as the Original Lender, as amended, restated, supplemented or varied from time to time.

"**Fixtures**" means any fixtures (but excluding landlord's fixtures), fittings, fixed plant or machinery from time to time situated on or forming part of any Property.

"**Insolvency Act**" means the Insolvency Act 1986.

"**Insurance Proceeds**" means the proceeds of any insurance claim received by the Chargor (other than amounts paid to meet third party claims) relating to the Property, together with the benefit of all bonuses, profits, returns of premium and other benefits of whatever nature arising by virtue of the Chargor's rights to or interest in any Insurances relating to the Property and all the Chargor's interest in any of the foregoing.

"**Insurances**" means all contracts or policies of insurance of whatever nature which, from time to time, are taken out or maintained by or on behalf of the Chargor or (to the extent of its relevant interest) in which the Chargor has an interest in relation to the Property.

"**LPA**" means the Law of Property Act 1925.

"**LQ1 Facility Agreement**" means the facility agreement dated 10 November 2016 entered into between, amongst others, the Chargor as Borrower and the Security Agent.

"**LQ1 Redemption Date**" means the date on which, under the LQ1 Facility Agreement, all Secured Liabilities (as defined in the LQ1 Facility Agreement) are fully and irrevocably discharged and released, including for the avoidance of doubt, the Existing Secured Documents as secured under the LQ1 Security Agreement.

"**LQ1 Security Agreement**" means the security agreement dated 24 November 2016 and entered into by the Chargor and the Security Agent under which (amongst others) the Existing Secured Documents were charged/or assigned.

"**LQ1 Side Letter**" means the side letter to the Original Facility Agreement which sets out the arrangements pursuant to which Security Agent or Facility Agent have the right to instruct in relation to the Charged Contracts.

"**Non-Ringfenced Properties**" means each of the Properties Identified in Schedule 1 of the Facility Agreement.

"**Party**" means a party to this Deed.

"**Property**" means the Property Identified in Schedule 2 (*Details of Property*) owned by the Chargor. Any reference to "**Property**" also includes a reference to each separate part or parts of such Property (including (a) any freehold, leasehold or immovable property located on or at the Property, and (b) any buildings, fixtures, fittings (other than tenants' fixtures and fittings) and fixed plant or machinery from time to time situated on or forming part of that freehold, leasehold or immovable property).

"**Receiver**" means any one or more receivers and managers, receivers or administrative receiver appointed by the Security Agent pursuant to this Deed in respect of the Chargor or in respect of the Secured Assets of the Chargor.

"Secured Assets" means the assets the subject of any Security created by this Deed.

"Secured Obligations" means 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 Chargor and each grantor of Security to the Secured Parties (or any of them) under each or any of the Finance Documents together with all costs, charges and expenses incurred by any Secured Party in connection with the protection, preservation or enforcement of its respective rights under the Finance Documents or any other document (in each case as such documents may be varied, amended, waived, released, novated, supplemented, extended, restated or replaced from time to time, in each case, however fundamentally) evidencing or securing any such liabilities.

"Secured Parties" means each Finance Party, the Security Agent and any Receiver or Delegate and "Secured Party" means any of the Secured Parties.

"Security Agent" means PRS Operations Limited acting in its capacity as trustee for the Secured Parties (including itself) in relation to the Security Documents for the purpose of and in accordance with the terms of the Finance Documents, or such other or additional trustee or trustees as may from time to time be appointed in that capacity in accordance with the Facility Agreement.

"Security Period" means the period beginning on the date of this Deed and ending on the Discharge Date.

"Specified Bank Balances" means all monies (including interest) from time to time standing to the credit of the Accounts specified in Schedule 1 (*Bank accounts*), as such Accounts may be re-designated and/or re-numbered from time to time, and all indebtedness represented by any such Account.

"Third Parties Act" means the Contracts (Rights of Third Parties) Act 1999.

1.2 Definitions contained in Facility Agreement

Unless a contrary indication appears each term used in this Deed which is defined in the Facility Agreement shall have the same meaning as in the Facility Agreement.

1.3 Construction

In this Deed:

1.3.1 unless a contrary indication appears, a reference to:

1.3.1.1 "assets" includes present and future properties, revenues, rights and interests of every description and reference to an "asset" includes any part or parts of such asset;

1.3.1.2 "disposal" includes a sale, transfer, assignment, grant, lease, licence, declaration of trust or other disposal, whether voluntary or involuntary, and "dispose" will be construed accordingly;

1.3.1.3 a "Finance Document" or "Transaction Document" or any other agreement or instrument is a reference to that Finance Document or Transaction Document or other agreement or instrument as amended, novated, supplemented, extended or restated;

1.3.1.4 "guarantee" includes any guarantee, letter of credit, bond, indemnity or similar assurance against loss, or any obligation, direct or indirect, actual or contingent, to purchase or assume any indebtedness of any person or to pay any deposit on behalf of, or make an investment in, or loan to, any person or to purchase assets of any person, where, in each case, such

obligation is assumed in order to maintain or assist the ability of such person to meet its indebtedness;

1.3.1.5 "indebtedness" includes any obligation (whether incurred as principal or surety) for the payment or repayment of money, whether present or future, actual or contingent;

1.3.1.6 "person" includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium, partnership or other entity (whether or not having separate legal personality);

1.3.1.7 "regulation" includes any regulation, rule, official directive, request or guideline (in each case, whether or not having the force of law but if not having the force of law, being of a nature that it is customary for the relevant person to comply with) of any governmental, inter-governmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;

1.3.1.8 "set-off" includes analogous rights and obligations in jurisdictions other than England and Wales;

1.3.1.9 "receiver" includes an administrative receiver, a receiver and a receiver and manager; and

1.3.1.10 the "Chargor", the "Security Agent" or any "Party" or "Transaction Obligor" or "Obligor", or any of the "Secured Parties", shall be construed so as to include its successors in title, permitted assigns and permitted transferees to, or of, its rights and/or obligations under the Finance Documents and, in the case of the Security Agent, any person for the time being appointed as Security Agent or Security Agents in accordance with the Finance Documents;

1.3.2 where something (or a list of things) is introduced by the word "including", or by the phrase "in particular", or is followed by the phrase "or otherwise", the intention is to state an example (or examples) and not to be exhaustive (and the same applies when other similar words or phrases are used);

1.3.3 unless this Deed expressly states otherwise or the context requires otherwise, (a) each reference in this Deed to any provision of any statute or of any subordinate legislation means, at any time, the relevant provision as in force at that time (even if it has been amended or re-enacted since the date of this Deed) and (b) each reference in this Deed to any provision of any statute at any time includes any subordinate legislation made pursuant to or in respect of such provisions as in force at such time (whether made before or after the date of this Deed and whether amended or re-enacted since the date of this Deed);

1.3.4 each reference to this Deed (or to any other agreement, instrument or deed) means, at any time, this Deed (or as applicable such other agreement, instrument or deed) as amended, novated, supplemented, extended, or restated, at that time, provided that the relevant amendment, novation, supplement, extension, substitution or restatement does not breach any term of this Deed or of any of the Finance Documents;

1.3.5 the Index and Clause and Schedule headings are for ease of reference only;

1.3.6 a time of day is a reference to London time;

1.3.7 an Event of Default is "continuing" if it has not been waived; and

1.3.8 references to any Security "created by this Deed" are to be deemed to include such Security created, constituted, given, made or extended by, under or pursuant to this Deed.

1.4 Third Party Rights

No person has any right under the Third Parties Act to enforce or enjoy the benefit of any term of this Deed, other than an Enforcement Party, which may do so, or any other person, to the extent that this Deed or any other of the Finance Documents expressly provides for it to do so. No consent of any person who is not a Party is required to rescind or vary this Deed at any time. This Clause 1.4 does not affect any right or remedy of any person which exists, or is available, otherwise than pursuant to the Third Parties Act.

1.5 Incorporation of other terms

1.5.1 The terms of the other Finance Documents under which the Secured Obligations arise and of any side letters between the Chargor and the Secured Parties or any of them relating to the Secured Obligations are incorporated into this Deed to the extent required for any purported disposition of the Secured Assets contained in this Deed to be a valid disposition in accordance with section 2(1) of the Law of Property (Miscellaneous Provisions) Act 1989.

1.5.2 Without prejudice to the operation of any applicable term of the Facility Agreement or any other Finance Document, the provisions of clauses 8.4 (Default interest/Special Serving Fee), 20.4 (Disposal), 29.8 (Currency of account), 29.9 (Change of currency), 31.1 (Communications in writing), 31.3 (Delivery), 31.5 (Electronic communication), 31.6 (English language), 32 (Calculations and certificates), 33 (Partial Invalidity), 34 (Remedies and waivers), 35.1 (Required consents), 35.3 (Other exceptions) and 37 (Counterparts) of the Facility Agreement shall apply (mutatis mutandis) to this Deed as if set out in this Deed in full and as if any reference in any such clause to "this Agreement" were a reference to "this Deed".

2. COVENANT TO PAY

The Chargor, as primary obligor and not merely as surety, covenants with the Security Agent that it will pay, discharge and perform the Secured Obligations on demand made on or at any time after the due date for payment provided in the Finance Documents and in the manner provided in the Finance Documents.

3. SECURITY

3.1 Fixed charges

The Chargor, as a continuing security for the payment, discharge and performance of the Secured Obligations, charges in favour of the Security Agent the following assets:

3.1.1 **First legal mortgage on specified Property** - by way of first legal mortgage, all of the Property;

3.1.2 **First fixed charges in respect of other Property** - by way of first fixed charge, (a) all of the Property not being mortgaged under Clause 3.1.1, and (b) all Associated Rights in relation to the Property;

3.1.3 **Rental Income** - to the extent that such Rental Income is incapable for any reason of being assigned pursuant to Clause 3.2.4 or is not effectively assigned pursuant to that Clause, by way of first fixed charge any Rental Income and all sums paid or payable and any other consideration given in money or money's worth for the disposal of an interest in all or part of any Property and the right to make demand for and receive the same;

3.1.4 **First fixed charges in respect of chattels** - other than any chattels, or fixtures and fittings belonging to any tenant of the Property, by way of first fixed charge all plant, machinery, vehicles and computer equipment now or in the future owned by it located on or at the Property which are connected or related to the Property (but not including any such asset which is subject to a valid legal mortgage or valid fixed charge under Clauses 3.1.1, 3.1.2 or 3.1.3 nor any chattel for the time being forming part of the Chargor's stock-in-trade or work in progress), (b) its rights, title or interest in any chattel now or in the future in its possession which is not owned by it which is or will be located on or at the Property but only those chattels which are connected or related to the Property, and which had it been so owned would have been validly charged by paragraph (a) of this Clause 3.1.4 and (c) the benefit of all Associated Rights relating to any chattel validly charged by this Clause 3.1.4;

3.1.5 **First fixed charges in respect of Insurances** - to the extent that the Insurance Proceeds are incapable for any reason of being assigned pursuant to Clause 3.2.3 or is not effectively assigned pursuant to that Clause, by way of first fixed charge, all Insurance Proceeds to the extent they relate to the Properties either now or in the future held by or payable to the Chargor or in which the Chargor otherwise has an interest (to the extent of such interest);

3.1.6 **First fixed charges in respect of book debts** - by way of first fixed charge, (a) all present and future book and other debts, revenues and monetary claims of or owing to the Chargor in connection with the Property and (b) all rights and claims of whatever nature of the Chargor now, or which may at any time be, held or enjoyed by it against third parties and against any securities and guarantees in respect of such debts, revenues or claims in connection with the Property;

3.1.7 **First fixed charge on Specified Bank Balances** - by way of first fixed charge, all of its Specified Bank Balances;

3.1.8 **First fixed charges in respect of Authorisations** - to the extent that such Authorisations and Derivative Payments are incapable for any reason of being assigned pursuant to Clauses 3.2.1 or 3.2.5 respectively or is not effectively assigned pursuant to those Clauses, (a) the benefit of all Authorisations held or utilised by the Chargor in connection with its business relating to the Property or the use of any of its assets in relation to the Property and (b) the right to recover and receive all Derivative Payments which may at any time become payable to the Chargor in respect of such Authorisations;

3.1.9 **First fixed charge on contracts** - to the extent that they do not fall within any other provision of this Clause 3.1 (Fixed Charges), are not effectively assigned under Clause 3.2.2 or are charged/or assigned under the LQ1 Security Agreement, by way of first fixed charge all of its rights under each Transaction Document; and

3.1.10 **First fixed charge on other Associated Rights** - by way of first fixed charge, the benefit of all Associated Rights relating to the Property, in each case to the extent that such Associated Rights are capable of being made the subject of a fixed charge and are not otherwise the subject of any valid fixed charge pursuant to this Deed.

3.2 Assignments by way of security

As further continuing security for the payment of the Secured Obligations, the Chargor assigns absolutely (subject to proviso for reassignment on redemption) to the Security Agent all (if any) its rights, title and interest in and to the following assets:

3.2.1 **Authorisations** - all Authorisations held or utilised by the Chargor in connection with its business relating to the Property or the use of any of its assets in connection with the Property and the benefit of any Derivative Payment in respect of such Authorisations;

- 3.2.2 **Charged Contracts** – to the extent that they have not been charged or assigned pursuant to the LQ1 Security Agreement, the Charged Contracts and the benefit of any Derivative Payment in respect of the Charged Contracts;
- 3.2.3 **Insurance Proceeds** – the benefit of all Insurance Proceeds of the Chargor relating to the Property;
- 3.2.4 **Rental Income**– any Rental Income in relation to any Property and all sums paid or payable and any other consideration given in money or money's worth for the disposal of an interest in all or part of any Property and the right to make demand for and receive the same; and
- 3.2.5 **Associated Rights and Derivative Payments** – any Associated Rights or Derivative Payment which are not the subject of a valid fixed charge pursuant to Clause 3.1 (*Fixed charges*) of this Deed or valid assignment pursuant to Clauses 3.2.1 to 3.2.4 and which relate to any of the assets of the Chargor that relate to the Property, whether or not such assets are subject to a valid legal mortgage, fixed charge or assignment pursuant to this Deed.

3.3 Notice of charge or assignment

- 3.3.1 The Chargor shall promptly give notice of each charge or assignment of all (if any) its right, title and interest in and to:
- 3.3.1.1 the Insurance Proceeds, by sending a notice in the form of Part 1 of Schedule 3 (*Notices re Charged Contracts*) (with such amendments as the Security Agent may agree and/or require) duly completed to the Insurer;
- 3.3.1.2 the Lease Documents by sending, on the occurrence of an Event of Default which is continuing, a notice in the form of Part 3 of Schedule 3 (*Notices re Charged Contracts*) (with such amendments as the Security Agent may agree and/or require) duly completed to each tenant of the Properties; and
- 3.3.1.3 all Specified Bank Balances, by sending a notice in the form of Schedule 4 (*Notice re Charged Bank Accounts*) (with such amendments as the Security Agent may reasonably agree and/or require) duly completed to each bank or financial institution with whom an Account is maintained.
- 3.3.2 The Chargor shall, following the LQ1 Redemption Date, promptly give notice of each charge or assignment of all (if any) its rights, title and interest in and to the Charged Contracts (other than the Lease Documents), by sending a notice in the form of Part 2 of Schedule 3 (*Notices re Charged Contracts*) (with such amendments as the Security Agent may agree and/or require) duly completed to each of the other parties to the Charged Contracts (other than the Lease Documents)
- 3.3.3 The Chargor shall use reasonable endeavours to procure that each such other party delivers an acknowledgement to the Security Agent in the form of the acknowledgement of notice endorsed on a copy of the relevant notice as set out in Parts 1 or 2 of Schedule 3 (*Notices re Charged Contracts*) and Schedule 4 (*Notice re Charged Bank Accounts*).
- 3.3.4 The Security Agent shall not give any notice of assignment contained in Clause 3.2 (*Assignments by way of security*) other than as set out in this Clause 3.3 (*Notice of charge or assignment*) to any person unless and until an Event of Default is continuing.

3.4 Exercise of rights under Charged Contracts

- 3.4.1 Whilst no Event of Default has occurred and is continuing, the Chargor shall be entitled to exercise its rights under and in connection with and enjoy the benefits of any of the agreements and covenants referred to in Clause 3.2 (*Assignments by way of security*), including the Charged Contracts and the right to and freedom to deal with any Rental Income, provided that the exercise of those rights in the manner proposed would not result in an Event of Default.
- 3.4.2 Following irrevocable payment or discharge of the Secured Obligations, the Security Agent shall (at the request and cost of the person lawfully requiring the Security Agent so to do) reassign any of the Secured Assets referred to in Clause 3.2 (*Assignments by way of security*).
- 3.4.3 Where an Event of Default exists and is continuing, the Chargor shall, if requested by the Security Agent, exercise its rights under the £10,000,000 Loan Agreement only in accordance with clause 19.4 of the Facility Agreement and the instructions of the Security Agent.

3.5 Continuing security

The provisions of this Deed will apply at all times (a) regardless of the date on which any of the Secured Obligations was incurred and (b) in respect of the full amount of the Secured Obligations at the relevant time even if, at some other time, the amount of the Secured Obligations has been less than the amount at the relevant time or there has been no part of the Secured Obligations outstanding.

3.6 Miscellaneous

- 3.6.1 All the Security created by this Deed by the Chargor is made with full title guarantee and free of any security interest in accordance with the Law of Property (Miscellaneous Provisions) Act 1994.
- 3.6.2 Clauses 3.1.2 to 3.1.10 inclusive shall be read and construed as if each asset described, and each asset comprised within any category of asset described, in each such Clause were expressed, separately and specifically, to have been made subject to a first fixed charge; and the validity and effectiveness of each such fixed charge will not be prejudiced by any other such first fixed charge being found not to be fully valid or effective as such.
- 3.6.3 The fact that no, or incomplete, details of any particular Secured Assets are included or inserted in any relevant Schedule shall not affect the validity or enforceability of the charges created by this Deed.

4. FURTHER ASSURANCE

The Chargor shall:

- 4.1 promptly do all such acts or execute all such documents (including assignments, transfers, mortgages, charges, 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) (a) to perfect the Security created or intended to be created or evidenced by this Deed or for the exercise of any rights, powers and remedies of the Security Agent provided by or pursuant to this Deed; (b) to confer on the Security Agent or the Finance Parties Security over any property or assets of the Chargor located in England and Wales or any other jurisdiction equivalent or similar to the Security intended to be created, or expressed to be created, by this Deed; and/or (c) (if an Event of Default is continuing) to facilitate the realisation of the assets which are, or are intended to be, the subject of this Deed; and
- 4.2 take all such action as is available to it (including making all filings and registrations and the payment of all fees and Taxes) as may be necessary 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 Deed.

5. NEGATIVE PLEDGE

During the Security Period, Chargor shall not (except as permitted under the Facility Agreement, LQ1 Facility Agreement or pursuant to the LQ1 Security Agreement) create, extend, or permit to subsist, any Security over any of the Secured Assets; nor may it in respect of the Secured Assets only, (a) (save for the floating charge dated 1 July 2015 granted in favour of London & Quadrant Housing Trust and the LQ1 Security Agreement) create, extend, or permit to subsist any floating charge over any of the Secured Assets, (b) sell, transfer or otherwise dispose of any of the Secured Assets on terms that they are or may be leased to or re-acquired by any of the Transaction Obligors or by any other member of the Group, (c) sell, transfer or otherwise dispose of any of its receivables on recourse terms, (d) enter into any arrangement under which money, debts or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts, or (e) enter into any other preferential arrangement with any person having a similar effect to any of the arrangements or transactions previously described in this Clause 5, in any case in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset. Furthermore, the Chargor shall not without the prior written consent of the Security Agent cause or allow any person to be registered as proprietor under the Land Registration Act 2002 of the Secured Assets or any part thereof unless permitted under the terms of the Facility Agreement.

6. UNDERTAKINGS

Throughout the Security Period, the Chargor undertakes to the Security Agent in the terms of the Applicable Undertakings, in each case so far as applicable to the Chargor or the Secured Assets, (as if expressly set out in this Deed) and also in the terms of the following provisions of this Clause 6.

- 6.1 **Not jeopardise Security** - It will not do or omit to do anything, or allow anything to be done or omitted, the result of which may be in any way to depreciate, jeopardise or otherwise prejudice the value to the Security Agent of the Security created by this Deed or the priority of its ranking as expressed in this Deed other than the LQ1 Security Agreement.
- 6.2 **Effect registrations** - It will effect all registrations, make all filings or applications and pay all Taxes, rents, fees or dues necessary to keep in full force and effect, and where necessary to renew or extend, all the Secured Assets and the Chargor's right to make full use and enjoy the full benefit of the Secured Assets.
- 6.3 **Proceedings** - At its own cost and expense, it will enforce, institute, continue or defend all proceedings affecting the Secured Assets, their state or condition or continued use or value so as to preserve to the fullest extent the value to the Security Agent of the Security created by this Deed.
- 6.4 **Chattels** - If so requested by the Security Agent, it will place and maintain on each chattel which is expressed to be subject to a fixed charge under this Deed, in a conspicuous place, an identification marking in the following terms and not conceal, alter or remove such marking or permit it to be concealed, altered or removed:
- "Notice of Charge - This [specify the chattel] and additions and ancillary equipment are subject to a first fixed charge in favour of [Security Agent]."

6.5 Land Registry

- 6.5.1 In relation to all present and future registered Property (and any unregistered Property subject to compulsory first registration at the date of this Deed), it will apply to the Land Registrar to enter on the register against the title

number of or to be allocated to the relevant Property a restriction in the following terms:

"No disposition of the registered estate by the proprietor of the registered estate is to be registered without a written consent signed by the proprietor for the time being of the charge dated [date of this Deed] in favour of [Security Agent] referred to in the charges register, or its conveyancer"

and, where applicable, notice of an obligation to make further advances.

- 6.5.2 It shall submit the relevant applications together with the initial application for registration of the Security created by this Deed (or, in the case of The Land Registry form CH2, where applicable, promptly following its later receipt of such form duly completed) within the priority period afforded by the relevant priority search(es) undertaken by the Chargor in favour of the Security Agent pursuant to the Facility Agreement, and pay all fees, costs and expenses incurred in connection with the applications.

- 6.5.3 The Security Agent, in its absolute discretion, may make any of the applications referred to in this Clause 6.5 in place of the Chargor. In such a case, the Chargor consents to the entry of the relevant restriction and will pay all fees, costs and expenses incurred in connection with the application.

- 6.6 **Book debts** - It will not, without the prior written consent of the Security Agent, charge, factor, discount or assign any of the Charged Debts in favour of any other person or purport to do so.

- 6.7 **Deposit of documents** - It will promptly at the Security Agent's request deposit with the Security Agent (or as the Security Agent directs) (a) all deeds and documents of title relating to the Property, including counterpart leases, licences and any other deeds or documents necessary or desirable to assist the Security Agent to enforce the Security created by this Deed, (b) all policies of insurance in respect of which the proceeds of any claims are assigned or charged pursuant to this Deed and (c) all such other documents relating to the Secured Assets as the Security Agent may from time to time reasonably require.

- 6.8 **Retention of documents** - The Security Agent may retain any document delivered to it pursuant to Clause 6.7 (Deposit of documents) or otherwise until the Discharge Date and if, for any reason, the Security Agent ceases to hold any such document before such time, the Security Agent may, by notice to the Chargor, require that the relevant document be redelivered to it and the Chargor shall immediately comply (or procure compliance) with such notice.

- 6.9 **Power to remedy** - If the Chargor fails to comply with any of the covenants and undertakings set out or referred to in Clauses 6.1 (Not jeopardise Security) to 6.8 (Retention of documents) inclusive, it will allow (and irrevocably authorises) the Security Agent and/or such persons as the Security Agent nominates to take on behalf of the Chargor such action (including the making of payments) as is necessary to protect any relevant assets against the consequences of such failure to comply and/or to ensure compliance with such covenants and undertakings.

- 6.10 **Interest** - If the Chargor fails to pay any sum payable under this Deed on the due date for payment of that sum (or, in the case of any sums demanded under Clause 2 (Covenant to pay), on the date of demand being made) it will pay interest on any such sum, before and after judgment, from the due date for payment (or date of demand, as the case may be) until the actual date of payment, calculated on a daily basis at the rate determined in accordance with the provisions of Clause 8.4 (Default interest) of the Facility Agreement, but only to the extent that interest at such default rate is not otherwise being paid on such sum.

6.11 Indemnity

6.11.1 The Chargor undertakes to pay or procure to be paid and indemnify the Security Agent within three Business Days of demand against all rents, rates, taxes, levies, assessments, impositions, calls and outgoings whether governmental, municipal or otherwise imposed upon or payable in respect of the Secured Assets or any part thereof as and when the same shall become payable and also punctually pay and discharge all debts and obligations which by law may have priority over the security hereby created and so far as the Chargor lawfully can neither agree nor suffer nor permit any local statutory or other authority to take possession of the Secured Assets by a requisition notice, the exercise of any statutory or other powers or otherwise.

6.11.2 It will indemnify the Security Agent and will keep the Security Agent indemnified against all costs, Taxes, losses and liabilities incurred by the Security Agent as a result of any default by the Chargor in the performance of any of the obligations expressed to be assumed by it in this Deed and in connection with the exercise by the Security Agent of its rights contained in Clause 6.9 (*Power to remedy*). All sums the subject of this indemnity will be payable by the Chargor to the Security Agent on demand.

7. ENFORCEABILITY

For the purposes of all powers implied by the LPA or any other applicable legislation, the Secured Obligations shall be deemed to have become due and payable and this Deed will become immediately enforceable and the powers of the Security Agent and any Receiver will become exercisable on the date of this Deed, but, as between the Security Agent and the Chargor, the power of the Security Agent to enforce the Security created by this Deed shall be exercisable only upon the occurrence of an Event of Default and for so long as it is continuing (unless there has been a request from the Chargor to the Security Agent for the appointment of a Receiver, in which case it will be exercisable at any time following the making of such request).

8. ENFORCEMENT OF SECURITY

8.1 At any time after the occurrence of an Event of Default which is continuing, the Security Agent may, without further notice, (a) appoint one or more than one person to be Receiver in respect of the Secured Assets or any of them and, if more than one person is appointed as Receiver, such appointees may act jointly and severally or individually, (b) take possession of the Secured Assets, and/or (c) in its absolute discretion enforce all or any part of the Security created by this Deed in such other lawful manner as it thinks fit. The Security Agent may remove any person from appointment as Receiver and may appoint another person as Receiver. The Security Agent may also appoint an additional Receiver.

8.2 The Receiver will, so far as the law permits, be the agent of the Chargor and the Chargor alone will be responsible for the acts or defaults of the Receiver and will be liable on any contracts or obligations made or entered into by the Receiver. The Security Agent will not be responsible for any misconduct, negligence or default of the Receiver. The powers of the Receiver will continue in full force and effect following any liquidation of the Chargor.

8.3 The proper remuneration of the Receiver may be fixed by the Security Agent but will be payable by the Chargor. The amount of the remuneration will form part of the Secured Obligations.

8.4 Any Receiver will have, on behalf and at the cost of the Chargor, power to do or omit to do anything which he considers appropriate in relation to the Secured Assets and will have:

8.4.1 the powers conferred on receivers and mortgagees in possession under the Law of Property Act 1925 ("LPA");

8.4.2 the powers conferred on administrative receivers (whether or not he is an administrative receiver) under Schedule 1 of the Insolvency Act 1986; and

8.4.3 all other powers conferred by law on Receivers,

provided that if there is any ambiguity or conflict between the powers contained in such legislation and those contained in this Deed, those contained in this Deed shall prevail.

8.5 The rights, powers and remedies provided in this Deed are in addition to any rights powers and remedies under law. Any Receiver will have the following additional powers:

8.5.1 the power to do or omit to do anything which the Chargor could do or omit to do in relation to the Secured Assets which is the subject of the appointment;

8.5.2 the power to do all other acts and things which he may consider desirable or necessary for realising any of the Secured Assets or incidental or conducive to any of the rights, powers and discretions conferred on a Receiver under this Deed or by law; and

8.5.3 the power to use the Chargor's name for all the above purposes.

8.6 The following statutory provisions do not apply to this Deed or any Security granted under it:

8.6.1 the restriction on the consolidation of mortgages in section 93 of the LPA;

8.6.2 the restrictions on the power to grant or accept the surrender of leases in sections 99 and 100 of the LPA;

8.6.3 the conditions to the exercise of a power of sale in section 103 of the LPA;

8.6.4 the restrictions on the application of proceeds by a mortgagee or receiver in sections 105, 107(2) and 109(8) of the LPA; and

8.6.5 the restrictions on the appointment of a receiver in section 109(1) of the LPA and the provisions regarding a receiver's remuneration in section 109(6) of the LPA.

8.7 The Security Agent or any Receiver may sever any Fixtures from the Property and sell them apart from the Property without taking possession of the Property and apply the net proceeds of such sale in or towards satisfaction of the Secured Obligations.

8.8 If the Security Agent or the Receiver obtains possession of the Property, the Security Agent or the Receiver may use and remove, store or sell any chattels which are related or connected to the Property other than any chattels, or fixtures and fittings belonging to any tenant of the Property, without being under any liability to the Chargor other than to account for their net proceeds of the sale. All costs, losses and liabilities incurred by the Security Agent or the Receiver in connection with the removal, storage and sale of such chattels will form part of the Secured Obligations.

8.9 If (notwithstanding any representation or warranty to the contrary contained in this Deed) there shall be any Security affecting the Secured Assets or any of them which ranks in priority to the Security created by this Deed and the holder of such prior Security takes any steps to enforce such Security, the Security Agent or any Receiver may, at its option, take a transfer of, or repay the indebtedness secured by, such Security.

8.10 The Security Agent may, at any time after this Deed has become enforceable pursuant to Clause 7 (*Enforceability*), exercise, to the fullest extent permitted by law, all or any of the powers, authorities and discretions conferred on a Receiver by this Deed, whether as attorney of the Chargor or otherwise and whether or not a Receiver has been appointed.

8.11 The Security Agent may, in writing, either in its appointment of a Receiver or by subsequent notice to that Receiver, restrict the right of such Receiver to exercise all or any of the powers conferred on a Receiver by this Deed.

9. **PAYMENTS, ACCOUNTS AND APPLICATION OF PROCEEDS**

9.1 **Right of appropriation** - Subject to the provisions of Clause 9.8 (*Recoveries by Receiver*), the Security Agent is entitled to appropriate money and/or assets to the Secured Obligations in such manner or order as it thinks fit and any such appropriation shall override any appropriation by the Chargor.

9.2 **No set-off by Chargor** - The Chargor shall not exercise any right of set-off or counterclaim which it might have in respect of any payment due to the Security Agent under this Deed.

9.3 **Security Agent's rights of set-off** - The Security Agent may, at any time after this Deed has become enforceable, and without notice (a) combine or consolidate all or any of the Chargor's then existing accounts with, and liabilities to, the Security Agent; (b) set-off or transfer any sums standing to the credit of any one or more of such accounts, and/or (c) set-off any other obligation owed by the Security Agent to the Chargor (whether or not matured at such time), in or towards satisfaction of any of the Secured Obligations; and if any amount is in a different currency from the amount against which it is to be set-off, the Security Agent may convert either amount (or both) at any reasonable time and at any reasonable rate. The Security Agent shall notify the Chargor in writing that any such transaction has taken place.

9.4 **Suspense Account** - The Security Agent may, at any time, credit to a suspense account any money received by it under this Deed, to be held for so long as and on such terms as the Security Agent may determine pending its application towards discharging the Secured Obligations.

9.5 **New account** - If the Security Agent receives notice of a subsequent mortgage or charge relating to the Secured Assets, it will be entitled to close any account and to open a new account in respect of the closed account. If the Security Agent does not open such new account, it will in any event be treated as if it had done so at the time when it received such notice.

9.6 **Time deposit** - Without prejudice to the provisions of Clause 9.3 (*Security Agent's rights of set-off*), if at any time the Chargor has made a deposit with the Security Agent on terms that it will be repaid on a specified date (a "**Time Deposit**") then: (a) if the Security Agent has made any demand under Clause 2 (*Covenant to pay*), it may vary the terms of such Time Deposit so that it becomes repayable immediately or on any other date before such specified date; or (b) if an Event of Default has arisen which is continuing but no amount of Secured Obligations has fallen due before such specified date, the Security Agent may renew such Time Deposit for such further maturity as the Security Agent in its absolute discretion determines.

9.7 **Calculations** - The Security Agent's calculation of any amount payable by the Chargor under this Deed at any time will be, in the absence of manifest error or proven error, conclusive (unless it has made an obvious mistake).

9.8 **Recoveries by Receiver** - The proceeds arising from the exercise of the powers of the Receiver will, subject to any claims ranking in priority to the Secured Obligations, be applied by or at the direction of the Receiver in or towards discharging or satisfying the following amounts in the following order of priority: (a) the costs, charges and expenses of and incidental to the Receiver's appointment and the payment of his remuneration; (b) any costs, charges, expenses and liabilities of or incurred by any Enforcement Party in the exercise of any of its powers including all rents, Taxes, rates and outgoings whatever affecting the Secured Assets; all premiums on insurances properly payable under this Deed or any applicable legislation, the cost of executing necessary or proper repairs to the Secured Assets, and the payment of annual sums or other payments, and the interest on all principal sums, having priority to the Secured Obligations; (c) the remaining Secured Obligations, in accordance with the provisions of the Finance Documents; and (d) the claims of those persons entitled to any surplus.

9.9 **Currency of payment** - No payment to the Security Agent (whether under any judgment or court order or otherwise) shall discharge the obligation or liability of the Chargor in

respect of which it was made unless and until the Security Agent shall have received payment in full in the relevant currency specified in clause 29.8 (*Currency of account*) of the Facility Agreement. To the extent that the amount of any such payment shall, on actual conversion into such currency, fall short of such obligation or liability expressed in that currency, the Security Agent shall have a further separate cause of action against the Chargor and shall be entitled to enforce the Security created by this Deed to recover the amount of the shortfall.

9.10 **Currency conversion** - All money received or held by the Security Agent or any Receiver under this Deed may be converted into such other currency as the Security Agent considers necessary or desirable to cover the obligations and liabilities comprised in the Secured Obligations in that other currency at the Security Agent's spot rate of exchange then prevailing for purchasing that other currency with the existing currency.

10. **PROTECTION OF THIRD PARTIES**

10.1 **No duty to enquire** - A buyer from, or other person dealing with, any Enforcement Party will not be concerned to enquire whether any of the powers which such Enforcement Party has exercised or purported to exercise has arisen or become exercisable and may assume that it is acting in accordance with this Deed.

10.2 **Receipt conclusive** - The receipt of the Security Agent or any Receiver shall be an absolute and conclusive discharge to a purchaser of the Secured Assets and shall relieve him of any obligation to see to the application of any monies paid to or by the direction of the Security Agent or any Receiver.

11. **PROTECTION OF SECURITY AGENT**

11.1 **Security Agent's receipts** - The Security Agent shall not be obliged to account to the Chargor, nor to any other person, for anything other than its own actual receipts which have not been distributed or paid to the person entitled (or whom the Security Agent, acting reasonably, believes to be entitled) in accordance with the requirements of this Deed.

11.2 **Exclusion of liability** -

11.2.1 No Enforcement Party will be liable to the Chargor for any expense, loss, liability or damage incurred by the Chargor arising out of the exercise by such Enforcement Party of its rights or powers or any attempt or failure to exercise those rights or powers, except for any expense, loss, liability or damage arising from its gross negligence, fraud or wilful misconduct.

11.2.2 The Chargor shall not take any proceedings against any officer, employee or agent of any Enforcement Party in respect of any claim it might have against such Enforcement Party or in respect of any act or omission of any kind by that officer, employee or agent in relation to this Deed.

11.2.3 Any officer, employee or agent of any Enforcement Party may rely on this Clause 11 under the Third Parties Act.

11.3 **Effect of possession** - If the Security Agent or any Receiver enters into possession of the Secured Assets or any of them, this will not oblige either the Security Agent or the Receiver to account as mortgagee in possession, and if at any time the Security Agent enters into possession of the Secured Assets or any of them it may at any time at its discretion go out of such possession nor shall either of them be liable for any loss on realisation of, or for any neglect or default of any nature in connection with, all or any of the Secured Assets for which a mortgagee in possession might be liable as such.

11.4 **Chargor's indemnity** - The Chargor agrees with the Security Agent to indemnify the Security Agent and any Receiver or Delegate within three Business Days of demand against any costs, Taxes, losses, liabilities or damage incurred by any of them in respect of (a) the taking, holding, protection or enforcement of the Security created by this Deed,

(b) any exercise of the rights, powers, discretions or remedies of, or vested in, any Enforcement Party or any attempt or failure to exercise those rights, powers, discretions or remedies and (c) anything done or omitted to be done in the exercise or purported exercise of the powers under this Deed or under any appointment duly made under the provisions of this Deed.

12. POWER OF ATTORNEY

12.1 The Chargor irrevocably and by way of security appoints the Security Agent and each Receiver and any person nominated for the purpose by the Security Agent or the Receiver (in writing, under hand, signed by an officer of the Security Agent or by the Receiver) severally to be the attorney of the Chargor (with full power of substitution and delegation) for the purposes set out in Clause 12.2.

12.2 The power of attorney granted in Clause 12.1 allows the Security Agent, the Receiver or the relevant nominee, in the name of the Chargor, on its behalf, as its act and deed and at its expense to perfect the Security created by the Chargor under this Deed and following an Event of Default which is continuing to execute and deliver (using the Chargor's seal where appropriate) any document or do any act or thing which the Chargor may, ought or has agreed to execute or do under this Deed or which the attorney may in its absolute discretion consider appropriate in connection with the exercise of any of the rights, powers, authorities or discretions of the Security Agent or the Receiver under, or otherwise for the purposes of, this Deed.

12.3 The Chargor covenants with the Security Agent to ratify and confirm all acts or things made, done or executed by any attorney exercising or purporting to exercise the powers conferred in accordance with this Clause 12.

13. APPLICATION, VARIATION AND EXTENSION OF STATUTORY PROVISIONS

13.1 The covenants set out in sections 2 to 5 of the Law of Property (Miscellaneous Provisions) Act 1994 shall extend to bind the Chargor only if, in any case, the relevant covenant imposes upon the Chargor a burden, liability or obligation that would not otherwise arise under this Deed.

13.2 For the purposes only of section 101 of the LPA, (but otherwise subject to the provisions of Clause 7 (Enforceability)), the conditions set out in that section, as to when the powers conferred on a mortgagee by that section arise, do not apply and the Secured Obligations become due and the statutory power of sale and other powers of enforcement arise immediately following the execution of this Deed. The Security Agent and any Receiver may exercise the statutory power of sale conferred by the LPA free from the restrictions imposed by section 103 of the LPA, which shall not apply to this Deed.

13.3 The power of sale and the other powers conferred by the LPA or otherwise are extended and varied to authorise the Security Agent in its absolute discretion to do all or any of the things or exercise all or any of the powers which a Receiver is empowered to do or exercise under this Deed.

13.4 The restriction on the consolidation of mortgages in section 93 of the LPA does not apply to this Deed nor to any Security given to the Security Agent pursuant to this Deed. Section 109(1) of the LPA shall not apply to this Deed. Sections 105, 107(2), 109(6) and 109(8) of the LPA will not apply to the Security Agent nor to a Receiver appointed under this Deed.

13.5 The statutory and other powers of leasing, letting, entering into agreements for leases or lettings and accepting or agreeing to accept surrenders of leases or tenancies shall not be exercisable by the Chargor in relation to the Secured Assets or any part of them. The restrictions on the powers of the Security Agent or the Receiver to grant leases or to accept the surrender of leases in sections 99 and 100 of the LPA do not apply to this Deed.

14. OTHER MISCELLANEOUS PROVISIONS

14.1 Except where expressly stated to the contrary, the powers, rights and remedies provided in this Deed are in addition to (and not instead of) powers, rights and remedies under law.

14.2 If an Enforcement Party fails to exercise any power, right or remedy under this Deed or delays its exercise of any power, right or remedy, this does not mean that it waives that power, right or remedy. If an Enforcement Party exercises, or partly exercises, a power, right or remedy once, this does not mean that it cannot exercise such power right or remedy again, fully or in part.

14.3 The Security Agent may decide when and how to apply any payments and distributions received for its own account under this Deed, and also, as between the Security Agent and the Chargor, whether and, if so, when, how and to what extent (a) to exercise its rights under this Deed and (b) to exercise any other right it might have in respect of the Chargor (or otherwise) without, in any case, the Chargor having the right to control or restrict the Security Agent's exercise of this discretion.

14.4 No provision of this Deed will interfere with the Security Agent's right to arrange its affairs as it may in its absolute discretion decide (nor oblige it to disclose any information relating to its affairs), except as expressly stated.

14.5 The Chargor authorises the holder of any prior or subsequent Security to provide to the Security Agent, and the Security Agent to receive from such holder, details of the state of account between such holder and the Chargor.

14.6 The Chargor shall not assign, novate or otherwise deal with its rights or obligations under or interests in this Deed.

14.7 Save as otherwise provided in the Facility Agreement, the Security Agent may at any time assign, novate or otherwise deal with any rights or obligations under or interests in this Deed.

14.8 If, at any time, there has been a release, settlement or discharge of the Chargor's obligations under this Deed and, as a consequence of any insolvency proceedings (or analogous proceedings) or for any other reason, (a) any payment made to any person in respect of any of the Secured Obligations is required to be repaid and/or (b) any such payment or any Security (or other right) held by the Security Agent in respect of any of the Secured Obligations (whether under this Deed or otherwise) is void, is set aside or is otherwise affected, then the Chargor's obligations under this Deed shall continue in effect as if there had been no such release, settlement or discharge and as if the relevant payment had not been made and/or (as applicable) the relevant Security (or other right) had not been held by the Security Agent; and accordingly (but without limiting the Security Agent's other rights under this Deed) the Security Agent shall be entitled to recover from the Chargor the value which the Security Agent has placed upon such Security or the amount of any such payment as if such payment, settlement or discharge had not occurred.

14.9 If the Security Agent, acting reasonably, considers that any amount paid by the Chargor in respect of the Secured Obligations is capable of being avoided or ordered to be refunded or reduced for the reasons set out in Clause 14.8, then for the purposes of this Deed such amount shall not be considered to have been irrevocably paid.

14.10 To the extent that the Chargor may be entitled in any jurisdiction to claim for itself or its assets immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process of any kind wherever it might originate, or to the extent that in any such jurisdiction there may be attributed to the Chargor or its assets such immunity (whether or not claimed), it irrevocably agrees not to claim and irrevocably waives such immunity to the fullest extent permitted by the laws of such jurisdiction.

- 14.11 On the Discharge Date (but subject to Clauses 14.8 and 14.9) the Security Agent shall, at the request and cost of the Chargor, execute and do all deeds, acts and things as may be necessary to release the Secured Assets from the Security created by this Deed.
- 14.12 The provisions of clause 24.2 (*Release of Security*) of the Facility Agreement apply to this Deed.
- 14.13 The obligations of the Chargor under Clause 2 (*Covenant to pay*) are unconditional and neither the provisions of this Deed nor the obligations of the Chargor will be affected by the occurrence or existence at any time of any of the following events or circumstances or by any person's knowledge or lack of knowledge as to any such matter: (a) any person's insolvency or lack of capacity, power or authority; (b) any unenforceability, illegality or invalidity of any obligation of any person; (c) any change in the constitution, membership, ownership, legal form, name or status of any person; (d) the making, amendment or termination of any other deed or agreement; (e) any amendment, novation, re-statement or substitution of, or any supplement to, any other deed or agreement; (f) any increase or reduction in the amount of any person's indebtedness or any alteration of any term, condition or arrangement in respect of any person's indebtedness; (g) any person taking or omitting to take any steps in relation to (i) the Chargor or any other person, (ii) any of the Secured Obligations, (iii) any Security, guarantee or other financial support in respect of any indebtedness and/or (iv) any other asset; or (h) anything else which, although it could affect the liability of a surety, would not affect the liability of a principal debtor.
- 14.14 The guarantee (the "**Loan Guarantee**") in respect of the Facility provided by The Secretary of State for Communities and Local Government (the "**Guarantor**") provides that the Guarantor shall be subrogated to any right of the Secured Parties (or the Security Agent on the Secured Parties' behalf) against the Borrower in respect of amounts due in respect of the Loan which have been paid by the Guarantor under the Loan Guarantee. The Chargor hereby acknowledges this aforementioned right of subrogation.
- 14.15 All the provisions of this Deed are severable and distinct from one another and the illegality, invalidity or unenforceability of any provision of this Deed under the law of any jurisdiction shall not affect its validity or enforceability under the law of any other jurisdiction nor the legality, validity or enforceability of any other provision.

15. COMMUNICATIONS

Clause 31 (*Notices*) of the Facility Agreement shall apply to this Deed.

16. THIS DEED

- 16.1 The Chargor has entered into this Deed in consideration of the Secured Parties or some of them agreeing to provide (or to continue to provide) finance facilities to it on the terms agreed in the Finance Documents. The Parties designate this Deed as a Finance Document.
- 16.2 If the parties execute this Deed in separate counterparts it will take effect as if they had all executed a single copy. This Deed is intended to be a deed even if any Party's execution is not in accordance with the formalities required for the execution of deeds.
- 16.3 If there is any conflict between the provisions of the Facility Agreement and the provisions of this Deed, the provisions of the Facility Agreement shall prevail.
- 16.4 If any Party is not bound by this Deed (or any part of it) for any reason, this does not affect the obligations of each other Party under this Deed (or under the relevant part).
- 16.5 This Deed is in addition to, and does not operate so as in any way to prejudice or affect, or be prejudiced or affected by, any other Security or guarantee which the Security Agent may now or at any time after the date of this Deed hold for or in respect of the Secured Obligations. The Chargor waives any right it may have to require the Security Agent to

enforce any Security or other right, or claim any payment from, or otherwise proceed against, any other person before enforcing this Deed against the Chargor.

- 16.6 The Chargor submitting this Deed or any counterpart to The Land Registry shall, on each occasion, submit a certified copy of this Deed and deliver the original to the Security Agent if requested.

- 16.7 This Deed and every counterpart is the property of the Security Agent.

17. GOVERNING LAW

This Deed and any non-contractual obligations arising out of or in connection with it are governed by the laws of England and Wales.

18. JURISDICTION

18.1 Jurisdiction of the courts of England and Wales

The courts of England and Wales have exclusive jurisdiction to settle any dispute arising out of or in connection with this Deed (including a dispute regarding the existence, validity or termination of this Deed) and any non-contractual obligations arising out of or in connection with it (a "**Dispute**"). The Parties agree that the courts of England and Wales are the most appropriate and convenient courts to settle any Dispute and accordingly no Party will argue to the contrary. This Clause 18.1 is for the benefit of the Enforcement Parties only. As a result, no Enforcement Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, each Enforcement Party may take concurrent proceedings in any number of jurisdictions.

This document is executed as a deed and delivered on the date stated at the beginning of this Deed.

SCHEDULE 1

Bank accounts

Name or designation of bank account	Number of bank account	Name of bank at which account held and Sort Code
1. PRS Blocked Rent Account II		Barclays Bank PLC
2. PRS Reserve Account II		Barclays Bank PLC

SCHEDULE 2

Details of Property

Asset Name	Property Description	Title No.	Leasehold / Freehold	Number of Units
Hackney (City Mills - Block C)	3-19 (odd, inclusive) Samuel Street and Flats 1, 2, 4-6, 8-21, 24, 25, 27-40 (inclusive) Union Mills Apartments, Samuel Street, London	AGL447408	Leasehold	44
Hackney (City Mills - Blocks E/F)	28-32 (even, inclusive) Clarissa Street; 6 and 8 Dunston Road; 2-12 (even, inclusive) Samuel Street; Flats 1-15 (inclusive) Bridge Mills Apartments; Flats 1-25 (inclusive) Central Mill Apartments; Flats 1-25 (inclusive) Regents Mill Apartments and parking spaces	AGL447409	Leasehold	76
Hackney (City Mills - Block J)	54-58 (even, inclusive) Laburnum Street; 59-63 (odd, inclusive) Whiston Road; Flats 13-15 (inclusive) and 18-32 (inclusive) Capital Mill Apartments and Flats 4, 6, 8 and 10-20 (inclusive) Wharf Mills Apartments	AGL447410	Leasehold	38
Hackney (City Mills - Block L)	2-8 (even, inclusive) Boat Lane; 34-48 (even, inclusive) Laburnum Street; 39-51 (odd, inclusive) Whiston Road; Flats 1-20 (inclusive) Canal Mill Apartments and Flats 1-12 (inclusive) Great Mill Apartments and parking spaces	AGL447412	Leasehold	51

Charles Clowes Walk (Christies)	Flats 1-41 Whitbread House, 17 Charles Clowes Walk, Vauxhall, London, SW11 7AL and Flats 1-68 Baileys House, 1 Charles Clowes Walk, Vauxhall, London, SW11 7AD and 7, 9, 11, 13 and 15 Charles Clowes Walk, Vauxhall, London, SW11 7AF	TGL448636	Leasehold	114
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SCHEDULE 3
Notices re Charged Contracts

Part 1
Notice to insurer
(For attachment by way of endorsement to the Insurances)

To: [name and address of insurer]

Dated: [date]

Dear Sirs,

Re: The policy of insurance referred to in the Schedule below (the "Policy")

We, [Chargor] (the "Chargor"), give you notice that, by a security agreement dated [date] (the "Security Agreement") and made by (amongst others) ourselves in favour of [] (the "Security Agent") (as trustee for itself and certain other parties), we have charged by way of fixed charge and assigned to the Security Agent, as first priority chargee and assignee, the proceeds under the Policy effected by us or whomsoever solely in relation to claims for the properties referred to in the Schedule below (the "Properties") and only where reinstatement does not occur.

We irrevocably and unconditionally authorise and request you to give the acknowledgement, required by the Security Agent.

Please sign the enclosed copy of this notice and deliver it to the Security Agent at [address] (with a further copy to us).

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

Yours faithfully,

For and on behalf of [Chargor]:

By:.....

THE SCHEDULE
The Policy

Policy number	Name and address of insurer	Name and address of broker	Brief description of assets insured	Date of expiry of policy#
---------------	-----------------------------	----------------------------	-------------------------------------	---------------------------

#Not required if the policy are annually renewable

Acknowledgement of Notice

Dated [date]

[to be included on copy notice]

To: [name and address of Security Agent] as trustee for the Secured Parties (as referred to in the Security Agreement)

Copy to: [name and address of Chargor]
[address]

We [name of insurer] acknowledge receipt of the above notice.

We confirm that we have not received notice of any previous assignment or charge by the Chargor or of over any of its rights, title, interests or benefits referred to in the notice.

Terms defined in the notice apply to this endorsement, which is governed by English law together with any non-contractual obligations arising out of or in connection with it.

Signed:

for and on behalf of [name of insurer]
Dated: [date]

Part 2

Form of notice to counterparties of Charged Contracts

To: [name and address of counterparty]

Dated: [date]

Dear Sirs,

Re: [here identify relevant Charged Contract] [the "Contract"] made between (1) [Chargor] (the "Chargor") and (2) [here insert name of counterparty]

We, the Chargor, give you notice that, by a security agreement dated [date] (the "Security Agreement") and made by (amongst others) ourselves in favour of [] (the "Security Agent") (as trustee for itself and certain other parties), we have charged by way of fixed charge and assigned to the Security Agent, as first priority charge and assignee, all of our rights, title and interest in the Contract.

We further irrevocably and unconditionally:

1. notify you that we may not agree to amend, modify or terminate the Contract without the prior written consent of the Security Agent;
2. confirm that, subject to paragraph 1 above, you may continue to deal with us in relation to the Contract until you receive written notice to the contrary from the Security Agent, but authorise and instruct you that, after you have received such notice, we will cease to have any right to deal with you in relation to the Contract except in accordance with the instructions of the Security Agent and therefore from that time you may deal directly with the Security Agent;
3. authorise and instruct you to disclose information in relation to the Contract to the Security Agent promptly on request, without any enquiry by you as to the justification for such disclosure or reference to or further authority from us;
4. authorise and instruct you to pay or release all monies to which we are entitled under the Contract directly into [specify designated bank account] or, if the Security Agent so instructs you, into such other account as the Security Agent shall specify;
5. authorise and instruct you that, whenever you serve any notice upon us under the Contract, you should supply a copy of such notice to the Security Agent at its address given in the copy of this notice (or as otherwise notified to you by it from time to time); and
6. notify you that the provisions of this notice may only be revoked with the written consent of the Security Agent.

Please sign the copy of this notice and deliver it to the Security Agent (with a further copy to us).

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

Yours faithfully,

For and on behalf of [Chargor]:

By:

[to be included on copy notice]

To: [name and address of Security Agent] as trustee for the Secured Parties (as referred to in the Security Agreement)

Copy to: [name and address of Chargor]

We [name of counterparty] acknowledge receipt of the above notice. We:

1. accept the instructions and authorisations set out in the notice and undertake to act in accordance with such instructions and authorisations; and
2. confirm that we have not received notice that the Chargor has assigned its rights under the Contract to a third party or created any other interest (whether by way of security or otherwise) in the Contract in favour of a third party.

Terms defined in the notice apply to this endorsement, which is governed by English law together with any non-contractual obligations arising out of or in connection with it.

Signed:

for and on behalf of [name of counterparty]

Dated: [date]

Part 3

Form of notice to Tenant in respect of Rental Income

To: [name and address of tenant]

Dated: [date]

Dear Sirs,

Notice of security

We give you notice that, by a security agreement dated [date] (the "Security Agreement"), we assigned to, and charged by way of fixed charge in favour of, PRS Operations Limited (the "Security Agent") [the [describe Lease] dated [] between [] relating to [] (including all monies payable thereunder and the proceeds of all claims and judgments for breach of covenant) (the "Lease").

We will remain liable to perform all our obligations under the Lease and the Security Agent is under no obligation of any kind whatsoever under the Lease nor under any liability whatsoever in the event of any failure by us to perform our obligations under the Lease. We irrevocably and unconditionally authorise and request you:

1. to pay all payments under or arising under the Lease to the account designated the "[]", Account number [] sort code []. It is very important that you make arrangements immediately for all sums payable by you under the Lease to be paid to this account; and
2. to give the acknowledgement, undertakings and agreements required by the Security Agent and to act on the instructions of the Security Agent without any further reference to or authorisation from us.

Please note that:

1. all remedies provided for under the Lease or available at law or in equity are exercisable by the Security Agent;
2. all rights to compel performance of the Lease 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 belong to the Security Agent.

This notice may only be revoked or amended with the written consent of the Security Agent.

Please confirm your agreement to the above by signing the enclosed copy of this notice and returning it to the Security Agent (with a copy to us).

This notice and any non-contractual obligations arising out of or in connection with it are governed by the law of England and Wales.

Yours faithfully,

For and on behalf of [Chargor]

[to be included on copy notice]

To: PRS Operations Limited
[address]

Copy to: L&Q PRS Co Limited
[address]

Dated: [date]

Dear Sirs

Acknowledgement of Security

We acknowledge receipt of the above notice. We confirm that:

1. we have not received notice of any previous assignment by the Chargor of or over any of its rights, title or interests to and in the Lease;
2. will make all payments to the account specified in that notice; and
3. that we will comply with the terms of the notice.

This notice and any non-contractual obligations arising out of or in connection with it are governed by the law of England and Wales.

Yours faithfully,

for and on behalf of [name of tenant]

SCHEDULE 4
Notices re Charged Bank Accounts

To: [name and address of account bank] (the "Account Bank")

Dated: [date]

Dear Sirs,

Re: Account No: [insert account number] (the "Account")
Account Sort Code: [insert sort code]
Account Holder: [name of Chargor] (the "Chargor")

We, the Chargor, give you notice that, by a security agreement dated [date] (the "Security Agreement") and made by (amongst others) ourselves in favour of [name of Security Agent] (the "Security Agent") (as trustee for itself and certain other parties), we have charged by way of fixed charge to the Security Agent, as first priority chargee, all the monies (including interest) from time to time standing to the credit of the PRS Blocked Rent Account and PRS Reserve Account including any re-designation and/or re-numbering from time to time of such accounts (the "Charged Accounts") and all indebtedness represented by the Charged Accounts and have assigned to the Security Agent all our rights and benefits in respect of the Charged Accounts.

We irrevocably and unconditionally authorise and instruct you:

- to hold all monies from time to time standing to the credit of the Charged Accounts to the order of the Security Agent and accordingly to pay all or any part of those monies to the Security Agent (or as it may direct) promptly following receipt of written instructions from the Security Agent to that effect;
- to disclose to the Security Agent such information relating to us and the Charged Accounts as the Security Agent may from time to time request you to provide; and
- that all expenses relating to the maintenance of the Charged Accounts and your costs and expenses in complying with our instructions in accordance with this notice shall be our responsibility and in the event that these are not otherwise met by us such expenses may be debited directly by you to the Charged Accounts.

We notify you that we may not withdraw any monies from the Charged Accounts without first having produced to you the prior written consent of the Security Agent to such withdrawal.

The provisions of this notice may only be revoked or varied with the prior written consent of the Security Agent.

Please sign the enclosed copy of this notice and deliver it to the Security Agent at [address] (with a further copy to us).

We acknowledge that:

- you shall have no liability (other than for gross negligence, fraud or wilful misconduct) for having acted on instructions from any person (including, but not limited to, the Security Agent) which on their face appear to be genuine, and which comply with the latest bank mandate held by us or relevant electronic banking system procedures in the case of an electronic instruction;
- your agreement in this notice not to exercise any right of combination of accounts, set-off or lien over any monies standing to the credit of the Charged Accounts in priority to the Security Agent, shall not apply in relation to our standard bank charges and fees; and

- you shall not be deemed to be a trustee for us or the Security Agent of the Charged Accounts.

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

Yours faithfully,

for and on behalf of
[Chargor]

[to be included on copy notice]

To: [name and address of Security Agent] as trustee for the Secured Parties (as referred to in the Security Agreement)

Copy to:[name and address of Chargor]

We [Name of Account Bank]:

1. acknowledge receipt of the above notice;
2. agree to act in accordance with the authorisations, instructions and notifications contained or referred to in the above notice;
3. confirm that we have not received notice that the Chargor has assigned its rights to the monies standing to the credit of the Charged Accounts, or the indebtedness represented by them, or otherwise granted any security or other interest over those monies, or such indebtedness, in favour of any third party;
4. undertake that we will not exercise any right to combine accounts or any rights of set-off or lien or any similar rights in relation to the monies standing to the credit of the Charged Accounts; and
5. agree that any notice or other communication from us to the Security Agent will be sent or made to the address of the Security Agent stated above, or to such other address as the Security Agent may from time to time notify to us.

The agreement in paragraph 2 above is given on the basis that:

1. we may rely on any notice or other document or information believed, reasonably, by us to be genuine and correct and to have been signed or communicated by the person by whom it purports to be signed and communicated and we will not be liable for the consequences of such reliance and will have no obligation whatsoever to verify that the facts or matters stated in any such notice or document are true and correct; and
2. to the extent that an instruction for withdrawal from the Charged Accounts is given which would, in our reasonable opinion, cause the Charged Accounts to be overdrawn, we will only transfer the outstanding cleared credit balance in the Charged Accounts.

Our acknowledgement of the notice is subject to the following conditions:

1. we shall have no liability (other than for gross negligence, fraud or wilful misconduct) for having acted on instructions from any person (including, but not limited to, the Security Agent) which on their face appear to be genuine, and which comply with the latest bank mandate held by us or relevant electronic banking system procedures in the case of an electronic instruction;
2. our agreement in this acknowledgement not to exercise any right of combination of accounts, set-off or lien over any monies standing to the credit of the Charged Accounts in priority to the Security Agent, shall not apply in relation to our standard bank charges; and
3. we shall not be deemed to be a trustee for the Chargor or the Security Agent of the Charged Accounts.

Terms defined in the notice apply to this endorsement, which is governed by English law together with any non-contractual obligations arising out of or in connection with it.

for and on behalf of

[name and address of Account Bank]
Dated: [date]

EXECUTION

The Chargee

Executed as a deed by
L&Q PRS CO LIMITED,
acting by:

Authorised Signatory

Authorised Signatory

The Security Agent

Executed as a deed by
PRS OPERATIONS LIMITED, acting
by: a director,
in the presence of:

Director

Witness signature:

Witness name:

Witness address:

EXECUTION

The Chargee

Executed as a deed by
L&Q PRS CO LIMITED,
acting by:

Authorised Signatory

Authorised Signatory

The Security Agent

Executed as a deed by
PRS OPERATIONS LIMITED, acting
by: a director,
in the presence of:

Richard Green

Director

Director

Witness signature:

Witness name:

Witness address: 13 George Street, London
W1U 3AA.