

Dated *2 July* 2008

PRUDENTIAL TRUSTEE COMPANY LIMITED
MOAT HOMES LIMITED
ABBAY NATIONAL TREASURY SERVICES PLC
ABBAY NATIONAL TREASURY SERVICES PLC

SECURITY TRUST DEED

WE HEREBY CERTIFY THAT THIS IS
A TRUE COPY OF THE ORIGINAL

Addleshaw Goddard LLP
DATE *2/1/09*
ADDLESHAW GODDARD LLP

ADDLESHAW GODDARD

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This Security Trust Deed is made on

2 July

2008

Between

- (1) **Prudential Trustee Company Limited** in its capacity as security trustee for the Beneficiaries (**Security Trustee**);
- (2) **Moat Homes Limited** (**Borrower**);
- (3) **Abbey National Treasury Services plc** in its capacity as Representative for the Original Beneficiary (**Agent**);
- (4) **Abbey National Treasury Services plc** in its various capacities under the Loan Agreement and as hedge counterparty under and pursuant to the ISDA Agreement (**Original Beneficiary**).

Whereas

- (A) By a loan agreement between the Borrower and Abbey National Treasury Services plc as lender, originally dated 9 September 1994 as amended, restated, supplemented or novated from time to time and most recently amended and restated on 6 February 2008 (**Loan Agreement**), a credit facility of up to £60,000,000 was made available to the Borrower on the terms set out in that document.
- (B) By an ISDA Agreement (as defined below) dated on or about the date of this Deed (as from time to time amended, supplemented or novated) between the Borrower and Abbey National Treasury Services plc as hedge counterparty ("**Hedge Counterparty**") the Borrower and the Hedge Counterparty have agreed to enter into certain interest rate hedging transactions.
- (C) The Borrower may enter into further financial arrangements in the future and it is intended that this Deed may govern the security provided by the Borrower in relation to such financial arrangements.
- (D) The parties have entered into this Deed in order to regulate the rights of priority and of enforcement in respect of the Beneficiaries' rights in relation to the Security Assets under or pursuant to the Loan Agreement, ISDA Agreement and/or the Relevant Documents.
- (E) It is intended by the parties that this document shall take effect as a Deed.

Now it is agreed as follows:

1 Interpretation

1.1 Definitions

In this Deed:

Accession Date means the date on which an Accession Deed takes effect subject to and in accordance with clause 2 (Relevant Liabilities)

Accession Deed means each deed entered into pursuant to clause 2.3 (Relevant Liabilities) or clause 2.8 (Relevant Liabilities) substantially in the form set out in schedule 1 (Form of Accession Deed)

Additional Beneficiary means any person which becomes a Beneficiary pursuant to the provisions of clause 2 (Relevant Liabilities)

Additional Liabilities means all monies, liabilities and obligations whatsoever (present or future, actual or contingent) payable, owing, due or incurred by the Borrower to any Additional Beneficiary under any Relevant Document

Ancillary Documents means the valuations, reports, opinions, certificates of title or other certificates to be delivered pursuant to the terms of this Deed held by the Security Trustee and/or any Beneficiary in respect of the Security Assets

Approved Tenancy Agreement has the meaning given to it in each Legal Mortgage

Authorised Signatory means any of the officers of the Borrower (one of whom must be the Group Chief Executive or the Finance Director) who are authorised to sign certificates or other documents required under or in connection with any Security Document

Beneficiaries means, subject to clause 2.6 (Relevant Liabilities), the Security Trustee, the Original Beneficiary and each Additional Beneficiary and their respective successors and permitted assigns and transferees from time to time

Business Day means a day (other than a Saturday or Sunday or a public holiday in England) on which banks generally are open for general business in London

Certificate of Title means the certificate of title in, or substantially in, the form of schedule 5 (Certificate of Title) or other form acceptable to the Security Trustee and (where the relevant Property is to become Designated Security) the proposed Relevant Beneficiary

Charge includes mortgage and assignment by way of security and vice versa

Commitments in relation to any borrowing or other debt obligation (including under any hedging documentation entered into with a Beneficiary), means either (as applicable):

- (a) the aggregate of the principal amount which is (or, as the case may be, was immediately prior to any Enforcement Event or Potential Enforcement Event) outstanding from the Borrower and available for drawing by the Borrower (in relation to any debt obligation under a loan agreement); or
- (b) the aggregate mark to market exposure (after making any deductions or additions in accordance with the relevant hedging documentation) under any hedging documentation entered into with a Beneficiary which is (or, as the case may be, was immediately prior to any Enforcement Event or Potential Enforcement Event) outstanding (in relation to any debt obligation under any such hedging documentation)

Designated Properties Schedule means the schedule referred to in clause 3.1 (Designation of Security)

Designated Security means in relation to any Beneficiary (**Relevant Beneficiary**), any Security Assets the Proceeds of which are allocated for application in reduction of the Relevant Liabilities of that Beneficiary in accordance with clauses 2.3(d) (Relevant Liabilities) and 3.1 (Designation of Security)

Enforcement Event means any event, howsoever described, specified in a Relevant Document as an event upon the occurrence of which the Beneficiary or group of Beneficiaries to whom such Relevant Document relates becomes entitled:

- (a) to call for early repayment of all or any of the Relevant Liabilities under such Relevant Documents and/or
- (b) to terminate all or any of the transactions entered into pursuant to such Relevant Document (but excluding any interest rate arrangement entered into by a Beneficiary to which the Borrower is not a party unless the said Beneficiary becomes entitled to terminate the same as a consequence of a default (howsoever described) by the Borrower under the terms of the Relevant Document prior to the scheduled maturity thereof) and/or
- (c) to require the Security Trustee to enforce any of the Security Documents constituting the Beneficiary's Designated Security

ISDA Agreement means the 1992 ISDA Master Agreement, entered into between the Borrower and the Hedge Counterparty on or about the date of this Security Trust Deed, together with a Credit Support Annex entered into between such parties on the same date, a schedule to the said ISDA Master Agreement and each Confirmation or any other ancillary documentation relating to any Transaction entered into between the Hedge Counterparty and the Borrower pursuant to the ISDA Agreement. The terms Credit Support Annex, Confirmation and Transaction, as used in this definition, shall have the meanings ascribed to them under the latest published ISDA definitions from time to time

Legal Mortgage means a deed incorporating, inter alia, a Charge by way of first legal mortgage in, or substantially in, the form of schedule 4 (Legal Mortgage) with such amendments as the Security Trustee may require in order that the Charge should be valid, effective and enforceable

List means in relation to the Designated Properties Schedule at any time, each of the lists of Properties as set out in such Designated Properties Schedule as designated by the Borrower in relation to a Beneficiary's Relevant Liabilities

Original Beneficiary's Liabilities means all present and future sums, liabilities and obligations whatsoever (actual or contingent) payable, owing, due or incurred by the Borrower to the Original Beneficiary under the Loan Agreement and/or the ISDA Agreement and/or any of the Security Documents.

Potential Enforcement Event means any event which with the giving of notice, passage of time, the making of any certification and/or declaration and/or demand and/or determination or the fulfilment of any other applicable condition or any combination of the foregoing will constitute an Enforcement Event

Proceeds means the aggregate of all receipts or recoveries by the Security Trustee pursuant to, or upon enforcement of, any of the Rights after deducting (to the extent not already deducted or retained prior to such receipt or recovery by the Security Trustee) all sums which the Security Trustee is required under the terms of the Relevant Documents or by applicable law to pay to any other person before allocating such proceeds to its own costs and distributing any such receipts or recoveries to any of the Beneficiaries

Property means any property which is the subject of a Legal Mortgage and complies with any requirements of the Relevant Documents

Regulation means and includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation

Relevant Beneficiary in relation to any Designated Security has the meaning given in the definition of that term

Relevant Document means (1) in relation to the Original Beneficiary the Loan Agreement and any Security Documents and Ancillary Documents in respect of its Designated Security; (2) the ISDA Agreement which shall be a separate Relevant Document and the Original Beneficiary shall be deemed to be a separate Beneficiary in respect of the same; and (3) in respect of each Beneficiary each agreement or other instrument between the Borrower and such Beneficiary specified as a **Relevant Document** in any Accession Deed executed by that Beneficiary and any Security Documents and Ancillary Documents in respect of its Designated Security

Relevant Liabilities means in relation to any Beneficiary all monies, liabilities and obligations whatsoever (present or future, actual or contingent) payable, owing, due or incurred by the Borrower to that Beneficiary under any Relevant Document

Relevant Proportion means, in respect of any Designated Security or, as the case may be, Relevant Beneficiary:

$$\frac{A}{B}$$

where:

A is the total Commitments in respect of the Relevant Beneficiary and

B is the total Commitments in respect of all Beneficiaries

Relevant Trustee Costs means, in relation to a Relevant Beneficiary:

- (a) in respect of any Designated Security all Trustee Costs which relate exclusively to that Designated Security and to other Designated Security of the Relevant Beneficiary
- (b) all amounts due to the Security Trustee from the Relevant Beneficiary under clause 8.4 (Indemnities) and
- (c) the Relevant Beneficiary's Relevant Proportion of all amounts due and payable under clause 9 (Remuneration of the Security Trustee) but which remain unpaid

Representative means:

- (a) in relation to the Original Beneficiary, the Agent and
- (b) in relation to each of the Additional Beneficiaries at any time after the Accession Date of such Additional Beneficiaries whilst there are any Additional Liabilities outstanding under the Relevant Documents to which those Additional Beneficiaries are party, the entity designated in the relevant Accession Deed as the Representative in relation to the Additional Beneficiaries

Rights means all rights vested in the Security Trustee by virtue of, or pursuant to, its holding the interests conferred on it by the Security Documents or under the Ancillary Documents and all rights to make demands, bring proceedings or take any other action in respect thereof

Secured Obligations means the aggregate of:

- (a) the Relevant Liabilities in respect of all Beneficiaries
- (b) all indemnification and reimbursement obligations of the Borrower under any of the Relevant Documents in respect of all Beneficiaries and
- (c) all other amounts payable by the Borrower to the Security Trustee, any nominee, delegate or agent thereof or any receiver under any of the Relevant Documents

Security Assets means all assets, rights and property of the Borrower mortgaged or charged or assigned pursuant to any Security Document and the Rights of the Security Trustee

Security Certificate means a certificate issued by the Security Trustee in favour of a Representative for itself as Representative and on behalf of the relevant Beneficiaries in the form set out in schedule 3 (Security Certificate)

Security Documents means:

- (a) each Legal Mortgage entered into between the Borrower and the Security Trustee
- (b) this Deed
- (c) any other document specified as such (i) in relation to any Undesignated Security, by the Borrower and the Security Trustee or (ii) in relation to any Designated Security, by the Borrower, the Security Trustee and the relevant Representative pursuant to an Accession Deed and
- (d) any other document supplementing or amending a document which, in accordance with paragraphs (a) to (c) above, is a Security Document

Security Interest means a mortgage, charge, pledge, lien, assignment or other security interest or encumbrance of any kind or any type of preferential arrangement (including, without limitation title transfer and retention of title) which in each case is for the purpose of, or which has the effect of, granting security

Security Register means the register maintained under clause 3.8 (Security Register)

Taxes includes all present and future taxes, charges, imposts, duties, levies, deductions, withholdings or fees of any kind whatsoever, or any amount payable on account of or as security for any of the foregoing, by whomsoever, on whomsoever and wherever imposed, levied, collected, withheld or assessed, together with any penalties, additions, fines, surcharges or interest relating thereto, and **Tax** and **Taxation** shall be construed accordingly

this Deed means this deed and includes each Accession Deed and any deed or other document executed in accordance with the provisions hereof (as from time to time modified in accordance herewith) and expressed to be supplemental hereto

Trustee Acts means the Trustee Act 1925 and the Trustee Act 2000

Trust Property means the Security Interests constituted by the Security Documents, the Rights and the Proceeds

Trustee Costs means all remuneration, costs, expenses and liabilities (including, without limitation, indemnity liabilities) referred to in clause 9 (Remuneration of the Security Trustee) and all remuneration, costs, expenses and liabilities (including, without limitation, indemnity liabilities) for which the Borrower is liable under any Security Document

Undesignated Security means any Security Assets which are not Designated Security at such time

VAT means value added tax as provided for in the Value Added Tax Act 1999 or any similar tax which may be imposed in addition to or in place thereof from time to time

- 1.2 In this Deed (save to the extent that the context otherwise requires) reference to any document (including this Deed and any Relevant Document) or to any provision thereof shall be construed as including any amendment, restatement, novation or supplement thereof and reference to any provision of a law is a reference to that provision as amended or re enacted and to any Regulation made under it.
- 1.3 References herein to **Original Beneficiary, Security Trustee, Agent, Representative** or any **Beneficiary** shall be construed so as to include its and any subsequent successors, transferees and assigns in accordance with their respective interests.
- 1.4 Any provisions herein relating to Additional Beneficiaries or Additional Liabilities shall only be applicable after the first Accession Date and the parties hereto may, until the first Accession Date, exercise their rights and perform their obligations as if this Deed made no reference to Additional Beneficiaries and Additional Liabilities.
- 1.5 References herein to a **person** shall be construed as a reference to any person, firm, company, body corporate, corporation, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) of two or more of the foregoing.
- 1.6 For the purposes of this Deed:
- (a) subject to the Security Trustee having received express notice to the contrary, the Security Trustee shall not concern itself whether any Representative is entitled (under the terms of any Relevant Documents) to give any requests or instructions to the Security Trustee;
 - (b) if any Representative, in issuing any requests or instructions, breaches any rights or restrictions set out in any Relevant Document this shall not invalidate the requests or instructions unless the relevant Representative informs the Security Trustee in relation to a request or instruction made or given by it before the Security Trustee commences to act on such request or instruction that such requests or instructions were invalid and should not be acted on. If the Security Trustee is so informed after it has commenced to act on a request or instruction the validity of any action taken shall not be affected but the Security Trustee shall take no further action in accordance with such request or instruction, except to the extent that it has become legally obliged to do so;
 - (c) only the relevant Representative shall, in accordance with the terms of the applicable Relevant Documents and this Deed, be entitled to make requests or give instructions

to the Security Trustee in respect of the Relevant Documents, the Relevant Liabilities and the Designated Security and no other party to such documents nor the Borrower shall have any rights so to do or otherwise to request the Security Trustee to take any action or proceedings under or in relation to any Relevant Document;

- (d) in relation to each separate pool of Designated Security attributed to a Beneficiary's Relevant Liabilities, the Security Trustee shall act in accordance with the requests and instructions of the relevant Representative of that Beneficiary. For the avoidance of doubt, each Representative of that Relevant Beneficiary shall only issue instructions to, and make requests of, the Security Trustee in relation to the Designated Security attributed to those Relevant Liabilities;
- (e) subject to clause 3.5 (Release of Security), in relation to the Undesignated Security (if any) the Security Trustee shall act in accordance with the requests and instructions of the Borrower who shall issue instructions to and make requests of the Security Trustee only in relation to the Security Assets within the Undesignated Security; and
- (f) reference to exercise of any right by a Representative will include reference to such exercise by the Representative either on its own account or on behalf or on the instruction of any persons for which it acts as Representative.

1.7 If the Security Trustee considers that an amount paid to the Security Trustee or any Beneficiary for application in or towards repayment of the Secured Obligations is capable of being avoided or otherwise set aside on the liquidation or administration of the Borrower or otherwise, then such amount shall not be considered to have been irrevocably paid for the purposes of the Security Documents.

1.8 A certificate of the Security Trustee setting forth the amount of any Secured Obligation due from the Borrower shall be prima facie evidence of such amount against the Borrower in the absence of manifest error. The Security Trustee shall, for the purpose of certifying the amount of any such Secured Obligation due from the Borrower, be able to rely on any information provided to it by the Borrower, any Beneficiary and/or any Representative without any liability on the part of the Security Trustee.

1.9 Clauses 7 (Application of Proceeds) and 8 (Activities of the Security Trustee) of this Deed are deemed to form part of each Legal Mortgage as if expressly incorporated into it and as if all references in such clauses to this Deed were a reference to such Legal Mortgage.

1.10 A person who is not a party to this Deed (other than Beneficiaries) has no right under the Contracts (Rights of Third Parties) Act 1999 or otherwise to enforce any terms of this Deed.

1.11 The headings in this Deed are for convenience only and are to be ignored in construing this Deed.

1.12 Unless a contrary intention appears, a term used in any other Security Document or in any notice given under or in connection with any Security Document has the same meaning in that Security Document or notice as in this Deed.

2 Relevant Liabilities

2.1 All monies and liabilities now or at any time hereafter due, owing or incurred by the Borrower in respect of:

- (a) the Original Beneficiary's Liabilities; and

(b) subject to clauses 2.2, 2.3 and 2.8, the Additional Liabilities.

shall be Relevant Liabilities.

- 2.2 If the Borrower wishes any person to become a Beneficiary under this Deed the Borrower shall notify the Security Trustee that such person is to become a Beneficiary hereunder. Each Beneficiary shall be either a sole lender to the Borrower or, where a loan is made by more than one lender (including, without limitation, by way of a syndicated loan or a loan stock, bond or other debt security) each Beneficiary shall act through a Representative. For the avoidance of doubt, where a Beneficiary is also a Representative, it will act in accordance with the request and instructions of the Beneficiaries for whom it is acting as Representative and in accordance with the terms of the Relevant Documents. Where more than one Beneficiary acts through a Representative, any discretions, decisions or actions to be undertaken pursuant to this Deed or any Security Document by a Beneficiary shall be undertaken by such Representative on behalf of the relevant Beneficiaries and the term **Beneficiary** shall be construed accordingly. No person may become a Beneficiary unless that person or its Representative has entered into an Accession Deed and Relevant Documents recording the terms of the Relevant Liabilities.
- 2.3 No later than the relevant Accession Date the Borrower and the Representative in respect of each proposed Additional Beneficiary shall deliver to the Security Trustee:
- (a) an Accession Deed executed by the Borrower, each proposed Additional Beneficiary and the Representative in respect of each proposed Additional Beneficiary;
 - (b) a copy of the Relevant Documents evidencing or regulating the Relevant Liabilities executed by the Borrower and each proposed Additional Beneficiary;
 - (c) any Security Documents and Ancillary Documents which may be required under the Relevant Documents and the relevant Accession Deed; and
 - (d) a revised Designated Properties Schedule (completed in accordance with clause 3.1 (Designation of Security), incorporating details of the properties the proceeds of which are allocated for application in reduction of the Relevant Liabilities of the proposed Additional Beneficiary.
- 2.4 Subject to clause 3.2 (Conditions Precedent), upon receipt by the Security Trustee of the duly completed and executed documents referred to in clause 2.3, the Security Trustee shall execute the Accession Deed and issue a Security Certificate to the Representative of the Additional Beneficiary and the Borrower and shall also give notice thereof to the existing Beneficiaries (if any).
- 2.5 Each Beneficiary irrevocably instructs the Security Trustee to execute on its behalf each Accession Deed duly delivered to the Security Trustee under clause 2.3. It is hereby agreed by the parties hereto that any Accession Deed delivered pursuant to clause 2.3 shall take effect upon its execution by the Security Trustee.
- 2.6 If the Borrower has irrevocably repaid all liabilities to any Beneficiary in respect of any Relevant Liabilities and such Beneficiary is not under a commitment to make any facility available to the Borrower under the Relevant Documents, the relevant Representative and the Borrower shall notify the Security Trustee to that effect (who in turn shall promptly notify the Representatives of the remainder of the Beneficiaries) and such Beneficiary shall cease to be a Beneficiary under this Deed.

- 2.7 In the event that the rights of any Beneficiary (Outgoing Beneficiary) under the Relevant Documents pass to another person (Replacement Beneficiary) (whether by sale, transfer, assignment, novation or replacement of an agent or trustee or otherwise) then the Outgoing Beneficiary will procure that the Replacement Beneficiary and its Representative execute an Accession Deed (with such modifications as the Security Trustee may agree) and, with effect from execution of such Accession Deed by the Security Trustee, the Security Trustee will recognise the Replacement Beneficiary as Beneficiary hereunder in place of (or in the case of a partial sale, transfer, assignment, novation or replacement, in addition to) the Outgoing Beneficiary. The Security Trustee shall be under no obligation to ascertain or verify whether any requirements of the Relevant Documents in respect of the vesting of any rights or powers or functions in the Replacement Beneficiary or its Representative have been complied with.
- 2.8 Any Beneficiary together with the Borrower may from time to time execute a further Accession Deed (with such modifications as the Security Trustee may agree) under which documents specified in that Deed are declared to be Relevant Documents. Clauses 2.2 to 2.5 (inclusive) will apply in relation to such Accession Deed and such Relevant Liabilities.

3 The Security

3.1 Designation of Security

- (a) On the date of this Deed, on each Accession Date, on each date on which the Security Trustee is notified that any person has ceased to be a Beneficiary hereunder, on each date on which a Legal Mortgage is delivered to the Security Trustee in accordance with clause 3.2(a) and on each date on which Properties are to become Designated Security or cease to be Designated Security as regards any Beneficiary, each relevant Representative and the Borrower shall attribute, in relation to each Relevant Beneficiary's Relevant Liabilities, specific Properties together with related Rights in relation to those Properties (having regard to all the circumstances relating to such Properties including, inter alia, consideration of the results of any investigations or due diligence carried out with respect to such Properties and without designating any specific Property more than once) and shall schedule and approve by their signature such designation of Properties and the related Rights in relation thereto among the Relevant Beneficiaries (**Designated Properties Schedule**) and shall deliver such Designated Properties Schedule to the Security Trustee.
- (b) Each Representative and the Borrower shall review from time to time, as appropriate, the Designated Properties Schedule following the release and/or substitution of any Property and shall, if necessary, deliver to the Security Trustee an amended Designated Properties Schedule signed by the Borrower and each relevant Representative, which shall have been amended by either removing Designated Security from the Designated Properties Schedule (whereupon the same shall become Undesignated Security capable of being redesignated) or by designating any Undesignated Security as Designated Security.
- (c) The Designated Properties Schedule as amended pursuant to clause 3.1(b) shall not become binding on any Beneficiary unless and until it has been approved and signed by each relevant Representative, such approval and signature not to be unreasonably withheld or delayed. For the purposes of this clause 3 a relevant Representative is both a Representative of a Beneficiary to whom Property was designated immediately prior to the issue of the new Designated Properties Schedule and a Representative of a Beneficiary to whom such Property is to be designated under the new Designated Properties Schedule. In the absence of such approval and signature, the most recent Designated Properties Schedule so approved and signed shall continue to apply. For

the avoidance of doubt, the withholding or delay of approval and signature by a Representative shall not be unreasonable if it is withheld or delayed pending completion of due diligence procedures satisfactory to any relevant Beneficiary or if the results of any such procedures are not satisfactory to the Representative (provided such due diligence procedures are themselves being carried out in good faith and without undue and unreasonable delay).

- (d) The Borrower shall promptly deliver a copy of the amended Designated Properties Schedule to the Security Trustee at any time after amendments have been made thereto or otherwise on request of the Security Trustee.
- (e) On the date of signing of this Deed and on each date on which an amended Designated Properties Schedule is delivered to the Security Trustee, the Security Trustee shall issue a Security Certificate in respect of the relevant Designated Security to each relevant Representative.
- (f) On each occasion when the Designated Properties Schedule is prepared or revised, the Borrower represents to the Security Trustee, each Representative and each Beneficiary under this Deed at that time that none of its Properties are listed on more than one List.

3.2 Conditions Precedent

- (a) On or prior to creating a Legal Mortgage in respect of any Property, the Borrower shall deliver to the Security Trustee (or such person as shall be nominated by the Security Trustee, to be held by such person to the order of the Security Trustee) the documents listed in schedule 2 (save to the extent that the Security Trustee waives such requirement), such documents to be in form and substance satisfactory to:
 - (i) the Security Trustee (in its absolute discretion) who shall, for the avoidance of doubt, owe no duty of care to any Beneficiary in connection with the form or substance of any such documents; and
 - (ii) (where applicable) the Representative of each Relevant Beneficiary who shall, for the avoidance of doubt, confirm the same to the Security Trustee.
- (b) Before the Designated Properties Schedule is amended in accordance with clause 3.1 in respect of any security which has been charged as security under clause 2 (Relevant Liabilities), the Borrower shall certify to the Representative of any Relevant Beneficiary or intended Relevant Beneficiary that:
 - (i) it is not aware of any matter affecting the marketability of that security; and
 - (ii) if applicable, all Properties which are to comprise the Designated Security are let on Approved Tenancy Agreements,and the Security Trustee shall deliver a Security Certificate to the Representative of the Relevant Beneficiary or intended Relevant Beneficiary.
- (c) Each Beneficiary will be deemed to have inspected each Security Certificate delivered to its Representative in respect of its Designated Security and each document, which is referred to in each Security Certificate and has been made available for inspection, whether or not it does inspect the same.

3.3 Execution

Each of the Beneficiaries hereby appoints the Security Trustee or such person or persons as the Security Trustee may nominate to execute (whether under seal or under hand) and deliver any Security Document to be executed and delivered on its behalf.

3.4 Registration

Each of the Beneficiaries hereby confirms and agrees that it does not wish to be registered as the joint proprietor of any Charge created pursuant to any Security Document and accordingly authorises the Security Trustee to hold such Charge in its sole name as trustee for the Beneficiaries and requests the Land Registry to register the Security Trustee as the sole proprietor of any such Charge.

3.5 Release of Security

At any time prior to the Security Trustee taking any steps to enforce such Undesignated Security, upon receiving instructions from the Borrower, the Security Trustee shall release the benefit of any encumbrance, rights or obligations held by it over the Undesignated Security as security for all or any of the Secured Obligations provided that the Borrower shall have paid to the Security Trustee, or provided for to the satisfaction of the Security Trustee, all Trustee Costs which relate to that Undesignated Security.

3.6 Protection of Designated Security

In relation to any Security Assets comprised in the Designated Security in respect of the Relevant Beneficiary:

- (a) the Security Trustee will not execute any release of any Security Document constituting the Designated Security unless instructed in writing by the Representative of the Relevant Beneficiary (and the Representative shall promptly send a copy of any such instructions to the Borrower) (for the avoidance of doubt, such Representative shall promptly instruct the Security Trustee to release any Designated Security where such release is permitted pursuant to the Relevant Beneficiary's Relevant Documents and shall promptly send a copy to the Borrower of any such instructions to the Security Trustee) or otherwise save as may be required by law;
- (b) each Representative and the Borrower severally undertakes that it will not without the written consent of the Representative of the Relevant Beneficiary:
 - (i) purport to designate any of the Designated Security for any monies, liabilities or obligations whatsoever (actual or contingent) payable, owing, due or incurred by the Borrower to any person other than the Relevant Beneficiary; or
 - (ii) save as permitted by the Relevant Documents in respect of the Relevant Beneficiary or save as may be required by law, enter into any deed or document which would purport to impose any obligation on the Relevant Beneficiary or would create any Security Interest affecting such Designated Security; and
- (c) the Security Trustee shall be entitled to (and it is the intention that it shall) rely on any Designated Properties Schedule delivered to it in accordance with this Deed and any representation, warranty and approval given by a Representative in any Instruction delivered to it or agreement made with it pursuant to this clause 3 without further

enquiry and when releasing the benefit of any Security Interest or obligations and/or, as the case may be, reassigning any property and/or, as the case may be, treating any security as Undesignated Security pursuant to this clause 3 the Security Trustee shall not be required to (and it is the intention that the Security Trustee shall not) consider whether any rights of or obligations owed to any Beneficiary will be or are likely to be prejudiced by such release or, as the case may be, reassignment or, as the case may be, treatment as Undesignated Security.

3.7 Information

Each Representative shall provide the Security Trustee, on request, with accurate and up-to-date information as to the Relevant Liabilities owing (actually or contingently) to the Beneficiary for which it is the Representative to enable the Security Trustee to perform its functions under this Deed, such certificate to be in a form reasonably required by the Security Trustee and signed by an authorised officer of the Representative and the Security Trustee shall be entitled to rely on any such certificates and shall have no duty to enquire as to the accuracy thereof.

3.8 Security Register

The Borrower will at all times maintain a separate register in respect of each pool of Designated Security held by the Security Trustee for and on behalf of a Relevant Beneficiary and a separate register of Undesignated Security (such registers together the **Security Register**). The Borrower will promptly make an entry in the Security Register in respect of:

- (a) each asset charged by the Borrower in favour of the Security Trustee so as to form part of the Security Assets together with details of the Relevant Beneficiary in relation to each item of Designated Security;
- (b) each release of Security Assets from any Security Document;
- (c) any disposition or dealing affecting any Security Asset including (without limitation) any disposition by operation of law but excluding any letting on an Approved Tenancy Agreement;
- (d) each re designation of Property comprised in Designated Security as Undesignated Security;
- (e) each re designation of Property comprised in Undesignated Security as Designated Security; and
- (f) each re designation of Property as Designated Security.

3.9 Inspection

The Security Register in respect of each Representative will be open to inspection by that Representative, the Relevant Beneficiaries and the Security Trustee at all reasonable times during business hours at the registered office of the Borrower from time to time. The Security Register in respect of Undesignated Security will be open to inspection on like terms by the Security Trustee.

3.10 Reconciliation

Not less than once every calendar year the Borrower shall deliver to the Security Trustee a copy of the Security Register so as to enable the Security Trustee to reconcile its records to the Security Register.

3.11 Documentary Taxes indemnity

All stamp, documentary, registration or other like duties or Taxes, including any penalties, additions, fines, surcharges or interest relating to those duties and Taxes which are imposed or chargeable on or in connection with any Security Document shall be paid by the Borrower. The Security Trustee shall be entitled but not obliged to pay any such duties or Taxes (whether or not they are its primary responsibility). If the Security Trustee does so, it shall notify the Borrower as soon as reasonably practicable, and in any event the Borrower shall on demand indemnify the Security Trustee against those duties and Taxes and against any costs and expenses incurred by the Security Trustee in discharging them and hereby agrees to pay an equivalent amount to the Security Trustee of any costs or expenses incurred by the Security Trustee in discharging the same.

4 Trust

The Security Trustee shall hold the Trust Property on trust for the Beneficiaries and, subject to the interest of the Beneficiaries, for the Borrower (in accordance with its equity of redemption) on the terms and subject to the conditions contained herein.

5 Modification

The Security Trustee may from time to time with the consent or sanction of the Representative of each Beneficiary agree with the Borrower in making any modification to any term of this Deed and/or any Accession Deed and/or the Security Documents which affects or may affect the rights and obligations of such Beneficiary. Such modification may be made without the concurrence of the Representative of any other Beneficiary whose rights and obligations are not affected or prejudiced by that modification.

6 Default Procedure

6.1 If a Representative becomes aware of the occurrence of an Enforcement Event or a Potential Enforcement Event under a Relevant Document which is continuing unremedied or unwaived, it shall notify the Security Trustee of the same and the Security Trustee shall within five Business Days inform each other Representative of the Enforcement Event or the Potential Enforcement Event giving reasonable details of the same.

6.2 Following notification pursuant to clause 6.1:

- (a) each Representative shall within three Business Days provide the Security Trustee with the information required pursuant to clause 3.7 (Information) solely for the purposes of determining each Beneficiary's Relevant Liabilities; and
- (b) in relation to the Designated Security attributed to the Relevant Liabilities of a Relevant Beneficiary, the Security Trustee shall, following the occurrence of an Enforcement Event which is continuing unremedied or unwaived and if so instructed by the Representative of that Relevant Beneficiary, enforce the Rights in accordance with the instructions of that Representative provided that nothing in this clause 6.2 shall entitle the Representative to enforce any Rights contrary to the terms of any of the Relevant Documents and provided that the Security Trustee shall be entitled to

decline to take any action to enforce any security unless indemnified and/or secured to its satisfaction.

7 Application of Proceeds

7.1 The Security Trustee shall, upon the enforcement of the Rights, and after satisfying claims which at law rank in priority to sums owing under or in respect of any of the Relevant Documents, apply all Proceeds and all money derived therefrom:

- (a) in respect of each item of Designated Security in the order of priorities set out in clause 7.2; or
- (b) in respect of each item of Undesignated Security in the order of priorities set out in clause 7.3.

7.2 The order of priorities referred to in clause 7.1(a) is:

- (a) first, in or towards payment of all Relevant Trustee Costs;
- (b) *secondly, in or towards satisfaction of all Relevant Liabilities of the Relevant Beneficiary (other than Relevant Trustee Costs) in accordance with the Relevant Documents in respect of the Relevant Liabilities;*
- (c) *thirdly, to the extent not recovered under clause 7.2(a) above, in or towards payment of all Trustee Costs; and*
- (d) *fourthly, the balance, if any, to the Borrower.*

7.3 The order of priorities referred to in clause 7.1(b) is:

- (a) first, to the extent not recovered under clauses 7.2(a), 7.2(b) or 7.2(c) above in or towards payment of all Trustee Costs; and
- (b) *secondly, to the Borrower.*

7.4 Clauses 7.1 to 7.3 (inclusive) and clause 7.5 may only be varied with the consent of all the Beneficiaries.

7.5 This clause 7 shall override any appropriation made by the Borrower.

8 Activities of the Security Trustee

8.1 The Security Trustee shall only be required to take any action to enforce or protect the security created by any Security Document in respect of any Designated Security and any document referred to therein if instructed to do so by the relevant Representative and may refrain from exercising any right, power or discretion vested in it by this Deed or any Relevant Document in respect of such Designated Security unless and until instructed by the relevant Representative as to whether or not any such right, power or discretion is to be exercised and *as to the manner in which it should be exercised and subject always to the provisions of this Deed.* The Security Trustee shall be entitled to seek instructions from the relevant Representative as to the manner in which it should carry out any course of action and will act in accordance with any such instructions given by the relevant Representative subject to the provisions of this Deed. The Security Trustee shall not be liable to any Representative, Beneficiary or to the Borrower for any action it may take in accordance with any such instructions in respect of the exercise of any right or power hereby conferred or in respect of

any matter not expressly provided for in this Deed. The Security Trustee shall be entitled to seek clarification from the relevant Representative with regard to any such instructions and may in its discretion elect not to act pending receipt of such clarification or an indemnity and/or security to its reasonable satisfaction from such relevant Representative.

8.2 Discretions and Duties

In addition to other discretions and duties provided in this Deed, the Security Trustee shall:

- (a) promptly send to the Representatives of the Beneficiaries or, at the Security Trustee's discretion, the Representative of each Beneficiary for whom the Property in question is Designated Security, details of each communication received by it from the Borrower under this Deed or any of the Security Documents or the Ancillary Documents in relation to that Property provided that the Security Trustee shall not be obliged to report more frequently than quarterly in relation to changes to the Security Register and matters required to be recorded on the Security Register;
- (b) promptly inform the Representative of each Beneficiary of any matter of which it (in its capacity as Security Trustee) or any of its agents (acting in that capacity) becomes aware which affects the Designated Security in respect of that Beneficiary (including without limitation any disposal or Security Interest affecting or attaching to that Designated Security by operation of law and/or notified by the Land Registry); and
- (c) save as otherwise expressly provided in this Deed or any of the Security Documents or the Ancillary Documents, in granting any consent or waiver or exercising any power, trust, authority or discretion hereby vested in it, act as it, in its absolute discretion, shall think fit, in which case it shall be in no way responsible for any loss, costs, damages or expenses which may result from the exercise or non exercise thereof save in the case of breach of trust caused by its own negligence, wilful default or fraud.

8.3 Protections

By way of supplement to the Trustee Acts, it is expressly declared as follows:

- (a) that the provisions of section 1 of the Trustee Act 2000 shall not apply to the Security Trustee or any of the provisions of this Deed;
- (b) the Security Trustee may in relation to any of the provisions of this Deed, each Accession Deed, any of the Security Documents or the Ancillary Documents, obtain, pay for and act on the opinion or advice of or any information obtained from any lawyer, valuers, surveyor, broker, auctioneer, accountant or other expert whether obtained by the Borrower, any Beneficiary, any Representative or by the Security Trustee or otherwise and shall not be responsible for any loss occasioned by so acting provided that the Security Trustee has exercised due care in the selection of such person;
- (c) any opinion, advice or information obtained pursuant to clause 8.3 may be sent or obtained by letter, facsimile transmission, telephone or other means and the Security Trustee shall not be liable for acting on any opinion, advice or information purporting to be so conveyed or any other document purporting to be conveyed from any Beneficiary, any Representative or the Borrower notwithstanding if, in any such case, the same may contain some error or may not be authentic;

- (d) the Security Trustee may call for and shall be at liberty to accept as sufficient evidence a certificate signed by any two Authorised Signatories to the effect that any particular dealing, transaction, step or thing is in the opinion of the persons so certifying suitable or expedient or as to any other fact or matter upon which the Security Trustee may require to be satisfied. The Security Trustee shall be in no way bound to call for further evidence or be responsible for any loss that may be occasioned by acting on any such certificate even if the same contains an error or is not authentic;
- (e) the Security Trustee may refrain from doing anything which would or might in its opinion be contrary to any law of any jurisdiction or any directive of any agency of any state or which would or might in its opinion otherwise render it liable to any person and may do anything which is in its opinion necessary to comply with any such law or directive;
- (f) save where the Security Trustee has confirmed that it has:
 - (i) obtained any licence, consent or other authority for the execution of any Security Documents;
 - (ii) registered the same; or
 - (iii) obtained any documents which, under the terms of any Security Document or Ancillary Document, should have been deposited with it,

and any Beneficiary relies on the same, the Security Trustee shall not be liable for any failure, omission, or defect in perfecting the security constituted by any of the Security Documents including without prejudice to the generality of the foregoing:

- (A) failure to obtain any licence, consent or other authority for the execution of any Security Document;
 - (B) failure to register the same; or
 - (C) failure to obtain any documents which, under the terms of any Security Document or Ancillary Document, should have been deposited with it;
- (g) the Security Trustee shall accept without enquiry, requisition, objection or investigation such title as the Borrower may have to the Security Assets or any part thereof;
 - (h) the Security Trustee shall be at liberty to place any of the Security Documents and any other instruments, documents or deeds delivered to it pursuant to or in connection with any of the Security Documents for the time being in its possession in any safe deposit, safe or receptacle selected by it without being bound to enquire as to the existence or adequacy of any insurances with any bank or building society within the United Kingdom, any company whose business includes the safe custody of documents or any reputable firm of lawyers, or, in respect of any insurance policies, to place the policy documents with any insurance broker of good repute, and shall not be responsible for any loss thereby incurred and, without prejudice to the foregoing, the Borrower's lawyers may retain any such instruments, documents or deeds delivered to the Security Trustee pursuant to or in connection with the Security

Documents provided that such lawyers undertake to hold such instruments, deeds or documents to the order of the Security Trustee;

- (i) *save as otherwise provided in this Deed, any Accession Deed or any Security Document, all moneys which under the trusts herein contained are received by the Security Trustee may be invested in the name of or under the control of the Security Trustee in any investment for the time being authorised by English law for the investment by trustees of trust moneys or in any other investments, whether similar to the aforesaid or not, which may be selected by the Security Trustee or by placing the same on deposit in the name of or under the control of the Security Trustee at such bank or institution (including the Security Trustee) as the Security Trustee may think fit, and the Security Trustee may at any time vary or transfer any such investments for or into other such investments and shall not be responsible for any loss occasioned thereby whether by depreciation in value or otherwise. For the avoidance of doubt, the Security Trustee may not invest such moneys in any currency other than sterling and may not convert any such moneys deposited in any such investments into any other currency;*
- (j) *the Security Trustee may in the conduct of the trusts hereof instead of acting personally employ and pay an agent (on such terms and subject to such conditions, including the power to sub-delegate as the Security Trustee may specify) whether being a solicitor or other appropriately qualified person to transact or concur in transacting any business and to do or concur in doing any acts required to be done by the Security Trustee including the receipt and payment of money and any agent being a solicitor, broker or other person engaged in any profession or business shall be entitled to be paid all usual professional and other charges for business transacted and acts done by him or any partner of his in connection with the trusts hereof. The Security Trustee shall not be responsible for the acts or omissions of any such person provided that the Security Trustee has exercised due care in the selection of such person;*
- (k) *the Security Trustee shall have only those duties, obligations and responsibilities expressly specified in this Deed and shall not have any implied duties, obligations and responsibilities,*
- (l) *the Security Trustee shall not be under any obligation to insure any of the Trust Property or any deeds or documents of title or other evidence in respect thereof and shall not be responsible for any loss, expense or liability which may be suffered as a result of the lack of or inadequacy of any such insurance;*
- (m) *no provision of this Deed, any Accession Deed or any Relevant Document or any document referred to therein shall require the Security Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity and/or security against such risk or liability is not assured to it;*
- (n) *the Security Trustee shall not be responsible for the legality, validity, effectiveness, suitability, adequacy or enforceability of any Relevant Document or other documents entered into in connection therewith or any other document or any obligation or rights created or purported to be created thereby or pursuant thereto or any security or the priority thereof constituted or purported to be constituted thereby or pursuant thereto, nor shall it be responsible or liable to any person because of any invalidity of any provision of such documents or the unenforceability thereof, whether arising from*

- statute, law or decision of any court, nor shall it be responsible for the adequacy, accuracy and/or completeness of any information whatsoever supplied to any person in connection with the Trust Property or any Relevant Document;
- (o) neither the Security Trustee nor any of its directors or officers shall by reason of the fiduciary position of the Security Trustee be in any way precluded from making any contracts or entering into any transactions in the ordinary course of business with the Borrower or any person or body corporate directly or indirectly associated with any of them, or from accepting the trusteeship of any debenture stock, debentures or security of the Borrower or any person or body corporate directly or indirectly associated with any of them and neither the Security Trustee nor any such director or officer shall be accountable to any Beneficiary or any Representative for any profit, fees, commissions, interest, discounts or share of brokerage earned, arising or resulting from any such contracts or transactions and the Security Trustee and any such director or officer shall also be at liberty to retain the same for its or his own benefit;
 - (p) except as herein expressly provided, the Security Trustee is hereby authorised and it shall be entitled to assume without enquiry (in the absence of actual knowledge by or an express notice to it to the contrary) that no Enforcement Event or Potential Enforcement Event has occurred and the Borrower is duly performing and observing all the covenants, conditions, provisions and obligations contained in any Security Document and/or in respect of the Secured Obligations and on its part to be performed and observed. In particular the Security Trustee is under no duty to enquire as to any disposition or dealing affecting the Property (including any arising by operation of law);
 - (q) each Beneficiary will be solely responsible for assessing the value of and income deriving from its Designated Security and the Security Trustee will have no responsibility in respect thereof;
 - (r) unless otherwise specifically stated in any discharge of this Deed, the provisions of this clause 8 shall continue in full force and effect notwithstanding such discharge;
 - (s) where under any Security Document any action, approval, consent or authorisation requires the consent of any party, the Security Trustee will not undertake that action or grant that approval, consent or authorisation without obtaining that consent;
 - (t) the Security Trustee shall, when acting as Security Trustee, be regarded as acting through its security trust division which shall be treated as a separate entity from any other of its divisions or departments, such that if information is received by another division or department of the Security Trustee, it may be treated as confidential to that division or department and the Security Trustee shall not be deemed to have notice of it; and
 - (u) the Security Trustee shall not be responsible for:
 - (i) the financial condition of the Borrower;
 - (ii) the performance and observance by the Borrower of its obligations under any Relevant Document; or
 - (iii) the collectability of amounts payable under any Relevant Document.

8.4 Indemnities

- (a) Without prejudice to the Borrower's obligations to indemnify the Security Trustee under this Deed, each of the Beneficiaries (other than the Security Trustee) subject to the provisions of clauses 8.4(b) and 8.4(c) hereby undertakes severally to indemnify and hold harmless the Security Trustee against all remuneration, costs, charges, losses, claims, damages, liabilities, expenses and other sums (or actions in respect thereof) including VAT thereon suffered or incurred by the Security Trustee (acting reasonably at all times prior to the occurrence of an Enforcement Event) or any person appointed by the Security Trustee to whom any power, trust, authority or discretion may be delegated by it pursuant hereto, in connection with this Deed, the Security Documents and the Ancillary Documents and the powers, trusts, authorities and discretion and duties contemplated therein or actions in respect thereof and all remuneration, costs, charges, expenses and other sums suffered or incurred by the Security Trustee (acting reasonably at all times prior to the occurrence of an Enforcement Event) or such person as a result of complying with the provisions hereof or as a result of any Beneficiary challenging the right of the Security Trustee so to comply, to the extent, that other than in respect of any indemnity to be given by any Beneficiary in order to satisfy the indemnification provisions of clause 6.2 (Default Procedure) and clauses 8.1, 8.3(m) and 12.3, the Borrower has failed to comply with its obligations to indemnify and/or secure the Security Trustee as aforesaid, in respect of any remuneration, costs, charges, losses, claims, damages, liabilities, expenses and other sums (or actions in respect thereof) including value added tax suffered or incurred directly by the Security Trustee other than as a result of breach of trust caused by the negligence, wilful default or fraud of the Security Trustee. Each amount referred to in this clause 8.4(a) being an **Indemnified Amount**.
- (b) To the extent the Security Trustee determines that any Indemnified Amount has been incurred in relation to any specific Designated Security or the Relevant Liabilities of any Beneficiary, that Relevant Beneficiary alone shall be responsible for the indemnity in relation to that Indemnified Amount under clause 8.4(a).
- (c) To the extent that the Security Trustee determines that any Indemnified Amount does not fall with clause 8.4(b) then each Beneficiary (other than the Security Trustee) shall be responsible for an indemnity for such part of the Indemnified Amount as shall represent the proportion which the amounts then due to that Beneficiary in respect of the Relevant Liabilities bears to the then aggregate amount of all Relevant Liabilities at that date.

8.5 Officers and agents

No Beneficiary may take proceedings against any officer, employee or agent of the Security Trustee in respect of any claim it might have against the Security Trustee or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Security Document or Ancillary Document (save in the case of fraud by that officer, employee or agent) and any officer, employee or agent of the Security Trustee may rely on this clause 8.5.

8.6 No independent enforcement

The Beneficiaries shall not have an independent power to enforce any Security Document or any Ancillary Document or to exercise any rights, discretions or powers or to grant any consents or releases under or pursuant to any Security Document or any Ancillary Document or otherwise have direct recourse to the security constituted by any Security Document except through the Security Trustee or with the Security Trustee's prior written consent.

8.7 Assistance

Each of the Beneficiaries (other than the Security Trustee) hereby covenants and undertakes to the Security Trustee, as follows:

- (a) it will send to the Security Trustee, on request, a list of its duly authorised officers together with specimen signatures of such persons; and
- (b) it will, so far as permitted by applicable law and regulatory requirements, provide the Security Trustee with all such information (including details of the Relevant Liabilities outstanding to it) as the Security Trustee may reasonably require for the purposes of the discharge of the duties, powers, trusts, authorities and discretions vested in the Security Trustee by this Deed, any Relevant Document or by operation of law.

9 Remuneration of the Security Trustee

9.1 The Borrower shall (subject as hereinafter provided) pay to the Security Trustee in every year until the trusts hereof shall be finally wound up a fee calculated at such rate as may be agreed from time to time between the Borrower and the Security Trustee and such fee shall be payable on such date or dates in each year as may from time to time be agreed between the Borrower and the Security Trustee.

9.2 If the Security Trustee enforces (in accordance with the terms of this Deed or any Security Document) or is required to enforce any of the Security Documents or in the event that the Security Trustee considers it necessary or being required to undertake duties which the Security Trustee and the Borrower agree to be of an exceptional nature or otherwise outside the scope of the normal duties of the Security Trustee under this Deed, the Borrower shall pay to the Security Trustee such additional remuneration as may be agreed between them. In the event of the Security Trustee and the Borrower failing to agree upon whether such duties are of an exceptional nature or otherwise outside the scope of the normal duties of the Security Trustee under this Deed, or failing to agree upon such additional remuneration, such matters shall be determined by an investment bank or person (acting as an expert and not as an arbitrator) selected by the Security Trustee and approved by the Borrower or, failing such approval, nominated (on the application of the Security Trustee) by the President for the time being of The Law Society of England and Wales. The decision of any such investment bank or person shall be final and binding on the Borrower and the Security Trustee and the expenses involved in such nomination and the fees of such investment bank or person shall be paid by the Borrower.

9.3 In addition to remuneration hereunder the Borrower shall, on written request, pay all fees, costs, charges and expenses including travelling expenses which the Security Trustee may properly incur in relation to the preparation and execution of this Deed, any Accession Deed or a Security Document or Ancillary Documents, responding to, evaluating, negotiating or complying with any request for an amendment, waiver or consent under this Deed, any Accession Deed, any Security Document or any Ancillary Document and exercise of powers, enforcement or preservation of rights or the performance of its duties under, and in any other

manner (including in connection with proceedings initiated by or against the Security Trustee as a consequence of it taking or holding the Trust Property or enforcing its rights in relation thereto) in relation to or under, this Deed, any Accession Deed, any Security Document or any Ancillary Document.

9.4 Without prejudice to any indemnity contained in any Security Document, the Borrower shall indemnify the Security Trustee:

- (a) in respect of all liabilities and expenses incurred by it or by any person (including, without limitation, any receiver, attorney or agent) appointed by it to whom any trust, power, authority or discretion may be delegated by it in the execution or purported execution of the trusts, powers, authorities or discretions vested in it by this Deed, any Accession Deed, any Security Document or under any Ancillary Document; and
- (b) against all liabilities, actions, proceedings, costs, claims and demands in respect of any matter or thing done or omitted in any way in relation to this Deed, any Accession Deed, any of the Security Documents or under any Ancillary Document,

save where the same has arisen from the Security Trustee's gross negligence or wilful default.

9.5 All sums payable under clauses 9.3 and 9.4 shall be payable within thirty days of written demand therefor. All sums payable by the Borrower under this clause shall carry interest at a rate equal to 2 per cent per annum over the highest interest rate for the time being payable under any of the Relevant Documents (excluding any default rate of interest under the Relevant Documents) from time to time from the earlier to occur of:

- (a) the date falling thirty days after such written demand;
- (b) the date specified in such written demand on which payment will be made by the Security Trustee; or
- (c) the date of such written demand if the Security Trustee specifies in the written demand that payment has already been made by the Security Trustee.

9.6 All payments made by the Borrower under the Security Documents are calculated without regard to VAT. If any payment constitutes the whole or any part of the consideration for a taxable or deemed taxable supply by the Security Trustee, the amount of that payment shall be increased by an amount equal to the amount of VAT which is chargeable in respect of the taxable supply in question.

9.7 Where in any Security Document the Borrower has an obligation to indemnify or reimburse the Security Trustee in respect of any loss or payment, the calculation of the amount payable by way of indemnity or reimbursement shall take account of the likely Tax treatment in the hands of the Security Trustee of the amount payable by way of indemnity or reimbursement and of the loss or payment in respect of which that amount is payable.

10 Appointment of Additional Trustees

After consultation with the Borrower (where feasible) and with the prior written consent of the Representative of each Beneficiary (which consent shall not be unreasonably withheld or delayed) the Security Trustee may at any time appoint any person (whether or not a trust corporation) to act either as a separate trustee or as a co trustee jointly with it (a) if it considers such appointment to be in the interests of the Beneficiaries or (b) for the purposes

of conforming to any legal requirements, restrictions or conditions which the Security Trustee deems relevant for the purposes hereof, and the Security Trustee shall give notice to the Borrower of any such appointment. Any person so appointed shall have such powers, authorities and discretions and such duties and obligations as shall be conferred or, imposed on such person by the instrument of appointment and shall have the same benefits under clauses 8 (Activities of the Security Trustee) and 9 (Remuneration of the Security Trustee) as the Security Trustee. The Security Trustee shall have power in like manner with the prior written consent of the Representative of each Beneficiary (which consent shall not be unreasonably withheld or delayed) to remove any person so appointed. The Security Trustee may pay to any person so appointed any remuneration which has been previously approved by the Representative of each Beneficiary and the Borrower (such approval not to be unreasonably withheld or delayed) and any such remuneration, costs, charges and expenses incurred by such person in performing its functions pursuant to such appointment, shall for the purposes hereof be treated as costs, charges and expenses incurred by the Security Trustee in performing its function as trustee hereunder.

11 The Borrower

The Borrower is party to this Deed for the purpose of acknowledging the provisions hereof and the priorities herein recorded and the obligations owed by it to the Security Trustee and undertakes with each Beneficiary and the Security Trustee to observe the provisions of this Deed at all times and not in any way to do or knowingly suffer anything within its control to be done which would be a breach of the terms of its obligations under this Deed.

12 Benefit of Agreement and Resignation of Security Trustee

12.1 This Deed shall be binding on and enure for the benefit of each party hereto and its successors in title and to any transferees or assigns of any Beneficiary in accordance with the terms of any Relevant Document.

12.2 The Security Trustee may retire at any time on giving not less than three months' prior written notice to each Representative of the Beneficiaries and the Borrower without assigning any reason and without being responsible for any costs occasioned by such retirement. Each Representative of the Beneficiaries shall have the power by notice in writing signed by the Representatives of Beneficiaries representing at least 66.66 per cent in nominal or principal amount of all outstanding Relevant Liabilities to remove the Security Trustee and appoint a replacement after consultation with the Borrower. With the prior written consent of the Beneficiaries representing at least 66.66 per cent in nominal or principal amount of all outstanding Relevant Liabilities, the Borrower shall have the power by notice in writing to the Security Trustee and to each Relevant Beneficiary to remove the Security Trustee and appoint a replacement which has been approved in writing by the Beneficiaries. The retirement or removal of the Security Trustee shall not become effective until a successor trustee is appointed and shall have become bound by the provisions of these presents whereupon the Security Trustee retiring or being removed shall thereby forthwith be discharged from such provisions. Upon the replacement Security Trustee agreeing in writing that it shall assume the duties and obligations assumed by the Security Trustee in this Deed it shall have all the rights, trusts, powers, authorities, discretions, duties and obligations of and vested in the Security Trustee under this Deed.

12.3 Any costs incurred by the Security Trustee in connection with its removal (and the consequent appointment of a successor Security Trustee) will be for the account of the Borrower unless such removal and appointment have been instigated by the Beneficiaries or their Representatives, in which event the Beneficiaries will bear (and will indemnify the Borrower and the outgoing and new Security Trustee against) all costs and expenses relating to the

removal of the Security Trustee and appointment of a successor, to be apportioned among the Beneficiaries in accordance with the Relevant Proportion.

13 Notices

- 13.1 Each communication to be made hereunder shall be made in writing but, unless otherwise stated, may be made by facsimile or letter.
- 13.2 Any communication or document (unless made by facsimile) to be made or delivered by one party to another pursuant to this Deed shall (unless that other party has by 10 Business Days written notice to the Security Trustee specified another address) be made or delivered to that other party at the address identified with its signature below (or in any Accession Deed) and shall be deemed to have been made or delivered when despatched and (in the case of any communication made by letter) when left at that address or (as the case may be) 5 Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address provided that any communication or document to be made or delivered to the Security Trustee shall be effective only when received by the Security Trustee and then only if the same is expressly marked for the attention of the department and officer as the Security Trustee shall from time to time specify for this purpose.
- 13.3 Any facsimile communication made by one party to another shall be made to that other party at the relevant facsimile number specified by it from time to time for the purpose and shall be deemed to have been received when transmission of such facsimile communication has been completed. Each such facsimile communication, if made to the Security Trustee by the Borrower, shall be signed by the party or parties authorised by the Borrower, in the certificate delivered to the Security Trustee in connection with this Deed and shall be expressed to be for the attention of the department and officer as the Security Trustee shall from time to time specify for this purpose.

14 Winding up of Trust

If the Security Trustee shall determine that all of the obligations under each of the Relevant Documents have been fully, finally and unconditionally discharged and released, the trusts herein created shall be wound up.

15 Perpetuity Period

The perpetuity period under the rule against perpetuities, if applicable hereto and to each Security Document, shall be the period of eighty years from the date hereof.

16 Set off and counterclaim

All payments under this Deed shall be made without set-off or counterclaim.

17 Severance

If any provision of any Security Document is or becomes illegal, invalid or unenforceable in any jurisdiction, that shall not affect:

- (a) the legality, validity or enforceability in that jurisdiction of any other provision of the Security Documents; or
- (b) the legality, validity or enforceability in any other jurisdiction of that or any other provision of the Security Documents.

18 Waivers, remedies cumulative

The rights of the Beneficiaries under the Security Documents:

- (a) may be exercised as often as necessary;
- (b) are cumulative and not exclusive of rights under the general law; and
- (c) may be waived only in writing and specifically.

Delay in exercising or non-exercise of any such right is not a waiver of that right.

19 Counterparts

This Deed may be executed in counterparts, all of which when taken together shall constitute a single deed.

20 Law

This Deed shall be governed by, and construed in accordance with, the laws of England.

In witness whereof this Deed was executed by the parties hereto as a deed the day and year first above written.

Schedule 1

Form of Accession Deed

This Deed dated ♦, is supplemental to a security trust deed (**Security Trust Deed**) dated ♦ 2008 and made between **Prudential Trustee Company Limited** as Security Trustee, **Moat Homes Limited** as Borrower, Abbey National Treasury Services plc as the Agent and Abbey National Treasury Services plc as the Original Beneficiary (as the same may from time to time be amended, restated, novated or supplemented).

Words and expressions defined in the Security Trust Deed have the same meaning when used in this Deed.

- 1 [The Additional Beneficiary] (**Additional Beneficiary**) of [address] hereby agrees with each other person who is or who becomes a party to the Security Trust Deed that with effect from the date on which the Security Trustee confirms to its Representative that the provisions of clauses 2.3 (Relevant Liabilities) and 2.5 (Relevant Liabilities) of the Security Trust Deed have been complied with it will become a party to and be bound by and benefit from the Security Trust Deed as a Beneficiary in respect of the Relevant Liabilities owed to it from time to time.
- 2 [The Representative] (**Representative**) of [address] hereby agrees with each other person who is or who becomes a party to the Security Trust Deed that with effect from the date on which the Security Trustee confirms to it that the provisions of clauses 2.3 (Relevant Liabilities) and 2.5 (Relevant Liabilities) of the Security Trust Deed have been complied with it will become a party to and be bound by and benefit from the Security Trust Deed as Representative for the Additional Beneficiary in respect of the Relevant Liabilities owed to the Additional Beneficiary from time to time.
- 3 The address for notices to the Additional Beneficiary for the purposes of clause 13 (Notices) of the Security Trust Deed is:

♦
- 4 The address for notices to the Representative for the purposes of clause 13 (Notices) of the Security Trust Deed is:

♦
- 5 The Relevant Documents in respect of the Additional Beneficiary are: ♦

This Deed shall be governed by and construed in accordance with English law.

IN WITNESS this Deed has been executed by the parties hereto as a deed on this date first above written.

The common seal of **Moat Homes Limited** was)
affixed to this Deed in the presence of)
)

.....
Authorised Signatory

.....
Authorised Signatory

The common seal of **Prudential Trustee**)
Company Limited was)
affixed to this Deed in the presence of)

.....
Sealing Officer

The common seal of **[Representative]** was)
affixed to this Deed in the presence of)

.....
Authorised Signatory

.....
Authorised Signatory

Schedule 2

Documents to be provided by Borrower under clause 3.2 (Conditions Precedent)

- 1 A certified copy of the consent of the Housing Corporation for each Legal Mortgage pursuant to Section 9 of the Housing Act 1996, such consent to be designated in favour of the Security Trustee
- 2 Where applicable, a certified copy of the consent of the Department for Communities and Local Government under Section 133 of the Housing Act 1988 for the Security Trustee to sell the whole or any part of the Property.
- 3 Where applicable, a certified copy of the consent of the Department for Communities and Local Government under Section 32 to 34 and 43 of the Housing Act 1985 and Section 25 of the Local Government Act 1988.
- 4 Where applicable, a certified copy of the consent of the Department for Communities and Local Government under Section 171(D)(2) and (3) of the Housing Act 1985.
- 5 A Certificate of Title addressed to the Security Trustee and, if the Security Trustee requires, the Relevant Beneficiaries (and, in any event, in a form which may be relied on by any Beneficiaries from time to time) from solicitors reasonably acceptable to the Security Trustee on the Property to be charged.
- 6 Land Registry searches affording priority to the Security Trustee for a period of not less than 10 Business Days following the date upon which the relevant Legal Mortgage delivered pursuant to paragraph 9 below is entered into, against each Property or part thereof to be charged, the title to which is, in each case, registered or which is unregistered and in respect of which an application for first registration is to be lodged at the Land Registry with any appropriate transfers (Form TR5) (duly stamped).
- 7 Appropriate land registry application forms duly completed (including Forms RX1 and CH2) and land registry fees (including any related fees) or an undertaking to lodge such forms within the relevant priority periods
- 8 A certified copy of a resolution of the Board of the Borrower (or of a duly constituted and authorised committee thereof together with a certified copy of a resolution of the Board appointing that committee and establishing its authority):
 - (a) approving the terms of and the entry into of this Deed or the relevant Accession Deed, if applicable, and the Legal Mortgage and resolving that it executes each such Document; and
 - (b) authorising a specified person or persons to execute each such Document on its behalf if it is to be executed by a specified person or persons; or
 - (c) authorising its seal to be affixed to each such Document if they are to be executed by the Borrower under seal.
- 9 The original of the Legal Mortgage (in respect of the Property to be charged) executed by each party to it together with all forms, searches certificates and fees required to register such Legal Mortgage where appropriate at the FSA or Companies House and the Land Registry and any other appropriate registry (including the applications to enter on the Register the restriction against dealings and the obligation to make further advances) or a letter of

undertaking from the solicitors to the Borrower addressed to, and in a form reasonably acceptable to, the Security Trustee and the Relevant Beneficiary.

- 10 Such other documents, reports or opinions (including, without limitation, structural surveys and environmental reports) certificates, consents (including landlord's consents and floating charge holders' consents if applicable), certificates of non-crystallisation of all floating charges in favour of other creditors affecting the Property and assets to be charged, notices (including notices to landlords) or assurances as the Security Trustee may reasonably request.
- 11 Copies of policies, certificates or cover notes relating to each contract or policy of insurance taken out by or on behalf of the Borrower or in which the Borrower has an interest and which relate to the Property to be charged and evidence satisfactory to the Security Trustee that a note of the Security Trustee's interest has been endorsed on each such contract or policy of insurance in accordance with the terms of the Legal Mortgage or that the policy includes a provision for the automatic noling of mortgagees' interests.
- 12 Where applicable, a certified copy of any planning permission in respect of the Property to be charged.
- 13 Where applicable, a copy of the form of Approved Tenancy Agreement, as defined in the Legal Mortgage.

Schedule 3

Security Certificate

TO: [Representative] as Representative for itself and on behalf of ♦ as Beneficiaries (Representative)

Prudential Trustee Company Limited in its capacity as Security Trustee pursuant to a security trust deed dated ♦ 2008 between it and Moat Homes Limited as the Borrower, Abbey National Treasury Services plc as the Agent and Abbey National Treasury Services plc as the Original Beneficiary (**Security Trust Deed**), hereby certifies the following:

- 1 The Borrower has executed [a] Legal Mortgage[s] in favour of the Security Trustee over the Property listed in the schedule to this Security Certificate and such Property has been designated in favour of ♦ as security for the Relevant Liabilities of ♦ (**Charged Property**).
- 2 Copies of the conditions precedent provided in respect of the Charged Property under clause 3.2 (Conditions Precedent) of the Security Trust Deed, are currently available for inspection at the offices of [solicitors] provided however that the Security Trustee owes no duty of care to the Representative or any Beneficiary in connection with the form or substance of such conditions precedent.
- 3 Copies of correspondence between us and the Borrower relating to the Charged Property, and information relating to the Charged Property received by us from the Borrower, since execution of the relevant Legal Mortgage are currently available for inspection at [the offices of [solicitors]] provided however that the Security Trustee will not be held liable for the form or content of such information.

By agreeing that the Charged Property has been designated in favour of ♦ such that the Proceeds thereof have been allocated for application in reduction of the Relevant Liabilities of ♦, the Representative is deemed to have confirmed that such conditions precedent are in a form and substance satisfactory to the Representative.

Terms defined in the Security Trust Deed bear the same meaning in this certificate.

Schedule 4

Legal Mortgage

Dated

200♦

MOAT HOMES LIMITED

PRUDENTIAL TRUSTEE COMPANY LIMITED

LEGAL MORTGAGE

ADDLESHAW GODDARD

This Deed is made on

200♦

Between

- (1) **Moat Homes Limited (Borrower)** a charitable industrial and provident society registered under the Industrial and Provident Societies Act 1965 with registered number IP17434R and registered under the Housing Act 1996 as a Registered Social Landlord with the Housing Corporation with registered number L0386 whose registered office is situated at [Mariner House, Galleon Boulevard, Crossways, Dartford, Kent DA2 6QE]; and
- (2) **Prudential Trustee Company Limited** as trustee of the security constituted under this deed for itself and the Beneficiaries (as defined below) (**Security Trustee**), which expression shall include each company and all other persons or companies acting as security trustee under this Deed.

Whereas:

- (A) Under the terms of the Security Trust Deed, the Borrower may grant security pursuant to this Deed to be held for and specifically designated to certain Beneficiaries.
- (B) It is intended by the parties hereto that this document shall take effect as a deed.

Now it is agreed as follows:

1 Interpretation

1.1 Definitions

In this Deed:

Approved Tenancy Agreement means the form of tenancy agreement from time to time, in substantially the form of a standard tenancy agreement of the Borrower which complies with the provisions of any guidance by the Housing Corporation or, in respect of any tenancy agreement relating to Designated Security which does not comply with the provisions of any guidance by the Housing Corporation, approved by the Relevant Beneficiary (acting reasonably)

Beneficiaries has the meaning given to it in the Security Trust Deed

Certificate of Title means a certificate of title in, or substantially in, a form acceptable to the Security Trustee and the Relevant Beneficiary

Enforcement Event has the meaning given to it in the Security Trust Deed

Fixtures means, in relation to any Mortgaged Property, all fixtures and fittings (including trade fixtures and fittings) and fixed plant and machinery, equipment, installations and apparatus from time to time thereon owned by the Borrower

Housing Corporation means the body constituted pursuant to section 74 of, and schedule 6 to, the Housing Associations Act 1985 or any other body which takes over all or substantially all of its regulatory and supervisory powers or any body which takes over any or all of its grant making powers and responsibilities in each case in relation to the provision of social housing

Insurances means all contracts and policies of insurance readily available in the market at a reasonable premium which would reasonably be expected to be taken out by a Registered

Social Landlord of similar size and operating in the same locality and which are from time to time taken out by or with the authority and on behalf of the Borrower or (to the extent of such interest) in which the Borrower has an interest, in each case in connection with the Mortgaged Property

Letting Document means any past, present or future lease, tenancy or licence to occupy or any past, present or future agreement for any of the same from time to time granted or entered into by or binding on the Borrower in respect of the Mortgaged Property and any licence, consent or approval given thereunder

Mortgaged Property means the real property hereby legally mortgaged or charged and any other freehold or leasehold property charged by way of fixed charge under this Deed

Notice of Assignment means a notice substantially in the form set out in schedule 2 (Notice of Assignment)

Planning Acts means the Town and Country Planning Acts 1990, the Planning (Listed Buildings and Conservation Areas) Act 1990, the Planning (Hazardous Substances) Act 1990, the Planning (Consequential Provisions) Act 1990, the Planning and Compensation Act 1991, the Planning and Compulsory Purchase Act 2004 and any Act or Acts for the time being in force amending or re-enacting the same and any orders, regulations or permissions (which are legally binding on the Borrower or its assets) made, issued or granted under or by virtue of such Acts or any of them

Potential Enforcement Event has the meaning given to it in the Security Trust Deed

Premises means all buildings and erections for the time being comprised within the definition of **Security Assets**

Receiver means a receiver and manager or (if the Security Trustee so specifies in the relevant appointment) a receiver

Registered Social Landlord has the meaning given to such term in the Housing Act 1996

Relevant Documents has the meaning given to such term in the Security Trust Deed

Reservations means:

- (a) the principle that equitable remedies may be granted or refused at the discretion of the court
- (b) the limitation on enforcement by laws relating to bankruptcy, insolvency, liquidation, reorganisation, court schemes, moratoria, administration and other laws affecting the rights of creditors generally
- (c) the time barring of claims under the Limitations Acts
- (d) the possibility that an undertaking to assume liability for, or to indemnify a person against, non-payment of UK stamp duty may be avoided and
- (e) defences of set-off or counterclaim

RPI means the index entitled "United Kingdom General Index of Retail Prices" (January 1987 = 100) (for all items) published by the Office for National Statistics (or, if that index is not

published at any time, such other comparable or replacement index as the Security Trustee may reasonably specify)

Secured Obligations has the meaning given to such term in the Security Trust Deed

Security Assets means all assets, rights and property of the Borrower mortgaged or charged or assigned in clause 3 (Fixed Charges) hereof including, without limitation, the Mortgaged Property

Security Interest means a mortgage, charge, pledge, lien, assignment or other security interest or encumbrance of any kind or any type of preferential arrangement (including, without limitation title transfer and retention of title) which in each case is for the purpose of, or which has the effect of granting security

Security Period means the period beginning on the date hereof and ending on the date upon which the Security Trustee is satisfied (acting reasonably) that all the Secured Obligations which have arisen or may arise have been unconditionally and irrevocably paid and discharged in full or the security hereby created has been unconditionally and irrevocably released and discharged

Security Trust Deed means a deed dated ♦ and entered into by the Borrower, the Security Trustee, [INITIAL LENDER] as Agent and {INITIAL LENDER} as Original Beneficiary (as the same may be amended, novated, replaced, restated or supplemented from time to time)

Shared Ownership Lease means a shared ownership lease as defined in section 106 of the Housing Associations Act 1985

Shared Ownership Property means any Mortgaged Property occupied pursuant to a Shared Ownership Lease where the Borrower holds, or will hold upon disposal on shared ownership terms by the grant of the Shared Ownership Lease, less than 100 per cent of the beneficial interest in that Mortgaged Property and the purchaser of the balance of that beneficial interest may have the right to acquire a further portion of the Borrower's retained beneficial interest

Taxes includes all present and future taxes, charges, imposts, duties, levies, deductions, withholdings or fees of any kind whatsoever, or any amount payable on account of or as security for any of the foregoing, by whomsoever, on whomsoever and wherever imposed, levied, collected, withheld or assessed, together with any penalties, additions, fines, surcharges or interest relating thereto, and **Tax** and **Taxation** shall be construed accordingly

1.2 Construction

(a) In this Deed unless the contrary intention appear, a reference to:

assets includes present and future properties, revenues and rights of every description;

an **authorisation** includes an authorisation, consent, approval, resolution, licence, exemption, filing and registration;

insolvency laws includes any liquidation, insolvency, bankruptcy, composition, reorganisation or other similar laws;

a **month** is a reference to a period starting on one day in a calendar month and ending on the numerically corresponding business day in the next calendar month

cept that, if there is no numerically corresponding day in the month in the next calendar month, that period shall end on the last day in that calendar month;

a **receiver** includes any receiver, trustee, administrator, custodian, conservator or other similar official;

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

a clause or a schedule is a reference to a clause of or a schedule to this Deed;

a law is a reference to that law as re-enacted, amended or replaced;

a Relevant Document or another document is a reference to that Relevant Document or other document as amended, varied, novated or supplemented; and

a Beneficiary shall include a reference to the successor, permitted assigns or transferees of such Beneficiary.

- (b) Unless the contrary intention appears, a term used in the Security Trust Deed or in any notice given under, or in connection with, the Security Trust Deed has the same meaning in this Deed as in the Security Trust Deed or notice.
- (c) The index to and the headings in this Deed are for convenience only and are to be ignored in construing this Deed.
- (d) The terms of the documents under which the Secured Obligations arise and of any side letters between the parties hereto in relation thereto are incorporated herein to the extent required for any purported disposition of the Mortgaged Property contained herein to be a valid disposition in accordance with Section 2(1) of the Law of Property (Miscellaneous Provisions) Act 1989.
- (e) If the Security Trustee considers that an amount paid to the Security Trustee or any Beneficiary for application in or towards repayment of the Secured Obligations is capable of being avoided or otherwise set aside on the liquidation or administration of the Borrower or otherwise, then such amount shall not be considered to have been irrevocably paid for the purposes hereof.

1.3 **Certificates**

A certificate of the Security Trustee setting forth the amount of any Secured Obligation due from the Borrower shall be prima facie evidence of such amount against the Borrower in the absence of manifest error.

2 **Covenant to Pay**

2.1 **Covenant**

The Borrower hereby covenants with the Security Trustee for the benefit of itself and the Beneficiaries that it will pay or discharge the Secured Obligations on the due date therefor in the manner provided in the Relevant Documents. Any amount not paid hereunder when due shall bear interest (as well after as before judgement and payable on demand) at a rate equal

to 2 per cent. per annum over the highest interest rate for the time being payable under any of the Relevant Documents from the due date until the date such amount is unconditionally and irrevocably paid and discharged in full.

2.2 Right of appropriation

Upon and after the occurrence of an Enforcement Event for so long as the same is continuing unremedied or unwaived but only after any applicable grace period has expired without the Enforcement Event having been remedied, the Security Trustee shall be entitled to appropriate moneys and/or assets to be applied against the Secured Obligations in accordance with clause 11 (Application of Proceeds) and any such appropriation shall override any appropriation by the Borrower.

3 Fixed Charges

3.1 The Borrower, with full title guarantee, as security for the payment of all Secured Obligations charges in favour of the Security Trustee for the benefit of itself and the Beneficiaries:

- (a) by way of a first fixed legal mortgage all the property referred to in schedule 1 (Mortgaged Properties) together with all buildings and Fixtures, erections and structures thereon or in the course of construction thereon, the proceeds of sale of all or any part thereof and (so far as the same are capable of being mortgaged) the benefit of any covenants for title given or entered into by any predecessor in title of the Borrower and any moneys paid or payable in respect of such covenants;
- (b) by way of first fixed charge:
 - (i) all plant and machinery now or in the future owned by the Borrower and its interest in any plant and machinery in its possession which form part of or are operated by the Borrower on the Mortgaged Property;
 - (ii) all benefits in respect of the Insurances and all claims and returns of premiums in respect thereof;
 - (iii) the benefit of all present and future licences, consents and authorisations (statutory or otherwise) held in connection with the Mortgaged Properties and the use of any of the Security Assets specified in clause 3.1(a) and 3.1(b)(i) and the right to recover and receive all compensation which may at any time become payable to it in respect thereof; and
 - (iv) if and in so far as the legal mortgage set forth in clause 3.1(a) or the assignments set out in clause 3.2 shall for any reason be ineffective as legal mortgages or assignments, the assets referred to in those clauses.

3.2 The Borrower covenants that on the request of the Security Trustee, as security for payment of the Secured Obligations, it shall, following the occurrence of an Enforcement Event which has occurred and is continuing unremedied or unwaived and is not remedied within any applicable grace period, with full title guarantee assign to the Security Trustee for the benefit of itself and the Beneficiaries (to the fullest extent assignable or capable of assignment without first infringing any contracted provision restricting the same) all of its rights, title and interest in and to:

- (a) the personal agreements and covenants by the tenants, lessees, licensees or other parties under the Letting Documents and by all guarantors and all security held by the

Borrower from time to time, whether present or future, in respect of the obligations of the tenants, lessees, licences or other parties under the Letting Documents (including, without limiting the generality of the foregoing, all moneys due and owing to the Borrower or which may become due and owing to the Borrower at any time in the future in connection therewith);

- (b) all agreements now or from time to time entered into or to be entered into to enable the charging of the Security Assets and for the sale, letting or other disposal or realisation of the whole or any part of the Security Assets (including, without limiting the generality of the foregoing, all moneys due and owing to the Borrower or which may become due and owing to the Borrower at any time in the future in connection therewith);
- (c) all agreements, contracts, deeds, licences, undertakings, guarantees, covenants, warranties, representations and other documents (including all documents entered into now or in the future so as to enable the Borrower to perfect its rights under this Deed or any such agreement, contract, deed, licence, undertaking, guarantee, covenant, warranty, representation or other documents) now or hereafter entered into by or given to the Borrower in respect of the Mortgaged Properties and all claims, remedies, awards or judgements paid or payable to the Borrower (including, without limitation, all liquidated and ascertained damages payable to the Borrower under the above) in each case relating to the Mortgaged Properties;
- (d) all licences held now or in the future in connection with the relevant Mortgaged Property and also the right to recover and receive all compensation which may at any time become payable to the Borrower in relation to the relevant Mortgaged Property;
- (e) all rights and claims to which the Borrower is now or may hereafter become entitled in relation to any development, construction project, redevelopment, refurbishment, repair or improvement of or on the relevant Mortgaged Property;
- (f) all guarantees, warranties, bonds and representations given or made now or hereafter by, and any rights or remedies against, all or any of the designers, builders, contractors, surveyors, valuers, professional advisers, sub-contractors, manufacturers, suppliers and installers of any Fixtures in respect of the relevant Mortgaged Property; and
- (g) all rental income and disposal proceeds in each case relating to the relevant Mortgaged Property which has not been assigned pursuant to clauses 3.2(a), 3.2(b) or 3.2(c) and the right to make demand for and receive the same.

4 Continuing Security, etc

4.1 Notices of Assignment

Following the occurrence of an Enforcement Event which is continuing unremedied or unwaived the Borrower shall deliver to the Security Trustee (or procure delivery of) a Notice of Assignment duly executed by, or on behalf of, the Borrower in respect of any asset which is the subject of an assignment pursuant to clause 3.2 (Fixed Charges) promptly upon the request of the Security Trustee from time to time and in each case shall use all reasonable endeavours to procure that each such Notice of Assignment is acknowledged by the obligor or debtor specified by the Security Trustee (substantially in the form attached to such Notice of Assignment).

4.2 **Continuing security**

The security constituted by this Deed shall be continuing and will extend to the ultimate balance of all sums payable by the Borrower under the Relevant Documents, regardless of any intermediate payment or discharge in whole or in part.

4.3 **Reinstatement**

- (a) Where any discharge (whether in respect of the obligations of the Borrower or any security for those obligations or otherwise) is made in whole or in part or any arrangement is made on the faith of any payment, security or other disposition which is avoided or must be restored on insolvency, liquidation or otherwise without limitation, the liability of the Borrower under this Deed shall continue as if the discharge or arrangement had not occurred.
- (b) The Security Trustee may concede or compromise any claim that any payment, security or other disposition is liable to avoidance or restoration.

4.4 **Immediate recourse**

The Borrower waives any right it may have of first requiring the Security Trustee or any Beneficiary to proceed against or enforce any other rights or security or claim payment from any other person before enforcing the security constituted hereby.

4.5 **Additional security**

This Deed is in addition to and is not in any way prejudiced by any other security now or hereafter held by the Security Trustee or any Beneficiary.

5 **Representations And Warranties**

5.1 **To whom made**

The Borrower makes the representations and warranties set out in clause 5.2 (subject to any disclosures contained in the most recent Certificate of Title in relation to a Mortgaged Property (if any)) to the Security Trustee and each Beneficiary.

5.2 **Matters represented**

- (a) The Mortgaged Property: Save as disclosed in the Certificate of Title relating to the Mortgaged Property:
 - (i) the Borrower is the legal and beneficial owner of the Mortgaged Properties subject to any rights to buy or Shared Ownership Property arrangements;
 - (ii) while the Mortgaged Property has been owned by the Borrower, planning permission has been obtained or is deemed to have been granted in accordance with statute for the purposes of the Planning Acts and has been complied with in respect to any development and the existing use of the Mortgaged Property and the Planning Acts and all relevant building regulations or previously relevant building bylaws have been complied with in respect of all developments, alterations and improvements to the Mortgaged Property save where such building regulations or bylaws did not apply to the owner or its predecessors (whether immediate or derivative) at the relevant

time and they have also been complied with in respect of the use of the Mortgaged Property;

- (iii) there are no covenants, agreements, stipulations, reservations, conditions, interest, rights or other matters whatsoever affecting the Mortgaged Property which materially adversely affect or are reasonably likely materially to adversely affect the value of the Mortgaged Property;
- (iv) as far as the Borrower is aware, having made all reasonable enquiries, nothing has arisen or has been created or is subsisting which would be an overriding interest over the Mortgaged Property which materially adversely affects or is reasonably likely materially to adversely affect the value of the Mortgaged Property;
- (v) no facilities necessary for the enjoyment and use of the Mortgaged Property are enjoyed by the Mortgaged Property on terms entitling any person to terminate or curtail its or their use which materially adversely affects or is reasonably likely materially to adversely affect the value of the Mortgaged Property;
- (vi) the Borrower has received no notice of any adverse claims by any person in respect of the ownership of the Mortgaged Property or any interest therein, nor has any acknowledgment been given to any person in respect thereof; and
- (vii) the Mortgaged Property will from the date hereof be free from any tenancies or licences other than those permitted under the Relevant Documents or in the form of an Approved Tenancy Agreement.

- (b) **Security:** Subject to the Reservations and registration at the Land Registry or the Land Charges Registry and the Financial Services Authority and Provided that any uncertainty over the nature of the Security Interests caused by uncertainty of law shall not give rise to a breach of this representation, this Deed creates those Security Interests it purports to create ranking as set out above and is not liable to be avoided or otherwise set aside on the liquidation or administration of the Borrower or otherwise.

5.3 Times for making representations and warranties

The representations and warranties set out in this clause 5 are made on the date hereof and are deemed to be repeated on the date of each notice of drawdown under any Relevant Document and on the day of each compliance certificate being delivered by the Borrower pursuant to the terms of the Relevant Documents.

6 Undertakings

6.1 Duration and with whom made

The undertakings in this clause 6:

- (a) shall remain in force throughout the Security Period; and
- (b) are given by the Borrower to the Security Trustee and each Beneficiary.

6.2 Maintenance of Property

The Borrower will:

- (a) **Repair:** keep the Premises in good and tenable repair and condition and adequately and properly painted and decorated (or procure the same, as applicable) and keep the Fixtures and all plant, machinery, implements and other effects for the time being owned by it and which are in or upon the Premises or elsewhere in a good state of repair and in good working order and condition (save for fair wear and tear) except where the Premises are subject to a development, construction, refurbishment, major repair or improvement scheme until the same is completed;
- (b) **Insurance:** maintain insurance cover in relation to its activities and assets relating to the Mortgaged Property against such risks and in such amounts as is usual for prudent Registered Social Landlords carrying on activities of the type and scale which are carried on by the Borrower and promptly, on request from the Security Trustee, provide the Security Trustee with copies of all policies and contracts of insurance which relate to the Mortgaged Property or income deriving therefrom together with evidence that those policies and contracts are in full force and effect and comply with the requirements of the Security Documents;
- (c) **Noting of interest:** procure that a note of the Security Trustee's interest (in a manner *satisfactory to the Security Trustee*) is *endorsed upon all policies of insurance relating to the Mortgaged Property* (except where the relevant policy or policies provide for automatic noting of a mortgagee's interest and the Borrower has provided evidence of this *satisfactory to the Security Trustee*) which shall at any time during the subsistence of this security be effected, maintained or held by the Borrower and use its reasonable endeavours to procure that such policies provide that the policies of insurance will not be terminated or otherwise allowed to lapse unless 14 days' prior notice is given to the Security Trustee;
- (d) **Maintenance of Insurances:** not do or knowingly permit anything to be done in or upon or relating to the Mortgaged Property or any part thereof which may make void or voidable any Insurance in connection therewith;
- (e) **Premiums:** promptly pay all premiums and do all other things necessary to keep all of the Insurances in force and, on reasonable demand by the Security Trustee, produce to the Security Trustee the policy, certificate or cover note relating to each Insurance (as requested by the Security Trustee) and of the receipt for the payment of each such premium;
- (f) **Compliance with leases:** pay (if it is the lessee) the rents reserved by and (in any event) perform and observe all the covenants, agreements and stipulations on the part of the Borrower contained in any lease or leases comprised within the Mortgaged Property and not to do or knowingly suffer to be done any act or thing whereby the said lease or leases may become liable to forfeiture or otherwise be determined. Provided that if a notice pursuant to Section 146 of the Law of Property Act 1925 is served on the Borrower the Borrower shall promptly inform the Security Trustee;
- (g) **Taxes and outgoings:** (save to the extent that payment of the same is being contested in good faith) pay as and when the same shall become payable all Taxes, rates, duties, charges, assessments and outgoings whatsoever (whether parliamentary, parochial, local or of any other description) which shall be assessed, charged or imposed upon or payable in respect of the *Mortgaged Property or any part*

thereof (but not in respect of the occupier thereof where the Borrower is not the occupier);

- (h) User: use the Mortgaged Property only for such purpose or purposes as may for the time being be authorised as the permitted use thereof under or by virtue of the Planning Acts and not without the prior written consent of the Security Trustee, make any application for planning permission which could reasonably be expected to have an adverse effect on the value of any Mortgaged Property or implement any planning permission so obtained;
- (i) Notices: within 7 days after the receipt by the Borrower of any application, requirement, order or notice served or given by any public or local or any other authority in relation to the Mortgaged Property or any part thereof where the cost of compliance with that application, requirement, order or notice when aggregated with others outstanding at that time is in excess of £100,000 (as increased by RPI from the date of this Deed), give written notice thereof to the Security Trustee and also (within seven days after demand) produce the same or a copy thereof to the Security Trustee and inform it of the steps taken or proposed to be taken to comply with any such requirement thereby made or implicit therein;
- (j) Statutes: duly and punctually perform and observe all its obligations in connection with the Security Assets under any present or future statute or any regulation, order or notice made or given thereunder;
- (k) Leases:
 - (i) not without the previous consent in writing of the Security Trustee grant or agree to grant (whether in exercise or independently of any statutory power) any lease or tenancy of the Mortgaged Property or any part thereof or accept a surrender of any lease or tenancy or confer upon any person any contractual licence or right to occupy the Mortgaged Property other than in the form of an Approved Tenancy Agreement or on terms which confer no fewer rights on the Borrower as the lessor or licensor and impose no obligations on the Borrower additional to those set out in an Approved Tenancy Agreement and provided, on request by the Security Trustee following the occurrence of an Enforcement Event which is continuing, it notifies the Security Trustee of all leases, tenancies, licences or rights to occupy granted or surrendered by it and if so reasonably requested by the Security Trustee provided it sends a copy thereof to the Security Trustee forthwith upon request;
 - (ii) not without the prior written consent of the Security Trustee accept or agree to accept the surrender or alteration of any of the Letting Documents which materially adversely affects or is likely to materially adversely affect the value of the Mortgaged Property and observe and perform all the covenants, conditions, agreements and obligations on its part in all material respects to the extent non-compliance materially adversely affects or is likely to adversely affect the value of the Mortgaged Property or the ability of the Borrower to perform its obligations under the Relevant Document;
 - (iii) in accordance with its enforcement and arrears policies as a registered social landlord (which are in a form that is in compliance with Housing Corporation guidance), enforce and not waive or release the covenants, conditions, agreements and obligations contained in or imposed by any of the Letting

Documents or any guarantee in respect of the obligations of the tenants, lessees, licensees or other parties thereunder which materially adversely affects or is reasonably likely to materially adversely affect the value of the Mortgaged Property; and

- (iv) *at any time after an Enforcement Event has occurred and is continuing after the expiry of any applicable grace period during which the Enforcement Event has not been remedied and upon the request of the Security Trustee issue irrevocable instructions to the other parties to any Letting Document to pay rents and sums due under any Letting Document to the Security Trustee or into such accounts as the Security Trustee may require.*
- (l) **Deposit of title deeds:** subject to the Relevant Documents, deposit with the Security Trustee all deeds and documents of title relating to the Mortgaged Properties (and it is hereby agreed that the Security Trustee shall be entitled to hold the same during the Security Period) except to the extent that any such Mortgaged Properties are released by the Security Trustee pursuant to the terms of the Relevant Documents;
- (m) **Access:** *duly and punctually perform and observe all covenants and stipulations restrictive or otherwise affecting all or any part of the Mortgaged Property and indemnify the Security Trustee and each Beneficiary in respect of any breach thereof and provide the Security Trustee with such information as it may reasonably require regarding the Borrower's compliance with this Deed and permit (so far as it is lawful and subject to the tenant's rights) the Security Trustee and any person nominated by it at all reasonable times (provided that reasonable notice has been given by the Security Trustees and subject to the tenant's rights) to enter upon the Mortgaged Property and view the state of the same;*
- (n) **Investigation of title:** after the occurrence of an Enforcement Event which is continuing and which is not remedied within any applicable grace period or an event which the Security Trustee reasonably believes (having first made full and proper enquiries with the Borrower) is a Potential Enforcement Event which is continuing, grant the Security Trustee or its lawyers on request all such facilities within the power of the Borrower to enable such lawyers to carry out investigations of title to the Mortgaged Property and other property which is or may be subject to this security and enquiries into matters in connection therewith as may be carried out by a prudent mortgagee. Such investigations and enquiries shall be at the expense of the Borrower;
- (o) **Report on title:** after the occurrence of an Enforcement Event which is continuing and which is not remedied within any applicable grace period or an event which the Security Trustee reasonably believes (having first made full and proper enquiries with the Borrower) is a Potential Enforcement Event which is continuing and only to the extent that no investigation of title has been conducted pursuant to paragraph 6.2(n) above, forthwith on demand by the Security Trustee provide the Security Trustee with a solicitor's report in a form acceptable to the Security Trustee as to the title of the Borrower to the Mortgaged Property and other property which is or may be subject to this security and related matters concerning the items which a prudent mortgagee would properly require in a solicitor's report of this nature; and
- (p) **Authorisations:** if so requested by the Security Trustee, obtain any material authorisation or material licence required in order to enable the Security Trustee pursuant to the powers of enforcement conferred on it by the Security Documents to sell vacant Properties and comply with any local land charges, covenants (leasehold

or otherwise) or restrictive covenants relating to such Properties which are binding on it,

Provided that nothing in this clause shall require or oblige the Borrower to do or procure to be done anything which is inconsistent with, or contrary to, the terms of any lease or leases under which the Borrower holds any part or parts of the Mortgaged Property.

6.3 Negative Pledge and Disposals

- (a) The Borrower shall not create or permit to subsist any Security Interest on any of the Security Assets save as permitted under the terms of the Relevant Documents.
- (b) The Borrower shall not sell, transfer, grant or lease or otherwise dispose of all or any part of the Security Assets save as permitted under the Security Trust Deed or the Relevant Documents.

7 Power to Remedy

In case of default by the Borrower in repairing or keeping in repair or insuring the Mortgaged Property or any part thereof or in observing or performing any of the covenants or stipulations affecting the same, the Borrower will permit the Security Trustee or its agents and contractors to enter on the Mortgaged Property and to comply with or object to any notice served on the Borrower in respect of the Mortgaged Property and to effect such repairs or insurance or generally do such things or pay all such costs, charges and expenses as the Security Trustee may reasonably consider necessary to prevent or remedy any breach of covenant or stipulation or to comply with or object to any notice. The Borrower will indemnify and keep the Security Trustee indemnified against all losses, costs, charges and expenses reasonably incurred in connection with the exercise of the powers contained in this clause 7.

8 When Security Becomes Enforceable

The security hereby conferred shall become immediately enforceable and the power of sale and other powers conferred by Section 101 of the Law of Property Act 1925 as varied or amended by this Deed shall be immediately exercisable upon and after an Enforcement Event has occurred and is continuing and has not been remedied within any applicable grace period. After the security constituted hereby has become enforceable, the Security Trustee may enforce all or any part of such security (at the times, in the manner and on the terms it thinks fit) and take possession of and hold or dispose of all or any part of such security subject to the terms of the Relevant Documents.

9 Enforcement of Security

For the purposes of all powers implied by statute the Secured Obligations shall be deemed to have become due and payable on the date hereof and Section 103 of the Law of Property Act 1925 (restricting the power of sale) and Section 93 of the same Act (restricting the right of consolidation) shall not apply to this security. The statutory powers of leasing conferred on the Security Trustee shall be extended so as to authorise the Security Trustee to lease, make agreements for leases, accept surrenders of leases and grant options as the Security Trustee shall think fit and without the need to comply with any of the provisions of Sections 99 and 100 of the said Act.

10 Receiver

10.1 Appointment of Receiver

- (a) At any time after this security becomes enforceable or if the Borrower so requests the Security Trustee in writing at any time, the Security Trustee may without further notice appoint under seal or in writing under its hand any one or more qualified persons to be a Receiver of all or any part of the Security Assets in like manner in every respect as if the Security Trustee had become entitled under the Law of Property Act 1925 to exercise the power of sale thereby conferred.
- (b) In this clause 10.1 **qualified person** means a person who, under the Insolvency Act 1986, is qualified to act as a receiver of the property of any company with respect to which he is appointed.

10.2 Powers of Receiver

Every Receiver appointed in accordance with clause 10.1 shall have and be entitled to exercise all of the powers set out below. The powers referred to above are (in each case to the extent permitted by law):

- (a) **Take possession:** to take immediate possession of, get in and collect the Security Assets or any part thereof;
- (b) **Protection of assets:** to make and effect all repairs and insurances and do all other acts which the Borrower might do in the ordinary conduct of its business as well for the protection as for the improvement of the Security Assets and to commence and/or complete any building operations on the Mortgaged Property and to apply for and maintain any planning permissions, building regulation approvals and any other permissions, consents or licences, in each case as he may in his absolute discretion think fit;
- (c) **Borrow Money:** for the purpose of exercising any of the powers, authorities and discretions conferred on him by or pursuant to this Deed and/or of defraying any costs, charges, losses or expenses (including his remuneration) which shall be incurred by him in the exercise thereof or for any other purpose, to raise and borrow money either unsecured or on the security of the Security Assets or any part thereof either in priority to the security constituted by this Deed or otherwise and generally on such terms and conditions as he may think fit and no person lending such money shall be concerned to enquire as to the propriety or purpose of the exercise of such power or to see to the application of any money so raised or borrowed;
- (d) **Sell assets:** to sell, exchange, convert into money and realise all or any part of the Security Assets by public auction or private contract and generally in such manner and on such terms as he shall think proper. Without prejudice to the generality of the foregoing he may do any of these things for a consideration consisting of cash, debentures or other obligations, shares, stock or other valuable consideration and any such consideration may be payable in a lump sum or by instalments spread over such period as he may think fit. Fixtures, other than landlords fixtures, may be severed and sold separately from the property containing them without the consent of the Borrower;
- (e) **Leases:** to let all or any part of the Security Assets for such term and at such rent (with or without a premium) as he may think proper and to accept a surrender of any

- lease or tenancy thereof on such terms as he may think fit (including the payment of money to a lessee or tenant on a surrender);
- (f) **Compromise:** to settle, adjust, refer to arbitration, compromise and arrange any claims, accounts, disputes, questions and demands with or by any person who is or claims to be a creditor of the Borrower in relation to the Security Assets or any part thereof;
 - (g) **Legal Actions:** to bring, prosecute, enforce, defend and abandon all such actions, suits and proceedings in relation to the Security Assets or any part thereof as may seem to him to be expedient;
 - (h) **Receipts:** to give valid receipts for all moneys and execute all assurances and things which may be proper or desirable for realising the Security Assets;
 - (i) **Insolvency Act 1986 and Law of Property Act 1925:** (i) all the powers (as varied and extended by the provisions hereof) conferred by the Insolvency Act 1986 on mortgagees in possession, Administrators, Receivers and Administrative Receivers (as defined therein); and (ii) all such other acts and things as any Receiver may consider desirable or necessary for realising the Security Assets or any part thereof or incidental or conducive to any of the matters, powers or authorities conferred on a Receiver under or by virtue of this Deed, to exercise in relation to the Security Assets or any part thereof all such powers, authorities and things as he would be capable of exercising if he were the absolute beneficial owner of the same and to use the name of the Borrower for all or any of such purposes;
 - (j) **Building Work:** power to demolish, alter, improve, develop, complete, construct, modify or refurbish the whole or any part of the Mortgaged Property and the Fixtures thereon and to complete or undertake or concur in the completion or undertaking of any other project in which the Borrower was concerned or interested in prior to his appointment being a project for the demolition, alteration, improvement, development, completion, construction, modification, rebuilding or reinstatement, refurbishment or repair of the Mortgaged Property (or any part thereof) and the Fixtures and in particular (without prejudice to the generality of the foregoing) to carry out and complete such approved development;
 - (k) **Repairs:** power to undertake, effect or complete any work of repair, maintenance, modification, redecoration, improvement, fitting out and furnishing of the Mortgaged Property or any part thereof;
 - (l) **Planning and Environment:** power to apply for and obtain any planning permissions, building regulation approvals, environmental permits and any other permissions, consents or licences in relation to the Security Assets or any part thereof;
 - (m) **Services:** power to provide all services (including, without limitation, heating, lighting and cleansing) which may be deemed expedient in relation to the occupation or management of the Mortgaged Property;
 - (n) **Contracts:** power to enter into, perform, repudiate, rescind, vary, modify, assign, sub-let or novate any contract or agreement, option agreement, agreement for lease, building contract or professional appointment or otherwise for or which relates in any way to the Security Assets and to appoint, hire and employ and remunerate such contractors, advisers, professionals, agents, servants, attendants, managers, officers,

workmen and others upon such terms and at such salaries, fees or remuneration and generally in such manner as he shall think fit and to discharge such persons;

- (o) Acquire additional property: power to acquire any interest in any real or personal property which he may consider necessary or desirable to acquire in order to maintain or enhance the value of the Security Assets or any part thereof and to grant or surrender, easements, covenants and licences and to make exchanges and to enter into any agreements for the revision of boundaries; and
- (p) General powers to do all such other acts and things as he may consider desirable or necessary for realising the Security Assets or any part thereof or incidental or conducive to any of the matters, powers or authorities conferred on a Receiver under or by virtue of this Deed, to exercise in relation to the Security Assets or any part thereof all such powers, authorities and things as he would be capable of exercising if he were the absolute beneficial owner of the same and to use the name of the Borrower for all or any of such purposes.

10.3 Removal and remuneration

The Security Trustee may from time to time by writing under its hand (subject to any requirement for an order of the court in the case of a administrative receiver) remove any Receiver appointed by it and may, whenever it may deem it expedient, appoint a new Receiver in the place of any Receiver whose appointment may for any reason have terminated and may from time to time fix the remuneration of any Receiver appointed by it. The Security Trustee will consider any request from the Borrower provided the Borrower can show, to the reasonable satisfaction of the Security Trustee, that failure to remove such Receiver would be prejudicial to the proper realisation or disposal of the Borrower's assets or that the specific Receiver in carrying out his appointment hereunder (and not, for the avoidance of doubt, the actual appointment of any Receiver), is prejudicing the Borrower's registration with the Housing Corporation.

10.4 Security Trustee may exercise

To the fullest extent permitted by law, all or any of the powers, authorities and discretions which are conferred by this Deed (either expressly or impliedly) upon a Receiver of the Security Assets may be exercised after the security hereby created becomes enforceable by the Security Trustee in relation to the whole of such Security Assets or any part thereof without first appointing a Receiver of such property or any part thereof or notwithstanding the appointment of a Receiver of such property or any part thereof.

11 Application of Proceeds

Any moneys received by the Security Trustee or by any Receiver appointed by it pursuant to this Deed and/or under the powers hereby conferred shall, after the security hereby constituted shall have become enforceable but subject to the payment of any claims having priority to this security and to the Security Trustee's and such Receiver's rights under clause 10.2 (Powers of Receiver) be applied by the Security Trustee in accordance with clause 7 (Application of Proceeds) of the Security Trust Deed.

12 No Liability as Mortgagee In Possession

The Security Trustee shall not nor shall any Receiver appointed as aforesaid by reason of it or the Receiver entering into possession of the Security Assets or any part thereof be liable to account as mortgagee in possession or be liable for any loss on realisation or for any default

or omission for which a mortgagee in possession might be liable. Every Receiver duly appointed by the Security Trustee under the powers in that behalf herein contained shall be deemed to be the agent of the Borrower for all purposes and shall as such agent for all purposes be deemed to be in the same position as a Receiver duly appointed by a mortgagee under the Law of Property Act 1925. The Borrower alone shall be responsible for his contracts, engagements, acts, omissions, defaults and losses and for liabilities incurred by him and neither the Security Trustee nor any Beneficiary shall incur any liability therefor (either to the Borrower or to any other person whatsoever) by reason of the Security Trustee's making his appointment as such Receiver or for any other reason whatsoever. Every such Receiver and the Security Trustee shall be entitled to all the rights, powers, privileges and immunities by the said Act conferred on mortgagees and receivers when such receivers have been duly appointed under the said Act but so that Section 103 of that Act shall not apply.

13 Protection of Third Parties

No purchaser, mortgagee or other person or company dealing with the Security Trustee or the Receiver or its or his agents shall be concerned to enquire whether the Secured Obligations have become payable or whether any power which the Receiver is purporting to exercise has become exercisable or whether any money remains due under the Relevant Documents or to see to the application of any money paid to the Security Trustee or to such Receiver.

14 Expenses

All costs, charges and expenses properly incurred and all payments made by the Security Trustee or any Receiver appointed hereunder in the lawful exercise of the powers hereby conferred whether or not occasioned by any act, neglect or default of the Borrower shall carry interest (as well after as before judgment) at a rate equal to 2 per cent. per annum over the highest interest rate for the time being payable under any of the Relevant Documents from the date of the same being incurred or becoming payable by the Borrower until the date the same are unconditionally and irrevocably paid and discharged in full. The amount of all such costs, charges, expenses and payments and all such interest thereon and all remuneration payable hereunder shall be payable by the Borrower on demand in accordance with the Security Trust Deed.

15 Indemnity

The Security Trustee and the Relevant Beneficiaries and every Receiver, attorney, manager, agent or other person appointed by the Security Trustee hereunder shall be entitled to be indemnified out of the Security Assets in respect of all liabilities and expenses properly incurred by them in the execution or purported execution of any of the powers, authorities or discretions vested in them pursuant hereto and against all actions, proceedings, costs, claims and demands in respect of any matter or thing done or omitted in any way relating to the Security Assets and the Security Trustee, the Relevant Beneficiaries and any Receiver may retain and pay all sums in respect of the same out of any moneys received under the powers hereby conferred.

16 Delegation by Security Trustee and Receiver

The Security Trustee may at any time and from time to time delegate by power of attorney or in any other manner to any person or persons all or any of the powers, authorities and discretions which are for the time being exercisable by the Security Trustee or any Receiver under this Deed in relation to the Security Assets or any part thereof. Any such delegation may be made upon such terms and subject to such regulations as the Security Trustee or any Receiver may think fit. Neither Security Trustee nor any Receiver shall be in any way liable or

responsible to the Borrower for any loss or damage arising from any act, default, omission or misconduct on the part of any such delegate or sub delegate provided it acted properly in the appointment of the same.

17 Further Assurances

17.1 General

The Borrower shall at its own expense execute and do all such assurances, acts and things as the Security Trustee may require for perfecting or protecting the security intended to be created hereby over the Security Assets or any part thereof or for facilitating the realisation of the Security Assets or any part thereof and in the exercise of all powers, authorities and discretions vested in the Security Trustee or any Receiver of the Security Assets or any part thereof or in any such delegate or sub delegate as aforesaid. To that intent, the Borrower shall in particular execute all transfers, conveyances, assignments (whether legal or equitable) and assurances of such property whether to the Security Trustee or to its nominees and give all notices, orders and directions and make all registrations which the Security Trustee may reasonably think necessary and obtain all necessary consents to procure the registration of this Deed at the Land Registry. The obligations of the Borrower under this clause 17.1 shall be in addition to and not in substitution for the covenants for further assurance deemed to be included herein by virtue of section 2(1)(b) of the Law of Property (Miscellaneous Provisions) Act 1994.

17.2 Legal Charge

Without prejudice to the generality of clause 17.1, the Borrower will forthwith at the request of the Security Trustee execute a legal mortgage, charge or assignment over all or any of the Security Assets subject to or intended to be subject to any fixed security hereby created in favour of the Security Trustee (as agent and trustee as aforesaid) in such form as the Security Trustee may reasonably require.

17.3 Consents

The Borrower shall use all reasonable endeavours to obtain (in form and content satisfactory to the Security Trustee (acting reasonably)) as soon as possible any consents necessary to enable the assets of the Borrower purported to be so charged or assigned to be the subject of an effective fixed charge or assignment pursuant to clause 3 (Fixed Charges) and, immediately upon obtaining any such consent, the asset concerned shall become subject to such security and the Borrower shall promptly deliver a copy of each consent to the Security Trustee.

17.4 Implied Covenants for Title

The obligations of the Borrower under this Deed shall be in addition to the covenants for title deemed to be included in this Deed by virtue of Part 1 of the Law of Property (Miscellaneous Provisions) Act 1994.

18 Redemption of Prior Mortgages

The Security Trustee may, at any time after the security hereby constituted has become enforceable, redeem any prior Security Interest against the Security Assets or any part thereof or procure the transfer thereof to themselves and may settle and pass the accounts of the prior mortgagee, chargee or encumbrancer. Any accounts so settled and passed shall be conclusive and binding on the Borrower save for manifest error. All principal moneys,

interest, costs, charges and expenses of and incidental to such redemption and transfer shall be paid by the Borrower to the Security Trustee on demand.

19 Power of Attorney

19.1 Appointment

The Borrower hereby by way of security and in order more fully to secure the performance of its obligations hereunder irrevocably appoints the Security Trustee and every Receiver of the Security Assets or any part thereof appointed hereunder and every such delegate or sub delegate as aforesaid to be its attorney acting severally, and on its behalf and in its name or otherwise at any time after the occurrence of an Enforcement Event which is continuing to execute and do all such assurances, acts and things which the Borrower ought to do under the covenants and provisions contained in this Deed (including, without limitation, to make any demand upon or to give any notice or receipt to any person owing moneys to the Borrower and to execute and deliver any charges, legal mortgages, assignments or other security and any transfers of securities) and generally in its name and on its behalf to exercise all or any of the powers, authorities and discretions conferred by or pursuant to this Deed or by statute on the Security Trustee or any such Receiver, delegate or sub delegate and (without prejudice to the generality of the foregoing) to seal and deliver and otherwise perfect any deed, assurance, agreement, instrument or act which it or he may reasonably deem proper in or for the purpose of exercising any of such powers, authorities and discretions.

19.2 Ratification

The Borrower hereby ratifies and confirms and agrees to ratify and confirm whatever any such attorney as is mentioned in clause 19.1 shall do or purport to do in good faith in the exercise or purported exercise of all or any of the powers, authorities and discretions referred to in such.

20 New Accounts

If the Security Trustee or any Beneficiary receives or is deemed to be affected by notice whether actual or constructive of any subsequent charge or other interest affecting any part of the Security Assets and/or the proceeds of sale thereof, the Security Trustee or such Beneficiary may open a new account or accounts with the Borrower. If the Security Trustee or such Beneficiary (as the case may be) does not open a new account it shall nevertheless be treated as if it had done so at the time when it received or was deemed to have received notice and as from that time all payments made to the Security Trustee or such Beneficiary shall be credited or be treated as having been credited to the new account and shall not operate to reduce the amount for which this Deed is security.

21 Stamp Duties

The Borrower shall pay and, forthwith on demand, indemnify the Security Trustee and each Beneficiary against any liability it incurs in respect of any stamp, registration and similar Tax which is or becomes payable in connection with the entry into, performance or enforcement of this Deed.

22 Perfection of Security

The Borrower shall be bound by and hereby irrevocably authorises the Security Trustee to execute on its behalf any document required to perfect the security granted to the Beneficiaries pursuant to the Relevant Documents.

23 Waivers, Remedies Cumulative

- (a) The rights of the Security Trustee and each Beneficiary under this Deed:
 - (i) may be exercised as often as necessary;
 - (ii) are cumulative and not exclusive of its rights under general law; and
 - (iii) may be waived only in writing and specifically.

Delay in exercising or non-exercise of any such right is not a waiver of that right.

- (b) The Security Trustee may waive any breach by the Borrower of any of the Borrower's obligations under the Relevant Documents.

24 Set-Off

The Security Trustee and each Beneficiary may (to the extent that the same is beneficially owned by it) set off any matured obligation owed by the Borrower under the Relevant Documents against any matured obligation owed by the Security Trustee or such Beneficiary (as the case may be) to the Borrower, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Security Trustee or such lender (as the case may be) may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set off.

25 Time Deposits

Without prejudice to clause 24 (Set-Off), if any time deposit matures on any account the Borrower has with the Security Trustee or any Relevant Beneficiary at a time within the Security Period when:

- (a) this security has become enforceable; and
- (b) no amount of the Secured Obligations is due and payable,

such time deposit shall automatically be renewed for such further maturity as the Security Trustee or such lender in its absolute discretion considers appropriate unless the Security Trustee or such Beneficiary (as the case may be) otherwise agrees in writing.

26 Severability

If a provision of this Deed is or becomes illegal, invalid or unenforceable, that shall not affect the validity or enforceability of any other provision of this Deed.

27 Counterparts

This Deed may be executed in any number of counterparts and this will have the same effect as if the signatures on the counterparts were on a single copy of this Deed.

28 Notices

28.1 Giving of Notices

All notices under, or in connection with, this Deed shall be given in writing or by fax. Any such notice is deemed to be given as follows:

- (a) if in writing when delivered (delivery shall be deemed to be immediate if by hand or two days after posting if sent by first class post); or
- (b) if by fax when received (provided that all of it is legible).

However, a notice given in accordance with the above but received on a non Business Day or after business hours in the place of receipt is deemed to be given on the next Business Day in that place.

28.2 Addresses for notices

The address and facsimile number of the Borrower and the Security Trustee for all notices under, or in connection with, this Deed are:

- (a) in the case of the Borrower:

Moat Homes Limited
Mariner House
Galleon Boulevard
Crossways
Dartford
Kent
DA2 6QE

Attention: ♦

Facsimile: ♦

- (b) in the case of the Security Trustee:

Prudential Trustee Company Limited
Laurence Poutney Hill
London
EC4R 0HH

Attention: Corporate Trust Manager

Facsimile: 020 7548 3883

or, in each case, such other details as one may notify the other in writing.

29 The Land Registry

In respect of the Mortgaged Property the title to which is or is to be registered at the Land Registry and in respect of any other registered title(s) against which this Deed may be noted:

- (a) The Borrower hereby consents to the lodgement at the Land Registry of an application by or on behalf of the Security Trustee for the registration of the following restriction in the proprietorship register of any property which is, or is required to be, registered forming part of the Mortgaged Property:

"No disposition of the registered estate by the proprietor of the registered estate or by the proprietor of any registered charge is to be registered without a written consent signed by the proprietor for the time being of the charge dated [the date of this Deed] in favour of Prudential Trustee Company Limited (as security trustee) referred to in

the charges register or, if appropriate, signed on such proprietor's behalf by its company secretary or conveyancer or other authorised signatory."

- (b) the Beneficiaries (as defined in a security trust deed dated [] between among others Moat Homes Limited, Prudential Trustee Company Limited and [INITIAL LENDER] (Security Trust Deed) are under an obligation to make further advances to the Borrower under their respective Relevant Documents (as defined in the Security Trust Deed) and for the purposes of Section 94(1)(c) of the Law of Property Act 1925, Section 49(3) of the Land Registration Act 2002 and Rule 108 of the Land Registration Rules 2003, the obligation on the Beneficiaries to make further advances will be deemed to be incorporated in this Deed as if the same were set out in this Deed. For the purposes of the Land Registration Rules 2003 and Section 49(3) of the Land Registration Act 2002, the Borrower hereby consents to the lodgement at the Land Registry of an application by or on behalf of the Security Trustee for the entry of a note of the obligation to make further advances on the Charges Register of any registered land forming part of the Mortgaged Property; and
- (c) for the purposes of Rule 68(1) of the Land Registration Rules 2003, the covenants set out in sections 2 to 5 (inclusive) of the Law of Property (Miscellaneous Provisions) Act 1994 shall be extended by the provisions of this Deed; and
- (d) it is hereby certified that the security created hereby does not contravene any of the provisions of the Industrial and Provident Societies Act 1965 or the rules of the Borrower.

30 Further Representation and Warranty

The Borrower hereby warrants that the Security Assets are the same properties as have been valued for the benefit of the Relevant Beneficiaries, copies of which valuation have been provided to the Relevant Beneficiaries.

31 Release

Upon the expiry of the Security Period, the Security Trustee shall, at the request and reasonable cost of the Borrower, take whatever action is necessary to release and to reassign to the Borrower the Security Assets from the security constituted by this Deed.

32 Governing Law

This Deed shall be governed by and construed in accordance with English law.

33 Exempt Charity

The land mortgaged under this Deed is held by the Borrower, an exempt charity.

34 Partial Invalidity

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

IN WITNESS whereof this Deed has been duly executed as a deed on the date first above written.

Schedule 2

Notice of Assignment

To: []

Dated: []

Notice of assignment

We hereby give notice that by a legal mortgage dated [] made between Moat Homes Limited (**Borrower**) (1) and Prudential Trustee Company Limited (**Security Trustee**) (2) (**Charge**), the Borrower assigned to the Security Trustee as Security Trustee for and on behalf itself and the Beneficiaries (as defined in the Charge) from time to time all its rights, title and interest in [describe assigned assets] (**Assigned Assets**) as security for the payment of all Secured Obligations (as defined in the Charge).

By signing and returning to the Security Trustee the additional copy of this letter please acknowledge notice of the Charge and confirm and agree that:

- 1 you have not received notice of any previous assignment, charge, lien or other security interest of or affecting the Assigned Assets;
- 2 all monies due or to become due from you to the Borrower under the Assigned Assets shall be paid to the Borrower's account with [] (Account No: []; Sort Code: []) or to such other account as the Security Trustee may notify you in writing and without set-off or counterclaim save as provided in the Assigned Assets; and
- 3 you will not without prior written consent of the Security Trustee determine or amend the Assigned Assets.

Until the Security Trustee shall serve written notice to the contrary, the Borrower shall be entitled, subject to the provisions of this notice, to exercise its rights under the Assigned Assets.

Yours faithfully

.....
Authorised Signatory
for and on behalf of
Moat Homes Limited
as Borrower

To: **Prudential Trustee Company Limited**
(in its capacity as Security Trustee for the Beneficiaries);

and

To: **Moat Homes Limited**

Acknowledgement

We hereby confirm and agree to the terms set out above.

.....
Duly authorised signatory
for and on behalf of
[]

Dated:

SIGNATORIES TO CHARGE

The common seal of **Moat Homes Limited** was)
affixed to this Deed in the presence of)

.....
Authorised Signatory

.....
Authorised Signatory

The common seal of **Prudential Trustee**)
Company Limited was)
affixed to this Deed in the presence of

.....
Sealing Officer

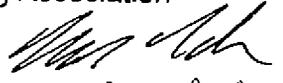
SIGNATORIES TO SECURITY TRUST DEED

The Borrower

The common seal of **Moat Homes Limited** was)
hereunto affixed to this Deed in the presence of)

**A Charitable
Housing Association**

Authorised Signatory



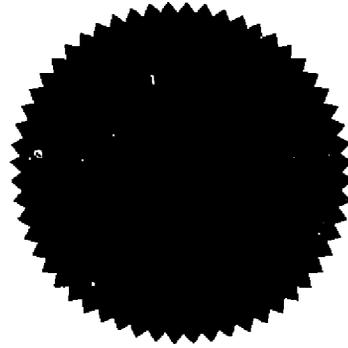
Authorised Signatory



Address: Moat Homes Limited
Mariner House
Galleon Boulevard
Crossways
Dartford
Kent, DA2 6QE

Fax: 0845 359 6301

Attention: Executive Director: Finance & Corporate
Services



The Security Trustee

The common seal of **Prudential Trustee**)
Company Limited was hereunto affixed to this)
Deed in the presence of)

Sealing Officer

Address: Prudential Trustee Company Limited
Laurence Poutney Hill
London EC4R 0HH

Fax: 020 7548 3883

Attention: Corporate Trust Manager

SIGNATORIES TO SECURITY TRUST DEED

The Borrower

The common seal of **Moat Homes Limited** was)
hereunto affixed to this Deed in the presence of)
)

Authorised Signatory

Authorised Signatory

Address: Moat Homes Limited
Mariner House
Galleon Boulevard
Crossways
Dartford
Kent, DA2 6QE

Fax: ♦

Attention: ♦

The Security Trustee

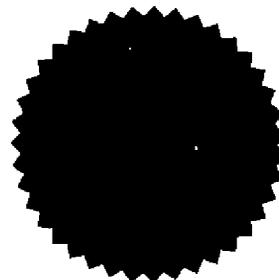
The common seal of **Prudential Trustee**)
Company Limited was hereunto affixed to this)
Deed in the presence of)

Sealing Officer 

Address: Prudential Trustee Company Limited
Laurence Poutney Hill
London EC4R 0HH

Fax: 020 7548 3883

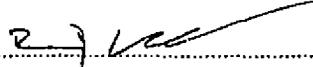
Attention: Corporate Trust Manager



The Agent

Executed as a deed for and on behalf of)
Abbey National Treasury Services plc)
acting by its attorney)
in the presence of)


.....


.....
Signature of witness

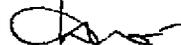
Name .. ROGER LEE ..

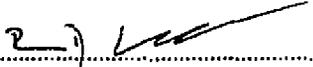
Address .. C/O ABBEY UK CORPORATE BANKING
2 TRITON SQUARE, REGENTS' PLACE, LONDON NW1 3AN

- Address: ♦ 2 TRITON SQUARE, REGENTS' PLACE, LONDON NW1 3AN
- Fax: ♦ 020 7756 5816
- Attention: ♦ HOUSING FINANCE, CORPORATE BANKING SERVICES

The Original Beneficiary

Executed as a deed for and on behalf of)
Abbey National Treasury Services plc)
acting by its attorney)
in the presence of)


.....


.....
Signature of witness

Name .. ROGER LEE ..

Address .. C/O ABBEY UK CORPORATE BANKING
2 TRITON SQUARE, REGENTS' PLACE, LONDON NW1 3AN

- Address: ♦ 2 TRITON SQUARE, REGENTS' PLACE, LONDON NW1 3AN
- Fax: ♦ 020 7756 5816
- Attention: ♦ HOUSING FINANCE, CORPORATE BANKING SERVICES