

SCHEDULE 3

This is Schedule 3 comprising Bonds referred to in the Project Agreement for the PRIME Project

BETWEEN

The Secretary of State for Work and Pensions

- and -

The First Secretary of State

- and -

Trillium (PRIME) Limited

- and -

Trillium (PRIME) Property GP Limited

**dated 27 March 1998
as Expanded and Restated on 15 December 2003**

PART 1

FORM OF INDEMNITY BOND

To: The Secretary of State for Work and Pensions

From: [Bank/Bondsman]

Dear Sirs

PRIME PROJECT

1. We are informed that Trillium (PRIME) Limited (the "PRIME Contractor") and Trillium (PRIME) Property GP Limited ("PRIME Property") have entered into an agreement (the "Project Agreement") with you and another on [] for the provision of serviced accommodation as more fully set out in the Project Agreement. Expressions which are defined in the Project Agreement have the same meanings where used in this undertaking.
2. Subject to the provisions of this undertaking, in consideration of you accepting this undertaking in discharge of the PRIME Contractor's obligation under clause 6.20 [Indemnity] of the Project Agreement to provide a bond, we hereby irrevocably and unconditionally agree to satisfy and discharge upon your first written demand the payment in full to you of all losses, costs, damages, liabilities, fines and expenses incurred by you or the SS1 (or any relevant OGD) in relation to any claims, demands or notices which you may suffer as a result of being the owner of record or former owner of record of any Leasehold Property or part of a Leasehold Property which is not required for use by you (by yourself or through any OGDs or DWP Contractors) or your nominee as successor to the PRIME Contractor after the Expiry Date.
3. Our liability under this undertaking constitutes our direct, primary, irrevocable and unconditional obligation and shall not be affected by any act, omission, matter or thing (including without limitation the liquidation or dissolution of the PRIME Contractor or PRIME Property) which but for this provision might operate without limitation and whether or not known to us or you:
 - (a) any amendment made in accordance with clause 37 of the Project Agreement or in the extent or nature of the obligations to be performed under the Project Agreement so that references to the Project Agreement in this undertaking shall include each such amendment;

- (b) any time, waiver or indulgence granted to the PRIME Contractor or any other person;
 - (c) the taking, variation, compromise, renewal or release of or refusal or neglect to perfect or enforce any rights, remedies or securities against the PRIME Contractor or any other person;
 - (d) any legal limitation, disability or incapacity relating to the PRIME Contractor or any other person; and
 - (e) any unenforceability, invalidity or frustration of any obligations of the PRIME Contractor other person under the Project Agreement or any other document or security.
4. This undertaking:
- (a) shall remain in force until the obligation of the PRIME Contractor to indemnify you under clauses 6.16 to 6.21 [*Indemnity*] of the Project Agreement has been discharged in full or the total amounts paid by us under this undertaking are equal to the Indemnity Amount, whichever is the earlier;
 - (b) may be enforced against us without first having recourse to any of your rights against the PRIME Contractor or PRIME Property; and
 - (c) shall not require you to advise us of your dealings, arrangements or communications with the PRIME Contractor or PRIME Property or of any default by the PRIME Contractor or PRIME Property of which you may have knowledge.
5. You may make any number of demands under this undertaking.
6. Our aggregate liability under this undertaking in relation to all demands shall not exceed the lesser of:
- (a) the Indemnity Amount determined in accordance with clause 6.16 to 6.21 [*Indemnity*] of the Project Agreement less all amounts previously paid by us under this undertaking; and
 - (b) the full amount of all losses, costs, damages, liabilities, fines and expenses (including legal costs) which you or the SS1 (or any relevant OGD) incur through or arising from any claim, demand or notice which you may suffer as a result of being the owner of record or former owner of record of any Leasehold Property or part of a Leasehold Property which is not required for use by you (by yourself or through any OGDs or DWP Contractors) or your nominee as successor to the PRIME Contractor after the Expiry Date.

7. The benefit of this undertaking may be assigned by you.
8. This undertaking and all matters relating to it shall be governed by English law and we hereby irrevocably agree to submit to the jurisdiction of the English Courts.

IN WITNESS whereof this document has been duly executed as a deed on the [] day of
[].

PART 2

FORM OF RENEWAL BOND

To: Secretary of State for Work and Pensions

From: [Bank/Bondsman]

Dear Sirs

PRIME PROJECT

1. We are informed that Trillium (PRIME) Limited (the "PRIME Contractor") has entered into an agreement ("the Project Agreement") with you and others on [] for provision of serviced accommodation as more fully set out in the Project Agreement. Expressions which are defined in the Project Agreement have the same meanings where used in this undertaking.
2. Subject to the provisions of this undertaking, in consideration of you accepting this undertaking in discharge of the PRIME Contractor's obligation under clause 14.9 [*Expiry Requirements*] of the Project Agreement to provide a bond, we hereby irrevocably and unconditionally agree to satisfy and discharge upon your first written demand the payment in full to you of all damages and losses suffered by you in respect of or arising out of any breach of the PRIME Contractor's obligation under clause 14 [*Expiry Requirements*] of the Project Agreement and/or any failure to discharge such obligation as a consequence of any termination of the Project Agreement pursuant to clause 25 [*Events of Default*] of the Project Agreement.
3. Our liability under this undertaking constitutes our direct, primary and irrevocable obligation and shall not be affected by any act, omission, matter or thing (including without limitation the liquidation or dissolution of the PRIME Contractor) which but for this provision might operate without limitation and whether or not known to us or you:
 - (a) any amendment made in accordance with clause 37 of the Project Agreement or in the extent or nature of the obligations to be performed under the Project Agreement so that references to the Project Agreement in this undertaking shall include each such amendment;
 - (b) any time, waiver or indulgence granted to the PRIME Contractor or any other person;

- (c) the taking, variation, compromise, renewal or release of or refusal or neglect to perfect or enforce any rights, remedies or securities against the PRIME Contractor or any other person;
 - (d) any legal limitation, disability or incapacity relating to the PRIME Contractor or any other person; and
 - (e) any unenforceability, invalidity or frustration of any obligations of the PRIME Contractor or any other person under the Project Agreement or any other document or security.
4. This undertaking:
- (a) may be enforced against us without first having recourse to any of your rights against the PRIME Contractor or PRIME Property; and
 - (b) shall not require you to advise us of your dealings, arrangements or communications with the PRIME Contractor or PRIME Property or of any default by the PRIME Contractor or PRIME Property of which you may have knowledge.
5. You may make any number of demands under this undertaking.
6. Our aggregate liability under this undertaking in relation to any demand shall not exceed the amount of £[], being the amount by which RA₁₂ exceeds 50% of FP₁₂ (as such terms are defined in the Project Agreement) less:
- (a) any reductions to the Renewal Amount made pursuant to clause 14.7(b); and
 - (b) all amounts certified by DWP, upon request, as having been properly paid to it in respect of the Renewal Works after the date of the bond.
7. Our liability under this undertaking shall expire upon the issue of a further bond pursuant to clause 14 [*Expiry Requirements*] or the issue to the PRIME Contractor of the Expiry Certificate, whichever is the earlier.
8. The benefit of this undertaking may be assigned by you.
9. This undertaking and all matters relating to it shall be governed by English law and we hereby irrevocably agree to submit to the jurisdiction of the English Courts.

IN WITNESS thereof this document has been duly executed as a deed on the [] day of [].

