

SCHEDULE 30

This is Schedule 30 comprising Charges 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**

CONFORMED COPY

PART 1

First Charge

(a) If the Property is in England and Wales

THIS LEGAL CHARGE made the day of 200

BETWEEN:

- (1) **Trillium (PRIME) Property GP Limited** a company registered and incorporated in accordance with the laws of England and Wales registered under number 3424587 and having its registered office at 140 London Wall, London EC2Y 5DN (the "**Chargor**"); and
- (2) **The Secretary of State for Work and Pensions** (the "**DWP**")

WHEREAS:

- (A) The First Secretary of State has agreed in the Project Agreement defined below (inter alia) to transfer the Former ES Estate Properties (as defined in the Project Agreement) to the Chargor in consideration of the payment of £100,000,000 by the Chargor to DWP and the PRIME Contractor agreeing to provide services to DWP in accordance with the Project Agreement.
- (B) It is agreed that the consideration of £100,000,000 may not exactly equate to the value of the Former ES Estate Properties and that, accordingly, DWP will receive further consideration for the Former ES Estate Properties by way of the level of Facilities Payments it is to make to the PRIME Contractor pursuant to the Project Agreement. This is achieved by the quantum of the Facilities Prices being set at a level which inherently reflects the consideration paid for the Properties.
- (C) In order to ensure that DWP does receive the further consideration for the Properties and to ensure that DWP does recover any claims it may have under clause 28.4(f) of the Project Agreement, it has been agreed that DWP will be given this security.

THIS DEED WITNESSES:

1. DEFINITIONS

- 1.1 In this Legal Charge, unless there is anything indicating to the contrary all words and expressions shall have the same meaning as is given to them in Schedule 1 to the Project Agreement.

1.2 In this Legal Charge the following words and expressions have the meanings set out below:

"Act" means the Law of Property Act 1925;

"Encumbrance" includes any charge, debenture, mortgage, lien, security assignment or any other encumbrance in the nature of security whatsoever;

"Mortgaged Property" means the property and the buildings and structures and fixtures (excluding trade and tenants' fixtures) charged to DWP under clause 2;

"Chargor" includes any person deriving title under the Chargor or entitled to redeem this security;

"Project Agreement" means the agreement dated 27 March 1998 between The Secretary of State for Social Security, The Secretary of State for the Environment, Transport and the Regions, Partnership Property Management (PRIME) Limited and PPM (PRIME) Property Limited (acting as general partner of PPM (PRIME) Property Limited Partnership) as amended from time to time;

"Project Documents" has the same meaning as ascribed to that term in the Project Agreement, and "Project Document" shall be construed accordingly;

"Secured Sums" means the aggregate of:

- (a) the amount which the Chargor has from time to time covenanted in clause 28.4(e) of the Project Agreement to pay to DWP for the Properties calculated in accordance with Schedule 31 to the Project Agreement (*Transfer Price Provisions*); and
- (b) any other amounts which the PRIME Contractor may owe to DWP following termination by DWP, pursuant to clause 25 of the Project Agreement, of the right and obligation of the PRIME Contractor to implement the Operations in accordance with clause 8.1

PROVIDED THAT the maximum amount recoverable under this Legal Charge shall be the lower of:

- (i) £40,000,000; and
- (ii) the amount by which:
 - (1) the aggregate of all recoveries received and applied by DWP in reduction of the Secured Sums under the First Charges (other than

under this Legal Charge) at the date upon which amounts are received under this Legal Charge

is less than

(2) £40,000,000.

1.3 Where the context so requires:

- (a) the singular includes the plural and vice versa;
- (b) the masculine includes the feminine and vice versa, and the neuter includes the masculine or the feminine and vice versa;
- (c) references to persons shall include individuals, bodies corporate, unincorporated associations, partnerships, governments, governmental bodies, authorities and agencies and any other person having legal capacity; and
- (d) references to any Law are to be construed as references to that Law as from time to time amended or to any Law for the time being replacing, extending, consolidating or amending the same.

1.4 The headings in this Legal Charge shall be deemed not to be part of this Legal Charge and shall not be taken into consideration in the interpretation of this Legal Charge.

1.5 Where there is any conflict in interpretation between the Project Agreement and this Legal Charge, the Project Agreement shall prevail.

2. **CHARGING CLAUSE**

The Chargor with full title guarantee hereby charges by way of legal mortgage all the property of the Chargor described in the Schedule, together with all buildings and structures and all fixtures (excluding trade and tenants' fixtures) thereon and all additions and improvements thereto and all the estate and interest of the Chargor therein and in any trade and tenant's fixtures thereon to the intent that such property and assets shall remain charged until the payment and discharge by the Chargor of the Secured Sums.

3. **RESTRICTION ON CHARGES AND OTHER DISPOSITIONS**

3.1 The Chargor hereby covenants with DWP that the Chargor shall not, without the prior written consent of DWP:

- (a) create or attempt to create, or knowingly allow to arise or subsist, any Encumbrance over any part of the Mortgaged Property which shall rank in priority ahead of this Legal Charge or increase or extend any liability secured by any permitted Encumbrance over the Mortgaged Property;

- (b) subject to clause 4, sell, transfer, lease or otherwise dispose of any part of the Mortgaged Property or any estate or interest therein, or share or part with possession or occupation of the Mortgaged Property, or agree so to do other than in accordance with the Project Agreement or any of the Project Documents.

3.2 The Chargor shall apply to the Land Registrar for a restriction to be entered on the register of title of the Mortgaged Property in the following terms:

"No disposition of the registered estate by the proprietor of the registered estate is to be registered without a written consent signed on behalf of The Secretary of State for Work and Pensions by its solicitor"

4. **POWERS OF LEASING**

The Chargor shall not, without the prior written consent of DWP, which shall not be unreasonably withheld or delayed, exercise any of the powers of leasing or of accepting surrenders of leases conferred by sections 99 and 100 of the Act or by law or vary any lease or tenancy agreement or reduce any sum payable thereunder or, save in pursuance of any PRIME Lease of the Mortgaged Property or any part thereof, grant any consent to assign any such lease or tenancy agreement or, save by way of any PRIME Lease of the Mortgaged Property or any part thereof, underlet the Mortgaged Property. Provided that where DWP's power of sale under this Legal Charge has become enforceable, it shall be lawful (but not obligatory) for DWP to grant or vary any lease or tenancy agreement or accept surrenders of leases or reduce any sum payable thereunder or grant such consent to assign or underlet the Mortgaged Property without the restrictions contained in sections 99 and 100 for such consideration and on such terms as DWP may think fit in its absolute and unfettered discretion.

5. **FURTHER ASSURANCE**

The Chargor shall, if and whenever required by DWP and at the cost of the Chargor, promptly perform all such acts and execute and deliver all such deeds, instruments, notices and other documents of any kind in such form as DWP may require for enhancing or perfecting this security or preserving the Mortgaged Property or for facilitating the enforcement or realisation of this Legal Charge or the exercise of any powers, authorities and discretions conferred by this Legal Charge or by law on DWP or any Receiver (as defined below).

6. **COVENANTS**

6.1 The Chargor hereby covenants with DWP that the Chargor shall at all times during the continuance of this Legal Charge:

- (a) subject to the rights of any prior mortgagee, and to the extent that the same are held by the Chargor, deposit with DWP all deeds and documents of title and insurance policies relating to the Mortgaged Property and all Local Land Charges, Land Charges and Land Registry Search Certificates, planning consents and other documents relating to the Mortgaged Property (which DWP shall be entitled to hold and retain during the continuance of this Legal Charge);
- (b) if title to the Mortgaged Property is not registered under the Land Registration Acts 1925 to 2002, no person shall during the continuance of this security be registered under such Acts as proprietors of any part of the Mortgaged Property, without the prior written consent of DWP.

7. PAYMENT DATE AND RELEASE

- 7.1 The Secured Sums shall be payable by the Chargor on demand once they have become due under the Project Agreement.
- 7.2 DWP will release this Legal Charge on the Expiry Date of the Project Agreement provided that the Chargor is not then in breach of its obligations to pay the Secured Sums or as otherwise required under the Project Agreement.
- 7.3 DWP will release the Mortgaged Property from this Legal Charge as required by clause 7.7 of the Project Agreement.

8. DWP'S POWERS AND ENFORCEMENT OF SECURITY

- 8.1 This Legal Charge shall become enforceable immediately upon the termination of the right and obligation of the PRIME Contractor to continue to implement the Operations in accordance with clause 8.1 of the Project Agreement irrespective of the reason for such termination.
- 8.2 At any time after this Legal Charge has become enforceable, or at any time if so requested by the Chargor, DWP may without further notice and without first appointing a Receiver exercise all or any of the powers conferred on mortgagees by the Act (as hereby extended or varied) and all the powers, authorities and discretions hereby conferred expressly or by implication on any Receiver or conferred by law.
- 8.3 Section 103 of the Act shall not apply to this Legal Charge and this Legal Charge shall become immediately enforceable and the power of sale and other powers conferred on mortgagees by the Act (as hereby extended or varied) shall be deemed to have arisen and become exercisable without the restrictions contained in the Act at any time after the execution of this security, provided that DWP shall not exercise such powers until

payment in respect of any Secured Sums has been demanded, but this proviso shall not affect a purchaser or put him upon enquiry whether such demand has been made.

8.4 The restriction on the right of consolidating mortgages contained in Section 93 of the Act shall not apply to this Legal Charge.

9. **APPOINTMENT OF RECEIVER**

9.1 At any time after this Legal Charge has become enforceable, or at any time if so requested by the Chargor, DWP may appoint in writing any person to be a receiver (the "**Receiver**" which expression shall where the context so admits include the plural and any substituted receiver) of all or any part of the Mortgaged Property.

9.2 Where more than one Receiver is appointed they shall have power to act severally (unless DWP shall in the appointment specify to the contrary) in relation to all or any part of the Mortgaged Property.

9.3 Such an appointment over part only of the Mortgaged Property shall not preclude DWP from making any subsequent appointment of a Receiver over any part of the Mortgaged Property over which an appointment has not previously been made by DWP.

9.4 DWP may from time to time determine the remuneration of the Receiver.

9.5 DWP may remove the Receiver from all or any part of the Mortgaged Property of which he is the Receiver and at any time after the Receiver shall have vacated office or ceased to act in respect of any of the Mortgaged Property appoint a further Receiver over all or any part of the Mortgaged Property or of the part thereof in respect of which he shall have ceased to act.

9.6 The Receiver shall be the agent of the Chargor (who shall be solely liable for his acts, defaults and remuneration) unless and until the Chargor goes into liquidation and thereafter he shall act as principal and shall not become the agent of DWP and shall have and be entitled to exercise all powers conferred by the Act in the same way as if the Receiver had been duly appointed thereunder and in particular by way of addition to but without limiting any such powers (and without prejudice to any of DWP's powers) the Receiver shall have power in the name of the Chargor or otherwise, to do the following:

- (a) to take possession of, collect and get in all or any part of the Mortgaged Property (including all rents and other income thereof) and for that purpose to take any proceedings as he shall think fit;
- (b) to commence and/or complete any building operations or works of construction or furnishing on the Mortgaged Property and to apply for and obtain 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) to acquire any further property, assets or rights whatsoever, whether by purchase, lease or otherwise;
- (d) to raise or borrow money for any purpose specified in this clause and so that the Receiver may charge all or any of the Mortgaged Property with the repayment of such money and interest thereon in priority to this security;
- (e) to provide such facilities and services for tenants and generally to manage the Mortgaged Property in such manner as he shall think fit;
- (f) to sell (whether by public auction or private contract or otherwise), let, lease or grant licences of or concur in selling, letting, leasing or granting licences of and to vary the terms or terminate or accept surrenders of leases, tenancies or licences of all or any part of the Mortgaged Property or grant options over the same in such manner and for such term with or without a premium with such rights relating to the other parts thereof and containing such covenants and generally on such terms and conditions (including the payment of money to a lessee or tenant on a surrender) as he shall think fit in his absolute and unfettered discretion, and any such sale or disposition may be for cash, debentures, securities or other valuable consideration and may be payable in a lump sum or by instalments;
- (g) to promote or concur in promoting a company to purchase all or part of the Mortgaged Property or any interest therein;
- (h) to make any arrangement or compromise which he or DWP shall think fit;
- (i) to exercise all the powers conferred on the Chargor by any statute, deed or contract in respect of all or any part of the Mortgaged Property;
- (j) to sever and remove any fixtures belonging to the Chargor and (pending any sale or other disposal) to use any chattels belonging to the Chargor on the Mortgaged Property at no cost to the Receiver in connection with the use thereof;
- (k) to make and effect all repairs, renewals and improvements and to effect, maintain, renew or increase insurances in such terms and against such risks as he shall think fit;
- (l) to bring or defend any proceedings in the name of the Chargor in relation to the Mortgaged Property;

- (m) to appoint, employ or dismiss professional advisers, managers, officers, contractors and agents for any purpose aforesaid upon such terms as he may think fit;
- (n) to do all such other acts and things as may be considered by the Receiver to be incidental or conducive to any of the foregoing matters or powers or otherwise incidental or conducive to the preservation, improvement or realisation of the Mortgaged Property;

Provided that the Receiver shall not be authorised to exercise any of the above powers if and insofar and for so long as DWP shall in writing exclude the same, whether at the time of his appointment or subsequently.

9.7 All powers of the Receiver hereunder may be exercised by DWP whether as attorney of the Chargor or otherwise and whether or not a Receiver shall have been appointed.

10. **APPLICATION OF REALISATIONS**

10.1 Any money received under the powers hereby conferred shall, subject to the repayment as far as necessary of any claims having priority to this Legal Charge, be paid or applied in the following order of priority:

- (a) in satisfaction of all costs, charges and expenses properly incurred, and payments properly made, by DWP and/or the Receiver, and of the remuneration of the Receiver;
- (b) in or towards satisfaction of the money outstanding and secured by this Legal Charge in such manner as DWP may, in its discretion, require;
- (c) as to the surplus (if any), to the person or persons entitled thereto.

11. **NON-CONTRAVENTION**

The Chargor hereby certifies that this Legal Charge does not contravene any of the provisions of its Memorandum and Articles of Association.

12. **POWER OF ATTORNEY**

The Chargor by way of security hereby irrevocably appoints DWP and any Receiver and each of them severally to be the attorney of the Chargor (with full powers of substitution and delegation) for the Chargor in the name and on behalf and as the act and deed of the Chargor to sign, seal, execute, deliver and perfect all deeds, instruments, notices and documents and to perform all acts which the Chargor may or ought to do under the covenants and provisions contained in this Legal Charge.

13. CHARGES AND EXPENSES COSTS

13.1 All costs, charges and expenses incurred hereunder by DWP, and all other money paid by DWP or by the Receiver in connection with this Legal Charge or in respect of the Mortgaged Property shall be recoverable from the Chargor as a debt, may be debited to any account of the Chargor, shall bear interest accordingly, and shall be charged on the Mortgaged Property.

13.2 Without prejudice to the generality of the provisions of clause 13.1, the costs recoverable by DWP hereunder shall include all costs of DWP (on the indemnity basis) of all proceedings for the enforcement of this Legal Charge, or for obtaining payment of money hereby secured, or arising out of or in connection with the acts authorised by clause 9 (*Appointment of a Receiver*) hereof.

14. FORBEARANCE, WAIVER, CONSENTS AND CERTIFICATES

14.1 No delay or omission of DWP in exercising any right, power or discretion under this Legal Charge or any other document will operate to impair such right, power or discretion or be construed as a waiver thereof and any single or partial exercise of any right, power or discretion shall not in any circumstances preclude any other or further exercise thereof or the exercise of any other right, power or discretion.

14.2 The rights and remedies provided in this Legal Charge are cumulative and not exclusive of any rights or remedies provided by law. Any waiver and any consent by DWP under this Legal Charge must be in writing and may be given subject to any conditions thought fit by DWP. Any waiver or consent shall be effective only in the instance and for the purpose for which it is given and subject to any conditions attached to such waiver or consent.

14.3 Each certificate, statement or demand issued or made by DWP as to the amounts of the Secured Sums for the time being outstanding shall, save for manifest error, be conclusive and binding on the Chargor.

15. SERVICE OF DEMANDS AND NOTICES

All demands or notices to be served under this Legal Charge shall be served in accordance with the provisions for service of notices contained in the Project Agreement.

16. EXECUTION

This document shall be treated as having been executed and delivered as a deed only upon being dated.

IN WITNESS whereof this Legal Charge has been duly executed and delivered as a deed the day and year first above written.

SCHEDULE

PARTICULARS OF THE MORTGAGED PROPERTY

[To be completed with details of the relevant Specified Property]

- (b) **If the Property is in Scotland, the Legal Charge will comprise the Standard Security set out below.**

Standard Security

1. DEFINITIONS

1.1 In this Standard Security, unless there is anything indicating to the contrary all words and expressions shall have the same meaning as is given to them in Schedule 1 to the Project Agreement.

1.2 In this Standard Security, unless the context otherwise requires, the following words and expressions shall have the meanings specified below:

"Act" means the Conveyancing and Feudal Reform (Scotland) Act 1970 (as amended);

"Chargor" means Trillium (PRIME) Property GP Limited, a company registered and incorporated in accordance with the laws of England and Wales registered under number 3424587 and having its registered office at 140 London Wall, London EC2Y 5DN;

"DWP" means The Secretary of State for Work and Pensions;

"Encumbrance" includes any standard security, charge, debenture, mortgage, lien, assignation in security or any other encumbrance in the nature of security whatsoever;

"PRIME Contractor" means Trillium (PRIME) Limited, a company registered and incorporated in accordance with the laws of England and Wales registered under number 3258384 whose registered office is at 140 London Wall, London EC2Y 5DN;

"PRIME Lease" has the same meaning as ascribed to that term in the Project Agreement;

"Project Agreement" means the agreement dated 27 March 1998 between The Secretary of State for Social Security, The Secretary of State for the Environment, Transport and the Regions, Partnership Property Management (PRIME) Limited and PPM (PRIME) Property Limited (acting as general partner of PPM (PRIME) Property Limited Partnership) as amended from time to time;

"Project Documents" has the same meaning as ascribed to that term in the Project Agreement and "Project Document" shall be construed accordingly.

"Properties" has the same meaning as ascribed to that term in the Project Agreement;

"Secured Sums" means the aggregate of:

- (a) the amount which the Chargor has from time to time undertaken in clause 28.4(e) of the Project Agreement to pay to DWP for the Properties calculated in accordance with Schedule 31 to the Project Agreement (*Transfer Price Provisions*); and
- (b) any other amounts which the PRIME Contractor may owe to DWP following termination by DWP, pursuant to clause 25 of the Project Agreement, of the right and obligation of the PRIME Contractor to implement the Operations in accordance with clause 8.1

PROVIDED THAT the maximum amount recoverable under this Standard Security shall be the lower of:

- (i) £40,000,000; and
- (ii) the amount by which:
 - (1) the aggregate of all recoveries received and applied by DWP in reduction of the Secured Sums under the First Charges (other than under this Standard Security) at the date upon which amounts are received under this Standard Security

is less than
 - (2) £40,000,000.

2. CHARGING PROVISIONS

The Chargor hereby undertakes to pay the Secured Sums to DWP, in accordance with the provisions of the Project Agreement; for which the Chargor grants a Standard Security in favour of DWP over ALL and WHOLE [*insert description of the relevant Specified Property*] (which subjects with the whole buildings and structures thereon and the fixtures therein and thereon (but excluding trade and tenants' fittings) are hereinafter called the "**Security Subjects**").

3. STANDARD CONDITIONS

The Standard Conditions specified in Schedule 3 to the Act and any lawful variation thereof operative for the time being shall apply; and the Chargor agrees that the Standard Conditions are varied as follows:

- 3.1 Standard Conditions 1 to 6 are deleted.
- 3.2 The Chargor shall not, without the prior written consent of DWP:

- (a) create or attempt to create or knowingly allow to arise or subsist any Encumbrance over the Security Subjects which shall rank in priority ahead of this Standard Security or increase or extend any liability secured by any permitted Encumbrance over the Security Subjects;
 - (b) subject as provided in clause 3.3:
 - (i) sell, convey, lease or otherwise dispose of any part of the Security Subjects or any estate or interest therein or agree to do so; and/or
 - (ii) share or part with possession or occupation of the Security Subjects or agree to do so,

other than in accordance with the Project Agreement or any other Project Document.
- 3.3 The Chargor may not, without the prior written consent of DWP (which consent shall not be unreasonably withheld or delayed), vary or accept any surrender of any lease or tenancy agreement to which the Security Subjects are subject or reduce any sum payable thereunder or, save in pursuance of any PRIME Lease of the Security Subjects or any part thereof, grant any consent to assign any such lease or tenancy agreement or, save by way of any PRIME Lease of the Security Subjects or any part thereof, to sub-let the same.
- 3.4 The Chargor shall, if and whenever required by DWP and at the cost of the Chargor, promptly perform all such acts, and execute and deliver all such deeds, instruments, notices and other documents of any kind in such form as DWP may require for enhancing or perfecting this Standard Security or preserving the Security Subjects or for facilitating the enforcement or realisation of this Standard Security or the exercise of any powers, authorities and discretions conferred by this Standard Security or by law in relation thereto on DWP.
- 3.5 The Chargor hereby undertakes to DWP that (subject to the rights of any prior-ranking heritable creditor) the Chargor shall at all times during the continuance of this Standard Security if and to the extent that the same are held by the Chargor deposit with DWP all deeds and documents of title and insurance policies relating to the Security Subjects and all land certificates, charge certificates, planning permissions and other documents relating to the Security Subjects (which DWP shall be entitled to hold and retain during the continuance of this Standard Security).
- 3.6 (a) Except as provided for in clause 3.6(c) hereof and in section 23(3) of the Act, the Chargor's right to redeem this Standard Security is hereby excluded;

- (b) The Secured Sums shall be payable by the Chargor on demand once they have become due under the Project Agreement;
- (c) DWP will discharge this Standard Security on the Expiry Date of the Project Agreement provided that the Chargor is not then in breach of its obligations to pay the Secured Sums or as otherwise required under the Project Agreement;
- (d) DWP will release the Security Subjects from this Standard Security as required by clause 7.7 of the Project Agreement.

3.7 In the event that the Chargor shall be in breach of its obligations to pay any or all of the Secured Sums, the Chargor shall be held to be in default within the meaning of Standard Condition 9 (without prejudice to any other provision of Standard Condition 9 which may result in the Chargor being in default) and, save where and to the extent that the following powers are inconsistent with any provisions of the Act which cannot competently be varied or excluded, DWP shall have the following powers:

- (a) to take possession of, collect and get in all or any part of the Security Subjects (including all rents and other income thereof) and for that purpose to take any proceedings as DWP shall think fit;
- (b) to commence and/or complete any building operations or works of construction or furnishing on the Security Subjects and to apply for and obtain any planning permissions, building warrants and any other permissions, consents or licenses in each case as DWP may in its absolute discretion think fit;
- (c) to provide such facilities and services for tenants and generally to manage the Security Subjects in such manner as DWP may in its absolute discretion think fit;
- (d) to let, lease or grant licences of or concur in leasing or granting licences of or to vary the terms or terminate or accept surrenders of leases, tenancies or licences of all or any part of the Security Subjects or grant options over the same in such manner and for such term with or without a premium with such rights relating to the other parts thereof and containing such obligations and generally on such terms and conditions (including the payment of money to a lessee or tenant on a surrender) as DWP shall think fit in its absolute and unfettered discretion;
- (e) to make any arrangements or compromise which DWP shall think fit;
- (f) to exercise all the powers conferred on the Chargor by any statute, deed or contract in respect of all or any part of the Security Subjects;

- (g) to sever and remove any fixtures belonging to the Chargor and (pending any sale or other disposal) to use any fittings belonging to the Chargor on the Security Subjects at no cost to DWP in connection with the use thereof;
 - (h) to make and effect all repairs, renewals and improvements and to effect, maintain, renew or increase insurances in such terms and against such risks as DWP think fit;
 - (i) to appoint, employ or dismiss professional advisers, managers, officers, contractors and agents for any purpose aforesaid upon such terms as DWP shall think fit;
 - (j) to do all such other acts and things as may be considered by DWP to be incidental or conducive to any of the foregoing matters or powers or otherwise incidental or conducive to the preservation, improvement or realisation of the Security Subjects.
- 3.8 All of the powers of DWP under clause 3.7 hereof (a) are without prejudice to the powers and rights of DWP under Standard Condition 10 or any other provision of the Act and (b) are without prejudice to the powers and rights of DWP under the Project Agreement.
- 3.9 All costs, charges and expenses incurred hereunder by DWP, and all other money paid by DWP in connection with this Standard Security or in respect of the Security Subjects shall be recoverable from the Chargor as a debt and shall be deemed to be secured by the Security Subjects under this Standard Security and may be debited to any account of the Chargor, and shall bear interest accordingly.
- 3.10 Without prejudice to the generality of the provisions of clause 3.9 hereof, the costs and expenses recoverable by DWP hereunder shall include all costs and expenses of DWP (on an indemnity basis) of all proceedings for the enforcement of this Standard Security, or for obtaining payment of money hereby secured, or arising out of or in connection with the acts authorised by clause 3.7 hereof.
- 3.11 No delay or omission of DWP in exercising any rights, power or discretion under this Standard Security or any other document will operate to impair such right, power or discretion or be construed as a waiver thereof and any single or partial exercise of any right, power or discretion shall not in any circumstances preclude any other or further exercise thereof or the exercise of any other right, power or discretion.
- 3.12 The rights and remedies provided in this Standard Security are cumulative and not exclusive of any rights or remedies provided by law. Any waiver and any consent by DWP under this Standard Security must be in writing and may be given subject to any condition thought fit by DWP. Any waiver or consent shall be effective only in the

instance and for the purpose for which it is given and subject to any conditions attached to such waiver or consent.

- 3.13 Each certificate, statement or demand issued or made by DWP as to the amounts of the Secured Sums for the time being outstanding shall, save for manifest error, be conclusive and binding on the Chargor and DWP.
- 3.14 Save only to the extent that the Act specifies a manner of service which cannot competently be varied or excluded, all demands or notices to be served under this Standard Security shall be served in accordance with the provisions for service of notices contained in the Project Agreement.

4. MISCELLANEOUS

- 4.1 The Chargor hereby certifies that this Standard Security does not contravene any of the provisions of its Memorandum and Articles of Association.
- 4.2 The headings and marginal notes in this Standard Security shall be deemed not to be part of the Standard Security and shall not be taken into consideration in the legal interpretation of this Standard Security.
- 4.3 Where there is any conflict in interpretation between the Project Agreement and this Standard Security, the Project Agreement shall prevail.
- 4.4 In this Standard Security where the context so requires:
- (a) the singular includes the plural and vice versa;
 - (b) the masculine includes the feminine and vice versa, and the neuter includes the masculine or feminine and vice versa;
 - (c) references to persons shall include individuals, bodies corporate, unincorporated associations, partnerships, governments, governmental bodies, authorities and agencies and any other person having legal capacity; and
 - (d) references to any law are to be construed as references to that law as from time to time amended or to any law for the time being replacing, extending, consolidating or amending the same.

5. WARRANDICE

The Chargor grants warrandice but excluding always therefrom [*Insert detail of any relevant Third Party Leases and PRIME Lease*].

6. **REGISTRATION**

The parties consent to the registration hereof and of any certificate issued under clause 3.13 hereof for preservation and execution: IN WITNESS WHEREOF

PART 2

Second Charge

(a) If the Property is in England and Wales

NOTE: THE FRONT COVER OF THE DOCUMENT MUST STATE AS FOLLOWS:

"THIS DEED IS SUBJECT TO THE TERMS OF THE INTERCREDITOR DEED (AS DEFINED HEREIN) AND IS INTENDED TO CREATE A SECOND RANKING SECURITY INTEREST BEHIND SECURITY IN FAVOUR OF THE SECURITY TRUSTEE (AS DEFINED HEREIN)"

THIS SECOND LEGAL CHARGE made the day of 200

BETWEEN:

- (1) Trillium (PRIME) Property GP Limited** a company registered and incorporated in accordance with the laws of England and Wales registered under number 3424587 and having its registered office at 140 London Wall, London EC2Y 5DN (the "**Chargor**"); and
- (2) The Secretary of State for Work and Pensions** (the "**DWP**").

WHEREAS

- (A)** The Chargor has agreed to grant to DWP this Second Legal Charge in respect of the Mortgaged Property in connection with the Project Agreement (as defined below).
- (B)** This Second Legal Charge will take effect as a second ranking legal charge from the date (the "Relevant Date") upon which the Chargor grants to the Security Trustee (as defined below) a first legal charge over the Mortgaged Property.
- (C)** DWP's rights under and in connection with this Second Legal Charge shall be subject to the terms of the Intercreditor Deed (as defined below).

THIS DEED WITNESSES:

1. DEFINITIONS

- 1.1** In this Second Legal Charge, unless there is anything indicating to the contrary all words and expressions shall have the same meaning as is given to them in Schedule 1 to the Project Agreement.
- 1.2** In this Second Legal Charge the following words and expressions have the meanings set out below:

"Act" means the Law of Property Act 1925;

"Chargor" includes any person deriving title under the Chargor or entitled to redeem this security;

"Encumbrance" includes any charge, debenture, mortgage, lien, security assignment or any other encumbrance in the nature of security whatsoever;

"Intercreditor Deed" means the intercreditor deed dated or to be dated on or about the Relevant Date between DWP, the Chargor, PRIME Contractor and the Security Trustee;

"Mortgaged Property" means the property and the buildings and structures and fixtures (excluding trade and tenants' fixtures) charged to DWP under clause 2;

"Project Agreement" means the agreement dated 27 March 1998 between The Secretary of State for Social Security, The Secretary of State for the Environment, Transport and the Regions, Partnership Property Management (PRIME) Limited and PPM (PRIME) Property Limited (acting as general partner of PPM (PRIME) Property Limited Partnership) as amended from time to time;

"Project Documents" has the same meaning as ascribed to that term in the Project Agreement, and "Project Document" shall be construed accordingly;

"Secured Sums" means any amounts which the PRIME Contractor may owe to DWP following termination by DWP, pursuant to clause 25 of the Project Agreement, of the right and obligation of the PRIME Contractor to implement the Operations in accordance with clause 8.1 PROVIDED THAT the maximum amount recoverable under this Second Legal Charge shall be the lower of:

- (a) £40,000,000; and
- (b) the amount by which:
 - (i) the aggregate of all recoveries received and applied by DWP in reduction of the Secured Sums under the Second Charges (other than under this Second Legal Charge) at the date upon which amounts are received under this Second Legal Charge

is less than
 - (ii) £40,000,000;

"Security Trustee" means Barclays Bank PLC as agent and trustee for and on behalf of certain Funders.

- (a) the singular includes the plural and vice versa;
- (b) the masculine includes the feminine and vice versa, and the neuter includes the masculine or the feminine and vice versa;
- (c) references to persons shall include individuals, bodies corporate, unincorporated associations, partnerships, governments, governmental bodies, authorities and agencies and any other person having legal capacity; and
- (d) references to any Law are to be construed as references to that Law as from time to time amended or to any Law for the time being replacing, extending, consolidating or amending the same.

1.4 The headings in this Second Legal Charge shall be deemed not to be part of this Second Legal Charge and shall not be taken into consideration in the interpretation of this Second Legal Charge.

1.5 Where there is any conflict in interpretation between the Project Agreement and this Second Legal Charge, the Project Agreement shall prevail.

2. **CHARGING CLAUSE**

The Chargor with full title guarantee hereby charges by way of legal mortgage all the property of the Chargor described in the Schedule, together with all buildings and structures and all fixtures (excluding trade and tenants' fixtures) thereon and all additions and improvements thereto and all the estate and interest of the Chargor therein and in any trade and tenant's fixtures thereon to the intent that such property and assets shall remain charged until the payment and discharge by the Chargor of the Secured Sums.

3. **RESTRICTION ON CHARGES AND OTHER DISPOSITIONS**

3.1 The Chargor hereby covenants with DWP that the Chargor shall not, without the prior written consent of DWP:

- (a) save for any Encumbrance created in favour of the Security Trustee, create or attempt to create, or knowingly allow to arise or subsist, any Encumbrance over any part of the Mortgaged Property which shall rank in priority ahead of this Second Legal Charge or increase or extend any liability secured by any permitted Encumbrance over the Mortgaged Property;
- (b) subject to clause 4, sell, transfer, lease or otherwise dispose of any part of the Mortgaged Property or any estate or interest therein, or share or part with possession or occupation of the Mortgaged Property, or agree so to do other than in accordance with the Project Agreement or any of the Project Documents.

- 3.2 The Chargor shall apply to the Land Registrar for a restriction to be entered on the register of title of the Mortgaged Property in the following terms:

"No disposition of the registered estate by the proprietor of the registered estate is to be registered without a written consent signed on behalf of The Secretary of State for Work and Pensions by its solicitor"

4. **POWERS OF LEASING**

The Chargor shall not, without the prior written consent of DWP, which shall not be unreasonably withheld or delayed, exercise any of the powers of leasing or of accepting surrenders of leases conferred by sections 99 and 100 of the Act or by law or vary any lease or tenancy agreement or reduce any sum payable thereunder or, save in pursuance of any PRIME Lease of the Mortgaged Property or any part thereof, grant any consent to assign any such lease or tenancy agreement or, save by way of any PRIME Lease of the Mortgaged Property or any part thereof, underlet the Mortgaged Property. Provided that where DWP's power of sale under this Second Legal Charge has become enforceable, it shall be lawful (but not obligatory) for DWP to grant or vary any lease or tenancy agreement or accept surrenders of leases or reduce any sum payable thereunder or grant such consent to assign or underlet the Mortgaged Property without the restrictions contained in sections 99 and 100 for such consideration and on such terms as DWP may think fit in its absolute and unfettered discretion.

5. **FURTHER ASSURANCE**

The Chargor shall, if and whenever required by DWP and at the cost of the Chargor, promptly perform all such acts and execute and deliver all such deeds, instruments, notices and other documents of any kind in such form as DWP may require for enhancing or perfecting this security or preserving the Mortgaged Property or for facilitating the enforcement or realisation of this Second Legal Charge or the exercise of any powers, authorities and discretions conferred by this Second Legal Charge or by law on DWP or any Receiver (as defined below).

6. **COVENANTS**

The Chargor hereby covenants with DWP that the Chargor shall at all times during the continuance of this Second Legal Charge, subject to the rights of any prior mortgagee (including the Security Trustee), and to the extent that the same are held by the Chargor, deposit with DWP all deeds and documents of title and insurance policies relating to the Mortgaged Property and all Local Land Charges, Land Charges and Land Registry Search Certificates, planning consents and other documents relating to the Mortgaged

Property (which DWP shall be entitled to hold and retain during the continuance of this Second Legal Charge).

7. PAYMENT DATE AND RELEASE

7.1 The Secured Sums shall be payable by the Chargor on demand once they have become due under the Project Agreement.

7.2 DWP will release this Second Legal Charge on the Expiry Date of the Project Agreement (provided that the Chargor is not then in breach of its obligations to pay the Secured Sums) or as otherwise required under the Project Agreement.

7.3 DWP will release the Mortgaged Property from this Second Legal Charge as required by clause 6.15H of the Project Agreement.

8. DWP'S POWERS AND ENFORCEMENT OF SECURITY

8.1 This Second Legal Charge shall become enforceable immediately upon the termination of the right and obligation of the PRIME Contractor to continue to implement the Operations in accordance with clause 8.1 of the Project Agreement irrespective of the reason for such termination.

8.2 At any time after this Second Legal Charge has become enforceable, or at any time if so requested by the Chargor, DWP may without further notice and without first appointing a Receiver exercise all or any of the powers conferred on mortgagees by the Act (as hereby extended or varied) and all the powers, authorities and discretions hereby conferred expressly or by implication on any Receiver or conferred by law.

8.3 Section 103 of the Act shall not apply to this Second Legal Charge and this Second Legal Charge shall become immediately enforceable and the power of sale and other powers conferred on mortgagees by the Act (as hereby extended or varied) shall be deemed to have arisen and become exercisable without the restrictions contained in the Act at any time after the execution of this security, provided that DWP shall not exercise such powers until payment in respect of any Secured Sums has been demanded, but this proviso shall not affect a purchaser or put him upon enquiry whether such demand has been made.

8.4 The restriction on the right of consolidating mortgages contained in Section 93 of the Act shall not apply to this Second Legal Charge.

9. APPOINTMENT OF RECEIVER

9.1 At any time after this Second Legal Charge has become enforceable, or at any time if so requested by the Chargor, DWP may appoint in writing any person to be a receiver (the

"Receiver" which expression shall where the context so admits include the plural and any substituted receiver) of all or any part of the Mortgaged Property.

- 9.2 Where more than one Receiver is appointed they shall have power to act severally (unless DWP shall in the appointment specify to the contrary) in relation to all or any part of the Mortgaged Property.
- 9.3 Such an appointment over part only of the Mortgaged Property shall not preclude DWP from making any subsequent appointment of a Receiver over any part of the Mortgaged Property over which an appointment has not previously been made by DWP.
- 9.4 DWP may from time to time determine the remuneration of the Receiver.
- 9.5 DWP may remove the Receiver from all or any part of the Mortgaged Property of which he is the Receiver and at any time after the Receiver shall have vacated office or ceased to act in respect of any of the Mortgaged Property appoint a further Receiver over all or any part of the Mortgaged Property or of the part thereof in respect of which he shall have ceased to act.
- 9.6 The Receiver shall be the agent of the Chargor (who shall be solely liable for his acts, defaults and remuneration) unless and until the Chargor goes into liquidation and thereafter he shall act as principal and shall not become the agent of DWP and shall have and be entitled to exercise all powers conferred by the Act in the same way as if the Receiver had been duly appointed thereunder and in particular by way of addition to but without limiting any such powers (and without prejudice to any of DWP's powers) the Receiver shall have power in the name of the Chargor or otherwise, to do the following:
- (a) to take possession of, collect and get in all or any part of the Mortgaged Property (including all rents and other income thereof) and for that purpose to take any proceedings as he shall think fit;
 - (b) to commence and/or complete any building operations or works of construction or furnishing on the Mortgaged Property and to apply for and obtain 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) to acquire any further property, assets or rights whatsoever, whether by purchase, lease or otherwise;
 - (d) to raise or borrow money for any purpose specified in this clause and so that the Receiver may charge all or any of the Mortgaged Property with the repayment of such money and interest thereon in priority to this security;

- (e) to provide such facilities and services for tenants and generally to manage the Mortgaged Property in such manner as he shall think fit;
- (f) to sell (whether by public auction or private contract or otherwise), let, lease or grant licences of or concur in selling, letting, leasing or granting licences of and to vary the terms or terminate or accept surrenders of leases, tenancies or licences of all or any part of the Mortgaged Property or grant options over the same in such manner and for such term with or without a premium with such rights relating to the other parts thereof and containing such covenants and generally on such terms and conditions (including the payment of money to a lessee or tenant on a surrender) as he shall think fit in his absolute and unfettered discretion, and any such sale or disposition may be for cash, debentures, securities or other valuable consideration and may be payable in a lump sum or by instalments;
- (g) to promote or concur in promoting a company to purchase all or part of the Mortgaged Property or any interest therein;
- (h) to make any arrangement or compromise which he or DWP shall think fit;
- (i) to exercise all the powers conferred on the Chargor by any statute, deed or contract in respect of all or any part of the Mortgaged Property;
- (j) to sever and remove any fixtures belonging to the Chargor and (pending any sale or other disposal) to use any chattels belonging to the Chargor on the Mortgaged Property at no cost to the Receiver in connection with the use thereof;
- (k) to make and effect all repairs, renewals and improvements and to effect, maintain, renew or increase insurances in such terms and against such risks as he shall think fit;
- (l) to bring or defend any proceedings in the name of the Chargor in relation to the Mortgaged Property;
- (m) to appoint, employ or dismiss professional advisers, managers, officers, contractors and agents for any purpose aforesaid upon such terms as he may think fit;
- (n) to do all such other acts and things as may be considered by the Receiver to be incidental or conducive to any of the foregoing matters or powers or otherwise incidental or conducive to the preservation, improvement or realisation of the Mortgaged Property;

Provided that the Receiver shall not be authorised to exercise any of the above powers if and insofar and for so long as DWP shall in writing exclude the same, whether at the time of his appointment or subsequently.

9.7 All powers of the Receiver hereunder may be exercised by DWP whether as attorney of the Chargor or otherwise and whether or not a Receiver shall have been appointed.

10. APPLICATION OF REALISATIONS

10.1 Any money received under the powers hereby conferred shall, subject to the repayment as far as necessary of any claims having priority to this Second Legal Charge, be paid or applied in the following order of priority:

- (a) in satisfaction of all costs, charges and expenses properly incurred, and payments properly made, by DWP and/or the Receiver, and of the remuneration of the Receiver;
- (b) in or towards satisfaction of the money outstanding and secured by this Second Legal Charge in such manner as DWP may, in its discretion, require;
- (c) as to the surplus (if any), to the person or persons entitled thereto.

11. NON-CONTRAVENTION

The Chargor hereby certifies that this Second Legal Charge does not contravene any of the provisions of its Memorandum and Articles of Association.

12. POWER OF ATTORNEY

The Chargor by way of security hereby irrevocably appoints DWP and any Receiver and each of them severally to be the attorney of the Chargor (with full powers of substitution and delegation) for the Chargor in the name and on behalf and as the act and deed of the Chargor to sign, seal, execute, deliver and perfect all deeds, instruments, notices and documents and to perform all acts which the Chargor may or ought to do under the covenants and provisions contained in this Second Legal Charge.

13. CHARGES AND EXPENSES COSTS

13.1 All costs, charges and expenses incurred hereunder by DWP, and all other money paid by DWP or by the Receiver in connection with this Second Legal Charge or in respect of the Mortgaged Property shall be recoverable from the Chargor as a debt, may be debited to any account of the Chargor, shall bear interest accordingly, and shall be charged on the Mortgaged Property.

13.2 Without prejudice to the generality of the provisions of clause 13.1, the costs recoverable by DWP hereunder shall include all costs of DWP (on the indemnity basis) of all proceedings for the enforcement of this Second Legal Charge, or for obtaining payment of money hereby secured, or arising out of or in connection with the acts authorised by clause 9 (*Appointment of a Receiver*) hereof.

14. **FORBEARANCE, WAIVER, CONSENTS AND CERTIFICATES**

14.1 No delay or omission of DWP in exercising any right, power or discretion under this Second Legal Charge or any other document will operate to impair such right, power or discretion or be construed as a waiver thereof and any single or partial exercise of any right, power or discretion shall not in any circumstances preclude any other or further exercise thereof or the exercise of any other right, power or discretion.

14.2 The rights and remedies provided in this Second Legal Charge are cumulative and not exclusive of any rights or remedies provided by law. Any waiver and any consent by DWP under this Second Legal Charge must be in writing and may be given subject to any conditions thought fit by DWP. Any waiver or consent shall be effective only in the instance and for the purpose for which it is given and subject to any conditions attached to such waiver or consent.

14.3 Each certificate, statement or demand issued or made by DWP as to the amounts of the Secured Sums for the time being outstanding shall, save for manifest error, be conclusive and binding on the Chargor.

15. **SERVICE OF DEMANDS AND NOTICES**

All demands or notices to be served under this Second Legal Charge shall be served in accordance with the provisions for service of notices contained in the Project Agreement.

16. **EXECUTION**

This document shall be treated as having been executed and delivered as a deed only upon being dated.

IN WITNESS whereof this Second Legal Charge has been duly executed and delivered as a deed the day and year first above written.

SCHEDULE

PARTICULARS OF THE MORTGAGED PROPERTY

[To be completed with the details of the relevant Retained Property]

- (b) **If the Property is in Scotland, the Legal Charge will comprise the Second Standard Security set out below.**

NOTE: THE FRONT COVER OF THE DOCUMENT MUST STATE AS FOLLOWS:

"THIS DEED IS SUBJECT TO THE TERMS OF THE INTERCREDITOR DEED (AS DEFINED HEREIN) AND IS INTENDED TO CREATE A SECOND RANKING SECURITY INTEREST BEHIND SECURITY IN FAVOUR OF THE SECURITY TRUSTEE (AS DEFINED HEREIN)"

Second Standard Security

1. DEFINITIONS

1.1 In this Second Standard Security, unless there is anything indicating to the contrary all words and expressions shall have the same meaning as is given to them in Schedule 1 to the Project Agreement.

1.2 In this Second Standard Security, unless the context otherwise requires, the following words and expressions shall have the meanings specified below:

"Act" means the Conveyancing and Feudal Reform (Scotland) Act 1970 (as amended);

"Chargor" means Trillium (PRIME) Property GP Limited, a company registered and incorporated in accordance with the laws of England and Wales registered under number 3424587 and having its registered office at 140 London Wall, London EC2Y 5DN;

"DWP" means The Secretary of State for Work and Pensions;

"Encumbrance" includes any standard security, charge, debenture, mortgage, lien, assignation in security or any other encumbrance in the nature of security whatsoever;

"Intercreditor Deed" means the intercreditor deed dated or to be dated on or about the Relevant Date between DWP, the Chargor, PRIME Contractor and the Security Trustee dated or to be dated on or about the date of execution of a first ranking standard security over the Security Subjects granted by the Chargor in favour of the Security Trustee;

"PRIME Contractor" means Trillium (PRIME) Limited, a company registered and incorporated in accordance with the laws of England and Wales registered under number 3258384 whose registered office is at 140 London Wall, London EC2Y 5DN;

"PRIME Lease" has the same meaning as ascribed to that term in the Project Agreement;

"Project Agreement" means the agreement dated 27 March 1998 between The Secretary of State for Social Security, The Secretary of State for the Environment, Transport and the Regions, Partnership Property Management (PRIME) Limited and PPM (PRIME) Property Limited (acting as general partner of PPM (PRIME) Property Limited Partnership) as amended from time to time;

"Project Documents" has the same meaning as ascribed to that term in the Project Agreement and "Project Document" shall be construed accordingly.

"Properties" has the same meaning as ascribed to that term in the Project Agreement;

"Secured Sums" means any amounts which the PRIME Contractor may owe to DWP following termination by DWP, pursuant to clause 25 of the Project Agreement, of the right and obligation of the PRIME Contractor to implement the Operations in accordance with clause 8.1 PROVIDED THAT the maximum amount recoverable under this Second Standard Security shall be the lower of:

- (a) £40,000,000; and
- (b) the amount by which:
 - (i) the aggregate of all recoveries received and applied by DWP in reduction of the Secured Sums under the Second Charges (other than under this Second Standard Security) at the date upon which amounts are received under this Second Standard Security

is less than
 - (ii) £40,000,000;

"Security Trustee" means Barclays Bank PLC as agent and trustee for and on behalf of certain Funders.

2. CHARGING PROVISIONS

The Chargor hereby undertakes to pay the Secured Sums to DWP, in accordance with the provisions of the Project Agreement; for which the Chargor grants a Second Standard Security in favour of DWP over ALL and WHOLE [*insert description of the relevant Retained Property*] (which subjects with the whole buildings and structures thereon and the fixtures therein and thereon (but excluding trade and tenants' fittings) are hereinafter called the **"Security Subjects"**).

3. STANDARD CONDITIONS

The Standard Conditions specified in Schedule 3 to the Act and any lawful variation thereof operative for the time being shall apply; and the Chargor agrees that the Standard Conditions are varied as follows:

3.1 Standard Conditions 1 to 6 are deleted.

3.2 The Chargor shall not, without the prior written consent of DWP:

(a) save for any Encumbrance created in favour of the Security Trustee, create or attempt to create or knowingly allow to arise or subsist any Encumbrance over the Security Subjects which shall rank in priority ahead of this Second Standard Security or increase or extend any liability secured by any permitted Encumbrance over the Security Subjects;

(b) subject as provided in clause 3.3:

(i) sell, convey, lease or otherwise dispose of any part of the Security Subjects or any estate or interest therein or agree to do so; and/or

(ii) share or part with possession or occupation of the Security Subjects or agree to do so,

other than in accordance with the Project Agreement or any other Project Document.

3.3 The Chargor may not, without the prior written consent of DWP (which consent shall not be unreasonably withheld or delayed), vary or accept any surrender of any lease or tenancy agreement to which the Security Subjects are subject or reduce any sum payable thereunder or, save in pursuance of any PRIME Lease of the Security Subjects or any part thereof, grant any consent to assign any such lease or tenancy agreement or, save by way of any PRIME Lease of the Security Subjects or any part thereof, to sub-let the same.

3.4 The Chargor shall, if and whenever required by DWP and at the cost of the Chargor, promptly perform all such acts, and execute and deliver all such deeds, instruments, notices and other documents of any kind in such form as DWP may require for enhancing or perfecting this Second Standard Security or preserving the Security Subjects or for facilitating the enforcement or realisation of this Second Standard Security or the exercise of any powers, authorities and discretions conferred by this Second Standard Security or by law in relation thereto on DWP.

- 3.5 The Chargor hereby undertakes to DWP that (subject to the rights of any prior-ranking heritable creditor, including the Security Trustee) the Chargor shall at all times during the continuance of this Second Standard Security if and to the extent that the same are held by the Chargor deposit with DWP all deeds and documents of title and insurance policies relating to the Security Subjects and all land certificates, charge certificates, planning permissions and other documents relating to the Security Subjects (which DWP shall be entitled to hold and retain during the continuance of this Second Standard Security).
- 3.6 (a) Except as provided for in clauses 3.6(c) and (d) hereof and in section 23(3) of the Act, the Chargor's right to redeem this Second Standard Security is hereby excluded;
- (b) The Secured Sums shall be payable by the Chargor on demand once they have become due under the Project Agreement;
- (c) DWP will discharge this Second Standard Security on the Expiry Date of the Project Agreement (provided that the Chargor is not then in breach of its obligations to pay the Secured Sums) or as otherwise required under the Project Agreement;
- (d) DWP will release the Security Subjects from this Second Standard Security as required by clause 6.15H of the Project Agreement.
- 3.7 In the event that the Chargor shall be in breach of its obligations to pay any or all of the Secured Sums, the Chargor shall be held to be in default within the meaning of Standard Condition 9 (without prejudice to any other provision of Standard Condition 9 which may result in the Chargor being in default) and, save where and to the extent that the following powers are inconsistent with any provisions of the Act which cannot competently be varied or excluded, DWP shall have the following powers:
- (a) to take possession of, collect and get in all or any part of the Security Subjects (including all rents and other income thereof) and for that purpose to take any proceedings as DWP shall think fit;
- (b) to commence and/or complete any building operations or works of construction or furnishing on the Security Subjects and to apply for and obtain any planning permissions, building warrants and any other permissions, consents or licenses in each case as DWP may in its absolute discretion think fit;
- (c) to provide such facilities and services for tenants and generally to manage the Security Subjects in such manner as DWP may in its absolute discretion think fit;
- (d) to let, lease or grant licences of or concur in leasing or granting licences of or to vary the terms or terminate or accept surrenders of leases, tenancies or licences

of all or any part of the Security Subjects or grant options over the same in such manner and for such term with or without a premium with such rights relating to the other parts thereof and containing such obligations and generally on such terms and conditions (including the payment of money to a lessee or tenant on a surrender) as DWP shall think fit in its absolute and unfettered discretion;

- (e) to make any arrangements or compromise which DWP shall think fit;
- (f) to exercise all the powers conferred on the Chargor by any statute, deed or contract in respect of all or any part of the Security Subjects;
- (g) to sever and remove any fixtures belonging to the Chargor and (pending any sale or other disposal) to use any fittings belonging to the Chargor on the Security Subjects at no cost to DWP in connection with the use thereof;
- (h) to make and effect all repairs, renewals and improvements and to effect, maintain, renew or increase insurances in such terms and against such risks as DWP think fit;
- (i) to appoint, employ or dismiss professional advisers, managers, officers, contractors and agents for any purpose aforesaid upon such terms as DWP shall think fit;
- (j) to do all such other acts and things as may be considered by DWP to be incidental or conducive to any of the foregoing matters or powers or otherwise incidental or conducive to the preservation, improvement or realisation of the Security Subjects.

3.8 All of the powers of DWP under clause 3.7 hereof (a) are without prejudice to the powers and rights of DWP under Standard Condition 10 or any other provision of the Act and (b) are without prejudice to the powers and rights of DWP under the Project Agreement.

3.9 All costs, charges and expenses incurred hereunder by DWP, and all other money paid by DWP in connection with this Second Standard Security or in respect of the Security Subjects shall be recoverable from the Chargor as a debt and shall be deemed to be secured by the Security Subjects under this Second Standard Security and may be debited to any account of the Chargor, and shall bear interest accordingly.

3.10 Without prejudice to the generality of the provisions of clause 3.9 hereof, the costs and expenses recoverable by DWP hereunder shall include all costs and expenses of DWP (on an indemnity basis) of all proceedings for the enforcement of this Second Standard Security, or for obtaining payment of money hereby secured, or arising out of or in connection with the acts authorised by clause 3.7 hereof.

- 3.11 No delay or omission of DWP in exercising any rights, power or discretion under this Second Standard Security or any other document will operate to impair such right, power or discretion or be construed as a waiver thereof and any single or partial exercise of any right, power or discretion shall not in any circumstances preclude any other or further exercise thereof or the exercise of any other right, power or discretion.
- 3.12 The rights and remedies provided in this Second Standard Security are cumulative and not exclusive of any rights or remedies provided by law. Any waiver and any consent by DWP under this Second Standard Security must be in writing and may be given subject to any condition thought fit by DWP. Any waiver or consent shall be effective only in the instance and for the purpose for which it is given and subject to any conditions attached to such waiver or consent.
- 3.13 Each certificate, statement or demand issued or made by DWP as to the amounts of the Secured Sums for the time being outstanding shall, save for manifest error, be conclusive and binding on the Chargor and DWP.
- 3.14 Save only to the extent that the Act specifies a manner of service which cannot competently be varied or excluded, all demands or notices to be served under this Second Standard Security shall be served in accordance with the provisions for service of notices contained in the Project Agreement.

4. **MISCELLANEOUS**

- 4.1 The Chargor hereby certifies that this Second Standard Security does not contravene any of the provisions of its Memorandum and Articles of Association.
- 4.2 The headings and marginal notes in this Second Standard Security shall be deemed not to be part of the Second Standard Security and shall not be taken into consideration in the legal interpretation of this Second Standard Security.
- 4.3 Where there is any conflict in interpretation between the Project Agreement and this Second Standard Security, the Project Agreement shall prevail.
- 4.4 In this Second Standard Security where the context so requires:
- (a) the singular includes the plural and vice versa;
 - (b) the masculine includes the feminine and vice versa, and the neuter includes the masculine or feminine and vice versa;
 - (c) references to persons shall include individuals, bodies corporate, unincorporated associations, partnerships, governments, governmental bodies, authorities and agencies and any other person having legal capacity; and

- (d) references to any law are to be construed as references to that law as from time to time amended or to any law for the time being replacing, extending, consolidating or amending the same.

5. **WARRANTICE**

The Chargor grants warrandice but excluding always therefrom [*Insert detail of any relevant Third Party Leases and PRIME Lease*].

6. **REGISTRATION**

The parties consent to the registration hereof and of any certificate issued under clause 3.13 hereof for preservation and execution: IN WITNESS WHEREOF

PART 3

Floating Charge

THIS FLOATING CHARGE is made the day of 200

BETWEEN:

- (1) **Trillium (PRIME) Limited** a company registered and incorporated in accordance with the laws of England registered under number 3258384 whose registered office is at 140 London Wall, London EC2Y 5DN (the "**PRIME Contractor**"); and
- (2) **The Secretary of State for Work and Pensions** (previously the Secretary of State for Social Security) ("**DWP**").

WHEREAS:

- (A) DWP has agreed in the Project Agreement defined below to transfer the Assets (as defined below) to the PRIME Contractor in consideration of the PRIME Contractor agreeing to use the Assets to provide services to DWP in accordance with the Project Agreement.
- (B) DWP will receive consideration for the Assets by way of the level of Facilities Payments it is to make to the PRIME Contractor pursuant to the Project Agreement. This is achieved by the quantum of the Facilities Prices being set at a level which inherently reflects the consideration paid for the Assets.
- (C) DWP anticipates that it will have received the value of the Assets through the Facilities Payments within a period of fifteen years.
- (D) In order to ensure that DWP does receive the full value of the Assets, it has been agreed that DWP will be given this security.

THIS DEED WITNESSES:

1. DEFINITIONS

1.1 In this Floating Charge, unless there is anything indicating to the contrary all words and expressions shall have the same meaning as is given to them in Schedule 1 to the Project Agreement.

1.2 In this Floating Charge the following words and expressions have the meanings set out below:

"Assets" means the Former ES Equipment and the Former ES Furniture transferred to the PRIME Contractor at the Contract Expansion Date;

"Encumbrance" includes any charge, debenture, mortgage, lien, security, assignment or any other encumbrance in the nature of security whatsoever;

"Project Agreement" means the agreement dated 27 March 1998 between The Secretary of State for Social Security, The Secretary of State for the Environment, Transport and the Regions, Partnership Property Management (PRIME) Limited and PPM (PRIME) Property Limited (acting as general partner of PPM (PRIME) Property Limited Partnership) as amended from time to time;

"Receiver" means a receiver and manager appointed under clause 5 (*Appointment of a Receiver*) and (where the context requires or permits) includes any substituted receiver and manager;

"Secured Sums" means all sums covenanted to be paid or discharged by the PRIME Contractor to DWP under clause 2.3 and all other amounts covenanted to be paid or discharged by the PRIME Contractor to DWP under this Floating Charge.

1.3 Where the context so requires:

- (a) the singular includes the plural and vice versa;
- (b) the masculine includes the feminine and vice versa, and the neuter includes the masculine or the feminine and vice versa;
- (c) references to person shall include individuals, bodies corporate, unincorporated associations, partnerships, governments, governmental bodies, authorities and agencies and any other person having legal capacity; and
- (d) references to any Law are to be construed as references to that Law as from time to time amended or to any Law for the time being replacing, extending, consolidating or amending the same.

1.4 The headings in this Floating Charge shall be deemed not to be part of this Floating Charge and shall not be taken into consideration in the interpretation of this Floating Charge.

1.5 Where there is any conflict in interpretation between the Project Agreement and this Floating Charge, the Project Agreement shall prevail.

2. THE VALUE OF THE ASSETS

2.1 It is agreed that DWP will receive consideration for the Assets through the level at which the Facilities Prices are set over a period of fifteen years.

2.2 It is agreed that the value of the Assets is £24,700,000.

2.3 In the event of DWP terminating the right and obligation of the PRIME Contractor to implement the Operations in accordance with clause 8.1 of the Project Agreement, the PRIME Contractor covenants with DWP to pay to DWP on demand the value of the Assets then outstanding as set out in clause 2.4.

2.4 On the basis that the PRIME Contractor has at the relevant date provided the Facilities as required by the Project Agreement, then the amount owed by the PRIME Contractor for the Assets under clause 2.3 shall be:

- (a) as at the Contract Expansion Date the sum of £24,700,000;
- (b) as at the last day of each calendar month during the Operating Period the amount owed by the PRIME Contractor at either the Contract Expansion Date or (as the case may be) the last day of the previous calendar month less £144,444.44.

If the PRIME Contractor has not provided the Facilities under the Project Agreement in whole or in part during a calendar month then the parties shall agree an amount by which the amount owed by the PRIME Contractor is to be reduced that calendar month instead of the sum of £144,444.44 as representing the value received by DWP that month for the Assets through the level of the Facilities Payments for the Facilities actually provided during that calendar month.

2.5 Any dispute as to the amount owed by the PRIME Contractor at any time for the Assets shall be determined in accordance with the Dispute Resolution Procedure under the Project Agreement.

3. **CHARGING CLAUSE**

3.1 The PRIME Contractor with full title guarantee hereby charges to DWP by way of floating charge all the Assets with the intent that the Assets shall remain charged until such time as the PRIME Contractor has discharged all moneys hereby covenanted to be paid by it.

3.2 The PRIME Contractor hereby covenants with DWP that the PRIME Contractor shall not without the prior written consent of DWP:

- (a) create or attempt to create or knowingly permit or allow to arise or subsist any Encumbrance over any part of the Assets which shall rank in priority to this Floating Charge, or extended any liability secured by any permitted encumbrance over the Assets;
- (b) sell, transfer, lease or otherwise dispose of any part of the Assets, or agree to do so, save where any of the Assets shall cease to perform the functions for which they are designed due to normal wear and tear.

3.3 DWP hereby covenants with the PRIME Contractor that it will release this Floating Charge within five days of the amount covenanted to be paid by the PRIME Contractor under this Floating Charge reducing to zero pursuant to clause 2.4.

4. **CRYSTALLISATION**

4.1 The floating charge created by clause 3.1 shall be automatically and instantly crystallised (without the necessity of notice) into a fixed charge:

- (a) immediately upon the termination of the right and obligation of the PRIME Contractor to implement the Operations in accordance with clause 8.1 of the Project Agreement (irrespective of the reason for such termination); or
- (b) if the PRIME Contractor
 - (i) breaches the covenant given in clause 3.2; or
 - (ii) takes any step to take any action which, in the absence of consent, would be contrary to the covenant given in clause 3.2.

Such crystallisation shall take effect over all Assets owned by the PRIME Contractor.

5. **APPOINTMENT OF RECEIVER**

5.1 This Floating Charge shall become enforceable as soon as it has crystallised.

5.2 Paragraph 14 of Schedule B1 to the Insolvency Act 1986 shall apply to this Floating Charge.

5.3 At any time after this Floating Charge shall have crystallised or if requested by the PRIME Contractor, DWP may appoint in writing any person or persons to be a receiver and manager or receivers and managers of all or any part of the Assets of the PRIME Contractor or, when permitted by law, an administrator or administrators of the PRIME Contractor, as DWP may choose in its entire discretion.

5.4 Where more than one Receiver or administrator is appointed, the appointees shall have power to act separately unless DWP shall specify to the contrary in relation to all or any part of the Assets.

5.5 DWP may from time to time determine the remuneration of a Receiver.

5.6 DWP may (subject to section 45 of the Insolvency Act 1986) remove a Receiver from all or any of the Assets of which he is the Receiver.

5.7 Such an appointment over part only of the Assets shall not preclude:

- (a) DWP from making any subsequent appointment of a Receiver over all or any Assets over which a Receiver has not previously been appointed or has ceased to act; or
- (b) the appointment of an additional Receiver to act while the first Receiver continues to act.

5.8 The Receiver shall be the agent of the PRIME Contractor (which shall be solely liable for his acts, defaults and remuneration) unless and until the PRIME Contractor goes into liquidation, after which time he shall act as principal and shall not become the agent of DWP.

6. **POWERS OF A RECEIVER**

The Receiver may exercise, in relation to the PRIME Contractor, all the powers, rights and discretions set out in Schedules 1 and 2 of the Insolvency Act 1986.

7. **POWER OF ATTORNEY**

The PRIME Contractor by way of security hereby irrevocably appoints DWP (whether or not a Receiver has been appointed) and the Receiver and each of them severally to be the Attorney of the PRIME Contractor (with full powers of substitution and delegation) for the PRIME Contractor, in its name and on its behalf, and as its act and deed or otherwise, to seal, deliver and otherwise perfect any deed, assurance, agreement, instrument or act which may be deemed proper under or for any of the purposes of this Floating Charge.

8. **APPLICATION OF MONEY RECEIVED BY THE RECEIVER**

Any money received under the powers hereby conferred shall, subject to the repayment as far as necessary of any claims having priority to this Floating Charge, be paid or applied in the following order of priority:

- (a) in satisfaction of all costs, charges and expenses properly incurred, and payments properly made, by DWP and/or the Receiver, and of the remuneration of the Receiver;
- (b) in or towards satisfaction of the Secured Sums in such manner as DWP may, in its discretion, require;
- (c) as to the surplus (if any), to the person or persons entitled thereto.

9. **COSTS, CHARGES AND EXPENSES**

9.1 All costs, charges and expenses incurred hereunder by DWP, and all other money paid by DWP or by the Receiver in connection with this Floating Charge or in respect of the

Assets, shall be recoverable from the PRIME Contractor as a debt, may be debited to any account of the PRIME Contractor, shall bear interest accordingly, and shall be charged on the Assets.

9.2 Without prejudice to the generality of the provisions of clause 9.1, the costs recoverable by DWP hereunder shall include all costs of DWP (on the indemnity basis) of all proceedings for the enforcement of this Floating Charge, or for obtaining payment of money hereby secured, or arising out of or in connection with the acts authorised by clause 6 hereof.

10. GOVERNING LAW AND JURISDICTION

10.1 This Floating Charge is governed by and construed in accordance with English law.

10.2 The parties each submit to the non-exclusive jurisdiction of the Courts of England as regards any claim or matter arising in relation to this Floating Charge.

10.3 The PRIME Contractor expressly agrees and consents to the provisions of this clause 10.

11. SERVICE OF DEMANDS AND NOTICES

All notices and demands to be served under this Floating Charge shall be served in accordance with the provisions for service of notices contained in the Project Agreement.

12. EXECUTION

This Floating Charge shall be treated as having been executed and delivered as a deed only upon being dated.

IN WITNESS whereof the PRIME Contractor has executed this Floating Charge as a deed the day and year first above written

/s/ [withheld]
.....

For the Secretary of State for Work and Pensions

/s/ [withheld]
.....

For the First Secretary of State

/s/ [withheld]
.....

For Trillium (PRIME) Limited

/s/ [withheld]
.....

Trillium (PRIME) Property GP Limited