

DATED

LEGAL CHARGE

between

[]

and

[]

CONTENTS

CLAUSE

1.1	Definitions	1
1.2	Interpretation.....	2
2.	Covenant to pay and Clawback.....	3
3.	Grant of security.....	3
4.	Perfection of security	3
5.	Representations and warranties	3
6.	Covenants	3
7.	Powers of the Lender.....	4
8.	Enforcement of security	4
9.	Receivers	6
10.	Powers of Receiver.....	7
11.	Delegation	10
12.	Application of proceeds	11
13.	Costs.....	11
14.	Release.....	12
15.	Assignment and transfer.....	12
16.	Continuing security	12
17.	Counterparts	13
18.	Notices	13
19.	Governing law	14
20.	Jurisdiction	14
21.	Third party rights	14

SCHEDULE

SCHEDULE 1	PROPERTY.....	15
SCHEDULE 2	REPRESENTATIONS AND WARRANTIES.....	16
1.	Ownership of Property	16
2.	No Encumbrances	16
3.	Adverse claims.....	16
4.	Adverse covenants	16
5.	No breach of laws	16
6.	No interference in enjoyment.....	16
7.	No overriding interests	16
8.	Avoidance of security	16
9.	No prohibitions or breaches.....	16
SCHEDULE 3	COVENANTS	17
Part 1.	General covenants.....	17
1.	Negative pledge and disposal restrictions	17
2.	Preservation of Property	17
3.	Enforcement of rights.....	17

4.	Compliance with laws	17
5.	Notice of breaches	17
Part 2. Property covenants		17
1.	Repair and maintenance.....	17
2.	No alterations.....	18
3.	Development restrictions	18
4.	Insurance	18
5.	Insurance premiums	18
6.	No invalidation of insurance.....	19
7.	Insurance Policies' proceeds	19
8.	Leases and licences affecting the Property	19
9.	No restrictive obligations.....	19
10.	Proprietary rights	19
11.	Compliance with and enforcement of covenants.....	19
12.	Notices or claims relating to the Property	20
13.	Payment of rent and outgoings.....	20
14.	Rent reviews	20
15.	Inspection.....	20
16.	VAT option to tax	20
SCHEDULE 4 POWERS OF THE LENDER		21
1.	Power to remedy	21
2.	Exercise of rights	21
SCHEDULE 5 EVENTS OF DEFAULT.....		22
1.	Non-payment	22
2.	Non-compliance	22
3.	Misrepresentation	22
4.	Insolvency	22

THIS DEED is dated

PARTIES

- (1) [] incorporated and registered in England and Wales with company number [] whose registered office is at [] (**Lender**).
- (2) [] incorporated and registered in England and Wales with company number [] whose registered office is at [] (**Mortgagor**).

BACKGROUND

- (A) The Lender has agreed to provide the Mortgagor with secured funding in the sum of £[].
- (B) The Mortgagor is the owner of the Property.
- (C) This mortgage provides security which the Mortgagor has agreed to give the Lender.
- (D) The secured funding will be repaid in accordance with the Facility Agreement.

AGREED TERMS

1.1 DEFINITIONS

The following definitions and rules of interpretation apply in this mortgage:

Business Day: a day other than a Saturday, Sunday or a public holiday in England when banks in London are open for business;

Encumbrance: any mortgage, charge (whether fixed or floating, legal or equitable), pledge, lien, assignment by way of security or other security interest securing any obligation of any person, or any other agreement or arrangement having a similar effect;

Event of Default: any event or circumstance listed in Schedule 5;

Facility Agreement: the facility agreement dated on or about the date of this mortgage between the Lender and the Mortgagor and any variation or amendment agreement therefore;

LPA 1925: the Law of Property Act 1925.

Permitted Encumbrance: None;

Property: as set out in Schedule 1;

Receiver: a Receiver or Receiver and manager appointed by the Lender under clause 9;

Secured Liabilities: all present and future monies, obligations and liabilities owed by the Mortgagor to the Lender, whether actual or contingent and whether owed jointly or severally, as principal or surety or in any other capacity including but not limited to those under or in connection with the JV Agreement, the articles of association of the Borrower and this mortgage;

Security Period: the period starting on the date of this mortgage and ending on the date on which all the Secured Liabilities have been unconditionally and irrevocably paid and discharged in full and no further Secured Liabilities are capable of being outstanding; and

VAT: value added tax chargeable under the Value Added Tax Act 1994.

1.2 INTERPRETATION

- (a) A reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time.
- (b) A reference to a statute or statutory provision shall include all subordinate legislation made from time to time under that statute or statutory provision.
- (c) A reference to laws in general is a reference to all local, national and directly applicable supra-national laws as amended, extended or re-enacted from time to time and shall include all subordinate laws made from time to time under them and all orders, notices, codes of practice and guidance made under them.
- (d) Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders.
- (e) Unless the context otherwise requires, words in the singular shall include the plural and in the plural shall include the singular.
- (f) Unless the context otherwise requires, references to clauses and Schedules are to the clauses and Schedules of this mortgage and references to paragraphs are to paragraphs of the relevant Schedule.
- (g) A reference to **this mortgage** (or any provision of it) or to any other document referred to in this mortgage is a reference to this legal mortgage, that provision or that document as it is in force for the time being and as amended in accordance with its terms or with the agreement of the relevant parties.
- (h) A reference to a **person** includes a natural person, corporate or unincorporated body, or any state or any agency of any person.
- (i) A reference to an amendment includes a novation, re-enactment, supplement or variation (and amended shall be construed accordingly).
- (j) Clause, Schedule and paragraph headings shall not affect the interpretation of this mortgage.
- (k) If there is an inconsistency between a defined term in this mortgage and in the Loan Agreement, the provisions of this mortgage shall prevail.
- (l) A reference in this mortgage to a charge or mortgage of, or over, the Property includes:
 - (i) all buildings and fixtures and fittings which are situated on, or form part of, the Property at any time;
 - (ii) the proceeds of sale of any part of the Property and any other monies paid or payable in respect of or in connection with the Property;
 - (iii) the benefit of any covenants for title given, or entered into, by any predecessor in title of the Mortgagor in respect of the Property and any monies paid or payable in respect of those covenants; and

- (iv) all rights under any licence, agreement for sale or agreement for lease in respect of the Property.
- (m) The Schedules form part of this mortgage and shall have effect as if set out in full in the body of this mortgage. Any reference to this mortgage includes the Schedules.
- (n) If there are two or more parties hereto of the second part the expressions "the Mortgagor" or "the Mortgagors" shall throughout mean and include such two parties and each of them and shall so far as the context admits be construed as well in the plural as in the singular and all covenants charges agreements and undertakings herein expressed or implied on the part of the Mortgagor shall be deemed to be joint and several.
- (o) a reference to a party shall include that party's successors, permitted assigns and permitted transferees and this deed shall be binding on, and enure to the benefit of, the parties to this deed and their respective personal representatives, successors, permitted assigns and permitted transferees.

2. COVENANT TO PAY AND CLAWBACK

- 2.1 The Mortgagors shall, on demand, pay to the Lender and discharge the Secured Liabilities when they become due being due or on an Event of Default, whichever shall be earlier.
- 2.2 If the Lender considers that an amount paid by the Mortgagors in respect of the Secured Liabilities is capable of being avoided or otherwise set aside on the bankruptcy, liquidation or administration of the Mortgagor, or otherwise, then that amount shall not be considered to have been irrevocably paid for the purposes of this deed.

3. GRANT OF SECURITY

As a continuing security for the payment and discharge of the Secured Liabilities, the Mortgagor charges the Property, with full title guarantee, to the Lender by way of legal mortgage.

4. PERFECTION OF SECURITY

The Mortgagor consents to an application being made by the Lender to the Land Registrar for the following restriction to be registered against its title to the Property:

"No disposition of the registered estate by the proprietor of the registered estate, or by the proprietor of any registered charge, not being a charge registered before the entry of this restriction, is to be registered without a written consent signed by [] or their conveyancer."

5. REPRESENTATIONS AND WARRANTIES

The Mortgagor represents and warrants to the Lender in the terms set out in Schedule 2 on each day during the Security Period.

6. COVENANTS

The Mortgagor covenants with the Lender in the terms set out in Schedule 3.

7. POWERS OF THE LENDER

The Lender shall have the powers set out in Schedule 4.

8. ENFORCEMENT OF SECURITY

8.1 Enforcement of security and exercise of power of sale

At any time after the money secured by this deed has become due and payable the security shall be immediately enforceable and the Lender's power of sale as amended or varied by this deed shall be immediately exercisable in respect of the whole or any part of the Property without the restrictions contained in the Law of Property Act 1925 as to the giving of notice or otherwise.

8.2 When security becomes enforceable

The power of sale and other powers conferred by section 101 of the LPA 1925 (as varied or extended by this mortgage) shall, as between the Lender and a purchaser from the Lender, arise on and be exercisable at any time after the execution of this mortgage, but the Lender shall not exercise such power of sale or other powers until an Event of Default occurs (whether or not such an Event of Default is still continuing) whereupon it shall become immediately exercisable.

8.3 When statutory powers arise

Section 103 of the LPA 1925 (restricting the power of sale) does not apply to the security constituted by this mortgage.

8.4 Extension of statutory powers of leasing

The statutory powers of leasing and accepting surrenders conferred on mortgagees under the LPA 1925 and by any other statute are extended so as to authorise the Lender and any Receiver, at any time after the security constituted by this deed has become enforceable, whether in its own name or in that of the Mortgagor, to:

- (a) grant a lease or agreement for lease;
- (b) accept surrenders of leases; or
- (c) grant any option in respect of the whole or any part of the Property with whatever rights relating to other parts of it,

whether or not at a premium and containing such covenants on the part of the Mortgagor and on such terms and conditions (including the payment of money to a lessee or tenant on a surrender) as the Lender or Receiver thinks fit, without the need to comply with any of the restrictions imposed by sections 99 and 100 of the LPA 1925.

8.5 Prior Security

- (a) At any time after the security constituted by this deed has become enforceable, or after any powers conferred by any security having priority to this deed shall have become exercisable, the Lender may:
 - (i) redeem that or any other prior security;
 - (ii) procure the transfer of that security to itself; and
 - (iii) settle and pass any account of the holder of any prior security.
- (b) The settlement and passing of any such account shall be, in the absence of any manifest error, conclusive and binding on the Mortgagor. All monies paid by the Lender to an encumbrancer in settlement of any of those accounts shall be, as from its payment by the Lender, due from the Mortgagor to the Lender on current account and shall bear interest at the default rate of interest specified in the Loan Agreement and be secured as part of the Secured Liabilities.

8.6 Protection of third parties

No purchaser, mortgagee or other person dealing with the Lender or any Receiver shall be concerned to enquire:

- (a) whether any of the Secured Liabilities have become due or payable, or remain unpaid or undischarged;
- (b) whether any power the Lender or any Receiver is purporting to exercise has become exercisable or is properly exercisable; or
- (c) how any money paid to the Lender or any Receiver is to be applied.

8.7 Privileges

Each Receiver and the Lender is entitled to all the rights, powers, privileges and immunities conferred by the LPA 1925 on mortgagees and receivers.

8.8 No liability as mortgagee in possession

Neither the Lender nor any Receiver shall be liable, by reason of entering into possession of the Property or for any other reason, to account as mortgagee in possession in respect of all or any of the Property, nor shall any of them be liable for any loss on realisation of, or for any act, neglect or default of any nature in connection with, all or any of the Property for which a mortgagee in possession might be liable as such.

8.9 Relinquishing possession

If the Lender nor any Receiver enters into or takes possession of the Property, it or he may at any time relinquish possession.

8.10 Conclusive discharge to purchasers

The receipt of the Lender or any Receiver shall be a conclusive discharge to a purchaser and, in making any sale or other disposal of any of the Property or in making any acquisition in the exercise of their respective powers, the Lender or any Receiver may do so for any consideration, in any manner and on any terms that it or he thinks fit.

9. RECEIVERS

9.1 Appointment

At any time after the security constituted by this deed has become enforceable, or at the request of the Mortgagor, the Lender may, without further notice, appoint by way of deed, or otherwise in writing, any one or more person or persons to be a Receiver of all or any part of the Property.

9.2 Removal

The Lender may, without further notice (subject to section 45 of the Insolvency Act 1986), from time to time, by way of deed, or otherwise in writing, remove any Receiver appointed by it and may, whenever it thinks fit, appoint a new Receiver in the place of any Receiver whose appointment may for any reason have terminated.

9.3 Remuneration

The Lender may fix the remuneration of any Receiver appointed by it without the restrictions contained in section 109 of the LPA 1925 and the remuneration of the Receiver shall be a debt secured by this deed, to the extent not otherwise discharged.

9.4 Power of appointment additional to statutory powers

The power to appoint a Receiver conferred by this deed shall be in addition to all statutory and other powers of the Lender under the Insolvency Act 1986, the LPA 1925 or otherwise, and shall be exercisable without the restrictions contained in sections 103 and 109 of the LPA 1925 or otherwise.

9.5 Power of appointment exercisable despite prior appointments

The power to appoint a Receiver (whether conferred by this deed or by statute) shall be, and remain, exercisable by the Lender despite any prior appointment in respect of all or any part of the Property.

9.6 Agent of the Mortgagor

Any Receiver appointed by the Lender under this deed shall be the agent of the Mortgagor and the Mortgagor shall be solely responsible for the contracts, engagements, acts, omissions, defaults, losses and remuneration of that Receiver and for liabilities incurred by that Receiver. The agency of each Receiver shall continue until the Mortgagor goes into liquidation or becomes bankrupt or enters into an individual voluntary arrangement and after that the Receiver shall act as principal and shall not become the agent of the Lender.

10. POWERS OF RECEIVER

10.1 Powers additional to statutory powers

- (a) Any Receiver appointed by the Lender under this deed shall, in addition to the powers conferred on him by statute, have the powers set out in clause 10.2 to clause 10.20.
- (b) If there is more than one Receiver holding office at the same time, each Receiver may (unless the document appointing him states otherwise) exercise all of the powers conferred on a Receiver under this deed individually and to the exclusion of any other Receiver.
- (c) Any exercise by a Receiver of any of the powers given by clause 10 may be on behalf of the Mortgagor or himself.

10.2 Repair and develop the Property

A Receiver may undertake or complete any works of repair, alteration, building or development on the Property and may apply for and maintain any planning permission, development consent, building regulation approval or any other permission, consent or licence to carry out any of the same.

10.3 Grant or accept surrenders of leases

A Receiver may grant, or accept, surrenders of any leases or tenancies affecting the Property on any terms and subject to any conditions that he thinks fit.

10.4 Employ personnel and advisers

A Receiver may provide services and employ, or engage, any managers, officers, servants, contractors, workmen, agents, other personnel and professional advisers on any terms and subject to any conditions that he thinks fit. A Receiver may discharge any such person or any such person appointed by the Mortgagor.

10.5 Make and revoke VAT options to tax

A Receiver may make, exercise or revoke any VAT option to tax that he thinks fit.

10.6 Charge for remuneration

A Receiver may charge and receive any sum by way of remuneration (in addition to all costs, charges and expenses incurred by him) that the Lender may prescribe or agree with him.

10.7 Realise Property

A Receiver may collect and get in the Property or any part of it in respect of which he is appointed and make any demands and take any proceedings as may seem expedient for that purpose, and take possession of the Property with like rights.

10.8 Manage or reconstruct the Mortgagor's business

A Receiver may carry on, manage, develop, reconstruct, amalgamate or diversify or concur in carrying on, managing, developing, reconstructing, amalgamating or diversifying the business of the Mortgagor carried out at the Property.

10.9 Dispose of Property

A Receiver may grant options and licences over all or any part of the Property, grant any other interest or right over, sell, assign or lease (or concur in granting options and licences over all or any part of the Property, granting any other interest or right over, selling, assigning or leasing) all or any of the Property in respect of which he is appointed for such consideration and in such manner (including, without limitation, by public auction or private sale) and generally on any terms and conditions that he thinks fit. A Receiver may promote, or concur in promoting, a company to purchase the Property to be disposed of by him.

10.10 Sever fixtures and fittings

A Receiver may sever and sell separately any fixtures or fittings from the Property without the consent of the Mortgagor.

10.11 Give valid receipts

A Receiver may give valid receipts for all monies and execute all assurances and things that may be proper or desirable for realising any of the Property.

10.12 Make settlements

A Receiver may make any arrangement, settlement or compromise between the Mortgagor and any other person that he may think expedient.

10.13 Bring proceedings

A Receiver may bring, prosecute, enforce, defend and abandon all actions, suits and proceedings in relation to any of the Property that he thinks fit.

10.14 Insure

A Receiver may, if he thinks fit, but without prejudice to the indemnity in clause 13, effect with any insurer any policy of insurance either in lieu or satisfaction of, or in addition to, the insurance required to be maintained by the Mortgagor under this deed.

10.15 Powers under LPA 1925

A Receiver may exercise all powers provided for in the LPA 1925 in the same way as if he had been duly appointed under the LPA 1925 and exercise all powers provided for an administrative receiver in Schedule 1 to the Insolvency Act 1986.

10.16 Borrow

A Receiver may, for any of the purposes authorised by this clause 10, raise money by borrowing from the Lender (or from any other person) either unsecured or on the security of all or any of the Property in respect of which he is appointed on any terms that he thinks fit (including, if the Lender consents, terms under which that Security ranks in priority to this deed).

10.17 Redeem prior Security

A Receiver may redeem any prior Security and settle and pass the accounts to which the Security relates. Any accounts so settled and passed shall be, in the absence of

any manifest error, conclusive and binding on the Mortgagor, and the monies so paid shall be deemed to be an expense properly incurred by the Receiver.

10.18 **Delegation**

A Receiver may delegate his powers in accordance with this deed.

10.19 **Absolute beneficial owner**

A Receiver may, in relation to any of the Property, exercise all powers, authorisations and rights he would be capable of exercising, and do all those acts and things, as an absolute beneficial owner could exercise or do in the ownership and management of all or any part of the Property.

10.20 **Incidental powers**

A Receiver may do any other acts and things that he:

- (a) may consider desirable or necessary for realising any of the Property;
- (b) may consider incidental or conducive to any of the rights or powers conferred on a Receiver under or by virtue of this deed or law; or
- (c) lawfully may or can do as agent for the Mortgagor.

11. **DELEGATION**

11.1 **Delegation**

The Lender or any Receiver may delegate (either generally or specifically) by power of attorney or in any other manner to any person any right, power, authority or discretion conferred on it by this deed.

11.2 **Terms**

The Lender and each Receiver may make a delegation on the terms and conditions (including the power to sub-delegate) that it thinks fit.

11.3 **Liability**

Neither the Lender nor any Receiver shall be in any way liable or responsible to the Mortgagor for any loss or liability arising from any act, default, omission or misconduct on the part of any Delegate.

12. APPLICATION OF PROCEEDS

12.1 Order of application of proceeds

All monies received by the Lender or a Receiver under this deed after the security constituted by this deed has become enforceable (other than sums received under any Insurance Policy), shall (subject to the claims of any person having prior rights and by way of variation of the LPA 1925) be applied in the following order of priority:

- (a) in or towards payment of or provision for all costs, charges and expenses incurred by or on behalf of the Lender (and any Receiver, attorney or agent appointed by it) under or in connection with this deed and of all remuneration due to any Receiver under or in connection with this deed;
- (b) in or towards payment of or provision for the Secured Liabilities in any order and manner that the Lender determines; and
- (c) in payment of the surplus (if any) to the Mortgagor or other person entitled to it.

12.2 Appropriation

Neither the Lender or any Receiver shall be bound (whether by virtue of section 109(8) of the LPA 1925, which is varied accordingly, or otherwise) to pay or appropriate any receipt or payment first towards interest rather than principal or otherwise in any particular order between any of the Secured Liabilities.

12.3 Suspense account

All monies received by the Lender or a Receiver under this deed (other than sums received under any Insurance Policy that are not going to be applied in or towards discharge of the Secured Liabilities):

- (a) may, at the discretion of the Lender or a Receiver, be credited to any suspense or securities realised account;
- (b) shall bear interest, if any, at the rate agreed in writing between the Lender and the Mortgagor; and
- (c) may be held in that account for so long as the Lender or a Receiver thinks fit.

13. COSTS

13.1 The Mortgagors shall pay to, or reimburse the Lender on demand, on a full indemnity basis, all costs and liabilities incurred by the Lender, in relation to:

- (a) this mortgage or the Property; and

(b) suing for, or recovering, any of the Secured Liabilities.

including, without limitation, the costs of any proceedings in relation to this mortgage or the Secured Liabilities or incurred in or suffered by any default or delay by the Mortgagors in performing any of its obligations under this mortgage.

14. RELEASE

On the expiry of the Security Period (but not otherwise), the Lender shall, at the request and cost of the Mortgagors, take whatever action is necessary to release the Property from the security constituted by this mortgage.

15. ASSIGNMENT AND TRANSFER

15.1 Assignment by the Lender

The Lender may assign or transfer the whole or any part of the Lender's rights and/or obligations under this mortgage to any person.

15.2 Assignment by the Mortgagors

The Mortgagors may not assign any of their rights, or transfer any of their obligations, under this mortgage or enter into any transaction which would result in any of those rights or obligations passing to another person.

16. CONTINUING SECURITY

16.1 Continuing security

This mortgage shall remain in full force and effect as a continuing security for the Secured Liabilities unless and until the Lender discharges this mortgage in writing.

16.2 Rights cumulative

The rights and remedies of the Lender provided under this mortgage are cumulative, may be exercised as often as the Lender considers appropriate, and are in addition to, and not exclusive of, any rights and remedies provided by law.

16.3 Waivers

Any waiver of any right or remedy by the Lender under this mortgage or by law is only effective if given in writing and signed by the Lender and shall not be deemed a waiver of any other breach or default. It applies only in the circumstances for which it is given, and shall not prevent the Lender from subsequently relying on the relevant provision.

16.4 Further exercise of rights

No act or course of conduct or negotiation by or on behalf of the Lender shall, in any way, preclude the Lender from exercising any right or power under this mortgage or constitute a suspension or variation of any such right or power.

16.5 Delay

No delay or failure to exercise any right or power under this mortgage shall operate as a waiver.

17. COUNTERPARTS

This mortgage may be executed in any number of counterparts, each of which when executed and delivered shall constitute a duplicate original, but all the counterparts shall together constitute the one deed.

18. NOTICES

18.1 Any notice or other communication given under, or in connection with, this mortgage must be in writing.

18.2 Any notice or other communication given or delivered under this mortgage must be:

- (a) delivered by hand;
- (b) sent by pre-paid first-class post or other next working day delivery service; or
- (c) sent by fax.

18.3 Any notice or other communication to be given or delivered under this mortgage must be sent to the relevant party as follows:

- (a) to the Mortgagors at:
[],
- (b) to the Lender at [],

or as otherwise specified by the relevant party by notice in writing to each other party.

18.4 Any notice or other communication that the Lender gives to the Mortgagors under, or in connection with, this mortgage will be deemed to have been received:

- (a) if delivered by hand, at the time it is left at the relevant address;
- (b) if posted by pre-paid first-class post or other next working day delivery service, on the second Business Day after posting; and
- (c) if sent by fax, when received in legible form.

18.5 A notice or other communication given as described in clause 18.4(a) or clause 18.4(b) on a day which is not a Business Day, or after normal business hours, in the place it is received, shall be deemed to have been received on the next Business Day.

18.6 Any notice or other communication given to the Lender shall be deemed to have been received only on actual receipt.

18.7 A notice or other communication given under or in connection with this mortgage is not valid if sent by e-mail.

18.8 This clause does not apply to the service of any proceedings or other documents in any legal action or, where applicable, any arbitration or other method of dispute resolution.

19. GOVERNING LAW

This mortgage and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the laws of England.

20. JURISDICTION

Each party irrevocably agrees that, subject as provided below, the courts of England shall have exclusive jurisdiction over any dispute or claim arising out of or in connection with this deed or its subject matter or formation (including non-contractual disputes or claims). Nothing in this clause shall limit the right of the Lender to take proceedings against the Mortgagors in any other court of competent jurisdiction, nor shall the taking of proceedings in any one or more jurisdictions preclude the taking of proceedings in any other jurisdictions, whether concurrently or not, to the extent permitted by the law of such other jurisdiction.

21. THIRD PARTY RIGHTS

Except as provided elsewhere in this deed, a person who is not a party to this mortgage shall not have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this mortgage.

This document has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

Schedule 1 Property

[]

TEMPLATE

Schedule 2 Representations and warranties

1. OWNERSHIP OF PROPERTY

The Mortgagor is the legal and beneficial owner of the Property and has good and marketable title to the Property.

2. NO ENCUMBRANCES

The Property is free from any Encumbrances other than Permitted Encumbrances and the Encumbrance created by this mortgage.

3. ADVERSE CLAIMS

The Mortgagor has not received or acknowledged notice of any adverse claim by any person in respect of the Property or any interest in it.

4. ADVERSE COVENANTS

There are no covenants, agreements, reservations, conditions, interests, rights or other matters whatsoever, which materially adversely affect the Property.

5. NO BREACH OF LAWS

There is no breach of any law or regulation which materially adversely affects the Property.

6. NO INTERFERENCE IN ENJOYMENT

No facility necessary for the enjoyment and use of the Property is subject to terms entitling any person to terminate or curtail its use.

7. NO OVERRIDING INTERESTS

Nothing has arisen, has been created or is subsisting which would be an overriding interest in the Property.

8. AVOIDANCE OF SECURITY

No Encumbrance expressed to be created under this mortgage is liable to be avoided, or otherwise set aside, on the bankruptcy of the Mortgagor or otherwise.

9. NO PROHIBITIONS OR BREACHES

There is no prohibition on the Mortgagor assigning its rights in the Property and the entry into this mortgage by the Mortgagor does not and will not constitute a breach of any policy, agreement, document or instrument binding on the Mortgagor or its assets.

Schedule 3 Covenants

Part 1. General covenants

1. NEGATIVE PLEDGE AND DISPOSAL RESTRICTIONS

The Mortgagor shall not at any time, except with the prior written consent of the Lender:

- (a) create or permit any Encumbrance on, or in relation to, the Property other than any Encumbrance created by this mortgage or any Permitted Encumbrance;
- (b) sell, assign, transfer, part with possession of or otherwise dispose of in any manner all or any part of, or any interest in, the Property; or
- (c) create or grant any interest in the Property in favour of a third party.

2. PRESERVATION OF PROPERTY

The Mortgagor shall not do, or permit to be done, any act or thing which would or might depreciate, jeopardise or otherwise prejudice the security held by the Lender or materially diminish the value of any of the Property or the effectiveness of the security created by this mortgage.

3. ENFORCEMENT OF RIGHTS

The Mortgagor shall use its reasonable endeavours to enforce any rights and start, continue or defend any proceedings relating to any of the Property which the Lender may require from time to time.

4. COMPLIANCE WITH LAWS

The Mortgagor shall comply with all laws and regulations for the time being in force relating to or affecting any Property and shall obtain and promptly renew from time to time and comply with the terms of all consents which may be necessary to enable it to preserve, maintain or renew any Property.

5. NOTICE OF BREACHES

The Mortgagor shall, promptly on becoming aware of any of the same, give the Lender notice in writing of any breach of:

- (a) any representation or warranty set out in Schedule 2; and
- (b) any covenant set out in Schedule 3.

Part 2. Property covenants

1. REPAIR AND MAINTENANCE

The Mortgagor shall keep all premises, and fixtures and fittings on the Property in good repair and condition and shall keep the Property adequately and properly painted and decorated and replace any fixtures and fittings which have become worn out or otherwise unfit for use by others of a like nature and equal value.

2. NO ALTERATIONS

2.1 The Mortgagor shall not, without the prior written consent of the Lender:

- (a) pull down or remove the whole or any part of any building forming part of the Property nor permit the same to occur; or
- (b) make or permit to be made any material alterations to the Property or sever or remove or permit to be severed or removed any of its fixtures or fittings (except to make any necessary repairs or renew or replace the same in accordance with paragraph 1 of this Part 2 of Schedule 3).

2.2 The Mortgagor shall promptly give notice to the Lender if the premises or fixtures or fittings forming part of the Property are destroyed or damaged.

3. DEVELOPMENT RESTRICTIONS

The Mortgagor shall not, without the prior written consent of the Lender:

- (a) make or, in so far as it is able, permit others to make any application for planning permission or development consent in respect of the Property; or
- (b) carry out or permit or allow any development, as defined in each of the Town and Country Planning Act 1990 and the Planning Act 2008, to be carried out on the Property or change or permit or allow the use of the Property to be changed.

4. INSURANCE

4.1 The Mortgagor shall insure and keep insured (or where insurance is the responsibility of the landlord under the terms of the lease, procure that the landlord insures and keeps insured the Property against fire, explosion, lightning, earthquake, storm, flood, bursting and overflowing of water tanks, apparatus or pipes, escape of water or oil, impact by aircraft and articles dropped from them, impact by vehicles, riot, civil commotion, malicious damage, theft or attempted theft, falling trees and branches and aerials, subsidence, heave, landslip, collision, accidental damage to underground services, public liability to anyone else and any other risks which the Lender reasonably requires to be insured against from time to time.

4.2 The Mortgagor shall, if requested by the Lender, produce to the Lender the policy, certificate or cover note relating to any such insurance required by paragraph 4.1 of this Part 2, Schedule 3 (or where such insurance is effected by the landlord, such evidence of insurance as the Mortgagor is entitled to obtain from the landlord under the terms of the relevant lease).

5. INSURANCE PREMIUMS

The Mortgagor:

- (a) shall promptly pay all premiums in respect of any insurance policy on the Property and do all other things necessary to keep such policy in full force and effect; and
- (b) shall (if the Lender so requires) produce to the Lender the receipts for all premiums and other payments necessary for effecting and keeping up the insurance policies (or where, in the case of leasehold property, insurance is effected by the landlord, such evidence of the payment of premiums as the Mortgagor is entitled to obtain from the landlord under the terms of the relevant lease).

6. NO INVALIDATION OF INSURANCE

The Mortgagor shall not do or omit to do or permit to be done or omitted any thing that may invalidate or otherwise prejudice any insurance policies relating to the Property.

7. INSURANCE POLICIES' PROCEEDS

All monies payable under any of the insurance policies relating to the Property at any time (whether or not the security constituted by this mortgage has become enforceable) shall:

- (a) immediately be paid to the Lender; or
- (b) if they are not paid directly to the Lender by the insurers, be held, pending such payment, by the Mortgagor upon trust for the Lender.

8. LEASES AND LICENCES AFFECTING THE PROPERTY

The Mortgagor shall not, without the prior written consent of the Lender which consent, in the case of paragraph 8(d), is not to be unreasonably withheld or delayed in circumstances in which the Mortgagor may not unreasonably withhold or delay its consent:

- (a) grant, or agree to grant, any licence or tenancy affecting the whole or any part of the Property, or exercise the statutory powers of leasing (or agreeing to lease) or of accepting (or agreeing to accept) surrenders under sections 99 or 100 of the LPA 1925; or
- (b) in any other way dispose of (or agree to dispose of), accept the surrender of (or agree to accept the surrender of), surrender (or agree to surrender) or create any legal or equitable estate or interest in the whole or any part of the Property; or
- (c) let any person into occupation of or share occupation of the whole or any part of the Property; or
- (d) grant any consent or licence under any lease or licence affecting the Property.

9. NO RESTRICTIVE OBLIGATIONS

The Mortgagor shall not, without the prior written consent of the Lender, enter into any onerous or restrictive obligations affecting the whole or any part of the Property or create or permit to arise any overriding interest, easement or right whatsoever in or over the whole or any part of the Property.

10. PROPRIETARY RIGHTS

The Mortgagor shall procure that no person shall become entitled to assert any proprietary or other like right or interest over the whole or any part of the Property, without the prior written consent of the Lender.

11. COMPLIANCE WITH AND ENFORCEMENT OF COVENANTS

The Mortgagor shall:

- (a) observe and perform all covenants, stipulations and conditions to which the Property, or the use of it, is or may be subject and (if the Lender so requires) produce to the Lender evidence sufficient to satisfy the Lender

that those covenants, stipulations and conditions have been observed and performed; and

- (b) diligently enforce all covenants, stipulations and conditions benefiting the Property and shall not (and shall not agree to) waive, release or vary any of the same.

12. NOTICES OR CLAIMS RELATING TO THE PROPERTY

The Mortgagor shall:

- (a) Give full particulars to the Lender of any notice, application or requirement given or made by any public or local body or authority (a Notice) that specifically applies to the Property, or to the locality in which it is situated, within seven days after becoming aware of the relevant Notice.
- (b) If the Lender so requires, immediately, and at the cost of the Mortgagor, take all reasonable and necessary steps to comply with any Notice, and make, or join with the Lender in making, such objections or representations in respect of any such Notice as the Lender may desire.

13. PAYMENT OF RENT AND OUTGOINGS

The Mortgagor shall:

- (a) where the Property, or part of it, is held under a lease, duly and punctually pay all rents due from time to time; and
- (b) pay (or procure payment of the same) when due all charges, rates, taxes, duties, assessments and other outgoings relating to or imposed upon the Property or on its occupier.

14. RENT REVIEWS

The Mortgagor:

- (a) shall, if the Property is subject to occupational leases or licences, implement any upwards rent review provisions and shall not, without the prior written consent of the Lender, agree to any change in rent to less than the open market rental value of the relevant part of the Property; and
- (b) shall not, without the prior written consent of the Lender, if the Property is leasehold, agree to any change in the rent payable under the lease in excess of the open market rental value and shall only agree to any upwards rent review in accordance with the terms of the lease.

15. INSPECTION

The Mortgagor shall permit the Lender and any person appointed by them to enter on and inspect the Property on reasonable prior notice.

16. VAT OPTION TO TAX

The Mortgagor shall not, without the prior written consent of the Lender:

- (a) Exercise any VAT option to tax in relation to the Property; or
- (b) Revoke any VAT option to tax exercised prior to and disclosed to the Lender in writing prior to the date of this mortgage.

Schedule 4 Powers of the Lender

1. POWER TO REMEDY

- 1.1 The Lender shall be entitled (but shall not be obliged) to remedy a breach at any time by the Mortgagor of any of its obligations contained in this mortgage. Any monies expended by the Lender in remedying a breach by the Mortgagor of any of its obligations contained in this mortgage shall be reimbursed by the Mortgagor to the Lender on a full indemnity basis.
- 1.2 In remedying any breach in accordance with paragraph 1.1 of Schedule 4, the Lender and its agents shall be entitled to enter onto the Property and to take any action as the Lender may reasonably consider necessary or desirable including, without limitation, carrying out any repairs or other works.

2. EXERCISE OF RIGHTS

The rights of the Lender under paragraph 1 of this Schedule 4 are without prejudice to any other rights of the Lender under this mortgage. The exercise of those rights shall not make the Lender liable to account as a mortgagee in possession.

Schedule 5 Events of Default

1. NON-PAYMENT

- 1.1 The Mortgagor fails to pay any sum due and payable in respect of the Secured Liabilities.
- 1.2 The Mortgagor fails to pay any sum payable by it under the Loan Agreement or this mortgage when due, unless its failure to pay is caused solely either by:
 - (a) An administrative error or technical problem and payment is made within five Business Days of its due date.
 - (b) An event (not caused by, and outside the control of, either party) that materially disrupts the systems that enable payments to be made or which otherwise prevents either or both parties from complying with their obligations under the Loan Agreement or this mortgage.

2. NON-COMPLIANCE

The Mortgagor fails (other than a failure to pay) to comply with any provision of the Loan Agreement or this mortgage and, if the Lender acting reasonably, considers that the default is capable of remedy, such default is not remedied within 14 Business Days of the earlier of:

- 2.1 The Lender notifying the Mortgagor of the default and the remedy required.
- 2.2 The Mortgagor becoming aware of the default.

3. MISREPRESENTATION

Any representation, warranty or statement made by the Mortgagor in relation to the Loan Agreement or this mortgage is (or proves to have been) incomplete, untrue, incorrect or misleading when made.

4. INSOLVENCY

- 4.1 The Mortgagor stops or suspends payment of any of its debts or is unable to pay any of its debts as they fall due.
- 4.2 A petition for a bankruptcy order is presented or a bankruptcy order is made against the Mortgagor or the Mortgagor makes an application for a bankruptcy order.

Executed as a Deed by

.....

☐ by one director in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation:

Executed as a Deed by

.....

☐ by one director in the presence of:

Witness Signature:

Witness Name:

Witness Address:

Witness Occupation: