

## Debenture Deed Dated 6 November 2019

**This Deed** is made on 6 November 2019

### Between

**Liverpool Community Homes plc**, a company incorporated and registered in England and Wales with company number 11725355 and having its registered office at 4102 Charlotte House Queens Dock Business Centre, 67-83 Norfolk Street, Liverpool, L1 0BG, United Kingdom, as issuer (the “**Issuer**”);

**Octevo Housing Solutions Limited**, a company incorporated and registered in England and Wales with company number 10385935 and having its registered office at Suite 4102, Charlotte House Queens Dock Business Centre, 67-83 Norfolk Street, Liverpool, L1 0BG, United Kingdom, as guarantor (the “**Guarantor**”); and

**Abundance Investment Ltd**, a company incorporated and registered in England and Wales with company number 07049166 and having its registered office at 16 Linen House, 253 Kilburn Lane, London, W10 4BQ, as agent and arranger (the “**Agent**” and the “**Arranger**”).

### Background

(A) The Issuer has resolved, pursuant to a resolution of its board of directors dated 6 November 2019, to create and issue the Debentures on the terms of this Deed.

(B) The Issuer has determined to constitute the Debentures in the manner set out in this Deed.

**Now this deed witnesses** as follows:

### 1 Definitions and Interpretation

1.1 In this Deed, unless the subject or context requires otherwise, the following expressions shall have the meanings set out opposite them below:

**Abundance** means Abundance Investment Ltd, a company incorporated and registered in England and Wales with company number 07049166 and having its registered address at 16 Linen House, 253 Kilburn Lane, London, W10 4BQ and which is authorised and regulated by the Financial Conduct Authority (“**FCA**”) with FCA registration number 525432.

**Abundance Service** means the website, services and the Marketplace operated by Abundance at [www.abundanceinvestment.com](http://www.abundanceinvestment.com).

**Abundance Terms and Conditions** means the terms and conditions governing the operation of the Abundance Service, from time to time, the latest copy of which can be found at [www.abundanceinvestment.com/legal/terms-and-conditions](http://www.abundanceinvestment.com/legal/terms-and-conditions) but at all times only to the extent that such terms and conditions do not impose any obligations or restrictions on the Issuer.

**Acceleration Notice** has the meaning given in clause 18.3.1.

**Accounting Principles** means the generally accepted accounting principles in the United Kingdom, including IFRS.

**Affected Person** means any person which Abundance or the Issuer, in its discretion (acting reasonably and in good faith and after consulting with the other), determines is ineligible to acquire or hold Debentures due to the additional costs or restrictions or a Tax or Regulatory Requirement.

**Affiliate** means in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

**Agent** means Abundance Investment Ltd, a company incorporated and registered in England and Wales with company number 07049166 and having its registered office at 16 Linen House, 253 Kilburn Lane, London, W10 4BQ, in its capacity as agent (which expression shall include any successor agent appointed in accordance with the Abundance Terms and Conditions).

**Agreement for Lease** means each agreement for lease between the Issuer, the Guarantor and the Housing Association in relation to each of the Properties and also incorporating a licence to occupy in favour of the Housing Association in respect of each of the Properties.

**Authorisation** means any consent, authorisation, registration, filing, lodgement, agreement, notarisation, certificate, permission, licence, approval, authority or exemption from, by or with any governmental, semi-governmental or judicial entity or authority (including any self-regulatory organisation established under statute or by a governmental or semi-governmental body).

**Beneficiaries** means each of the Agent, the Holders and each Delegate and the term “**Beneficiary**” means any one of them.

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

**Construction Documents** means each of:

(a) the JCT Minor Works Building Contract, to be dated on or around the Effective Date, between the Issuer and the building contractor to be appointed by the Issuer to carry out the works described therein relating to each of the Properties;

(b) RIBA Standard Agreement and RIBA Small Project Services Schedule, confirming appointment of architects Wroot Design Limited (“Architect”) by the Guarantor on 21 March 2018 in connection with the Huyton Property; and

(c) RIBA Standard Agreement and RIBA Small Project Services Schedule, confirming appointment of Architect by the Guarantor on 16 October 2019 in connection with the Northwood Property.

**Cost Model** means the forecast cashflow model including build costs and expected valuation of the future rental income, in a form agreed by the Agent.

**Debenture** means each debenture constituted by this Deed.

**Debt Liabilities** means all monies and obligations due, owing or incurred to the Agent and the Holders or any of them by the Obligor or any of them (whether present or future, actual or contingent and whether incurred as principal or surety) pursuant to any Finance Document.

**Debt Service Reserve Account** means the account held by the Issuer and designated as such by the Issuer and the Agent in accordance with paragraph 4 of Schedule 5 (*Positive Undertakings*) of this Deed.

**Deed** means this deed and the Schedules to this deed.

**Default Interest** has the meaning given in clause 13 (*Default Interest*) of this Deed.

**Delegate** means any delegate, agent, attorney or co-agent appointed by the Agent in accordance with the Abundance Terms and Conditions.

**Disruption Event** means either or both of:

(a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the

Debentures (or otherwise in order for the transactions contemplated by any Finance Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the parties to the relevant Finance Documents; or

(b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of a party preventing that, or any other party to the relevant Finance Documents:

(i) from performing its payment obligations under the Finance Documents; or

(ii) from communicating with other parties in accordance with the terms of the Finance Documents,

and which (in either such case) is not caused by, and is beyond the control of, the party whose operations are disrupted.

**Drawdown Notice** means any notice issued by the Issuer to the Agent instructing for the payment of the proceeds of the issuance of the Debentures.

**Early Redemption Date** has the meaning given in clause 15.1 (*Early Redemption*) of this Deed.

**Early Redemption Fee** means, in respect of an early redemption of the Debentures made in accordance with clause 15.1 (*Early Redemption*), an early redemption fee equal to 50 per cent. of the amount of all Interest which would have accrued on the Debentures and been payable in respect of the period from the Early Redemption Date to (and including) the Maturity Date.

**Early Redemption Option Date** means 1 January 2022.

**Effective Date** means the date of drawdown in accordance with clause 3.6.

**Eligible EEA Country** has the meaning given to it in the Abundance Terms and Conditions.

**Enforcement Action** means any formal legal action or formal legal step taken by any Beneficiary whatsoever to enforce its rights against an Obligor under a Finance Document including:

(a) to petition for (or take any other formal legal steps or action which are likely to lead to) the liquidation, winding up, administration, judicial management or dissolution of any Obligor; or

(b) to commence legal proceedings against any Obligor; or

(c) to demand, accelerate or require payment, repayment or prepayment of all or any part of the Debt Liabilities; or

(d) to enforce or make a demand under any guarantee or similar support given in connection with the Debt Liabilities; or

(e) to cancel any obligation to provide any financial accommodation under a Finance Document.

**Environment** means humans, animals, plants and all other living organisms including the ecological systems of which they form part and the following media:

(a) air (including, without limitation, air within natural or man-made structures, whether above or below ground);

(b) water (including, without limitation, territorial, coastal and inland waters, water under or within land and water in drains and sewers); and

(c) land (including, without limitation, land under water).

**Environmental Claim** means any claim, proceeding, formal notice or investigation by any person in respect of any Environmental Law.

**Environmental Law** means any applicable law or regulation which relates to:

(a) the pollution or protection of the Environment;

(b) the conditions of the workplace; or

(c) the generation, handling, storage, use, release or spillage of any substance which, alone or in combination with any other, is capable of causing harm to the Environment, including, without limitation, any waste.

**Environmental Permits** means any permit and other Authorisation and the filing of any notification, report or assessment required under any Environmental Law for the operation of the business of the Issuer conducted on or from the properties owned or used by the Issuer.

**Event of Default** means any event or circumstances specified as such in clause 18 (*Events of Default*) of this Deed.

**Extended Maturity Date** means 31 December 2022.

**Finance Documents** means this Deed, each Security Agreement, the Security Trust Deed, any Subordination Agreement, any Drawdown Notice and any document designated as such by the Agent and the Issuer.

**Finance Party** means the Agent, the Arranger and each Holder.

**Financial Indebtedness** means any obligation (whether incurred as principal or surety and whether present, future, actual or contingent) for the payment or repayment of any indebtedness in respect of money borrowed or debt balances at any financial institution or under any bond, note, loan, debenture, loan stock or similar instrument, finance or capital lease, acceptance credit or bill discounting facility or guarantee and/or counter-indemnity obligation in respect of any of the above.

**Group** means the Guarantor and its respective Subsidiaries, including the Issuer, for the time being.

**Guarantee** means the unconditional and irrevocable guarantee granted by the Guarantor pursuant to clause 5.1 hereof.

**Guarantor Security Assignment** means the security assignment of contractual rights, dated on or about the Effective Date, granted by the Guarantor in favour of the Security Trustee (for the benefit of the Secured Parties) over the Guarantor's rights, benefit and title to certain of the Construction Documents.

**Holder** means the person entered in the Register as the holder of each Debenture from time to time.

**Holder Representative** means the Holders appointed as a committee to represent the interests of Holders in accordance with the Abundance Terms and Conditions.

**Holding Company** means in relation to a person, any other person in respect of which it is a Subsidiary.

**Housing Association** means Segment Housing Limited, a company incorporated and registered in England and Wales with company number 09903682 and having its registered office at 170 Redbridge Lane East, Ilford, Essex, IG4 5BL, or such other entity as the Agent and the Issuer may agree from time to time.

**Instructing Party** means:

(a) if relating to directions or instructions in respect of a Reserved Matter, directions or instructions of the Holders made by way of Special Resolution; or

(b) if relating to directions or instructions in respect of a Non-Reserved Matter, directions or instructions of the Holders made by way of Ordinary Resolution.

**Interest** means any amount of interest payable to a Holder in accordance with clause 12 (*Interest*) of this Deed.

**Interest Payment Date** has the meaning given to it in clause 12.2 (*Interest*) of this Deed.

**Interest Period** means each period ending on 30 June and 31 December in any year and, in respect of the final such period only, the Maturity Date or (if the Maturity Date has been extended in accordance with clause 11.3) the Extended Maturity Date as applicable, with the first of such periods commencing on 1 January 2020 and ending on 30 June 2020.

**Interest Rate** means 6 per cent. per annum.

**Intra-Group Debt** means loans or long-term credit made available by one member of the Group to another member of the Group, to the extent constituting Financial Indebtedness owed by one member of the Group to another member of the Group.

**Issuer Security Agreement** means the security agreement, dated on or about the Effective Date, granted by the Issuer in favour of the Security Trustee (for the benefit of the Secured Parties) over all of its assets.

**Issuer Share Charge** means the mortgage, dated on or about the Effective Date, granted by the Guarantor in favour of the Security Trustee (for the benefit of the Secured Parties) over the entire issued share capital of the Issuer.

**Launch** means the Arranger making available the Offer Document through the Abundance website (at the URL <https://www.abundanceinvestment.com>) to Members.

**Long Stop Date** means 30 June 2020.

**Material Adverse Effect** means a material adverse effect on:

(a) the ability of the Guarantor or the Issuer and the Guarantor to perform its or their (as applicable) obligations under the Finance Documents; or

(b) the validity or enforceability of the Finance Documents against the Issuer or the Guarantor or the rights or remedies of any of the Holders or the Arranger or the Agent against the Issuer under any of the Finance Documents.

**Maturity Date** means 30 June 2022.

**Members** has the meaning given in the Abundance Terms and Conditions.

**Non-Reserved Matters** means any matter that is not a Reserved Matter or a matter deemed by the Agent to be of a formal, minor or technical nature that is exercisable by the Issuer and/or Agent without Holder consent in accordance with clause 21.1 (*Modifications, Waivers or Consents*).

**Obligor** means the Issuer and the Guarantor.

**Offer Document** means the document produced by the Issuer and the Guarantor, dated on or about the date of this Deed, relating to the Debentures as amended or updated from time to time.

**Ordinary Resolution** means a resolution passed at a meeting of the Holders of the Debentures duly convened and held in accordance with the Schedule to the Abundance Terms and Conditions by the relevant majority set out in paragraph 6.5 of the Schedule to the Abundance Terms and Conditions or passed by written resolution in accordance with paragraph 5.4 of the Schedule to the Abundance Terms and Conditions.

**Original Jurisdiction** means, in relation to the Issuer or the Guarantor (as applicable), the jurisdiction under whose laws the Issuer or the Guarantor is incorporated as at the date of this Deed.

**Permitted Indebtedness** means any Financial Indebtedness incurred by the Issuer as follows:

(a) under the Finance Documents; or

(b) under any further issuance of debentures under a new debenture deed on substantially the same terms as this Deed; or

(c) which is subordinated to the Debentures pursuant to a Subordination Agreement.

**Permitted Loan** means any credit granted, given or issued by the Issuer on arm's length terms and in the ordinary course of its business to suppliers, customers or partners.

**Permitted Security** means:

(a) any Security created or expressed to be created pursuant to a Security Agreement;

(b) any Security created or expressed to be created as security for any further issuance of debentures under a new debenture deed on substantially the same terms as this Deed;

(c) any netting or set-off arrangement entered into by the Issuer in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances; or

(d) any lien arising by operation of law and in the ordinary course of business of the Issuer; and

(e) any Security over bank accounts or retention rights in respect of deposits granted in favour of the account bank as part of that bank's standard terms and conditions.

**Principal** means, unless the context requires otherwise, the aggregate principal amount of the Debentures issued under this Deed or the principal amount of the relevant Debentures held by any Holder, in each case, for the time being outstanding.

**Proceeds** means all receipts and/or recoveries by the Agent pursuant to any Enforcement Action taken in respect of any Finance Document after deducting (to the extent not already deducted) all sums which the Agent is required by the terms of the Finance Documents or by applicable law to pay to any other person before distributing any such receipts or recoveries to any of the Beneficiaries.

**Property** means each of:

(a) the freehold property known as Lyme Grove Labour Club, Lyme Grove, Liverpool L36 8BR, comprised of:

(i) the freehold property known as Lyme Grove Labour Club, Lyme Grove, Liverpool L36 8BR, with title number MS374810; and

(ii) the freehold property known as land on the west side of Hazel Road, Liverpool, with title number MS365180, as shown edged in red on the relevant plan filed with HM Land Registry,

(the **Huyton Property**); and

(b) the freehold property known as land on the north east side of Brook Hey Drive, Liverpool, with title number MS585183, as shown edged in red on the relevant plan filed with HM Land Registry (the **Northwood Property**),

(the Huyton Property and the Northwood Property, together, being the **Properties**).

**Project Management Agreement** means the JCT Management Services Agreement, dated on or around the Effective Date, between the Guarantor and the Issuer, in relation to the management of the Purpose.

**Project Management Fee** means the fee of £130,800 per annum to be paid for a period of 12 months from the date of the first payment by the Issuer to the Guarantor (monthly, in arrear) in accordance with clause 4.2 of the Project Management Agreement in consideration of the Guarantor's services provided thereunder.

**Purpose** means the construction of two housing projects at each of the Properties (each, being a "Site"), in order to enable the Sites to be rented under the terms of a 50-year land lease.

**Register** means the register of Holders of Debentures.

**Repeating Representations** means the representations and warranties in paragraph 1.1 (*Status*) to paragraph 1.6 (*Governing law and enforcement*), paragraph 1.8.1 (*No default*), paragraph 1.11 (*Financial information*) and paragraph 1.19 (*Construction Documents*) and paragraph 1.20 (*Agreement for Lease*) of Schedule 4 (*Representations and Warranties*) of this Deed.

**Reserve** has the meaning given in paragraph 4 (*Reserve*) of Schedule 5 (*Positive Undertakings*) of this Deed.

**Reserved Matter** has the meaning given in clause 21.3 (*Modifications, Waivers or Consents*).

**Restricted Person** means any person who does not fulfil any criteria of eligibility to invest and/or to hold Debentures set out in the Abundance Terms and Conditions from time to time including (without limitation): (i) any US Person; or (ii) any person who is resident in, whose permanent place of business or whose jurisdiction of incorporation or establishment is in any of the Channel Islands or the Isle of Man; or (iii) any Affected Person.

**RIBA Standard Agreement** means RIBA Standard Agreement 2010: Schedules (2012 revision – RIBA Plan of Work 2013 compatible version) comprising the schedules of Project Data, Services and Fees and

Expenses for use with the Standard Conditions of Appointment for an Architect or a Consultant, 2012 revision.

**RIBA Small Project Services Schedule** means RIBA Small Project Services, Schedule 2013 (RIBA Plan of Work 2013 compatible version).

**Schedule** means a Schedule to this Deed.

**Schedule to the Abundance Terms and Conditions** means the schedule to the Abundance Terms and Conditions as at the date of this Deed.

**Secured Parties** means the Security Trustee, the Agent, the Holders and any Receiver (as such term is defined in the Security Agreements) or Delegate (as such term is defined in the Security Agreements).

**Security** means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person.

**Security Agreement** means each of the:

- (a) Issuer Security Agreement;
- (b) Issuer Share Charge; and
- (c) Guarantor Security Assignment.

**Security Trust Deed** means the security trust deed, dated on or about the date of this Deed, entered into between the Issuer, the Guarantor, the Agent and the Security Trustee.

**Security Trustee** means Abundance Security Trustee Ltd, a company incorporated and registered in England and Wales with company number 09864672 and whose registered office is at 16 Linen House 253 Kilburn Lane, London, W10 4BQ, England.

**Special Resolution** means a resolution passed at a meeting of the Holders of the Debentures duly convened and held in accordance with the Schedule to the Abundance Terms and Conditions by the relevant

majority set out in paragraph 6.5 of the Schedule to the Abundance Terms and Conditions or passed by written resolution in accordance with paragraph 5.4 of the Schedule to the Abundance Terms and Conditions.

**Sterling or £** means the lawful currency for the time being of the United Kingdom.

**Subordination Agreement** means any subordination agreement, entered into between the Issuer, the Agent and other parties as junior creditors from time to time.

**Subsidiary** means a subsidiary within the meaning of section 1159 of the Companies Act 2006.

**Tax** means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any related penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

**Tax or Regulatory Requirement** means any Tax or law, regulation, rule, order, official directive or guideline of any governmental, inter-governmental or supranational body, agency, department or regulatory authority or organisation or any decision of a court (having the force of law) in any country or territory.

**Threshold Minimum Amount** means the amount stipulated in clause 3.1.1.

**Threshold 1 Amount** has the meaning given in clause 3.1.2.

**Threshold 2 Amount** has the meaning given in clause 3.1.2.

**Threshold 3 Amount** means an amount stipulated by clause 3.1.3.

**UK** means the United Kingdom.

**US** means the United States of America.

**US Person** means any persons who are or deemed to be US Persons for the purposes of US tax laws or US securities laws (including (without limitation) the US Securities Act of 1933). The Issuer may determine (acting reasonably) whether a person acquiring or holding Debentures (or proposing to do so) is a US person in accordance with applicable law at the time it makes such determination. Further summaries of what constitutes a US Person are provided in the Abundance Terms and Conditions.

**Written Resolution** means a resolution passed in accordance with the Schedule to the Abundance Terms and Conditions.

1.2 In this Deed unless the contrary intention appears:

1.2.1 terms defined in the Abundance Terms and Conditions have the same meaning in this Deed;

1.2.2 Clause, Schedule and paragraph headings shall not affect the interpretation of this Deed;

1.2.3 Words denoting the singular include the plural and vice versa and a reference to one gender includes the other gender;

1.2.4 A reference to a “person” means any individual, company, corporation, partnership, joint venture, association, unincorporated organisation, trust or other judicial entity;

1.2.5 A reference to a party or any other person includes its successors in title, permitted assigns and permitted transferees;

1.2.6 References to clauses, paragraphs and Schedules (including, for the avoidance of doubt, the Abundance Terms and Conditions and the Schedule to the Abundance Terms and Conditions) are to the clauses, paragraphs and Schedules of this Deed which form part of this Deed and shall have the same force and effect as if set out in the body of this Deed, with terms given the meanings set out in this Deed (unless the context otherwise requires) and any reference to this Deed shall include the Schedules;

1.2.7 A reference to this Deed or to any other deed, instrument, agreement or document shall, unless the context otherwise requires or unless the contrary intention appears, be construed as reference to this Deed or such other deed, instrument, agreement or document as the same may from time to time be amended, varied, supplemented or novated, in each case, in accordance with its terms;

1.2.8 A reference to an “encumbrance” shall be construed as a reference to a mortgage, charge, assignment by way of security, pledge, lien (save as arising in the ordinary course of business), hypothecation, right of set-off (save as arising under the general law for the protection of certain classes of creditors) or trust arrangement for the purpose of and having a similar effect to the granting of security, or other security interest of any kind;

1.2.9 A reference to a statute or statutory provision or other law is a reference to it as amended, or replaced and includes all legislation and regulations made under it;

1.2.10 A month shall be construed as a reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month except that:

(a) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day;

(b) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and

(c) if an Interest Period begins on the last Business Day of a calendar month, that Interest Period shall end on the last Business Day in the calendar month in which that Interest Period is to end;

1.2.11 The winding-up, dissolution or administration of a person shall be construed so as to include any equivalent or analogous proceedings under the law of the jurisdiction in which such person is incorporated or of any jurisdiction in which such person carries on business;

1.2.12 All the provisions of this instrument are severable and distinct from one another and the illegality, invalidity or unenforceability of any provision of this instrument under the law of any jurisdiction shall not affect its validity or enforceability under the law of any other jurisdiction nor the legality, validity or enforceability of any other provision;

1.2.13 References to the Debentures include references to all and/or any of the Debentures;

1.2.14 The terms **including** and **include** or any similar expression shall be construed as illustrative and shall not limit the sense of words preceding those words;

1.2.15 Headings are inserted for convenience and do not affect the interpretation of this Deed;

1.2.16 A reference in this Deed to the exercise of any rights of a Holder Representative shall mean the exercise of such rights by a Holder Representative appointed pursuant to the Schedule to the Abundance Terms and Conditions; and

1.2.17 A reference to an Event of Default continuing means that it has not been remedied or expressly waived.

1.3 Other terms will have the specific meaning given to them in the relevant provisions of this Deed or the Schedules forming part of it.

## 2 Form, Title, Register and Arranger

2.1 Debentures will be held in electronic form, represented by book entries in the Register.

2.2 Holders will be issued with an electronic confirmation of their holding of Debentures via the Abundance Service in accordance with the Abundance Terms and Conditions.

2.3 The Issuer, the Guarantor, the Arranger and the Agent will only recognise and treat each Holder as the absolute owner of his Debentures for all purposes and shall not be bound to take notice of any trust to which any Debenture may be subject and shall not be required to obtain any proof thereof or as to the identity of such Holder.

2.4 No notice of any trust, except as required by applicable law, will be entered on the Register in respect of any Debentures.

2.5 The Debentures will be registered only in accordance with the Abundance Terms and Conditions, the terms of which each of the Issuer and Guarantor hereby acknowledge and assent to.

2.6 The Debentures shall be held and transferred subject to the conditions set out in Schedule 2 (*Holder Restrictions*) of this Deed.

2.7 The Issuer shall maintain arrangements so that any changes to the Register required under this clause shall be made by Abundance in accordance with the Abundance Terms and Conditions.

2.8 Subject to clause 2.9, the personal representatives of a deceased Holder shall be the only persons recognised by the Issuer as having any title to, or interest in, that Debenture on the death of such Holder but will only be so recognised subject to their becoming Members in accordance with the Abundance Terms and Conditions.

2.9 Any person becoming entitled to a Debenture in consequence of the death or bankruptcy of any Holder or otherwise by operation of law, may, upon producing such evidence that he is so entitled as the Issuer may reasonably require, be registered himself as the Holder, subject to his becoming a Member of Abundance in accordance with the Abundance Terms and Conditions.

2.10 The Issuer and the Guarantor may retain any payments paid upon any such Debentures which any person referred to in clause 2.9 is entitled to, until such person is registered as the Holder of such Debentures or he has duly transferred the Debentures.

2.11 In accordance with the Abundance Terms and Conditions and the Offer Document, the Holders appoint the Agent to act on their behalf.

### **3 Denomination, Issue and Status**

3.1 The Debentures are issued in minimum amounts of five pounds Sterling (£5.00) and in multiple integral amounts of one pound Sterling (£1.00) in nominal amount in excess thereof, but the aggregate principal amount of the Debentures issued may only be in the following amounts:

3.1.1 £2,056,554;

3.1.2 £4,031,620 (the **Threshold 1 Amount**) up to £4,793,446 (the **Threshold 2 Amount**); or

3.1.3 £6,088,174 or greater, but less than the maximum amount outlined in clause 3.3.

Such amounts detailed above may be met by the combination of the aggregate amount of funds raised via the Abundance Service together with other Permitted Indebtedness, to the Agent's satisfaction, which is available to be used by the Issuer in cleared funds and to be evidenced in accordance with paragraph 18 of Schedule 2 (*Conditions to Drawdown*) of this Deed).

3.2 Debentures shall only be issued if an aggregate minimum amount of £2,056,554 is raised (such amount may be reached by a combination of funds raised via the Abundance Service and other Permitted Indebtedness, to the Agent's satisfaction, which is available to be used by the Issuer in cleared funds and to be evidenced in accordance with paragraph 18 of Schedule 2 (*Conditions to Drawdown*) of this Deed).

3.3 The aggregate principal amount of the Debentures issued shall be limited to a maximum of £6,850,000.

3.4 As and when issued, the Debentures shall constitute direct, unconditional and secured obligations of the Issuer and will rank *pari passu*, equally and rateably without discrimination or preference with all other outstanding secured and unsubordinated obligations of the Issuer, without any preference among themselves (except for obligations mandatorily preferred by law applying to companies generally).

3.5 This Deed will only be entered into once the Agent has received all the documents and evidence specified in Schedule 1 (*Conditions Precedent to Launch*) of this Deed in form and substance satisfactory to it. The Agent shall notify the Issuer promptly upon being so satisfied.

3.6 The Holders will only subscribe for and the Debentures will only be issued once the Agent has received all the documents and evidence specified in Schedule 1 (*Conditions Precedent to Launch*) and Schedule 2 (*Conditions to Drawdown*) of this Deed in form and substance satisfactory to it and provided that on the Effective Date all the representations and warranties in Schedule 4 (Representations and Warranties) are true. The Agent shall notify the Issuer promptly upon being so satisfied.

3.7 The Debentures are issued to, and can only be held by, Members in accordance with the Abundance Terms and Conditions.

3.8 The Issuer acknowledges that failure to satisfy the conditions listed in Schedule 2 (*Conditions Precedent to Drawdown*) on or before the Long Stop Date will result in the issue of the Debentures being abandoned and the aggregate principal amount of funds held by the Arranger from the prospective Debenture Holders at that point, in time, being returned to those prospective Debenture Holders.

## 4 Covenant to pay

4.1 The Issuer will on any date when any Principal and/or Interest or any other amount becomes due pursuant to this Deed pay to or to the order of the Agent, in accordance with Clause 14 (*Payments*), in Sterling in immediately available funds such amount(s) due on that date together with any applicable Early Redemption Fee payable in accordance with Clause 15 (*Early Redemption*) and will, subject to Clause 13 (*Default Interest*), from the due date for such amount until (but excluding) the date of actual payment, after as well as before judgment, unconditionally so pay to or to the order of the Agent, in accordance with Clause 14 (*Payments*), Default Interest on such unpaid amounts, provided that payment of any sum due in respect of the Debentures made to the Agent as provided in this Deed shall, to that extent, satisfy such obligation. The Agent will hold the benefit of this covenant on trust for the Holders.

4.2 Any payment to be made in respect of the Debentures by the Issuer or the Guarantor may be made as provided in this Deed and any payment so made will, to that extent only, be a good discharge to the Issuer or the Guarantor (as the case may be).

## 5 Guarantee and indemnity

5.1 The Guarantor irrevocably and unconditionally:

5.1.1 guarantees to the Agent (for itself and the Holders) punctual performance by the Issuer of all sums from time to time payable by the Issuer in respect of its obligations under the Finance Documents as and when the same become due and payable;

5.1.2 undertakes with the Agent (for itself and the Holders) that whenever the Issuer does not pay any amount when due under or in connection with this Deed, the Guarantor shall immediately on demand pay that amount in the manner and currency prescribed by this Deed as if it was the principal obligor; and

5.1.3 agrees with the Agent (for itself and the Holders) that if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal, it will, as an independent and primary obligation, indemnify the Agent and each Holder immediately on demand against any cost, loss or liability it incurs as a result of the Issuer not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under this Deed on the date when it would have been due.

5.2 This Guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by the Issuer under the Finance Documents, regardless of any intermediate payment or discharge in whole or in part.

5.3 If any discharge, release or arrangement (whether in respect of the obligations of the Issuer or any security for those obligations or otherwise) is made by a Holder or the Agent (acting on behalf of the Holders) in whole or in part on the basis of any payment, or other disposition which is avoided or must be restored in insolvency, liquidation, administration, judicial management or otherwise, without limitation, then the liability of the Guarantor under this Clause 5 (*Guarantee and indemnity*) will continue or be reinstated as if the discharge, release or arrangement had not occurred.

5.4 The obligations of the Guarantor under this Clause 5 (*Guarantee and indemnity*) will not be affected by an act, omission, matter or thing which, but for this Clause 5 (*Guarantee and indemnity*), would reduce, release or prejudice any of its obligations under this Clause 5 (*Guarantee and indemnity*) (without limitation and whether or not known to it or any Finance Party) including:

5.4.1 any time, waiver or consent granted to, or composition with, the Issuer, the Guarantor or other person;

5.4.2 the release of the Issuer, the Guarantor or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;

5.4.3 any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of the Issuer, the Guarantor or any other person;

5.4.4 any amendment, novation, supplement, extension, restatement (however fundamental and whether or not more onerous) or replacement of a Finance Document or any other document;

5.4.5 any unenforceability, illegality or invalidity of any obligation of any person under this Deed or any other document; or

5.4.6 any insolvency or similar proceedings.

5.5 Without prejudice to the generality of Clause 5.4, the Guarantor expressly confirms that it intends that this Guarantee shall extend from time to time to any (however fundamental) variation, increase, extension or addition of or to any of the Finance Documents and/or any issuance of Debentures or amount made available under any of the Finance Documents for the purposes of or in connection with any of the following: business acquisitions of any nature; increasing working capital; enabling investor distributions to be made; carrying out restructurings; refinancing existing indebtedness; refinancing any other indebtedness; any other variation or extension of the purposes for which any such facility or amount might be made available from time to time; and any fees, costs and/or expenses associated with any of the foregoing.



5.6 The Guarantor waives any right it may have of first requiring any Holder or the Agent (acting on its behalf) to proceed against or enforce any other rights or claim payment from any person before claiming from the Guarantor under this Clause 5 (*Guarantee and indemnity*). This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.

5.7 Until all amounts which may be or become payable by the Issuer under or in connection with the Finance Documents have been irrevocably paid in full, the Agent (on behalf of the Holders) may:

5.7.1 refrain from applying or enforcing any other moneys or rights held or received by the Agent (on behalf of the Holders) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and the Guarantor shall not be entitled to the benefit of the same; and

5.7.2 hold in an interest-bearing suspense account any moneys received from the Guarantor or on account of any liability of the Guarantor under this Clause 5 (*Guarantee and indemnity*).

5.8 Until all amounts which may be or become payable by the Issuer under or in connection with the Finance Documents have been irrevocably paid in full and unless the Agent otherwise directs, the Guarantor will not exercise any rights which it may have by reason of performance by it of its obligations under the Finance Documents or by reason of any amount being payable, or liability arising, under this Clause 5 (*Guarantee and indemnity*):

5.8.1 to be indemnified by the Issuer;

5.8.2 to claim any contribution from any other guarantor of the Issuer's obligations under the Finance Documents;

5.8.3 to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Finance Parties under the Finance Documents;

5.8.4 to bring legal or other proceedings for an order requiring the Issuer to make any payment, or perform any obligation, in respect of which the Guarantor has given a Guarantee, undertaking or indemnity under Clause 5 (*Guarantee and indemnity*);

5.8.5 to exercise any right of set-off against the Issuer; and/or

5.8.6 to claim or prove as a creditor of the Issuer in competition with any Finance Party.

If the Guarantor receives any benefit, payment or distribution in relation to such rights it shall hold that benefit, payment or distribution to the extent necessary to enable all amounts which may be or become payable to the Finance Parties by the Issuer under or in connection with the Finance Documents to be repaid in full on trust for the Holders and shall promptly pay or transfer the same to the Agent or as the Agent may direct for application in accordance with clause 16.1 (*Application of Proceeds*).

5.9 This Guarantee is in addition to and is not in any way prejudiced by any other guarantee now or subsequently held by any Holder or the Agent (acting for itself and on behalf of the Holders).

5.10 This Guarantee does not apply to any liability to the extent that it would result in this Guarantee constituting unlawful financial assistance within the meaning of sections 678 or 679 of the Companies Act 2006 or any equivalent and applicable provisions under the laws of the Original Jurisdiction of the Guarantor.

## 6 Assignment and transfer

6.1 The Debentures may only be transferred in accordance with the Abundance Terms and Conditions or, if applicable, in accordance with clauses 2.8 and 2.9 (*Form, Title, Register and Arranger*) of this Deed.

6.2 Neither the Issuer nor the Guarantor may assign any of its rights or transfer by novation any of its rights and obligations under this Deed or any Finance Document without the consent of the Agent and the Arranger, and neither may the Agent or the Arranger without the consent of the Issuer or the Guarantor.

## 7 Back-up Service Provider

7.1 If, for any reason:

7.1.1 Abundance ceases to provide the Abundance Service and it is not provided by a Back-up Service Provider (as defined in the Abundance Terms and Conditions);

7.1.2 Abundance ceases to maintain the Register;

7.1.3 Abundance resigns as Agent in accordance with the Schedule to the Abundance Terms and Conditions without appointing a substitute; or

7.1.4 there is any other material change to the nature of the Abundance Service or the involvement of Abundance which has a material adverse effect on any of the Holders' rights under the Debentures,

then for the avoidance of doubt the obligations of the Issuer and the Guarantor under the Finance Documents will remain valid and binding subject to clause 7.2 (below).

7.2 In the circumstances set out in clause 7.1 (above), the Issuer and the Guarantor may make such arrangements as they reasonably consider appropriate and may amend any Finance Document by a deed expressed to be supplemental to that Finance Document

(but only so far as is reasonably necessary to incorporate the revised arrangements for the matters listed in clauses (7.2.1)-(7.2.4) (inclusive) below). The Issuer (failing which the Guarantor) shall take reasonable steps as soon as practicable to inform the Holders of any changes to:

- 7.2.1 the arrangements for maintaining the Register;
- 7.2.2 the procedures for making any payments (but not the amount of any payment or how such amount is calculated) to Holders;
- 7.2.3 the procedures for transfer (including acceptance of any instrument in common standard form) of Debentures; and/or
- 7.2.4 how notices or other information can be given to Holders.

## 8 Representations of the Issuer and Guarantor

Each of the Issuer and the Guarantor makes each of the representations and warranties set out in Schedule 4 (*Representations and Warranties*) of this Deed on the days and at the times stipulated therein.

## 9 Undertakings of the Issuer and the Guarantor

So long as the Debentures are outstanding, each of the Issuer and, where applicable, the Guarantor agrees to comply with each of the undertakings given by it that are set out in Schedule 5 (*Positive Undertakings*) and Schedule 6 (*Negative Undertakings*) of this Deed.

## 10 Use of Proceeds

10.1 The Issuer may only use the proceeds raised from the Debentures issued under this Deed to:

- 10.1.1 finance the Purpose;
- 10.1.2 to fund the Reserve;

10.1.3 for securing and developing other sites for construction and rental as social housing through the Guarantor where permitted pursuant to clause 10.1.4(iii) and 10.1.4(iv) below; and

10.1.4 pay the costs and expenses (including, without limitation, any arrangement fee and legal fees) incurred by the Issuer and the Guarantor in connection with the negotiation, preparation and execution of the Finance Documents and the Offer Document.

**provided that**, for the purpose of clause 10.1.1 above,

- (i) if the Threshold Minimum Amount is raised, then the proceeds raised from the issuance of the Debentures may only be used to finance the Purpose in respect of the Northwood Property;
- (ii) if the Threshold 1 Amount is raised, then the proceeds raised from the issuance of the Debentures representing the Threshold 1 Amount may only be used to finance the Purpose in respect of the Huyton Property (and not the Northwood Property);
- (iii) if an amount exceeding the Threshold 1 Amount but less than or equal to the Threshold 2 Amount is raised, then such amount of the proceeds raised from the issuance of the Debentures representing the amount exceeding the Threshold 2 Amount but less than or equal to the Threshold 2 Amount (only) may be used for securing and developing other sites for construction and rental as social housing by the Guarantor;
- (iv) if the Threshold 3 Amount is raised, then the proceeds raised from the issuance of the Debentures representing the Threshold 3 Amount may be used to finance the Purpose in respect of both Properties; and
- (v) subject to clause 3.3, any sums raised in excess of the Threshold 3 Amount may be applied in securing and developing other sites for construction and rental as social housing by the Guarantor.

For the purpose of reaching the threshold amounts detailed above, these thresholds can be met by the combination of the aggregate amount of Debentures to be issued together with the amount of any additional Permitted Indebtedness which is available to be used by the Issuer in cleared funds.

10.2 Neither the Arranger, the Agent nor any Holder is bound to monitor or verify the application of any net proceeds of a Debenture issued pursuant to this Deed.

## 11 Repayment of Principal

11.1 The Issuer shall repay all Principal in full on the Maturity Date, together with all accrued but unpaid Interest and any and all amounts due and outstanding under the Debentures pursuant to this Deed.

11.2 On any date between 40 Business Days and 10 Business Days prior to the Maturity Date:

11.2.1 the Issuer may consult with the Agent as to whether or not the Maturity Date should be extended; and

11.2.2 after such consultation, if the Issuer has determined in its sole discretion that it wishes to extend the Maturity Date, the Issuer shall promptly provide an irrevocable notice to the Agent and the Holders that it has elected to extend the term of the Debentures.

11.3 Once notification has been given in accordance with clause 11.2, the Maturity Date for the purposes of this Deed shall be the Extended Maturity Date.

## 12 Interest

12.1 The Debentures shall bear and accrue Interest on the Principal at the Interest Rate in respect of each Interest Period thereafter to and including the date on which all Principal is repaid or redeemed in full, such Interest in each case to be paid in accordance with this clause 12 (*Interest*).

12.2 The Issuer shall pay Interest on the final day of each Interest Period (each an “**Interest Payment Date**”), with the last Interest Payment Date falling on the Maturity Date or, where applicable, the Extended Maturity Date. If any such Interest Payment Date is not a Business Day, payment shall be made on the following Business Day.

12.3 The Interest payable on each Interest Payment Date shall be paid to the Agent (for the account of the Holders) by credit transfer and in immediately available, freely transferable, cleared funds.

12.4 Interest shall be calculated and accrue on a daily and simple basis and on the basis of the actual number of days elapsed in the relevant period and a 365-day year.

### 13 Default Interest

13.1 In the event the Issuer, (failing which, the Guarantor) fails to make any payment of Principal, Interest or any other amount due pursuant to this Deed on the date on which such Principal, Interest or other payment is due and payable, Default Interest shall accrue on such unpaid amount from (and including) the due date for such amount until (but excluding) the date of actual payment (both before and after judgment) at a rate which is 3 per cent. per annum higher than the rate which would have been payable if the overdue amount had, during the period of non-payment, attracted Interest at the Interest Rate.

13.2 Default Interest shall accrue on a daily basis and on the basis of a 365-day year, and shall be compounded with the overdue amount at the end of each Interest Period.

### 14 Payments

All payments pursuant to this Deed are to be made in accordance with clause 16.1 (*Application of Proceeds*), and subject to clause 16 (*Application of Proceeds*) including, without limitation, provisions detailing the priority of payments under this Deed.

### 15 Early Redemption

15.1 Subject to clause 15.2, the Issuer shall be entitled to redeem all of the Debentures in full on any Business Day on or after the Early Redemption Option Date by issue of an irrevocable notice to the Agent and (who shall, in turn, promptly notify the Holders via the Abundance Service) giving not less than 20 Business Days’ prior notice of its intention to redeem all of the Debentures on such date (such date being, the “**Early Redemption Date**”) and by payment of the amounts described in clause 15.2 below.

15.2 On the Early Redemption Date, the Issuer shall redeem and repay all Principal outstanding under all of the Debentures in full, together with any and all accrued Interest outstanding and payable under the Debentures to (and including) the Early Redemption Date and pay the Early Redemption Fee.

### 16 Application of Proceeds

#### 16.1 Payments

16.1.1 Subject to clause 16.1.2, any payments required to be made by the Issuer under the Finance Documents shall be made not later than 10:00 a.m. (London time) on the relevant date required for payment (the “**Payment Date**”) and on such Payment Date, the Issuer (failing which the Guarantor) shall transfer or cause

to be transferred such an amount in respect of the payment to the account directed by the Agent (such account being directed in writing at least five (5) Business Days prior to the relevant Payment Date) being, in the case of any payments to the Holders under the Debentures, the account held with the Agent and with such reference number as directed by the Agent.

16.1.2 If there is an administrative or technical error or Disruption Event which prevents the Issuer (or the Guarantor) from meeting its obligation to make payments under the Finance Documents

within the time prescribed under clause 16.1.1, the Issuer (or, as the case may be, the Guarantor) will make that payment as soon as reasonably practicable but, in any event, no later than by close of business (in London) on the date falling in respect of Principal ten (10) Business Days and in respect of interest or any other amount five (5) Business Days from (and excluding) the Payment Date.

16.1.3 Any amounts payable under clause 16.1.1 or clause 16.1.2 shall be transferred by the Issuer or the Guarantor or on behalf of the Issuer or the Guarantor to the above-mentioned account or accounts unconditionally by credit transfer and in immediately available, freely transferable, cleared funds. All such amounts shall be made without set-off, counterclaim, deduction or withholding, unless otherwise required by law.

16.1.4 Subject to clause 16.2, any amounts payable by the Issuer (or the Guarantor) to Holders under the terms of the Debentures shall be apportioned by the Agent into the relevant pro rata proportions and such apportioned payments shall be directed by the Agent to the Cash Account (as defined in the Abundance Terms and Conditions) of those relevant Holders.

16.1.5 If the Issuer (or the Guarantor) is required by applicable law to make any withholding or deduction in relation to any amount payable under this clause 16.1, it shall be entitled to make such deduction or withholding and account to the relevant authority in respect of the amount withheld or deducted. Neither the Issuer nor the Guarantor shall be required to increase or gross-up any amount payable to the Holders or the Agent under the Finance Documents as a result of any such deduction or withholding.

16.1.6 Any amounts payable under this clause 16.1 are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment.

16.1.7 If, for any reason, the Agent considers in its sole discretion that amounts to be received in the relevant accounts pursuant to this clause are insufficient to satisfy all claims in respect of all payments under clause 16.1.1 then falling due:

(i) the Agent shall, as soon as reasonably practicable, notify the Issuer and the Guarantor in writing that the full amount has not been received; and

(ii) the Agent shall not be obliged to direct the payment in satisfaction of any such claims until the full amount in respect of such claims has been received from the Issuer or the Guarantor, the Issuer or the Guarantor has provided the Agent details of the reason and/or nature of the shortfall and, if there has been an Event of Default, the Issuer and the Guarantor have confirmed

that the relevant steps, actions or pre-conditions under the Finance Documents have been met prior to any acceleration and subsequent payment of those amounts.

## 16.2 Application

The Agent shall apply any and all Proceeds received or recovered at any time towards satisfying the obligations of the Obligors under the Finance Documents in the following order:

16.2.1 **firstly**, in or towards payment of any unpaid fees, costs and expenses of the Agent, the Security Trustee or any Delegate appointed by it;

16.2.2 **secondly**, for the account of the Holders, for application in or towards payment of Debt Liabilities payable to Holders, which shall be allocated in respective pro rata proportions to the Holders of the Debentures in accordance with the following order of priority:

- (i) then to any due but unpaid repayments of Principal; and
- (ii) then to any due but unpaid payments of Interest;

16.2.3 **thirdly**, for the account of the Holders, in or towards payment pro rata of any accrued income, fee or commission owing to the Holders under those Finance Documents;

16.2.4 **fourthly**, in or towards payment pro rata of any other sum due but unpaid under those Finance Documents;

16.2.5 **fifthly**, in payment of the surplus (if any) to the relevant Obligor or any other person entitled to it.

## 17 Cancellation

17.1 Subject to clause 21, the Issuer or any Affiliate of the Issuer may at any time by agreement with the relevant Holder purchase any Debentures at any price by tender, private treaty or otherwise.

17.2 Any Debentures which are repaid, redeemed or purchased by the Issuer shall forthwith be cancelled and shall not be available for re-issue.

## 18 Events of Default

18.1 Each of the events or circumstances set out in this clause 18.1 (*Events of Default*) is an Event of Default:

18.1.1 **Non-payment**: any failure by the Issuer (or the Guarantor) to pay in full any amount payable under this Deed on its due date or, if a failure to pay is caused by an administrative or technical error or a Disruption Event, within 5 Business Days of its due date, or in the case of Interest due on any Interest Payment Date (other than the Maturity Date or, where applicable, the Extended Maturity Date), within 5 Business Days of such Interest Payment Date; or

18.1.2 **Other obligations**: the Issuer (or the Guarantor) fails to perform or comply with any of its other obligations under the Finance Documents (other than the obligations specified in clause 18.1.1) or an Agreement for Lease, except where such failure is capable of remedy, and is remedied within 10 Business Days

of the earlier of (a) written notice being given by the Agent requiring remedy of such failure; or (b) the date that the Issuer (or the Guarantor) has become aware of such failure; or

18.1.3 **Misrepresentation**: any material representation, warranty or statement made or deemed to have been made by the Issuer (or the Guarantor) in the Finance Documents is or proves to have been incorrect or misleading in any material respect when made or deemed to have been made, unless and to the extent the underlying event or circumstance is remedied within 20 Business Days of the earlier of (a) the date of a written notice from the Agent requiring remedy of such failure; or (b) the date that the Issuer or the Guarantor has become aware of such failure; or

### 18.1.4 Cross-default:

(i) any Financial Indebtedness of any member of the Group (other than the Issuer or a member of the Group which has incurred Financial Indebtedness arranged by Abundance Investment Ltd) or is not paid when due or within any applicable grace period; or

(ii) any Financial Indebtedness of any member of the Group (other than the Issuer or a member of the Group which has incurred Financial Indebtedness arranged by Abundance Investment Ltd) is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (howsoever described); provided that

(iii) no Event of Default will occur or subsist under this clause 18.1.4:

(aa) if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (i) to (ii) above is less than £100,000 (or its equivalent in any other currency or currencies); or

(bb) in respect of any Financial Indebtedness subordinated pursuant to a Subordination Agreement.

## 18.1.5 **Insolvency:**

(i) the Issuer or the Guarantor:

(aa) is unable or admits inability to pay its debts as they fall due for the purposes of section 123(1) or section 123(2) of the Insolvency Act 1986 (or, in respect of the Guarantor, any equivalent or applicable provisions under the laws of its Original Jurisdiction);

(bb) suspends or threatens to suspend making payments on any of its debts; or

(cc) by reason of actual or anticipated financial difficulties, commences formal negotiations with one or more of its creditors (excluding any Finance Party in its capacity as such) with a view to rescheduling any of its indebtedness;

(ii) the value of the assets of the Guarantor is less than its liabilities (taking into account contingent and prospective liabilities); or

(iii) a moratorium is declared in respect of any indebtedness of the Issuer or the Guarantor. If a moratorium occurs, the ending of the moratorium will not remedy any Event of Default caused by that moratorium;

18.1.6 **Insolvency proceedings:** any corporate action, legal proceedings or other procedure or step is taken in relation to:

(i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Issuer or the Guarantor;

(ii) a composition, compromise, assignment or arrangement with any creditor of the Issuer or the Guarantor (other than for the purposes of a bona fide, solvent scheme of reconstruction or amalgamation previously approved by a Special Resolution);

(iii) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of the Issuer or the Guarantor,

or any analogous procedure or step is taken in any jurisdiction, except that paragraph (i) above shall not apply to any winding-up petition which is frivolous or vexatious and is discharged, stayed or dismissed within 20 days of commencement;

18.1.7 **Creditors' process:** any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset of the Issuer or the Guarantor and is not discharged within 20 Business Days;

## 18.1.8 **Unlawfulness and invalidity:**

(i) it is or becomes unlawful for the Issuer or the Guarantor to perform any of its material obligations under the Finance Documents; or

(ii) any material obligation of the Issuer or the Guarantor under any of the Finance Documents is not or ceases to be legal, valid, binding or enforceable and the cessation individually or cumulatively materially and adversely affects the interests of the Holders under the Finance Documents;

18.1.9 **Cessation of business:** the Issuer or the Guarantor suspends or ceases to carry on (or threatens to suspend or cease to carry on) all or substantially all of its business;

18.1.10 **Expropriation:** the authority or ability of the Issuer or the Guarantor to conduct its business is limited or wholly or substantially curtailed by any seizure, expropriation, nationalisation, intervention, restriction or other action by or on behalf of any governmental, regulatory or other authority or other person in relation to the Issuer or the Guarantor or any of its assets, in each case, which has or would have a Material Adverse Effect;

18.1.11 **Repudiation and rescission of agreements:** the Issuer or the Guarantor rescinds or evidences as an intention in writing to rescind or repudiates or evidences as an intention in writing to repudiate a Finance Document;

18.1.12 **Litigation:** any litigation, arbitration, administrative, governmental, regulatory or other investigations, proceedings or disputes are commenced or threatened (save for where such threat is vexatious), or any judgment or order of a court, arbitral tribunal or other tribunal or any order or sanction of any governmental or other regulatory body is made, in relation to the Finance Documents or the transactions contemplated in the Finance Documents or against the Issuer, the Guarantor or any member of the Group (other than the Issuer or a member of the Group which has incurred Financial Indebtedness to Abundance Investment Ltd in respect of an issuance of debentures) or its assets, in each case which have, or, if adversely determined, would have a Material Adverse Effect;

18.2 The Issuer and the Guarantor shall promptly notify the Arranger and the Agent of the occurrence of any Event of Default upon becoming aware of its occurrence (and the steps, if any, being taken to remedy it).

18.3 If any Event of Default occurs and is continuing, the Agent, if so directed in writing by Holders of at least 25 per cent. of the Principal (or by a Special Resolution of the Holders), shall:

18.3.1 by notice in writing (an “**Acceleration Notice**”) declare all amounts accrued or outstanding under the Debentures and this Deed to be immediately due and payable, at which time they shall become immediately due and payable;

18.3.2 be permitted, at the cost and expense of the Issuer (such costs to be proper and reasonable and as far as practicable agreed in advance of appointment), to appoint accountants, lawyers or technical advisers as agreed by the Agent and the Issuer to protect the Holders’ interests (taken as a class) under the Finance Documents and to investigate the Event of Default; or

18.3.3 permit the appointment of a Holder Representative in accordance with the terms of the Schedule to the Abundance Terms and Conditions.

18.4 No Holder shall be entitled to take any Enforcement Action or to exercise any other rights, discretions or powers or to grant any consents or releases under or pursuant to any Finance Document, or enforce any provision of this Deed or waive, cure or consent to any Event of Default or proposed breach of the terms of this Deed except where such action is permitted by and in accordance with the Abundance Terms and Conditions.

18.5 An Acceleration Notice must be withdrawn with immediate effect by the Agent by way of notice to the Issuer and the Holders if it is directed to do so in writing by Holders of at least 25 per cent. of the Principal (or by a Special Resolution of the Holders) to the effect that the Event of Default or Events of Default in relation to which an Acceleration Notice has been given is or are cured or waived and that such Holders wish that Acceleration Notice to be withdrawn, whereupon that Acceleration Notice will automatically be deemed to be withdrawn and will have no further effect in relation to the Debenture but without prejudice to any rights or obligations which may have arisen before the Agent withdraws such Acceleration Notice.

No such withdrawal shall affect any other Event of Default or any subsequent Event of Default or any right of any Holders in relation thereto.

18.6 If an Acceleration Notice has been provided by the Agent in accordance with clause 18.3 and such notice has not been withdrawn in accordance with clause 18.5, that Acceleration Notice shall automatically apply to all the Debentures and the Agent shall ensure that any Proceeds following that Acceleration Notice shall be applied in accordance with clause 16 (*Application of Proceeds*).

## 19 Notices

19.1 The Issuer will give each notice, and will send any other document, to a Holder by sending such notice to the Agent who will in turn send any document to the relevant Holder using the Abundance Service (which, for the avoidance of doubt, includes the use of e-mail). Each Holder agrees that the Issuer may rely on the Agent to deliver any such notice in accordance with the Abundance Terms and Conditions.

19.2 Each notice sent to a Holder pursuant to clause 19.1 shall, at the same time, be sent to the Agent by e-mail to: [support@abundanceinvestment.com](mailto:support@abundanceinvestment.com).

19.3 Any notice from the Holders (or the Agent acting on their behalf) to the Issuer contemplated by this Deed may be given by e-mail to the Issuer at: [robert@octevo.co.uk](mailto:robert@octevo.co.uk) or to such other address as otherwise directed by the Issuer from time to time.

19.4 A notice, document or information sent or supplied by electronic means to an address specified for the purpose is deemed to be given to or received by the intended recipient on the same day it was sent, and in proving service it is sufficient to prove that the communication was properly addressed and sent.

19.5 The Agent shall promptly send to each Holder details of each communication received by it under any Finance Document via the Abundance Service if it is obliged to do so under the terms of the Finance Document.

19.6 The Agent agrees that it will notify the Issuer and the Guarantor and each Holder as soon as reasonably practicable if it takes any Enforcement Action.

19.7 The Agent shall promptly forward to the Issuer and the Guarantor a copy of any notice or communication addressed to the Issuer or the Guarantor by any Holder which is received by the Agent.

## 20 Meetings of Holders, Voting and Modifications to the Deed

The Schedule to the Abundance Terms and Conditions includes provisions for:

20.1 convening meetings of Holders;

20.2 voting and quorum requirements and powers exercisable in respect of an Ordinary Resolution, Special Resolution or a Written Resolution;

20.3 the ability to appoint (and powers of) a Holder Representative; and

20.4 waivers, modifications or consents in respect of:

20.4.1 Reserved Matters, that are only exercisable by Special Resolution;

20.4.2 Non-Reserved Matters, that are exercisable by Ordinary Resolution; and

20.4.3 matters deemed by the Agent to be of a formal, minor or technical nature that are exercisable by the Issuer and/or Agent without Holder consent in accordance with clause 21.1 (*Modifications, Waivers or Consents*).

## 21 Modifications, Waivers or Consents

21.1 Provided a Holder Representative (if one has been duly appointed) does not object, the Agent may, without the consent or sanction of the relevant Holders, authorise or sanction any modification of or waive or consent to any breach or proposed breach of, any provisions of this Deed or other Finance Document, which the Agent considers, in its sole opinion, to be of a formal, minor or technical nature or to be necessary to correct a manifest error or to comply with any mandatory provisions of law or, in the case of a waiver of or consent to a breach or proposed breach, is not materially prejudicial to the interests of the relevant Holders.

21.2 No Obligor nor the Agent shall make or concur in making any modification to give any consent under, or grant any waiver in respect of, any breach or proposed breach of any Finance Document to which it is a party if such modification, consent or waiver:

21.2.1 is not a matter to which the provisions of paragraph 21.1 apply;

21.2.2 is a Non-Reserved Matter, unless and until the provisions of paragraph 21.4 below have been complied with; or

21.2.3 is a Reserved Matter, unless and until the provisions of paragraph 21.3 below have been complied with.

21.3 The following matters, actions or provisions of a Finance Document (each a “**Reserved Matter**”) may, from time to time, be modified or, in the case of an actual breach or alleged breach of any such provision, waived or consented to with the approval or sanction of a Special Resolution passed in accordance with the Schedule to the Abundance Terms and Conditions:

21.3.1 any compromise or arrangement proposed to be made between the Issuer, the Agent and the Holders or any of them;

21.3.2 any abrogation, modification or compromise or any arrangement in respect of the rights of the Holders against the Issuer or the rights of the Issuer against the Holders, whether such rights arise under a Finance Document or otherwise;

21.3.3 any scheme for the reconstruction of the Issuer or for the amalgamation of the Issuer with any other company;

21.3.4 postponing or advancing the time for the making of any payment, repayment or redemption under any Finance Document;

21.3.5 any change that has the effect of reducing or increasing any amount payable or rate of any payment under a Finance Document;

21.3.6 changing the basis on which any payments under a Finance Document are calculated or applied (including, without limitation, the frequency of any payment or the length of any payment period or period in which a payment is calculated, the currency of payment, the capitalisation of any amount that would otherwise be payable or changing any relevant definitions that are used for those purposes);

21.3.7 imposing any condition or otherwise changing the Issuer’s obligation to make payments of principal, interest or any other amount in respect of the Debentures;

21.3.8 the appointment of any persons (whether Holders or not) as a committee or committees to represent the interests of the Holders and to confer upon such committee any powers or discretions which the Holders could themselves exercise by Special Resolution;

21.3.9 the exchange or substitution of the Debentures for or the conversion of the Debentures into shares, bonds or other obligations or securities of the Issuer or any other person or any proposal or scheme to do the same;

21.3.10 any change or modification (or proposed change or modification) to those undertakings or to the definitions of Permitted Indebtedness and Permitted Security;

21.3.11 any change in the law governing the Finance Documents or change to the court to whose jurisdiction the Issuer has submitted under the Finance Documents;

21.3.12 any change to the seniority or legal ranking of the Debentures;

21.3.13 except as permitted by any related guarantee, any release of any guarantee issued in relation to the Finance Documents or change to the terms of that guarantee;

21.3.14 any waiver of or consent to any Event of Default or modification (or proposed modification) to the definition of any Event of Default or any other provisions of a Finance Document describing circumstances in which Debentures may be declared due and payable prior to their scheduled maturity date;

21.3.15 any modification to clauses 7, 16, 18.4, 18.5, 18.6 or this clause 21 of this Deed, the definition of Ordinary Resolution or Special Resolution, or any modification to paragraphs 3.6, 5, 6, 7 or 10 of the Schedule to the Abundance Terms and Conditions, or any modification to any majority required to pass any such resolution or any modification to the number of votes required to be cast or the number or percentage of Debentures required to be held, or any modification to any quorum for the holding of any meeting of Holders;

21.3.16 power to authorise the Agent to concur in and execute and do all such deeds, instruments, acts and things as may be necessary to carry out and give effect to any Special Resolution;

21.3.17 any modification to any clause of or definition within a Finance Document under which Debentures or Holders of Debentures are expressed to be treated the same, equally or rateably as between themselves;

21.3.18 the retirement or removal of the Agent and/or the approval of a successor Agent other than in accordance with the Schedule to the Abundance Terms and Conditions; or

21.3.19 any modification to the definitions of “Acceleration Notice”, “Instructing Party” or “Enforcement Action” in this Deed.

21.4 Every Non-Reserved Matter may, from time to time, be modified or, in the case of a breach or proposed breach of any such matter or provision, waived or consented to with the sanction of an Ordinary Resolution.

21.5 Any modification, consent or waiver that has been duly authorised or sanctioned in accordance with this clause 21 shall:

21.5.1 be notified by the Agent to the Issuer, the Guarantor and Holders as soon as reasonably practicable after such modification, consent or waiver has been so authorised or sanctioned; and

21.5.2 be binding on all the Holders and the Holders hereby authorise the Agent, the Issuer and the Guarantor to execute and deliver on its behalf such deeds or documents required to implement such modification or the terms of such consent or waiver in accordance with clause 21.6.

21.6 In the case of any modification, consent or waiver that has been duly authorised or sanctioned in accordance with this clause 21, as soon as reasonably practicable after such authorisation or sanction, the Agent, the Issuer and the Guarantor at the cost of the Issuer, shall execute and deliver any deeds, documents or notices as may be required to be executed and/or delivered in order to give effect to the terms of such modification, waiver or consent (provided that

any failure of those parties to meet such timing shall not invalidate the modification, consent or waiver).

## **22 Execution and Registration of Finance Documents**

In addition to the Abundance Terms and Conditions and in accordance with the Offer Document, each Holder has appointed the Agent or such person or persons as the Agent may nominate to execute (whether under seal or under hand) and deliver any Finance Document to be executed and delivered on its behalf.

## **23 No Dealings**

The Debentures are not capable of being dealt or listed on any stock exchange or other public market in the United Kingdom or elsewhere and no application has been, or is intended to be made, for the Debentures to be listed or otherwise traded on any such stock exchange or other public market.

## **24 Certificates and Determinations**

Any certification or determination by the Agent of a rate or amount under any Finance Document is, in the absence of manifest or proven error, conclusive evidence of the matters to which it relates.

## **25 Rights and Obligations**

25.1 No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Deed, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

25.2 Abundance provides services in accordance with arrangements it has with the Issuer and operates the Abundance Service in accordance with the Abundance Terms and Conditions as agreed by Members.

## **26 Enforcement and preservation costs**

The Issuer shall, within 5 Business Days of demand, pay to the Agent or Security Trustee (as applicable) the amount of all costs, fees and expenses (including legal fees) together with any associated VAT properly incurred by the Agent or Security Trustee (as applicable) in connection with the enforcement of or the preservation of any rights under any Finance Document or proceedings instituted by or against the Agent or Security Trustee (as applicable) as a consequence of enforcing these rights under the Finance Documents.

## **27 Inspection**

A copy of this Deed shall be kept at the registered office of the Issuer and any Holder and any person duly authorised in writing by a Holder may at all reasonable times during office hours inspect it.

## **28 Endorsement**

A memorandum of execution of any deed supplemental to this Deed shall be endorsed by the Issuer on this Deed.

## **29 Conflict**

If there is a conflict between the terms of this Deed and the Abundance Terms and Conditions, the terms of this Deed will prevail.

## **30 Counterparts**

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



## 31 Governing Law and Jurisdiction

### 31.1 Governing Law

31.1.1 This Deed shall be governed by and construed in accordance with English law, and all claims and disputes between the parties or any of them arising out of or in connection with this Deed (whether or not contractual in nature) shall be determined in accordance with English law.

31.1.2 If in any court any party argues that a court other than the courts of England and Wales has jurisdiction to determine any dispute or difference between the parties or any of them arising out of or in connection with this Deed that issue shall be determined in accordance with English law, and any right any party might otherwise have to rely upon the law of the forum or any other law is hereby irrevocably and unconditionally waived.

### 31.2 Submission to jurisdiction

31.2.1 Each party submits to the exclusive jurisdiction of the courts of England and Wales in relation to all claims, disputes, differences or other matters arising out of or in connection with this Deed, provided that nothing in this clause shall prevent the Agent in its sole and unfettered discretion, from commencing proceedings against any other party in any court of competent jurisdiction.

31.2.2 Each Party irrevocably waives any right that it may have:

(a) to object on any ground to an action being brought in the courts of England and Wales, to claim that the action brought in the courts of England and Wales has been brought in an inconvenient forum, or to claim that the courts of England and Wales do not have jurisdiction. The waiver contained in this clause 31.2.2(a) includes a waiver of all formal and substantive requirements of any otherwise competent jurisdiction in relation to this clause 31.2.2(a);

(b) to oppose the enforcement of any judgment of any court of England and Wales whether on any ground referred to in clause 31.2.2(a) or otherwise.

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

### Schedule 1

#### Conditions Precedent to Launch

##### The Issuer and the Guarantor

1 A copy of the constitutional documents of each of the Issuer and the Guarantor, including a copy of any Special Resolution (signed by all of the holders of the issued shares of each of the Issuer and/or Guarantor, as applicable) that may be required to amend the articles of association of the Issuer for the purpose of granting the Issuer Share Charge.

2 A copy of a resolution of the board of directors of each of the Issuer and the Guarantor:

2.1 approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolving that it execute, deliver and perform the Finance Documents to which it is a party; and

2.2 authorising a specified person or persons to execute the Finance Documents to which it is a party on its behalf, to give all notices and take all other action in connection with the Finance Documents to which it is a party.

3 A copy of a resolution signed by all the holders of the issued shares of each of the Issuer and the Guarantor, approving the terms of, and the transactions contemplated by, the Finance Documents to which the Issuer and the Guarantor (as applicable) is a party.

### Property

4 An agreed form certificate on title in relation to each Property prepared by the Issuer's solicitors, to be addressed to the Agent and the Security Trustee and issued at drawdown.

5 Evidence of appropriate planning permissions in respect of each relevant Property.

### Other Documents and evidence

6 A copy of the Cost Model.

### Schedule 2

#### Conditions Precedent to Drawdown

Prior to the Holders subscribing for and the Debentures being issued (in accordance with clause 3.5), the Issuer must have provided the Agent with all of the following documents and evidence in form and substance satisfactory to it on or before the Long Stop Date:

##### The Issuer and the Guarantor

1 A certificate of each of the Issuer and the Guarantor (signed by a director) as at a date no earlier than the Effective Date confirming, in respect of the Guarantor, that it is solvent, and that borrowing, guaranteeing or securing, as appropriate, the aggregate total amount of Principal would not cause any borrowing, guarantee, security or similar limit binding on it to be exceeded.

### Properties

2 evidence that the Issuer is the sole legal and beneficial owner of the Properties, held without any restrictions or charges on the relevant title numbers;

3 a certificate on title in relation to each Property prepared by the Issuer's solicitors and addressed to the Agent and the Security Trustee, with updated search results;

4 a copy of each Agreement for Lease, executed by the parties thereto;

5 a clear Land Charges Register search against the Issuer or the results of HM Land Registry searches in favour of the Security Trustee on the appropriate forms against all of the registered titles comprising the Issuer's interest in each Property:

5.1 giving not less than 20 Business Days' priority beyond the date of the relevant Security Agreement; and

5.2 showing no adverse entries;

6 all necessary HM Land Registry application forms in relation to the charging of each Property in favour of the Security Trustee (for the benefit of the Secured Parties) (including a form to register the restriction contained in the Issuer Security Agreement and a form for disclosable overriding interests), duly completed, accompanied by payment of the applicable HM Land Registry fees or an acceptable solicitor's undertaking in relation to the same;

7 evidence that all Security (other than under a Security Agreement) affecting the Guarantor's and Issuer's interest in the Property has been, or will be, discharged by the date of drawdown of the proceeds of the issuance of Debentures;

8 copies of all insurance policies relating to each Property, together with evidence that the Security Trustee has been named as co-insured and first loss payee in respect of each such insurance policy and that such policies comply with the requirements of paragraph 13 (Insurances) of Schedule 5 (Positive Undertakings) of this Deed.

## Finance Documents

9 two original copies of the Security Trust Deed, executed by the parties thereto;

10 two original copies of a Subordination Agreement, to which the Issuer, such party providing the Permitted Indebtedness and the Agent are party;

## Security

11 two original copies of the Issuer Share Charge, executed by the parties thereto, together with the share certificates and blank, signed (undated) stock transfer form(s) required to be delivered thereunder.

12 two original copies of the Issuer Security Agreement, executed by the parties thereto, together with an executed copy of each notice required to be executed thereunder (duly acknowledged where required).

13 two original copies of the Guarantor Security Assignment, executed by the parties thereto, together with an executed copy of each notice required to be executed thereunder.

14 original share certificates and an executed (left blank for consideration and details of transferee), undated stock transfer form in respect of the all of the issued shares of the Issuer charged by the Guarantor pursuant to the Issuer Share Charge;

15 a copy of the notice to account bank in respect of the Debt Service Reserve Account (pursuant to the Issuer Security Agreement) in agreed form with the relevant account bank, executed by the Issuer and a copy of the acknowledgement to the notice signed by the account bank;

## Development

16 a copy of each Construction Document;

17 a copy of the Project Management Agreement;

## Other evidence

18 evidence of the amount of any additional Permitted Indebtedness raised which is available to be used by the Issuer in cleared funds which, together with the total amount of funds raised via the Abundance Service, provides an aggregate amount of funds equal or greater than the aggregate minimum amount in accordance with clause 3.2 of this Deed and/or the relevant Threshold Amount, Threshold 1 Amount or Threshold 2 Amount (as applicable) and which is to be used towards financing the Purpose;

19 a copy of the group structure chart which shows the Group as at the Effective Date.

20 a copy of any other Authorisation or other document, opinion or assurance which the Agent considers to be necessary or desirable (if it has notified the Issuer accordingly) in connection with the entry into and performance of the transactions contemplated by any Finance Document or for the validity and enforceability of any Finance Document.

## Schedule 3 Holder Restrictions

1.1 The Debentures may only be acquired or held by Members who are eligible to invest in accordance with the Abundance Terms and Conditions, which, as at the date of this Deed, includes:

- 1.1.1 individuals aged 18 years or over who have their permanent residence in an Eligible EEA Country;

1.1.2 those who are not individuals, being persons who have a permanent place of business in an Eligible EEA Country and are duly incorporated, authorised, established or formed in accordance with the relevant laws and regulations in the relevant Eligible EEA Country; or

1.1.3 other Members who fulfil all the applicable criteria of eligibility to acquire and to hold Debentures in accordance with the Abundance Terms and Conditions from time to time.

1.2 The Debentures may not be acquired or held by any Restricted Person.

1.3 The Debentures have not been and will not be registered under the United States Securities Act of 1933, as amended, or qualified for sale under the laws of the US or under the laws of any country, jurisdiction, state or territory outside the United Kingdom.

1.4 The Issuer, or Abundance on its behalf, may require reasonable evidence that a proposed transfer is exempt from or not subject to a registration or similar requirement in the US or any other jurisdiction outside the United Kingdom.

## Schedule 4 Representations and Warranties

1 Each Obligor represents and warrants to each of the Beneficiaries that:

1.1 **Status:** it is a limited company, duly incorporated and validly existing under the laws of its Original Jurisdiction and it has full power to own its assets and carry on its business;

1.2 **Binding Obligations:** the obligations expressed to be assumed by it in each of the Finance Documents are legal, valid, binding and enforceable obligations;

1.3 **Non-conflict with other obligations:** the entry into and performance by it of, and the transactions contemplated by, the Finance Documents do not and will not conflict with any law or regulation applicable to it, its constitutional documents or any agreement or instrument binding upon it or any of its assets;

1.4 **Power and Authority:** it has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Finance Documents and the transactions contemplated by the Finance Documents;

1.5 **Validity and admissibility in evidence:** it has obtained all required or desirable Authorisations to enable it to enter into, exercise its rights and comply with its obligations in the Finance Documents and to make them admissible in evidence in its jurisdiction of incorporation. Any such Authorisations are in full force and effect;

1.6 **Governing law and enforcement:** the choice of governing law of the Finance Documents will be recognised and enforced in its jurisdiction of incorporation and any judgment obtained in England or Wales in relation to a Finance Document will be recognised and enforced in that jurisdiction;

1.7 **Insolvency:** no:

1.7.1 corporate action, legal proceeding or other procedure or step described in clause 18.1.6 (*Insolvency Proceedings*); or

1.7.2 creditors' process described in clause 18.1.7 (*Creditors' Process*),

have been taken or, to its knowledge, threatened in relation to it; and none of the circumstances described in clause 18.1.5 (*Insolvency*) of this Deed applies to it;

1.8 **No default:**

1.8.1 no Event of Default is continuing or is reasonably likely to result from the entry into or the performance of any Finance Document by it, or the issuance of the Debentures by the Issuer;

1.8.2 no other event or circumstance is outstanding which constitutes (or, with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing, would constitute) a default or termination event (however described) under any other agreement or instrument which is binding on it or any of its Subsidiaries or to which its (or any of its Subsidiaries') assets are subject which has or is reasonably likely to have a Material Adverse Effect;

1.9 **Arm's Length:** the Finance Documents to which it is expressed to be a party have been, are being or will be entered into in good faith for its benefit and on arm's length terms;

1.10 **Information:**

1.10.1 to the best of its knowledge and belief (having taken all reasonable care to ensure it is so) all information that it has given in connection with the Offer Document and the Finance Documents was true and accurate in all material respects as at the date it was provided, as at any date the information is expressed to be given or (as the case may be) as at the date of the relevant document containing the information;

1.10.2 any financial projections contained in the information referred to in paragraph 1.10.1 above have been prepared as at the date they were provided or stated to be given on the basis of both recent and historical information and on the basis of reasonable assumptions and was fair (as at the date of the relevant report or document containing the projection or forecast) and arrived at after careful consideration;

1.10.3 no event or circumstance has occurred or arisen and no information has been omitted from the information referred to in paragraph 1.10.1 and no information has been given or withheld that results in the information, opinions, intentions, forecasts or projections contained in the information referred to in paragraph 1.10.1 being untrue or misleading in any material respect;

## 1.11 Financial Information:

1.11.1 the most recent financial statements delivered pursuant to paragraph 5 (*Financial Information*) of Schedule 5 (*Positive Undertakings*) of this Deed fairly present its consolidated, in the case of the Guarantor, and unconsolidated in the case of the Issuer, financial condition as at the end of, and consolidated or unconsolidated (as applicable) results of operations for, the period to which they relate;

1.11.2 since the date of the most recent financial statements delivered pursuant to paragraph 5 (*Financial Information*) of Schedule 5 (*Positive Undertakings*) of this Deed there has been no event which would have a Material Adverse Effect on the Issuer or the Guarantor;

## 1.12 No litigation:

1.12.1 other than as disclosed by the Issuer in the Offer Document, no litigation, arbitration or administrative proceedings or investigations of, or before, any court, arbitral body or agency which, if adversely determined, are reasonably likely to have a Material Adverse Effect have (to the best of its knowledge and belief (having made due and careful enquiry)) been started or threatened against it;

1.12.2 no judgment or order of a court, arbitral tribunal or other tribunal or any order or sanction of any governmental or other regulatory body which is reasonably likely to have a Material Adverse Effect has (to the best of its knowledge and belief (having made due and careful enquiry)) been made against it;

1.13 **No breach of laws:** it has not breached any law or regulation where breach would have a Material Adverse Effect;

## 1.14 Environmental laws:

1.14.1 it is in compliance with paragraph 8 (Environmental compliance) of Schedule 5 (Positive Undertakings) and to the best of its knowledge and belief (having made due and careful enquiry) no circumstances have occurred which would prevent such compliance, in each case, in a manner or to an extent which has or is reasonably likely to have a Material Adverse Effect;

1.14.2 no Environmental Claim has been commenced or (to the best of its knowledge and belief (having made due and careful enquiry)) is threatened against it where that claim has a reasonable prospect

of success and has or is reasonably likely to have, if determined against it, a Material Adverse Effect;

## 1.15 Taxation:

1.15.1 it is not materially overdue in the filing of any Tax returns and it is not overdue in the payment of any amount in respect of Tax of £50,000 (or its equivalent in any other currency) or more;

1.15.2 no claims or investigations are being, or are reasonably likely to be, made or conducted against it with respect to Taxes such that a liability of, or claim against it of £50,000 (or its equivalent in any other currency) is reasonably likely to arise; and

1.15.3 in the case of the Issuer, it is resident for Tax purposes only in its Original Jurisdiction.

1.16 **Group Structure Chart:** the group structure chart delivered to the Arranger pursuant to Schedule 2 (*Conditions Precedent to Drawdown*) of this Deed is true, complete and accurate in all material respects and shows each member of the Group, including current

name and company registration number, its Original Jurisdiction (in the case of the Issuer or the Guarantor), its jurisdiction of incorporation or establishment (in the case of any other member of the Group), in each case as at the Effective Date;

1.17 **Trustee:** it is not entering into any Finance Document as a trustee;

1.18 **Centre of main interests and establishments:** for the purposes of The Council of the European Union Regulation No. 1346/2000 on Insolvency Proceedings and/or Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings (recast) (as applicable) (the "**Regulation**") its centre of main interest (as that term is used in Article 3(1) of the Regulation) is situated in the United Kingdom and it has no "establishment" (as that term is used in Article 2(h) of the Regulation) in any other jurisdiction;

1.19 **Construction Documents:** it has complied with the material terms of the Construction Documents and no person has disputed, repudiated or disclaimed liability under any Construction Document or evidenced an intention to do so;

1.20 **Agreement for Lease:** it has complied with the material terms of the Agreement for Lease and no person has disputed, repudiated or disclaimed liability under the Agreement for Lease or evidenced an intention to do so.

2 The representations and warranties set out in this Schedule 4 (*Representations and Warranties*) (other than paragraph 1.11.2 (*Financial information*)) are made by each of the Issuer and the Guarantor on the date of this Deed, and are deemed to be made by each of the Issuer and the Guarantor on the date on which the last of the documents and evidence specified in Schedule 2 (*Conditions to Drawdown*) of this Deed is provided to the Agent in form and substance satisfactory to it, and on the Effective Date.

3 Subject to paragraph 4 below, the Repeating Representations are deemed to be made by the Issuer and the Guarantor on the first day of each Interest Period.

4 The Repeating Representation contained in paragraph 1.11.1 (*Financial Information*) above shall be deemed to be made by the Issuer and the Guarantor in relation to each set of financial statements delivered under this Deed when such financial statements are provided to the Agent.

5 Each representation or warranty deemed to be made after the date of this Deed shall be deemed to be made by reference to the facts and circumstances existing at the date the representation or warranty is deemed to be made.

## Schedule 5 Positive Undertakings

Subject to the terms of this Deed, each of the Issuer and the Guarantor (as applicable) undertakes to the Beneficiaries as follows:

**1 Authorisations:** Each of the Issuer and the Guarantor must promptly obtain, comply with and do all that is necessary to maintain in full force and effect any Authorisation required under any law or regulation of England and Wales that enable it to perform its obligations under the Finance Documents and to ensure the legality, validity, enforceability or admissibility in evidence of any Finance Document or that enable it to own its assets and carry on its business as it is being conducted, except where failure to obtain or effect such Authorisations would not materially adversely impair its ability to perform its payment obligations under the Finance Documents to which it is expressed to be a party.

**2 Compliance with laws:** Each of the Issuer and the Guarantor must comply with any law or regulation (including any Environmental Law) to which it is subject where such breach would materially adversely affect its ability to perform its obligations under the Finance Documents or result in a liability against it in an amount which exceeds £50,000.

**3 Taxes:** The Issuer must pay all Taxes due and payable by it prior to the accrual of any fine or penalty for late payment and must promptly pay to HM Revenue & Customs all VAT and related interest and penalties payable by it, except to the extent contested by it in good faith.

**4 Reserve:** The Issuer will at all times maintain in the Debt Service Reserve Account an amount in free cash equal to the amount of Interest that would accrue under this Deed (calculated in accordance with clause 11 (*Interest*)) in respect of:

4.1 the next four Interest Periods (that being, twenty four months in aggregate), as at the Effective Date;

4.2 the next three Interest Periods (that being, eighteen months in aggregate), as at the first Interest Payment Date (that being, 30 June 2020);

4.3 the next two Interest Periods (that being twelve months in aggregate), as at the second Interest Payment Date; and

4.4 the next Interest Period (that being, six months in aggregate), as at the third Interest Payment Date and each subsequent Interest Payment Date until (and including) the Maturity Date or (if the Maturity Date has been extended in accordance with clause 11.3) the Extended Maturity Date as applicable,

(each such amount, as applicable, the “**Reserve**”) and shall only be permitted to withdraw amounts from that account to be used solely in payment of Interest due under this Deed, such account to be charged by way of fixed charge in favour of the Security Trustee (for the benefit of the Beneficiaries) pursuant to the Issuer Security Agreement.

## 5 Financial Information:

5.1 The Issuer and the Guarantor shall supply to the Agent copies of:

5.1.1 as soon as they become available, but in any event within 180 days after the end of each of its financial years, its audited financial statements for that financial year, on a consolidated basis in respect of the Guarantor; and

5.1.2 as soon as they become available, but in any event within 60 days after the end of each of its financial years, its unaudited management accounts for that financial half year.

5.2 Each set of financial statements delivered to the Agent pursuant to this paragraph 5 (*Financial information*) shall be certified by a director of the Issuer or the Guarantor (as applicable) as giving a true and fair view of its financial condition as at the date at which those financial statements were drawn up.

**6 Financial Statements:** The Issuer and the Guarantor shall ensure that the financial statements delivered to the Agent pursuant to paragraph 5 (*Financial Information*) above shall:

6.1 be prepared in accordance with the Accounting Principles as applied to the first set of financial statements delivered pursuant to paragraph 5 (*Financial Information*) of Schedule 5 (*Positive Undertakings*) of this Deed; and

6.2 fairly present the Issuer’s and the Guarantor’s assets, liabilities, financial position and profit or loss during the relevant accounting period; and

6.3 in the case of the Issuer's audited financial statements for that financial year, have been approved by the Issuer's directors in compliance with section 393 of the Companies Act 2006.

**7 Share security:** The Guarantor shall grant no Security over shares of the Issuer subject to the Issuer Share Charge other than Permitted Security.

**8 Environmental compliance:** The Guarantor shall, and shall ensure that the Issuer will:

8.1 comply with all Environmental Law;

8.2 obtain, maintain and ensure compliance with all requisite Environmental Permits;

8.3 implement procedures to monitor compliance with and to prevent liability under any Environmental Law,

where failure to do so has or is reasonably likely to have a Material Adverse Effect.

**9 Environmental claims:** promptly upon becoming aware of the same, it shall inform the Agent in writing of:

9.1 any Environmental Claim against the Issuer which is current, pending or threatened; and

9.2 any facts or circumstances which are reasonably likely to result in any Environmental Claim being commenced or threatened against the Issuer,

where the claim has a reasonable prospect of success and has or is reasonably likely to have a Material Adverse Effect.

**10 Construction Documents:** Each of the Issuer and the Guarantor (as applicable) shall at all times comply with their obligations under each Construction Document.

**11 Project Management Agreement:** Each of the Issuer and the Guarantor shall at all times comply with their respective obligations under the Project Management Agreement.

**12 Access:** each of the Issuer and the Guarantor shall allow the Agent or any person or persons appointed on the Agent's or Holders' behalf in accordance with clauses 18.3.2 or 18.3.3 (*Events of Default*) of this Deed (respectively) or the Schedule to the Abundance Terms and Conditions (each a "**Holder Appointee**") and any of their officers, employees and professional advisers and agents to have, and shall ensure that the Agent and/or the Holder Appointee (as applicable) are given, access to the premises, assets, books, accounts and records of the Issuer or the Guarantor (as applicable) during normal business hours on reasonable notice, being notice which is given no less than 10 Business Days prior to the proposed day of access, and further provided that such requests are made no more frequently than once in any six-month period.

**13 Supplemental legal mortgage:** if required by the Agent, at any time following the completion of a lease in relation to any Property, the Issuer shall, at its own cost, prepare and execute any further documents and take any further action the Agent may require, in its absolute discretion, for taking and perfecting its security over that lease in accordance with the Security Agreement.

**14 Insurances:**

14.1 the Issuer and the Guarantor must ensure that at all times from the Effective Date insurance policies are maintained in full force and effect, which:

14.1.1 insure the Issuer and the Guarantor in respect of their interests in each Property and the plant and machinery on each Property (including fixtures and improvements) for their full replacement value (being the total cost of entirely rebuilding,

reinstating or replacing the relevant asset if it is completely destroyed, together with all related fees and demolition costs);

14.1.2 provide cover against loss or damage by fire, storm, tempest, flood, earthquake, lightning, explosion, impact, aircraft and other aerial devices and articles dropped from them, riot, civil commotion and malicious damage, bursting or overflowing of water tanks, apparatus or pipes and all other normally insurable risks of loss or damage for a property of the type of the Properties;

14.1.3 provide cover for site clearance, shoring or propping up, professional fees and value added tax together with adequate allowance for inflation;

14.1.4 provide for contractor's all risks insurance covering contractors and sub-contractors;

14.1.5 provide for professional indemnity insurance covering contractors, sub-contractors and consultants with a design responsibility;

14.1.6 provide cover against acts of terrorism, including any third party liability arising from such acts;

14.1.7 provide cover for loss of rent (in respect of a period of not less than three years or, if longer, the minimum period required (if any) under the Agreement for Lease) including provision for any increases in rent during the period of insurance;

14.1.8 include property owners' public liability and third party liability insurance;

14.1.9 insure such other risks as a prudent company or other person in the same business as the Issuer and the Guarantor would insure; and

14.1.10 in each case are in an amount, and in form, and with an insurance company or underwriters, acceptable at all times to the Agent and the Security Trustee.

14.2 the Issuer and the Guarantor must procure that the Security Trustee (as security trustee for the Secured Parties) is named as composite insured in respect of its own separate insurable interest under each of the insurance policies (other than public liability and third party liability insurances) but without:

14.2.1 any liability on the part of the Security Trustee or the Agent or Arranger for any premium in relation to those insurance policies (unless the Security Trustee has expressly and specifically requested to be made liable in respect of any increase in premium or unpaid premium in respect of any of those insurance policies); or

14.2.2 any obligation on the part of the Security Trustee or the Agent or Arranger to make any disclosure to any insurer or any insurance broker in relation to those insurance policies unless and until the Security Trustee becomes a mortgagee in possession of any Property, in which circumstance an obligation shall apply on the part of the Security Trustee or the Agent or Arranger to make disclosure to any insurer or any insurance broker in relation to the insurance policy or insurance policies in respect of that Property pursuant to the terms of that insurance policy or those insurance policies.

14.3 The Issuer and the Guarantor must procure that the insurance policies comply with the following requirements:

14.3.1 each insurance policy must contain:

a) a non-voiding and non-vitiating clause under which the insurance policies will not be voided or vitiated as against any insured party as a result of any circumstances beyond the control of that insured party or any misrepresentation, non-disclosure, or breach of any policy term or condition, on the part of any other

insured party or any agent of any other insured party;

b) a waiver of the rights of subrogation of the insurer as against the Issuer, the Guarantor, the Security Trustee, each Secured Party and the tenants of each Property other than any such rights arising in connection with any fraud or criminal offence committed by any of those persons in respect of any Property or any insurance policy; and

c) a loss payee clause under which the Security Trustee is named as first loss payee (other than in respect of any claim under any public liability and third party liability insurances);

14.3.2 each insurer must give at least 30 days' notice to the Security Trustee if it proposes to:

a) repudiate, rescind or cancel any insurance policy;

b) treat any insurance policy as avoided in whole or in part; and

c) treat any insurance policy as expired due to non-payment of premium; or

d) otherwise decline any claim under any insurance policy by or on behalf of any insured party,

and, in respect of paragraph (c) above, must in the notice give the Security Trustee the opportunity to rectify any such non-payment of premium within the notice period; and

14.3.3 the Issuer and Guarantor must be free to assign or otherwise grant Security over all amounts payable to it under each of its insurance policies and all its rights in connection with those amounts in favour of the Security Trustee.

14.4 The Issuer and the Guarantor must use all reasonable endeavours to ensure that the Agent receives copies of the insurance policies, receipts for the payment of premiums for insurance and any information in connection with the insurance policies and claims under them which the Agent may reasonably require.

14.5 The Issuer and the Guarantor must promptly notify the Agent of:

14.5.1 the proposed terms of any future renewal of any of the insurance policies;

14.5.2 any amendment, supplement, extension, termination, avoidance or cancellation of any of the insurance policies made or, to its knowledge, threatened or pending;

14.5.3 any claim, and any actual or threatened refusal of any claim, under any of the insurance policies; and

14.5.4 any event or circumstance which has led or may lead to a breach by either the Issuer or the Guarantor of any term of this paragraph 13 (*Insurances*).

14.6 Each of the Issuer and the Guarantor must:

14.6.1 comply with the terms of the Insurances;

14.6.2 not do or permit anything to be done which may make void or voidable any of the insurance policies; and

14.6.3 comply with all reasonable risk improvement requirements of its insurers.

14.7 Each of the Issuer and the Guarantor must ensure that:

14.7.1 each premium for the insurance policies is paid within the period permitted for payment of that premium; and

14.7.2 all other things necessary are done so as to keep each of the insurance policies in force.

14.8 The proceeds of any insurance policies received in respect of a Property must, if the Agent so requires and/or to the extent required by the basis of settlement under any insurance policies, be applied towards replacing, restoring or reinstating that Property.

## Schedule 6 Negative Undertakings

**A** Subject to the terms of this Deed, the Issuer undertakes to the Beneficiaries that it shall not:

**1 Financial Indebtedness:** incur or allow to remain outstanding any Financial Indebtedness, other than Permitted Indebtedness;

**2 Lending:** be a creditor in respect of any Financial Indebtedness, other than a Permitted Loan;

**3 Negative Pledge:** create or permit to subsist any encumbrance over any of its assets, other than Permitted Security;

### 4 Dividends:

4.1 declare, make or pay any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect of its share capital (or any class of its share capital);

4.2 repay or distribute any dividend or share premium reserve;

4.3 redeem, repurchase, defease, retire or repay any of its share capital or resolve to do so; or

4.4 make any distribution of assets or other payment whatsoever in respect of share capital whether directly or indirectly;

**5 Disposals:** enter into a single transaction or a series of transactions (whether related or not and whether voluntary or involuntary) to sell, lease, transfer, licence, surrender, set-off or otherwise to dispose of all or any part of any Property, shares, account or rights under a contract subject to a Security Agreement, without the Agent's prior written consent, unless the proceeds of such disposal are sufficient, and are used, to repay in full all amounts outstanding under or in connection with this Deed;

**6 Merger:** enter into any amalgamation or merger;

**7 Joint Venture:** form, enter into, invest in or transfer any asset to any partnership, consortium or joint venture entity or any other incorporated or unincorporated association for the purposes of any business or form or acquire any subsidiary undertaking (as defined in section 1162 of the Companies Act 2006);

**B** Subject to the terms of this Deed, each of the Issuer and the Guarantor (as applicable) undertakes to the Beneficiaries that it shall not:

**8 Merger:** enter into any amalgamation, demerger, merger or corporate reconstruction, without the prior consent of the Holders by Ordinary Resolution;

**9 Change in business:** change the general nature of the business of the Guarantor or the Issuer from the construction, development and sale of housing and related property; and

**10 Scheme:** establish any pension or life insurance scheme, or any bonus, profit sharing, share option or other incentive scheme for its directors or employees;

**11 Project Management Fee:** amend, vary, waive, novate, supplement or replace any term of the Project Management Agreement which relates to or affects the payment of the Project Management Fee (as such term is defined under, and pursuant to, the Project Management Agreement), or any subsequent agreement which documents the payment of any similar or equivalent project management fee by the Issuer to the Guarantor, unless such amendment, variation, waiver, novation, supplementation or replacement results in the Guarantor receiving a Project Management Fee (or similar or equivalent project management fee) which is of equal or lower value at the relevant time, except with the prior written consent of the Agent.

**12 Construction Documents:** itself and shall ensure that no member of the Group amends, varies, waives, novates, supplements or replaces any Construction Document or any term thereof, without the prior written consent of the Agent.

**13 Conversion:** convert the Debentures or any repayments of Principal or payments of Interest in relation to the same into shares or any other securities of the Issuer without the sanction of a Special Resolution in accordance with the Schedule to the Abundance Terms and Conditions.



# The legal agreement

## Execution page

### The Issuer

Executed as a Deed by )  
**Liverpool Community Homes plc** )  
acting by a director )

### The Guarantor

Executed as a Deed by )  
**Octevo Housing Solutions Limited** )  
acting by a director )

### The Arranger

Executed as a Deed by )  
**Abundance Investment Ltd** )  
acting by a director )

### The Agent

Executed as a Deed by )  
**Abundance Investment Ltd** )  
acting by a director )

.....	.....	.....	.....
Name: .....	Name: .....	Name: .....	Name: .....
In the presence of:	In the presence of:	In the presence of:	In the presence of:
Witness Signature: .....	Witness Signature: .....	Witness Signature: .....	Witness Signature: .....
Witness Name: .....	Witness Name: .....	Witness Name: .....	Witness Name: .....
Witness Occupation: .....	Witness Occupation: .....	Witness Occupation: .....	Witness Occupation: .....
Witness Address: .....	Witness Address: .....	Witness Address: .....	Witness Address: .....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....

## Our service providers

### Issuer, we or us:

#### **Liverpool Community Homes plc**

Company number: 10739242  
Suite 4102 Charlotte House  
Queens Dock Business Centre  
67-83 Norfolk Street  
Liverpool L1 0BG  
United Kingdom

### Legal advisors to Liverpool Community Homes plc and Octevo Housing Solutions Limited:

#### **Gregory Abrams Davidson Solicitors**

14 Gray's Inn Road  
London WC1X 8HN

#### **Paul Hastings (Europe) LLP**

100 Bishops Gate  
London EC2N 4AJ

### Arranger and distributor:

#### **Abundance Investment Ltd**

16 The Linen House  
253 Kilburn Lane  
London W10 4BQ

### Legal advisors to Abundance:

#### **Keystone Law Limited**

48 Chancery Lane  
London WC2A 1JF

#### **TLT LLP**

1 Redcliff Street  
Bristol BS1 6TP

The Finance Documents, as defined in the Debenture Deed, are available on request.

Terms and conditions for the use of the Abundance service are available at [www.abundanceinvestment.com](http://www.abundanceinvestment.com)

We would like to thank you for taking the time to read our offer document. Liverpool Community Homes plc accepts responsibility for the information it contains, which is true to the best of our knowledge and belief (having taken all reasonable care to ensure this is so) and reflects the facts without omitting anything which could affect its importance.



Robert Macmaster and Simon Chapman  
**Directors of Liverpool Community Homes plc**