

INTERMEDIATE DEBENTURE

23 February 2011

BALFOUR BEATTY FIRE AND RESCUE NW INTERMEDIATE LIMITED
as Intermediate Company

and

DEXIA MANAGEMENT SERVICES LIMITED
as Security Trustee

2011

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THIS DEED is made on 23 February 2011

BETWEEN:

- (1) **BALFOUR BEATTY FIRE AND RESCUE NW INTERMEDIATE LIMITED** a company incorporated in England and Wales under registered number 7404079 and having its registered office at 350 Euston Road, Regent's Place, London NW1 3AX (Intermediate Company); and
- (2) **DEXIA MANAGEMENT SERVICES LIMITED**, a company incorporated in England and Wales under registered number 1935154 and having its registered office at Shackleton House, 4 Battle Bridge Lane, London, SE1 2RB in this capacity as the security trustee (the Security Trustee).

IT IS AGREED as follows:

- (A) The Secured Creditors are willing to enter into certain finance arrangements with the Obligors on the terms and conditions set out in the Secured Finance Documents (as defined below). One of the conditions is that Intermediate Company enters into this Deed.
- (B) The board of directors of Intermediate Company is satisfied that entering into this Deed is for the purposes and to the benefit of Intermediate Company and its business.
- (C) The Security Trustee holds the benefit of this Deed on trust for the Secured Creditors on the terms of the Secured Finance Documents.
- (D) This Deed is the Intermediate Debenture as defined in the Loan Facilities Agreement.
- (E) This Deed shall take effect as a deed notwithstanding that any party may execute it under hand.

1 DEFINITION AND INTERPRETATION

1.1 Definitions

In this Deed:

Act means the Law of Property Act 1925.

Book Debts means all book and other debts of any nature, and all other rights to receive money (excluding the Bank Accounts), now or in the future due, owing or payable to Intermediate Company and the benefit of all related negotiable instruments, related rights, security, guarantees and indemnities of any kind.

Collateral Regulations means the Financial Collateral Arrangements (No.2) Regulations 2003 (SI 2003 No.3226).

Loan Facilities Agreement means the loan facilities agreement dated on or about the date of this Deed between, amongst others, Intermediate Company and the Security Trustee.

Receiver means an administrative receiver, a receiver and manager or a receiver, in each case, appointed under this Deed.

Secured Creditors means the Senior Creditors and the Junior Creditors as defined in the Security Trust and Intercreditor Deed.

Secured Finance Documents means the Financing Documents, the Intermediate Loan Note Instrument and the Borrower Loan Note Instrument and Secured Finance Document means any one of them.

Secured Obligations means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of any Obligor to any Secured Creditor under each Secured Finance Document, except for any obligation which, if it were so included, would result in this Deed contravening any law (including Section 678 or 679 of the Companies Act 2006).

Security means any security created by or pursuant to this Deed.

Security Assets means all assets of Intermediate Company the subject of any security created by or pursuant to this Deed or, in the case of any right of Intermediate Company under a document which cannot be secured in the manner envisaged by this Deed without the consent of a party to that document, prior to such consent being given, such right.

Security Period means the period beginning on the date of this Deed and ending on the date on which all the Secured Obligations have been unconditionally and irrevocably paid and discharged in full.

1.2 Construction

- (a) In this Deed, words and expressions defined (expressly or by reference) or interpreted in the Loan Facilities Agreement shall, unless otherwise defined in this Deed, bear the same meaning in this Deed.
- (b) In the event that any of the terms of this Deed conflict with the provisions of the Loan Facilities Agreement, the relevant provisions of the Loan Facilities Agreement shall prevail.
- (c) Any obligation of any party to do something shall include an obligation to procure the same to be done and any obligation not to do something shall include an obligation not knowingly to permit, suffer or allow the same.
- (d) The term **Secured Finance Document** includes all amendments and supplements including supplements providing for further advances.
- (e) The term financial **collateral** has the meaning given to it in the Collateral Regulations.
- (f) Any covenant of Intermediate Company under this Deed (other than a payment obligation) remains in force during the Security Period.
- (g) References to this Deed include the Recitals and the Schedules and references to any Clause or Schedule shall be to a clause or schedule contained in this Deed.
- (h) Words importing the singular shall include the plural and vice versa.
- (i) The terms of the Secured Finance Documents and of any side letters between any Parties in relation to any Secured Finance Document are incorporated in this Deed to the extent required to ensure that any purported disposition of any freehold or leasehold property contained in this Deed is a valid disposition in accordance with Section 2(1) of the Law of Property (Miscellaneous Provisions) Act 1989.

- (j) If the Security Trustee (acting reasonably) considers that an amount paid to a Secured Creditor under a Secured Finance Document is capable of being avoided or otherwise set aside on the liquidation or administration of the payer or otherwise, then that amount will not be considered to have been irrevocably paid for the purposes of this Deed.
- (k) Any reference to an account shall include any sub-account of such account.
- (l) Unless the context otherwise requires, a reference to a Security Asset includes:
 - (i) any part of that Security Asset (including properties and revenues);
 - (ii) the proceeds of sale of that Security Asset; and
 - (iii) any present and future assets of that type.

1.3 Third party rights

Any person who is not a party to this Deed has no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce or enjoy the benefit of this Deed, except that a Receiver may enforce any term of this Deed that is expressed in its favour.

1.4 Security Trustee's discretion

It is agreed that any liberty or power which may be exercised or any determination which may be made under this Deed by the Security Trustee, unless otherwise provided, may be exercised or made in its absolute and unfettered discretion without any obligation to give reasons thereof, but in any event in accordance with the Security Trust and Intercreditor Deed. For the avoidance of doubt, the Security Trustee shall not be liable for any loss caused to any party for the failure to act as set out in this Deed, in the event it does not receive an instruction (in accordance with the Security Trust and Intercreditor Deed) to so act.

2 CREATION OF SECURITY

2.1 General

- (a) All the security created under this Deed:
 - (i) is created in favour of the Security Trustee;
 - (ii) is created over present and future assets of Intermediate Company;
 - (iii) is security for the payment of all the Secured Obligations; and
 - (iv) is made with full title guarantee in accordance with the Law of Property (Miscellaneous Provisions) Act 1994.
- (b) If the rights of Intermediate Company under a document cannot be secured in the manner envisaged by this Deed without the consent of a party to that document:
 - (i) Intermediate Company must notify the Security Trustee promptly;
 - (ii) this Security will secure all amounts which Intermediate Company may receive, or has received, under or in respect of that document but exclude the document itself; and

- (iii) unless the Security Trustee otherwise requires, Intermediate Company must use reasonable endeavours to obtain the consent of the relevant party to that document being secured under this Deed.

- (c) The Security Trustee holds the benefit of this Deed on trust itself for the Secured Creditors.

2.2 Investments

- (a) Intermediate Company charges by way of a first fixed charge its interest in all shares, stocks, debentures, bonds, warrants, coupons or other securities and investments owned by it or held by any nominee on its behalf (including Authorised Investments) and all interests in collective investment schemes (other than where made or funded from amounts standing to the credit of the Intermediate Proceeds Account).

- (b) A reference in this Deed to any stock, share, debenture, bond, warrant, coupon or other security includes:

- (i) any dividend, interest or other distribution paid or payable (excluding any dividends or distributions paid from the Distribution Account or standing to the credit of the Intermediate Proceeds Account);
- (ii) any right, money or property accruing or offered at any time by way of redemption, substitution, exchange, bonus or preference, under option rights or otherwise;
- (iii) any right against any clearance system; and
- (iv) any right under any custodian or other agreement,

in relation to that stock, share, debenture, bond, warrant, coupon or other security.

- (c) A clearance system means for the purposes of this Deed a person whose business is or includes the provision of clearance services or security accounts or any nominee or depositary for that person.

2.3 Credit balances

Intermediate Company charges by way of a first fixed charge all of its rights in respect of all amounts standing to the credit of any account (other than the Intermediate Proceeds Account) it has with any person and its interest in the debt represented by that account.

2.4 Book debts etc.

Intermediate Company charges by way of a first fixed charge (other than the Intermediate Proceeds Account):

- (a) all of its Book Debts and other debts (including any debt owing under the Junior Financing Documents and any security interest in which Intermediate Company has an interest in respect of the Junior Financing Documents);
- (b) all other moneys due and owing to it; and
- (c) the benefit of all rights, securities or guarantees of any nature enjoyed or held by it in relation to any item under paragraph (a) or (b) above.

2.5 Other contracts

Intermediate Company charges by way of first fixed charge all of its rights in respect of:

- (a) any agreement to which it is a party (including the Project Documents) except to the extent that it is subject to any fixed security created under any other term of this Clause 2;
- (b) any letter of credit or bond issued in its favour; and
- (c) any bill of exchange or other negotiable instrument held by it.

2.6 Intellectual property

Intermediate Company charges by way of a first fixed charge all of its rights in respect of:

- (a) any know-how, patent, trademark, service mark, design, business name, topographical or similar right;
 - (b) any copyright or other intellectual property monopoly right; and
 - (c) any interest (including by way of licence) in any of the above,
- in each case whether registered or not and including all applications for the same.

2.7 Miscellaneous

Intermediate Company charges by way of first fixed charge:

- (a) any beneficial interest, claim or entitlement it has in or to any assets of any pension fund;
- (b) its goodwill;
- (c) the benefit of any authorisation (statutory or otherwise) held in connection with its business or the use of any of its assets;
- (d) the right to recover and receive compensation which may be payable to it in respect of any authorisation referred to in paragraph (c) above; and
- (e) its uncalled capital.

2.8 Floating charge

- (a) Intermediate Company charges by way of a first floating charge all its assets not at any time otherwise effectively mortgaged or charged by way of fixed mortgage or charge under this Clause 2 (Creation of Security).
- (b) Except as provided below, the Security Trustee may by notice to Intermediate Company convert the floating charge created by this Clause 2.8 (Floating charge) into a fixed charge as regards any of Intermediate Company's assets specified in that notice, if:
 - (i) an Event of Default has occurred and is continuing;
 - (ii) the Security Trustee considers those assets to be in danger of being seized or sold under any form of distress, attachment, execution or other legal process or to be otherwise in jeopardy;

- (iii) Intermediate Company fails to comply, or takes or threatens to take any action which in the reasonable opinion of the Security Trustee is likely to result in it failing to comply with its obligations under Clause 5 (Restrictions on Dealings); or
 - (iv) the Security Trustee considers that it is desirable in order to protect the priority of the security.
- (c) The floating charge created by this Clause may not be converted into a fixed charge solely by reason of:
 - (i) the obtaining of a moratorium; or
 - (ii) anything done with a view to obtaining a moratorium, under the Insolvency Act 2000.
- (d) The floating charge created under this Clause 2.8 (Floating charge) will (in addition to the circumstances in which the same will occur under general law) automatically convert into a fixed charge over all of Intermediate Company's assets if:
 - (i) Intermediate Company creates or attempts to create any further security in breach of the Loan Facilities Agreement over any of its assets not subject to a fixed charge;
 - (ii) any person levies or attempts to levy any distress, execution or other process against any of Intermediate Company's assets;
 - (iii) an administrator of Intermediate Company is appointed or the Security Trustee receives notice of any intention to appoint an administrator of Intermediate Company; or
 - (iv) a resolution is passed or an order is made or otherwise formal steps or proceedings are undertaken for the winding up, dissolution, administration or re-organisation of Intermediate Company.
- (e) The floating charge created by this Clause 2.8 (Floating charge) is a qualifying floating charge for the purposes of Paragraph 14 of Schedule B1 to the Insolvency Act 1986.

3 EXERCISING RIGHTS BY INTERMEDIATE COMPANY

Except whilst an Event of Default has occurred and is continuing Intermediate Company may exercise its rights under or in relation to the assets charged by Clauses 2.2 (Investments), 2.3 (Credit balances), 2.4 (Book debts etc.), 2.5 (Other contracts), 2.6 (Intellectual property) and 2.7 (Miscellaneous) provided that the exercise of those rights in the manner proposed would not result in an Event of Default.

4 REPRESENTATIONS - GENERAL

4.1 Nature of security

Intermediate Company represents to each Secured Creditor that this Deed creates the Security it purports to create with the ranking set out in this Deed and is not liable to be avoided or otherwise set aside on the liquidation or administration of Intermediate Company or otherwise (subject to any general principles of law referred to in any legal opinion required under the Loan Facilities Agreement).

4.2 Times for making representations

- (a) The representations set out in this Deed are made on the date of this Deed.
- (b) Unless a representation is expressed to be given at a specific date, each representation under this Deed is deemed to be repeated by Intermediate Company on each date during the Security Period.
- (c) When a representation is repeated, it is applied to the circumstances existing at the time of repetition.

5 RESTRICTIONS ON DEALINGS

Intermediate Company must not:

- (a) create or permit to subsist any Security Interest on any Security Asset; or
- (b) sell, transfer, licence, lease or otherwise dispose of any Security Asset,

except as expressly allowed under the Loan Facilities Agreement.

6 INVESTMENTS

6.1 General

In this Clause:

Investments means all shares, stocks, debentures, bonds or other securities and investments included in the definition of **Security Assets** in Clause 1.1 (Definitions).

6.2 Investments

Intermediate Company represents to each Secured Creditor that:

- (a) to the extent applicable, the Investments are fully paid; and
- (b) it is the sole legal and beneficial owner of the Investments.

6.3 Deposit

Intermediate Company must:

- (a) unless deposited with the Account Bank under the Accounts Mandate Agreement, immediately deposit with the Security Trustee, or as the Security Trustee may direct, all certificates and other documents of title or evidence of ownership in relation to the Investments; and
- (b) promptly execute and deliver to the Security Trustee all share transfers and other documents which may be requested by the Security Trustee in order to enable the Security Trustee or the Account Bank or its nominees to be registered as the owner or otherwise obtain a legal title to the Investments.

6.4 Changes to rights

Intermediate Company must not take or allow the taking of any action on its behalf which may result in the rights attaching to any of the Investments being altered.

6.5 Calls

- (a) Intermediate Company must pay all calls or other payments due and payable in respect of any Investment.
- (b) If Intermediate Company fails to do so, the Security Trustee may pay the calls or other payments on behalf of Intermediate Company. Intermediate Company must immediately on request reimburse the Security Trustee for any payment made by the Security Trustee under this Clause.

6.6 Other obligations in respect of Investments

- (a)
 - (i) Intermediate Company must comply with all requests for information which is within its knowledge and which it is required by law or the constitutional documents relating to any of its Investments to comply with. If it fails to do so, the Security Trustee may elect to provide any information which it may have on behalf of Intermediate Company.
 - (ii) Intermediate Company must promptly supply a copy to the Security Trustee of any information referred to in subparagraph (i) above.
- (b) Intermediate Company must comply with all other conditions and obligations assumed by it in respect of any Investment.
- (c) None of the Secured Creditors is obliged to:
 - (i) perform any obligation of Intermediate Company;
 - (ii) make any payment;
 - (iii) make any enquiry as to the nature or sufficiency of any payment received by it or Intermediate Company; or

- (iv) present or file any claim or take any other action to collect or enforce the payment of any amount to which it may be entitled under this Deed,

in respect of any Investment.

6.7 Voting rights

- (a) Before this Security becomes enforceable, the voting rights, powers and other rights in respect of the Investments must (if exercisable by the Security Trustee) be exercised in any manner which Intermediate Company may direct in writing; and Intermediate Company hereby indemnifies the Security Trustee against any loss or liability incurred by the Security Trustee as a consequence of the Security Trustee acting in respect of the Investments on the direction of Intermediate Company.
- (b) After this Security has become enforceable, the Security Trustee may exercise (in the name of Intermediate Company and without any further consent or authority on the part of Intermediate Company) any voting rights and any powers or rights which may be exercised by the legal or beneficial owner of any Investment, any person who is the holder of any Investment or otherwise.

6.8 Clearance systems

Intermediate Company must, if so requested by the Security Trustee, instruct any clearance system to transfer any Investment held by it for Intermediate Company or its nominee to an account of the Security Trustee, the Account Bank or its nominee with that clearance system.

6.9 Custodian arrangements

Intermediate Company must:

- (a) As soon as reasonably practicable, give notice to any custodian of any agreement with that custodian in respect of any Investment in a form the Security Trustee may require; and
- (b) use reasonable endeavours to ensure that the custodian acknowledges that notice in a form the Security Trustee may require.

7 **CONTRACTS**

Intermediate Company must:

- (a) immediately serve a notice, substantially in the form of Part 1 of Schedule 1 (Notice to Counterparty), on each counterparty to a contract, including any Project Document, who has not entered into a Direct Agreement with the Security Trustee; and
- (b) use its reasonable endeavours to procure that each such counterparty promptly acknowledges such notice referred to in paragraph (a) above, substantially in the form of Part 2 of Schedule 1 (Acknowledgement of Counterparty).

8 **WHEN SECURITY BECOMES ENFORCEABLE**

8.1 Event of Default

This Security will become immediately enforceable only if an Event of Default has occurred and is continuing and the Security Trustee, in accordance with clause 20.2 of the Loan Facilities Agreement, gives notice to Intermediate Company that this Security is enforceable.

8.2 Enforcement

After this Security has become enforceable, the Security Trustee may in its absolute discretion enforce all or any part of this Security in any manner it sees fit, but in any event in accordance with the Security Trust and Intercreditor Deed.

9 **ENFORCEMENT OF SECURITY**

9.1 General

- (a) The power of sale and any other power conferred on a mortgagee by law (including under section 101 of the Act and the power to appoint an administrator) will be immediately exercisable at any time after this Security has become enforceable.
- (b) For the purposes of all powers implied by law, the Secured Obligations are deemed to have become due and payable on the date of this Deed.
- (c) Any restriction on the power of sale (including under section 103 of the Act) or the right of a mortgagee to consolidate mortgages conferred by law (including under section 93 of the Act) does not apply to this Security.
- (d) For the purposes of the Collateral Regulations, after this Security is enforceable the Security Trustee may appropriate all or any part of any financial collateral which is subject to a legal or equitable mortgage created under or pursuant to this Deed in or towards satisfaction of the Secured Obligations. Where it does so, the value of the financial collateral so appropriated shall be such amount as the Security Trustee so determines having taken into account advice obtained by it from an independent firm of accountants.
- (e) Any powers of leasing conferred on the Security Trustee by law are extended so as to authorise the Security Trustee to lease, make agreements for leases, accept surrenders of leases and grant options as the Security Trustee may think fit and without the need to comply with any restrictions conferred by law (including under section 99 or 100 of the Act).

9.2 No liability as mortgagee in possession

Neither the Security Trustee nor any Receiver will be liable, by reason of entering into possession of a Security Asset:

- (a) to account as mortgagee in possession or for any loss on realisation; or
- (b) for any default or omission for which a mortgagee in possession might be liable.

9.3 Privileges

Each Receiver and the Security Trustee is entitled to all the rights, powers, privileges and immunities conferred by law (including the Act) on mortgagees and receivers duly appointed under any law (including the Act).

9.4 Protection of third parties

No person (including a purchaser) dealing with the Security Trustee or a Receiver or its or his agents will be concerned to enquire:

- (a) whether the Secured Obligations have become payable;
- (b) whether any power which the Security Trustee or a Receiver is purporting to exercise has become exercisable or is being properly exercised;
- (c) whether any money remains due under the Secured Finance Documents; or
- (d) how any money paid to the Security Trustee or to that Receiver is to be applied.

9.5 Redemption of prior mortgages

- (a) At any time after this Security has become enforceable, the Security Trustee may:
 - (i) redeem any prior Security against any of its assets; and/or
 - (ii) procure the transfer of that Security to itself; and/or
 - (iii) settle and pass the accounts of the prior mortgagee, chargee or encumbrancer; any accounts so settled and passed will be, in the absence of manifest error, conclusive and binding on Intermediate Company.
- (b) Intermediate Company must pay to the Security Trustee, immediately on demand, the costs and expenses reasonably and properly incurred by the Security Trustee in connection with any such redemption and/or transfer, including the payment of any principal or interest.

9.6 Contingencies

If this Security is enforced at a time when no amount is due under the Secured Finance Documents but at a time when amounts may or will become due, the Security Trustee (or the Receiver) may pay the proceeds of any recoveries effected by it into a suspense account.

10 RECEIVER

10.1 Appointment of Receiver

- (a) Except as provided below, the Security Trustee may appoint any one or more persons to be a Receiver of all or any part of the Security Assets if:
 - (i) this Security has become enforceable; or
 - (ii) Intermediate Company so requests the Security Trustee in writing at any time.

- (b) Any appointment under paragraph (a) above may be by deed, under seal or in writing under its hand.
- (c) Any restriction on the right of a mortgagee to appoint a Receiver conferred by law (including under section 109(1) of the Act) does not apply to this Deed.
- (d) The Security Trustee is not entitled to appoint a Receiver solely as a result of the obtaining of a moratorium (or anything done with a view to obtaining a moratorium) under the Insolvency Act 2000 except with the leave of the court.
- (e) The Security Trustee may not appoint an administrative receiver (as defined in section 29(2) of the Insolvency Act 1986) over the Security Assets if the Security Trustee is prohibited from so doing by section 72A of the Insolvency Act 1986 and no exception to the prohibition on appointing an administrative receiver applies.

10.2 Removal

The Security Trustee may by writing under its hand (subject to any requirement for an order of the court in the case of an administrative receiver) remove any Receiver appointed by it and may, whenever it thinks fit, appoint a new Receiver in the place of any Receiver whose appointment may for any reason have terminated.

10.3 Remuneration

The Security Trustee may fix the remuneration of any Receiver appointed by it and any maximum rate imposed by any law (including under section 109(6) of the Act) will not apply.

10.4 Agent of Intermediate Company

- (a) A Receiver will be deemed to be the agent of Intermediate Company for all purposes and accordingly will be deemed to be in the same position as a Receiver duly appointed by a mortgagee under the Act. Intermediate Company alone is responsible for the contracts, engagements, acts, omissions, defaults and losses of a Receiver and for liabilities incurred by a Receiver.
- (b) No Secured Creditor will incur any liability (either to Intermediate Company or to any other person) by reason of the appointment of a Receiver or by reason of any action or inaction of a Receiver.

10.5 Relationship with Security Trustee

To the fullest extent allowed by law, any right, power or discretion conferred by this Deed (either expressly or impliedly) or by law on a Receiver may after this Security becomes enforceable be exercised by the Security Trustee in relation to any Security Asset without first appointing a Receiver and notwithstanding the appointment of a Receiver.

11 POWERS OF RECEIVER

11.1 General

- (a) A Receiver has all of the rights, powers and discretions set out below in this Clause in addition to those conferred on it by any law, including all the rights, powers and discretions conferred on a receiver under the Act and a receiver or an administrative receiver under the Insolvency Act 1986.

- (b) If there is more than one Receiver holding office at the same time, each Receiver may (unless the document appointing him states otherwise) exercise all of the powers conferred on a Receiver under this Deed individually and to the exclusion of any other Receiver.

11.2 Possession

A Receiver may take immediate possession of, get in and collect any Security Asset.

11.3 Carry on business

A Receiver may carry on the business of Intermediate Company in any manner he thinks fit.

11.4 Employees

- (a) A Receiver may appoint and discharge managers, officers, agents, accountants, servants, workmen and others for the purposes of this Deed upon such terms as to remuneration or otherwise as he thinks fit.
- (b) A Receiver may discharge any person appointed by Intermediate Company.

11.5 Borrow money

A Receiver may raise and borrow money either unsecured or on the security of any Security Asset either in priority to this Security or otherwise and generally on any terms and for whatever purpose which he thinks fit.

11.6 Sale of assets

- (a) A Receiver may sell, exchange, convert into money and realise any Security Asset by public auction or private contract and generally in any manner and on any terms which he thinks fit.
- (b) The consideration for any such transaction may consist of cash, debentures or other obligations, shares, stock or other valuable consideration and any such consideration may be payable in a lump sum or by instalments spread over any period which he thinks fit.
- (c) Fixtures, other than landlord's fixtures, may be severed and sold separately from the property containing them without the consent of Intermediate Company.

11.7 Leases

A Receiver may let any Security Asset for any term and at any rent (with or without a premium) which he thinks fit and may accept a surrender of any lease or tenancy of any Security Asset on any terms which he thinks fit (including the payment of money to a lessee or tenant on a surrender).

11.8 Compromise

A Receiver may settle, adjust, refer to arbitration, compromise and arrange any claim, account, dispute, question or demand with or by any person who is or claims to be a creditor of Intermediate Company or relating in any way to any Security Asset.

11.9 Legal actions

A Receiver may bring, prosecute, enforce, defend and abandon any action, suit or proceedings in relation to any Security Asset which he thinks fit.

11.10 Receipts

A Receiver may give a valid receipt for any moneys and execute any assurance or thing which may be proper or desirable for realising any Security Asset.

11.11 Subsidiaries

A Receiver may form a Subsidiary of Intermediate Company and transfer to that Subsidiary any Security Asset.

11.12 Delegation

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

11.13 Lending

A Receiver may lend money or advance credit to any customer of Intermediate Company.

11.14 Protection of assets

A Receiver may:

- (a) effect any repair or insurance and do any other act which Intermediate Company might do in the ordinary conduct of its business to protect or improve any Security Asset;
- (b) commence and/or complete any building operation; and
- (c) apply for and maintain any planning permission, building regulation approval or any other authorisation,

in each case as he thinks fit.

11.15 Other powers

A Receiver may:

- (a) do all other acts and things which he may consider desirable or necessary for realising any Security Asset or incidental or conducive to any of the rights, powers or discretions conferred on a Receiver under or by virtue of this Deed or law;
- (b) exercise in relation to any Security Asset all the powers, authorities and things which he would be capable of exercising if he were the absolute beneficial owner of that Security Asset; and
- (c) use the name of Intermediate Company for any of the above purposes.

12 APPLICATION OF PROCEEDS

Any moneys received by the Security Trustee or any Receiver after this Security has become enforceable must be applied in the following order of priority:

- (a) in or towards payment of or provision for all costs and expenses incurred by the Security Trustee or any Receiver under or in connection with this Deed and of all remuneration due to any Receiver under or in connection with this Deed;

- (b) in or towards payment of or provision for the Secured Obligations in accordance with the Security Trust and Intercreditor Deed; and
- (c) in payment of the surplus (if any) to Intermediate Company or other person entitled to it.

This Clause is subject to the payment of any claims having priority over this Security. This Clause does not prejudice the right of any Secured Creditor to recover any shortfall from an Obligor.

13 EXPENSES AND INDEMNITY

Intermediate Company must:

- (a) immediately on demand pay all costs, liabilities and expenses (including legal fees and any arising from any actual or alleged breach by any person of any law or regulation, whether relating to the environment or otherwise) reasonably and properly incurred in connection with this Deed by any Secured Creditor, Receiver, attorney, manager, agent or other person appointed by the Security Trustee under this Deed; and
- (b) keep each of them indemnified against any failure or delay in paying those costs or expenses; this includes any arising from any actual or alleged breach by any person of any law or regulation, whether relating to the environment or otherwise,

save to extent that such costs, liabilities and expenses are caused by the Security Trustee's or Receiver's (or each of its delegate's or agents') own gross negligence, wilful default or fraud.

14 DELEGATION

14.1 Power of Attorney

The Security Trustee or any Receiver may delegate by power of attorney or in any other manner to any person any right, power or discretion exercisable by it under this Deed.

14.2 Terms

Any such delegation may be made upon any terms (including power to sub-delegate) which the Security Trustee or any Receiver may think fit.

14.3 Liability

Neither the Security Trustee nor any Receiver will be in any way liable or responsible to Intermediate Company for any loss or liability arising from any act, default, omission or misconduct on the part of any delegate or sub-delegate provided that, in the case of the Security Trustee, the Security Trustee has not been negligent in choosing such delegate and that such delegate has been appointed on terms such that the delegate will be so liable or responsible for any such act, default, omission or misconduct which arises due to the delegate's negligence or wilful default..

15 FURTHER ASSURANCES

Intermediate Company must, at its own expense, take whatever action the Security Trustee or a Receiver may reasonably require for:

- (a) creating, perfecting or protecting any security intended to be created by this Deed; or

- (b) facilitating the realisation of any Security Asset, or the exercise of any right, power or discretion exercisable, by the Security Trustee or any Receiver or any of its delegates or sub delegates in respect of any Security Asset.

This includes:

- (i) the execution of any legal mortgage, charge, transfer, conveyance, assignment or assurance of any property, whether to the Security Trustee or to its nominee; or
- (ii) the giving of any notice, order or direction and the making of any filing or registration,

which, in any such case, the Security Trustee may (acting reasonably) think expedient.

16 **POWER OF ATTORNEY**

Intermediate Company, by way of security, irrevocably and severally appoints the Security Trustee, each Receiver and any of its delegates or sub-delegates to be its attorney to take any action which Intermediate Company is obliged but has failed to take under this Deed. Intermediate Company ratifies and confirms whatever any attorney does or purports to do under its appointment under this Clause.

17 **PRESERVATION OF SECURITY**

17.1 Continuing security

This Security is continuing and will extend to the ultimate balance of the Secured Obligations regardless of any intermediate payment or discharge in whole or in part.

17.2 Reinstatement

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

17.3 Waiver of defences

Neither the obligations of Holding Company under this Deed nor this Security will be affected by any act, omission or thing which, but for this provision, would reduce, release or prejudice any of those obligations or this Security (whether or not known to Holding Company or any Secured Creditor). This includes:

- a) any time or waiver granted to, or composition with, any person;
- b) the release of any person under the terms of any composition or arrangement;
- c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any person;
- d) any non-presentation or non-observance of any formality or other requirement in respect of any instruments or any failure to realise the full value of any security;

- e) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of any person;
- f) any amendment (however fundamental) of a Secured Finance Document or any other document or security; or
- g) any unenforceability, illegality, invalidity or non-provability of any obligation of any person under any Secured Finance Document or any other document or security.

17.4 Immediate recourse

Intermediate Company waives any right it may have of first requiring any Secured Creditor (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from Intermediate Company under this Deed.

17.5 Appropriations

Subject to the terms of clause 10 of the Security Trust and Intercreditor Deed, each Secured Creditor (or any trustee or agent on its behalf) may at any time during the Security Period without affecting the liability of Intermediate Company under this Deed:

- (a) refrain from applying or enforcing any other moneys, security or rights held or received by that Secured Creditor (or any trustee or agent on its behalf) in respect of those amounts; or
- (b) apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise); or
- (c) hold in an interest bearing suspense account any moneys received from Intermediate Company or on account of the liability of Intermediate Company under this Deed.

17.6 Non-competition

Unless:

- (a) the Security Period has expired;
- (b) permitted to do so in accordance with the Security Trust and Intercreditor Deed; or
- (c) the Security Trustee otherwise directs,

Intermediate Company will not, after a claim has been made under this Deed or any Security enforced or by virtue of any payment or performance by it under this Deed:

- (i) be subrogated to any rights, security or moneys held, received or receivable by any Secured Creditor (or any trustee or agent on its behalf);
- (ii) be entitled to any right of contribution or indemnity in respect of any payment made or moneys received on account of Intermediate Company's liability under this Deed;
- (iii) claim, rank, prove or vote as a creditor of any Obligor or its estate in competition with any Secured Creditor (or any trustee or agent on its behalf); or
- (iv) receive, claim or have the benefit of any payment, distribution or security from or on account of any Obligor, or exercise any right of set-off as against any Obligor.

Intermediate Company must hold in trust for and immediately pay or transfer to the Security Trustee for the Secured Creditors any payment or distribution or benefit of security received by it contrary to this Clause or in accordance with any directions given by the Security Trustee under this Clause.

17.7 Additional security

This Security is in addition to and is not in any way prejudiced by any other security now or subsequently held by any Secured Creditor.

18 MISCELLANEOUS

18.1 Covenant to pay

Intermediate Company must pay or discharge the Secured Obligations in the manner provided for in the Secured Finance Documents.

18.2 Tacking

Each Secured Creditor must perform its obligations under the Secured Finance Documents (including any obligation to make available further advances).

18.3 New accounts

- (a) If any subsequent charge or other interest affects any Security Asset, any Secured Creditor may open a new account with Intermediate Company.
- (b) If a Secured Creditor does not open a new account, it will nevertheless be treated as if it had done so at the time when it received or was deemed to have received notice of that charge or other interest.
- (c) As from that time all payments made to that Secured Creditor will be credited or be treated as having been credited to the new account and will not operate to reduce any Secured Obligation.

18.4 Time deposits

Without prejudice to any right of set-off any Secured Creditor may have under any other Secured Finance Document or otherwise, if any time deposit matures on any account Intermediate Company has with any Secured Creditor within the Security Period when:

- (a) this Security has become enforceable; and
- (b) no Secured Obligation is due and payable,

that time deposit will automatically be renewed for any further maturity which that Secured Creditor considers appropriate.

19 NOTICES

- (a) All notices to be given under this Deed must be in writing, and sent by personal delivery, post or facsimile (where provided for) to the address of the relevant party set out in this Clause, provided that:
 - (i) any notice sent by post will be deemed (in the absence of evidence of earlier receipt), to have been delivered forty-eight hours after dispatch and in proving the fact of dispatch, it is sufficient to show that the envelope containing such notice was properly addressed, stamped and conveyed to the postal authorities;

- (ii) any notice sent by personal delivery is deemed to have been delivered on the date of its delivery to its recipient;
- (iii) any notice sent by facsimile is deemed to have been delivered on the date of its transmission if delivered before 5.30pm London time on that day provided that the sender's fax machine confirms successful transmission. If any notice is sent by facsimile after 5.30pm London time on any Business Day, it shall be deemed to have been delivered on the next Business Day (provided that the sender's fax machine confirms successful transmission); and
- (iv) either party may by ten days notice to the other party change its postal or facsimile address or addressee for receipt of such notices.

(b) Unless notified otherwise, all notices shall be addressed to the parties as follows:

Intermediate Company

Address: c/o Balfour Beatty Capital Limited

6th Floor, 350 Euston Road, Regent's Place, London NW1 3AX

or the Registered Office from time to time of Balfour Beatty Capital Limited details of which are available from Companies House at <http://www.companieshouse.gov.uk>

Attention of: Company Secretary

Security Trustee

Address: Shackleton House, 4 Battle Bridge Lane, London, SE1 2RB

Fax number: +44 (0) 207 470 7302

Attention of: Catherine Goodhind, Head of Portfolio Management

20 RELEASE

At the end of the Security Period but not otherwise, the Secured Creditors must, at the request and cost of Intermediate Company, take whatever action is necessary to release the Security Assets from this Security.

21 GOVERNING LAW

This Deed, and any non-contractual obligations arising under or in connection with it, are governed by English law.

THIS DEED has been executed and delivered as a deed on the date stated at the beginning of this Deed.

Schedule 1
Forms of Letter for Contracts
Part 1
Notice to Counterparty

To: [Contract party]

[Date]

Dear Sirs

Debenture dated [•] 2011 between (1) Balfour Beatty Fire And Rescue NW Intermediate Limited and Dexia Management Services Limited (the Security Document)

This letter constitutes notice to you that under the Security Document we have charged by way of a first fixed charge in favour of Dexia Management Services Limited (the **Security Trustee**) all our rights in respect of *[insert details of Contract]* (the **Contract**).

We confirm that:

- (a) we will remain liable under the Contract to perform all the obligations assumed by us under the Contract;
- (b) none of the Security Trustee, its agents, any receiver or any other person will at any time be under any obligation or liability to you under or in respect of the Contract; and
- (c) the instructions and authorities in this letter are not to be revoked or amended without the prior written consent of the Security Trustee.

We will also remain entitled to exercise all our rights, powers and discretions under the Contract, and you should continue to give notices under the Contract to us, unless and until you receive notice from the Security Trustee to the contrary stating that the security has become enforceable. In this event, all the rights, powers and discretions will be exercisable by, and notices must be given to, the Security Trustee or as it directs.

Please note that we have agreed that we will not amend or waive any provision of or terminate the Contract unless in accordance with the Financing Documents (as defined in the Loan Facilities Agreement).

This letter and any non-contractual obligations arising under or in connection with it are governed by English law.

Please acknowledge receipt of this letter by sending the attached acknowledgement to the Security Trustee at Shackleton House, 4 Battle Bridge Lane, London, SE1 2RB, marked for the attention of Catherine Goodhind.

Yours faithfully

.....
BALFOUR BEATTY FIRE AND RESCUE NW INTERMEDIATE LIMITED
(Authorised signatory)

Part 2
Acknowledgement of Counterparty

To: Dexia Management Services Limited as Security Trustee

Copy: Balfour Beatty Fire and Rescue NW Intermediate Limited

[Date]

Dear Sirs

Debenture dated [•] between Balfour Beatty Fire and Rescue NW Intermediate Limited and Dexia Management Services Limited (the Security Document)

We confirm receipt from Balfour Beatty Fire and Rescue NW Intermediate Limited (Intermediate Company) of a notice dated [□] of a first fixed charge on the terms of the Security Document dated [□] of all Intermediate Company's rights in respect of [insert details of the Contract] (the Contract).

We confirm that we will pay all sums due, and give notices, under the Contract as directed in that notice.

We confirm that we have not received notice of the interest of any third party in or to the Contract.

We undertake:

- (a) to disclose to you without any reference to or further authority from Intermediate Company such information relating to the Contract as you may at any time request;
- (b) to notify you of any breach by Intermediate Company of the Contract and to allow you or any of the other Secured Creditors to remedy that breach; and
- (c) unless in accordance with the Financing Documents, not to amend or waive any provision of or cancel or terminate the Contract on request by Intermediate Company without your prior written consent.

This letter and any non-contractual obligations arising under or in connection with it are governed by English law.

Yours faithfully

.....
[Counterparty]
(Authorised signatory)

SIGNATORIES

Intermediate Company

EXECUTED as a **DEED** by
BALFOUR BEATTY FIRE AND RESCUE
NW INTERMEDIATE LIMITED
acting by its duly authorised attorney

)
)
)
)



in the presence of:

Witness Name: **JOANNA SPALDING**

Witness Signature: 

Witness Address:

Witness Occupation:

Ashfords *LLP*
Solicitors
Tower Wharf
Cheese Lane
Bristol BS2 0JJ

Security Trustee

EXECUTED as a **DEED**
by **DEXIA MANAGEMENT SERVICES LIMITED**
acting by its duly authorised attorney

)
)
)
)



in the presence of:

Witness Name: **JOANNA SPALDING**

Witness Signature: 

Witness Address:

Witness Occupation:

Ashfords *LLP*
Solicitors
Tower Wharf
Cheese Lane
Bristol BS2 0JJ