

FEE PAID
Large 10 M
in respect

395

Please do not
write in
this margin

**Please complete
legibly, preferably
in black type, or
bold block lettering**

* insert full name
of Company

NW \$150x15
130685

For official use

2

4071458

* Dreamclose Limited (the "Chargor")

18th April, 2001

Security Agreement (the "Security Agreement") dated 18th April, 2001 between the Chargor and Lloyds TSB Bank plc (the "Facility Agent").

All present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of the Chargor to any Finance Party under each Finance Document to which the Chargor is a party except for any obligation which, if it were so included, would result in the Security Agreement contravening Section 151 of the Companies Act 1985 (the "Secured Liabilities").

Lloyds TSB Bank plc, Bank House, Wine Street, Bristol

Postcode BS1 2AN

Allen & Overy
One New Change
London
EC4M 900

Time critical reference

| Post room



LD4
COMPANIES HOUSE

0476
03/05/01

Please see continuation sheet.

Please do not
write in
this margin

Please complete
legibly, preferably
in black type, or
bold block
lettering

Particulars as to commission allowance or discount (note 3)

Signed

Allen & Overy

Date

3rd May 2001

On behalf of [company] [mortgagee/chargee] †

A fee of £10 is
payable to
Companies House
in respect of each
register entry for a
mortgage or
charge.
(See Note 5)

† delete as
appropriate

Notes

- 1 The original instrument (if any) creating or evidencing the charge, together with these prescribed particulars correctly completed must be delivered to the Registrar of Companies within 21 days after the date of creation of the charge (section 395). If the property is situated and the charge was created outside the United Kingdom delivery to the Registrar must be effected within 21 days after the date on which the instrument could in due course of post, and if dispatched with due diligence, have been received in the United Kingdom (section 398). A copy of the instrument creating the charge will be accepted where the property charged is situated and the charge was created outside the United Kingdom (section 398) and in such cases the copy must be verified to be a correct copy either by the company or by the person who has delivered or sent the copy to the registrar. The verification must be signed by or on behalf of the person giving the verification and where this is given by a body corporate it must be signed by an officer of that body. A verified copy will also be accepted where section 398(4) applies (property situate in Scotland or Northern Ireland) and Form No. 398 is submitted.
- 2 A description of the instrument, eg "Trust Deed", "Debenture", "Mortgage" or "Legal charge", etc, as the case may be, should be given.
- 3 In this section there should be inserted the amount or rate per cent. of the commission, allowance or discount (if any) paid or made either directly or indirectly by the company to any person in consideration of his;
 - (a) subscribing or agreeing to subscribe, whether absolutely or conditionally, or
 - (b) procuring or agreeing to procure subscriptions, whether absolute or conditional,for any of the debentures included in this return. The rate of interest payable under the terms of the debentures should not be entered.
- 4 If any of the spaces in this form provide insufficient space the particulars must be entered on the prescribed continuation sheet.
- 5 Cheques and Postal Orders are to be made payable to **Companies House**.
- 6 The address of the Registrar of Companies is:-

Companies House, Crown Way, Cardiff CF14 3UZ

SHORT PARTICULARS OF ALL THE PROPERTY MORTGAGED OR CHARGED

1. Fixed Security

The Chargor (to the extent of its interest (whether joint or several, legal or beneficial), as security for the payment of all the Secured Liabilities, charges in favour of the Facility Agent:

- (a) to the extent its interest is a legal interest, by way of a second legal mortgage and, to the extent its interest is not a legal interest, by way of second mortgage:
 - (i) all the property specified in schedule 1 to the Security Agreement;
 - (ii) all estates or interests in any freehold or leasehold property (except any Security Assets specified in sub-paragraph (i) above) now belonging to it; and
 - (iii) all Group Shares held by it and/or any nominee on its behalf and all Related Rights accruing to such Group Shares;
- (b) to the extent its interest is a legal interest, by way of second fixed charge and, to the extent its interest is not a legal interest, by way of second fixed charge:
 - (i) (to the extent that they are not the subject of a mortgage under paragraph (a) above) all estates or interests in any freehold or leasehold property belonging to it;
 - (ii) all plant and machinery owned by the Chargor and its interest in any plant or machinery in its possession;
 - (iii) (to the extent that they are not the subject of a mortgage under paragraph (a) above) its interest in all the Shares and their Related Rights;
 - (iv) all moneys standing to the credit of any account (including the Security Accounts) with any person and the debts represented by them;
 - (v) all benefits in respect of the Insurances and all claims and returns of premiums in respect of them;
 - (vi) all of the Chargor's book and other debts, the proceeds of the same and all other moneys due and owing to the Chargor and the benefit of all rights, securities and guarantees of any nature enjoyed or held by it in relation to any of the foregoing;
 - (vii) (to the extent that they do not fall within any other sub-paragraph of this paragraph (b)) all of the Chargor's rights and benefits under any distributorship or similar agreements entered into by it, any letters of credit issued in its favour and all bills of exchange and other negotiable instruments held by it;
 - (viii) any beneficial interest, claim or entitlement of the Chargor in any pension fund;
 - (ix) its goodwill;

- (x) the benefit of all authorisations (statutory or otherwise) held in connection with its business or the use of any Security Asset specified in any other subparagraph in this paragraph 1 and the right to recover and receive all compensation which may be payable to it in respect of them; and
- (xi) its uncalled capital;

2. Floating Charge

The Chargor, as security for the payment of all of the Secured Liabilities, charges in favour of the Facility Agent by way of a second floating charge all its assets not otherwise effectively mortgaged or charged by way of fixed mortgage or charge by paragraph 1 (Fixed Security).

NB:

1. The Chargor shall not:-
 - (a) create or permit to subsist any Security Interest on any Security Asset other than any Security Interest created by the Security Agreement or any other Security Document or required or permitted by the Credit Agreement; or
 - (b) sell, transfer or otherwise dispose of any Security Asset, or permit the same to occur, if such sale, transfer or other disposal would be in breach of the Credit Agreement.
2. A reference in this form 395 to a charge or mortgage of any freehold or leasehold property includes:-
 - (a) all buildings and Fixtures on that property;
 - (b) the proceeds of sale of any part of that property; and
 - (c) the benefit of any covenants for title given or entered into by any predecessor in title of the Chargor in respect of that property or any moneys paid or payable in respect of those covenants.
3. A Finance Document or another document is a reference to that Finance Document or other document as amended, novated or supplemented.

In this form 395:

"Accession Agreement"

means a letter, substantially in the form of Schedule 7 (Form of Accession Agreement) to the Credit Agreement, with such amendments as may from time to time be agreed by the Facility Agent and Pillar City PLC.

"Administrative Party"

means an Arranger or the Facility Agent.

"Arranger"

means Abbey National Treasury Services plc, Credit Suisse First Boston or DEPFA Bank AG, London Branch.

"Austral"

means the leasehold property known as Austral House, Basinghall Avenue, London EC2 as the same is registered at HM Land Registry under Title Number NGL 164988.

"Basinghall"

means the freehold property known as Basinghall House, 35 Basinghall Street, London EC2V 5DB as the same is registered at HM Land Registry under Title Number LN 191861.

"City Point"

means:

- (a) the freehold property known as City Point (formerly Britannic Tower), One Ropemaker Street, London EC2V 0HR as the same is registered at HM Land Registry under Title Number NGL 745546 with Title Absolute;
- (b) the leasehold land and buildings known as City Point, One Ropemaker Street, London EC2V 0HR comprised in a Headlease dated on or about 24th November, 2000 and made between Wates City Point First Limited and Wates City Point Second Limited (1) and the Chargor (2); and
- (c) the leasehold land and building known as City Point, One Ropemaker Street, London EC2V 0HR comprised in an Underlease dated on or about 24th November, 2000 and made between the Chargor (1) and Wavegrange Limited (2).

"CLOUT"

means The City of London Office Unit Trust, a unit trust established in Jersey by the Sponsor Subsidiaries and SEPUT.

"CLOUT Security Agreement"

means the Original CLOUT Security Agreement, the New CLOUT Security Agreement or the Substitute CLOUT Security Agreement.

"Conditional Sale Agreement"

means:

- (a) in relation to Austral, the conditional sale agreement dated 6th March, 2001 between WK (Austral House) Limited, Pillar Property PLC and CLOUT;
- (b) in relation to Basinghall, the conditional sale agreement dated 6th March, 2001 between 35 Basinghall Street Limited, Pillar Property PLC and CLOUT; or

- (c) in relation to City Point, the conditional sale agreement dated 6th March, 2001 between Wates City Point Limited, Vintners' Place Limited, Pillar Property PLC and CLOUT.

"Counterparty"

means Lloyds TSB Bank plc in its capacity as counterparty to the Hedging Arrangements.

"Credit Agreement"

means the £402,000,000 credit agreement dated 24th November, 2000 as amended by a supplemental agreement dated 21st December, 2000 and amended and restated by a further supplemental agreement dated 6th March, 2001 between (among others) Pillar City PLC and the Facility Agent.

"Direct Agreement"

means the Property Direct Agreement or the Equity Direct Agreement.

"Equity Direct Agreement"

means the direct agreement dated 24th November, 2000 between (amongst others) the Sponsors, the Sponsor Subsidiaries, the Finance Parties, Abbey National Treasury Services plc and the Finance Parties (as defined in the Medium Term Credit Agreement).

"Equity Document"

means:

- (a) an Initial Subscription Agreement; or
- (b) a Sponsor Guarantee.

"Fee Letter"

means any letter entered into by reference to the Credit Agreement between one or more Administrative Parties and Pillar City PLC setting out the amount of certain fees referred to in the Credit Agreement.

"Finance Document"

means:

- (a) the Credit Agreement;
- (b) a Security Document;
- (c) the Vintners' Place Intercreditor Agreement;
- (d) a Direct Agreement;
- (e) any Hedging Arrangement entered into with the Counterparty;
- (f) a Subordination Deed;

- (g) a Fee Letter;
- (h) a Transfer Certificate;
- (i) an Accession Agreement; or
- (j) any other document designated as such by the Facility Agent and Pillar City PLC.

"Finance Party"

means a Lender, the Counterparty or an Administrative Party.

"Fixtures"

means all fixtures and fittings (including trade fixtures and fittings) and fixed plant and machinery on the Mortgaged Property but excluding tenant's fixtures where the Chargor is not the tenant and landlord's fixtures where the Chargor is not the landlord.

"Group"

means Pillar City PLC and its Subsidiaries.

"Group Shares"

means any stocks, shares, debentures, bonds or other securities and investments in any member of the Group other than the Chargor.

"Hedging Arrangements"

means any interest hedging arrangements entered into by Pillar City PLC in connection with interest payable under the Credit Agreement.

"Initial Subscription Agreement"

has the meaning given to that expression in the Trust Instrument.

"Insurances"

means all contracts and policies of insurance taken out by or on behalf of the Chargor or (to the extent of its interest) in which the Chargor has an interest and relating to the Mortgaged Property.

"Lender"

means:

- (a) an Original Lender; or
- (b) any person which becomes a Lender after the date of the Credit Agreement.

"Medium Term Credit Agreement"

means the credit agreement dated 24th November, 2000 between, amongst others, the Trustees, Schroder Property Managers (Jersey) Limited, the financial institutions named therein as senior banks and mezzanine banks and Lloyds TSB Bank plc as counterparty and agent.

"Mortgaged Property"

means all freehold or leasehold property the subject of any security created by the Security Agreement.

"New CLOUT Security Agreement"

means the security assignment dated 6th March, 2001 between the Trustees and the Owners of Austral, Basinghall and City Point relating to the Equity Documents securing the Trustees' obligations under the Conditional Sale Agreements.

"Original CLOUT Security Agreement"

means the security assignment dated 24th November, 2000 between the Trustees and Pillar City PLC relating to the Equity Documents securing the Trustees' obligations under the Original Put and Call Option Agreements.

"Original Lender"

means Abbey National Treasury Services plc, Credit Suisse First Boston or DePfa Bank AG, London Branch.

"Original Put and Call Option Agreement"

means each put and call option agreement in the agreed form dated 24th November, 2000 between the Trustees, Pillar Property PLC and Pillar City PLC in respect of the Properties.

"Owner"

means the legal or beneficial owner of a Property.

"Pillar Group"

means Pillar Property PLC and its Subsidiaries.

"Property"

means:

- (a) City Point;
- (b) Basinghall;
- (c) Austral; or
- (d) Vintners' Place.

"Property Direct Agreement"

means the direct agreement dated 24th November, 2000 between (amongst others) the Trustees, Pillar Property PLC, Pillar City PLC, the Finance Parties, Abbey National Treasury Services plc and the Finance Parties (as defined in the Medium Term Credit Agreement).

"Related Rights"

means any dividend or interest paid or payable in relation to any Share and any rights, moneys or property accruing or offered at any time in relation to any Share by way of redemption, substitution, exchange, bonus or preference, under option rights or otherwise.

"Security Account"

means from time to time any account opened or maintained by the Chargor with any financial institution, into which the proceeds of the getting in or realisation of the Chargor's book debts and other claims or receipts are to be paid into.

"Security Assets"

means all assets of the Chargor the subject of any security created by the Security Agreement.

"Security Document"

means:

- (a) each Security Agreement (as defined in the Credit Agreement);
- (b) a CLOUT Security Agreement; or
- (c) any other document designated as such by the Facility Agent and Pillar City PLC.

"Security Interest"

means any mortgage, pledge, lien, charge, security assignment, hypothecation or other security interest or any other agreement or arrangement having similar effect.

"SEPUT"

means Schroder Exempt Property Unit Trust, a unit trust governed by a trust deed dated 7th July, 2000 and made between the Facility Agent and others.

"Shares"

means the Group Shares and any other stocks, shares, debentures, bonds or other securities and investments.

"SITQ"

means SITQ International Inc. (a company incorporated in Quebec, Canada) .

"Sponsor"

means Pillar Property PLC, SEPUT or SITQ.

"Sponsor Guarantee"

means:

- (a) the guarantee dated 24th November, 2000 given by Pillar Property PLC in favour of CLOUT in respect of the obligations of Pillar Offices Limited under its Initial Subscription Agreement; or
- (b) the guarantee dated 24th November, 2000 given by SITQ in favour of CLOUT in respect of the obligations of SITQ Albion Inc. under its Initial Subscription Agreement.

"Sponsor Subsidiary"

means Pillar Offices Limited or SITQ Albion Inc..

"Subordinated Creditor"

means any member of the Pillar Group which executes a Subordination Deed.

"Subordination Deed"

means a subordination deed between Pillar City PLC, a Subordinated Creditor and the Facility Agent substantially in the form of Schedule 10 (Form of Subordination Deed) to the Credit Agreement.

"Subsidiary"

means a subsidiary within the meaning of section 736 of the Companies Act 1985.

"Substitute CLOUT Security Agreement"

means the security assignment substantially in the form of the Original CLOUT Security Agreement entered into in accordance with clause 20.14(b)(ii) (Disposal Programme) of the Credit Agreement and relating to the Equity Documents securing CLOUT's obligations under the Substitute Put and Call Option Agreements.

"Substitute Put and Call Option Agreement"

means each put and call option agreement to be made between Vintners' Place Limited and the Trustees in accordance with the terms of the Original Put and Call Option Agreements relating to Vintners' Place.

"Transfer Certificate"

means a certificate, substantially in the form of schedule 5 (Form of Transfer Certificate) to the Credit Agreement, with such amendments as the Facility Agent may approve or reasonably require or any other form agreed between the Facility Agent and Pillar City PLC.

"Trustees"

means The Royal Bank of Scotland Trust Company (Jersey) Limited and RBSI Trust Company Limited, as the trustees of CLOUT.

"Trust Instrument"

means the trust instrument dated 6th November, 2000 between the Trustees and Schroder Property Managers (Jersey) Limited, as amended by an instrument of variation dated 24th November, 2000.

"Subsidiary"

means a subsidiary within the meaning of section 736 of the Companies Act 1985.

"Vintners' Place"

means all that leasehold property known as Vintners' Place, 68 Upper Thames Street and land at Kennett Wharf Lane in the City of London as the same is registered at HM Land Registry under Title Number NGL 702223.

"Vintners' Place Intercreditor Agreement"

means the intercreditor agreement entered into or to be entered into between (amongst others) Abbey National Treasury Services plc and the Finance Parties.

FILE COPY



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

Pursuant to section 401(2) of the Companies Act 1985

COMPANY No. 04071458

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A SECURITY AGREEMENT DATED THE 18th APRIL 2001 AND CREATED BY DREAMCLOSE LIMITED FOR SECURING ALL PRESENT AND FUTURE OBLIGATIONS AND LIABILITIES OF THE CHARGOR TO ANY FINANCE PARTY UNDER EACH FINANCE DOCUMENT TO WHICH THE CHARGOR IS A PARTY EXCEPT FOR ANY OBLIGATION WHICH IF IT WERE SO INCLUDED WOULD RESULT IN THE SECURITY AGREEMENT CONTRAVENING SECTION 151 OF THE COMPANIES ACT 1985 WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 3rd MAY 2001.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 9th MAY 2001.



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES



Companies House

— for the record —