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in black type, or
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*insert full name
of company

COMPANIES FORM No. 395

Particulars of a mortgage or charge

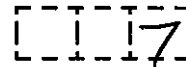
395

Pursuant to section 395 of the Companies Act 1985

To the Registrar of Companies

For official use

Company number



01521006

Name of company

* KENNEDY CONSTRUCTION GROUP LIMITED (THE "COMPANY")

Date of creation of the charge

13 AUGUST 1997

Description of the instrument (if any) creating or evidencing the charge (note 2)

DEBENTURE

Amount secured by the mortgage or charge

AS SPECIFIED IN SCHEDULE 1 TO THIS FORM

Names and addresses of the mortgagees or persons entitled to the charge

THE ROYAL BANK OF SCOTLAND PLC (FOR ITSELF AND AS SECURITY TRUSTEE FOR THE BENEFICIARIES) WATERHOUSE SQUARE, 138-142 HOLBORN, LONDON EC1N 2TH

Presentor's name address and
reference (if any):

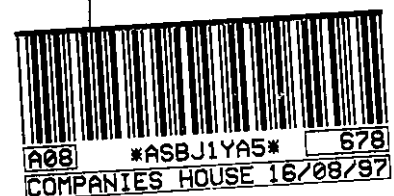
Eversheds Solicitors
London Scottish House
24 Mount Street
Manchester
M2 3DB

REF:SR.64144

Time critical reference

For official use
Mortgage Section

Post room



AS SPECIFIED IN SCHEDULE 2 TO THIS FORM

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in black type, or
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Particulars as to commission allowance or discount (note 3)

N/A

Signed

G. J. H. H. S.

Date

15.8.97

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

† 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.

SCHEDULE 1
Company: Kennedy Construction Group Limited
Number: 01521006
Amount secured by the mortgage or charge

All moneys, obligations and liabilities for the time being due, owing or incurred by the Obligors (as defined below) or any of them to The Royal Bank of Scotland plc for itself and as trustee for the Beneficiaries (as defined below) (the "Security Trustee") under or in connection with the Finance Documents (as defined below) and/or on any other account whatsoever, in each case:-

- (a) whether incurred actually or contingently and whether alone or jointly with any other person;
- (b) whether incurred directly to such Beneficiary whether such Beneficiary is entitled to claim the payment or discharge thereof solely by reason of an assignment or transfer to it by the person originally entitled; and
- (c) in whatever currency such moneys, obligations and liabilities may be denominated;

together with all costs (including legal costs), charges and expenses and any VAT thereon incurred by the Security Trustee and/or any Receiver (as defined below), in each case on a full indemnity basis, in connection with:-

- (i) those fees and expenses payable pursuant to the Facility Agreement and the Hedging Agreement (both as defined below) in respect of the negotiation, execution and the perfection of the security constituted by the Debenture; and
- (ii) the enforcement, exercise or preservation of any of the rights contained in the Finance Documents (as defined below);

(the "Secured Obligations").

"Agent"

The Royal Bank of Scotland plc and any other person which may be appointed agent for the Lenders pursuant to the terms of the Facility Agreement and (in each case) includes its successors in title;

"Bank Account Security"

the cash collateral security granted by each of the Company, Kennedy Pipelining Services Limited, Kennedy Asphalt Limited, STH Plant Limited and Joseph Kennedy & Co (Manchester) Limited and dated 13 August 1997;

"Beneficiaries"

the Agent, each of the Lenders and the Overdraft Bank for the time being;

"Companies"	Dream Offer Limited (3403272), Bertrem Limited (IOM-4411), Proby Limited (02647801), the Company, Kennedy Pipelining Services Limited (01714140), Kennedy Asphalt Limited (01021187), STH Plant Limited (01406077), Astley Self Drive Limited (02519484), Joseph Kennedy & Co (Manchester) Limited (00728599), Kennedy Utility Services (Scotland) Limited (SC58129), Kendat Cabling Services Limited (02741306) and each being a "Company";
"Facility Agreement"	a facility agreement dated 13 August 1997 made between the Borrower and the Original Charging Companies (1), the Security Trustee in its capacity as Agent (2) and certain of the Lenders (in various capacities) as the same may from time to time be varied, amended, supplemented, substituted, novated or assigned;
"Finance Documents"	the Debenture, the Standard Security, the Scottish Floating Charge, the Facility Agreement, the Hedging Agreement, the Bank Account Security and any other document or agreement which the Company and the Bank agree should be a Finance Document;
"Hedging Agreement"	an interest rate protection arrangement entered into by the Company with the Bank pursuant to the Facility Agreement;
"Lenders"	The Royal Bank of Scotland plc and includes their respective successors in title and Substitutes;
"Obligors"	any of the Companies, the Company and any subsidiary from time to time of the Borrower as may from time to time owe or incur moneys, obligations or liabilities (whether present, future, actual or contingent and whether as principal or as surety) to any Beneficiary pursuant on any account whatsoever;
"Overdraft Bank"	The Royal Bank of Scotland plc and its successors and assigns;
"Receiver"	a receiver, receiver and manager or administrative receiver appointed pursuant to the provisions of the Debenture;
"Substitutes"	the meaning given to it in the Facility Agreement.

SCHEDULE 2

Company: Kennedy Construction Group Limited

Number: 01521006

Short particulars of the property mortgaged or charged

Pursuant to the terms of the Debenture the Company with full title guarantee and as legal and beneficial owner charges in favour of the Security Trustee (as trustee for the Beneficiaries) as security for the discharge of the Secured Obligations (as defined in Schedule 1 hereto):

1. by way of legal mortgage, all the estate and interest of the Company in the following freehold and/or leasehold property:
 - 1.1 All that Leasehold land and buildings on the north west side of Nash Road, Trafford Park, Greater Manchester registered at HM Land Registry with title number GM588977;
 - 1.2 All that Freehold land and buildings to the east of Bratch Common Road, Wombourne, Staffordshire registered at HM Land Registry with title number SF347840;
 - 1.3 All that Freehold land and buildings on the south east side of Chaddock Lane, Astley, Tyldesley, Wigan, Greater Manchester registered at HM Land Registry with title number GM387045;
 - 1.4 All that Freehold land and buildings lying to the north west of Chaddock Lane, Tyldesley, Wigan, Greater Manchester registered at HM Land Registry with title number GM438809;
 - 1.5 All that part Freehold and part Leasehold land and buildings on the west side of Elevator Road, Trafford Park, Trafford, Greater Manchester registered at HM Land Registry with title numbers GM383770 (freehold) and GM478047 (leasehold);
 - 1.6 All that Leasehold land and buildings on the south east side of Glaisdale Drive West and Glaisdale Drive East, Nottingham registered at HM Land Registry with title number NT12929;
 - 1.7 All that Freehold land known as 103 Cranbrook Drive, Pinkneys Green, Maidenhead, Berkshire, registered at HM Land Registry with title number BK165138

and in all other freehold and leasehold property now vested in the Company, together with all buildings, fixtures and fittings (excluding, in the case of leasehold property, landlord's fixtures but including trade fixtures and fittings) and fixed plant and machinery from time to time therein or thereon and/or the proceeds of sale thereof (the "**Legally Mortgaged Property**").

2. by way of first fixed charge, all the estates and interests of the Company in any freehold and/or leasehold property (other than that referred to in paragraph 1 above) now or at any time during the continuance of the security constituted by the Debenture owned, acquired by or charged to it, together with all buildings, fixtures and fittings (excluding landlord's fixtures but including trade fixtures and fittings and fixed plant and machinery from time to time therein or thereon) and/or the proceeds of sale thereof (the **"Equitably Charged Property"**).
3. by way of first fixed charge:-
- (a) all sums for the time being standing to the credit of each of the accounts (including without limitation the Receivables Account) held by the Company with any Lender or other financial institution and the debt or debts thereby constituted;
 - (b) all present and future benefits in respect of all policies of insurance of any kind for the time being effected by or on behalf of the Company or (to the extent of its interest) in which the Company has an interest;
 - (c) all sums now or at any time due or owing to the Company by way of grant, subsidy, compensation or refund by any statutory, legal or governmental body, authority or institution or by any body, authority or institution of the European Community; and
 - (d) (to the extent that they do not fall within any of the above sub-paragraphs) all book debts, both present and future, due or owing to the Company and all other monetary debts and claims (including, without limitation, the proceeds of the realisation of any security, rents, fees, royalties and other income) now and from time to time due or owing to the Company and the benefits of all rights and remedies relating thereto and all present and future things in action which give rise or may give rise to a debt or debts due or owing to the Company;
(collectively, the **"Book and other Debts"**).
4. by way of first fixed charge, the following shares and other securities:

Company:	Kennedy Pipelining Services Limited
Class of Shares:	Ordinary
Number of Shares:	92,617
Registered Holder:	the Company

Company:	Kennedy Asphalt Limited
Class of Shares:	Ordinary
Number of Shares:	99,000
Registered Holder:	the Company

Company: STH Plant Limited
Class of Shares: Ordinary
Number of Shares: 9,900
Registered Holder: the Company

Company: Joseph Kennedy & Co (Manchester) Limited
Class of Shares: Ordinary
Number of Shares: 109,999
Registered Holder: the Company

Company: Hale Brooks Limited
Class of Shares: Ordinary
Number of Shares: 50,000
Registered Holder: Limited

and all other stocks, shares, debentures, bonds, warrants and other securities for the time being legally and/or beneficially owned by the Company, whether marketable or otherwise, in any company, firm, consortium or entity wheresoever situate, including for the avoidance of doubt any such as are share warrants to bearer shares and whether or not the shares to which they relate are denominated in sterling together with all dividends, interest and other distributions paid or payable in respect thereof and all accretions, options, benefits, rights, moneys, property and other advantages offered at any time by way of bonus, capitalisation, redemption rights or otherwise to the holder thereof or in respect of any of the foregoing (collectively, the "**Securities**").

5. by way of first fixed charge, the uncalled capital, goodwill, licences, trademarks and service marks (including without limitation all symbols, representations and patterns similar to a trademark), patents, patent applications, designs, copyrights, confidential information, computer software, rights in the nature of copyright, registered designs, know-how, design rights and all other intellectual property rights now or at any time during the continuance of this security belonging to the Company (the "**Goodwill and Intellectual Property**").
6. by way of first fixed charge, all amounts realised upon the enforcement or execution of any order of a court under Sections 212, 213, 214, 238, 239, 244 and 423 of the Insolvency Act 1986 (or under any equivalent provision in any foreign jurisdiction).
7. by way of first fixed charge, all interests, rights and entitlements of the Company in all chattels from time to time hired, leased, or rented by the Company to any other person together, in each case, with the benefit of the relevant hiring, leasing or rental contract and any guarantee, indemnity or other security for the performance by such person of its obligations under the same.
8. by way of first fixed charge, the benefit of any covenants for title from time to time given or entered into by any predecessor in title of the Company to all or any part of the Property (as defined below), any contract for the sale, letting or other disposal of any

such Property for the time being and all present and future options to renew leases or purchase reversions (whether or not freehold) in relation to any Property (as defined below).

9. by way of first fixed charge, the benefit of all rights and claims of the Company against all persons from time to time lessees of the whole or any part of the Property (as defined below) and all guarantors and sureties for the obligations of such persons and against all persons who are under any obligation to the Company in respect of any works of design, repair, construction or replacement to, in or about any of the Property (as defined below).
10. so far as permitted under the relevant document, by way of first fixed charge, all the right, title and interest of the Company in and to all contracts, agreements or warranties affecting any of its freehold or leasehold property with building contractors, architects, quantity surveyors, structural and mechanical engineers and other like professionals.
11. by way of floating charge, the Company's undertaking and all the Company's other property, assets and rights whatsoever and wheresoever both present or future including, without limitation, the stock in trade of the Company and the property, assets and rights mortgaged or charged by the Company pursuant to the Debenture and referred to in paragraphs 1 to 10 above or the property, assets and rights assigned by way of security pursuant to the Debenture (being detailed below) if and in so far as any such mortgage, charge or assignment contained in the Debenture shall for any reason be ineffective (all such undertaking, property, assets and rights being described in the Debenture as the **"Assets charged by way of Floating Charge"**).

Pursuant to the terms of the Debenture the Company with full title guarantee and as beneficial owner and as a continuing security for the payment and discharge of the Secured Obligations, assigns and agrees to assign absolutely by way of security to the Security Trustee (as trustee for the Beneficiaries):

1. all its right, title and interest in and to the Receivables Account (as defined below) and any moneys from time to time standing to the credit of any such account and the debt of debts constituted thereby.

NOTE:

Pursuant to the terms of the Debenture the Company covenants with the Security Trustee that (save as permitted under the Facility Agreement and the Hedging Agreement (as defined in Schedule 1) or with the prior written consent of the Security trustee) it shall not at any time during the continuance of the security constituted by the Debenture:

1. create or attempt to create or permit to subsist (with the exception of any Permitted Security Interests (as defined in the Facility Agreement (as defined in Schedule 1))) any Security Interest (as defined below) or permit any other proprietary right or interest to arise on or over the Charged Assets (as defined below) or any part thereof or any interest therein; or

2. part with possession of , transfer, sell, lease or otherwise dispose of the Charged Assets (as defined below) or any part thereof or any interest therein (or attempt or agree so to do) whether by a single transaction or a series of transactions, save that this covenant is not to apply in respect of any Permitted Disposal (as defined in the Facility Agreement (as defined in Schedule 1)).

"Assigned Documents"	the agreement dated 13 August 1997 between Dream Offer Limited and P J Kennedy Investments Limited for the purposes of the acquisition of whole of the issued share capital of each of the Companies and the tax deed dated 13 August between Dream Offer Limited and P J Kennedy Investments Limited and a deed of restrictive covenant dated 13 August 1997 between PC Kennedy, JC Parsons and Dream Offer Limited and the PJ Kennedy letter of support to Dream Offer Limited and dated 13 August 1997;
"Charged Assets"	all of the undertaking, property, benefits, rights and assets (of whatsoever nature) of the Company charged and/or assigned by way of security under or pursuant to the Debenture and each and every part thereof;
"Permitted Disposal"	as defined in the Facility Agreement;
"Property"	the Legally Mortgaged Property and the Equitably Charged Property and includes any part thereof;
"Receivables Account"	the meaning given to it in Clause 6.3 of the Debenture;
"Security Interest"	any mortgage, standard security, charge, assignment by way of security, hypothecation, pledge, declaration of trust, lien, right of set off or combination of accounts, or any other security interest of whatsoever nature, howsoever created or arising.



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

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

COMPANY No. 01521006

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A DEBENTURE DATED THE 13th AUGUST 1997 AND CREATED BY KENNEDY CONSTRUCTION GROUP LIMITED FOR SECURING ALL MONEYS, OBLIGATIONS AND LIABILITIES FOR THE TIME BEING, OWING OR INCURRED BY THE OBLIGORS (AS DEFINED THEREIN) TO THE ROYAL BANK OF SCOTLAND PLC (FOR ITSELF AND AS SECURITY AGENT FOR THE BENEFICIARIES) UNDER OR IN CONNECTION WITH THE FINANCE DOCUMENTS (AS DEFINED THEREIN) AND/OR ON ANY OTHER ACCOUNT WHATSOEVER WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 16th AUGUST 1997.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 20th AUGUST 1997.

A. P. GODDARD

for the Registrar of Companies

1521006



C O M P A N I E S H O U S E