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COMPANIES FORM No. 395

Particulars of a mortgage or charge

395

179327/10

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

Pursuant to section 395 of the Companies Act 1985.

To the Registrar of Companies
(Address overleaf - Note 6)

For official use

Company number

41111

02440829

Name of company

* Costain Engineering & Construction Limited (the **Chargor**)

Date of creation of the charge

27 October 2004

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

Prime Sub-Contractor Mortgage of Shares dated 27 October 2004 between the **Chargor** and Severn Trent Water International (Overseas Holdings) Limited (together the **Chargors** and each a **Chargor**) and Lloyds TSB Bank plc as security trustee for the Secured Finance Parties the **Deed**).

Amount secured by the mortgage or charge

All Liabilities payable or owing by any Obligor to a Secured Finance Party under or in connection with the Senior Finance Documents (the **Secured Liabilities**).

(See continuation sheets for definitions of capitalised terms)

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

Lloyds TSB Bank plc as Security Trustee, of 25 Gresham Street, London

Postcode EC2V 7HN

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

Allen & Overy LLP
One New Change
London
EC4M 9QQ

PG 689636

Time critical reference

For official Use
Mortgage Section

Post room



LD2
COMPANIES HOUSE

0429
09/11/04

CHFP025

Please do not write in this margin

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

*insert full name of Company

Short particulars of all the property mortgaged or charged

Please see continuation sheets.

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)

Nil

Signed Allen and Overy LLP

Date 9/11/04

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

Company Number 02440829

1. CREATION OF SECURITY

1.1 Security

The Chargor charges:

- (a) by way of a first fixed charge all the Shares owned by it or held by any nominee on its behalf; and
- (b) by way of a first fixed charge, all Related Rights.

2. RESTRICTIONS ON DEALINGS

The Chargor may not:

- (a) create or allow to subsist any Security Interest (other than the Deed) on any Share Security Asset; or
- (b) sell, transfer, licence, lease or otherwise dispose of any Share Security Asset.

3. SHARES

3.1 Changes to rights

The Chargor may not take or allow the taking of any action on its behalf which may result in the rights attaching to any of its Share Security Assets being altered or further shares in the Prime Sub-Contractor being issued which could prejudice the value of, or in the reasonable opinion of the Security Trustee, could prejudice the Security Trustee's ability to realise, the Security created by the Deed.

4. VOTING RIGHTS

- (a) Prior to the occurrence of an Event of Default, and subject to the terms of the Deed, the voting rights, powers and other rights in respect of the Share Security Assets may be exercised in any manner by the Chargor.
- (b) After the occurrence of an Event of Default (which is outstanding), the Security Trustee may exercise (in the name of the Chargor and without any further consent or authority on the part of the Chargor) any voting rights and any powers or rights which may be exercised by the legal or beneficial owner of any Share Security Assets, any person who is the holder of any Share Security Asset or otherwise.

5. DEFINITIONS

The terms used in this Companies Form 395 have the meanings set out below:

Accounts Agreement means the accounts agreement dated 27 October 2004 between the Company, the Security Trustee, Lloyds TSB Bank plc in its capacity as the Account Bank and the Facility Agent.

Account Bank means Lloyds TSB Bank plc in its capacity as the account bank.

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Administrative Party means the Arranger or the Facility Agent.

Arranger means Lloyds TSB Bank plc as arranger.

Authority means the Secretary of State for Defence.

Calculations and Forecasting Agreement means the calculations and forecasting agreement dated 27 October 2004 between the Company and the Facility Agent.

Commencement Certificate means the certificate to be issued by or on behalf of the Authority pursuant to Clause 7.3 [Commencement Date] in the form set out in Part 1 of Schedule 21 [Commencement Certificate] of the Project Agreement.

Commencement Date means the date set out in the Commencement Certificate.

Company means Coast to Coast Water Limited (registered in England and Wales under number 05112092).

Company Loan Stock means Scheduled Company Loan Stock or Standby Company Loan Stock.

Company Loan Stock Instrument means any instrument constituting any Company Loan Stock.

Company Security Agreement means the security agreement dated 27 October 2004 between the Company and the Security Trustee.

Credit Agreement means the £51,000,000 credit agreement dated 27 October 2004 between (among others) the Company, the Security Trustee and Lloyds TSB Bank plc (in its capacity as Facility Agent).

Direct Agreement means each direct agreement dated 27 October 2004 between the Company, the Facility Agent and (respectively):

- (a) the Authority; and
- (b) the Prime Sub-Contractor;

or any other document designated as such by the Facility Agent and the Company.

Equity and Loan Stock Subscription Agreement means the subscription agreement dated 27 October 2004 between the Facility Agent, the Shareholders, Holdco and the Company.

Event of Default means an event specified as such in Clause 20 (Default) of the Credit Agreement.

Facility Agent means Lloyds TSB Bank plc as facility agent.

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

Finance Party means a Lender or an Administrative Party.

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Hedging Arrangement means any hedging arrangement entered into by the Company with a Hedging Bank in connection with interest payable under the Credit Agreement.

Hedging Bank means, from time to time, any person party to the Security Trust and Intercreditor Deed as a Hedging Bank.

Hedging Policy means the hedging policy agreed between the Facility Agent and the Company and set out in Schedule 10 of the Project Agreement.

Holdco means Coast to Coast Holdings Limited.

HoldCo Loan Stock means any Scheduled Holdco Loan Stock or Standby Holdco Loan Stock.

HoldCo Loan Stock Instrument means any instrument constituting any Holdco Loan Stock.

HoldCo Security Agreement means the security agreement dated 27 October 2004 between the Company, Holdco and the Security Trustee.

Lender means:

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

Liability means any present or future obligation or liability (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever), together with:

- (a) any permitted novation, deferral or extension of that liability;
- (b) any further advance which may be made under any agreement expressed to be supplemental to any document in respect of that liability, together with all related interest, fees and costs;
- (c) any claim for damages or restitution in the event of rescission of that liability or otherwise;
- (d) any claim flowing from any recovery by a payment or discharge in respect of that liability on the grounds of preference or otherwise; and
- (e) any amount (such as post-insolvency interest) which would be included in any of the above but for its discharge, non-provability, unenforceability or non-allowability in any insolvency or other proceedings,

but except for any obligation which, if it were so included, would result in the Deed contravening any law (including Section 151 of the Companies Act 1985).

Obligor means the Company and Holdco.

Original Lender means Lloyds TSB Bank plc as original lender.

Prime Sub-Contractor means C2C Services Limited, registered in England and Wales under number 04052522.

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Project Agreement means the concession agreement relating to the provision of water, sewerage and sewage disposal services dated 27 October 2004 between the Company and the Authority.

Related Rights means, in respect of the Shares:

- (a) any dividend or interest paid or payable;
- (b) 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;
- (c) any right against any clearance system; and
- (d) any right under any custodian or other agreement,

in relation to those Shares (or any of them).

Revolving Loan Stock Subscription Agreement means the agreement relating to the £15,000,000 committed revolving equity facility dated 27 October 2004 between the Company, Holdco, the Shareholders, the Facility Agent and the Authority.

Scheduled Company Loan Stock means the subordinated loan stock in the Company which Holdco subscribes for under the Equity and Loan Stock Subscription Agreement.

Scheduled Holdco Loan Stock means the subordinated loan stock in Holdco which the Shareholders subscribe for under the Equity and Loan Stock Subscription Agreement.

Security means any security created by the Deed.

Security Document means:

- (a) the Company Security Agreement;
- (b) the Holdco Security Agreement;
- (c) the Deed;
- (d) the Security Trust and Intercreditor Deed; or
- (e) any other document evidencing or creating security over any asset of the Company to secure any obligation of the Company to a Finance Party under the Finance Documents designated as such by the Security Trustee and the Company.

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

Security Trust and Intercreditor Deed means the deed of that name dated 27 October 2004 between (among others) the Security Trustee, the Company, Holdco, the Authority, the Shareholders, the Finance Parties and the Hedging Banks.

Security Trustee means Lloyds TSB Bank plc as security trustee.

Senior Finance Document means:

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- (a) the Credit Agreement;
- (b) any Security Document;
- (c) any Hedging Arrangement;
- (d) the Hedging Policy;
- (e) the Revolving Loan Stock Subscription Agreement;
- (f) the Accounts Agreement;
- (g) the Calculations and Forecasting Agreement;
- (h) any Direct Agreement;
- (i) any Fee Letter;
- (j) the Equity and Loan Stock Subscription Agreement;
- (k) each Company Loan Stock Instrument;
- (l) each Holdco Loan Stock Instrument;
- (m) any Transfer Certificate; or

any other document designated as such by the Facility Agent and the Company.

Shareholders means:

- (a) Severn Trent Water Services plc; and
- (b) Costain Engineering & Construction Limited.

Shares means all of the shares in the share capital of the Prime Sub-Contractor.

Share Security Assets means the Shares and the Related Rights.

Standby Company Loan Stock means the 10% subordinated loan stock in the Company which Holdco subscribes for under the Revolving Loan Stock Subscription Agreement.

Standby Holdco Loan Stock means the subordinated loan stock in Holdco which the Shareholders subscribe for under the Revolving Loan Stock Subscription Agreement.

Transfer Certificate means a certificate, substantially in the form of Schedule 7 (Form of Transfer Certificate) of 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 the Company.

FILE COPY



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

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

COMPANY No. 02440829

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A PRIME SUB-CONTRACTOR MORTGAGE OF SHARES DATED THE 27th OCTOBER 2004 AND CREATED BY COSTAIN ENGINEERING & CONSTRUCTION LIMITED FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM ANY OBLIGOR TO A SECURED FINANCE PARTY UNDER THE TERMS OF THE AFOREMENTIONED INSTRUMENT CREATING OR EVIDENCING THE CHARGE WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 9th NOVEMBER 2004.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 12th NOVEMBER 2004.

GRH
P.



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES



Companies House

— for the record —