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

*insert full name
of Company

COMPANIES FORM No. 395

NW 205623

Particulars of a mortgage or charge

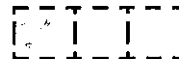
A fee of £10 is payable to Companies House in respect
of each register entry for a mortgage or charge.

Pursuant to section 395 of the Companies Act 1985

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

For official use

Company number



2799059

Name of company

* Alfer Limited (the "Chargor")

Date of creation of the charge

21st January 2000

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

Guarantee and Debenture between (1) the Chargor and (2) the Security
Trustee (the "Guarantee and Debenture")

Amount secured by the mortgage or charge

The actual, contingent, present and/or future obligations and
liabilities of the Chargor or any Group Company to any of the Secured
Parties under, or pursuant to, all or any of the Financing Documents
(including the Guarantee and Debenture) (the "Secured Obligations")

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

SOCIETE GENERALE, London Branch of SG House, 41 Tower Hill, London as
agent and security trustee for the Secured Parties (the "Security
Trustee")

Postcode EC3N 4SG

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

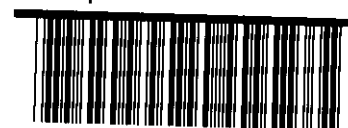
Wilde Sapte
1 Fleet Place
London
EC4M 7WS

BTG/186915/BF415637

Time critical reference

For official Use
Mortgage Section

Post room



KLO
COMPANIES HOUSE

KSA05NLC

0257
31/01/00

Short particulars of all the property mortgaged or charged

The Chargor charges in favour of the Security Trustee (as agent and trustee for the Secured Parties) the property, assets and income of the Chargor listed below and each and every part thereof, with full title guarantee, as continuing security for the payment of the Secured Obligations:

1. (a) by way of legal mortgage all estates or interests in the freehold, leasehold and other immovable property described in the Schedule below and the proceeds of sale thereof and all buildings and trade and other fixtures on any such property belonging to or charged to the Chargor (the "Legally Mortgaged Property");

(b) by way of fixed charge all estates or interests in any freehold, leasehold and other immovable property now or at any time during the continuance of this security belonging to the Chargor (other than the Legally Mortgaged Property) and the proceeds of sale thereof and all buildings and trade and other fixtures from time to time on any such property belonging to or charged to the Chargor;

(c) by way of fixed charge all plant, machinery, vehicles, computers and office and other equipment owned by the Chargor both present and future;

Cont../ (Document BF415638)

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

Particulars as to commission allowance or discount (note 3)

Nil

Signed

Wilde Saph

Date

31.1.2000

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

COMPANIES FORM No. 395 (Cont.)

Continuation Sheet No 1

Company Number

2799059

Name of company

Alfer Limited (the "Chargor")

Description of the instrument creating or evidencing the mortgage or charge (continued)

COMPANIES FORM No. 395 (Cont.)

Continuation Sheet No 2

Company Number

2799059

Name of company

Alfer Limited (the "Chargor")

Amount due or owing on the mortgage or charge (continued)

COMPANIES FORM No. 395 (Cont.)

Continuation Sheet No 3

Company Number

2799059

Name of company

Alfer Limited (the "Chargor")

Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

Company Number

2799059

Name of company

Alfer Limited (the "Chargor")

Short particulars of all the property mortgaged or charged (continued)

- (d) by way of fixed charge all book debts and other debts now and from time to time due or owing to the Chargor (the "**Debts**") and all moneys which the Chargor receives in respect thereof (save that prior to the Guarantee and Debenture becoming enforceable, in the absence of any written directions to the contrary from the Security Trustee, any such moneys received by the Chargor and paid into a current account with the Security Trustee or another Secured Party in accordance with the terms of the Guarantee and Debenture shall be released from the fixed charges created by this Clause (d) and shall become subject to the floating charges referred to in Clause (i) below);
- (e) by way of fixed charge all balances standing to the credit of any deposit account (other than short term deposits of up to 1 week) of the Chargor with the Security Trustee or any other Secured Party (including *inter alia* any account designated a realisations account for the proceeds of disposals of any of the assets of the Chargor) or with other bankers, financial institutions or similar third parties (the "**Credit Balances**") (save that prior to the Guarantee and Debenture becoming enforceable, in the absence of any written directions to the contrary from the Security Trustee, any such moneys received by the Chargor and paid into a current account with the Security Trustee or another Secured Party in accordance with the terms of the Guarantee and Debenture shall be released from the fixed charges created by this Clause (e) and shall become subject to the floating charges referred to in Clause (i) below);
- (f) by way of fixed charge all stocks, shares, debentures, bonds, notes and loan capital of:
- (i) any Subsidiary (as defined in the Credit Agreement); and
 - (ii) any other body corporate;
- and all rights to subscribe for, redeem, convert other securities into or otherwise acquire any of the same which may now or hereafter belong to the Chargor, together with all dividends, interest and other income and all other rights of whatsoever kind deriving from or incidental to any of the foregoing;
- (g) by way of fixed charge the goodwill of the Chargor and its uncalled capital now or at any time hereafter in existence;
- (h) by way of fixed charge all copyrights, patents, patent applications, licences, trade marks, tradenames, know-how and inventions or other rights of every kind deriving therefrom now or at any time hereafter belonging to the Chargor and all fees, royalties and other rights of every kind deriving from such copyrights, patents, trade marks, tradenames, know-how and inventions; and

Company Number

2799059

Name of company

Alfer Limited (the "Chargor")

Short particulars of all the property mortgaged or charged (continued)

- (i) by way of floating charge the whole of the Chargor's undertaking and all its property, assets and rights, whatsoever and wheresoever, present and future, other than any property or assets from time to time or for the time being effectively mortgaged, assigned or charged to the Security Trustee by way of fixed charge by this sub-Clause and Clause 2 below (hereinafter collectively referred to as the "Floating Charge Property").

2. In addition, the Chargor, with full title guarantee, (and to the intent that the security so constituted shall be a continuing security in favour of the Security Trustee as agent and trustee for the Secured Parties) assigns by way of security all of the Chargor's rights, title and interest (both present and future) in all and each of the Acquisition Documents.

(together the "Charged Property")

NOTE: The Chargor further covenants that without the prior written consent of the Security Trustee it shall not nor shall it agree or purport to:

- (a) create or permit to subsist any Encumbrance whether in any such case ranking in priority to or *pari passu* with or after the security created by the Guarantee and Debenture other than as permitted under the Credit Agreement; or
- (b) sell, discount, factor, transfer, lease, lend or otherwise dispose of, whether by means of one or a number of transactions related or not and whether at one time or over a period of time, the whole or any part of its undertaking or assets except as permitted under the Credit Agreement or the Guarantee and Debenture.

SCHEDULE

THE LEGALLY MORTGAGED PROPERTY

Registered Freehold

Part of the land at Club Street, Bamberbridge, Preston - title number LA755193.

COMPANIES FORM No. 395 (Cont.)

Continuation Sheet No 6

Company Number

2799059

Name of company

Alfer Limited (the "Chargor")

Notes

COMPANIES FORM No. 395 (Cont.)

Continuation Sheet No 7

Company Number

2799059

Name of company

Alfer Limited (the "Chargor")

Definitions

"Acquisition Agreement" means the share purchase agreement dated 9th October 1999 and made between Blue Circle Industries PLC, Blue Circle Home Products B.V., Blue Circle Home Products Limited, Baxi Partnership Limited and Baxi Limited as amended and novated pursuant to an amendment and novation agreement dated 3rd December 1999 made between, inter alia, Baxi Group PLC, Baxi Partnership Limited and Baxi Limited.

"Acquisition Documents" means:

- (a) the Acquisition Agreement;
- (b) the Transitional Services Agreement (as defined in the Acquisition Agreement);
- (c) the IP Assignment (as defined in the Acquisition Agreement);
- (d) the Boiler Tax Covenant (as defined in the Acquisition Agreement);
- (e) the BPL Sale Agreement (as defined in the Credit Agreement); and
- (f) the UK Reorganisation Agreement (as defined in the Credit Agreement).

but, for the avoidance of doubt, shall not include the Disclosure Letter (as defined in the Credit Agreement).

"Banks" has the meaning given to such term in the Credit Agreement.

"Credit Agreement" means a credit agreement dated 17th January 2000 and made between Baxi Holdings PLC, Baxi Group PLC, Baxi International Limited, certain other companies, certain banks and Société Générale as facility agent, security trustee, issuing bank and lead arranger, pursuant to which the Banks agreed to make available certain facilities on the terms and conditions contained in the Credit Agreement.

"Encumbrance" means any mortgage, charge, assignment by way of security, pledge, hypothecation, lien, right of set-off, retention of title provision, trust or flawed asset arrangement (for the purpose of, or which has the effect of, granting security) or any other security interest of any kind whatsoever, or any agreement, whether conditional or otherwise, to create any of the same, or any agreement to sell or otherwise dispose of any asset on terms whereby such asset is or may be leased to or re-acquired or acquired by any Group Company.

"Facility Agent" means Société Générale in its capacity as facility agent and each successor Facility Agent appointed under the Credit Agreement.

"Fees Letter" means the letter dated 17th January 2000 from the Facility Agent to Baxi Holdings PLC and Baxi Group PLC relating to certain fees payable to the Facility Agent, the Issuing Bank, the Lead

Company Number

2799059

Name of company

Alfer Limited (the "Chargor")

Definitions

Arranger and the Security Trustee by Baxi Holdings PLC and/or Baxi Group PLC in relation to the Credit Agreement, being described on its face as the "Fees Letter".

"**Financing Documents**" means the Credit Agreement, the Fees Letter, the Interest Rate Protection Agreements and the Security Documents.

"**Group**" means Baxi Holdings PLC and each of its Subsidiaries (other than a Subsidiary of Myson Holdings Limited and Myson Holdings Limited) and "**Group Company**" means any one of them.

"**Interest Rate Protection Agreements**" means each agreement entered into or to be entered into between Baxi Group PLC and a Bank for the purpose of hedging Baxi Group PLC's interest rate liabilities in relation to all or any part of the Term Loan (as such term is defined in the Credit Agreement).

"**Issuing Bank**" means Société Générale as issuer of Guarantees (as such term is defined in the Credit Agreement) under the Revolving Credit Facility and the Guarantee Facility (as such terms are defined in the Credit Agreement) pursuant to the terms of the Credit Agreement.

"**Lead Arranger**" means Société Générale as lead arranger of the facilities made available under the Credit Agreement.

"**Revolving Credit Facility**" means the multicurrency revolving loan and guarantee facility, details of which are set out in the Credit Agreement.

"**Secured Parties**" means all and each of the Facility Agent, Security Trustee, the Issuing Bank, the Lead Arranger and the Banks and shall be deemed to include a Bank in its capacity as a party to any Interest Rate Protection Agreement and "**Secured Party**" shall be construed accordingly.

"**Security Documents**" means:

- (a) each Guarantee and Debenture (as such term is defined in the Credit Agreement) executed by a Group Company;
- (b) each Group Guarantee (as such term is defined in the Credit Agreement) executed by a Group Company;
- (c) each Land Charge (as such term is defined in the Credit Agreement) executed by a Group Company;
- (d) each Assignment of Receivables (as such term is defined in the Credit Agreement) executed by a Group Company;
- (e) each Moveables Security (as such term is defined in the Credit Agreement) executed by a

COMPANIES FORM No. 395 (Cont.)

Continuation Sheet No 9

Company Number

2799059

Name of company

Alfer Limited (the "Chargor")

Definitions

Group Company;

- (f) each Trade Marks Charge (as such term is defined in the Credit Agreement) executed by a Group Company;
- (g) each Share Pledge (as such term is defined in the Credit Agreement) executed by a Group Company;
- (h) the Intercreditor Agreement (as such term is defined in the Credit Agreement);
- (i) the Keyman Insurance Assignment (as such term is defined in the Credit Agreement);
- (j) each Legal Mortgage (as such term is defined in the Credit Agreement) executed by a Group Company;
- (k) the Call Option Power of Attorney (as such term is defined in the Credit Agreement);
- (l) each Security Pledge (as such term is defined in the Credit Agreement) executed by a Group Company; and
- (m) any guarantee and any document creating security executed and delivered after the date of the Credit Agreement as security for any of the obligations and liabilities of any Borrower (as such term is defined in the Credit Agreement) and the other Group Companies under any Financing Document.

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

FILE COPY



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

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

COMPANY No. 02799059

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT GUARANTEE & DEBENTURE DATED THE 21st JANUARY 2000 AND CREATED BY ALFER LIMITED FOR SECURING THE ACTUAL, CONTINGENT, PRESENT AND/OR FUTURE OBLIGATIONS AND LIABILITIES OF THE COMPANY OR ANY GROUP COMPANY TO ANY OF THE SECURED PARTIES UNDER, OR PURSUANT TO, ALL OR ANY OF THE FINANCING DOCUMENTS WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 31st JANUARY 2000.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 3rd FEBRUARY 2000.



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES



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