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CHFP025

Please do not
write in
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Please complete
legibly, preferably
in black type, or
bold block lettering

* insert full name
of Company

COMPANIES FORM No. 395

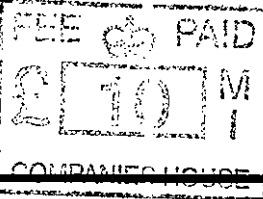
Particulars of a mortgage or charge

395

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

[13]

Company number

3403669

Name of company

* Pucklechurch Custodial Services Limited (the "Company")

Date of creation of the charge

7th April, 1999

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

A subordinated fixed and floating charge dated 7th April, 1999 and entered into between the Company and Serco Investments Limited as security trustee (the "Charge").

Amount secured by the mortgage or charge

See Continuation Sheet 1.

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

Serco Investments Limited of Dolphin House, Windmill Road,
Sunbury-on-Thames, Middlesex (the "Security Trustee").

Postcode TW16 7HT

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

Allen & Overy
One New Change
London

EC4M 9QQ

AEB/VCIG/MJF

Time critical reference

PG: 77910

For official Use

Mortgage Section

Post room



Short particulars of all the property mortgaged or charged

(See continuation sheets 2 and 3).

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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 & Oney

Date

9th April 1999

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 CF4 3UZ

Continuation Sheet 1 (Amount secured by the Charge):

1. Any obligation (in whatever currency it may be expressed) owed by the Company to any of the Finance Parties for the payment or repayment of money, whether present or future, actual or contingent and whether incurred as principal or surety including, without limitation, any obligation to pay any interest both before demand and from the date of demand to the date of payment, as well after as before judgment (whether any of the same shall have been capitalised or not but without double counting) and all costs, charges, fees, commissions, legal and other expenses, liabilities and obligations whether due or owing and incurred in any manner whatsoever on a full indemnity basis unless otherwise provided for in the Financing Agreements under each or any of the Financing Agreements (the "**Liabilities**").

(Schedule of Definitions attached)

Continuation Sheet 2 (Short particulars of all the property mortgaged or charged)

2. The Company, with full title guarantee and as a continuing security in favour of the Security Trustee for the payment and discharge of the Liabilities, but subject to the Senior Security Documents:
- (a) charged to the Security Trustee by way of specific equitable charge all estates or interests in any freehold or leasehold property now or at any time during the subsistence of the Charge belonging to or charged to the Company (the "**Charged Property**");
 - (b) charged specifically to the Security Trustee by way of first fixed charge all Securities now or at any time during the subsistence of the Charge belonging to or charged to the Company and its right, title, interest and benefit in and to all moneys, rights and property which may from time to time be distributed or derived from, or accrued on, such Securities;
 - (c) assigned and agreed to assign absolutely to the Security Trustee (subject to re-assignment on discharge in full of the Liabilities) all rights, title, interest and benefit which the Company may have now or in the future against any Custodian or any third party in respect of any Securities standing to the credit of any securities custody account of the Company from time to time including, without limitation, any right to the delivery thereof or to an equivalent number or nominal value thereof as against any Custodian or any applicable clearing system or the operator thereof or as against any bank, depository, broker or other intermediary;
 - (d) charged specifically to the Security Trustee by way of first fixed charge all moneys (including interest) from time to time standing to the credit of the Project Accounts and the debts represented thereby;
 - (e) charged specifically to the Security Trustee by way of first fixed charge all book debts (other than in respect of insurances and reinsurances) and other debts (other than in respect of insurances and reinsurances) now and from time to time due or owing to the Company including, for the avoidance of doubt, (and with the intent that the same shall be the subject of specific fixed charges) all and any proceeds of sale of items comprised within the charges over Charged Property and/or the Charged Securities and/or the Charged Accounts and, except to the extent charged pursuant to Clause 4.1(d) of the Charge, all balances at the Account Bank whether held in a current or other account;
 - (f) assigned absolutely and agreed to assign absolutely to the Security Trustee (subject to re-assignment on discharge in full of the Liabilities) all of its present and future rights in, claims under and benefits of the Project Agreements (other than the Lease, Construction Contract Direct Agreement, Operator Direct Agreement and Authority Charge) and any guarantees, warranties and/or other agreements collateral to the Project Agreements and in all licences now or hereafter obtained for the purposes of the Project or otherwise for the business of the Company;
 - (g) assigned absolutely and agreed to assign absolutely to the Security Trustee (subject to re-assignment on discharge in full of the Liabilities) all of its present and future rights in, claims under and benefits of: (i) the insurances and reinsurances referred to in

Continuation Sheet 3 (Short particulars continued):

Schedule 7 of the Senior Subordinated Loan Agreement; and (ii) all proceeds and returns of premiums in respect thereof;

- (h) charged to the Security Trustee by way of fixed charge its goodwill (present and future); and
 - (i) charged to the Security Trustee by way of floating charge all its Undertaking which, in relation to the equipment, shall be subject to the prior ranking of the Authority Charge.
3. The Company undertook to the Security Trustee with reference to the debts represented by the moneys (including interest) standing to the credit from time to time of the Charged Accounts and book debts and other debts the subject of the first fixed charges created in Clauses 4.1(d) and 4.1(e) of the Charge that it will not, without the prior consent in writing of the Security Trustee, make or concur, or purport to make or concur, in any sale, transfer, disposal, conveyance, assignment or parting with possession of all or any of the same in favour of any other person, except as permitted pursuant to Clause 14.4.(g) or any other provision of the Subordinated Loan Agreement, or pay into or withdraw from any account of the Company any sums received in respect of the same except in accordance with the Subordinated Loan Agreement, except as otherwise provided in Clauses 6.(a) and (b) of the Charge.
4. Negative Pledge:
- The Company shall not at any time on or before the Final Discharge Date create or permit to subsist any encumbrance (other than a Permitted Encumbrance) over all or any part of the Project Interest except for the Authority Charge or as otherwise permitted pursuant to the Subordinated Loan Agreement.

(Schedule of Definitions attached)

Schedule of Definitions

"Account Bank" means the Governor and Company of the Bank of Scotland in its capacity as account bank;

"Advance" means an advance made or to be made pursuant to Clause 6 of the Subordinated Loan Agreement (as from time to time reduced by repayment);

"Agency Fees Letter" means the letter addressed to the Company from the Senior Agent dated 1st July, 1998 referred to in Clause 20.02 of the Senior Facility Agreement;

"Agent" means Serco Investments Limited;

"Arrangement Fees Letter" means the letter addressed by the Arrangers to the Company dated 1st July, 1998 referred to in Clause 20.3 of the Senior Facility Agreement;

"Arrangers" means Credit Lyonnais, the Dai-Ichi Kangyo Bank and the Governor and Company of the Bank of Scotland in their capacities as arrangers;

"Authority" means Her Majesty's Principal Secretary of State for the Home Department and its successors and permitted assigns;

"Authority Charge" means the fixed charge dated 1st July, 1998 and made by the Company in favour of the Authority in respect of the equipment referred to in Clause 14.1 of the DCMF Contract;

"Banks" means Crédit Lyonnais, The Dai-Ichi Kangyo Bank and the Governor and Company of the Bank of Scotland;

"Charged Accounts" means the Project Accounts to the extent they are the subject of the fixed charges in Clause 4.1(d) of the Charge;

"Charged Securities" means the Securities which are the subject of the fixed charge and the Securities standing to the credit of any securities custody account of the Company subject to the charge and assignment in Clauses 4.1.(b) and 4.1.(c) of the Charge respectively;

"Collateral Documents" means:

1. the architect's collateral warranty dated 1st July, 1998 issued by Capita Limited in favour of the Company;
2. the key sub-contractor's collateral warranty dated 1st July, 1998 issued by C.V. Buchan in favour of the Company;
3. the collateral warranty from Capita Limited as architect dated 1st July, 1998 issued in favour of the Senior Agent;
4. the collateral warranty from Babbie Group Limited, as employer's agent issued in favour of the Senior Agent;
5. the collateral warranty from Babbie Group Limited as planning supervisor dated 1st July, 1998 issued in favour of the Senior Agent;

and any other agreement, deed or document as may be designated in writing to be Collateral Documents by the Company and the Senior Agent;

"Construction Contract" means the articles of agreement for the design and construction of a remand centre and young offender institution and commissioning of the Works at Pucklechurch near Bristol between the Company and the Construction Sub-contractor dated 1st July, 1998;

"Construction Contract Direct Agreement" means the agreement dated 1st July, 1998 made, inter alia, amongst the Company, the Construction Sub-contractor and the Senior Agent setting out the rights as between the Construction Sub-contractor and the Senior Agent for and on behalf of the Banks in respect of the performance of obligations and the enforcement of rights by the Construction Sub-contractor under the Construction Contract;

"Construction Contract Performance Guarantee" means the joint and several unlimited guarantee executed by Wackenhut Corrections Corporation and Kvaerner Plc in favour of the Company in respect of the obligations of the Construction Sub-contractor under the Construction Contract;

"Construction Sub-contractor" means Wackenhut Corrections (UK) Limited and Kvaerner Construction Limited together trading as a joint venture known as Premier Custodial Development for so long as they have obligations under the Construction Contract and/or the Construction Contract Direct Agreement and thereafter any contractor named as such in any construction contract entered into by the Company for the construction of the Works;

"Custodian" means the Account Bank and/or such other person as is appointed as custodian and/or manager of the investments the Company is authorised to make in accordance with the Senior Facility Agreement;

"DCMF Contract" means the contract for the provision and running by the Company of a remand centre and young offender institution at Pucklechurch, near Bristol made between the Authority and the Company and dated 1st July, 1998 and entered into under the private finance initiative;

"Direct Agreement" means the agreement dated 1st July, 1998 between the Authority, the Company, the Senior Agent and the Banks;

"Final Discharge Date" means the date on which:

- (a) the Finance Parties have ceased to be under any commitment, obligation or liability (whether actual or contingent) under or in respect of any of the Financing Agreements;
- (b) the Loan has been repaid in full and no other amount is outstanding under or pursuant to the terms of any of the Financing Agreements (whether or not the same is due); and
- (c) neither the Company nor any Security Provider has any further obligation or liability (whether actual or contingent) to make payments to any of the Finance Parties under or pursuant to the terms of any of the Financing Agreements;

"Finance Parties" means the Agent and the Lenders and **"Finance Party"** means any one of them;

"Financing Agreements" means the Subordinated Loan Agreement, the Security Documents and the Shareholders' Undertaking together with any document entered into, from time to time, under or

pursuant to the foregoing or amending or supplementing the foregoing and any other agreements as may be designated in writing to be Financing Agreements by the Company and the Agent;

"Hedging Agreements" means:

- (a) the ISDA Master Agreements dated 1st July, 1998 (including the schedules and confirmations evidencing transactions entered into by the Company and governed by such ISDA Master Agreements) between the Company and each of the Hedging Counterparties (other than The Governor and Company of the Bank of Scotland);
- (b) the ISDA Master Agreement dated 1st July, 1998, (including the schedules and confirmations evidencing transactions entered into by the Company and governed by such ISDA Master Agreements) between the Company and Bank of Scotland Treasury Services PLC; and
- (c) the counter indemnity dated 11th November, 1998 between the Company and The Governor and Company of the Bank of Scotland, pursuant to which The Governor and Company of the Bank of Scotland assumes the rights of Bank of Scotland Treasury Services PLC under the Hedging Agreement referred to in paragraph (b) above;

"Hedging Counterparties" means Credit Lyonnais, The Dai-Ichi Kangyo Bank and The Governor and Company of the Bank of Scotland in their capacities as hedging counterparties;

"Land" means all the land, buildings and other structures and land covered with water more particularly described in the Lease and known as the Pucklechurch site;

"Lease" means the lease dated 1st July, 1998 entered into by the Authority, the Company and the Operating Sub-contractor;

"Lenders" means Serco Investments Limited and Wackenhut Corrections (UK) Limited;

"Loan" means the aggregate principal amount of each borrowing by the Borrower under the Subordinated Loan Agreement and each amount of interest rolled up pursuant to Clause 7 thereof which is treated as an Advance or the principal amount outstanding of the same;

"Material Project Agreements" means the DCMF Contract, the Construction Contract, the Lease, the Operating Agreement, the Project Guarantees, the Collateral Documents, the Shareholders' Agreement, the Subordinated Loan Agreement and any other material agreement relating to the construction, operation or maintenance of the Project entered into after 1st July, 1998 and designated as such by agreement between the Company and the Banks, each acting reasonably, together with any agreement replacing, substituting or renewing any of the same (whether or not between the same parties);

"Operating Agreement" means the agreement dated on or about the date of the Charge for the provision of certain operation and maintenance services for a remand centre and young offender institution at Pucklechurch near Bristol between the Company and the Operating Sub-contractor;

"Operating Agreement Guarantee" means the joint and several guarantee executed by Wackenhut Corrections Corporation and Serco Limited in favour of the Company in respect of the obligations of the Operating Sub-Contractor under the Operating Agreement;

"Operating Sub-contractor" means Premier Prison Services Limited for so long as it has obligations under the Operating Agreement and/or the Operator Direct Agreement and thereafter

the Operator named as such in any operating and maintenance agreement entered into by the Company in accordance with Clause 15.4.14 of the Senior Facility Agreement;

"Operator Direct Agreement" means the agreement of even date made amongst the Company, the Operating Sub-contractor and the Senior Agent setting out the rights as between the Operating Sub-contractor and the Senior Agent for and on behalf of the Banks in respect of the performance of obligations and enforcement of rights by the Operating Sub-contractor under the Operating Agreement;

"Performance Bond" means a guarantee in the amount of ten percent (10%) of the contract sum (as that term is defined in the Construction Contract) issued by New Hampshire Insurance Company in favour of the Company in respect of the obligations of the Construction Sub-contractor under the Construction Contract up to the date of practical completion;

"Permitted Encumbrance" means any encumbrance which:

- (a) arises under or pursuant to the Financing Agreements, the Senior Financing Agreements or the Project Agreements; or
- (b) consists of a retention of title on normal commercial terms imposed by a supplier of materials or equipment; or
- (c) arises by operation of law or by an agreement to the same effect (other than by reason of any default by the Company) in the ordinary course of carrying on the Project; or
- (d) arises under a finance or operating lease entered into by the Company provided that the aggregate capital value of all leased equipment at no time exceeds £250,000 as adjusted to reflect changes in the RPI; or
- (e) is consented to by the Lenders prior to its creation; or
- (f) any right of set-off or other analogous right on standard banking business terms arising in favour of the Account Bank under the terms of the mandate by which it has agreed with the Company to be the Account Bank;

"Prison" means the buildings and structures and land enclosed within the boundary fencing, and each and any of their component parts described in Schedule A to the DCMF Contract, and existing on the Land, together with any extensions and alterations thereto existing from time to time within which the Company is to provide the service of a remand centre and young offenders institution;

"Project" means the design, construction, commissioning, maintenance and operation of the Prison;

"Project Accounts" means each of the following (as described in Clause 19 of the Senior Facility Agreement):

- (i) the account designated "Pucklechurch Custodial Services Limited - Debt Service Reserve Account";
- (ii) the account designated "Pucklechurch Custodial Services Limited - Excess Cash Account";
- (iii) the account designated "Pucklechurch Custodial Services Limited - Revenue Account"; and

- (iv) the account in the joint names of the Company and Authority designated "Pucklechurch Custodial Services Limited/HM Principal Secretary of State for the Home Department Insurance Account",

including sub-accounts into which such account may be divided and any successor or replacement accounts (and sub-accounts) opened in relation thereto pursuant to Clause 19 of the Senior Facility Agreement;

"Project Agreements" means:

- (i) the Material Project Agreements;
- (ii) each of the deeds and other agreements not falling within (i) above, brief particulars of which are set out in Schedule 6 of the Senior Facility Agreement; and
- (iii) such other agreements as may be designated in writing to be Project Agreements by the Company and the Governor and Company of the Bank of Scotland in its capacity as agent under the Senior Facility Agreement;

"Project Assets" means all (if any) interests in land or other property or assets occupied or owned by the Company from time to time;

"Project Guarantees" means each of the Performance Bond, the Retention Bond, the Construction Contract Performance Guarantee, the Construction Contract Direct Agreement, the Operating Agreement Guarantee and the Operator Direct Agreement;

"Project Interest" means all the Company's rights, title and interest from time to time in and to each of the following:

- (a) the Project Agreements;
- (b) the Project Assets;
- (c) every contract for the sale or other disposal of any part of the Project Assets and the proceeds of such sales or other disposals;
- (d) every contract (not falling within (a) above) for the use by any third party of any of the Project Assets; and
- (e) any and all other contracts, agreements, insurance policies, permits, leases, licences, consents, easements, way leaves and other rights now or hereafter existing which relate to the construction, maintenance, use, development, operation and design of the Project Assets or which otherwise relate to any of the Project Agreements;

"Retention Bond" means an on demand performance bond in the amount of two and one half percent (2.5%) of the contract sum (as that term is defined in the Construction Contract) issued by Barclays Bank PLC in favour of the Company in respect of the obligations of the Construction Sub-contractor under the Construction Contract up to the date of issue of the certificate of making good defects;

"Securities" means any investment authorised in accordance with the Senior Facility Agreement and any other investments;

"Security Documents" means each of the documents listed in Part 2 of Schedule 2 of the Subordinated Loan Agreement and any other agreement, deed or document from time to time executed in favour of the Finance Parties (or the Agent or any other person as trustee for the Finance Parties) for the purpose of securing all or any of the Company's obligations under the Financing Agreements or any of them together with all amendments of, and supplements to, any of the foregoing and **"Security Document"** shall be construed accordingly;

"Security Provider" means a person who enters into a Security Document creating security interests in favour of the Agent;

"Senior Agent" means The Governor and Company of the Bank of Scotland in its capacity as agent for the Banks under the Senior Facility Agreement;

"Senior Charge" means the fixed and floating charge granted by the Company in favour of the Senior Agent on 1st July, 1998;

"Senior Facility Agreement" means the senior facility agreement dated 1st July, 1998 made between the Company (1), Credit Lyonnais, The Dai-Ichi Kangyo Bank, Limited and The Governor and Company of the Bank of Scotland as arrangers (2), The Governor and Company of the Bank of Scotland as agent and security trustee (3), The Governor and Company of the Bank of Scotland as account bank (4), Credit Lyonnais, The Dai-Ichi Kangyo Bank, Limited and The Governor and Company of the Bank of Scotland as banks and hedging counterparties;

"Senior Finance Parties" means the Senior Agent, the Arrangers, the Banks, the Account Bank and each Hedging Counterparty at such time and **"Senior Finance Party"** means any one of them;

"Senior Security Documents" means the Senior Charge, the Share Charge, the Direct Agreement, the Construction Contract Direct Agreement, the Operator Direct Agreement and any other agreement, deed or document from time to time executed in favour of the Senior Finance Parties) for the purpose of securing all or any of the Company's obligations under the Financing Agreements or any of them together with all amendments of, and supplements to, any of the foregoing, all in form satisfactory to the Arrangers and **"Security Document"** shall be construed accordingly;

"Site" means all the Land together with any buildings or structures and parts of buildings or structures and each or any of the component parts, whether temporary or permanent, which may exist thereupon from time to time;

"Share Charge" means the charge over shares dated 1st July, 1998 granted by Pucklechurch Custodial (Holdings) Limited pursuant to which it charges its shares in the Company in favour of the Senior Agent as security trustee for the Senior Finance Parties, in a form satisfactory to the Arrangers;

"Shareholders' Undertaking" means the shareholders' undertaking dated 1st July, 1998 and made between Wackenhut Corrections Corporation, Wackenhut Corrections (UK) Limited, Serco Group plc, Serco Investments Limited, the Company, Pucklechurch Custodial (Holdings) Limited and the Governor and Company of the Bank of Scotland;

"Subordinated Loan Agreement" means the subordinated loan agreement dated 1st July, 1998 amongst and (1) the Company; (2) the Security Trustee (as agent and security trustee); (3) Serco Investments Limited and Wackenhut Corrections (UK) Limited as lenders; and (4) Serco Group PLC and Wackenhut Corrections Corporation as guarantors;

Pucklechurch Custodial Services Limited
Company Number: 3403669

"Undertaking" means the property, assets, rights and revenues of the Company, whatsoever and wheresoever, present and future, including its uncalled share capital (if any) or such of them as the context requires;

"Works" means those parts of the obligations of the DCMF Contract which concern the design, construction and provision of the Prison upon the Site as set out in Schedule A of the DCMF Contract.

FILE COPY



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

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

COMPANY No. 03403669

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A SUBORDINATED FIXED AND FLOATING CHARGE DATED THE 7th APRIL 1999 AND CREATED BY PUCKLECHURCH CUSTODIAL SERVICES LIMITED FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM THE COMPANY TO SERCO INVESTMENTS LIMITED (AS SECURITY TRUSTEE FOR THE FINANCE PARTIES) UNDER EACH OR ANY OF THE FINANCING AGREEMENTS (AS DEFINED IN THE CHARGE) WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 10th APRIL 1999.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 16th APRIL 1999.



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES



COMPANIES HOUSE