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COMPANIES FORM No. 395

395

Particulars of a mortgage or charge

Please do not
write in
this margin

Pursuant to section 395 of the Companies Act 1985

To the Registrar of Companies
(Address overleaf)

For official use

Company number

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

3466081

Name of company

*BELLHOUSE ENERGY LIMITED ("the Chargor")

* insert full name
of company

Date of creation of the charge

11th September 1998

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

Deed of Accession to a Composite Guarantee and Debenture dated 17th March 1998 by the
Borrower and the Project Companies in favour of the Bank ("the Charge")

Amount secured by the mortgage or charge

All present and future obligations and liabilities covenanted to be paid or discharged, under
or pursuant to Clause 2 of the Charge (a copy of which Clause 2 is annexed as relative hereto
as Paper Apart 1) ("the Secured Liabilities")
A12

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

The Governor and Company of the Bank of Scotland acting through its International Division

at Orchard Brae House, 30 Queensferry Road, Edinburgh and their successors, transferees and assignees

whether immediate or derivative ("the Bank")

Postcode

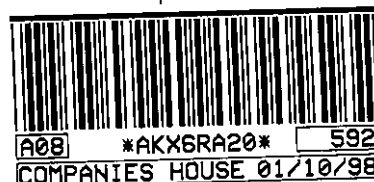
EH4 2UG

Presentor's name address and
reference (if any):Dundas & Wilson CS
Saltire Court
20 Castle Terrace
EDINBURGH EH1 2EN
Ref: EWM/GSM/BOS001.0408

For official Use

Mortgage Section

Post room



Time critical reference

Short particulars of all the property mortgaged or charged

See Paper Apart 2.

Please do not
write in
this margin

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

01
95

Particulars as to commission allowance or discount

None

Signed



Date

30/9/98

On behalf of ~~company~~ [chargee]*

*
delete as
appropriate

The address of the Registrar of Companies is: -

Companies House, Crown Way, Cardiff CF4 3UZ

This is Paper Apart 1, being an extract of Clause 2 of the Charge referred to in the foregoing Companies Form 395

2. SECURED OBLIGATIONS

2.1 Covenant to Pay: Guarantees

Each Company hereby:

- (a) covenants that it will on demand pay to the Bank all moneys and discharge all obligations and liabilities now or hereafter due, owing or incurred by it to the Bank under or pursuant to this Deed; and
- (b) guarantees that it will on demand pay to the Bank all moneys and discharge all liabilities now or hereafter due, owing or incurred to the Bank (including, without limitation, all moneys and liabilities due, owing or incurred under or pursuant to the Facility Agreement) by each other Company,

in each case when the same become due for payment or discharge whether by acceleration or otherwise, and whether such moneys, obligations or liabilities are express or implied; present, future or contingent; joint or several; incurred as principal or surety; originally owing to the Bank or purchased or otherwise acquired by it; denominated in Sterling or in any other currency; or incurred on any banking account or in any other manner whatsoever.

2.2 Certain Liabilities

The liabilities referred to in Clause 2.1 shall, without limitation, include:

- (a) all liabilities under or in connection with foreign exchange transactions, interest rate swaps and other arrangements entered into between any Company and the Bank for the purpose of limiting exposure to fluctuations in interest or exchange rates; and
- (b) interest (both before and after judgement) to date of payment at such rates and upon such terms as may from time to time be agreed, commission, fees and other charges and all legal and other proper costs, charges and expenses on a full and unqualified indemnity basis which may be incurred by the Bank in relation to any such moneys, obligations or liabilities or generally in respect of such Company.

2.3 Company as Principal Debtor Indemnity

As a separate and independent stipulation, the Companies agree that if any purported obligation or liability of any Company or other person which would have been the subject of a Guarantee had it been valid and enforceable is not or ceases to be valid or enforceable against such Company or other person on any ground whatsoever whether or not known to the Bank (including, without limitation, any irregular exercise or absence of any corporate power or lack of authority of, or breach of duty by, any person purporting to act on behalf of such Company or other person or any legal or other limitation, whether under the Limitation Acts or otherwise, any

disability or Incapacity or any change in the constitution of such Company or other person) the Companies shall nevertheless be jointly and severally liable to the Bank in respect of that purported obligation or liability as if the same were fully valid and enforceable and the Companies were the principal debtors in respect thereof. The Companies hereby jointly and severally agree to keep the Bank fully indemnified on demand against all damages, losses, costs and expenses arising from any failure of a Company or other person to perform or discharge any such purported obligation or liability.

2.4 Statements of Account Conclusive

Any statement of account of a Company or other person liable, signed as correct by an officer of the Bank, showing the amount of the indebtedness and liabilities of that Company or other person, shall, in the absence of manifest error, be binding and conclusive on and against all the Companies.

2.5 No Security taken by Companies

Each Company warrants that it has not taken or received, and undertakes that until all the Secured Liabilities have been paid or discharged in full it will not take or receive, any security from any other Company or person liable in respect of its obligations under its Guarantee.

2.6 Interest

Each Company agrees to pay interest on each amount demanded of it under its Guarantee from the date of such demand until payment (after as well as before judgment) at the Default Rate. Such interest shall be compounded at the end of each period determined for this purpose by the Bank in the event of it not being paid when demanded but without prejudice to the Bank's right to require payment of such interest.

2.7 No Set-Off Or Counterclaim

All payments to be made by a Company under this Deed shall be made in full, without any set-off or counterclaim whatsoever and, subject as provided below, free and clear of any deductions or withholdings in the relevant currency on the due date to such account as the Bank may from time to time specify. If at any time a Company is required to make any deduction or withholding in respect of taxes from any payment due under this Deed for the account of the Bank the sum due from that Company in respect of such payment shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Bank receives on the due date for such payment (and retains, free from any liability in respect of such deduction or withholding) a net sum equal to the sum which it would have received had no such deduction or withholding been required to be made and the relevant Company shall indemnify the Bank against any losses or costs incurred by it by reason of any failure of such Company to make any such deduction or withholding or by reason of any increased payment not being made on the due date for such payment. Each Company shall promptly deliver to the Bank any receipts, certificates or other proof evidencing the amount (if any) paid or payable in respect of any deduction or withholding as aforesaid.

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This is Paper Apart 2 referred to in the foregoing Companies Form 395

1. FIXED CHARGES

1.1 The Chargor with full title guarantee as security for the payment of all Secured Liabilities, charges in favour of the Bank:-

(a) by way of first legal mortgage:-

- (i) all its interest in the property set out opposite its name in Schedule 2 of the Charge (a copy of which Schedule 2 is annexed as relative hereto) together with all buildings and Fixtures thereon, the proceeds of sale of all or any part thereof and the benefit of any covenants for title given or entered into by any predecessor in title of the Chargor and any moneys paid or payable in respect of such covenants;
- (ii) all estates or interests in any freehold or leasehold property (other than that specified in paragraph 1.1(a)(i) above) wheresoever situate now belonging to it other than any such situated in Scotland and all buildings and Fixtures thereon, the proceeds of sale of all or any part thereof and the benefits of any covenants for title given or entered into by any predecessor in title of the Chargor and any moneys paid or payable in respect of such covenants;

(b) by way of first fixed charge:-

- (i) (to the extent the same are not the subject of a mortgage under paragraph 1.1 (a) above) all present and future estates or interests in any freehold or leasehold property belonging to it other than any such situated in Scotland and all buildings and Fixtures thereon and all proceeds of sale thereof and the benefit of any covenants for title given or entered into by any predecessor in title of the Chargor and any moneys paid or payable in respect of such covenants;
- (ii) all plant and machinery now or in the future owned by the Chargor and its interest in any such plant or machinery in its possession.
- (iii) its present and future interest in all stocks, shares debentures, bonds and other securities and all rights relative thereto;
- (iv) all moneys (including interest) standing now or in the future to the credit of its present and future accounts with any bank, financial institution or other person and the debt or debts represented thereby;
- (v) all benefits in respect of Insurances, all claims in respect thereof and return of premiums;
- (vi) (to the extent that the same do not fall within any other sub-paragraph of this sub-paragraph (b)) all book and other debts and other moneys due, owing, payable or incurred to it now or at any time and the benefit of all rights, securities and guarantees of any nature

whatsoever now or at any time enjoyed or held by it in relation thereto;

- (vii) its present and future goodwill;
- (viii) the benefit of all present and future licences (statutory or otherwise) held in connection with its business or the use of any of the Secured Assets the subject of the security pursuant to sub-paragraph (a) above and the right to recover and receive all compensation which may at any time become payable to it in respect thereof;
- (ix) its present and future uncalled capital; and
- (x) all knowhow licences and patents (including applications and rights to apply therefor), copyrights, rights in trademarks, service marks whether registered or not, and rights in confidential information now or at any time belonging to it.


2. ASSIGNMENT

2.1 As security for the payment of all Secured Liabilities, the Chargor hereby assigns and agrees to assign with full title guarantee to the Bank absolutely (but subject always to the Chargor's right of redemption):

- (a) all its right, title and interest in and to the Insurances (certified copies of which shall be delivered to the Bank on the signing of the Charge and from time to time thereafter when required by the Bank) and all rights of the Chargor to make recovery under any of the Insurances and all proceeds of the Insurances receivable by it;
- (b) all its rights, titles, benefits and interests whatsoever present and future whether proprietary contractual or otherwise under or arising out of or evidenced by each of the Bellhouse Project Documents as the same are from time to time entered into and as from time to time varied, amended or supplemented, with the full benefit of all negotiable or non-negotiable instruments, guarantees, indemnities, debentures, mortgages, charges, liens, collateral warranties and other security in respect of the same (being collectively the **Assigned Documents** which expression includes each and every of the same) including but not limited to all claims for damages or other remedies in respect of any breach thereof, reservation of proprietary rights, right of tracing, rights in the nature of security and all other rights and remedies of whatsoever nature now or hereafter held by it in respect of all or any of the foregoing and all moneys from time to time becoming due or owing thereunder or in connection therewith but so that the Bank shall not in any circumstances incur any liability whatsoever in respect of any of the foregoing, together with any agreements (whether written, oral or implied) or instruments entered into in connection therewith as the same may from time to time be varied, amended or supplemented; and
- (c) all sums now or hereafter standing to the credit of any bank account held by or for the benefit of the Chargor and all rights, titles, benefit and interest of

the Chargor whatsoever present and future therein, together with any agreements (whether oral, written or implied) or instruments entered into in the constitution of the rights and obligations of the Chargor and the Bank in relation to any such bank account and any agreements (whether oral, written or implied) or instruments entered into in substitution therefor or for such substituted agreement or instrument.

3. **FLOATING CHARGE**

- 3.1 As security for the payment of all Secured Liabilities, the Chargor with full title guarantee charges in favour of the Bank by way of floating charge all its undertakings and all its property, assets and rights whatsoever and wheresoever both present and future not otherwise effectively charged or assigned pursuant to paragraph 1 or paragraph 2 above.
- 3.2 The Chargor shall not otherwise than as provided in the Facility Agreement:-
- (a) create or permit to subsist any Encumbrance (other than a Permitted Encumbrance) over all or any part of the Secured Assets;
 - (b) part with, sell, transfer or otherwise dispose of or agree to part with, sell, transfer or otherwise dispose of all or any part of the Secured Assets.
- 3.3 The Bank may at any time by notice to the Chargor convert the floating charge hereby created into a specific charge as regards any assets specified in the notice which the Bank shall consider (acting reasonably) to be in danger of being seized or sold under any form of distress attachment, execution or other legal process or to be otherwise in jeopardy and (whether or not this security has become enforceable) may at any time appoint a Receiver thereof.
- 3.4 The floating charge created by the Charge shall (other than in respect of any of the Secured Assets situate in Scotland if and to the extent that a Receiver would not be capable of exercising his powers in Scotland in relation thereto pursuant to Section 72 of the Insolvency Act 1986 by reason of any automatic conversion) in addition to the circumstances in which the same will occur under general law automatically be converted into a fixed charge:-
- (i) on the convening of any meeting of the members of a Company, to consider a resolution to wind such Company up (or not to wind such Company up); or
 - (ii) on the presentation of a petition (other than a frivolous or vexatious petition) to wind a Company up.
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Definitions referred to in the foregoing Companies Form 395

Accession Deed means a deed supplemental to the Charge executed by an Additional Project Company or, as the case may be, any other Subsidiary of the Borrower pursuant to Clause 9.8 of the Charge (a copy of which clause is annexed as relative hereto) by virtue of which such Additional Project Company or, as the case may be, such other Subsidiary becomes bound by the Charge in the capacity of a Company;

Additional Project Company means each of the Chargor and Whinney Hill Energy Limited (Company No. 3466084) whose registered offices are both at 20-22 Queen Street, Mayfair, London W1X 7PJ;

Bellhouse Project Documents means each of :

- (a) the assignment of the Bellhouse Electricity Sales Contract entered into between, inter alia, the Parent and the Chargor;
- (b) the connection agreement entered into between the Chargor and the host public electricity supplier referred to therein for the supply of electricity to the Bellhouse project;
- (c) the electricity sales contract entered into between Exwaste Limited, Eastern Group plc and the purchaser referred to therein governing the sale of electricity at the Bellhouse site;
- (d) the equipment supply contract dated 7th January 1998 entered into between the Chargor and the Equipment Supplier named therein for the supply and installation of certain generator sets and associated generation compound at the Bellhouse site;
- (e) the gas extraction system installation contract entered into between the Chargor and the Parent as contractor for the installation of a gas extraction system at the Bellhouse site;
- (f) the gas utilisation agreement dated 22nd December 1997 entered into between inter alia, the Parent and the site operator referred to therein relating to the installation and operation of a gas management system and generating equipment at the Bellhouse site as assigned by a Deed of Novation dated 12th February 1998; and
- (g) the operations, repair and maintenance agreement dated 4th December 1997 entered into between the Chargor and CLP Services Limited, pursuant to which CLP Services will, inter alia, operate and maintain the Bellhouse plant

all in the required form;

Borrower means CLP Projects 2 Limited (Company No 3485468) whose registered office is at 20-22 Queen Street, Mayfair, London, W1X 7PJ;

Company means the Borrower, the Project Companies and each other Additional Project Company or, as the case may be, each Subsidiary (if any) of the Borrower, which becomes a party to the Charge pursuant to an Accession Deed in accordance with the provisions of

Clause 9.8 of the Charge (a copy of which clause is annexed as relative hereto) and, for the purposes of this Form 395, includes the Chargor;

Debtor Party means the Borrower, each Project Company and Additional Project Company and each other party from time to time (other than the Bank) to a Finance Document;

Deed means the Charge;

Default Rate means the rate specified in Clause 12.6 of the Facility Agreement and interest payable at such rate shall be payable after, as well as before, judgement or decree until actual payment in full of the Secured Liability concerned;

Encumbrance includes any mortgage, pledge, lien, charge (whether fixed or floating), encumbrance, hypothecation, security interest, title retention or other preferential right having the effect of creating security;

English Subsidiaries means the Chargor, Whinney Hill Energy Limited, Chelson Meadow Energy Limited and United Mines Energy Limited.

Facility Agreement means the facility agreement dated 12th March 1998 and made between the Borrower, the Project Companies, the Additional Project Companies and the Bank;

Finance Documents means the Facility Agreement, the Security Documents, the Letters of Subordination, the Direct Agreements (as defined in the Facility Agreement), the Insurance Programmes and any other document designated as such by the Bank and the Borrower;

Fixtures means, in relation to the Mortgaged Property of the Chargor, all fixtures and fittings (including trade fixtures and fittings) and fixed plant and machinery from time to time thereon, the property wherein is vested in the Chargor;

Guarantee means, in relation to a Company, the obligations of that Company pursuant to Clause 2.1(b) of the Charge (a copy of which clause is annexed as relative hereto) and includes the obligations of the Company arising by virtue of Clauses 2.3, 2.7 and 25 of the Charge (copies of which clauses are annexed as relative hereto);

Incapacity means in relation to a Company, the insolvency, liquidation, dissolution, winding-up, administration, receivership, amalgamation, reconstruction or other incapacity of that Company whatsoever (and, in the case of a partnership, includes the termination or change in the constitution of the partnership);

Insurances means, in relation to the Chargor, all contracts and policies of insurance or indemnities which are from time to time taken out by or on behalf of the Chargor or (to the extent of such interest) in which such the Chargor has an interest including, without limitation, any insurance maintained in respect of liabilities arising under the Bellhouse Project Documents;

Insurance Programme means, in relation to a Project Company or Additional Project Company, the programme of insurances required by the Bank from time to time following consultation with the Bank Engineer and the Bank Insurance Consultant and notified to the relevant Project Company or Additional Project Company;

Letter of Subordination means, in respect of each Project Company and Additional Project Company, the letter of subordination dated on or about 17th March 1998 entered into or to be entered into between such Project Company or Additional Project Company, the Bank and the Subordinated Creditor;

Mortgaged Property means, in relation to the Chargor, the property of the Chargor legally mortgaged by the Charge and any other freehold or leasehold property owned by the Chargor and which is the subject of the Charge;

Parent means Combined Landfill Projects Limited (Company No 02635812);

Permitted Encumbrances means:-

- (a) Encumbrances in favour of the Bank,
- (b) any lien arising solely by operation of law in the ordinary course of the business of any Debtor Party in respect of any obligation which is not overdue for settlement, and
- (c) Encumbrances granted with the prior written consent of the Bank;

Project Companies means the companies whose respective names, registered numbers and registered offices are set out in Schedule 1 of the Charge (a copy of which Schedule 1 is annexed as relative hereto);

Receiver has the meaning given to it in Clause 14.1 of the Charge (a copy of which clause is annexed as relative hereto);

Required Form means, in relation to any document, as required in respect of both the form and substance thereof by the Bank;

Scottish Subsidiary means Summerston Energy Limited (Company No SC180874);

Secured Assets means, in relation to a Company, the assets, rights and property of such Company the subject of any security created by the Charge;

Security Documents means:-

- (a) a composite guarantee and debenture, entered into between the Borrower, each English Subsidiary and the Bank;
- (b) a bond and floating charge, entered into between the Scottish Subsidiary and the Bank;
- (c) an assignation, entered into between the Scottish Subsidiary and the Bank;
- (d) a guarantee, granted by the Scottish Subsidiary in favour of the Bank;
- (e) a pledge over its interest in the issued share capital of the Scottish Subsidiary entered into between the Borrower and the Bank;

- (f) a first legal mortgage over its interest in the issued share capital of the Borrower entered into between the Parent and the Bank;
- (g) a standard security, entered into between the Scottish Subsidiary and the Bank; and
- (i) each Accession Deed,

all in the Required Form;

Subordinated Creditor means the Parent in its capacity as provider of a subordinated loan to each Project Company and Additional Project Company pursuant to the terms of the subordinated loan facility agreement entered into between such Project Company or Additional Project Company and the Parent dated on or about the date of the Charge; and

Subsidiary means (a) a subsidiary as defined in Section 736 of the Companies Act 1985 (as amended by Section 144 of the Companies Act 1989) and (b) a subsidiary undertaking as defined in Section 21 of the Companies Act 1989.

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This is clause 2.1 of the Charge
referred to in the foregoing
Companies Form 395

- (e) references to a person shall be construed as including references to an individual, firm, company, corporation, unincorporated body of persons or any State or any agency thereof;
- (f) references to Statutory provisions shall be construed as references to those provisions as replaced, amended or re-enacted from time to time; and
- (g) the terms of the documents under which the Secured Liabilities arise and of any side letters between the parties hereto in relation thereto (including, without limitation, the Facility Agreement) are incorporated herein to the extent required for any purported disposition of the Secured Assets contained herein to be a valid disposition in accordance with the Law of Property (Miscellaneous Provisions) Act 1994.

1.5 Effect as a Deed

This Deed is intended to take effect as a deed notwithstanding that the Bank may have executed it under hand only.

1.6 Facility Agreement Definitions and Incorporation

- (a) Unless the context otherwise requires or unless otherwise defined in this Deed, words and expressions defined in the Facility Agreement shall have the same meaning when used in this Deed; and
- (b) except as otherwise expressly provided for above, the provisions of Clause 1.2 of the Facility Agreement shall apply hereto, mutatis mutandis, as if the same had been set out in full herein.

2. SECURED OBLIGATIONS

2.1 Covenant to Pay: Guarantees

Each Company hereby:

- (a) covenants that it will on demand pay to the Bank all moneys and discharge all obligations and liabilities now or hereafter due, owing or incurred by it to the Bank under or pursuant to this Deed; and
- (b) guarantees that it will on demand pay to the Bank all moneys and discharge all liabilities now or hereafter due, owing or incurred to the Bank (including, without limitation, all moneys and liabilities due, owing or incurred under or pursuant to the Facility Agreement) by each other Company,

in each case when the same become due for payment or discharge whether by acceleration or otherwise, and whether such moneys, obligations or liabilities are express or implied; present, future or contingent; joint or several; incurred as principal or surety; originally owing to the Bank or purchased or otherwise acquired by it; denominated in Sterling or in any other currency; or incurred on any banking account or in any other manner whatsoever.

2.2 Certain Liabilities

The liabilities referred to in Clause 2.1 shall, without limitation, include:

- (a) all liabilities under or in connection with foreign exchange transactions, interest rate swaps and other arrangements entered into between any Company and the Bank for the purpose of limiting exposure to fluctuations in interest or exchange rates; and
- (b) interest (both before and after judgment) to date of payment at such rates and upon such terms as may from time to time be agreed, commission, fees and other charges and all legal and other proper costs, charges and expenses on a full and unqualified indemnity basis which may be incurred by the Bank in relation to any such moneys, obligations or liabilities or generally in respect of such Company.

2.3 Company as Principal Debtor Indemnity

As a separate and independent stipulation, the Companies agree that if any purported obligation or liability of any Company or other person which would have been the subject of a Guarantee had it been valid and enforceable is not or ceases to be valid or enforceable against such Company or other person on any ground whatsoever whether or not known to the Bank (including, without limitation, any irregular exercise or absence of any corporate power or lack of authority of, or breach of duty by, any person purporting to act on behalf of such Company or other person or any legal or other limitation, whether under the Limitation Acts or otherwise, any disability or Incapacity or any change in the constitution of such Company or other person) the Companies shall nevertheless be jointly and severally liable to the Bank in respect of that purported obligation or liability as if the same were fully valid and enforceable and the Companies were the principal debtors in respect thereof. The Companies hereby jointly and severally agree to keep the Bank fully indemnified on demand against all damages, losses, costs and expenses arising from any failure of a Company or other person to perform or discharge any such purported obligation or liability.

2.4 Statements of Account Conclusive

Any statement of account of a Company or other person liable, signed as correct by an officer of the Bank, showing the amount of the indebtedness and liabilities of that Company or other person, shall, in the absence of manifest error, be binding and conclusive on and against all the Companies.

2.5 No Security taken by Companies

Each Company warrants that it has not taken or received, and undertakes that until all the Secured Liabilities have been paid or discharged in full it will not take or receive, any security from any other Company or person liable in respect of its obligations under its Guarantee.

This is clause 2.7 of the
charge referred to in the
foregoing companies form 395

2.6 Interest

Each Company agrees to pay interest on each amount demanded of it under its Guarantee from the date of such demand until payment (after as well as before judgment) at the Default Rate. Such interest shall be compounded at the end of each period determined for this purpose by the Bank in the event of it not being paid when demanded but without prejudice to the Bank's right to require payment of such interest.

2.7 No Set-Off Or Counterclaim

All payments to be made by a Company under this Deed shall be made in full, without any set-off or counterclaim whatsoever and, subject as provided below, free and clear of any deductions or withholdings in the relevant currency on the due date to such account as the Bank may from time to time specify. If at any time a Company is required to make any deduction or withholding in respect of taxes from any payment due under this Deed for the account of the Bank the sum due from that Company in respect of such payment shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Bank receives on the due date for such payment (and retains, free from any liability in respect of such deduction or withholding) a net sum equal to the sum which it would have received had no such deduction or withholding been required to be made and the relevant Company shall indemnify the Bank against any losses or costs incurred by it by reason of any failure of such Company to make any such deduction or withholding or by reason of any increased payment not being made on the due date for such payment. Each Company shall promptly deliver to the Bank any receipts, certificates or other proof evidencing the amount (if any) paid or payable in respect of any deduction or withholding as aforesaid.

3. FIXED CHARGES

3.1 Each Company with full title guarantee as security for the payment of all Secured Liabilities, charges in favour of the Bank:-

(a) by way of first legal mortgage:-

- (i) all its interest in the property set out opposite its name in Schedule 2 hereto together with all buildings and Fixtures thereon, the proceeds of sale of all or any part thereof and the benefit of any covenants for title given or entered into by any predecessor in title of the Company and any moneys paid or payable in respect of such covenants;
- (ii) all estates or interests in any freehold or leasehold property (other than that specified in Clause 3.1(a)(i)) wheresoever situate now belonging to it other than any such situated in Scotland and all buildings and Fixtures thereon, the proceeds of sale of all or any part thereof and the benefits of any covenants for title given or entered into by any predecessor in title of the Company and any moneys paid or payable in respect of such covenants;

9.6 **Book Debts and Receipts** Except as the Bank may otherwise direct in any particular case, each Company will:-

- (a) get in and realise its:-
 - (i) securities to the extent held by way of temporary investment;
 - (ii) book and other debts and other moneys;
 - (iii) royalties, fees and income of like nature in relation to the licences, patents, copyrights, rights in trademarks and rights in confidential information referred to in Clause 3.1(b) above,

(collectively the Debts) in the ordinary course of its business (which shall not include or extend to the selling or assigning or in any other way factoring or discounting the same) and hold the proceeds of such getting in and realisation (until payment to the special account as hereinafter provided) upon trust for the Bank;

- (b) if called upon to do so by the Bank execute a legal assignment of the Debts in favour of the Bank in such terms as the Bank may require and give notice thereof to the debtors from whom the Debts are owing or incurred and take such other steps as the Bank may require to perfect such legal assignment;
- (c) unless the Bank otherwise agrees, pay the proceeds of such getting in and realisation into such separate and denominated account or accounts (which may or may not be with the Bank) as may be specified in writing by the Bank from time to time (collectively the special account) or as the Bank may require;
- (d) not be entitled to withdraw from the special account all or any monies standing to the credit thereof except with the prior consent of the Bank. The Bank may at any time after this security shall have become enforceable apply the monies standing to the credit of the special account and interest thereon in or towards satisfaction of the Secured Liabilities; and
- (e) from time to time, forthwith upon opening a special account with a bank or financial institution other than the Bank, deliver to the person with whom the special account is maintained a notice substantially in the form set out in Part 1 of Schedule 6 and procure that such person delivers to the Bank a written acknowledgement substantially in the form set out in Part II of Schedule 6.

9.7 **Deposit of Securities and Proprietary Rights** Each Company shall, if the Bank so requires, deposit with the Bank all certificates and other documents of title or evidence of ownership in relation to all or any of the Secured Assets and shall execute and deliver to the Bank all such transfers and other documents as may be necessary to enable the Bank or its nominee to be registered as the owner or otherwise obtain a legal title to the same.

9.8 **Accession Deeds** Unless the Bank otherwise agrees, ensure that (i) each Additional Project Company prior to drawdown by it under the Facility Agreement and (ii) each

person which becomes a Subsidiary of such Company after the date hereof, promptly on becoming such a Subsidiary, will, at the cost of the Company, execute an Accession Deed and such other deeds as may be required by the Bank (including a standard security in respect of any heritable property in Scotland) to the intent that such Additional Project Company or, as the case may be, such Subsidiary shall become party to the guarantee and security arrangements contemplated by this Deed as a Company.

10. GRANT OF FURTHER SECURITY

Each Company will forthwith at the request of the Bank execute a legal mortgage, charge or assignment over all or any of the Secured Assets subject to or intended to be subject to any fixed security hereby created in favour of the Bank in such form as the Bank may require.

11. POWER TO REMEDY

In case of default by any Company in repairing or keeping in repair or insuring the Secured Assets or any part thereof or in observing or performing any of the covenants or stipulations affecting the same all as set out or referred to in the Facility Agreement, such Company will permit the Bank or its agents and contractors to enter on the Mortgaged Property and to comply with or object to any notice served on such Company in respect of the Mortgaged Property and to effect such repairs or insurance or generally do such things or pay all such costs, charges and expenses as the Bank may consider necessary or desirable to prevent or remedy any breach of covenant or stipulation or to comply with or object to any notice; and such Company will indemnify and keep the Bank (and its agents and contractors) indemnified against all losses, costs, charges and expenses reasonably incurred in connection with the exercise of these powers.

12. WHEN SECURITY BECOMES ENFORCEABLE

At any time after the occurrence of an Event of Default the security hereby conferred shall become immediately enforceable and the power of sale and other powers conferred by Section 101 of the Law of Property Act, 1925 as varied or amended by this Deed shall be immediately exercisable. After this security has become enforceable, the Bank may in its discretion enforce all or any part of this security in such manner as the Bank sees fit.

13. ENFORCEMENT OF SECURITY

- 13.1 For the purposes of all powers implied by statute the Secured Liabilities shall be deemed to have become due and payable on the date hereof and Section 103 of the Law of Property Act 1925 (restricting the power of sale) and Section 93 of the same Act (restricting the right of consolidation) shall not apply to this security. The statutory powers of leasing conferred on the Bank shall be extended so as to authorise the Bank to lease, make agreements for leases, accept surrenders of leases and grant options as the Bank shall think fit and without the need to comply with any of the provisions of Sections 99 and 100 of the Act.

the relevant PCPC or Suppliers of services in connection with the relevant PCP).

14. RECEIVER

- 14.1 At any time after this security becomes enforceable the Bank may without further notice appoint under seal or in writing under its hand any one or more qualified persons to be a receiver, administrative receiver or receiver and manager (hereinafter each called a Receiver) of all or any part of the Secured Assets in like manner in every respect as if the Bank had become entitled under the Law of Property Act 1925 to exercise the power of sale thereby conferred. In this Clause 14 "qualified person" means a person who, under the Insolvency Act 1986, is qualified to act as a receiver of the property of any company with respect to which he is appointed or (as the case may require) an administrative receiver of any such company.
- 14.2 Every Receiver appointed in accordance with Clause 14.1 shall have and be entitled to exercise all powers conferred by the said 1925 Act as if such Receiver had been duly appointed thereunder. A Receiver who is an administrative receiver of a Company shall have all the powers of an administrative receiver under the Insolvency Act 1986. In particular by way of addition to but without hereby limiting any general powers hereinbefore referred to every such Receiver so appointed shall have power to do the following things:-
- (a) **Take possession** Take immediate possession of, get in and collect the Secured Assets or any part thereof;
 - (b) **Carry on business** Carry on the business of such Company as he may think fit;
 - (c) **Protection of assets** Make and effect all repairs and insurances and do all other acts which such Company might do in the ordinary conduct of its business as well for the protection as for the improvement of the Secured Assets and to commence and/or complete any maintenance, building repair or building operations on the relevant PCP and to apply for and maintain any planning permissions, building regulation approvals and any other permissions, consents or licences, in each case as he may in his absolute discretion think fit;
 - (d) **Employees** Appoint and discharge managers, officers, agents, accountants, servants, workmen and others for the purposes hereof upon such terms as to remuneration or otherwise as he may think proper and discharge any such persons appointed by such Company;
 - (e) **Borrow Money** For the purpose of exercising any of the powers, authorities and discretions conferred on him by or pursuant to this Deed and/or of defraying any costs, charges, losses or expenses (including his remuneration) which shall be incurred by him in the exercise thereof or for any other purpose to raise and borrow money either unsecured or on the security of the Secured Assets or any part thereof either in priority to the security constituted by this Deed or otherwise and generally on such terms and conditions as he may think fit, and no person lending such money shall be

bankruptcy or liquidation (or under any similar legislation binding on such Company in a jurisdiction other than England and Wales), and no release, settlement or discharge given or made by the Bank on the faith of any such assurance, security or payment, shall prejudice or affect the right of such persons to enforce the security created by or pursuant to this Deed in respect of the full extent of the moneys intended to be hereby secured.

25. CONTINUING SECURITY AND OTHER MATTERS

25.1 Continuing Security

This Deed and the obligations of each Company under this Deed (including, without limitation, the Guarantees) shall:

- (a) secure the ultimate balance from time to time owing to the Bank by each Company and any other person liable and shall be a continuing security notwithstanding any settlement of account or other matter whatsoever;
- (b) be in addition to, and not prejudice or affect, any present or future Collateral Instrument, Encumbrance, right or remedy held by or available to the Bank; and
- (c) not merge with or be in any way prejudiced or affected by the existence of any such Collateral Instruments, Encumbrance, rights or remedies or by the same being or becoming wholly or in part void, voidable or unenforceable on any ground whatsoever or by the Bank dealing with, exchanging, releasing, varying or failing to perfect or enforce any of the same, or giving time for payment or indulgence or compounding with any other person liable.

25.2 New Accounts

If a Guarantee ceases to be continuing for any reason whatsoever the Bank may nevertheless continue any account of any Company or any other person liable or open one or more new accounts and the liability of each Company under its Guarantee shall not in any manner be reduced or affected by any subsequent transactions or receipts or payments into or out of any such account.

25.3 Liability Unconditional

The liability of each Company shall not be affected nor shall any Guarantee be discharged or reduced by reason of:

- (a) the Incapacity or any change in the name, style or constitution of any one or more of any other Company or other person liable;
- (b) the Bank granting any time, indulgence or concession to, or compounding with, discharging, releasing or varying the liability of any other Company or any other person liable or renewing, determining, varying or increasing any accommodation, facility or transaction or otherwise dealing with the same in any manner whatsoever or concurring in, accepting or varying any

compromise, arrangement or settlement or omitting to claim or enforce payment from any other Company or any other person liable; or

- (c) any act or omission which would not have discharged or affected the liability of such Company had it been a principal debtor instead of a guarantor or anything done or omitted which but for this provision might operate to exonerate such Company.

25.4 Collateral Instruments

The Bank shall not be obliged to make any claim or demand on any Company or any other person liable or to resort to any Collateral Instrument or other means of payment now or hereafter held by or available to it before enforcing this Deed and no action taken or omitted by the Bank in connection with any such Collateral Instrument or other means of payment shall discharge, reduce, prejudice or affect the liability of any Company (including, without limitation, the liability of the Companies under the Guarantees) nor shall the Bank be obliged to account for any money or other property received or recovered in consequence of any enforcement or realisation of any such Collateral Instrument or other means of payment.

25.5 Waiver of Companies' Rights:

Until all the Secured Liabilities have been paid, discharged or satisfied in full (and notwithstanding payment of a dividend in any liquidation or under any compromise or arrangement or the discharge by any Company of its liability under its Guarantee) each Company agrees that without the prior written consent of the Bank it will not:

- (a) exercise its rights of subrogation, reimbursement and indemnity against any other Company or any other person liable;
- (b) demand or accept repayment in whole or in part of any obligations or liabilities now or hereafter due to such Company from any other Company or any other person liable or demand or accept any Collateral Instrument in respect of such obligations or liabilities or dispose of the same;
- (c) take any step to enforce any right against any other Company or any other person liable in respect of any such obligations or liabilities;
- (d) claim any set-off or counter-claim against any other Company or any other person liable or claim or prove in competition with the Bank in the liquidation of any other Company or any other person liable or have the benefit of, or share in, any payment from or composition with, any other Company or any other person liable or any other Collateral Instrument now or hereafter held by the Bank for any obligations or liabilities of any other Company or any other person liable but so that, if so directed by the Bank, it will prove for the whole or any part of its claim in the liquidation of any other Company or any other person liable on terms that the benefit of such proof and of all money received by it in respect thereof shall be held on trust for the Bank and applied in or towards discharge of the Secured Liabilities in such manner as the Bank shall deem appropriate.

25.6 Suspense Accounts

Any money received in connection with a Guarantee (whether before or after any Incapacity of a Company or any other person liable) may be placed to the credit of a suspense account with a view to preserving the rights of the Bank to prove for the whole of its claims against the Companies or any other person liable or may be applied in or towards satisfaction of such of the Secured Liabilities as the Bank may from time to time conclusively determine in its absolute discretion.

25.7 Settlements Conditional

Any release, discharge or settlement between any one or more of the Companies and the Bank shall be conditional upon no security, disposition or payment to the Bank by any of the Companies or any other person being void, set aside or ordered to be refunded pursuant to any enactment or law relating to liquidation, administration or insolvency or for any other reason whatsoever and if such condition shall not be fulfilled the Bank shall be entitled to enforce this Deed subsequently as, if such release, discharge or settlement had not occurred and any such payment had not been made.

25.8 Companies to Deliver Up Certain Property

If, contrary to Clauses 2.5 or 25.5 any Company takes or receives the benefit of any security or receives or recovers any money or other property, such security, money or other property shall be held on trust for the Bank and shall be delivered to the Bank on demand.

25.9 Retention

The Bank shall be entitled to retain this Deed after as well as before the payment or discharge of all the Secured Liabilities for such period as the Bank may determine.

26. REMEDIES, WAIVERS AND CONSENTS

No failure on the part of the Bank to exercise, and no delay on its part in exercising, any right or remedy under this Deed will operate as a waiver thereof nor will any single or partial exercise of any right of remedy preclude any other or further exercise thereof or the exercise of any other right or remedy. The rights and remedies provided in this Deed are cumulative and not exclusive of any rights or remedies provided by law. Any waiver and any consent by the Bank under this Deed must be in writing and may be given subject to any conditions thought fit by the Bank. Any waiver or consent shall be effective only in the instance and for the purpose for which it is given.

27. ASSIGNMENT

The Bank may assign all or any of its respective rights hereunder in accordance with the provisions in this regard set out in the Facility Agreement. Any successor to or assignee of the Bank shall be entitled to the full benefits hereof.

This is Schedule 1 of the charge referred
to in the foregoing Companies Form 395

SCHEDULE 1

Project Companies

Company	Company No.	Registered Office
Chelson Meadow Energy Limited	3363593	20-22 Queen Street, Mayfair, London W1X 7PJ
United Mines Energy Limited	3267862	20-22 Queen Street, Mayfair, London W1X 7PJ

SCHEDULE 2

The Property

Company

Details of Property

Chelson Meadow Energy Limited

CLP Projects 2 Limited

United Mines Energy Limited

FILE COPY



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

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

COMPANY No. 03466081

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A DEED OF ACCESSION TO A COMPOSITE DEBENTURE DATED 17 MARCH 1998 DATED THE 11th SEPTEMBER 1998 AND CREATED BY BELLHOUSE ENERGY LIMITED FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM THE COMPANY TO THE GOVERNOR AND COMPANY OF THE BANK OF SCOTLAND UNDER OR PURSUANT TO CLAUSE 2 OF THE CHARGE (AS THEREIN DEFINED) WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 1st OCTOBER 1998.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 5th OCTOBER 1998.

M. Cornelius
M. CORNELIUS

for the Registrar of Companies

A large, stylized handwritten signature in the bottom left corner of the page.



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