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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.

CHFP025

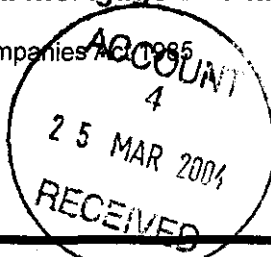
Please do not write in this margin

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

*insert full name of Company

Pursuant to section 395 of the Companies Act 1985

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



For official use

Company number

AC/00400107

[2] [1] [1] [1]

04059868

Name of company

* NEW BAXI HOLDINGS LIMITED (the "Chargor")

Date of creation of the charge

12 March 2004

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

A guarantee and debenture dated 12 March 2004 (the "Guarantee and Debenture") between the Chargor, the other parties defined therein as charging companies (the "Charging Companies") and The Royal Bank of Scotland plc as Security Trustee (the "Security Trustee").

Amount secured by the mortgage or charge

The actual, contingent, present and/or future obligations and liabilities of each of the Charging Companies to any of the Secured Parties (as defined in Schedule 1) under or pursuant to any or all of the Secured Documents (as defined in Schedule 1), including the Guarantee and Debenture (the "Secured Obligations").

For Definitions see Schedule 1

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

The Royal Bank of Scotland plc of Level 5, 135 Bishopsgate, London as agent and trustee (the "Security Trustee") for the Secured Parties as defined in Schedule 1.

Postcode EC2M 3UR

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

Clifford Chance LLP
10 Upper Bank Street
London
E14 5JJ
(via CH London Counter)

London2/1600810/1

Time critical reference

PQD/R0021-06869

For official Use
Mortgage Section



Short particulars of all the property mortgaged or charged

See Schedules 2 and 3.

Please do not
write in
this margin

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

Particulars as to commission allowance or discount (note 3)

None.

Signed

Clifford Chance LLP

Date

25/3/04

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

A fee of £10 is
payable to
Companies House
in respect of each
register entry for a
mortgage or
charge.
(See Note 5)

† delete as
appropriate

Notes

- 1 The original instrument (if any) creating or evidencing the charge, together with these prescribed particulars correctly completed must be delivered to the Registrar of Companies within 21 days after the date of creation of the charge (section 395). If the property is situated and the charge was created outside the United Kingdom delivery to the Registrar must be effected within 21 days after the date on which the instrument could in due course of post, and if dispatched with due diligence, have been received in the United Kingdom (section 398). A copy of the instrument creating the charge will be accepted where the property charged is situated and the charge was created outside the United Kingdom (section 398) and in such cases the copy must be verified to be a correct copy either by the company or by the person who has delivered or sent the copy to the registrar. The verification must be signed by or on behalf of the person giving the verification and where this is given by a body corporate it must be signed by an officer of that body. A verified copy will also be accepted where section 398(4) applies (property situate in Scotland or Northern Ireland) and Form No. 398 is submitted.
- 2 A description of the instrument, eg "Trust Deed", "Debenture", "Mortgage" or "Legal charge", etc, as the case may be, should be given.
- 3 In this section there should be inserted the amount or rate per cent. of the commission, allowance or discount (if any) paid or made either directly or indirectly by the company to any person in consideration of his;
 - (a) subscribing or agreeing to subscribe, whether absolutely or conditionally, or
 - (b) procuring or agreeing to procure subscriptions, whether absolute or conditional,for any of the debentures included in this return. The rate of interest payable under the terms of the debentures should not be entered.
- 4 If any of the spaces in this form provide insufficient space the particulars must be entered on the prescribed continuation sheet.
- 5 Cheques and Postal Orders are to be made payable to **Companies House**.
- 6 The address of the Registrar of Companies is:-

Companies House, Crown Way, Cardiff CF14 3UZ

New Baxi Holdings Limited (Company No 04059868)

Schedules to Form 395

relating to the Guarantee and Debenture entered into by New Baxi Holdings Limited

(Company No 04059868) dated 12 March 2004

SCHEDULE 1

DEFINITIONS

In this Form 395:

"Bidco" means Heating Finance plc, England and Wales (5014835).

"Fees Letter" means the letter dated the same date as the Senior Credit Agreement from the arranger to Bidco relating to certain fees payable to the arranger and the facility agent by Bidco in relation to the Senior Credit Agreement, being described on its face as the **"Senior Fee Letter"**.

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

"Group" means Holdco and its subsidiaries; and **"Group Company"** means any one of them and **"Group Companies"** shall be construed accordingly.

"Holdco" means Baxi Holdings Limited, England and Wales (4921647)

"Intercreditor Agreement" means the intercreditor agreement dated 12 March 2004, between amongst others the Security Trustee, Holdco, Bidco, certain parties to the Senior Credit Agreement and Subordinated Credit Agreement and the Secured Parties, as amended from time to time.

"Interest Rate Protection Agreements" means each agreement entered into or to be entered into between Bidco and any other borrower under the term facility of the Senior Credit Agreement for the purpose of hedging Bidco's and any other borrower's interest rate liabilities in relation to all or any part thereunder.

"Legally Mortgaged Property" means the freehold, leasehold and other immovable property described in Schedule 3 hereto (*The Legally Mortgaged Property*) 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.

"Midco" means GHP Midco Limited, England and Wales (4921872).

"Secured Documents" means all and each of the Senior Credit Agreement, the Subordinated Loan Agreement, the Subordinated Note Documents, the Interest Rate Protection Agreements, the Fees Letter, the Subordinated Fees Letter and the Security Documents, including the Guarantee and Debenture.

"Secured Parties" means all and each of the Security Trustee, the Senior Creditors and the Subordinated Creditors and shall be deemed to include a bank in its capacity as party to any Interest Rate Protection Agreement.

"Securities" means all stocks, shares, debentures, bonds, notes and loan capital of:

- (a) any subsidiary; and
- (b) 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.

"Security Documents" means:

- (a) each guarantee and debenture executed by a Group Company;
- (b) each Share Pledge executed by a Group Company;
- (c) each Trade Marks Charge executed by a Group Company;
- (d) the Subordination Agreement;
- (e) the Intercreditor Agreement; and
- (f) any guarantee and any document creating security executed and delivered after the date of the Intercreditor Agreement as security for any of the obligations and liabilities of Bidco and the other Group Companies under any Financing Document.

"Senior Agent" means The Royal Bank of Scotland plc in its capacity as facility agent under the Senior Credit Agreement.

"Senior Banks" means the banks set out in Schedule 1 of the Senior Credit Agreement and any bank transferee.

"Senior Credit Agreement" means the senior credit agreement dated 27 January 2004 between Bidco, Holdco, the Senior Banks and the Royal Bank of Scotland Plc as arranger, the Senior Agent, Senior Issuing Bank and the Senior Overdraft Bank as amended from time to time.

"Senior Creditors" means all and each of the Senior Agent, the Senior Issuing Bank, the Senior Overdraft Bank and the Senior Banks;

"Senior Documents" means the Senior Credit Agreement, the Fees Letter and the Interest Rate Protection Agreements and **"Senior Document"** shall be construed accordingly.

"Senior Issuing Bank" means The Royal Bank of Scotland plc..

"Senior Overdraft Bank" means The Royal Bank of Scotland plc acting out of its branch at Birmingham Corporate Business Centre, 5th Floor, 2 St. Philip's Place, Birmingham, B3 2RB.

"Share Pledge" means any share pledge or share charge, in each case, in the agreed form, granted over all or part of the issued share capital of any Group Company.

"Subordinated Agent" means, prior to the Subordinated Refinancing Date, the Subordinated Loan Agent and thereafter, the Subordinated Noteholder Trustee.

"Subordinated Creditors" means the Subordinated Loan Creditors and the Subordinated Note Creditors.

"Subordinated Fees Letter" means the letter dated 27 January 2004 from the Subordinated Loan Agent and The Royal Bank of Scotland plc as arranger under the Subordinated Loan Agreement to Bidco relating to certain fees payable in respect of the Subordinated Loan Agreement being described on its face as the "Mezzanine Fees Letter".

"Subordinated Lenders" means each of the lenders set out in Schedule 1 of the Subordinated Loan Agreement.

"Subordinated Loan Agent" means the Royal Bank of Scotland Plc in its capacity as facility agent under the Subordinated Loan Agreement.

"Subordinated Loan Agreement" means the subordinated loan agreement dated 27 January 2004 between Bidco and Holdco, the Subordinated Lenders and The Royal Bank of Scotland Plc as arranger and the Subordinated Loan Agent, as amended from time to time.

"Subordinated Loan Creditors" means all and each of the Subordinated Agent and the Subordinated Lenders.

"Subordinated Loan Documents" means the Subordinated Loan Agreement and the Subordinated Fees Letter.

"Subordinated Loan Liabilities" means all present and future sums, liabilities and obligations (whether actual, contingent, present and/or future) payable or owing by Group Companies to all and any of the Subordinated Loan Creditors under any of the Subordinated Loan Documents and the Security Documents.

"Subordinated Note Creditors" means the Subordinated Noteholder Trustee and the holders from time to time of the Subordinated Notes.

"Subordinated Note Documents" means the Subordinated Notes, each Subsidiary Guarantee, the Subordinated Notes Indenture and any Subordinated Noteholder Trustee Fee Letter.

"Subordinated Note Liabilities" means all present and future sums, liabilities and obligations (whether actual, contingent, present and/or future) payable or owing by any Group Company under the Subordinated Note Documents and the Security Documents.

"Subordinated Noteholder Trustee" means each institution that is, for the time being, trustee or agent for the holders of the Subordinated Notes.

"Subordinated Noteholder Trustee Fee Letter" means any fee letter from time to time entered into by a Group Company and the Subordinated Noteholder Trustee relating to fees payable to the Subordinated Noteholder Trustee in respect of its role under the Subordinated Note Documents.

"Subordinated Notes" means (i) senior subordinated notes of Bidco due 2014 or (ii) any other finance made available to Bidco the proceeds of which are used to refinance, in whole or in part, the indebtedness under the Subordinated Loan Agreement.

"Subordinated Notes Indenture" means the indenture pursuant to which the Subordinated Notes are constituted or any other agreement under which the Subordinated Notes are constituted.

"Subordinated Refinancing Date" means the date on which all of the Subordinated Loan Liabilities are discharged with the proceeds of the Subordinated Notes.

"Subordination Agreement" means the subordination agreement dated 12 March 2004 between (a) Holdco, (b) Bidco, (c) Midco, (d) the Chargor, (e) the Investors (as defined therein), and (f) the Security Trustee.

"Subsidiary Guarantee" means each guarantee or other assurance against financial loss of the Subordinated Loan Liabilities or the Subordinated Note Liabilities given by a Subsidiary Guarantor.

"Subsidiary Guarantors" means each Subsidiary of Bidco which is a borrower or an obligor in its capacity as provider of a guarantee of the Subordinated Loan Liabilities or the Subordinated Note Liabilities whether pursuant to the Security Documents or any other document.

"Target" means Baxi Group Limited, a company incorporated under the laws of England and Wales with registered number 4061959.

"Target Shares" means all of the issued share capital of Target and the cumulative redeemable preference shares of £0.01 each in the capital of The Chargor.

"Trade Marks Charge" means a trade marks charge, in the agreed form, executed or to be executed in favour of the Security Trustee.

SCHEDULE 2

SHORT PARTICULARS OF ALL THE PROPERTY MORTGAGED OR CHARGED

MORTGAGES, FIXED AND FLOATING CHARGES

In the Guarantee and Debenture:

1.1 The Chargor with full title guarantee, as continuing security for the payment of the Secured Obligations has charged in favour of the Security Trustee (as agent and trustee for the Secured Parties):

- 1.1.1 by way of legal mortgage all estates or interests in the Legally Mortgaged Property;
- 1.1.2 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 that security belonging to the Chargor 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;
- 1.1.3 by way of fixed charge all plant, machinery, vehicles, computers and office and other equipment owned by the Chargor both present and future;
- 1.1.4 by way of fixed charge all book debts and other debts now and from time to time due or owing to the Chargor and (subject to the terms of the Guarantee and Debenture) all moneys which the Chargor receives in respect thereof;
- 1.1.5 by way of fixed charge (subject to the terms of the Guarantee and Debenture) all balances standing to the credit of any current, deposit or other account of the Chargor;
- 1.1.6 by way of fixed charge the Securities;
- 1.1.7 by way of fixed charge the goodwill of the Chargor and its uncalled capital now or at any time thereafter in existence;
- 1.1.8 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 thereafter 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
- 1.1.9 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 or charged to the Security Trustee by way of fixed charge or mortgage by paragraphs 1.1 and 1.2. thereof;

- 1.2 Paragraph 14 of Schedule B1 to the Insolvency Act 1986 applies to the floating charge created pursuant to paragraph 1.1.9 hereof;

FURTHER ASSURANCE

The Guarantee and Debenture contains covenants for further assurance.

NEGATIVE PLEDGE

The Guarantee and Debenture contains a negative pledge.

SCHEDULE 3

LEGALLY MORTGAGED PROPERTY

Nil.

FILE COPY



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

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

COMPANY No. 04059868

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A GUARANTEE AND DEBENTURE DATED THE 12th MARCH 2004 AND CREATED BY NEW BAXI HOLDINGS LIMITED FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM EACH OF THE CHARGING COMPANIES TO ANY OF THE SECURED PARTIES UNDER THE TERMS OF THE AFOREMENTIONED INSTRUMENT CREATING OR EVIDENCING THE CHARGE WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 25th MARCH 2004.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 30th MARCH 2004.

LC Angela



Companies House

— for the record —



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES