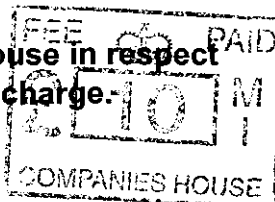


Particulars of a mortgage or charge

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

Company number

[2]

4421854

Name of company

* Dee Valley Water (Holdings) Limited (the "Company")

Date of creation of the charge

25 June 2002

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

The HoldCo Debenture (the "HoldCo Debenture") dated 25 June 2002 and made between the Company and Capita IRG Trustees Limited (the "Borrower Security Trustee")

Amount secured by the mortgage or charge

All moneys and liabilities which the Company guarantees and undertakes to each of the Borrower Beneficiaries to pay or discharge as if it were the sole principal debtor and not merely a surety regarding the due and punctual observance and performance of all the terms, conditions and covenants on the part of Dee Valley Water PLC (the "Borrower") contained in the Borrower Finance Documents and all claims, demands and damages for breach of any such covenant to pay such moneys and liabilities and all other moneys and liabilities which the Company is liable to pay or discharge under the Borrower Finance Documents and all claims, demands and damages for breach of any such covenant to pay such moneys and liabilities (together with any amounts payable by the Company to the Receiver (subject to Section 36 of the Insolvency Act 1986) referred to in clause 10.5 of the HoldCo Debenture).

See Schedule 1 for Definitions.

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

Capita IRG Trustees Limited
Guildhall House
81/87 Gresham Street
London

(as Borrower Security Trustee).

Postcode EC2V 7QE

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

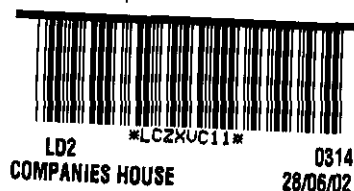
Linklaters via
One Silk Street London Counter
London
EC2Y 8HQ
(ref:ELIT/AXI01)

Doc ref: A02215099

Time critical reference

For official Use
Mortgage Section

Post room



RE-SCAN

Short particulars of all the property mortgaged or charged

See Schedule 2 for details of charges.
See Schedule 1 for definitions.

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)

N/A

Signed *L. Wiklaters*

Date *27 June 2002*

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

Schedule 1 Definitions

1 Definitions and Interpretation

1.1 Definitions

"Acceding Creditor" means any creditor of the Borrower which becomes a party to the Borrower STID pursuant to a Deed of Accession;

"Acceleration Event" means any event described as such in Clause 11 (*Acceleration Events, their Consequences and Remedies*) of the Borrower STID;

"Account Bank" means HSBC Bank plc in its capacity as holder of, inter alia, the Accounts (other than the Natwest Account) and/or such other bank(s) as may be appointed replacement holder in accordance with the Borrower Account Bank Agreement;

"Accounts" means the Operating Account, the Proceeds Account, the Debt Service Payment Account, the Sinking Fund Account, the Natwest Account and all amounts (including interest) standing to the credit thereof from time to time, the right to receive interest in respect thereof and the debts represented by each of the foregoing and Account means any one of them;

"Affiliate" means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company;

"Bank Facility" means any bank facility entered into by the Borrower and any Qualifying Debt Holder;

"Borrower Account Bank Agreement" means the agreement between the Borrower, the Account Bank and the Borrower Security Trustee in relation to the establishment and operation of the Accounts (other than the Natwest Account) held with the Account Bank together with any bank mandate, fee letters or safekeeping agreements between the Borrower and the Account Bank in relation thereto;

"Borrower Beneficiaries" means the Borrower Finance Parties having the benefit of the Charged Assets in each case pursuant to the Borrower STID;

"Borrower Charged Assets" means all of the present or future rights, claims, property, undertaking, revenues and assets of the Borrower which are for the time being comprised in or subject to the Borrower Security and references to the Borrower Charged Assets include reference to any part of it;

"Borrower Debenture" means the fixed and floating security document between the Borrower and the Borrower Security Trustee dated on or about the date of the Borrower STID;

"Borrower Enforcement Date" means the date upon which the Borrower Security Trustee (acting on the instructions of the Controlling Finance Party) enforces the Borrower Security or any part thereof or, having indicated to the Borrower that it will seek to enforce the Borrower Security if the Borrower Secured Amounts are not paid, demands the payment or discharge of all or any part of the Borrower Secured Amounts pursuant to any Borrower Security Document or Borrower Finance Document or takes any other action all as permitted by Clause 11.2 (*Consequences of Acceleration Events*) of the Borrower STID following an Acceleration Event;

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Company Number
4421854

(Form 395 - Continuation Sheet No. - 4 - Particulars of all the property mortgaged or charged)

"Borrower Enforcement Notice" means a notice in writing from the Controlling Finance Party to the Borrower Security Trustee and the Borrower specifying that all or any of the Borrower Security constituted by the Borrower Security Documents has become immediately enforceable;

"Borrower Finance Documents" means the Borrower STID, the Facility Agreement, the Fee Letters, the Borrower Account Bank Agreement, the Borrower Security Documents, the Liquidity Facility, any document giving rise to Indebtedness for Borrowed Money of the Borrower the counterparty to which has become an Acceding Creditor, any Deed of Accession to the Borrower STID and any other document as may from time to time be agreed between the Controlling Finance Party and the Borrower to be a Borrower Finance Document;

"Borrower Finance Parties" means the Borrower Security Trustee, any Acceding Creditor, any Qualifying Debt Holder and any Qualifying Debt Representative but, for the avoidance of doubt, excludes any Obligor and **"Borrower Finance Party"** means any of them;

"Borrower Secured Amounts" means all moneys and liabilities which are secured in favour of the Borrower Security Trustee and Borrower Beneficiaries by the Charged Assets pursuant to the Borrower Security Documents;

"Borrower Secured Liabilities" means all moneys, liabilities and obligations which may be due, owing or payable by the Borrower and/or the Company actually or contingently, as principal or as surety on any account, pursuant to the Borrower Finance Documents;

"Borrower Security" means the encumbrances created or contemplated by the Borrower Security Documents;

"Borrower Security Documents" means:

- (a) the Borrower Debenture;
- (b) the HoldCo Debenture;
- (c) the Borrower STID;
- (d) any other document from time to time executed in favour of the Borrower Security Trustee with the knowledge of the Borrower for the purpose of securing all or any of the Borrower Secured Liabilities; and
- (e) any other document or agreement entered into pursuant to, or contemplated in, any of the foregoing, including all notices and acknowledgements of assignment;

"Borrower STID" means the security trust and intercreditor deed between, among others, the Borrower Security Trustee, the Borrower and the Company pursuant to which the Borrower Security Trustee agrees, among other things, to hold the Charged Assets on the terms and conditions set out therein;

"Business Day" means a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for business in London and New York;

"Charged Accounts" means the bank accounts listed in the Second Schedule of the HoldCo Debenture held at the Account Bank and any replacement or additional account opened in accordance with the terms of the Borrower STID (whether held at the Account Bank or otherwise) and any other bank account opened by the Company from time to time;

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(Form 395 - Continuation Sheet No. - 5 - Particulars of all the property mortgaged or charged)

"Charged Assets" means the property, assets, undertakings and rights (including Intellectual Property Rights) for the time being comprised in or subject to the encumbrance contained in the HoldCo Debenture and references to the Charged Assets include references to any part of them;

"Charged Securities" means the Original Securities and all and any other shares, securities, rights, moneys and property for the time being mortgaged or charged to the Borrower Security Trustee pursuant to Clause 3.1 of the HoldCo Debenture;

"Controlling Finance Party" means, subject to paragraph 4.6 (*Actions of Borrower Security Trustee*) and 4.7 (*Controlling Finance Party*) of Schedule 2 (*Intercreditor Arrangements*) of the Borrower STID, the Qualifying Debt Representative in relation to the Loan, unless and until there is Qualifying Debt other than the Loan when it shall mean:

- (a) the Qualifying Debt Representative for the Qualifying Debt which holds the greatest proportion of the aggregate principal amount outstanding under any Qualifying Debt; or
- (b) where two or more Qualifying Debt Representatives satisfy the requirements of paragraph (a) of this definition and one of those Qualifying Debt Representatives is the Qualifying Debt Representative in relation to the Loan, the Qualifying Debt Representative in relation to the Loan; or
- (c) where two or more Qualifying Debt Representatives satisfy the requirements of paragraph (a) of this definition but neither of those Qualifying Debt Representatives is the Qualifying Debt Representative in relation to the Loan, the Qualifying Debt Representative chosen by the Qualifying Debt Representatives;

"Debt Service Payment Account" means the Account designated as the Debt Service Payment Account in the name of the Borrower with the Account Bank and maintained pursuant to Clause 15 (*Accounts*) of the Borrower STID;

"Deed of Accession" means a deed in substantially the form set out in Schedule 4 (*Form of Deed of Accession*) of the Borrower STID;

"DGWS" means the Director General of Water Services or any successor thereto;

"Facility Agreement" means the facility agreement dated on or about the date of the Borrower STID between the Borrower, the Company and the Royal Bank of Scotland plc (acting as Arranger, Original Lender and Agent);

"Fee Letter" means any letter dated on or about the date of the Borrower STID signed by the Borrower in respect of fees payable, inter alia, in connection with the transactions contemplated by the Facility Agreement;

"Guaranteed Amounts" means the moneys and liabilities which the Company guarantees and undertakes in Clause 4 of the HoldCo Debenture to pay or discharge and all claims, demands and damages for breach of any such covenant and references to the Guaranteed Amounts include references to any of them;

"Holding Company" means, in relation to a company or a corporation, any other company or corporation in respect of which it is a Subsidiary;

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(Form 395 - Continuation Sheet No. - 6 - Particulars of all the property mortgaged or charged)

"Indebtedness" means any obligation (whether incurred as principal or as surety) for the payment or repayment of money whether present or future, actual or contingent;

"Indebtedness for Borrowed Money" means any Indebtedness of the Borrower for or in respect of:

- (a) money borrowed or raised (whether or not for cash);
- (b) amounts raised by acceptance under any acceptance credit facility;
- (c) amounts raised under any note purchase facility;
- (d) amounts payable in respect of leases or hire purchase contracts which would, in accordance with generally accepted accounting standards in the United Kingdom, be treated as finance or capital leases;
- (e) amounts payable for assets or services, the payment of which is deferred for a period in excess of 90 days after the date of the relevant invoice;
- (f) redeemable preference shares, to the extent that the same are capable of redemption (whether on maturity or at the option of the Borrower or the holder thereof) prior to the date falling one week after the final Scheduled Payment Date;
- (g) net amounts payable or deemed payable under any swap, option, cap, collar, floor or other derivative or hedging instrument;
- (h) any Third Party Guarantee;
- (i) loan stock, loan notes or bonds; and
- (j) amounts raised under any other transaction (including any forward sale, sale of receivables, securitisation or purchase agreement) having the commercial effect of a borrowing;

"Insolvency Event" means, in relation to any person, the occurrence of any of the events referred to in Clause 11.1.8 (*Appointment of Receiver, Legal Process*), Clause 11.1.9 (*Insolvency*), Clause 11.1.10 (*Composition*), Clause 11.1.11 (*Administration, Winding Up and Special Administration*), Clause 11.1.12 (*Special Administration*) and Clause 11.1.13 (*Analogous Proceedings*) of the Borrower STID in respect of that person;

"Instrument of Appointment" means the Instrument of Appointment dated 1 September 1989 made under Sections 11 and 14 of the Water Act 1989 (as in effect on 17 December 1989) as subsequently modified and varied by the DGWS under Sections 11 to 17 of the WIA appointing the Borrower as a water undertaker;

"Intellectual Property Rights" means all right, title and interest in trade marks, service marks, trade names, logos, get-up, patents, inventions, registered and unregistered designs, copyright, semi-conductor topography, databases and Know-how and all similar proprietary rights which may subsist in any part of the world now or in the future including, where such rights are obtained or enhanced by registration, any registration of such rights and applications in rights to apply for such registrations;

"Intra-Group Subordinated Creditors" means (a) the Company; (b) Chester Water plc; and (c) any Affiliates of the Borrower to which the Borrower owes any Indebtedness for Borrowed Money;

"Investments" means shares, stocks, options, debentures, bonds, warrants, certificates and other securities;

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(Form 395 - Continuation Sheet No. - 7 - Particulars of all the property mortgaged or charged)

"Irredeemable Debenture Stock" means the Dee Valley Water PLC £99,000 3.5% irredeemable consolidated perpetual debenture stock (as at the date of the Borrower STID (or with such amendments as the Controlling Finance Party shall have given its prior written consent to));

"Issuer Security Trustee" means the security trustee in relation to the Programme;

"Liquidity Facility" has the meaning given in Clause 15.8 (*Liquidity Facility/Debt Service Reserve*) of the Borrower STID;

"Loan" means the loan made or to be made under the term credit facility made available under the Facility Agreement or the principal amount outstanding for the time being of that loan;

"Moody's" means Moody's Investors Service, Inc., a Delaware corporation, and any successor thereto and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, Moody's shall be deemed to refer to any other internationally recognised rating agency designated by the Controlling Finance Party;

"Natwest Account" means the bank account in the name of the Borrower with National Westminster Bank plc;

"Non-Group Subordinated Creditors" means any creditor (other than an Intra-Group Subordinated Creditor) to which the Borrower owes any Indebtedness for Borrowed Money and the incurrence of such Indebtedness for Borrowed Money was made on the basis that such creditor accedes to the Borrower STID as a Non-Group Subordinated Creditor;

"Obligor" means the Borrower or the Company;

"Operating Account" means the Account designated as the Operating Account in the name of the Borrower with the Account Bank and maintained pursuant to Clause 15 (*Accounts*) of the Borrower STID;

"Original Securities" means the securities listed in the First Schedule of the HoldCo Debenture which (except for one share which is held by David Guest) are all registered in the name of the Company;

"Original Qualifying Debt Holders" means those financial institutions listed in Part 1 of Schedule 1 of the Borrower STID as original qualifying debt holders;

"Original Qualifying Debt Representatives" means those financial institutions listed in Part 2 of Schedule 1 of the Borrower STID as original qualifying debt representatives;

"Permitted Encumbrance" means:

- (a) encumbrances arising under the Borrower Finance Documents;
- (b) encumbrances arising solely by operation of law;
- (c) encumbrances arising in the ordinary course of business and securing amounts not more than 90 days overdue or which are being contested in good faith;
- (d) encumbrances arising from retention of title rights on normal commercial terms in respect of goods supplied, including contractual liens and rights of set off in respect of goods or services supplied, in the ordinary course of the business of the Borrower;

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(Form 395 - Continuation Sheet No. - 8 - Particulars of all the property mortgaged or charged)

- (e) encumbrances arising under any finance lease, hire purchase lease or other similar agreement for the acquisition of assets as deferred purchase terms provided that the acquisition of the underlying asset would not breach the provisions of Clause 9.2 (*Acquisitions*) of the Borrower STID;
- (f) encumbrances approved in writing by the Controlling Finance Party;
- (g) encumbrances arising under the Irredeemable Debenture Stock;
- (h) encumbrances in relation to taxes not yet assessed or, if assessed, not yet due or actively contested in good faith by appropriate proceedings (and for the payment of which adequate reserves have been made, or when required in order to pursue such proceedings an adequate bond has been provided);
- (i) encumbrances arising out of judgments with respect to which at the time (i) an appeal or proceeding for review is actively being prosecuted in good faith and for the payment of which adequate reserves have been made, or where required in order to pursue such proceedings, an adequate bond has been provided; and (ii) a stay of execution shall have been secured (and is still in force) pending such appeal or proceeding for review;

"Proceeds Account" means the Account designated as the Proceeds Account in the name of the Borrower with the Account Bank and maintained pursuant to Clause 15 (*Accounts*) of the Borrower STID;

"Programme" has the meaning given in Clause 8.17 (*Facilitation of Programme*) of the Borrower STID;

"Qualifying Bank" means any bank which is authorised to accept deposits (for the purposes of the Financial Services and Markets Act 2000) and whose short term debt is rated at least A-1 by S&P and P-1 by Moody's and whose long-term debt is at least AA- by S&P and at least Aa3 by Moody's, or in the case of a bank whose long-term debt is not rated, a bank of equivalent standing approved by the Controlling Finance Party or any bank specifically approved in writing by the Controlling Finance Party;

"Qualifying Debt" means the Loan and any Bank Facility or any other Indebtedness for Borrowed Money which, in each case, ranks *pari passu* with the Loan;

"Qualifying Debt Holder" means:

- (a) any Original Qualifying Debt Holder; and
- (b) each person who has become a holder of any Qualifying Debt,

who in each case has not ceased to be a holder of any Qualifying Debt and **"Qualifying Debt Holders"** means all such parties;

"Qualifying Debt Representative" means:

- (a) in relation to the Loan, the Original Qualifying Debt Representative or such other facility agent appointed by the relevant Qualifying Debt Holder (as lender) or instructing group acting on behalf of the Qualifying Debt Holders (as lenders) in accordance with the terms of the Facility Agreement or, if Artesian Finance plc is the sole Qualifying Debt Holder in relation to the Loan, the Issuer Security Trustee;

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(Form 395 - Continuation Sheet No. - 9 - Particulars of all the property mortgaged or charged)

- (b) in relation to any Bank Facility, the facility agent appointed by the relevant Qualifying Debt Holder (as lender) or instructing group acting on behalf of the Qualifying Debt Holders (as lenders) in accordance with the terms of the relevant facility agreement; and
- (c) in relation to any other Indebtedness for Borrower Money, the representative appointed by the relevant Qualifying Debt Holder (as creditor) or instructing group acting on behalf of the Qualifying Debt Holders (as creditors) in accordance with the terms of the relevant agreement, who in each case has not ceased to be the representative of the relevant Qualifying Debt Holders and **"Qualifying Debt Representatives"** means all such persons;

"Receiver" means any person or persons appointed (and any additional person or persons appointed or substituted) as receiver, administrative receiver, receiver and manager or similar insolvency officer appointed by the Borrower Security Trustee under the HoldCo Debenture or otherwise;

"Relevant Payments" means (i) any payment to the Company or any other Affiliate of the Borrower made by or on behalf of the Borrower whether by way of dividend (in respect of the preference shares issued by the Borrower or otherwise), loan (or repayment of any loan), redemption, purchase, discharge by way of set-off, counterclaim, other distribution of any sort, or otherwise, whether in cash or in kind, and whether pursuant to the terms of any agreement or otherwise or by way of gift, (ii) the payment of any rebate to any customer of the Borrower made by or on behalf of the Borrower and (iii) the payment of any Subordinated Liabilities;

"S&P" means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. and any successor thereto, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, S&P shall be deemed to refer to any other internationally recognised rating agency designated by the Controlling Finance Party;

"Scheduled Payment Date" means 30 September 2002 and thereafter 31 March and 30 September in each year until and including 30 September 2032 (except that if any Scheduled Payment Date would otherwise fall on a day which is not a Business Day, it will instead be the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day);

"Secured Amounts" means the Guaranteed Amounts and all other moneys and liabilities which the Company is liable to pay or discharge under the Borrower Finance Documents (including the HoldCo Debenture) and all claims, demands and damages for breach of any such covenant (together with the amounts referred to in Clause 10.5 of the HoldCo Debenture) and references to the Secured Amounts include references to any of them;

"Security" includes any mortgage, pledge, lien, hypothecation, security interest or other charge or encumbrance and any other agreement or arrangement having substantially the same economic effect (and **"secured"** shall be construed accordingly);

"Sinking Fund Account" means the account designated as the Sinking Fund Account in the name of the Borrower to be opened with any Qualifying Bank and maintained pursuant to Clause 15 (*Accounts*) of the Borrower STID;

"Subordinated Liabilities" means all present and future sums, liabilities and obligations (actual or contingent) payable, owing, due or incurred by the Borrower to (i) any Intra-Group Subordinated Creditor (and in the case of the Company, whether in the Company's capacity as a guarantor of the

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(Form 395 - Continuation Sheet No. - 10 - Particulars of all the property mortgaged or charged)

Borrower pursuant to the Borrower Debenture or otherwise) and (ii) any Non-Group Subordinated Creditor in respect of or in connection with Indebtedness for Borrowed Money, together with in each case:

- (a) any refinancing, novation, refunding, deferral or extension of any of those sums, liabilities and obligations;
- (b) any claim for damages or restitution in the event of rescission of any of those liabilities;
- (c) any claim against the Borrower flowing from any recovery by the Borrower of a payment or discharge in respect of those liabilities on grounds of preference or otherwise; and
- (d) any amounts (such as post-insolvency interest) which would be included in any of the above but for any discharge, non-provability, unenforceability or non-allowability of the same in any insolvency or other proceedings;

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

"Third Party Guarantee" means any guarantee, indemnity or other assurance against financial loss (whether actual or contingent, future or present) given in respect of the Indebtedness for Borrowed Money of another person;

"WIA" means the Water Industry Act 1991.

Schedule 2

1 Short Particulars of all the property mortgaged or charged

1.1 Creation of Charges: Pursuant to Clause 3.1 of the HoldCo Debenture, the Company has, with full title guarantee, charged and mortgaged to the Borrower Security Trustee (as trustee under the Borrower STID) as a continuing security for the payment or discharge of the Secured Amounts, as a separate charge or mortgage:

1.1.1 by way of first fixed charge:

- (i) the Original Securities;
- (ii) any other shares or other securities in the Borrower from time to time belonging to the Company;
- (iii) any shares or other securities which the Company may, with the prior written consent of the Borrower Security Trustee, from time to time substitute for all or any of the Original Securities or the other securities charged pursuant to paragraph (ii) of Clause 3.1.1 of the HoldCo Debenture;
- (iv) all other securities and all rights, moneys (including dividends) and property whatsoever which may from time to time at any time be derived from, accrue on or be offered in respect of the Original Securities or the other securities referred to in paragraphs (ii) and (iii) of Clause 3.1.1 of the HoldCo Debenture whether by way of redemption, exchange, conversion, rights, bonus, capital reorganisation or otherwise;
- (v) any freehold or leasehold property now belonging to the Company;
- (vi) all freehold and leasehold property acquired after the date of the HoldCo Debenture by the Company;
- (vii) all present and future goodwill of the Company;
- (viii) all Intellectual Property Rights for the time being owned or held by the Company including all fees, royalties and other rights derived therefrom or incidental thereto;
- (ix) all rights and claims to which the Company is now or may hereafter become entitled in relation to all moneys or amounts now or at any time hereafter standing to the credit of the Charged Accounts and all rights relating or attaching thereto (including the right to interest);
- (x) all book debts and other debts (including rents) and all moneys and liabilities whatever for the time being due, owing or payable to the Company (including the benefit of any judgment or order to pay a sum of money) and the benefit of any encumbrances and securities for the time being held by the Company in respect of any such debts or moneys and all cash deposits in any account of the Company with any person and all bills of exchange, promissory notes and negotiable instruments of any description at any time owned or held by the

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(Form 395 - Continuation Sheet No. - 12 - Particulars of all the property mortgaged or charged)

Company except, in each case to the extent that the same is otherwise subject to a fixed encumbrance under the HoldCo Debenture or arises in relation to a Relevant Payment which the Borrower is permitted to make pursuant to the Borrower STID;

- (xi) all the right, title and interest of the Company to and in any proceeds of any present or future insurances together with all moneys, benefits and advantages that may become payable or accrue thereunder and the full benefit of such policies and all the right, title and interest whatever of the Company therein together with power to claim and to give an effective discharge for any of the moneys assured or otherwise payable under such policies;
- (xii) all Investments (other than the Charged Securities) and rights and options to acquire Investments (other than the Charged Securities) for the time being owned by the Company and all rights in respect of or incidental thereto including all dividends, interest and other distributions and all accretions, benefits and advantages;
- (xiii) all plant and machinery owned by the Company and its interest in any plant or machinery in its possession; and

1.1.2 by way of first floating charge the undertaking of the Company and all its property, assets and rights (including Intellectual Property Rights), whatever and wherever, both present and future (including all stock in trade and including all freehold, leasehold and heritable property) and whether or not expressed to be mortgaged, charged or assigned to the Borrower Security Trustee under Clause 3.1.1 of the HoldCo Debenture (subject to redemption on payment in full of the Secured Amounts), but in each case so that the covenants implied by the Law of Property (Miscellaneous Provisions) Act 1994 (the "**LP (MP) Act**") in the mortgages and charges contained in or created pursuant to the HoldCo Debenture are construed with the omission of section 6(2) LP (MP) Act.

1.2 Ranking: Pursuant to Clause 3.2 of the HoldCo Debenture, the Company has agreed that the floating Security created pursuant to Clause 3.1.2 of the HoldCo Debenture ranks behind all of the fixed Security created pursuant to Clause 3.1.1 of the HoldCo Debenture but ranks in priority to any other Security over the Charged Assets.

1.3 Share Certificates etc.: Pursuant to Clause 3.3 of the HoldCo Debenture, the Company has undertaken that it shall on the date of the HoldCo Debenture or, in the case of Charged Securities acquired after the date of the HoldCo Debenture, on the date of such acquisition deliver to the Borrower Security Trustee, or as it directs, all certificates representing Charged Securities and stamped transfers of the Charged Securities executed in blank and shall promptly deliver to the Borrower Security Trustee any other documents relating to the Charged Securities which the Borrower Security Trustee requires.

1.4 Property: Pursuant to Clause 3.4 of the HoldCo Debenture the Company has agreed that a reference in the HoldCo Debenture to a charge or mortgage of any freehold or leasehold property includes all buildings and fixtures on that property, the proceeds of sale of any part of that property and the benefit of any covenants for title given or entered into by any

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predecessor in title of the Company in respect of that property or any monies paid or payable in respect of those covenants.

- 1.5 Rights of the Borrower Prior to Enforcement:** Notwithstanding the security created in the HoldCo Debenture in favour of the Borrower Security Trustee, the Borrower shall, until the Borrower Enforcement Date, be entitled to exercise all its rights, powers and discretions and perform its obligations in relation to the Borrower Charged Assets and under the Borrower Finance Documents in accordance with the provisions of the Borrower Finance Documents.

2 Continuance of Security

- 2.1 Further Advances:** Without prejudice to the generality of Clause 2.1 of the HoldCo Debenture, the Company has undertaken that the charges, mortgages and security assignments contained in the HoldCo Debenture are made for securing Indebtedness of the Borrower to the Borrower Finance Parties pursuant to the Borrower Finance Documents (including payments under Qualifying Debt) and such other further advances under the Borrower Finance Documents and shall be without prejudice and in addition to any other security whatever which may be held by the Borrower Security Trustee and/or any other Borrower Beneficiary from the Company or any other person for or in respect of the whole or part of the Secured Amounts; and the charges, covenants and provisions contained in the HoldCo Debenture shall remain in force as continuing security to the Borrower Security Trustee and the other Borrower Beneficiaries notwithstanding any settlement of account or the existence at any time of a credit balance on any current or other account or any other act, event or matter whatever, except only the release of the Security in accordance with Clause 5.4 of the HoldCo Debenture.
- 2.2 Continuing Security:** The charges, mortgages and other security contained in the HoldCo Debenture shall be a continuing security, and shall be in addition to and shall not affect any continuing liens or other encumbrances to which the Borrower Security Trustee is or will be entitled on such of the certificates or other documents of title to the Charged Securities as may have been or may be deposited with or to the order of the Borrower Security Trustee or in the transfer of the Original Securities and any other Charged Securities to it or its nominee pursuant to Clause 3.3 of the HoldCo Debenture which liens and other encumbrances shall remain in force independently of the HoldCo Debenture.
- 2.3 Primary Security:** The Charged Securities are charged to the Borrower Security Trustee as primary and not as collateral security.

3 Charged Accounts and Income from Charged Assets

- 3.1 No Withdrawal:** Unless and until the Secured Amounts have been repaid and discharged and the Borrower Beneficiaries shall have no further actual or contingent liability under the Borrower Finance Documents, no amounts may be withdrawn from any of the Charged Accounts without the consent of the Borrower Security Trustee (save for withdrawals prior to the Borrower Enforcement Date, in accordance with the Borrower STID, specifically including clause 15 (*Accounts*) thereof).

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- 3.2 Income from Charged Assets:** During the subsistence of the security constituted under the HoldCo Debenture, all payments of dividends, interest, principal and other payments of money and any rights thereto forming part of the Charged Assets shall be dealt with in accordance with the terms of the Borrower STID and the other Borrower Finance Documents.

4 Crystallisation

- 4.1 Notice:** Pursuant to Clause 16.1 of the HoldCo Debenture the Company has undertaken that in addition and without prejudice to any other event resulting in a crystallisation of the floating charge created by the HoldCo Debenture or any other right the Borrower Security Trustee may have, the Borrower Security Trustee may, or, in the case of Clause 16.1.2 of the HoldCo Debenture shall (to the extent that such would not contravene the WIA or Instrument of Appointment) by notice in writing to the Company declare that the floating charge hereby created shall be converted into a first specific fixed charge as to all of the undertaking, property and assets of the Company or such of them as may be specified in the notice in the following circumstances:

- 4.1.1 if it considers it desirable to do so in order to protect or preserve the Security over those Charged Assets and/or the priority of that Security; and/or
- 4.1.2 if directed to do so by the Controlling Finance Party; and/or
- 4.1.3 at any time after the receipt by the Borrower Security Trustee of a Borrower Enforcement Notice.

By way of further assurance, the Company, at its own expense, has agreed to execute all documents in such form as the Borrower Security Trustee shall require (but which are consistent with the terms of the HoldCo Debenture) and shall deliver to the Borrower Security Trustee all conveyances, deeds, certificates and documents which may be necessary to perfect the first specific fixed charge.

- 4.2 Automatic Crystallisation:** In addition and without prejudice to any other event resulting in a crystallisation of the floating charge, the floating charge contained in the HoldCo Debenture shall (to the extent that such would not contravene the WIA or Instrument of Appointment) automatically be converted into a fixed charge over:

- 4.2.1 all property, assets or undertaking of the Company subject to the floating charge, if and when:
 - (i) the Company ceases to be a going concern; or
 - (ii) an Insolvency Event occurs in relation to the Company.
- 4.2.2 any property, assets or undertaking of the Company which shall become subject to an encumbrance (other than a Permitted Encumbrance) in favour of any person other than the Borrower Security Trustee or which is/are the subject of a sale, transfer or other disposition, in either case, contrary to the covenants contained in the HoldCo Debenture or the other Borrower Finance Documents immediately prior to such encumbrance arising or such sale, transfer or other disposition being made.

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CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

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

COMPANY No. 04421854

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A THE HOLDCO DEBENTURE DATED THE 25th JUNE 2002 AND CREATED BY DEE VALLEY WATER (HOLDINGS) LIMITED FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM THE COMPANY TO CAPITA IRG TRUSTEES LIMITED (AS BORROWER SECURITY TRUSTEE) 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 28th JUNE 2002.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 3rd JULY 2002.

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THIS CERTIFICATE
HAS BEEN CANCELLED
IN FAVOUR OF A NEW
CERTIFICATE DATED 19th July 2002.



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES



Companies House

— for the record —

FILE COPY



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

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GIVEN AT COMPANIES HOUSE, CARDIFF THE 19th JULY 2002.



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REGISTRAR OF COMPANIES



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