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legibly, preferably
in black type, or
bold block lettering

* insert full name
of Company

COMPANIES FORM No. 395

Particulars of a mortgage or charge

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

Pursuant to section 395 of the Companies Act 1985

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

For official use

Company number

[] [] [] [] [] []

3184332

Name of company

* Surrey Waste Management Limited (the "Chargor")

Date of creation of the charge

22/6/99

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

Fixed and Floating Charge (the "Charge")

Amount secured by the mortgage or charge

See Attached Continuation Sheet 1

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

Surrey County Council (the "Chargee") County Hall Penrhyn Road
Kingston Upon Thames

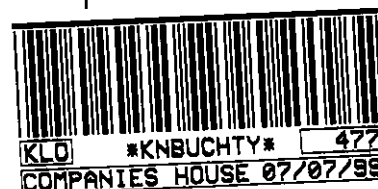
Postcode KT1 2DN

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

HERBERT SMITH
EXCHANGE HOUSE
PRIMROSE STREET
LONDON
EC2A 2HS

For official Use
Mortgage Section

Post room



Time critical reference
30656714/CLH

Short particulars of all the property mortgaged or charged

See Attached Continuation Sheet 2

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in black type, or
bold block
lettering

Particulars as to commission allowance or discount (note 3)

NIL

Signed Herbert Smith

Date 6/7/99

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

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

† delete as
appropriate

Notes

- 1 The original instrument (if any) creating or evidencing the charge, together with these prescribed particulars correctly completed must be delivered to the Registrar of Companies within 21 days after the date of creation of the charge (section 395). If the property is situated and the charge was created outside the United Kingdom delivery to the Registrar must be effected within 21 days after the date on which the instrument could in due course of post, and if dispatched with due diligence, have been received in the United Kingdom (section 398). A copy of the instrument creating the charge will be accepted where the property charged is situated and the charge was created outside the United Kingdom (section 398) and in such cases the copy must be verified to be a correct copy either by the company or by the person who has delivered or sent the copy to the registrar. The verification must be signed by or on behalf of the person giving the verification and where this is given by a body corporate it must be signed by an officer of that body. A verified copy will also be accepted where section 398(4) applies (property situate in Scotland or Northern Ireland) and Form No. 398 is submitted.
- 2 A description of the instrument, eg "Trust Deed", "Debenture", "Mortgage" or "Legal charge", etc, as the case may be, should be given.
- 3 In this section there should be inserted the amount or rate per cent. of the commission, allowance or discount (if any) paid or made either directly or indirectly by the company to any person in consideration of his;
 - (a) subscribing or agreeing to subscribe, whether absolutely or conditionally, or
 - (b) procuring or agreeing to procure subscriptions, whether absolute or conditional,for any of the debentures included in this return. The rate of interest payable under the terms of the debentures should not be entered.
- 4 If any of the spaces in this form provide insufficient space the particulars must be entered on the prescribed continuation sheet.
- 5 Cheques and Postal Orders are to be made payable to **Companies House**.
- 6 The address of the Registrar of Companies is:-
Companies House, Crown Way, Cardiff CF4 3UZ

Continuation Sheet 1
Short Particulars of all the property mortgaged or charged

"Mortgaged Property" means:

(A) Leases of Existing Sites:

Lease of Blenheim Road Civic Amenity Site and Refuse Transfer Station

Lease of Bond Road Civic Amenity Site Bond Road Warlingham Surrey

Lease of Bourne Mill Civic Amenity Site Guildford Road Farnham Surrey

Lease of Chaldon Road Civic Amenity Site Chaldon Road Caterham Surrey

Lease of Charlton Lane Civic Amenity Site and Waste Transfer Station Sunbury

Lease of Earlswood Civic Amenity Site Harley Road Earlswood Redhill Surrey

Lease of Lyne Lane Civic Amenity Site Chertsey Sewage Works Lyne Lane Chertsey Surrey

Lease of Martyr's Lane Civic Amenity Site Martyr's Lane Woking Surrey

Lease of Nanhurst Civic Amenity Site Elmbridge Road Cranleigh Surrey

Lease of Ranmore Road Civic Amenity Site Ranmore Road Dorking Surrey

Lease of Land at Leatherhead Refuse Transfer Station Randalls Road Leatherhead Surrey

Lease of Slyfield Refuse Transfer Station Moorfield Road Guildford

Lease of Swift Lane Civic Amenity Site Swift Lane Bagshot Surrey

Lease of Wilton Road Civic Amenity Site Wilton Road Camberley Surrey

Lease of Witley Civic Amenity Site Petworth Road Witley Surrey

(B) Transfer of the Capel Landfill Site

together with all fixed plant and machinery and fixtures thereto and all and any 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 together with any moneys payable in respect of such covenants;

"Business Transfer Agreement" means the agreement made on 22nd June 1999 for the transfer of the Chargee's waste disposal undertaking to the Chargor.

"Contracts" means:

- (1) Landfill Disposal Contracts (including those proposed as at the date of the Project Agreement to be entered into with Shanks & McEwan and A.J. Bull Limited and SITA Products and Services Limited and all Third Party Landfill Contracts, as defined in the Project Agreement;
- (2) Bulk Haulage Contracts;

Continuation Sheet 2

Short Particulars of all the property mortgaged or charged

The sum of one pound (£1) and the Liabilities and the Non-Financial Obligations.

"Ancillary Agreements" means the Business Transfer Agreement, the Property Documents, the Direct Agreements, the Financing Agreements, the Security Agreement, and the Guarantees (each as defined in the Project Agreement);

"Financial Indebtedness" means any obligation for the payment or repayment of money, whether present or future, actual or contingent (including, without limitation, liquidated or unliquidated damages) under or pursuant to the Project Documents;

"Liabilities" means the aggregate of:

- (A) all Financial Indebtedness or other liabilities (in whatever currency they may be expressed) of the Chargor to the Chargee; and
- (B) any interest accrued in respect of the amounts and liabilities referred to in paragraph (A) above both before demand and from the date of demand to the date of payment, as well after as before judgement (whether any of the same shall have been capitalised or not); and
- (C) all charges, commissions and legal and other expenses incurred in any manner whatsoever by the Chargee in relation to such Financial Indebtedness and liabilities or interest or to the Charge (including, without limitation, any foreign exchange losses and expenses incurred by the Chargee in enforcing or otherwise attempting to recover any such Indebtedness or liabilities) on a full indemnity basis;

"Non-Financial Obligations" means any legal or contractual obligation other than Financial Indebtedness, whether present or future, actual or contingent, under or pursuant to the Project Documents;

"Project Agreement" means the Waste Disposal Project Agreement dated 22nd June 1999 entered into between the Chargor and the Chargee;

"Project Documents" means the Project Agreement and the Ancillary Agreements.

Continuation Sheet 1

Short Particulars of all the property mortgaged or charged

1. The Chargor, with full title guarantee and to the intent that the security created shall rank as a continuing security for discharge of the Liabilities and the Non-Financial Obligations:
 - 1.1 charges to the Chargee by way of legal mortgage ALL THAT the Mortgaged Property including all buildings and Fixtures thereon;
 - 1.2 charges to the Chargee by way of specific equitable charge all estates or interests in any freehold or leasehold property, including all buildings and Fixtures thereon (except the Mortgaged Property) now or at any time during the subsistence of this security belonging to or charged to the Chargor (the "Charged Property");
 - 1.3 charges specifically to the Chargee by way of first fixed charge the Additional Property; and
 - 1.4 charges to the Chargee by way of specific equitable charge all interests in any New Equipment now or at any time during the subsistence of this security belonging to or charged to the Chargor.
2. The Chargor, with full title guarantee and to the intent that the security created shall rank as a continuing security for discharge of the Liabilities and the Non-Financial Obligations, charges to the Chargee by way of first floating charge its Undertaking in so far as it is not otherwise effectively mortgaged, charged or otherwise assigned under clause 1 above.
3. The Chargor, with full title guarantee and to the intent that the security created shall rank as a continuing security for discharge of the Liabilities and the Non-Financial Obligations, assigns absolutely and agrees to assign absolutely to the Chargee (subject to re-assignment on full discharge of the Indebtedness):
 - (1) all rights and claims to which the Chargor is now or may hereafter become entitled in relation to the Mortgaged Property;
 - (2) the benefit of all the Chargor's interest in any policies of insurance relating to the assets in respect of which security is created hereby whether relating to buildings thereon or loss of rent or otherwise; and
 - (3) all the Chargor's present and future rights, title, interest and benefit in and to the Contracts.

"Additional Property" means:

- (a) all rights in registered and unregistered trademarks, service marks, patents, registered designs, utility marks, applications for any of the foregoing, copyrights, unregistered designs, inventions, confidential information, know-how or other intellectual property rights (including sui generis rights in relation to any database); and
- (b) the Existing Equipment.

Continuation Sheet 1
Short Particulars of all the property mortgaged or charged

- (3) Surrey Waste to Energy Limited sub-contract;
- (4) Any operating or maintenance contract for any Facility;
- (5) Turnkey Construction Contracts;
- (6) Contracts for Management of Civic Amenity Sites (if such contracts are awarded in accordance with the Project Agreement);
- (7) Contracts relating to Composting;
- (8) Recycling Contracts – Contracts with reprocessors/end users;

(as each defined in the Project Agreement) and any other subcontracts designated as a Key Sub-Contract pursuant to the Project Agreement;

"Existing Equipment" means the equipment in use by the Chargee at the Sites (as defined in the Project Agreement) and more particularly described in Schedule E to the Business Transfer Agreement;

"Fixtures" means all fixtures and fittings on the property, including fixed plant and equipment;

"Indebtedness" means Liabilities and Non-Financial Obligations;

"New Equipment" means all plant and equipment which it is necessary or appropriate for the Chargee to provide in properly performing its obligations under the Project Agreement;

"Security" means any mortgage, charge, pledge, lien, assignment created for the purpose of security, hypothecation, encumbrance or other security interest or preferential arrangement of any kind or other agreement which has the same or similar effect to the granting of security;

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

Negative Pledge

The Chargor covenants with the Chargee that it will not:

- (1) create or allow to be created any Security over any of its property, assets, rights or revenues or create any guarantee or indemnity in favour of any other entity without the consent of the Chargee; or
- (2) waive the obligation to repay any monies owing to it.

FILE COPY



**CERTIFICATE OF THE REGISTRATION
OF A MORTGAGE OR CHARGE**

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

COMPANY No. 03184332

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A FIXED AND FLOATING CHARGE DATED THE 22nd JUNE 1999 AND CREATED BY SURREY WASTE MANAGEMENT LIMITED FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM THE COMPANY TO SURREY COUNTY COUNCIL UNDER OR PURSUANT TO THE PROJECT DOCUMENTS (AS DEFINED) ON ANY ACCOUNT WHATSOEVER AND ANY LEGAL OR CONTRACTUAL OBLIGATION OTHER THAN FINANCIAL INDEBTEDNESS UNDER OR PURSUANT TO THE PROJECT DOCUMENTS WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 7th JULY 1999.

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



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES



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