

Short particulars of all the property mortgaged or charged

See Schedule 3 (Short particulars of all the property mortgaged or charged) and Schedule 1 (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)

None

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

Signed

Clifford Chance LLP

Date 23 May 2008

On behalf of ~~XXXXXXXXXXXX~~ [chargee] †

Notes

† delete as appropriate

- 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 A fee of £13 is payable to Companies House in respect of each register entry for a mortgage or charge Cheques and Postal Orders must be made payable to **Companies House**
- 6 The address of the Registrar of Companies is **Companies House, Crown Way, Cardiff CF14 3UZ**

Schedules to Form 395 relating to the Amendment Agreement entered into by Skeldergate Holdco Limited (Company No: 06433799) dated 7 May 2008

SCHEDULE 1

DEFINITIONS

In this Form 395

"Account" means any account opened or maintained by the Company with the Senior Holdco Security Trustee or Senior Holdco Agent or any other person (and any replacement account or subdivision or subaccount of that account), the debt or debts represented thereby and all Related Rights

"Assigned Account" means the Holding Account, the Mandatory Prepayment Account and any Account used to provide "cash cover" (in each case as defined in the Senior Holdco Facility Agreement) and any other Account that may from time to time be identified in writing as an Assigned Account by the Senior Holdco Security Trustee and the Company

"Borrower" means the Company

"Debenture" means the debenture dated 26 November 2007 entered into by the Company in favour of The Royal Bank of Scotland plc as Senior Holdco Security Trustee

"Facility Agreement" means each of the Senior Facilities Agreement, the Senior Holdco Facility Agreement, each Permitted Additional Debt Facility Agreement and the Junior Holdco Facility Agreement as the case may be

"Finance Document" means each of the Senior Holdco Finance Documents and the Junior Holdco Finance Documents

"Group" has the meaning given to it in the Senior Holdco Facilities Agreement

"Hedging Agreement" means any agreement entered into by a Hedge Counterparty and defined as such in a Facility Agreement

"Hedge Counterparty" means The Royal Bank of Scotland plc, HSBC Bank plc and Banco Santander, S A , Madrid and any financial institution which becomes a party in accordance with the terms of Clause 8 (*Hedge Counterparties Rights and Obligations*) or Clause 19.4 (*Change of Hedge Counterparty*) of the Intercreditor Agreement

"Holding Account" means an account

- (a) held in England by a member of the Restricted Group (other than the Licensed Undertaking or any of its Subsidiaries) with the Senior Holdco Agent or Senior Holdco Security Trustee,
- (b) identified in a letter between the Borrower and the Senior Holdco Agent as a Holding Account;

- (c) subject to Security in favour of the Senior Holdco Security Trustee which Security is in form and substance satisfactory to the Senior Holdco Security Trustee (acting reasonably),

as the same may be redesignated, substituted or replaced from time to time

"Instrument of Appointment" means the Instrument of Appointment by the Secretary of State for the Environment of the Licensed Undertaking as a water and sewerage undertaker under the Water Act 1989 (now sections 6, 7, 11 and 12 of the Water Industry Act 1991 (as amended)), as from time to time modified by the Regulations under sections 11 to 17 of the Water Industry Act 1991 (as amended)

"Insurance Policy" means any policy of insurance and any policy of insurance in which the Company may from time to time have an interest

"Intellectual Property" means any patents, trade marks, service marks, designs, business names, copyrights, design rights, moral rights, inventions, confidential information, knowhow and other intellectual property rights and interests to which the Company is entitled, whether registered or unregistered, the benefit of all applications and rights to use such assets and all Related Rights

"Intercreditor Agreement" means the intercreditor agreement dated 26 November 2007 between, inter alios, (i) the Company, (ii) Skeldergate Holdco Limited, (iii) Skeldergate Buffer Limited, (iv) The Royal Bank of Scotland plc as Senior Security Trustee, Senior Holdco Security Trustee, Senior Agent and Senior Holdco Agent, (v) the financial institutions named therein as Senior Lenders, Senior Holdco Lenders and Junior Holdco Lenders, (vi) the financial institutions named therein as Hedge Counterparties, (vii) The Royal Bank of Scotland plc as Original Issuing Bank and (ix) the subsidiaries of Skeldergate Buffer Limited named therein as the original obligors

"Investments" means

- (a) any stocks, shares, debentures, securities and certificates of deposit (but not including the Shares),
- (b) all interests in collective investment schemes; and
- (c) all warrants, options and other rights to subscribe or acquire any of the investments described in (a) and (b),

in each case whether held directly by or to the order of the Company or by any trustee, nominee, fiduciary or clearance system on its behalf and all Related Rights (including all rights against any such trustee, nominee, fiduciary or clearance system)

"Issuing Bank" means the Original Issuing Bank or any other Senior Lender which is an Issuing Bank in accordance with the terms of the Senior Facilities Agreement

"Junior Holdco Agent" has the meaning given to such term in the definition of Junior Holdco Facility Agreement.

"Junior Holdco Facility Agreement" means the facility agreement to be entered into between, among others, Skeldergate Junior Holdco Limited as borrower, the Junior Holdco Agent and the Junior Holdco Security Trustee and the Junior Holdco Lenders in substantially the form of the draft junior holdco facility agreement (draft number 3, draft dated 24th November 2007) provided that the parties acknowledge that there may be a limited number of provisions of that draft junior holdco facility agreement that, to an extent, remain to be negotiated and finally agreed

"Junior Holdco Finance Documents" means the documents which are designated as Finance Documents in the Junior Holdco Facility Agreement and are to be entered into in connection with the Junior Holdco Facility Agreement

"Junior Holdco Lenders" means the financial institutions named in the Junior Holdco Facility Agreement as lenders

"Junior Holdco Security Trustee" has the meaning given to such term in the definition of Junior Holdco Facility Agreement

"Licensed Undertaking" means at any time the person appointed as a water and sewerage undertaker under the Instrument of Appointment

"LNG Bank" means The Royal Bank of Scotland plc (as the **"Original LNG Bank"**) or any Senior Holdco Lender which has become an LNG Bank in accordance with the terms of the Senior Holdco Facility Agreement

"Mandatory Prepayment Account" means an interest-bearing account

- (a) held in England by the Borrower (other than the Licensed Undertaking or any of its Subsidiaries) with the Senior Holdco Agent or Senior Holdco Security Trustee,
- (b) identified in a letter between the Borrower and the Senior Holdco Agent as a Mandatory Prepayment Account,
- (c) subject to Security in favour of the Senior Holdco Security Trustee which Security is in form and substance satisfactory to the Senior Holdco Agent and Senior Holdco Security Trustee (acting reasonably), and
- (d) from which no withdrawals may be made by any members of the Group except as contemplated by the Senior Holdco Facility Agreement,

as the same may be redesignated, substituted or replaced from time to time

"Monetary Claims" means any book and other debts and monetary claims owing to the Company and any proceeds of such debts and claims (including any claims or sums of money deriving from or in relation to any Intellectual Property, any Investment, the proceeds of any Insurance Policy, any court order or judgment, any contract or agreement to which the Company is a party and any other assets, property, rights or undertaking of the Company)

"Mortgage" means a mortgage or legal charge in respect of all or any part of the Real Property in accordance with Clause 6 (*Further Assurance*) of the Debenture substantially in the form of Schedule 2 (*Form of Legal Mortgage*) to the Debenture

"Obligor" means the Company, Saltaire Water Limited and any subsidiary of Skeldergate Buffer Limited which becomes a party as an Obligor in accordance with the terms of Clause 19 (*Change of Party*) of the Intercreditor Agreement

"Permitted Additional Debt" has the meaning given to such term in the Senior Holdco Facility Agreement

"Permitted Additional Debt Documents" means each Permitted Additional Debt Facility Agreement and the "Finance Documents" as defined therein

"Permitted Additional Debt Facility Agreement" means the facility agreement documenting any Permitted Additional Debt

"Permitted Additional Debt Lenders" means the lenders of any Permitted Additional Debt

"Real Property" means

- (a) any freehold, leasehold or immovable property; and
- (b) any buildings, fixtures, fittings, fixed plant or machinery from time to time situated on or forming part of such freehold or leasehold property,

and includes all Related Rights

"Receiving Agent's Letter" has the meaning given to it in the Senior Holdco Facility Agreement

"Regulatory Restrictions" has the meaning given to such term in the Facility Agreements

"Related Rights" means, in relation to any asset.

- (a) the proceeds of sale of any part of that asset,
- (b) subject to the Regulatory Restrictions, all rights under any licence, agreement for sale or agreement for lease in respect of that asset,
- (c) all rights, powers, benefits, claims, contracts, warranties, remedies, security, guarantees, indemnities or covenants for title in respect of that asset, and
- (d) any monies and proceeds paid or payable in respect of that asset

"Restricted Group" has the meaning given to it in the Senior Holdco Facility Agreement

"Secured Obligations" means all obligations covenanted to be discharged by the Company in Clause 2.1 (*Covenant to pay*) of the Debenture (as set out in Schedule 2 (*Amount secured by the mortgage or charge*) to this Form 395)

"Secured Parties" means the Senior Holdco Creditors and the Junior Holdco Lenders (if any)

"Security" means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect

"Senior Agent" means The Royal Bank of Scotland plc as agent for the Senior Lenders

"Senior Facilities Agreement" means the senior facilities agreement made between Saltaire Water Limited, the Senior Lenders and others dated 26 November 2007

"Senior Holdco Agent" means The Royal Bank of Scotland plc as agent for the Senior Holdco Lenders

"Senior Holdco Creditors" means the Senior Holdco Lenders, the Senior Holdco Hedge Counterparties, the LNG Banks and the Permitted Additional Debt Lenders

"Senior Holdco Facility Agreement" means the facilities agreement made between the Company, the Senior Holdco Lenders and others dated 26 November 2007

"Senior Holdco Finance Documents" means the Finance Documents as defined in the Senior Holdco Facility Agreement and the Permitted Additional Debt Documents

"Senior Holdco Hedge Counterparties" means each Hedge Counterparty providing hedging pursuant to a Senior Holdco Hedging Agreement

"Senior Holdco Hedging Agreements" means any agreement entered into by a Hedge Counterparty and defined as a Hedging Agreement in the Senior Holdco Facility Agreement or the Permitted Additional Debt Facility Agreement

"Senior Holdco Intercompany Loan" means a loan made by the Company to the Company subordinated on the terms of the Intercreditor Agreement

"Senior Holdco Lenders" means the "Lenders" under and as defined in the Senior Holdco Facility Agreement

"Senior Lenders" means the "Lenders" under and as defined in the Senior Facilities Agreement

"Shares" means all of the shares in the capital of any limited liability company incorporated in England and Wales, in each case held by, to the order or on behalf of the Company at any time, including as set out in Schedule 4 (*Shares*) to this Form 395

"Specific Contracts" means the Hedging Agreements, the Senior Holdco Intercompany Loans and the Receiving Agent's Letter (if any)

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

"Tangible Moveable Property" means any plant, machinery, office equipment, computers, vehicles and other chattels (excluding any for the time being forming part of the Company's stock in trade or work in progress) and all Related Rights

SCHEDULE 2

AMOUNT SECURED BY THE MORTGAGE OR CHARGE

The Company covenanted with the Senior Holdco Security Trustee as trustee for the Secured Parties that it shall on demand of the Senior Holdco Security Trustee discharge all obligations which any Obligor may at any time have to the Senior Holdco Security Trustee (whether for its own account or as trustee for the Secured Parties) or any of the other Secured Parties under or pursuant to the Finance Documents (including the Debenture and any Mortgage) including any liability in respect of any further advances made under the Finance Documents, whether present or future, actual or contingent (and whether incurred solely or jointly and whether as principal or as surety or in some other capacity) and the Company shall pay to the Senior Holdco Security Trustee when due and payable every sum at any time owing, due or incurred by the Company to the Senior Holdco Security Trustee (whether for its own account or as trustee for the Secured Parties) or any of the other Secured Parties in respect of any such liabilities provided that neither such covenant nor the security constituted by the Debenture or any Mortgage extends to or includes any liability or sum which would, but for this proviso, cause such covenant or security to be unlawful or prohibited by any applicable law

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SCHEDULE 3

SHORT PARTICULARS OF ALL THE PROPERTY MORTGAGED OR CHARGED

1 FIXED CHARGES

In the Debenture the Company:

- 1 1 charged with full title guarantee in favour of the Senior Holdco Security Trustee as trustee for the Secured Parties with the payment and discharge of the Secured Obligations, by way of first fixed charge (which so far as it relates to land in England and Wales vested in the Company at the date of the Debenture shall be a charge by way of legal mortgage) (subject to obtaining any necessary consent to such mortgage or fixed charge from any third party) the Real Property (if any)
- 1 2 charged with full title guarantee in favour of the Senior Holdco Security Trustee as trustee for the Secured Parties with the payment and discharge of the Secured Obligations, by way of first fixed charge all the Company's right, title and interest from time to time in and to (subject to obtaining any necessary consent to such fixed charge from any third party) the Tangible Moveable Property (if any)
- 1 3 charged with full title guarantee in favour of the Senior Holdco Security Trustee as trustee for the Secured Parties with the payment and discharge of the Secured Obligations, by way of first fixed charge all the Company's right, title and interest from time to time in and to (subject to obtaining any necessary consent to such fixed charge from any third party) the Accounts
- 1 4 charged with full title guarantee in favour of the Senior Holdco Security Trustee as trustee for the Secured Parties with the payment and discharge of the Secured Obligations, by way of first fixed charge all the Company's right, title and interest from time to time in and to (subject to obtaining any necessary consent to such fixed charge from any third party) the Intellectual Property (if any)
- 1 5 charged with full title guarantee in favour of the Senior Holdco Security Trustee as trustee for the Secured Parties with the payment and discharge of the Secured Obligations, by way of first fixed charge all the Company's right, title and interest from time to time in and to (subject to obtaining any necessary consent to such fixed charge from any third party) any goodwill and rights in relation to the uncalled capital of the Company (if any)
- 1 6 charged with full title guarantee in favour of the Senior Holdco Security Trustee as trustee for the Secured Parties with the payment and discharge of the Secured Obligations, by way of first fixed charge all the Company's right, title and interest from time to time in and to (subject to obtaining any necessary consent to such fixed charge from any third party) the Investments
- 1 7 charged with full title guarantee in favour of the Senior Holdco Security Trustee as trustee for the Secured Parties with the payment and discharge of the Secured

Obligations, by way of first fixed charge all the Company's right, title and interest from time to time in and to (subject to obtaining any necessary consent to such fixed charge from any third party) the Shares, all dividends, interest and other monies payable in respect of the Shares and all other Related Rights (whether derived by way of redemption, bonus, preference, option, substitution, conversion or otherwise)

- 1 8 charged with full title guarantee in favour of the Senior Holdco Security Trustee as trustee for the Secured Parties with the payment and discharge of the Secured Obligations, by way of first fixed charge all the Company's right, title and interest from time to time in and to (subject to obtaining any necessary consent to such fixed charge from any third party) all Monetary Claims and all Related Rights other than any claims which are otherwise subject to a fixed charge or assignment (at law or in equity) pursuant to the Debenture

2 **ASSIGNMENTS**

In the Debenture the Company assigned and agreed to assign absolutely with full title guarantee to the Senior Holdco Security Trustee as trustee for the Secured Parties as security for the payment and discharge of the Secured Obligations all the Company's right, title and interest from time to time in and to each of the following assets (subject to obtaining any necessary consent to that assignment from any third party)

- 2 1 the proceeds of any Insurance Policy and all Related Rights,
2 2 all rights and claims in relation to any Assigned Account, and
2 3 the Specific Contracts

3 **FLOATING CHARGE**

- 3 1 In the Debenture the Company with full title guarantee charged in favour of the Senior Holdco Security Trustee as trustee for the Secured Parties with the payment and discharge of the Secured Obligations by way of first floating charge all present and future assets and undertaking of the Company
- 3 2 The Debenture provides that the floating charge created by sub-clause 3 3 1 of the Debenture (set out in paragraph 3 1 above) shall be deferred in point of priority to all fixed Security validly and effectively created by the Company under the Finance Documents in favour of the Senior Holdco Security Trustee as trustee for the Secured Parties as security for the Secured Obligations
- 3 3 Paragraph 14 of Schedule B1 to the Insolvency Act 1986 applies to the floating charge created pursuant to Clause 3 3 (*Floating Charge*) of the Debenture (set out in this paragraph 3)

4 **FURTHER ASSURANCE**

The Debenture contains covenants for further assurance

5 NEGATIVE PLEDGE

The Debenture contains a negative pledge

SCHEDULE 4

SHARES

Name of company and company number	Issued share capital	Description and number of shares held	Share certificate number
Saltaire Water Limited (06433802)	One ordinary share of £0 01	One ordinary share of £0.01	1



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

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

**COMPANY NO. 6433799
CHARGE NO. 3**

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES
HEREBY CERTIFIES THAT AN AMENDMENT AGREEMENT
DATED 7 MAY 2008 AND CREATED BY SKELDERGATE
HOLDCO LIMITED FOR SECURING ALL MONIES DUE OR TO
BECOME DUE FROM ANY OBLIGOR TO ROYAL BANK OF
SCOTLAND PLC AS SENIOR HOLDCO SECURITY TRUSTEE OR
ANY OTHER SECURED PARTIES ON ANY ACCOUNT
WHATSOEVER 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 23 MAY 2008

GIVEN AT COMPANIES HOUSE, CARDIFF THE 29 MAY 2008



Companies House
— for the record —



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES