

## COMPANIES FORM No. 395

**M****Particulars of a mortgage or charge**

A fee of £13 is payable to Companies House in respect of each register entry for a mortgage or charge.

**395**

CHFP025

Pursuant to section 395 of the Companies Act 1985

Please do not  
write in  
this margin

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

\* insert full name  
of Company

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

For official use

Company number

155

01934366

Name of company

01934366

Paramount Limited (the **Chargor**)

Date of creation of the charge

17 July 2009

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

A debenture between the Chargor, the Security Providers and the Security Trustee dated 17 July 2009 (the **Debenture**).

Amount secured by the mortgage or charge

All monies, obligations and liabilities covenanted to be paid or discharged by such Security Provider pursuant to Clause 2 (*Covenants to Pay*) of the Debenture (the **Secured Liabilities**).

Note: Capitalised terms not defined on this page are defined in the M395 Continuation Sheet attached.

Please return  
via

CH London Counter

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

The Royal Bank of Scotland plc, 280 Bishopsgate, London (the **Security Trustee**)

Postcode EC2M 4RB

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

Denton Wilde Sapte LLP  
One Fleet Place  
London EC4M 7WS  
LHD/JPCI/70001.00477

For official Use (02/00)  
Mortgage Section

Post room

MONDAY



\*L35KOBW8\*

LD4

27/07/2009

106

COMPANIES HOUSE

Short particulars of all the property mortgaged or charged

See the M395 Continuation Sheet attached.

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)

Nil

Signed Denton White Smith LLP

Date 24 July 2009

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

On behalf of [company] [mortgagee/chargee]<sup>†</sup>

## 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

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\* insert full name  
of company

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Short particulars of all the property mortgaged or charged (continued)

**1 Covenants to pay****1.1 Covenant to Pay Secured Liabilities**

Under the Debenture, each Security Provider covenanted that it shall on demand pay to the Security Trustee all monies and discharge all obligations and liabilities now or hereafter due, owing or incurred by it to the Senior Finance Parties and the Mezzanine Finance Parties, or any of them, under or pursuant to the Senior Finance Documents and the Mezzanine Finance Documents, in each case when the same become due for payment or discharge whether by acceleration or otherwise, and whether such moneys, obligations or liabilities are express or implied; present, future or contingent; joint or several; incurred as principal or surety; originally owing to the Senior Finance Parties and/or the Mezzanine Finance Parties or any of them or purchased or otherwise acquired by any of them; denominated in Sterling or in any other currency, or incurred on any banking account or in any other manner whatsoever.

**2 Fixed security****2.1 Creation of fixed security**

Under the Debenture, each Security Provider charged to the Security Trustee, by way of first fixed charge (which, so far as relates to freehold or leasehold property in England and Wales vested in such Security Provider at the date of the Debenture, charged by way of legal mortgage) with full title guarantee as a continuing security for the payment and discharge of the Secured Liabilities, all of its rights to, and title and interest from time to time in, any and each of the following:

- 2.1.1 the Real Property, subject in the case of Real Property for which there is an Outstanding Transfer to completion of the relevant assignment or subletting;
- 2.1.2 all plant, machinery, vehicles, computers, office and other equipment and chattels and all Related Property Rights;
- 2.1.3 (to the extent that the same are not the subject of a fixed charge under Clause 3.1.4 of the Debenture) all Debts;
- 2.1.4 all Account Proceeds;
- 2.1.5 all amounts standing to the credit of any Cash Collateral Account;
- 2.1.6 all of its Securities and all Related Securities Rights;
- 2.1.7 all of its Intellectual Property Rights;
- 2.1.8 all goodwill and uncalled capital; and
- 2.1.9 (to the extent not effectively assigned under Clause 3.3 (*Assignments*) of the Debenture), the Insurance Policies and the Insurance Proceeds and all Related Property Rights.

**2.2 Acquisition Agreement and Reports**

Under the Debenture, each Security Provider charged to the Security Trustee by way of first fixed charge with full title guarantee as a continuing security for the payment and discharge of the Secured Liabilities all of its rights, title, benefits and interests whatsoever (whether present or future, proprietary, contractual or otherwise) under or arising out of the Acquisition Agreement and the Reports (in each case as from time to time extended, varied or replaced), including without limitation (i) any indebtedness arising from or in any way connected with the Acquisition or the financing of the Acquisition, (ii) all claims for damages or other remedies in respect of any

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breach of, or inaccuracy in, any Acquisition Agreement or the Reports, and (iii) the benefit of (and the right to make any claims under or in respect of) all warranties, indemnities and representations given to it in or pursuant to the Acquisition Agreement or the Reports.

## 2.3 Assignments

Under the Debenture, each Security Provider assigned to the Security Trustee with full title guarantee as a continuing security for the payment and discharge of the Secured Liabilities all of its rights to and title and interest from time to time in the Insurance Policies (subject to obtaining any necessary consent to such assignment from any third party), the Insurance Proceeds and all Related Property Rights.

## 3 Floating charge

### 3.1 Creation of floating charge

3.1.1 Under the Debenture, each Security Provider charged to the Security Trustee by way of first floating charge with full title guarantee and as a continuing security for the payment and discharge of the Secured Liabilities all of its rights to and title and interest from time to time in the whole of its property, assets, rights and revenues, whatsoever and whatsoever, present and future, other than any assets validly and effectively charged or assigned (whether at law or in equity) pursuant to Clauses 2.1 (*Creation of fixed security*), 2.2 (*Acquisition Agreement and Reports*) or 2.3 (*Assignments*) of the Debenture.

3.1.2 The floating charge created under the Debenture is a **qualifying floating charge** for the purpose of paragraph 14.2(a) of Schedule B1 to the Insolvency Act 1986.

Paragraph 14 of Schedule B1 to the Insolvency Act 1986 shall apply to the Debenture, and the Security Trustee may appoint an administrator of any Security Provider pursuant to that paragraph.

## 4 Undertakings

Under the Debenture, each Security Provider undertook to the Security Trustee that during the Security Period it shall:

### 4.1 Restrictions on dealing with Charged Assets

Not, without the prior written consent of the Security Trustee (acting on the instructions of the other Senior Finance Parties and Mezzanine Finance Parties in accordance with the terms of the Senior Facilities Agreement and the Mezzanine Facility Agreement):

4.1.1 create or attempt to create or permit to subsist in favour of any person other than the Security Trustee any Security (except Permitted Security) on or affecting the Charged Assets or any part thereof; or

dispose of the Charged Assets or any part thereof or attempt or agree so to do except in the case of (i) assets which are the subject only of the floating charge created by the Debenture which may, subject to the other provisions of the Debenture, be disposed of in the ordinary course of business, and (ii) disposals expressly permitted by the terms of the Senior Facilities Agreement and the Mezzanine Facility Agreement, but only then with the requisite consent (if any).

### Definitions:

**Accounts** means all accounts (including the Cash Collateral Accounts), and all monies from time to time standing to the credit (including any interest thereon) of such accounts and all rights in relation thereto, with any bank, building society, financial institution or other person in any jurisdiction now or at any time hereafter (and from time to time) owned, operated or held by any Security Provider or in which any Security Provider has an interest.

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\* insert full name  
of company

**Account Proceeds** means, in relation to each Security Provider, all amounts (including interest) from time to time standing to the credit of any Account and the debts represented thereby.

**Acquisition** means the acquisition by Paramount Acquisitions Limited of the Target Shares on the terms of the Acquisition Documents.

**Acquisition Agreement** means the sale and purchase agreement dated on or about 28 September 2006 relating to the sale and purchase of the Target Shares and made between Paramount Acquisitions Limited and the Vendors.

**Acquisition Documents** has the meaning given to it in the Senior Facilities Agreement and the Mezzanine Facility Agreement.

**Borrower** means an Original Borrower or an Additional Borrower (as such terms are defined in the Senior Facilities Agreement and the Mezzanine Facility Agreement) unless it has ceased to be a Borrower in accordance with the terms of the Senior Facilities Agreement and the Mezzanine Facility Agreement.

**Cash Collateral Account** means the Mandatory Prepayment Account and/or the Holding Account.

**Charged Assets** means, in relation to each Security Provider, the property of such Security Provider described in Clauses 3.1, 3.2, 3.3 and 4.1 of the Debenture.

**Chief Executive Officer** means the person for the time being holding the office of chief executive officer of the Parent or any such person's replacement (or any director of the Parent acting as such officer's deputy in that capacity or performing those functions).

**Chief Financial Officer** means the person for the time being holding the office of finance director of the Parent (or any director of the Parent acting as such officer's deputy in the capacity or performing these functions).

**Debts** means, in relation to each Security Provider, all of such Security Provider's present and future book and other debts, revenues and monetary claims, whether actual or contingent, and whether originally owing to such Security Provider or purchased or acquired by it, and all things in action which may give rise to any debt, revenue or monetary claim and the benefit of any related Security, guarantee or other right of any nature relating thereto and any proceeds of any of the above.

**Group** means the Parent, the Target and each of their respective Subsidiaries from time to time.

**Holding Account** means an account:

- (a) held by a member of the Group with the Senior Agent, the Mezzanine Agent or Security Trustee;
- (b) identified in a letter between the Parent and the Senior Agent and the Mezzanine Agent as a Holding Account; and
- (c) subject to Security in favour of the Security Trustee which Security is in form and substance satisfactory to the Security Trustee (acting reasonably), (as the same may be redesignated, substituted or replaced from time to time).

**Insurance Policies** means, in relation to each Security Provider, all present and future contracts or policies of insurance (including life and critical illness policies and the Key-man Policy) in which such Security Provider has an interest, or in which it may from time to time have an interest, (whether solely, jointly, as loss payee or otherwise) excluding, in each case, contracts and policies of insurance or assurance which relate to liabilities to third parties.

**Insurance Proceeds** means all monies from time to time payable to any Security Provider under or pursuant to the Insurance Policies, including (without limitation) the refund of any premiums.

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\* insert full name  
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**Intellectual Property Rights** means:

- (a) all of the property specified in Schedule 3 (*Intellectual Property*) to the Debenture; and
- (b) all other patents, patent applications, trade marks and service marks (whether registered or not), trade mark and/or service mark applications, trade names, registered designs, design rights, copyrights, computer software, know-how, trade secrets, inventions and other intellectual property rights and interests, whether registered or unregistered, the benefit of all applications and the rights to use such assets and all Related Property Rights.

**Key-man Policy** means a key-man life assurance policy (in form and substance reasonably satisfactory to the Senior Agent and the Mezzanine Agent and with such insurer as the Senior Agent and the Mezzanine Agent may approve acting reasonably) taken out and maintained by Paramount Holdings Limited in respect of the death or disability or critical illness of the Chief Executive Officer and Chief Financial Officer.

**Mandatory Prepayment Account** means an interest-bearing account:

- (a) held by a Borrower with the Senior Agent, the Mezzanine Agent or Security Trustee;
- (b) identified in a letter between the Parent, the Senior Agent and the Mezzanine Agent as a Mandatory Prepayment Account;
- (c) subject to Security in favour of the Security Trustee which Security is in form and substance satisfactory to the Senior Agent, the Mezzanine Agent and Security Trustee; and
- (d) from which no withdrawals may be made by any members of the Group except as contemplated by the Senior Facilities Agreement and the Mezzanine Facility Agreement,

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

**Mezzanine Agent** means Barclays Bank PLC.

**Mezzanine Facility Agreement** means the £10,951,433.77 mezzanine facility agreement 28 September 2006 as amended and restated on or around the date of this Deed between (among others), Paramount Acquisitions Limited and the Security Trustee.

**Mezzanine Finance Documents** means Finance Documents as defined in the Mezzanine Facility Agreement.**Mezzanine Finance Party** means any Finance Party as defined in the Mezzanine Facility Agreement.

**Non-Material Leasehold Property** means any leasehold property (whether registered or unregistered) owned by any Security Provider wherever situate, in respect of which the EBITDA generated by the business run at such leasehold property is, as at the end of the Financial Year ending on or around 30 June 2006, less than or equal to £120,000 per annum and which shall comprise the properties not marked with a "✓" in the right hand column entitled "Bank to take legal charge (subject to obtaining consent to charge?)" of the table in Schedule 2 to the Debenture.

**Parent** means Smile Restaurants Limited.

**Permitted Security** means any Security permitted under the Senior Facilities Agreement and/or the Mezzanine Facility Agreement.

**Real Property** means, in relation to each Security Provider:

- (a) all of the freehold and/or leasehold property of such Security Provider specified in Schedule 2 (*Real Property*) to the Debenture; and
- (b) all freehold and/or leasehold property of such Security Provider now or hereinafter from time to time owned

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situate in England and Wales (other than the property referred to in paragraph (a) above); and

- (c) any buildings, fixtures, including trade fixtures, (subject, in the case of tenant's fixtures, to any tenant's rights in respect of those fixtures), fittings, fixed plant or machinery from time to time on or forming part of the property referred to in paragraphs (a) and (b) above; and
- (d) all Related Property Rights,

excluding in each case Non-Material Leasehold Properties and, for the avoidance of doubt, buildings and structures and fixtures of all or any part of any Non-Material Leasehold Properties.

**Related Property Rights** means, in relation to any property or asset:

- (a) the proceeds of sale and/or other realisation of that property or asset (or any part thereof or interest therein);
- (b) all Security, options, agreements, rights, easements, benefits, indemnities, guarantees, warranties or covenants for title in respect of such property or asset; and
- (c) all rights under any lease, licence or agreement for lease, sale or use in respect of such property or asset.

**Related Securities Rights** means all allotments, rights, benefits and advantages (including all voting rights) at any time accruing, offered or arising in respect of or incidental to any Securities and all money or property accruing or offered at any time by way of conversion, redemption, bonus, preference, option, dividend, distribution, interest or otherwise in respect of Securities.

**Reports** has the meaning given to it in the Senior Facilities Agreement and the Mezzanine Facility Agreement.

**Securities** means, in relation to each Security Provider, all of such Security Provider's right, title, benefit and interest in all stocks, shares, bonds, notes, warrants and other securities of any kind whatsoever (including warrants or options to acquire or subscribe any of the same) whether in bearer or registered form, and all other interests in any person and all Related Securities Rights whether the same are held directly by or to the order of such Security Provider or by any trustee, fiduciary, clearance system (including any depository for any clearance system and any other person whose business is or includes the provision of clearance services or the provision of security accounts or any nominees or depository for any such person), custody system, settlement system or custodian on behalf of such Security Provider or whether the same have been delivered to or to the order of the Security Trustee or its nominee including all Related Property Rights and all rights against any such trustee, fiduciary, clearance system or other person holding such to the order of such Security Provider.

**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.

**Security Period** means the period from the date of the Debenture until the date on which the Security Trustee has determined that all of the Secured Liabilities have been irrevocably and unconditionally paid and discharged in full.

**Security Providers** means the persons listed in Schedule 1 (*The Security Providers*) to the Debenture and any other Subsidiary of the Parent which becomes a party to the Debenture in such capacity pursuant to a Supplemental Deed, and **Security Provider** shall be construed accordingly.

**Senior Agent** means The Royal Bank of Scotland plc.

**Senior Facilities Agreement** means the £63,860,077.43 senior facilities agreement dated 28 September 2006 as amended and restated on or about the date of the Debenture between (among others), Parent, Paramount Acquisitions Limited and the Security Trustee.

**Senior Finance Documents** means the Finance Documents (as such term is defined in the Senior Facilities Agreement).



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\* insert full name  
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Paramount Limited

**Senior Finance Parties** means the Finance Parties (as such term is defined in the Senior Facilities Agreement).

**Subsidiary** means in relation to any company, corporation or legal entity (a **holding company**), any company, corporation or legal entity:

- (a) which is controlled, directly or indirectly, by the holding company; or
- (b) more than half the issued share capital of which is beneficially owned, directly or indirectly, by the holding company; or
- (c) which is a subsidiary of another subsidiary of the holding company,

and, for these purposes, a company, corporation or legal entity shall be treated as being controlled by another if that other company, corporation or legal entity is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.

**Supplemental Deed** means a deed which is supplemental to the Debenture executed by a Subsidiary of the Parent substantially in the form of schedule 5 to the Debenture.

**Target** means Craftbutton Limited a company incorporated under the law of England and Wales with registered number 04905213.

**Target Shares** means all of the shares of Target.

**Vendors** means the financial institutions and individuals detailed in Parts A and B of Schedule 1 to the Acquisition Agreement.

**M395 Continuation Sheet**

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\* insert full name  
of company

Paramount Limited



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

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

COMPANY NO. 1934366  
CHARGE NO. 155

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES  
HEREBY CERTIFIES THAT A DEBENTURE DATED 17 JULY 2009  
AND CREATED BY PARAMOUNT LIMITED FOR SECURING ALL  
MONIES DUE OR TO BECOME DUE FROM THE COMPANY TO  
THE ROYAL BANK OF SCOTLAND PLC 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 27 JULY 2009

GIVEN AT COMPANIES HOUSE, CARDIFF THE 30 JULY 2009

LC/PO/LH



*Companies House*  
— for the record —



THE OFFICIAL SEAL OF THE  
REGISTRAR OF COMPANIES