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

\*insert full name  
of Company

COMPANIES FORM No. 395

## Particulars of a mortgage or charge

00408107/13

# 395

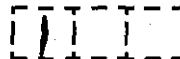
A fee of £13 is payable to Companies House in respect  
of each register entry for a mortgage or charge.

Pursuant to section 395 of the Companies Act 1985

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

For official use

Company number



5752537

Name of company

\* Paragon HoldCo 2 Limited (the "Company")

Date of creation of the charge

3 April 2006

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

Fixed and Floating Security Document dated 3 April 2006 between, amongst  
others, the Company and Dresdner Bank AG, London Branch (the "Security  
Trustee").

Amount secured by the mortgage or charge

All present and future moneys, debts and liabilities due, owing or  
incurred by the Company to any Finance Party under or in connection with  
any Finance Document (in each case, whether alone or jointly, or jointly  
and severally, with any other person, whether actually or contingently and  
whether as principal, surety or otherwise) but not any liability to the  
extent that it would result in the Fixed and Floating Security Document  
constituting unlawful financial assistance within the meaning of Section  
151 of the Companies Act 1985 or any equivalent and applicable provisions  
under the laws of the jurisdiction of incorporation of the Company (the  
"Liabilities").

See Schedule 1 for definitions and interpretation.

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

Dresdner Bank AG, London Branch, Riverbank House, 2 Swan Lane, London EC4R  
3UX as Security Trustee for the Finance Parties. See Schedule 1 for  
definitions and interpretation.

Postcode EC4R 3UX

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

VIA CH LONDON COUNTER  
Clifford Chance LLP  
10 Upper Bank Street  
London  
E14 5JJ

Time critical reference  
70-40024662/DM

For official Use (06/2005)  
Mortgage Section

Post room



LD5  
COMPANIES HOUSE

177  
12/04/2006

Short particulars of all the property mortgaged or charged

See Schedule 2 for short particulars of all the property mortgaged or charged.

Please do not write in this margin

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

Particulars as to commission allowance or discount (note 3)

None.

Signed

*Clifford Chance LLP*

Date 11 April 2006

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

*A fee 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 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

***Schedule 1 to Form 395 to the Fixed and Floating Security Document dated 3 April  
2006 between, amongst others, Paragon HoldCo 2 Limited and Dresdner Bank AG  
London Branch***

**DEFINITIONS AND INTERPRETATION**

1 In this form 395 the following expressions have the following meanings:

**"Accession Letter"** means a document substantially in the form set out in Part I of Schedule 6 (*Form of Accession Letter*) to the Facility Agreement or, in respect of any Specified Obligor, a document substantially in the form set out in Part II of Schedule 6 (*Form of Accession Letter*) to the Facility Agreement.

**"Additional Borrower"** means a company which becomes a Borrower in accordance with Clause 26 (*Changes to the Obligors*) of the Facility Agreement.

**"Additional Guarantor"** means a company which becomes a Guarantor in accordance with Clause 26 (*Changes to the Obligors*) of the Facility Agreement.

**"Administrator"** means an administrator appointed under Schedule B1 to the Insolvency Act 1986.

**"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.

**"Agent"** means Dresdner Bank AG, Niederlassung Luxemburg.

**"Agreed Form"** means, in relation to a document, that:

- (a) it is in a form initialled by or on behalf of the Parent and the Agent on or before the signing of the Facility Agreement for the purposes of identification; or
- (b) if not falling within paragraph (a) above, it is in form and substance satisfactory to the Agent (acting reasonably) and initialled by or on behalf of the Agent for the purposes of identification.

**"Assigned Accounts"** means the Capex Accounts, and any other account designated as such from time to time by the Security Trustee in writing and in each case Related Rights.

**"Assigned Contracts"** means the Material Contracts and Related Rights.

**"Authorisation"** means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration.

**"Bank Accounts"** of a Chargor means all current, deposit or other accounts with any bank or financial institution in which it now or in the future has an interest and

(to the extent of its interest) all balances now or in the future standing to the credit of or accrued or accruing on those accounts and Related Rights.

**"Block Contract"** means an agreement between a member of the Group and a local authority pursuant to which a local authority pays that member of the Group for the provision of care services for a specified number of places over a specified period of time.

**"Book Debts"** of a Chargor means all book and other debts of any nature, and all other rights to receive money now or in the future due, owing or payable to it and the benefit of all related negotiable instruments, rights, Security, guarantees and indemnities of any kind.

**"Bookrunner"** means Dresdner Bank AG, London Branch.

**"Borrower"** means an Original Borrower or an Additional Borrower unless it has ceased to be a Borrower in accordance with Clause 26 (*Changes to the Obligors*) to the Facility Agreement.

**"Capex Account"** means:

- (c) the Main Capex Account; or
- (d) the Headroom Capex Account.

**"Capex Facility"** means the term loan facility made available under the Facility Agreement as described in paragraph (a)(ii) of Clause 2.1 (*The Facilities*) of the Facility Agreement.

**"Capex Facility Lender"** means:

- (a) any Original Capex Facility Lender; and
- (b) any bank, financial institution, trust, fund or other entity which has become a Capex Facility Lender in accordance with Clause 25 (*Changes to the Lenders*) of the Facility Agreement,

which in each case has not ceased to be a Capex Facility Lender in accordance with the Facility Agreement.

**"Charged Assets"** means the assets from time to time subject, or expressed to be subject, to the Charges or any part of those assets.

**"Charges"** means all or any of the Security created or expressed to be created by or pursuant to the Fixed and Floating Security Document and any Mortgage.

**"Chargor"** means Paragon Healthcare Group Limited, PHG Management limited, Milbury Care Services Limited, Voyage Limited, Paragon Healthcare Limited, Milbury Community Services, Opportunities UK Limited and Headwind Limited.

**"Commitment Letter"** means the commitment letter dated 27 March 2006 from the Mandated Lead Arranger to the Original Borrower relating to, among other things, the syndication of the Facilities.

**"Compliance Certificate"** means a certificate substantially in the form set out in Part I of Schedule 8 (*Form of Compliance Certificates*) to the Facility Agreement.

**"Enforcement Event"** means an Event of Default.

**"Event of Default"** means any event or circumstance specified as such in Clause 24 (*Events of Default*) of the Facility Agreement.

**"Facilities"** means the Term Facility, the Revolving Facility and the Capex Facility.

**"Facility Agreement"** means the facilities agreement dated 3 April 2006 between Paragon BidCo Limited as Original Borrower, Dresdner Bank AG London Branch as Mandated Lead Arranger, Paragon BidCo Limited and Paragon HoldCo 2 Limited as Original Guarantors, Dresdner Bank AG London Branch as Original Lenders, Dresdner Bank AG Niederlassung Luxemburg as Agent and Dresdner Bank AG London Branch as Security Trustee.

**"Fee Letter"** means the fee letter dated the date of the Commitment Letter between the Parent and the Mandated Lead Arranger setting out the fees referred to in the Commitment Letter and Clause 13 (*Fees*) of the Facility Agreement.

**"Finance Document"** means the Facility Agreement, any Accession Letter, the Fee Letter, any Compliance Certificate, any Hedging Agreement, the Intercreditor Agreement, any Resignation Letter, any Selection Notice, any Transaction Security Document, any Utilisation Request, the Commitment Letter, any Guarantee Increase Deed and any other document designated as a "Finance Document" by the Agent and the Parent.

**"Finance Party"** means the Agent, the Mandated Lead Arranger, the Bookrunner, the Security Trustee, a Lender or any Hedge Counterparty.

**"Fixed and Floating Security Document"** means the fixed and floating security document dated 4 April 2006 between Paragon Healthcare Group Limited, PHG Management Limited, Milbury Care Services Limited, Voyage Limited, Paragon Healthcare Limited, Milbury Community Services, Opportunities UK Limited and Headwind Limited as the Chargors in favour of Dresdner Bank AG London Branch acting as Security Trustee.

**"Fixtures"** means fixtures, fittings (including trade fixtures and fittings) and fixed plant, machinery and apparatus (but excluding all landlord's fixtures in relation to any leasehold property).

**"General Contract"** means any contract or agreement including any contract or other document relating to or in any way connected with the appointment of any managing agent of any Real Property.

**"Group"** means the Parent and each of its Subsidiaries for the time being.

**"Guarantee Increase Deed"** means a deed substantially in the form of Schedule 16 (*Guarantee Increase Deed*) to the Facility Agreement.

**"Guarantor"** means an Original Guarantor or an Additional Guarantor, unless it has ceased to be a Guarantor in accordance with Clause 26 (*Changes to the Obligors*) to the Facility Agreement.

**"Headroom Capex Account"** means the account of PHG Management with number 60110817 held with Barclays Bank PLC and:

- (a) which is subject to Security in favour of the Security Trustee which Security is in form and substance satisfactory to the Security Trustee; and
- (b) from which no withdrawals may be made by any member of the Group except as contemplated by this Agreement,

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

**"Hedge Counterparty"** means:

- (a) the Original Hedge Counterparty; and
- (b) a Lender or an Affiliate of a Lender which is permitted to become a Hedge Counterparty in accordance with the Intercreditor Agreement and has become a party to the Intercreditor Agreement as a Hedge Counterparty in accordance with the provisions of the Intercreditor Agreement.

**"Hedging Agreement"** means any master agreement, confirmation, schedule or other agreement in Agreed Form entered into or to be entered into by an Obligor and a Hedge Counterparty for the purpose of hedging interest rate liabilities in relation to the Term Facility and/or the Capex Facility in accordance with the Facility Agreement and the Hedging Letter.

**"Hedging Letter"** means a letter between the Agent and the Parent in the Agreed Form dated on or about the date of the Facility Agreement describing the hedging arrangements to be entered into in respect of the interest rate liabilities of the Borrowers under the Term Facility and Capex Facility.

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

**"Insurances"** of a Chargor means all contracts and policies of insurance of any kind now or in the future taken out by or on behalf of it or (to the extent of its interest) in which it now or in the future has an interest and Related Rights.

**"Intellectual Property"** means:

- (a) any patents, trade marks, service marks, designs, business names, copyrights, design rights, moral rights, inventions, confidential information, know-how and other intellectual property rights and interests, whether registered or unregistered; and
- (b) the benefit of all applications and rights to use such assets of each member of the Group.

**"Intercompany Borrower"** means:

- (a) any Original Intercompany Borrower; and
- (b) any member of the Group other than the Parent which has become an Intercompany Borrower in accordance with Clause 26.7 (*Assignments and transfers by Intercompany Lenders and Intercompany Borrowers*) of the Intercreditor Agreement or Clause 26.8 (*Accession of Intercompany Borrowers and Intercompany Lenders*) of the Intercreditor Agreement,

which in each case has not ceased to be an Intercompany Borrower in accordance with the Intercreditor Agreement.

**"Intercompany Lender"** means:

- (a) any Original Intercompany Lender; and
- (b) any member of the Group other than the Parent which has become an Intercompany Lender in accordance with Clause 26.7 (*Assignments and transfers by Intercompany Lenders and Intercompany Borrowers*) of the Intercreditor Agreement or Clause 26.8 (*Accession of Intercompany Borrowers and Intercompany Lenders*) of the Intercreditor Agreement,

which in each case has not ceased to be an Intercompany Lender in accordance with the Intercreditor Agreement.

**"Intercreditor Agreement"** means the intercreditor agreement dated 3 April 2006 between the Parent, the Original Obligors, the Agent, the Security Trustee and certain entities as Senior Lenders, Hedge Counterparties, Intercompany Lenders and Intercompany Borrowers as named in it.

**"Investments"** of a Chargor means:

- (a) securities and investments of any kind (including shares, stock, debentures, units, depositary receipts, bonds, notes, commercial paper and certificates of deposit (but not the Shares));
- (b) warrants, options or other rights to subscribe for, purchase or otherwise acquire securities and investments;
- (c) all rights relating to securities and investments which are deposited with, or registered in the name of, any depositary, custodian, nominee, clearing house or system, investment manager, chargee or other similar person or their nominee, in each case whether or not on a fungible basis (including rights against any such person); and
- (d) all other rights attaching or relating to securities or investments and all cash or other securities or investments in the future deriving from Investments or such rights,

in each case now or in the future owned by it or (to the extent of its interest) in which it now or in the future has an interest and Related Rights.

**"Lender"** means a Term Facility Lender, a Revolving Facility Lender or a Capex Facility Lender.

**"Main Capex Account"** means the account of PHG Management with number 10455288 held with Barclays Bank PLC and:

- (a) which is subject to Security in favour of the Security Trustee which Security is in form and substance satisfactory to the Security Trustee; and
- (b) from which no withdrawals may be made by any members of the Group except as contemplated by this Agreement,

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

**"Mandated Lead Arranger"** means Dresdner Bank AG London Branch.

**"Material Contract"** means:

- (a) a Block Contract; or
- (b) a Spot Contract.

**"Mortgage"** means a mortgage or charge entered into or to be entered into by a Chargor in respect of Real Property situated in England and Wales substantially in the form set out in Schedule 8 (*Form of Legal Mortgage*) to the Fixed and Floating Security Document or any other form agreed between the Security Trustee and the relevant Chargor.



**"Mortgage Property"** means the Real Property specified in Schedule 3 (*Real Property*) to this form 395 and any fixtures from time to time situated on or forming part of such property and includes all Related Rights.

**"Obligor"** means a Borrower or a Gurantor.

**"Original Borrower"** means Paragon BidCo Limited.

**"Original Capex Facility Lender"** means Dresdner Bank AG, London Branch.

**"Original Guarantors"** means Paragon BidCo Limited and Paragon Holdco 2 Limited.

**"Original Hedge Counterparty"** means Dresdner Bank AG.

**"Original Intercompany Borrower"** means Paragon BidCo Limited.

**"Original Intercompany Lender"** means Paragon BidCo Limited.

**"Original Lenders"** means Dresdner Bank AG, London Branch.

**"Original Obligor"** means the Original Borrower or the Original Guarantor.

**"Original Revolving Facility Lender"** means Dresdner Bank AG, London Branch.

**"Original Term Facility Lender"** means Dresdner Bank AG, London Branch.

**"Parent"** means Paragon HoldCo 2 Limited.

**"Permitted Development"** means:

- (a) Real Property acquired in the United Kingdom with a view to its development for use as a specialist care home by a member of the Group; and/or
- (b) the development of Real Property in the United Kingdom as a specialist care home or the extension or development of a Real Property to increase the occupancy capability of that Real Property,

but not the acquisition of any business as a going concern (whether by way of shares or other assets, whether as a single unit or portfolio).

**"Permitted Development Document"** means, in relation to a Permitted Development:

- (a) a document relating to the acquisition of any Real Property for the purposes of that Permitted Development;
- (b) a building or trade contract entered into by a member of the Group for the construction, refurbishment and/or development of that Permitted Development;

- (c) any appointment of a contractor, quantity surveyor, engineer, architect or any other professional in respect of that Permitted Development; or
- (d) the specification, plans and drawings for that Permitted Development.

**"Real Property"** means:

- (a) any freehold, leasehold (being a property where the lease has a term of 25 years or more at a ground rent less than the full market value), heritable or immovable property; and
- (b) any buildings, fixtures, fittings, fixed plant or machinery from time to time situated on or forming part of that freehold, leasehold or immovable property.

**"Receiver"** means a receiver and manager or other receiver appointed in respect of the Charged Assets and shall, if allowed by law, include an administrative receiver.

**"Related Rights"** means, in relation to any asset, all or any:

- (a) proceeds of sale of all or any part of that asset;
- (b) rights under any licence, agreement for sale, agreement for purchase, or agreement for lease in respect of that asset;
- (c) rights, benefits, claims, contracts, guarantees, warranties, representations (including given by manufacturers, suppliers, installers or any other third party or other person), remedies, security, indemnities or covenants for title in respect of that asset; and
- (d) moneys, claims and proceeds paid or payable in respect of that asset (including any sums of money, claims or proceeds deriving from or in relation to any court or arbitration, order, judgment or award).

**"Resignation Letter"** means a letter substantially in the form set out in Schedule 7 (*Form of Resignation Letter*) to the Facility Agreement.

**"Revolving Facility"** means the revolving credit facility made available under the Facility Agreement as described in paragraph (a)(iii) of Clause 2 (*The Facilities*) of the Facility Agreement.

**"Revolving Facility Lender"** means:

- (a) any Original Revolving Facility Lender; and
- (b) any bank, financial institution, trust, fund or other entity which has become a Revolving Facility Lender in accordance with Clause 25 (*Changes to the Lenders*) of the Facility Agreement,

which in each case has not ceased to be a Revolving Facility Lender in accordance with the terms of the Facility Agreement.

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

**"Selection Notice"** means a notice substantially in the form set out in Schedule 3 (*Utilisation Request*) of the Facility Agreement given in accordance with Clause 11 (*Interest Periods*) of the Facility Agreement in relation to the Term Facility or the Capex Facility.

**"Senior Lender"** means a Lender.

**"Shares"** means those shares listed in Schedule [insert schedule].

**"Specified Obligor"** means Paragon Healthcare Group Limited, PHG Management Limited, Milbury Care Services Limited, Voyage Limited, Paragon Healthcare Limited, Milbury Community Services, Opportunities UK Limited, or Headwind Limited.

**"Spot Contract"** means an agreement between a member of the Group and a local authority pursuant to which a local authority pays that member of the Group for the provision of care services for a person with the intention that the person will retain that placement for so long as the placement remains in accordance with their case plan or their wishes.

**"Subsidiary"** means a subsidiary within the meaning of section 736 of the Companies Act 1985 and, in relation to financial statements of the Group, a subsidiary undertaking within the meaning of section 258 of the Companies Act 1985.

**"Term Facility"** means the term loan facility made available under the Facility Agreement as described in paragraph (a)(i) of Clause 2.1 (*The Facilities*) of the Facility Agreement.

**"Term Facility Lender"** means:

- (a) any Original Term Facility Lender; and
- (b) any bank, financial institution, trust, fund or other entity which has become a Term Facility Lender in accordance with Clause 25 (*Changes to the Lenders*) of the Facility Agreement,

which in each case has not ceased to be a Term Facility Lender in accordance with the terms of the Facility Agreement.

**"Transaction Security Document"** means:

- (a) the first fixed and floating security document (English law) over all the Parent's present and future assets;
- (b) the first fixed and floating security document (English law) over all the Original Borrower's present and future assets;
- (c) when executed, any document required to be delivered to the Agent listed in paragraph 1 of Part V of Schedule 2 (*Conditions precedent*) to the Facility Agreement; and
- (d) any other document entered into by any Obligor or other members of the Group creating or expressed to create any Security over all or any part of its assets in respect of the obligations of any of the Obligors under any of the Finance Documents.

**"Utilisation Request"** means a notice substantially in the relevant form set out in Schedule 3 (*Requests*) to the Facility Agreement.

***Schedule 2 to Form 395 to the Fixed and Floating Security Document dated 3 April  
2006 between, amongst others, Paragon HoldCo 2 Limited and Dresdner Bank AG  
London Branch***

**SHORT PARTICULARS OF ALL THE PROPERTY MORTGAGED OR  
CHARGED**

**1 FIXED CHARGES**

**1.1 Fixed Charges:** The Company, with full title guarantee and as security for the payment of all Liabilities (whether of that or any other Chargor), has charged in favour of the Security Trustee (as trustee for the Finance Parties):

- (a) by way of first legal mortgage, all Real Property in England and Wales (including that described in Part I of Schedule 3 (*Real Property*) to the Fixed and Floating Security Document) now belonging to it but excluding any of the Real Property described in Part II of Schedule 3 (*Real Property*) to the Fixed and Floating Security Document;
- (b) by way of first fixed equitable charge, all other Real Property now belonging to it and all Real Property acquired by it in the future; and
- (c) by way of first fixed charge, all its present and future:
  - (i) Book Debts except those assigned pursuant to paragraph 3 (*Assignment*) of this Schedule 2;
  - (ii) Bank Accounts except those assigned pursuant to paragraph 3 (*Assignment*) of this Schedule 2;
  - (iii) Investments (including the Shares);
  - (iv) uncalled capital and goodwill;
  - (v) Intellectual Property;
  - (vi) beneficial interest in any pension fund and Related Rights;
  - (vii) plant and machinery (except that mortgaged or charged by paragraphs (a) and (b) of paragraph 1.1 (*Fixed Charges*) of this Schedule 2) and Related Rights;
  - (viii) rights, title and interest under any General Contract except those assigned pursuant to paragraph 3 (*Assignment*) of this Schedule 2;
  - (ix) benefit of all present and future Authorisations held in connection with its business or the use of any Charged Asset specified in any other subparagraph of paragraph 1 (*Fixed Charges*) of this Schedule 2 and the right to recover and receive all compensation which may be payable in respect of them;

- (x) future easements and other rights at any time vested in, or conferred on, each Chargor in connection with or otherwise for the benefit of the Charged Assets;
- (xi) (to the extent that they are not subject to an effective assignment under paragraph 3 (*Assignment*) of this Schedule 2) Insurances;
- (xii) (to the extent that they are not subject to an effective assignment under paragraph 3 (*Assignment*) of this Schedule 2) all rights, title and interest under each Hedging Agreement; and
- (xiii) (to the extent that they are not subject to an effective assignment under paragraph 3 (*Assignment*) of this Schedule 2 all rights, title and interest under each Permitted Development Document and any other agreement relating to the development and refurbishment of Real Property.

1.2 **Real Property in Scotland:** The fixed Charges and the assignments pursuant to paragraph 3 (*Assignment*) of this Schedule 2 do not extend to any Real Property in Scotland.

1.3 **Miscellaneous:** A reference in this form 395 to a Charge of any Real Property includes:

- (a) all buildings and Fixtures on that property;
- (b) the benefit of any covenants for title given or entered into by any predecessor in title of the relevant Chargor in respect of that property or any monies payable in respect of those covenants; and
- (c) all Related Rights in respect of that property.

## 2 FLOATING CHARGE

2.1 **Floating Charge:** The Company, with full title guarantee and as security for the payment of all Liabilities (whether of the Company or any other Chargor), has charged in favour of the Security Trustee (as trustee for the Finance Parties) by way of first floating charge its undertaking and all its assets, both present and future (including assets expressed to be charged by paragraph 1 (*Fixed charges*) of this Schedule 2 or assigned by paragraph 3 (*Assignment*) of this Schedule 2).

## 3 ASSIGNMENT

3.1 **Assignment:** The Company, with full title guarantee, has assigned absolutely to the Security Trustee all its present and future:

- (a) right, title and interest in and to the Assigned Contracts;
- (b) right, title and interest in and to all Insurances;

- (c) rights in relation to its Real Property (except those charged by paragraphs (a) and (b) of paragraph 1.1 (*Fixed Charges*) of this Schedule 2), including all rights against all past, present and future undertenants of its Real Property and their respective guarantors and sureties;
- (d) right, title and interest in and to any Hedging Agreements; and
- (e) right, title and interest in and to the Assigned Accounts.

Note (1): The Fixed and Floating Security Document provides that:

- 1 **Security:** The Company shall not create or permit to subsist any Security over any Charged Asset, nor do anything else prohibited by clause 23.15 (*Negative pledge*) of the Facility Agreement, except as permitted by that clause.
- 2 **Disposal:** The Company shall not (and shall not agree to) enter into a single transaction or a series of transactions (whether related or not and whether voluntary or involuntary) to sell, lease, license, sub-license, transfer or otherwise dispose of any Charged Asset except as permitted by clause 23.16 (*Disposals*) of the Facility Agreement.
- 3 **Further Assurance:** The Company shall promptly do whatever the Security Trustee reasonably requires:
  - (a) to perfect or protect the Charges or the priority of the Charges; or
  - (b) to facilitate the realisation of the Charged Assets or the exercise of any rights vested in the Security Trustee or any Receiver,including executing any transfer, conveyance, charge, assignment or assurance of the Charged Assets (whether to the Security Trustee or its nominees or otherwise), making any registration and giving any notice, order or direction.
- 4 **Qualifying Floating Charge:**
  - (a) The floating Charge created by the Company pursuant to paragraph 2 (*Floating Charge*) of this Schedule 2 is a "qualifying floating charge" for the purposes of paragraph 14.2(a) of Schedule B1 to the Insolvency Act.
  - (b) Paragraph 14 of Schedule B1 to the Insolvency Act shall apply to the Fixed and Floating Security Document and the Security Trustee may appoint an Administrator of the Company pursuant to that paragraph.
- 5 **Ranking:** The floating Charge created by the Company ranks:
  - (a) behind all the fixed Charges created by the Company; but
  - (b) in priority to any other Security over the Charged Assets of the Company except for Security ranking in priority in accordance with paragraph (f) of Schedule 2 (*Rights of Receivers*) to the Fixed and Floating Security Document.

- 6     **Conversion by notice:** The Security Trustee may convert the floating Charge over all or any of the Charged Assets into a fixed Charge by notice in writing to the Company specifying the relevant Charged Assets (either generally or specifically):
- (a)     if it reasonably considers it desirable to do so in order to protect or preserve the Charges over those Charged Assets and/or the priority of those Charges; and/or
  - (b)     while an Enforcement Event is continuing.
- 7     **Automatic conversion:** If:
- (a)     the Company takes any step to create any Security in breach of Clause 6.1 (*Security*) of the Fixed and Floating Security Document over any of the Charged Assets not subject to a fixed Charge; or
  - (b)     any person takes any step to effect any expropriation, attachment, sequestration, distress or execution against any of those Charged Assets,
- the floating Charge over the relevant Charged Assets shall automatically and immediately be converted into a fixed Charge.



FILE COPY



## CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

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

COMPANY No. 05752537

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A FIXED AND FLOATING SECURITY DOCUMENT DATED THE 3rd APRIL 2006 AND CREATED BY PARAGON HOLDCO 2 LIMITED FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM THE COMOANY TO ANY FINANCE PARTY 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 12th APRIL 2006.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 20th APRIL 2006.



THE OFFICIAL SEAL OF THE  
REGISTRAR OF COMPANIES



*Companies House*

— for the record —

PJL.