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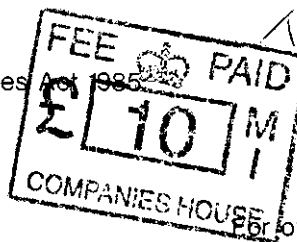
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bold block lettering

* insert full name
of company

COMPANIES FORM No. 395

Particulars of a mortgage or charge

Pursuant to section 395 of the Companies Act 1985



To the Registrar of Companies

For official use

Company number

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

02882777

Name of company

* Dan Network Solutions Limited (the "Company")

now a.s. "PARAGON COMMUNICATIONS" LTD.

Date of creation of the charge

25 April 2001

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

Guarantee and Debenture ("the Guarantee and Debenture") dated 25 April 2001 between the Company and Industrial Mezzanine Fund, L.P. (the "Lender")

Amount secured by the mortgage or charge

The actual, contingent, present and/or future obligations and liabilities of the Company to the Lender under or pursuant to the Financing Documents (including the Guarantee and Debenture) (the "Secured Obligations").

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

Industrial Mezzanine Fund, L.P., Huguenot House, 28 La Motte Street, St Helier, Jersey, Channel Island

Postcode JE2 3PA

Presenter's name address and
reference (if any);

Denton Wilde Sapte
1 Fleet Place
London

EC4M 7WS

DX: 145 Exchange, Exchange

Time critical reference

IMR/GUS/56466.23/5212639

For official use
Mortgage Section

Post room



LD5
COMPANIES HOUSE

0304
08/05/01

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1. The Company, with full title guarantee, as continuing security for the payment of the Secured Obligations charged in favour of the Lender:

(a) by way of legal mortgage all estates or interests in the freehold, leasehold and other immovable property described in the Schedule below and other fixtures on any such property belonging to or charged to the Company from time to time (the "Legally Mortgaged Property");

(b) by way of fixed charge all estates or interests in any freehold, leasehold and other immovable property now or at any time during the continuance of this security belonging to the Company (other than the Legally Mortgaged Property) and the proceeds of sale thereof and all buildings and trade and other fixtures from time to time on any such property belonging to or charged to the Company;

Continued on 5217550

Particulars as to commission allowance or discount (note 3)

Nil

Signed Bertan Wilde Inpte

Date 4th May 2001

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

[†] 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.

COMPANIES FORM No. 395 (Cont.)

Continuation Sheet No 1

Company Number

02882777

Name of company

*Dan Network Solutions Limited ("the Company")

Description of the instrument creating or evidencing the mortgage or charge (continued)

Continuation Sheet No 2

Company Number

02882777

Name of company

*Dan Network Solutions Limited ("the Company")

Amount due or owing on the mortgage or charge (continued)

COMPANIES FORM No. 395 (Cont.)

Continuation Sheet No 3

Company Number

02882777

Name of company

*Dan Network Solutions Limited ("the Company")

Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

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Company Number

02882777

Name of company

*Dan Network Solutions Limited ("the Company")

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

- (c) by way of fixed charge all plant, machinery, vehicles, computers and office and other equipment owned by the Company both present and future;
- (d) by way of fixed charge all book debts and other debts now and from time to time due or owing to the Company (the "Debts") and all moneys which the Company receives in respect thereof;
- (e) by way of fixed charge all balances standing to the credit of any current, deposit or other account of the Company with the Lender (including inter alia any account designated a realisations account for the proceeds of disposals of any of the assets of the Company or with other bankers financial institutions or similar third parties (the Credit Balances);
- (f) by way of fixed charge all stocks, shares, debentures, bonds, notes and loan capital of:
 - (i) any Subsidiary; and
 - (ii) any other body corporate;
 and all rights to subscribe for, redeem, convert other securities into or otherwise acquire any of the same which may now or hereafter belong to the Company, together with all dividends, interest and other income and all other rights of whatsoever kind deriving from or incidental to any of the foregoing;
- (g) by way of fixed charge the goodwill of the Company and its uncalled capital now or at any time hereafter in existence;
- (h) by way of fixed charge all copyrights, patents, patent application, licences, trade marks, tradenames, know-how and inventions or other rights of every kind deriving therefrom now or at any time hereafter belonging to the Company and all fees, royalties and other rights of every kind deriving from such copyrights, patents, trade marks, tradenames, know-how and inventions; and
- (i) by way of floating charge the whole of the Company's undertaking and all its property, assets and rights, whatsoever and wheresoever, present and future, other than any property or assets from time to time or for the time being effectively mortgaged or charged to the Lender by way of fixed charge by this Clause (collectively the "Floating Charge Property").

3. Negative Pledge: The Company covenants that without the prior written consent of the Lender it shall not nor shall it agree or purport to:

- (a) create or permit to subsist any Encumbrance whether in any such case ranking in priority to or pari passu with or after the security created by the Guarantee and Debenture save to the extent permitted or required under the Mezzanine Credit Agreement; or

Company Number

02882777

Name of company

*Dan Network Solutions Limited ("the Company")

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

- (b) sell, discount, factor, transfer, lease, lend or otherwise dispose of, whether by means of one or a number of transactions related or not and whether at one time or over a period of time, the whole or any part of its undertaking or assets except:
 - (i) as permitted under the Mezzanine Credit Agreement; or
 - (ii) Floating Charge Property in the ordinary course of trading by the Company and on arm's length terms.
- (c) part with possession of the whole or any part of, or confer or any other person any right or licence to occupy, or grant any licence to assign or sublet any land or buildings forming part of the Charged Property.
- (d) allow any person other than itself to be registered under the Land Registration Act 1925 as proprietor of the Charged Property or any part thereof or create or permit to arise any overriding interest (as specified in section 70(1) of the Land Registration Act 1925) affecting such property and the reasonable costs incurred by the Lender of lodging a caution against registration of the title to such property or a land charge (if unregistered) or any part thereof, shall be an expense properly incurred in relation to this security.

Continuation Sheet No 6

Company Number

02882777

Name of company

*Dan Network Solutions Limited ("the Company")

Notes

Company Number

02882777

Name of company

*Dan Network Solutions Limited ("the Company")

Definitions

"Borrower" means Paragon Communications Limited a company incorporated in England and Wales with registered number 4171940.

"Charged Property" means the property, assets and income of the Company mortgaged or charged to the Lender (whether by way of legal mortgage, fixed or floating charge) by or pursuant to the Guarantee and Debenture and each and every part thereof.

"Encumbrance" means any mortgage, charge, assignment by way of security, pledge, hypothecation, lien, right of set-off, retention of title provision, trust or flawed asset arrangement (for the purpose of, or which has the effect of, granting security) or any other security interest of any kind whatsoever, or any agreement, whether conditional or otherwise, to create any of the same, or any agreement to sell or otherwise dispose of any asset on the terms whereby such asset is or may be leased to or re-acquired or acquired by any Group Company.

"Financing Documents" means the Mezzanine Credit Agreement and the Security Documents.

"Group" means the Borrower and such of its Subsidiaries, and "Group Company" means any one of them.

"Keyman Insurance Assignment" means an assignment in the agreed form relating to the Keyman Insurance executed or to be dated 25 April 2001 and executed by the Borrower in favour of the Lender.

"Mezzanine Credit Agreement" means a mezzanine credit agreement dated 25 April 2001 between the Borrower and the Lender.

"Security Documents" means:

- (a) any Guarantee and Debenture executed by a Group Company in favour of the Lender;
- (b) the Keyman Insurance Assignment executed by the Borrower in favour of the Lender;
- (c) the Priority Agreement; and
- (d) any guarantee and any document creating security executed and delivered after the date of the Mezzanine Credit Agreement as security for any of the obligations and liabilities of Limited and the other Group Companies under any Financing Document.

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

Keyman Insurance, Priority Agreement have the meaning given to them in the Mezzanine Credit Agreement.

FILE COPY



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

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

COMPANY No. 02882777

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A GUARANTEE AND DEBENTURE DATED THE 25th APRIL 2001 AND CREATED BY PARAGON COMMUNICATIONS LIMITED FOR SECURING ALL MONIES AND OBLIGATIONS DUE OR TO BECOME DUE FROM THE COMPANY (FORMERLY KNOWN AS DAN NETWORK SOLUTIONS LIMITED) TO INDUSTRIAL MEZZANINE FUND, L.P. UNDER OR PURSUANT TO THE FINANCING DOCUMENTS (AS DEFINED) INCLUDING THIS GUARANTEE AND DEBENTURE WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 8th MAY 2001.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 11th MAY 2001.



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES



Companies House

— for the record —