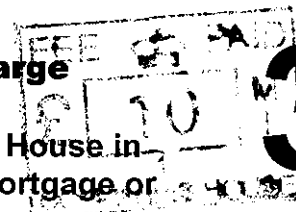


M

COMPANIES FORM No. 395

Particulars of a mortgage or charge

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



395

02/11/04

CHFP131

Pursuant to section 395 of the Companies Act 1985

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

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

For official use Company number

2

4754198

Name of company

*insert full name of Company

Wallpaper (Islington) Limited (the "Company")

Date of creation of the charge

21 April 2004

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

Debenture (as varied by the Intercreditor Deed set out in the schedule below) (the "Debenture")

Amount secured by the mortgage or charge

All the Company's liabilities to the Bank of any kind and in any currency (whether present or future actual or contingent and whether incurred alone or jointly with another) together with the Bank's charges and commission, Interest (as defined below) and Expenses (as defined below) (the "Company's Obligations") (as varied by the Intercreditor Deed set out in the schedule below).

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

The Royal Bank of Scotland plc (the "Bank")
Ninth Floor
280 Bishopsgate
London

Postcode EC2M 4RB

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

Berwin Leighton Paisner
Adelaide House
London Bridge
London, EC4R 9HA
DX 92 London

Tel: 020 7760 1000
NWIL/R0399/00200

Time critical reference

For official Use
Mortgage Section

Post room



LD4
COMPANIES HOUSE

LE2H4UZ

0420
10/05/04

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

- | | |
|-----|---|
| 1 | By way of legal mortgage: |
| 1.1 | All the freehold and leasehold property now vested in or charged to the Company including any Registered Land. |
| 2 | By way of fixed charge: |
| 2.1 | all estates or interests in any freehold and leasehold property now and in the future vested in or charged to the Company except the property charged by paragraph 1.1 above; |
| 2.2 | all fixtures and fittings from time to time attached to any freehold and leasehold property of the Company; |
| 2.3 | all the plant and machinery vehicles and computer equipment of the Company present and future not regularly disposed of in the ordinary course of business and all associated warranties and maintenance contracts; |
| 2.4 | all furniture furnishings equipment tools and other chattels of the Company present and |

Particulars as to commission allowance or discount (note 3)

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

Signed Berwen Leighton Pausner

Date 10 May 2004

On behalf of mortgagee/chargee

†delete as appropriate

Notes

- 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.
- A description of the instrument, eg. "Trust Deed", "Debenture", "Mortgage" or "Legal charge", etc, as the case may be, should be given.
- 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;
 - subscribing or agreeing to subscribe, whether absolutely or conditionally, or
 - 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.
- If any of the spaces in this form provide insufficient space the particulars must be entered on the prescribed continuation sheet.
- Cheques and Postal Order are to be made payable to **Companies House**.
- The address of the Registrar of Companies is:

Companies House, Crown Way, Cardiff CF14 3UZ.

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Please do not
write in this
binding margin

Particulars of a mortgage or charge (continued)

Continuation sheet No. 1
to Form No 395 and 410 (Scot)

Company Number

4754198

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

Name of Company

* delete if
inappropriate

Wallpaper (Islington) Limited (the "Company")

Limited*

Description of the instrument creating or evidencing the mortgage or charge (continued) (note 2)

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

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

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

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

- future not regularly disposed of in the ordinary course of business;
- 2.5 all rents receivable from any lease granted out of any freehold and leasehold property of the Company;
- 2.6 all the goodwill and uncalled capital of the Company present and future;
- 2.7 all stocks shares and other securities held by the Company from time to time in any subsidiary and all income and rights derived from or attaching to the same;
- 2.8 all stocks shares and other securities of the Company present and future (except those charged by paragraph 2.7 above) and all income and rights derived from or attaching to the same;
- 2.9 all Intellectual Property rights choses in action licences and claims of the Company present and future and the insurance policies and proceeds of any insurance from time to time affecting the Property. "Intellectual Property rights" include (without limitation) all rights in patents inventions copyrights design rights trademarks service marks database rights confidential information know-how domain names and business names;
- 2.10 the benefit of any currency or interest rate swap cap or collar or other hedging agreement or any futures transaction or treasury instrument made with the Bank or any third party;
- 2.11 all book debts and other debts of the Company present and future and the proceeds of payment or realisation of each of them until the receipt of the proceeds from time to time into an account in accordance with Clause 4.2 of the Debenture; and
- 2.12 all funds standing to the credit of the Company from time to time on any account with the Bank or any other bank or financial institution or organisation including all receipts from time to time paid into an account in accordance with Clause 4.2 of the Debenture provided that the Bank may without prejudice to this deed permit the Company to make withdrawals from time to time.
- 3 By way of floating charge all the undertaking and all property assets and rights of the Company present and future not subject to a fixed charge under this deed.

NOTES

- 4 The Debenture provides that the Bank may by written notice to the Company convert the floating charge into a fixed charge as regards any of the property assets and rights of the Company present and future not subject to a fixed charge under this deed. Following such a notice the Company shall not dispose of any of such Property which is included in the notice without the prior written consent of the Bank.
- 5 The Debenture provides covenants that the Company will not without the previous written consent of the Bank:
- 5.1 create or permit to arise any mortgage, charge or lien on the Property;
- 5.2 dispose of the Property charged by paragraphs 1.1 – 2.12 (set out above) inclusive;
- 5.3 deal with the Company's book debts and other debts otherwise than by collecting them in the ordinary course of the Company's business and in particular the Company will not realise its book debts and other debts by means of block discounting factoring or the like;
- 5.4 dispose of the Property charged by paragraph 3 above; and
- 5.5 grant or accept a surrender of any lease or licence of or part with or share possession or occupation of its freehold and leasehold property or any part of it.
- 6 The Debenture provides that in addition to any lien or right to which the Bank may be entitled by law the Bank may from time to time without notice and both before and after demand set off the whole or any part of the Company's Obligations against any deposit or credit balance on any account of the Company with the Bank (whether or not that deposit or balance is due to the Company).

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Particulars of a mortgage or charge (continued)

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Continuation sheet No 2
to Form No 395 and 410 (Scot)

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

Company Number

4754198

Name of Company

* delete if
inappropriate

Wallpaper (Islington) Limited (the "Company")

Limited*

Description of the instrument creating or evidencing the mortgage or charge (continued) (note 2)

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

- 7 The Company will at its own cost at the Bank's request execute any deed or document and take any action required by the Bank to perfect this security or further to secure on the Property the Company's Obligations.
- 8 The Charge contains or incorporates from the Facility Agreement the following definitions:
- Beneficiaries* the Bank and the Hedging Counterparty and each of their successors in title and assigns;
- Charged Assets* the assets charged by paragraph 2 of this Charge;
- Event of Default* as defined in the Facility Agreement;
- Expenses* all expenses (on a full indemnity basis) incurred by the Bank or any receiver at any time in connection with the Property the Charged Assets the Goodwill or the Company's Obligations or in taking or perfecting this deed or in preserving defending or enforcing the security created by this deed or in exercising any power under this deed or otherwise with Interest from the date they are incurred;
- Facility Agreement* A facility agreement dated 20 April 2004 and made between the Bank and the Company;
- Finance Documents* each and all of this agreement, the Security Documents, the Intercreditor Deed, the Hedging Arrangement and all other documents or instruments granted or created in favour or for the benefit of the Bank under the Facility Agreement and any other document so designated by any of the Company and the Bank now or in the future;
- Hedging Arrangement* any currency swap or interest rate swap, cap and/or collar, forward rate, fixed deposit and any other similar financial hedging arrangement;
- Hedging Counterparty* the party or parties to the Hedging Arrangement other than the Company;
- Goodwill* the present or future goodwill of any business carried on at the Property by or on behalf of the Company;
- Intellectual Property* any existing or future rights in respect of any patent, patent application, copyright, trade mark, trade name, service mark, invention, design, knowhow, confidential information, domain names or any other kind of intellectual property and any applications relating to any of the foregoing;
- Intercreditor Deed* an intercreditor deed dated 21 April 2004 made between the Beneficiaries, the Mezzanine Finance Parties and Harley Property Ventures Limited;
- Interest* interest at the rate(s) charged to the Company by the Bank from time to time;
- Mezzanine Finance Parties* as defined in the Facility Agreement;
- Property* the whole and any part of the undertaking property and assets of the Company charged by paragraph 1 above;
- Registered Land* freehold land known as The Wallpaper Factory, 142-144 Offord Road, Islington, N1 1NS as the same is registered at Land Registry under title numbers LN58038 and LN43491; and
- Security Documents* each and all the documents referred to in clause 10 of the Facility Agreement and any other security instruments in favour of the Bank granted under this agreement and any other document so designated by the Company and the Bank now or in the future.

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Particulars of a mortgage or charge (continued)

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Continuation sheet No 3
to Form No 395 and 410 (Scot)

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

Company Number

4754198

Name of Company

* delete if
inappropriate

Wallpaper (Islington) Limited (the "Company")

Limited*

Description of the instrument creating or evidencing the mortgage or charge (continued) (note 2)

SCHEDULE

Intercreditor Deed

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

1 Amendments to the Debenture

- 1.1 The definition of "Company's Obligations" shall be deleted and replaced with the following:

"Companies Obligations: Liabilities as defined in the Facility Agreement"

- 1.2 A new definition of "Event of Default" shall be added as follows:

"Event of Default: Event of Default as defined in the Facility Agreement"

- 1.3 A new definition of "Facility Agreement" shall be added as follows:

"Facility Agreement: a £11,250,000 facility agreement dated on or about the date of this deed and made between the Bank and the Company"

- 1.4 A new definition of "Finance Documents" shall be added as follows:

"Finance Documents: Finance Documents as defined in the Facility Agreement"

- 1.5 The word "*The*" at the beginning of note 5 of these particulars shall be deleted and replaced with the words "*Unless otherwise permitted under the Finance Documents, the*"

- 1.6 The word "*The*" at the beginning of note 4 of these particulars shall be deleted and replaced with the words "*Following the occurrence of an Event of Default which is continuing, the*"

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Particulars of a mortgage or charge (continued)

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Continuation sheet No 4
to Form No 395 and 410 (Scot)

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

Company Number

4754198

Name of Company

Wallpaper (Islington) Limited (the "Company")

Limited*

* delete if
inappropriate

Description of the instrument creating or evidencing the mortgage or charge (continued) (note 2)

FILE COPY



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

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

COMPANY No. 04754198

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A DEBENTURE DATED THE 21st APRIL 2004 AND CREATED BY WALLPAPER (ISLINGTON) 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 10th MAY 2004.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 13th MAY 2004.

DP



Companies House

— for the record —



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES